GABIRO AGRIBUSINESS HUB LTD

Call for Proposals to Lease Commercial Land

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GABIRO AGRIBUSNESS HUB LTD
Wallmark Centre Remera (4th Floor), Ave 17 Kigali

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Contents

1.0. Background

Agriculture remains the backbone of the Rwandan economy and is a priority sector in its Vision 2050 national development strategy for wealth creation. The major priorities in this development strategy include modernizing market-oriented and climate resilient agriculture, scaled up use of modern inputs and technologies to maximize productivity, increasing access to agriculture finance and risk sharing facilities, and integration within global value chains for higher-value products.

The recent figures demonstrate that 'the agriculture sector accounts for about 23 percent of the Gross Domestic Product (GDP)' where 'food production represents 62.3 percent of agriculture value added.' Also, '46.2 percent of working age population are involved in agriculture activity. Most agricultural workers (56.3%) are engaged in subsistence agriculture and the remaining 43.7 percent are involved in market-oriented agriculture. Among agriculture workers involved in subsistence agriculture, females (61.1%) predominate males (49.7%) while males (50.3%) predominate females (38.9%) among workers involved in market-oriented agriculture.' Agricultural sector generates 60 percent of the foreign exchange, provides 75 percent of raw materials for industry, and provides about 45 percent of total Government revenue.'

With 6.0 percent average annual growth, the agricultural sector has more than doubled in value from 2000 to 2021. Productivity and production for a number of crops have sharply increased as a result of expansion of food production, scaled-up public investments in the Crop-Intensification Programme (CIP), Land Use Consolidation Programme (LUCP), input subsidies on fertilizers and seeds, and other public activities to promote production of priority crops, which consequently improve rural incomes.

Export crops have seen an average growth of 2 percent per annum between 2018 and 2021, but with high volatility from year to year due to global price variations in the dominant export crops. Principal agricultural exports are coffee, tea, and some value-added agricultural products such as canned tomatoes, honey, French beans, passion fruit, macadamia nuts, mushrooms, sugar snaps, snow peas, roses and cut flowers (summer flowers and specialty varieties). Livestock is currently the fastest growing sub-sector with an average growth of 10 percent per annum between 2018 and 2021. In the recent years, the increase in flight routes in and out of Rwanda with RwandAir and other carriers to Europe, the Middle East, and Asia has facilitated an increase in fresh agricultural exports from Rwanda.

1.1. About Gabiro Agribusiness Hub

The selected project is expected to give a new impetus to the green revolution of Rwanda and was initiated through a partnership between Government of Rwanda and Netafim; the global leading agricultural company, whose vision - “grow more with less” - is fully in line with Rwandan strategy.

Gabiro Agribusiness Hub Project (GAHP) has been a flagship initiative since 2016. It is holistically designed to position Rwanda as a global “hub” for investments in sustainable and high value agriculture. It is designed to drive Rwanda’s growth in advanced agriculture and requires a legal institutional entity to carry out the project development activities as well as manage and operate it into a sustainable, profit-making venture.

Similar initiatives across the continent are competing to be the preferred investment hub for advanced and high-value agriculture in Africa. As such, Rwanda intends to position itself with an attractive value proposition for private sector companies, equity funds and financial institutions, targeting global companies, institutions and firms. To achieve this target and to gain leadership, business and financial models were carefully designed by the leading global experts in the agriculture sector; and particularly in irrigation and mechanization. The implementation of this project will be efficient and effective, by attracting significant private sector investments both domestic and foreign companies at least in the first twelve months of its implementation.

The GAHP aims to create a holistic and commercial agricultural ecosystem by developing an advanced agricultural eco-system and modern value chain over a total of approximately 15,600 ha of arable land with advanced water infrastructure, cutting-edge irrigation systems, high-value agro-processing operations and other ag-tech activities across the value chain. The GAHP will support the production of crops for local consumption (staple crops), export crop (high-value crops) and agriculture-generated, value-added products (paste, powder, oil, drink, etc.) intended mostly for international markets.

