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Enabling poor rural people
to overcome poverty

Republic of Rwanda

Country strategic opportunities programme

Note to Executive Board representatives

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Abbreviations and acronyms

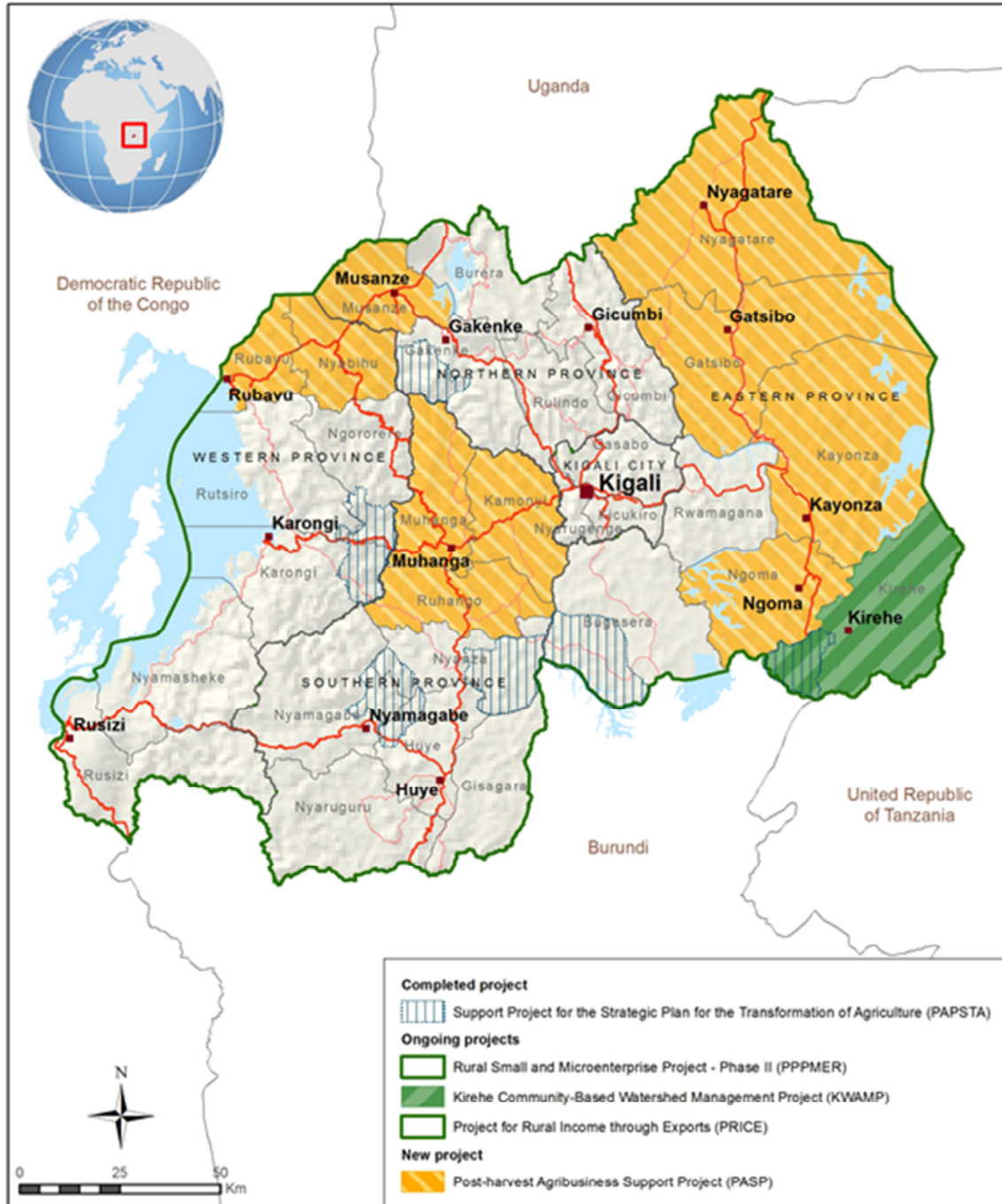
AfDB	African Development Bank
AFR	Access to Finance Rwanda
AGRA	Alliance for a Green Revolution in Africa
ASAP	Adaptation for Smallholder Agriculture Programme
ASWG	Agriculture-Sector Working Group
BDF	Business Development Fund
BRD	Banque Rwandaise de Développement
CAADP	Comprehensive Africa Agriculture Development Programme
CIP	Crop Intensification Programme
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPI	Corruption Perception Index (Transparency International)
CPIS	country programme issues sheet
CPMT	Country Programme Management Team
CPPR	Country Portfolio Performance Review (group)
DFID	Department for International Development (United Kingdom)
EDPRS	Economic Development and Poverty Reduction Strategy
EICV	<i>Enquete integrale sur les conditions de vie des menages</i>
ESA	East and Southern Africa region
FFS	farmer field school
KWAMP	Kirehe Community-based Watershed Management Project
MFI	microfinance institution
MINAGRI	Ministry of Agriculture and Animal Resources
MINALOC	Ministry of Local Government
MINECOFIN	Ministry of Finance and Economic Planning
MINICOM	Ministry of Trade and Industry
NAEB	National Agricultural Export Development Board
NCCLCD	National Strategy on Climate Change and Low-Carbon Development
NSEM	National Multi-sectoral Strategy to Eliminate Malnutrition
PAPSTA	Support Project for the Strategic Plan for the Transformation of Agriculture
PASP	Post-Harvest and Agribusiness Support Project
PBAS	performance-based allocation system
PDCRE	Smallholder Cash and Export Crops Development Project
PPMER	Rural Small and Microenterprise Promotion Project – Phase II
PRICE	Project for Rural Incomes through Exports
PSTA	Strategic Plan for the Transformation of Agriculture
RAB	Rwanda Agriculture Board
RCA	Rwanda Cooperative Agency
SACCO	savings and credit cooperative
SPIU	Single Project Implementation Unit
SWAp	sector-wide approach
UNDP	United Nations Development Programme
WFP	World Food Programme

Map of IFAD-funded operations in the country

Rwanda

IFAD-funded ongoing operations

COSOP



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 IFAD Map compiled by IFAD | 19-04-2013

Summary of country strategy

1. The new results-based country strategic opportunities programme (COSOP) has been prepared concurrently with the formulation of the Government's Economic Development and Poverty Reduction Strategy II (2013-2018) and Strategic Plan for the Transformation of Agriculture III (2013-2017). This has allowed the COSOP formulation to be embedded in the country's long-term development goals and ensures full alignment of IFAD's ongoing and future country programme with the Government's investment programme and policy framework.
2. The overall COSOP objective is to reduce poverty by empowering poor rural men and women to actively participate in the transformation of the agriculture sector and rural development and by reducing vulnerability to climate change.
3. IFAD will concentrate its cooperation on three areas with good prospects for scaling up: (i) area development, including integrated watershed management, marshland and hillside irrigation and crop/livestock intensification; (ii) climate-resilient export value chains, climate-resilient post-harvesting activities and agribusiness development; and (iii) nutrition and social and economic inclusion of the most vulnerable populations, including the empowerment of women.
4. The COSOP will cover two IFAD performance-based allocation system (PBAS) cycles, 2013-2015 and 2016-2018. Based on current PBAS scores, IFAD funds for the combined period are estimated at US\$90-95 million, including financing from the Adaptation for Smallholder Agriculture Programme.
5. IFAD will proactively engage those development partners interested in cofinancing its operations in Rwanda in order to increase the scope and impact of its country programme and long-term scaling-up strategy, but the Government will drive this process according to its own national goals and priorities. Engaging with the World Bank, the European Union and other development partners with larger complementary financial, technical and advisory services will help IFAD leverage its more limited resources to reach the desired scale of intervention. Partnerships with the Food and Agriculture Organization of the United Nations and the World Food Programme are envisaged for execution of activities in areas where IFAD-supported projects are being implemented in order to benefit from possible synergies and already-constituted project delivery structures.

Republic of Rwanda

Country strategic opportunities programme

I. Introduction

1. In 2012, the Independent Office of Evaluation of IFAD (IOE) carried out a country programme evaluation (CPE) covering IFAD-supported operations in Rwanda over the last decade. The present results-based country strategic opportunities programme (COSOP) builds on the CPE's recommendations and describes the agreements reached with the Government of Rwanda on IFAD's country programme for the period 2013-2018, corresponding to IFAD's next two performance-based allocation system (PBAS) cycles.
2. Formulation of the COSOP was undertaken in partnership with the Investment Centre of the Food and Agriculture Organization of the United Nations and involved extensive consultations with key government ministries, civil society and relevant development partners (see appendix I). Identification of areas for IFAD's engagement was based on the Fund's comparative advantage and clear guidance provided by the government policy framework as articulated in the Economic Development and Poverty Reduction Strategy II (EDPRS II) and the Strategic Plan for the Transformation of Agriculture III (PSTA III).

II. Country context

A. Economic, agricultural and rural poverty context

Country economic background

3. Rwanda is a small, landlocked country with limited natural resources and a small mining industry. The population has grown at the rate of 2.6 per cent in the last 10 years, reaching a total of 10.5 million and a population density of 416 in 2012, the highest in Africa. From a tragically low starting point in 1994, Rwanda has achieved extraordinary results in two decades. Thanks to strong economic growth in the last decade, poverty has declined from 57 per cent (2005) to 45 per cent (2011), but it remains high in rural areas.
4. According to the recent World Bank Rwanda Economic Update (2013), higher agricultural productivity has been the main driver of growth and poverty reduction. Together with increased commercialization of agriculture production, reflected in the rising share of harvests sold on local markets, the increase in production accounted for about 45 per cent of the reduction in poverty in the last decade. Still, Rwanda is ranked 167th of 186 countries in the 2012 Human Development Index and 76th out of 148 countries in the Gender Inequality Index.
5. Rwanda's GDP has grown by an average of 8 per cent annually during the past 20 years, and GDP per capita reached US\$644 in 2012 (from US\$479 in 2008). In the period of the first EDPRS (2008-2012), the country achieved strong average growth rates in all sectors. However, existing climate variability, if not addressed, will impose significant economic costs on this growth. A 2009 study by the Stockholm Environment Institute estimates that adaptation to climate change will cost Rwanda US\$50-300 million per year by 2030.
6. Rwanda's successful performance is driven by stable macroeconomic and market-oriented policies, improved regulatory frameworks and relatively transparent interactions with the private sector. A strong anti-corruption policy has increased business confidence. This growth, however, has had less than expected effects on the poorer strata of the population, as shown by the Gini coefficient in the last decade.

7. Public expenditure on agriculture consistently rose by an annual average of 10 per cent for the last four years, corresponding to almost 6 per cent of the total government budget. However, it remains small when compared with the Comprehensive Africa Agriculture Development Programme (CAADP) annual agricultural budget-share target of 10 per cent. At an average of 5.5 per cent, Rwanda is making progress to reach the CAADP 6 per cent annual agricultural growth rate by 2015. However, the government budget is highly dependent on foreign aid (40 per cent of the national budget). This could be a potential risk to public investment stability and sustainability.

Agriculture and rural poverty

8. Agriculture is recognized in EDPRS II as a priority sector, capable of both stimulating economic growth and contributing significantly to poverty reduction. The government objective is to move agriculture from subsistence to commercial production and from low- to high-value products. The main food crops include rainfed sorghum, banana, beans, sweet potato and cassava, but maize, rice, Irish potato and fruits and vegetables have emerged as important smallholder crops. Tea and coffee are by far the main traditional export crops, providing 70 per cent of agricultural export earnings.
9. Sustained growth of the agriculture sector has been driven by key public investments in land-use consolidation, irrigation, soil and water conservation, access to inputs, increasing livestock and the building of social capital through cooperative development. Sustainable intensification of production systems is a government priority, together with the generation of off-farm employment to support alternative livelihood opportunities and economic mobility away from primary production.
10. **Rural poverty and malnutrition.** Poverty is estimated to be 45 per cent nationally. Extreme poverty fell from 40 per cent in 2000 to 24 per cent in 2011. The northern and eastern provinces have seen the most improvement, while the western and southern ones still have the highest percentages of poverty at 56 and 48 per cent, respectively. Despite these achievements, the prevalence of chronic malnutrition (stunting) among children under five remains very high (43 per cent).
11. Smallholders hold an average of 0.59 hectares (ha), thus severely restricting the ability of the rural population to escape poverty. The poorest households tend to have no land or very small landholdings (35 per cent with less than 0.2 ha), low levels of literacy, and poor access to services. Food-insecure households tend to be headed by women, the elderly and/or the uneducated. Over the last five years, poverty fell in almost all categories, particularly among those reliant on non-farm wages, self-employment or transfers and, to a lesser extent, among those reliant on agriculture or farm wage-work.
12. **Intensification of crop production.** The Crop Intensification Programme (CIP) is a flagship programme implemented by the Ministry of Agriculture and Animal Resources (MINAGRI) since 2007. It includes facilitation of access to improved seed and fertilizer, consolidation of land use, provision of advisory services and improvement of post-harvest handling and storage facilities. As a result of these interventions, the total production of maize, wheat and cassava tripled from 2007 to 2011, the production of beans doubled, and that of rice and Irish potato increased by 30 per cent. Future CIP challenges include increasing the effectiveness of the farm inputs used, gradually exiting from input subsidies without reducing input use and crop productivity, minimizing harvest and post-harvest losses in the face of an increasingly variable climate, and strengthening smallholders' links to markets and information services.
13. **Livestock and crop-livestock integration.** Livestock, particularly dairy cattle, has historically been an integral part of production systems in Rwanda. Diverse production systems are present, from agropastoral extensive systems in the

- eastern province, where more than 40 per cent of the herds are concentrated, to integrated crop/livestock systems. During the period of the genocide, 80 per cent of the cattle and 90 per cent of small ruminants were decimated, but restocking has been actively supported in the last decade, practically re-establishing the number of animals to 1994 levels.
14. The one cow per poor family (*girinka*) programme aims to distribute cattle to poor households, and has been successful in raising rural incomes and increasing milk production from 50,000 metric tons in 2000 to 450,000 in 2012. Being predominantly an occupation of women, smallholder dairy farming has been effective in empowering women in rural areas. However, the sector is vulnerable to climate change on the production side, as water becomes scarce for fodder production in some areas, and as temperature fluctuations require changes in forage feeding systems and complicate the safe storage and cooling of milk in the supply chain to consumers.
 15. **Farmers' organizations and cooperatives.** Rwanda had a variety of traditional forms of self-help groups, some of which have survived to the present day. The Government has supported transformation of these traditional systems of solidarity and mutual assistance into economically oriented development structures such as cooperatives. As a result of this effort, the number of cooperatives has increased from about 900 in 2005 to 4,987 registered cooperatives in 2012. They tend to be grouped on the basis of commodities, which offers great potential, particularly in the markets for rice, tea, coffee, potato, cassava and maize. The Rwanda Cooperative Agency (RCA) plays an oversight role, but is also involved in building cooperatives' administrative and managerial capacities.
 16. **Post-harvest losses.** Post-harvest losses are one of the greatest sources of inefficiency in agricultural production in Rwanda. Current losses for key commodities amount to about 30 per cent of harvested products. Thus the need to improve post-harvest handling and infrastructure (harvesting, cleaning, drying and storing) and smallholder access to markets is urgent. With climate change and the double cropping systems promoted under CIP (triple in some areas), harvesting is now taking place at wetter times of the year, so farmers can no longer rely on the sun to dry cereals to safe moisture-content levels for storage. A better understanding is required of how current and future agrometeorological conditions influence harvest and post-harvest activities, so as to ensure that rural infrastructure and related investments are resilient to these changing climatic patterns.
 17. **Access to financial services.** Lack of access to finance is a significant constraint on equitable economic and social development in Rwanda. The Government has made substantial efforts to improve the access to and quality of financial services and to remove constraints, in particular by: approving and implementing sector strategies; supporting capacity-building of microfinance institutions (MFIs) and savings and credit cooperatives (SACCOs); and harmonizing state support by establishing the Business Development Fund (BDF).
 18. **Rural women.** Progress in women's participation in society represents an ambitious national objective and is an indicator of Rwanda's commitment to empowering women. An estimated 56 per cent of the members of Parliament and one third of the Cabinet are women. Despite these results, 62 per cent of the households headed by women remain below the poverty line, compared with 54 per cent of the households headed by men. Impoverished women are vulnerable to discrimination and to a vicious cycle of inadequate health care and education and a lack of awareness of their legal rights.
 19. **Youth and off-farm employment.** The number of people aged 16 and above has grown from about 4.1 million in 2001 to 5.9 million in 2011, a growth of some 1.8 million adults. The majority of the new off-farm jobs created are in small and

microenterprises in the informal sector. The Government has a target of 200,000 jobs created per year. Given land constraints, providing sufficient work opportunities for those youth without access to productive resources is a major challenge for the country.

