



# FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

## FEED THE FUTURE DEMOCRATIC REPUBLIC OF THE CONGO STRENGTHENING VALUE CHAINS ACTIVITY

FISCAL YEAR 2018 ANNUAL REPORT  
October 2017–September 2018



**USAID**  
FROM THE AMERICAN PEOPLE

October 2018

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**Photo Caption:** *Although they often lack access to land titles and productive assets, women are the primary producers of specialty Arabica coffee in Eastern DRC. They plant, weed, harvest, dry and transport coffee to local washing stations. The Feed the Future DRC SVC activity is working with men and women in the coffee sector to introduce new coffee varieties, improved production and processing techniques, access to finance modalities and sales opportunities. Photo Credit: Lucy O'Bryan Photography*

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DEMOCRATIC REPUBLIC OF THE CONGO

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**DISCLAIMER:** This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of Tetra Tech, and do not necessarily reflect the views of USAID or the United States Government.

# TABLE OF CONTENTS

TABLE OF CONTENTS.....	i
ACRONYMS AND ABBREVIATIONS .....	iii
EXECUTIVE SUMMARY .....	v
1.0 INTRODUCTION .....	1
2.0 SVC PERFORMANCE TO DATE.....	2
3.0 TECHNICAL PROGRESS TO DATE .....	6
3.1 Component 1: Build Capacity of Vertical and Horizontal Actors in Targeted Value	
Chains.....	6
3.1.1 Introduction .....	6
3.1.2 Key Accomplishments .....	6
3.1.3 Key Outcomes .....	10
3.2 Component 2: Enhance Coffee Production .....	11
3.2.1 Introduction .....	11
3.2.2 Key Accomplishments .....	11
3.2.3 Key Outcomes .....	17
3.3 Crosscutting Component 3: Develop and Implement Public Private Partnerships .....	19
3.3.1 Overview .....	19
3.3.2 Key Accomplishments .....	19
3.4 Crosscutting Component 4: Enhance Access to Finance .....	20
3.4.1 Overview .....	20
3.4.2 Key Accomplishments .....	20
3.4.3 Key Outcomes .....	23
3.5 Crosscutting Priorities.....	23
3.5.1 Gender .....	23
3.5.2 Conflict and Resilience .....	25
3.5.3 Feed the Future.....	28
3.5.4 Climate Smart Agriculture.....	28
3.5.5 Value Chain and Market Systems Development .....	29
3.5.6 Sustainability and Local Systems Strengthening.....	30
4.0 COLLABORATION WITH DEVELOPMENT PARTNERS.....	31
4.1 Collaboration with USAID Implementing Partners .....	31
4.1.1 Development Food Security Activities .....	31
4.1.2 Integrated Governance Activity .....	31
4.1.3 Integrated Health Project .....	32
4.1.4 Integrated Youth Development Activity.....	32
4.2 Collaboration with the Government of DRC .....	32
4.2.1 Office National du Café .....	32
4.2.2 Other Government Technical Services.....	32
4.3 Collaboration with Other Development Actors .....	33
4.3.1 Harvest Plus and International Institute for Tropical Agriculture .....	33
4.3.2 ELAN/ESSOR/ECI.....	33
4.3.3 Funds for Financial Inclusion .....	33
4.3.4 United Nations.....	33
5.0 CONSTRAINTS AND CHALLENGES .....	34

5.1	Component 1: Build Capacity of Vertical and Horizontal Actors in Targeted Value Chains .....	34
5.2	Component 2: Enhance Coffee Production .....	34
5.3	Component 3: Public Private Partnerships.....	34
5.4	Component 4: Access to Finance.....	35
5.5	Crosscutting Initiatives .....	35
5.5.1	Gender and Youth.....	35
5.5.2	Conflict and Resilience .....	35
6.0	LESSONS LEARNED .....	37
7.0	RECOMMENDATIONS.....	39
8.0	CONCLUSIONS .....	40
	ANNEXES .....	41
	Annex 1: FY18 Budget to Actuals.....	42
	Annex 2: SVC FY18 Photos .....	43
	Annex 3: SVC Maps and Figures .....	47

# ACRONYMS AND ABBREVIATIONS

A2F	Access to Finance
ACOSYF	<i>Association Coopérative pour la Synergie Féminine</i>
ACT	<i>Association des Commerçantes Transfrontaliers</i>
ADIJ	Integrated Youth Development Activity
AFCA	African Fine Coffee Association
B2B	Business-to-Business
BDS	Business Development Services
CARG	<i>Conseil Agricole Rural de Gestion</i>
CCPA	<i>Conseil Consultatif Provinciale de l'Agriculture</i>
COR	Contracts Officer Representative
CPCCK	<i>Coopérative des Producteurs du Café de Kabamba</i>
DCA	Development Credit Authority
DFSA	Development Food Security Activity
DRC	Democratic Republic of the Congo
ECI	Eastern Congo Initiative
EDAP	Experiential Application Program
ELAN	UK funded Development Initiative
EMMP	Environmental Mitigation and Monitoring Plans
ETS	<i>Etablissement</i>
FAO	United Nations Food and Agriculture Organization
FARDC	Armed Forces of the Democratic Republic of the Congo
FEC	<i>Fédération des Entreprises du Congo</i>
FPM	<i>Fonds pour l'Inclusion Financière (Financial Inclusion Fund)</i>
FSP	Food Security Program
FY	Fiscal Year
GALS	Gender Action Learning System
GAMF	<i>Groupe d'Acteurs en Microfinance de Sud Kivu</i>
GAP	<i>Groupement Agro-Pastorale</i>
GSICM	Gender, Social Inclusion and Conflict Mitigation
HA	Hectares
IFCCA	<i>Initiative des Femmes pour le Café et Cacao (Women in Coffee and Cocoa Initiative)</i>
IFDC	International Fertilizer Development Corporation

IGA	Integrated Governance Activity
IHP	Integrated Health Project
IITA	International Institute for Tropical Agriculture
IMLAT	International Multi-Location Agronomic Trial
INERA	<i>Institut National pour l'Etude et la Recherche Agronomiques</i>
IPAPPEL	<i>Inspecteur Provincial de l'Agriculture, la Pêche et l'Elevage</i> (Provincial Inspector of the Ministry of Agriculture, Fisheries and Livestock)
ISP	<i>Institut Supérieur de la Pédagogie</i>
KACCO	Kalehe Arabica Coffee Company
KG	Kilogram
LOA	Life of Activity
MNO	Mobile Network Operators
MOU	Memorandum of Understanding
MT	Metric Ton
NASECO	Nalweyo Seed Company
NGO	Non-Governmental Organization
OFTT	On Farm Technology Trials
ONC	<i>Office National du Café</i>
PIAD	<i>Programmes des Initiatives d'Appui au Développement</i>
PICS	Purdue Improved Crop Storage
PO	Producer Organization
POSA	Producer Organization Sustainability Assessment
Q	Quarter
RAEK	Coffee for Biodiversity
RIAF	<i>Réseau des Investisseurs Forestières et Agricoles</i>
SBCC	Social Behavior Change Communication
SOPACDI	<i>La Solidarité pour la Promotion des Actions Café et le Développement Intégral</i>
SVC	Strengthening Value Chains Activity
TCC	Tumaini Coffee Cooperative
UCOAKa	<i>Union des Coopératives Agricoles de Kalehe</i>
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
USD	United States Dollars
USG	U.S. Government
Y	Year

# EXECUTIVE SUMMARY

Fiscal Year 2018 (FY 18) was the first full implementation year for the Feed the Future Strengthening Value Chains (SVC) Activity in the Democratic Republic of the Congo (DRC). It included critical assessments, mapping exercises, and data collection activities. The Activity submitted several deliverables to USAID, including the Activity Monitoring, Evaluation and Learning Plan; the Environmental Monitoring and Mitigation Plan (EMMP); and the Pesticide Safe Use Action Plan. Establishing initial partnerships and collaborative efforts were critical, resulting in the negotiation of memoranda of understanding (MOU) with key partners and government technical services. SVC held multiple meetings and field exercises to identify and implement productive synergies with other USAID implementing partners, particularly the Development Food Security Activities (DFSAs), but also the Integrated Governance Activity (IGA), the Central Africa Regional Program for the Environment, the Integrated Health Project (IHP), Solutions for Peace and Recovery, Capacity Building for Responsible Minerals Trade Project, ASILI (the Swahili word for “foundation”), and the Integrated Youth Development Activity (ADIJ). SVC also established relationships with other development actors, including the Eastern Congo Initiative (ECI) and the Department for International Development-funded ELAN and ESSOR activities, as well as private sector actors such as Centre OLAME, *Association Coopérative pour la Synergie Féminine* (ACOSYF), and BANRO. SVC staff worked with and through 12 private sector and civil society actors to facilitate improvements in local business enabling environment this year.

SVC met or surpassed 13 of 15 Year 1 targets (86.6 percent), reaching over **10,000 people** with market facilitation services, 50 percent of whom were women. Two indicators were not met: the number of individuals in the agriculture system who applied improved management practices or technologies (including climate smart agriculture practices) with U.S. Government (USG) assistance, and the number of actors engaged in the production and/or marketing of nutritional products. The team accomplished over 75 percent of FY18 annual workplan activities.

## *Project Highlights:*

- SVC performed analysis on input needs, mapped agro-dealers and distribution points, and advised and provided technical assistance to several agro-dealers in establishing demonstration plots in the project zone.
- Three *Concessionnaires* procured seed from Harvest Plus following a SVC-arranged Business-to-Business (B2B) session also established demo plots on their land to showcase new varieties and improved production practices to 1,620 smallholders.
- The Producer Organization (PO) Specialist, in collaboration with the DFSA, analyzed 75 POs, cooperatives, and cooperative unions. Of these, 21 received training in good governance, activity planning, identification of economic activities, business planning, and transparent management of cooperative resources.
- An analysis of the state of existing aggregation centers and warehouses led SVC’s Post-Harvest Handling Specialist to organize a series of training sessions in improved post-harvest handling, with 82 participants (34 women). This training led to 223 metric tons (MT) of soybeans and beans being dried, winnowed, cleaned, graded, and stored under improved conditions, translating to increased sales prices.
- Nine wet mills operated by six cooperatives received business advisory support including access to finance and linkages to new buyers. More effective traceability and bookkeeping systems served as the basis for improved access to finance and credit.



- The first cohort of the two-year Coffee Farm College best practices training program was launched, with 5,243 farmers attending the first session.
- In collaboration with World Coffee Research, the *Université Catholique de Bukavu*, the *Institut National des Etudes et Recherche Agricole (INERA)*, and the *Office National du Café (ONC)*, SVC launched on-farm technology trials (OFTTs) and International Multi-Location Agronomic Trials (IMLAT) to test new coffee varieties and improved production techniques.
- The Trade and Policy Specialist worked with local government actors, including the *Conseil Agricole Rural de Gestion (CARG)*; *Conseil Consultatif Provinciale de l'Agriculture (CCPA)*; *Inspecteur Provinciale de l'Agriculture, la Pêche et l'Élevage (IPAPEL, Provincial Inspector of the Ministry of Agriculture, Fisheries and Livestock)*; and IGA. The Specialist led two advocacy workshops to reduce fiscal barriers and improve the efficiency of the exoneration process for agricultural inputs, and to improve local actors' knowledge of texts and laws governing their businesses.
- The Access to Finance Specialist conducted an Access to Finance Assessment in Quarter I (Q1), signed memoranda of understanding (MOUs) with each finance institution supported by the USAID/Sida Development Credit Authority (DCA), and developed participatory workplans with local microfinance institutions and potential borrowers to improve the supply of and demand for microcredit. Twenty-six agricultural borrowers received credit as a result of SVC assistance, valued at \$1,725,600, significantly exceeding Year I (Y1) targets.
- SVC organized six town hall meetings (TEPs) to discuss land tenure conflict, and 10 radio spots aired with feedback from 20 listening clubs on agricultural technologies.
- SVC trained 6,134 people (41 percent women) in a variety of topics, including coffee agronomy, business practices, access to finance, access to inputs, improved commodity storage, gender, and conflict. The Activity engaged eight local interns (six women) in SVC activities.

**Gender, Youth and Social Inclusion:** The Gender, Youth and Social Inclusion Specialist identified points of convergence with each SVC component and established close ties with project stakeholders and partners to increase women and youth decision-making and control over income in target value chains. The Specialist engaged with SVC staff, clients, and partners to improve women's access to leadership positions within cooperatives and reduce discriminatory practices that limit women and young people from accessing revenue, finance, land, inputs, and markets. The Specialist mobilized SVC staff and target clients and partners to explore and discuss gender inequality dynamics. By the end of FY18, SVC achieved 78 percent of gender, youth, and social inclusion activities. Significant achievements this year include the development of the SVC Gender, Social Inclusion and Conflict Mitigation Strategy; training project staff and local trainers in gender sensitivity and gender action leadership (GALS); and promotion and integration of gender and youth panel discussions during the *Saveur de Kivu* specialty coffee event.

**Challenges** included floods (reducing road and bridge access), security concerns, an Ebola outbreak, and the general operating environment in South Kivu. Infrastructure is poor, private sector investment is weak, security is problematic, and there is a long history (over a generation) of emergency and humanitarian relief, which has cultivated a culture of dependency. FINCA's standardized microfinance loan products are not adapted to agricultural payment cycles, which presents a major obstacle to their support to the sector. Many women and men, especially young people, have little practice discussing and addressing gender and social inequalities, and are not used to questioning the injustices they face. Layering and sequencing of activities within the same geography by USAID implementing partners with different development approaches and philosophies takes time, compromise, and careful planning. Despite these challenges, SVC made considerable progress in FY18 and created a solid foundation upon which to build lasting impact in targeted value chains in FY19.

# I.0 INTRODUCTION

In May 2017, the United States Agency for International Development (USAID) awarded the Feed the Future Democratic Republic of the Congo (DRC) Strengthening Value Chains (SVC) Activity (Contract no. AID-660-C-17-00003) to Tetra Tech. Tetra Tech implements the activity in collaboration with five international subcontractors: Banyan Global, J.E. Austin Associates Inc., Search for Common Ground, TechnoServe, and World Coffee Research.

The purpose of the Activity is to increase household incomes and household access to nutrient rich crops by linking small-holder farmers to strengthened and inclusive value chains and supportive market services. The SVC Activity is designed to complement USAID investments in governance, peace and stability, access to finance, food security, health, education and environment in eastern DRC, to strengthen the foundation for durable peace.

SVC applies a nutrition-sensitive value chain and market systems development approach that combines technical assistance and capacity building for value chain actors, credit facilitation, making market linkages, public-private partnership development, social behavior change communication (SBCC), and advocacy to support nutritional crop (dried bean and soybean) and specialty coffee value chain development in South Kivu. The Activity targets three territories in South Kivu (Walungu, Kabare, and Kalehe) over a period of five years (2017–2022). This Annual Report covers the period from October 1, 2017–September 30, 2018 (Fiscal Year 2018, or FY18).

The SVC Activity includes the following components:

- **Component 1:** Build capacity of vertical and horizontal actors in targeted value chains;
- **Component 2:** Enhance coffee production;
- **Component 3 (Crosscutting):** Develop and implement public private partnerships; and
- **Component 4 (Crosscutting):** Enhance access to commercial finance, including through technical assistance to implement Development Credit Authority agreements.

In addition to the abovementioned components, the SVC activities includes the following crosscutting priorities:

- Conflict sensitivity and resiliency;
- Feed the Future goals;
- Gender;
- Climate-smart agriculture;
- Value chain and market systems development; and
- Sustainability and local systems strengthening.

The annual report describes Activity progress and challenges, including the status of annual workplan activities and performance indicators. Emerging partnerships and collaborative activities undertaken during FY18 are described, including those undertaken with co-located USAID implementing partners, internships, training and capacity building results are presented, along with a description of the implementation of the Gender, Social Inclusion and Conflict Mitigation Strategy and the Environmental Monitoring and Mitigation Plan (EMMP), and collaboration with private sector and civil society actors to facilitate improvements in local business enabling environment.

