Investing in rural people

Executive Board

President's report
Proposed loan
Republic of Rwanda
Promoting Smallholder Agro-Export Competitiveness Project

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 63.

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Map of the project area

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 | 30-05-2022*

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Rwanda
Executing agency:	Ministry of Agriculture and Animal Resources
Total project cost:	US$62.89 million
Amount of IFAD loan 1:	EUR 23.13 million (equivalent to US$24 million)
Terms of IFAD loan 1:	Super highly concessional loan
Amount of IFAD loan 2:	EUR 5.78 million (equivalent to US$6 million)
Terms of IFAD loan 2:	Highly concessional loan
Amount of cofinancing:	Government of Spain: US$19.92 million Heifer International: US$1.2 million Cordaid: US$0.7 million Private sector: US$4.3 million
Terms of cofinancing:	Loans; grants
Contribution of borrower/recipient:	EUR 5.22 million (equivalent to US$5.41 million)
Contribution of beneficiaries:	US$1.3 million
Amount of IFAD climate finance:	US$7.22 million
Cooperating institution:	IFAD

I. Context

A. National context and rationale for IFAD involvement

National context

1. Rwanda is a low-income country with a highly dense population of 13.3 million living in an area of 26,338 km^2. The country aspires to reach middle-income economy status by 2035, based on its nearly two decades of robust economic growth of more than 7 per cent per annum. Real gross domestic product (GDP) growth strongly rebounded by 10.9 per cent in 2021, after declining to minus 3.4 per cent in 2020 due to the effects of COVID-19. GDP growth is expected to be moderate in 2022, due to the lingering effects of the pandemic and the direct effects of the crisis in Ukraine, including price shocks in gasoline, agricultural inputs and key staples. Between March and June 2022, fuel prices rose sharply, with a 16 per cent increase in the price of gasoline and a 25 per cent increase in the price of diesel. In line with the spike in fuel prices, the prices of most key staples were about 21 per cent higher than those of last year.

2. The Government of Rwanda’s intense focus on home-grown policies and initiatives, coupled with political stability and general security, has contributed to a substantial improvement in the country’s human development indicators. However, poverty and food and nutrition insecurity remain a concern, with 38.2 per cent of the population living below the poverty line and almost one fifth living in a situation of food insecurity. The incidence of poverty continues to be higher in rural areas (32.1 per cent) than in urban areas (13.4 per cent). In terms of nutrition, the prevalence of stunting in children under 5 years of age is 33 per cent.

3. The Strategic Plan for Agriculture Transformation phase 4 (PSTA 4) guides public investments in the agriculture sector for the period 2018-2024 and spells out the estimated resources required, contributing to the three National Strategy for Transformation pillars of economic, social, and governance transformation towards the aspirations of Vision 2050.

4. Agriculture is the major economic sector, accounting for one third of GDP and employing over two thirds of the Rwandan population. Exports of coffee, tea, horticulture, hides and skins, and pyrethrum represent a significant part of the country’s foreign exchange earnings. Despite its importance, the sector is still based predominantly on subsistence and low-income agriculture, with 75 per cent of farm production coming from smallholder farmers. Most farmers have a farm of less than 0.4 ha on average, negatively impacting productivity and competitiveness.

Special aspects relating to IFAD’s corporate mainstreaming priorities

5. In line with IFAD’s mainstreaming commitments, the project has been validated as:

☒ Including climate finance

☒ Gender-transformational

☒ Youth-sensitive

6. **Climate and environment.** The productivity of smallholders in the tea, coffee and horticulture value chains is adversely affected by climate change and climate variability. Rising temperatures, rainfall variability and recurrent droughts reduce yields and adversely affect volumes, costs and the quality of produce. These climate trends result in growing pest and disease incidence and in some cases, aggressive weed growth. The target areas include slopes, which when cultivated, are subject to soil erosion, with reduced water retention and soil fertility. The Promoting Smallholder Agro-Export Competitiveness Project (PSAC) will implement “multiple-benefit” approaches to build climate resilience, reduce soil erosion, enhance biodiversity and boost agricultural productivity.

7. **Gender equality and women's empowerment.** The total population in agricultural households was estimated at 10.5 million in 2019/2020, 52.5 per cent of it female. An estimated 92 per cent of women are involved in agriculture, and about 28 per cent of rural households are headed by women. Imbalance in workloads, access to and decisions on credit and difficulty speaking in public are the key contributors to the disempowerment of rural women. Furthermore, women often have less control over agricultural assets, inputs, produce and opportunities for capacity-building than men. Women also have relatively low inclusion in formal financial services and are more affected by climate change due to their limited access to resources and opportunities and limited autonomy in decision-making about their lives.

8. **Youth.** Working-age youth (aged 16 to 30) account for 77 per cent of the rural population, yet youth involvement in agriculture is low, standing at 26.6 per cent. Attracting qualified youth will be critical to ensuring wage employment, entrepreneurship (start-ups and business acceleration) and the adoption of new technologies to drive value added for agri-exports.

Rationale for IFAD involvement

9. IFAD has been a key contributor to the development of agricultural exports in both traditional and emerging commodities in Rwanda. Building on the wealth of experience and lessons from the recently closed Project for Rural Income through Exports (PRICE), PSAC is intended to be a transformational project focused on selected export-driven value chains: coffee, tea and various strategic commodities in the horticulture sector.

10. The rationale for PSAC to support the identified export commodities is: (i) the government's desire to maintain the momentum created by PRICE to further increase their competitiveness; (ii) the proven capacity and expertise in the value chains targeted by the implementing agency, the National Agricultural Export Development Board (NAEB); and (iii) the opportunity to actually improve the livelihoods of smallholder farmers by closing the remaining gaps in each of the value chains identified in PRICE.

11. In promoting pro-poor agricultural value chains, the creation of new marketing opportunities through export support that produce origin-based, certified premium quality products will increase economic prosperity in the country and provide significant opportunities for smallholder farmers and producers' organizations to boost their income and revenue streams. The project will also contribute to climate change mitigation strategies by promoting locally adapted and resource-efficient climate-resilient practices.

B. Lessons learned

12. Lessons learned from PRICE revealed the challenges of addressing several export commodities in nationwide projects. PSAC will operate in a limited number of districts and prioritize interventions in coffee, tea and horticulture, the commodities with the best prospects for greater competitiveness. PSAC will address key bottlenecks, with a focus on interventions that can realistically be implemented within the project's timeline and available budget.

13. To ensure beneficiary ownership and maximize project impact, PSAC will: (i) adopt a community-led approach to seedling production, with a specific focus on women and youth, to improve local availability of seedlings and serve as an additional source of income; (ii) seek a minimal fee or at least an in-kind contribution for fruit tree distribution; and (iii) ensure proper follow-up on seedling distribution, especially in the first two years and in drought-prone areas, accompanied by a comprehensive proximity coaching programme for optimal tree survival rates.

14. PSAC employs an inclusive agricultural value chain business approach that, beyond productivity and production, invests in linking smallholder producers to more profitable export markets, building their capacity to graduate from

(semi-)subsistence farming to (semi-)commercial status, engaging in farming as a business. This will also entail greater access to financial services via multiple instruments, including (i) a guarantee facility; (ii) the development of innovative financial products and delivery modalities tailored to smallholders and agribusiness small and medium-sized enterprise (SMEs); and (iii) matching grants based on the proven performance-based grant facilities already developed in the Rwanda portfolio.

15. Rural youth wage employment will be promoted, leveraging the integrated ecosystems established by the IFAD-supported Agribusiness Hub grant in Rwanda through a pathway of skill-building to take advantage of existing and emerging opportunities for the coffee, tea and horticulture value chains.

II. Project description

A. Objectives, geographical area of intervention and target groups

16. The overarching goal of PSAC is to increase the income of the rural poor by supporting inclusive and sustainable agri-export value chains. The project development objective is to support the inclusion of rural poor in targeted export-driven value chains by increasing their climate-resilient productive capacity and market access.

17. The project will be implemented in 14 of the 30 districts across Rwanda, with particular emphasis on the western and southern regions, where some of the most vulnerable rural population resides. Selection of the target districts is based on: (i) high poverty rates and food insecurity; (ii) comparative advantage for the development of targeted, export-driven value chains, such as the existence of a traditional production basin, the proximity of markets and favourable agroclimatic conditions; and (iii) alignment and development of strategic partnerships with other development agencies to avoid the duplication of investments and seek complementarity among the proposed interventions.

18. PSAC is expected to reach 56,695 households (255,128 people). Targeting mechanisms will be based on the national wealth-ranking system (*Ubudehe*). PSAC will give preferential attention to subsistence farmers and vulnerable poor (category 2) and market-oriented producers (category 3), with a specific focus on women (40 per cent) and youth (30 per cent). Potential graduation pathways for the poorest (category 1) and most vulnerable households, such as those with persons with disabilities, and indigenous communities will be explored, and appropriate quotas set at baseline.

19. The main categories of beneficiaries will be targeted, based on a number of mechanisms that are sensitive to the needs and constraints of smallholder farmers, both male and female, as well as youth and specific vulnerable groups. PSAC will include complementary interventions aimed at supporting the participation of its target groups in inclusive commercial value chains: (i) rural smallholder farmers, grouped as much as possible into producers' organizations; and (ii) offtaker processors/exporters, which can be cooperatives, individuals or rural SMEs sourcing their products from smallholder farmers.

B. Components, outcomes and activities

20. The project will have the following components: (1) Investments to enhance the climate-smart production and productivity of selected export-driven value chains; (2) An enabling business environment along selected export-driven value chains; and (3) Policy support and coordination.

21. **Component 1: Investments to enhance the climate-smart production and productivity of selected export-driven value chains.** This component will support the intensification of production in the selected export-driven value chains and boost their competitiveness through targeted investments along two subcomponents.

22. **Subcomponent 1.1. Support smallholder farmers' production and productivity.** This subcomponent will focus on the expansion and rehabilitation of 8,242 ha of plantation areas – 4,132 ha for coffee, 2,410 ha for tea, and 1,700 ha for horticulture – while introducing innovative climate-resilient technologies and practices, combined with access to inputs and maintenance support.

23. **Subcomponent 1.2. Improvement of rural infrastructure facilities and equipment at the cooperative and exporter level**. This subcomponent will fill infrastructure and equipment gaps through different modes of financing for small- and medium-sized investments to boost the efficiency of value chains and their direct or indirect benefits to smallholders.

24. **Component 2: An enabling business environment along selected export-driven value chains.** PSAC will boost the competitiveness and sustainability of the targeted value chains by improving smallholder stakeholders' access to advisory services, sustainable markets and financial services.

25. **Subcomponent 2.1. Capacity-building for producers' organizations.** This subcomponent will strengthen the capacity of beneficiaries, including smallholders, cooperatives, and farmers' groups, in the areas of governance, financial management and cross-cutting issues in business management, through the farmer field school approach, along with proximity coaching and innovative training activities, directly involving offtakers as developed under PRICE. The enhanced Gender Action Learning System (GALS+) will be mainstreamed in training activities.

