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ADAR WORKPLAN OCTOBER 1, 2005 – SEPTEMBER 30, 2006

ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE

November 2005

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International.

ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE

A Task Order under the RAISE IQC Rural and Agricultural Incomes with a Sustainable Environment

Contract No. PCE-I-00-99-00003-00, Task Order No. 807

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ADAR WORKPLAN

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TALE OF CONTENTS

| | |
|---|-----------|
| INTRODUCTION | 1 |
| 1. BACKGROUND INFORMATION | 4 |
| 2. NARRATIVE DESCRIPTION OF THE PLAN | 4 |
| 3. PROGRAMMED INTERVENTIONS | 5 |
| 3.1. The Coffee Sector | 5 |
| Objective 1: Introduce Improved Processing Infrastructure, Techniques and Improved CWS Management..... | 7 |
| <i>Activity 1: Providing technical assistance for CWS establishment</i> | 7 |
| <i>Activity 2: Providing assistance to assess water availability supply</i> | 7 |
| <i>Activity 3: Providing technical assistance to install and test a new model of a pulping machine</i> | 8 |
| <i>Activity 4: Providing supervision and training to operators and staff in wet processing techniques</i> | 8 |
| Objective 2: Reinforce Rwandan Coffee on the Specialty Coffee Market | 9 |
| Objective 3: Improving Financial Accounting Practices in CWS..... | 10 |
| 3.2. The Horticulture Sector | 10 |
| Objective 1: Improving the Competitive Position of a Rose Exporter | 11 |
| Objective 2: Improved Production and Processing of Horticultural Products | 11 |
| <i>Activity 1: Providing technical assistance and training in production, drying, grading and packaging of Bird's Eye Chilies</i> | 11 |
| <i>Activity 2: Providing technical assistance and training in production and field-level post harvest techniques to passion fruit producers</i> | 12 |
| 3.3. Agricultural and Food Processing Sectors..... | 12 |
| 4. ENVIRONMENTAL INITIATIVES | 14 |
| 5. MARKET INFORMATION AND COMMUNICATION | 14 |
| FINANCIAL PROPOSAL | 15 |
| Workdays ordered..... | 17 |
| Materials..... | 18 |
| Detailed budget notes | 19 |

INTRODUCTION

This report presents the proposed sixth and final annual work plan and associated budget for the technical assistance contract under the Agribusiness Development Assistance to Rwanda (ADAR) Project, funded by the United States Agency for International Development (USAID). Chemonics International Inc. was awarded the institutional contract to implement ADAR on November 19, 2000 for an initial period of three years. An option to extend the project for an additional period of three years was exercised in December 2002.

The proposed work plan has been elaborated in the context of severe budget reductions which have affected USAID Rwanda's entire economic growth portfolio. In August 2005, Chemonics was officially notified that the project budget was to be reduced by approximately \$630,000 during the last fifteen months of the project, representing a funding cut of some 42% of expected resources. The USAID Cognizant Technical Officer (CTO) requested that Chemonics elaborate a work plan and provide an accompanying budget that reflects reduced available resources. USAID Rwanda further requested that sixth year project activities primarily focus on the coffee sector, where project results have been most encouraging.

Prior to elaborating this work plan, Chemonics conducted a detailed financial analysis of recurrent project operating costs, programmed costs for short-term technical assistance, costs for matching grants and sub-contracts which had been engaged prior to the budget reduction, and project close-out costs. An interactive spread sheet was developed and shared with concerned members of the mission. During an eight day visit in September, the home office project supervisor and ADAR COP met with project technical staff, ADAR clients, and GOR personnel to solicit input for Year Six project activities. Discussions centered on ways in which ADAR could deliver the maximum amount of services, given its radically reduced funding level.

In order to maximize project efficacy within the new budget parameters, ADAR took the following measures.

- During this final year of project activity, ADAR will focus on coffee activities, although these activities will be significantly reduced in terms of scope and depth.

- Planned technical and financial assistance to the newly created Rwanda Fine Coffees Association has been deferred. It is hoped that USAID will finance this association through an available funding mechanism.
- Limited assistance will be provided to the honey, chili, passion fruit, and flower sub-sectors, completing only activities engaged prior to the budget reduction. These activities will be implemented either by ADAR permanent staff or by Rwanda Agricultural Agency for Quality Control and Certification (RAAQC), an autonomous entity working with the Ministry of Agriculture, which has agreed to fund certain key short-term technical assistance needs.
- All non-essential travel, including study/marketing tours and conference participation, has been eliminated.
- Wherever possible, ADAR permanent staff will provide services to project clients that were previously provided by independent consultants.
- Programmed activities in the pyrethrum, tea, food processing, and hides and skins sectors have been cancelled.
- Small grants which have been approved but not executed during the time frame specified in the grant agreements will be rescinded so as to recover funds to support project operating expenditures.
- Approved matching grants which have not been fully executed within the time frame stipulated in the binding agreements will be rescinded and the earmarked funds will be programmed for project recurrent costs.
- In order to reduce operating costs, the project's horticultural advisor will complete service earlier than programmed and local professional and support staff will be phased out over the last two months of the project.

According to the original terms of reference which were reaffirmed in Chemonics extension proposal, ADAR was conceived as a market driven catalyst to stimulate investment and market growth in Rwandan agribusiness. The form and content of ADAR's private sector-based activities represented a radical departure from the GOR and donors' focus on basic food security. ADAR was a new type of project that sought to place the agribusiness sector on the path to long term economic growth.

