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RWANDA PRIVATE SECTOR DRIVEN AGRICULTURAL GROWTH (PSDAG)

FISCAL YEAR (FY) 2016

QUARTERLY PROGRESS REPORT: JANUARY 1, 2016 – MARCH 31, 2016



April 2016

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RWANDA PRIVATE SECTOR DRIVEN AGRICULTURAL GROWTH (PSDAG) PROJECT

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Quarterly Progress Report: January 1, 2016 - March 31, 2016

Cover photo: AflaStop Assembly demonstration at Isuka Irakiza Cooperative site, Rwmanagan District on March 29, 2016.

DISCLAIMER

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ACRONYMS

Acronym	Definition
A2F	Access to Finance
ADS	Automated Directive System
ALIS	Agricultural Land Information System
APS	Annual Program Statement
ASWG	Agriculture Sector Working Group
BDS	Business Development Services
BRD	Banque Rwandaise de Development
COP	Chief of Party
CRI	Cambridge Resources International
CRS	Catholic Relief Services
CSP	Cooperative Support Program
DCOP	Deputy Chief of Party
DFAs	District Field Agents
DQA	Data Quality Assessment
EAG	East African Growers
EAX	East African Exchange
EIA	Embedded Investment Advisor
EMMP	Environmental Mitigation Monitoring Plan
EU	European Union
FARA	Forum for Agricultural Research in Africa
GAIF	Grow Africa Investment Forum
GAP	Good Agricultural Practice
GOR	Government of Rwanda
HACCP	Hazard Analysis Critical Control Point
HO	Home Office
IF	Investment Framework
IFC	International Finance Corporation
IFDC	International Fertilizer Development Corporation
IRG	International Resources Group
ISU	Investment Support Unit
LTTA	Long –Term Technical Assistance
M&E	Monitoring and Evaluation
MFI	Micro Financial Institution
MINAGRI	Ministry of Agriculture and Animal Resources
MINALOC	Ministry of Local Government
MINICOM	Ministry of Trade and Commerce

MoU	Memorandum of Understanding
NAEB	National Agricultural Export Development Board
NAS	National Agribusiness Strategy
PASP	Post-Harvest and Agribusiness Support Project
PERSUAP	Pesticide Evaluation Review and Safe Use Action Plan
PHH	Post-Harvest Handling
PPD	Public Private Dialogue
PPP	Patient Procurement Platform
PReFER	Privatization of Rwanda's Fertilizer Import and Distribution System
PRTC	Potato Regional Trading Company
PSDAG	Private Sector Driven Agricultural Growth
PSF	Private Sector Federation
PSTA	Plan for Transformation of Agriculture in Rwanda
RAB	Rwanda Agricultural Board
RCA	Rwanda Cooperative Agency
RDB	Rwanda Development Board
RDO	Rwanda Development Organization
REoI	Request for Expression of Interest
RFA	Request for Applications
RFP	Request for Proposals
RGCC	Rwanda Grains Cereals Corporation
RPPD	Rwanda Public Private Dialogue
SFS	Standards for Sustainability
SMEs	Small and Medium Enterprises
SOW	Statement of Work
SPIDS	Senior Policy and Institutional Development Specialist
SSTWG	Sub-Sector Technical Working Group
STTA	Short-Term Technical Assistance
TEC	Technical Evaluation Committee
TOR	Terms of Reference
ToTs	Training of Trainers
TWG	Technical Working Group
USAID	United States Agency for International Development
USD	United States Dollars
VAC	Voluntous Agricon
VC	Value Chain
VCCGs	Value Chain Competitiveness Grants
VFC	Vision Finance Corporation
WEF	World Economic Forum
WFP	World Food Program

I. PROJECT PERFORMANCE

I.1. OBJECTIVE I: ASSIST GOR TO INCREASE PRIVATE SECTOR INVESTMENT

Summary of Objective 1 accomplishments in Q1, 2016:

- Drafted and Validated National Agribusiness Strategy and Investment Framework outline;
- Developed National Agri-PPD framework for Rwanda, identified and trained a Task Force to pilot first national PPD process for agriculture;
- Collected data for 496 parcels of marshland and finalized design and selection of service provider for the Agriculture Land Information System;
- Continued to support Investment Support Unit (at MINAGRI) and RDB through technical assistance provided by PSDAG Embedded Investment Advisors; and
- PSDAG DFAs supported 873 agro-dealers to distribute 8,756 tons of fertilizer under the fertilizer distribution system. DFAs supported 748 agro-dealers to use mFarms technology to record fertilizer transactions. Input suppliers and agro-dealers invested an additional US\$5,400,600 in inputs to supply to farmers.

I.2.I.1. INTERMEDIATE RESULT I.1: ESTABLISH AN INVESTMENT FRAMEWORK

Activity 1: Facilitate Creation of Investment Framework for Agriculture Investment Promotion as part of the National Agribusiness Strategy

In FY 2016, PSDAG seeks to develop, validate, and publish an Investment Framework (IF) for Agriculture Investment Promotion through a collaborative and interactive process involving both the public and private sector. During Q2, PSDAG, in collaboration with the National Agribusiness Strategy Sub-Sector Technical Working Group (SSTWG), continued with the development of National Agribusiness Strategy (NAS) and Investment Promotion Framework. On February 24, 2016, a PSDAG consultant presented the NAS draft outline to the SSTWG for comments and input. Subsequently, the consultant prepared and presented a draft report to PSDAG team and Crown Agents on March 21 and 28, 2016 for further comments and input. PSDAG plans to share the draft NAS and IF document with the SSTWG members as well as the Ministry of Agriculture and Animal Resources (MINAGRI), Ministry of Trade and Industry (MINICOM) and Ministry of Local Government (MINALOC), for further input and validation before finalization in April 2016.



Photo 1: Members of the National Agribusiness Strategy Sub-Sector Technical Working following presentation of Draft NAS outline by PSDAG STTA on February 24, 2014 at PSDAG in Kigali, Rwanda.

1.2.1.2. INTERMEDIATE RESULT 1.2: IDENTIFY AND DEFINE ROLES AND RESPONSIBILITIES OF PUBLIC ENTITIES

Interventions under this intermediate result have been rolled up under the NAS&IF as discussed under Intermediate Activity 1.

Activity 2: Develop Implementation Strategy of the Investment Framework

Sub Activity 2.1 Map Roles and Responsibilities in Detail

Interventions under this activity are dependent on the completion and acceptance of the NAS and IF documents as discussed under Activity 1. Implementation should begin in Q3 to develop the NAS Operationalization and Monitoring and Evaluation Plan.

Sub Activity 2.2 Establish Monitoring and Evaluation System

Interventions under this activity are dependent on the completion and acceptance of the NAS and IF documents as discussed under Activity 1. Implementation should begin in Q3 to develop the NAS Operationalization and Monitoring and Evaluation Plan.

Activity 3: Provide Technical Assistance to Investment Support Unit

Sub-Activity 3.1: Investment Roadmap Simplification and Investor Handbook

Interventions under this activity are dependent on the completion and acceptance of the NAS and IF documents as discussed under Activity 1, specifically related to further defining the roles and responsibilities. Implementation should begin in Q3.

During Q2, the EIAs for MINAGRI and RDB updated an existing investor information package that will be shared with participants during the World Economic Forum (WEF) and Grow Africa Investment Forum (GAIF) meetings expected to take place in Rwanda in May 2016. This work has been utilized by the EIA's towards the preparation of the Agriculture Investment Handbook. PSDAG will therefore hire a consultant or a firm to finalize, professionalize, and test the new tool with private sector investors.

Sub-Activity 3.2: Technical Support to MINAGRI ISU

In FY 2016, PSDAG aims to utilize the technical expertise of the EIA at MINAGRI to assist in fulfilling the PSDAG deliverables, and provide ongoing capacity building and mentoring for MINAGRI employees at the ISU for improving investment promotion. During Q2, PSDAG EIA at MINAGRI continued to provide technical assistance as summarized in Table 1.

Table 1: Summary of PSDAG EIA technical assistance at ISU in MINAGRI

Area of support	Description
Preparation for Grow Africa Investment Forum (GAIF) and Forum for Agricultural Research in Africa (FARA)	<ul style="list-style-type: none"> Updated the agriculture section under the RDB investment information package that will be one of key documents to be used during 2016 GAIF to be held from May 11 to 13, 2016 and 2016 Agriculture Science Week for FARA scheduled from June 13th-17th 2016 in Kigali, Rwanda. Continued profiling of agribusiness companies for the upcoming GAIF 2016. Supported the Local Organizing Committee meeting of both GAIF and FARA. Assisted the Ministry to develop a sponsor package to raise funds for the FARA event.
Agribusiness Investment Opportunity package for youth	<ul style="list-style-type: none"> Continued developing the Agribusiness Investment Opportunity package for youth. This package has been accepted by MINAGRI management and will be published for use during the launch of Youth in Agribusiness Forum scheduled to take place in May 2016.
Implementation of second sugar factory in Rwanda	<ul style="list-style-type: none"> Compiled information that informed a high level GoR meeting on the implementation of second sugar factory in Rwanda. The project requires 10,000 Ha comprising of 8,000 Ha for industrial block and 2,000 Ha for out growers. The GoR will carry out the expropriation on the 8,000 Ha and lease it to the investor (a private investor from Mauritius).
Support to investors	<ul style="list-style-type: none"> Facilitated the inward Mission of Deputy Chief Executive Officer of Israel's Agency for International Development Cooperation, Head of Agricultural projects at Center for International Agricultural Development Cooperation and Team of YAMKO, a private company that won the tender to build the MASHAV Center of Excellence in Agriculture in Rwanda.
MINAGRI Flagship Project Tracker	<ul style="list-style-type: none"> Updated the MINAGRI Flagship Project Tracker; the status for each the project is contained in an Annex of this report.
Other technical support	<ul style="list-style-type: none"> Worked with a service provider (Esoko) to identify means of collecting real data on agriculture market prices. MINAGRI identified a service provider to help in gathering agricultural information such as volume, retail and wholesale prices, and source of the produce.

Sub-Activity 3.3: Technical Support to Rwanda Development Board (RDB)

PSDAG technical support to RDB started in Q1, following acceptance of the PSDAG EIA position.

On February 16, 2016, PSDAG management met with the heads of two departments at RDB, the Investment Promotion and Facilitation and Strategic Investment Unit to discuss collaboration with them. PSDAG's Chief of Party presented the project's objectives, implementation strategy and focus on promoting private sector investment in agriculture. Based on PSDAG objectives, the head of the IPF department highlighted skills gaps that need capacity development including marketing, M&E, and profiling of investment opportunities. The department also needs further support in designing a clear national Rwanda Public Private Dialogue (RPPD) framework. The head of the Strategic Investment Unit at RDB expressed a need for support on a number of areas including restructuring of the projects that are in the pipeline for privatization, reform of the privatization law, and the need for capacity building for two transaction advisors (Legal and Financial Analyst). For FY2016, PSDAG will endeavor to utilize the grant program to help partner with any private sector investor interested in taking over State Owned Assets through the privatization process. Other activities to support this unit may be considered for the Year 3 Work Plan.

