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ADAR WORKPLAN 2005

ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE

January 2005

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ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE

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

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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.

WORKPLAN 2005

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LIST OF ACRONYMS

ABC	:	Agribusiness Center.
ADAR	:	Assistance à la Dynamisation de l'Agribusiness au Rwanda.
ANACAFE	:	National Coffee Association of Guatemala.
APROJUFUGI	:	Association de Producteurs de Jus de Gishoma.
BAMEX	:	Business and Market Expansion.
BDA	:	Business Development Advisor.
BEC	:	Bird's Eye Chile.
BK	:	Banque de Kigali.
BRD	:	Banque Rwandaise de Développement.
BSO	:	Business Support Organizations.
COOPAC	:	Coopérative pour la Promotion des Activités Café.
COTACACYA	:	Coopérative de Traitement et de Commercialisation de café à Cyangugu.
CQI	:	Coffee Quality Institute
CWS	:	Coffee Washing Station.
DCA	:	Development Credit Authority.
EAFCA	:	East African Fine Coffees Association.
EU	:	European Union.
FRSP/RPSF	:	Fédération Rwandaise du Secteur Privé / Rwanda Private Sector Federation.
FW	:	Fully Washed.
GOR	:	Government of Rwanda.
ICS	:	Internal Control System.
IR	:	Intermediate Result.
LOE	:	Level of Effort.
M&E	:	Monitoring and Evaluation.
MFI	:	Micro-Finance Institutions.
NGO	:	Non-government Organisation.
NYACO	:	Nyandungu Coffee Society.

OCIR Café	:	Office des Cultures Industrielles du Rwanda/Café.
PEARL	:	Partnership for Enhancing Agriculture in Rwanda through Linkages.
PIR	:	Project Intermediate Results.
RWACOF	:	Rwanda Coffee
SCAA	:	Specialty Coffee Association of America.
SGCSP	:	Small Grant Cost Sharing Program.
SLTC	:	Seven Lakes Trading Company.
SME	:	Small and Medium Enterprises.
SO7	:	Strategic Objective Number 7.
SOPYRWA	:	Société du Pyrèthre au Rwanda.
SORWATOM	:	Société Rwandaise de Traitement de Tomates.
SOW	:	Scope of Work.
TQM	:	Total Quality Management.
UBPR	:	Union des Banques Populaires du Rwanda
USAID	:	United States Agency for International Development.
USD	:	United States Dollars.
US-EPA	:	United States – Environmental Protection Agency.

INTRODUCTION

This report represents the fifth annual work plan 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 through November 2006 was exercised in December 2002.

This Work Plan covers the period from January 1, 2005 through December 31, 2005. As with the last three work plans, the ADAR contract team used a highly participatory process in developing this work plan by soliciting ideas concerning general orientations from clients and USAID. On December 2-3, 2004, the technical team conducted a planning session together with the Washington-based Chemonics project supervisor and USAID SO7 personnel. The individual members of the ADAR technical team prepared “Activity Identification Sheets” which identify the objective, activities, tasks, human resources required, participants targeted, relevance of the activity, expected results and required logistical support. They also provided a timeline that identifies beginning and end dates for programmed project technical assistance and training activities.

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 business development, environment and marketing.

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, birdseye 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 November 13, 2006. Chemonics International Inc. is the prime contractor, with J.E. Austin and Prime International as sub-contractors. Some changes occurred during the years 2002 and 2003, notably:

- Activities related to commodities with limited export potential were phased out. This includes French beans and Irish potato;
- A revised Monitoring and Evaluation (M&E) plan was elaborated in October 2002 with strategic changes in project monitoring of both individual impact and performance indicators;
- Project resources are focused on private sector activities rather than associations / cooperatives;
- A Small Grants Cost Sharing Program (SGCSP) was established in November 2002. Grants are now being extended to ADAR clients.

Phase II of the ADAR contract includes two long-term expatriate advisors and two counterpart local professionals. During the present year, an estimated 487 and 1808 days of LOE could be used respectively for short-term expatriate specialists and short-term local and regional specialists. This is only an indicative LOE as the activities have different levels of opportunities to be realized.

2. BRIEF NARRATIVE DESCRIPTION OF THE PLAN

This work plan will focus principally on further developing the technical assistance and agribusiness marketing activities that emerged since the beginning of the project. These activities include: development or improvement of processing techniques to reach the level of quality required for export, financial and administrative management as well as field level training, and international market opportunities through promotion of products, access to certification, study tours and participation in trade fairs and international agribusiness events.

Priority will be given to supporting private investors. Limited support may also be made available to associations/cooperatives in priority commodity areas that contribute directly to improving networks and strengthening project results.

Although a substantial effort has been made to program the contents and timing of ADAR interventions over the coming twelve months, it is also important to maintain a degree of flexibility to better respond to client needs, unanticipated opportunities and changing circumstances. Some changes to the programmed activities will certainly occur.

Coffee and *Horticulture* will continue to be priorities for 2005; they are the logical continuity of what was accomplished during the four last years of the project. ADAR will still concentrate resources on extensive and technical assistance in areas such as: 1) the construction /supervision /management /marketing of *Coffee* Washing Stations (CWS) and their products, and 2) increasing the quantities of targeted *horticultural* commodities that meet export quality standards - *passion fruit* and *birdseye chillie* - improving post harvest handling facilities and assisting promoters to begin exporting. ADAR will continue to have an active/reactive and hands-on approach with the introduction of new sectors - *processed tomato*, *honey* and *leather* - to make significant strides towards achieving the project's IR.

ADAR expects to play an important role in coffee through assisting the implementation of fourteen new coffee washing stations. With such a large number of investors and an expected increase in fully washed coffee production, ADAR will continue to work towards extending and strengthening the presence of Rwanda in the high quality coffee market.

The project will continue its technical assistance to SOPYRWA, the Rwandan *pyrethrum*-processing factory. ADAR may be involved in the expansion of Rwanda Flora, a *cut flower* export company. The project anticipates providing assistance to a new investor in the *tea* sector and to an existing factory for the introduction of a Specialty tea. *Business development* activities will be based on facilitation of agribusiness financing for clients. *Market information* will continue to be provided through the AgriBusiness Centre (ABC) and *communications* with a larger audience within Rwanda will serve to expand ADAR's name throughout the country. *Environment* will play a role by reinforcing sound crop production and processing, and *HIV/AIDS* initiatives should be incorporated into the project's program, as planned during the past year.

Summary Indicative LOE Table

Sector	ST Expatriate	TCN	ST Local
Coffee	136	1408	140
Horticulture	46	30	60
Food/Fruit Processing	140		20
Pyrethrum	30		
Tea	50		
Business Development		10	140
Environment	60		
Market Information	25		
Total LOE	487	1448	+ 360
		1808	

As stated above, this is an indicative LOE table. ADAR is a project where situations and opportunities are constantly changing, and remains flexible to become involved in activities which seem appropriate, such as expanding the coffee program for new CWS, delaying implementation of ISO 14000 at SOPYRWA until they have rehabilitated the refinery, or exploring new products for export: tomato paste, leather, essential oils or honey, which will be included in the program for 2005 following developments and contacts made last year.