26. **Subcomponent 2.2. Backward and forward market linkages.** This consists of quality control, access to finance, market promotion and the facilitation of market linkages with international buyers. Tailored strategies will be developed for each value chain. To facilitate targeted value chain stakeholder access to financial services and strengthen market linkages, PSAC will: (i) support financial institutions to buttress their rural finance portfolios and develop innovative agri-finance products for entrepreneurs, exporters and smallholders; (ii) build the target groups' capacity to access financial services, with particular focus on women and youth; and (iii) help financial institutions secure resources from private and public sector financiers for onlending to target value chains.

27. **Component 3: Policy support and coordination.** PSAC will provide support to boost competitiveness and improve the policy environment of the selected value chains through policy briefs and evidence-based results that inform policy processes, including the government's budget allocation for agricultural export commodities. Platforms such as the Coffee Exporters and Processors Association of Rwanda and district-level value chain platforms will play a critical role in promoting scale-up by addressing existing supply/demand bottlenecks. PSAC will also work closely with the Ministry of Gender and Family Promotion for engagement in country policy frameworks related to gender equality in the agriculture sector, including support for gender-based violence mitigation, ensuring that new agri-export policies are gender-responsive, based on lessons learned from PSAC and other projects.

C. Theory of change

28. PSAC will support smallholders organized into groups to improve their knowledge, skills, practices and ability to participate at different levels of the coffee, tea and horticulture value chains. Vulnerable groups, including women and youth, will receive support in addressing existing constraints by improving access to knowledge, inputs, certification and climate-resilient technologies (component 1); and marketing support through the strengthening of beneficiary capacity, access to financial services, the forging of business ties and training on export markets (component 2). Cutting across the production and marketing activities, policy support will seek to facilitate a more conducive environment for the project's target group long-term and sustainable engagement in the targeted value chains (component 3).

29. The theory of change is based on the assumption that inclusion in export-driven value chains can help poor smallholder farmers equitably increase their productive capacity, market access, benefits and resilience to economic, environmental and climate risks. PSAC will address the needs of its target group through a comprehensive support package that includes the development of technical and financial literacy skills as well as linkages to markets and financial services, while promoting an enabling policy environment for smallholder farmers' successful engagement in competitive value chains. PSAC has US$6.1 million in climate finance that will support value chain intervention measures to enhance the beneficiaries' resilience and contribute to poverty reduction through higher agricultural productivity.

30. PSAC promotes gender-transformational changes by targeting at least 40 per cent of women as direct beneficiaries and 20 per cent of female-headed households. It addresses gender disparities not only through women's economic empowerment but by tackling the imbalance in workloads between men and women and increasing women's representation and voice in decision-making. It promotes gender-transformational outcomes by addressing discriminatory social norms and structures and helping women take on non-traditional roles in value chains. To this end, the GALS+ approach will be promoted as a complementary approach to value chain development. The project's interventions will improve women's access to and control over productive assets, inputs, produce, financing and capacity-building opportunities.

31. In PSAC, at least 30 per cent of the direct beneficiaries in targeted value chains will be youth. This will be accomplished by fostering access to wage employment opportunities, informing youth about value chain approaches, creating space for youth leadership development in the targeted value chains and providing access to financial services tailored to their needs under more favourable terms.

D. Alignment, ownership and partnerships

32. PSAC will contribute to Sustainable Development Goals 1: No poverty, 2: Zero hunger, 5: Gender equality, 8: Decent work and economic growth, and 13: Climate action, which are fully owned by the Government of Rwanda and integrated into national strategic frameworks, notably the National Strategy for Transformation 2017-2024 and Vision 2050, and the United Nations Sustainable Development Cooperation Framework for Rwanda, supporting its economic transformation pillar.

33. PSAC is well-aligned with the IFAD Strategic Framework 2016-2025 and the country strategic opportunities programme (2019-2024), given its focus on supporting the inclusion of rural poor in targeted export-driven value chains by boosting climate-resilient productivity capacity and market access. Furthermore, PSAC strongly reflects IFAD's key mainstreaming priorities, as it is classified as gender-transformational, youth-sensitive and climate-focused.

34. Strategic partnerships are envisaged with relevant specialized government agencies, as well as other development partners such as the World Food Programme, the World Bank and Enabel. Heifer International, Cordaid and Kilimo Trust have been identified as key implementing partners to maximize synergies and capitalize on the successful partnerships in the other IFAD-supported projects in the country.

E. Costs, benefits and financing

35. Project components 1 and 2 are partially counted as climate finance. Under the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is preliminarily calculated as US$7.22 million. PSAC project duration will be six years, with 7.5 per cent recurrent costs.

Project costs

36. The total costs for six years are estimated at US$62.89 million, including contingencies. The details are shown in the following summary tables.

Table 1
Project costs by component and financier
(Thousands of United States dollars)

	IFAD loan		*Government of Spain loan*		*Private sector*		*Heifer International*		*Cordaid*		*Beneficiaries*		*Borrower/ recipient*		*Total*
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Investments to enhance the climate-smart production and productivity of selected export-driven value chains	15 008	39.1	12 214	31.9	4 303	11.2	261	0.7	-	-	1 376	3.6	5 186	13.5	38 347
2. An enabling business environment along selected export-driven value chains	10 583	59.0	5 680	31.7	-	-	942	5.2	695	3.9	-	-	44	0.2	17 945
3. Policy support and coordination	4 394	66.6	2 020	30.6	-	-	-	-	-	-	-	-	188	2.8	6 602
Total	**29 985**	**47.7**	**19 914**	**31.7**	**4 303**	**6.8**	**1 203**	**1.9**	**695**	**1.1**	**1 376**	**2.2**	**5 418**	**8.6**	**62 894**

Table 2
Project costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD loan		*Government of Spain loan*		*Private sector*		*Heifer International*		*Cordaid*		*Beneficiaries*		*Borrower/ recipient*		*Total*
Expenditure category	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
Investment costs															
1. Goods, services and inputs	20 139	47.2	15 152	35.5	-	-	348	0.8	592	1.2	1 376	3.2	5 095	11.9	42 639
2. Training, workshops and meetings	2 823	54.2	1 533	29.5	-	-	594	11.4	166	3.2	-	-	88	1.7	5 204
3. Grants and subsidies	2 414	29.8	1 110	13.7	4 303	53.2	261	3.2	-	-	-	-	5	0.1	8 093
4. Civil works	382	56.2	175	25.8	-	-	-	-	-	-	-	-	122	18.0	679
5. Policy statement and strategy	894	68.5	411	31.5	-	-	-	-	-	-	-	-	-	-	1 305
6. Technical assistance and consultants	336	56.2	155	25.8	-	-	-	-	-	-	-	-	108	18.0	599
Total investment costs	**26 988**	**46.1**	**18 536**	**31.7**	**4 303**	**7.4**	**1 203**	**2.1**	**695**	**1.1**	**1 376**	**2.3**	**5 418**	**9.3**	**58 519**
Recurrent costs															
1. Salaries and allowances	1 867	68.5	858	31.5	-	-	-	-	-	-	-	-	-	-	2 725
2. Operating costs	1 130	68.5	520	31.5	-	-	-	-	-	-	-	-	-	-	1 650
Total recurrent costs	**2 997**	**68.5**	**1 378**	**31.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 375**
Total	**29 985**	**47.7**	**19 914**	**31.7**	**4 303**	**6.8**	**1 203**	**1.9**	**695**	**1.1**	**1 367**	**2.2**	**5 418**	**8.6**	**62 894**

Table 3
Project costs by component and project year (PY)
(Thousands of United States dollars)

	PY1		*PY 2*		*PY3*		*PY4*		*PY5*		*PY6*		*Total*
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Investments to enhance the climate-smart production and productivity of selected export-driven value chains	3 615	9.4	11 406	29.8	12 325	32.1	7 921	20.7	2 697	7.0	383	1.0	38 347
2. An enabling business environment along selected export-driven value chains	2 436	13.6	3 419	19.0	3 790	21.1	3 401	19.0	2 749	15.3	2 150	12.0	17 945
3. Policy support and coordination	1 426	21.6	1 294	19.6	1 212	18.4	926	14.0	872	13.2	872	13.2	6 602
Total	**7 477**	**11.9**	**16 119**	**25.6**	**17 327**	**27.6**	**12 248**	**19.5**	**6 318**	**10.0**	**3 405**	**5.4**	**62 894**

Financing and cofinancing strategy and plan

37. The project will be financed by two IFAD loans from the Twelfth Replenishment of IFAD's Resources in the amount of EUR 23.13 million (equivalent to US$24 million) and EUR 5.78 million (equivalent to US$6 million). Additional contributions of US$1.91 million will come from the implementing partners (Cordaid and Heifer International); US$5.67 million from the beneficiaries and private sector; and EUR 5.22 million (equivalent to US$5.41 million) from the Government of Rwanda. The Government of Spain is expected to provide cofinancing of US$19.92 million. In the unlikely event that this funding does not materialize, the financing gap may be sourced through subsequent cycles of the performance-based allocation system (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or cofinancing identified during implementation.

Disbursement

38. The main expenditure categories are goods, services and inputs and training, workshops and meetings. Disbursement will be report-based, following a revolving fund modality.

Summary of benefits and economic analysis

39. PSAC is technically and economically viable and is expected to generate a positive economic net present value of US$27.01 million, resulting in an economic internal rate of return of 19 per cent. A sensitivity analysis shows that project costs can increase by up to 110 per cent but should not reduce benefits by more than 57 per cent, ensuring that the project remains economically viable.

40. The beneficiaries are expected to benefit directly from the project via: (i) higher volumes of exports from Rwanda (from 21 per cent to 112 per cent); (ii) increased smallholder access to advisory, market and financial services; (iii) greater employment opportunities for hired or family labour for both on-farm and off-farm activities; and (iv) a better institutional and policy environment for targeted value chains.

Exit strategy and sustainability

41. The project will ensure sustainability through natural and sequential phasing by strengthening the links between relevant stakeholders and working directly with the NAEB, whose national strategic plans cover the targeted value chains. The exit strategy will be fine-tuned during the midterm review to reflect circumstances and leave windows for the consolidation of activities to enter the "gradual exit" process.

III. Risks

A. Risks and mitigation measures

42. PSAC's overall inherent and residual risks are rated **moderate.** Major risks and corresponding mitigation measures are presented in the integrated project risk matrix (appendix III).

Table 4
Overall risk summary

Risk areas	*Inherent risk rating*	*Residual risk rating*
Country context	Moderate	Low
Sector strategies and policies	Moderate	Moderate
Environmental and climate context	Substantial	Moderate
Project scope	Substantial	Moderate
Institutional capacity for implementation and sustainability	Substantial	Moderate
Financial management	Substantial	Moderate
Project procurement	Low	Low
Environmental, social and climate impact	Moderate	Low
Stakeholders	Substantial	Moderate
Overall	**Moderate**	**Moderate**

B. Environment and social category

43. The environmental and social risk category for PSAC is **substantial**, due to its inherent risks associated with potential impacts on biodiversity and existing working conditions. The potential adverse impacts are predictable, will be localized, are mostly reversible and can be managed with appropriate measures. The PSAC design includes an environmental, social and climate management framework to address environmental, social and climate risks during project implementation.

