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RESTORING HOPE THROUGH ECONOMIC OPPORTUNITY

Final Report of the Agribusiness Development Assistance to
Rwanda (ADAR) Project

SEPTEMBER 2006

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ADAR

A coffee technician in the reception hopper feeds coffee cherries into a conduit leading to the pulping machine in a coffee washing station. The station is receiving technical assistance from the ADAR project.

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Contract no. PCE-I-00-99-00003-00 Task Order 807



ADAR

A European coffee importer participates in a coffee tree planting event near the Muhura Coffee Washing Station.

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FRONT COVER: Employees at the Shenga Coffee Washing Station sort coffee cherries prior to pulping. Rigorous cherry selection is a critical element in determining coffee quality.

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BACK COVER: The tag on this bag of coffee indicates bean size and lot number, ensuring traceability from coffee washing station to coffee roaster.

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TOP: This recently pulped parchment coffee was processed on a farm using poorly maintained manual pulpers. Note the significant amount of pulp intermingled with the wet coffee beans. Efficient pulping of ripe coffee cherries is a critical first step to ensuring premium quality.

CENTER: Construction crews are completing the final elements of the Cyanika Coffee Washing Station. ADAR typically provided technical assistance and training in the preparation of washing station feasibility studies, site placement, construction monitoring, coffee processing, and marketing.

BOTTOM: The owner of the Nshili tea estate visits the site with ADAR consultants who were helping prepare a feasibility study for the establishment of a tea factory.

INTRODUCTION

Theobald Bavugamenshi's family owned a small coffee plantation in Gatare, in the southwestern region of Rwanda. As a boy, Theobald grew up surrounded by the aroma of coffee, and all his professional aspirations were linked to coffee. Even the genocide in the early 1990s did not destroy his hopes of a life spent working in the coffee sector. In 2003, with technical support from the USAID-funded Agribusiness Development Assistance to Rwanda (ADAR) project, he built his own coffee washing station, which began operating in 2004.

Today, Theobald is part of Rwanda's growing cadre of producers of specialty coffee, which sells at many times the price of regular coffee.

"Because of USAID's assistance in coffee station renovation, training of staff, and development of mar-

ket contacts with U.S. importers, we have produced premium quality coffee in our first full year of operation and will receive a good profit," he says.

Theobald's first link with the international market was to have his coffee sampled by a specialist from Coffee Lab International in Vermont. He entered his coffee in competitions organized by the East African Fine Coffee Association, and earned second place in a competition in Chicago.

In April 2005, ADAR sponsored Theobald's participation in the Specialty Coffee Association of America conference, held in Seattle, where he had the chance to meet with potential buyers, learn about the competition, participate in seminars and workshops, and visit coffee roasters.

But the big surprise of his trip was when he stopped into an

upscale coffee shop in Seattle and saw his own coffee on sale, at \$12/lb. It was there, halfway across the world, that Theobald had the chance to enjoy a cup of his own processed coffee for the first time. That same coffee went on to win the prestigious “Black Apron” award from Starbucks, the leading importer of specialty coffee in the United States, and was distributed in 5,000 retail outlets.

REBUILDING CONFIDENCE

Just a few years ago, the mention of Rwanda primarily brought to mind images of civil war, genocide, and tragedy. The country was dependent on two crops—coffee and tea—for critical export earnings, and the quality of both were mediocre. The one company turning out high-quality cut flowers had gone bankrupt, and interest in essential oils, for use in aromatherapy and other products, had faded.

Today, a new farm is producing top-quality roses for export and is trading on the European market. Internationally recognized organic certification was granted to operators in two Rwandan sectors—bird’s eye chili peppers and geranium oil—leading to higher market premium prices and enhancing Rwanda’s new image as a producer of high-quality agricultural products. In addition, two Rwandan coffee producers were awarded the prestigious “Black Apron” award from Starbucks, which has bought some 800 tons of coffee from Rwanda in the past four years.

In a country devastated by the 1994 genocide, in which almost every family was affected, USAID-funded agribusiness projects are helping Rwandans rebuild confidence in themselves, their institutions, and the future of their country.

A FAVORABLE BUSINESS CLIMATE AND A MOTIVATED POPULATION

The Government of Rwanda, with its zero tolerance for corruption, has over the past 10 years established a favorable, stable environment for investment and growth. Crime rates in Kigali are among the lowest in the subregion (which encompasses Burundi, Tanzania, Uganda, Kenya, and the Democratic Republic of the Congo). Rwandans who have been living in exile for years because of periodic civil strife are now returning from the diaspora to reclaim family land and start new businesses. They are investing in their country’s future.

The government’s strategy for reconstructing the nation, known as Vision 2020, emphasizes the development of entrepreneurship and the private sector, goals that mesh closely with the goals of the USAID-funded ADAR project. ADAR has played a remarkable role in helping the country meet these goals by furnishing hands-on technical assistance to private sector operators, while providing training and relevant information to the agribusiness community at large. Feasibility studies and business plans created for one investment project have become models for others.

“ The country is beginning to feel it; people are seeing results.They are beginning to believe.”

CHRYSOLOGUE KUBWIMANA, A RWANDAN COFFEE OPERATOR AND ECONOMICS PROFESSOR

HANDS-ON ASSISTANCE AND BUILDING CONFIDENCE

Through activities as varied as providing master trainers to newly constructed coffee washing stations, advising investors on soil or climate conditions of potential plantation sites, and conducting a diagnostic study of an existing business or preparing a business plan for a new one, the USAID-funded ADAR project provided management and marketing assistance for private sector agribusiness operators in Rwanda. During its six years of operation, from November 2001 to September 2006, ADAR helped clients increase productivity and profit, improve product quality, and enhance access to financing and markets.

The project sought to increase revenues in targeted subsectors—including coffee, high-quality roses, bird’s eye chili peppers, and passion fruit, to name a few—by furnishing hands-on technical assistance to dynamic private sector operators and developing in-depth, long-term relations of confidence with its partners and clients.

Working closely with other development projects, local and international NGOs, and the Government of Rwanda, the project also provided relevant information through its Agribusiness Center (ABC), sponsored seminars and workshops, and helped foster communication between the different players in the agribusiness community at large.

ADAR has provided classic technical assistance by helping investors select appropriate sites and suitable crops, producing feasibility studies and business plans that facilitate access to finance from local banks, and training trainers to ensure sustainability long after the project has ended.

But, in many ways, the “value added” of ADAR has been its impact on changing attitudes and raising awareness. Small farmers are learning the value of planning ahead and some are opening bank accounts for the first time in their lives. Investors have learned that the most valuable “technical assistance” does not necessarily include financing. Small landowners are realizing that they can increase their output by pooling their energy into producer associations and cooperatives, and business owners are likewise discovering that working together allows everyone to come out ahead. The impact of study tours and information sessions bringing like-minded investors together illustrates the value of sharing illustrates rather than hoarding it.

Following a study trip to Central America sponsored by ADAR, coffee producers Faustin Mbundu and Vincent Ngarambe founded the Rwanda Fine Coffees Association (RFCA). “We saw how associations like this were working in Guatemala to influence policy and decided to form one here in Rwanda,” Faustin says. Less than a year after it was created, the RFCA had 28 members and had already hosted a delegation of foreign coffee

buyers—the Specialty Coffee Association of Europe—to Rwanda. By providing a forum for the exchange of information, ADAR taught them the advantages of sharing knowledge and pooling resources. “In the end,” Faustin says, “it’s all about people.”

By providing follow-up and moral support, the project was a catalyst for agribusiness development in Rwanda. “ADAR’s assistance was practical and concrete,” says Robert Bayigamba, chairman of the Rwanda Private Sector Federation, “and responded to the needs of the country in ways that were innovative and creative.”

He noted that ADAR was always at the disposal of its clients—accompanying them to the bank to help them negotiate financing for their projects, supporting them in marketing their products, and ensuring follow-up to initial technical assistance.

ADAR: COFFEE, COWS, AND MUCH MORE...

Rwanda has been producing ordinary quality coffee for more than 100 years. Today, thanks to USAID foresight and investment in developing a specialty coffee sector, the establishment of coffee washing stations and rigorous attention to quality control, Rwanda has a strong foothold in the specialty coffee market and many of its coffees are considered among the world’s best.

One coffee investor, using a “social development project” grant offered by Starbucks to recognize superior quality, is distributing cows—a sign of social status in

The Guatemalan Ecosistem pulping machine, which uses significantly less water and electricity, was introduced to Rwanda by ADAR. Introducing new technologies was a focal point of ADAR's activities.



Rwanda, as well as a source of wealth—to coffee producers who have performed particularly well in his region. The animals not only provide nourishment to the families, but also rich natural fertilizer for the soil. All around the newly built coffee stations, school enrollments have increased because farmers can now afford to send their children to school. A number of microfinance institutions have established branches at coffee washing station sites, thereby increasing access to finance for producers supplying coffee cherries to processing facilities.

Operators in two Rwandan sectors—bird's eye chili peppers and geranium oil—have achieved organic certification, which, in addition to commanding higher market prices, again associates Rwandan products with high quality and environmental awareness. A third company, a producer of high-quality roses for export, is awaiting

certification from EurepGAP, a European body that assures consumers that the goods they are buying have been produced under conditions that not only conform to basic health and hygiene norms, but also respect workers' rights.