## 2.0 SVC PERFORMANCE TO DATE

**Table 2.1: Status of SVC YI Performance Indicators, as of September 30, 2018**

N°	Performance Indicator	Baseline Values	FY2018 targets	FY2018 Achieved to date
<b>PURPOSE LEVEL: Increase household incomes and access to nutrient rich crops by linking smallholder farmers to strengthened and inclusive value chains and supportive market services.</b>				
4	Number of individuals participating in USG food security programs [IM-level (GFSS #49)]	0	5,000	10,762
<b>IR1: Improved agriculture livelihoods among targeted households</b>				
5	At least 2,000 additional seasonal worker positions created compared to the baseline year) (Contractual)	0	NA	190
<b>Sub-IR 1.1: Increased use of improved agriculture practices and inputs</b>				
7	Number of individuals who have received USG-supported short-term agricultural sector productivity or food security training (EG 3.2.1) (*)	0	5,000	6,134
8a	Number of individuals in the agriculture system who have applied improved management practices or technologies with USG assistance [IM-level] (GFSS #11)	0	5,000	2,570
8b	Number of farmers or other value chain actors implementing climate-smart practices (EG.11-1) (Already integrated into Indicator 9. Will be disaggregated)	0	5,000	-
<b>IR2: Expanded markets and trade</b>				
10	Number of containers of specialty coffee exported per year (Contractual)	15	20	37
11	Value of annual sales of farms and firms receiving USG assistance [IM-level] (GFSS #15)	1,350,000	1,800,000	\$3,694,080
<b>Sub-IR 2.1: Improved market linkages and information systems</b>				
12	Number of for-profit private enterprises, producer organizations, water user associations, women's groups, trade and business associations, and community-based organizations receiving USG food security-related organizational development assistance (EG.3.2-4); FFPI 2 (*)	0	60	58
<b>Sub-IR 2.2: Improved post-harvest storage and processing</b>				
14	Volume of targeted crops processed by food processors and wet mills (Custom)		453	411
	Green Coffee (in metric tons)		324	167
	Nutritional Crops (Soy in metric tons)		17	244

N°	Performance Indicator	Baseline Values	FY2018 targets	FY2018 Achieved to date
16	Number of Agricultural Borrowers receiving credit (under the DCA guarantee or not) <b>(Custom)</b> .	0	10	<b>26</b>
17	Total agriculture-related financing accessed as a result of USG assistance <b>[IM-level] (GFSS 12)</b>	0	300,000	<b>\$1,725,600</b>
18	Number (and value) of public-private partnerships formed as a result of USG assistance <b>(EG.3.2-5)</b>	0	NA	<b>5</b>
<b>Sub-IR 2.4: Increased capacity of agriculture related producer groups, organizations and enterprise</b>				
<b>Sub-IR 2.5: Improved governmental services, regulations, and taxation for agricultural inputs and trade in targeted value chains</b>				
22	Number of civil society organizations receiving USG assistance engaged in advocacy interventions <b>(DR.4.2-2)</b>	0	10	<b>16</b>
<b>IR3: Improved uptake of essential nutrition behaviors and services</b>				
<b>Sub-IR 3.2: Increased awareness of and commitment to essential nutrition-promoting practices</b>				
<b>Sub-IR 3.4: Improved access to diverse and nutritious foods</b>				
27	Number of actors including farmers, farmer associations, organizations, cooperatives, and businesses engaged in the production and/or marketing of nutritional products <b>(Custom)</b>	2	5	<b>4</b>
<b>Cross Cutting IR: Increased gender equality and increased women's socio-economic empowerment in target communities</b>				
28	Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources <b>[IM-level] (GFSS #44)</b>	0	10%	<b>50%</b>
29	Percentage of women in leadership positions within targeted producer associations, cooperatives, and businesses <b>(Contractual)</b>	-	10%	<b>50%</b>
<b>Cross-Cutting IR: Conflict Prevention and Mitigation</b>				
30	Number of participatory conflict analyses conducted. <b>(custom)</b>	0	3	<b>3</b>

**Indicator Notes:**

4	<p>The major difference between the target and the Actual relates to participants in Participatory Theater events. These events were managed by sub-contractor Search for Common Ground and projections upon which to base annual targeting were unavailable in a timely manner as the data flows through SFCG's M&amp;E system before being reverted to SVC. Further, many of these presentations occurred in Q4 after the AMELP and its targets were submitted. We will adjust for this in FY19.</p>
5	<p>This indicator counts all types of employment held during the reporting year in agriculture or rural-related enterprises that were created with U.S. Government assistance. Although SVC is not required to report on this indicator in FY18), there are already seasonal worker positions that were created in the 9 wet mills supported by SVC. The project has counted 190 seasonal worker positions created.</p>
7	<p>The project achieved 123% of targeted results due to higher than anticipated capacity building during FY18. Also it should be noted that we planned on only 5,000 participants in the farmer college program but found ourselves at the end of FY18 with 243 extra participants (a 5% increase over expectations).</p>
8a	<p>During this FY, three (3) management practices were introduced to SVC supported wet mills by training and follow up coaching: (a) Coffee processing and quality techniques. 4 clients adopted. (b) Bookkeeping (a set of bookkeeping books was provided to SVC clients along with instructions how to use them). 5 clients adopted. (c) Daily lot separation (Wet mill staff have been trained on a daily lot separation protocol by WCR expert which the quality advisor follow up on the adoption at washing station clients). 6 clients adopted. If we take out any double counted individuals in the above three practices, we count 140 individuals adopting an SVC promoted management practice/technique.</p> <p>In the soybean and bean cooperatives and the concessionaires involved in the storage and who had followed a series of post-harvest handling and good practices trainings, 810 were judged to be currently applying the techniques promoted by SVC.</p> <p>It should be noted, however, that the low rate of completion of this indicator in FY2018 will change as soon as the results of the Best Practice Survey are raised (which is currently being conducted and preliminary results are available end of October).</p>
8b	<p>Data will be available by the end of October once the preliminary results of the Best Practice Survey are available.</p>
10	<p>37 containers of specialty coffee containers were exported by wet mills that operate in the SVC intervention areas. Of these 36 containers, six (6) are those that received support from SVC during the last coffee season; and the other 31 were identified in the sector (National Coffee Office statistics).</p>
11	<p>During FY18, the 37 containers exported in the coffee sector in Kabare, Kalehe and Walungu generated an estimated US \$3,694,080. The three year average price for fully-washed green from Easatern Congo is \$5.2USD/kg of green. It should be noted that the share represented by the 6 cooperatives supported by SVC is US \$599,040. As mentioned above FY18 was a high production cycle year for coffee which is one reason we surpassed our target. The secons reason is that there are more wet mills (Coffee Washing Stations) being constructed in South Kivu, thus more volume throughput of fully-washed coffee. The reason for this is that specialty coffee prices are higher than non-specialty and their pricing has been more stable on the world market because of growing demand in the US and European Markets.</p>

12	The project supported, in FY2018, 58 actors (private enterprises, producer organizations, business associations and CBOs) in organizational development.
14	167 tons of green coffee and 149.9 tons of soybeans and 94.4 tons of beans were processed by food processors and cooperatives that are supported by SVC (411 tons in total). This represents 91% of achievement compared to the expected target of 453 tons for FY2018.
16	In FY2018, Deux banques ont facilité les clients SVC a avoir le credit agricole, FINCA et Equity Bank, 20 organisations ont bénéficiées de credit sous DCA, 10 pour FINCA et 10 à Equity Bank pour un montant de 502 100\$. In addition, 6 other (\$1,223,500) institutions received agricultural loans through the working capital loans from FEFISOL, CAFÉ LAC and ROOT CAPITAL): KACCO, RWH, SOCPACDI and Muungano.
17	The total amount of agricultural loans disbursed for the 26 is \$1,725,600. This achievement far exceeds the target of \$300,000 (over 575% of achievement) simply because when the target of \$300,000 was set, it was expected that only credits obtained under the DCA guarantee would be monitored by the project. But the subsequent reorganization (through the 3 AMELP's submissions) led the project to consider that for this indicator, even the other sources of financing – in the coffee sector mainly – would be accounted for (working capital loans from FEFISOL, CAFÉ LAC and ROOT CAPITAL).
18	Although this indicator is not intended to be tracked in FY18, SVC has signed agreements with 5 Concessionaires: ETS BISHWEKA, SOCIETE OLIVE, GAP, FAM and FODDR.
22	Sixteen (16) civil society organizations (associations and platforms) were supported by SVC during the FY2018 to conduct advocacy interventions on a number of topics: illegal taxation, etc. The initial target of 10 organizations was exceeded because the project opted for the option of dealing with at least 5 actors in each of the 3 territories where its actions are implemented (Agriforce, APAFED, GAP KIVU, Centre Olame, Pharmacie GKC, Pharmacie Lobiko, IPAPEL, SENAFIC, FENAPEC, CCPA, VGRACE, ASSALAC, Bukavu Youth Agripreneur, SQAV, Naseseeds and Pharmacie Kiosque du Vétérinaire et des Intrants Agricol.
27	The project supported 4 actors (among which 3 concessionaires – Ets BISHWEKA, Ste OLIVE and FODRR – and 1 synergy of producers' organizations called SOLFAP) in production and marketing of nutritional products. These 4 structures provided high quality bio-fortified bean seed to 1,620 small producers. SVC achieved only 80% of its target in FY18 because the MOU were signed in June, the Business to Business for linking agro-dealers with interested enterprises occurred in August as preparation for the A agricultural season. Only enterprises with ready cash reserves procured which is why SVC did not meet or exceed its targets.
28	All the activities conducted by SVC in FY2018, women's participation amounts to 50%, which is far above the expected target of 10%. Here, it was simply a simple underestimation of the proportion of women awaited to be part of the SVC interventions that increase their access to economic resources
29	This indicator was achieved at 220% simply because the participation of women in organizations was underestimated at the beginning. Through a study conducted with the cooperatives that are working with SVC, it turned out that 22% of women were already members of management bodies. An in-depth internal analysis has nevertheless revealed that, although women are part of the management bodies, they play, in most cases, the role of appearances and really have no power. Sometimes they are vice-presidents simply to respond to the need to have a woman alongside a man, without them acting actively in the direction and decisions made within the organization. It is in this sense that initiatives are underway with the Producer Cooperative/Association Development and Gender Specialist to develop appropriate training modules that will highlight the role and participation of these women in these bodies.
30	This indicator was achieved at 100%. A conflict scan was organized in the 3 territories in which SVC is implemented during in August 2018. This was organized as a first exercise of a series conflict scans that will be organized throughout this project to gather information and to monitor the evolution of the conflict dynamics within the communities where SVC is being implemented; and ensure that the intervention is sensitive to conflict and does not harm. The data was collected through a qualitative approach (focus groups and interviews with key informants).

## 3.0 TECHNICAL PROGRESS TO DATE

### 3.1 COMPONENT I: BUILD CAPACITY OF VERTICAL AND HORIZONTAL ACTORS IN TARGETED VALUE CHAINS

#### 3.1.1 INTRODUCTION

Component I interventions span five technical areas:

1. The first focuses on improving access to agricultural inputs.
2. The second focuses on reducing post-harvest losses and improving the quality and value add through processing of soy and dry beans.
3. The third works with economically minded POs and cooperatives, reinforcing governance, service provision, transparent management, and marketing.
4. The fourth focuses on market linkages, facilitating commercial exchanges and creating win-win relationships among actors at different levels within target value chains.
5. The fifth focuses on facilitating improved private sector investment in targeted value chains through the adoption of inclusive agribusiness models that consist of facilitating smallholder farmer access to land, value addition, and marketing.



*USAID/Washington staff member Joe Lessard visited Association Coopérative pour la Synergie Féminine [ACOSYF]'s Bukavu operations to explore soy processing capacity in South Kivu.*

#### 3.1.2 KEY ACCOMPLISHMENTS

- Seven assessments were undertaken: a market assessment for agricultural inputs; mapping of active input suppliers; Producer Organization Sustainability Assessments (POSA); analysis and mapping of collection centers and warehouse facilities; a short value chain assessment; mapping of *cessionnaires*; and identification of institutional market segments.

Principal findings of these assessments are:

1. The market assessment for agricultural inputs revealed unmet demand for seed and fertilizer; an estimated additional 8,572 MT of dry beans, 337 MT of soybeans and 17,331 MT of fertilizer (66 percent DAP, 33 percent Urea, and 1 percent NPK) could be sold.
2. The mapping of active input suppliers shows that of the 210 input supply dealers trained and supported by the International Fertilizer Development Corporation's (IFDC) CATALIST project, only 25 remain active: 10 in Kabare, 8 in Kalehe, and 7 in Walungu. Two input wholesalers (AgriForce and Pharmacie Lobiko) are in operation. All agro-dealers and input retailers are located on major arteries. There is no true penetration into rural communities off principal roadways<sup>1</sup>.

<sup>1</sup> Reasons for the failure of many of these agro-input dealers include (1) the opportunistic behavior of these enterprises, which were created by and for the project; and (2) the majority (85 percent) of the input market (the demand) is for non-governmental organizations, who

3. 75 POSA were undertaken for cooperatives and farmers' associations assisted by SVC and the Development Food Security Activities (DFSAs). Assessments indicate that most producer organizations in South Kivu are not market oriented, have issues with internal governance, lack financial viability, and suffer from weak financial management and member loyalty.
4. 73 collection centers and warehouses were identified in the SVC target zone and Bukavu (see Table 3.1 below). Warehouse operators have non-diversified service offerings and very limited revenue streams. Evaluation of facilities indicated the following:
  - The majority of association and cooperative warehouses and those of small traders visited had dirt floors, mud or wooden walls, and a metal roof with no equipment other than spring scales. Warehouses are in poor condition and poorly maintained.
  - Sacks used by farmers arrive with holes, resulting in seepage and transport theft.
  - Grains arrive at the warehouse wet, broken, and with debris.
  - Warehouse record keeping is inadequate; none of those visited had records of losses during transportation or storage.
  - Most farmer cooperatives and associations have neither quality standards nor contracts to supply buyers on a regular basis.
  - Warehouses rarely offer inputs or equipment for members to improve storage, even those with seed contracts with Harvest+.

**Table 3.1: Collection Centers and Warehouses Identified in SVC Target Zones**

Territory	Traders	Concessionnaires	Cooperatives	Associations	Processors	Transporters	Total
Bukavu	7	3	--	1	1	1	<b>13</b>
Kabare	6	2	7	5	1	--	<b>21</b>
Kalehe	1	--	12	1	--	--	<b>14</b>
Walungu	16	2	4	3	--	--	<b>25</b>
<b>Total</b>	<b>30</b>	<b>7</b>	<b>23</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>73</b>

5. Short (local) value chains: A study looked at local institutional marketing opportunities for soy and bean value chains. The study identified 47 structures in the project zone: 13 in Kabare, 14 in Kalehe, and 20 in Walungu. The majority (26, or 55.3 percent) are health facilities: hospitals, health centers, and nutritional feeding centers. Schools, with school feeding programs, compose the remainder. Other strategic actors include poultry farms such as *Action et Espoir*, with a need for 25 MT of soybeans/month and an additional need for 30 MT of maize/month to blend their own poultry rations. Centre OLAME in Bukavu can potentially absorb 10 MT of soy, 10 MT of maize, and 3MT of sorghum/month.
6. Mapping concessionnaires<sup>2</sup>: This exercise identified 63 large landowners in the project zone: 33 in Walungu, 20 in Kabare, and 10 in Kalehe. These plantations include 8,494 hectares (ha) of land; an average of 134.83 ha per plantation. Of this land, only 31.9 percent is currently productively utilized. Plantations employ 10,435 sharecroppers. Sharecroppers have access to small land holdings for personal use in exchange for plantation labor.

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freely distribute inputs. Of the inputs market, 5–10 percent is used to supply research and training institutions, and 5% is purchased by local large landowners (concessionnaires). There is, however, an emerging market for inputs in the coffee sector. Our strategy will require significant focus on creating and supporting market demand, and close collaboration with and support from the Development Food Security Activities to ensure demand is not undermined by free distribution, and to link our messaging.

<sup>2</sup> Defined as persons with land holdings greater than 30 hectares in a block.



7. The market segment study revealed 99 markets for soy and dry beans within the project zone. Of these, 31 are public markets (eight in Bukavu, seven in Kabare, six in Kalehe, and 10 in Walungu). There are a number of institutional markets: three for nutrition programs linked to food security initiatives, 15 for schools, convents, and monasteries; 12 for hospitals and health centers; five for cottage food processing industries; 10 for poultry or pig farms; 40 with non-governmental organizations (NGOs) and private industry; three with the police and the army; and one with a mining company. Monthly demand from 80 of these markets is 137.25 MT of beans, serving 5,490 households. Of the institutions surveyed, 27.5 percent reported that they were prepared to sign supply agreements for dry beans. Only 5 percent of institutions surveyed were willing to sign supply contracts for soybeans. Half of those surveyed had no understanding of the advantages of consuming soy or its byproducts.

### Increased Access to Agricultural Inputs

- SVC organized a Business-to-Business (B2B) session between agro-dealers and *cessionnaires* to catalyze commercial links between key demand and supply-side private sector actors. Nineteen people participated in this event, including three agro-dealers (Harvest Plus, NAECO, and Agriforce) and five *cessionnaires* (Ste. Olive, ETS Bishweka, FAM, *Groupement Agro-Pastorale* [GAP], and FODDR). Three potential distribution models were developed: Harvest Plus-> *Cessionnaire*->Sharecropper; Harvest Plus->Producer Organization->Members; and Agro-dealers-> Smallholder Farmers.
- SVC assisted agro-dealers and *cessionnaires* to establish seven demonstration plots to promote the use of quality inputs to local smallholder households: two in Bushemba with PAV, one at Kayanja, and four others in the territory of Kalehe. A total of 312 people participated in demonstration plots.
- Promotion of PIC storage bags: SVC trained 82 participants from 54 structures in the use of PIC bags for post-harvest storage. Based on interest from participants, Agriforce immediately ordered two bales of 500 bags each. The bags arrived but there was no interest for them at the \$3 price point. SVC notes that a lesson learned from this experience is that there must be more financial analysis and up-front market analysis before jumping into new product lines.