C. Climate risk classification

44. The climate risk is classified as **moderate**. The main climate risks facing the targeted smallholders include rising temperatures and rainfall variability, with more intense rainfall in some areas, shorter rainy seasons and potential droughts in some locations. A targeted climate change adaptation assessment was done during design that articulates the options for increasing the climate resilience of PSAC beneficiaries and improving their livelihoods.

D. Debt sustainability

45. Rwanda is a low-income country. According to the World Bank–International Monetary Fund's Debt Sustainability Analysis of January 2022, its risk of external and overall debt distress remains moderate, with limited space to absorb shocks. The overall public and publicly guaranteed debt (domestic + external) was 71 per cent of GDP, driven by multilateral lending on concessional terms to meet development needs and address COVID-19. The country remains susceptible to adverse market conditions, with the risk mitigated by adequate reserves and access to external financing on concessional terms.

IV. Implementation

A. Organizational framework

Project management and coordination

46. NAEB, the lead executing agency, will host PSAC and have overall responsibility for project coordination and execution, with key positions to be recruited. The single project implementation unit will retain the core functions of financial management, procurement and the management information system, in line with the practice for IFAD-funded projects in Rwanda. A national project steering committee will be established under the Ministry of Agriculture and Animal Resources (MINAGRI) to

provide general oversight. PSAC is expected to respond directly to the implementation of the government's decentralization strategy by closely coordinating with NAEB and local government authorities in each target district.

Financial management, procurement and governance

47. PSAC is expected to use the financial management arrangements adopted by IFAD's current funded portfolio under MINAGRI, which are fully aligned with country financial management systems.

48. PSAC will have one designated account opened in United States dollars at the National Bank of Rwanda, as well as one project operational account opened in Rwandan francs to receive the resources from the designated account, in addition to one project operational account opened in Rwandan francs for contributions from the Government of Rwanda. The PSAC draft budget, as part of the MINAGRI budget, is presented in the national envelope to parliament in April; any further revisions of the overall budget envelope take place in December and require Government of Rwanda approval.

49. Counterpart funding consists mainly of in-kind contributions and tax exemptions. The lack of counterpart funding observed in other projects is more reflective of a lack of valuation and inclusion in the financial reporting than a lack of contributions. An action plan has been set up at the portfolio level to achieve adequate inclusion of in-kind contributions in financial reporting. PSAC should benefit from the related practice of other projects.

50. The internal audit office, under the aegis of MINAGRI, is assigned to audit the portfolio of IFAD-funded projects. The internal auditor will report to the project steering committee.

51. PSAC will be audited by the Office of the Auditor General (OAG), as mandated by the government act/law. IFAD's quality review of the OAG reports for existing projects indicated highly satisfactory performance ratings.

52. PSAC's inherent procurement risk is assessed as low. Pursuant to paragraph 42 of IFAD's Project Procurement Guidelines, procurement shall be carried out in accordance with the provisions of the borrower/recipient's procurement regulations, to the extent such are consistent with the guidelines.

Target group engagement and feedback and grievance redress

53. The project modalities for target group engagement and feedback will include district and community consultation meetings (women and youth participation encouraged) and regular dialogue. Feedback from each meeting will be documented to facilitate adaptive management and decision-making by project teams.

54. PSAC grievance redress processes will build on existing national and district structures. Project teams will provide information on the grievance redress mechanism available in all contracts and project documents. Complaints received will be recorded, documented and included in progress reports, indicating the number and type of complaints and their resolution.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

55. Monitoring and evaluation (M&E) will take place through MINAGRI's management information system, which is consistent with IFAD's Operational Results Management System and core outcome indicator guidelines. A NAEB M&E specialist will coordinate with relevant specialists to inform all stakeholders about the

project's performance and effectiveness to assess progress against the targets throughout the life of the project.

56. A knowledge management and communication strategy will serve as the basis for scaling up successes, provide the analytical basis for meeting challenges and help adapt activities to changing social and economic circumstances in the target areas and value chains. PSAC will leverage the expertise and knowledge gained from South-South and Triangular Cooperation with implementing partners (Cordaid and Heifer International) and under the Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women.

Innovation and scaling up

57. The innovative features of PSAC, when compared to its predecessor, PRICE, are the methodologies used to include women and youth in specific activities that can fill value chain gaps. In terms of sustainability and scaling up, the heavier emphasis placed on accessing financial services will help the country gradually move away from the grant-based systems commonly used by IFAD and other development agencies, helping the country shift towards more sustainable value chain financing mechanisms that will remain beyond project completion. Successful practices to be scaled up through PSAC include the Horticulture Export Guarantee Facility, and the coffee and tea platforms introduced under PRICE will be fine-tuned to meet the needs of exporters, including youth start-ups.

C. Implementation plans

Implementation readiness and start-up plans

58. The IFAD Country Office will coordinate with NAEB to ensure readiness for project implementation. Key preparatory and start-up activities will include the draft project implementation manual, the first annual workplan and budget, and the first 18-month procurement plan, aimed at ensuring that the project starts without unnecessary delays during year 1. A national start-up workshop will be organized with project stakeholders and implementing partners to reinforce project implementation modalities.

Supervision, midterm review and completion plans

59. Project supervision will be organized jointly by IFAD and the Government of Rwanda. The composition of supervision missions will largely be determined by the prevailing needs. A midterm review will be undertaken midway through project implementation and determine whether the project is on course to achieve its goal. A project completion review will be conducted at the end of the project.

V. Legal instruments and authority

60. A project financing agreement between the Republic of Rwanda and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.

61. The Republic of Rwanda is empowered under its laws to receive financing from IFAD.

62. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

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

> RESOLVED: that the Fund shall provide a loan on super highly concessional terms to the Republic of Rwanda in an amount of twenty-three million one hundred thirty thousand euros (EUR 23,130,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.
>
> RESOLVED FURTHER: that the Fund shall provide a loan on highly concessional terms to the Republic of Rwanda in an amount of five million seven hundred eighty thousand euros (EUR 5,780,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

Promoting Smallholder Agro-Export Competitiveness Project

(Negotiations concluded on 12 December 2022)

Loan No: ______________
Loan No: ______________

Project name: Promoting Smallholder Agro-Export Competitiveness Project ("PSAC"/ "the Project")

The Republic of Rwanda (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement.

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2020, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide two Loans (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan eligible to super highly concessional terms (SHCT Loan) is twenty three million one hundred thirty thousand Euros (EUR 23 130 000).

2. The amount of the Loan eligible to highly concessional terms (HCT Loan) is five million seven hundred eighty thousand Euros (EUR 5 780 000).

3. In relation to the SHCT Loan:

(i) it shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency;

(ii) it shall have a maturity period of fifty (50) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board; and

(iii) it will be repaid at two and a half per cent (2.5%) of the total principal per annum for years eleven (11) to fifty (50).

4. In relation to the HCT Loan:

(i) it shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency;

(ii) it shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board; and

(iii) it will be repaid at two per cent (2%) of the total principal per annum for years eleven (11) to twenty (20), and four per cent (4%) of the total principal per annum for years twenty-one (21) to forty (40).

5. The Loan Service Payment Currency shall be in Euro.

6. The first day of the applicable Fiscal Year shall be 1 July.

7. Payments of principal and service charge shall be payable on each 1 April and 1 October.

8. There shall be one segregated Designated Account, denominated in Euro at the National Bank of Rwanda (NBR), to receive the proceeds of the Financing. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.

9. There shall be one segregated Project Operational Account to receive the proceeds of the Financing from the Designated Account, for the exclusive benefit of the Project.

10. The Borrower shall provide counterpart financing for the Project, in-cash and/or in-kind, in the amount of five million Two hundred twenty two thousand one hundred and fourteen Euros (EUR 5 222 114), mainly for taxes and duties, as well as to cover for capacity building activities under Component 2.

Section C

1. The Lead Project Agency shall be the National Agricultural Export Development Board (NAEB) under the Ministry of Agriculture and Animal Resources (MINAGRI).

2. Additional Project Parties are described in Schedule 1, Section II of this Agreement.

3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date will be established as specified in the General Conditions.

5. Procurement of goods, works and services financed by the Financing shall be carried out:

(a) in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Loans and supervise the Project.

Section E

1. The following is designated as an additional ground for suspension of this Agreement:

(a) The PIM and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

2. The following is designated as an additional ground for cancellation of this Agreement:

(a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 months without justification.

3. The following are designated as additional (general/specific) conditions precedent to withdrawal:

(a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained. The PIM shall include operational arrangements for the access-to-finance facilities, under Component A.2, namely matching grants through the Performance Based Guarantee Facility (PBGF) and the guarantee fund through the Horticulture Export Guarantee Facility (HEGF). The PIM shall also include project financial management and procurement arrangements.

(b) Key Project staff have been appointed among the positions indicated in Schedule 1, Section II, paragraph 6 of this Agreement, namely 1 Project Manager; 1 Monitoring and Evaluation (M&E) Specialist; 1 Accountant; 1 Procurement Officer.

(c) A suitable project Accounting and Reporting System shall have been customised and implemented through the national IFMIS and project staff duly trained in the use of it.

(d) A MoU shall have been signed by the Borrower and the service providers, namely the Rwanda Development Bank (BRD) and the Business Development Fund (BDF), as additional condition to disbursement of the Financing for the activities pertaining the access-to-finance under Component A.2.

(e) The Access to Finance Specialist shall have been appointed, based on terms of reference and qualifications acceptable to the Fund, as additional condition to disbursement of the Financing for the activities pertaining access-to-finance under Component A.2.

4. This Agreement is subject to ratification by the Borrower.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Minister of Finance and Economic Planning
12 KN 3 Avenue, Kigali
Rwanda

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Copy to: The Country Director - Rwanda

If applicable, The Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

REPUBLIC OF RWANDA

____
Dr. Uzziel Ndagijimana
Minister of Finance and Economic Planning

Date: ____________

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

____
Alvaro Lario Hervas
President

Date: ______________

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population*. The Project shall benefit 56,695 households (255,128 members), amongst whom women (40% of which 20% of women-headed households) and youth aged 16-30 (30%) will be prioritised. PSAC will support its target groups' participation in commercial and inclusive value chains, including rural smallholder farmers, Producer Organizations (POs), off-takers processors and exporters in a form of individual, cooperative, or rural SMEs sourcing from target smallholder farmers. In line with the *Ubudehe system*[1], the Project will target three Categories with a preferential attention to be given to Category 2 (Subsistence and vulnerable poor) and Category 3 (Market-oriented producers). Possible graduation pathways and simultaneous engagement of Category 1 (most vulnerable households) will be explored.

