Final Evaluation of

ACDI/VOCA
Rwanda P.L 480, Title II Monetization Development Program (2000-2005)

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List of Acronyms

ACDI/VOCA or A/V	Agricultural Cooperative Development International/Volunteer Overseas Cooperative Assistance
ADAR	Assistance à la Dynamisation de l'Agriculture au Rwanda (Chemonics Int. USAID project)
ADP	Area Development Program
ADRI	Association de Développement Rurale Integrée
AJENI Association	Association des Jeunes Pour des Nouvelles Initiatives Communautaires
APROJUFUGI	Association des Producteurs de Jus de Fruits de Gishoma
APREKA	Association pour la Promotion de l'Education dans le District de Kayove
ATDT	Agricultural Technology Development & Transfer Project (USAID funded project – International Center for Tropical Agriculture (CIAT))
BRD	Banque Rwandaise de Développement (Rwandan Development Bank)
CDC	Community Development Council
COOPAC	Coopérative pour la Promotion des Activités - Café
COVEPAR	Coopérative de Valorisation et d'Exportations des Produits Agricoles Rwandais (Manioc flour) in Butare (PEARL leadership)
COPIBAL-KIVU	Coopérative pour la Promotion de la Pisciculture Integrée dans les Baies du Lac Kivu
COPROVAB	Coopérative pour la Promotion et la Valorisation de la Culture de Blé
CPCRB	Coopérative pour la Promotion de la Culture du Riz dans le District Bugarama
CRS	Catholic Relief Service
CSR4	Cooperating Sponsor Results Report and Resource Request
DAP	Development Activity Program (USAID FFP programs, PL 480)
DCHA	Democracy, Conflict, and Humanitarian Assistance Bureau of USAID
FANTA	Food and Nutrition Technical Assistance (USAID funded project technically supporting FFP programs)
FRMG	Food Resources Management Group
FfP	Food for Peace
FfW	Food for Work
GIS	Geographic Information Systems
GOR	Government of Rwanda
ICRAF	International Center for Research in Agro-Forestry
IEE	Initial Environmental Examination
IPTT	Indicator Performance Tracking Table
ISAR	National Agricultural Research Institute of Rwanda
LOA	Life of Activity
MINAGRI	Rwandan Ministry of Agriculture (and Livestock and Forestry)
MOU	Memorandum of Understanding
PEARL	Partnership for Enhancing Agriculture in Rwanda through Linkages (USAID funded project-MSU, Texas A&M))
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
RAVAC	Regroupement des associations pour la valorization des cultures in Butare
REAP	Rwanda Emergency Agricultural Recovery Program (PEARL technical leadership)
SOTIRU	Société des Travaux Industrielles du Rwanda
SO3	Strategic Objective #3 (USAID)
SOW	Scope of Work
SWC	Soil & Water Conservation
TAP	Transitional Activity Program
UNICOOPAGI	Union des Coopératives Agricoles de Gikongoro

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Foreword

I wish to take this opportunity to thank the ACDI/VOCA Rwanda team for their hospitality and active support during my sixteen days in Rwanda. Most of this time was spent traveling through the country visiting one cooperative or association after another whose members had received a food security grant. ACDI/VOCA staff who accompanied me on this travel included Safari Karitanyi, M&E Coordinator, and Xaverine Uwimana, Project Analyst, to the Butare, Gikongoro, and Cyangugu regions. Safari Karitanyi again traveled with me, with Isabelle Mafurebo, Grants Program Coordinator, to Ruhengeri, Gisenyi, and some sites near Kigali. I appreciated Chief of Party Paul DeLucco taking the time to accompany us in travel near Kigali and for the time both he and Barry Elkin spent after hours on weekends discussing issues within the program. This team and its partners have achieved significant results within a challenging working environment in Rwanda. It is a daunting task for an outside consultant, in a few brief days, to attempt to give a fair and balanced evaluation of program accomplishments of so much effort expended over a period of five years. Much could be written about what I saw and discussed among the scores of small farmers, and their leaders, whom I met. Seeking to be brief and concise, some noteworthy accomplishments may not receive the attention they deserve. Yet, it is my hope that this report will underline just how much **has** been accomplished, while also pointing towards areas that probably should be addressed if even greater impact is to be attained during the next five years, beginning February 2005.

0.0 Executive Summary

This report presents the results of the final evaluation of ACDI/VOCA's five-year (2002-2005) $8,358,321 Development Activity Program (DAP) in Rwanda, undertaken during a two-week period in Rwanda between August 24 and September 30, 2004. Travel to all of the major regions in which ACDI/VOCA has been active permitted the consultant to meet with leaders and members of both very successful and less successful cooperatives and associations receiving Food Security Grants.

This project was actually two substantial projects in one. One sub-project took the leadership of the Food for Peace, P.L. 480 monetization program in Rwanda. Development activity programs for World Vision, Catholic Relief Services, and for ACDI/VOCA itself, were made possible through the selling of U.S. vegetable oil through closed bid auctions to wholesale traders throughout the country. The second sub-project undertook a number of agri-business development initiatives through cooperatives and associations in an ever expanding number of agricultural sectors – coffee, tea, wheat, rice, dairy processing, manioc, Bird's Eye Chili peppers, and others. Through these efforts, thousands of small farmers linked to these cooperatives and associations found access to inputs and improved markets for their produce. Support in road rehabilitation, training, and linkages to the commercial banking sector were channeled to reinforce these efforts.

This was ACDI/VOCA's first DAP within Rwanda. The flexibility built in to the original proposal, combined with an experienced leadership team, permitted the program to evolve and take advantage of opportunities and establish partnerships as these arose. How the ACDI/VOCA Rwanda in-country team was able to achieve the results it has, with as small a number of people as they had is a testament to a clear sense of priorities and focus. A solid foundation of experience and partnerships has been established upon which future activities may build. At the same time, the broad brush of achievements, to be sustainable, now requires much greater attention to details that have not yet been sufficiently explored or developed. The real challenge for future activities for ACDI/VOCA in Rwanda will not be to continually add yet more cooperative grantees, but to deepen relationships with the cooperatives and associations already worked with through greater attention to financial and business management skills required for their ultimate success as agribusiness entities.

This report focuses on overall accomplishments and lessons learned in addressing Rwandan food security issues. Recommendations are also given at the end of each major sector. These recommendations may be helpful to ACDI/VOCA as it continues to build on the foundation established in this DAP for the new phase beginning in February 2005.

0.1 Overall Impact of Project

ACDI/VOCA, through the various components of its project in Rwanda, has been successful in improving the food security of at least 192,000 people in some of the poorest regions of the country. In doing so, it has also contributed directly to USAID/ Rwanda's Strategic Objective #3 of increasing the ability of rural families in targeted communities to improve household food security. This has been accomplished principally through some highly successful agribusiness support efforts. Through early focus on a number of Rwanda's key sectors for potential growth, this DAP has had impact far beyond its initial modest intentions and scope. Of the many achievements which can be attributed directly to ACDI/VOCA Rwanda initiatives, and which are discussed in greater detail within this evaluation report, the following are particularly noteworthy:

- **Local Currency Generated for Rural Development**. Through ACDI/VOCA's efforts as lead monetization agent in Rwanda for donated U.S. P.L. 480 vegetable oil, World Vision has received $4,324,397, Catholic Relief Services $4,294,847, and ACDI/VOCA itself $6,103,386, for a grand total of $14,722,630. These local currency resources have permitted these organizations to initiate a multitude of economic development opportunities for men, women and children throughout the country.

- **Leveraging of Commercial Bank Funds to Support Rural Development.** During the life of this project, ACDI/VOCA Food Security Grants of $626,075 to thirteen cooperatives have already leveraged 17 commercial bank loans totaling $2,702,487. In addition to this, grant funds provided to wheat and tomato cooperatives were directly responsible for several value-chain partner private sector firms (SOTIRU, SORWATOM) being able to acquire commercial loans to launch their business ventures. For example, BRD provided a 200 million RFr. loan ($344,827) loan to help launch Venant Kabandana's wheat mill in Gikongoro. Leveraged funding for these cooperatives already exceeds five times the grants received, and as repayments keep on schedule, continued future loans from these banks will continue to increase the impact of the initial grants long after the project has departed.

- **New Competitive Practices Learned and Applied by Rwandan Traders**. In the process of monthly sales of 17,320 metric tons of vegetable oil over the past five years, 308 large and small wholesale traders in Kigali and several regional centers have become familiar with new competitive bidding procedures involving sealed bids and strategies for pricing bids. This has not only helped regional traders to have access to a highly valued commodity, but introduced a new system for acquiring and selling commodities that can be transferred to other commercial sectors. Of particular importance could be future competition within the important and volatile agricultural input sector, which itself needs to be better integrated into the newly evolving private sector within Rwanda.

- **New Economic Opportunities.** At least 37,677 group members (58% women), representing an estimated 192,439 individuals, <u>are beginning to experience</u> increased economic opportunities and incomes as a direct result of the grants program. This is almost 400% higher than the LOA targets initially established for project beneficiaries**.** Nor do these numbers include those benefiting from rehabilitated roads, the thousands of individuals, mostly women, who will now find 3-4 months of off-farm seasonal employment each year through the coffee washing stations, drying and processing of chili peppers and manioc, the hundreds of newly employed laborers associated with rejuvenated wheat mills, a tomato paste manufacturing factory, and a dairy processing center. Most cooperatives have grown in membership during the life of the project.

- **Increasing Incomes to Small Farmers in Remote Rural Areas and Fair Trade.** ACDI/VOCA has provided significant leadership in linking Rwandan coffee cooperatives with Fairtrade Labeling Organizations International (FLO) Coffee representatives in Europe and the United States. Farmers, for the first time, are being paid competitive prices for their products and are realizing subsequent dividends from their cooperatives as sales are completed and funds returned for profit-sharing. Receiving dividends is unheard of in Rwanda, and is causing rising excitement among farmers to produce more and better coffee and other commodities for future years. Fairtrade Coffee is in the process of saving the livelihoods of thousands of small farmers in Rwanda. Grant funds provided to five associations for the construction of modern coffee washing stations have made it possible for thousands of small farmers to benefit from Fairtrade coffee agreements which are bringing ten fold increases in prices for coffee beans. In addition to this, **each** station employs 400-600 employees, mostly women, during months of operation each year, injecting much needed additional financial resources into cash-poor communities. New efforts to help thousands of tea farmers can be expected to have a similar impact.

- **Match Maker and Creator of Symbiotic Relationships.** ACDI/VOCA has been instrumental in (1) helping associations organize to produce key quality commodities, and (2) in linking these groups to private sector commercial ventures dependent on these commodities. One example of this has been in helping to train hundreds of wheat growing associations, with over 3,000 member households in Ruhengeri, and organize into the new COPROVAB cooperative, and then linking this cooperative to the SOTIRU wheat mill in Ruhengeri. A/V is also in the process of doing likewise with Venant Kabandana's new wheat mill in Gikongoro. The new wheat varieties being promoted with farmers will allow these mills to be competitive within the region, permitting not only a decrease in wheat/flour imports into Rwanda, but the possible development of a small regional export market as well (Tanzania, DRC). Another example has been in helping to organize tomato growers near Kigali to furnish tomatoes to the newly relaunched SORWATOM tomato paste factory – another initiative with regional ambitions.

- **Increased Availability of Agricultural Inputs.** Availability of agricultural inputs and the need by associations and cooperatives for <u>up-front capital</u> to purchase and deliver such inputs for the use by their members has been a long-term constraint to increasing agricultural productivity within Rwanda. Yields of most improved varieties of crops, whether this is rice, wheat, coffee, tea, maize or beans can not be achieved without the timely application of the right inputs. ACDI/VOCA has been very supportive through its grants program in helping associations acquire inputs and in their distribution to farmers. This was observed, for example, in Ruhengeri, where COPROVAB has been able to acquire inputs and distribute these to its vast network of wheat farmers. Similar systems are being set up with five associations of tea growers, and have been in place for two years for the large C.P.C.R.B. association in Cyangugu for rice production, with over 600 members. Inputs are also provided through the seven coffee associations with their thousands of members.

