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RWANDA

USAID POST-HARVEST HANDLING AND STORAGE PROJECT (PHHS)



Traditional maize grain store in Kirehe



Wheat terraces in Gicumbi



Farmer threshing sorghum in Kirehe

Quarterly Progress Report
April - June 2010

RWANDA POST-HARVEST HANDLING AND STORAGE QUARTERLY PROGRESS REPORT

PROJECT # EEM-I-00-07-00006-00
Task Order 09

July 2010

This publication was produced for review by the United States Agency for International Development and prepared by CARANA Corporation

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ACRONYMS & ABBREVIATIONS

AMIR	Association of Microfinance Institutions in Rwanda
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
BPR	Banque Populaire du Rwanda
CAF	Caisse des Affaires Financières
COACLMA	Coopérative des Agriculteurs des Céréales et Légumineuses de Mahama
COAMV	Coopérative des Agriculteurs des Maïs dans la Zone des Volcans
COODAF	Coopérative de Development Agricole, Elevage et Forestier
COMPETE	USAID Competitiveness and Trade Expansion Program
COPRORIZ	Coopérative de Producteurs de Riz
DfID	Department for International Development
EAGC	East African Grain Council
ENAS	Entreprise Nkubili Alfred and Sons
GoR	Government of Rwanda
Ha	Hectare
IBYZA BIRI IMBERE	Maize cooperative in Kirehe
IFDC CATALIST	International Center for Soil Fertility and Agricultural Development Catalyze Accelerated Agricultural Intensification for Social and Environmental Stability
IMF	Institution de Microfinance
MAPROCUGA	Maize Producers Cooperatives Union of Gatsibo
MFI	Microfinance Institution
MINAGRI	Ministry of Agriculture and Animal Resources
MINICOM	Ministry of Commerce
MLI	USAID Market Linkage Initiative
MT	Metric Ton
NGO	Non-Governmental Organization
P4P	Purchase for Progress (World Food Programme)
PHHS	USAID Post-Harvest Handling and Storage project
PMP	Performance Monitoring Plan
RDO	Rwanda Development Organization

RGCC	Rwanda Grain and Cereal Corporation
RIF II	Rural Investment Facility
RWF	Rwandan Franc
TOT	Training of Trainers
UCORIBU	Union des Cooperatives Rizicoles de Butare
UOB	Urwego Opportunity Bank
USAID	United States Agency for International Development
WFP	World Food Programme

I. EXECUTIVE SUMMARY

The USAID Post-Harvest Handling and Storage (PHHS) project began activities in Rwanda in September 2009. The project's goal is to improve food security in Rwanda by linking producers of staple crops, who have surplus produce, to markets. Over its 2.5 year duration, the PHHS project will work with private sector agribusiness firms and processors to reduce post-harvest losses through investment in post-harvest infrastructure and process improvement, including crop conditioning, storage and processing. Investment in storage facilities will free smallholder farmers from the need to sell crops at harvest time when prices are at their lowest, and increasing the quality of crop for storage will help producers selling surpluses to compete in domestic and regional markets. The PHHS project is working in partnership with private sector firms and Rwanda's Ministry of Agriculture.

Post-Harvest Management: The PHHS team developed training modules for the upcoming post-harvest management training-of-trainers in maize, beans, rice and potatoes, to take place in July 2010. The PHHS team continues to evaluate the strengths and weaknesses in each value chain in order to identify new opportunities for PHHS intervention, especially in the Districts of Kirehe and Gicumbi. Additionally, PHHS trained its agronomists in post-harvest loss measurement, providing them with moisture meters and scales to collect accurate data.

Investment Finance: The PHHS project held several meetings with representatives from Urwego Opportunity Bank (UOB), which is interested in providing micro-finance to support staple crop post-harvest activities in Rwanda. The PHHS project continues to work closely with UOB, the Banque Populaire du Rwanda (BPR), and other financial institutions to ensure that producer cooperatives are provided access to credit for inputs and inventory credit schemes.

