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Investing in rural people

## President's memorandum

### Proposal for a second additional financing to the Republic of Rwanda for the Project for Rural Income through Exports

#### Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

AFR	Access to Finance Rwanda
BDF	Business Development Fund
CESUP	Cooperative Economic and Social Upgrading Programme
FERWACOTHE	Rwanda Federation of Tea Cooperatives
NAEB	National Agriculture Export Development Board
PRICE	Project for Rural Income through Exports
RWF	Rwandan franc
SDR	special drawing right
4P	public-private-producer partnership

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed second additional financing to the Republic of the Rwanda for the Project for Rural Income through Exports, as contained in paragraph 39.

## Proposal for second additional financing to the Republic of Rwanda for the Project for Rural Income through Exports

### I. Context and justification

#### A. Background

1. This memorandum seeks the approval of the Executive Board for the second additional IFAD financing of US\$8.5 million (equivalent to special drawing rights [SDR] 5,840,000) for the Project for Rural Income through Exports (PRICE) in the Republic of Rwanda. The memorandum also requests an 18-month extension of the project's completion and closing dates to 30 June 2020 and 31 December 2020, respectively.
2. PRICE was initially approved by the Executive Board on 15 September 2011 and the current completion and closing dates are 31 December 2018 and 30 June 2019, respectively. The total project cost was estimated at US\$56 million. The project is being financed by IFAD (US\$37.4 million – 50 per cent loan and 50 per cent grant); the Government of Rwanda (US\$5 million); the private sector (US\$2.8 million); and project beneficiaries (US\$0.5 million). An unidentified cofinancier was expected to contribute the balance of US\$10.3 million during implementation, but the Government did not manage to secure this cofinancing, creating a financing gap. This gap was largely addressed through an IFAD additional loan of US\$11.3 million that was approved by the Executive Board through the lapse-of-time (LOT) procedure in January 2017 without the need for a project extension. With that additional loan, the project has so far performed satisfactorily in terms of financial management and is on track to achieve its development objectives.

#### B. Justification for the additional financing and extension of completion and closing dates

3. Rationale for the proposed additional financing and extension. This second additional financing is expected to consolidate and scale up successful interventions that were initiated in the horticulture and sericulture components. The resources allocated to PRICE's horticulture component were particularly low<sup>1</sup> compared to other components. The proposed additional financing will, among other objectives, provide additional resources to scale up the successfully piloted horticulture investments by facilitating linkages with private traders and developing public-private-producer partnership (4P) arrangements. In sericulture, the focus will be on consolidating and scaling up critical investments such as mulberry cultivation and rearing houses as an incentive to leverage increased private sector co-investment.
4. To a lesser extent, the additional financing will also support the consolidation and sustainability of project achievements in the tea, horticulture and financial services

<sup>1</sup> The total budget for the horticulture component of PRICE amounts to US\$3.36 million or 6 per cent of initial project costs. Under the first additional financing, horticulture received the least resources, only 12 per cent (versus 25 per cent allocated to coffee and 21 per cent allocated to tea) out of the total US\$11.3 million approved.

component by: (i) strengthening the policy and capacity-building interventions in the tea and horticulture value chains; and (ii) fostering collaboration with Access to Finance Rwanda (AFR) to increase leverage of rural and agricultural finance at the national level.