3. PROGRAMMED INTERVENTIONS

3.1. The Coffee Sector

In 2005 coffee will remain a key sector of ADAR activities. Contact will be maintained with the five clients (including COOPAC) who received support during the two last seasons, further assistance will be given to approximately fourteen identified new investors, of which ten will begin operation this year in the areas of infrastructure development, processing, management and marketing. The number of Kenyan/Burundian master trainers recruited by the project to assist existing and new clients will increase from eight to fourteen. The project will use the services of a Burundian consultant during the harvest season to help the coffee expert in supervising the assisted washing stations.

The lessons learned in 2004 will be useful, as they will allow our clients to be more productive and deliver better quality coffee. The following elements will be recommended or taken into consideration:

- ✓ The necessity of improving cherry collection with the reinforcement of stronger supplier/processor relations;
- ✓ Improvement in infrastructure: installation of a flotation tank and construction of shaded pre-drying tables in each CWS to isolate diseased and insect-damaged beans;
- ✓ The promotion of alternative pulping machines using more economical and environmentally sound systems;
- ✓ The development of a stricter eligibility criteria for the placement of Kenyan/Burundian trainers and improving their monthly reports to be more reflective of the reality on the ground;
- ✓ The identification of all key CWS personnel prior to the start of the processing season; they will receive feedback concerning the results from the last two seasons, successes and continuing challenges;
- ✓ The reinforcement of efforts to promote the adoption of the cost accounting tool;
- ✓ The restarting of the program to use Quality Management tools, an activity to be re-launched by project staff in conjunction with CWS owners;
- ✓ The establishment of mini cupping labs in selected CWS assisted by the project to improve local cupping capacity;
- ✓ The requirement for each CWS to have a moisture meter ; and
- ✓ Efforts to comply with environmental norms.

Several major challenges will have to be addressed, notably (i) taking all necessary measures to cull damaged beans, implementing a rigorous system of traceability together with regular lot-cupping to minimize the incidence of the “potato taste” and (ii) insisting on more transparency and involvement on the part of the owners to better establish and control production costs.

During the first two years of project operations, ADAR activities in the coffee sector centered on establishing CWS infrastructure. In 2003 and 2004, CWS owners and staff learned the technical and managerial aspects of processing fully washed coffee, the capacity of the sector to analyze and control product quality was reinforced, and the project assisted its investors to market their coffees to the best advantage. In 2005, the project will maintain contact with its first four clients as they will no longer have a Kenyan master trainer placed at their stations; ADAR will continue to assist its clients in their second year of operation to improve quality, train new owners and staff to manage all aspects of fully washed coffee, and still support all the investors to market and sell their coffees.

Programmed Assistance to CWS in 2005

	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	Juvénal Nkusi	Kibungo - Sake	
5	COOPAC – Emmanuel Nzungize	Gisenyi - Nyamwenda	
CWS assisted by ADAR in 2004 for the first time			
6	Caferwa - Fustin Mbundu / 400	Gisenyi - Nkora	McKinnon
7	Théobald Bavugameshi / 120	Cyangugu - Gatare	
8	Eugène Ntagengerwa / 80	KIGALI NGALI - Ngenda	
Planned new CWS for 2005			
9	Chrysologue Kubwimana / 100	GISENYI - Kayove	McKinnon
10	Jean-Bosco Rukundo / 80	GITARAMA - Kamonyi	Toto
11	Alphonse Kayijuka / 100	CYANGUGU - Gatare	McKinnon
12	Inn. Mwumvaneza (Cotecacya) / 100	CYANGUGU - Bukunzi	Mc Kinnon
13	Nyaco2 (MM. Nkubili and Nkusi) / 100	BYUMBA - Muhura	Ecosistem
14	Nicolas Ndagijimana / 80	KIBUYE - Kibuye	Toto
15	MIG 1 (<i>Mutuelle d'Investiss. de GIKONGORO</i>) - Nyaruguru / 200		Pinhalense
16	MIG 2 (<i>Mutuelle d'Investiss. de GIKONGORO</i>) – Cyanika / 200		Pinhalense
17	Aphrodis Mugambira / 100	KIBUYE - Rusenyi	McKinnon
18	Anastase Nzirasano / 80	RUHENGARI - Bukonya	Toto
19	RWACOF / 200	KIGALI NGALI - Bicumbi	McKinnon
20	Christian Kangu / 80	GITARAMA - Kayenzi	Pinhalense
21	Pierre Munyura / 80	CYANGUGU - Gashonga	Toto
22	COFII / 100	GITARAMA - Ruyumba	Ecoistem

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

Activity 1: Providing technical assistance for CWS establishment

This year, ADAR will continue to provide assistance in CWS establishment in response to client demand. The project anticipates conducting up to eight technical and financial feasibility studies on behalf of local investors. The time required to conduct these studies is greatly reduced with 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.

The project will provide the same assistance to CWS establishment as during the last three years. This will include: site identification, construction supervision, identification of appropriate machinery, equipment installation and testing. The theoretical processing capacity of ADAR clients should increase by 260% (2004: 1200 tons of parchment coffee versus 3100 tons in 2005).

The project will use the services of a local CWS establishment specialist, and one qualified civil engineer who received ADAR-sponsored training in 2002 on the elaboration of computer-assisted designs for CWS establishment. ADAR will also use the services of an expatriate consultant to carry out the assessment of water availability at the CWS under construction to insure that there is an adequate water supply at each newly constructed CWS.

ADAR will continue to encourage private operators to share the costs for topographical reports, water analyses and infrastructure supply.

Activity 2: Providing assistance to assess water availability supply

Water is the key component of a coffee washing station. Both the quantity and quality of the water available are of crucial importance. From experience, the project has found that some of the stations which are already operational were not sufficiently ensuring adequate water supplies to allow for normal operations.

ADAR will use the services of an expatriate consultant to carry out an assessment of water resource availability at newly constructed coffee washing stations. This activity will insure that there is adequate water supply at these CWS.

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. It is in Rwanda's interest to take advantage of this type of technology, as well as others such as the "Pinhalense" used in Brazil and the "Penagos" in Colombia.

ADAR will help to introduce and disseminate these systems throughout Rwanda, so that investors can take advantage of their reduced water and electricity consumption. Two clients are interested in importing three of the "Ecosistem" machines used in Guatemala for their CWS and plan to use them for the 2005 coffee season. This system, once installed, will serve as a good example of how water and electricity usage can be reduced during coffee processing.

The project will use the services of a consultant to assess the coffee processing systems currently in place in order to (i) determine what adaptations will need to be made for the "Ecosistem" machines, (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.

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

The three ADAR clients who received their first year of assistance in 2004 will continue to have the services of highly qualified Kenyan CWS managers. This is to reinforce the support they provide as "master trainer advisers" during the coffee production season, and complete the training and coaching they initiated last year.

Because most lack experience in coffee processing or CWS management, the fourteen new CWS will benefit from the services of the Kenyan CWS managers, who will serve as master trainers in each new

CWS.¹ To complete the six Kenyans who were consultants for the project in 2004, new trainers were selected in Nairobi in December 2004 by the ADAR coffee expert and the operations manager after a thorough recruitment process based on the depth and breadth of their expertise. They will eventually be tasked with transferring their knowledge of all technical aspects of coffee processing, equipment maintenance and CWS organization to the Rwandan staff.

As occurred during the past two years, 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.

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 two years promoted knowledge transfer to Rwandan personnel, and it assumed leadership and responsibility for executing training instructions. The target group for this training will be the twelve coffee investors, together with the seventeen CWS local managers and their section chiefs for a total of approximately one hundred and twenty participants.