Sustainability was to be achieved in large part by the development of local capacity acquired through hands-on training of project clients and their staffs.

Today, ADAR leaves a legacy of a multitude of Rwandans who have learned how to process and market premium quality coffees, produce passion fruit and bird's eye chilies which respond to international market requirements, dry pyrethrum flowers using solar energy, and employ business development skills in support of continued growth. Although remarkable results have been achieved by ADAR clients during these past five years, private sector-based agribusiness development is still in its infancy.

Therefore, Chemonics believes that a discussion of institutional sustainability, which was not programmed in the extension proposal, as well as a discussion of project exit strategies is both premature and unrealistic. Thus, an investigation of these topics is absent from the following work plan. Chemonics fervently hopes that USAID/Rwanda will continue to build on the phenomenal successes registered to date through a follow-on project that will expand, consolidate and deepen the path towards sustained economic growth.

The following work plan presents the activities that will be executed during the coming 12 months. It also discusses those activities which have been eliminated from the budget, either by cancellation or transfer to other funding sources.

The work plan uses the following nomenclature to characterize interventions. "Objective" refers to a key focus area such as "Improved Coffee Quality at Field Level for Selected ADAR Clients" which is critical to attaining one of the Project Intermediate Results (PIRs). "Activity" is defined as the provision of a service, such as technical assistance or training that contributes to the attainment of the objective. "Task" is a discrete action such as the elaboration of a Scope of Work (SOW) that is necessary to implement the activity.

The document is organized as follows:

- Essential background information in the form of an overview of the ADAR project;
- Brief narrative description of the plan;
- Description of programmed interventions by sector with an indicative timeline, and discussion of crosscutting areas such as environment and marketing information.

1. BACKGROUND INFORMATION

ADAR is a six-year project funded by USAID. It is a key activity contributing to achievement of USAID/Kigali's Strategic Objective Number 7 (SO7), namely, "to expand economic opportunities in rural areas" in targeted commodities to improve household security. The main Intermediate Result (IR) under ADAR is to "expand agribusinesses". This broad goal entails three ADAR-level Project Intermediate Results (PIR's): enhanced performance of ADAR assisted firms (PIR1), improved quality products from ADAR-assisted firms (PIR2), and improved access to financing for agribusiness firms (PIR3).

In terms of implementation strategy, ADAR provides direct assistance to Rwandan entrepreneurs including producers, investors, promoters and exporters. The project helps its clients to increase productivity and competitiveness, improve product quality and increase access to financing and markets. Emphasis is placed on coffee processing, horticultural crops (passion fruit, bird's eye chillie pepper) for export and business development services. The project is also active in developing processing options in pyrethrum, tea, soybean, essential oils and honey, among others.

The institutional contract was extended for a second phase that will run from November 14, 2003, through September 2006. Chemonics International Inc. is the prime contractor, with J.E. Austin and Prime International as sub-contractors. Phase II of the ADAR contract includes two long-term expatriate advisors and two counterpart local professionals. During the coming year, an estimated 507 and 1708 days of LOE are programmed respectively for short-term expatriate and TCN specialists, and short-term local specialists.

2. NARRATIVE DESCRIPTION OF THE PLAN

The report is organized as follows. The first section is devoted to programmed interventions in coffee, horticulture, and agriculture and food processing sub-sectors. The following section treats environmental initiatives and the activities of the ABC, the project's information and documentation centre. The concluding section of the report contains a projected budget for the period of 1st October 2005 - 30th September 2006 and includes detailed budget notes.

3. PROGRAMMED INTERVENTIONS

3.1. The Coffee Sector

During this last year of project operations, activities will focus on providing technical assistance and training for Coffee Washing Station (CWS) establishment and the processing of fully washed coffees, albeit at reduced levels.

The project intends to provide assistance to ten new clients for whom feasibility studies and business plans were (or will be) elaborated. It will continue to assist clients in establishing or improving CWS infrastructure through programmed consultations in water supply and equipment installation.

ADAR will provide training in coffee processing techniques to 5 clients during the 2006 season through the assistance of 5 Kenyan master trainers. It is important to note that because of the good results provided by the Kenyan master trainers' program implemented by ADAR since 2003, the Ministry of Agriculture has decided to support the mission in Rwanda with 40 additional Kenyan/Burundian trainers who will be responsible for the following washing stations:

- CWS assisted by ADAR in 2005 for their first year of operations: 11.
- CWS planned for 2005 but did not start operations: 3.
- Remaining planned new CWS for 2006: 5.
- CWS assisted by other projects such as CFC, IFAD and STABEX: 16.

Assistance in cost accounting during the coming season will be limited to clients who are in their first year of production.

Regarding access to financing, the project will continue to facilitate financing through the Development Credit Authority (DCA) Program at the Bank of Kigali (BK), and will assist selected clients to secure financing through Ecologic Finance Corporation of Boston.

ADAR has progressively disengaged itself from marketing activities, as clients developed direct relationships with importers and roasters during the past two seasons. Marketing efforts will focus on helping clients obtain certification under the Starbucks C.A.F.E. Practices program.

The following table lists project clients who will be receiving assistance in 2006 and clients who have “graduated” from ADAR’s assistance program.