Grants: The PHHS project launched its Market Linkages Initiative (MLI) Grants Mechanism in April, receiving numerous preliminary applications. Field visits to various potential fast-track grantees were conducted in May and June. The PHHS team also began preparations for its grants workshop, to be held on July 7th, which will provide an overview of the MLI grant application process and cost-sharing requirements to potential grantees, financial institutions, and other partners.

Market Linkages: The PHHS team solidified a business model concept for its market linkages activities. This market-driven model emphasizes creating or strengthening the collection/bulking center level of the value chain, which is typically the missing piece in the supply chain for many staple crops. This quarter's market linkages activities focused on testing the model on the PHHS project's main partners and beneficiaries: Buyers, Traders, Unions and Cooperatives.

Collaboration with Partners: At the conclusion of the Joint Agriculture Sector Review, held on 15 April 2010, the Minister tasked a small working group of key stakeholders to assist the Ministry of Agriculture and Animal Resources with the development of a five-year strategy to address the excess supply in production, including post-harvest losses due to poor handling, and lack of storage and processing infrastructure. The PHHS project will take the lead on designing the staple crops strategy.

II. BACKGROUND

Launched in September 2009, the USAID Post-Harvest Handling and Storage Project is working to capitalize on increased Rwandan food crop productivity in order to improve food security by linking smallholder staple crop surpluses to markets. The project, which has a duration of 2.5 years, works with private sector agribusiness firms and processors to reduce post-harvest losses through investment in storage infrastructure and process improvement in the areas of post-harvest conditioning, grading, sorting and packaging. Investment in storage facilities will free smallholders from the need to sell crops at harvest time, when prices are at their lowest. At the same time, increasing the quality of crops for storage will help producers selling surpluses to compete domestically and regionally. The project is being carried out in partnership with private sector firms and the Ministry of Agriculture.

The Project's strategy focuses on:

- Mobilizing private investment in storage infrastructure;
- Improving management of crops by farmers, in partnership with agribusiness firms and processors, before they go into storage to reduce losses;
- Developing more robust linkages between farmers and the market by connecting associations and cooperatives directly to processors and traders; and
- Assisting farmer associations/cooperatives to develop their own warehouse infrastructure through schemes such as warehouse receipts systems, to increase value capture at the farm level.

The following is a report covering the activities of the third quarter of the project (April – June 2010) as well as a description of project plans for the third quarter of 2010 (July – Sep 2010).

On June 18, Anne Turner departed the PHHS project for work in Harare, Zimbabwe. The current COP, Mr. Paul DeLucco, arrived on July 22 to serve as Acting Chief of Party until September 13, when Mr. Carlton Jones arrives as the long-term COP for the PHHS project. Mr. DeLucco has a wealth of agriculture and agribusiness development experience, including more than 10 years of experience in Rwanda.

III. ACTIVITIES

A. Post-Harvest Management

The agronomists assisting the PHHS project with following up progress of project-supported producer cooperatives in three regions of Rwanda underwent training at the project office in late April on how to measure post-harvest losses. A protocol for measuring the losses was developed and explained to the agronomists, and they were provided with moisture meters and scales for accurate measurements.

The PHHS team developed training modules for the upcoming post-harvest management training-of-trainers in maize, beans, rice and potatoes. The TOT program, planned for early July, will reach approximately 90 agronomists from PHHS's key partners in the Eastern, Southern and Northern provinces. Once trained, these agronomists will conduct a second round of trainings to reach lead farmers within their extension networks.

The PHHS team continues to evaluate the strengths and weaknesses in each value chain in order to identify new opportunities for PHHS intervention, especially in the Districts of Kirehe and Gicumbi.

B. Investment Finance

During the second quarter, the PHHS Investment Finance activities focused on strengthening collaboration with local financial institutions and other potential financial partners, field visits with partners, conceptualizing working plans for MLI fast-tracks, and attending workshops and meetings with financial partners in agricultural financing.