ADAR will use the service of a Burundian consultant to assist the project coffee expert. He will reinforce the technical supervision of the seventeen CWS to ensure that the same processing, maintenance and organizational procedures are taught in order to promote a uniform approach and permit the development of a common body of technical knowledge. The CWS instruction manual developed by ADAR will continue to be used by the new promoters as the basis for training. The Burundian consultant, together with the coffee expert, will be responsible for supervising the master trainers and for providing Total Quality Management (TQM), with the main objective being to reduce the amount of quality inconsistencies in the cup and to avoid the “potato taste” that can occur in the Rwandan coffee. He will elaborate tools and procedures to, assist in recruiting the local manager of each CWS, pay attention to the flotation process, fermentation and drying of parchment coffee as well as traceability of the beans.

¹ It is anticipated that two trainers will begin work at the CWS of Nkora and Kinunu on February 15, as the harvest starts earlier in the Gisenyi region where they are located. The other trainers will begin sometime during the period mid-to end-March, depending on when the new CWS become operational.

Activity 5: *Providing technical assistance for efficient quality control and monitoring at the CWS level*

In 2005, ADAR plans to assist CWS owners in strengthening the capacity of their staff in charge of quality control, and the two project clients most advanced in coffee processing plan to install a mini laboratory in their respective CWS with the support of the Small Grants Cost Sharing Program.

In order to provide the means to control the quality of coffee they produce, the project may use the services of an expatriate consultant from the Coffee Quality Institute (CQI), who will come to Rwanda during the season to set up equipment for quality control and monitoring (sample huller, sample roaster, moisture meters) at the two CWS, and train quality controllers at the new CWS laboratories as well as at selected CWS. The consultant will also assist OCIR Café to strengthen its quality control capability and help the testers to evaluate the numerous sample lots that will come from the CWS.

At the end of the mission of the consultant, it is expected that the trained staff will have developed a sound capacity to determine and characterize the quality of coffee produced at their CWS through liquoring. This will facilitate quality monitoring for all coffee lots produced at their washing stations from the beginning to the end of the season.

Objective 2: Improve quality coffee at farm level

Activity 1: *Providing training to coffee farmers in coffee production techniques*

ADAR will pursue its training program in coffee production which began in 2002 for the OCIR Café agents as well as agronomists employed by the CWS. In 2003 and 2004, Kenyan master trainers provided assistance on cherry selection and sorting and on pruning techniques of coffee bushes to farmer groups located in proximity to six of the CWS supported by the project, with the objective of producing and delivering high quality cherries to the CWS.

This year it is planned to use the services of a local consultant to assist a selected number of existing and new CWS to help coffee producers to improve coffee pruning techniques as well as insect and disease control, which is essential for high quality cherry production. The pruning will be done following harvest of the cherries, which in Rwanda corresponds with the June/July period.

Objective 3: Reinforce Rwandan coffee on the Specialty Coffee Market

ADAR objectives 1 and 2 emphasize increasing Rwandan coffee quality through improved processing and production. Objective 3 focuses on reinforcing market recognition of these quality improvements and marketing Rwandan Fully Washed (FW) coffees into the Premium and Specialty coffee markets at prices higher than those paid for commodity grade coffee, and on raising investors' awareness of certified organic production.

Marketing was a very important component in 2004. This is not surprising, given the nearly 200% increase in ADAR-assisted coffee processing over 2003. The intense marketing and promotion campaign that ADAR conducted in 2004 contributed to making this new origin known in Specialty coffee markets in the USA and Europe. When Rwanda produced around 40 tons of fully washed coffee in 2002, selling the coffee was not too difficult. The 320 tons produced in 2003 took more time to find a place on the quality market, as it was necessary to build up the name of Rwanda as a coffee origin. As a result, most of the coffee was not sold until December. Almost all of the 750 tons produced in 2004 were sold by the beginning of fourth quarter, attesting to the great progress that Rwanda has achieved in becoming known on the world quality coffee market.

Rwanda could likely produce approximately 1200 tons of FW coffee in 2005, compared to the 320 tons produced in 2003 and the 750 tons produced in 2004. The CWS assisted by ADAR should produce around half of the total. During 2005, the project will focus on the following activities to improve the recognition and standing of Rwandan FW coffees in international coffee markets.

Activity 1: Carrying out a study on conversion to organic coffee production and processing

Organic certification would add considerable value to Rwandan Specialty coffee, as well as opening up new markets. Rwandan producers are presently growing the crop using conventional systems, albeit with very little application of chemical fertilizers and pesticides. This provides room for possible conversion to organic coffee farming, and there is need, therefore, to develop strategies for them to convert to organic production systems. Moreover, Internal Control Systems (ICS) need to be in place for those coffee investors who procure cherries from small scale out-growers.

It is envisaged to use the services of an expatriate consultant who will examine the feasibility of conversion to organic coffee production and processing for a selected group of the project clients whose CWS as well as plantations can easily qualify for organic certification. For these coffee investors, the consultant will develop a strategy for them to do so. For investors who rely on cherries supplied by out-growers, the consultant will design a strategy on how to effectively set up and manage an Internal Control System, a key component of the organic certification process.

Activity 2: Carrying out market research for high quality coffee produced by ADAR's clients

In order to keep the momentum and exposure of Rwandan fully washed coffees during the 2004 buying season, ADAR sponsored a series of cupping tasting presentations from August to October in Seattle, San Francisco, New York and Chicago, where there are large concentrations of specialty coffee industry members. The presentations, conducted by the ADAR coffee marketing consultant, introduced the 2004 Rwandan coffee harvest to potential buyers and roasters who expressed great interest in buying more than eight containers.

Results achieved over the last two years in terms of sale of Specialty coffee are thus very encouraging and there is a need to continue in the same direction with the new clients to be assisted by the project in 2005.

The project will use the services of the same consultant engaged last year to organize a certain number of information sessions followed by cupping tasting presentations of Rwandan fully washed coffees at key locations in the USA.

Activity 3: Organizing coffee tours and visits to trade fairs

Study tours to learn about the opportunities of new niche markets, attendance and participation in trade shows, along with visits in Rwanda of potential buyers have been very important activities for the ADAR coffee clients since the beginning the project.

Organic certification would add considerable value to Rwandan specialty coffee, as well as opening up new markets. Coffee producers in Uganda have successfully been producing certified organic Arabica coffee for several years, and have provisionally agreed to allow Rwandan coffee investors to tour some of their organic coffee production projects. Plans have therefore been made to organize a study tour in

organic production areas in Uganda for a selected group of the project's clients interested in applying for organic certification. They will learn organic production and processing techniques, as well as how to set up and manage Internal Control Systems amongst the out-growers supplying their processing units. The services of an expatriate consultant living in Uganda will be used to conduct the mission.

In order to expose the future coffee exporters to the market, ADAR will sponsor the participation of some of its new clients at the second conference of EAFCA - the East African Fine Coffees Association - which will be held in Zambia in beginning of March, 2005. The conference will provide the attendees with an opportunity to visit coffee plantations and processing units, initiate commercial contacts, participate in seminars and gain a clearer idea of the competitive requirements of the Specialty and Gourmet markets. Other project clients assisted by ADAR will participate in mid April 2005 in the SCAA conference based this year in Seattle. This is the most important gathering in the Specialty coffee industry. Rwanda will have a presence at this conference through a booth, pre-conference invitations, press conferences, presentations, and networking at the social functions. ADAR will collaborate with OCIR Café and other donors/projects to facilitate these activities. In November, the project will sponsor a study tour in Central America for specific clients and especially in Costa-Rica to attend the Sintercafe conference which is a very important trade fair for Latin American coffees. ADAR will continue to partly sponsor visits of potential buyers who have shown significant interest in Rwandan coffees to the country during the harvesting season.