Programmed Assistance to CWS in 2006

| | Investor - parchment capacity (tons)/year | Location | Equipment |
|--|---|------------------------|------------------------------|
| Maintaining contact with the first clients | | | |
| 1 | SLTC - Mohamed Salih | KIGALI NGALI - Masaka | Mc Kinnon |
| 2 | Nyaco / Nyandungu - Nkubili/Nkusi | KIGALI NGALI - Ndera | McKinnon (Ecosistem/2005) |
| 3 | Alfred Nkubili / Migongo coffee | KIBUNGO - Mpanga | McKinnon |
| 4 | Juvéna Nkusi | KIBUNGO - Sake | |
| 5 | Faustin Mbundu | GISENYI - Nkora | |
| 6 | Theobald Bavugamenshi | CYANGUGU - Gatare | |
| 7 | Eugène Ntagenrgerwa | KIGALI NGALI - Ngenda | Toto |
| CWS assisted by ADAR in 2005 for their first year of operations | | | |
| 8 | Chrysologue Kubwimana / 100 | GISENYI - Kayove | McKinnon |
| 9 | Jean-Bosco Rukundo / 80 | GITARAMA - Kamonyi | Toto |
| 10 | Nyaco2 (MM. Nkubili and Nkusi) / 100 | BYUMBA - Muhura | Ecosistem |
| 11 | Nicolas Ndagijimana / 80 | KIBUYE - Kibuye | Toto |
| 12 | MIG1 (Mutuelle d'Investissement) / 200 | GIKONGORO/Nyaruguru | Pinhalense |
| 13 | MIG2 / 200 | GIKONGORO/Cyanika | Pinhalense |
| 14 | Aphrodis Mugambira / 100 | KIBUYE - Rusenyi | McKinnon |
| 15 | Anastase Nzirasana / 80 | RUHENGERI - Bukonya | Toto |
| 16 | Christian Kaningu / 80 | GITARAMA - Kayenzi | Pinhalense |
| 17 | Alphonse Kayijuka / 100 | CYANGUGU - Gatare | McKinnon |
| 18 | Pierre Munyura / 80 | CYANGUGU - Gashonga | Toto |
| Planned for 2005 but did not start operations | | | |
| 19 | Inn. Mwumvaneza (Cotecacya) / 100 | CYANGUGU - Bukunzi | To be determined |
| 20 | RWACOF / 200 | KIGALI NGALI - Bicumbi | McKinnon |
| 21 | COFII / 100 | GITARAMA - Ruyumba | Ecosistem |
| Planned new CWS for 2006 | | | |
| 22 | Philippe Kanamugire | | To be determined |
| 23 | Robert Bigirimana | KIBUYE - Rwamatamu | Mc Kinnon |
| 24 | Franck Mukama / Charles Shema | KIGALI NGALI - Bicumbi | To be determined |
| 25 | Tharcisse Ngofero | KIGALI NGALI - Bicumbi | To be determined |
| 26 | Eric Ngarambe | KIGALI NGALI - Nyamata | To be determined |
| 27 | Longin Singa - GLACOF | GITARAMA | To be determined |
| 28 | Evariste Nsanzimfura | GISENYI | To be determined |
| 39 | Jonas Nsabimana | BUTARE - Nyakizu | To be determined |
| 30 | Andrew Kanyonyo | KIGALI NGALI - Nyamata | To be determined |
| 31 | Justin Uyisenga | BUTARE - Nyamure | To be determined |

Objective 1: Introduce Improved Processing Infrastructure, Techniques and Improved CWS Management

Activity 1: Providing technical assistance for CWS establishment

ADAR will provide assistance to new clients for CWS establishment. However, this assistance will be limited to the elaboration of feasibility studies and business plans. ADAR's in-house Business Development Advisor (BDA) and Coffee Sector Specialist will develop the feasibility studies and business plans for three new clients rather than engaging external consultants to perform these tasks as has been done in the past. This will result in significant savings which will be used to finance project operating expenditures. Given that the time required to conduct these studies has been greatly reduced by the use of an analytical tool developed by ADAR in 2002, which is used to estimate financial viability, together with the ADAR model feasibility study and business plan for a small capacity CWS developed in September 2003, this should not place an undo burden on ADAR permanent staff.

Although five of the new investors were previously assisted with elaboration of construction plans, the remaining five will be required to finance topographical and hydrological surveys, and construction plans. Nearly all new investors will have to supervise construction and equipment installation, given the project's existing budget constraints.

Activity 2: Providing assistance to assess water availability supply

During the 2005 season, the project carried out a water availability assessment at all project-assisted CWS. The assessment was implemented by an agricultural engineer and consisted of the following: (i) assessment of water availability as related to the nominal capacity of newly constructed CWS; and (ii) guidelines for proper management of existing water resources at coffee washing stations. The assessment covered thirteen new and three existing CWS and revealed that almost all of them lacked an adequate supply of water to satisfy their installed capacity, as well as the infrastructure for waste water and pulp management. The assessment also indicated possible alternatives for improving the water supplies, and provided suggestions on measures to be taken to ensure optimum compliance with environmental protection norms. The conclusions of the study will serve as guidelines for investors to improve their infrastructures in the future and to adopt practices that insure environment protection at their CWS.

The remaining consultant LOE will be used to assist five new investors to develop topographic plans and drawings for the implementation of their washing stations.