Passion fruit production, almost decimated a few years ago by disease, is on the rise. Farmers are now applying measures learned through ADAR-sponsored training to mitigate the impact of passion fruit woodiness virus and are adopting improved production techniques to significantly increase yields from existing passion fruit crops.

TRAINING AND CAPACITY BUILDING

An incubator for future leaders.

The impact of development is not limited to a project's beneficiaries; it can also be experienced by project staff themselves. Many former ADAR employees have moved on to

senior-level positions in business and government.

When he first began working at ADAR, Anastase Murekezi was technical advisor on coffee and horticulture, later concentrating only on the coffee sector. He left ADAR to become Minister of State at the Ministry of Commerce and is currently Minister of Agriculture and Livestock. He was replaced by Ephrem Niyonsaba, who was ADAR's coffee expert for 15 months until he left to become director of the Rwanda Coffee Board, OCIR-Café.

After taking ADAR's training-of-trainers seminar in September 2001, Celestin Nizeyimana and Pierre-Celestin Habyalimana used their newly acquired knowledge to provide technical assistance and training to ADAR clients. Celestin developed a teaching module on coffee washing station cost accounting management that has become the standard for Rwanda. He also drew up financial reports for each coffee washing station, which Starbucks has acknowledged as some of the most "clear and professional" reporting they have received. Pierre-Celestin used his expertise in the passion fruit sector, working closely with ADAR's horticulture expert, Anne Turner. Anne's spirit, enthusiasm, and high-quality work was greatly appreciated by everyone she interacted with. In early 2006, she moved back to Zambia, her country of residence, but was soon asked to return by the Ministry of Agriculture and Livestock to follow up on activities that had been planned for ADAR

(but cancelled due to budget reductions) in the areas of cut flowers, bird's eye chili peppers, and passion fruit.

Two of Rwanda's most successful coffee operators are former ADAR employees. Jean-Bosco Seminega, now a coffee investor and owner of a coffee dry mill in Cyangugu, managed the project's "access to financing" component, monitoring and evaluation activities, and small grants fund. Christian Kaningu, a civil engineer, was hired by ADAR in 2002 to prepare construction plans for future investors in coffee washing stations. He now owns the Kayco Washing Station, which sold a container of coffee to Starbucks in its first year of operation. Today, he is the only Rwandan to produce fully washed Robusta coffee.

Marie Rurangwa, manager of the Agribusiness Center (ABC), oversaw the production of a weekly bulletin on world market prices. Due to its success, the Horticulture Task Force at the Ministry of Agriculture and Livestock was interested in setting up a documentation center and planned to produce a similar bulletin.

Training. Providing training was a major component of the ADAR project, with an emphasis on using regional trainers—such as the master trainers from Kenya—who best understood the context and culture of Rwanda. Over the course of the project, some 367 training events were held, benefiting a total of 5,300

“ Because of ADAR, we look at each other as partners rather than competitors. ”

**FAUSTIN MBUNDU,
A COFFEE PRODUCER
AND ONE OF THE
FOUNDERS OF THE
RWANDA FINE COFFEES
ASSOCIATION**

ENVIRONMENTALLY RESPONSIBLE

Responsible stewardship of the natural resource base has been a major component in all activities supported by ADAR. Given the potential for soil erosion on Rwanda's steep hillsides, combined with intensive cultivation practices on land considered inappropriate for crop production, the need to ensure sustainable agricultural practices has been paramount.

Two of the major activities in which ADAR was involved—coffee processing and pyrethrum production—can cause substantial environmental harm if improperly regulated. The project therefore made sure that it incorporated environmental best practices and mitigation efforts into all of its initiatives right from the start.

In the coffee sector, for example, the environmental sustainability of each potential coffee washing station site was considered during the site selection process. Each new station also incorporated environmentally sustainable design characteristics in its construction plans, including washing equipment that uses less water and energy than traditional machines.

participants. See the table below for a breakdown by sector.

STRUCTURE OF THIS REPORT

This final report recounts, through narrative, personal vignettes, and statistics, the impact that the ADAR project has had on improving livelihoods of tens of thousands of farmers, processors and exporters, both directly and indirectly. It highlights the major accomplishments of the USAID-funded ADAR project over the six years of its existence. In the end, projects such as ADAR must be evaluated on at least two levels—the impact they achieve on the ground and the sustainability of these results after the project has closed.

The project was originally planned to last three years, with an end date of November 2003. However, because of the excellent results—especially in the areas of coffee, horticulture, floriculture, and pyrethrum—achieved during that period, USAID decided, in December 2002, to extend the project for an additional three years.

Each individual's story in this report is only an illustration of many others like it. While the “coffee story” can be considered ADAR's most highly visible achievement—and we have devoted a chapter to its development—it is only one part of the story. Subsequent chapters deal with export-quality roses, pyrethrum, passion fruit, other commodities that have benefited from ADAR support, and still others that have received much-desired organic certification. Finally, we give examples of ADAR's collaboration with other projects and organizations, all part of the path to building local capacity and sustainability.

We conclude by highlighting the achievements of the six-year project and the impact that they have had not only on the business environment, but on the country as a whole. These impacts are what ensure continuation of the project's efforts long after it has closed its doors.

Benefits derived from participation in ADAR-supported activi-

Sector	No. of people trained
Coffee (including study trips and conferences)	2,079
Agriculture, horticulture and floriculture	855
Passion fruit (production and processing)	1,351
Other food production (honey, milk, etc.)	103
Agribusiness themes (including microcredit, donor financing, civil engineering and agriculture, DCA)	628

ties have increased revenues for thousands of Rwandans, and, in particular rural women. Project-assisted business people (many of whom are female) have created employment opportunities on coffee washing stations, passion fruit plantations, and a rose farm. Promoting increased economic opportunities for women is particularly important in a coun-

try where more than half the population is female, and many families, as well as businesses, are headed by women.

The overriding theme throughout the report is the dedication of the Rwandan people—the hardworking, motivated men and women working together to achieve a common goal.



Farmers are picking red coffee cherries to be delivered to the COOPAC cooperative's Nyamwenda Coffee Washing Station. ADAR provided assistance for the construction of the station and, among other activities, sent COOPAC's president, Emmanuel Nzungize, to the Coffee Cupping Lab in Vermont for training in quality coffee cupping.

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Employees hand-sort parchment coffee at the Ingoboka Coffee Washing Station on the shores of Lake Kivu. The elimination of damaged or diseased beans during the drying process is critical to ensuring a premium quality product.

CHAPTER ONE

THE COFFEE STORY

In early 2001, ADAR organized a series of workshops for potential investors along the fertile Lake Kivu area to spread the word that Rwandan coffee is “gold in their hands.” Over the subsequent five years, the construction of more than 70 coffee washing stations (where coffee is processed into a near export-ready product), and the purchase of modern equipment, have allowed farmers to earn more money for their work and strengthened the country’s economy as a whole.

The quality of life in areas surrounding the new coffee washing stations is also improving, as farmers have more money. In the area around the Kinunu washing station, parents have been able to build a new school. Station owner Chrysologue Kubwimana has plans to build a sports field “to do something for the community.”

In 2000, there was only one operational coffee washing station in Rwanda, producing only 18 tons of fully washed coffee despite its capacity to produce 400 tons annually. Rwanda was only producing and exporting “ordinary” or semi-washed coffee, and was exporting only about 14,000 tons. The poor coffee quality and the near steady decrease in volumes produced during the previous decade starkly highlighted the need to introduce fully washed processing techniques to improve quality and consequent returns to farmers. In addition to technical training, potential investors needed help obtaining financing and maintaining thorough and accurate records, and, eventually, help in reaching markets.

By 2006, the country was exporting some 26,000 tons of coffee, of which about 10 to 15 percent was fully washed.

SUCCESS STORY

Madame Uwizera and Her Cow



Starbucks awarded cows to exceptionally productive coffee farmers as an additional incentive. Pictured above, Marguerite Uwizera with a future producer of “latte.”

Marguerite Uwizera has always struggled to make ends meet. The genocide left her, her seven children, and her partially-blind husband, refugees. When they returned to Rwanda, they came back to a home with a leaking roof and barely enough to eat. Luckily, her coffee trees survived and she restarted her life by selling unwashed coffee cherries.

When the ADAR project first started to help stimulate investment in a coffee washing station at Gatare, a Kenyan coffee master trainer was hired to train coffee growers like Marguerite to pick coffee at a perfect stage of ripeness. The master trainer’s technical expertise enabled the coffee washing station to wash and dry the coffee so that it reached the exacting standard of specialty coffee. The project linked the Gatare coffee washing station to international buyers such as Starbucks, and in 2004, they exported their first containers of coffee to the United States.

Marguerite estimates that her income from coffee has tripled. Starbucks gave her a cow as a prize for being one of the top coffee producers in the region. As a result, all of her children now go to school wearing shoes, and she has repaired her house, bought mosquito nets for the whole family, and subscribed to a basic health insurance plan.