Objective 4: Improve organizational capacity of quality coffee producers

Activity 1: Providing technical assistance to strengthen the association of fully washed producers

As the number of fully washed coffee producers increases, and Rwandan coffee becomes increasingly known as high quality coffee on the international market, producers of fully washed coffee have felt the need to set up an association that will help to insure consistent progress of the fully washed coffee segment. Considering the rapid growth of the Specialty sector, and the limited experience in both production and marketing of fully washed coffee within Rwandan coffee industry, it is clear that considerable challenges face the newly created association of fully washed coffee producers.

It is therefore essential to provide some support to the association to insure it has a good start as well as satisfactory future performance.

The visit to the National Coffee Association of Guatemala (ANACAFE) in November was very useful for the Rwandan delegation who participated in the coffee study tour in Guatemala and Salvador. ANACAFE is considered an important component of the Guatemalan coffee sector, as it plays a pivotal role in providing policy advice to the government and rendering services to all stakeholders involved. The association has been able to develop a sense of belonging among Guatemalan growers, and its programs have proven to be effective and efficiently managed. In terms of joint collaboration, agreements have been reached between ANACAFE and the national government in different areas, including the setting of an export levy, obligatory membership and official representation at international conferences and negotiations. A quality certification program has also been introduced for Specialty, by which coffee is certified according to region, altitude and variety, among other criteria. ANACAFE also provides assistance to coffee producers when dealing with commercial banks regarding both long-term credit and crop financing. In providing this assistance, the association maintains a large computer database on each grower's coffee production and sales. This data, with the farmers' permission, is made available to commercial banks to help them assess loan applications. Through its social fund, ANACAFE also provides funds to help develop projects in rural areas, especially related to health, education and housing.

It is in this context that an expert from ANACAFE, specialized in organizational and operational aspects of associations grouping producers and exporters of high quality coffee, will come to Rwanda to share ideas with the local association of fully washed producers/exporters in order to strengthen its role.

COFFEE

OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Introduce Improved Processing Infrastructure, Techniques and improved CWS management</i>																
Activity 1: Providing technical assistance for CWS establishment	Fabien Nijimbere	(50) ²							●	----->						
			J.P. Rwagasana	40	●	----->										
			Christian Kaningu	100	●	----->										
Activity 2: Providing assistance to assess water availability at new CWS	Stephane Frisque	30					●	----->								
Activity 3: Providing technical assistance to install a model of new pulping machine	Carlos Chivichon	26					●	----->								
Activity 4: Providing supervision and training to operators and staff in wet processing techniques			Christophe Nkenguburundi	(120)	●	----->										
			17 Kenyan technicians	(1224) ³		●	----->									
Activity 5: Providing technical assistance for efficient quality control and monitoring at the CWS level	Expat from the Coffee Quality Institute (CQI)	(90)							●	----->						

² Figures in parenthesis are TCN.

³ This number is calculated as follows: 17 Kenyans x 3 months (24 days/month) = 1224days.

OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective2: Improve quality at field level</i>																
Activity 1: Providing training of trainers in production techniques			Kenyan consultant	(64)						●	→					
<i>Objective 3: Reinforce Rwanda coffee to the Specialty market</i>																
Activity 1: Carrying out a study on conversion to organic coffee production	1 Expat	20						●	→							
Activity 2: Carrying out market research for high quality coffee produced by ADAR clients	Kelly Peltier	30									●	→	→			
Activity 3: Organizing coffee tours and visits to trade fairs	2 Expats	20									●	→			●	→
<i>Objective 4: Improve organizational capacity of coffee quality oproducers</i>																
Activity 1: Providing technical assistance to strengthen the association of fully washed coffee producers	Expat	10							●	→						
TOTAL COFFEE LOE		136		140												

3.2. The Horticulture Sector

In 2004, the ADAR horticultural activities focused on working with producer cooperatives and farmers to improve the quantities of export quality products available through training and development of extension materials. The project continued to work with lead passion fruit farmers selected in 2003 in the Cyangugu province, providing them with training in improved production and post harvest handling practices on a regular basis. In so doing, the project encourages technology transfer to ensure product quality, towards the goal of developing market opportunities for Rwandan horticultural exports.

If significant volumes of quality passion fruit are produced during 2005, there is a good likelihood that fruit will be exported. A group of investors was identified for the development of production of *birdseye chillie* for export and new sectors such essential oils were identified as having potential for export.

During the coming year, the horticulture program will continue to focus on improving passion *fruit* production and post harvest handling techniques, and working on increasing the production throughout the year with the development of small scale irrigation systems. A forum will be conducted by ADAR to determine quantities of passion fruit which will be available and to promote increased production through dialogue with all operators. In the event that sufficient volumes of export quality fruit are produced, ADAR will raise the profile of the Rwandan product by sending samples to targeted EU importers. Special attention will be given to the *birdseye chillie* sector, working with the new investors to improve the quantity of high quality product for export, together with organic *essential oils*. Opportunities may occur during the coming year for ADAR to assist with the extension of the production of *cut flowers*.

Objective 1: Improve the quantity of export quality horticultural commodities at the field and post-harvest levels

Activity 1: Passion fruit - Providing technical assistance and training in production and field-level post harvest handling techniques and facilities for existing and new producers

Following the program put in place by ADAR in 2003 passion fruit producers in Cyangugu province are now using improved production techniques, and therefore are capable of entering into production of

export quality fruit. They need to receive updated training on a continuous basis, however, on improved production and handling especially pest management, particularly if and when new problems arise, selection (standards) of export quality fruit at harvest and improved handling techniques to reduce post harvest losses. The Butare producers are quite inexperienced in comparison, having undertaken passion fruit production for the first time in 2004, towards the goal of assuring sufficient passion fruit supplies to enable Shema Fruits to produce passion fruit products for both the local and export markets. This latter group therefore will need guidance in all steps of passion fruit production, albeit less insofar as post-harvest handling, given that fruit destined for processing does not require the same careful handling as does fruit destined for fresh export.

Passion fruit producers in the Cyangugu area will acquire the information and skills they need to produce and deliver export quality fruit to collection points in the province, which, if of sufficient quantities, will be transported to and exported from Kigali by an independent exporter. The Butare producers will successfully master passion fruit production and therefore serve as a guaranteed supplier of fruit for Shema Fruits.

ADAR will gather feedback on effectiveness of training, adequacy of knowledge disseminated and new information regarding production and harvest/post harvest handling problems which need to be investigated and incorporated into future extension activities.

Activity 2: Passion fruit - Increasing the quantity and availability of passion fruit throughout the year with the development of small scale irrigation systems

All passion fruit production in Rwanda is currently rain-fed, with only one fruit harvest season per year. Experience in Kenya and Zimbabwe has shown that up to three harvests per year can be achieved if irrigation is applied during dry periods; moreover, alleviating drought stress reduces plant susceptibility to diseases, which pose a major constraint to production in Rwanda.