The PHHS project held several meetings with representatives from **Urwego Opportunity Bank (UOB)**, which is interested in providing micro-finance to support staple crop post-harvest activities in Rwanda. The PHHS Investment Finance Specialist traveled with a representative of UOB to the Southern Province of Rwanda to visit several of the potential MLI grant beneficiaries, and to coordinate a pilot project for the UOB lending program. The PHHS project will continue to work closely with UOB, along with other financial institutions to ensure that producer cooperatives are provided not only financing for MLI grants, but for other activities essential to their operating at a profitable level (such as access to credit for inputs and inventory credit schemes).

The PHHS Investment Finance Specialist also met with other local financial institutions engaged in agricultural financing, including Banque Populaire and AMIR. **Banque Populaire (BPR)** discussed the possibility of financing WFP cooperatives' post-harvest activities in the Eastern Province, and a site visit to WFP cooperatives was planned with the BPR Program Lending Manager, Gerard Mutimura. A joint trip with the **Association of Microfinance Institutions in Rwanda (AMIR)** and PHHS has been planned to visit MFIs in the Northern Province.

Field visits included an April visit to the WFP-P4P cooperatives in the Eastern province, including IBYIZA BIRI IMBERE, COACLMA, and MAPROCUGA Union, where P4P in Rwanda was officially launched on April 28th in Gatsibo. May 5-6, the PHHS team visited the Southern province with UOB, including the Akanyaru valley maize cooperatives, UCORIBU, Entreprise KUBUMWE and CAF Isonga Microfinance.

The PHHS project launched its Market Linkages Initiative (MLI) Grants Mechanism in April, with advertisement in two Rwandan newspapers for submission of applications to the MLI grants facility.

The PHHS project received numerous preliminary applications and began the first round selection process based on the Expressions of Interest (EOIs) received. At the same time, the PHHS team continued to work on fast-track grant applications, conducting various field visits to potential grantees from June 14-18. The team visited ENAS's main storage area in Kigali as well as the cooperatives which ENAS works with in Kirehe; RDO in Nyagatare; MAPROCUGA (Gatsibo Maize Cooperatives Union) in Gatsibo; UCORIBU in Butare-Gikonko; and Entreprise KUBUMWE in Butare-Huye. The PHHS team also began preparations for its grants workshop, to be held on July 7th, which will provide an overview of the MLI grant application process and cost-sharing requirements to potential grantees, financial institutions, and other partners. Fast-track grant applications for the first round of potential grantees will be submitted to MLI in July.



Japanese Embassy, WFP and PHHS team members at the P4P Launch in Gatsibo

The PHHS Investment Finance Specialist also represented the project at several meetings and workshops to discuss the project's activities and build relationships with financial and technical partners:

- Agricultural Intensification and Privatization Working Group Meeting, 27 April 2010
- IFDC Catalyst - Interbank Committee meeting, 12 May 2010
- RIF II Partners Meeting, 14 May 2010
- Post-Harvest Working Group Meeting, 4 June 2010
- AMIR-TERRAFINA Working Conference on Value Chain Financing, 2-3 June 2010
- IFDC Catalyst Workshop on Value Chain Financing, 8-9 June 2010

C. Market Linkages

The PHHS team solidified a business model concept for its market linkages activities. This market-driven model emphasizes setting or strengthening the collection/bulking center level of the value chain, which is typically the missing piece in the supply chain for many staple crops. June market linkages activities focused on testing the model on the PHHS project's main partners and beneficiaries: Buyers, Traders, Unions and Cooperatives. Linkages with dealers in post-harvest equipments were also developed.