- **A successful grants awarding system was put into place that included the creation of a Food Security Grants Review Committee**. ACDI/VOCA gave consistent leadership in proactively seeking out the best potential clients as recipients for grant awards, while remaining flexible and attentive to USAID, GOR, commercial banking and other private sector council with respect to awarding grants.

- **Thirty-nine Rwandan cooperatives or specific associations have been awarded one or more grants for a total of $1,519,098,** representing fifty-nine separate grants. Actual awarding of grants represented the end of a long process which involved initial review of numerous proposals, establishing criteria for review, undertaking field visits to verify objectives with local civil leaders and group members, developing networks of partners, and, in many cases, helping groups develop three year business plans. Once awarded, A/V efforts continued with each throughout the remaining life of this DAP, monitoring use of funds and seeking to assess impact.

0.2 Recommendations

In reviewing achievements and lessons learned for the various project components, a number of recommendations have been made to both USAID and ACDI/VOCA as initiatives for the new DAP to begin in February 2005 are contemplated and initiated. Some of the major recommendations from within this document are listed below. To better understand the context of these recommendations, with a fuller discussion, review of the document will be necessary.

Program Management and M&E

(1) Revise program organogram. Differentiate clearly, within the project organogram and position descriptions, between personnel working within the monetization program and those working with ACDI/VOCA's implementation of development activities. Place the M&E Coordinator position as a position directly linked to the COP, with responsibilities covering the entire program. Then develop the M&E system in such a way that program personnel 'further down' the organizational chart are responsible for monitoring and reporting on key indicators linked to their own areas of responsibility. The M&E coordinator will draw this information together for reporting purposes and program monitoring and management purposes.

(2) Review and possibly revise position descriptions for all staff, with the staff concerned, and verify that clear delegation of responsibilities are given, with expected outcomes defined. Within the development activities component of the program, consider reorganization of lines of responsibility by creating specific 'grants manager' positions. Current project analyst, grants coordinator, post-grant coordinator positions could be redefined as 'grant managers'. No one grants manager should be responsible for more than 3 or 4 grantees – of similar kinds. This person could be responsible for the oversight of the <u>entire process</u> from initial grantee application, to initial site visit, support in developing an appropriate business plan, and in performance monitoring and over-all grant coordination and oversight to the grantees. Regular group meetings between these 'grant managers' would permit input from colleagues on similar issues being faced. These A/V staff would themselves require additional training to broaden their expertise and understanding of their oversight responsibilities, particularly in communication financial accounting and business-management skills.

(3) Involve A/V local personnel in defining those types of information which are truly indicative of the goals and objectives of the project and for which data can be obtained in a consistent manner. To the extent possible, these data should be acquired by A/V personnel working with direct beneficiaries of the program, and not through periodic surveys sub-contracted to outside parties.

(4) ACDI/VOCA may wish to consider providing more intensive, hands-on, in-house training at the field level with the various groups being worked with. Financial and business management skills take time to acquire. And it takes experience with the output of good (transparent) financial reporting for group leaders and members to appreciate the value of such a resource and how to use it for improving accountability and management. ACDI/VOCA staff themselves should also receive the financial and business management skills expected of the financial accountants and business planners of cooperatives so that they, as program leaders, may provide on-going training to A/V grantees. This would be particularly important if A/V should adopt the grants management approach recommended in this evaluation.

(5) As the new DAP begins, it is strongly recommended that an initial workshop be held for ACDI/VOCA Rwanda team members. The workshop would reconsider and reevaluate, based on team experience, the proposed 2005-2009 IPTT indicators alongside other available information, including indicators which would be of particular importance within USAID's SO #7. An alignment of such indicators should be considered, with clear indication of who would be responsible for acquiring such information within the program. Doing this would result in greater team ownership of the M&E system and understanding about the importance of having such information in a timely manner. A/V may wish to bring in an outside consultant to help lead this workshop effort, much like USAID does in supporting the development of performance monitoring plans (PMP) for their own programs. The accountability and greater rigor this would bring to ACDI/VOCA activities would enhance program results and impact, and give greater focus towards sustainability.

(6) Review and revise the 'Recipient Agency Agreements' that A/V signs with cooperatives and associations receiving grant funds. Particular attention must be given to both reporting requirements and length of commitment to such an engagement. It would be prudent to actually specify several data types specific to the commodities being worked with that must be received regularly from the program that can be used in regular A/V monitoring needs. The generic wording of current forms does not provide the kind of information cooperatives need to have in order to clearly understand their specific obligations for information and data reporting. If possible, commitments for information partnering should be for at least two to three years beyond the date of final spending of a grant received, and for each subsequent grant, if awarded.

Increased Production and Processing of Target Crops and Commodities

(7) Reconsider ACDI/VOCA's approach to the distribution of inputs. A/V, whose current policy encourages cooperatives to by-pass local traders supplying inputs, would do better to look at the entire value chain for each commodity it works with and find strategies that help such traders become more competitive. Rather than giving contracts to suppliers outside the region to bring in supplies, ACDI/VOCA could stimulate local economies by linking cooperatives and associations with local input suppliers. Because ACDI/VOCA grant funds almost always include substantial line items for inputs, tenders for specific quantities could be put out for bid by recipient cooperatives or associations (not A/V itself). Helping develop linkages between input suppliers and cooperatives would be one of the tasks of grant managers overseeing specific programs.

(8) Have it be a conscious policy to align all future road rehabilitation programs directly with specific transportation needs and constraints identified with cooperatives or associations receiving ACDI/VOCA grants. This will create a synergy between these two components of the program and better focus limited resources in this area.

(9) For road maintenance, consider dealing more directly with agribusinesses (and not just farmers or local authorities) benefiting from the improved roads, including in particular the associations and

cooperatives being supported through the grants program. Such groups might be convinced to commit resources to such maintenance under the leadership of the local chamber of commerce or other respectable entity. Signs along the road could be put up recognizing the civic role specific groups are playing. Without such support, however, A/V would **not** be advised to repair structures they have already repaired once before.

(10) Given the current poor quality of data being acquired by the project, and the substantial investment in time and resources that would be required to actually develop GIS data bases and use them, it is **not** considered advisable for ACDI/VOCA to acquire its own ARC/VIEW system or provide additional training as it begins its new DAP in February 2005. It might be useful to engage RNU once again within two or three years to undertake the impact study that they have suggested within the road system already completed. Simpler and less-expensive mapping software might be considered using off-the-shelf available maps for use in project reports.

Increase Household Incomes through Expanded Agribusiness Opportunities

(11) A/V Food Security Grant proposals need to consider more carefully the long-term support each group receiving grants will require if they are to become sustainable. The economic value-chains linking producers with final markets for each commodity need to be considered in greater detail. Efforts then need to be made with respect to not only production and harvesting of specific commodities, but also the continued availability of inputs required and identification of markets.

(12) Reconsideration should be given to the principal that 'no international NGO may receive indirect costs for services provided to agribusiness cooperatives and associations'. These latter local groups, if they are to be successful, and A/V grant resources given to them not be wasted, **must** receive appropriate assistance in financial accounting and business management hands-on training. Local groups currently providing these services do not themselves have the appropriate real-life experience to successfully provide the needed training.

(13) Consider developing a working relationship with the Rwanda National University in Butare to create one specially designed course in financial accounting and small-business management for agribusinesses. This course would include a 4-5 month internship working for one of the ACDI/VOCA grantees –living on-site. Such a class would help develop a group of professional young people with the practical skills so greatly needed by the growing number of agribusinesses in Rwanda.

(14) Continuation of the Food Security Grants advisory committee into the future DAP would be beneficial, though continued care must be exerted to assure that special interests of individual members do not influence choice of grant recipients or lower expectations towards full privatization.

(15) Better definition of the objectives to be reached in the process of providing grants to cooperatives and associations needs to been achieved. This will in turn help clarify strategies and policies needed for eventual disengagement from specific groups. In defining such objectives and strategies, A/V should include the expert advice of the leaders of their more successful efforts to date (La REINE, COOPAC).

(16) During the new DAP, ACDI/VOCA will want to continue to expand its relationships with the three commercial banks (Rwanda Development Bank, Bank of Kigali, *Banque Populaire*) who already provide loans to Food Security Grant cooperative recipients. A/V will need to continue to advocate for reducing the exorbitant 16% + interest rates currently charged these cooperatives for this credit - in line with the good credit repayment history being established by A/V grantees and the reduced risk the banks are facing because of A/V partnership. At the same time, A/V needs to continue to seek credit support for associations and cooperatives that have not yet begun to receive such help.

(17) It would seem appropriate that USAID/Rwanda reconsider its position that some Food Security Grant funds could be set aside as loan guarantees for some future initiatives. Three commercial banks now know ACDI/VOCA, and respect what they are accomplishing in rural Rwanda to energize agribusiness activities. Having an option for loan guarantees for some grantees who may lack sufficient collateral

could both expand the impact of the overall A/V program while reducing the direct need to disburse over one million dollars in grant funds to associations and cooperatives each year.

(18) ACDI/VOCA needs to improve its tracking and reporting of cumulative (and continuing) commercial bank lending to cooperatives and associations who have received Food Security Loans – linking this to cumulative grants received from A/V.

(19) Return to quarterly meetings between monetization partners. There should be mutual agreement on the kind of reporting each party will furnish the other, and each group must be held to account to then comply with such reporting. Some system of reporting accountability needs to be established. An agreement should be reached between the three parties about the frequency and duration of such meetings for the future DAP. It is also recommended that a representative from USAID be present at these meetings so as to keep informed on this side of the project. Reporting by ACDI/VOCA to WV and CRS, as illustrated in the Umbrella Monetization Reports should continue. Reporting back from WV to CRS needs to greatly improve over that experienced during this DAP.

(20) Because receiving timely reports from grantees and program partners has been such a problem for ACDI/VOCA in this DAP, develop a monitoring system in the new DAP to track timely reporting of project deliverables (quarterly reports, annual reports). Appropriate, mutually agreed upon measures should be taken in the event of future failure to comply in a timely manner.

(21) For commodity monetization, give greater attention to early call-forwards of commodities and the stock positions of partners within the new DAP through consistent quarterly meetings and reports. Experience in this DAP umbrella monetization program has demonstrated the importance of forward planning and commodity call-forwards prior to planned project implementation start-up.

0.3 Conclusions

ACDI/VOCA found its *raison d'être* in Rwanda when it narrowed its focus and priorities to the encouragement and support of associations and cooperatives in becoming competitive agri-businesses. All program components and resources became means towards moving this agenda forward. Important support has been provided by ACDI/VOCA through its food security grants program to 34 Rwandan agri-business cooperatives and associations, effecting thousands of small farmers throughout the country. Yet few of these cooperatives or associations have yet developed the business skills to be sustainable. For the efforts initiated to be sustainable, long term commitment is required to see these groups attain the ability to maintain transparent financial records showing correct accounting of profits and expenses. They need to become successfully linked to both local input suppliers and commercial markets. How long such commitment should last will depend on the nature of each organization, but monitoring for at least one year beyond successful establishment of these criteria would seem reasonable.

Timely reporting and consistent collection of good data to monitor impact within this project has not been given the importance or attention deserved. Every group associated with this P.L. 480, Title II program, whether this is ACDI/VOCA itself, its USAID partners PEARL or ADAR, or World Vision, has had difficulty in providing these. Without good information, it is difficult to properly manage a program or to know where resources are being spent most effectively. Because of this, it would be helpful, during the future DAP, to give this greater focus. This could become one of the duties of the COP.