In Q2, the PSDAG EIA at RDB continued to provide technical assistance on implementation of the Agribusiness Cluster Strategy and technical support to investment promotion and facilitation. The summary of this support is presented in an Annex. In addition, the EIA at RDB also supported prospective and current investors. The assistance provided to the prospective investors focused on issues related to product prices, regulatory framework, production and profile of investment opportunities available, and registration and tax information. The activities of the RDB EIA and MINAGRI EIA assisting prospective investors will help inform the implementation plan for the National Agribusiness Strategy and help design tools, such as the investor interface of the Agriculture Land Information System, and Investment Handbook.

Table 2: Summary of PSDAG EIA technical assistance for Investors at RDB

Investor	Description
Sonafruits (fruit processing)	<ul style="list-style-type: none"> Company is looking for partners; RDB EIA assisted with contacts of prospective companies
MOLINO	<ul style="list-style-type: none"> Company is conducting a feasibility study for supporting Government to establish "Food City"

Investor	Description
	Complex”; RDB EIA assisted with providing agriculture data.
Promaksgain Industrial “Agricultural Products and Food Industry Trade Inc” (poultry and animal feed)	<ul style="list-style-type: none"> Company needed information on current situation of poultry sector in Rwanda to support investment decision; RDB EIA assisted with providing agriculture data.
Joanna Wolniak (potato preservation)	<ul style="list-style-type: none"> Investor needed information on potato production trends, prices, climate issues, policy and market analysis; RDB EIA assisted with providing agriculture and policy data; Investor will visit Rwanda in July.
Bright General Company (rice milling)	<ul style="list-style-type: none"> Company needed general registration and tax advice, which was provided by the RDB EIA.
Farm Fresh Food Company (processed beans)	<ul style="list-style-type: none"> Company needed general registration and tax advice, which was provided by the RDB EIA.

Sub Activity 3.3: Agriculture Land Information System (Land Database) Proof of Concept

In FY 2015, the ISU at MINAGRI created an Excel database using scanned land titles issued on registered parcels for all marshlands under MINAGRI’s custodianship. The database was intended to enable MINAGRI to monitor the use of the public land under its custody and to ensure optimum productivity by the current and/or future users. However it was lacking crucial information, such as current land use and suitability for agriculture.

Therefore, in Q1, PSDAG engaged an expert to carry out an assessment of what would be required to set up an Agricultural Land Information System (ALIS) for Rwanda. The consultant recommended a phased approach that included a physical verification of the MINAGRI-owned land and the need to provide more information about the land that would be useful to the investment process. This included information on the current land use, who is using the land (natural or legal person), what types of user/ownership rights do the current users have, what types of crops are grown on each parcel and a confirmation on whether the parcel is under the land-use consolidation scheme.

In Q2, PSDAG began data collection from 496 parcels of land (that measure 10 ha and above) to be used to develop a database for ALIS. Data collection ended in the first week of March, 2016. The project prepared a report and made a presentation to MINAGRI on March 31, 2016. PSDAG then published a Request for Proposal (RFP) soliciting for proposals from interested bidders for the provision of Management Information System (MIS) support services for the development of ALIS. The selected vendor will help develop and integrated system for ALIS, which will be housed and managed by MINAGRI IT staff.

1.2.1.3. INTERMEDIATE RESULT 1.3: STRENGTHEN CAPACITY OF RELEVANT PUBLIC ENTITIES

Activity 4: Develop Capacity Building Tools and Plans

Interventions under this activity are dependent on the completion and acceptance of the NAS and IF strategy and as discussed under Activities 1 and 2. Originally, it was expected that this would begin in Q4 of FY2016.

Activity 5: Assist with Public Private Partnership and Privatization Models

In FY15, USAID’s Africa Lead project completed an analysis to evaluate the possibility of privatizing 20 of GoR’s 86 irrigation schemes. For FY 2016, PSDAG seeks to use its grant mechanism to locate market opportunities among these irrigation schemes, possibly through Grow Africa, and pilot privatization on 2-3 sites. PSDAG plans to use results of these pilots to identify more opportunities and scale to other sites.

In Q2, PSDAG engaged MINAGRI and RDB on the selection of two (2) irrigations sites that are currently under review for privatization. PSDAG plans to use its grant mechanism to help with piloting the two projects

where the private sector has already shown interest. PSDAG is reviewing concept notes, which will be used to request grant applications from the private sector partners involved in Q3.

Activity 6: Business Enabling Environment: Assist with Policy Analysis and Reform Recommendations

Sub-activity 6.1: Poultry Competitiveness Study

In FY 2015 MINAGRI requested PSDAG to provide support to conduct a poultry competitiveness study for Rwanda. In Q1 of FY 2016, PSDAG contracted Cambridge Resources International (CRI) to carry out a poultry (eggs and broilers) competitiveness study for Rwanda.

Substantial progress was made during Q2 on implementation of the Poultry Competitiveness Study. In the month of February 2016, the consultants (CRI) presented their preliminary desk research findings to stakeholders for input. In addition, PSDAG presented preliminary findings to the Director General, Department of Planning and Director General, Department of Livestock at MINAGRI. The session served as an update to MINAGRI on the status of the study, as well as to receive further feedback on the result found. The consultants received useful inputs from the MINAGRI officials who requested additional financial and economic models as part of the study. CRI will now deliver financial and economic analysis on the following business models:

1. Feed production factory (capacity of 2MT per hour);
2. Small scale broilers farming (approximately 1,500 heads);
3. Medium broilers farming (approximately 6,000 heads), partly mechanized such as small scale hatchery and slaughterhouse;
4. Small scale layers farming (approximately 1,250 heads);
5. Medium scale layers farming (approximately 8,000 heads).

In addition, if data collected shows it is a prevalent practice in Rwanda, CRI will show combined financial and economic results for combined layer and broiler businesses. This necessitated a revision of the timelines for completing the study from the initial date of April 2016 to June 2016.

Sub-activity 6.2: Fertilizer Administrative Procedures

In Q4 of FY2015 of the Project, MINAGRI requested PSDAG support the 2015-2016 input subsidy program as it transitioned from a top-down planned system to a private-sector driven system with competition among input suppliers. PSDAG assumed overall responsibility of supervision and management of 30 DFAs for 18 months after the close of the USAID Privatization of Rwanda's Fertilizer Import and Distribution System (PREFER) project. DFAs are stationed at district level.

In Q2, the DFAs continued to support the agro-dealers to implement the fertilizer subsidy program by monitoring the fertilizers and seeds supplied through the agro-dealership system. The DFAs also supported mFarms, an IT tool that has been developed by IFDC to record transactions carried out by agro-dealers. During the month of February, the DFAs monthly meeting was organized and conducted with the aim of getting updates on the volumes of subsidized inputs transacted by the agro-dealers. These monthly meetings help MINAGRI and Rwanda Agricultural Board (RAB) to get information from the ground on the successes, challenges, and agro-dealers' input of the input fertilizer subsidy program.

Q2 reports from the DFAs in the 30 districts showed that 9,001 tons of fertilizer was supplied by importers to agro-dealers, out of which the agro-dealers sold 8,756 tons to farmers. Fertilizer transactions conducted by agro-dealers from January to the end of March 2016 translated to about \$5,460, 588 in new investments. A total of 11.2

tons of micronutrients (new products) and 70.5 tons of blends were supplied to agro-dealers during Q2. In addition, there was positive response on uptake of newly introduced inputs by farmers as reflected in high quantities (50 tons out of 70.5 supplied) of new blends sold during the quarter. However, low sales (only 0.65 tons) of micronutrients were reported. This was attributed to the fact that micronutrients are new products and farmers are yet to be sensitized on their importance.

With the support of DFAs, a total of 748 agro-dealers continued to use mFarms technology. In addition, 59 new agro-dealers were mentored by DFAs on the fertilizer distribution system. Of the 59 new agro-dealers who joined the program, 49 were trained on mFarms use in recording fertilizer transactions. In Q3, PSDAG and USAID will conduct a 'mid-term' review of the program with MINAGRI in order to determine the progress of MINAGRI's exit strategy in preparation for a handover in December FY2017.

1.2.1.4. INTERMEDIATE RESULT 1.4: ENHANCE THE ABILITY OF GOVERNMENT AND BUSINESS TO PRODUCTIVELY ENGAGE EACH OTHER

Activity 7: Provide Technical Assistance to GoR to Improve Quality and Efficiency of Public/Private Dialogue

In the FY 2016, PSDAG seeks to analyze the causal factors behind poor Public Private Dialogue (PPD) on national agriculture issues, pilot the implementation of new, more effective mechanisms for private and civil-sector stakeholders and build the capacity of both private and public sector actors to engage in meaningful dialogue, and monitor progress. In Q1, PSDAG engaged a consultant to help revamp the PPD for the agriculture sector in Rwanda. During Q2, the consultant continued to assist in revamping PPD in agribusiness. The project mapped all key stakeholders to constitute the task force for Agri-PPD at national level and finalized the steps and activities for the implementation of Agri-PPD Framework.

On February 24, 2016, PSDAG presented a draft national Agri-PPD Framework for Rwanda to a group of key stakeholders drawn from the private and public sector. The proposal included the creation a National Task Force of PPD Champions, which would mirror the processes currently functioning well at the local level.