2. *Project area.* The Project will target fourteen districts across Rwanda, with a particular emphasis on the Western and Southern regions where some of the most vulnerable and rural population resides. The Project area is selected based on: (i) high poverty rates and food insecurity; (ii) comparative advantage for the development of targeted export-driven value chains, and (iii) alignment and development of strategic partnerships with other development partners to avoid the duplication of investments and seek complementarity among the proposed interventions. *(the "Project Area").*

3. *Goal.* The goal of the Project is to increase incomes of the rural poor, by supporting inclusive and sustainable agri-exports value chains.

4. *Objectives.* The objective of the Project is to support the inclusion of rural poor in targeted export-driven value chains, by increasing their climate resilient productive capacity and market access.

5. *Components*. The Project shall consist of the following Components:

5.1 **Component A: Investments to enhance climate smart production and productivity of selected export-driven VCs.** This component will support the intensification and improve the competitiveness of the production levels of the selected export-driven VCs through targeted investments along two sub-components.

5.1.1 *Sub-Component A.1: Support smallholder farmers' production and productivity* will focus on expansion and rehabilitation of plantation areas for coffee, tea, and horticulture, while adopting innovative climate-resilient technologies and practices combined with access to inputs and maintenance support.

5.1.2 *Sub-Component A.2: Improvement of rural infrastructure facilities and equipment at cooperative and exporters' level* will fill infrastructure and equipment gaps through different modes of financing for small- and medium-sized investments, with the intention of improving efficiency of value chains and benefits derived by smallholders directly or indirectly.

5.2 **Component B: Enabling business environment along selected export-driven value chains.** The Project will enhance the competitiveness and sustainability of the targeted value chains by improving smallholder stakeholders' access to advisory services, sustainable markets and financial services.

5.2.1 *Sub-Component B.1: Capacity building of Producer Organizations (POs)* will strengthen capacity of beneficiaries include smallholders, cooperatives, and farmer groups

[1] Ubudehe is a wealth-ranking system which classifies Rwandans under four socio-economic wealth categories.

in the area of governance, financial management, cross-cutting issues in the business management through Farmer Field School (FFS) approach along with proximity coaching and innovative trainings, directly involving off-takers, as developed under the completed Project for Rural Income through Exports (PRICE). The enhanced gender action learning system (GALS+) will be mainstreamed in training activities.

5.2.2 *Sub-Component B.2: Backward and forward market linkages* comprise of quality control, access to finance, market promotion, and facilitation of market linkages with international buyers. Tailored strategies per value chains will be developed. In order to facilitate the targeted value chain stakeholders' access to financial services and strengthening market linkages, the Project will: (i) support Financial Institutions (FIs) to deepen their rural finance portfolios and to develop innovative agri-finance products for entrepreneurs, exporters, and smallholders; (ii) build the capacity of the target groups to access financial services with particular focus on women and youth; (iii) facilitate FIs to access resources from private and public sector financiers for on-lending to target value chains.

5.3 **Component C: Policy support and coordination.** The Project will provide support to improve competitiveness and policy environment of the selected value chains through policy briefs and evidence-based results to inform policy processes including the Government's budget allocation for agricultural export commodities. Platforms such as the Coffee Exporters and Processors Association of Rwanda (CEPAR), and district level value chains platforms will play a critical role in promoting scaling up by addressing existing bottlenecks in supply and demand. PSAC will also work closely with the Ministry of Gender and Family Promotion (MIGEPROF) for engagement in country policy frameworks related to gender equality in the agricultural sector, including support in Gender-Based Violence (GBV) mitigation, and ensuring new agro-export policies are gender responsive based on lessons learned from PSAC and other projects.

II. Implementation Arrangements

6. *Lead Project Agency*. The lead implementation agency will be National Agricultural Export Development Board (NAEB), which will have the overall responsibility for the coordination and execution of the project[2]. NAEB will host the following key positions, that will be recruited on a competitive basis: 1 Project Manager; 3 VC Specialists (coffee, tea, horticulture); 1 Access to Finance (A2F) Specialist; 1 Monitoring and Evaluation (M&E) Specialist; 1 Gender and Social Inclusion Specialist; 1 Environmental Specialist; 1 Knowledge Management (KM) & Communication Specialist; 1 Administrative Assistant; 2 Accountants (reporting to Financial Manager of SPIU for IFAD-funded projects); 1 Procurement Officer (reporting to Sr. Procurement Officer of SPIU for IFAD-funded projects); 3 drivers (one for each value chain). In addition, one NAEB Focal Person (young graduates, men and women) will be posted in each target district to ensure smooth coordination at field level.

7. *Project Oversight Committee*. In line with the practice for IFAD-funded projects in Rwanda, a Project Steering Committee (PSC) will be established for PSAC. The Committee will be made up of representatives of MINAGRI and other relevant ministries, as well as representatives of the target District Councils, members representing the POs and local institutions from the public and private sectors participating in the Project. The Committee is due to meet at least twice yearly, once to review the draft Annual Work Plan and Budget

[2] NAEB is mandated to develop and implement policies and strategies for expanding exports of agricultural products meeting international market requirements. NAEB has the appropriate structure to implement PSAC interventions through its Traditional Commodities Division (for tea and coffee), Emerging Commodities Division (for horticulture), Quality Assurance and Regulatory Division and Export Services Division. NAEB has also gained relevant expertise and capacity to lead the implementation of large projects and programmes, including the 9-year IFAD-funded PRICE project.

(AWPB) and again at mid-year to review the implementation progress. It will be responsible for the technical oversight of the implementation of the AWPB.

8. *Project Management Unit*. The Project's implementation arrangements are meant to ensure optimal use of human resources and smooth coordination between MINAGRI's institutions. Project Management Unit will be operating under the responsibility of its Chief Executive Officer (CEO) NAEB with key project staff led by the Project Manager. Given long-standing and proven experiences with IFAD, Single Project Implementation Unit (SPIU) for IFAD-funded projects under the Rwanda Agriculture and Animal Resources Development Board (RAB) will retain the core functions of financial management, procurement and Management Information System (MIS). In addition, the project acknowledges the key role of the district authorities and will allocate necessary resources to ensure smooth implementation, monitoring and coordination of PSAC interventions at field level.

9. *Implementing partners*. The Borrower will conclude the relevant contractual arrangements with Heifer International, Cordaid and other implementing partners, for the implementation of the activities as described in the Schedule.

10. *Monitoring and Evaluation*. In accordance with the requirements of IFAD and the Government of Rwanda, M&E is conducted under PSAC and to be coordinated through MINAGRI's Management Information System (MIS). NAEB will assign dedicated technical staff to monitor activities to ensure they are implemented as per recommended specifications and the M&E Specialist will ensure adequate monitoring systems are used. The Project M&E Specialist will commission bi-annual Data Quality Assurance (DQAs) missions and coordinate the implementation of targeted studies, including baseline, Mid-Term and End Term surveys to assess progress on key outcome and impact level indicators.

11. *Knowledge Management*. Knowledge Management (KM) will be coordinated by the KM Specialist at NAEB. KM will serve as a basis for scaling up of successes, provide the analytical basis to resolve challenges, and help to adapt activities to changing social and economic circumstances in the target areas and value chains. A KM action plan will be prepared to (i) identify knowledge gaps and prioritization of knowledge products to be developed; (ii) ease the scaling up of best practices in the different sectors and interventions or repackaging of innovative approaches developed elsewhere; (iii) disseminate know-how based on available communication tools.

12. *Project Implementation Manual*. The Borrower will finalize the development of Project Implementation Manual (PIM) for the Fund's consideration and approval. The PIM will provide details on roles and responsibilities of the Project and implementing parties to ensure full coordination among all partners involved in implementation, financial management requirements including bank accounts and audit arrangements, establishment of a grievance redress mechanism, and M&E and reporting mechanisms The PIM will reflect IFAD's no tolerance for Sexual Harassment, Sexual Exploitation and Abuse in the Project.

Schedule 2

Allocation Table

1. *Allocation of IFAD Financing Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the IFAD Loans and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	**IFAD SHC Loan** (expressed in EUR)	**IFAD HC Loan** (expressed in EUR)	**Percentage of Expenditure** (net of Taxes, Government and Beneficiaries' contributions)
I. Goods, Services & Inputs	13 980 000	3 500 000	100%
II. Grants & Subsidies	1 680 000	410 000	100%
III. Works	260 000	70 000	100%
VI. Consultancies	2 820 000	700 000	100%
V. Recurrent Costs	2 080 000	520 000	100%
Unallocated	2 310 000	580 000	100%
TOTAL	**23 130 000**	**5 780 000**	**100%**

(b) The terms used in the Table above are defined as follows*:*

(i) Consultancies: also including expenditure incurred for *Trainings, Workshops, Meetings, Technical Assistance, Policy Statement & Strategy*;

(ii) Recurrent Cost: including expenditure incurred for *Salaries & Allowances* and *Operating Costs*.

2. *Disbursement arrangements*

(a) *Start-up Advance*. Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 400 000. Activities to be financed by the Start-up Advance will require the no objection from IFAD to be considered eligible.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.

2. *Planning, Monitoring and Evaluation*. The Borrower shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement. The PM&E system shall be updated in accordance with MINAGRI's Management Information System (MIS) as well as IFAD's Operational Results Management System (ORMS), which shall be coordinated by the SPIU with support from additional professional staff recruited under PSAC. In order to supplement the Project ORMS Logical Framework, a detailed operational results framework and a monitoring and evaluation (M&E) plan shall be developed to guide M&E processes, define roles and responsibilities.

3. *Gender*. The Borrower shall ensure that a Gender and Social Inclusion Specialist appointed under PSAC will continue to coordinate the gender related activities in the Project.

4. *Land tenure security.* The Borrower shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent (FPIC) principles.

5. *Anticorruption Measures*. The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

6. *Sexual Harassment, Sexual Exploitation and Abuse*. The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

7. External Audit. Annual external audits shall be conducted and to include a performance audit on the disbursement for access-to-finance activities through BRD and BDF, under component A.2.

8. Use of Project Vehicles and Other Equipment. The Borrower shall ensure that:

    (a) all vehicles and other equipment procured for the Project are allocated to the NAEB for Project implementation;

    (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and

    (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.

9. IFAD Client Portal (ICP) Contract Monitoring Tool**.** The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

10. The Key Project Personnel are: Project Operations Manager, Access to Finance Specialist, Monitoring and Evaluation Specialist, 3 Value Chain Specialists, 2 Accountants, Knowledge Management and Communication Specialist, Procurement Officer, Gender and Social Inclusion Specialist, and Environment and Climate Assessment Specialist. In order to assist in the implementation of the Project, NAEB SPIU unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the SPIU in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

II. SECAP Provisions

1. The Borrower shall carry out the preparation, design, construction, implementation, and operation of the Project in accordance with the nine standards and other measures and requirements set forth in the Updated Social, Environmental Climate Assessment Procedures of IFAD ("SECAP 2021 Edition"), as well as with all applicable laws and regulations to the Borrower and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Borrower shall not amend, vary or waive any provision of the SECAP 2021 Edition, unless agreed in writing by the Fund in the Financing Agreement and/or in the Management Plan(s), if any.