20. **Environment and climate change.** Rwanda is highly vulnerable to climate change, as it depends on rainfed agriculture to support rural livelihoods and exports. This is already being borne out by frequent extreme weather events, which cause major socio-economic impacts and reduce economic growth in various regions. According to the National Adaptation Programme of Action to Climate Change, the impacts of recent floods and droughts associated with El Niño and La Niña are exacerbated by climate change and the poor environmental conditions prevailing in the country. Climate model scenarios show increases in mean annual temperature of up to 3.25° C by the end of the century, which are expected to cause significant losses to agricultural production. Changes in rainfall are more uncertain, though most models predict that rainfall will increase and there may be a change in the timing of the two cropping seasons that have characterized Rwanda's rainfed systems.

B. Policy, strategy and institutional context

National institutional context

21. Since the 1994 genocide, the Government has sought to create a more-inclusive form of governance based on one national identity and increased decentralization. A special feature in Rwanda is the adoption of "annual performance contracts" (*imihigo*) at all levels of government to create incentives for public-sector accountability and achievement of verifiable development targets.
22. Cooperatives have contributed to rebuilding social capital and cohesion among poor rural people and are increasingly providing technical assistance to members, extending credit, facilitating access to inputs and organizing collective marketing. Associations of off-farm producers are emerging, and farmers' organizations organized in commodity chains are also becoming vocal and representative.
23. **Vision 2020.** Rwanda's long-term development goals are defined by Vision 2020, which is founded on good governance, development of human resources, a private-sector-led economy, infrastructure development, market-led agriculture and regional economic integration. The Government seeks to transform the country from a low-income agriculture-based economy into a service-oriented economy by 2020.
24. **EDPRS I.** The achievements made during EDPRS I have been remarkable in terms of economic growth and increased incomes, but also in other dimensions of well-being. EDPRS II (2013-2018) is structured around four themes: (i) accelerated economic growth to strive for middle-income status; (ii) rural development for sustainable poverty reduction; (iii) productivity and youth employment; and (iv) improved service delivery and citizen participation in the development process. EDPRS II's main objective is to reduce poverty (estimated in 2012 at US\$194 per adult per year) from 45 to 30 per cent, and extreme poverty (US\$137) from 24 to 9 per cent.

National rural poverty reduction strategy

25. PSTA III seeks to transform Rwanda's agriculture from a subsistence to a knowledge-based, value-creating sector. It places emphasis on value chains and markets; product quality and premium prices; bulking up production to facilitate access to inputs, services and markets; increasing exports; and expanding the role of the private sector in irrigated production. MINAGRI exerts strong ownership and leadership over the agriculture-sector strategy, and development partners consider the operationalization of the strategic plan highly effective.

26. **National Multi-sectoral Strategy to Eliminate Malnutrition (NSEM).** Fighting malnutrition is high on the Government's policy agenda. A coordinating structure has been created responding directly to the Prime Minister, involving several key ministries (Ministry of Health, Ministry of Local Government [MINALOC], MINAGRI, Ministry of Education and Ministry of Gender and Family Promotion. The United Nations Renewed Efforts Against Child Hunger and Undernutrition (REACH) programme – launched at a global level by the United Nations Children's Fund, World Health Organization, World Food Programme (WFP) and FAO, and which IFAD intends to join – is assisting Rwanda in operationalizing the 2010-2013 NSEM.
27. **National Strategy on Climate Change and Low-Carbon Development (NCCLCD).** The climate sensitivities of Rwanda's long-term development goals, first highlighted in National Adaptation Programme of Action to Climate Change, have been re-examined in the 2011 NCCLCD. The need to manage the implications of climate variability for the social, environmental and economic development of the country is highlighted in the strategy. It provides the framework for the climate-change and low-carbon development incorporated into EDPRS II and Vision 2020, with emphasis on the development of "low-carbon and climate-resilient post-harvest agribusiness sectors".

Harmonization and alignment

28. External aid remains critical in the medium term to support national development goals. A comprehensive aid coordination system has been developed that includes several well-established coordination and working groups. Key themes in aid effectiveness include gender equality, rural development, capacity development and new public/private partnerships. Programme-based support increased significantly in 2010/11, largely driven by an expanded contribution by the European Union.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

29. Since 1980 IFAD has provided 14 concessional loans to Rwanda in the amount of US\$201.8 million. The current country programme totals US\$81,1 million. The thematic thrusts of IFAD's interventions are considered highly relevant to national development priorities and sector strategies. The IFAD country programme has contributed significantly to improving incomes and food security in rural areas, particularly through watershed development, increased production in irrigated marshland and hillsides, development of livestock, export crops and rural enterprise promotion. The CPE's overall assessment of the COSOP performance and the IFAD/Government partnership are both rated as satisfactory.

B. Lessons learned

30. The main lessons learned in the implementation of the country programme (see appendix V) include:
- The performance of the IFAD portfolio has improved considerably since 2005, facilitated by a stronger policy and institutional environment, well-designed and well-performing projects, and the introduction of direct supervision and country presence.
 - The IFAD country programme has been effective in supporting the Government's strategy to sustainably increase Rwanda's agricultural productivity, develop high-value export crops and generate non-farm employment. IFAD has provided significant resources and technical assistance to develop policies, in particular PSTA III, and supported development of MINAGRI's new institutional structure.
 - Past IFAD support has been less effective in contributing to sustainable access to rural finance, partly due to the use of credit lines on subsidized end-user

terms and grants, rather than the development of sustainable financial intermediaries.

- The majority of cooperative members still have weak knowledge of their rights and duties, as well as limited business skills and low literacy levels. Cooperatives should concentrate on performing basic services for their members, leaving the more complex processing tasks to private-sector companies.
- IFAD's agricultural investments – Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA), Kirehe Community-based Watershed Management Project (KWAMP) and Smallholder Cash and Export Crops Development Project (PDCRE) – and support for non-farm employment generation – Rural Small and Microenterprise Promotion Project – Phase II (PPMER) – are logically interconnected, but insufficient project synergies have been developed during implementation.
- Microenterprise interventions have reached the poorest rural groups, including unemployed rural women and youth, landless people and orphans, but increased food and cash-crop productivity have benefited mostly the economically active poor.
- KWAMP support to land regularization has resulted in reduction of land disputes, improved access to credit, recognition of women's land rights, and improved land investment such as reforestation and soil and water conservation.
- PAPSTA and KWAMP support for crop/livestock integration through the one cow per poor family scheme has had an immediate impact on livelihoods, with a more than 100 per cent increase in household incomes and improved nutrition outcomes.
- Environmental risks and opportunities must receive greater attention in the portfolio, as past project design has not included detailed assessments of environmental risks and trade-offs – and thus has not considered adequate mitigation plans.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

31. IFAD's comparative advantage relates to its district-level institutional capacity-building approach to strengthening district and other local governance structures in order to implement interventions to improve smallholder livelihoods in rural areas through agricultural intensification and off-farm employment generation. Together with USAID, IFAD has supported development of traditional export crops (tea and coffee), gaining considerable operational experience in this area, which has been mainstreamed in the recently approved Project for Rural Incomes through Exports (PRICE). IFAD has also been one of the lead partners in the area of off-farm employment generation over the last 10 years through PPPMER I and II.
32. The Fund has developed a privileged partnership with MINAGRI, MINALOC, the Ministry of Trade and Industry (MINICOM), Ministry of Natural Resources and Ministry of Finance and Economic Planning (MINECOFIN), and works directly with decentralized authorities to empower local government and sector-level development committees to implement project activities. NGOs collaborating with IFAD in the delivery of the country programme include the SNV Netherlands Development Organisation, Heiffer-International, Clinton-Hunter Development Initiative, German Development Service and CARE-International.

B. Strategic objectives

33. IFAD has set a goal to reach 90 million poor rural people from 2012 to 2015 and to lift 80 million out of poverty during that time. In Rwanda, the IFAD country programme expects to reach 700,000 poor rural people and sustainably bring 300,000 of these out of poverty by 2015, and 400,000 more by 2018. Rwanda's governance culture is highly results oriented, thus ensuring that policies and strategies are implemented. The country has: made enormous strides in improving the physical and policy environment for agricultural intensification and growth; created a dairy sector in which very large numbers of farm families participate; established a fertilizer distribution network; laid the foundation for stronger cooperation among farmers for the purpose of bulking-up output; and initiated the development of modern post-harvest infrastructure in key value chains.
34. **The overall COSOP objective is thus to reduce poverty by empowering poor rural men and women to actively participate in transformation of the agriculture sector and rural development and by reducing vulnerability to climate change.** This objective is aligned with EDPRS II and PSTA III, as well as with the IFAD Strategic Framework 2011-2015. IFAD will concentrate its cooperation with the Government on core areas with good prospects for scaling up: (i) area development, including integrated watershed management, marshland and hillside irrigation and crop/livestock intensification; (ii) climate-resilient export value chains, post-harvesting activities and agribusiness development; and (iii) nutrition and social and economic inclusion of the most vulnerable populations, including the empowerment of women.
35. **Strategic objective 1: Agricultural productivity sustainably increased through management of the natural resource base and investments in physical and social capital resulting in improved incomes and livelihoods.** Investments in agricultural intensification will be scaled up in Kirehe and other districts, including extension of marshland and hillside irrigation, introduction of improved cropping technologies, integrated soil fertility management, soil and water conservation and crop/livestock integration. Particular attention will be devoted to upgrading district capacity to implement these interventions, as well as the capacities of cooperatives to be more credible counterparts to district authorities and the private sector. Operational linkages will be strengthened with the emerging portfolio of climate information services supported by the United Nations Development Programme (UNDP) and United Nations Environment Programme. In line with the recommendations of the European Union-funded environmental impact assessment of the agriculture sector in Rwanda (2012), IFAD will support increased economic efficiency in the use of inputs through the promotion of an integrated climate-smart production and pest-management approach based on farmer capacity-development methodologies such as farmer field schools (FFSs).
36. **Strategic objective 2: Climate-resilient export value chains, post-harvesting and agribusiness developed to increase market outlets, add value to agricultural produce and generate employment in rural areas.** IFAD will contribute to achievement of government targets towards the growth of the off-farm rural sector through development of climate-resilient and low-carbon value chains. These actions aim to reduce post-harvest losses and generate opportunities for youth employment and added value of agriculture produce through processing and agribusiness. The selected value chains include, but are not limited to, tea, coffee, banana, rice, maize, beans, cassava, Irish potato, fruit, horticulture and dairy. Government policy seeks to expand regional markets for these commodities and promote export and import substitution based on cross-border agricultural trade beyond tea and coffee. The Government is attributing great importance to increased regional integration and is already benefiting from the favourable growth momentum in East Africa. Key constraints on accelerated growth and exports

include the country's limited economic infrastructure and skills base, two strategic areas for IFAD support under this objective.

37. **Strategic objective 3: Nutritional status of poor rural people improved and vulnerable groups included in economic transformation process.** To reach the most vulnerable groups, a more proactive effort is needed to improve nutritional outcomes throughout the IFAD portfolio, particularly targeted at women and their economic empowerment: (i) activities aimed at improving nutrition (reducing stunting and levels of anaemia), including kitchen/home gardens, small-livestock production, nutritional education and income-generating activities for women; (ii) adaptation of planned activities to facilitate access to productive resources by vulnerable groups; (iii) introduction of labour-saving technologies to reduce women's workloads; and (iv) an apprenticeship programme for youth. Cofinancing of these operations will be pursued with interested partners, including the European Union, World Bank, bilateral cooperation and One UN. Partnerships with FAO and WFP are envisaged for execution of activities in areas where IFAD-supported projects are being implemented in order to benefit from possible synergies and already-constituted project delivery structures.
38. **Cross-sectorial issues.** As recommended by the CPE, IFAD will support development of a more harmonized approach to rural finance and cooperative development by partnering with Access to Finance Rwanda (AFR) and RCA, and ensuring that these issues are integrated into future climate policy development. Elements of IFAD's contribution to overcoming structural constraints facing the rural financing sector include policy dialogue and implementation support of sector strategies, development of partnerships with key rural financing institutions, and support to MFIs and SACCOs as key entities assisting IFAD target groups. IFAD will also examine the flow of financial services in the selected value chains to identify gaps and opportunities to increase their profitability and resilience to changing climate patterns.