1.2. Objectives of GAH project

The Gabiro Agribusiness Hub aim to:

- Create a "leap-frog" development of Rwanda's agricultural eco-system
- Ensure food security to Rwanda through cutting edge technology and best practices

- De-risking of private sector investment in agriculture– hence a need for government investment
- Attract significant foreign investments to Rwanda in large scale commercial farming and crop processing plants
- Reduce imports of food crops and other related products
- Increase export of high value crops and value-added agricultural products
- Substantially increase employment and livelihood of the local community in the project area

1.3. Priority Objectives for Agriculture Relevant to Gabiro Project

At the macro level, the following key challenges for the agriculture sector, in general, which strategically fit within the objectives of the Gabiro Commercial Farm Project, include:

- Increase the commercialization of agriculture production with larger commercial farms to achieve both increased exports and greater import substitution.
- Enhance the enabling environment to attract the private sector to invest and add value via productivity and diversification initiatives (from within Rwanda and from international investors). The Gabiro Agribusiness Hub 24 Confidential
- Introduce new horticultural production technology, including new crop species through capital investment and training.
- Introduce new genetic breeds for livestock herd improvements, for dairying and beef production.
- Expand existing and achieve sustainable medium-term increases in crop yields through irrigation infrastructure investment in perennial on-farm water delivery options.
- Strengthen and deepen supply chains/value chains from farm to market (domestic and export) through reductions in post-harvest losses and improvements in ground transport delivery.
- Develop new agri-business opportunities related to crop, dairy and beef production, focusing on valueadding and new employment opportunities.
- mprove the food security and nutritional standards for the rural population(s) in the Project area of influence and across Rwanda.

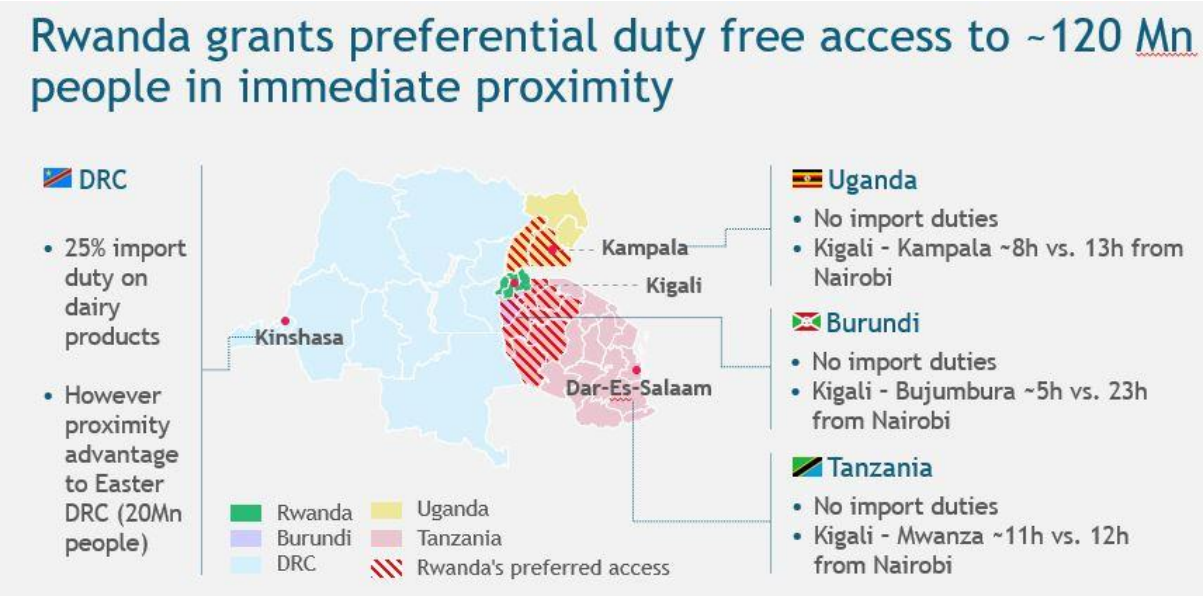
2.0. Location

2.1. Geographical area

The Republic of Rwanda is a landlocked country situated in central eastern Africa, bordering Uganda to the north, Tanzania to the east, Burundi to the south and the Democratic Republic of Congo to the west. With a total area of 26,338 square kilometres, Rwanda is the fourth smallest country on the African mainland. Owing to the variety of landscapes this green country is also known as 'the land of a thousand hills'. Rwanda has five volcanoes, twenty-three lakes and numerous rivers, some forming the source of the River Nile. Despite being only few kilometres south of the Equator, the climate in Rwanda is pleasantly warm all year round, with

cool nights, due to the high altitude. In fact, most of the country is located on a plateau, around 1,500 metres above sea level.