### Increased Capacity of Producer Organizations (PO) and Cooperatives

- In conjunction with the Food Security Project (FSP) implemented by Mercy Corps, SVC facilitated a training session on good governance and mapped out a capacity building calendar with two POs (ACD and Majirane); 51 people, including 41 women, attended. In a restitution session organized with each PO, members of Majirane adopted their plan unanimously. ACD members requested a number of amendments to their plan.
- In conjunction with FSP, 112 people (54 women) were trained in value chain selection and developing business plans. Sessions took place in four locations:

**Table 3.2: SVC PO Training**

<i>Regroupment</i>	Men	Women	Total
Katana	16	16	32
Kabamba	18	14	32
Kavumu	18	14	32
Mugeri	6	10	16
<b>Total</b>	<b>58</b>	<b>54</b>	<b>112</b>

- A training session was organized in Katana for 42 participants (13 women) from 21 different POs. The training session included three modules: “What is a Producer Organization?,” “What is a Cooperative?,” and “PO Management.”

### Improved Post-Harvest Handling and Storage

- Three training sessions were organized on improved post-harvest handling and storage methods for 82 participants in the project zone; 34 women (41.5 percent) participated. Seven staff members from Food for the Hungry in Walungu, four from Mercy Corps in Kabare and six from World Vision in Kalehe participated in the trainings, along with five *concessionnaires* and seven coffee organizations.
- Post-training monitoring occurred at 23 collection centers and warehouse facilities (eight in Kabare, nine in Kalehe, and six in Walungu). A majority of facilities visited improved their post-harvest operations to include drying, conditioning, and winnowing. Several warehouses started using palettes and quality sacks, leaving space between the walls and the products being stored, stacking sacks, and respecting *First In First Out* principles. A minority of participants began keeping records of stock movement and adopted basic bookkeeping. From this, the Activity learned that it is critical to get bookkeeping materials into the hands of SVC clients early in the season, not part way through it. Last-minute changes and adaptations to the materials, which were translated from English, delayed printing and distribution.

### Market Linkages—Nutritive Value Chains

- Markets being explored include:
  - Institutional Markets: Seventeen enterprises and institutions are ready to sign supply contracts for 17.8 MT of beans per month with a consortium, including *Programmes des Initiatives d'Appui au Développement* (PIAD), RIA, and *Société* (Ste.) Olive. A credit dossier is being assembled. One constraint is that the consortium has no legal statute, and the bank has never financed an activity of this type.
  - Armed Forces of the Democratic Republic of the Congo (FARDC): The FARDC wants to procure 10–20 MT of beans per month from Ste. Olive. They want to pay \$400/MT, but aggregators in South Kivu want \$800/MT. Ste. Olive wants to procure locally in South Kivu, but currently sources from North Kivu. The FARDC contract is complex in terms of quality and timing, and the government is not prepared to pay the desired price. SVC staff are investigating ways to help producers and value chain actors reduce costs to make them more competitive, in collaboration with the DFSAs.
  - *Action d'Espoir* Poultry Farm: This farm can absorb 20 MT/month of soy per month. They prefer to source locally and are offering \$500/MT delivered to their farm in Kashusha. Farmers in the area report that price offered is below local market offers. Neither actor currently works from an evidence base to substantiate their negotiating position. SVC is providing assistance to both sides to find a win-win negotiating position.
  - *Lesieur Cristal* of Morocco (a member of *Groupe Avril*): This group is seeking to source 25 MT of soy per month. Ste. Olive and RIAF were interested and proposed a sales price in Bukavu of \$600/MT. Financial projections showed that the price landed in Morocco would be \$890.52/MT. At the current production and cost structure, this market is not economically feasible for suppliers from South Kivu. Early adopter markets for Eastern Congo are more likely to be east and south. Bas Congo and Bateke are more competitive for exports to Morocco, potentially with support from ELAN.

### Improved Private Sector Investment in Soy and Beans

- Consultations with *concessionnaires*: Twelve consultative meetings were held with a variety of *concessionnaires* throughout FY18 to explore interest in piloting a model in which the concession owner is willing to cede land under a medium-term contract to smallholder farmers from communities contiguous to their land-holdings and offer a series of other value added services

including inputs, storage, and access to markets to smallholders to bring more land under productive cultivation; release tension building because youth, women, and other marginalized populations have no access to land; and to exchange land use for farm labor. *Concessionnaires* are private sector business people with resources to invest in the rural economy, and SVC wants to assist them to do so strategically. By the end of FY18, two memoranda of understanding (MOUs) had been signed with *concessionnaires* (ETS Bishweka and Société Olive).

- Campaign for land use agreement negotiations between *concessionnaires* and sharecroppers: SVC held consultations at 11 sites with a total of 4,404 sharecroppers. Discussions focused on terms and conditions within the land use agreement and a similar agreement covering terms and conditions for in-kind credit for improved seed. SVC left draft versions of agreements with the different parties so they could negotiate, reach an agreement, and sign contracts granting increased access to *concessionnaire* land for productive activities. However, no agreements have been finalized yet. There are signed agreements for improved seed credits extended by concessionnaires to sharecroppers, even in the absence of formal land use agreements. Some land was opened to youth, women, and smallholders who are not sharecroppers by concessionnaires<sup>3</sup>. Upcoming elections will slow down progress with concessionnaires to some extent, as many of them are very political and actively involved in campaigns.

### 3.1.3 KEY OUTCOMES

- As a result of the B2B session, two concessionnaires (ETS Bishweka and FODDR) purchased 4 MT of biofortified bean seed (appx. 7,200 US dollars [USD]), benefiting 1,085 households in Kabare and Kalehe.
- As a result of the post-harvest handling training session, several actors entered into more profitable market spaces because of their warehousing efforts. For example:
  - In Kabare:
    - Birava warehousing center is a collection point for the local development community. The warehouse stores beans, soybeans, and coffee. Kivu coffee, one of SVC's partner organizations, currently has a stock of 5 MT of beans that have been dried, cleaned, and stored at this warehouse.
    - AMSA of Kabamba has 5 MT each of soy and dry beans that have been dried, sorted, cleaned, and stored.
  - In Kalehe:
    - *Union des Coopératives Agricoles de Kalehe* (UCOAKa, Cooperative Union of Kalehe) at Ihusi sold 1,885 kg of clean and sorted beans at \$1.30/kg
    - COACELWA, a cooperative member of UCOAKa, sold 2 MT of HM-21 and ND-10 beans as seed to a local NGO affiliated with FOPAC for \$2/kg.
    - The collection center of Minova (CCA), which belongs to UCOAKa, manages an average monthly flow of 5.28 MT of beans/month through their warehouse. Records show a low flow of 3 MT/month and a high flow of 6.5 MT/month.
  - In Walungu:
    - Six warehouses visited applied recommendations to improve post-harvest handling, drying, sorting, winnowing, and calibrating products.

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<sup>3</sup> Société Olive opened 73 ha to 170 women, youth, and vulnerable households located around their concession.

- Nkengeru of Mushinga had a stock of 1,500 kg of beans that were dried, winnowed, sorted, and conditioned, and sold for \$1.3/kg, compared to \$1 USD/kg for unconditioned commodities.

## 3.2 COMPONENT 2: ENHANCE COFFEE PRODUCTION

### 3.2.1 INTRODUCTION

SVC's coffee component focuses on the development of the South Kivu high altitude heirloom arabica specialty coffee sector. The project focuses on the entire specialty coffee value chain in the Kabare and Kalehe territories. SVC seeks to improve specialty coffee production and productivity. SVC will also help increase the efficiency and transparency of coffee processing operations, while improving the intrinsic quality of coffees being produced and processed. A third focus is on creating expanded market linkages between specialty coffee buyers and South Kivu producers/processors. In collaboration with *Institut National des Etudes et Recherche Agricole (INERA)* and the *Université Catholique de Bukavu*, SVC is undertaking varietal and farming systems trials to:

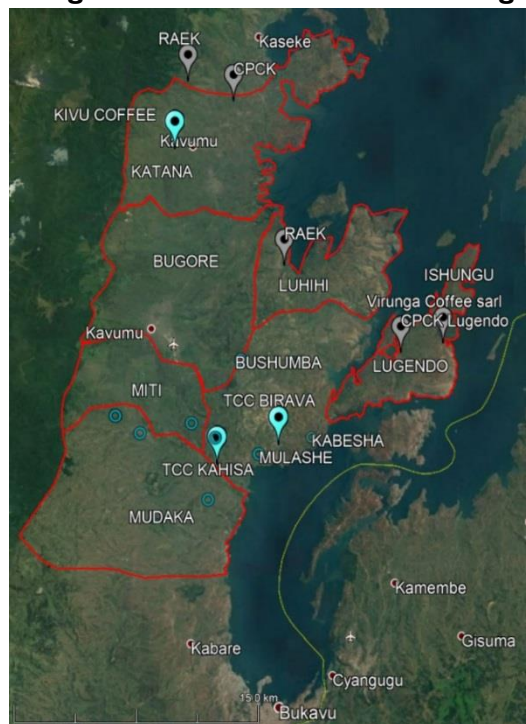
- Identify productive new varietals for South Kivu;
- Testing different cropping systems;
- Field testing adapted technologies through on-farm technical trials (OFTT); and
- Disseminating research findings to the wider body of farmers and other coffee sector actors.

### 3.2.2 KEY ACCOMPLISHMENTS

#### *Increasing Coffee Production*

- SVC conducted a coffee mapping exercise in Quarter I (Q1) FY18, and shared results with the national coffee authority, *Office National du Café (ONC)*. The total number of coffee farmers in Kabare Territory was estimated at 6,000. This mapping exercise served as the basis for SVC to mobilize and sensitize farmers in eight coffee-growing *groupements* in Kabare and to recruit and train 5,000 farmers in improved coffee agronomic practices.
- In Q2 FY18, the coffee agronomy team held a series of sensitization meetings in 24 coffee-producing villages in Kabare, as well as consultations with local administrators at the *groupement*, village, and sub-village level, and with local coffee cooperatives (Tumaini Coffee Cooperative [TCC], *Coopérative des Producteurs du Café de Kabamba [CPCK]*, RAEK).
- A total of 6,670 households expressed interest in participating in the SVC Coffee Farm College. 236 training groups, known as Focal Farmer Groups, of up to 30 households each, were established.
- During Q3, the SVC team recruited 24 Farmer Trainers from an applicant pool of more than 400 people from the eight *groupements* in which the Coffee Farm College operates. Nine Farmer Trainers are women (37.5 percent) and 23 of the 24 Farmer Trainers (96 percent) are below the age of 35.

**Figure 3.1: Map of FY18 Groupements Targeted for Y1 Coffee Farm College**



*Map of FY 18 groupements (outlined in red) targeted for the Y1 Coffee Farm College, with locations of SVC supported washing stations (pins) in Kabare.*

- A five-day agronomy best practices course was delivered in May for the top Farmer Trainer candidates. Eight ONC agronomists also participated. Topics addressed include integrated pest and disease management, tree nutrition, harvesting, weed control, intercropping, mulching, pruning, coffee tree rejuvenation, composting, shade management, erosion control, safe use of inputs, and climate-smart agronomy practices.
- The SVC team, assisted by the TechnoServe regional Agronomist, delivered a three-day adult learning methods course in June 2018 to Farmer Trainer candidates. The course included “teach-backs” to assess the teaching capabilities of candidate Farmer Trainers. Farmers from all eight *groupements* were included in the evaluation of candidate Farmer Trainers, and the top performers from each area were hired as Farmer Trainers.
- In August 2018, **5,243 farmers, 40 percent women**, attended the first training on coffee tree pruning and rejuvenation. Pruning and rejuvenation are two key techniques to unlock productivity increases for the old and abandoned coffee trees found throughout Kabare. Challenges and lessons learned: While there have been numerous complaints by attending farmers lamenting that SVC does not pay farmers transport costs like other NGOs operating in the area, there are early indications that the second month’s training attendance has, in fact, increased. It will be a painful transition process, but as farmers see the direct benefits they derive from participating in the Coffee Farm College, they will transition from humanitarian assistance beneficiaries to market systems investors.

**Table 3.3: Farmer Attendance Summary for the First Coffee Farm College Training on Pruning and Rejuvenation**

Groupement	Number of Focal Farmer Groups	Registered Farmers	Registered Households	Farmers attending ≥50%	Women attending ≥ 50% (n)	Women attending ≥50% (%)	HHs attending ≥50% of Topics
Bugorhe	22	596	487	596	252	42%	487
Bushumba	25	488	391	488	172	35%	391
Irambi Katana	60	1 126	945	1 126	482	43%	945
Ishungu	31	986	686	986	476	48%	686
Lugendo	40	657	628	657	191	29%	628
Luhihi	37	953	708	953	344	36%	708
Miti	14	259	214	259	99	38%	214
Mudaka	7	178	153	178	61	34%	153
<b>TOTAL</b>	<b>236</b>	<b>5 243</b>	<b>4 212</b>	<b>5 243</b>	<b>2 077</b>	<b>40%</b>	<b>4 212</b>

### Improving Coffee Quality (Coffee Business Support)

Following sector-level discussions with ONC, cooperative leaders and private exporters, the coffee business team mapped existing actors operating in the coffee sector in South Kivu, as well as potential new entrants to the sector. Forty-one wet mills were visited in South Kivu and six clients (managing nine wet mills) were selected for assistance in FY18. Client services include business advisory support on wet mill construction and machine operation, business management and governance, accounting and financial management, processing techniques and quality, access to finance and markets, and sustainability.

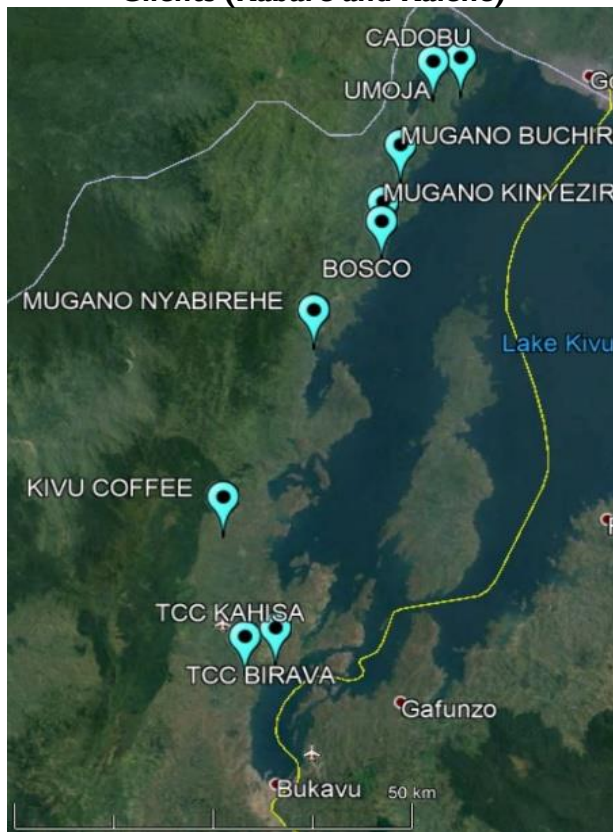
**Table 3.4: FY2018 SVC Wet Mill Clients**

Name of Client	# Washing Stations	Territory	Ownership Type
Tumaini	2	Kabare	Cooperative (NEW)
Kivu Coffee	1	Kabare	Private (NEW)

Name of Client	# Washing Stations	Territory	Ownership Type
Umoja	1	Kalehe	Cooperative (NEW)
Cadobu	1	Kalehe	Private (NEW)
Mukwija Women Coffee	1	Kalehe	Private (NEW)
Mungaano	3	Kalehe	Cooperative
<b>Total</b>	<b>9</b>		<b>3 coops, 3 private</b>

- Five of the six clients selected constructed new washing stations; of these, four clients received construction guidance from the SVC business team. Unfortunately, all clients had already bought their machines before the project started, all using disc pulpers. To date, there has been little innovation in the nascent washed coffee sector in South Kivu; thus, wet mill technicians are most familiar with this antiquated, capital-intensive plantation model. For future clients, SVC will provide technical support to evaluate and identify more appropriate equipment.
- A consultant conducted a cost efficiency comparison of an environmentally friendly eco-pulper versus a traditional pulping machine, comparing the investment and operational costs of both types of machinery. Results show that the investment costs are comparable. The eco-pulper is slightly more expensive but wet mill construction is cheaper as less fermentation tanks are needed. The eco-pulper saves on operating costs as less water is used.
- In one case, SVC recommended the adoption of a less expensive washing station design using mobile plastic fermentation tanks. The station was built for \$4,885, while another private client, with SVC's guidance, managed to construct a micro station for \$3,500. Previously, washing station construction costs in South Kivu averaged \$78,250<sup>4</sup>. Micro stations represent a new model lowering the barriers to entry to the washed coffee sector for farmers and entrepreneurs, which will attract new investors to the sector.
- SVC provided advice on the calibration of pulping machines. A three-week capacity building visit to TechnoServe coffee partners in Ethiopia was facilitated by SVC and financed entirely by Global Coffee Services, a coffee equipment supply start-up based in South Kivu.<sup>5</sup>

**Figure 3.2: Nine SVC Washing Station Clients (Kabare and Kalehe)**



<sup>4</sup> Based on scoping mission by Janno van der Laan during project design phase in November 2016. Construction cost data from RAEK, CPCK, KACCO, Mungaano, AMKA, SOCPACDI, and CADOBU was taken into account.