Figure 1: Proposed National Agri-PPD Process

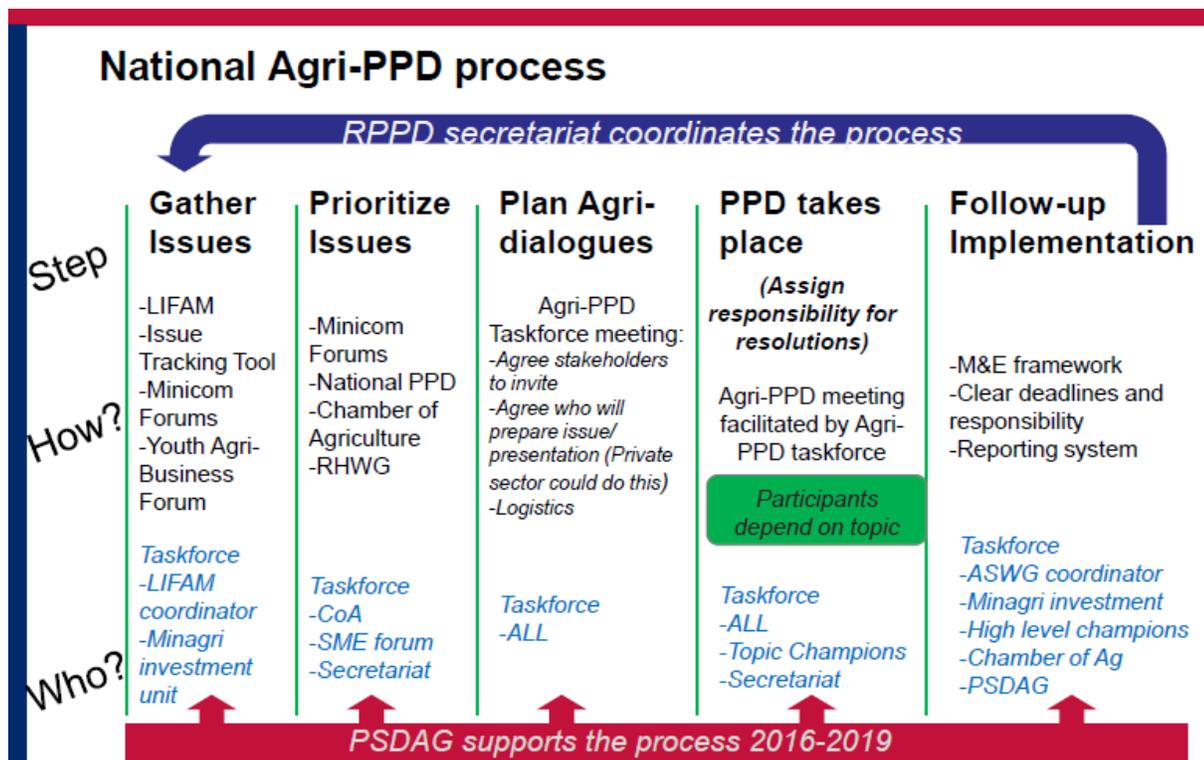
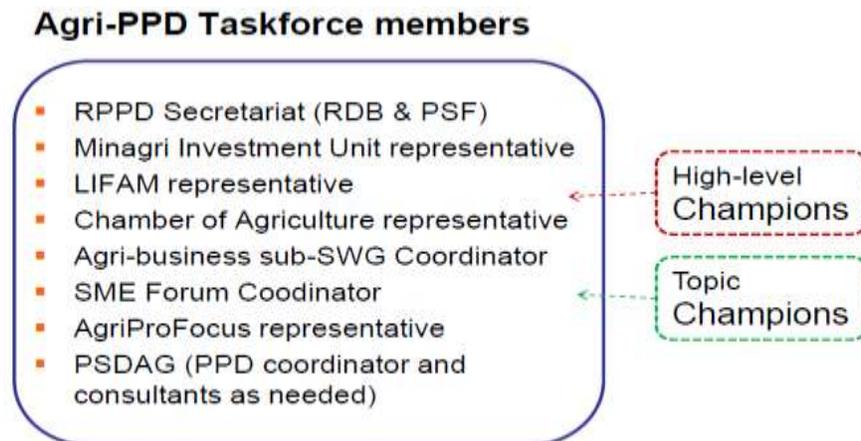


Figure 2: Proposed Task Force Members for National PPD



The national Agri-PPD Framework was validated at the same workshop and it's now ready for implementation. This included agreeing on the composition of the proposed taskforce, planning the training and workshop with taskforce members (which took place in March 2016), prioritizing of the issues that will be discussed during the dialogue meetings, and agreeing on modalities of organizing the actual dialogue meetings. The task force members were trained by Collective Leadership Institute (CLI) from South Africa on March 22-23, 2016. The first national dialogue is planned to take place in late June 2016. (Note the first pilot PPD was originally to take place in May

2016. However, due to the numerous conference activities, such as WEF, GAIF, and FARA, it was determined that government officials would not be available to contribute significantly to the process at that time.)

Photo 2: Members of Agri-PPD Framework Taskforce following presentation during a training workshop on March 22 in Kigali, Rwanda



I.2. OBJECTIVE 2: FACILITATE INCREASE PRIVATE SECTOR INVESTMENT TO UPGRADE VALUE CHAINS

Summary of Objective 2 achievements in Q2, 2016:

- Under Farmbook and PCC Upgrade Grants, PSDAG signed grant agreements with an additional seven (7) cooperatives. So far, PSDAG is supporting upgrading of 17 Potato Collection Centers in Rubavu, Nyabihu, Burera and Musanze Districts. Results achieved from implementation of Farmbook and PCC Upgrade Grants include:
 - US\$921,734 farm income for 4,602 beneficiary farmers (1,325 males and 3,277 females);
 - US\$1,291,519 domestic sales of Irish potatoes; and
 - 1,559 farmers applying Farmbook technology for their Irish potato transactions with PCCs.
- Under Value Chain Competitiveness Grants (VCCGs), PSDAG signed five (5) grant agreements with private actors in four value chains, namely; Irish potato, maize, beans and mushroom. Implementation of these grants is underway and the following results were recorded in Q2:
 - US\$500,252 farm income as a result of purchase of crop produce by PSDAG grantees;
 - US\$498,305 new investments by PSDAG grantees to upgrade their business operations;
 - US\$318,559 domestic sales of value added agricultural products by PSDAG grantees;
 - 12,216 (6,909 males and 5,277 females) smallholder farmers benefiting from PSDAG supported grant activities;
 - 3,998 farmers applying new technologies or management practices (credit inventory systems and new drying technologies) ; and
 - US\$874,055 of agricultural and rural loans and value chain financing through inventory credit systems.

I.2.2.1. INTERMEDIATE RESULT 2.1: IDENTIFY MARKET OPPORTUNITIES AND LINK VC ACTORS TO OPPORTUNITIES

Activity 8: Mapping Market Opportunities

Annual Program Statement

As per Annual Program Statement (APS) published in Q1, PSDAG continued to share information about its grant mechanism and other partnership opportunities with relevant stakeholders including companies, farmers' cooperatives and public institutions. PSDAG will continue to encourage more stakeholders to participate in the grant mechanism with the aim of upgrading their businesses to be competitive and take advantage of existing and new market opportunities.

During Q1, PSDAG received 57 concept notes in response to the PSDAG APS. The evaluation of received concepts notes by PSDAG Technical Evaluation Committee (TEC) was completed and PSDAG will conduct a pre-bidding conference with pre-selected applicants in April, 2016. The TEC will continue to receive and evaluate concept notes on a monthly basis through the end of FY2016.

Activity 9: Linking Market Opportunities to Value Chain Actors

Value Chain Competitiveness Grants (VCCGs)

In Q4 of FY 2015, PSDAG launched the first Request for Application (RFA) to solicit applications from private partners seeking to make investments to improve the competitiveness of any stage of the four value chains, namely; maize, Irish potatoes, horticulture (high value fruits and vegetables), and dry beans. A total of 99 applications were received and 17 applicants were shortlisted for award of VCCGs. During Q1 of FY 2016, USAID approved award of grants to Kigali Farms and Hollanda Fair Foods.

In Q2, PSDAG signed five (5) grant agreements with Kigali Farms, Hollanda Fair Foods, ENAS, SARURA and MINIMEX. Grant documents for eight (8) additional grantees are being prepared for submission to USAID for approval while four (4) grants are under negotiation based on further assessment of grantees' business models.. Results (outputs and outcomes) from the implementation of five grants under PSDAG VCCGs are summarized in Table 3. Results listed in the table are from initial activities and will continue to be reported throughout the year following the agriculture production and harvest seasons for each of the respective value chains.

Table 3: Results of PSDAG funded projects under VCCGs mechanism

Grantee	Project	Key results from implementation of PSDAG-funded projects
Kigali Farms	Mushroom high value vegetable crop for export and nutrition button mushroom production	<ul style="list-style-type: none"> • US\$2,017 off farm income for 250 farmers/collectors through purchase of wheat straw used as raw material for production of button mushroom. • US\$380,179 value of new investment for construction of new mushroom production facility in Musanze District.
Hollanda Fair Foods	Manufacturing potato chips for a competitive potato sub-sector in Rwanda and beyond - new and large machine, new products	<ul style="list-style-type: none"> • US\$8,851 farmer income. • US\$104,730 value of new investments to improve potato processing facility. • US\$8,784 as value of domestic sales of value-added Irish potato. • 1,788 farmers with new market linkages for their Irish potato.
Sarura Commodities	Supporting maize and beans farmers' access to high value Rwanda and regional markets through establishment of crops aggregation centers in Eastern and Southern Province, Rwanda - beans and maize	<ul style="list-style-type: none"> • US\$222,486 farm incomes of assisted farmers. • 2,593 farmers applied improved post-harvest technologies.
MINIMEX	Post-harvest and handling grant to maize cooperatives	<ul style="list-style-type: none"> • 2,964 farmers applied improved post-harvest technologies (AflaStop dryers). • 28 (25 males and 3 females) trained new drying technology (AflaStop dryers).
ENAS	Kirehe Grain Storage Facility for maize and beans	<ul style="list-style-type: none"> • US\$3,271,483 in value of exports sales of beans to the regional markets (Eastern Africa countries).

USAID Site Visit

On March 30, a USAID team visited Isuka Irakiza Cooperative where PSDAG, through and in-kind grant to MINIMEX, is supporting the introduction of a new maize drying technology. The cooperatives supported under this grant will be testing AflaStop and GrainPro drying technologies side by side. See more details on this technology under Activity #12.

Activity 10.1: Analysis of Competitiveness of Value Chains and Business Models

Quality standards and certification assessment

In Q2, an assessment of quality standards and certification systems supporting agribusiness development in Rwanda was undertaken. The assessment entailed interviews with relevant stakeholders such as Rwanda Standards Bureau (RSB), RDB, Private Sector Federation (PSF), Standards for Sustainability (SFS), and some horticulture companies, Shekina and Floris Rwanda. Key findings of the assessment include:

- Lack of Global GAP and HACCP certifications are among the major technical barriers for Rwanda's horticulture exports. Both certificates provide market information in terms of traceability and food safety.
- Despite training on quality standards provided by RSB and SFS to exporters, public awareness in certification issues is still very low.

- The cost for one farm to get Global GAP certification is estimated at US\$23,800 and takes approximately six months to obtain. Return on investment for commercial farms will need to therefore be considered.
- PSF through HORTEC, an European Union-funded project, has trained Good Agricultural Practices (GAP) auditors from fresh produce exporter small and medium enterprises (SMEs) and out of 10 companies enrolled, three (3) are set to be certified by June 2016.