ACDI/VOCA
Rwanda P.L. 480, Title II Monetization Development Program (2000-2005)

1.0 Introduction

This report presents the results of the final evaluation of ACDI/VOCA's (A/V) five-year (2002-2005) Development Activity Program (DAP) in Rwanda, undertaken between August 24 and September 30, 2004. As stated in the evaluation scope of work, the purpose of this program evaluation is to "*analyze life of program achievements*", "*assessing and documenting the relevance, performance, accomplishments, and where possible, impact of ACDI/VOCA's (A/V) activities with respect to project objectives in monetization and development*" (cf. Annex 1: Final Evaluation Consultant Scope of Work).

This report is divided into three major sections. Program administration, with its linked monitoring and evaluation activities, is reviewed under section 2.0. Section 3.0 gives a discussion of life-of-program accomplishments and impacts, following the same format used by ACDI/VOCA itself in its annual Cooperating Sponsor Results Report and Resource Requests (CSRS4) to Food for Peace and USAID. Section 4.0 considers some of the lessons learned through this DAP and issues of sustainability of the activities pursued. Recommendations are provided at the end of each major sector for ACDI/VOCA and USAID/Rwanda consideration as plans are made and initiated for the signed new ACDI/VOCA DAP 2 program, beginning in February 2005. These recommendations are focused towards the implications of the current DAP in addressing Rwanda's food security and continued future activities. Six annexes provide supplemental information and details not given within the report itself. Rather than inserting tables at different places within the text of this evaluation, these have all been placed in one location, under Annex 5. The reader should expect to refer frequently to this annex in particular to understand many of the details that are provided within the body of this document.

1.1 Background

Each A/V CSRS4 annual report has included the following summary statement of ACDI/VOCA's P.L. 480, Title II monetization development program in Rwanda:

> "*On January 31, 2000, the USAID office of Food for Peace (FFP/W) approved a five-year Development Activity Program (DAP) submitted by A/V for the monetization of 5,634 metric tons of donated refined vegetable oil (in 4-liter tins) primarily through auctions. At the time, the five-year total estimated budget for the approved DAP was $9,200,000 including estimated sales proceeds, 202(e), and USAID/Kigali Development Assistance (DA) funding. With the slump in vegetable oil prices on the world market, however, monetization sales produced less revenue than expected and, consequently, in 2001 the Life of Activity (LOA) budget was re-estimated at $7,730,000*" (A/V Fiscal Year 2003 Results Report: 1).

World Vision, Catholic Relief Services, and ACDI/VOCA have together been implementing FfP program support in Rwanda for the past five years – but with different approaches. Monetized funds from the local sale of vegetable oil have provided the local currency budget permitting World Vision, CRS, and ACDI/VOCA to operate. World Vision and Catholic Relief Service activities among Rwandan populations in their zones of intervention have included a significant Food for Work (FfW) component. Food (corn, beans, vegetable oil) have been given out as 'payment' for the construction of bench terraces upon hillsides of farmer participants, work on horticulture and irrigation projects, or for the building of farmer to market roads. ACDI/VOCA, itself, has not been involved with FfW, taking what it considers to be a more proactive and sustainable approach to rural development by helping selected Rwandan associations and cooperatives expand their agribusiness pursuits, increasing the incomes of thousands of small farmers throughout the country in the process.

As a Food for Peace (FfP) Washington DC driven USAID program, an Indicator Performance Tracking Table (IPTT) with a series of process and impact indicators were designed by A/V headquarters as part of the original DAP submission for project management to monitor and include in annual CSR4 results reports. These indicators were intended to measure this DAP's contribution to addressing the root causes of Rwanda's food insecurity. The local USAID/Rwanda mission was delegated the responsibility in local oversight, on behalf of FfP, of progress of this project. With its own strategic framework for its own funded activities within Rwanda, USAID/Rwanda has worked with in-country government and private sector partners in establishing a set of activities (intermediate results [IR] and sub-IRs) to address these strategic objectives.

FfP/Washington goals of addressing food insecurity issues within Rwanda and the USAID/Rwanda's goal to "*improve the food security of rural households in Rwanda*" have been complementary and mutually supportive. Figure 1 represents a reformatted and modified version of an ACDI/VOCA M&E chart illustrating the alignment of A/V project activities to USAID/Rwanda's strategic framework.

ACDI/VOCA activities within Rwanda during this DAP have included two sub-projects:

ACDI/VOCA

Rwanda Monetization Agent

Development Activities

(1) Sole monetization agent for three 100 % monetization programs. In 1998, USAID encouraged World Vision (WV) and Catholic Relief Services (CRS) to accept ACDI/VOCA (A/V) as the sole monetization agent for them, as well as for A/V's own development orientated activities. Therefore throughout this DAP, since February 1, 2000, A/V has taken leadership in the monetization of P.L. 480 Title II Food for Peace commodities within Rwanda. Through A/V's monetization efforts, World Vision has received $4,324,397, Catholic Relief Services has received $4,294,847, and ACDI/VOCA itself $6,103,386, for a grand total of $14,722,630.

(2) Development Activities. ACDI/VOCA led in promoting development activities among associations and cooperatives. Such activities were broken out into four major categories: Soil & Water Conservation, Association Development, Farm-to-Market Road Rehabilitation, and Food Security Grants. Target beneficiaries of at least 50,000 were to include 'farmers, traders, processors, or transporters' (A/V M&E Plan, 2002:7). Total expended funds for this program were $2,674,058 (see below).

At the time of this evaluation, A/V project records indicated that actual LOA resources received and expended for the implementation of its monetization and development activities were $8,358,321. Of this, $6,103,386 came from proceeds of monetization, $1,527,252 from 202(e) funding, and $727,682 from USAID Development Assistance funding (c.f. Annex 6, Table 5). The breakout of program funding for major component activities is summarized below:

Monetization Agent and A/V Office Expenses:	$3,094,425
Development Activities	$2,674,058

- Soil & Water Conservation: $100,000
- Association Development: $200,000
- Farm-to-Market Roads: $450,000
- Food Security Grants: $1,924,058

Total ACDI/VOCA DAP Program Expenses from monetized funds:		$5,768,483
Balance at end of Project (local currency):	$ 334,903	
Total of ACDI/VOCA Monetized Resources:		$6,103,386
Total of US $ Hard-currency Resources Spent (A/V TA salaries/benefits, overhead):		$2,254,935
Grand Total DAP Resources:		$8,358,321

The original ACDI/VOCA project document outlined three overall project objectives with seven specific sub-objectives (referred to as 'interventions'), which, in the approved DAP, were rephrased in the following manner:

Goal 1: Increase production and processing of target crops and commodities
Intervention 1a: Restore, improve, and protect cropland through Soil and Water Conservation (SWC) measures
Intervention 1b: Increase access to improved production technologies and use of factors of production
Intervention 1c: Improve post-harvest handling of crops and access to markets

Goal 2: Increase household incomes of targeted population through expanded agribusiness opportunities
Intervention 2a: Strengthen the capacity of farmer groups to engage in agribusiness
Intervention 2b: Strengthen the capacity of agribusinesses to negotiate and service agricultural loans

Goal 3: Support and strengthen the marketing and distribution system needed to provide food to the Rwandan population through monetization
Intervention 3a: Increase availability of basic commodities through Title II
Intervention 3b: Strengthen and support the marketing and distribution system

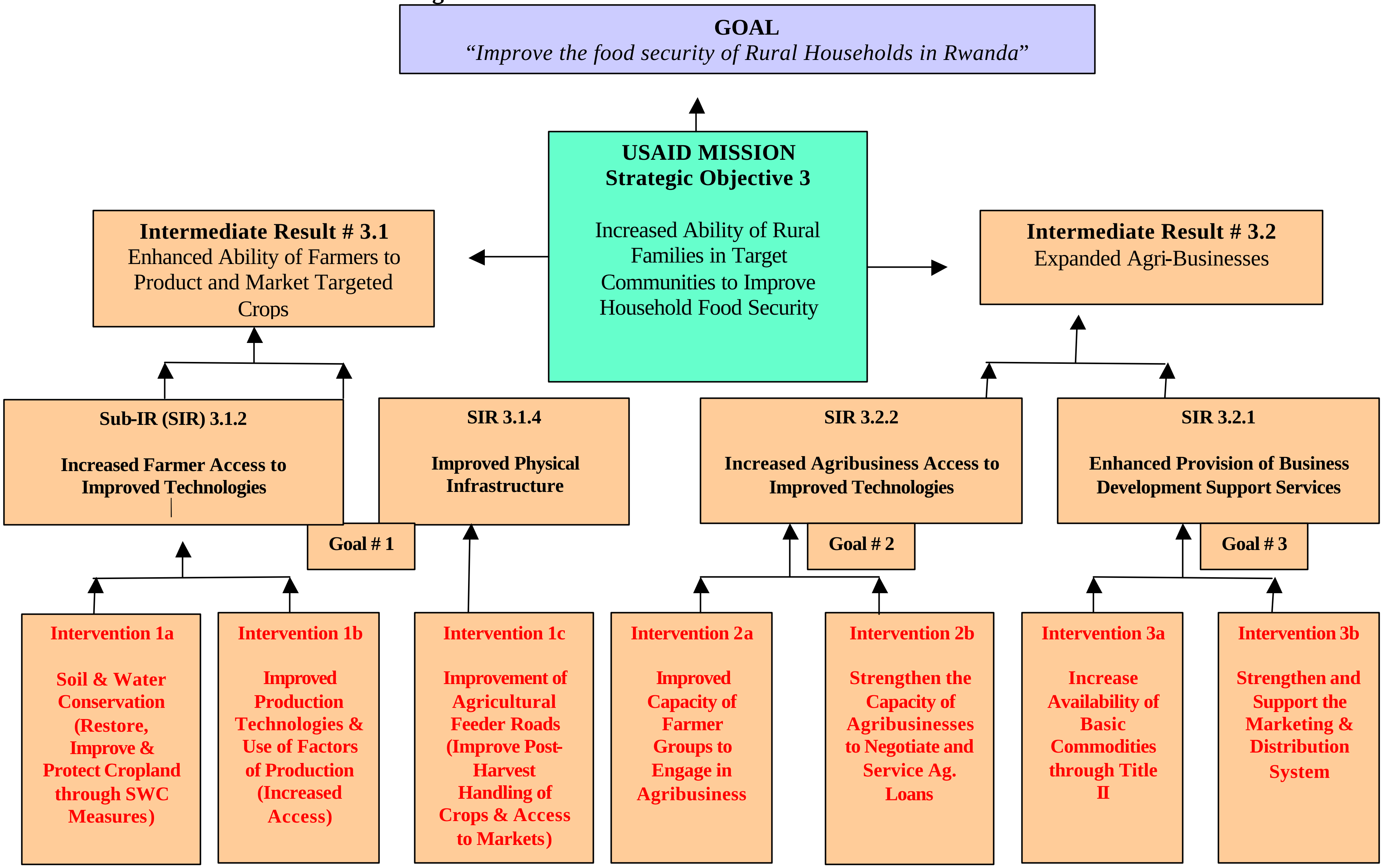
ACDI/VOCA

Rwanda Monetization Agent
(Goal 3)

Development Activities
(Goals 1 & 2)

The relative importance of these objectives, as a percentage of the project budget, evolved during implementation as the realities of field situations and opportunities became evident. During the first two years of the project, Goal 1 activities were largely independent and separate, both spatially within the Kibingo District and financially, from Goal 2 food security grant activities which were taking place throughout the country. Goal 1 activities also required a level of direct field involvement beyond the resources of A/V to effectively staff and support, while also based upon assumptions of field realities which turned out to be wrong. Food-for-Work activities within the Kibingo District over the past decade by other organizations (e.g. World Food Program) have resulted in farmers unwilling to take personal initiatives in improving soil-conservation measures like terraces or tree planting upon their own land, without being <u>paid to do so</u>, or being given, <u>at no cost</u>, tree seedlings and other vegetative barrier materials. Such orientations, combined with weak local civil support, made working with farmers difficult, since on-going programs by other organizations continued to promote this system of dependency.