Activity 3: Providing technical assistance to install and test a new model of a pulping machine

The coffee cherry pulping machines used at most CWS in Rwanda - primarily McKinnon and Toto - consume large amounts of water and energy. There are other, more economical systems, currently used in countries producing specialty coffee such as Guatemala and El Salvador which were seen by the ADAR team during the November 2004 study tour, specifically the “Ecosistem” pulpers.

Two ADAR clients recently acquired three “Ecosistem” machines which are now ready for assembly in Rwanda. ADAR will provide a consultant to (i) determine what adaptations need to be made to the “Ecosistem” machines to maximize pulping efficiency and to conserve energy and water in Rwanda, (ii) install and test the equipment at each of the three CWS, and (iii) train the technicians who will be responsible for operating the equipment. This activity was originally scheduled in the 2005 work plan but was postponed pending arrival of the machinery in-country.

Activity 4: Providing supervision and training to operators and staff in wet processing techniques

ADAR will provide the services of Kenyan master trainers to five CWS in 2006 (see table on preceding page for details). Training in coffee processing will cover cherry reception and selection, pulping, fermentation, drying, and storage. Instruction on equipment maintenance will focus on preventive and regular maintenance and repair of pulping machines, drying tables, power generators, water pumps, and associated infrastructure. Training in CWS management will cover the organization of the workforce, establishment of internal controls, security and the development of record keeping systems.

As in the past, the master trainers will not have line authority but rather will work through the CWS managers designated by the individual CWS owners. The experience of the last three years promoted knowledge transfer to Rwandan personnel, and it assumed leadership and responsibility for executing training instructions. The target group of ADAR for this training will be the staff of the five CWS directly supported by the project, including stations’ manager and different sections heads.

Five master trainers will be under contract during a three-month period to provide services to ADAR clients. As per the previous years, it will be the responsibility of the investors to insure adequate housing and transportation for the trainers.

Objective 2: Reinforce Rwandan Coffee on the Specialty Coffee Market

ADAR's clients began to produce fully washed coffee during the 2003 season. At that time, ADAR's marketing efforts focused on exposing importers and roasters to Rwanda's fully washed Arabica through the partial funding of in-bound marketing missions, attendance and participation by Rwandan fully washed producers at key trade fairs, and the funding of sample shipments of green coffee to influential importers and roasters in the United States, Europe, and Japan. With each successive production season the demand for Rwandan fully washed coffee has increased.

During the 2005 season, demand outstripped supply, testifying to the phenomenal success that the sub-sector has achieved entering into the specialty coffee market. Over the course of the last three years, responsibility for marketing the coffee has progressively shifted from ADAR's staff to the producers themselves. ADAR's first three coffee clients from the 2003 season now conduct all marketing operations with no support from project staff. The ADAR Chief of Party has trained project clients in basic marketing skills in order to prepare for the post-ADAR phase of specialty coffee sector development.

During the 2006 season, ADAR will continue to serve as an interface between new clients and coffee importers, in order to facilitate contacts, sample shipments, and the establishment of contracts. However, the project will no longer pay for the expedition of samples to buyers. This cost will heretofore be assumed by the producers themselves. Due to budget constraints, ADAR will neither finance any in-bound or outbound trade missions nor participation in any international conferences during the final year of project operation. Marketing efforts above and beyond facilitation of contacts will focus on assisting selected clients to attain certification under Starbucks preferred supplier C.A.F.E. Practices Program, which provides a price premium and a long-term contractual relationship for those producers who meet the social, environmental, and equity requirements of the program. ADAR staff will work with the clients on both technical and financial aspects of certification to insure that they are well prepared for the ensuing Starbucks C.A.F.E. audit.

Objective 3: Improving Financial Accounting Practices in CWS

Since project outset, ADAR has placed particular emphasis on establishing internal accounting procedures within CWS in order to track costs of production. ADAR has developed a cost accounting module for CWS and has provided seminars and extensive on-site instruction in its use during each of the last three years.

Mastering costs of production is obviously essential for estimating required operating funds and calculating profitability. In addition, establishing a viable financial monitoring system greatly enhances standing with prospective lending agencies and facilitates certification by fair trade organizations and preferred supplier programs which require comprehensive breakdowns of company or cooperative costs and benefits.

During the coming season, the project will provide classroom and on-site training to first year coffee processors. ADAR's consulting financial management expert will work with CWS accountants to establish and implement this important management tool. Unlike past years, training will be limited to first year producers, in order to minimize project costs.

3.2. The Horticulture Sector

During the last year of the project, activities in the horticultural sector will focus on Bird's Eye Chili (BEC) and Rose production. There will, however, continue to be follow-up to passion fruit activities begun in Cyangugu during 2003.

Planned activities in the horticultural sector will be significantly affected by the project's reduced funding levels. Due to budgetary constraints, Dr. Anne Turner, ADAR's horticultural advisor, will leave the project at the beginning of 2006. Because of a paucity of both human and financial resources, the project will no longer accept any new horticultural sector clients.

Objective 1: Improving the Competitive Position of a Rose Exporter

During 2005, in response to a request for assistance from Rwanda Flora, the successor to Highland Flowers, ADAR provided technical assistance and training to this rose exporter to improve irrigation water quality through the establishment of a better water filtration system, the capture and use of rainwater from greenhouses, and training in EUREPGAP compliance.