The assessment highlighted possible PSDAG's interventions to support increase of agricultural exports, and facilitate SMEs and grantees to acquire the quality standards certification demanded by the market. Furthermore, PSDAG assessed the type of certification required by the current PSDAG grantees. In Q3, PSDAG will evaluate both current and prospective grantees with the aim of addressing their quality certification requirements. Depending on the nature of the need, PSDAG may provide assistance as business development services or through customized grants. In addition, PSDAG will complete the analysis by reviewing the lab facilities available and associated costs for investors in Rwanda.

Comparative analysis of greenhouse technologies

In Q2, PSDAG also conducted a comparative analysis between three types of greenhouses promoted in Rwanda. These types were promoted by the former Rwanda Horticulture Development Authority (RHODA), Balton for Amiran Farmers' Kit (AFK), and the SMART greenhouses (Green Port Hollanda International in partnership with a local company, Rwanda Best). Consultations with promoters and different private sector actors using these types of greenhouses were done to collect both qualitative and quantitative information. Preliminary results of the analysis were discussed internally and additional information required to complete the analysis will be collected in Q3. The result of this analysis will inform PSDAG's intervention in supporting the private sector players seeking to utilize this new type of technology through the grant mechanism.

Activity 10.2: Provide Business Development Services

In Q1, PSDAG solicited applications from firms/consultants to provide business development services (BDS) to help PSDAG grantees achieve the results of their business plans and follow through on their growth strategies. A total of 56 applications were received in response to PSDAG's requests for applications.

In Q2, evaluation of 56 applications from BDS providers was completed and seven (7) applicants were shortlisted, interviewed and found to be suitable to provided business planning and access to finance assistance to grantee cooperatives. However, none of the applicants had the background, experience and expertise to provide sophisticated business development services to some of PSDAG grantees such as Kigali Farms and Hollanda Fair Foods. Consequently, in March 2016, PSDAG re-published a call for request for expression of interests from national, regional and international firms with the depth and breadth of experience required for high value and sophisticated business development services such as business processes, marketing, and product development among others. The deadline for submission is in April 2016.

Activity 11: Strengthen Aggregation and Post-Harvest Handling

Sub activity 11.1: Farmbook and PCC Upgrade Grants

In Q1, PSDAG finalized partnerships with six (6) cooperatives to support upgrading of 10 Potato Collection Centers and provision of business development services via Farmbook, supporting 2,347 farmers in Rubavu, Nyabihu, and Musanze Districts.

During Q2, the second batch of PCC grants (seven cooperatives with seven PCCs) was signed. These additional 7 PCCs would benefit more than 400 farmers in Burera, Nyabihu, Musanze and Rubavu Districts. To date, 17 collection centers out of 18 collection centers planned have been approved and grant agreements signed. PSDAG's support to upgrade PCCs contributed to the following results in Q2:

- US\$921,734 farm income for 4,602 beneficiary farmers (1,325 males and 3,277 females).
- US\$1,291,519 domestic sales of Irish potatoes.
- 1,559 farmers applying Farmbook technology for their Irish potato transactions with PCCs.

Key activities implemented under Farmbook and PCC Upgrade Grants during Q2 are discussed below.

Farmbook Map and Track training

A total of 51 (36 males and 16 females) Marketing Agents were trained in two (2) batches (from January 26-29, 2016 and from March 15-18, 2016) as Farmbook Training of Trainers (ToTs). The ToTs represent 13 potato cooperatives operating 17 Potato Collection Centers (PCCs). The Map and Track application is being used by cooperatives to collect important farmer/cooperative data to streamline and strengthen farmer and groups' registration as well as data collection on production, sales, value addition, business planning, and M&E at scale for project baseline data and quarterly indicator tracking of the grant. Map and Track utilizes IFormbuilder and ArcGIS to integrate and map field and farmer data on real time basis. During the training workshops, Farmbook tablets were officially handed over to the 17 PCCs. During Q2, Marketing Agents used the platform to gather and synchronize baseline data and quarterly grant performance. Season B 2016 harvest is expected to be in June-August, at which time the collection centers are expected to be active. Marketing Agents will in turn train all the others farmers to improve business management from farm level. Consequently, enhanced knowledge and skills in marketing is expected to improve farming business at farmer, cooperative and aggregation center levels on volume of trade and incomes.



Photo 3: PCC Marketing Agents using Tablets during Map and Track Training on January 26, 2015 in Musanze District

Farmbook IFormbuilder Accounts

Farmbook IFormbuilder accounts for all 17 PCCs were created and configured for use in registration of farmers and cooperatives. All the 17 accounts are now live and active, and PCCs have already started collecting and synchronizing data into the system. To date 337 farmers have been registered into the Farmbook system. The usage rate is expected to drastically increase in Q3 of FY 2016 as Marketing Agents become more familiar with the system.

Marketing Basics training

In Q2, a total of 51 Marketing Agents (36 males and 15 females) were also trained on Agricultural Marketing Basics course for Agro-enterprise. This is part of SMART skills (Skills for Marketing and Rural Transformation) learning that provides agro enterprise training to help cooperatives and farmers to increase production, engage with markets, and grow their incomes. The workshops were conducted in Musanze in two batches: the first round was done from March 8 -11, 2016 while the second was conducted from March 28 – April 1, 2016. The Marketing Agents were trained on business management and marketing basics using the marketing basics manual (translated to Kinyarwanda). In addition, a soft copy of the translated manual was also loaded on the Farmbook tablets. Each cooperative/PCC drafted a roll out plan on how they are going to do cascade trainings to the rest of cooperative members by end of April 2016. PSDAG field managers will support and monitor this roll out exercise by each PCC from April 2016.

Distribution of post-harvest and handling equipment to 17 PCCs

PSDAG also distributed assorted equipment and materials (weighing scales, bagging materials, pallets, basins, tables, chairs and bookkeeping records) to 17 PCCs. The equipment and materials distributed will help 17 PCCs to standardize weighing, sorting, cleaning, grading, packaging and bagging of Irish potatoes. This is expected to translate to better prices and increased smallholder farmer incomes.



Photo 4: Habimana Fidele (center in blue shirt), selling his potato at KOABIKI/RUSHUBI Potato Collection Center in Kinigi area of Musanze.

Sub Activity 11.2: 2016 Maize Post-Harvest Handling Grants

In Q1, PSDAG attended the launch of the Patient Procurement Platform (PPP). This is an initiative by World Food Program (WFP) and associated partners in support of consistent market access for smallholder farmers. In addition, WFP in collaboration with Rwanda Development Organization (RDO) submitted a grants proposal to implement the PPP with maize cooperatives that are under the RDO umbrella. Under this arrangement, WFP purchases maize from cooperatives through Rwanda Grains Cereals Corporation (RGCC). The WFP and RDO grant proposal requested support to provide post-harvest handling equipment to cooperatives.

In Q2 of FY 2016, the following activities have been conducted:

- PSDAG released a targeted RFA for maize cooperatives related to the provision of post-harvest equipment (including shellers, winnowers, PICs bags, tarpaulins).
- PSDAG organized a workshop in January for 36 targeted cooperatives but only 27 targeted cooperatives under RDO submitted applications. The submitted applications were evaluated and 23 cooperatives fulfilled all the requirements.
- PSDAG signed the grant agreements with 20 cooperatives in March 2016 for the supply of PHH equipment at an approximate cost of US\$130,000 (PSDAG investment accounting for 51% of the cost). Under these grant agreements 8,794 farmers are expected to benefit from use of 3,956 tarpaulins, six (6) weighing scales, 5859 packaging bags (50 kg and 100 kg), seven (7) moisture meters, 180 pallets, six (6) winnowers, two (2) shellers, 100 sewing threads, 1 solar dryer and 1 sewing machine. PSDAG began the distribution of these PHH goods and equipment to 20 beneficiary cooperatives.

Activity 12: Support the Testing and Adoption of New Technologies

In Q1, PSDAG hosted a maize value chain stakeholders meeting (from public and private sectors) at which ACDI/VOCA presented a new low-cost mobile grain dryer technology, called AflaStop, for maize. The technology is intended to be manufactured locally via the informal sector. Also, in Q1, PSDAG received a grant proposal from MINIMEX requesting different viable drying and storage technologies. Under the grant mechanism, MINIMEX requested five (5) AflaStop drying units for cooperatives with the aim of improving the quality of maize and reducing post-harvest losses, for increased smallholder farmer income.

During Q2, five AlfaStop drying units were delivered to the cooperatives shown in Table 3. PSDAG, in collaboration with MINIMEX, trained the 5 cooperatives on how to use this new drying technology. Training was conducted over a two-day period (March 29 – 30, 2016) in the Rwamagana District, and 28 (25 males, 3 females) people from both public and private sectors attended this training.

PSDAG, in collaboration with its partners (EUCORD and IFC) under the MINIMEX grant, plans to test other new post-harvest handling technologies including solar bubble driers, collapsible driers, ultra-hermetic cocoons, and PICs bags. At the same time, a comparative performance testing will be conducted between solar bubble and AflaStop drying technologies. These results of these tests will inform scalability of these drying technologies going forward. Distribution and training on the use of the solar driers will take place in April. Side-by-side testing will take place during Season B and C of 2016 and will continue through Season A of 2017.

Table 4: Distribution of new AflaStop dryers

Cooperative	District	Total Members	Male	Female	# of AflaStop Dryers
IMBERE HEZA KABARE	Kayonza	37	37	10	1
TWITEZIMBERE GISHARI	Rwamagana	102	42	60	1
ISUKA IRAKIZA	Rwamagana	120	50	70	1
KOTUABIKI	Rwamagana	304	169	135	1
TWITEZIMBERE NYABOMBE	Kayonza	109	60	49	1
		672	358	324	5



Photo 5: Aflastop Assembly demonstration at Isuka irakiza cooperative site, Rwmanagan District on March 29 2016.

Activity 13: Support the Establishment of Ancillary Businesses

No significant activities were recorded this quarter.

Activity 14: Support Processing and Value Addition

Under VCCG, PSDAG awarded grants to five private sector firms to support processing and value addition projects.

During Q2, implementation of these five grants began and progress on implementation of grantee activities is summarized below.

Hollanda Fair Foods Ltd

PSDAG is supporting Hollanda Fair Foods Ltd to implement a project on manufacturing potato chips for a competitive potato sub-sector in Rwanda and beyond. Under this grant agreement, PSDAG will help Hollanda acquire a potato frying machine, purchase of a quality control conveyor belt, a packaging conveyor belt and a turn table, printing machine for Winnaz-branded bags, a new chimney, a water purification system and financial QuickBooks software.