COODAF loading potato seeds on truck for sale to cooperatives

The Chief of Party and Market Linkages Specialist conducted a field visit to Kirehe and Gicumbi Districts, which had not been covered during the inception assessment, to identify potential project beneficiaries. The Market Linkages Specialist also traveled to visit the seed potato producing cooperative COODAF in Musanze, together with its affiliated cooperatives. All had been provided storage facilities for seed tubers with USAID assistance in the early 2000's; however, the facilities are not only underutilized but in serious need of repair and renovation. COODAF's application for a MLI grant was expedited as a result, and plans made for inclusion of their lead agronomists in the PHHS TOT program.

Three agronomists were recruited on a part-time basis, trained and equipped with test instruments (scales and moisture meters) to collect baseline data. In terms of market linkages, these agronomists are collecting data on the location, size and status of warehouses, villages aggregation centers and bulking centers, in addition to data on channels used in each region to market staple crops, including market places, transporters, and dealers.

The Market Linkages Advisor is also following up some particular initiatives:

- Rwanda Grain and Cereal Corporation (RGCC), initiated by MINICOM and the Private Sector Federation with assistance from EAGC : still in early design stages
- Rwanda Strategic Stores for staple crops:
 - Pilot phase ongoing, mainly through some large traders
 - National Strategy to be drawn with USAID/PHHS support
- Rwanda Agriculture mechanization:
 - So far designed for the **production** level;
 - Need to advocate for PH mechanization: we have established contacts with equipment providers such as BrazAfrica and Balton CP, and have identified cooperatives or traders'

needs in this domain, in order to ease PH management and improve relationships all along the value chains

D. Collaboration with Partners

The PHHS project continued to collaborate with existing partners as well as reaching out to new ones.

In mid-April the PHHS technical team met with representatives from the Ministry of Commerce (MINICOM) to learn more about their role in the GoR's Strategic Grain Stores.

At MINAGRI's April Joint Sector Review, the Minister of Agriculture tasked USAID with leading the Post-Harvest working group. On June 4th, the PHHS project hosted the 2nd Post-Harvest Working Group Meeting with the Rwandan Ministry of Agriculture (MINAGRI), USAID, WFP and various other stakeholders. The group discussed the draft terms of reference for a comprehensive post-harvest and marketing strategy for MINAGRI. The PHHS team also finalized recruitment of a staple crops expert to work on the MINAGRI post-harvest strategy.

Following a request from the Ministry of Agriculture, the PHHS Chief of Party presented an overview of the project's activities and targets to the Minister and a selected group of her staff as well as USAID in late April.

The PHHS project followed up a trip to the World Food Program's Purchase for Progress (WFP P4P) supported maize cooperatives in Kirehe (IBYZA BIRI IMBERE and COACLMA) in late April with further discussions in regards how the two projects can collaborate. In addition to including some of their leading cooperatives in the MLI grants application process, the PHHS project will include agronomists working with the WFP P4P cooperatives in its improved post-harvest handling techniques training activities.

The Market Linkages Advisor participated in different seminars and meetings related to marketing of staple crops, especially the meeting between EAGC, MINICOM and local farmers and dealers, aiming at launching the Rwandan Grain and Cereal Corporation (RGCC)

Roger Thurow, Senior Fellow, Global Agriculture and Food Policy for the Chicago Council on Global Affairs, visited Rwanda in June to meet with various development partners. The PHHS team accompanied Roger Thurow and WFP on a site visit to Kirehe on June 17th to visit cooperatives working with WFP P4P.



Roger Thurow discussing post-harvest concerns with cooperative members during site visit to Kirehe

The PHHS team also discussed areas of collaboration with various partners, including the WFP/P4P Program, Rabobank/BPR, MINICOM PH Department, MINAGRI Planning and PH services, DFID, One Acre Fund, and IFDC.

IV. PLANNED ACTIVITIES AND UPCOMING EVENTS

In the next quarter (July – Sep 2010), the PHHS project will:

A. Post-Harvest Management

- Conduct a Training-of-Trainers activity. Approximately 90 agronomists from PHHS's key partners in the Eastern, Southern and Northern provinces will be trained in improved post-harvest management of maize, rice, beans and potatoes.
- Begin implementation of 2nd round of trainings in conjunction with partner networks, including WFP, RDO, ENAS, IFDC and cooperatives. Agronomists trained during the ToT will conduct the second round of trainings, reaching lead farmers within their extension networks.