C. Opportunities for innovation and scaling up

39. The IFAD country programme has generated several successful innovations that are being scaled up by the Government. Under **SO1**, MINAGRI will scale up innovative approaches to increased efficiency in the management of natural resources. Attention is being devoted to increasing the efficiency of input use, incorporating conservation farming practices, introducing high-value crops in hillside areas with irrigation, expanding small-livestock systems for vulnerable households, and adapting small-scale mechanization solutions to increase labour productivity and reduce women's workloads. The Post-Harvest and Agribusiness Support Project (PASP) – a new IFAD/ Adaptation for Smallholder Agriculture Programme (ASAP) blended operation – will include activities designed to scale up successes and knowledge in climate-related areas through embedding them in government policies and public investment programmes.
40. Under **SO2**, IFAD will assist MINAGRI in scaling up promising solutions regarding climate-resilient, low-carbon post-harvest handling, storage, and processing of agricultural products. This includes testing of innovations in the area of adapted information and communications technology products and public/private partnerships approaches, enabling cooperatives to partner with the private sector in selected value chains. An ASAP investment embedded in PASP will contribute to reducing the vulnerability of post-harvest market chains to the impact of climate change and will pilot innovations such as weather insurance systems (see appendix VII).
41. Under **SO3**, IFAD will help create programme and institutional synergies between various interventions in a given location to generate results in the reduction of malnutrition and the inclusion of vulnerable groups in local development efforts. It will partner with other institutions with experience in nutrition in order to support

complementary interventions benefiting the same communities targeted by IFAD, so as to reduce the percentage of underweight children and improve the overall outcome of the IFAD country programme while reducing overhead costs.

D. Targeting strategy

42. The main target groups focused on by IFAD under SO1 and 2 are “the poor” (as defined under *Ubudehe* category 3 – see appendix I) and “the resourceful poor” (category 4), while the main group targeted under SO3 is “the very poor” (category 2). Woman-headed households and youth will be the predominant targets of activities under SO3. “The abject poor” (category 1) are considered primarily the target group of social protection schemes under the *Umurenge* programme, complementary to IFAD operations.

E. Policy linkages

43. IFAD will focus its policy dialogue on the three core business areas of country engagement. Under **SO1**, it will contribute to PSTA III implementation, focusing on: (i) the sector-wide approach (SWAp) investment programme; (ii) financing mechanisms adapted to IFAD target groups; and (iii) harmonized capacity-building of cooperatives. Under **SO2**, IFAD will foster new partnership approaches between cooperatives, involved in production and bulking of produce, and the private sector, involved in storage, processing and marketing. With ASAP financing, IFAD will contribute to NCCLCD implementation through piloting climate-resilient, low-carbon post-harvest and processing technologies. Under **SO3**, IFAD will join REACH partners in participating in policy dialogue on nutrition and will spearhead initiatives to maximize synergies among projects to tackle the main causes of chronic malnutrition, extreme poverty and exclusion.

V. Programme management

A. COSOP and results monitoring

44. MINECOFIN will lead an annual COSOP review exercise with support from the Country Portfolio Performance Review (CPPR) group and the in-country Country Programme Management Team (CPMT) (see appendix I). Programme implementation will be monitored through: (i) COSOP results management framework and Results and Impact Management System (RIMS) reports; (ii) supervision and implementation support reports; and (iii) other programme and project management reporting tools such as project status reports and country programme issues sheets (CPISs). A joint Government/IFAD COSOP midterm review will be organized in 2015/16 to assess implementation progress and results and make any needed adjustments to the strategic objectives and results framework.
45. IFAD non-lending resources will be allocated to improve MINAGRI’s capacity to monitor and report on the impact of the IFAD country programme in terms of poverty reduction and food and nutrition security, in line with EDPRS II and PSTA III indicators. Building on the existing *Ubudehe* system and *Enquete integrale sur les conditions de vie des menages* (EICV) data, participatory self-evaluation will be mainstreamed throughout the IFAD portfolio at cooperative, community and district levels to provide insights to the Government on development results and to facilitate grass-roots feedback and participation in decision-making.

B. Country programme management

46. Overall country portfolio fiduciary risk has been assessed as low. National governance indicators are encouraging, as Rwanda ranked 50th out of 174 countries in the 2012 Transparency International Corruption Perception Index (CPI), while both procurement and financial management scored well in the 2010 World Bank Public Expenditure and Financial Accountability and 2011 USAID Public Financial Management Risk assessments of MINAGRI. The Office of the Auditor-General of

State Finances, which audits IFAD-supported projects, has been assessed as independent and follows International Standards on Auditing.

47. The IFAD country programme will continue to be implemented through the Single Project Implementation Unit (SPIU) mainstreamed in MINAGRI. The IFAD SPIU has been a leader in financial reporting and control in the East and Southern Africa (ESA) region. The continued decentralization of authority to districts and the maturing implementation partnership between the SPIU and the Rwanda Agriculture Board (RAB) and National Agricultural Export Development Board (NAEB) are two developments that may potentially impact the flow of financial information to the SPIU during the COSOP period. Over time, and if results are positive, such entities will gain greater autonomy in the financial management of IFAD funds.
48. The IFAD partnership with Rwanda has been strengthened by the opening of its country office in 2010, which facilitates IFAD participation in the Agriculture-Sector Working Group (ASWG) and other policy and consultative processes. Direct supervision and implementation support of the portfolio will continue to be carried out by the country team under the leadership of the country programme manager. Cofinanciers, partner institutions and farmers' organizations will remain involved in programme supervision and implementation support missions.

C. Partnerships

49. At the national level, IFAD will continue its partnership with line ministries (MINECOFIN, MINAGRI, MINICOM, MINALOC), positioning itself as a key partner in rural development. It will deepen its long-term commitment with public institutions such as Banque Rwandaise de Développement (BRD), BDF, NAEB, RAB, RCA and the National Cooperatives Confederation of Rwanda, and will continue supporting cooperatives on specific value chains to build transparent and accountable management structures and enable them to become economically viable and self-reliant.
50. **Development partners.** IFAD will remain an active member of the ASWG and the Agriculture SWAp Group. Engaging with the World Bank, European Union and other development partners with larger complementary financial, technical and advisory services will help IFAD leverage its more limited resources to reach the desired scale of intervention. IFAD will join the REACH platform focusing on nutrition and support actions undertaken by other United Nations partners in the geographical areas targeted by IFAD. It will also participate in the Rural Finance Working Group and explore operational links with the new Rwanda Environmental Management Authority initiative to reduce climate change vulnerability in partnership with United Nations Environment Programme and UNDP.
51. **Private sector.** IFAD will continue supporting equitable business partnerships between private enterprises and small-scale producers, in line with the successful experiences in the tea and coffee sectors. A number of tea producers' cooperatives supported under PRICE are acquiring up to 40 per cent equity stake in their respective tea processing companies, thus participating in the management of these factories and increasing their incomes through dividend earnings. This is a very important innovation that started with PDCRE and is set to be scaled up under PRICE and PASP.
52. **NGOs.** IFAD will continue building on the innovative potential of the work undertaken by NGOs in Rwanda. It will engage with Heifer International on livestock restocking and management under the *girinka* initiative. Other key partners include Technoserve, SNV Netherlands Development Organisation and Oxfam in the coffee and dairy value chains and cooperative development. Local NGOs such as Iwacu, Ugama and Ardi are also potential service providers with vast experience in capacity-building for cooperatives.

D. Knowledge management and communication

53. IFAD will emphasize knowledge management (KM) in line with MINAGRI's initiatives and its own corporate agenda on scaling up. It will prepare a KM action plan, building on knowledge products and tools piloted under PAPSTA and KWAMP in partnership with the Southern Cone Training Programme in Rural Development (PROCASUR). Replication of innovations based on the PROCASUR methodology for transfer of best practices and engagement of local champions as knowledge service providers will be a cornerstone of the KM plan. Learning Routes will be organized to share lessons between IFAD projects and other programmes, thus enabling knowledge transfer. The policy space for scaling up of innovations is defined in PSTA III, and the partnership with district governments will open up financial and institutional space for innovation and scaling up.

E. PBAS financing framework

54. This COSOP covers two PBAS cycles (2013-2015 and 2016-2018). Based on current PBAS scores (see appendix VI), IFAD funds for the combined period are estimated at US\$90-95 million, including ASAP financing. The PBAS allocation 2013-2015 is expected to finance the recently-approved KWAMP supplementary loan, which includes support for an assessment of instruments and practices to be scaled up at the district level after 2016. PASP, to be submitted to the Executive Board in December 2013, will receive the remaining PBAS funds. Specific investments for the PBAS allocation 2016-2018 will be identified during the course of the COSOP, but these are likely to include: (i) supplementary financing for PRICE; (ii) expansion of KWAMP to other districts; and (iii) small and microenterprise support.

F. Risks and risk management

<i>Risk</i>	<i>Mitigation measure</i>
Higher level of risk due to larger, scaled-up portfolio and country programme	Economies of scale and systematic learning in engagement with three familiar core business lines
Institutional devolution of authority to districts and their capacity to manage and implement project activities	Continued institutional strengthening through capacity-building for district and other local governance structures
Weak capacity of cooperatives	Continued capacity-building to strengthen their management and delivery structures and support their increased role in partnership with private sector
Price risks linked to export cash-crop support	Attractive financing packages for farmers and research to reach higher-end markets with less price fluctuation
Climatic risks	Promotion of climate-resilient post-harvest practices and related infrastructure investments, and introduction of climate information services and weather index-based crop insurance

COSOP consultation process

1. In 2012, IFAD's Independent Office of Evaluation carried out a CPE covering IFAD-supported operations in Rwanda since 2000. This RB-COSOP builds on the CPE's recommendations and the Agreement at Completion Point reached with the Government of Rwanda at a national stakeholder workshop held in Kigali with the participation of high-level representatives from government institutions, IFAD senior management, development partners, private sector, rural organizations, civil society, academic and research institutions and other key resource persons.
2. The identification of the prioritized areas of focus for IFAD are based on IFAD's comparative advantage and clear guidance provided by the GoR's policy framework as articulated in the EDPRS II and PSTA III. This has allowed the COSOP formulation to be embedded in country's long-term development goals and ensure full alignment of IFAD country programme to the government's investment programme and policy framework which gives agriculture and rural development a central role.
3. The actual formulation of the COSOP document was undertaken between March and July 2013 in partnership with FAO Investment Centre and with support from several colleagues from the IFAD Policy, Technical and Advisory Division and the Independent Office of Evaluation who participate in the Country Programme Management Team (CPMT).

Composition of the IFAD CPMT

ESA	Perin Saint Ange	Director
ESA	Geoffrey Livingston	Regional Economist
ESA-Nairobi	Stephen Twomlow	Climate and Environmental Specialist
ESA	Samuel Eremie	ESA Peer Reviewer
LAC	Claus Reiner	former Rwanda Country Programme Manager
FAO-TCIA	Alberta Mascaretti	Senior Agricultural Officer
FAO-TCIA	Roble Sabrie	Economist
IOE	Fabrizio Felloni	Senior Evaluation Officer
Office of the General Counsel	Vakilian Sorena	Counsel
Financial Services Division	Robert Creswell	Senior Finance Officer
SKM	Cheikh Sourang	Senior Programme Manager
Operation Policy and Technical Advisory Division	Antonio Rota	Senior Technical Advisor
Operation Policy and Technical Advisory Division	Francesco Rispoli	Senior Technical Advisor
Operation Policy and Technical Advisory Division	Roberto Longo	Senior Technical Advisor
Operation Policy and Technical Advisory Division	Wafaa El-Khoury	Senior Technical Advisor
ESA-Kigali	Aimable Ntukanyagwe	CPO
ESA-Kigali	Christian Hakiba	APO
ESA-Kigali	Sonia Ntukanyagwe	PA
ESA	Francisco Pichón	CPM

4. The key sources of information have been government sector strategies, reports and policy papers, other key documents from development partners and research institutions, and a series of in-country meetings with national authorities, development partners, farmers and rural organizations, NGOs and other resource persons.
5. Key background documents include the following: Rwanda CPIS 2012, PSTA III, Country Program Evaluation Report, Strategic Environmental Assessment for the Agricultural Sector in Rwanda, Rwanda Agriculture Sector Evaluation Report for the

Joint Sector Review FY 2011/2012, EDPRS II, Land Use Consolidation Strategy, SACCO Sustainability Study, Country Export Strategy, Cross-border Trade strategy, MINAGRI Knowledge Management Strategy, MINAGRI Mechanization Strategy, National Post-Harvest Strategy, Private Sector Development Strategy, SME Development Policy, Strategies for Sustainable Crop Intensification Document, Integrated HH Living Conditions Survey (EICV 3), Comprehensive Food Security & Vulnerability Analysis & Nutrition Survey (CFVSA 2012), UNDAF Inception Report, SWAp Assessment in seven sectors (including agriculture), Public Finance Management (PFM) Risk Assessment in MINAGRI, Rwanda Rural and Agricultural Financial Services Strategy (2011), Rwanda Financial Sector Development Programme (2012), and Crop and Livestock Insurance Feasibility Study (2012) among others.

6. The COSOP formulation process was initiated on 21 February 2013 with a meeting of the IFAD CPMT organized at HQ-level with the participation via video-link of IFAD Kenya and Rwanda Country Offices to provide overall guidance on key issues for the strategic planning of the COSOP and the first identification mission.
7. The first COSOP identification mission was conducted between 5-15 March 2013 with participation of FAO Investment Centre (TCI). This mission served to exchange ideas with government counterparts, partners and members of the in-country CPMT¹ for scoping a conceptual framework and preparing a route map and schedule for the formulation of the COSOP covering two financing cycles 2013-15 and 2016-18. During this mission, consultations were held with government authorities directly involved with IFAD country programme, coordinators of IFAD-supported projects, key development partners, banks, civil society organizations, farmers' organizations, and resource persons. A field visit was also carried out in Kirehe District where the mission had the opportunity to see both marshland and hillside irrigation activities, livestock intensification and the use of different biogas system at the household level. The mission was concluded with an aide-memoire that was presented in a wrap-up meeting attended by CPMT members.
8. Following the identification mission, and in accordance with the Guidelines for Preparation and Implementation of RB-COSOP (2006 and updated in 2010), a formulation plan for the COSOP was formally submitted and approved by PMD Management based on the preparation route map agreed with the government.
9. A second IFAD CPMT meeting was convened on 30 April 2013 to review and provide feedback on the zero-draft COSOP report circulated in advance to CPMT members and the GoR. Overall, CPMT members were satisfied with the draft COSOP report and the proposed end of June OSC review timeframe. Specific recommendations were made on COSOP poverty measurement, land and resources tenure, cooperative capacity building, rural financing, private sector involvement, climate change, MINAGRI Single Project Implementation Unit (SPIU) arrangements, IFAD-FAO cooperation, and country programme risks.
10. Based on the first draft COSOP report, a second joint (IFAD-FAO) mission was conducted between 29 April and 10 May 2013 to review the first draft COSOP report with government and country partners. Substantive comments were received, particularly from MINECOFIN and MINAGRI, as well as selected members of the in-country CPMT. The mission also shared with the government the feedback received from the April 30 CPMT in Rome and advanced with the preparation of the report considering these comments and recommendations, mainly (i) developing further

¹ The composition of the in-country CPMT includes representatives from key government agencies involved in the implementation of IFAD country programme, coordinators of IFAD supported projects, key external development agencies, civil society organizations, farmers' organizations, and resource persons. The detailed in-country CPMT member list is presented in the table at the end of this appendix.

cross-cutting activities related to nutrition and support to vulnerable groups, women empowerment, cooperative capacity building and rural financial services; and (ii) discussing overall country programme management and poverty monitoring arrangements.