During Q2, Hollanda signed contracts with two PCCs to deliver quality potatoes for processing and to maintain knowledge, skills, and experience. The two PCCs consist of 1,100 farmers that will supply the Hollanda with potatoes. The testing of three new potato chips flavors was finalized and introduced in the market for testing. Production of these flavors will commence immediately after receiving the machines by the end of May, 2016. With the new flavors Hollanda will be able to offer more products to the market that will increase sales and market share, which in turn increase the purchase of potatoes from the farmers. In Q2, Hollanda purchased 2.62 tons of Irish potato earning farmers US\$8,851. As market share increases with the sale of new flavors, this is expected to increase.

SARURA Commodities Limited

PSDAG is supporting SARURA to equip five collection centers (located in Ngoma, Kayonza, Kamonyi and Gatsibo districts) and train farmers on production and supply of high value maize and beans to these centers.

In Q2, training modules were developed and 91 farmers trained on inventory credit, post-harvest and handling techniques. In addition, post-harvest equipment such as tarpaulins, weighing scales and wiikhall aluminum storage structures were distributed. Additional equipment will be delivered in Q3.

In preparation for operationalization of five collection centers, SARURA secured US\$790,000 in loans from financial institutions. US\$ 81,000 will be used to buy beans, while US\$709,000 will buy maize. During Q2, SARURA purchased 176 tons of mixed beans and 520 tons of maize, earning farmers income of US\$74,800 and US\$147,500, respectively.

Kigali Farms

In January 2016, under a grant mechanism, PSDAG partnered with Kigali Farms to establish the first button mushroom production facility in Rwanda. The PSDAG grant will assist Kigali Farms to buy equipment for a newly established mushroom substrate and growing facility in Musanze, Northern Province, tightly integrated with the local community. Kigali Farms is putting up a facility that will produce 250 tons of mushrooms per year. This plant is expected to be operational in June 2016. Production of mushroom requires use of locally available raw materials including wheat straw to produce the substrate.

During Q2, Kigali Farms started substrate and growing facility construction and expects to complete the facility before end of May 2016, in time to operationalize in June. At the same time, Kigali Farms established three straw collection centers (Kabuye Ka Kavumu, Karema and Nyarubande) in Musanze District. These centers are used to aggregate and store straw bought from farmers, before transportation to the production facility. Two (2) more centers are planned to be set up by July 2016. Kigali Farms has created a market opportunity for the sale of wheat straw, which had previously just been burned by farmers as waste. During Q2, 49 tons of straw was collected from 258 (83 males and 175 females) smallholder farmers/ straw collectors, earning them off-farm income of US\$ 2017 within one month. Kigali Farms will need to purchase a total of 300 MT of wheat straw to meet production goals for the first year. The project intends to work with a total of 800 farmers supplying wheat straw in order to produce and export a total of USD \$110,000 of fresh button mushrooms in the first year.

ENAS Ltd

PSDAG is supporting ENAS to increase its storage capacity to 14,000 tons of maize and beans, helping the company expand operations significantly and capture a bigger portion of the local market while expanding services to clients in the maize value chain. With the PSDAG grant, ENAS will acquire two (2) silos with built in dryers. In addition, PSDAG will support ENAS to train farmers in post-harvest handling and better farming practices.

During Q2, two storage silos were ordered and equipment is expected in Rwanda by May 2016. In addition, ENAS identified 10 farmers' cooperatives in Kirehe district with whom they will work with. ENAS also established four (4) demonstration plots in sector of Kigarama, Musaza, Mpanga and Nyamugali and have been using these locations to train farmers how to apply fertilizer in cropping beans.

Activity 15: Assist Value Chain Actors to Build Formal Business Relationships

PSDAG support to value chain actors through VCCGs and grants to cooperatives is predicated on the existence of a formal business relationship between suppliers and buyers. For example, Hollanda Fair Foods Ltd purchases Irish potatoes from two (2) PCCs benefiting more than 1,700 farmers; Kigali Farms have established three (3) aggregation centers to collect and buy wheat straw for use in mushroom production, benefiting 800 farmers; Sarura has established five (5) aggregation centers to purchase maize and beans, benefiting 1,400 farmers; Under the WFP PPP program, 20 cooperatives, representing 8,794 farmers, signed contracts with RGCC to sell quality maize and beans; and MINIMEX buys high quality maize directly from 30 cooperatives, representing 7,500 farmers.

Activity 16: Use of Information Communication Technology to Provide Production and Market Information

Please refer to the following sub-activities:

- Under Sub-activity 6.2 - Fertilizer Administrative Procedures, PSDAG DFAs supported 748 agro-dealers to use mFarms technology for their fertilizer transactions under the fertilizer subsidy distribution system.
- Under Activity 11 - Potato Collection Center Upgrade and Farmbook Grants, 1,500 Irish potato farmers have started to use Farmbook for their transactions with the PCCs.

Activity 17: Improve Borrower Readiness and Access to Finance

During Q2 and under the Maize Post-Harvest Handling Grants, the PSDAG Access to Finance (A2F) team facilitated credit negotiations between KOPCUMA maize cooperative from Gatsibo District and Duterimbere Micro Finance Institution (MFI). The MFI required original collateral documents which the cooperative was still processing from the district and yet they urgently needed a working capital loan of US\$6,700 to buy maize from members. With support from PSDAG A2F, KOPCUMA was able to use a supply contract it has with a buyer, to enable the MFI to accept, approve and disburse a loan of US\$6,700.

During Q2, under the PSDG VCCG mechanism, the PSDAG A2F team linked Duterimbere MFI with chili cooperatives that have a supply contract with PEBEC (one of the selected grantees). The MFI has started to open accounts for members of the cooperatives. The cooperatives require a total of US\$94,500 to purchase chili from the farmers in order to meet market demand in the first year. The loan is expected to be finalized in April 2016.

Additionally, as a result of PSDAG grant approval, SARURA was able to get a working capital loan of US\$81,000 from Deterimbere MFI and signed a contract for an investment loan from KCB for US\$709,400.

1.2.2.2. INTERMEDIATE RESULT 2.2: STRENGTHEN VERTICAL AND HORIZONTAL VALUE CHAIN LINKAGES AND BUILD CAPACITY

Activity 18: Support Agro-dealers' Capacity to Deliver Improved Technology and Access Finance

In Q1, a needs assessment was conducted through the DFAs to identify the need for access to finance by agro-dealers. Twenty-three (23) agro-dealers from seven (7) districts (Gicumbi, Huye, Gasabo, Rutsiro, Burera, Muhanga and Musanze) expressed need for assistance to access up to US\$112,000, collectively, in working capital. Agro-dealers require funds in July/August to enable them to purchase fertilizer stocks required by farmers for use in Season A and B. PSDAG support to facilitate access to finance will commence in Q3.

Activity 19: Assist in the Expansion of Mechanization Services

Mechanization Pilot Program with Voluntary Agricon (VAC)

In FY 2016, PSDAG planned to explore opportunities to assist Voluntary Agricon and other businesses wishing to enter into the market to improve business transactions with farmers and expand services. In Q1, PSDAG conducted an assessment of 17 cooperatives currently working with VAC to assess the current status of agricultural mechanization, evaluate their financial needs, identify financial institutions prepared to finance mechanization, and identify opportunities for PSDAG to assist this process.

In Q2, the project team continued to conduct economic analysis of agriculture mechanization, and the result of this assessment showed that VAC is the only mechanization service provider in the Eastern province. Considering high demand of services from maize cooperatives in the region, the company has not been able to provide quality and timely services. All cooperatives acknowledged a need for VAC services and willingness to

take loans to acquire the services if they were provided. Therefore, there is need to facilitate availability of more service providers to increase proximity between service providers and potential clients. Economic analysis results indicate a shorter pay-back period and higher labor cost savings if full mechanization (plowing, planting, application, weeding, drying, sorting and transport) package is deployed on larger farms.

PSDAG is evaluating using a grant mechanism to pilot a program by providing a grant to two (2) cooperatives with more than 100 ha of land located in Kirehe and Nyagatare because the two districts are far from the VAC base. Under this proposed grant mechanism, PSDAG would assist the cooperative to access a loan from an interested financial institution such as BRD, with a guarantee support from BDF. The grant would be used to provide technical assistance to cooperatives to use the purchased machines, service them and acquire spare parts for 2 years. The granted cooperatives would be expected to provide such services to the nearby cooperatives that may demand mechanization service. The proposed model is presented as an Annex to this report. The model will be considered in Q3.

Small Scale Irrigation Technology

In Q1 FY 2016, RAB submitted a concept note requesting for support their Small Scale Irrigation Program that provides a 50% subsidy to farmers to purchase small scale irrigation equipment (i.e. drip irrigation and pumps) for 1 ha, 2 ha, and 10 ha plots. RAB has experienced challenges in finding farmers with enough financial capacity to contribute their 50% cost-share under this program.

In Q2, following the review of RAB's concept paper, PSDAG conducted an assessment of cost investment in small scale irrigation technology in Rwanda. The assessment entailed profitability, sensitivity and budget analysis on small scale irrigation technology. PSDAG consulted RAB, three cooperatives and three individuals who are using the technology. Data analysis is underway but provisional findings are presented in Table 6. Upon completion of this assessment in Q3, PSDAG will evaluate an appropriate grant mechanism to use to facilitate access to small scale irrigation technology.

Activity 20: Assist in the Privatization of Large Irrigation Schemes

PSDAG's interventions to assist in the privatization of large irrigation schemes is discussed under Activity 5 - Assist with Public Private Partnership and Privatization Models. Going forward, results of this activity will be reported under Intermediate Result 1.3.

Activity 21: Build the Capacity of Financial Institutions

Sub Activity 21.1: Technical Assistance to BRD

In FY 2015, Banque Rwandaise de Development (BRD) requested PSDAG's technical assistance to develop an agriculture lending strategy. Consequently, BRD established an Agricultural Lending Department. At the end of Q1, PSDAG STTA assisted BRD to develop an Agricultural Financing Operational Plan. The STTA also made recommendations on BRD needs and actions required to implement the agriculture financing strategy. In Q2, PSDAG reviewed the STTA report and requested BRD to gather the additional information before submission of the report to BRD for implementation. The final assessment will be available in April, with activity expected to begin in May.

Activity 22: Pilot the Use of Other Financial Service Products

Under VCCGs, PSDAG signed a grant agreement with SARURA Commodities limited to improve crop aggregation using inventory credit system. During Q2, SARURA Commodities assisted 2,964 famers (1,618 males and 1,346 females) access \$790,541 in loans using inventory credit system. Discussions are still underway for proposed grant that would facilitate implementation of a Warehouse Receipt System.

1.2.2.3. INTERMEDIATE RESULT 2.3: STRENGTHEN INPUT SUPPLY AND OTHER SUPPORTING SERVICES

Activity 23: Provide Technical Assistance to the Private Sector to Improve Quality and Efficiency of Public/Private Dialogue

Interventions and results under this activity have been discussed under PSDAG support to revamp Rwanda PPD framework. See Activity 7 under Result 1.4.