During the coming year, ADAR will continue to assist the company in instigating EUREPGAP compliant procedures which, beginning in 2007, will be mandatory in order to export flowers to major markets within the European Union.

A consultant will travel to Rwanda in October to assist the rose producer to conduct training in safe use of pesticides consistent with EUREPGAP requirements. At the same time, a Kenya-based flower pack house specialist will assist company management to instigate pack house procedures which comply with EUREPGAP norms.

It is anticipated that additional training by the Kenyan consultant engaged by ADAR during 2005 will be required in order for Rwanda Flora to fully achieve EUREPGAP compliance. Support from the Government of Rwanda will be required for this training to take place.

Objective 2: Improved Production and Processing of Horticultural Products

Activity 1: Providing technical assistance and training in production, drying, grading and packaging of Bird's Eye Chilies

ADAR will continue to provide on-farm assistance in production and processing via its local staff agronomist, together with its horticultural specialist up until the end of 2005. Major activities during the coming year will include monitoring of the crops for pests/disease outbreaks, and providing advice on management of same, ensuring all activities adhere to organic regulations and liaising between the certified clients and ECOCERT, as per the latter's instructions. The project will support the crucial second visit of the ECOCERT inspector to complete the certification of the three clients who have fully established processing of the chilies, together with two new clients who planted their crops in the third quarter.

It will be essential to have the support of the Government of Rwanda to enable those clients who have not purchased solar dryers to do so, as well as supporting them in the completion of the organic certification process through supporting the inspection visit once the dryers have been installed. Completion of the organic certification process is essential not only for adding value to the marketed product, but to establishing organic agriculture as an important tool for promoting biodiversity in the country.

Activity 2: Providing technical assistance and training in production and field-level post harvest techniques to passion fruit producers

ADAR's consulting passion fruit production specialist will continue to provide technical support to individual producers and producer associations in the Cyangugu region during the remaining days of his contract. Over the past two years, several rural groups have received technical assistance from ADAR and financial assistance from ACIDI-VOCA to increase yields and improve product quality. During the remaining 12 months, ADAR's consultant will provide on-site advice for production and post-harvest handling and monitor progress of program recipients. He will ensure that distribution of materials to producers and operations such as transplanting, pruning, trellising, and disease management are completed in a timely manner. Should problems arise between the local NGO charged with disseminating the funds and the producers, the consultant will mediate between the two in order to resolve the difficulties. Towards the end of the project, the consultant will be responsible for measuring the full extent of ADAR's impact on passion fruit production in the Cyangugu region.

3.3. Agricultural and Food Processing Sectors

With the exception of the honey sub-sector, project activities in the agricultural and food processing sectors will be discontinued due to budgetary constraints. During the past two years, ADAR has assisted a promoter in developing a business plan and exploring financing options to establish a nutritional supplement plant to respond to the World Food Program's demand for nutritional supplements for distribution to Rwanda's neediest citizens. At present, this demand is met by a Ugandan food processor. ADAR anticipated providing technical assistance to set up the factory and train personnel. However, because of reduced resources, no further assistance will be provided.

In a like manner, programmed initiatives to assist SOPYRWA, the pyrethrum processor, will be cancelled. These activities included assistance to rehabilitate the refining unit, continued advisory services to improve the quality control laboratory, and training in health and safety issues.

An initiative to help SORWATOM, the local tomato paste factory, market its product regionally, will be reduced. Regarding improving SORWATOM's tomato capacity, the project's horticultural specialist will review results of the field trial started in the third quarter, and develop a set of recommendations for the company's agronomist.

The initiative to develop certified geranium oil for export has already become self sufficient, largely due to the considerable assistance ADAR provided over the past three years. No further support will be required from the project.

During the last year of the project, efforts in the agriculture and food processing sector will concentrate on improving honey quality through better processing techniques in the Nyungwe Forest, and training producers in order to obtain organic certification. ADAR had subcontracted with North Western Bee Products of Zambia to implement a training program during the fourth quarter of 2005. However, upon arrival in country, the Zambian consultants found the honey crop had already been harvested; as a result, the programmed training will be postponed until March 2006. This training of trainers program is intended to develop the capacity of Rwandan bee keeping extension workers to crop, grade, and process high quality organic honey for export, and to transfer this knowledge to other local bee keepers.

It is tentatively planned for four Zambian trainers to be paired with Rwandan extension workers currently working with honey producers on the fringes of the Nyungwe Forest in southwestern Rwanda over a four-week period. The Zambians will train their counterparts in improved production and processing techniques which are compliant with organic certification requirements. Rwandan extension workers will also be trained in the record keeping procedures necessary to obtain certification. Final decisions and full details of this training will be made following receipt of the Zambian's report during the fourth quarter of 2005. The Minister of Agriculture has offered to finance the cost of organic certification for the honey producers and ADAR will facilitate the certification process. A local Rwandan buyer for the certified honey has been identified as has a European based importer. The project will facilitate this transaction as needed.

4. ENVIRONMENTAL INITIATIVES

In May 2005, ADAR conducted a study to provide services to three ADAR clients in Environment and Health and Safety (EHS) management systems to improve their capacity to compete in international markets. The studies reviewed SOPYRWA EHS procedures with respect to conformity to international standards, conducted a rapid environmental assessment of the SABAN Kigali tannery operations to identify the nature and extent of the environmental footprint and management capacity to conform to international standards, and made an assessment of ADAR-assisted CWS to determine conformity of post-harvest operations with prevailing and emerging market standards.