Figure 1: Rwanda ACDI/VOCA DAP 2000-2004 Results Framework[1]



[1] This is a reformatted and modified version of Chart 1: Integration of ACDI/VOCA with USAID/Kigali and FFP Objectives., found in *ACDI/VOCA Monitoring & Evaluation Plan, January 2002*. Intermediate Results and SIRs identified by USAID/Rwanda.

The flexibility built into the project permitted ACDI/VOCA management to move towards greater focus on Goal 2 activities made possible through the Food Security Grants program. This resulted in diminishing direct involvement by ACDI/VOCA in-house personnel, at the field level, in the general agricultural production activities of Goal 1 within Kibingo District. To the extent that Goal 1 soil and water conservation activities have continued to be important during the final years of this DAP, they have been implemented – by sub-contracted partners - within the context of associations and farmers directly involved with specific agri-business support activities within Goal 2.

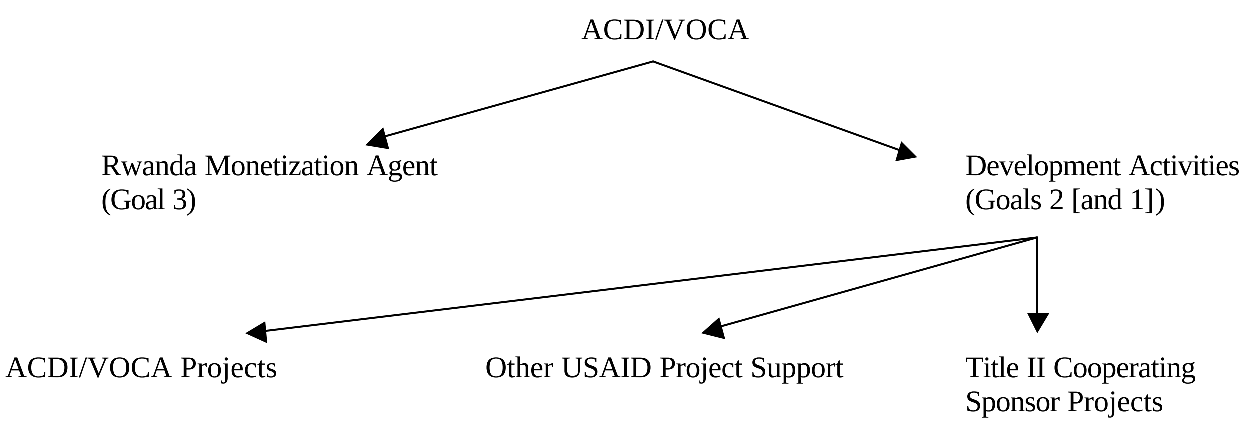
The mid-term evaluation of this project, undertaken in April 2003, strongly supported the project's increasing disengagement from direct field interventions within the Kibingo District in the areas of technology testing, evaluation and diffusion. It found that the food security grant program "*has become the principal activity of the ACDI/VOCA DAP and the most successful*" (2003 Mid-Term Evaluation, p. 28). Such disengagement had been largely accomplished by the end of this DAP. The current strong pre-occupation with support to cooperatives and associations seeking to become market orientated agri-businesses - through food security grants - can be clearly illustrated by the percentage of the A/V development activity budget focused towards this latter activity: 72% ($1,924,058 out of $2,674,058). For this reason, this evaluation will give particular attention to the associations benefiting by this focus to assess accomplishments, impact and sustainability of these investments.

Development activities supported through the food security grants program fall into three broad categories:

(1) Those initiated and managed totally through ACDI/VOCA efforts; twenty-three of the 39 associations (59%) fit this category, representing about 70% of all grant funds. Grant varied in size, with some associations receiving between $100,000 and $210,000 each.

(2) Those initiated and managed principally by other USAID projects (PEARL/ADAR), with substantial A/V funding of needed infrastructure (e.g. coffee washing stations); seven of the associations (18%) funded fit this category, representing about 28% of all grant funds. Most grants exceeded $50,000.

(3) Those initiated and managed principally by a P.L. 480, Title II partner, with A/V providing the funding for small association business venture grants (World Vision); nine of the 39 associations (23%) receiving support fit this category, for total grant funding of $25,000 or about 2% of all grant funds. These were very small grants, mostly under $5000.



The degree to which A/V program management was able to exert influence over direct implementation activities and reporting on these activities varied with each of these three categories.

1.2 Evaluation Methodology

The ACDI/VOCA DAP program final evaluation was led by Dr. Richard Swanson, an economic anthropologist (Annex 3 for the daily itinerary within Rwanda for the consultant, and Annex 4 for the individuals and organizations met with for the purpose of this evaluation). During field visits to project supported activities within Cyangugu, Butare, Gikongoro, Gisenyi, Ruhengeri Districts, and sites near Kigali, he was assisted by A/V local staff members Mr. Safari Karitanyi, M&E Coordinator, Ms. Xaverine Uwimana, Grants Analyst, and Ms. Isabelle Mafurebo, Grants Program Coordinator. The consultant led informal discussions with leaders and farmer representatives of 18 of the 39 associations or cooperatives with whom ACDI/VOCA has been engaged during the past several years.

Dr. Swanson also met with the management staff of two other Title II cooperating sponsors, World Vision and Catholic Relief Services, as well as other partners with whom collaboration has been important for program implementation. Of particular importance in this regard were leaders of USAID supported programs PEARL (Texas A&M University) and ADAR (Chemonics International), whose own program interventions with cooperatives have received very significant grant support from A/V. Project related documents were reviewed, including contract documents, business plans, and project proposals received by A/V from the associations and cooperatives to which they have provided grant funds and training assistance (cf. Annex 2 for documents consulted). This evaluation was also informed by an earlier final evaluation (June 2004) by the same consultant of the World Vision DAP, most of whose operating budget came from Title II commodities monetized by A/V during the past five years.

2.0 Program Administration and M&E

2.1 Program Management

This DAP has benefited from the continuous leadership, throughout the five-year life of the program, of two key individuals. Each provided outstanding support to one of the two sub-projects of the DAP. Mr. Paul DeLucco has served as Chief of Party, as well as led the development activities of the program. Mr. Barry Elkin, as deputy chief of party, provided the leadership within the monetization program over the past four years. A/V has been able to recruit competent local staff to fill other management and operational positions, as illustrated in Figure 2 below.

This five year program was designed with broad ranging goals and objectives. Given the available resources, these goals and objectives were probably too ambitious and not well-enough defined at the outset of the project. The positive result of this situation was that it did permit flexibility to A/V management to initiate activities and then focus towards activities with greatest potential for success and impact. For implementation, ACDI/VOCA chose to engage a surprisingly small staff, while depending a great deal on contracting out to local consultants and groups the program's need for training, monitoring, and providing other services to groups worked with around the country.

Staffing

Staffing within the monetization component of the project was done in an excellent manner. Duties included the ordering of soybean oil commodities, tracking and handling these as they came into the country via the port of Mombasa and their eventual sale through a process of sealed bids to merchants within Rwanda. Reporting was done on time, was complete, and made possible, through the Rwanda currency generated by these commodity sales, not only the implementation of ACDI/VOCA's own development activities, but those of both World Vision and Catholic Relief Service DAP as well.

Figure 2: ACDI/VOCA Organogram

Staffing within the development activities component of the project has been more problematic. Personnel noted that job descriptions for their positions were not clear or well defined and did not adequately represent what their duties in fact entailed. Individuals noted that they did not understand what the duties of other team members were, and also noted that there appeared to be considerable overlap in tasks requested of them.

One branch of the 'monetization component' seems to be misplaced within the organogram, and may explain some of the confusion and misunderstanding within the 'development activities' component of the project. A/V leadership may wish to reconsider the placement of the M&E Coordinator (Safari Karitanyi) (cf. Figure 2), with his duties for the oversight of tomato cooperative efforts as well as overall program monitoring.[2] In reality, this person appears to play a greater coordinating and oversight role within the 'development activities' component of this project than his title and placement within the organogram suggests. This in turn seems to create some confusion about the responsibilities of personnel actually within the 'development activities' component of the project, with its emphasis on reviewing grant proposals, coordinator of grants given, and training subsequently provided to associations and cooperatives receiving grants. The grant coordinator, project analyst, and post-grant coordinator, for example, could also be directly and formally involved in some aspect of program monitoring within their areas of responsibility.

Training

Substantial efforts were made to provide training to members of Rwandan cooperatives and associations. While most training recipients were members of groups receiving assistance through the Food Security Grants, this was certainly not always the case. Most training was done through the services of either local consultants or firms or through the ACDI/VOCA Farmer-to-Farmer Volunteer program; little training was provided by ACDI/VOCA in-house staff.

A complete list of all training provided to members of associations and cooperatives through local consultants is provided in Annex 5, Table 3A and 3B. Table 3A lists <u>direct training</u> provided by ACDI/VOCA through such groups as OCIR-CAFÉ, DMS, IESC, Ernst & Young, Agrotech, and many other local firms. Much of this training focused on issues of importance to the many coffee cooperatives that were being assisted (tree pruning, disease and pest management) as well as more general skills like good governance, financial and business management. This training, costing a total of $95,857, reached an estimated 3,014 leaders and members of cooperatives and associations. A significant amount of the training took place in Kigali. Table 3B lists training accomplished through two grantees (SERUKA and ASOFERWA) for a total of $3,575, funds which were included as part of grants awarded to these groups. In the case of SERUKA, for instance, this cooperative had local beekeeper consultants who provided training and extension advice to some 1,059 beekeepers; thirty-four local carpenters were also shown how to construct hives.

In a context where program financial resources were limited for the hiring of international consultants for key tasks for which local consultants or expertise either did not exist or were not available, ACDI/VOCA was able to add value to this project through its Farmer-to-Farmer volunteer program. Almost all of the training completed under the Farmer to Farmer program took place during a period of 16 months in 2001-2002, for a total of 78 work days. Because these were highly qualified volunteers, this represented a cost-

[2] This was an "ad hoc" arrangement due to the resignation of the Tomato Project Coordinator in June 2004. It has continued principally because Safari has been very, very good at it. He is one of two agriculturalists on staff (the other being the Post-Grants Deputy Coordinator).

sharing contribution of ACDI/VOCA to the project of at least $31,000.[3] A summary of this training is provided below:[4]

1. In September 2001 ACDI/VOCA volunteer Andrew Brown trained 28 candidates in organic farming, soil conservation and drip irrigation at the Gako Organic Farming Training Center. The training took fifteen days. 12 men and 16 women underwent the training.

2. In February 2002, ACDI/VOCA volunteer Jim Valentine trained 21 women from the Rwanda Businesswomen Association (AFER) in fruit juice processing and food conservation. The training took 16 days.

3. In July 2002 ACDI/VOCA volunteer Dean Wheeler trained 28 men and 2 women in Coffee Washing Station operations and Management. The candidates were selected from five coffee farming cooperatives (UPROCA, NYCOFA, MARABA, MUSASA and Gashonga) from all over Rwanda. The training took 17 days.

4. In September 2002 ACDI/VOCA volunteer Norbert Zinck trained 26 men and 4 women in wheat farming, in Ruhengeri. The farmers were selected from COPROVAB and ADI TERIMBERE both being wheat growing cooperatives from Ruhengeri and Gisenyi provinces, respectively. The training took 14 days.

5. In October 2002 ACDI/VOCA volunteer Dr. Kenneth Niels conducted a training in Fish Farming for 33 fish farmers selected from eight fish farming associations in Rwanda. The training was held at the National University of Rwanda's fish farming research unit. The training took 16 days. 15 women and 18 men underwent the training. A list of the trainees is attached.