### C. Status of project implementation

5. As evidenced by the project's midterm review (February 2015) and the impact assessment study (March 2016), PRICE is on track to achieve its development objectives. The trend in the impact on rural poverty is positive, with beneficiary survey respondents noting positive improvements in the last three years in home assets, livestock productive equipment and access to health insurance, among other key indicators. With respect to gender, the project has benefited women through capacity-building for members of cooperatives, where women are either representatives, secretaries or in charge of treasury. Out of 176 business plans that received a PRICE performance-based grant in horticulture, 37 per cent were led by women. Other achievements in the respective components are described below.
6. Horticulture component. PRICE has successfully demonstrated that horticulture farming and related investments are bankable and profitable in Rwanda. In particular, the performance-based grant facility that was used mainly for the primary production of demand-driven crops triggered an immediate expansion in terms of volumes put on the market, incomes generated and job creation.
7. The project's efforts to create a critical mass of export-driven fruit crops have exceeded initial targets almost threefold with the cultivation of over 2,000 hectares<sup>2</sup> of citrus, mangoes and avocados, while seedlings to plant a further 700 hectares are to be distributed in the coming planting season.
8. Coffee component. In terms of achievements, 1,500 hectares of new coffee cultivation have been planted, 15,000 farmers were trained in farmers' field schools and 9,000 tons of organic fertilizers were produced and applied. Production and quality services are ongoing to improve coffee production, processing and marketing activities; these include cupping, certification of cooperatives, branding and promotion, as well as support to the marketing and export organization MISOZI.
9. Sericulture component. The National Agricultural Export Development Board (NAEB) has signed a memorandum of understanding with HEWorks Rwanda Silk Ltd aimed at revamping the silk industry and thus strengthening the country's export promotion strategy. This agreement is in line with the recommendations of the previous supervision missions to develop a 4P modality strategy to collaborate with the private investor in order to harness the emerging synergies and partnerships with farmers.
10. Four national sericulture centres obtained access to 196 tons of organic fertilizers, which were purchased, distributed and applied in mulberry cultivation. Of the 150 silkworm rearing houses to be constructed, only 57 were built by individual farmers and 29 of them received support for roofing materials. Regarding mulberry cultivation, 13,000,000 cuttings were planned but only 9,645,864 were purchased and distributed to farmers to plant 458 hectares (versus the 500 hectares planned) and to fill gaps in 350 hectares (of 500 hectares planned). So far, out of the design target of 13.2 tons of wet cocoon, only 10.8 tons of fresh cocoons were produced.

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<sup>2</sup> The project design report target was 800 hectares of perennial crop.

11. Tea component. Overall, progress and achievements in the component are rated moderately satisfactory in view of the expansion targets achieved or even exceeded in relation to extension services and outreach to farmers. Low performance was noted, however, in farm productivity and technical management capacity at the cooperative level. In response, the Cooperative Economic and Social Upgrading Programme (CESUP) was developed and is under implementation, albeit with limited funding. A strategy for national tea branding has also been developed and approved, and the national tea register has been established.
12. Financial services. The performance of the financial services component is satisfactory. A total of 176 horticulture beneficiaries accessed finance through the PRICE performance-based grant facility, three quarters of them being smallholder growers who received support below RWF 7.5 million (equal to US\$9,000 at the current exchange rate). This support leveraged private investments of US\$1.7 million,<sup>3</sup> and only one default payment (0.6 per cent) had been recorded as of May 2017.
13. The funds for the equity shareholding in tea factories on behalf of cooperatives are not yet disbursed and are being considered for the one greenfield site only (Gatare). Discussions with the Government of Rwanda and the private sector investor are still ongoing.

## II. Summary of activities to be supported

14. While the overall objective and geographic coverage of the project will remain unchanged, the proposed additional financing seeks to scale up good practices in horticulture and sericulture, and strengthen the prospects of sustainability in the horticulture, sericulture, tea and financial services components. The original targets, including number of beneficiaries, have already been exceeded in selected interventions in the horticulture, sericulture and tea value chains. Further investments will therefore consolidate these achievements and reinforce the PRICE sustainability/exit strategy.
15. The interventions to be supported remain consistent with the original design and will include the activities stated in the following components.
16. Horticulture component. The proposed activities are key to strengthening the downstream part of the value chains and ensuring that the support to high value horticulture crops will effectively translate into a rise in smallholder farmers' incomes. They will also include the scaling up of the performance-based grant facility which is viewed as an effective tool to: (i) substantially increase the number of first-time borrowers among smallholder horticulture growers while helping build the experience of the participating financial institutions in horticulture financing; and (ii) give the horticulture growers the opportunity to invest precisely in those high-value crops that are in demand on the market.
17. Activities will include: (i) scaling up of adapted 4Ps using a second phase of the performance-based grant facility for horticulture; (ii) mapping the concentration of horticulture clients; (iii) providing an innovative training package to fruit, vegetable and summer flower growers; (iv) providing ad hoc technical support in line with market demand, including the facilitation of training of trainers for agronomists/supervising staff; (v) establishing demonstrations of zero-energy cooling chambers to promote good practices in cold storage for perishable products at the farmer's level; (vi) supporting effective diversification to new horticulture markets through advertisement/branding campaigns for summer flowers and fruits and vegetables; and (vii) establishing two fully ISO 17025 accredited laboratories for the NAEB and Rwanda Agriculture Livestock Inspection and Certification Services.

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<sup>3</sup> Out of a total of US\$1.7 million horticulture investment, 30 per cent came from direct own contribution, and 70 per cent through loans.