In terms of access to international markets, Rwanda has direct access to more than 120 million of potential population in East Africa as well as easy freight connection with Europe, Middle East and other countries of open market in Africa.



2.2. Coordinates

Gabiro commercial farm project is located between 1.329113S and 30.533587E in Eastern part of the country in Nyagatare District.

Nyagatare District is one of the 7 Districts of Eastern Province. Nyagatare occupies the northeastern extremity of Rwanda and is made of 14 Sectors which are Gatunda, Karama, Karangazi, Katabagemu, Kiyombe, Matimba, Mimuli, Mukama, Musheli, Nyagatare, Rukomo, Rwempasha, Rwimiyaga and Tabagwe. These sectors are subdivided into 106 Cells and 630 Villages. Nyagatare District is bordered by Tanzania in East, Uganda in North, Gicumbi District in West and in South by Gatsibo District. Nyagatare is the largest District in Rwanda with a total surface area of 1,919 km^2

GAH project will be developed on 15,600ha and will be executed in two phases. The phase one which is already under development is equal to 5,600ha of which 4,000ha shall be allocated to commercial farming and will be leased to members of the private sector for a minimum tenure of 49 years (renewable). The remaining land will be allocated to the community for their own farming activities. The phase two of about 10,000ha will be developed at a later stage.

3.0. Status of the project

3.1. Land

Project command area is fertile, suitable for intensive farm and characterized by moderate to gentle slopes, favoring agriculture mechanization. The lease period shall be 49 years, renewable. *The projected lease fee is $375/Ha/Year, with 2% annual increment from the 3rd year. Water fee is fixed at $19c per m^{3} used.*

3.2. Infrastructures

The project is made of the following key infrastructures, that will easy farm activities in Gabiro Hub:

(1) Bulk water supply infrastructures: This is made of all facilities and systems installed to provide the required amount of water up to the gate of farm blocks whose size vary from 200-300Ha. The minimum operation pressure at the gate remains 5.5 bar. Water distribution systems into the block shall remain the obligation of the investor.

(2) All farm blocks are connected with 7m wide marram roads network to allow favorable transportation of the produce to the market.

(3) Connection to the existing electric power grid in the project area

(4) Partnerships with service providers in agriculture mechanization, sales of farm inputs and other services.

3.3. Weather

The project area is known for moderate to high temperature varying from 23.9 to 26 ^{o}C monthly and relatively law rainfalls ranging between 800-900mm a year.

Gabiro weather station	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Rainfall (mm)	92	109.3	82.4	242.3	80.7	25.7	11.2	35.9	108	125.1	161.3	82
Average Temper (oC)	24.1	24.3	24.3	24.3	23.9	24.75	24.95	25.2	25.3	25.3	23.75	25.2

The monthly average relative humidity varies from 77% in dry months to 88% in wet months. The monthly average wind speed is 48 km/day, average sunshine hours are 4.8 and average solar radiation of 16.3 Mj/m2/day. The Reference Evapotranspiration in the area varies from 2.75-3.03mm/day, respectively in dry months and wet seasons.

3.4. Soil characteristics

Soil in the project command area is dominated by young soils classified among Ferralic Acrisols, Pellic Vertisols, Pentofluvic Fluvisols, Umbric Ferralsols, Abruptic Alisols, Umbric Leptosols and Fluvic Gleysols.

The pH water values measured were neutral to moderately acidic and range from 7.86 to 5.53, which indicate generally the good status of the soils. The soil exchangeable acidity values measured in the 30 collected samples range from 0.001 to 0.9 cmolc/kg, conferring the lower toxicity to crop production. The soil organic matter or Soil organic carbon in Gabiro ranges between 0.32 to 4.6% while total nitrogen varies between 0.3 to 0.51%, conferring sufficient for most of tropical soils. The Total Phosphorus found in Gabiro area ranges between 84 to 266 ppm. The measured Ammonia and Nitrates Nitrogen has prevailed the sufficient levels varying from 10-30 mg/kg of nitrate and 2 to 5mg/kg of Ammonium Nitrogen. The reast of micronutrients especially Fe, Cu,Mn and Zn were found to be in permissible limits for agriculture production in Gabiro area.