Final evaluation discussions with the recipients of some of this training noted universal appreciation for the training.[5] Yet, a frequently recurring comment was that much of the training was 'over the heads' of the recipients. Training conducted by professional auditing firm representatives, Ernst & Young, for example, was technically well done, but frequently beyond the ability for trainees to actually apply within their home environments (e.g. most groups still don't have computers for data entry and analysis). Being taught something in a group setting in Kigali is also quite different from actually learning how to do it under 'real-life' conditions in the home village.[6] In the case of the NGO SERUKA's bee project , while information about bee behavior and colony makeup may have been new and interesting to beekeepers, it is not apparent that actual 'new technology' instruction with respect to the use of Langstroth hives and extractors was very helpful or appropriate to needs of these traditional beekeepers. Instructors had technical 'academic' knowledge, but had not themselves had to make a living keeping bees, selling honey, processing beeswax, etc. Use of Kenya Top Bars was not promoted because of lack of experience with such hives – yet these would have been far more appropriate for these beekeepers.

Given the broad range of agricultural sectors worked in, it would have been difficult, if not impossible, for the ACDI/VOCA post-grants manager Esri Mpyisi who helped to design and put into place much of this training, to know himself what training was really needed by participants. He could not be expected

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[3] This assumes a minimum daily fee of $400/day. Many of these consultants could have earned substantially more than this in their professional work lives.

[4] Data furnished by A/V COP Paul DeLucco, October 8, 2004, in an email message to Richard Swanson.

[5] Receiving training often meant travel to Kigali, receipt of per diem payments and some materials to take home.

[6] Trainees were asked to bring data from their respective associations or cooperatives so that they would be working on something meaningful. This was a great idea, and was helpful, though some arrived without the needed data.

to know whether or not proposed local trainers actually had the kind of experience needed to help these groups.

Communications

Even though the in-country A/V team is fairly small, with all staff located within close proximity, this team apparently does not meet regularly - such as through weekly staff meetings – to discuss together program strategy, share weekly plans and travel schedules, and share achievements. Doing so could enhance a sense of a 'team spirit' with 'shared goals' that currently seems lacking.

As this consultant sought to understand the various cooperatives and associations which have received significant grant funding support from A/V over the past three years, it also became clear that no one person within the ACDI/VOCA's team had a holistic understanding of any one cooperative or association. Different people had different pieces of information on each. The grants coordinator and project analyst both did similar work with different grantee applications, but were not linked to the A/V individual responsible for coordinating training for these grantees (the post-grant assistant). The training coordinator himself sub-contracted training to local firms, without having a good sense of the applicability or relevance of the training received to the different needs of the grantees. Not having been part of the initial site visits with potential grantees, or the review of initial business plans eventually developed, the training coordinator, based in Kigali, might not be informed of field realities or the applicability of training received. At the same time, A/V personnel who helped to develop initial grantee applications through site visits have little or no role in monitoring results of activities to be undertaken later.

The M&E coordinator clearly has the best 'general impression' of what might be taking place at the field level among groups receiving grants. Yet, because of the sheer number of groups involved, and his other responsibilities, most of the actual monitoring is delegated to local consultants and groups. The result is that the ACDI/VOCA team is spread out extremely thinly across the grantees they are working with, without being able to provide any real in-depth, in-the-field, ongoing training and development support. This results in little incentive or accountability among A/V staff for results and impact.

2.2 M&E System

This DAP in reality had three information monitoring systems, based on the reporting and information monitoring needs of the project as defined in the project document. The first of these, below, represented a formal system, while information for the latter two were acquired and communicated upon in a more informal, ad hoc manner. These are:

(1) The Indicator Performance Tracking Table
(2) Information to provide towards USAID/Rwanda's Strategic Framework indicators
(3) Performance monitoring for program management purposes

During the course of the final evaluation, the consultant sensed a real disconnect between the information sought to complete the IPTT, the information that was actually available (but not recorded), and the information needs of the program itself for management purposes.

2.2.1 Indicator Performance Tracking Table (IPTT) of LOA Results

Data reported on the IPTT table were not particularly useful for a real understanding of what was taking place within the project or what its achievements were. The IPTT was a poor tool for project management or monitoring purposes. This is true in spite of the substantial efforts made to complete and report on the IPTT indicators, the baseline surveys and follow-up socio-economic surveys conducted to provide new information on program impact. In fact, efforts to acquire these data probably diverted the project from what could have been efforts to obtain much better information. Better information could have been obtained that could have served the needs of both project for management purposes **and** provided information to FfP and USAID to show impact on alleviating poverty and improving the health and well-being of small farmer households. Rather than reviewing each of the indicators within the IPTT table here, with discussion of LOP results, this information can be found in Annex 7: Review of IPTT Table.

As part of the original DAP project proposal from ACDI/VOCA to Food for Peace for Title II funding of this project, a table with impact and performance indicators was proposed. This was developed before any project implementation had started, before any Rwandan employees of the future A/V project had even been hired. By the mid-term evaluation, a number of problems had been identified with some of the indicators of the IPTT, and recommendations were made to drop or modify some of these. A few helpful changes took place, but most indicators remained largely unchanged throughout the life of this DAP. Making significant changes, which could 'rock-the-boat' with FfP, was not considered worth the effort at this stage of the project. Yet, the focus of the ACDI/VOCA program itself had evolved towards greater attention to association and cooperative agri-business development through the food security grants program. The established indicators actually measured less and less about what the program was really doing or accomplishing. Significant accomplishments were being realized which were not being appropriately measured or reported upon through the IPTT. Table I (in Annex 6) provides the most recent version of the currently available information completed for the IPTT. The consultant was not able to determine to what extent FfP Washington representatives, for whom these data were essentially acquired, actually used this information. Annual reports were accepted and data apparently met requirements sought.

The ACDI/VOCA Rwanda program personnel did not themselves directly monitor all of the indicators selected to complete these IPTT tables. Data acquired for many of these indicators was contracted out to local firms such as the AVENIR group and others. The project M&E coordinator helped to develop these contracting relationships, the terms of reference for surveys to be conducted, and received the reports written. From a number of different sources, he then sought to complete, on an annual basis, the IPTT table and other information needs of the project. Because of the kind of indicators selected, completing this table was very difficult. In some cases, information reported simply did not mean a great deal, and the need for extensive footnotes (cf. Table 1, Annex 6) to data points illustrates the ambiguity inherent in some of the indicators. These issues are discussed in greater detail in Annex 7.

A/V contracted with Deloite & Touche Rwanda (an accounting firm) to monitor, on a quarterly basis, the impact of the project on improving the socio-economic lives of members of households in seven sampled associations. Between 10 and 15 households were selected (total of 72 households) for each association, and these households have provided information to enumerators on a broad range of socio-economic indicators (cf. Deloitte & Touche, December 2003.) Repeat interviews each new quarter seek to identify positive changes taking place at the household level. ACDI/VOCA also contracted with another local consulting firm to establish baseline data among households worked with and an assessment of impact (cf. AVENIR, February 2003). The consultant's review of the resulting quarterly reports information – provided to ACDIVOCA – from these sources, suggests the following:

(1) Survey methodologies, in themselves, were probably adequate, and provided a great deal of socio-economic data that have been recorded, analyzed, and reported upon. One observer noted that this information 'should' be useful for groups wishing to work in this region. Yet this information was not particularly useful to ACDI/VOCA itself for program management

purposes. This consultant would argue that, because of the expense and time involved in survey work, no data should be acquired unless it can be shown to have a direct purpose for project management or specific reporting needs. These surveys were 'shotgun' approaches to information collection, with only a small fraction of the data collected used for reporting.

(2) The averaging of household data by association or region results in the loss of meaningful information about real change taking place at the household level.

(3) Because the opportunities and objectives of each cooperative or association assisted by ACDI/VOCA are so different (coffee, tea, wheat, dairy products, chili red peppers, cassava, passion fruit, rice, honey and beeswax, tomatoes), comparing households within such groups with each other, across geographic regions – as these surveys have done - is not particularly useful. It would have been more meaningful to know if the groups supported were developing sustainable financial and business management systems resulting in tangible, measurable benefits for their respective members.

(4) While the surveys are providing much information on various socio-economic conditions, it is not at all clear how this information, in fact, can be used or has any relationship to the actual program interventions of ACDI/VOCA. For example, the principal input of A/V to COOPAC, one of the associations selected, was in funding for the construction of a coffee washing station - not working with the farmers making up the associations selling their coffee to COOPAC. Because of this capital investment, it was possible for the cooperative to receive commercial bank loans to help it in the purchase of coffee cherries from members; 347 members sold varying amounts of their coffee cherries to the cooperative and 15 of these members were selected for the on-going Delloite & Touche quarterly surveys. The survey provides no information about actual income received by the sampled households because of their sales to COOPAC, or what they did with this income. Nor does it say anything about what these farmers did when they actually received a dividend back from COOPAC from these earlier sales.[7] How was this income used? Are these and other COOPAC farmer members encouraged to take better care of their coffee fields and produce more? The survey, as structured, simply does not provide meaningful information on the impact of ACDI/VOCA's efforts to develop a sustainable cooperative or the specific impact of increased incomes from coffee revenues on household survival. This observation could be applied to all of the associations and cooperatives visited by the consultant.

ACDI/VOCA's program focus is primarily on the cooperative or association level – not the farmers themselves who make up these groups. Successful cooperatives or associations should have tangible benefits for their members – and impact should be carefully measured at **both** levels. We know for example, from COOPAC (coffee cooperative in Gisenyi) records for 2003, that the cooperative was able to purchase 145,346 kg of coffee cherries at a price of 60 Rwandan France/kg. This price was more than twice what was being offered by traders to regional farmers on the open market. This represented an injection of $15,036 directly into the hands of these 347 farmer members (cf. Table 7, Annex 1). Dividends returned to these farmers, following the sale of their specialty coffee to a Fair Trade client in the US brought back an additional $3,759, paid as a percent of the amount initially sold by each farmer to the cooperative. For example, the farmer receiving the highest dividend was Erneste Nzamwitura, who initially sold 37,500 kg. of his coffee cherries to the cooperative and received a return dividend of $970. Mr. Mukashingiro, who only sold 3 kilograms of coffee cherries, only received a dividend of 45 Rwandan francs (about $0.10). COOPAC expects to pay a higher price in 2005 for coffee cherries, and expects continuing dividends. Important impact indicators which ACDI/VOCA could be tracking would include:

[7] Dividends were not yet available for distribution by this cooperative at the time of the survey; however the pre-determined questions would not have gained insight into this situation even if dividends had been distributed.

(1) Total value (in $) of funds received by farmer members for the purchase of produce by ACDI/VOCA supported cooperatives or associations, and
(2) Total value (in $) of dividends returned to farmers from subsequent commercialization of these commodities (coffee, tea, chili Peppers, dairy products, etc.).

ACDI/VOCA, at the outset of this DAP, estimated that at least 50,000 people would become the direct beneficiaries of program activities, including a significant percentage of women. No impact indicator was established to track this. These data do exist within reporting documents, including % of women.