18. Financial services component. Interventions will be built around the engagement and collaboration of PRICE with AFR which is mandated to promote financial inclusion. In particular, this additional financing will strive to assist relevant stakeholders to develop a coherent and consistent approach to rural and agricultural finance services.
19. Activities will include: (i) working with AFR in setting up a rural and agricultural finance platform at national level; (ii) supporting capacity-building of participating financial institutions in collaboration with AFR for increased leverage of rural and agricultural finance; and (iii) contributing to the inception of the Export Guarantee Facility developed by the Development Bank of Rwanda under its Export Growth Fund scheme launched in 2016.
20. Sericulture component. Interventions will continue to support the progressive set-up of a cost-effective business model for sericulture that will allow cooperative members to generate sustainable incomes from sericulture. The support will consist of critical investments that are necessary to incentivize and retain private investors that are already providing the sole market for silkworm cocoon currently produced by PRICE-supported cooperatives.
21. Activities will include: (i) supporting mulberry cultivation on the remaining 1,000 hectares, in order to contribute to the ambitious 5,000 hectare target set in the project's midterm review; and (ii) strengthening the household-based production model, through support to build an additional 800 rearing houses that are needed to reach the 1,000 hectare target for mulberry cultivation.
22. Tea component. The additional financing will also strengthen the sustainability of results achieved to date in the tea value chain and supplement the insufficient resources that were provided for strengthening the capacity of farmers' cooperatives to deliver higher volumes and quality of green leaves to processing factories.
23. Activities will include: (i) implementation of the National Tea Policy and regulations; (ii) provision of additional resources for the implementation of CESUP, with a focus on building the commercial capability/orientation of farmers and cooperatives, scaling up the fertilizer revolving fund, restructuring the service delivery systems of cooperatives and unlocking the potential of farmers to earn more from the sale of green leaf; and (iii) support to the Federation of Rwanda Tea Cooperatives (FERWACOTHE) to review its strategic plan and align it to industry strategy, the legal environment and international best practices; and enhance its management capacity and systems in order to offer efficient and timely services to cooperatives.
24. Cross-cutting issues. Project performance in strengthening rural organization, gender empowerment and the poverty focus needs to be further sharpened through this additional financing. Woman-headed households will be especially targeted in the sericulture and horticulture value chains, as they tend to be more highly represented in these two value chains and the project will ensure that at least 50 per cent of them benefit from project services. The in-depth analysis of cooperatives' status initiated under the first additional financing will identify weaknesses and propose the capacity-building interventions to be prioritized during the remaining implementation period. The logical framework (see appendix) provides greater details of PRICE's achievements, including for the first additional financing.

### III. Description and quantification of expected benefits

25. The proposed additional financing will support increased outreach, resulting from the already exceeded targets in horticulture and new beneficiaries in sericulture activities. The additional 6,100 beneficiary households will thus increase total project outreach to 144,980 households.
26. The expected benefits to be derived from the additional financing in horticulture are higher than in the initial financing, mostly because of the surpassed results in orchard cultivation that imply a higher number of beneficiaries. For the horticulture component, about 12,500 households will be targeted (74 per cent increase from original target of 7,200) with private sector co-investment. This will enable at least three out of four households (i.e. 75 per cent or 9,375) to become successful adopters and forge long-term partnerships to supply expanding markets. In sericulture, an additional 800 households will be targeted, in view of the targets achieved in mulberry plantation and construction of rearing houses.
27. Benefits expected from this additional financing will go beyond the increased production and yield planned in the respective value chains. They will also include price improvement mechanisms, benefits accruing to farmers from added value, an increased share in the final end-market price for farmers, nutritional benefits from horticulture production for poor households and increased export revenues.
28. The overall economic net present value (NPV) was estimated at US\$27.45 million, at an opportunity cost of capital of 12 per cent, and the economic rate of return (ERR) at 17.7 per cent. With the sensitivity analysis, the ERR still remains high and above the opportunity cost of capital. The additional financing has the potential to generate an incremental NPV of RWF 5,473 million.
29. A review carried out under IFAD's Social, Environmental and Climate Assessment Procedures for this additional financing confirmed that the Environment and Social category "B" assigned to the original project remains adequate. No significant negative environmental impacts are expected, and sound mitigation measures are proposed to address the few issues raised.