2. For projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans] (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the ESCMPs and Management Plan(s), unless agreed in writing by the Fund and if the Borrower has complied with the same requirements as applicable to the original adoption of the ESCMPs and Management Plan(s).

3. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

4. The Borrower shall cause the Lead Project Agency to comply at all times while carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project -affected area, in a form and language understandable to Project -affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

6. The Borrower shall ensure or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the Management Plan(s), if any.

7. The Borrower will ensure that a Project -level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Project's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration) related to the environmental and social performance of the Project for people who may be unduly and adversely affected or potentially harmed if the Project fails to meet the SECAP standards and related policies. The Project -level grievance mechanism needs to take into account indigenous peoples, customary laws and dispute resolution processes. Traditional or informal dispute mechanisms of affected indigenous peoples should be used to the greatest extent possible.

8. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

(i) has direct or potential material adverse effect;

(ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or

(iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project -affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and

- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in loan or within the Borrower/Recipient's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and -violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegation that require intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

9. The Borrower shall ensure or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the ESCMPs and Management Plan(s) (if any) are respected.

10. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports ; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

11. The Borrower shall fully cooperate with the Fund concerning supervision missions, midterm reviews, field visits, audits and follow-up visits to be undertaken in accordance with the requirements of SECAP 2021 Edition and the Management Plan(s) (if any) as the Fund considers appropriate depending on the scale, nature and risks of the Project.

12. In the event of a contradiction/conflict between the Management Plan(s), if any and the Financing Agreement, the Financing Agreement shall prevail.

Logical framework

Results Hierarchy	Result Indicator	Base line	Mid-term	End Target	Source	Frequency	Responsi bility	Assumptions
Outreach	Estimated corresponding number of household members	0	126,000	255,128[3]	Project reports	Annual	NAEB/ SPIU (MIS)	
	Persons receiving services supported by the Project (by gender, age)	0	36,400	73,704				
	Males - Number	0	21,840	44,222				
	Females – Number (40%)	0	14,560	29,482				
	Youth – percentage (30%)	0	10,920	22,111				
	Corresponding number of households reached	0	28,000	56,695				
Project Goal To increase incomes of the rural poor, by supporting inclusive and sustainable agri-exports VCs	Total number of households that report an increase in income as a result of PSAC assistance – Number - Households	0	8,400	45,356	Project reports	Baseline, Midterm, Completion	NAEB/ SPIU (MIS)	- Stable political and macro-economic environment is maintained in the country. - Continued government support to improve returns to farmers in export VCs. - Food security and incomes increased through a combined effect of increased crop production and improved market access.
Development Objective To support the inclusion of rural poor in targeted export-driven VCs, by increasing their climate resilient productive capacity and market access	Individuals demonstrating an improvement in empowerment (IE 2.1.) – Percentage (%)	N/A	30%	50%	COI survey	Baseline, Midterm, Completion	NAEB/ SPIU (MIS)	- Community-based approach is widely used to raise seedlings under PSAC project - Robust gender targeting strategy and action plan developed
	Households reporting increase in income by 30% above baseline as a result of PSAC assistance - Number	0	5,600	34,017				
	Persons with new jobs/employment opportunities created by PSAC (by gender, age) (CI 2.2.1)	0	3,000	7,125				
Outcome 1: Smallholders' climate-smart production and productivity in selected export-driven VCs have increased	Increased volume of targeted commodities (tea, coffee, horticulture) exported from Rwanda – Percentage (%)	N/A	50%	100%	Project M&E system	Annual	NAEB/ SPIU (MIS)	- Sustainable market linkages established between smallholder producers and exporters. - Stakeholders develop capacity to practice new climate resilient technologies. - No extreme weather and climate events.
	Households reporting an increase in production – Number (CI 1.2.4)	0	13,000	27,000	COI survey	Baseline, Midterm, Completion	NAEB/ SPIU (MIS)	
	Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices – Number (CI 3.2.2)	0	15,000	30,000	Project survey	Annual	NAEB/ SPIU (MIS)	

3 Average household size in Rwanda is 4.5 members per household

Results Hierarchy	Result Indicator	Base line	Mid-term	End Target	Source	Frequency	Responsi bility	Assumptions
Output 1.1 The development and adoption of innovative climate-resilient technologies and practices are supported for expansion, rehabilitation and rejuvenation of plantation areas	Expansion and rehabilitation of plantation areas of targeted VCs supported by PSAC – Area (ha)	0	3,550	8,242[4]	Project reports	Annual	NAEB/ SPIU (MIS)	- Mortality of plants checked through strong coordination among various interventions. - Selected community members / groups develop required skills and knowledge in grafting and nursery raising.
	Persons trained in production practices and/or technologies (by gender, age) – Number of people (CI 1.1.4)	0	50,000	120,000				
	Males - Number		30,000	72,000				
	Females – Number (40%)		20,000	48,000				
	Youth – percentage (30%)		15,000	36,000				
Output 1.2 Innovative climate-resilient technologies are developed and promoted	Number of groups supported to sustainably manage natural resources and climate-related risks – Number (CI 3.1.1)	0	140	300	Project reports	Annual	NAEB/ SPIU (MIS)	- No extreme weather and climate events. -Stakeholders develop capacity to manage and show interest to invest in new climate resilient technologies.
	Total value of cooperative/private companies invest in climate-resilient technologies (by coffee, tea, horticulture) – Money (US$' 000)	0	1,933	5,095				
Outcome 2: Stakeholders' access to advisory services, market and financial services improved to facilitate their inclusion in sustainable export-driven VCs	Total number of household's members reporting using rural financial services – Number (CI 1.2.5)	0	12,000	30,000	COI Surveys	Baseline, Midterm, Completion	NAEB/ SPIU (MIS)	- Exporters' interest and willingness to source their products from smallholder POs. - Financial products and services developed under PSAC respond to smallholder farmers and exporters needs.
	Households reporting they can influence decision-making of local authorities and project-supported service providers – Number (SF 2.2)	0	14,000	28,348	COI Surveys	Baseline, Midterm, Completion		
	Rural producers organizations engaged in formal partnerships/agreements or contracts with public or private entities – Number (CI 2.2.3)	0	140	300	Project reports	Annual		
Output 2.1 Rural infrastructure facilities and equipment are constructed/provided	Number of markets, processing or storage facilities constructed or rehabilitated (coffee, tea, horticulture) – Number (CI 2.1.6)	0	70	202	Project reports	Annual	NAEB/ SPIU (MIS)	- Producers and POs interest in developing skills. - Strong POs linkages with markets or private sector companies formed.
Output 2.2 PO's technical and business management capacities are strengthened	Number of rural enterprises accessing business development services (coffee, tea, horticulture) – Number (CI 2.1.1)	0	170	350	Project reports	Annual	NAEB/ SPIU (MIS)	
Output 2.3 Market linkages are established and strengthened	Market-driven certifications obtained/renewed and sustained among farmer organizations and exporters – Number	0	7	21	Project reports	Annual	NAEB/ SPIU (MIS)	- Beneficiaries willing to engage in certification. - Distinctive market advantage in acquiring specific certifications.
Output 2.4 Range of diversified financial products is timely accessible	Persons in rural areas accessing financial services (by gender, age, savings and credit) – Number (CI 1.1.5)	0	18,500	93,000	Project reports	Annual	NAEB/ SPIU (MIS)	PFI will consider the proposed PSAC support relevant to their

[4] Coffee: 3,050 ha (replacement of the old coffee trees), 1,082 ha (coffee rehabilitation), Tea: 1,790 ha (expansion), 620ha (infilling), Horticulture: 500 ha (macadamia), 800 ha (avocado), 200 ha (mango), 200 ha (essential oils).

Results Hierarchy	Result Indicator	Base line	Mid-term	End Target	Source	Frequency	Responsi bility	Assumptions
to stakeholders of selected VCs								business model, and show interest in value chain financing to the concerned stakeholders of the project.
Outcome 3: Institutional and policy environment of selected export-driven VCs is improved	Number of policy brief / guidelines / evidence-based research accepted and used to update policies / support policy process or improve practices - Number	0	1	3	Project reports, Policy briefs	Annual	NAEB/ SPIU	Positive response from the Government in policy formulation.
Output 3.1 Policy-relevant knowledge products completed	Number of knowledge products developed in terms of policy briefs, guidelines, evidence-based research - Number	0	2	4	Project reports	Annual	NAEB/ SPIU	
Output 3.2 Functioning multi-stakeholder platforms supported	Number of national and district platforms for targeted VCs supported - Number	0	17	17	Project reports	Annual	NAEB/ SPIU	

Integrated Project Risk Matrix

Risk Categories and Subcategories	Inherent	Residual
Country Context	**Moderate**	**Low**
Political Commitment	**Moderate**	**Low**
Risk(s): Over the last 20 years, Rwanda has enjoyed political stability which, combined with good governance and policy consistency, has created an enabling policy environment ensuring successful delivery of development programs. However, counterpart funding in some previous IFAD-supported projects has been below the expected levels. In addition, improving participatory approach will be required in order to increase ownership of project's beneficiaries in its areas of intervention.		
Mitigations: GoR has already demonstrated strong commitment in co-financing PSAC and in attracting additional co-financiers (Cordaid, Heifer International, etc). GoR has also committed to provide cash contribution for taxes on a timely basis and report promptly on any in-kind contributions. For the latter, GoR has recruited a valuer to work with on-going and future IFAD-supported projects including PSAC. In addition, NAEB management is committed to improve coordination with partner institutions at district and national level in order to avoid any deviation from agreed implementation arrangements		
Governance	**Low**	**Low**
Risk(s): Since the year 2000, the GoR has been implementing comprehensive and ambitious decentralization reforms, which materialized by the adoption of the National Decentralization Policy in May 2000 and thereafter revised in 2012. The Policy's objective is to promote good governance, reduction of poverty as well as efficient, effective, and accountable service delivery. While progress has been achieved through strengthening the capacities of districts and the territorial reorganization of decentralized state entities, some challenges still persist. In some areas, farmers seem to ignore that it is both their right and duty to participate in the planning and evaluation of local administrative entities' performance contracts (Imihigo). It is therefore a real challenge for leaders and civil society to make sure those citizens are aware of their rights and duties.		
Mitigations: The GoR has enhanced its efforts to prevent corruption by identifying and reducing vulnerability to corruption. A number of multi stakeholder consultative bodies have been established, including the National Council to fight against Corruption and Injustice and Corruption Advisory Councils at national, district, sector, and cell levels. In order to mitigate the COVID-19 related risks (lockdowns, etc.), over 68 per cent of the population have been already vaccinated as at July 2022, and the process is ongoing. This will facilitate implementation of the project and gatherings of stakeholders for better consultations on emerging issues and possible solutions. In addition, PSAC and implementing partners (including local administration) will involve beneficiaries in planning and evaluation of their achievements based on a grievance redress mechanism.		
Macroeconomic	**Low**	**Low**
Risk(s): Rwanda's public-sector led development model has shown limitations, as public debt has increased significantly in recent years. Rwanda's heavy reliance on large public investments (12.3% of GDP in 2019) led to substantial fiscal deficits financed mainly through external borrowing. Consequently, the debt-to-GDP ratio rose to 56.7 per cent in 2019 (from 19.4% in 2010) and is estimated to have reached 71.3 per cent of the GDP in 2020. Low domestic savings and high energy costs are some of the major constraints to private investments. Growth is expected to accelerate to 8.1 per		