“ Until recently, high-quality coffee from Rwanda did not exist. But Rwanda has the perfect terrain and climate for growing the highest quality Arabica coffee, and the proof of that is in [this] cup. Rwanda Blue Bourbon should be celebrated not only for its amazing flavor, but also for the promising future it brings the people of Rwanda. ”

**DUB HAY,
STARBUCKS SENIOR
VICE PRESIDENT OF
COFFEE AND GLOBAL
PROCUREMENT**

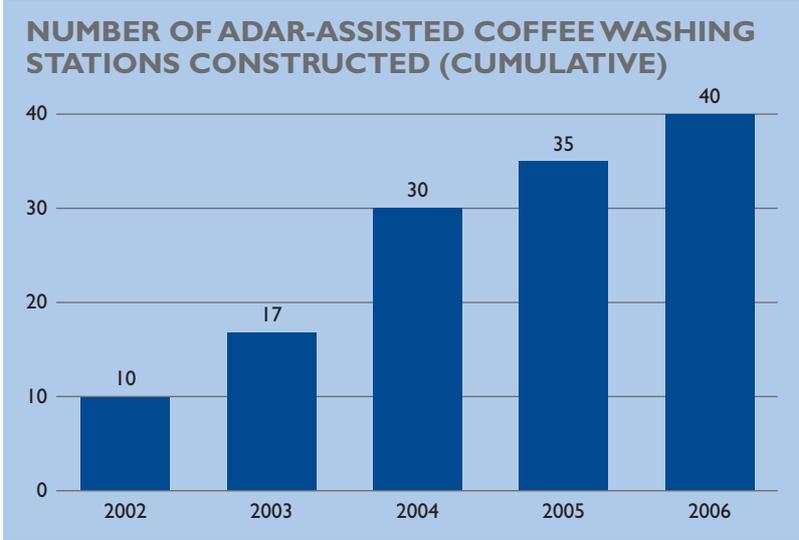
A WIN-WIN SITUATION

Coffee beans are the seeds inside coffee cherries—so called because they turn bright red when they are ripe—that grow on coffee trees. The bean must be separated from the cherry, which is discarded, and then go through a process that includes soaking, fermenting, drying, storing, and dry milling, before being shipped to roasters.

Traditionally, farmers depulped and washed their cherries by hand before selling them to traditional exporters of semi-washed coffee. Modern stations encourage farmers to sell them unwashed cherries, as they can process them much faster and more efficiently with modern equipment. By selling directly to the station rather than through various intermediaries, the farmers get paid more per pound and also avoid the tedious and imperfect process of depulping the cherries themselves. Everybody wins.

But the advances in coffee production extend beyond equipment and processing techniques. At the Shenga coffee washing station near Kigali, farmers are offered an incentive if they accept half-payment at the time of weighing and the remainder after the coffee is sold. This allows the owner of the station, ADAR client Jean-Bosco Rukundo, to process and sell a greater quantity before receiving payment from the buyers.

Changing attitudes and old habits were among the biggest challenges, he says. “At first, the farmers were skeptical. They wanted to be paid the full amount up front.” he says. “But now, rather than paying interest to a bank, this money is going to the farmers.” Not only do the farmers have more money in their pockets, but they are learning the value of saving. A local bank has expressed interest in setting up bank accounts for farmers who never before had a need for them.

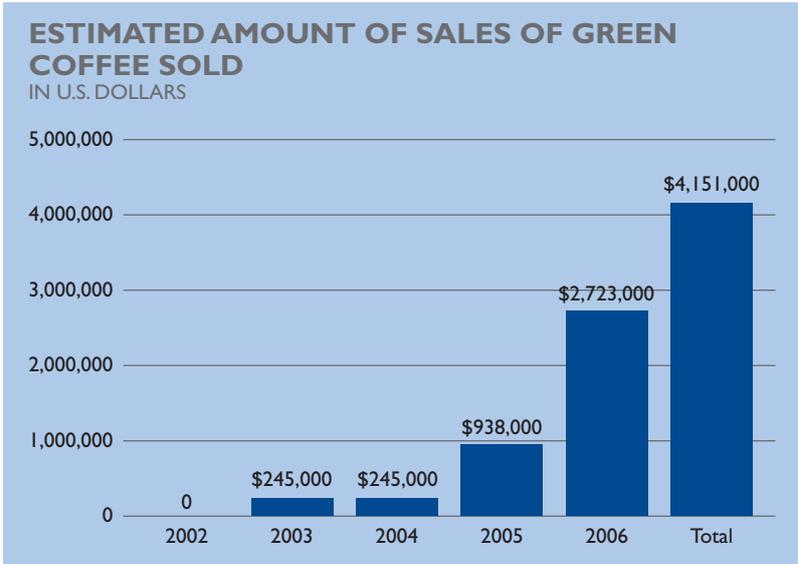


Between 2002 and 2006, 72 new coffee washing stations were constructed in Rwanda, 40 of which were built with ADAR assistance. The project turned the coffee sector into the most attractive sector in Rwanda for domestic investment, cultivating a class of entrepreneurs that started new businesses and provided employment to thousands of rural poor. It is estimated that about \$950,000 was injected into the rural sector through seasonal employment at coffee washing stations over the life of the project.

A Guatemalan coffee technician provides training to Rwandan coffee processors in the use of the Ecosistem machine. Three Ecosistem machines were bought by ADAR clients following the study tour sponsored by the project in Guatemala and El Salvador in November 2004, and the machines are now operational in the Ruyumba, Muhura, and Rukura Coffee Washing Stations.

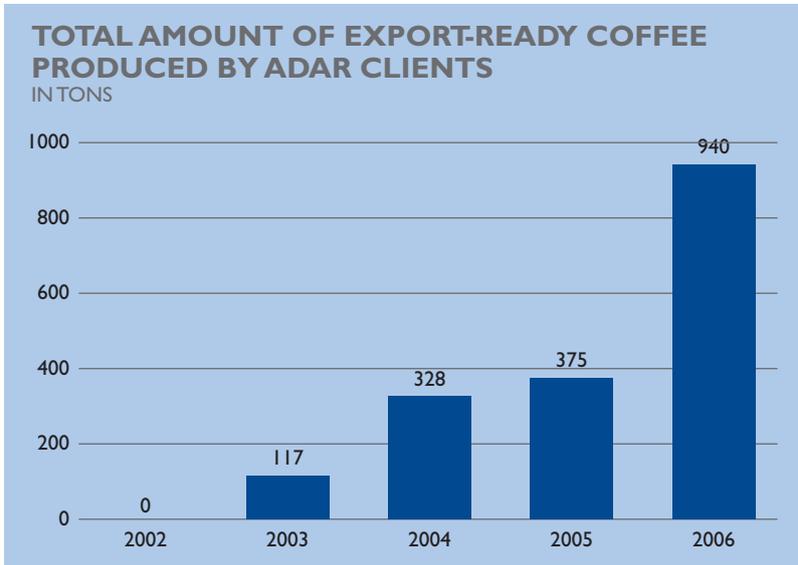


ADAR



In 2006, the average price per pound of export-ready (“green”) coffee sold by ADAR clients was about \$3.11 FOB Mombasa, compared to the average world price of \$2.50 for similar (mild arabica) coffee. The total amount of sales generated by green coffee sales reached more than \$4 million by close of project in 2006 – nearly 1,000 tons.

Overall, about \$5 million was invested by ADAR clients in the development and operation of coffee washing stations. About 70 percent of ADAR clients contracted some kind of loan, including DCA.





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Starbucks selected two ADAR clients' coffee for their ultra-premium "Black Apron" offering in the spring of 2006. The coffee was sold for \$13 per half-pound at 5,000 retail outlets in North America and sold out faster than any previous "Black Apron" coffee.

The insert (shown facing) was found in each box of Rwandan coffee sold. (Note that a total of 72 coffee washing stations were operational by the end of 2006 — 40 of them ADAR-assisted.)

"In the beginning, we were not sure that we would ever produce a specialty coffee in Rwanda. We had no functioning washing stations and none of us had ever developed a high-quality, fully washed coffee.

"With assistance from the U.S. Agency for International Development, Rwandan farmers wrote business plans and sketched drawings of washing stations to receive financing. Then we purchased equipment and began construction. A Kenyan coffee-washing master trained the staff to run the mills. Growers learned to prune, mulch and control pests and diseases, ensuring that the finest, ripest cherries would be selected.

"Now 42 washing stations are operational and 68 more are on the way. The two that produced this coffee lie between Lake Kivu and the Nyungwe Forest. Our coffee is much more than a great cup – it is the source of hope for a brighter future for Rwanda."

Theobald Bavugamenshi
General Manager, Gatare Washing Station

Aphrodis Mugambira
General Manager, Karengera Washing Station



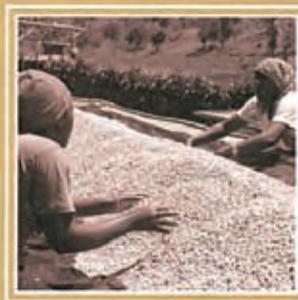
RWANDA BLUE BOURBON

Rwanda is a land of rolling hills and towering mountains. It's a land where 90 percent of the people work one-acre plots for subsistence. And it's a land whose future grows brighter with each harvest of specialty coffee.

Recently, with the help of international aid organizations, Rwandans affected by the tragedy of 1994 began developing high-quality coffee for the first time. Arabica Bourbon, one of the world's oldest and rarest coffee species, thrives in Rwanda's high elevations. With a new focus on quality, farmers sought to increase their incomes and be able to afford necessities such as shelter, education and medical care.