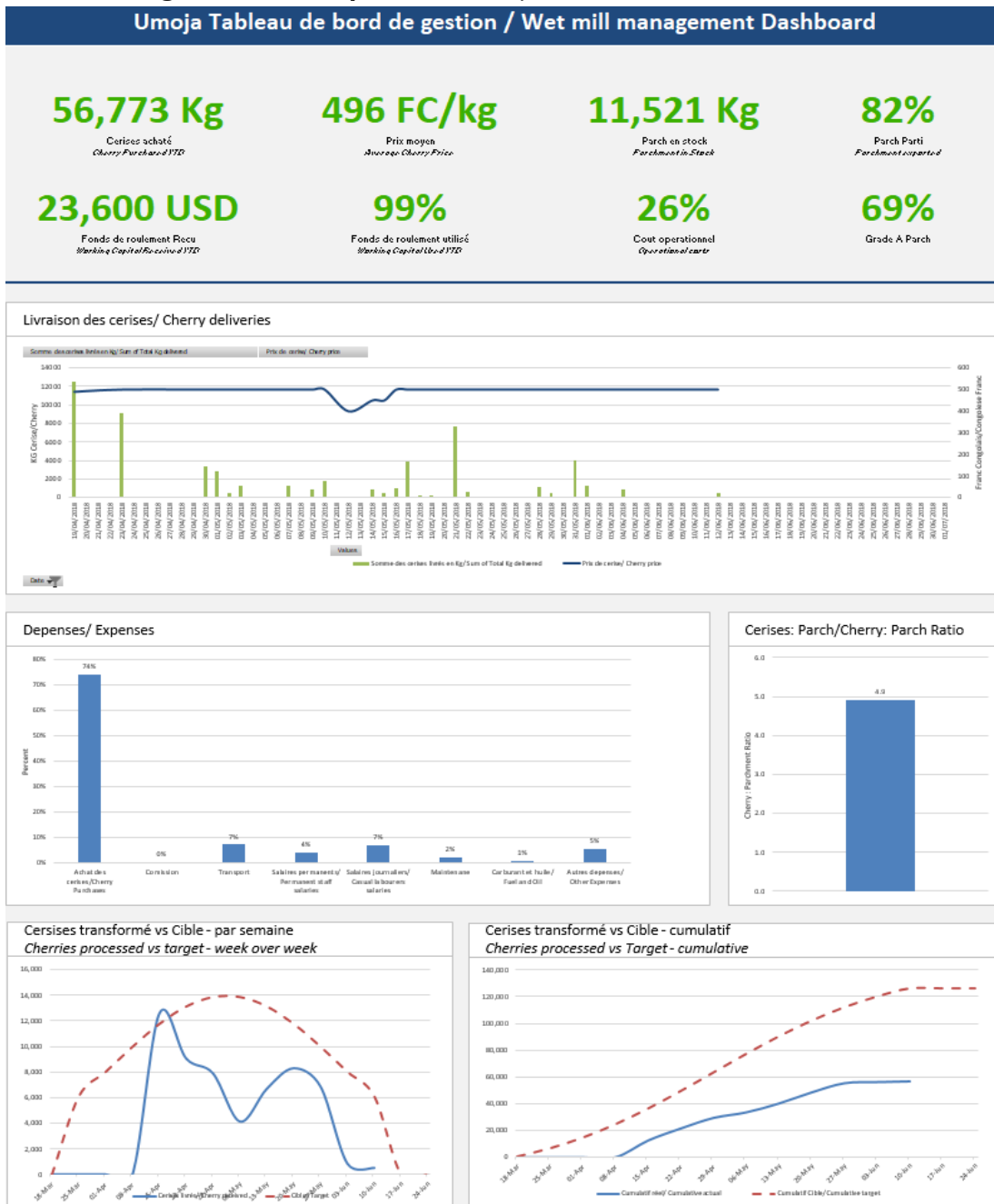
<sup>5</sup> Global Coffee Services is managed by Steven Kanane, KACCO president. SVC helped Steven set-up a professional email, reserved an internet domain, and obtained Google approval to have KACCO washing station(s) added on Google Maps. GCS is in discussion with both Penagos (eco-pulping machine supplier) and BrazAfrique (agricultural tools and equipment supplier) to become their distributor in Eastern Congo. The SVC Value Chain Manager advised Steven on business strategy; following advice to provide maintenance services to machine buyers, Steven decided to pay for a capacity building visit for a Global Coffee Services technician. SVC facilitated the visa and had the best machine technician in the region and regional distributor of Penagos agree to coach the technician during his repair visits during the harvest season in Ethiopia in late 2017.

- SVC provided governance training to three cooperative clients as well as two additional cooperatives (RAEK, whose leadership was renewed during Q2, and SOPAD, a new cooperative) who requested this service. In addition to the essential notions of cooperative governance (such as the pivotal role of the general assembly, the functioning of supervisory and internal control committees, transparency in account keeping, social services, and use of resources), the Gender and Youth Inclusion Specialist highlighted links between gender and governance. These include: governance pillars, the role of women in cooperative management, and the importance of and benefits to inclusion of excluded and marginalized groups in cooperative governance.
- The bylaws of Umoja Cooperative were reviewed by the business team and essential changes, such as the distribution of benefits, were made.<sup>6</sup> In addition, a future buy-in option for investors was accepted to prevent exclusion of less wealthy members who may want to participate later, as well as to promote self-financing by members.
- SVC provided business management coaching, assisting in the development of business plans with four clients. Transparency sheets, showing a profit-loss calculation for all clients were developed and disseminated (see Annex). A dashboard was developed to graphically illustrate performance, enabling the comparison of a client's performance with that of other stations on key business metrics. This dashboard enables cooperative leaders and business owners to gauge their performance against that of their peers and identify cost categories to improve (Figure 3.3, next page).

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<sup>6</sup> The distribution of profits changed from: 30 percent savings, 30 percent investors, 20 percent leaders, and 20 percent farmers, to 20 percent re-invested, 20 percent investors, 20 percent savings and cooperative functioning, and 40% to farmers, effectively doubling the benefits received by farmer members.

**Figure 3.3: A Snapshot of Umoja's Performance Dashboard**



- The SVC team distributed accounting books to six clients. Three of these clients (TCC, Umodja, and Kinizere Women's Coffee/Bosco) have started using the new bookkeeping system. The books are linked to an excel-based accounting and reporting system which has been developed for the DRC context. Excel documents used by washing station accountants include a simple dashboard (Figure 3.3) to share key statistics with lenders on a weekly basis.
- Following training on processing and quality, washing stations received feedback on their fermentation protocols (a lengthy process which is challenging for staff to effectively monitor).



- SVC delivered a training that introduced a daily lot separation protocol to nine SVC clients. During FY18, five of the nine washing stations began adopting the protocol, resulting in the expansion of marketing options for small lot sales with specialty buyers.
- The SVC Coffee Quality Advisor collected and cupped 105-day lot samples from all nine SVC clients, providing useful in-season feedback to wet mill staff on the quality of their products (which are related to their processes). The average cupping score was 83 out of 100, and the highest score was 90 from a sample produced by the Mungaano Buchiro cooperative.
- SVC provided technical advice on sustainability practices for coffee washing stations including themes such as: social responsibility, occupational health and safety, environmental responsibility, and economic transparency. Sustainability certification is required by Starbucks to meet their buying standards. To determine the particular needs of each washing station with regards to sustainability standards, the SVC team conducted a needs assessment for all nine clients. Results from this assessment revealed that there is a general lack of awareness about internationally accepted sustainability practices among washing stations in South Kivu. Currently only one washing station (Mungaano Kiniezire) uses mandatory sustainability practices. One of the most pressing problems includes waste water management; water used for pulping enters local rivers and streams, polluting water sources. This issue has been incorporated into the SVC EMMP, and SVC will leverage technologies and innovations from washing stations in neighboring Rwanda and Burundi to facilitate systemic improvements in washing station management, to reduce negative environmental impacts and promote adherence to sustainability standards.

### *Linking with Specialty Markets*

- Buyers from Counter Culture Coffee, La Boheme, Peets Coffee, and East African Coffee Roasters were invited by SVC to participate in this year's Saveur de Kivu event to serve as judges on the International Jury, and to sample and promote Congo coffee.
- Two buyers visited the Mungaano wet mill and held a joint cupping session with the cooperative and the SVC Quality Advisor. Samples from two clients were sent to three Goma-based exporters. In addition, samples were sent to a US based roaster, Crop to Cup, for evaluation.
- One of Mungaano Buchiro's buyers, Counter Culture Coffee, is keen to buy day lots. During their visit, SVC's Quality Advisor and the cooperative's cupper cupped every day lot and selected a micro-lot of 100 bags scoring 84+, which Counter Culture bought following the visit.
- LetSequoia, a Kigali-based South Korean boutique coffee buyer, bought a micro-lot of 350 kg of parchment from Cadobu, another SVC-supported washing station, at \$4.50/kg of green coffee, singling out this plantation produced coffee thanks to the newly established daily lot separation protocol. This led to a repeat sale for their remaining coffee at \$6/kg of green coffee.
- SVC has been working with government, exporters, and NGO partners to strengthen the cupping capacity and international visibility of the coffee sector in South Kivu. In collaboration with ONC, ELAN, Eastern Congo Initiative (ECI), and Twin Trading, the SVC team supported the organization of the fourth annual Saveur du Kivu event. SVC supported the cupping component of the event.
- Paul Songer, an internationally renowned coffee expert, conducted two cupping trainings for local cuppers at the ONC laboratory in March and May 2018. The best local cuppers formed the National Jury for Saveur de Kivu, selecting the best 30 samples from North and South Kivu for the competition. A panel of international specialty coffee buyers and roasters from Kenya, Europe and the US, along with the top ranked local cupper selected the top 10 samples.
- SVC supported ONC to collect representative samples using a newly developed third-party sampling protocol. The sampling protocol relied on an independent and standardized process, to

ensure uniformity across all samples. Samples were collected directly from individual washing stations instead of being supplied by cooperatives or enterprises, guaranteeing sample purity and ensuring traceability to individual wet mills, and raising interest among buyers by enabling them to taste unique origins and terroirs.

### **Linking SVC Activities with Research to Amplify Sector Knowledge**

The research team established 13 OFTTs with farmers, as well as research station-based International Multi-Location Agronomic Trials (IMLAT). OFTTs study the profitability of commonly used local coffee practices compared to improved practices. Profitability is measured by examining the amount of time and money spent to produce coffee (inputs) compared to the value of outputs such as coffee cherries, but also including the value of intercropped commodities (beans, bananas, etc.). Coffee varieties tested include Batian (Kenyan), Jackson, BMI39, Kabare 16, and *Hybride de Mulungu*. Agricultural practices tested were adapted from those observed in DRC and other coffee countries, such as Rwanda. Through the OFTTs, a series of technology innovations will be tested. The variety tested is Kabare 16, and one of the treatments includes the application of NPK fertilizer.

### **Policy and Advocacy Efforts**

SVC is working with ONC and local coffee stakeholders to develop a strategy to support the coffee seed sector. In April 2018, RD<sup>2</sup> Vision in association with World Coffee Research assessed the current state of the coffee seed sector, and to explore future potential. The study showed the coffee seed sector is underdeveloped with no traceability systems in place, no guarantee of variety correspondence, no high-quality varieties available, and little adoption of good nursery management practices. SVC will collaborate with local institutes such as INERA and ONC as well as with private sector actors to strengthen the coffee seed sector.

Recommendations from the seed sector assessment include:

- Creating a mother tree field to make selected varieties available
- Collaborating with ONC to identify sector needs to increase the number of high-quality plantlets available in the region
- Increasing the quality of nursery management by delivering best practices training

### **3.2.3 KEY OUTCOMES**

- Three SVC washing stations<sup>7</sup> had pulping machines repaired by Global Coffee Services' technician (who was trained by SVC) for a \$50 service fee; the technician also coached local mill machinists on repair methods.
- Two of SVC's new clients (Umoja and Tumaini) are the first cooperatives in South Kivu to build washing stations without donor funding. The average operational costs of SVC clients are estimated at \$0.79/kg of green coffee, well below the average for the province.<sup>8</sup> The operational cost of an average cooperative client is \$0.94/kg; still well above more efficiently operated private clients at \$0.56/kg, which is close to the operational costs of regional competitors (Figure 3.4).

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<sup>7</sup> Tumaini Birava, Tumaini Kahisa, and Umoja.

<sup>8</sup> The average is based on four wet mills (run by three operators): Bosco, Tumaini (TCC), and Umoja.

**Figure 3.4: Operational Costs of Washing Stations in South Kivu (USD/KG), Disaggregated by Type**



- Despite international market prices and contextual challenges, all SVC clients have been able to market their coffee.
  - For Umoja and Tumaini, a regional customer service provider (CSP), Café Lac, provides marketing services. After the Saveur du Kivu event, Café Lac was able to identify a US buyer offering \$4.63/kg, double the world market price of coffee.<sup>9</sup> As Umoja coffee was not cupped, the highest price offered was \$3.53/kg, still well above New York C price. However, both sales contracts have yet to be signed.
  - Cadobu sold to specialty buyer LetSequoia for \$6/kg;
  - Mukwija Women Coffee sold to Virunga Coffee for \$3.50/kg.<sup>10</sup>
  - Mungaano attracted an all-time high export price of \$6.28/kg offered by a buyer who visited the cooperative after Saveur du Kivu, and \$4.80/kg by another buyer.
  - Kivu Coffee found a higher price in the local market by selling to Regal Hotels in Kinshasa for an astonishing \$11/kg for roasted, ground, and packaged coffee delivered to Kinshasa by plane.
- Approximately 8,024 farmers (40 percent women) delivered coffee cherries to SVC-supported washing stations. As a result of business advisory services SVC provided to new washing stations, the first positive effects of increased competition in the sector are becoming apparent.
  - Access to washing stations increased, with 13 new washing stations starting operations this year. The last time the number of new washing stations was that high was in 2015, when Kahawa Bora, Oxfam, and VECO financed washing stations.
  - Instead of relying on donor funds, SVC clients have invested **\$286,255** of their own funds into washing station infrastructure.
  - Introduction of new operators in the sector created greater competition, discouraging price fixing in South Kivu that was historically dominated by an oligopoly of powerful cooperatives and traders. Cherry price paid to farmers rose to approximately 475 FC/kg<sup>11</sup> (\$0.30/kg cherry) this season from last year’s 300 FC/kg<sup>12</sup> (\$0.23/kg cherry). As the washing station price increased, the differential with the local market increased, positively impacting farmers’ incomes. It is

<sup>9</sup> New York C price for coffee was 101ct/lb which is \$2,23/kg on 30th of September 2018.

<sup>10</sup> Mukwija sold at \$2,5/kg of parchment which translates to \$3,5/kg of exportable green.

<sup>11</sup> Based on the business team’s field observations prices for the majority of wet mills in Kabare and Kalehe have fluctuated between 450 and 500 during the season. Therefore, an estimated average of 475 CF is used here. The exchange rate has been stable during the season at 1,600 CF/USD. Last year’s rate used is 1,300 CF/USD.

<sup>12</sup> Based on the business team’s field observations and basic client data overview; this is a rough estimated average.

estimated that the 8,024 farmers who delivered to one of the nine washing stations supported by SVC this season earned an additional **\$116,580** over local market prices (at which most local coffee is currently sold; Table 3.5).