Risk Categories and Subcategories	Inherent	Residual
cent in 2022 if the effect of the pandemic on households and businesses wanes, and to 8.5 per cent in 2023 as the financial services sector and agricultural output pick up. However, COVID-19 restrictions will likely keep headline growth below trend.		
Mitigations: Regional integration offers significant benefits for the project in particular and for the country in general including greater potential for economies of scale, opportunities for learning to export and produce higher-quality goods, and cooperation to improve trade facilitation. Regional trade will be enhanced by boosting trade with non- East African Community (EAC) members. The African continental free trade area (AfCFTA) can boost growth and trade integration. In addition, experience gained from PRICE in access to international markets will benefit to PSAC beneficiaries through NAEB as the implementing agency for PRICE and now for PSAC.		
Fragility and security	**Moderate**	**Low**
Risk(s): The low bankability of smallholder farmers may lead to financing only those more familiar with the financial sector, and would deviate the project benefits to the less vulnerable people (elite capture). In addition, while the long-term impact of the Ukraine war is still unknown, the rise in the cost of fertilizers, fuel and equipment costs like greenhouse materials has already affected the country and may continue in the next few years. This may reduce the investment capacity of the target beneficiaries, and at the same time erode their take-home income if the international selling prices are not adjusted accordingly		
Mitigations: It will be critical to work with service providers who have expertise in the promotion of the interests of the most vulnerable in the financial sector. The project and NAEB will explore partnerships with those who have a strong experience in Rwanda. Besides, a strong targeting strategy will be put in place, with favourable conditions for more vulnerable groups (women, women-headed HHs, youth). PSAC will also strive to promote systematically the use of manure vs. inorganic fertilizers, which should help reduce the burden of increased fertilizers costs. The greenhouse equipment, foreseen to be co-funded in PSAC through matching grants, has been budgeted on a high side right at design to avoid under-estimation and low uptake in the next years		
Sector Strategies and Policies	**Moderate**	**Moderate**
Policy alignment	**Low**	**Low**
Risk(s): The policy environment surrounding PSAC is relatively favorable as laws and strategies in place are fully supportive of the development of export crops unless there is another outbreak of the COVID-19 pandemic that may limit consultations among stakeholders.		
Mitigations: The PSTA4 (priority area 3 related to inclusive markets and value addition) as well as the NAEB Strategic Plan offer an excellent enabling environment for the project.		
Policy development & implementation	**Substantial**	**Moderate**
Risk(s): Rwanda being a landlocked and developing country with limited land availability (0.4ha per HH), faces difficulties in managing logistics issues (such as high air freight, limited space availability etc. which are important for developing competitive value chains) and ensuring basic food security (especially for coffee producers) while justifying exports. Also, smallholders and exporters face difficulties in accessing affordable as well as easy finance. All these issues pose risks in developing competitive value chains.		
Mitigations: As a mitigation measure, PSAC will work on critical issues of VC development through need-based research and creating evidence-based solutions which can be shared widely as well as used for policy dialogue. While		

Risk Categories and Subcategories	Inherent	Residual
creating evidences through interventions like HEGF, PBGF, capacity building of PFIs in value chain financing, developing new financial products etc., it also engages with multiple stakeholders, including GoR to work on developing smallholder friendly and competitive value chains through policy advocacy initiatives. A set of policy issues identified to work towards these aspects cover cost of financing, creating cargo facility, effective use of development fund for tea farmers, etc.		
Environment and Climate Context	**Substantial**	**Moderate**
Project vulnerability to environmental conditions	**Substantial**	**Moderate**
Risk(s): The environmental vulnerabilities for PSAC activities include erosion, which may increase due to cultivation on slopes. This will lead to land degradation and possible siltation of water channels. The current soil fertility conditions entail increased use of agro-chemicals for the desired levels of production, which will lead to point pollution in some locations. Current land uses will also pose a risk to PSAC, as changes will be required in some areas to allow for the infrastructure development and expansion of cultivation areas.		
Mitigations: The risks resulting from environmental conditions will be managed, through capacity building of smallholders in environmental management and efficient resource use, including agro chemicals, erosion control measures such as vegetated contours, shade trees in cultivation, crop diversification and inter-cropping and water conservation and focus on rehabilitation and rejuvenation of existing production areas.		
Project vulnerability to climate change impacts	**Substantial**	**Moderate**
Risk(s): The main climate change risks to reaching the PSAC objectives include rising temperatures and rainfall variability with more intense rainfall in some areas, shorter rainy seasons and potential droughts in some locations. High temperatures may lead to decreased yields and quality, increased pests and diseases incidences, poor drainage in low-lying areas and soil erosion that results in reduced water holding capacity and soil fertility.		
Mitigations: Climate change adaptation measures under PSAC include capacity building for the producers on land husbandry activities and resource use efficiency, agroforestry belts in tea plantations, protective agriculture for some of the horticulture value chains, water use efficient irrigation systems and use of improved tea clones and coffee varieties.		
Project Scope	**Substantial**	**Moderate**
Project relevance	**Moderate**	**Low**
Risk(s): Coffee, Tea and selected value chains in Horticulture are identified as priority for exports by GoR. Tea and coffee are traditional export crops of Rwanda whereas Horticulture oriented value chains are emerging. Each value chain poses different kind of risks for smallholders due to certain internal and external factors. Coffee is prone to high price fluctuation and may have negative impact on food security due to limited intercropping opportunities and international price fluctuations. Tea takes longer time to reach to production with full potential and so initial investment in maintenance is high. Also, the poor road conditions combined with limited means of transport lead to high post-harvest losses. In case of horticulture, exporters as well as producers have limited experience of markets and still suffer from limited quantities of produce demanded by the markets (e.g. macadamia, avocado). Besides, along all value chains, access to financial services remain a challenge for smallholder farmers, often limiting their capacity to invest to improve their competitiveness. PFIs may not consider the proposed PSAC support relevant to their business model, and the PFIs would continue business as usual and would not be interested in the support offered.		

Risk Categories and Subcategories	**Inherent**	**Residual**
Mitigations: PSAC has planned to mitigate potential risks considering all available opportunities. Its planned interventions include policy advocacy (e.g. for intercropping banana in coffee plantation), improving infrastructure facilities (e.g. feeder road in tea pockets), developing backward and forward market facilitation (e.g. market intelligence, mechanisms to recover part of the loss due to price fluctuations, enhanced quality assurance to comply with international market standards), increasing the availability of raw materials through new or rehabilitated plantations, and formulating appropriate investment schemes to improve the financial inclusion of smallholder farmers (e.g. matching grants, export guarantee facilities, credit lines, development of adequate loan products for specific value chains, revolving fertilizer scheme for tea producers) In order to manage critical interventions and build capacity of stakeholders in the value chain, partnerships with strong and experienced technical support agencies (Cordaid, Heifer International, etc.) are identified.		
Technical soundness	**Substantial**	**Moderate**
Risk(s): Price fluctuations in the international markets: Price fluctuations in the international markets affect exporters as well as smallholders. Rwandan value chain actors are not using specific mechanism to deal with it. Also, they have limited experience of horticulture exports. Thus, chances of facing risks related to price fluctuations are more. The price fluctuation observed in export price of Rwandan coffee from 2012 to 2020 under PRICE project was in the range of -23 per cent to +35 per cent. Some exporters of chili stopped exporting after experiencing high price fluctuations. Thus, it may pose a risk against generating sustainable income if negative fluctuation remains frequently high. This also applies in tea as prices are sensitive to trade volumes that in turn depend on weather conditions in producing countries. Moreover, prices are also affected by political stability and policies of importing countries especially if the exports markets are not concentrated as is the case in Rwanda. For example, it is notable that Rwanda has not diversified its tea markets as the following destinations are buying over 68 per cent of total tea i.e. Pakistan (39.8%), United Kingdom (15.18%), and Kazakhstan (13.8%) *High mortality of horticulture seedlings:* High mortality rate of horticultural seedlings may jeopardize the plans of development of plantation mainly mango, avocado and macadamia and thereby affect the Value chain development. The mission has particularly noted that the existing macadamia seedling survival rate is low, possibly due to climatic reasons specific to Rwanda High cost of packaging materials in horticulture market remains an important issue raised by the exporters. *High cost of fertilizers:* Fertilizer costs are subject to disruptions in global value chains as well as fluctuations in exchange rate of local currencies. (see also fragility and security section) *Access to finance:* For the rural finance activities implemented with PFIs, the project in its initial years up to MTR will have an inherent risk of limited evidence for farm-level impact due to the medium/long term nature of the work. Limited uptake of HEGF: BRD has been managing PRICE supported Horticulture Export Guarantee Facility. The fund was set up to contribute in reduction of collateral related risks and also provided subsidized loan for OPEX. However, the fund encountered the challenge of low uptake by exporters in spite of the fact that many exporters showed interest in it. There is a risk if the uptake of the HEGF continues to remain low reflecting limited scope to engage smallholders in the export value chains of Horticulture subsector. *Foreign Currency Exchange fluctuations:* Tea is normally traded in USD but farmers receive payments in RWF. This poses a major risk to their earnings when the exchange rate is unfavorable.		