2. MONITORING & EVALUATION AND CROSS-CUTTING COMPONENTS

2.1. MONITORING AND EVALUATION

a) *Baseline data collection*

Baseline data collection started for five PSDAG grantees under the VCCGs and six (6) grantees under the Farmbook and PCC Upgrade Grants. Grantees were trained on baseline data collection forms and farmer cooperative registration forms. Baseline data will be used to assess the impact of PSDAG's interventions on farmers, cooperatives and firms assisted through the grant mechanism.

b) *Others*

PSDAG completed a data call on FY2015 Microenterprise Results Reporting (MRR) Partner data call. The data call enables the creation of an online, searchable database of all microenterprise support. The MRR Partner data call is a congressionally mandated undertaking for USAID.

In response to a USAID request, PSDAG submitted geographic coverage of PSDAG grantee activities.

2.2. SOCIAL INCLUSION

In Q1, PSDAG developed a Gender and Social Inclusion Integration Plan and trained project staff on implementation.

During Q2, PSDAG conducted a recruitment process to identify and select a consultant to develop a Gender and Social Inclusion curriculum, and recruit and train local service providers to implement the curriculum with PSDAG grantees. A Request for Proposals (RFP) was published in January. Applicants have been shortlisted and will be interviewed with the aim of beginning work in Q3.

In Q2, PSDAG Social Inclusion Manager continued to meet and inform women, youth and PWDs organizations about opportunities for partnerships with PSDAG through the grant mechanism as advertised in the APS. Among the 57 concept notes received, during Q1 and Q2, only three (3) dealt exclusively to benefit these groups. Of those three, one was selected to submit a more detailed application. As a result, in Q3 PSDAG will consider offering business development services to assist groups within these populations to construct concept notes and applications.

2.3. COMMUNICATIONS, CAPACITY BUILDING, AND KNOWLEDGE MANAGEMENT

All PSDAG-funded activities under the grant mechanism are branded using signposts and or stickers (equipment) in line with USAID marking and branding guidelines. During Q2, designs for

PSDAG FISCAL YEAR (FY) 2016 Q2 PROGRESS RE



Figure 3: Branded signpost for SARURA's collection/aggregation site

signposts and stickers were developed and approved by USAID. Branding of goods, equipment and grantee sites is an ongoing activity. Figure 3 is an example of a USAID-branded sign for one of PSDAG's grantees, SARURA.

PSDAG activities implemented in Q2 were covered in the press and social media (PSDAG official twitter account https://twitter.com/psdag_rwanda/). A press release on AflaStop drying technology training conducted in March, 2016, was prepared and approved by USAID and shared with the press. Subsequently, this PSDAG sponsored activity was covered in Ihezo online newspaper - <http://www.igihe.com/amakuru/u-rwanda/article/rwamagana-abahinzi-bahawe-imashini-zumisha-ibigori-mu-gihe-gito>

PSDAG Communications and Knowledge Management Specialist supported Objective 1 and Objective 2 to ensure PSDAG training sessions and meetings with stakeholders are in compliance with USAID branding and marking requirements.

PSDAG continued to track implementation of grantee activities with the aim establishing the effect, outcome and impact of PSDAG investments to firms, cooperatives and smallholder farmers.

PSDAG prepared two success stories during Q2, which dealt with initial positive results from the PCC grants and the Kigali Farms grant. The success story for Kigali farms was submitted to USAID for use in FTF Newsletter publication.

2.4. ENVIRONMENTAL COMPLIANCE

PERSUAP

In Q1, PSDAG Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) was finalized and submitted to USAID for approval. In compliance with USAID's Pesticide Procedures (22 Code of Federal Regulation 216.3(b)), PERSUAP establishes the set of pesticides for which support is authorized under USAID/Rwanda's PSDAG Project and requirements attendant to support for these pesticides to assure that pesticide use/support (1) embodies the principles of safer pesticide use and, (2) per USAID policy, is within an Integrated Pest Management framework.

In Q2, PSDAG PERSUAP was approved by USAID and PSDAG has commenced the process of preparing a SUAP (Safer Use Action Plan).

EMMP

In Q2, PSDAG Environmental Mitigation and Monitoring Plan (EMMP) was approved by USAID. The EMMP documents how PSDAG will implement and verify all Initial Environmental Examination (IEE) conditions that could apply to PSDAG-funded activities. PSDAG has started implementation of the EMMP with its current activities. As of Q2, no grant has required mitigation measures and therefore, there have been no Environmental Review Reports created to monitor.

3. PARTNERSHIPS AND LINKAGES WITH OTHER PROJECTS

Horticulture Working Group (NAEB and IFC)

In August 2015, the Minister of Agriculture and Animal Resources inaugurated a Rwanda Horticulture Working Group. The group was composed of both private and public actors and was formed to tackle issues within the Horticulture sector and propose possible solutions. PSDAG is among the participants of this forum. NAEB, in collaboration with IFC, organizes quarterly meetings for the working group.

In Q2, PSDAG staff participated in the Horticulture Working Group organized to discuss management of the new fresh produce pack house to be opened soon at NAEB premises. This pack house will be managed by fresh produce exporters who are members of Rwanda Association of Exporters of Fresh Produce. Participation in forums like this enables PSDAG to understand key challenges, interventions and opportunities in the horticulture sub-sector. PSDAG will continue use this forum to encourage more stakeholders to participate in its grant mechanisms through ongoing APS so that they can address some challenges encountered in the horticulture sector while upgrading their business models. PSDAG will also use this forum to pilot aggregation activities intended to reduce to cost of airfreight for exports. The next meeting will be held in early April.

World Food Program Patient Procurement Platform

As mentioned under Objective 2, Activity 11, in Q1, WFP sought partnership with PSDAG to support 38 cooperatives in post-harvest equipment through grants mechanism in the season 2016-A. PSDAG issued an RFA to upgrade maize cooperatives' aggregation centers that will be formally linked through contracts with off takers. Under this arrangement, WFP purchases maize from cooperatives through Rwanda Grains Cereals Corporation (RGCC).

In Q2, PSDAG signed the grant agreements with 20 cooperatives for the supply of PHH equipment at an approximate cost of US\$130,000 (PSDAG investment accounting for 51% of the cost). Under these grant agreements 8,794 farmers are expected to benefit from use of tarpaulins, weighing scales, packaging bags, moisture meters, pallets, winnowers, shellers, sewing threads, and solar dryer. Distribution of these PHH goods and equipment to 20 beneficiary cooperatives is underway.

MINIMEX/EUCORD/IFC/USAID's AfloStop

Under VCCG, PSDG signed a grant agreement with MINIMEX to improve maize drying, processing and storage in the MINIMEX smallholder supply chain. Implementation of this grant includes three other partners with different roles. European Cooperative for Rural Development (EUCORD) provides extension services to cooperatives with the aim of improving agronomic practices, manage deployment of technologies to participating cooperatives, monitor and report on grant activities. PRODEV Ltd (a sister company of MINIMEX) buys maize from cooperatives. IFC is responsible for business development, M&E and capacity building of cooperatives.

As discussed under Objective 2, Activity 11, during Q2, PSDAG procured and distributed five AlfaStop drying units to cooperatives in Kayonza and Rwamaga Districts. AfloStop is a USAID-funded program in Kenya

designed to innovate new low cost, on-farm technology for drying in order to reduce the presence of aflatoxin in grains. Use of these drying units is expected to improve the quality of maize sold by cooperatives to PRODEV, which will be subsequently used by MINIMEX for milling maize flour. The AfloStop project provided in-kind services to source the dryers from the informal manufacturers in Kenya and consultancy services to train the cooperatives using the dryers in Rwanda. The partner project will also actively participate in testing the AfloStop dryers side-by-side with GrainPro's solar bubble dryers later in FY2016.

Potato Collection Centers (MINICOM, MINAGRI, and PASP)

In Q1 FY 2016, MINICOM, MINAGRI, PASP and PSDAG agreed to coordinate implementation of PCC strategy. Consequently, PSDAG attended the official launch of the Kigali Wholesale Market, operated by the Potato Regional Trading Company (PRTC). The company has initiated business partnerships with newly formed PCCs. Under the PCC strategy, RPTC will buy 40 shares (corresponding to 40%) in each PCC while all PCCs will buy 16 shares (corresponding to 40%) of shares in RPTC. The PCCs have signed contracts with local cooperatives to buy potatoes that will then be sold to RPTC on a contractual basis. Under Farmbook and PCC Upgrade Grants, PSDAG is supporting upgrading of 17 PCCs.

In Q2, PSDAG staff attended a stakeholders meeting convened by Post-Harvest and Agribusiness Support Project (PASP) to present proposed Irish potato affordable storage designs (not for PCCs) as MINICOM has completed working on a separate simple basic design which will be used by PCCs for value addition and transit storage of potatoes. PSDAG will continue to engage MINICOM and PASP to ensure coordinated efforts in supporting upgrading PCCs.

Annex I: MINAGRI Flagship Project Tracker

Name of the Project	Planned Activities	Implementation Status
Mukamira Dairy Plant	<ul style="list-style-type: none"> Construction of the plant facilities. Including the construction of waste water treatment plant 	<ul style="list-style-type: none"> 99% of civil works have been completed. The contractor has submitted his invoice to be able to get paid and finalize the work.
	<ul style="list-style-type: none"> Contract signed with REG/EUCL for supplying and installation of the special electrical cable, and a Transformer of 500 KVA 	<ul style="list-style-type: none"> REG/EUCL have installed the cable that was needed. The 500 KVA transformer was finally supplied and installed by REG/EUCL. Activity completed
	<ul style="list-style-type: none"> Tendering for rehabilitation of feeder roads in Gishwati Area 	<ul style="list-style-type: none"> Rehabilitation works of the 27.5 Km feeder road within Gishwati area have started and in progress.
	<ul style="list-style-type: none"> Operationalization of the plant 	<ul style="list-style-type: none"> RDB have requested the Board of Mukamira Dairy to update its shareholding to enable the process of privatization to continue.
	<ul style="list-style-type: none"> Applying for 1.6 Billion Rwandan Franc loan for working capital 	<ul style="list-style-type: none"> Request of Expression of interest opened on the 18/03/2016. Once there is a selected company for the management of the plant, loan application will proceed.
	<ul style="list-style-type: none"> Installation and testing of plant equipment 	<ul style="list-style-type: none"> Testing for the equipment will be done with the managing company once hired.
Fish Collection Center	<ul style="list-style-type: none"> The procurement process is ongoing for privatization of the fish collection center 	<ul style="list-style-type: none"> MoU negotiation with the successful bidder is ongoing with RDB.
Rubilizi Hatchery	<ul style="list-style-type: none"> The procurement process is ongoing for privatization of the Rubirizi hatchery 	<ul style="list-style-type: none"> MoU negotiation with the successful bidder is ongoing with RDB.
Gako Beef Farming Project		<ul style="list-style-type: none"> A quick assessment of availability of water at farm area was conducted to determine the Water supply for livestock. Allocation of the farm plots was completed. The project is now in the hands of three groups of local investors (2 companies, 3 entrepreneurs and 1 cooperative).
Storage	<ul style="list-style-type: none"> Building strategic reserves storage; Assisting cooperatives in building warehouses 	<ul style="list-style-type: none"> The construction work of 5 silos in Nyagatare was completed and testing is ongoing and the silos have a capacity of 10,000 tones. The construction work of 7 warehouses in Nyagatre (3), Gatsibo (1), Ngoma (2), Kirehe (1) for 7 cooperatives respectively is almost complete. Each cooperative's warehouse has a capacity of 1500 tons