But to meet the stringent standards of the specialty coffee market, they first needed to improve every stage of production, from cultivation to milling. Building coffee-washing

stations to ensure quality was a critical step. Starbucks began visiting these stations in 2004 to assess Rwanda's potential as a coffee supplier. On our last visit, the Gatare and Karengera washing stations delivered something amazing.



Rwanda Blue Bourbon has a subtle acidity and an herbal, spicy complexity not typically found in the coffees of East Africa. As our first coffee from Rwanda, it should be celebrated not only for its flavor, but also for the promising future it brings Rwanda's people.

Look for our next Black Apron Exclusives™ coffee in Starbucks stores May 16, 2006.

SOME KEY DATES IN THE ADAR COFFEE STORY

To encourage exposure of Rwandan coffee to the U.S. and European markets, ADAR strongly promoted participation in international trade fairs and conferences. These events were also an opportunity for Rwandan coffee operators to learn more about the industry and to make crucial contacts, in the region and abroad. Here is a sampling of ADAR participation in such events:

2001

March: ADAR organized the participation of a handpicked group of Rwandan coffee investors in the Specialty Coffee Association of America (SCAA) Conference held in Miami. The participants learned first-hand that Rwanda's geographical advantages have endowed it with four of the five "virtues" of quality coffee—high altitude and correct humidity, bourbon varieties of heirloom Arabica, coffee washing potential, and potential for shaded growing conditions. The investors also brought samples of Rwandan fully washed coffee, and Rwanda came in second place at one of the tasting competitions.

June: ADAR participated in the first East African Fine Coffees Association (EAFCA) Conference in Kampala, Uganda, where project staff met with equipment suppliers and viewed exhibits on merchandising, branding, marketing, and advertising techniques.

October: At the Kampala conference, ADAR made contact with François Sihimbiro, a Burundian processing expert who conducted a three-day seminar for 12 existing or potential investors, which provided a comprehensive overview of coffee processing.

September-November: ADAR organized the participation of 11 motivated Rwandan coffee operators at the Kenya Coffee College for one week of training (theoretical and onsite), based on contacts established at previous events.

November: with the USAID-funded PEARL Project, ADAR cofinanced a visit to Rwanda by Sam Olivieri, a U.S. coffee marketing expert, to promote Rwanda's potential to capture a share of the American specialty coffee market. The consultant's conclusions pointed to the enormous potential of Rwanda as a supplier of premium quality coffee.

2002

January: Two ADAR staff members attended the EAFCA meeting in Kampala to develop strategies for the creation of an East African coffee "appellation" and to finalize arrangements for the regional cupping (tasting) competition.

April: Seventeen participants visited washing stations in northern Burundi during the first ADAR-sponsored study tour. Today, almost all of these participants are coffee operators.

June: Four Rwandan technicians spent 15 days at Burundian washing stations to receive on-the-job training.

June: Two of ADAR's coffee clients, along with ADAR senior staff and a representative of the Rwandan Development Bank, attended the European Specialty Coffee Association annual conference in Oslo, Norway. They had the chance to make commercial contacts and to gain a clearer idea of the competitive requirements of the international specialty coffee market.

October: A small group of ADAR staff and clients visited the Uganda Manufacturers Association in Kampala to meet with coffee equipment suppliers selling pulpers, generators, dry mills, etc.

2003

April: ADAR sponsored the participation of the president of the Rwandan chapter of EAFCA to attend the SCAA's annual meeting in Boston, where he introduced Rwandan coffee.

June: ADAR helped organize a visit by potential coffee buyers from four U.S. roasting companies and three European coffee importers by paying the airfare for one of the buyers. The project drafted fact sheets for the 10 washing stations in operation and produced an illustrated overview of Rwanda's coffee sector.

June: ADAR sponsored a large booth at EAFCA's coffee and tea trade fair held in Rome, where Rwandan coffees were judged to be superior to most other African coffees.

2004

January: ADAR participated in a major coffee trade fair in Rimini, Italy, where project staff promoted ADAR's fully washed coffee and met with importers, roasters, and members of the gourmet European coffee community.

February: Eight Rwandan operators and ADAR staff members attended the EAFCA conference and exhibition in Nairobi, where they met potential buyers and learned about the Brazilian "Pinhalense" machine, which uses much less water than machines used in Rwandan washing stations.

April: Rwanda was represented in three booths—which received more than 1,000 visitors—at the SCAA conference and exhibition in Atlanta. Many expressed a strong interest in Rwandan coffee and, in some cases, made a commitment to purchase.

July-September: With assistance from coffee expert Kelly Peltier, ADAR organized four cupping events in Seattle, San Francisco, New York, and Chicago to introduce Rwandan coffees to specific roasters.

2005

March: ADAR sponsored the participation of six coffee investors to the second EAFCA conference and exhibition in Zambia, and also sponsored a DCA study tour in Uganda for a group composed of two credit officers of Bank of Kigali, two ADAR clients, and two ADAR staff members.

March/April: ADAR benefited from the visit of groups of American and European buyers. Experts from InterAmerican Coffee, Thanksgiving coffee, Thousand Hills Coffee Company, Schluter's (Switzerland), and the director of Starbucks' Green Coffee Quality, were among those impressed by the way Rwanda was making progress in the production of high-quality coffee.

April: The project sponsored three clients to participate at the coffee conference and exhibition organized by the SCAA in Seattle. The ADAR chief of party and one of its clients stopped in Switzerland on their return to visit Schluter's in Nyon and Starbucks Lausanne headquarters.

July: ADAR sponsored eight participants from project-assisted coffee washing stations to attend training sessions in Butare, Rwanda for new cuppers in charge of quality control. The trainers were among the best known specialty coffee buyers in the United States.

November: The ADAR chief of party was invited to participate with a group of 20 European coffee importers/roasters/retailers in SCAE's annual field trip, held this year in Ethiopia. He took this opportunity to promote Rwanda as the potential country field trip in 2006.

2006

February: As a result of the Starbucks award of \$7,500 to Gatere and Karengera washing stations to finance "social projects" around both stations, Alfredo Nuño from the Starbucks Trading Department (based in Switzerland) visited Rwanda to congratulate the farmers who delivered cherries to the stations on their superb coffees and, together with Kevin Mullally, the USAID mission director, presented them with 20 cows and 300 goats.

May: ADAR facilitated the visit to Rwanda of 19 members of SCAE, hosted by the Rwanda Fine Coffees Association. They discovered the quality of Rwandan coffees and participated in the commemoration of the 100th anniversary of Arabica in the country.

June: Starbucks financed the trip of the Karengera washing station's owner to Seattle to participate in a one-week conference where he gave a presentation on his coffee processing activities. Just before this trip, Karengera became the first ADAR washing station certified in Rwanda under Starbucks' C.A.F.E. (Coffee and Farmer Equity) Practice program, which evaluates, recognizes, and rewards producers of high-quality sustainably grown coffee. (The company defines sustainability as an economically viable model that addresses the social and environmental needs of all the participants in the supply chain from farmer to consumer.)

SUCCESS STORY

Christian Kaningu: From Civil Engineer to Key Coffee Player



Christian Kaningu, owner of the Kayco Coffee Washing Station (pictured behind him), has become an unofficial “ambassador” for Rwandan coffee.

In 2002, Christian Kaningu, 28 years old at the time, was setting up his own civil engineering company, specializing in construction. He was selected by ADAR to take part in a three-week training course in coffee washing station design, given by a Kenyan engineering firm. The course, sponsored by ADAR, covered all aspects of construction, including plant layout, machinery, electricity, water supply, and waste disposal. After the workshop, ADAR hired him to prepare drawings and construction plans for the investors who were being assisted by the project.

Christian was so inspired by what he saw as he designed and helped build washing stations for others that he decided to invest in the coffee sector and build one for himself. Largely by saving his salary, and with a bank loan (obtained through the USAID Development Credit Authority facility), he bought a piece of land in the region his family comes from and started construction on the Kayco Mountain Washing Station.

“When I first started building my washing station,” he says, looking over the green hills surrounding his land, “there was nothing here.”

When the station was completed in March 2005, Christian’s staff was trained in coffee processing techniques by a Kenyan master trainer for three months, with technical assistance from ADAR. Christian himself received training in cost accounting management. He revived the local farmer’s association and involved its members in washing station activities.

With his careful attention to quality, in his first year of operation, Christian managed to produce coffee of high enough quality to meet the strict requirements of Starbucks, which bought one container (18 tons) from him at a very competitive price. To reward him, ADAR sponsored Christian’s attendance at the Specialty Coffee Association of America conference in Seattle in April 2005, where he met with coffee industry leaders.

Following his visit to Seattle, Christian realized that there was also a market for Robusta coffee, which represented only one percent of Rwanda’s coffee production. In 2005, he sold two containers of Robusta to a

roaster in Israel, and is planning to build a second washing station dedicated to producing fully washed Robusta coffee. He also obtained the authorization of OCIR-Café, the national coffee board, to build another washing station to produce Arabica coffee.

At the request of Starbucks, which sponsors “social development projects” throughout the world, and with ADAR’s assistance, Christian drew up the winning Kayco Mountain Cattle Project. With the \$28,000 that the company has awarded him, he plans to buy cows to distribute to local farmers. By distributing cows, the project will increase coffee production in the area, improve the nutritional standards of the local population, and stimulate development in the community.

“I don’t want the people to think I’ve come to take something away from them. I want to give something back to the community as well,” Christian says.

