

Giving agribusiness a new impetus



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Minimex Ltd is the largest local maize processor in Rwanda. The original investments made by Felicien Mutalikanwa and supported by local institutional investors have built the foundation of the high tech maize processing plant and its current business and has since expanded. Founded in 2002 as a locally owned Rwandan company, it commenced operations in 2006. An additional foreign investment was made in 2011 by a European investor.

A joint venture in agri-business sector that is now paying off is MINIMEX'S separate venture with Bralirwa known as Bramin to produce maize on a 700 hectares in Kayonza District.

PRODEV RWANDA, a sister company, dries and stores maize at the processing centre in the east of the country which is then sold to the milling company, MINIMEX. The maize is then milled into flour and bran. In Rwanda MINIMEX is one of the top three buyers of maize together with the government and World Food Programme. In 2013, MINIMEX has bought 22,000 tons of maize of which 10,000 tons is locally sourced mainly in the Eastern Province due to the fact that the firm is strategically located there. The storage capacity is about to increase from 2,000 to 5,000 tons in 2014.

MINIMEX will increase production from 22,000 tons to about 30,000 tons and expecting to double the volume of local purchases.

MINIMEX bears an S-mark for certification from Rwanda Bureau of Standards which is important because quality is required; quality maize, quality milling, quality output. The company encourages farmers to mind quality by strictly observing how they prepare the maize, how they store and how they sell it.

In terms of the local maize purchases, the 10,000 tons bought by MINIMEX last year, 9,000 tons of them were

bought through traders and 1,000 tons through cooperatives. Traders do play a very important role in terms of assembling, payment of the farmers at the market price and selling to us at market price. The traders are very flexible, provide a lot of momentum in the process and so we don't like it at this point in time to eliminate the middleman.

The timing of the buying of maize is very crucial as the largest part is bought in the first month of the season and then a small part in the second month and then a little bit in the third month—at the peak of the season.

The percentage of maize that is offered and rejected is, 10% in the first month, going up steeply in the third and fourth months where about 78% was rejected, emanating from improper drying.

MINIMEX has tried to involve the cooperatives more in the buying process because it is an upcoming institution that would like to support cooperatives.

We had a long list of twenty, we've worked with about ten cooperatives and we closed contracts with about five, totaling to about 4,000 tons, out of which about 25% was delivered.

We have a challenge working with the cooperatives although they are

increasingly becoming important to the smaller holder farmers in terms of providing services to them, sharing equipment and financing. What we try to do is to provide them with a stable future contract price, but that future contract price is an issue in terms of delivery; when it comes to actual delivery, the farmers are hesitant to fulfill that contract.

The farmers should sell the maize to professional post harvest processing companies as soon as the moisture level reaches 19% and not to speculate because speculation leads to keeping the maize at the farm which translates into increased percentage of rotten maize i.e. when the prices do not rise and the maize rots—a lose-lose situation for the farmers. We have a funny feeling that if we make a contract with the cooperatives the farmers can still do anything that they want, if for instance the price goes higher than the future price that we agreed with the cooperative; so governance is really lacking in terms of legal structure between the management of the cooperatives and the members of the cooperatives.

Cooperatives should increase the commercial and financial management skills as there are hardly any commercial skills available at the cooperatives. Any NGOs focusing on that element are welcome. Banks should get more involved in the cooperatives; there are a lot of good intentions.

But maybe because of lack of good structures and good governance, they are hesitant to step in there. The government should proceed with the implementation of the warehouse receipt system which is a useful system that is already there on paper and we would welcome it and play a role in it if it is implemented.