Simple systems for water capture and delivery will be developed for passion fruit growers in the Cyangugu and Butare areas. If funding is found for their implementation, passion fruit production will be vastly improved, which will result in fresh fruit being available over a greater period of the year, making it more attractive for export markets in addition to alleviating shortages in supply of raw

material for Rwandan fruit processing factories. ADAR will use the services of an expatriate consultant to implement the development of small scale irrigation systems in the targeted regions.

Activity 3: Passion Fruit - Determining quantities of fruit available and promoting increased production through dialogue with all operators

Exports of passion fruit (fresh and processed) are constrained by the low supply of raw material (fruit), a situation exacerbated by high levels of passion fruit disease in Kigali-North and the stiff competition for fruit caused by Ugandan traders. As an example, Shema Fruits is unable to meet the demand for passion fruit purée by EU importers due to the high prices for and low availability of fruit in Rwandan markets over much of the year. In order to realistically plan for exports of fresh and/or processed passion fruit, there is need to gather information on the levels of production which can be expected in the near future. Moreover, passion fruit production needs to be increased, but via sustainable production techniques, as has been achieved in Cyangugu Province.

A “Passion Fruit Forum” will be organized by ADAR at the beginning of the year to enable all operators in the sector - producers, fruit processors, local authorities, donors - develop plans to work together in order to solve the problem of inadequate fruit supplies; information will be gathered on the amount of fruit Rwanda is likely to harvest during the 2005 season which in turn, will enable fruit processors and exporters to determine if/how to develop schemes for production and exportation of products. Plantings of new crops of passion fruit should be established in selected areas.

Activity 4: Providing assistance to producers of other horticulture crops for export

ADAR policy is to expand the range of commodities exported as this provides a stronger basis for the export horticulture industry. BirdsEye Chillie (BEC) and essential oils lend themselves to smallholder production, unlike many commodities.

From production of *Birdseye chillie* that took place in and around Butare in 2003/2004, it has been shown that the crop can be produced; to have an export quality crop for the food (as opposed to industrial) market, will require very strict monitoring at each stage in the process.

In 2004 a group of four investors was selected by ADAR. They will be assisted throughout the year by the Horticulture and Commodity Development Specialist and the Horticulture Agronomist of the project to help produce a high quality crop of BirdsEye Chillie and identify profitable markets. They will also be assisted by an expatriate specialized in water management to assess the potential of installing irrigation systems. As the entrepreneurs / associations master the production and processing of the crop, the amount of production will be increased so that the volumes of export quality chillies will be sufficient to meet importers (South Africa and/or EU) demand.

The ADAR horticulture team will also be involved in the development of the production of certified organic *essential oils*, especially *geranium and eucalyptus*. During the ADAR sponsored study conducted in 2002, certified organic essential oils were identified as having high potential for production in Rwanda. World Relief and Solace Industries have established “bourbon” geranium plantations with associations in Byumba and Gasabo, and a survey sponsored by ADAR was conducted in 2004 to identify the sites where the eucalyptus species of interest (for essential oil) exists in high concentrations in Rwanda. To achieve the price premium offered for certified organic essential oils, these producers associations need training in organic production techniques in order to qualify for organic certification. It is planned to organize two training sessions of two days each in March.

Objective 2: Improve post harvest handling of clients’ horticulture products

Activity 1: Providing technical assistance and training in the drying, grading and packaging of Birdseye Chillies

For Birdseye Chillies to be sold on the export food (as opposed to industrial) market, it must be dried properly to avoid aflatoxin and microbial contamination. Given Rwanda’s relatively humid climate, this is best achieved using some form of assisted (as opposed to open air) solar drying. Solar tunnel dryers have proven to be effective for producing high quality dried BEC in other parts of the world, and therefore should be suitable for ADAR’s clients’ chillies.

ADAR will use the services of an expatriate consultant in July or August to install the dryers and train clients’ staff on how to operate them properly, including hygienic practices. It will enable the BEC clients’ staff to gain the skills and knowledge they need to produce export quality dried chillies for human consumption.

HORTICULTURE

OBJECTIVE / ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Improve the quantity of export quality horticultural commodities at the field and post harvest levels</i>																
Activity 1: Passion fruit - Providing technical assistance and training in production and post harvesting handling techniques.			P. C. Habyarimana	45	●	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Activity 2: Passion fruit - Increasing the quantity and availability of passion fruit with development of small scale irrigation systems	Stephane Frisque	30						↔				↔				
Activity 3: Passion fruit - Determining quantities of fruit available and promote increased production			P. C. Habyarimana	15		●										
Activity 4: Providing assistance to producers of other horticultural crops -Birds eye chillie and essential oils	George Osure	(30)						●	-----							
<i>Objective 2: Improve Post-Harvest Handling of Clients' Horticultural Products</i>																
Activity 1: Providing technical assistance and training in the drying, grading and packaging of birds eye chillie	Expat	16										↔				
TOTAL HORTICULTURE LOE		46		60												

3.3. Food Processing

Over the past two years, ADAR has been assisting one client to improve jam quality as well as develop new recipes; the project also assisted another client to implement a soybean flourmill. Last year, honey was identified as a potential product for export.

During the coming year, ADAR will continue its activities in the food processing sector by developing options for export, as well for the local and regional markets.

Objective 1: Develop Processing Options for Export

Activity 1: Improving the quality of processed fruit products and developing products for export

A consultancy conducted in October 2003 for Shema Fruits, an ADAR client producing fruit juice and jams, revealed that the company has the potential to produce high quality processed fruit products, including passion fruit purée which could be exported to the EU. Trial exports of purée in October 2004 were well received by importers, who were interested in placing orders for large quantities of the product. Shema Fruits will need additional technical assistance, particularly after they have moved into their new facility (scheduled to occur in 2005), to further improve the quality of their products as well as develop new ones. It is planned to use the services of the same expatriate consultant who was engaged in 2003 to help staff at Shema Fruits develop new recipes as well as learn how to further streamline their operations so as to increase their product range, product quality and overall profitability.

Activity 2: Providing assistance for establishment of a Honey Residue Monitoring Scheme and training on improved beekeeping and honey harvesting practices

A study conducted in July 2004 by ADAR indicated that Rwanda has potential to export a “niche” honey collected from the natural forests to high value markets in the EU, South Africa, etc. For the EU market, a Residue Monitoring Scheme must be put into place in order for Rwanda to join the EU’s list of ‘Third Countries’ from which honey can be imported. The Residue Monitoring Scheme assures importers that the honey is not contaminated with pesticides, bee diseases, parasitic mites and/or antibiotics. ADAR will therefore engage a consultant to come to Rwanda to develop the Residue Monitoring Scheme, most likely in the first quarter of 2005.

Current beekeeping and honey production practices in Rwanda do not result in an export quality product. Rwandan beekeepers therefore need training in such areas as: sustainable beekeeping, proper honey harvesting, how to maintain honey quality, how to separate honey from beeswax, how to render beeswax, how to make simple beekeeping clothing and equipment, etc. The project will use the services of an expatriate consultant during the second quarter to train trainers on the techniques stated above. Selected beekeepers will master improved beekeeping and honey production techniques, which they will in turn extend to beekeepers in targeted zones. It is expected that quality of honey harvested by these beekeepers should be improved and be acceptable on the export market place.