Starbucks selected Kayco’s coffee to be sold all over Europe as a 100 percent fully washed Rwandan coffee. The company also invited Christian to act as the ambassador of Rwanda to promote his coffee and his country in Paris and Madrid, Frankfurt, and Amsterdam in September 2006.

DEVELOPMENT CREDIT AUTHORITY

The USAID Development Credit Authority (DCA) guarantee program encourages banks to extend credit to marginal clients who have a sensible business plan but may lack the collateral that banks seek. The program guarantees 40 percent net loss of approved loans. Depending on the needs of individual borrowers, this lending may take the form of an investment or working capital.

ADAR played a major role in the establishment of a DCA program in Rwanda by providing a consultant who came to Rwanda in August 2004 to conduct a risk assessment of the Bank of Kigali and its loan portfolio as a preliminary step in USAID’s efforts to establish a DCA facility in Rwanda.

ADAR also participated in the negotiations later that year between USAID and the Bank of Kigali, which led to the approval of a DCA facility of \$2 million. Once the DCA program was in place, ADAR acted as a facilitator and encouraged its clients to take advantage of the program. Only businesses that received technical assistance and training from ADAR were eligible for the DCA guaranteed loan program.

As of June 2006, the DCA was covering a portfolio totaling \$1,832,369, nearly 92 percent of the allowed maximum. So far, 18 projects have benefited from the program—all ADAR coffee-sector clients; 15 of them received a loan from the Bank of Kigali for investment and all 18 received loans for working capital.

At present, due to the success of this program, which is greatly appreciated by the Bank of Kigali, other banks and the agribusiness community at large, USAID is negotiating with another bank in Rwanda towards the creation of a second DCA facility.



ADAR

ADAR drafted a restructuring plan and provided technical assistance to Rwanda Flora for their purchase and renovation of a bankrupt rose farm. Today Rwanda Flora is exporting high-quality roses to European markets and has recently opened a garden store on site.

CHAPTER TWO

MORE THAN JUST COFFEE

Rwanda's agricultural wealth consists of more than just coffee. Investments are sprouting in other commodities as well, including horticulture (especially high-quality roses), bird's eye chili peppers, geranium oil, passion fruit, tomato processing, and tea.

Out of the initial crops that were chosen by ADAR, two of them—Irish potatoes and French beans—turned out to be unsuitable for Rwanda's climate and soil. The project opted to concentrate on those crops with the greatest potential for success.

EXPORT-QUALITY ROSES AND A MODEL OF SOCIAL RESPONSIBILITY

Beatrice Gakuba is an international development expert. She has lived and worked all over the world, in self-imposed exile from her own country, Rwanda. "I felt I had no country of my

own," she explains. When she returned home after her father's death in 2003, she noticed that there were no fresh flowers at his funeral. Learning that the one flower-exporting enterprise in the country, Highland Flowers, had gone bankrupt, she decided to relaunch the company, naming it Rwanda Flora. "I felt this was something I could do for my country," she says.

Floriculture, particularly rose production, has grown exponentially in east and southern Africa over the past two decades, and has captured virtually the entire European supermarket and discount rose trade, with most of the roses traded in Amsterdam.

Beatrice turned to ADAR for help with two major goals: enabling the company to achieve EurepGAP compliance, a requirement for it to continue to export flowers to European

EUREPGAP CERTIFICATION

EurepGAP, which stands for Euro-Retailer Produce Working Group—Good Agricultural Practices, is a series of standards emphasizing safe and sustainable production practices. It was developed by European retailers as a means of assuring their clients that fresh produce sold in their markets was not only safe for them, the consumers, but produced under socially and environmentally acceptable conditions.

markets after 2006, and improving the quality and quantity of water supplies for the flower farm's operations. ADAR identified and recruited a Kenyan consultant who was experienced in EurepGAP and in integrated pest management practices, another area where Rwanda Flora needed improvement. ADAR had previously carried out a restructuring plan for Highland Flowers, which was of great use to Rwanda Flora.

Relevant staff on the farm were trained in EurepGAP standards, integrated pest management, and safe use of pesticides. In addition, the consultant recommended creating a quality management system, and another consultant, experienced in this area, was recruited by ADAR to train Rwanda Flora staff.

To help Rwanda Flora improve its water supplies, ADAR hired a consultant to see how a rainwater harvesting system could be set up and to investigate other ways the quantity and quality of available water could be improved. The consultant recommended that, in addition to rainwater harvesting, the company should also improve the filtration system for the water pumped from a nearby river. This would provide the farm with adequate water supplies not only to meet existing needs, but also to expand the acreage for flower cultivation.

Today, Rwanda Flora is a model of a healthy enterprise that pays special attention to issues of social responsibility. Its 400 employees benefit from hygienic and

safe working conditions, health insurance, and a day care center. Training is an integral part of the operation, and merit-based promotions are common. The company has installed modern, more efficient greenhouses and, in the summer of 2006, opened a Garden Center to attract individual buyers. With its small café, the Garden Center welcomes local residents and families who can spend an afternoon sipping coffee or having lunch before purchasing garden equipment or cut flowers.

When USAID funding was reduced in early 2006, ADAR asked that the Ministry of Agriculture and Livestock take over by providing the additional assistance Rwanda Flora needed to achieve full EurepGAP compliance and improve its water supply systems. The Ministry agreed and is now providing the requested support.

PYRETHRUM: USED FOR ENVIRONMENTALLY SAFE INSECTICIDES

Extract from the pyrethrum flower is used in the production of environmentally safe insecticides, and has been produced in Rwanda since the 1950s. At first, dried pyrethrum flowers were exported to Kenya for processing, but in 1972, a processing plant was built and began producing crude extract, which was sent to South Africa for refining. Due to the unrest in the region, the company was closed from 1992 to 1999, and the factory was badly damaged during the 1994 genocide. The plant, now called SOPYRWA, restarted operations



ADAR

Seventy producers and 30 young farmers were given hands-on, practical training on passion fruit production and post-harvest handling techniques in the Cyangugu region of Rwanda. They became “master trainers” who in turn had the opportunity to spread their technical knowledge to wider audiences as extension advisors throughout the area.

“ In the beginning, people didn’t really understand what technical assistance was. They expected it always to include financial help. Now they understand. ”

PIERRE-CELESTIN HABYALIMANA, INDEPENDENT CONSULTANT ON PASSION FRUIT AND MASTER TRAINER

in late 1999, and with encouragement from USAID, was privatized.

Towards the end of 2001, ADAR consultants drew up a strategic plan for SOPYRWA and helped introduce solar dryers. Today, the company no longer uses fuel-wood, whereas previously, some 100 hectares of eucalyptus were burned every year for fuel. The quality control laboratory was rehabilitated and staff trained in its operation. A diagnostic study was conducted describing the repairs needed to render the plant’s refining unit operational.

The refinery was expected to become operational by July/ August 2004, but due to a serious power supply problem, SOPYRWA is working at low capacity and renovation is now anticipated for 2007. Through ADAR technical assistance, the company will have been able to partly restore its refinery so that the crude extract will no longer

have to pass through South Africa, thereby almost doubling its direct revenue. After the restoration of the refinery, SOPYRWA expects to double the price paid to the farmer.

MEETING THE HIGH DEMAND FOR PASSION FRUIT

Although some areas of Rwanda have all the conditions propitious to growing export-quality fruit—fertile soil, appropriate altitude, good rainfall distribution—the cultivation of passion fruit, also known as maracuja, has not been easy. Demand for passion fruit has consistently outstripped supply, leading to inadequate supplies of fruit for ADAR-assisted processors.

Passion fruit is highly vulnerable to a number of devastating diseases, and knowledge about their identification, cause, and management was virtually nonexistent in Rwanda. In May 2002, ADAR’s horticulture expert,

ADAR provided technical expertise to SORWATOM, a tomato paste factory, for the installation and training in the use of new equipment purchased by the company. Pictured is a new pasteurizing unit acquired in 2005.



ADAR

Anne Turner, identified a serious outbreak of two passion fruit diseases in Kigali Ngali, the area around the capital. In cooperation with the Institut Scientifique d'Agronomie de Rwanda and funded by USAID's Agricultural Technology Development and Transfer Project, she prepared a detailed manual on disease management for Rwandan producers, which was widely distributed.

Producers, however, did not always heed the manual's advice, and time and again in those early years, crops turned out disease-infected and unsuitable for export.

In addition, traders from Uganda were buying up large quantities of the fruit at higher prices than Rwandan processors were able to pay. Rumor has it that the Ugandans believe passion fruit has extraordinary curative powers, and that they will buy up enormous quantities regardless of their quality. As a result,

producers may not be motivated to invest the extra effort required to produce export-quality passion fruit, which can fetch substantially higher prices.

Despite these constraints, with ADAR's assistance, more than 500 farmers in three provinces were trained in all aspects of passion fruit production and post-harvest handling, boosting the supplies of passion fruit available to Rwandan fruit processors to more than 740,000 kg per year by 2006, up from 40,000 kg in 2002.

However, due to plant disease and low crop yields, producers and processors of passion fruit in Rwanda were finding their work environment to be increasingly frustrating. In early 2005, ADAR organized a forum to bring together all industry players, including government officials and donors. More than 60 people participated. As a result, the major passion fruit proces-

sors in Rwanda—Inyange Dairies and Shema Fruits—decided to form an association so that all processors could work together to resolve common problems. The producers recognized a similar need for collaboration and resolved to form a national federation so they could be in a better position to bargain for adequate prices.