Name of the Project	Planned Activities	Implementation Status
Howard G. Buffet Foundation (HGBF) Project	<ul style="list-style-type: none"> • Follow up project works: road construction, power line extension, staff recruitment, houses construction • Integrated watershed management • CoE for Farm Mechanization • Value Addition through Food Processing • Capacity Building • Business plan development for ETI infrastructure 	<p>Progress on Nasho Irrigation Project:</p> <ul style="list-style-type: none"> • Compensation payments along access roads is ongoing with 69.6% of beneficiary paid • Asset valuation along pipelines was completed and 95.5% of property owners have signed their valuation forms. Summary is indicated below: <ul style="list-style-type: none"> - <i>Valuation of perennial crops with pivot areas has been completed in 10 pivots (15.8%). Summary is indicated below:</i> - <i>Conclude contract for solar power plant construction is signed and Notice to proceed given to contractor.</i> - <i>A proposal for power purchase agreement between REG and MINAGRI was submitted to MINIFRA for consideration.</i> - <i>Monitor survey works for extending 15kv powerline to cluster points.</i> - <i>Complete registration of farmers under pivot areas and start process of forming water users' association.</i> <p>Progress of Construction Activities:</p> <ul style="list-style-type: none"> • A team of engineers from RTDA, Kirehe District, HGBF/MINAGRI Project, and Remote Group inspected the quality of access roads constructed at the Nasho irrigation site. They identified areas that the contractor should correct before final inspection and completion of the road works. • A team of engineers from RHA and Kirehe District inspected resettlement houses being constructed, and recommended completing the roads construct before more houses can be built. • Farm building and compound construction is at 95%, but landscaping remains to be done. • Pump station building is at about 95% completion. • Foundations, concrete slab, and walls for two more residence houses at Farm Compound were finished, and foundation for third house was started. • Staking of domestic water line to farm compound was completed. Water cooperative is waiting for purchase order from MINAGRI to proceed with laying domestic water pipes. • Excavation of trenches for irrigation water pipelines is 40%, and welding pipes will start next week. • Surveying of 15 KV electrical line is 50% completed (9 clusters out of eighteen). • Contract for solar power plant construction was completed and signed by all parties concerned, and works are expected to start. • Technical proposal for power purchase concessional agreement is almost complete and will be submitted to MINIFRA and REG before the end of this next week. • All tractors and farm implements arrived on site, and a team of technicians from John Deere arrived in Rwanda on March 24, 2016 to assemble the tractors and their implements, and test them. Machines currently in use in the different sites. • Updating the list of farmers and their corresponding acreage under each pivot area is ongoing in order to get the actual numbers of farmers to benefit from the center pivot irrigation.
Gishari Flower Park	Develop the joint venture's structure and its approval	<ul style="list-style-type: none"> • Valuation of 68.9 ha was completed and collection of land titles for payment also done. • Processing of payment is underway.

Name of the Project	Planned Activities	Implementation Status
	Approve the investment plan and start operations	<ul style="list-style-type: none"> • NAEB in consultation with the MINAGRI is reviewing the proposal submitted by ORJEI Breeding Company. The proposal included giving a general manager, marketing and production managers to NAEB to manage Bella Flowers; as well as selling planting material to the company. In return Bella Flower would sell the cut roses to ORJEI. MINAGRI provided feedback on the proposal by March 4, 2016. MOU is being finalized between MINAGRI, RDB and ORJEI. • Recruitment of other project staff is ongoing and deadline to submit application was March 4, 2016.
Kigali Wholesale Market for fresh produce	Mobilization of investors Organize investment round table to raise needed capital	<ul style="list-style-type: none"> • Mobilization of investors is ongoing, the preparations for the roundtable is ongoing. • There is a proposal this roundtable should be carried out during the upcoming GAIF in May 2016.
Stevia Expansion	The company is in the process of looking for capital to bridge the financing gap	<ul style="list-style-type: none"> • Stevia Life got a new investor who requested that he changes the name of the company to Stevia Sweeteners Ltd. The new shareholder wants MINAGRI to transfer the lease agreement to the new company. MINAGRI/RDB is doing due diligence to know more about the investors.
Uniliver Tea Expansion Project	Expropriation: <ul style="list-style-type: none"> • Resettlement Area Expropriation • Industrial Block Expropriation Infrastructure Development	<ul style="list-style-type: none"> • Land owners' compensation is now at 87% of the 4.2 Billion RWF to be paid. • RDB is drafting the MoU which is expected to be signed by April 2016.
Rugabano Tea		<ul style="list-style-type: none"> • RDB is in process of drafting MoU.
MINAGRI/ MASHAV CoE	Tender for implementation company	<ul style="list-style-type: none"> • Mashav have completed the tendering process of the supply of the equipment, which was expected to arrive in Rwanda January 2016. This was delayed by the procurement process to identify vendor. Following selection and contracting of the vendor (YAMKO) by the Israel Government, the equipment is expected to be in country as from May, 2016. • The team from MASHAV – CINADCO and engineering team from YAMKO visited the country from February 16 -20, 2016. A roadmap to the implementation of the center was drafted.
	A technical team to go for induction in India and Israel has been identified and request for sponsorship from IDRC was submitted. IDRC have agreed to sponsor a team of 8 people.	<ul style="list-style-type: none"> • MINAGRI and IDRC signed a grant agreement to fund MASHAV technical team to go for induction course in India. The tentative date for team induction was set to start from March 7-11, 2016.
Land Database	Development of an agricultural land database: Public land allocated to agriculture/livestock and Private land developed by MINAGRI: Terraces and irrigation schemes	<ul style="list-style-type: none"> • PSDAG enumerators have been in the field collecting data that will be put in the new ALIS. Data collection ended March 4, 2016. • PSDAG has issued a tender to call for a company to design and develop the ALIS and evaluation of the bids was completed and award of contract to selected bid is underway.

Annex II: Summary of Investment Promotion and Facilitation Support to RDB

Company description	Support provided by RDB	PSDAG EIA input
Fish Collection Center, Rubirizi Hachery Factory and Rugabano Tea Site.	Bids evaluation and privatization of the sites.	<ul style="list-style-type: none"> Helped to finalize the bid assessment for three government enterprises planned for privatizations. Discussions are underway with bidders.
Promaksgrain Industrial Agricultural Products and Food Industry Trade Inc. This is a Turkish industry experienced in poultry and animal feeds.	Provide data and current situation of poultry sector in Rwanda to support investment decision	<ul style="list-style-type: none"> Compiled and analyzed data on national poultry production, imports and exports and prices situations. RBD shared information with investor.
Potato processing company based in Poland. Interested in potato preservation in Rwanda.	Provide data on production trends, prices, climate issues, policy and market analysis	<ul style="list-style-type: none"> Compiled data and shared to investor. The investor is expected to tour Rwanda for exploration and contacts around July.
SONA Fruits is a fruits processing industry located in Rusizi District owned by local investor who purchased it through privatization in 2002. The industry has three production lines: Juice, Jam and water. It stopped operations in 2012 due to management issues.	RDB is trying to link the industry owner with Turkish investors who had earlier shown interest to make investment in fruit processing in Rwanda.	<ul style="list-style-type: none"> Convened meeting with local investor (owner of the industry) and he agreed to partner with Turkish investors. Visited the site where the industry is located. Advised investor to continue negotiations with the Bank to not sell out the industry as the Bank intends to do so in order to recover the loan. Compiled report which was sent to RDB officials and later sent to Turkish investors.
Bright General Company Ltd is a rice milling factory owned by three local investors. In early January 2016 it was struck by lightning and the processing unit was badly damaged.	Help investor get supporting documents for follow up with insurance company.	<ul style="list-style-type: none"> Visited the site where the factory is located and compiled report which was shared to RDB management for further steps Linked investors with Rwanda Meteorology Agency weather data Advised investors to look for lawyer who will help them to pursue the issue in courts Advised investors to immediately report the issue to Rwanda Revenue Authority in order to stop taxes
Farmfresh Food Company Ltd is engaged in beans processing and packaging.	Advocacy on issues related to import duties (equivalent to 25%) imposed by Rwanda Revenue Authority for imported packaging materials while the investor buys these materials from Uganda which is a member of EAC.	<ul style="list-style-type: none"> Compiled report and showed a need to support investor to acquire exit note Investor was advised to fully register the company with RDB.