2.2.2 Information to Provide towards USAID/Rwanda's Strategic Framework Indicators

Because this FfP, Title II Development Activity Program (DAP) comes out of the Food for Peace Office of USAID in Washington DC, this project is not considered a USAID/Rwanda sponsored project. And technically, USAID/Rwanda can not cite achievements of ACDI/VOCA activities within its lists of program sponsored 'achievements'. Yet, because FfP does not have a local representative within the USAID/Rwanda mission, FfP has delegated to the USAID/Rwanda office a function of local oversight of activities and forwarding communications with respect to the project. USAID/Rwanda has strongly supported the Rwandan government's move towards privatization of many public-controlled enterprises (e.g. tea, coffee sectors) as well as helping private sector commercial operations that fell into ruin after the 1994 genocide (wheat mills, tomato factory). USAID/Rwanda has provided ACDI/VOCA some DA funding to hire consultants to evaluate and propose initiatives for private sector entrepreneurs which can then be complemented by ACDI/VOCA assistance to cooperatives in providing commodities to these enterprises. Also, a number of USAID funded programs within Rwanda, such as the PEARL and ADAR projects, are important partners with ACDI/VOCA in efforts to strengthen various cooperatives and associations. As such, USAID/Rwanda is also an important partner of this DAP project. Within USAID/Rwanda, Mr. Safali Venant serves as the Food Aid Manager, and communicates with the FfP office concerning this program. Project annual CSR4 reports are submitted by ACDI/VOCA directly to the Food for Peace office in Washington DC.

Both USAID/Rwanda's Agriculture and Rural Enterprise Development and Food Aid Managers noted that the ACDI/VOCA team has been extremely responsive to the Mission's requests for information – particularly as these have helped the PEARL and ADAR programs to become more successful. "*Going beyond the call of duty*" was Mission Team Leader Andy Karas' words. With three DAPs within Rwanda, the ACDI/VOCA DAP, with its focus towards agri-business development (through cooperatives and associations), is clearly the best aligned with the USAID/Rwanda Mission's SO # 3 objectives of the past five years, and this continues to be true for the future A/V DAP through the mission's SO #7 for the next five years.

USAID/Rwanda mission strategic goals, for all programs and objectives, are directly supportive and complementary with FfP goals and objectives. Because USAID/Rwanda's SO framework is significantly more rigorous and requires greater accountability and clarity of indicators towards reaching objectives, ACDI/VOCA could benefit by identifying performance and impact indicators that more clearly would serve both FfP and the USAID SOs.

2.2.3 Performance Monitoring for Program Monitoring Purposes

This DAP has not had a rigorous performance monitoring plan for its activities over the past five years. Because the burden of M&E has been placed upon completion of the IPTT tables, with qualitative narrative reports on program progress in annual CSR4 reports, it is difficult to link the seven specific objectives of the project (cf. Figure 1) to actual performance indicators measuring actual results. Efforts that have been made by A/V to measure or assess performance and impact have been though the use of surveys by outside consultants and groups, as noted above. But information presented in these reports will not be found to directly link specific project interventions with specific results.

In visiting with the leaders of various cooperatives and associations, it became obvious that no one had given to them a specific data framework for key quarterly information gathering that could be reported on for the project. This should have been one of the tasks of the project M&E Coordinator, though it appears that his expectations were that sub-contractors or local leaders or consultants would be able to do this on their own. Efforts were made by some of these groups to do so, but such efforts were hand written in notebooks and not regularly maintained or analyzed. It would not have been difficult for the M&E Coordinator to have created a simple table for data entry, photocopied multiple copies for field use, given this to the local managers to complete by hand; these would be completed and picked up at regular intervals, or sent in, and analyzed by ACDI/VOCA. As an example, La REINE is already producing cottage industry Gouda cheese. No information was being obtained by A/V on how many liters of fresh milk were being purchased (by month), at what prices, from which farmers, and how much cheese was being produced. No information on how much cheese was actually being sold, at what prices, or where. This information was available, it turns out, because the president of the association keeps such information, but ACDI/VOCA was not making any effort to acquire, on a regular basis, such information to eventually measure impact of grant funding when the modern cheese processing facility is put in place. It is easier to establish performance monitoring at the very beginning of an activity than waiting until some later date to begin data acquisition. Such monitoring and reporting is as essential for the agribusiness itself in understanding its costs and benefits as it is for A/V to eventually measure the impact of its grant 'investment' in this industry.

Reception by an association or cooperative of grant funding from ACDI/VOCA should be considered the **beginning of a long term relationship** in helping this group become a sustainable agribusiness. Simply 'giving the money', and then not expecting further accountability, though greatly appreciated by the grantee, will not lead to eventual success of this activity. Currently signed 'Recipient Agency Agreements' refer to the 'length of the project' as not much more than the amount of time considered necessary to complete construction of a coffee washing station, other building, or some other short-term action. They do not commit the cooperative to providing regular information to the granting agency for a period of time – say two or three years – during which time impact can begin to be assessed. Providing such monitoring should be considered an essential part of each grant activity, without which ultimate impact can never be assessed.

The real issue here is just how engaged, and for how long, should ACDI/VOCA be with each of its grantees. It is suggested here that unless a long term commitment is made by both parties, grant funding should not be made at all. Funds could be largely wasted. The implications of this would be that A/V may wish to assess how resources can be better managed to fulfill obligations to **current** grantees before expanding to yet others. A/V success will not be measured by how many different agricultural sectors or cooperatives receive grant funds, but whether or not the agribusiness activities of these groups become successful or not. Every one of the 19 cooperative or association activities visited by the consultant during this final evaluation are highly worthy of attention, but with the exception of perhaps COOPAC, all the rest could use vastly more field-level training support from ACDI/VOCA if they are to become successful businesses entities.

2.3 Program Partners

Without its program partners, ACDI/VOCA would not have been able to implement this project. This reality can be seen at several levels.

2.3.1 P.L. 480 Partners

From the outset of this DAP, the monetization branch of this project has been closely associated with both World Vision and Catholic Relief Services. Early efforts by the A/V leader of this consortium to hold regular meetings for oversight and communication of issues were not successful. Essentially, as long as partners received funds into their accounts from the sale of their commodities, the need for regular contact seemed less important. By the second and third year of this program, regular meetings were not held among the three partners, though frequent one-on-one enquires and contacts continued to be made through this time and until the present time. This situation increased the effort that the A/V monetization leader and his staff had to provide to respond to individual enquiries and 'emergency issues' that would arise periodically. Regular communication through joint meetings would have helped to keep all partners on the 'same page' concerning evolving situations with commodity sales and funds generated, and reduced the frequency with which A/V had to repeat the same information separately to two different parties.

Both CRS and WV were invited by ACDI/VOCA to take advantage of the small grants program available to associations and cooperatives throughout Rwanda with whom they might be working. When asked during this final evaluation why they had not taken advantage of this program, the immediate response from CRS was that 'the procedure to use (or qualify for) this money was too complicated' and that they did not have the 'capacity' to provide the support needed for monitoring and training. Only WV responded with a request for funding of nine small grants for a few of its associations. An evaluation of the impact of these small grants upon the concerned groups indeed showed real promise. *"The provision of credit to these associations enabled them to meet their needs for clothing, school fees,* (home improvements, personal life insurance*) and also enabled them to purchase capital assists* (such as land, cows, goats, sheep*) which in the future can be used a collateral when seeking loans from financial institutions"* (World Vision 2004:7). All members of these associations now have their own bank accounts as well. Funds were well spent for the important capital needs of these groups and have helped launch these groups into commercial endeavors, as they slowly *"develop their technical and managerial expertise… and their networking potential"* (Ibid:2). Grant funds were given directly by A/V to the concerned associations, with the 'proviso that World Vision would assist them with administrative/ financial requirements'.

The possibilities for expansion of these opportunities within World Vision's network of about 407 associations would appear great. Plans are being completed to expand this program during the next five years. Unfortunately, WV has not had strong leadership or expertise committed to this area within its own technical staff, nor would it have been able to finance such an effort since it could not charge overhead in its administration of these small grants. To its credit, at its own expense, WV did commit one full-time position to providing on-going and direct financial and business-management training to these associations, something which even ACDI/VOCA has not done. Reporting of results from these grants has not followed agreed upon frequency, and the quality of the information provided when reports are sent is poor. ACDI/VOCA expectations of partner international NGO's ability to adequately 'mentor' and report upon groups receiving such grant aid has not proved founded. The most likely reason for this is that <u>one can not do development on the cheap.</u> It takes time and effort to develop the relationships and competence at the association level required for success and sustainability; there is a cost to this that, at this time, A/V (and USAID/Rwanda guidelines on these grants) policy does not accept as appropriate.

2.3.2 USAID Project Partners: PEARL and ADAR Programs

Two USAID financed projects have received substantial infrastructure development grant support from ACDI/VOCA to associations and cooperatives with whom they have been working. Close working relationships have been established between A/V and the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL), with Michigan State University (MSU) and Texas A&M University as well as Assistance à la Dynamisation de l'Agribusiness au Rwanda (ADAR) with Chemonics International. Both USAID programs have focused on identifying and linking farmer groups and cooperatives to commodities with overseas export potential. ACDI/VOCA funding in the creation of coffee washing stations and infrastructure needs for Bird's Eye Chili pepper development and processing stations has been particularly important to PEARL while efforts in developing rural infrastructure needs for establishing passion fruit fields has helped ADAR expand the production base for this new export crop. ACDI/VOCA has not received timely reporting from PEARL and ADAR, on behalf of their assisted cooperatives and/or associations, as agreed to in jointly signed 'Recipient Agency Agreements' for grants provided.

Because reporting appears to continue to be a problem for all grantees, this situation needs to be reviewed by ACDI/VOCA management. A/V has been using standardized 'Recipient Agency Agreement' forms which clearly spell out reporting requirements of cooperatives/and associations receiving grants. Sub-contractors engaged to assist these groups are expected to provide assistance in completing these on a timely basis. Either the expectations outlined in these grant forms need be modified to conform to some other acceptable system, or greater effort needs to be made by AV to assure that required reporting is done on time. At the very least, receipt of continuing portions of yet-unspent funds should be contingent on receipt of the required financial and project status reports. The consultant learned of cases (e.g. some of coffee washing stations linked to PEARL) when new grant funding was given to former grantees in spite of this situation. This would certainly undercut efforts to hold grantees accountable for reporting. It is exactly in the area of financial accounting that the greatest weaknesses are to be found within cooperatives and associations.

2.3.3 Rwandan Private Sector and Institutions

The list of associations and cooperatives receiving grants, given in Table 2 (Annex 6), does not adequately state the impressive amount of effort made by ACDI/VOCA Rwanda in moving these programs forward through a network of collaborating partners. Local and regional civil authorities are included in discussions and plans, regional and national commercial banks are challenged to provide working capital for groups receiving grant aid, and Rwandan consulting firms of many kinds have been called upon to develop business plans, undertake engineering and socio-economic studies. National universities, agricultural and international agricultural research centers have also contributed program activities over the past five years (ICRAF, National University of Rwanda). A/V has also reached out to international groups – linking them with local partners - as in the case of different Fairtrade Coffee groups in the US and Europe. Each cooperative and association presents a different challenge.

One example is given here, though similar partnerships will be found in every one of the agricultural sectors with which ACDI/VOCA has worked. Working on two fronts at once, ACDI/VOCA helped revitalize a private tomato paste concentrate factory, SORWATOM. It had once provided at least 10,000 farming families' income from sales of tomatoes to the factory, but since the 1994 genocide had gone idle because of uneconomic management practices. USAID/Rwanda began by encouraging attention to this sector as a means of bringing back local employment for farmers in a region of extreme poverty near Kigali. A/V encouraged outside funding of a study with an Italian firm, which proposed a new tomato paste packing technology and equipment. A/V then helped the owners' link with the Rwanda Development Bank (BRD) to provide SORWATOM the necessary credit for new equipment and the capital to purchase tomatoes from farmers.[8] At the same time, A/V was active in organizing meetings in 2000 and 2001 within the producing regions to help organize the farmers and their associations in providing the needed quality and volume of tomatoes, using inputs, required for the eventual reopening of this factory. Working with local authorities, efforts were made, using local contractors, to improve the farm-to-market roads to permit transportation of tomatoes to the factory. A/V invited the *Institut Superieur d'Agriculture de d'Elevage* (ISAE), through a grant, to undertake studies with its students on tomato production and for these students to do extension work among the tomato-producing communities and their associations who would be selling their produce to SORWATOM. ACDI/VOCA's continuing support in helping to organize and train these farmers to produce tomatoes for sale to SORWATOM was the critical element in encouraging the commercial BRD to provide the loan funds required to relaunch SORWATOM. This activity can be expected to *"assist 10,000 small holder farming families from the poorest areas of Rwanda to negotiate a steady income from tomato production"* (ACDI, 2003:3).