As a follow-up to these missions, ADAR had planned to hire a consultant in September to conduct a comprehensive health and safety review of the SOPYRWA processing facilities, as well as an integrated environment health and safety risk assessment for SABAN tannery to identify the most significant liabilities, to establish the foundation for the development of accident prevention and emergency response strategies, and to recommend specific remedial actions. In the coffee sector, the project had identified a consultant to help producers and processors complement their impressive results in coffee production and quality by providing support in developing, conducting and building training capacity for CWS managers in water and waste management. A training session was scheduled for October 2005 to build awareness and capacity of CWS managers to handle environmental aspects of coffee washing such as water supply, water management, and waste treatment, as well as to train trainers to continue environmentally sound practices after the closing of ADAR. These three activities have been cancelled due to budgetary restrictions.

5. MARKET INFORMATION AND COMMUNICATION

During the last year of the project, ADAR will continue to mail and distribute its Market Information Bulletin, and to provide individualized research in response to demands from clients. The project will still be involved in GOR policy dialogue to promote increasing private investment in agribusiness, and especially with local institutions such as Rwandan Federation of Private Sector (FRSP), and RIEPA for the promotion of exports.

FINANCIAL PROPOSAL

Chemonics International, Inc.
Rural and Agricultural Incomes in a Sustainable Environment (RAISE) IQC
Budget Revision for Agribusiness Development Assistance in Rwanda (ADAR)
PCE-1-807-99-00003, Task Order 807
October 1, 2005

Summary

| | | D | E | F | C |
|-----|-------------------------|--|--|---|---|
| | | Current Obligation (as of Modification #13) | Funds Expended through September 30, 2005 | Funds Projected October 1, 2005 - September 30, 2006 | Current Budget (as of Modification #13) |
| I. | WORKDAYS ORDERED | \$5,417,661 | \$4,768,719 | \$614,254 | \$5,382,973 |
| II. | Materials | | | | |
| | Other Direct Costs | \$3,982,076 | \$3,508,468 | \$497,546 | \$4,056,212 |
| | G&A | | \$160,872 | \$24,877 | |
| | MATERIALS | \$3,982,076 | \$3,669,340 | \$522,423 | \$4,191,764 |
| | TOTAL | \$9,399,737 | \$8,438,060 | \$1,136,677 | \$9,574,737 |

Workdays ordered

Materials

Detailed budget notes

Introduction and Assumptions

Ceiling Price: \$ 9,574,737

Current Obligation: \$ 9,399,737

Expended to-date as of September 30, 2005: \$ 8,438,060

End Date: September 30, 2006

General Assumptions

Time frame. This budget assumes a contract performance period through September 30, 2006.

Funding. ADAR's contract ceiling price has been reduced by \$636,871, from \$10,211,608 to \$9,574,737.

Staff departure. Due to decreased funding for ADAR, Anne Turner, Horticulture and Commodities specialist, will stay on the project through December 2005. Her original departure date was June 2006.

Ephrem Niyonsaba, Coffee Expert, and Jean Bosco Seminega, Horticulture Specialist, will depart the project at the end of June 2006.

Short-term Technical Assistance. We have budgeted for 626 days of STTA, including HO PMU assignments, to meet the requirements of our technical approach. 194 days of LOE has been used and should be billed in October 2005. 435 days of LOE are remaining. We have not programmed STTA other than HO PMU assistance, in the last three months of the project.

Severance pay for Anne Turner. As per Chemonics' policies and procedures, Anne Turner will receive three months of severance pay for having completed a 24 month tour with the project. This is budgeted in the Direct Expat Fringe line item under the Other Direct Costs category.

Severance pay for local staff. We have budgeted in one month of severance pay for the local staff.

Leave pay-out. A leave pay-out totaling 25 days has been budgeted for Anne Turner in January 2006. The PMU will request a formal approval to the Contracting Officer.

Exchange rate. We have used an exchange rate of 1 USD/550 Rwandan Francs.

Work week. We assume a standard 40-hour, 5-day work week for long-term professional staff and a 6-day work week for short-term labor.

Inflation. We use an annual inflation rate in U.S. dollars of 3 percent.

Level of effort. The detailed spreadsheets within this volume show the level and distribution of effort in person-days.

Fixed daily rates. Fixed daily rates for U.S. expatriate personnel are based on USAID-approved year 5 rates in the RAISE IQC FDR table.

Multiplier for third-country and cooperating-country national (TCN and CCN) staff. The multipliers for TCN such as Maurice Wiener, Chief of Party, and CCN personnel are based on the USAID approved multiplier of 1.78 in year 5 of the RAISE IQC FDR table.

Annual salary increases for expatriate and cooperating-country national staff. We have included an annual salary increase pool of 10 % for all long-term local personnel in January and a 5% increase for long term expat and TCN staff.

Allowances. We have budgeted full allowance rates for our long-term Chief of Party and Horticulture and Commodities specialist.

Travel, transportation, and per diem. The proposed travel and transportation costs are based on current airfare quotes from West End Travel and rates which the project office receives from their travel agent.

Equipment, vehicles, and freight. ADAR procured all of the project's computers and equipment during the project's previous years of operation.

Project office. ADAR has one office. It is located in Kigali.

Grants. The project has budgeted \$34,000 in grant funds.