REVIVING A DORMANT AGRO-INDUSTRY

Through technical assistance and training provided by ADAR, a once-dormant tomato paste factory, SORWATOM, is now providing the domestic market with steadily increasing quantities of tomato paste at lower unit costs and is successfully compet-

ing with the formerly dominant Italian brand, which held a monopoly position on the local market. With ADAR assistance, SORWATOM has completely renovated its infrastructure, damaged by war and prolonged inactivity, and has significantly improved the productivity of its tomato plantations.

ADAR engaged a food technologist to identify required processing equipment upgrades, install the new equipment, and train factory personnel in its use and maintenance. Factory management requested assistance to determine the reasons for substantial tomato plant loss following transplantation from the nursery to the field. ADAR's



ADAR

Rwandan teas produced at high altitudes (pictured on the distant hillsides) are among the finest in the world. The ongoing privatization of the government-owned tea factories is expected to significantly increase returns to small-holder tea farmers.

horticulturalist organized crop trials to identify the causes for this high mortality and recommended alternative transplantation methods that did not require the use of expensive pesticides. The firm plans to expand sales to the other African countries in the near future.

POSITIONING THE TEA SECTOR FOR ACCELERATED EXPANSION AND DIVERSIFICATION

The government owns eight out of the 11 tea factories in Rwanda, and the privatization process is slow—hampered by regulatory hurdles and the lack of reliable asset valuations of existing factories. ADAR has carried out a number of important studies in the tea sector since the beginning of project activities. The project conducted an asset evaluation of three factories and their respective plantations, provided assistance on an environmental impact assessment for the private company SORWATHE, carried out a pre-feasibility study for a tea plantation and factory on behalf of a local investor, and, in 2004, implemented a study for the manufacture of Orthodox tea (a specialty tea) in Rwanda. These documents are now available to all prospective bidders.

Comprehensive tea factory and plantation feasibility studies are expensive, costing up to \$250,000, due to the need for

soil and water analyses, and a large team to cover areas such as environmental impact assessment, civil, industrial, and agricultural engineering, agronomy, agricultural economics, and financial analysis. Feasibility studies are typically funded by multilateral financial institutions that require a pre-feasibility report before funding an expanded analysis.

In 2005, following requests from investors, ADAR updated a pre-feasibility study for a long-standing client. The study, carried out by a world-renowned tea expert, resulted in a commitment by the Rwanda Development Bank to fund a full-blown analysis. ADAR also developed a business plan for the extension of one client's tea plantation and for the implementation of a tea factory in Nshili Kivu. The strong commitment of the investors in the Nshili Kivu project and their desire to start activities as soon as possible should lead to the opening of the factory by early 2007. Also as a result of the project's assistance for the manufacture of high-quality Orthodox tea, Gisovu tea estate, which has the potential to produce it, has confirmed its decision to invest in the manufacturing of this specialty tea.

Although the tea sector has not evolved as rapidly as Rwanda's specialty coffee market, ADAR has provided the basis for future expansion in the coming years.



ADAR

In the foreground, Pierre Munyura, owner of the Mibilizi Coffee Washing Station, visits a coffee nursery. Mibilizi, which produces high-quality roasted coffee for local consumption, sold two containers to Starbucks and 150 60-kg bags to Japan in 2006. Behind the coffee is a field of tea plants.



ADAR

Employees sort freshly harvested bird's eye chili peppers prior to drying in solar dryers. Project agronomists assisted investors in plantation establishment, crop production, organic certification, and acquisition of solar dryers. Organically certified exports to Europe are scheduled to begin by late 2006.

CHAPTER THREE

ORGANIC CERTIFICATION: A NICHE MARKET

Organically certified products command higher prices and contribute to Rwanda's growing reputation for high-quality specialty commodities. Since organic certification requires thorough and accurate reporting, the training involved covers not only crop cultivation and harvesting methods, but also management and reporting skills.

SOLAR DRYERS AND ORGANIC CERTIFICATION

In 2002, bird's eye chili pepper was identified as a potential export opportunity for Rwanda, given the country's suitable climate, the abundance of available labor, and the relatively non-perishable nature of the crop.

Initially, ADAR worked with two other USAID-funded projects—the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL) and

the ACDI/VOCA Monetization Project—in the field of bird's eye chili peppers. ADAR's horticultural specialist developed production and post-harvest handling and processing guidelines, with material support from PEARL and ACDI/VOCA. In early 2003, the first crops were planted in the Butare area.

However, many producers did not apply the recommended techniques on pest and disease management and drying practices. As a result, a significant proportion of the fields became severely infected with disease, and production rapidly declined.

In early 2004, ADAR decided to embark on its own bird's eye chili program with new investors who agreed to adhere to the conditions set by the project. In addition to requiring that clients work toward achieving organic certification, ADAR made its

SUCCESS STORY

Eugénie Mushimiyimana: Introduced to “The ADAR Family”



Eugénie Mushimiyimana and an agronomist visit her field in Gitwe in December 2004, getting it ready for planting. On advice from ADAR, Eugénie decided to grow organic chili peppers.



Less than a year later, in August 2005, Eugénie's plantation (pictured above) yielded five tons of chili peppers.

Eugénie Mushimiyimana was already running a successful small business in Kigali in 2004 when she decided it was a shame to leave uncultivated the land that her family had abandoned when they all moved to the capital. She went to the Ministry of Agriculture and Livestock for advice on what to grow. The ministry referred her to ADAR.

“I'd never heard of ADAR,” she says.

She was introduced to Anne Turner, ADAR's horticulture and commodities expert, who visited the site with her: “Anne said the land would be good for growing organic chili peppers. She told me the climate, the altitude, and the soil were all suitable.”

“She was always very flexible,” Eugénie says about Anne, “planning the visits to the site [about two hours' drive from Kigali] around my schedule—market twice a week and church on Saturday.”

ADAR prepared a feasibility study for Eugénie to present to the bank. “When I presented my dossier to the bank, they accepted it without asking any questions. They had confidence because it was ADAR.”

Anne advised Eugénie to purchase a solar dryer, which dries the chilies more quickly—in one to two days, as opposed to a week for more traditional drying tables—as well as more efficiently, resulting in a higher percentage of export-quality peppers.

Her station employs about 50 people—mostly women. “They are very happy,” she says. “They act like you are bringing them food.”

Eugénie says she's still in contact with Anne, who left Rwanda when her contract ended. “I write to her if I have any questions, and she always answers, almost immediately. Working with ADAR,” she says, “is as if it were family.”

Eugénie's organic certification expired in June 2006. Now that the ADAR project has ended, she turned to the government to help her complete the paperwork necessary to ensure continued certification. Fortunately, the faces are familiar ones. As chance would have it, the current Minister of Agriculture and Livestock Anastase Murekezi is a former ADAR staff member. His ministry recently recruited Anne Turner to follow up on some of her ADAR activities. Given all these connections, the minister has said that he, too, feels “like a part of the ADAR family.”

assistance conditional on the willingness of each investor to purchase a solar tunnel dryer. Bird's eye chili must be dried quickly and in a hygienic environment, to ensure that the fruit does not become contaminated. Peppers dried with solar dryers are ready in two days, compared to the week it takes using traditional drying tables.

By the third quarter of 2004, four new investors and one association had registered with ADAR, and enough certified organic seed for planting 25 hectares was purchased from a supplier in Malawi. ADAR helped form a bird's eye chili working group and hired a local agronomist, Capiton Dusabumuremyi, who regularly visited each production site to ensure organic production techniques were followed and field staff were given sufficient guidance.

In early 2005, agronomists from each of ADAR's five clients received training on organic pest and disease management, composting, and water conservation techniques to help them achieve compliance with organic regulations. ADAR also helped investors complete and submit applications for inspection by Ecocert, the organic certification body. Clients used ADAR's Small Grants Cost-Sharing Fund to pay the required 70 percent advance to Ecocert. By the beginning of 2006, ADAR facilitated the constitution of RCHILEX, a "Rwanda Chili for Export" association.

Three investors and one association in Rwanda ordered

German-made "Hohenheim" solar tunnel dryers. A German technician from the equipment supplier traveled to Rwanda to install them and to train local personnel in their use. He did so with the assistance of ADAR's agronomist and one client's blacksmith, who are now qualified to conduct all future dryer installations without expatriate technical assistance.

Three clients were granted organic certification by Ecocert in December 2005. The inspectors said they were impressed by the production and high quality of the chili peppers.

During the first quarter of 2006, the Ministry of Agriculture and Livestock took over from ADAR in providing future bird's eye chili producers with information on organic certification requirements and in coordinating the inspection visits. By the end of June 2006, a total of 30 hectares of bird's eye chili had achieved organic certification, and six tons of high-quality dried chili were ready to be sold to the European market.

HELPING WIDOWS AND ORPHANS REBUILD THEIR LIVES

Before 1994, a few sites in Rwanda were producing geranium oil, which is used to manufacture cosmetics and perfumes, as well as many aromatherapy products. The activity gradually disappeared over the years, but was recently revived as it became increasingly apparent that lowering dependence on a few export crops required product diversification.