B. Market Linkages

- Finalize the baseline survey on post-harvest infrastructure and market channels for the targeted value chains
- Conduct a GPS mapping of storage sites in Rwanda in targeted staple crops
- Prepare at least one Business-to-Business event for stakeholders in targeted value chains
- Schedule a study tour to a neighboring country, such as Uganda or Kenya, to learn more about marketing initiatives and tools developed by other USAID-funded projects (MLI, COMPETE) and/or regional institutions (EAGC, ASARECA)

C. Investment Finance

- Strengthen collaboration with PHHS financial and other partners by developing MOU's: Banque Populaire du Rwanda, UOB, AMIR, Cooperatives unions, WFP, Banque Rwandaise de Développement.
- Conduct a joint visit to Northern MFIs with AMIR to leverage financing sources for PHHS cooperatives' post-harvest projects in the region.
- Conduct a joint visit with Banque Populaire to PHHS cooperatives in the Eastern Province to leverage financing sources for PHHS coops' post-harvest projects in the region.
- Conceptualize and follow up on business plans for potential MLI grantees, including: Maizerie Mukamira, COAMV, WFP coops, MAPROCUGA, COPRORIZ ABAHUZABIKORWA.

D. Collaboration with Partners

- Begin drafting MINAGRI's 5-year comprehensive post-harvest and marketing strategy
- Implement a joint WFP-PHHS training program addressing business, management, post-harvest and warehousing skills for maize and bean cooperatives

V. FINANCIAL INFORMATION

a.	Overall contract budget	\$4,474,990
b.	Expenditures during Quarter 2 of 2010	\$356,082
c.	Cumulative expenditures through Quarter 2 of 2010	\$957,690
d.	Remaining budget (a-c)	\$3,517,300
e.	Obligated amount	\$2,500,000
f.	Remaining obligated amount (e-c)	\$1,542,310

POST-HARVEST HANDLING AND STORAGE PROJECT
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ANNEX I – Performance Monitoring Plan

	Indicator	Unit of Measure	Baseline (FY 2008)	Q3 ¹	Year 1 Target
1	Construction for post-harvest/ processing units commenced	storage units	n/a	n/a	115
2	No. of post-harvest storage/ processing centers for which site selection finalized	storage units	n/a	n/a	150
3	No. of storage/processing centers constructed/ purchased with PHHS assistance	storage units	0	n/a	100
4	Amount of private sector funds leveraged to support post-harvest storage/ processing centers	dollars	n/a	n/a	\$50,000
5	% decrease in post-harvest food losses in project sites	percentage	30% ²	n/a	5%
6	No. of farmers using storage/processing centers	farmers	0	n/a	18,000
7	Quantity of selected commodities stored in improved storage facilities	metric tons (MT)	n/a	n/a	5,000
8	Number of rural households benefiting directly from PHHS assistance	# of households	n/a	n/a	1,000
9	Number of producer organizations, water users associations, trade + business associations, and community-based organizations receiving PHHS assistance	# of organizations/ associations	n/a	n/a	50
10	Number of agriculture-related firms benefiting directly from PHHS assistance	# of firms	n/a	n/a	12
11	Number of individuals who have received short-term agricultural sector productivity training	# of people	n/a	n/a	11,000
12	Number of farmers, processors, and others who have adopted new technologies or management practices	# of people	n/a	n/a	11,000
13	Number of agricultural organizations that successfully access bank loans or private equity	# of organizations	n/a	n/a	6
14	Number of firms receiving assistance to invest in improved technologies	# of firms	n/a	n/a	7

¹ PHHS will be reporting on all indicators in the annual report; collection is currently in progress.

² Current percentage post-harvest losses as estimated by MINAGRI