Training. No training costs budgeted.

Subcontracts. Two subcontractors (JE Austin and Prime) from our RAISE consortium will be used for ST US and TCN labor in 2005. Due to the reduced funding for the last year of the project, no RAISE consortium subcontractor LOE is programmed for 2006.

We've budgeted for a fixed price subcontract which will focus on developing honey production.

General and Administrative. Chemonics' most recent G&A rate, according to the latest NICRA (June 2005), is 5% and is applied in this case to all Other Direct Costs.

I. Salaries

A. Long-term expatriates. Anne Turner is the Horticulture and Commodities specialist on the project. Her fixed daily rate is \$993. She will leave the project at the end of December 2005.

A leave pay-out of 25 days will be billed in January 2006, pending CO approval.

B. Long-term third-country nationals (TCNs). The Chief of Party, Maurice Wiener, will serve for the duration of the project.

C. Local specialists (CCNs). We have budgeted for the 5 long-term local personnel. Two of the staff will depart the project at the end of June 2006.

D. Short-term expatriates. We have budgeted for HO PMU management support in this line item.

Monique Mitchell- 19 days for budget revision @\$271; to be billed in October 05.

Monique Mitchell- 14 days for project close-out@\$271; to be billed in September 06.

E. Local and third-country national short-term professionals. We will apply the RAISE IQC multiplier to this category as describe in above for long-term TCN and CCN professionals.

TCN

Kenyan trainers- 2 trainers in February 06; 24 days per trainer

5 trainers in March 06; 24 days per trainer

5 trainers in April 06;24 days per trainer

3 trainers in May 06; 24days per trainer

Anne Chepkoech- 13 days; The expense will be billed in October 05

Michel Bourge- 50 days; The expense will be billed in October 05 and March 06

Rikki Agudah-12.50 days; The expense will be billed in October 05

Carlos Chivichon- 25 days; The expense will be billed in February 06

CCN

Jean Paul Rwagasana-2 days; October 05

Christian Kaningu-15 days; October 05

Pierre Habyarimana-30 [days](#); [December](#) 05

Celestin Nizeyimana- 23.5 days; December 05

Subcontractors

David Wainright-15 days; October 05; JE Austin

Mathias Bubser- 24 days; October 05; JE Austin

Jacques Ternoy- 23 days; October 05; JE Austin

II. Travel and Transportation

A. *International travel.* We have estimated the round-trip international business class airfare to Kigali from the U.S. to be \$6000, based on previous quotes. Monique Mitchell is scheduled to travel to Kigali in September 06 for close-out.

The current rate for Kigali-US roundtrips is \$2800.

Roundtrip flights from Kenya to Rwanda are budgeted at \$490. The Kenyan trainers will travel to Rwanda during the months of February and March.

Maurice Wiener will travel to Ethiopia in November 2005.

The “from post” travel costs for Anne Turner and her spouse are budgeted in December 05.

Carlos Chivichon will travel to Rwanda in February 2006. The ticket cost is estimated at \$8,000.

Monique Mitchell will travel to Rwanda in September 2006.

Maurice Wiener will return to his home of record in September 2006. The cost of the ticket is estimated at \$2800.

B. *In-country Travel.* All local travel will be in project owned vehicles.

C. *Ground Transfers.* The budget includes transportation costs to and from international airports. The cost is estimated at \$110 for U.S. airports and \$30 for international airports.

D. *Excess Baggage.* We estimate that Anne Turner, Maurice Wiener and their spouses will each need to bring one additional bag on their trip from post. In addition, we’ve budgeted for an additional bag for the project files during close-out.

E. *Household effects surface shipments.* We have included a charge for surface shipment, ocean freight, and packing and handling for Anne Turner and Maurice Wiener’s return from post.

F. *Air freight.* We have budgeted for Anne Turner and Maurice Wiener’s return to HOR. In addition, we’ve budgeted \$5000 for the cost of sending the project files back to the HO during close-out.

G. *Personally Owned Vehicle (POV) shipment.* A shipment costing \$3000 is budgeted in January for Anne Turner’s vehicle.

H. *Rest and Recuperation travel.* We have budgeted for one R&R travel for Anne and her spouse. They have completed the R&R travel, and the expense will be billed in October 2005.

I. *Home Leave.* Maurice Wiener and Anne Turner have completed their Home Leave travel.

III. Allowances

A. Post differential. In accordance with Section 920 of the Department of State Standard Regulations (DSSR), we have budgeted a 25 percent post differential rate. This rate is normally applied to all long-term expatriate base salaries, up to the ES-6 rate, and to short-term expatriate salaries after 42 consecutive days in country. There are no short-term assignments expected to qualify.

B. Temporary Quarters Subsistence Allowance (TQSA). We've budgeted 15 days of TQSA to cover Maurice Wiener and his spouse in September 2006.

C. Living Quarters Allowance (LQA). The rent for Anne and Maurice is \$1500/month. We have budgeted rent for Anne Turner up through the second week of January 2006 and for Maurice Wiener up through September 2006. The cost of keeping Anne Turner in the house is cheaper than providing TQSA for her and her spouse.

The budget includes an additional two weeks of rent in January 2006 to provide time for the project to paint and do repairs on the house in order to get the house back to its original condition.

A full month of utilities has been budgeted in January 2006 for Anne Turner's house to cover the cost of utilities used during the "make ready" process.