ECOCERT INTERNATIONAL

Ecocert, an inspection and certification body based in Germany, is accredited to verify the conformity of organic products against European, Japanese, and U.S. regulations. At the time of inspection, Ecocert requires a 70 percent advance of the estimated total cost of the certification process, which includes inspection, report writing, and document review to determine eligibility for organic certification.

SMALL GRANTS COST-SHARING FUND

In November 2002, ADAR received USAID authorization to begin implementing a Small Grants Cost-Sharing Fund aimed at defraying the cost (and risk) of certain types of initiatives undertaken by ADAR clients. The cost-sharing facility, funded in the amount of \$390,000, provides up to \$25,000 for individual projects. Eighteen ADAR projects were funded under this facility.

Rwanda's climate is well-suited for cultivating natural plant products such as geranium oil. In mid-2002, ADAR sponsored a study to investigate the potential for developing new plant products for export. Through its Agribusiness in Sustainable Natural African Plant Products (ASNAPP) initiative, USAID had already launched successful projects in countries like Ghana, South Africa, and Zambia.

Based on the ADAR study, World Relief, a U.S. faith-based organization already active in Rwanda, developed an essential oil production project and set up a company, Ikirezi Natural Products, headed by Nicholas Hiti-mana, a Rwandan agricultural expert. ADAR advised Ikirezi on how to achieve organic certification and drew up a business plan. The project also sponsored a week's training for Nicholas at Rutgers University in New Jersey.

Back in Rwanda, Nicholas experimented with geranium, eucalyptus, and lemongrass plants. ADAR financed a small-scale distiller for taking samples. It took a year for him to grow and harvest enough of each of the plants to send samples back to Rutgers. The university analyses showed that the geraniums were not the correct variety for Rwandan soil, and determined that neither eucalyptus nor lemongrass would be financially viable. Undeterred, Nicholas found a source in South Africa for another variety of geranium.

The geranium plant needs a lot of nurturing. To command

the best price on the market, the crop should be organically grown, which means that no chemical pesticides or fertilizers can be used. Farmers must keep a detailed log of all their activities, including any insect problems encountered and pest control methods used, and maintain a traceability scheme that allows each batch of oil to be traced back to the specific date and location of its harvest.

The farmers working in Ikirezi's geranium fields are mostly widows and orphans, among the most vulnerable and poorest members of Rwandan society. During the pilot stage of the project, they created their own association, Twizamure. They waited patiently as Ikirezi conducted experiments to find just the right crop.

During that time, Agnes Mukanshijo, president of Twizamure, says she was reaping other benefits from the association. Pregnant during the genocide, she gave birth as a refugee, and returned to Rwanda as a widow. Her house had been destroyed and she struggled to build a shelter for herself and her daughter using plastic sheeting and banana leaves. As a widow, she felt ostracized by the community. The association has since mobilized community support to help rebuild her house.

Ecocert approved organic certification on its first visit to the site, making them the first Rwandan association to receive it. "All along, ADAR has been with us, providing advice, making sure we

respected all the rules and regulations,” Nicholas says.

A cooperative farming structure fosters reconciliation and unity among farmers, he says. In addition, the natural mosquito-repellent properties of the geranium plant helps decrease

the incidence of mosquito-transmitted diseases such as malaria. Besides the income and training in cultivation techniques they get, the widows and orphans working for Ikirezi also benefit from training in agribusiness management and HIV/AIDS prevention and care.

ACCESS TO FINANCING

A major component of ADAR's mission was to improve access to financing, which cuts across all project activities. Broadly, this component consisted of information-sharing, training bankers and professional lenders, advising agro-entrepreneurs on business development, researching information on sources of financing, and raising the awareness of local banks on agribusiness financing opportunities.

Jean-Bosco Seminega was responsible for this component at ADAR from June 2001 to March 2006. Here he describes his responsibilities and the results he was able to observe:

Target specific agribusiness operators most likely to qualify for financing, and work intensively with them. While the aim was to reach a total of 100 clients by the end of the project in September 2006, this target was already reached in 2005. The total would probably have been much higher than the final figure of 115, had it not been for budget cuts.

Elaborate, update, and distribute the Financial Source Directory and Borrower's Handbook. These two publications were prepared to assist ADAR clients who were seeking financing. A total of 61 clients received the directory, and more than 100 received the handbook.

Coordinate participation of local lenders in ADAR-sponsored training. One of the project's priorities was to train credit officers to deepen their understanding of agribusiness sector needs. Although many local banks were undergoing restructuring during this period, which hampered their ability to participate in such activities, a total of 43 loan officers—11 of them women—were trained.

Act as a liaison with lenders. ADAR cultivated excellent relationships with most commercial banks in Rwanda, as well as the Rwandan Development Bank, which facilitated contacts between the project's clients—potential entrepreneurs—and the banking industry.

Identify prospective agribusiness clients who did not qualify for loans, work with them to improve their chances of qualifying, and monitor evolution of lenders' agribusiness loan portfolio. The feasibility studies and business plans prepared by ADAR on behalf of clients seeking to set up their own agribusiness helped bank loan officers better understand the opportunities that existed in agribusiness. As a result, a total of about \$2.5 million in financing was accorded in the coffee sector alone.

Develop a directory of all professional business service providers in Rwanda and train them in cash flow analysis and business plan design. ADAR developed a wide network of operators and partners, including service providers, consultants, and others. Some 76 agribusiness operators were trained: 40 managers and assistants, 8 civil engineers, 17 accountants, and 11 services providers, including consultants (trainers of trainers) and bank loan officers.



ADAR

The project introduced a monthly radio program focusing on agribusiness development. Above, the ADAR Chief of Party Maurice Wiener discusses coffee processing with Laetitia Kayitesire, the manager of the Sake coffee plantation, a project client. Also participating in the broadcast were ADAR coffee expert Anastase Murekezi (now Minister of Agriculture and Livestock), Clement Musangabware, and Innocent Bahati.

CHAPTER FOUR

COMMUNICATING AND COLLABORATING

AGRIBUSINESS CENTER: INTERNET ACCESS, ADVICE, AND DOCUMENTATION

In addition to being a well-stocked documentation center, the Agribusiness Center (ABC), located at ADAR headquarters, served as a “cybercafé” that offered free Internet access to students, consultants, and current and future investors. Some 200 people passed through ABC doors in the first half of 2006 alone. At least eight students have written theses based on ADAR’s approach to agribusiness in Rwanda.

RADIO: BROADCASTS AND CALLERS

ADAR experts launched the project’s first two-hour monthly program on the local radio, Radio-10, in June 2004. The station took calls from listeners, many of whom became members of the ABC. One caller eventually became an ADAR client in the field

of cut flowers and another one in coffee. The broadcasts covered sectors such as coffee, passion fruit, essential oils, and pyrethrum, as well as access to finance.

PRODUCTIVE PARTNERSHIPS WITH OTHER PROJECTS AND DONORS

From its inception, ADAR worked closely with other projects and organizations in Rwanda, including the USAID-funded PEARL and the ACIDI/VOCA Monetization projects, and those funded by a variety of other donors. Some of the fruits of this collaboration are highlighted below.

ACIDI/VOCA. In late 2001, ADAR joined forces with ACIDI/VOCA to support the formation of future cooperatives—UCAR, COOPAC, and COPCAFE—and to help COOPAC develop a loan application to finance

the construction of two washing stations and a milling unit in Gisenyi. The application was submitted and approved in the first quarter of 2002, allowing COOPAC to access financing from ACDI/VOCA. In summer 2002, ADAR worked with ACDI/VOCA to train a group of Rwandan civil engineers in AutoCAD, a computer-aided drafting program, for the construction of coffee washing stations. They spent two weeks in Kenya and returned to Rwanda with six Kenyan engineers who helped them apply what they had learned. With ADAR's assistance, a group of 49 passion fruit producer associations were given an ACDI/VOCA grant in August 2003 in the form of material assistance to enable them to increase production. Supplies of passion fruit to Rwandan fruit processors was boosted to level of 749 tons.

PEARL. In 2001, ADAR and PEARL cofunded a consultant's mission to Rwanda to study the country's potential to capture a share of the U.S. specialty coffee market. The two projects also cofinanced the visit of a coffee expert to an EAFCA event in Uganda in January 2002, and a visit by the top three U.S. specialty coffee importers/roasters in July 2003. In the third quarter of 2005, ADAR sponsored the cost of the round-trip airfare to Chicago for the head coffee roaster of Rwanda Roasters in Butare, a private company producing Maraba roasted coffee under PEARL. He attended the SCAA Guild Retreat and acquired general coffee knowledge, as well as roasting skills.

In conjunction with PEARL and ACDI/VOCA, a pilot project for the production of bird's eye chili peppers was initiated with individual producers and associations in the Butare area in October 2002. A total of around 25 hectares was planted and the crop is expected to remain productive over a two-year period. ADAR provided technical assistance by sourcing good quality seed, setting up the nurseries, and developing a manual on production, drying, and grading that will enable the producers to aim for the export market.

Agribusiness in Sustainable Natural African Plant Products (ASNAPP). In its search for new crops and products for export, ADAR provided support to an ASNAPP exploratory mission to Rwanda. The project recruited one local and two expatriate consultants, and provided logistical support for implementation of the study over four weeks in the summer of 2002. The results of the study were encouraging and a number of potential products were identified. In collaboration with World Relief, ADAR followed up with studies on eucalyptus oil and the production of organic geranium oil.