11. The IFAD-FAO COSOP formulation team completed and sent to the GoR a revised draft COSOP report on May 27 according to the timeline agreed with the government during the identification mission in March. In mid-June, IFAD received formal feedback from the GoR that welcomed the new COSOP's emphasis on institutional support and non-lending activities to promote more harmonized approaches in rural finance and cooperative development, two areas of limited country programme results in the past.
12. Government's comments stressed the need to: (i) continue providing support to strengthen existing cooperatives and farmers' organizations at project level, with their increased participation in the selection of service providers and in the monitoring, supervision and impact assessment; (ii) improve cooperatives capacity to provide economic service to its members as well as strengthening their capacity to represent farmers' interests and viewpoints in national and district agriculture policy development; and (iii) increase knowledge sharing amongst cooperatives both in-country and in the region by supporting exchanges including within IFAD supported operations in the region.
13. The COSOP report recognizes that earlier IFAD-funded projects in Rwanda have not effectively contributed to sustainable access to rural finance. This was partly due to a use of credit lines on subsidized end-user terms and grants, rather than the development of sustainable financial intermediaries. Support to MFIs and SACCOs which are the entities that mainly target IFAD beneficiaries has also been largely missing as part of a rural finance strategy. Lack of capacity and poor governance, isolation from the financial markets, and capital lending resource structure not shaped for medium to long term financing have been the main constraints of Rwandan MFIs and SACCOs in the rural financing sector. The formulation of the new COSOP and the design of the Post-harvest and Agribusiness Support Project (PASP) both constitute entry points for a redefinition of IFAD rural finance strategy in Rwanda.
14. Feedback was also received from MINAGRI SPIU regarding existing targeting mechanisms and monitoring systems which has been helpful to both derive estimates on poverty reduction for the COSOP results management framework and improve country poverty monitoring capacity. Under the new COSOP, non-lending resources will be allocated, possibly in partnership with FAO, to improve MINAGRI and district level capacity to monitor and report on the impact of IFAD country programme in terms of poverty reduction and food and nutrition security in line with EDPRS II. The system to be set up will build on the existing *Ubudehe* system², statistical data from EICV as well as improved capacity in MINAGRI and districts to analyse existing economic results of agricultural development interventions. Participatory self-evaluation will be mainstreamed throughout IFAD-supported projects at cooperative, community and district levels providing valuable insight to government and increasing civil society's participation in decision making.
15. MINAGRI confirmed that the main target groups focused by IFAD under COSOP Strategic Objectives (SO) 1 and 2 are the poor (*Ubudehe* category 3³) and the resourceful poor (category 4), while the main groups targeted under SO 3 are the very poor (category 2). Women-headed households and youth will be the

² The *Ubudehe* programme is a national initiative launched in 2001 to identify the social and economic conditions of each household based on the idea that citizens can analyze their own poverty within their communities and develop solutions together to the problems they face.

³ There are six *Ubudehe* categories: extreme poor, very poor, poor, resourceful poor, food rich and money rich.

predominant target by activities under SO 3. The abject poor (category 1) are considered to be mostly the target group of social protection schemes under the Umurenge programme, complementary to IFAD operations. Other IFAD target groups will include cooperatives and local governance and district structures. IFAD investments will target most provinces in Rwanda during the next COSOP period⁴.

16. Regarding co-financing of IFAD country programme, it was agreed that IFAD will continue to pro-actively engage partners interested in co-financing its operations to increase size, scope and impacts of the country programme and longer-term scaling-up strategy, but the GoR will drive this process according to its own national goals and priorities. Under the EU-IFAD cooperation framework agreement, EU has expressed interest in exploring support related to nutrition, vulnerable groups and climate change. The OPEC Fund for International Development, which is preparing its own 2014-16 country strategy, is also seeking cooperation with IFAD under the new COSOP. AfDB-Rwanda is now specializing almost exclusively on large scale infrastructure with less potential for co-financing. Heifer-International has reiterated interest in continuing its partnership with IFAD, with potential of mobilizing additional funds from the Gates Foundation. Co-financing opportunities will be also explored with WFP, UNICEF and FAO under the SO3 cross-cutting interventions.
17. A number of meetings with members of the Country Portfolio Performance Review (CPPR) group⁵ and the in-country CPMT were also organized between March and July 2013 to draw practical and operational lessons from the on-going portfolio and provide feedback during the COSOP preparation and review process. Following these consultations with development partners and other stakeholders of the final draft COSOP, the Country Programme Manager submitted the report for in-house review at IFAD HQs in Rome, including an OSC/IFAD Senior Management review and a quality assurance/external peer review process managed by OSC Secretariat.
18. The OSC review of Rwanda COSOP took place on 27 June 2013 and was chaired by IFAD President and attended by IFAD Senior Management. The Country Programme Manager joined the meeting via video conference from Kigali alongside the Country Office team. The OSC members discussed the process and contents of the COSOP, its overall strategic direction and the mainstreaming of climate change and adaptation through the Adaptation for Smallholder Agriculture Programme (ASAP).
19. In light of OSC deliberations, the following decisions were made: (i) Endorsement of the substantive content of strategic objectives as well as policy and institutional objectives; (ii) Approval of the pipeline entry for the blended ASAP component of the Post-Harvest Agribusiness Support Project (the latter being under formulation); (iii) Endorsement of an IFAD contribution to the financing of ASAP component of the Post-Harvest Agribusiness Support Project in the amount of approx. US\$7 million; (iv) Future proposal for supplementary financing for the ongoing PRICE (2016-18 PBAS cycle) will be considered in due course; and (v) other relevant decisions on pipeline entries will be made in light of implementation progress and other relevant considerations on the country programme and IFAD relevant guidelines.
20. As per COSOP guidelines, an external peer review process was also conducted involving two World Bank staff members who are familiar with the Rwanda country programme (Lynn Brown, Mark Austin). Peer review comments were distributed and

⁴ PRICE covers the tea and coffee growing regions in the western province which is also the area with highest percentage of food insecurity and malnutrition. KWAMP targets the eastern province, specifically Kirehe District, one of the poorest of Rwanda, and has the potential to scale-up interventions in neighbouring districts in the same province as part of a scaled-up programme.

⁵ The CPPR group was established by MINECOFIN and IFAD to facilitate the annual COSOP review process and build ownership and understanding of IFAD's strategic priorities and operational modalities in Rwanda among government ministries, implementing agencies and other stakeholders. CPPR group members include MINECOFIN, MINAGRI, MINALOC, Ministry of Natural Resources, IFAD project staff and project partners (BRD, BDF, NAEB, RAB, service providers, etc.).

discussed at the OSC meeting. The RB-COSOP document was further amended to take into account the comments made at the OSC meeting as well as the peer review comments.

21. A final validation meeting on the RB-COSOP was organized on 8 August in Kigali with participation of key ministries, development partners and other stakeholders. The meeting was chaired by MINECOFIN and MINAGRI. Participants endorsed the draft RB-COSOP for submission to IFAD Executive Board. No further changes were required to the document, reflecting the highly collaborative process followed to develop this programme and the country ownership of the strategy.

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Country economic background

COUNTRY DATA Rwanda (World Bank, <i>World Development Indicators</i> database, CD ROM 2012-13)			
Land area (km2 thousand) 2011 1/	25	GNI per capita (USD) 2011 1/	560
Total population (million) 2011 1/	11.14	GDP per capita growth (annual per cent per cent) 2011 1/	5
Population density (people per km2) 2011 1/	452	Inflation, consumer prices (annual per cent per cent) 2011 1/	6
Local currency Rwanda Franc (RWF)		Exchange rate: USD 1 = 649.484 RWF	
Social Indicators		Economic Indicators	
Population growth (annual %) 2011 1/	3	GDP (USD million) 2011 1/	6354
Crude birth rate (per thousand people) 2011 1/	41	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2011 1/	12	2000	8.3
Infant mortality rate (per thousand live births) 2011 1/	38	2011	8.2
Life expectancy at birth (years) 2011 1/	55		
		Sectoral distribution of GDP 2011 1/	
Total labour force (million) 2011 1/	5.34	% agriculture	32
Female labour force as % of total 2011 1/	52	% industry	16
		% manufacturing	7
Education		% services	52
School enrolment, primary (% gross) 2011 1/	142		
Adult illiteracy rate (% age 15 and above) 2011 1/	n/a	Consumption 2011 1/	
		General government final consumption expenditure (as % of GDP)	9
		Household final consumption expenditure, etc. (as % of GDP)	87
Nutrition		Gross domestic savings (as % of GDP)	4
Daily calorie supply per capita	n/a		
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a		
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	Balance of Payments (USD million)	
		Merchandise exports 2011 1/	464
Health		Merchandise imports 2011 1/	1776
Health expenditure, total (as % of GDP) 2011 1/	11	Balance of merchandise trade	-1312
Physicians (per thousand people) 2010 1/	0.1		
Population using improved water sources (%) 2011 1/	69	Current account balances (USD million)	
Population using adequate sanitation facilities (%) 2011 1/	61	before official transfers 2011 1/	n/a
		after official transfers 2011 1/	n/a
Agriculture and Food		Foreign direct investment, net 2011 1/	-106
Food imports (% of merchandise imports) 2011 1/	17		
Fertilizer consumption (kilograms per ha of arable land) 2011 1/	n/a	Government Finance	
		Cash surplus/deficit (as % of GDP) 2009 1/	n/a
Food production index (2004-06=100) 2011 1/	158	Total expense (% of GDP) a/ 2011 1/	n/a
Cereal yield (kg per ha) 2011 1/	1950	Present value of external debt (as % of GNI) 2011 1/	14
		Total debt service (% of GNI) 2011 1/	0.3
Land Use			
Arable land as % of land area 2011 1/	49		
Forest area as % of total land area 2011 1/	18	Lending interest rate (%) 2011 1/	n/a
Agricultural irrigated land as % of total agric. land 2011 1/	n/a	Deposit interest rate (%) 2011 1/	n/a

COSOP results management framework 2013-2018

Country Strategy Alignment		Key Results			Institutional Policy Objectives
Poverty Reduction Strategy and Targets		COSOP's Strategic Objectives	Outcomes indicators that IFAD expects to influence	Milestone indicators showing progress towards strategic objectives	Policy dialogue agenda
<p>EDPRS objectives Goal: Accelerating progress to middle income status and better quality of life for all Rwandans Thematic areas:</p> <ul style="list-style-type: none"> • Economic transformation • Rural Development • Productivity and youth employment • Accountable governance <p>Main targets</p> <p>A. National poverty reduced from 45% to 30% and extreme poverty from 24% to 9%</p> <p>B. Develop 100,000 ha under irrigation (65,000 ha marshland and 35,000 ha hillside)</p> <p>C. Distribution of 400,000 improved cooking stoves</p> <p>D. Maize and beans</p>	<p>PSTA III Overall objective Transform agriculture from a subsistence to a knowledge-based, value creating sector. To grow as rapidly as possible, both in production and commercialization, to increase rural incomes and reduce poverty.</p> <p>Main programmes</p> <p>A. Agriculture and animal resource intensification</p> <p>B. Research, technology transfer and professionalization of farmers</p> <p>C. Value chain development and private sector investment</p> <p>D. Institutional development and agricultural cross-cutting issues</p>	<p>IFAD overall objective Reduce poverty by empowering poor rural men and women to actively participate in transformation of agriculture sector and rural development and by reducing vulnerability to climate change</p> <p>Strategic objectives</p> <p>SO 1: Agricultural productivity sustainably increased through management of the natural resource base and investments in physical and social capital resulting in improved incomes and livelihoods</p> <p>SO 2: Climate resilient export value chains, post-harvesting and agribusiness developed to increase market outlets, add value to agricultural produce and generate employment in rural areas</p> <p>SO 3: Nutritional status of poor rural improved and vulnerable groups included in economic transformation processes</p>	<p>Overall outcome Rural poor empowered and actively participating in diverse successful climate resilient economic activities resulting in reduction of poverty</p> <p>Specific outcomes</p> <p>1a Production/ productivity in marshlands and hillsides increased sustainably and equitably</p> <p>1b Smallholder farmers organized in effective cooperatives capable of providing relevant services to their members including climate information</p> <p>2a Post-harvest losses reduced substantially and increased quota of production is marketed</p> <p>2b Value of production per unit area is increased significantly</p> <p>3a Less people are vulnerable and nutrition status improved</p> <p>3b Rural poor and vulnerable groups represented and contributing in local governance institutions</p>	<p>Overall By 2015, reach 700,000 rural poor and sustainably take 300,000 of those out of poverty, and 400,000 more by 2018 (of which 40% are women and 20 % youth)</p> <p>By 2018 among beneficiary targeted households (700,000 people):</p> <p>SO 1:</p> <ul style="list-style-type: none"> - 20% average increase in rural per capita income - 30% average increase in staple food production mainly through improved post-harvesting practices - 20% increase of milk production of which 10% is locally processed - 50% average increase in percentage of farmers organized in associations and/or cooperatives - 20% average increase in diversity of crop production - 20% average increase in water use efficiency in both rain-fed and irrigated production systems - 150,000 poor smallholder household members with increased climate resilience and increased food security <p>SO 2:</p> <ul style="list-style-type: none"> - 30% average reduction on post-harvest losses 	<p>SO 1:</p> <ul style="list-style-type: none"> - Contribute to PSTA III implementation and policy dialogue focusing on: (i) SWAp investment programme; (ii) financing mechanisms adapted to IFAD target groups; and (iii) harmonized capacity building support to cooperatives. <p>SO 2:</p> <ul style="list-style-type: none"> - Foster new partnership approaches between farmers cooperatives involved in production and bulking of produce and private sector involved in storage, processing and marketing - Contribute to developing climate-resilient low-carbon post-harvest and processing technologies - Support government in setting up a conducive institutional environment for climate information services and adequate rural financial services <p>SO 3:</p> <ul style="list-style-type: none"> - Join REACH partners to participate in policy dialogue on matters