2.4 Recommendations

(1) Differentiate clearly, within the project organogram and position descriptions, between personnel working within the monetization program and those working with ACDI/VOCA's implementation of development activities.

(2) Review and possibly revise position descriptions for all staff, with the staff concerned, and verify that clear delegation of responsibilities are given, with expected outcomes defined.

(3) Within the development activities component of the program, consider reorganization of lines of responsibility by creating specific 'grants manager' positions. Current project analyst, grants coordinator, post-grant coordinator positions could be redefined as 'grant managers'. No one grants manager should be responsible for more than 3 or 4 grantees – of similar kinds.[9] This person could be responsible for the oversight of the entire process from initial grantee application, to initial site visit, support in developing an appropriate business plan, and in performance monitoring and over-all grant coordination and oversight to the grantees. These A/V staff would themselves require additional training to broaden their expertise and understanding of their oversight responsibilities, particularly in communication, financial accounting and business-management skills. A/V has noted that, if this suggestion were followed, and they awarded 25 grants a year, they would end up with 6-8 new grant managers a year. If fewer grants were awarded, A/V would end up with pipeline problems (i.e. not spending enough money). However, the point has been made elsewhere that more money must be spent on helping the grantees at the field-level if the grants themselves are not to be wasted, in the end. Compared to doing an appropriate job on-the-ground with grantees, giving out new grants is a simple task. If there is 'too much money' in the pipeline should number of grantees be reduced, perhaps some of this money should be channeled towards other groups, including international NGOs, who can furnish the kind of field-based support needed for sustainability of the efforts being made.

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[8] The principal shareholder would not accept the BRD interest rate. The loan had to await the entry of a new shareholder with deeper pockets who arranged other financing.

[9] For example, one grants manager might have three coffee washing station projects, another might have the tea cooperatives, a third would have the dairy cooperatives, a fourth the Chili Pepper associations, etc.

(4) Hold weekly staff meetings to improve program communication, discussing problems and issues being faced and solutions to issues. This will help staff know what each is doing, develop personnel self-confidence, prevent overlap, and develop team spirit.

(5) Place M&E Coordinator position as a position directly linked to the COP, with responsibilities covering the entire program. Then develop M&E system in such a way that program personnel 'further down' the organizational chart are responsible for monitoring and reporting on key indicators linked to their own areas of responsibility. The M&E coordinator will draw this information together for reporting purposes and program monitoring and management purposes.

(6) ACDI/VOCA may wish to consider providing more intensive, hands-on, training at the field level with the various groups being worked with. Financial and business management skills take time to acquire. And it takes experience with the output of good (transparent) financial reporting for group leaders and members to appreciate the value of such a resource and how to use it for improving accountability and management. ACDI/VOCA in-house staff themselves should also receive the financial and business management skills expected of the financial accountants and business planners of cooperatives so that they, as program leaders, may provide on-going training to A/V grantees. This would be particularly important if A/V should adopt the grants management approach recommended in this evaluation.

(7) Involve A/V local personnel in defining those types of information which are truly indicative of the goals and objectives of the project and for which data can be obtained in a consistent manner. To the extent possible, these data should be acquired by A/V personnel working with direct beneficiaries of the program, and not through periodic surveys sub-contracted to outside parties.

(8) As the new DAP begins, it is strongly recommended that an initial workshop be held for ACDI/VOCA Rwanda team members. The workshop would <u>reconsider and reevaluate</u>, based on team experience, the proposed 2005-2009 IPTT indicators alongside other available information, including indicators which would be of particular importance within USAID's SO #7. An alignment of such indicators should be considered, with clear indication of who would be responsible for acquiring such information within the program. Doing this would result in greater team ownership of the M&E system and understanding about the importance of having such information in a timely manner. A/V may wish to bring in an outside consultant to help lead this workshop effort, much like USAID does in supporting the development of performance monitoring plans (PMP) for their own programs. The accountability and greater rigor this would bring to ACDI/VOCA activities would enhance program results and impact, and give greater focus towards sustainability.

(9) Review and revise the 'Recipient Agency Agreements' that A/V signs with cooperatives and associations receiving grant funds. Particular attention must be given to both reporting requirements and length of commitment to such an engagement. It would be prudent to actually specify several data types specific to the commodities being worked with that must be received regularly from the program that can be used in regular A/V monitoring needs. The generic wording of current forms does not provide the kind of information cooperatives need to have in order to clearly understand their <u>specific obligations for information provided</u>. Commitments for information partnering should be for at least two to three years beyond the date of <u>final spending</u> of a grant received, and for each subsequent grant, if awarded.

3.0 Life of Program Accomplishments and Impacts

Program leadership of this DAP seems to have struggled during the first two years in coming to a clear focus on how best to prioritize and focus ACDI/VOCA development efforts within Rwanda, with a third year to make the shift. Does one work with farmers directly, as in Kibingo District, or does one focus towards support to associations and cooperatives throughout the country? Initially, A/V tried to do both. Does one focus on supporting only those associations with strong leadership potential and regional partners, or does one help weak and struggling groups? Again, initially, AV tried to do both. Coming out of years of providing emergency relief programs to desperately struggling households throughout the country, following the 1994 genocide, obvious needs existed everywhere, and opportunities to help rose throughout the country. This reality can be seen by the hundreds of grant applications received for development assistance from associations and cooperatives during the early years of the grants program. Out of the complexity of this situation, ACDI/VOCA has progressively clarified its mission and identified where it can have the greatest impact.

ACDI/VOCA was responsive to the recommendations of the mid-term evaluation. Indeed that evaluation strongly supported the evolution of this DAP towards increasing focus on the food security grants program with targeted associations and cooperatives throughout Rwanda. The most important recommendation made, and fully adopted by the management team, stated: "*ACDI/VOCA should no longer conduct direct interventions in soil and water conservation in the Kibingo District. Any future work in this area should be done only in conjunction with the Food Security Grant program and with the road and bride rehabilitation activities*" (Gaudreau: 2003:20). By the end of this DAP, program activities were more or less aligned behind the two clear thrusts of the project: monetization of commodities and efforts within the food security grants program. It would be within the context of specific grants programs that program efforts to include soil and conservation measures, development of farm-to-market access roads, and crop production could best be understood.

Significant grant funding did not begin until the second year of the project. Major infrastructure construction programs, initial deliveries of agricultural inputs, and training support to associations and cooperatives in management and governance were not completed until the fourth year (FY 2003). Indeed, during the visits for this final evaluation, major construction activities were still underway at many sites. This means that **expected impacts of many of ACDI/VOCA's programs upon program beneficiaries have only just begun to be realized during this final year of project implementation**. The COOPAC cooperative in Gisenyi had only recently completed receipt of payment from FY2003 sales of its Fair Trade Coffee beans and distributed its first dividends to farmers – with much celebration.[10] Other coffee washing stations had yet to receive payments from their first export sales. The first tomato crops from the fields of a group of associations (IKABI and ABIYUNZE) destined for the new concentrate tomato paste processing factory near Kigali (SORWATOM) were still in the field. [11] Harvesting was just beginning in September 2004, so farmers have yet to be paid for their produce and the ultimate success of this new industry remains to be seen. La REINE cooperative's ACDI/VOCA grant supported dairy processing center was in full construction, with expectations that processing equipment would be arriving from Yugoslavia within six months.[12] This dairy processing center will not be in full operation before the end of 2005, at the soonest. The first significant shipment of passion fruit and manioc flour to Europe has yet to be realized – and maintained through increasing reorders – before we will know if these new industries can be profitable and whether they will develop the needed business skills to remain sustainable.

[10] Assistance to COOPAC began with business plan development in September 2001. The COOPAC success was a long time in gestation.
[11] A/V began working with the tomato producer groups in 2001. No one could have foreseen delay in approval and acceptance of the bank loan.
[12] The loan arrangement with the BRD – the loan funds that will pay for the equipment – was very drawn-out.

Following major infrastructure development, sales of tilapia and pigs, chickens, rabbits, and ducks have yet to begin for the Cyangugu fish production project with the COPIBAL in a bay of Lake Kivu.

These programs activities hold great promise for their respective association members, representing goals that have yet to be attained. Furthermore, this future 'promise' could be compromised by the continuing lack of appropriate attention to the financial accounting and business management expertise of these groups.

3.1 Goal 1: Increase production and processing of target crops and commodities

As illustrated in Figure 1, Goal #1 included three major objectives:
(1) Soil & Water Conservation
(2) Improved Technologies and Use of Factors of Production
(3) Improvement of Agricultural Feeder Roads

3.1.1 Soil & Water Conservation

Given the difficulties clearly outlined in the mid-term evaluation, efforts to engage farmers directly in the Kibingo District of Butare Province in soil and conservation activities were the least successful of project interventions. While a number of reasons for this were put forward, one reason not discussed in depth was the fact that ACDI/VOCA never had the capacity to adequately undertake direct implementation at the field level. Capacity to engage farmers at the field level – over time – has been a significant weakness of the program throughout the life of the project – including, as we shall discuss later – through the implementation of the food security grant programs.

For achievements, the management team will point to the fact that at least 500,000 agroforestry and fruit seedlings were distributed in 2003 through Arbor Day and other collaboration with district officials. On-going efforts are underway with ICRAF to continue producing seedlings for eventual distribution through local organizations within this region. Yet, because the actual state of these distributed seedlings is unknown, not having been part of specific on-going project interventions within the region, this effort can not be considered productive. One mid-term recommendation was that there should be a move away from the use of project or state managed nurseries towards 'private nurseries' as 'income-generating activities', and training would include 'aspects of business management as well as market surveys to determine what trees farmers want'. Within the context of Rwanda, where tree seedlings have been not only given away for years 'for free' but also where farmers expect to be paid to even plant them on their lands, ACDI/VOCA has been wise to limit its nursery activities within the context of specific grant programs. Establishing a nursery would be clearly seen as within the self-interest of the group's efforts within a given commercial sector (cf. Annex 7, photographs #12,13,23).

Within the context of the food security grants program, some nurseries have been established, and managed by associations interested in the cultivation of passion fruit, Bird's Eye Chili pepper production, Moringa trees and coffee plants. In all these cases, project grants have paid for both the construction of nurseries and the workers used to water and transplant seedlings into small bags for later transportation and distribution. One weakness identified within these programs is that these associations are not being given the business skills to understand the <u>cost of production and care</u> for these nursery plants. A system is not being created whereby these costs will eventually be covered by the production of those receiving the seedlings. During this final evaluation, the consultant visited several locations were ACDI/VOCA had established such nurseries. They looked in great shape – tens of thousands of seedlings were being cared for by different associations. Yet these nurseries will not be sustainable because no system of cost-recovery for raising these seedlings was in place or even envisioned.

In the case of Bird's Eye Chili peppers for the COVEPAR and AJENI associations, for example, it would be possible to deduct a certain amount of money per kilogram of peppers sold to the cooperative to cover the cost of the seedlings distributed. Because chili plants will need to be replaced every two or three years, having a continuing supply of available seedlings is important. Because nurseries need a source of water for watering, it is not feasible to expect farmers themselves to grow their own seedlings. But it does make sense to help one or two association members to develop a small nursery business, with assurances that association members will pay for seedlings at a reasonable price. Establishing such a potentially sustainable system, however, requires the efforts and time of a technician helping the association and concerned farmers on a regular basis for several years. ACDI/VOCA has not been able to establish itself in this a way with associations or cooperatives it is working with. In most cases, local NGOs or 'local consultants' have been contracted to provide some of these services, but this has not been very effective because personnel are not based within the communities concerned.