Risk Categories and Subcategories	Inherent	Residual
Mitigations: *Price fluctuations in the international markets:* The issue of price fluctuation can be mitigated as the exporters develop sufficient experience as well as if they are provided with sufficient market information / facilitation support. The project plans to review the horticulture market exploration study conducted under PRICE to understand comparative advantage for Rwandan exporters for key products - chili, mango, avocado, French beans etc. This study if updated and shared with exporters can provide a good idea about right time to put product in market. Also, two more interventions are planned to address the issue – i) Provision of a market facilitators who will be posted in key diplomatic missions (UK, Belgium, Dubai, DRC) to facilitate in-country market intelligence and trade procedures; ii) Promotion of brands of tea, coffee and horticulture products that display the uniqueness of the Rwandan produce. *High mortality of horticulture seedlings:* This point had been highlighted as one of the important 'lessons learnt' during the PRICE project and also raised during the mission. Following mitigation measures are suggested and need to considered during the design phase: (i) Facilitate development community-based nurseries to reduce risks during transportation and improve accessibility. It will also KM develop local skills and remedial actions can be available within community; (ii) Nursery raising will not be stand-alone activity but well linked with plantation demand from the identified target group; (iii) Considering poor survival rate of Macadamia seedlings, nursery raising will be split into community as well as private nurseries with the support of an international expert (from regular and good quality macadamia seedlings producing country like RSA); (iv) Maintenance of orchards will be an in-built component of the project, at least for first two years to ensure critical care of plants at early stage, including with grant support to invest in Efficient Irrigation Technologies; (v) The plantation work will be properly phased and plant mortality rates will be reported on annual basis to keep appropriate plan for mitigation. High cost of packaging materials in horticulture: this issue will be addressed through the Rwanda Horticulture Working Group strategies to organize bulk purchases and storage. *High cost of fertilizers:* This risk is mildly mitigated by the fact that disruption in supply chains will also lead to increase in tea prices since tea is normally traded in USD. At the local level, the industry will be supported to make decisions on whether the prices in each year are at a level that can guarantee economic returns. In a year where the benefits cannot be realized, it would not be prudent to import the fertilizers. Tea farmers will also be encouraged to routinely apply manure on their farms based on soil analysis results. In addition, a strong emphasis will be put on the use of manure as opposed to inorganic fertilizers in the horticulture interventions (see also fragility and security section) *Access to finance:* To ensure appropriate targeting and ability to measure results of PSAC activities implemented with PFIs, the targeting and lending products will be in full alignment with the PSAC value chain activities, and a specific M&E approach will be developed to measure Access to Finance short term and medium-term outputs and outcomes. *Limited uptake of HEGF:* BRD has already started working on this challenge. It has conducted a survey of 22 exporters (out of 40 horticultural exporters in the country) and identified issues as well as provided recommendations. The recommendations include - awareness generation among PFIs about banking facilities for exporters, technical support to exporters (on issues such as cost structuring, book keeping, business management, preparation of bankable proposals etc.) and multi stakeholder response for policy advocacy on high air freight and sufficient availability of airline transport / cargo facility. PSAC will support BRD to address these issues, enhance experience of exporters in dealing with markets, build capacity of PFIs in value chain financing to		

Risk Categories and Subcategories	Inherent	Residual
exporters and also engage with multi-stakeholders for advocacy. It has proposed to extend HEGF for CAPEX, thus covering major needs of exporters. *Foreign Currency Exchange fluctuations:* this is another topic to be addressed at policy level. PSAC will leverage on the optimization of the farmers' 5 per cent contribution to the tea development fund, so as to ensure stabilized take-home income when the RWF/US$ exchange rate is not favourable.		
Institutional Capacity for Implementation and Sustainability	**Substantial**	**Moderate**
Implementation arrangements	**Moderate**	**Low**
Risk(s): Limited technical capacity, governance and institutional capacities of project stakeholders can lead to slow disbursement, lower project benefits as well as delays in implementation. Restrictions related to COVID-19 pandemic may prevent movement to target areas and sustained in-field presence		
Mitigations: Overall, NAEB has already acquired a solid experience of implementing IFAD projects through the 9-year PRICE project. The PSAC team at NAEB will be filled with competent and experienced staff recruited on competitive basis. Proximity services and monitoring will be ensured via NAEB Focal Persons in each target district, as well as direct engagement with local authorities, esp. district and sector agronomists. Besides, NAEB and other Government institutions have put in place mechanisms to hold virtual meetings in case of COVID-19-related restrictions. Vaccination rate in Rwanda is among the highest in Africa, and the Government is aiming at 100 per cent vaccination among public servants.		
M&E arrangements	**Substantial**	**Moderate**
Risk(s): The PRICE M&E showed following constraints and risks– (i) The focus of the M&E system was on generation of quantitative data where as project had to depend on external studies for qualitative data and there was no specific plan for compiling qualitative data. Therefore, the team continued implementation without clear idea about qualitative progress. For a large project with centralised M&E system, not having key qualitative data poses risks e.g. high mortality of horticultural seedlings came to light almost at the end of the project and the team missed a chance to take corrective actions. (ii) The increased load at SPIU (one officer managing multiple projects) led to weak M&E of PRICE (iii) Lack of organized sharing of information in terms of regular learning events with external agencies/stakeholders to explore the possibilities of engaging with others and awareness generation among selected target group for promotion of successful ideas.		
Mitigations: the lessons learned from PRICE have guided the implementation modalities and organizational framework of PSAC (i) A comprehensive system with regular compilation of quantitative as well as qualitative data which can guide the implementation team will be developed. The qualitative data collection method will have appropriate tools to maintain consistency of data collection and analysis e.g., Annual performance assessment of enterprise-oriented producer organizations (ii) A dedicated M&E Specialist will be allocated to the project, who will work closely with the implementation team. (iii) Knowledge management and sharing will have a plan to include annual learning events, spread of project messages for wider audience and ensuring key learnings to be put into practice on regular basis. NAEB team will benefit from other IFAD learning events within the country and region through exchange of learning and developing better understanding about systems and M&E aspects. (iv) The project will build the capacity of M&E Staff as well as entire programme implementation team through training and on the job learning (during initial period) to make them well versed with the system and data collection and its		

Risk Categories and Subcategories	Inherent	Residual
use. The team will need IFAD support to learn IFAD M&E manual, good practices in other countries which could be tried out under PSAC (use of ICT), IFAD COI guidelines in planning the exercises. (v) Inclusion of periodic qualitative information collection methods in the M&E system can allow a full understanding of the reason behind some quantitative results and facilitate planning of timely appropriate remedial measures. Some specific qualitative tools will be used such as annual assessment of cooperatives (to understand capacity building needs - to be carried out by Cordaid), annual survey on horticulture plant mortality along with analysis of reasons and remedial actions etc. Considering the need, additional FGDS may be conducted. During the PRICE project, high mortality of horticultural seedlings came to light almost at the end of the project and the team missed the chance to take corrective actions. If periodic quantitative information on mortality percentages are linked with qualitative analysis to identify the reason, the risk will be reduced.		
Procurement	**Low**	**Low**
Legal and regulatory framework	**Low**	**Low**
Risk(s): The PSAC Procurement Risk Matrix did not identify any specific risks connected to the legal and regulatory framework. Public procurement in Rwanda is subject to Law no. 62/2018 governing public procurement, Ministerial Order no. 002/20/10/TC of 19/05/2020 establishing Regulations on Public Procurement, Standard Bidding Documents and Standard Contracts. In addition, the Rwanda Public Procurement Authority (RPPA) has prepared a Standard Manual for Public Procurement (Public Procurement User Guide) for the benefit of procuring entities, and it sets out all the public procurement guidelines, procurement methods to be applied and the thresholds.		
Mitigations: The 2017 PEFA assessed the effectiveness of the procurement systems, which was deemed to be aligned to international standards and acceptable to IFAD. The only limitation relating to procurement was on ‘public access to procurement information’, which has now been addressed with the recent introduction of Rwanda’s online E-procurement system (UMUCYO, accessible here: umucyo.gov.rw). This is an online portal and a point of access for Rwanda PEs, allowing to negotiate better contractual terms, realize savings and achieve value for money. It enhances transparency and standardization of electronic documents, supplier registration, authentication of information and streamlines all elements of public procurement transactions. The SPIU is now registered into the E-procurement system, where the procurement plan is uploaded, and all procurement related actions are posted online for interested parties to view. The programme will support the SPIU in terms of technical assistance through supervision and implementation support missions.		
Accountability and transparency	**Low**	**Low**
Risk(s): Transparency International scored Rwanda 53/100 on the Corruption Perception Index for calendar year 2021.		
Mitigations: Accountability and transparency risks will be mitigated by IFAD supervision and implementation support missions. Additionally, all procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, shall observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects, in accordance with paragraph 69 of the IFAD Project Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.		
Capability in public procurement	**Low**	**Low**

Risk Categories and Subcategories	Inherent	Residual
Risk(s): IFAD requires that the Government agency should have a Procurement Unit with at least 2 staff members at the design stage. The National Agriculture Export Development Board (NAEB) has a Procurement Unit which is under the Chief Finance Officer (CFO). The Unit has one Procurement Officer who handles all procurement related work and is also secretary to the Tender Committee.		
Mitigations: A Procurement Officer will be recruited to support the procurement functions for PSAC and will be reporting to the Head of Procurement of the SPIU. The Procurement Officer's procurement related responsibilities will therefore be supervised by the Head of Procurement of SPIU. At the NAEB institutional level, for the purposes of maintaining sound administrative oversight, the Procurement Officer will be supervised by the NAEB Chief Finance Officer.		
Public procurement processes	**Low**	**Low**
Risk(s): The Tender Committee of NAEB is not ad-hoc but has been established according to the law governing public procurement management in Rwanda is Law n° 62/2018 of 25/08/2018 and Ministerial Order no. 002/20/10/TC of 19/05/2020 establishing Regulations on Public Procurement, which establishes that the Chief Budget Manager of every procuring entity must appoint a public tender committee for a term of 3 years, which may be renewed only once.		
Mitigations: For the PSAC project, there will be a specific Tender Committee which will be constituted to serve the project. It is expected that the Committee will comprise technical staff that are key in the implementation of the project. Tender Committee will be appointed as per the law governing public procurement		
Financial Management	**Substantial**	**Moderate**
Organization and staffing	**Substantial**	**Moderate**
Risk(s): Under the aegis of MNAGRI, NAEB will be the LPA. However, the SPIU of IFAD funded portfolio is currently established under RAB (the LPA for all other on-going IFAD's projects). Each on-going project has 1 dedicated Accountant, hired and located at RAB, reporting the SPIU-Finance Manager. Moreover, PSAC will enlarge the portfolio managed by the SPIU bringing extra workload. Considering the above, there is a risk that un-clarity in the reporting lines as well as logistical set up and increasing portfolio complexity may lead to non-adequate FM organizational arrangements.		
Mitigations: Two (2) accountants will be hired by NAEB and funded by PSAC. Both will report hierarchically to NAEB-CFO with a functional reporting line to SPIU-Finance Manager: 1 will be logistically located at NAEB to closely support PSAC technical/operational staff and overlooking the related transactions; 1 will be located RAB mainly to overlook all other PSAC transactions coordinated by the SPIU and, partially, to provide ad hoc support to the SPIU-Finance Manager in its coordination role of the entire IFAD portfolio. FM capacity on IFAD's practices will be rapidly built counting on the experience of the SPIU and on the learning programmes provided IFAD		
Budgeting	**Moderate**	**Low**
Risk(s): Low budget credibility due to unrealistic estimates and un-clarity in roles and responsibilities in the planning process. Moreover, risk in timely budget submission to IFAD due to alignment to country procedures for national budget submission to Parliament.		
Mitigations: the budget planning process is generated by PSAC Operational Team with the contribution of the SPIU in its coordination and evaluation role. PSAC draft budget, as part of MINAGRI budget, is presented in the national envelope to Parliament on April. Therefore, it is crucial that final revisions are immediately agreed for submission to IFAD no later than mid-May (about 1		