<p>existing as food reserve move from 15,909 to 100,909 metric tons in 2018.</p>				<ul style="list-style-type: none"> - 20% average increase in rural per capita income derived from targeted value chains - 25,000 non-farm jobs created - Climate-resilient storage infrastructure constructed for 50,000 t of produce - Assisted community groups/hubs and individuals able to use climate information services and climate smart low-carbon post-harvest technologies and structures to facilitate harvesting and drying of commodities <p>SO 3:</p> <ul style="list-style-type: none"> - 30% reduction in share of underweight children under five - 20% of abject and very poor move upwards one <i>Ubudehe</i> category 	<p>related to nutrition and spearhead initiatives to maximise synergies among different programmes to tackle the main causes of chronic malnutrition, extreme poverty and exclusion.</p>
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Previous COSOP results management framework

Country Strategy Alignment		Key Results			Institutional/Policy Objectives
Poverty Reduction Strategy and Targets		COSOP' Strategic Objectives	Outcomes that IFAD expects to influence	Outcome Targets	Policy Dialogue Agenda
<p>EDPRS Objectives: Goal: Improve the quality of life of all the people of Rwanda Purpose: Enabling environment for economic growth enhanced.</p> <p>Key targets: A - National poverty reduced from 56.9% in 2006 to 46% in 2012 B - Per capita income increased from US\$272 in 2006 to US\$336 in 2012 C - The share of under-weight children under five reduced from 23% (2005) to 14% (2012)</p>	<p>PSTA Overall Objective: Increase and diversify household income while ensuring food supply and security Specific Objectives 1. Sustainable production systems developed and agricultural production intensified 2. A high level of professionalism acquired by producers 3. Domestic & export market access expanded through competitiveness and diversification 4. Institutional framework functioning effectively & efficiently</p>	<p>IFAD Overall Objective: Reduce poverty by empowering the rural poor to participate gainfully in the transformation of the agricultural sector Strategic Objectives: SO 1. Economic opportunities for the rural poor increased and their incomes raised sustainably (PSTA 1 & 3) SO 2. Organizations and institutions of the rural poor as well as decentralized organs strengthened (PSTA 2 & 4) SO 3. Vulnerable groups participate in the social and economic transformation (PSTA 1, 2 & 4)</p>	<p>Overall Outcome: The rural poor are realizing economic opportunities into concrete and sustainable activities. Specific Outcomes: 1a. Production and marketing in the supported watersheds rises sustainably and equitably 1b. Increased access to rural finance for farmers and small entrepreneurs 2. Rural poor and vulnerable groups represented and actively contributing in local governance organs 3. Less people are vulnerable as a result of benefiting from mainstream development activities</p>	<p>By 2012 in project areas of existing and new projects: Overall: Reduce the share of underweight children under five by one third (EDPRS target C)</p> <p>SO 1: 20% increase in rural per capita income 30% increase in staple food production 10 000 additional rural clients access financial services 5 000 additional entrepreneurs trained 30% increase in the supported SMEs' turnover</p> <p>SO 2: 80% of total rural population effectively represented in CBOs and farmers' organizations</p> <p>SO 3: 50% of the vulnerable households access extension and rural finance services 20% reduction of landless rural households</p>	<p>Support the SWAp preparation process</p> <p>Assist government in the organization of and legal framework for water user association, inter alia with legal and impact studies</p> <p>Support government in setting a conducive institutional environment for rural finance</p> <p>Involve farmers organizations in country programme management and support their engagement in agri-trade negotiations and national/ regional development initiatives</p>

CPE Agreement at Completion Point

A. Background and introduction

1. The Independent Office of Evaluation of IFAD (IOE) conducted a country programme evaluation (CPE) in Rwanda in 2010/2011. The CPE had two basic objectives: (i) to evaluate the performance and impact of IFAD-supported operations in the country; and (ii) to generate lessons and recommendations to inform the next country strategic opportunities programme (COSOP) for Rwanda.
2. The agreement at completion point (ACP) reflects the agreement between the Government of Rwanda (represented by the Ministry of Agriculture and Animal Resources, MINAGRI) and IFAD Management (represented by the Associate Vice President, Programmes) on the main evaluation findings (see section B below), as well as the commitment to adopt and implement within specific timeframes the recommendations included in part C of this document. The ACP contains inputs gathered at the national roundtable discussion held on 29 September 2011 in Kigali, Rwanda. It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion. The recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions. In addition, this ACP will be submitted to the Executive Board of IFAD as an annex, along with the new COSOP for Rwanda.

B. Main evaluation findings

3. The CPE found that, during the period under review (2000-2010), the partnership between the Government of Rwanda and IFAD had made a significant contribution to reducing rural poverty, and that the performance of the portfolio has improved since the CPE of 2005. On IFAD's part, contributing factors include a more participatory approach and transition to direct supervision, while, on the part of the Government, they include the introduction of clearly-defined strategies and programmes as well as a strong accountability framework. Rwanda's governance culture is highly results-oriented, thereby ensuring that policies and strategies are implemented.
4. The relevance of the portfolio has been assessed as satisfactory. The main thematic thrusts are highly relevant to the national context and sectoral strategies and to IFAD's COSOPs. Overall, they are technically sound and adopt approaches conducive to achieving their main objectives. Nevertheless, the CPE identified selected design issues. In particular, the support for rural finance, an element of the early part of the period under review, was not designed based on best practices and IFAD's rural finance policies. The design of support for watersheds has not adequately anchored its implementation in local government structures. Finally, the design of support for export crop value chains was broadly valid but did not take sufficient account of the food security risks faced by households with very small landholdings.
5. Overall, the portfolio has been effective. It made satisfactory progress in meeting the projects' immediate objectives, and in some cases exceeding them, particularly for watershed and rural enterprise development. Support to developing the capacity of cooperatives and local governments has been less effective to date, while that for rural finance made no contribution to developing a sustainable rural finance system. The portfolio has been generally efficient: target achievement, time overruns and the share of project management costs in total project costs are generally in the satisfactory zone. Monitoring and evaluation systems are generally superior to those of other projects in the region, and include systems for assessing impact.
6. Impact has been strong in generating income and access to household assets and in improving food security. In the case of cash crop development, however, protection measures have been missing for very small landholders during the cash tree growing. Prospects for sustainability have been found moderately satisfactory. While many of the activities in the watersheds are likely to be sustained, either by the

beneficiaries alone or with government assistance, there are serious questions as to the sustainability of rural finance and cooperatives. The evaluation expressed concern that the Government's policy to formalize the economy, pushing informal entities to register as cooperatives or companies, will be implemented too rapidly, without allowing for a proper transition. Some of the newly-formed cooperatives do not as yet have the capacity to manage high levels of debt and complex operations (e.g. coffee cooperatives).

7. The portfolio has been moderately innovative. The most important innovations are in the area of improved agricultural practices for yield increases and soil management, which have been the subject of a major testing effort and gradual scaling up. Outside this area, innovativeness and the potential for scaling up have been more limited. Progress has been more modest in upgrading the technology for microenterprises, particularly in relation to the processing of agricultural produce. Progress in gender equality and women's empowerment has been satisfactory, thanks to the participation of women in the activities supported and in the management of cooperatives and associations, which has contributed to raising their status and economic independence.
8. The performance of non-lending activities is assessed as moderately satisfactory overall, with policy dialogue rated moderately unsatisfactory and knowledge-management and partnership building both rated moderately satisfactory. IFAD has provided technical assistance to the Government to develop its policies and strategies (e.g. the Strategic Plan for the Transformation of Agriculture) but there has been limited institutional-level dialogue between IFAD and the Government on policy directions and strategic objectives. It should be recognized, however, that in the past the Government has seldom invited IFAD to join in such dialogue. Financial partnerships with the Government and other development partners are well established, but there is need for a more active and profiled IFAD participation in sector working groups. Partnerships with the private sector and NGOs have taken the form of contracting out service provision in projects. A new experiment of private-public partnership has recently emerged in the tea sector. Regarding knowledge-management, the situation is positive within and among the projects but IFAD has invested limited resources in capturing and learning from the experiences of other development partners.
9. Over the period under review, IFAD prepared two strategies (COSOPs) for its cooperation with the Government of Rwanda, in 2002 and 2007. The strategies were very well aligned to Government and IFAD policies and relevant to the national context. However, the CPE noted some inconsistency in the definition of target groups, in particular the various vulnerable groups. Also, while COSOPs have identified areas of policy dialogue and partnership, no action plans (and related resource allocations) have been drawn up. Within policy dialogue in particular, while there is room for improvement, this will require that the Government invites IFAD to contribute its international experience. And while it is the Government's prerogative to define the country's strategic objectives, IFAD's international experiences could, in some areas, contribute to defining strategies and approaches for achieving objectives. With respect to COSOP effectiveness, the CPE finds that there has been progress in achieving the strategic objectives and that IFAD country programme has contributed to this progress.
10. The partnership between IFAD and the Government of Rwanda has, overall, been satisfactory and has addressed sub-sectors relevant to poverty reduction. Rwanda has now a more solid institutional and policy environment compared to when the 2007 COSOP was formulated. Adapting to this new context implies, inter alia, pitching the objectives of the programme and the type of interventions at a higher level. Attention will need to be reinforced on, and adequate resources allocated to, non-lending activities (policy dialogue, partnership building and knowledge management) to pursue development objectives that were only achieved in part or

not at all (e.g. institutional development of local government, rural finance), as well as to harmonization and strategic programme management. The present CPE argues that portfolio development activities will remain very important and probably absorb the greater part of IFAD's investments. However, recommendations are deliberately presented starting from "higher plane" objectives as these have so far commanded limited resources.

C. Agreement at completion point

Recommendation 1

C.1. Place greater emphasis on institutional support and non-lending activities to promote the scaling up of innovations and harmonized approaches to rural finance and cooperative development.

11. These recommendations include two sub-areas: (i) providing institutional support to local government for the scaling up of agricultural innovations and pave the way to SWAp preparation; and (ii) programme-based support to participate in harmonized frameworks in rural finance and cooperative development. This calls for a gradual shift from project focus towards more attention on the systematization of lessons learned both from within and outside the IFAD portfolio. It also calls for further dialogue and harmonization with development partners and for sharing knowledge, experiences and values in the policy arena.

C.1.a. Provide institutional support to local governments in the scaling up of agricultural innovations and in paving the way for the forthcoming agricultural SWAp.

12. Individual projects such as the Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA) and the Kirehe Community-based Watershed Management Project (KWAMP) have helped promote emerging agricultural innovations. The long-term challenge to scale up such innovations is of an institutional nature. The challenge is to define an institutional approach that fits into the decentralization process and local government structure. As decentralization proceeds into its third phase (2011-2015) and district and sector administrations/governments further develop their capacity, it may be possible to transfer full responsibility for implementation to local governments.
13. Such transfer would need to be facilitated. IFAD, in collaboration with the central and local governments and other developing partners, should support the development and systematization of approaches and guidance tools that help local governments plan, implement and monitor the various technical interventions. These approaches and tools may create the basis for central government grants to local governments for watershed development, which could be one of the important pillars of the agricultural SWAp. IFAD will explore opportunities for integrating its interventions in the forthcoming SWAp in order to ensure its participation in major strategic and policy dialogue initiatives in the agriculture and rural development sector. IFAD's participation in the SWAp may also include the development of implementation tools and methodologies that ensures ownership by local governments in up-scaling innovations.
14. **Proposed follow-up:** IFAD will explore opportunities for integrating the agricultural existing and new projects it supports in the forthcoming agricultural SWAp by: (i) strengthening the role of district authorities in project planning and implementation through growing partnerships between districts and the single project implementation unit, and through improved watershed management planning ; and (ii) supporting MINAGRI in the development of at least 3 concept notes for modular key intervention areas such as Watershed Management Planning (WMP), soil and water conservation, and community innovation centres (CCIs).

Deadlines for implementation:

- No deadline, as this is a continuing process; and
- End-December 2012

Entities responsible for implementation:

- MINAGRI, supported by IFAD implementation-support missions; and
- MINAGRI, supported by IFAD.

C.1.b. Support harmonized thematic programmes in rural/micro finance and cooperative development.

15. Within as well as outside IFAD-financed portfolio, support is provided for the development of rural/micro finance and cooperatives but approaches and methodologies often differ. The present CPE finds that such support is of an *ad hoc* character and that systemic issues are not addressed in a coherent and harmonized manner. Through a modest financial contribution to harmonized thematic programmes, IFAD could establish its presence in high-level policy dialogue and share its experiences.
16. *In rural finance, explore the option for support to Access to Finance Rwanda (AFR).* IFAD should stay involved in rural finance in Rwanda. Despite problematic experiences in Rwanda, the Fund has relevant lessons to contribute through its regional and global portfolio. AFR, established by the Government and several development partners led by the United Kingdom Department for International Development (DfID), is expected to address systemic issues with a view to increasing access to finance, particularly for the large numbers of people who have no, or only limited, access to financial services. Recently, DfID has supported Government in developing a Rural and Agricultural Finance Strategy and AFR has presented a sustainability strategy for Savings and Credit Cooperatives. Even a modest financial participation from IFAD would be important because it would allow IFAD to contribute to the agenda and work, based on its own experience in implementing the portfolio and, at the same time, benefit from exchanges of information. Being outside these harmonized frameworks would severely limit IFAD's ability to engage in policy dialogue and knowledge management. Obviously, IFAD's contribution to AFR should be based on an assessment of whether this facility provides an effective contribution to rural poverty reduction objectives.
17. Regarding cooperative development, IFAD should contribute to efforts to develop a harmonized support framework. The Rwanda Cooperative Agency reports that it is planning to harmonize the current highly fragmented support for cooperative development; it would be appropriate for IFAD to support this endeavour. If the initiative leads to a harmonized framework with financial support from government and several development partners, IFAD should explore the possibility of making a financial contribution so as to become an active participant, as per the rationale described above.
18. **Proposed follow-up:** IFAD will: (i) work with MINAGRI to implement the Rural and Agricultural Finance Strategy, including possible collaboration with sector-wide initiatives to strengthen rural financial services, such as AFR; (ii) continue the integration of systematic support packages to cooperative development in its Country Programme.
 - **Deadline for implementation:** End-December 2014.
 - **Entity responsible for implementation:** IFAD

Recommendation 2

C.2. Move towards more strategic programme management and reliance on national systems, in line with the Paris Declaration.

19. Increased engagement in non-lending activities will call for a review of current transaction costs in individual project follow-up. In line with the Paris Declaration, IFAD/Government project cooperation should rely more on the Government's accountability and implementation systems, recognized as among the best and most efficient in sub-Saharan Africa. IFAD should move away from micro management, leaving this to government systems, while adopting a more strategic management approach.
20. In this new role, IFAD would use more of its country programme management resources for addressing strategic issues both within and above projects. This should also include more strategic use of technical assistance grants, not only for project design but also for developing the capacity of institutions so that national institutions can take over activities once the projects end. This would be a gradual process, adapted to capacity improvements in government systems, where IFAD and the Government would continuously reassess what should and can be done by government institutions, and what are the most conducive cooperation procedures for ensuring accountability and local ownership. The introduction of portfolio-wide annual joint reviews between the Government and IFAD has been a commendable step towards strategic portfolio management. Additional measures are indicated below.