### IV. Financial management, procurement and governance

30. The financial management arrangements for the ongoing funding will apply to the additional financing. Since the last financial assessment, the project has continued to be rated as low risk. The management oversight of the project was transferred from the Ministry of Agriculture and Animal Resources to NAEB as the lead agency. This does not affect the financial management of the project which continues under the Single Project Implementation Unit. IFAD and Government procedures will continue to apply in the areas of procurement and governance.
31. Flow of funds. This additional financing will be channelled through existing project bank accounts.
32. Audits. The current audit risk is rated low, with unqualified audit opinions. Both the financial statements and the quality of the auditor performance are rated as highly satisfactory. The Office of the Auditor-General of the Government of Rwanda will continue as the auditor, as is the case for all other IFAD-financed operations in the country. Consolidated financial statements will be audited in compliance with IFAD's audit requirements.<sup>4</sup>

### V. Project cost and financing

33. The current total financing of US\$58.3 million will increase to US\$67 million. IFAD will contribute US\$8.5 million. Government and beneficiaries' contributions are estimated at US\$0.15 million and US\$0.096 million respectively. The horticulture

<sup>4</sup> The latest version of IFAD's audit requirements is available online.



component will receive the largest allocation (US\$4.86 million) from the additional loan, followed by financial services (US\$0.8 million), sericulture and tea development. Private sector contributions will be leveraged for the development of the horticulture and sericulture value chains. To date, around US\$7.9 million has already been committed by the private investor in sericulture.

34. The details of the revised financing are reflected in table 1, while the proposed financing by expenditure category is presented in table 2.

Table 1  
**Revised financing by financiers**  
(Thousands of United States dollars)

Components	Current total financing		Additional financing		Total financing	
	Amount	%	Amount	%	Amount	%
1. IFAD Loan	30 000.5	45	8 500.0	13	38 500.4	57
2. IFAD Grant	18 700.4	28	-	-	18 700.4	28
3. Government	5 634.3	8	159.0	-	5 793.3	9
4. Beneficiaries	650.9	1	96.0	-	746.9	1
5. Private Sector	3 335.9	5	-	-	3 336.0	5
<b>Total</b>	<b>58 322.0</b>	<b>87</b>	<b>8 755.0</b>	<b>13</b>	<b>67 077.0</b>	<b>100</b>

Table 2  
**Revised financing by expense categories and by financiers**  
(Thousands of United States dollars)

Expenditure Categories	IFAD loan and grant		Additional IFAD loan		Farmers		Private sector		Government of Rwanda		Revised total financing	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Goods and development funds	26 959.3	68	4 903.0	12	441.2	1	3 335.9	8	4 035.4	10	39 674.8	59
2. Services and recurrent costs	21 741.6	79	3 597.0	13	305.7	1	-	-	1 757.9	6	27 402.2	41
<b>Total</b>	<b>48 700.9</b>	<b>73</b>	<b>8 500.0</b>	<b>13</b>	<b>746.9</b>	<b>1</b>	<b>3 335.9</b>	<b>5</b>	<b>5 793.3</b>	<b>9</b>	<b>67 077.0</b>	<b>100</b>

## VI. Proposed amendments to the financing agreement

35. Subject to the approval of the Executive Board, the financing agreement will be amended to reflect the additional financing by including the additional resources granted as a loan as well as the additional contribution of US\$0.15 million by the Government in the form of taxes and duties, and the additional cash and in-kind contribution of US\$0.096 million expected from beneficiaries.

## VII. Legal instruments and authority

36. An amendment to the financing agreement between the Republic of Rwanda and IFAD will constitute the legal instrument for extending the proposed additional financing to the Borrower.
37. The Republic of Rwanda is empowered under its laws to receive financing from IFAD.
38. I am satisfied that the proposed IFAD additional financing will comply with the agreement establishing IFAD and with policies and criteria for IFAD financing.