Physical characteristics of the soils in GAbiro areas indicate the dominance of sand loamy and sandy clay loamy soil texture. The soil bulk density in Gabiro indicated values between 0.9-1.8km/m3 while the soil electric conductivity (EC) is below 200µs/cm which confers safe characteristics for agri production.

3.5. Irrigation Technology

The proposed irritation technology for GAH project is Drip irrigation. This is a type of micro-irrigation that has the potential to save water and nutrients by allowing water to drip slowly to the roots of plants, either from above the soil surface or buried below the surface. The main purpose of this system is to place water directly into the root zone and minimize evaporation.

Basically, the emergence of more efficient irrigation technologies such as drip irrigation has undoubtedly increased the productivity of water use in a dramatic fashion. Drip irrigation is widely acknowledged as one of the few solutions that addresses the challenge of water scarcity, food security and depleting arable land. Below are major benefits related to drip irrigation:

- Generates up to 10 times higher yields
- Saves up to 80% of water when compared surface irrigation
- Reduces farmer's expenses on other inputs such as crop protection and fertilizers
- High return on investment and long system operability
- Stability and better yield control – lower dependency on adverse weather conditions
- Minimize environmental footprint and optimize the sustainable use of land, water and energy
- No topographical limitations to the deployment of irrigation systems
- Decreases dependency on energy supply
- Remote monitoring from smart phone
- Enhances crop planning and irrigation scheduling

The use of drip irrigation for the general layout of the scheme has a big impact on the choice of irrigation technologies to be used by the investors for the infield irrigation. As such applicants are encouraged to carefully study their choice and ensure it is compatible to the current irrigation system being developed in the scheme area.

4.0. A guide for land appliers and requirements

A combination of factors and requirements to guide applicants while preparing for their bidding documents are listed below. Basically, GAH project was prepared to promote various national policies including agricultural sector strategies and other national needs. It is very important for applicants to choose crops/activities that fit into the national strategies and demonstrate how their choices will respond to the national targets. Below are the details of the criteria guidelines for the preparation of your bidding documents:

1. **Company registration certificate**

Applicant is required to present a company registration certificate issued by RDB,

2. **Land size and land use plan**

Applicants should indicate the total size of the land applied for. Besides that, you should present your plans for the operation and development of the land for which you have applied. The information should include the plan on the following:

- Land clearing
- Infield irrigation
- Zoning (if any)
- Drainage
- Building construction
- Planting

3. **Irrigation Technology**

GAH will provide water up to the farm gate from where each investor will connect water pipes to his farm for infield irrigation. Kindly refer to the section 3.5 above; the irrigation infrastructures have been designed for the use of drip irrigation only for water and energy saving. As such applicants should provide technical details with regards to installation systems, management practices, among others that match with the irrigation technology designed for the project.

4. **Experience in production of similar crop**

Experience in management and investment in agricultural related activities is paramount to ensure that applicant will succeed in his/her investments in Gabiro. Therefore, applicant should demonstrate if he/she has done similar agricultural projects somewhere else and how that will be replicated and or improved at GAH. You should provide information related to:

- Place/country where similar projects have been implemented
- Production capacities in terms of crop yield per hectare
- Crop farming technologies
- Crop harvesting and handling technologies

5. Market Arrangements

One of the challenges in agricultural sector is the availability of markets for produces. To be sure that the demand for a product exist, applicants are encouraged to present proof of purchase arrangement with any buyer either a local or international buyers. Evidence could include signed agreements, MoU and or correspondences with potential buyers of the proposed crop (s).