C.2.a. Replace PCUs with facilitation support.

21. In the current portfolio, there is a tendency to perceive projects as independent institutions and the PCUs as their managers - while in reality "a project" is no more than a temporary initiative for partner institutions. Recent government policy encourages Ministries to reduce the number of PCUs by establishing a single project implementation unit for all donor-assisted projects. Though the efficiency of this new set-up has yet to be demonstrated, eventually IFAD may have to comply and change its implementation management procedures. Under the new set-up, it is recommended that IFAD-supported projects should include the provision of technical assistance/facilitation support, not as decision-making managers but as advisers and facilitators, to the implementing management units - whether at the central ministry level or within district administrations.
22. **Proposed follow-up:** IFAD will explore opportunities for integrating the agricultural existing and new projects it supports in the forthcoming agricultural SWAp by:
 - (i) supporting MINAGRI and the Ministry of Trade and Industry (MINICOM) in transforming the PCUs to a single unit of the MINAGRI Single Project Implementation Unit;
 - **Deadlines for implementation:** End-December 2011
 - **Entities responsible for implementation:** MINAGRI

C.2.b. Articulate more clearly the division of labour between the headquarters, the IFAD regional office in Nairobi and the country office.

23. This implies giving a more substantive role to the latter in partnership-building, policy dialogue and knowledge management. In this context, consideration should also be given to defining the technical backstopping functions of the Nairobi office, which, for example, could include quality assurance of baseline and impact surveys.
24. **Proposed follow-up:** IFAD will raise the implementation-support role of its Rwanda country office, covering both technical and fiduciary issues. Support will be provided by the Regional Office in Nairobi. However, a quality assurance role is not foreseen for the Regional Office.

- **Deadlines for implementation:** No deadline, as this is a continuing process.
- **Entities responsible for implementation:** IFAD

C.2.c. Undertake joint supervision missions with the Government and development partners.

25. One can reduce transaction costs of IFAD, of the concerned Ministries and of development partners by having more joint supervision and implementation-support missions. When feasible, it should be considered to field a single mission covering several projects executed by the same Ministry.
26. **Proposed follow-up:** IFAD has conducted joint missions with the Department for International Development (United Kingdom) for PAPSTA and UNIDO for PPPMER, with good experience. This practice will continue for cofinanced projects. Single missions covering several projects may be experimented with, in particular thematic supervision missions (for example focusing on M&E, knowledge management or financial management of several projects). However, the prospects of providing concrete implementation-support in the context of increasing project size must be kept in view in such undertakings.
27. **Target for implementation:** At least one joint mission per calendar year, and explore scope for thematic supervision missions.

Entities responsible for implementation: IFAD

Recommendation 3

C.3. Develop strengthened sub-sectoral support activities around three main axes: (a) protection of the natural resource base in the watersheds; and develop pro-poor agricultural value chains based on private-public partnerships in (b) food crops and (c) cash and export crops.

C.3.a. Sustainable natural resources development in the watersheds and carbon financing.

28. IFAD's future programme should continue its watershed development initiatives, including the promotion and scaling up of agricultural innovations and soil and watershed protection. It should better assess and document environmental risks as well as opportunities. Both the 2007 COSOP and past project design documents did not include a detailed assessment of environmental risks and trade-offs, and thus no mitigation plans. The next COSOP should include a strategic analysis of environmental and natural resource management issues, in line with the requirements of IFAD's Environment and Natural Resource Management Policy, and explore opportunities for qualifying for carbon financing. Future project designs should include environmental and social impact assessments.
29. **Proposed follow-up:** The recommendation regarding priority sub-sectors will be considered during the design of the next COSOP. In this context, the possible uptake of the three proposed main axes will remain the joint decision of IFAD and the government, supported by the Country Programme Management Team. However, a detailed assessment of environmental risks and trade-offs is not likely to be practical at the COSOP stage, as a risk analysis and the development of mitigation measures will always depend on the clear definition of activities, which is only done after the COSOP stage when proceeding to project design. Such analysis would thus risk remaining superficial and irrelevant.

- **Deadline for implementation:** September 2013
- **Entities responsible for implementation:** IFAD

C.3.b. Support for the development of value chains for food crops and livestock products through private-public partnerships.

30. While many farm households have increased their production of food crops and livestock products beyond subsistence needs over the last three years, the systems needed to handle these surpluses (e.g. warehouses, processing and marketing) are not available. Major investments (capital and human resources investments) are required to handle the rapidly increasing surpluses. Given Rwanda's small farm sizes, the country's long-term competitive advantage is unlikely to be in low-value staple food crops that can be produced at lower cost in countries with an abundance of land.
31. For this reason, IFAD should consider moving towards higher-value commodities produced in intensive systems with a high labour input, and with potential for creating significant non-farm employment in processing and marketing enterprises. Based on current intensive zero-grazing systems, dairy would be an obvious candidate - but other candidates may include high-value horticultural products.
32. **Proposed follow-up:** The recommendation relates to the choice of both the priority sub-sectors and the support approach. While the former is covered by recommendation 3.a above, the latter (the choice of the value chain approach) is fully agreed for the sub-sectors that require the horizontal integration of the up and downstream industries. Its integration will be looked at during the design of the next COSOP.
- **Deadline for implementation:** September 2013
 - **Entities responsible for implementation:** IFAD

C.3.c. Support a pro-poor development of export and cash crops and products through private-public partnerships.

33. Apart from their foreign exchange contributions, some crops have potential for generating significant on- and off-farm employment. For tea and coffee, there are still a number of unexploited value addition activities. Albeit currently in a difficult start-up phase, sericulture could well create many on- and off-farm jobs in activities that are highly labour-intensive and with products of high value to weight. According to international sericulture experts, Rwanda's climatic and natural resource conditions are well suited to sericulture.
34. Special mitigating measures (e.g. based on support to subsistence crops or food-for-work schemes) need to be considered for very poor households. This is because value-chain development for export and cash crops often fails to involve marginal landholders, and expansion of export/cash crop areas may be at the cost of food crops and food security.
35. In pursuing public-private partnerships, support will be needed to promote transparent agreements and competition in order to address situations whereby a large private investor, owing to limited competition, might exploit producers. Consideration will need to be given to the complexity and scale of operations. For certain levels of scale and complexity, private companies may be in a better position than the newly-established cooperatives. Thus, an approach for private-sector development, including development of public-private partnerships, should be developed to guide such support.
36. **Proposed follow-up:** The recommendation has already been implemented in the design of the Project for Rural Income through Exports (PRICE), which builds on the successful public-private partnership of the Smallholder Cash and Export Crops Development Project (PDCRE) in the tea sub-sector. PRICE also includes innovative public-private partnerships in the sericulture and horticulture value chains.
- **Deadline for implementation:** September 2011.
 - **Entities responsible for implementation:** IFAD, with support from MINAGRI.

Signed by:

Hon. Agnes Matilda Kalibata

Minister of Agriculture and Animal Resources

Government of Rwanda

_____ Date:

And

Mr. Kevin Cleaver

Associate Vice President

Programme Management Department

IFAD

_____ Date:

PBAS scores and annual allocation

1. Table 1 presents the most recent PBAS scores and annual allocation, and Table 2 shows how the allocation could vary in response to changing project-at-risk (PAR) and rural sector scores.

Table 1. PBAS calculation for COSOP year 1

<i>Indicators</i>		<i>Scores</i>
A(i)	Policy and legal framework for rural organizations	4.00
A(ii)	Dialogue between government and rural organizations	4.50
B(i)	Access to land	4.50
B(ii)	Access to water for agriculture	4.75
B(iii)	Access to agricultural research and extension services	4.33
C(i)	Enabling conditions for rural financial services development	4.25
C(ii)	Investment climate for rural businesses	4.33
C(iii)	Access to agricultural input and produce markets	4.33
D(i)	Access to education in rural areas	5.00
D(ii)	Representation of women	5.00
E(i)	Allocation and management of public resources for rural development	5.00
E(ii)	Accountability, transparency and corruption in rural areas	4.50
	Sum of combined scores	54.50
	Average of combined scores	4.54
	PAR rating 2012	5
	IRAI rating 2011	3.82
	Annual allocation 2013 (US\$ million)	14.1

Table 2. Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score</i>
Hypothetical low case 1	4	4.5	-5%
Hypothetical low case 2	3	4.72	-16%
Base case	4	4.72	0%
Hypothetical high case 1	4	5	6%
Hypothetical high case 2	5	4.72	17%

Ongoing portfolio and pipeline development during COSOP period

1. The on-going RB-COSOP for Rwanda was approved by IFAD Executive Board in September 2007 and was to cover the period 2008-2012. It articulated IFAD's contribution to Rwanda's newly formulated Economic Development and Poverty Reduction Strategy (EDPRS), the objective of which was to tackle poverty by promoting equitable economic growth, modernizing agricultural production systems and introducing an export orientation. The EDPRS built on the first Strategic Plan for the Transformation of Agriculture (PSTA) and emphasized support to the agricultural sector, mainly through a flagship programme known as Vision 2020. The 2012 Rwanda CPE concluded that synchronization of the 2008-2012 RB-COSOP and national processes to defining strategies and objectives allowed a high degree of alignment at this level.
2. Rwanda is one of the best IFAD performing countries in the East and Southern Africa (ESA) region in terms of achievements of country programme results. At present, IFAD portfolio in the country consists of four ongoing projects:
 - Support project for the Strategic Plan for the Transformation of Agriculture (PAPSTA), total project cost of US\$31.1 million (2006-2013)
 - Rural Small and Micro-enterprise Promotion Project – Phase II (PPPMER II), total cost US\$17.6 million (2004-2013)
 - Kirehe Community-based Watershed Management Project (KWAMP), total project costs US\$ 49.3 million (2009-2016) with supplementary financing of US\$15.4 million (approved by IFAD Executive Board in July 2013 via Lapse of Time)
 - Project for Rural Incomes through Exports (PRICE), total cost of US\$56.1 million (2012-2018)
3. IFAD country programme has contributed significantly to improving incomes and food security in rural areas, particularly through watershed development, increased production in irrigated marshland and hillsides, development of livestock (PAPSTA, KWAMP), export crops (PDCRE and PRICE) and rural enterprise development (PPPMER I-II). PAPSTA and KWAMP have piloted a number of innovations including a rice intensification system (now being scaled-up nationwide), crop-livestock integration and intensification, support for water users associations, development of farmer managed veterinary pharmacies, and introduction of biogas flexi-low cost technology. Regarding off-farm employment, PPPMER I-II have targeted the rural poor, including youth, supported vocational training mainly through the apprenticeship programme, and assisted start-up of micro and small enterprises.
4. Through PAPSTA, IFAD has provided substantial resources and technical assistance to government to develop policies and strategies in particular the Strategic Plan for Agricultural Transformation and supported development of MINAGRI's new institutional structure (RAB and NAEB). It has also built decentralized institutional capacity at district level through the District Land Bureau and Local Committees for Management and Supervision (CLGS).
5. Two projects, PPPMER and PAPSTA, are closing in 2013. A new operation, the Post-harvest and Agribusiness Support Project (PASP) (US\$27 million), is under formulation and is scheduled to be submitted to IFAD Board in December 2013. An Adaptation for Smallholder Agriculture Programme (ASAP) investment (US\$7 million) will be fully-embedded in PASP components to increase the climate resilience of value chains and reduce the impact of climate change on productivity and profitability of smallholders farming systems.

	2010	2011	2012	2013	2014	2015	2016	2017	2018
COSOP period				PBAS 1			PBAS 2		
KWAMP									
PRICE									
PASP (+ASAP)									

6. The present RB-COSOP will cover two IFAD's performance-based allocation (PBAS) cycles, 2013-15 and 2016-18. Based on the current PBAS scores and criteria, the IFAD funding available for the combined period will be between US\$90-95 million approximately, including financing from the Adaptation for Smallholder Agriculture Programme (ASAP).
7. The Concept Note (CN) for the new blended IFAD-ASAP operation, the Post-harvest Agribusiness Support Project, was presented and approved by OSC for pipeline entry in June 2013¹. If approved by the Executive Board, the Post-harvest and Agribusiness Support Project and KWAMP supplementary financing together will absorb the full 2013-15 PBAS allocation.
8. Specific investment for the second 2016-18 PBAS allocation will be identified during the course of the COSOP, but these are likely to include: (i) possible supplementary financing for PRICE; (ii) expansion of integrated watershed management, marshland and hillside irrigation and agricultural intensification in other priority districts; and (iii) micro and small enterprise support.

¹ Even though an earlier CN had been approved by OSC under the 2018-2012 COSOP, it was presented without ASAP co-financing as the facility had not been established at that time.

CONCEPT NOTE: Post-harvest Agribusiness Support Project (PASP) with a blended investment from the Adaptation for Smallholder Agriculture Programme (ASAP)

Context and justification

1. Agriculture is the backbone of Rwanda's economy and the majority of households in Rwanda are engaged in crop or livestock production activity. The Government's Crop Intensification Program (CIP) and *Girinka* (One Cow, One family) initiative have led to substantial increases in smallholders' production of CIP crops and milk supply, which are now placing pressure on the post-harvest handling and marketing systems.
2. Studies reveal that post-harvest losses for staple crops throughout Rwanda are estimated between 25-40%. These losses are likely to increase given the country's reliance on rain-fed agriculture both for rural livelihoods and exports of, particularly, tea and coffee and its vulnerability to climate change. The agriculture sector will be the hardest hit by adverse climate conditions, as agricultural production, both pre and post-harvest, is very exposed to climate change risks through drought, intense and erratic rainfall, and increasing incidence of high winds and temperature shifts¹.
3. While Rwanda is located in the East Africa and Central Africa regions where climate models are difficult to simulate, climate modeling scenarios project increases in mean annual temperature of up to 3.25°C by the end of the century. These changes are expected to cause substantial additional losses and damage to agricultural production, particularly in the dairy sector if adequate cooling and storage facilities are not made available. Changes to rainfall are less certain, though most models predict rainfall intensity will increase with changes in traditional harvest periods.
4. A growing population is also an issue of concern in Rwanda. A major environmental protection issue is the imbalance between this growing population and the pressure it is exerting on the natural resource base (land, water, forests, flora, fauna and non-renewable resources) which has been degrading for decades. This degradation includes major deforestation, depletion of bio-diversity, erosion and landslides, pollution of waterways, and the degradation of fragile ecosystems, such as swamps and wetlands.
5. In a bid to strengthen value chains and reduce post-harvest losses resulting from harvesting, drying, processing and inappropriate storage facilities, the Post-Harvest Agribusiness Support Project (PASP) will aim at supporting the technical, marketing, infrastructure and direct capacity-building needs of cooperatives, self-help groups and small medium enterprises (SMEs) seeking to undertake viable and climate-resilient post-harvest investments.
6. PASP will be strengthened through an ASAP investment providing incremental support to reduce the vulnerability of post-harvest market chains to the impacts of climate change and ensure that appropriate mechanisms are established to safe guard food security, including appropriate and timely climate information services.
7. The project builds on the significant achievements made by KWAMP, PAPSTA in increased agricultural productivity through support to the CIP, marshland and hillside irrigation works, watershed protection and agriculture and livestock intensification. Furthermore it is in line with the proposed 2013-18 Country Strategic Opportunities Paper (RB-COSOP) for Rwanda that has the following pillars: (i) Agricultural productivity sustainably increased through investments in physical and social capital resulting in improved incomes and livelihoods; (ii) Climate resilient export value

¹ A study by Stockholm Environment Institute (2009) found that existing climate variability has significant economic costs in Rwanda, at least 1% of GDP per year if not addressed. Major floods that occurred in 1997, 2006, 2007, 2008, and 2009 resulted in infrastructure damage, fatalities and injuries, landslides, loss and damage to agricultural crops, soil erosion and environmental degradation.

chains, post-harvesting and agribusiness developed to increase market outlets, add value to agricultural produce and generate employment in rural areas; and (iii) Nutritional status of the rural poor improved and vulnerable groups included in economic transformation process. The proposed new project incorporates activities that will strongly support pillars (ii) and (iii) of the new RB-COSOP.