Objective 2: Develop processing options for the local and sub-regional market

Activity 1: Providing assistance to install Unimix manufacturing equipment in a factory and training factory personnel in equipment operation

The feasibility of a factory to produce soybean and maize-based nutritional supplements in Rwanda was firmly established as being a profitable venture in 2003, and a business plan for the operation was subsequently developed by ADAR. Due to requirements of the lending facilities, however, the business plan had to be revised (including English translation), and the updated business plan was not completed until October 2004. The company is now in a position to apply for the necessary financing, and it is anticipated this will be achieved in 2005. An expatriate consultant will be engaged to come to Rwanda to get the factory up and running insofar as equipment installation and staff training. If successful, Rwanda will become a producer of Unimix which is in high demand throughout the region (Burundi and DR Congo, in addition to Rwanda), and demand for soybean and maize to supply the factory will significantly increase thereby providing many farmers with a new source of cash.

Activity 2: Improving the quality of processed fruit products for local and regional markets

APROJUFUGI, a cooperative which is an ADAR client in Cyangugu, acquired state of the art fruit processing equipment through the Netherlands Embassy, which they are using to produce juice and concentrate for the local market. Given the potential they now have for producing high quality products, they would like to learn how to consistently produce, under conditions that meet ISO9000/HACCP requirements, export quality juice, concentrate and other fruit-based products.

The project will use the services of an expatriate consultant to train staff at the cooperative to master fruit processing techniques, and acquire ISO/HACCP certification, which will enable them to attempt to place their products on regional and eventually overseas markets.

Activity 3: Improving the operations of a tomato processing factory and commercialization of their product domestically and regionally.

Late in 2004, ADAR received a request from SORWATOM, a Rwandan tomato paste factory which was recently rehabilitated following damage incurred in the 1994 genocide, for technical assistance in a number of different areas. They have purchased new packaging equipment which will enable them to sell tomato paste in plasticized aluminium tubes, thereby reducing production and transport costs, and have hopes of expanding to the regional market. SORWATOM needs expatriate technical expertise to install the equipment and train staff in operation of same, an activity which will be supported by ADAR. The consultant hired for this task shall also investigate the possibility of the company's undertaking production of tomato sauce (ketchup) in addition to tomato paste.

Another consultancy scheduled for SORWATOM is for an industrial engineer to conduct a general technical audit of the all factory equipment and operations. This will enable the company to be assured that the factory rehabilitation, in addition to new equipment installation, has been performed properly and that the factory is in a position to become fully operational in 2005. Finally, to ensure that their products are both hygienically produced and of a consistent quality, a specialist on tomato processing will be brought to Rwanda to study SORWATOM's operations and develop a sound quality control system.

SORWATOM would also like assistance in positioning its product on local as well as regional markets; ADAR will therefore help the company to develop promotional materials, as well as to improve the attractiveness of product labelling.

FOOD PROCESSING																
OBJECTIVE / ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Develop Processing Options for Export</i>																
Activity 1: Improving the quality of processed fruit products and developing products for export	Expat	16												→		
Activity 2: Providing assistance for establishment of a Honey Residue Monitoring Scheme and training on improved beekeeping and honey harvesting practices	Expat	14												→		
<i>Objective 2: Develop Processing Options for the Local and Sub Regional Markets</i>																
Activity 1: Providing assistance to install UNIMIX manufacturing equipment in factory and training of factory personnel	Expat	30							→							
Activity 2: Improving the quality of processed fruit products for local and regional markets - APROJUFUGI	Expat	20	Dominique Nkunda	20							→					
Activity 3: Improving the operations of a tomato processing factory and commercialization of their product domestically and regionally	3 Expats	60					→	→			→					
TOTAL FOOD PROCESSING LOE		140		20												

3.4. The Pyrethrum Sector

Following from ADAR's close involvement since the beginning of the project in renovating various components of SOPYRWA, the pyrethrum processing facility of Rwanda, ADAR assisted the company with the implementation of a marketing strategy based on future diversification and distribution of the products which can be made from pyrethrum flowers. The effectiveness and impact of the project's assistance during the past year will be confirmed when the refining unit is repaired. This had previously been expected to take place in 2004, but a nation-wide power crisis adversely affected pyrethrum processing last year, hence the refinery is now programmed to be operational by mid 2005. Two activities that were planned for last year have, as a result, been re-scheduled for the coming year.

Objective 1: Improve Product Quality

Activity 1: Providing additional assistance to rehabilitate the refining unit

ADAR will continue to provide assistance for the renovation of the factory's refining unit. As soon as the equipment which has been ordered arrives in Rwanda, ADAR's industrial processing consultant will carry out a mission to install and test the equipment, and train the technicians who will be responsible for its operation. This activity is envisaged to take place during the second quarter.

Activity 2: Providing additional assistance to the renovated quality control laboratory

Based upon the success of the laboratory rehabilitation in 2003, it was recommended that SOPRYWA further expand and upgrade its laboratory's capacities through the acquisition and installation of new equipment that will be needed when the refining unit becomes operational.

ADAR is therefore planning to engage Dr. Stafford Head to install and train staff in the use of equipment that will allow a more precise analysis of the refined pyrethrum. This will assist also in quality control and in the selection of planting material through identification of germplasm containing superior levels of pyrethrum.

During the last two years Dr. Head provided the advisory services which helped SOPYRWA get the laboratories working again, as well as trained the technical staff in analytical methods.

PYRETHRUM																
OBJECTIVE / ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Improve Product Quality</i>																
Activity 1: Providing additional assistance to the rehabilitation of the refining unit	Richard Binnington	20					● →									
Activity 2: Providing additional assistance to the renovated quality control laboratory	Stafford Head	10									● →					
TOTAL PYRETHRUM LOE		30														

3.5. The Tea Sector

Despite the slow speed of the privatization process, ADAR has developed a certain number of studies in the tea sector since the beginning of project activities. The project has undertaken an asset evaluation of three factories and their respective plantations, provided assistance on an environmental impact assessment for the private company SORWATHE, realized a pre-feasibility study for a tea plantation and factory on behalf of a local investor, and last year implemented a study for the manufacture of Orthodox tea (a Specialty tea) in Rwanda.

In 2005, due to ongoing privatization and requests from potential investors, ADAR will exercise some flexibility to better respond to this sector's needs, unanticipated opportunities and changing circumstances. The project will focus on development and improvement of processing options.

Objective 1: Develop or improve processing options

Activity 1: Conducting a feasibility study for the construction of a tea unit

In 2004, the project was contacted by a local investor requesting an analysis of the suitability of the Nshili Kivu tea plantation in the province of Gikongoro for privatization and the feasibility of building a tea factory at the site. Nshili-Kivu is an attractive estate of 965 hectares of industrial block tea first planted in 1982, though abandoned and partially damaged in 1994. Rehabilitation and further planting has been undertaken since 1995. Suitable land for planting an additional 400-450 hectares of tea is reported to exist.

Depending on the commitment of the investor to realize his project, ADAR may use the services of an expatriate consultant to conduct a feasibility study for the construction of a factory and implement a technical/financial analysis of this venture.

Activity 2: Providing technical assistance to set up the Orthodox tea production

A study conducted by ADAR in 2004 revealed that Orthodox tea technology can be adapted to Rwandan conditions to produce specialty teas for niche marketing. Field conditions are generally favorable: the climate is seasonal with a two rainy periods and a three month dry season.

Seasonality tends to promote a quality period of slow growth that can be exploited using the Orthodox manufacturing process, and there is a good demand for this product on the international market.