**Table 3.5: Additional Farmer Revenue as a Result of Delivering Cherry to SVC-Supported Washing Stations**

SVC Client, 2018 Cohort	No. Farmers Supplied	Wet Mill Price, kg/Cherry	Local market Price, kg/Cherry	Premium	Kg Cherries Delivered	Additional Farmer Revenue through Wet Mill Delivery (in USD)
Muongano Kiniezire	745	\$0.29	\$0.19	\$0.10	866,864	86,987
Muongano Buchiro	3,098	\$0.29	\$0.18	\$0.10		
Muongano Nyabirehe	369	\$0.29	\$0.19	\$0.10		
Cadobu	479	\$0.25	\$0.18	\$0.07	106,208	7,280
Umoja	1,756	\$0.31	\$0.18	\$0.13	56,773	7,298
Tumaini Kahisa	1,173	\$0.30	\$0.17	\$0.12	79,048	9,568
Tumaini Birava	217	\$0.30	\$0.19	\$0.11		
Kivu Coffee	0	\$0.28	\$0.17	\$0.11	11,515	1,319
Mukwija Women's Coffee	187	\$0.30	\$0.19	\$0.11	36,893	4,127
	<b>8,024</b>				<b>1,157,301</b>	<b>\$116,580</b>

### 3.3 CROSSCUTTING COMPONENT 3: DEVELOP AND IMPLEMENT PUBLIC PRIVATE PARTNERSHIPS

#### 3.3.1 OVERVIEW

Component 3 involves increasing trade, reducing regulations and designing and structuring innovative public - private partnerships. Strategically, this component focuses on identifying constraints, challenges and opportunities in the three value chains (coffee, dried beans and soy) through studies and exchange workshops. Lessons learned make it possible to guide support to the value chain through training sessions and workshops.

#### 3.3.2 KEY ACCOMPLISHMENTS

- A Political Economy Analysis and mapping exercise of actors in major markets throughout the project zone was undertaken for all three targeted value chains to assist identifying power relationships, constraints and opportunities in each territory and value chain.
- Two workshops were facilitated for 30 value chain actors to identify fiscal barriers, discuss and understand legislation governing operations within targeted value chains and to map out an advocacy strategy to improve the import exoneration process for agricultural inputs. Principle constraints identified included: a) poor knowledge of legislation governing input suppliers and market traders; b) difficulty obtaining input import exonerations at the provincial level; and c) the cost, time and difficulty obtaining an import exoneration from Kinshasa, even though the Agricultural Law of 2011 exonerates the importation of agricultural inputs.
- Educational sessions with 90 women, members of committees and associations of market vendors for beans and soy in eight markets in Walungu and Kabare, to assist them in understanding market tax codes and simplified cross-border commercial trade regulations.
- SVC's Trade and Policy Specialist served as Master of Ceremonies for the Saveur de Kivu specialty coffee event in June 2018. During the *Saveur de Kivu* event, he also facilitated a panel discussion between coffee exporters and ONC on challenges and opportunities for collaboration to improve and grow South Kivu's share of the Congolese Specialty Coffee Market.

- SVC's Trade and Policy Specialist led negotiations with *Conseil Consultatif Provinciale de l'Agriculture (CCPA)* and *Conseil Agricole Rural de Gestion (CARG)* Kabare resulting in the signing of MOUs between these structures and SVC, to serve as local advisory structures.

### 3.4 CROSSCUTTING COMPONENT 4: ENHANCE ACCESS TO FINANCE

#### 3.4.1 OVERVIEW

The objective of this component is to partner with financial institutions operating in the project zone to facilitate access to finance by value chain actors. The Access to Finance (A2F) Specialist focuses on building the capacity of partner Development Credit Authority (DCA) bank (EQUITY/PROCREDIT and FINCA) staff to implement the DCA agreement. The A2F Specialist also assists DCA banks to conduct A2F workshops, improve borrowers' financial literacy and readiness to borrow, share best practices in serving women and youth borrowers, and expand mobile banking to better serve agriculture clients. Together with DCA partners, the A2F Specialist jointly designs training programs for potential borrowers all along targeted value chains. The SVC team reaches beyond targeted DCA partners to the wider micro-finance and banking community of South Kivu to design appropriate products of interest to borrowers from within targeted value chains, ensuring financing is accessible when and where it is needed.

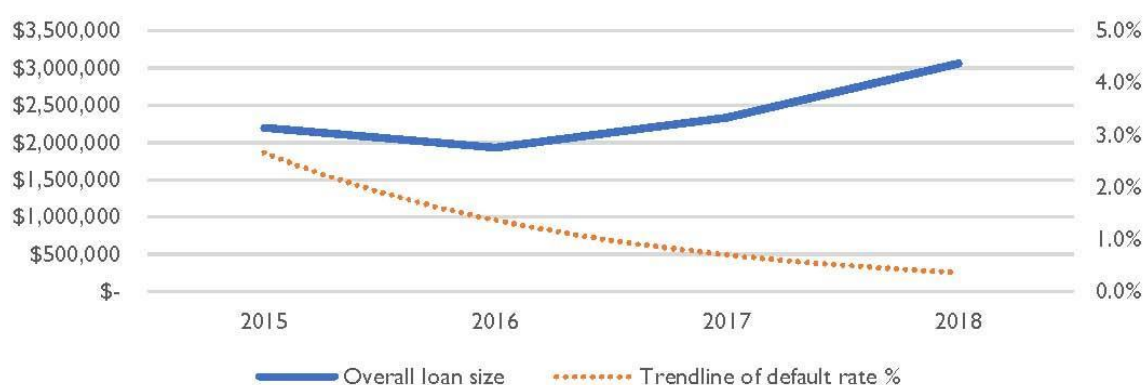
#### 3.4.2 KEY ACCOMPLISHMENTS

- The A2F team led by woman owned small business Banyan Global conducted an Access to Finance assessment and organized a workshop in November 2017 to validate key findings.
- The A2F team engaged in initial discussions with six coffee exporters about providing credit and marketing services to washing stations.
- SVC supported one new cooperative, Umoja, in developing a business plan which was presented to Equity Bank and Bank of Africa to request a loan. The loan request was rejected due to a lack of financial records and concerns about the new cooperative's ability to market its coffee. In response to these concerns, the SVC team analyzed coffee buyer profiles, including credit requirements and repayment rates for all previous wet mill loans for the past three years.
- The team tailored the business plan formats to the DRC context and these business plan formats will be used as a tool for cooperatives and businesses in 2019.
- The A2F Specialist contacted entrepreneurs working in target value chains who expressed interest in receiving support to improve their financial processes, offering them support to develop bankable business plans, strengthen their financial management capacity, and put them in contact with Equity Bank.
- The A2F team met with the chief executive officer of Equity Bank to discuss the constraints, financing needs and profiles of entrepreneurs in the three target value chains, along with the intervention strategies and objectives of the SVC Activity.
- The SVC coffee team, with assistance from the Access to Finance Specialist, completed a financial analysis on potential loan clients and overall sector loan repayment performance to share with Twin and Root Capital to inform their decisions to partner with SVC (Figure 3.5).
- Through an improved Coffee Service Provider (CSP) model piloted with Café Lac, two newly established cooperatives secured working capital financing. Umoja received \$24,630 and Tumaini received \$34,000 between April and June based on the volumes of cherry they procured, which Café Lac was able to monitor in-season through the financial dashboard SVC introduced. As a sign of good faith, and since both are farmer-financed cooperatives with capacity issues, Café Lac

donated \$400 to each cooperative, which they both used to build four additional drying tables. In addition, Café Lac loaned a single-disc McKinnon pulper to the Umoja wet mill after its pulping machine broke down.

- In parallel with the CSP model piloted with Café Lac, SVC conducted discussions on the subject of providing credit and marketing services to washing stations with Olam, Sidi, Alterfin, Root Capital, and Twin.<sup>13</sup>
- The team presented an analysis of data on loan repayment and buyer profiles to Equity Bank to address concerns on coffee value chain financing risks and the bank requirement for buyer contracts and certifications to serve as collateral for the bank. As shown in Figure 3.5, the coffee sector has matured over the last three years in DRC, with the size of loans increasing while defaults decreased. With this information, Equity Bank dropped its buyer contract requirement, enabling additional coffee value chain stakeholders to access loans.

**Figure 3.5: Analysis of Loan Repayment Performance for Wet Mills in South Kivu, 2015-2018**



- The A2F Specialist used the recommendations in the Access to Finance Assessment Report to develop technical assistance plans included in MOUs with the two DCA partner banks. These MOUs were signed with Equity Bank and FINCA in May 2018, establishing specific technical assistance plans for each bank to support their use of the DCA.
- The A2F Specialist provided training to staff from each bank on DCA rules and use.
- The SVC team began drafting information sheets on soy and bean value chains for use by bank staff.
- The project invited partner banks to participate in workshops to provide information to value chain actors about bank products and to meet potential clients.
- The A2F Specialist attended the annual Financing Forum organized by DRC's Financial Inclusion Fund (FPM) in Kinshasa, facilitating the participation of the two DCA bank partners and one coffee cooperative.
- SVC provided technical support to the two DCA partner banks under the MOUs.
  - Equity Bank. Equity announced management changes in both the Goma and Bukavu branches, and the bank requested that the Activity provide further DCA training for new bank managers and share a checklist on DCA eligibility and utilization rules. Bank management expressed concern that the process for making a claim under the guarantee would be too slow, and SVC

<sup>13</sup> The team engaged in initial discussions with six coffee exporter companies (Café Lac, Virunga, SCAK, Twin, Letsquoia, Sucafina.) See Q1.

and USAID provided additional information to clarify the procedure. Equity Bank requested the Activity assist with risk analysis of loan proposals and provide contacts to establish strong communication with cooperatives and coffee exporters.

- FINCA. The A2F team reviewed the partnership and the activities of the Activity with FINCA's new regional manager. The team also worked with the new director to resolve issues with the DCA credit management system with USAID's environmental requirements for DCA loans. The team discussed FINCA's lack of loan products adapted to agricultural payment cycles. The regional director preferred that FINCA agents be trained on target value chains and understand risks before modifying loan products.
- The SVC team began drafting an information sheet on the coffee value chain for use by bank staff. Information sheets on all three value chains should be finalized in FY 2019 Q1.
- The A2F team began collecting information to be used to develop and test new financial products.
  - Mobile Money. Each season, coffee cooperatives must obtain, distribute, and track very large amounts of cash to purchase coffee cherries, and this has security and financial management risks, as well as significant transaction costs for the cooperatives. SVC is exploring the possibility of using a mobile money product to help cooperatives mitigate these risks and reduce costs. During Q4, the A2F team met with three mobile network operators (MNOs—Airtel, Orange, and Vodacom) in Eastern DRC, as well as several value chain stakeholders, to get an overview of the potential for this type of digital financial product in the coffee sector. Discussions with the MNOs and with the cooperative Muungano focused on the possibility of testing a mobile money product that the cooperative could use to pay its producers for coffee cherries during the 2019 season. The MNOs are interested in the concept and asked for detailed specifications (including the number and locations of beneficiaries) to design a pilot with prices and conditions.
  - Warehouse Receipts Financing. The project also began exploring interest in warehouse receipt financing with value chain stakeholders, including KIVU Coffee, AMSAR, COPAKAB, and Coffee Lac. Storage infrastructure is insufficient in the region but would be needed to ensure the quality of products for later sale. Based on price volatility (70-120 percent within months of harvest) and on demand around Bukavu, it appears that beans would be a suitable commodity for warehouse financing. In the coffee sector, Coffee Lac has quality storage facilities and has been asked to serve as a center for storage coffee quality certification, to facilitate access to finance for cooperatives in a warehouse receipt system. However, Coffee Lac does not recommend such a system due to the volatility of coffee prices on the international market.
- The A2F team met with *Groupe d'Acteurs de Microfinance de Kivu (GAMF)* to share information about target value chains with microfinance institutions in the region. GAMF shared its experience training small farmers in financial literacy and organizing forums and agricultural fairs. GAMF provided a copy of its 2018-2021 Strategy Development Plan, for which it is seeking funding.
- In Q4, the A2F Specialist monitored business plan/loan requests under preparation with various value chain businesses (*Agriforce*, *Salama*, *Association Coopérative pour la Synergie Féminine [ACOSYF]*, *Piad-Olive*, and *Edo Ntale*).
- Terms of reference for business development services (BDS) providers were finalized during Q4, and the call for applications launched. Due to the low number of applications initially

received, the submission deadline was extended into September. Review of applications began at the end of Q4, and interviews will take place in the first quarter of FY 2019.

### 3.4.3 KEY OUTCOMES

The Access to Finance component had the following targets for Year 1:

- 15 agriculture-related loans disbursed under the DCA guarantee
- \$300,000 disbursed in agriculture-related loans under the DCA guarantee
- 9 business plans prepared for priority value chain stakeholders

As shown in Table 3.6, SVC exceeded its targets for agriculture-related loans under the DCA and also supported value chain stakeholders to obtain financing without the DCA guarantee. The project assisted 10 value chain stakeholders to prepare business plans in FY18.

**Table 3.6: Agriculture-Related Loans Made with U.S. Government (USG) Assistance in FY 2018**

	Number of Agricultural Borrowers Receiving Credit as a Result of USG Assistance	Value of Agriculture-Related Loans Made as a Result of USG Assistance
<b>DCA Loans</b> (through 30 June 2018)		
Equity Bank	10	\$444,000
FINCA	10	\$58,100
<i>Sub-Total DCA Loans</i>	20	\$502,100
<b>Non-DCA Loans</b>		
Equity Bank	TBD	\$486,500
FINCA	0	\$0
Other Lenders	6	\$737,000
<i>Sub-Total Non-DCA Loans</i>	>6	\$1,223,500
<b>TOTAL LOANS</b>	<b>&gt;26</b>	<b>\$1,725,600</b>
<i>Disaggregation by gender:</i>	8 women, 8 men, 10 organizations	3% to women borrowers, 32% to men, and 65% to organizations

**Table 3.7: DCA Training for Partner Banks Provided by SVC Staff in FY18**

	Equity Bank	FINCA	Total
<b>Number of Staff Trained</b>	5	14	<b>19</b>
<i>% women</i>	20%	7%	

## 3.5 CROSSCUTTING PRIORITIES

### 3.5.1 GENDER

#### *Introduction*

The gender, youth and social inclusion component of the SVC Activity is designed to encourage and promote gender equality, women's empowerment, youth engagement and the social inclusion of vulnerable groups in target value chains. The gender emphasis of this component is designed to assist cooperatives and agribusinesses to develop and implement policies that promote greater participation of women and encourage women's engagement in leadership positions and as Farmer Trainers, to facilitate outreach to women farmers. The youth emphasis is on youth inclusiveness, youth opportunity, investment in youth so they access benefits and resources leading to improved socio-economic status. Engaging youth in this way improves community resilience and reduces tension arising from feelings of desperation because basic livelihood security is not assured. This precarious context drives youth to



take up arms and adopt other socially prejudicial behaviors. Youth have been vocal in their discontent of NGO activities and approaches and threaten externally funded development efforts.

### Key Accomplishments

- The Gender, Social Inclusion and Conflict Mitigation (GSICM) Assessment was completed and approved by USAID. The assessment was used to inform a strategy and action plan, and strategic actions integrated into the FY18 workplan.
- Validation workshops were organized in each target territory to share the findings of the GSICM assessment and strategy and to solicit engagement from stakeholders to support proposed activities.
- The SVC Gender and Social Inclusion Specialist provided technical assistance to the Women in Coffee and Cocoa Initiative (IFCCA) during its first general assembly in Goma; strengthening the integration of gender, youth and social inclusion into institutional bylaws and regulations, terms of references, and IFCCA's organizational management.
- 36 (8 female, 28 male) managers, executives and board members from five coffee cooperatives (RAEK, TCC, SOPAD, Umoja, and Muungano) in two Territories- Kabare and Kalehe - were trained in gender equality and social inclusion, including the role of women and youth in cooperatives and the importance of women in leadership positions.
- The SVC project hired three female interns to support women's empowerment and youth engagement activities and approaches in targeted value chains.
- The SVC Gender, Youth and Social Inclusion Specialist reviewed SBCC modules, ensuring appropriate language was used with regards to gender integration and promotion of women's empowerment and youth engagement.
- SVC supported the organization and execution of International Women's Day events and a women's economic fair in South Kivu, in collaboration with IFCCA and the Provincial Division of Gender, Family and Children. Women's access to finance and income generating opportunities were promoted during these events.
- During the Saveur du Kivu 2018 specialty coffee event, the SVC Gender, Youth and Social Inclusion Specialist facilitated a panel discussion on the inclusion of women and youth in the coffee sector with six actors (three men and three women), including speakers from IFCCA, Alpha New SARL (including 1 youth entrepreneur), the South Kivu Provincial Division of Gender, Family and Children, and Muungano Cooperative. SVC facilitated Alpha New SARL's (a youth entrepreneurship organization) participation as an exhibitor during the Saveur de Kivu 2018 specialty coffee event.
- 34 SVC staff (8 women, 26 men) were trained in gender sensitivity, equality and social inclusion.
- The first meeting of the Gender and Youth Advisory Group in South Kivu was organized with 16 participants from 10 international and national development organizations in Bukavu.
- The Gender and Social Inclusion Specialist and the A2F Specialist explored joint partnership opportunities with the Experiential Application Program (EDAP) at the *Institut Supérieur de la Pédagogie* (ISP). SVC staff visited EDAP/ISP in May to explore market opportunities for soymilk production and opportunities for youth to participate in recycling plastic bottles in the soy value chain. This activity was the result of contacts made during International Women's Day events.
- The SVC Gender and Social Inclusion Specialist was invited to speak on a panel during the Great Lakes Global Youth Leadership Forum discussing investing in youth for sustainable development.
- 177 people were trained using the Gender Action Learning System (GALS) methodology in Kalehe, Kabare and Walungu territories in collaboration with the DFSAs. GALS is a community-led

empowerment methodology designed to increase women and men's sense of control over their lives and decision-making. GALS is being used under the SVC project to enhance the resilience of targeted households by providing women, youth and marginalized groups with the skills they need to increase their control over income and to improve nutrition. Among those trained were 121 women (68 percent) and 56 men (32 percent). Nearly 80 percent of those trained were younger than 35 years old.