## VIII. Recommendation

39. I recommend that the Executive Board approve the proposed additional financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a second additional loan on highly concessional terms to the Republic of Rwanda in an amount of five million eight hundred forty thousand special drawing rights (SDR 5,840,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## Updated Logical framework

			Baseline <sup>1</sup>	Orig. target Dec 2018	Achievements until Dec 2017 <sup>2</sup>	Incremental targets	AF	Final target June 2020	Source	Assumptions
<b>Outreach</b>	Indiv receiving project services	No of Indiv	247,612	583,000	680,512	29,890		710,402	Project reports	
	Farm HH receiving project services	No. farm HH	50,533	118,500	138,880	6 100 additional		144,980		
<b>Goal</b>	Increased assets for participating farm HH	Welfare index (% of beneficiaries with improved welfare)	34%	80%	61%	-		80%	Baseline and surveys	Favourable economic environment
	Reduced child malnutrition RIMS	Malnutrition (weight for age) (% of children)	43%	30%	37%	-		37%		
<b>Development objective</b>	Increased volume and value of annual produce marketed from targeted areas	MT for coffee	16,990	23,000	18,670	-		23,000	NAEB Annual reports	Favourable fluctuation of price on international market
		Value (US\$'000)	60,886	70,000	64,115	-		70,000	NAEB /PRICE Annual reports	
	% <sup>3</sup> of value added in value chains supported by project accruing to smallholder cooperatives	% coffee	40%	65%	Results from assessment yet to be available from NAEB	-		TBD based on results from NAEB assessment	NAEB /PRICE Annual reports	
		% tea	3%	10%	Results from assessment yet to be available from NAEB	TBD based on results from NAEB assessment		TBD based on results from NAEB assessment	NAEB /PRICE Annual reports	Increased equity participation of farmers in factories
<b>Coffee</b>	Coffee growers (HH) accessing facilitated advisory services	No. of farm HH	44,500	95,400	100,635	-		100,635	Project reports	Farmers willingness to adopt standards
		women (no.)*	13,350	36,252	40,254	-		40,254	Project reports	
	Coffee cooperatives formed/ strengthened	No. of coop.	89	115	129	-		129	Project reports	
		Coffee growers (HH) reporting full adoption of new/improved inputs, technologies or practices	No. of farm HH	7,120	66,800	40,745	-		66,800	
	Women (no.)*		21,360	25,384	TBD	-		25,384	Project reports	
	Increased yield per tree in targeted existing plantations	Kg/Tree	1.35 Kg/tree	3 kg/tree	2.8-3.0 kg/tree	-		3.5 kg/tree	Project statistics	
	Increased area of new plantations	No of Ha	2,900	6,000	15,607	-		15607	NAEB Annual reports	
	Average total cherry price received by PRICE-supported coop. is above that of other producers	RWF/kg	150 RWF/kg	270 RWF/kg	250-300 RWF/kg	-		300 RWF/kg	NAEB Annual reports	

			Baseline	Orig. target Dec 2018	Achievements until Dec 2017	Incremental AF targets	Final target June 2020	Source	Assumptions
Tea	Tea growers (HH) accessing facilitated advisory services	No of farm HH (incl. from increased coop. membership)	6,033	14,300	26,517	-	26,517	Project reports	Private investors interested in cost sharing with IFAD along proposed conditions
		Women (no.)*	Not available	4,290	TBD	-	10,607	Project reports	
	Tea cooperatives formed/strengthened	No of cooperatives	2	6	6	-	6	Project reports	
		Women (no.)*	Not available	2,940	TBD	-	3,480	Project reports	
	Tea growers (HH) reporting full adoption of new/improved inputs, technologies or practices	No of farm HH	965	9,800	11,601	-	11,601	Project reports	Tea processing companies share the objective of targeting direct, more profitable markets
		Women (no.)*	Not available	2,940	TBD	-	3,480	Project reports	
	Increased yield of COTHENK (Nshili) cooperatives	T/ha	2t/ha	9 t/ha	4t/ha	-	9t/ha	NAEB/Project reports	
	Increased yield of thé villageois (early production)	T/ha	0.5t/ha	2.4 t/ha	2 t/ha	-	2.4 t/ha	NAEB/Project reports	
Increased tea growers' share of final market price	Ratio (%)	28%	40%	40%	-	40%			
FERWACOTHE strengthened and providing shared services to cooperative members		-	-	-	4 cooperatives steadily improve yields and share of market value	4 cooperatives steadily improve yields and share of market value	NAEB/Project reports		
Sericulture	Number of farmers (HH) accessing facilitated advisory services	No. of farm HH	253	1,600	2,467	800 additional	3,267	NAEB/Project reports	World market prices for raw silk remain above US\$30/kg
		Women (no.)*	76	864	740	443	1307	NAEB/Project reports	
	Sericulture cooperatives are strengthened	No. of cooperatives	0	40	29	-	40	NAEB/Project reports	
	Number of farmers (HH) reporting full adoption of recommended technologies or practices	No. of farm HH	101	1,100	1,240	-	1240	NAEB/Project reports, Project surveys/ cooperative reports	
		Women (no.)*	0	594	372	250	844	NAEB/Project reports	
	Increased total production of wet cocoon <sup>4</sup>	Tons of wet cocoon	3.3 t (wet)	13.2 t (wet)	10.8 t (wet)/equival. To 6.5 t (dry)	-	13.2 t (wet)	NAEB/Project reports	
	Increased number of participating cooperatives reporting profits	No. of participating cooperatives	0	40	29	-	40	NAEB/Project reports	
	Increased area under mulberry cultivation	No of Ha	350	5,000	1,884	-	5,000	NAEB/Project reports	