6. Contribution to the national economic policies

Government has set targets to be achieved on different economic policies. Agriculture is one of the leading sectors envisaged to contribute considerably to the achievement of the national development programs. Additionally, private led investments in agriculture will in one way or another contribute to achievement of those targets. Since GAH is the largest irrigation project in Rwanda; applicants are requested to demonstrate how their planned activities will contribute to the national development policies. Applicants are encouraged to consider how their proposals fit in one or more of the following policy initiatives as these will be considered for the allocation of the land:

- **Contribution to Import Substitution**

Rwanda's imports of food products have been increasing at an increasing rate in the recent years. For instance, statistics show that in 2019 Rwanda imported different types of cereals of which the value was to 36 million US$ and these constituted 4.25% of the total import value. While in the second quarter of 2021 the import value was $961.44 Million; where food and live animals valued at $ 143.51 Million, animals and vegetable oils, fats & waxes totaled $ 36.46 Million. Government has been promoting local production to ensure food imports are reduced and help on balance of payment. To this end, investment in agriculture production that focus on the products that can be consumed by the domestic markets and become substitutes of imported products is an important step towards achieving import substitution. Therefore, applicants whose proposed crops will contribute to the national policy of import substitution should demonstrate to what extent this could be the case. The crops include those imported for direct consumption, as well as those that are imported as an input/raw material to a local food processing industry. Examples include maize, soya, French beans, orchards, vegetables, Irish potatoes and tomatoes.

- **Contribution to Exports**

Government has been working to increase Rwanda's export portfolio and to diversify products from the traditional export crops such as coffee and tea by introducing other high value export crops. However, this remains challenging for some crops especially due to lack of sufficient land, high investment cost in irrigation technologies and other market conditions limiting the efforts with regards to export diversification. GAH has been designed to support export initiatives by making land available for export crops where sizeable land will be allocated for that purpose. GAH will therefore give significant consideration to applicants with crops that have high export potential. Examples include:

i. Avocado
ii. Strawberry
iii. Chili
iv. Orchards
v. French beans

Applicants should present details related to targeted market, export volumes, and market penetration strategies.

- **Contribution to Food Security**

Over the years, the government of Rwanda had remained committed to making the country more self-sufficient in food production thus implementing several food security strategies. Numerous policy directives, technical and financial supports have been put in place to empower these initiatives. To this end GAH is expected to contribute to these initiatives by producing crops that can be consumed locally at different levels. Crops such as maize, soya, beans etc presents huge impact on food security, food processing industries as well as animal feeds which have great impact on food security and self-sufficiency initiatives. Applicants with crops that fulfill these criteria are therefore encouraged to demonstrate and provide details on how the selected crop fits with this initiative.

- **Contribution to Value Addition**

As the largest commercial farm in the country, GAH will be expected to support the agro-processing and manufacturing sectors. Crops that fit into an in-country value addition value chain will be given significant consideration. Applicants are encouraged to highlight how the crops they produce will be further valorized within Rwanda through processing and/or other

industrial processes. This could be something that the applicant does, or alternatively something that the ultimate purchaser of the applicant's crop will be doing. An example could be a soya farmer in GAH who sells their soya to a nutritious food plant in Rwanda. Now, many of the food processing and value addition initiatives in the country are limited by the availability of agricultural inputs and oftentimes dependent on imports.

7. Business Plan & Financial Capacity

Applicants will be expected to provide a full and detailed business plan. The business plan should also cover points 2, 3, 4, 5, and 6 above. It should also indicate the required capital to start implementing the proposed operations in GAH, the total investment value over at least a 5-year period, as well as the type and source of funding. In addition, it will be critical for the applicant to demonstrate the financial capacity to make the required investment on time. Applicants who do not provide clear evidence of their ability to fund or to secure funding for their proposed plan will not be considered.

8. Implementation plan

Applicants are expected to start their operations within the acceptable time after the allocation of the land to enable the project to achieve its objectives. As such you are required to provide a clear and detailed implementation plan as to when each planned activity will be implemented. The plan should indicate timeline and information related to major activities such as:

- Mobilization of funds
- Purchase & installation of equipment
- Land clearing
- Execution of Infield irrigation
- Drainage activities (if any)
- Building construction (if any)
- Planting & harvesting
- Staffing
- Etc

5.0. How to apply

The interested applicants are kindly requested to submit their biding documents not later than **15th March 2022** at **10am** through the following addresses:

1. For electronic submissions use the following email address: invest@gah.rw
2. For hard copies submit documents in a sealed envelope to the following address:

   GABIRO AGRIBUSINESS HUB LTD,
   HALLMARK CENTRE- REMERA (4th floor)
   KG 17 Ave, KIGALI- RWANDA
   Tel: +250 788303627