- The SVC team conducted a mini POSA with 11 members of IFCCA South Kivu and shared findings with IFCCA's provincial leadership. Efforts are underway to strengthen and support IFCCA's women-only network as an advocacy platform to defend women's interests in SVC value chains.
- In the coffee value chain, SVC supported training of 24 (9 women, 15 men) agricultural trainers (92 percent were youth aged 35 years or younger) in collaboration with coffee farm colleges in Kabare, emphasizing aspects of gender integration and social inclusion in the coffee value chain.
- SVC recruited a second round of interns (2 women, 1 man) to support SVC across all project components, including crosscutting areas of communications, monitoring and evaluation, and gender and social inclusion. The total number of interns hosted by SVC during FY18 was 8 (six women; 75 percent), all of whom were youth under 35 years of age.

### Key Outcomes in FY18

- Increased capacity of 177 trainers (121 women, 56 men) based in all three project territories to integrate gender and social inclusion within value chain activities using the GALS methodology.
- Increased visibility and recognition of eight (three women, five men) youth coffee entrepreneurs' labeling, packaging, and e-marketing services during Saveur du Kivu. After participating in Saveur du Kivu, these young entrepreneurs expanded their business networks, making new connections with the public sector (the Ministry of Agriculture), the private sector, international importers (Sustainable Harvest and Great Lakes Coffee), financial institutions (Equity Bank), media and news outlets, and coffee cooperatives.
- Increased knowledge of 34 SVC staff (8 women, 26 men) on gender equality and social inclusion as it relates to SVC project areas and secured their commitment to uphold gender equality principles in their work by serving as agents of change as articulated in the GSICM strategy.
- Established and formalized an internship program within SVC, assisting in the professional development of eight youth (6 women, 2 men).

### 3.5.2 CONFLICT AND RESILIENCE

Interventions under this crosscutting theme can be grouped into two subcomponents: 1) Conflict Mitigation and Transformation and 2) SBCC. The former subcomponent aims to ensure conflict sensitivity across the consortium's targeted territories and value chains, create vectors through which actors within and across value chains can constructively resolve conflicts, and mitigate the risks of conflicts within the target zone, leading to increased resilience. The SBCC subcomponent aims to affect the attitudes and change the behavior of men, women, boys, and girls throughout target value chains, and within target communities. This sub-component focuses on radio programming coupled with listening groups, public service announcements and participatory theater as three vectors to disseminate messages to local communities and to value chain consumers.

### Key Accomplishments

- Conflict sensitivity training for SVC staff. **Twenty-four** SVC staff (29 percent women) learned methods to integrate conflict sensitivity and *Do No Harm* concepts into the design, implementation

and monitoring of interventions. Staff learned to identify potential conflict situations to mitigate risk proactively.

- Training and mobilization of three participatory theater groups (one per SVC target territory). Each participatory theater group contains 13 actors (**39** total, of whom 18 [**46.2** percent] are **women**). One group in Walungu is used jointly by Food for the Hungry and SVC. A total of nine participatory theater performances were undertaken, 67% in the final month of the 4<sup>th</sup> quarter. Priority themes were identified based on the results of the GSICM assessment, including:
  1. Increasing women and youth access to land
  2. Land conflicts between neighbors
  3. Land conflicts between farmers and herders
  4. Household conflicts due to issues with money management
- Conflict transformation training for value chain actors. Four conflict transformation training sessions were organized in each of the three SVC target territories, and one with members of the Kabare CARG. A total of **112 participants**, including 44 (39 percent) women, were trained. The objective of the training was to assist members of SVC target cooperatives and POs to manage conflicts arising within targeted agricultural value chains. The curriculum focused on collaboration and principles of good governance to assist actors to prevent violent conflict by resolving differences peacefully, using participatory tools and approaches.

**Table 3.8: Conflict Transformation Training Conducted in FY18 by SVC partner Search for Common Ground**

Location	Audience	Date	Men	Women	Total
1. Kalehe	Cooperative Members	10-12/09/2018	17	13	30
2. Kabare	Cooperative Members	10-12/09/2018	12	12	24
3. Kabare	CARG members	13-17/09/2018	23	5	28
4. Walungu	Cooperative Members	24-26/09/2018	16	14	30
<b>Total</b>			<b>68</b>	<b>44</b>	<b>112</b>

- Six Tribunes for Popular Expression (TEP, similar to town hall meetings) were organized in FY18 (two per territory). The TEPs facilitate dialog and advocacy between actors on differing sides of potentially conflictual situations. TEP are designed to strengthen links between local level stakeholders involved in public-private partnerships (including local authorities, large landholders, local leaders, and cooperative members). In FY18 TEPs focused on increasing women and youth access to arable land (a theme which emerged in the GSICM assessment).
- Radio Soap Opera Production: Six episodes of a radio soap opera were broadcast over seven community radio stations. The six episodes covered the following themes:

**Table 3.9: Radio Spots Produced and Disseminated in FY18 by SVC partner Search for Common Ground**

Episode	Theme/Subject
Episode #1	Protection of coffee trees from pests
Episode #2	Efficient use of chemical fertilizers to obtain better yields in Kabare, Kalehe and Walungu
Episode #3	Use of fertilizers in rural areas to improve crop yields in the value chain
Episode #4	Women's access to land through inheritance in the Kabare and Kalehe territories
Episode #5	The strength of women leadership in the management of farmers' organizations and cooperatives
Episode #6	Use of improved bean and soybean seeds for better agricultural production

The seven radio stations selected<sup>14</sup> are:

**Table 3.10: Radio Stations Supported in FY18 by SVC partner, Search for Common Ground**

No	Name	Location
1	Radio Maendeleo	Bukavu (covering Kabare)
2	Radio-télévision Communautaire de Kalehe	Kalehe
3	Radio Communautaire Bubandano	Kalehe
4	Radio Communautaire Buzi-Bulenga	Kalehe
5	Radio Communautaire Mulangane	Walungu
6	Radio-Télévision Nationale Congolaise	Walungu
7	Radio Communautaire Arome	Walungu

Journalists from radio stations were trained on gender issues and equality, to understand conflict and methods for seeking a common ground solution, and in how to produce a thematic radio show.

- Radio Spots (Public Service Announcements). A total of **10 spots** were produced during the reporting period. spots produced covered the following themes:
  1. Producing for a market improves living conditions in the household and community.
  2. Women work hard in targeted value chains, but their work is unpaid and unrecognized.
  3. Selling coffee after harvest results in more equitable pricing and better value to farmers than selling the coffee pre-harvest (while it is still on the tree).
  4. Include women and youth in decision making. They are key actors in the production, processing, storage and marketing of beans, soy and coffee.
  5. Equitable distribution of land inheritance among family members reduces conflict and strengthens social cohesion.
  6. Women in Kalehe do not have access or control over resources derived from sales of products from targeted value chains.
  7. “Youth are the Future” and “Agriculture is Life.”
  8. Training women and youth in good agronomic practices improves productivity and household income.
  9. Including women and youth in family decision making ensures the entire family’s strategic needs are considered when seeking solutions.
  10. Depriving women and youth the right to inheritance of parental lands is illegal and punishable by law.
- Setting up and equipping<sup>15</sup> listening clubs. A total of 20 listening clubs were established in the three SVC target territories (six in Kabare, 10 in Kalehe and four in Walungu). A total of **209** participants (82, or 39.2 percent women) participated. Youth make up 54.1 percent of listening club membership. Listening clubs meet twice a month. A total of **40** listening group sessions were undertaken during the fiscal year. Listening clubs encourage listeners to go into greater depth about topics broadcast during the *Lima Faidika* radio show. Listening clubs are invited to identify actions they can take to encourage desired change within their communities.

<sup>14</sup> Selection criteria included a) being a local community radio; b) established history of good governance/management; c) adequate transmission equipment; d) good reputation and loyal following; and e) is operational within the project zone

<sup>15</sup> Each Club is provided with a solar radio, mobile phone, flash drive and office supplies

- An Annual Conflict Scan was undertaken in all three project territories. Fieldwork for the scan was accomplished in September. Results will be available in Q1 FY19.

### **Key Outcomes for Conflict Mitigation and Resilience in FY18**

- Following the Tribunes for Popular Expression (TEP) concerning increased access to arable land for youth and women, the following commitments were made:
  - The Chazi plantation in Walungu committed to donate 1 hectare of land for use by the Youth Association of Mulamba.
  - The owner of the Gombo CITO KATULANYA Pierre plantation committed to providing small farmers with 175 hectares for cultivation.
  - In Walungu, the manager of the OLIVE MUDEKEREZA Foundation decided, on behalf of the concessionaire he represented at the social dialogue, to provide small producers with 80 hectares free of charge at CIHERANO.

### **3.5.3 FEED THE FUTURE**

- The Feed the Future DRC SVC Activity promotes a better business-friendly environment through stakeholder platforms and advocacy training, in collaboration with local government actors.
- Feed the Future DRC SVC promotes increased private sector investment with innovative access to finance, Public Private Partnerships and the concessionaire model.
- SVC promotes a nutrition sensitive approach to agricultural development, focused on increasing transformation, processing and marketing of new soy and bean products.
- SVC promotes climate smart technologies (see 3.5.4 below) which empower women (see 3.5.1 above).

SVC interventions promote changes in policies and regulations affecting the use of and access to agricultural inputs, including seed, fertilizer and equipment. SVC provides capacity building for value chain actors to engage in dialogue with government to create a business-friendly environment that allows businesses to grow, increase their investments and be competitive in their selected market. SVC activities promote local leadership and local solutions to development challenges, by working through local actors to solve problems and to take advantage of market system opportunities, while supporting local government initiatives and national policies.

### **3.5.4 CLIMATE SMART AGRICULTURE**

The SVC team promotes innovative agricultural and business practices that incorporate adaptations to immediate and long-term climate variability and change, reduce deforestation and forest degradation pressures, and reduce greenhouse gas emissions. For example, the prudent and judicious use of agricultural inputs, such as improved seeds (including short cycle and drought resistant crops and crop varieties), organic and inorganic fertilizer, and integrated pest management techniques allow farmers to produce more food on existing small landholdings, reducing deforestation and forest degradation pressures. Low till or no till solutions such as mulching and the promotion of shade grown coffee, are key components of the SVC coffee farm college which reduce erosion and protect fragile soil. Increasing farmer access to locally produced improved seeds and seedlings also contribute directly to increased yields and incomes, without increasing the area under cultivation. SVC's approach to increased access to and demand for inputs using private sector led approaches is an example of sustainable, climate smart agriculture which will give farmers access to the tools and materials needed to help farmers adapt to changing economic opportunities, weather patterns and reduce risk, increasing livelihood resilience.

In addition to the Coffee Farm College and the Access to Inputs components of SVC, IMLATs and OFTTs are designed to identify high producing, ecologically adapted coffee varieties resistant to disease such as coffee rust, as well as drought and temperature gradations. Testing improved varieties and approaches in different cropping systems to see how they perform within different systems will help farmers adapt to change, using locally relevant, evidenced based solutions.

### 3.5.5 VALUE CHAIN AND MARKET SYSTEMS DEVELOPMENT

SVC is, by its very nature, a value chain project, implemented using market systems development approaches. Examples of SVC's commitment to value chain development include its "farm to fork" approach with regards to the coffee sector, where SVC partners use internationally tried and tested best practices to promote improved production and agribusiness technologies, strengthening local actors' abilities to source required inputs locally and independently, and to make new market contacts, without SVC support. Even in this early stage of project implementation, it is exciting to see significant sustainable improvements in access to finance for South Kivu value chain actors, the widespread adoption of new washing station business models, and local stakeholder commitments to gender equity, youth empowerment, social inclusion and conflict resolution.

Best practices used by SVC partners include the Coffee Farm College, which SVC partner TechnoServe has used in multiple countries and contexts, and the Cup of Excellence approach used by World Coffee Research to facilitate market linkages during the Saveur de Kivu event. Search for Common Ground TEPS and conflict mitigation approaches have been used in the Kivus for over 20 years, with demonstrated success.

SVC interventions have been designed to address key constraints in soy, bean and coffee value chains, such as climate change, access to and demand for inputs, informal road taxes, cooperative governance and market linkages, as well as gender equity and conflict. SVC staff also focus on opportunities to support greater efficiencies and market access, through public-private partnerships, partner networks and stakeholder consultations. The SVC team has very intentionally selected a small group of 10 – 15 key market actors who can affect significant change in local market systems in the three target territories, including:

1. *Association des Commerçantes Transfrontaliers (ACT)*: Cross-border market women's association focusing on soy and beans
2. Federated Entrepreneurs of Congo (FEC)
3. FOPAC
4. Centre OLAME
5. *Société Olive (concessionnaire)*
6. NASECO seeds
7. PAV (an agro-dealer)
8. Agriforce (agro-dealer)
9. LICOSKI (The Consumers Advocacy League)
10. Bukavu Youth Agripreneurs
11. *Association des Armateurs sur le Lac Kivu*
12. Agency for the Valorization of Agricultural Production

These actors, together with local BDS and CSP actors and microfinance institutions supported by SVC, can drive future change in market systems, and have the resources to invest in target value chains and

leverage political and social capital to do so. SVC's innovative concessionaire approach, which is already being adapted and replicated by the DFSAs, is one example of innovative market systems change the project has designed and leveraged, turning what many saw as a land tenure constraint into an opportunity to effect social and economic change. B2B consultations and private sector round tables help stakeholders focus on priority challenges and opportunities, and can easily continue after USAID investments end, provided there are sufficient economic, social and political incentives to do so.

### **3.5.6 SUSTAINABILITY AND LOCAL SYSTEMS STRENGTHENING**

The strategy of strengthening the capacities of associations and actors operating in the three value chains is based on the vision of ensuring greater sustainability and ownership of anticipated results and impacts. Instead of working with or creating new actors, the program will focus on existing actors and structures to strengthen them so that they ensure the appropriation and sustainability of desired achievements. SVC collaboration with ONC; *Inspecteur Provincial de l'Agriculture, la Pêche et l'Élevage* (IPAPEL, Provincial Inspector of the Ministry of Agriculture, Fisheries and Livestock); the FEC Agricole; and the CARG; and SVC's focus on private sector actors who will remain value chain stakeholders well after USAID investments end, demonstrate the project team's commitment to sustainability and local systems strengthening.

Popular Expression Tribunals (TEP) and local radio ensure local stakeholders have sufficient opportunity to provide feedback to the SVC team to learn from successes and failures, and to adapt strategies and tactics as needed to improve outcomes and impacts. Conflict transformation training for value chain cooperatives and GALS training of local trainers ensures local actors are given the knowledge, skills and tools needed to address new challenges as they emerge, and to leverage new opportunities. Following up on these trainings to help value chain actors apply the skills learned will be a key activity in Y2 (FY19).

The SVC team will continue to look for emerging innovative actors whose services can strengthen value chain networks and provide opportunities to local stakeholders to resolve value chain bottlenecks and leverage new opportunities.

# 4.0 COLLABORATION WITH DEVELOPMENT PARTNERS

## 4.1 COLLABORATION WITH USAID IMPLEMENTING PARTNERS

SVC collaborated, coordinated and communicated with over 100 local stakeholders and actors last year. However, a concerted effort was made to coordinate synergistically with other USAID implementing partners in target zones, including the DFSAs, the Integrated Governance Activity (IGA), and the Integrated Health Project (IHP). This section includes a list of key collaborative efforts undertaken with USAID implementing partners and other development partners in South Kivu.