			Baseline	Orig. target Dec 2018	Achievements until Dec 2017	Incremental AF targets	Final combined June 2020	Source	Assumptions
<b>Horticulture</b>	Number farmers (HH) accessing facilitated advisory services	No. of farm HH	651	7,200	9,260	5 300 additional	12,500	NAEB/Project reports	Continued commitment and financial support to horticulture by Government
		No. of farm HH trained in crop production	521	7,200	7,429	5 300 additional	12,500	NAEB/Project reports	
		No. of farm HH trained in post-production	260	7,200	4,522	5 300 additional	12,500	NAEB/Project reports	
		Women (no.)*	78	2,880	1,357	3,370	6,250	NAEB/Project reports	
	Number of farmers (HH) reporting full adoption	No. of farm HH	260	5,000	5,000	4 375 additional	9,375	NAEB/Project reports	
		Women (no.)*	0	2,000	1,250	2,688	4,688	NAEB/Project reports	
	Number of farmers (HH) reporting adoption of climate resilient technologies	No. farm HH	Not planned under original financing	-	-	5,000	5,000	NAEB/Project reports	
	Increased area of perennial smallholder crops contractually linked to large-scale private traders	Ha	346	3,000	2,000	-	3000	NAEB/Project reports	
	Increased number of rural PO/cooperatives are supported in the horticulture sector	No. of coop.	6	10	30	-	30	NAEB/Project reports	
	Increased number of outgrower schemes linked to exporters	No. schemes	Not planned under original financing	-	0	5	5	Project Survey	
Increased export volumes of horticulture products	MT	0	-	750.0	2,000	2,750	NAEB and BNR Reports		
<b>Financial services</b>	Increased access to financial services	no. of farm HH	11,623	37,900	-	-	108,735	BDF/FI reports	Government remains interested in raising tea cooperatives' share of tea companies' equity.
		Women (no.)*	2,208	15,160	-	-	32,621	BDF/FI reports	
	Increased no. of active borrowers	No. of active borrowers	137	60,000	7,120	52,880	60,000	BDF/FI reports	
		Women(no.)*	Not available	18,600	1,495	5,400	24,000	BDF/FI reports	
	Average SACCO portfolio-at-risk	Percentage (%)	0	<5%	<1%	-	<1%	BDF/FI reports	
	Increased equity ownership in tea factories	No. of PPP developed	0	4	0	1	1	NAEB/Project reports	
		% ownership	0	>10 %	0	-	>10 %	BDF/FI reports	
No. of horticulture exporters accessing Export Guarantee Facility	Number of companies	Not planned under original financing	-	0	6	6	BDF/FI reports		

<sup>1</sup> Baseline data in coffee, tea and sericulture value chains are based on data reported by PDCRE which is a predecessor project of PRICE with interventions in these value chains./

<sup>2</sup> Achievements in December 2017 consider findings reported under 2016 Impact assessment study

<sup>3</sup> Value addition benefits accruing to smallholders are greater in the coffee value chain than in tea since coffee washing stations (CWS) targeted by the project are owned by farmer cooperatives. In the tea value chain, farmer cooperatives have minority stakes in existing factories. IFAD has thus supported the introduction of equity-sharing schemes in the already-developed greenfield sites putting this important issue in the policy agenda. As such, in tea, the 10% refers to the dividend paid to farmers. In coffee, 65% is used as the percentage of fully washed coffee price accruing to farmers.

<sup>4</sup> The target of wet cocoon at design is 13.2 Tons. This target will remain the same. \*Women refer to number of women out of the total farmers reported in the preceding indicator. This figure is inclusive of women-headed households but the available project data (including baseline) does not allow their disaggregation. Based on QA recommendations, all project benefits specifically accruing to women-headed households. will be differentiated, tracked and reported during project implementation.