Risk Categories and Subcategories	Inherent	Residual
month and a half earlier than the end of the fiscal year). The new AWPB will be prepared with a minimum quarterly phasing (i) to sharply monitor any duplication of activities with the closing AWPB, and (ii) to prepare an adequate liquidity plan, by quarters, to support on time and in full the implementation of the project.		
Funds flow/disbursement arrangements	**Substantial**	**Moderate**
Risk(s): The complex organizational structure imposes operational clarity to ensure timely flow of resources to PSAC. Moreover, the lack of a solid liquidity plan associated to the AWPB as well as prompt/regular submission of WA may disrupt access to funds and delay implementation.		
Mitigations: The Funds Flow chart (annexed to Design Reports) clearly outlines key responsibilities (i) to authorise opening of bank accounts (MINECOFIN), (ii) to authorise signatories to operate bank accounts (MINAGRI), (iii) to authorise persons entitled to submit WAs to IFAD via the ICP portal, (iv) to provide credentials to operate the IFMIS for accounting entries and payments approval (MINECOFIN). Moreover, quarterly submission of Interim Financial Reports (IFR) inclusive of cash forecast for next two quarter will ensure prompt liquidity phasing along both solar and fiscal year. 1 DA (in US$) and 1 PA (in FRW) will be opened at National Bank of Rwanda (NBR). Similarly, 1 additional PA (in FRW) will be opened at NBR to receive GoR cash contribution. Implementing partners, through MoUs and strong reporting framework, will secure that funds finance by IFAD will flow to beneficiaries for the intended purposes of the programme and that any residual fund will be returned to IFAD through PSAC.		
Internal controls	**Moderate**	**Low**
Risk(s): The organizational set up with cross reporting lines may pose challenges to the internal control flow.		
Mitigations: All PSAC transactions will be authorised by the SPIU-Finance Manager, the SPIU-Coordinator and NAEB-CFO as ultimate approver. NAEB-CFO will eventually delegate the authority to approve transactions to the SPIU-Coordinator within defined ceiling amounts. The Project Steering Committee (PSC) will be chaired by MINAGRI and co-chaired by NAEB and RAB. Moreover, the supporting activities carried out by the SPIU in its coordination role to PSAC will include: (i) contribution to budget planning, evaluation and monitoring, (ii) budget execution and treasury management, (iii) financial reporting to Government and IFAD, (iv) IFMIS implementation and customization, (v) coordination of internal/external audit, (vi) compliance with IFAD's processes and procedures and (vii) securing FM operational continuity relating the opening and the closing of projects.		
Accounting and financial reporting	**Moderate**	**Low**
Risk(s): The government IFMIS, mandatory for donor's funded project, has just been customized (May 2022) to be compliant with IFAD's minimum accounting/reporting requirements by component/expenditure category/financier. This is expected to reduce the excessive manual accounting/reporting operations prone to inaccuracies and errors, with immediate impact on management decision making and bottlenecks in the processing of WA from IFAD. The SPIU is not capturing yet in-kind co-financing and this may lead to an underestimation of the targets as well as of the overall resources mobilised by PSAC.		
Mitigations: PSAC will benefit from the on-going IFMIS customization led by MINECOFIN. The Chart of Account has just been modified and tested to receive entries by component/categories/financier, and the SPIU will start to use it on June. This first step is fundamental for the short term: it will allow to extract from IFMIS reliable transaction lists which will more effectively feed into manual reports. In the medium term, further customization is expected to		

Risk Categories and Subcategories	Inherent	Residual
automatically generate reports from the IFMIS, as a reliable ring-fenced system. As shared with the Auditor General, during the mission, the SPIU will start a journey on IKC mapping/evaluation/reporting, based on criteria/procedures incorporated into PIM, in order to report IKC in the Notes to the Financial Statements.		
External audit	**Low**	**Low**
Risk(s): The risk that PSAC accounts and internal controls are not adequately audited is low		
Mitigations: The internal audit to PSAC will be secured by the Internal Audit Office dedicated to the SPIU, established at RAB under the aegis of MINAGRI. The IA function will report to the PSC. Concerning the external audit, PSAC will follow the example of the ongoing projects that are all being audited by the Office of the Auditor General as mandated under the government act/law. IFAD's review on the quality of the OAG reports for existing projects indicate highly satisfactory performance ratings, with positive comments given for the level of detail of the audits and use of acceptable standards (INTOSAI).		
Environment, Social and Climate Impact	**Moderate**	**Low**
Biodiversity conservation	**Substantial**	**Moderate**
Risk(s): The expansion of cultivation areas is likely to have adverse impacts on biodiversity conservation depending on the current use of the land to which the expansion will occur. Additional risks also result from the infrastructure development that will also potentially entail land use change and clearance of vegetation.		
Mitigations: The expansion of cultivation areas will target degraded areas that can be rehabilitated as much as possible. The expansion and infrastructure development will be in non-sensitive areas and rehabilitation will be promoted in areas where vegetation will be removed.		
Resource efficiency and pollution prevention	**Moderate**	**Moderate**
Risk(s): Activities targeting improved productivity will result in increased use of agro-chemicals and water resources for the different value chains. The increased use of agro-chemicals will result in point pollution for the land and some water sources.		
Mitigations: The capacity building for the smallholders will include optimal use of agrochemicals with safe handling and disposal. Water resource use efficiency will be promoted through the soil and water conservation activities as well as the efficient irrigation systems.		
Cultural heritage	**Moderate**	**Low**
Risk(s): The expansion of agricultural production areas envisaged for the different PSAC value chains may result in encroachment on areas of cultural heritage.		
Mitigations: The project will focus on the rejuvenation and rehabilitation of areas already under production. The screening of any areas for expansion will ensure that project activities are not undertaken in any cultural heritage areas.		
Indigenous Peoples	**Moderate**	**Low**
Risk(s): The PSAC areas do not include Indigenous people's areas. The project target communities will include vulnerable and marginalized groups.		
Mitigations: The targeting approach of the PSAC will ensure the inclusion of vulnerable and marginalized community members. The GALS+ has been applied in the Rwanda portfolio and can contribute to ensuring social inclusion in PSAC.		
Community health and safety	**Moderate**	**Moderate**

Risk Categories and Subcategories	Inherent	Residual
Risk(s): Seasonal labour in some of the PSAC value chains may be exposed to health and safety risks. While potential migrant labour for the infrastructure development may increase the risks on community health.		
Mitigations: Capacity building will be provided for the seasonal labour that may be engaged in PSAC activities. The Environment and Social Management Plans at the infrastructure sites will include monitoring on health and safety aspects.		
Labour and working conditions	**Substantial**	**Moderate**
Risk(s): The working conditions for the seasonal labour are reportedly sub-optimal in most locations. The working conditions of any migrant workforce for the infrastructure development may also be below expected standards.		
Mitigations: Efforts will be made through the project ESMP to monitor the working conditions of the seasonal labour. The contracts for the infrastructure development contractors will include specific clauses on ensuring adequate working conditions.		
Physical and economic resettlement	**Moderate**	**Low**
Risk(s): No physical resettlement is expected to result from the PSAC activities. Economic resettlement may occur in areas where land use change will result from PSAC activities.		
Mitigations: The screening of the PSAC activities will ensure no physical resettlement occurs and any economic resettlement will be minimized. Besides, PSAC is actually expected to reduce migration to some level as more people will get jobs locally and follow comparatively less risky work due to project interventions, including capacity building.		
Greenhouse gas emissions	**Low**	**Low**
Risk(s): The PSAC activities will not result in any significant increase in greenhouse gases.		
Mitigations: The use of shade trees, agro-forestry and perennial tree crops that are targeted under PSAC will contribute to greenhouse gas reduction. The capacity building for the smallholders will ensure optimal use and therefore minimal GHG emissions.		
Vulnerability of target populations and ecosystems to climate variability and hazards	**Low**	**Low**
Risk(s): The PSAC activities will not increase the vulnerability of the target populations and their ecosystems to climate change.		
Mitigations: Climate change adaptation measures such as protective agriculture, use of shade trees and resource use efficiency have been integrated in PSAC and therefore the project is expected to improve the resilience of the target beneficiaries and the ecosystems in the target areas.		
Stakeholders	**Substantial**	**Moderate**
Stakeholder engagement/coordination	**Substantial**	**Moderate**
Risk(s): Producer organizations, exporters and PFIs are the key stakeholders that project is focusing on. Some of the identified risks for each of these are – Performance of producer organization may remain poor due to – weak internal governance in some of the groups, limited experience of managing enterprises and engagement with exporters, lack of knowledge about product quality requirements, neglection to role of women and youth, limited access to finance and poor infrastructure (road and transportation facilities) PFIs may not respond to improving access to value chain financing due to – their risk averse nature, lack of knowledge and tools for value chain financing, issues of liquidity, limited or no experience of dealing with exporters (especially true for MFIs).		

Risk Categories and Subcategories	Inherent	Residual
Performance of exporters may not be competitive due to - limited experience of export (esp. true for horticulture), weak enterprise management systems (e.g. record keeping), limitations in handling issues of logistics, weak market information, financial constraints, difficulties in producing product of export quality and at scale. As the project is also moving from PRICE and focusing on competitiveness of value chains, the response of GoR as a major stakeholder is crucial. Gaps in its response may lead to poor outcome.		
Mitigations: PSAC has planned mitigations through capacity building of stakeholders along with market-oriented coordination and facilitation. It is engaging technical partner agencies (e.g. Cordaid) to strengthen skills and capacities. It will carry out regular assessment of producer organizations and also develop capacity building modules (around possible risk causing issues). It will attempt to create smallholder power in markets through aggregation and reduce vulnerability of individual / small groups of smallholders. It is also ensuring representation of smallholders in multiple stakeholders' forums (such as sector working groups). The project will work with identified PFIs and build their capacity of assessing value chains and develop understanding about financing needs. To reduce risks, it has created performance-based grant facility, horticulture export guarantee facility and also helping PFI to try out innovative financial products. It is also engaging PFIs with different credit lines to reduce the risks of liquidity. For exporters, the plan is to provide market facilitation to reduce the risks of unsettled bills from unscrupulous buyers and provide market intelligence. It provides opportunity for exporters to directly engage with producers / producer groups and train them about product quality, export requirement, certifications etc. so that strong and sustainable supply chain developed. The project will be operated in close association with Ministry of Agriculture and NAEB which will help in influencing key stakeholders to address key policy advocacy issues in line with National Agricultural policy and PSTA 4.		
Stakeholder grievances	**Moderate**	**Low**
Risk(s): Potential conflicts may arise among members of Producer Organizations, between outside workers and local community, between smallholder producers and off-takers/exporters, etc. In this situation, Grievance procedures are required to ensure that Project Affected Persons (PAPs) are able to lodge complaints or concerns, without cost, and with the assurance of a timely and satisfactory resolution of the issue. The procedures also ensure that the entitlements are effectively transferred to the intended beneficiaries		
Mitigations: Grievance Redress Mechanisms (GRMs) will be put in place at PO level (cooperatives, community-based nurseries, out-grower schemes, Coffee Washing Stations CWS, tea factories, etc.). The entry point for GRM will be NAEB focal persons at district level and the Gender and Social Inclusion Specialist will be appointed to follow up the GRM process. A Free Prior and Informed Consent (FPIC) process will be conducted with those POs ahead of any project investment that may affect the target beneficiaries.		