### 4.1.1 DEVELOPMENT FOOD SECURITY ACTIVITIES

- Collaboration with the FSP in Kabare and Kalehe for POSAs with 29 POs;
- Joint training with FSP staff in governance and development of a capacity building plan with two producer organizations, ACD and Majirane, in Murhesa, Kabare.
- SVC and Mercy Corps jointly trained 112 members of producer organizations in Kabare in good governance, conflict management, introduction to resilience and developing a business plan.
- DFSA personnel were trained in post-harvest handling and improved warehousing methods in Kabare, Kalehe and Walungu.
- Two joint field visits were organized with Food for the Hungry staff to Nyalugana and Ciherano in Walungu. The SVC Activity was presented to Food for the Hungry field staff, to facilitate coordination, collaboration and mutual understanding.
- Following the identification of target zones for coffee agronomy training, the SVC team visited the local leaders (*chefs de groupements* and *chefs de village*) to discuss the geographic reach and the proposed two-year approach of the agronomy training program, to facilitate collaboration and synchronization of similar farmer or community-based training efforts with Mercy Corps.
- Joint sensitization with Mercy Corps, PAV and COOPANYA to generate demand for improved bean and soybean seed. This campaign resulted in the procurement of approximately 14.3 MT of improved bean and 332 kg of improved soybean seed by 21 Producer Organizations. These POs were then linked to the nearest input supply shop to procure certified seed.
- In Kalehe and Kabare, SVC collaborated with FSP to identify GALS training participants and some DFSA field agents participated and followed certain sessions of the training.
- 177 people were trained using the GALS methodology in Kalehe, Kabare and Walungu territories in collaboration with World Vision, Mercy Corps and Food for the Hungry.
- Both FSP and Food for the Hungry participated in SVC's FY19 Annual work planning workshop, presenting their programs and key areas for collaboration with SVC in FY19.

### 4.1.2 INTEGRATED GOVERNANCE ACTIVITY

- IGA facilitated a session on tariffs and fiscal barriers to trade during a SVC hosted workshop on legislation governing commercial transactions within targeted value chains.
- SVC and IGA collaborated on approaches to engage the CCPA and the CARG.



- IGA invited SVC staff to participate in their annual work planning sessions in FY17 and FY18, but SVC staff were unable to attend because they were held in Kinshasa.

#### **4.1.3 INTEGRATED HEALTH PROJECT**

- IHP attended the SVC FY19 Annual Work planning workshop held in August 2018, presenting their focus areas and highlighting areas for potential collaborative synergies.
- Several meetings were held with the previous ProSani+ project team as well, before it closed in FY18. Nutrition communication messages and materials were shared with SVC staff.

#### **4.1.4 INTEGRATED YOUTH DEVELOPMENT ACTIVITY**

- SVC held informational meetings with the newly funded Integrated Youth Development Activity primed by EDC. They also participated in SVC's FY19 annual work planning session in August 2018, presenting their FY19 workplan and potential areas of collaboration

## **4.2 COLLABORATION WITH THE GOVERNMENT OF DRC**

### **4.2.1 OFFICE NATIONAL DU CAFÉ**

- SVC supported World Coffee Day in October 2017 (Q1 FY18), participating in multiple coffee events, stakeholder discussions and initial SVC presentations to local stakeholders.
- SVC signed an MOU with ONC in March 2018, outlining partner roles and responsibilities.
- SVC staff worked with ONC to develop a coffee sampling protocol and facilitated sample taking and cupping sessions for *Saveur de Kivu*. SVC staff also attended numerous organizational and planning meetings for the fourth annual *Saveur de Kivu* event and provided significant communications support.
- Eight ONC agronomists participated in a five-day basic agronomy course delivered by the TechnoServe Regional Agronomy Advisor. One ONC agronomist attended a field visit to a farmer trainer agronomy class on pruning with the Chief of Party and Component 2 Lead.
- The South Kivu ONC Director attended the African Fine Coffee Association (AFCA) conference in Uganda, with SVC support. This was the first time the ONC director ever attended an AFCA conference.

### **4.2.2 OTHER GOVERNMENT TECHNICAL SERVICES**

- Government officials including representatives from IPAPPEL, CARG, SQAV and the Trade Division of the Ministry of Commerce participated in advocacy training and the identification of illegal barriers.
- In Kabare, the local IPAPPEL representative and local public services member participated in the SVC induction session with the CARG.
- SVC staff collaborated with SYNACCOOP during POSA analyses.
- SVC's Gender, Youth and Social Inclusion Specialist participated in the development of the South Kivu Strategic Plan for Gender at the invitation of the Provincial Minister for Gender, Children and the Family.

## 4.3 COLLABORATION WITH OTHER DEVELOPMENT ACTORS

### 4.3.1 HARVEST PLUS AND INTERNATIONAL INSTITUTE FOR TROPICAL AGRICULTURE

- In collaboration with Harvest Plus (as an agro-dealer for certified seed), SVC set up six demonstration plots in Kabare and Kalehe to highlight the productive nature of improved seed, especially when used in a full package of good agronomic packages for beans or soy. Demonstration fields were set up with a local agro-dealer (PAV) in Bushembo and Mungazo, in Kayanja at the Bishweka plantation (Kabare), at SOLFAP member farms in Mukwija and Kazo-Makengere, with FODDR in Kalungu, and Kishinji in Kalehe. Two hundred sixty-five (265) smallholders, 75 percent of whom were women, assisted setting up the plots and committed to replicate practices in their fields.
- Participation in Harvest Plus's evaluation of the 2018 A agricultural campaign and planning for the 2019 B season.
- Several meetings were organized with Harvest Plus and International Institute for Tropical Agriculture (IITA) in early FY18, to share project documents, workplans and approaches, including field visits to Kalambo to appreciate IITA's work with youth, soybeans and equipment supply.

### 4.3.2 ELAN/ESSOR/ECI

- Collaboration with ELAN, ECI and Higher Grounds Trading to organize Saveur du Kivu. ELAN (and ostensibly ONC) was in charge of the overall event while SVC was uniquely responsible for coffee sample collection and cupping in collaboration with ONC.
- The SVC office hosted an ECI vehicle from Goma to support a Café Lac-funded Business Advisor working with former Kahawa Bora Ya Kivu cooperatives. SVC staff shared bookkeeping materials with ECI, to align support to washing stations.
- The initial start-up SVC Chief of Party worked with ESSOR's gender team to share documents, approaches and ideas to support women in coffee, and to generate initial support for IFCCA. ESSOR and SVC collaborated on a joint publication highlighting the importance of women in coffee (<https://afca.coffee/wp-content/uploads/2018/04/AfricanFineCoffeesReviewMagazineJan-Mar2018.pdf>)

### 4.3.3 FUNDS FOR FINANCIAL INCLUSION

- During FY18, SVC staff collaborated with the FPM, funded by the World Bank, KfW, the United Nations Development Programme, Sida, and the United Nations Capital Development Fund (UNCDF). In addition to attending FPM's annual Financial Forum in Kinshasa and facilitating the participation of other partners at the event, the team is working to organize an FPM forum in the Kivus in FY 2019.

### 4.3.4 UNITED NATIONS

- SVC met with representatives from UNCDF and the Office of the United Nations High Commissioner for Refugees to learn about their experience using mobile money in DRC.
- SVC staff held informational meetings with the new United Nations Food and Agriculture Organization (FAO)/ World Food Program P4P Program in Kalehe.
- A representative from FAO attended the SVC FY19 annual planning workshop in August 2018.
- SVC staff participate in UN food security cluster meetings, which include representatives from FAO, UNICEF, World Food Program and Famine Early Warning Systems Network, among others.

## 5.0 CONSTRAINTS AND CHALLENGES

### 5.1 COMPONENT 1: BUILD CAPACITY OF VERTICAL AND HORIZONTAL ACTORS IN TARGETED VALUE CHAINS

- Farmers are reticent to use chemical fertilizer on their fields at least partly due to the belief that chemical fertilizers acidify the soil, making them less productive. It is critical to find common ground with local research institutions, universities, the Ministry of Agriculture, agro-dealers and development actors so that farmers are encouraged to use organic and inorganic fertilizers in appropriate and safe ways to increase agricultural productivity and profits.
- The Government of DRC recently passed legislation banning plastic bags, but the text is unclear as to whether this includes the plastic lining of bags used to store fertilizer or PIC bags for improved post-harvest storage. Without clarification within the texts of application, there is hesitancy among agro-dealers to import these items for sale.
- Agro-dealers in South Kivu do not see smallholder farmers as a viable market and do not have the liquidity to stock inventory without clear demand signals. Over the course of the past 20 years, agro-dealers have principally served humanitarian relief organizations. They keep limited stocks of inputs, equipment and tools on hand and only order inputs when they have an institutional purchase order in hand.
- Except in Minova, there is no market disaggregation for beans or soybeans based on quality. This is a disincentive to farmer adoption of post-harvest best practices.

### 5.2 COMPONENT 2: ENHANCE COFFEE PRODUCTION

- Coffee flowered early this year due to atypical rainfall during the dry season at the end of July 2018, making adoption of rejuvenation techniques difficult. Once farmers see flowers on their trees, it is unlikely that they will cut their trees, as it feels like they are undercutting their own revenue. This not only discouraged adoption of pruning practices, it also impacted demonstration plots. Focal Farmers were unwilling to rejuvenate or remove excess stems from a block of trees, as required, and preferred to implement the practice on a few individual scattered trees.
- The leadership of the three Kawa Bora cooperatives (CPCCK, *Cooperative des Caféculteurs de Kalehe*, and Kalehe Arabica Coffee Company [KACCO]) expected financial support from SVC to collaborate on OFTTs. When other cooperatives showed interest to collaborate with the project on OFTTs, the three cooperative leaders finally accepted to set up OFTTs, but this reticence delayed OFTT implementation while negotiations were underway.
- OFTT trials are also very complex and new for the coffee sector in South Kivu. Data collection by the farmers themselves remains a challenge in terms of completeness and accuracy.
- Timely available working capital has been the biggest challenge for washing stations in South Kivu.

### 5.3 COMPONENT 3: PUBLIC PRIVATE PARTNERSHIPS

- Potential partner organizations are poorly structured, often lacking clear governance, formal registration documents, etc.

- Development partners associate MOUs with financing. Government technical services and others are looking for grants and institutional support to accompany SVC collaboration.

## 5.4 COMPONENT 4: ACCESS TO FINANCE

- FY18 was the first year for the two partner banks to work with a DCA, and to expand into the agricultural sector. The banks' knowledge of the DCA eligibility criteria and operating requirements was rudimentary, and SVC staff provided much needed training in these areas. With bank staff turnover, there will be an ongoing need for SVC support on DCA rules.
- Some financial institutions (including DCA partners) do not have sufficient understanding of the agricultural sector and lack adapted credit products. For example:
  - Loan products do not always take into account agricultural payment cycles, requiring borrowers to make weekly or monthly, rather than end-of-season, payments;
  - Partner banks will only operate within 50 km of their branches in Goma and Bukavu, excluding most rural clients; and
  - Financial institutions are not willing to lend to agricultural start-ups.
- FINCA's procedures and policies are such that the FINCA branch in Bukavu has no authority to engage directly in negotiations and discussions with SVC. The fact that the FINCA Bukavu agency must constantly refer to the general management in Kinshasa for guidance causes delays in the processing of files and significantly delayed the signing of the MOU with SVC.
- The agricultural sector has been dominated by humanitarian aid from international organizations, contributing to a proliferation of local NGOs that are accustomed to receiving grant funding. This grant dependency has stifled entrepreneurship in the sector.
- There are a number of projects working in similar ways with overlapping populations; a concerted effort is required to coordinate, to optimize resources and prevent duplication.

## 5.5 CROSSCUTTING INITIATIVES

### 5.5.1 GENDER AND YOUTH

- Engaging IFCCA's South Kivu representation as a platform separate from the national level IFCCA structure to respond to local women farmers' critical needs within the coffee value chain is difficult because roles and responsibilities are not clearly delineated and there is no clear vision for IFCCA South Kivu, nor a strategic plan to achieve the vision.
- There is no consensus, as yet, between members of the South Kivu gender technical working group as to its mission and constituency. With the DFSA, selection of champions and participants for planned GALS activities was complex. Participants were heterogeneous because they were pulled from DFSA-led informal groups rather than from members of existing community-based structures.
- The project did not focus much on youth engagement in FY18. SVC is not a youth project and is not responsible for youth specific performance indicators. SVC staff will work closely with USAID's new youth project to link activities and approaches where appropriate.

### 5.5.2 CONFLICT AND RESILIENCE

- Search for Common Ground technical advisors were unavailable when required to support SVC interventions. Advisors provide backstopping to multiple (15) sub-contractor projects across five provinces in DRC. There is often only one trainer per thematic area, thus the timing of technical interventions is often delayed.

- Using a market systems development approach in areas where local beneficiaries and stakeholders are used to humanitarian approaches (and where humanitarian approaches still dominate) creates difficulties because people expect goods and services to be provided to them for free. When people feel that they are now expected to pay for a good/service they used to see as free, they mitigate costs by seeking out humanitarian actors, sometimes resulting in duplicative efforts.

## 6.0 LESSONS LEARNED

- During the August coffee farmer training, farmers expressed a real interest in purchasing pruning shears and saws (preferably on credit). SVC worked with agro-dealers to have tools stocked at rural shops. However, agro-dealers did not actually supply rural shops as they did not have the stock in hand. Next season, SVC plans to work with cooperatives and washing stations to pilot in-kind first or second payments to farmers in the form of tools.
- A small number of actors in Minova (Kalehe) applied best practice post-harvest techniques to their beans and earned a slightly higher market price than beans sold in the traditional manner. This suggests that market disaggregation based on quality, calibration and cleanliness is possible.
- Soy and dry beans produced in South Kivu are not competitive for export. International prices offered are lower than production costs in South Kivu. Production costs in South Kivu are higher than surrounding countries for many reasons, including low productivity, heavy taxation burdens (both licit and informal) and poor road infrastructure, which raise transport costs from production all the way to market. If local production costs cannot be lowered through advocacy and the application of new technologies, the main focus of soy and bean activities will focus on short value chains in and around production zones.
- *Concessionnaires* offer a promising opportunity for the promotion of improved technology adoption. For the 2019 A agricultural season, certain *concessionnaires* purchased certified seed from agro-dealers and distributed them on credit to smallholder farmers. Several concessionnaires also installed demonstration plots on their land to test new, more inclusive agribusiness models in partnership with SVC.
- Inventory-based credit is key to unlock working capital finance. Given prior experience with the Starbucks five-year contract and the push by NGOs for organic certification, banks currently require a pre-season sales contract and, at times, organic certification documentation, because they believe it is required to sell coffee on the international specialty market. SVC performed a buyer and sales analysis of the past three years, showing that organic certification does not earn washing stations higher prices on average, as many high-end specialty roasters require cherry quality over organic certification and prefer to work more directly with farmers (e.g. ensuring farmer bonus payments and community development programs) than to rely on, and pay for, third-party organic certification. In addition, the expectation of the bank to secure pre-season sales contracts is not realistic as coffee is normally bought based on cupping results of samples sent post-season. A better way to reduce risk for a working capital lender is inventory-based financing. However, this requires a bookkeeping system and in-season reporting in place, which has not been available to lenders. Through the SVC-developed bookkeeping system and accompanying dashboard, financial lenders can monitor their loans and disburse smaller amounts of money in-season based on actual inventory levels. This reduces both the financing cost to washing stations and lender risks.
- The most profitable way to grow coffee in eastern DRC is by intercropping with groundnuts or beans, as opposed to monoculture. Intercropping with groundnuts and beans is more profitable than intercropping with soy.
- Coffee cooperatives encounter a heavy tax burden when moving their coffee from the washing station to the dry mill and to the exporter. This is largely due to lack of knowledge about legislation governing coffee and fear of engaging with government to protect their rights.

- Lack of an organized, formally recognized structure representing bean and soybean market vendors means they lack a unified voice with which to engage the government on questions related to taxation and pressure exerted by tax assessors and police officers.
- Financial literacy and Microsoft Excel skills are low among SVC clients and stakeholders.
- Smaller farmers in cooperatives are credible consumers and repayers of credit.

## 7.0 RECOMMENDATIONS

1. Instead of working through cooperatives for OFTT, SVC could explore opportunities with industry actors such as exporters who have an interest in developing the coffee sector's research knowledge.
2. SVC should scrutinize the quality of data collected by farmers from OFTTs. In addition, install some annual trials in 2019 to address urgent production constraints like die back.
3. The project must take concrete actions to engage youth within SVC value chains, including supporting youth pilots and models in targeted value chains with potential for impact on income and nutrition. Pilot tests pertaining to technology, transport, innovation and creativity contests with young people could be avenues to explore even if this could expose the project to certain risks of failure.
4. Maintain dialogue with the women leaders of IFCCA to determine if there are opportunities for a strategic partnership at the provincial level that will further advance their platform and help achieve industry goals. Given the institutional challenge engaging with IFCCA at the provincial level, SVC should explore other existing platforms for engaging women and youth in targeted value chains.
5. With the completion of the initial phase of GALS, SVC should share best practices and lessons learned with TWIN-UK on the use of the GALS methodology. As SVC moves into phase two of GALS, the project can learn from TWIN-UK's experience in the same territory and enhance the sustainability of SVC's approach by establishing links between SVC participants and TWIN-UK participants.
6. For certain activities, like SBCC campaigns for nutrition, there is a need for focal points from different implementing partners to sit down with Ministry of Health officials familiar with the Scaling Up Nutrition Communications Campaign and define a multi-tiered strategy with a storyline to be rolled out in a well-articulated fashion across the project zone.
7. Collaborative activities with local stakeholders and implementing partners should focus on short cycle pilots of 3-6 months. These pilots will help calibrate relationships and working styles, and allow partners to evaluate, learn lessons and reprogram efforts as necessary.



