

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



Improving Food Security By Boosting Animal Feed Production

A Rwandan company that sources and mills cereals to produce animal feed plans to expand its livestock feed production arm. The company currently produces poultry, pig, and cattle feeds and has a 50% share of the Rwandan market and 78% market share in the Eastern region of Democratic Republic of Congo (DRC). It sources grains and other raw materials for its products from about 40 cooperatives in Rwanda with a total membership of around 30,000 farmers. The company directly employs 151 people, 19 of whom are women.

There is an increasing demand for animal feed in East Africa, as agriculture is one of the region's most important sectors. In Rwanda, for example, 76% of economically active women are engaged in farming activities. The company's expansion plans will help to meet this growing demand and improve food security in the region.

The company intends to increase storage capacity for its animal feed, install more modern equipment that will allow for better productivity, and introduce a new product line for the fish industry targeting tilapia and catfish production.



60 new direct jobs to
be created after expansion



70% of raw materials
sourced locally



26,000 smallholder farmers
to benefit from increased revenues

THE CHALLENGE

The company's current animal feed production capacity is 60,000 tons per year. The planned expansion is expected to double production to 120,000 tons per year for feeds currently being produced and include a new fish feed production line with a capacity of 37,200 tons per year.

The company seeks to raise
\$4 million

to fund the construction of a larger factory, increase storage capacity, purchase state of the art equipment and raw material

MA SUPPORT

MA's support of the company's expansion project covered the following scope:



a) **Commercial Diligence Analysis** – MA conducted a market research on the animal feed sector in Rwanda and eastern DRC with a focus on export opportunities to guide the company's expansion plans.



b) **Capital structure & valuation** – The team developed a strategy proposal, recommended suitable financing sources needed to determine a suitable capital structure for the company and identified potential investors.



c) **Sustainable Agricultural Practices Paper** – MA delivered an overview of climate-smart agricultural techniques suited to contribute to climate change mitigation and adaptation, as well as waste management.



d) **Smallholder Collaboration Framework** – We created a customized document providing an overview of principles and frameworks to be observed during collaboration with smallholder farmers.

IMPACT

The documents generated by MA including the valuation and commercial diligence analysis were instrumental in preparing the company for a fundraising round. They were able to successfully raise **\$3 million** (Rwf 4.0 Billion) through a local commercial bank with funds from the Economic Recovery Fund (ERF) financed by AFREXIMBANK. The expansion will also improve the livelihoods of farmers that supply cereals used as raw materials by the company.

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.