Centre d'Appui à la Petite et Moyenne Entreprise au Rwanda (CAPMER) and Rwandan Private Sector Federation (RPSF). ADAR advised on the development of Business Development Service (BDS) centers being set up throughout the country by CAPMER and RPSF in collaboration with the U.S. consulting firm ontheFrontier. ADAR's



A project consultant from Guatemala provides technical advice at the Ruyumba Coffee Washing Station.

Agribusiness Center is the model for the documentation centers that they wish to develop in the four BDS centers, which were launched by early 2006 in four regions of Rwanda.

EU/Stabilization of Export Earning Scheme (STABEX) is a European Union-funded project working to develop coffee and other horticultural production in Rwanda. ADAR introduced the project to coffee washing station owners to help them obtain grants. Some modules developed by ADAR were offered to the STABEX and PDECRE/TWIN projects, and two ADAR consultants were selected to prepare studies on coffee washing stations for them. One of the Kenyan master trainers recruited by ADAR was hired by PDECRE as a long-term coffee manager.

Projet de Développement des Cultures de Rente et d'Exportation (PDECRE), a project under the Ministry of Agriculture and Livestock, financed by the International Fund for Agricultural

Development, provides technical assistance to cooperatives and associations dealing throughout the entire commodity chain of a sector. ADAR established a strong partnership with PDECRE and TWIN, PDECRE's service provider, providing them with short-term technical assistance and tools, including models for feasibility studies and business plans, and designs for coffee washing stations. PDECRE has often used ADAR's offices to organize events and participated in all of the project's workshops and seminars.

ontheFrontier. At the end of 2001, ADAR developed a close working relationship with the National Competitiveness and Innovation Project implemented by the U.S. consulting firm ontheFrontier, which developed a long-term strategy to realize Rwanda's potential as a supplier of horticultural products and premium quality coffee. ADAR served as the principal interface between ontheFrontier and private sector agribusiness operators.



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At the Karengera Coffee Washing Station, local coffee farmers gather at a ceremony attended by Starbucks' chief green coffee buyer and the USAID/Rwanda mission director. During the ceremony, Starbucks offered 10 cows and 150 goats to deserving producers.

CONCLUSION

SURMOUNTING CONSTRAINTS THROUGH INNOVATION AND PARTNERSHIPS

Early on in the project, ADAR identified a certain number of factors—particularly in the coffee sector—that could have inhibited the project’s ability to generate anticipated results. ADAR’s approach to resolving these potential problems—adapting solutions to individual cases, recognizing gaps in training and filling them, training of local trainers, and promoting the use of the best equipment available to meet technical needs and also be cost-effective and environment-friendly, among others—promoted the sustainability of the solutions and maximized the impact on the population.

Among the constraints that the project encountered and sought to resolve were:

Poor or out-of-date equipment: The manual coffee depulping machines were in bad working order when the project first began. These machines were gradually replaced by mechanical ones, which did the job in a faster, more efficient and more cost-effective way, increasing the profits to local growers and station owners. In a similar vein, solar drying tables for bird’s eye chilies dried the chilies in half the time it took for traditional drying tables, and with a much higher proportion of export-quality chilies.

Insufficient number of coffee washing stations: In 2001, when the project began, there was one coffee washing station. By June 2006, there were 76 throughout the country, with ADAR assisting 40 of them. By eliminating the need for middle men, farmers were able to deliver quality coffee cherries directly to the local stations; the quality of the cherries

improved considerably and farmers were better paid.

Access to financing: There were many potential investors in the country who were highly motivated but had difficulty obtaining financing to realize their projects. ADAR assisted them by collaboratively producing top-quality business plans and feasibility studies for them to present to the banks, and negotiated lending facilities such as the Development Credit Authority (DCA) which led to the granting of loans.

Lack of strong producers/exporters organizations: ADAR assisted in the creation of the Rwanda Fine Coffee Association, which allowed coffee producers to pool

information and resources. Producers and exporters learned to see each other as partners working towards a common economic goal, rather than competitors on the ground.

Shortage of skilled human resources: Especially in coffee, the project made good use of master trainers from neighboring countries such as Kenya and Burundi, who fully understood the regional context. ADAR strongly promoted participation in training and study tours in other countries to expose Rwandans to a wide scope of opportunities and experiences, and increase their marketing know-how. The project also provided much-needed training in accounting

A coffee farmer receives payment for cherries delivered at the Kayco Coffee Washing Station. Payment on delivery and significantly higher prices motivated farmers to sell their cherries to processors rather than engaging in traditional on-farm processing methods.



ADAR

and record-keeping and management techniques, and developed useful “accounting modules” for its clients. ADAR’s September 2001 training-of-trainers course created a pool of local consultants who were qualified to pass on the knowledge they acquired. Expatriate consultants were always accompanied by a local consultant to further add to that pool over the years. From 2005, ADAR relied almost exclusively on local (Rwandan or subregional) expertise for short-term technical assignments.

A REFERENCE FOR FUTURE AGRIBUSINESS PROJECTS

In an ideal world, a project ends when its work is completed—all relevant mechanisms are in place, and long-term sustainability is probable. On the one hand, it might be seen as a weakness of ADAR that so many of its clients have expressed regrets at its closing. On the other, the country still has a long way to go before it no longer needs the kind of help that ADAR has provided. Despite limited resources, the Rwandan Ministry of Agriculture and Livestock is poised to take over many of the activities that ADAR set in motion—for example, setting up business development services with help from the consulting firm on the Frontier.

In addition to the quantitative impacts outlined in previous sections of this report, the following—non-exhaustive—list highlights some of ADAR’s accomplishments and the impact it had on the ground.

Changing attitudes: In the past, it was generally assumed that the term “technical assistance” was accompanied by financial help. Today, players recognize the value of building skills and adopting good management practices useful at all levels of business—from obtaining financing from a bank to using more efficient methods to accomplish a task to commercializing a product for export.

Investors were unaware of the potential for adding value to exports through organic certification. Today, a core group of investors has worked or is working toward certification of their products. Organic certification means environment-friendly practices and is a niche market that can bring in premium prices.

Recognition on the world market: Persuasive marketing is no substitute for quality, but effective marketing initiatives that promote exceptional products can create significant added value. Through contacts with major players in the international market facilitated by ADAR, Rwanda is coming to be known as a provider of high-end, high-quality commodities. Further, the importance of “quality” in achieving success in the marketplace is now being highlighted. As evidenced by Starbucks’ Black Apron award, Rwandan coffee enjoys a worldwide reputation as a high-quality product that is much sought-after and commands top prices.

Thinking creatively: The introduction of modern technology such

as solar dryers has increased the value of agricultural products, such as bird's eye chilies and pyrethrum, and increased the efficiency in production. Following a study tour to Central America, owners of Rwandan coffee washing stations have so far ordered three Ecosistem coffee pulping machines from Guatemala, which do a quicker, more efficient job of sorting and washing coffee cherries, and also use less water and energy, and others have expressed an interest in buying similar machines. It is a win-win situation, as the quality of the finished product is higher, and growers earn significantly more money for less work.

Transfer of knowledge: There has been an emphasis on transferring knowledge from expatriate to local professionals through seminars, workshops, information sessions, and the like. Modules produced at the training-of-trainers seminar in September 2001 are still being used. The two Rwandans who were trained by a German technician in the installation of Hohenheim solar tunnel dryers for bird's eye chili can now conduct future installations themselves.

Promoting collaboration: The Rwanda Fine Coffee Association continues to provide a forum for exchanging ideas and fostering collaboration among the owners of coffee washing stations. Through ADAR, competitors became collaborators as they learned to tackle problems together rather than individually, leading to savings in cost, effort, and energy.

Through project-sponsored technical assistance and training, as well as some financial support, great strides have been made in improving the quality of Rwandan products. A vibrant, internationally recognized specialty coffee industry now exists, which has dramatically increased returns to farmers, created thousands of jobs in Rwanda's countryside and spurred unparalleled private investment in the sector. Premium quality, organically certified bird's eye chili peppers will soon be available on the European market. Rwanda's pyrethrum processor has improved quality and is positioned to increase returns for itself and its supplying farmers by fully refining its product. Once defunct agro-industries such as export-quality roses and tomato paste are undergoing a renaissance; production has restarted, market share is being recaptured, and confidence in the future of agribusiness-based investments is ebullient and continues to grow.

ADAR's impact reaches far beyond direct project interventions. The project has spurred expanded investment in Rwanda's agribusiness sector. When the project began operations, only one other project, also financed by USAID, was focusing efforts in the coffee sector. Today, the World Bank, the International Fund for Agricultural Development and other bilateral donors are following the groundbreaking work of ADAR and are providing significant support to the development of specialty coffee. Private commercial banks, which were extremely reticent to provide financing, now recognize the viability of in-

vestment opportunities identified and spearheaded by ADAR and today support a core of dynamic private Rwandan investors.

The scope of work drafted by USAID prior to the beginning of the project envisioned an activity

that would “serve as a catalyst to increased investment in agribusiness.” ADAR has indeed been that catalyst and is widely viewed by donors, investors, and project partners as the reference for future agribusiness development initiatives in Rwanda.



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A woman at the Ingoboka Coffee Washing Station, on the shore of Lake Kivu, sorts out the poor quality cherries just before the batch is sent to be pulped.

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