Geographic area and target groups

8. While most of the PASP-ASAP focused value chains (maize, beans, cassava, Irish potatoes and dairy) are found nationwide, the project will initially support geographical areas determined using three main criteria: (i) food-basket areas/land area dedicated to individual crops, determined on the basis of 2011-2012 data provided by the MINAGRI CIP; (ii) poverty, assessed by cross referencing EICV data and *Ubudehe* data; and (iii) potential for value chain development and growth based on current and prospective processing facilities². As PASP delivery capacities are developed, MINAGRI intends to expand successful operations to other major market driven crops or livestock activities and geographical areas..
9. The projected number of direct beneficiaries is estimated at about 155,000 people in rural households, particularly targeting households in the *Ubudehe* categories 2, 3 and 4 (very poor, poor and resourceful poor)³. This primary target group for PASP are poor smallholder farmers either engaged in production and primary processing in the priority value chains, including poor farmers with some production potential and members of cooperatives who own small land plots and smallholders who supplement their income through agricultural wage work.

Key Project objectives

10. Consistent with the GoR development objectives, the overall project goal is to alleviate poverty, increase rural income, reduce food insecurity and malnutrition, and contribute to the overall economic development of Rwanda.
11. PASP development objective is to increase smallholder and rural worker incomes (including women, youth and vulnerable groups) from climate resilient CIP crop and dairy businesses. The proposed ASAP investment will be blended within PASP through focused support to reduce the vulnerability of post-harvest market chains to the impacts of climate change and ensure appropriate mechanisms are established to safeguard food security. This could be described as increasing the climate resilience of value chains and reducing the impact of climate change on productivity and profitability of the smallholders farming system through the promotion of adaptation policies, techniques and technologies – (through helping build a low-carbon and climate resilient postharvest agribusiness sector).

Ownership, harmonization and alignment

12. The project matches the national development objectives of reducing poverty and achieving economic growth found in the Vision 2020, EDPRS II and PSTA III, which now incorporate climate priorities that were identified in the National Strategy on Climate Change and Low-Carbon Development (NCCLCD). In particular, PASP-ASAP will support the implementation of Programme 2 of the NCCLCD: Agricultural Diversity in Local and Export Markets. The project is also consistent with the National Post-harvest Staple Crop Strategy (PHSCS). PASP builds on ongoing IFAD investments concerning: (i) strengthening of support services in the food crops and

² The three food-basket areas selected are: North West food-basket including the Districts of Musanze, Nyabihu and Rubavu; Southern Province food-basket including Muhanga, Kamonyi and Ruhango; and Eastern Province food-basket with Gatsibo, Kayanza, Ngoma and Nyatatare.

³ *Ubudehe* is a classification of poverty based on participatory self-assessment.

agricultural value chains and (ii) institutional support and non-lending activities for harmonized approaches to rural finance and cooperative development. In addition, ASAP financing will allow climate risk management to be mainstreamed into implementation of these areas, providing examples that can be adopted for ongoing GoR and other development partners activities in these technical sectors.

Components and activities

13. PASP will have two technical components supported by a project management component. The focus of implementation will be the first significant point where primary produce is aggregated – a product aggregation point or business hub (HUB) located at sector level. A HUB includes the physical place where primary products are aggregated and where value addition could take place, together with the necessary managerial and technical skills, facilities, technology and equipment (e.g., for quality control, sorting, packaging, storing, value adding, etc.) to serve smallholders harvest and post-harvest services' needs, either directly or by brokering or facilitating access to other relevant institutions and/or private sector providers.
14. **Component 1: Strengthening business and climate risk management capacity and market linkages** will focus on assessing and building the capacity of the HUBs and their immediate business partners and business service providers including MFIs/SACCOs and agro-dealers and traders, so that HUBs have the skills, services and confidence to more effectively and efficiently deliver larger volumes of improved produce to the market chain, manage climate risks more effectively and provide value adding services to their owners and suppliers.
15. Sub-component 1.1: *HUB business management capacity assessment and development* will assist HUBs in each selected value chain identify and address their financial and climate-risk management skills gaps and produce business plans to develop their services more profitably with stronger linkages to supplying farmers. Sub-component 1.2: *HUB business development planning and implementation* will build on the initial sensitization and need assessments carried out in sub-component 1.1 and, depending on the identified needs, provide more focused technical trainings linked to implementation of the business plans, such as: business planning, costing, negotiation, market analysis and/or marketing. Sub-component 1.3: *Strengthening agribusiness support services to HUBs* will ensure that agribusiness support services targeting HUBs acquire the technical and business skills necessary to provide sustainable, climate resilient and low-carbon business services to HUBs, their members and suppliers. Sub-component 1.4: *Implementation partner capacity building* will build the capacity of PASP implementation partners for their mandated roles, particularly the technical departments of the PHHTF and the three RAB departments (Agriculture Extension, DAE; Animal Resources Extension and Agricultural Infrastructure, DARE; and Mechanization, DAIM) and increase their interactions with the Rwandan Meteorological Services, to deliver the specialized facilitation and technical services for successful implementation of PASP.
16. **Component 2: Investment and climate risk management support to HUB agri-businesses** will provide investment support to the HUBs to upgrade their existing post-harvest facilities, quality management and handling processes and invest in value addition and market development activities. An integral part of the business plans for investment in equipment and facilities will be specialized technical assistance for product and market development, specialized business management skills, and continuous support (mentoring) during the implementation process. The technical and commercial viability of new technologies and equipment will be demonstrated in a commercial context.
17. An important aspect of the investment component will be to sensitize and assist the lending organizations which will provide most of the financial capital to the increasingly important issue of climate risk management, which is to be integrated

with the financing package for HUB business plans. Assessment of business plans will take account of the longer investment time horizon and payback period during which a number of climate change risks are materializing. ASAP grants will enable the financing of concrete climate change adaptation activities which are not normally included in a loan assessment process. Such activities may include the targeted use of climate information services for agricultural processing and storage management, measures to increase availability of freshwater and efficiency of water use (such as rainwater harvesting), or the application of improved building codes for infrastructure.

18. ASAP grant funding will enable consideration and inclusion of climate smart technologies and processes in the investment package of HUB business plans. For example, the use of a combination of solar power and biogas, linked to a simple milk pre-cooling system, can allow rapid cooling of milk early in the supply chain to increase its storage life and provide greater flexibility for delivery of milk at night, thereby buffering the effects of growing temperatures and increasing farmer returns.
19. Other adaptation interventions which can be integrated into HUB business plans include access to less climate-sensitive inputs, improved low-carbon technologies to reduce dependency on climate-sensitive energy sources and exploit new opportunities in warmer temperatures (biogas, solar cooling, solar drying), improvements to pre/post-harvest management techniques to increase storage life and reduce losses from humidity and pest infestations, on-farm equipment to reduce post-harvest losses and improve storage life (e.g. sealed bag storage, metal silos, improved processing equipment), and relevant technical advice on the handling of grains, tubers and dairy products. The adaptation benefits of integrated crop-livestock systems, which include the diversification of income sources for smallholder farmers alongside benefits such as the use of chopped whole cassava silage and by-products from grain and tuber cleaning as high value stock-feed, will be analyzed and promoted among farmers.

Cost and financing

20. PASP will be financed by IFAD, the GoR (including Central and District levels), leveraged commercial borrowing from the financial sector, as well as by contributions from value chain actors/beneficiaries. IFAD financing will be in the form of 50% DSF grant and 50% highly concessional loan, equivalent to US\$27 million and an ASAP grant of US\$7 million. The GoR will contribute US\$12.35 million in the form of foregone taxes and duties, and approximately US\$10.17 million would be provided by project beneficiaries/value chain actors in the form of cash, labor and in-kind inputs to the construction and operating costs of the infrastructure for markets and supply chains. It is expected that PASP and ASAP contributions under components 1 and 2 will leverage commercial loans to project beneficiaries from the financial sector amounting to US\$26.33 to support climate resilient post-harvest handling, processing and marketing investments. Total project investment costs are estimated to be US\$85.85 million to be spent over a 7-8 year implementation period.

Organisation and management

21. PASP will be integrated within the existing Single project Implementation Unit (SPIU) that coordinates and manages the two ongoing IFAD-supported projects in the Ministry of Agriculture and Animal Resources, namely the Kirehe Community-Based Watershed Management Project (KWAMP) and the Project for Rural Income through Exports (PRICE). It will be responsible for project coordination and financial management, procurement, monitoring and evaluation, knowledge management and communication. A team of specialists will be established in the SPIU to provide the technical guidance and expertise needed for the effective project implementation. This includes specialists in rural finance, gender, value chain development and one specialist in climate and environment that will complement existing staff capacities for

implementing ASAP activities. The post-harvest and handling expertise will be provided by the PHHTF and RAB Department of Agricultural Infrastructure and Mechanization (DAIM). National and international NGOs will also assist in implementing project activities. These technical, financial and training service providers will be contracted by the SPIU using competitive government procurement procedures and based on renewable performance-based contracts.

Monitoring and evaluation indicators

22. PASP will design a participatory project learning system (PLS) integrating planning, M&E and knowledge management (KM). Main indicators will be gender-disaggregated and will include: (i) average income increase for direct beneficiaries; (ii) number of participating HUBs implementing a business development plan that increases HUB profit; (iii) percentage of HUBs demonstrating improved climate risk management skills (e.g. climate resilient post-harvest handling, storage, diversified energy systems); (iv) percentage of HUBs demonstrating improved business skills (e.g. business planning, production planning, cost calculation, provision for maintenance, strategic use of climate information); (v) number of people trained in post-production, processing and marketing; (vi) number of HUBs / SMEs accessing financial services from local SACCOs / MFIs supported by the project; (vii) number of new or improved policies and institutional processes within MINAGRI, REMA, Rwandan Meteorological Services and other relevant agencies to promote low-carbon, climate resilient agribusiness; (viii) number of functioning market, storage, processing facilities (infrastructure management capacity); and (ix) number of HUBs introducing and using alternative energy sources and/or energy-reducing technologies that reduce energy used per unit of output.

Risks

23. The blended PASP-ASAP project will face the following main risks: (i) the natural resistance felt by some institutions and stakeholders to work across sectors on post-harvest and climate issues; (ii) weak management capacities of cooperatives; (iii) environmental risks; and (iv) price volatility and high transport costs compared to competing regional production.

Key file 1: Rural poverty and agricultural/rural sector issues

Priority areas	Affected group	Major issues	Actions needed
High levels of poverty in general and chronic malnutrition (stunting) in children under five and pregnant mothers	Landless households or household with very small landholding (<0.2 ha) without alternative employment possibilities; Often women-headed households	The affected households do not have enough land to feed their families and productivity is low; Generally situated in more remote areas with reduced access to social services, credit and opportunities for non-farm employment resulting in very low income levels; Low level of education and often confronted with difficulty to participate in farmers association or cooperatives remaining isolated; Low level of knowledge regarding nutritious diet and inaccessibility to nutritious food;	Adopt strategies to maximize equitable distribution of lands benefiting from major investments in irrigation; Promote access to livestock on cut-and-carry systems and/or small ruminants and poultry; Promote the establishment of kitchen gardens with water collection systems; Provide nutrition education; Assist in vocational training and generation of of—farm employment possibilities; Support adult literacy programmes; Coordinate with other UN agencies involved in assisting in the implementation of District Plans to end malnutrition, to mainstream specific activities within areas supported by IFAD;
Productivity of crop and livestock production	Majority of producers	Production on marginal lands due to population pressure on arable land; Limited utilization of improved technology, improved seeds, inorganic fertilizer and pest management; Non-sustainability of the fertilizer subsidy and inefficiency in its use; Limited access to irrigation; Low productivity of traditional endogeneous livestock races and inappropriate feeding and management practices; Limited access to relevant advisory services	Continue supporting the CIP programme taking care not to reduce the diversity of the production system thus minimizing risk; Adopt integrated soil fertility management practices to improve efficiency of fertilizer and reduce costs; Expand the coverage of the Farmer Field school approach for empowering farmers and improving their technical capacity; Continue supporting the “one cow per poor family” programme and up-scale the crop-livestock integration activities;

		and credit; Limited budget of MINAGRI	
Access to credit	Majority of producers	Small involvement in the agriculture sector of financial institution; inadequate skills for risk assessment ; lack of products to serve rural smallholders; insufficient trust among the actors across the value chain; inadequate rural banking infrastructure.	Policy dialogue and support to new strategy implementation. Alignment with national entities such as Business Development Fund. Develop innovative financial products tailored for agriculture Capacity building of MFIs and SACCOs
Post-harvest and agro-processing	Majority of producers, in particular the resource poor with marketable surpluses	In some areas, results of irrigation development and CIP have produced significant surplus production which encounters problems of market outlet; Post-harvest losses are significant, estimated between 20 and 40%; Insufficient organization of farmers associations and cooperatives for bulking of inputs and produce and low negotiation power; Producers lack knowledge of post-harvest handling levels to obtain a quality product and premium prices; Lack of infrastructure for drying and storage as well as processing; High transport costs	Support extension system to provide training to farmers on post-harvest handling and processing; Assist in investing in necessary drying and storage infrastructure; Support cooperatives to establish contractual relations with the private sector with the necessary knowledge of rights and duties of each party; Support private sector to better undertake their specific role in the value chain; Action Research on potential high value crops and products to be developed;
Farmers organizations/cooperatives	Majority of producers	Cooperative movement is growing rapidly, but still a minority of farmers are organized; Need of capacity development, in particular regarding management and business skills; Many partners provide assistance to cooperative movement, but need to harmonize methods and approaches;	Support capacity development of cooperatives to (i) provide training to their members on production and post-harvest handling and quality control of product; (ii) acquire business skills necessary to be able to develop a business model and serve as a bulking center for their members; Strengthen WUAs;