If the Gisovu estate, which has the potential to produce very high quality Orthodox tea, is interested in making the investment for the manufacturing of Orthodox tea, the project will use the services of the same consultant engaged in 2004 to install equipment and train technical staff.

TEA																
OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Develop or Improve processing options</i>																
Activity 1: Conducting feasibility study for the construction of a tea unit	Expat	25											● →			
Activity 2: Providing technical assistance to set up the Orthodox tea production	Nigel Melican	25							● →							
TOTAL TEA LOE		50														

3.6. Cross Cutting Activities

3.6.1. Business Development

“Business Development” will still remain a key component of the project during 2005. Many of the programmed activities discussed in previous sections have touched upon ADAR interventions in this area. The project’s Business Development Advisor (BDA) will provide personal assistance to agribusiness investors on access to financing, and it will carry on the supervision of the Small Grant Cost Sharing Program which started in 2003 and has approved to date eight grants for a total of USD 166,970. Improvement of financial management tools could be developed in the coming year.

The activities described in this section are those which involve initiatives that equally concern all sub-sectors in which the project is involved.

Objective 1: Facilitate ADAR’s Clients’ Access to Financing

Activity 1: Providing assistance for elaboration of feasibility studies and business plans

Activity 2: Developing workshops on financing the agribusiness sector for the banks which are outside Kigali

Activity 3: Organizing a DCA study tour in Uganda

Activity 4: Facilitating the introduction of a micro-finance system in the coffee sector

Activity 5: Continuing the Small Grant Cost Sharing Program

ADAR will maintain sufficient flexibility to accommodate requests for services from operators coming from the agribusiness community at large. The BDA will continue to play a leading role in the implementation of feasibility studies and business plans for new coffee washing stations and for other sub-sectors, and he will act as an intermediary between project clients and banks or other donors to facilitate access to financing.

When a request for financing a project to be located outside of Kigali is submitted to a bank, it is first sent to the appropriate local branch of the bank for study. This situation applies for nearly all of the CWS assisted by the project. It is therefore important for the managers of these bank branches to be familiar with the activities surrounding the agribusiness sector, and in particular with those linked to coffee processing. ADAR may organize workshops in 2005 to sensitize these branch managers on the importance of giving positive consideration to applications for financing agribusiness activities.

The approval of the DCA⁴ program by USAID Washington and the Bank of Kigali (BK) in 2004 had an impact on the development of credit availability for the agribusiness sector in Rwanda. ADAR played a major role in the implementation of the program. Seven loans were approved for project's clients in the coffee sector for a total amount of USD 1,534,000 including investment and working capital. This program is very successful in Uganda and it is envisaged to organize a study tour in Kampala for the persons concerned with the DCA (BK credit officers, selected ADAR clients, USAID Rwanda team) in order for them have a better understanding of the process.

In order to reinforce the link between the coffee cherry producers and the CWS owners, ADAR will facilitate the development of establishing Micro-Finance Institutions (MFI) in close proximity to CWS, as per the recommendations given in the feasibility studies prepared by the project. It is envisaged that ADAR will be involved in the implementation of a three party financial diagram – ADAR, CWS owners and coffee cherry producers - at two selected CWS; these will serve as models to be followed in the future for other washing stations. The BDA will act as the facilitator between the CWS owners and the MFI.

Concerning the Small Grant Cost Sharing Program, the BDA will continue to manage the fund and monitor the grant process, oversee each disbursement, and evaluate grant outputs. The project anticipates disbursing approximately USD 150,000 for the coming year.

⁴ The function of the DCA guarantee program is to encourage banks to extend credit to marginal agribusiness clients who have a sensible business plan, but may lack the collateral that Rwandan banks seek. The USAID/Rwanda mission is stimulating a USD 2 million in BK debt financing through a USD 1 million 50% last lost guarantee facilities. This lending may take form of an investment or working capital, depending on the needs of the investor.

Objective 2: Develop Financial Management Skills

Activity 1: Providing technical assistance to implement cost accounting systems

ADAR will continue to use its cost accounting training module specifically designed for CWS. The module was introduced successfully in 2003 to the four first CWS assisted by the project. It covers the most important aspects of cost accounting, including raw material supply, throughput, processed product, personnel record keeping, equipment maintenance and management of consumable supplies. The application of the aforementioned module permitted a detailed estimate of the cost of production for those four stations.

As per the two last years, the module will serve as the basis for training the CWS accountants during the early part of the season. The project will organize a seminar in February to explain the various aspects of the module to the new CWS representatives, and will provide the same type of assistance, namely training of the CWS accountants and monitoring their performance in the field, but this time using a simple but complete management system in order to be able to produce a full financial account at the end of each coffee season. In cases where weak involvement of and lack of interest on the part of CWS staff are found, the project will cease to provide this assistance to the accountant.

ADAR plans to produce a global evaluation of the financial activities of each CWS over the two year period, using a table format which details volumes produced, quality of same and sales by grade category, for submission to the investors as a summary of and conclusion to project's assistance.

Activity 2: Improving accounting and management system

To reinforce the efficiency and ensure the sustainability of the cost accounting module, ADAR will provide technical assistance in computerizing this module by integrating additional management tools, such as labor allocation, follow-up of coffee yield, etc.

The project will use the services of an expatriate consultant to train a local consultant to implement the system in the selected CWS. This tool has been successfully used in Burundi at specific CWS; employing it in Rwanda will enable the project's clients to have a data base for the administration of their CWS and to be fully on top of all aspects of station management.

BUSINESS DEVELOPMENT

à Most of these activities will be done by the Business Development Advisor (BDA) of ADAR

OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING												
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December	
Objective 1: Facilitate ADAR client Access to Financing																	
Activity 1: Providing assistance for elaboration of feasibility and business plans					●	----->											
Task to be developed:																	
1. Elaboration of SOW			ADAR BDA				●	----->									
2. Follow up the request for approval								●	----->								
3. Follow up consultants service hiring										●	----->						
4. Follow up study implementation						●	----->			●	----->						
Activity 2: organizing workshops on bank's conditions for agribusiness financing																	
Tasks to be developed:																	
1. Contacts for meeting preparation			ADAR BDA							●	----->						
2. Workshop preparation and execution												●	----->				
Activity 3: Organizing a DCA tour in Uganda																	
Activity 4: Facilitating the introduction of a micro-finance system in the coffee sector			Local	20	●	----->											
1. Identify Micro Finance Institutions					●	----->											
2. Recruitment of Consultant						●	----->										
3. Meetings on the field with MFI partners							●	----->									
4. Follow-up of implementation system																●	----->

OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING												
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December	
Activity 5: Continuing the Small Grant Cost Sharing Program			ADAR BDA		●	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Objective 2: Develop Financial Management Skills																	
Activity 1: Providing technical assistance to implement cost accounting system			Célestin Nizeyimana	100		●	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Activity 2: Improving accounting and management system	Franc. Sihimbiro	(10)	Célestin Nizeyimana	20													
Tasks to be developed:																	
1. Provide a computerized model						●	.....									
2. Train selected CWS							●	.....								
TOTAL BUSINESS DEVELOPMENT LOE				140													

3.6.2. Environment

Since the beginning of its activities, ADAR has been strongly involved in conducting an environmental analysis of agribusiness activities in Rwanda and in assessing the environmental impact the coffee washing stations assisted by the project.