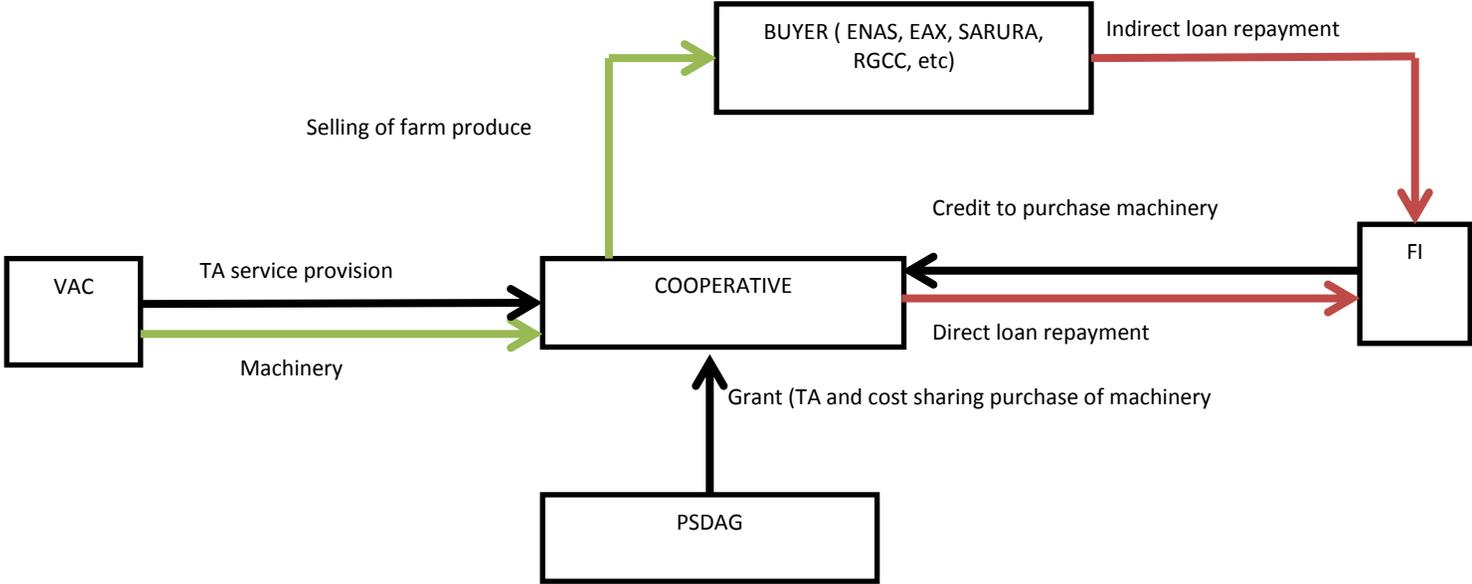
Annex III: Amount of Fertilizer Sold by Agro-dealers during Jan –Mar, 2016

Period (Months)	Fertilizer supplied by importers to agrodealers						Fertilizer sold by agrodealers to farmers					
	DAP (Kg)	UREA (Kg)	NPK (Kg)	KCl (Kg)	TSP (Kg)	Total (Kg)	DAP (Kg)	UREA (Kg)	NPK (Kg)	KCl (Kg)	TSP (Kg)	Total (Kg)
Jan	353,348	356,276	1,211,650	59,850	900	1,982,024	163,365	74,575	692,052	15,665	-	945,657
Feb	549,684	325,278	1,148,265	-	-	2,023,227	354,391	168,106	855,611	8,560	-	1,386,668
Mar	1,501,770	1,090,362	2,400,790	2,460	-	4,995,382	1,725,177	1,279,528	3,398,974	19,508	-	6,423,187
Jan-March	2,404,802	1,771,916	4,760,705	62,310	900	9,000,633	2,242,933	1,522,209	4,946,637	43,733	-	8,755,512

Source: DFA monthly reports

Annex IV: Flow Chart of the Mechanization Pilot Program

Flow chart of mechanization pilot program



-  Flow of service
-  Flow of product
-  Loan repayment

Annex V: Press Release



FOR IMMEDIATE RELEASE

USAID's new storage and drying technology to improve grain preservation

Wednesday, March 23, 2016

RWAMAGANA: On March 23, 2016, the United States Agency for International Development (USAID), through its Private Sector Driven Agricultural Growth (PSDAG) project, will facilitate a unique two day training for members of five maize cooperatives in Rwamagana district on the use of the Portable Shallow Bed Batch Dryer. The introduction of the new grain storage and drying technology is one of the USAID's efforts to identify the most promising storage options to minimize the growth of aflatoxin, a toxin produced by certain molds that is found in improperly stored crops, like maize. The new technology introduced by USAID will help introduce viable drying options that will allow smallholder farmers to dry their grain to safe storage levels.

The Portable Shallow Bed Batch Dryer (AflaSTOP) has been successfully piloted with Kenyan farmers and will be piloted with Rwandan maize farmers with the support of USAID-PSDAG in partnership with the private sector and cooperatives.

The AflaSTOP technology will enable farmers to increase the quantity and quality of maize produced through improved post-harvest and handling practices. With higher quality maize, farmers can fetch a premium price, resulting in increased revenues. The new AflaSTOP technology will help farmers reduce post-harvest losses incurred due to aflatoxin infestation caused by poor drying techniques.

AflaSTOP technology is being piloted with five maize cooperatives which support 3,850 members in Rwamagana and Kayonza District cooperatives, who sell their produce to MINIMEX, a major flour producer in Rwanda. USAID-PSDAG has signed a grant agreement with MINIMEX with the aim of improving maize drying, processing and storage in the MINIMEX smallholder supply chain. Under this partnership these five cooperatives and their members, will be trained on the use of the AflaSTOP Portable Shallow Bed Batch Dryer.

PSDAG is a five-year (2014-2019) project funded by the United States Agency for International Development. The goal of PSDAG is to increase smallholder farmers' incomes by promoting private sector investments and to facilitate the transformation of agriculture into a market-oriented, competitive, and high-value sector.

PSDAG FISCAL YEAR (FY) 2016 Q2 PROGRESS REPORT: JANUARY 1, 2016 – MARCH 31, 2016

Annex VI: PSDAG in Social Media



Annex VII: Success Stories

USAID Grants facilitating the Private Sector to Create Women Empowerment Opportunities in Rural Rwanda

Kigali Farms creating employment for women and additional income for farmers through wheat straw collection centers in Musanze District, Rwanda



Ann Marie (on the left) weighing wheat straw at Kabuye Ka Kavumu collection center in Musanze District, Rwanda.

Photo: © PSDAG Project/Wilson Kaikai

“Kigali Farms have created an opportunity for me and other women to earn income for our families. It is a great economic opportunity for women in this village, and the impact of earnings from wheat straw is visible at household level as demonstrated by myself”

-Ann Marie Ukwimanishaka

Rwanda that started in August, 2014. The goal of PSDAG is to increase smallholder farmers’ incomes by promoting private sector investments. PSDAG has two main objectives, namely: 1) Assist the GOR to increase private sector investment; and 2) Facilitate increased private sector investment in upgrading agricultural value chains.

In January 2016, under a grant mechanism, PSDAG partnered with Kigali Farms to establish the first button mushroom production facility in Rwanda. The PSDAG grant will assist Kigali Farms to build and operate a commercially successful mushroom substrate and growing facility in Musanze, Northern Province, tightly integrated with the local community.

Production of mushroom requires use of locally available raw materials including wheat straw to produce the substrate. Kigali Farms has therefore created a market opportunity for the sale of wheat straw, which had previously just been burned by farmers as waste. In February 2016, Kigali Farms began buying wheat straw from farmers through a collection center mechanism. So far, three collection centers have been established in Musanze District, Busogo Sector. These centers are used to aggregate and store straw bought from farmers, before transportation to the production facility. Kigali Farms has so far purchased approximately 20 MT of wheat straw, generating earnings of \$800 in less than a month for 26 farmers and collectors, the majority (21) of whom are women.

Ann Marie Ukwimanishaka, a 25 year old female high school graduate, is employed by Kigali Farms as a facilitator for Kabuye Ka Kavumu collection center in Musanze District. She earns a daily wage for her work and also sells her family’s straw to the collection center. Since she started working in mid-February 2016, she has used her earnings to buy a sheep for the family and materials for her new basket-making business. During the day, Ann Marie works at the collection center, and at night she makes baskets which she sells in the local trading center and during market days. Anne Marie said her income from her wages as a collection center facilitator and her profits from her basket business provides the sole source of income for this female-headed household of four (mother, and two sisters). She plans to buy more sheep and expand her basket making business in the future.

For 2016, Kigali Farms will need to purchase a total of 300 MT of wheat straw to meet production goals. Therefore, the company will establish two more collection centers in June 2016 in order to accommodate an expected bumper harvest and to prepare for production requirements. The production facility is currently under construction and is also expected to be operational by June 2016. The project intends to work with a total of 800 farmers supplying wheat straw in order to produce and export a total of USD \$110,000 of fresh button mushrooms in the first year.

Increased access to markets transforming lives of potato farmers in Rwanda

KOABIKI/RUSHUBI Potato Collection Centre Upgrading Investments boosts vertical linkages by increasing formal buying and selling relationships with more than 850 farmers



Habimana Fidele (center in blue shirt), selling his potato at KOABIKI/RUSHUBI Potato Collection Centre in Kinigi area of Musanze.

“Previously in Kinigi area-Musanze district, there was low transparency in the way our potatoes were bought, limited proper weighing scales and grading; we could not distinguish our real buyers and sometimes spent a whole day trying to sell our potatoes to those who offered better prices to cover our production costs; Now through PSDAG upgrading investment support, our PCC is now more functional, professional and efficient in conducting fair potato buying business”

-Fidele Habimana

Habimana Fidele (38) is one of many Irish potatoes farmers in the Kinigi area who is benefiting from the USAID- Private Sector Driven Agricultural Growth Program initiative of supporting upgrading of Irish potato aggregation through Potato collection centres (PCC).

Like many other potato farmers in the area, Habimana has been living off very minimal profits from potato business. “Before we had many problems related to buying and selling of potatoes in our area – there existed a lot of market problems. There was no transparency in the way our potatoes were bought, limited proper weighing scales, selling was through estimation, we could not distinguish our real buyers and sometimes we could spend a whole day trying to sell our potatoes to those who offered better prices to cover our production costs” Fidele said. “Due to this fragmented marketing, as farmers we were losing on both weights calculated as well as receiving very low prices; for instance last year I sold at 120 francs per kg”, He added.

To address these challenges, USAID through PSDAG, facilitated upgrading of potato aggregation centres to ease access to fair markets by smallholder farmers, and KOABIKI/RUSHUBI PCC is one of the beneficiaries to this grant facility. PSDAG grants have benefited 17 potato collection centres in Musanze, Burera, Nyabihu, and Rubavu districts who are trading with more than 3000 farmers. This upgrading has created ripple effects by strengthening vertical linkages and as well professional buying and selling relationships with farmers. “Farmer-trader buying relationship has greatly improved and as a farmer I have gained confidence again in growing potatoes. Through support from PCC leadership who underwent training on Agricultural marketing basics training, I am now able to access accurate market and price information as well as use this market information to better ensure profitable potato farming” says Fidele.

Fidele says “potato farming business is now transforming my family life. There is a big improvement in the way buying and selling of potatoes is being done. Modern equipment make the PCC more functional and efficient in conducting business. Everything is now transparent and we are also being paid cash on delivery of produce unlike before. Calculators and digital weighing scales brought a very big change on buying and selling; transparency has boosted our relationships and trust with our buyers. We are now getting better returns, treating potato farming as a business”.

“The new technology prevents cheating of farmers by buyers. So far I have managed to sell more than 5 tons of potatoes through the collection centre at a price of 200 francs/kg. I am satisfied with the weighing process and also calculation of my money. I got an income of more than Rwf 1million which has helped buy my family a dairy cow, and I am also in the process of upgrading my house. Next potato season I am planning to double my production area so that I can benefit more from these existing market opportunities” Fidele concluded with a smile.

Photos: © PSDAG Project/Jennifer Mujumir

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