D. Guard Services. The cost for guard services for Maurice Wiener and Anne Turner's residences is \$611/month.

E. Post Allowance (COLA). Long-term expatriates and third-country national personnel in Kigali are eligible for COLA of post class 5. COLA is based on base salary, post class, and family size. We are providing COLA to Maurice Wiener and Anne Turner.

F. Per diem. The per diem budgeted is based on international travel and corresponding LOE days.

Per diem rates for subcontractors are captured in the Subcontractor ODC line items.

The per diem rate for the 5 Kenyan trainers who will each assist the project for three months beginning in February are set at \$13/day for M&IE. There is no lodging cost for the trainers.

No per diem rate is set for Michel Bourge who is living in Rwanda and budgeted to assist the project with 50 days of LOE.

IV. Other Direct Costs

A. Passports/visas. We include an estimate of \$100 per individual per trip to cover costs associated passport renewals for expatriate specialists.

The cost for passports and visa and fees for each of the Kenyan trainers is \$364.

The cost of a visa for Maurice Wiener's trip to Ethiopia is budgeted at \$60.

B. Medical examinations. We have budgeted \$100 per short-term and Home Office expatriate specialist per year.

The cost of medical exams per Kenyan trainers is \$50 as per previous medical exam costs.

Medical exams for Anne Turner and her spouse during repatriation is budgeted at the maximum allowed, \$300 per person.

C. Inoculations. Cost is based on the number of trips to the region by home office and short-term expatriate consultants. This is to provide for all necessary vaccinations required for entry to Rwanda. We have budgeted \$50 per international trip.

D. DBA and SOS insurance. We have budgeted the current 2.15 percent rate for DBA on salaries for our third-country national professional only as this cost is not included in the multiplier. Per the RAISE IQC contract, the cost of DBA insurance for U.S. expatriates is included in the fixed daily rate.

E. Office Equipment Maintenance. \$500/month has been budgeted.

F. Reproduction. We estimate \$130 per month for paper, copying charges, binding, and other costs associated with the reproduction of reports and reference materials.

G. Bank charges. The bank charges of \$400 per month reflect current costs for wire transfer charges and other allowable charges for foreign currency exchange.

H. Expendable supplies. We include an estimate of \$500 per month for office materials and other supplies.

I. Office rent and utilities. The lease for the office has been signed. The rent is \$2000 plus utilities/month up through September 2006. An extra month of utilities has been budgeted in September 06.

J. Editing, Translation. The budget includes a cost of \$900 in October 2005 to cover the translation of a document from French to English. An additional cost of \$2000 is included in September 2006 to cover the cost of translating the final report for the project.

K. Communications. This line item covers the cost of postage, international couriers, telephone, cellular phone, fax, and email/Internet services. Based on previous ADAR costs, we estimate a monthly cost of \$2,200 and a reduce in that amount to \$2,000 after Anne Turner's departure.

L. Technical Materials. A cost of \$2,000 is budgeted for September 2006 to cover the cost of producing a final report for the ADAR project.

M. Legal costs. We do not anticipate needing to budget for this line item.

N. Vehicle maintenance, operation, and fuel. We estimate a cost of \$2300 per month to cover vehicle maintenance and fuel. The cost increases to \$2500 during the months that the Kenyan trainers are in Rwanda(February 2006-May 2006) and decreases to \$1000 in the last four months of the project as the use of the four vehicles becomes limited to one or two vehicles.

O. Local support. It is anticipated that the local support staff will remain on the project up through September 2006.

P. Direct Fringe, Local professional and local support. Monthly medical coverage payments and social security are budgeted for all local staff.

Q. 13th month bonus. This line item is budgeted in month of December 2005. The bonus is equivalent to one month's payment of the salary at the time of receiving the bonus.

R. Severance Pay. We have budgeted for one month of severance pay for all long term local professional and support staff.

S. Direct Expat Fringe. Three months salary pay is budgeted in January 2006 for Anne Turner's severance package.

T. Fringe, TCN. As noted in our core RAISE IQC contract, fringe benefits for locally-hired or non-US personnel are not considered part of the multiplier. We have therefore applied Chemonics' corporate fringe rate of 44.00 percent to the long-term TCN fringe line.

U. War Risk Travel and Accident Insurance. This insurance is budgeted for ST expatriate and TCN international travelers.

The costs for subcontractor personnel are calculated in the Subcontractor ODC line items.

V. Equipment, Vehicles, and Freight

A. Freight. We have budgeted \$1800 to cover the cost of shipping samples of bird’s eye chili to investors abroad.

There are no further EVF purchases anticipated for the project.

VI. Training

No funds budgeted for this line item. We do not anticipate conducting training during this last year of the project.

VII. Grants

A total of \$34,000 is budgeted for this expense.

VIII. Subcontractors

A. Subcontractor Salaries. The subcontractors are ST TCN specialists. A multiplier is applied to their daily rate. Subcontractor LOE will be expended by the end of October 05. No LOE is programmed for year 2006 due to the reduced budget.

B. Subcontractor ODCs. This line item represents travel, per diem, and other direct costs budgeted for each of the two subcontractors included in the proposal. Travel and allowance costs are based on international travel and corresponding LOE allocation.

IX. General and Administrative

Chemonics’ most recent G&A rate, according to the latest NICRA, is 5.00 percent and is applied in this case to all Other Direct Costs.

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