This coming year, the following objectives should be accomplished: reinforcing sustainable crop production and ensuring environmental soundness of ADAR projects.

Objective 1: Reinforce environmentally sound production

Activity: Providing training on Integrated Pest Management

Integrated pest management is for the most part unknown by most Rwandan farmers. Some of the producers of export commodities have been found to use banned pesticides and/or follow unsafe/environmentally unsustainable pesticide handling practices. This results in health-risks to farmers, exacerbation of many pest problems and poses the risk of products being rejected in EU markets if pesticide residues are detected.

From IPM training conducted in previous years, the results include reduced pesticide use on crops with resultant benefits to the environment (increase in natural enemies, lower risk of pesticide resistance developing) as well as ensuring products meet EU and other standards in terms of pesticide residues. Additionally, producers developed the ability to correctly identify problems and apply appropriate solutions, as well as employ good preventative strategies.

The ADAR horticulture team will continue to provide training to associations producing selected crops, and nursery managers supplying them with seedlings.

Objective 2: Ensure environmental soundness of ADAR projects

Activity 1: Preparing the terms of reference for a consultant specialized in a specific sector to conduct assessments of the environmental impact of ADAR-assisted projects

Many of the projects assisted by ADAR may potentially impact environmental (physical and biological) systems. A study to assess this impact was conducted in 2002, and there is need for more in depth analyses to be conducted for both existing and new project-assisted activities. Given that ADAR staff lack the necessary expertise to develop the terms of reference for these consultancies, an environmental specialist from the Chemonics' Washington office will come to Rwanda for this purpose, and specifically for project-assisted coffee washing stations, SOPYRWA and a tannery.

The terms of reference to be developed will enable ADAR to recruit and hire consultants with the requisite expertise to determine how project-assisted activities are impacting the environment, and what changes, if any need to be made in order to ensure environmentally and socially responsible operations.

Activity 2: Providing training in health and safety issues

Pyrethrum extraction involves the transport, milling and storage of large volumes of dried flowers in preparation for the distillation process, and it entails the manipulation of highly flammable and toxic solvents.

SOPYRWA is planning to undertake some fundamental improvements in health and safety management, to establish procedures and provide training, and to put in place a system to record accidents and assign responsibility for corrective action. The company plans to implement ISO 14000 activities starting in 2005, after the refinery is back in production.

ADAR will identify a consultant to work directly with the plant to improve its conformance with international norms and to minimize risks to the factory's personnel and contamination of the environment.

Activity 3: Providing assistance to a tannery

There is an enormous global demand for hides and leather, and Rwanda has the potential to tap this international market. In order to both prevent adverse effects on the environment and make its products acceptable to the international community at large, the country's one and only tannery needs to upgrade its water treatment plant as well as its system for disposal of solid wastes.

Through the services of an expatriate consultant, ADAR will be providing assistance to this new client, the SABAN tannery, so that they can upgrade their water treatment plant to comply with environmental protection standards and be accepted internationally. The tannery's operations should be modified so as to ensure no risk of causing environmental pollution or threats to the health of its workers and the surrounding community.

Activity 4: Training course to Improve BSO Services and SME performance through Cleaner Production

As part of its strategy to ensure all around sustainability of agribusiness development, ADAR may organize a course focused on Cleaner Production (CP) as a management technique to improve the efficiency and financial stability of Small and Medium Enterprises (SME).

The course, which would be delivered by expatriate consultants specialized in this area, motivates CP from and teaches to the business case. Business Support Organizations (BSOs), government and NGO's will learn how to integrate CP concepts into their interactions with Small and Medium Enterprises (SMEs) to motivate such integration.

The course will be held over a five day period in July, with the participants being comprised of selected ADAR clients, together with some representatives from the GOR and other USAID implementing partners. The training should result in substantially improved economic, environmental and social sustainability of the agribusiness sector.

3.6.3. HIV/AIDS

Activity: *Establishing HIV/AIDS workplace programs with selected ADAR clients.*

A consultancy was conducted by an HIV/AIDS specialist in July 2004 to investigate ways ADAR could incorporate HIV/AIDS activities into the project's program. After visiting several organizations involved in the fight against HIV/AIDS in Rwanda as well learning about ADAR activities, the consultant developed a proposal for workplace based programs to be established at selected ADAR client's operations.

With guidance from Chemonics' International Health Group, ADAR will contract an NGO which has experience working on HIV/AIDS issues to establish workplace based programs at SOPYRWA, Shema Fruits and the Masaka CWS, most likely beginning in the second quarter of 2005.

3.6.4. Market information and Communication

During the coming year, ADAR will continue to mail and distribute its Market Information Bulletin and Newsletter, provide individualized research in response to demands from more clients and also continue to work on ways to expand the outreach of the AgriBusiness Centre (ABC) and of the project. Particular emphasis will be placed on using the media for dissemination of information - articles in the local business press and radio programs focusing on agribusiness development issues. The ABC will update the ADAR Agribusiness Directory during the first quarter of the year.

Objective 1: Expand the outreach of the ABC

Activity: *Developing a market information centre*

In order to further expand the outreach of the ABC, and particularly to develop new ways to diffuse market information, ADAR aims to create a state-of-the-art market information center with access to key web sites such as ITC, Regional Agricultural Trade, and Trade in Africa. ADAR will disseminate information and perhaps more importantly, make it available for any ABC member who wants to come to get a hard copy in person. They will be able to have access to prices in quasi-real time and to market

analyses illustrating trends and opportunities. Based on the example of the Chemonics' BAMEX (Business and Market Expansion) project in Madagascar, consultants and brokers representing ADAR in Europe, the USA and South Africa should be able to watch market evolutions to alert Rwandan enterprises about interesting opportunities and help them conclude profitable deals.

It is envisaged to use the services of the expatriate consultant who helped set up the Market Information Centre in Madagascar to set up this program.

In another vein, ADAR intends to work closely with local institutions such as FSRP, the Rwandan Federation of the Private sector, which is under reorganization. ADAR will continue also to be involved in the issue of marketing, for example assisting its clients with booth design for trade fairs, improving packaging, developing brochures for specific clients, and finding new market channels.

As per last year, a team building exercise weekend with all project staff will be led by the COP, most likely during the second quarter.

ENVIRONMENT																
OBJECTIVE/ACTIVITY	HUMAN RESOURCES				TIMING											
	Expat	Nr of days	Local	Nr of days	January	February	March	April	May	June	July	August	September	October	November	December
<i>Objective 1: Reinforce environmentally sound crop production</i>																
Activity: Providing training on integrated pest management (IPM)			ADAR					●→					●→			
<i>Objective 2: Introduce environmentally sound design in the ADAR projects</i>																
Activity 1: Preparing the terms of reference for a consultant specialized in a specific sector to conduct assessments of the environmental impact of ADAR assisted projects.	Dave Gibson	10					●→									
Activity 2: Providing training in health and safety issues	Expat	20										●→				
Activity 3: Providing assistance to a tannery	Expat	20						●→								
Activity 4: Providing training to improve BSO services and SME performance through cleaner production	Expat	10									●→					
TOTAL ENVIRONMENT LOE		60														

MARKET INFORMATION																
<i>Objective 1: Expanding the outreach of the ABC</i>																
Activity: Developing a market information centre	Expat	25														
TOTAL MARKET INFORMATION LOE		25														