		<p>Low capacity specifically of the water users associations (WUAs) and their insufficient independence from the cooperatives;</p> <p>Rwanda cooperative agency (RCA) needs to be supported to coordinate and harmonize approaches</p>	<p>Assist RCA in its regulatory and capacity development role</p>
Off-farm employment and youth	Micro and small enterprises	<p>High number new of youth entering the workforce annually</p> <p>Low capacity and lack of collateral.</p> <p>Low linkages with financial sectors</p>	<p>Development and reinforcement of national vocational training.</p> <p>Linkages with rural finance and development of tailored products for youth without collateral for credit.</p>
Decentralization	Entire population and District governance systems	<p>Insufficient resources at District level to offer required services</p> <p>Limited capacities at District level and lack of trained personnel, in particular in planning and monitoring and evaluation;</p> <p>Insufficient participation of civil society in decision making processes at local level;</p> <p>Duplication of functions between RAB and district technical extension services;</p> <p>Insufficient coordination between partners intervening in same district</p>	<p>Strengthen capacities at district level in order to maximize synergies between different partners and improve the level of services delivered;</p> <p>Increase the capacity of local organizations to participate in the decision making processes;</p>

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT]) analysis

Organisation	Strengths	Weaknesses	Opportunities/Threats	Notes
MINAGRI	Clear vision high ownership and implementation capacity. SWAp implementation efficient ASWG and satisfactory PFM assessment; Establishment of SPIU for IFAD/WB/AfDB supported operations; creation of NAEB and RAB to harmonize the support to production, export and research. Establishment of task forces to drive implementation of government/sector priority: irrigation/mechanization and post-harvest task.	Low budget for agriculture; Need to strengthen capacities in specific areas such as M&E data consolidation	Great emphasis on sustainable and equitable agriculture development in the new EDPRS and PSTA III. Emphasis on private sector involvement in agriculture to drive sector growth High donor aid dependency	
MINECOFIN	Coordination of aid through the External Finance Unit; Existence of a long-term investment plan (LTIP); establishment of SPIU; Qualified staff assistance and access to technical assistance.	THIS SECTION NEEDS TO BE UPDATED	Good financial performance management attracting external investments; Good management of the Rwanda revenue (Rwanda Revenue Authority) allows to contribute significantly to the state budget. Strong commitment to provide counterpart funding to external funded projects. High dependency on external aid to plan public investments	
MINALOC	MINALOC plays a key coordination role between government institutions at central and decentralized level (districts, sectors); Existence of district development plans	Weak coordination capacity with decentralized entities; High mobility of staff involved in the process of decentralization; Low budget allocated to	Acquired capacity on decentralisation will give to the Ministry a leading role with donors on decentralised project implementation. Devolution of authorities, responsibilities and implementation to district level.	

	and strong institutional capacity; establishment of the local development support fund. Establishment of the Rwanda governance Board.	MINALOC; Weak capacity to collect, analyze, process and disseminate statistics.		
MINICOM	Clear policies and strategies for all sectors: Commerce, Industry and Tourism, Cooperatives; Establishment of RCA and Rwanda Development Board.	Low departmental budget; weak capacity to collect, analysis, processing and dissemination statistics;;	Great emphasis in EDPRS2 on SMEs development and integration in regional markets. A new restructuration is ongoing but it is currently awaiting official confirmation from the Prime Minister's Office to be implemented. Privatization of BDS Implementation of PROBA nationwide	
LOCAL GOVERNMENT	High level of delegations of authority particularly in agriculture, land allocation and trade; participatory structure at several levels (cell, sector and CDC district); Establishing the Rwanda local development Fund; Performance contracts signed between districts and the President of the Republic; Direct transfer of a proportion of state budget to districts; joint action development forum to facilitate participation, decision making and joint planning.	Limited financial resource base; need of qualified personnel at district level and limited capacity, especially in the areas of planning and monitoring - evaluation;	The on-going third phase of The National Decentralization Policy (2011-2015) intends to enable communities and decentralized structures to take full responsibility for implementing national policies and strategies. Preferred counterpart for local project implementation.	
Farmers' organisations	Farmers' associations and cooperatives have increasingly provided technical assistance to	Capacity in governance and financial management is still low.	Great emphasis and support on coops by government authorities. Growing credibility as partners for private sector.	

	members, extending credit, facilitating access to inputs and organizing collective marketing. Associations of off-farm producers are emerging, and farmers' organizations, organized in commodity chains, are becoming increasingly vocal and representative.	Percentage of farmers represented by cooperatives is still low. Reduced representativeness at APEX level		
Private sector	Emerging agribusiness sector funded by private national capital; Significant progress in the privatization of state enterprises; constant growth of exports; improvement in the ease of doing business indicator (rank 52)	Limited access to rural infrastructure including electricity (high costs), services, and transport networks. Low capacity of small and micro rural entrepreneurs; limited access to efficient technologies;	Great development potential of agriculture in particular in high value crops and value addition should generate more demand for off farm services. Emphasis on high value crops, export, and value addition on PSTAIII Profitability still low due to low productivity in some commodities..	
Financial Institutions	High number of MFIs and SACCOs as well as commercial banks in the country. Strict supervision from the Central Bank; new entities such as the BDF to harmonise government intervention	Limited involvement in the agriculture sector; inadequate skills for risk assessment; limited of products to serve farmers in agriculture production; insufficient trust among the actors across the value chain; inadequate rural banking infrastructure.	New strategies and policies approved for the sector: rural and agriculture sector strategy and the Rwanda national microfinance policy implementation strategy. In addition some studies on leasing, agriculture insurance and warehouse receipt system have been led by AFR and development partners. Economic growth generates savings and demand for financial products. Donors support to the sector. Threats: high interest rate.	
NGOs	High level of competencies in the rural sector from primary production to rural finance	Dependency from donors resources.	Establishment of partnership among NGOs. Service provider in capacity building Unharmonized approach	

Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Nature of project/programme	Project/Programme coverage	Status	Complementarity/Synergy potential
World Bank	Rural Sector Support Project: Rehabilitation of marshland, Hillside irrigation, integrated management of critical ecosystems, support to public extension services, post-harvest infrastructure development.	Country-wide (RSSP)	Ongoing	Knowledge sharing with agricultural development projects, and particularly with KWAMP regarding irrigation works, rice cultivation, farmer field schools (FFS), rice drying infrastructure.
	Land Husbandry, Water Harvesting and Hillside Irrigation: Irrigation, extension services, marketing, rural finance, land husbandry.	Karongi, Nyanza and Gatsibo Districts.	Ongoing	Knowledge sharing with KWAMP in hillside irrigation, land husbandry techniques and extension services.
AfDB	Bugesera Natural Region Rural Infrastructure Support Project: Irrigation, feeder roads, storage and processing facilities.	Bugesera District	Ongoing	Experience sharing with KWAMP regarding marshland rehabilitation & feeder roads development.
	Bugesera Agricultural Development Support Project: Irrigation, water and soil protection, extension services, marketing infrastructure.	Bugesera District	Ongoing	Knowledge sharing with KWAMP (irrigation, rice intensification)
	Livestock Infrastructure Support Project: water supply for livestock, construction of milk collection centers, feeder roads, slaughtering and marketing facilities.	Country-wide	Ongoing	Knowledge sharing in water supply for livestock and construction/management of milk collection centers (KWAMP).

Donor/Agency	Nature of project/programme	Project/Programme coverage	Status	Complementarity/Synergy potential
DFID	Support to agricultural transformation: technical assistance (studies, PSTA's investment plan) and sector budget support.	Country-wide	Ongoing	Synergies with projects which provide institutional support to MINAGRI.
FAO	Programme for the development of rice production.	Country-wide	Ongoing	Complementarities with KWAMP regarding sustainable land management, FFS/rice and value chain development.
	Development of legal framework	Country-wide	In pipeline	Complementarities with all IFAD-funded projects.
	Food security programme/value chain development.	Burera, Gisagara, Musanze Districts	Ongoing	Complementarities with KWAMP (value chain development)
	Trans-boundary Agro-ecosystems Management Programme.	Nyagatare, Kayonza, Kirehe, Bugesera, Kamonyi and Rulindo Districts.	Ongoing	Complementarities with KWAMP (land management)
	School gardens programme	Nyaruguru, Nyamagabe & Gatsibo Districts.	Ongoing	Complementarities with KWAMP (kitchen gardens)
WFP	Technical assistance (market linkages) & P4P	Kirehe, Nyanza, Ngororero, Gakenke, Bugesera and Nyamaagbe Districts.	Ongoing	Complementarities with KWAMP (P4P).
European Union	Decentralised programme for poverty reduction (10 th EDF) and sector budget support: modernise rural sector by improving economic and institutional environment, increasing income, diversifying activities, developing	Country-wide	Ongoing	Synergies with PRICE (rural infrastructure, increasing income)

Donor/Agency	Nature of project/programme	Project/Programme coverage	Status	Complementarity/Synergy potential
	infrastructure.			
Netherlands	Nutrition and commodity chain organisation (potatoes processing).	North and Western Provinces	Ongoing	Synergies with PASP (post-harvest regarding potatoes commodity)
USAID	Post-harvest, capacity building and feeder road programmes.	Country-wide	Ongoing	PASP will build on PHHSP's experience. Complementarities with KWAMP (feeder roads)
JICA	Horticulture development	Bugesera and Ngoma Districts	Ongoing	Complementarities with PRICE.
	Technical Support for formulation and the implementation process of National Rice Development Strategy	Country-wide	Ongoing	Complementarities with KWAMP (rice development)
	Project for increasing crop production with quality extension services.	Eastern Province	Ongoing	Complementarities with KWAMP (extension services)
KOICA	Sericulture development programme	Country-wide	Ongoing	Complementarities with PRICE.

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Programme Response
The abject poor Umutindi nyakajya	<p><i>Poverty level</i></p> <ul style="list-style-type: none"> • Need to beg to survive • Have no land or livestock • Lack shelter, adequate clothing and food • Fall sick often and children are malnourished <p><i>Poverty causes</i></p> <ul style="list-style-type: none"> • Lack assets and access to factors of production • Illiteracy • Poor nutrition/health, HIV/AIDS 	<ul style="list-style-type: none"> • Recourse to community solidarity • Reduction of meals • Do not recourse to medical care and do not send children to school 	<ul style="list-style-type: none"> • Food and nutrition security, housing, access to health services • Beginning of asset creation • Linkages with safety nets • Local employment possibilities 	<ul style="list-style-type: none"> • Promote inclusion in existing organization of poorer group • Promote access to land • Develop income-generating activities • Facilitate linkages with literacy programmes • Facilitate linkages with nutrition programmes • Gender specific strategies
The very poor Umutindi	<p><i>Poverty level</i></p> <ul style="list-style-type: none"> • Have either no land or very small landholdings and no livestock • Lack adequate shelter, adequate clothing and sufficient food • Fall sick often and children are malnourished <p><i>Poverty causes</i></p> <ul style="list-style-type: none"> • Lack assets and access to factors of production • Illiteracy • Poor nutrition/ health, HIV/AIDS 	<ul style="list-style-type: none"> • Minimise risk through diversification of productive activities • Sell labour for food, other goods or cash • Reduction of meals • Do not recourse medical care and children do not go to school regularly 	<ul style="list-style-type: none"> • Food and nutrition security • Risk reduction strategies • Savings generation • Access to off-farm or non-farm employment possibilities for members of the household • Beginning of asset creation • Organisational development 	<ul style="list-style-type: none"> • Organisational development, including solidarity group and savings and loans associations • Promote access to land • Demand-driven support services • Promotion of marketable productions and development of market linkages • Develop micro-enterprises and rural employment • Facilitate linkages with literacy programmes • Gender specific strategies
The poor Umukene	<p><i>Poverty level</i></p> <ul style="list-style-type: none"> • have some land and housing. • live from their own labour produce and have enough to eat although balance may be unbalanced. 	<ul style="list-style-type: none"> • Minimise risk through diversification of productive activities • Have little access to medical care and children do not go to school regularly 	<ul style="list-style-type: none"> • Increase productivity and diversification of production • Access to irrigation • Food and nutrition security • Linkages and access 	<ul style="list-style-type: none"> • Demand-driven support services • On-farm investments (irrigation, soil and water conservation etc) • Promotion of marketable productions

	<ul style="list-style-type: none"> • They do not have significant surplus to sell, • their children do not always go to school and • often have no access to healthcare. <p><i>Poverty causes</i></p> <ul style="list-style-type: none"> • Lack of marketable surplus • Limited access to factors of production • Lack of organisation & negotiating power • Periodic poor health, HIV/AIDS 	<ul style="list-style-type: none"> • Alternative employment • Join farmer or traditional associations 	<ul style="list-style-type: none"> • to institutions, financial institutions • Access to off-farm or non-farm employment possibilities for members of the household • Organisational development 	<ul style="list-style-type: none"> • and development of market linkages • Promotion of professional organizations • Credit and development of flexible financial products • Mechanisms for price regulation • Develop micro-enterprises and rural employment • Gender strategies and gender awareness
<p>The resourceful poor</p> <p><i>Umukene wifashije</i></p>	<p><i>Poverty level</i></p> <ul style="list-style-type: none"> • have some land and housing. • live from their own labour • have some small livestock • produce and have enough to eat although balance may be unbalanced. • They do not have significant surplus to sell, • their children go to school primary school • often have no access to healthcare. <p><i>Poverty causes</i></p> <ul style="list-style-type: none"> • Lack of marketable surplus • Limited access to factors of production • Lack of organisation & negotiating power • Periodic poor health, HIV/AIDS 	<ul style="list-style-type: none"> • Minimise risk through diversification of productive activities • Have little access to medical • Join farmer or traditional associations 	<ul style="list-style-type: none"> • Increase productivity through intensification • Access to irrigation • Linkages and access to institutions, markets, financial institutions • Organisational development 	<ul style="list-style-type: none"> • Demand-driven support services • Promotion of marketable productions and development of market linkages • Organise commodity chains • Promotion of professional organisations • Credit and development of flexible financial products • Mechanisms for price regulation • Develop micro-enterprises and rural employment • Gender strategies and gender awareness