## 8.0 CONCLUSIONS

The SVC market systems facilitation approach is new to South Kivu and there has been a high level of confusion, insecurity, and sometimes skepticism among government technical services, private sector operators and even among staff. Project start up requires a lot of team building, practical orientation, active listening and communication. However, Year 1 results show the approach is gaining traction.

The South Kivu operating environment is complex, and SVC operates differently than other partners with whom it must collaborate. Interventions in FY 19 are based on findings from assessments undertaken and learning which occurred during FY18, including the successes (A2F, coffee sales and GALS training) and setbacks (DFSA coordination, soy and bean production and market opportunities, and nutrition messaging) described in this report. This report highlights key results and learning from the past year and presents tangible accomplishments achieved to date.

The SVC team is thankful for the support received from USAID and local stakeholders, especially private sector actors, USAID implementing partners and government partners, and appreciates the frank feedback shared and interest shown in this innovative, integrated activity over the course of FY18. The entire SVC team is optimistic that in the coming year, staff will find new ways to facilitate services for targeted clientele and engage new actors in target value chains to achieve sustainable impacts.

# ANNEXES

- Annex 1: Budget to Actuals Report
- Annex 2: SVC FY18 Photos
- Annex 3: SVC Maps and Figures

## ANNEX I: FY18 BUDGET TO ACTUALS

The Activity expended \$4,854,265 USD over the Life of Activity (LOA) as of September 30, 2018. LOA expenditures represent 21 percent of the total budget, expended over 26 percent of project life (16 months out of 60). Expenses to date represent 39.98 percent of the current obligation of \$12,140,963. Please find a table summarizing expenditures by contract budget category below.

**Table AI.1: Contract Expenditures through September 30, 2018**

Contract No AID-660-C 17-00003  
 Feed the Future DRC Strengthening Value Chains Activity  
 FY18 Annual Financial Report  
 Contract expenditures through September 30 2018

Category	Contract Budget (USD)	Expenditures through September 2018 (LOA)	Percent Expensed
Labor	4,645,382	987,193	21.3%
Subcontracts	10,549,037	1,783,913	16.9%
Allowances	583,430	118,095	20.2%
ODCs	3,271,580	980,974	30.0%
Indirect Costs	2,642,107	554,696	21.0%
Total estimated costs	21,691,536	4,424,772	20.4%
Fee	1,301,493	429,493	33.0%
<b>Total contract cost</b>	<b>22,993,029</b>	<b>4,854,265</b>	<b>21.1%</b>

## ANNEX 2: SVC FY18 PHOTOS



**Photo Captions:** SVC Contracts Officer Representative (COR) Sara Calvert meets with SVC Partners Olivier Mushagalusha from PIAD and ACOSYF staff to discuss soy bean processing and marketing; A joint field visit with SVC, IITA and Mercy Corps, to promote coordination among USAID Implementing Partners. **Photo Credit:** Jen Peterson/Tetra Tech.



**Photo Caption:** Search for Common Ground conducted three trainings for value chain cooperatives on conflict management to reinforce the capacity of agricultural value chain actors to prevent violent conflict and to solve conflicts peacefully. Trainings took place in each target territory, with participants from cooperatives and farmers' organizations focused on coffee, soy, and bean value chains. 112 people (44 women) participated in this type of training. Pre and Post test scores indicated significant improvements in participants' understanding of conflict transformation techniques; the percentage of participants who passed the test increased from 37 percent (pre-test) to 87 percent (post-test). One participant's testimonial: "Our entity is confronted by multiple conflicts between farmers and herders on one hand and farmers and agents of the state on the other hand. We are now convinced that the trained actors will contribute significantly to the restoration of social cohesion caused by misunderstandings that usually end up generating violence and stopping agricultural activities for the concerned parties," said Bora Kashisha, President of COOPAMI in Kasheke. **Photo Credit:** Search for Common Ground.



**Photo Captions:** USAID DRC Mission Director Christophe Tocco met with Concessionaire Madame Vany, to explore opportunities for SVC to facilitate systemic improvements in local markets. Mr. Tocco, SVC COR Sara Calvert, Joe Lessard and Steven Kanane tap into smart phone technology to promote Congolese specialty coffee. **Photo Credits:** Jen Peterson, Tetra Tech.



**Photo Caption:** A woman farmer practices pruning techniques during a Coffee Farm College training session in Ishungu  
**Photo Credit:** TechnoServe.



**Photo Caption:** Women sorting coffee at Tumaini Kaisha on drying beds made of low-cost and locally available reeds which lower construction costs **Photo Credit:** TechnoServe.



**Photo Caption:** Daily lot marking at a wet mill warehouse. **Photo Credit:** TechnoServe.



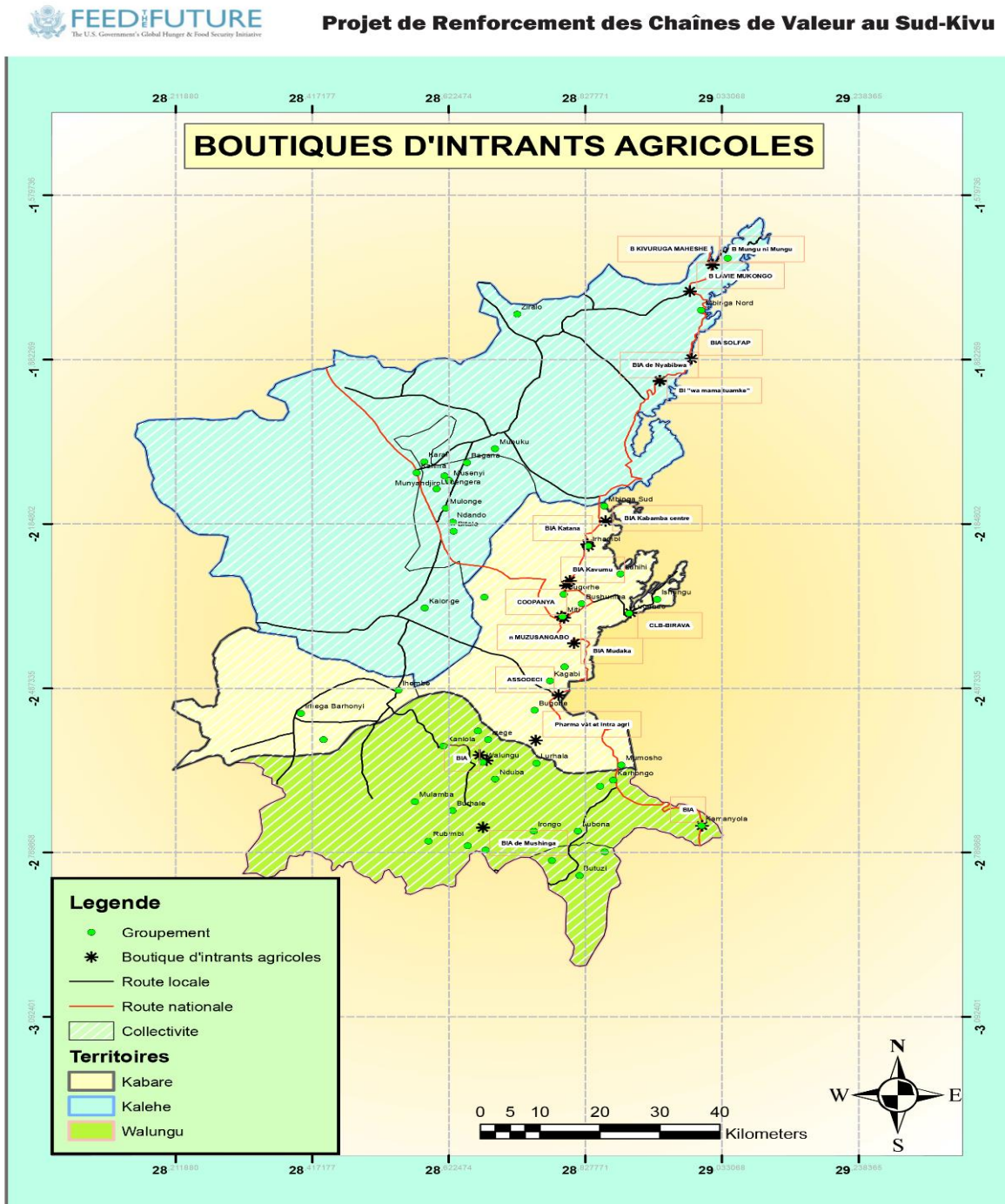
**Photo Caption:** SVC's Quality Advisor (Moise Dunia, center) discusses cupping results during a training at the Mungaano washing station, using the SCCA scoring system together with two aspirational cuppers who have shown a keen interest to learn to cup their parents' income-generating coffee. **Photo Credit:** TechnoServe.



**Photo Caption:** Photos taken during participatory theater performances. **Photo Credit:** Search for Common Ground.

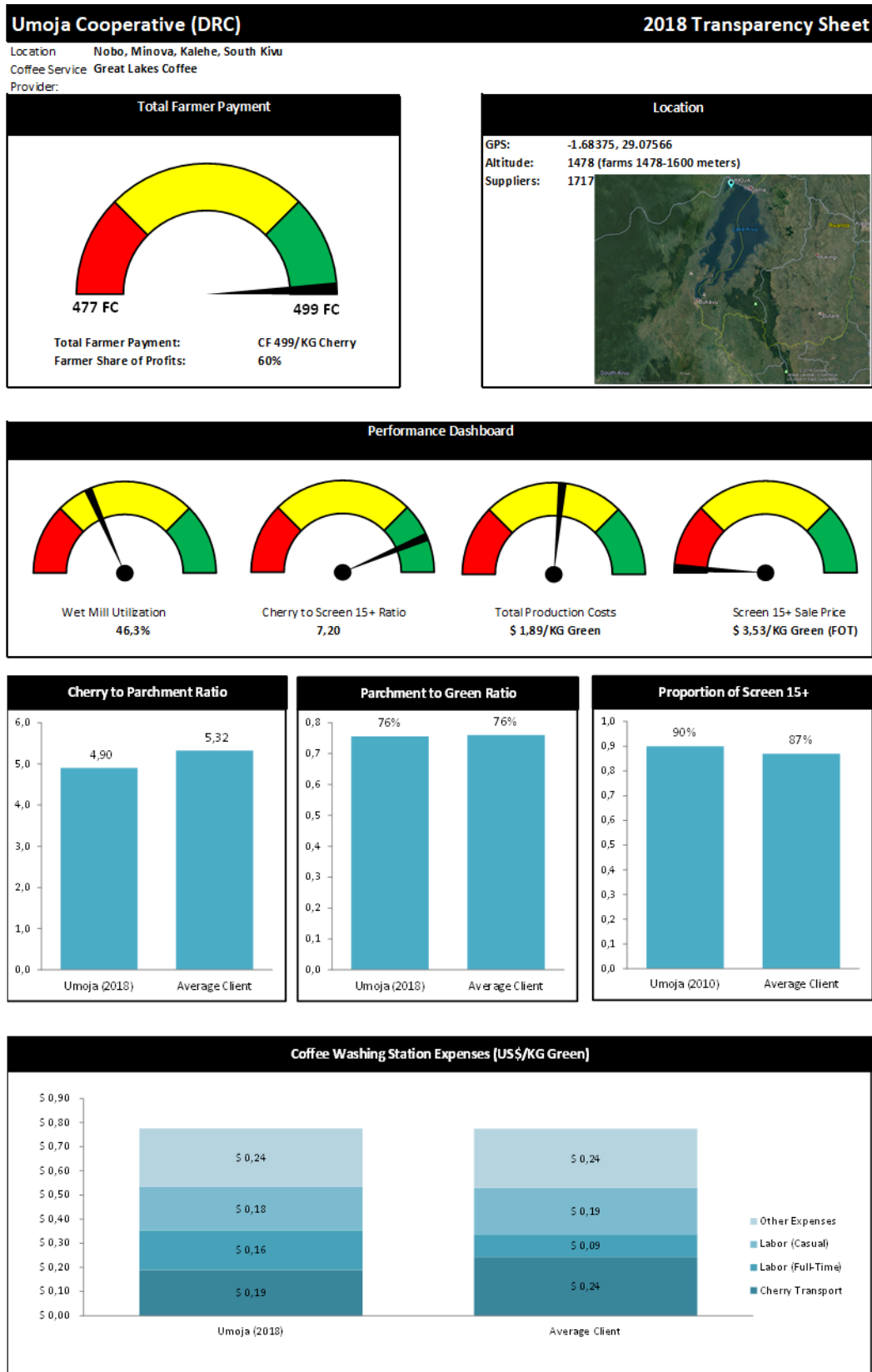
## ANNEX 3: SVC MAPS AND FIGURES

Figure A3.1: The Location of Agro-Input Dealers and Distributors in SVC Target Territories

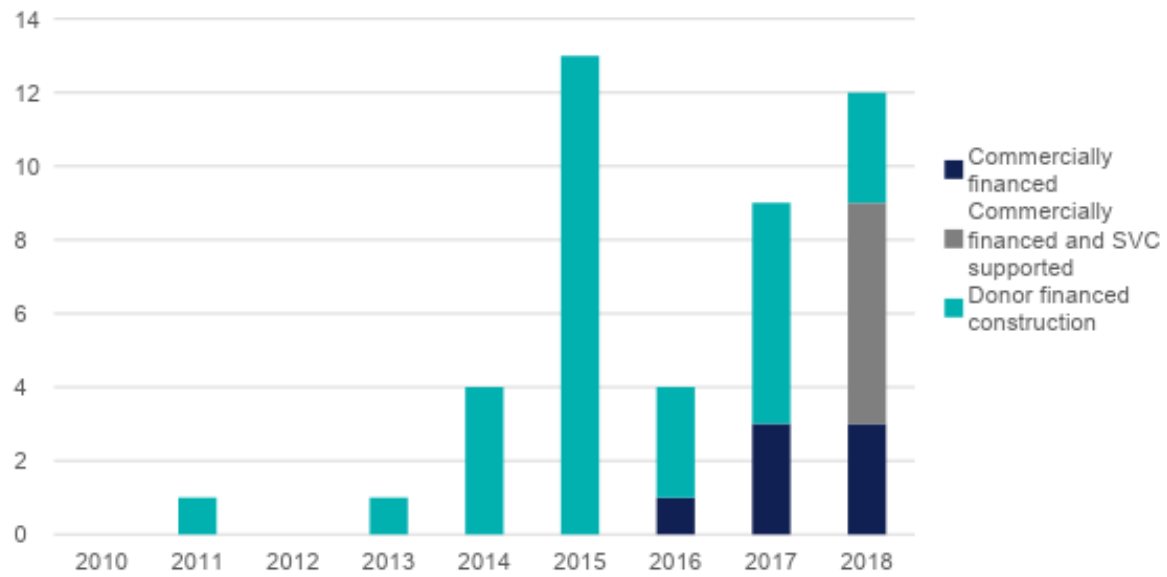




**Figure A3.2: Snapshot of Umoja Cooperative's Transparency Sheet**



**Figure A3.3: The Number of New Washing Stations Constructed in South Kivu in the Past 10 Years, and their Source of Financing**



**Figure A3.4: Example of Scores Generated through the SVC Coffee Processing and Quality Index**

<b>COFFEE PROCESSING QUALITY INDEX - CPQI</b>		
Wet mill: Bosco Date: 19/04/18 BA: Roger		
<b>Statement</b>	<b>Score</b>	<b>Comments</b>
Water source and all water used is visibly clean	1	
Only red ripe cherry is accepted (check in the hopper)	-1	
Pulping machine is clean (cleaned daily)	0	
All cherry is pulped within 8 hours of picking	1	
Coffee beans leaving the machine are not cracked (i.e. calibration correct)	0	CHECK LEFT AND RIGHT OUTPUT
Fermentation tanks are clean	0	1/3 WITH FRUIT FLIES
Parchment washed and on drying tables by 9am and separated from previous day's parchment	-1	STILL NOT ALL ON TABLES AT 14HR
Parchment on skin drying tables less than 3cm deep	-1	
Parchment on skin drying tables handpicked and turned constantly	-1	
Parchment on final drying tables less than 5cm deep	-1	
Parchment on final drying tables turned regularly and covered during heat of day	1	
Dry parchment covered with plastic sheet during rain / at night and uncovered immediately after	1	
Store is dry, clean and rodent / insect free	1	
Parchment stored in clean bags free from any smell	1	
Parchment stored away from floor and walls	-1	
<b>Total score</b>	<b>0</b>	
<i>CPQI scoring: 1 = statement is true 0 = statement is partly true -1 = statement is false</i>		

**U.S. Agency for International Development**

Democratic Republic of the Congo

Economic Growth Office

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