An ACDI/VOCA technician has recently (June 2004) been assisting the small AGRICOTRA association of seven members in establishing a nine-hectare Moringa tree demonstration garden at a cost of $7,500. Referred to as 'miracle trees' because of their numerous human and animal consumption uses, these fast-growing trees will be evaluated as a supplemental 'tree crop' to place on Rwandan farmer fields. Success of this venture will not be known for several years yet.

The mid-term evaluation also made several recommendations with respect to deletions and/or modifications of a number of IPTT indicators relating to Goal 1. These suggestions were not followed, essentially because ACDI/VOCA felt "*it may not be feasible – or even desirable – to modify the IPTT at this late point in project implementation*" (ACDIVOCA 2003:28). Yet the reality here, as discussed in Annex 7, is that many of these indicators are not meaningful, and efforts to continue to report on them could also be considered a questionable use of limited project time and resources. Monitoring of effective indicators should be a high priority of any project, and this DAP should have taken the time to put into place a more useful set of impact and activity assessment indicators. Doing so will be very important for the future ACDI/VOCA DAP.

Finally, ACDI/VOCA has made a serious effort to include soil and water conservation measures within the context of their road rehabilitation activities. The major challenge here has been that no effective way has been found for engaging local communities in the maintenance of these roads after they have been rehabilitated. Some of the early rehabilitation projects are beginning to deteriorate once again because of such lack of maintenance.

Environmental Assessment

Efforts to include elements of soil and water conservation within all of its activities within Rwanda clearly illustrate the commitment of the program to environmental issues. Nevertheless, the consultant's field observations of a number of ACDI/VOCA supported programs underway do suggest that some assessment of potential environmental issues need to be addressed.

(1) COPOBAL. This association has 'captured' and fenced off an entire small bay for raising tilapia. Along the borders of this bay, the association, with A/V support, has built two buildings for raising pigs, one building each for ducks, chickens, and rabbits. Cement drainage ditches run from these buildings for the express purpose of channeling **all sewage and waste** materials directly into the bay as a means of stimulating growth of micro-organisms that will be consumed by the tilapia. The consultant observed children swimming in the bay, and it is likely that at least some of the water is consumed by these animals,

though a separate spring-fed water system for potable water for humans and animals on this project is anticipated (though not yet complete). One might wonder if 'polluted water' from the bay could disperse into the wider adjacent Lake Kivu and have an impact on human consumption and other unforeseen results.

(2) Coffee Washing Stations (Abahuzamugambi, COCAGI, UPROCA, Kukunde Kawa, UCAR, COOPAC association). Coffee washing stations do produce substantial quantities of solid pulp waste and wastewater during the processing of coffee cherries. The organic pulp waste from the coffee cherries is dumped into a pit, which local residents freely remove to use as an organic fertilizer upon their hillside fields. This is perceived by local populations as a very useful by-product and constitutes a kind of 'green-manure'. Water used to ferment the coffee beans, which is then scrubbed and washed off, is sent into "*a waste-water canal with numerous switchbacks and ridges to promote percolation and oxidation of effluent water, and empties into a large settling pond which gradually seeps into a wetland*" (DeLucco memo dated May 11, 2004). According to responses from the USAID Regional Environmental Officer to DeLucco's enquiry on management of these wastes, "*there is a real dearth of practical public-domain guidance on coffee wastewater processing*". Whether or not this waste-water may have a long term negative impact on ground water or negatively impact water tables or adjacent lakes (like Lake Kivu) appears to be unknown. ACDI/VOCA Chief of Party has been concerned enough about this issue to seek information through REDSO and elsewhere on this topic.

(3) Cheese Processing (La REINE Association). Processing of fresh milk for the production of various cheese products (Gouda type cheese, butter, cream) does use some chemicals and produces waste water which is dumped into a pit to infiltrate into the porous volcanic rocks and ground. The long-term impact of such waste, particularly as volumes of effluent increase, is unknown.

3.1.2 Improved Technologies and Use of Factors of Production

ACDI/VOCA has been aggressive in exploring and creating economic opportunities for small farmers in many regions of the country. It has also been flexible in that it has creatively looked at various agricultural sectors with potential. These include old parastatal programs seeking to privatize, like the tea and coffee industries, or old private sector programs that went bankrupt following the war 10 years ago, like tomato paste processing factory and wheat mills. New ventures have been explored, including the Fairtrade movement for coffee producers, the potential of export of passion fruit, Bird's Eye Chili peppers, and cassava flour to minority populations in Europe and the United States. As pointed out by the mid-term evaluation (Gaudreau, 2003:22), ACDI/VOCA initially followed two approaches to increasing access to improved technologies and use of factors of production by farmers:

(1) Direct contact with farmers in the Kibingo District. Farmers received improved varieties of climbing beans and cuttings of virus-resistant cassava through A/V's Rural Development program.
(2) Indirect contact with farmers through the associations supported by the Food Security Grants. Here associations were assisted with a wide range of services and assistance supporting production of such crops as tomatoes, coffee, passion fruit, rice, wheat, and others. Associations were assisted in obtaining inputs for these crops and in linking the associations with markets.

Following recommendations made by the mid-term evaluation, ACDI/VOCA moved away from the first approach towards focus on activities within the second approach. Within the context of the final evaluation, it now appears that there is an urgent need for greater direct contact with these associations in developing sustainable business practices (financial accounting and transparency, record keeping, business planning). Though these skills are called for within the contract agreements spelled out in each grant, associations are not receiving adequate hands-on, day-to-day help in learning these skills.

Every Food Security Grant given out during the past three years can be described in terms of the improved technologies introduced to an association or cooperative, and providing the means of obtaining the needed inputs (fertilizers, pesticides, new varieties) to target specific commercial objectives. Examples of important achievements include:

(1) **Increasing Incomes to Small Farmers in Remote Rural Areas**. Grant funds provided to five associations for the construction of modern coffee washing stations that have made it possible for thousands of small farmers to benefit from Fair-Trade Coffee agreements which are bringing them significantly higher prices for coffee beans. In addition to this, **each** station employs 400-600 employees, mostly women, during four months of operation each year, injecting much needed additional financial resources into cash-poor communities. New efforts to help thousands of tea farmers can be expected to have a similar impact.

(2) **Increased Employment**. Use of improved wheat varieties among groupings of associations (forming cooperatives) to address the commercial needs of local wheat mills (SOTIRU in Ruhengeri and Venant Kabandana's mill in Gikongoro). These wheat varieties will allow these mills to be competitive within the region (Tanzania, DRC), permitting not only a decrease in wheat/flour imports into Rwanda, but the possible development of a small regional export market as well. ACDI/VOCA has been instrumental in helping to organize hundreds of wheat growing associations with over 3000 member households in Ruhengeri through the COPROVAB association, and is in the process of doing likewise in Gikongoro where a new commercial wheat mill will come into operation this year.

(3) Increased Availability of Agricultural Inputs. Availability of agricultural inputs and the need by associations and cooperatives for up-front capital to purchase and deliver such inputs for the use by their members has been a long-term constraint to increasing agricultural productivity within Rwanda. Yields of most improved varieties of crops, whether this is rice, wheat, coffee, tea, maize or beans can not be achieved without the timely application of the right inputs. ACDI/VOCA has been very supportive through its grants program in helping associations acquire inputs and in their distribution to farmers. This was observed, for example, in Ruhengeri, where COPROVAB has been able to acquire inputs and distribute these to its vast network of wheat farmers. The consultant observed one gathering of 81 associations in the Rusanze Sector receiving 4 tons of improved wheat seed for the current year's September planting, along with fertilizer inputs. Records maintained showed each farmer household with the number of ares of land they would plant with wheat, and the amount of seed each would receive. Record keeping was part of the training A/V provided to improve management of this business. Distribution of fertilizers (NPK) would follow, using a small truck provided by an A/V grant. Similar systems are being set up with five associations of tea growers, and have been in place for two years for the large C.P.C.R.B. association in Cyangugu for rice production, with over 600 members. Inputs are also provided through the seven coffee associations with their thousands of members.

Currently, ACDI/VOCA itself, or a sub-contractor, is too involved in the business of acquiring these inputs on behalf of the cooperatives and associations receiving grants. This is not sustainable. Farmers will always state that the cost of local inputs, such as fertilizers, is too high in the local markets. The suggestion, which is then often adopted, is that these inputs should be obtained elsewhere 'at a lower price' and brought to the cooperative or association's warehouse for sale and distribution. Or the cooperative itself should get into the business of acquiring inputs through Kigali wholesalers, and by-pass local suppliers. Costs of local inputs often reflect the real cost (and risk) to merchants of bringing these to the local market. Because one may find the same inputs in shop after shop within rural towns, with comparably 'higher prices', one must assume that even with competition these prices remain high. One of the most frequently cited complaints of farmers in associations and cooperatives across Rwanda is that inputs often arrive late, after the ideal time of application. This means that farmers often do not get the impact they should even when they do use inputs.

3.1.3 Improvement of Agricultural Feeder Roads

Though a fairly limited initiative within the overall ACDI/VOCA program (17% - $450,000 out of a LOP budget of $2,674,058), this component of the project has shown the potential to have a direct impact on the success of other components, such as access to markets for associations and cooperative members receiving support through the food security grant program.

Within the Nyamyumba and Kayove districts of Gisenyi Province, for example, local mayors and leaders of two large coffee cooperatives (COOPAC – receiving financial and technical support from ACDI/VOCA - and UPROCA) requested support to open up roads along the eastern shore of Lake Kivu which, because of the disrepair of numerous large and small bridges, severely hindered commercial activity for more than ten years. Being a fertile region with numerous small coffee farmers, improved access out and in would benefit both farmers and traders alike. Initiatives of this kind required extensive engineering and environmental studies before any actual work could begin, and a "*meticulous study (by a local engineering firm SOGIS) identified 178 small wood bridges, 3 medium concrete/wood bridges, and two large concrete/steel/wood bridges for rehabilitation*" along this lake route (ACDI, 2002:1). The mid-term evaluation showed that construction work was well done but that "*no road maintenance has been performed along the circle route as promised by local authorities*" (Gaudreau, 2003:25). Indeed, it was evident during this final evaluation that the road has again deteriorated and some of the small wooden 'bridges' over tiny waterways had once again fallen into disrepair.

Though prepared to return to up-grade this road once again, ACDI/VOCA is reluctant to begin before promising initiatives are put into place for the up-keep of these roads. This is a situation confronted at every road rehabilitation site and, to date, no meaningful solutions have been identified.

Achievements include:

(1) 9.8 kilometers along the Bralirwa-Nyamyumba District of Gisenyi Province (near Lake Kivu)
(2) 30 kilometers along the Kivumu-Kayove route in Kayove District, including the rehabilitation of four important bridges in Gisenyi Province (near Lake Kivu)
(3) Repair of two bridges in the Kibingo District of Butare Province, which opened a long-closed farmer-to-market road over the Migina River; rehabilitation work on sections of the roads in this region also took place to support community development efforts during the first two years of the project in agro-forestry.
(4) Repair of one bridge over the Nyagatovu River in the Bicumbi District of the Bugesera Region of Kigali Ngali Province, thereby "*reuniting the farmers of the Nyamatete Sector with the big commercial market in the Karenge Sector, saving them a 28 kilometer detour*" (A/V:2002:3).
(5) Repair of two bridges, "*one traversing a marshland area and the other crossing a small stream on a hillside (that) will open access to the area along Lake Mugesera*" (A/V: 2003:3) in the Bicumbi District, in addition to rehabilitation of 7.5 kilometers of dirt road there. This effort was in direct support of the SORWATOM tomato production industry in this region.

Periodic surveys did indicate increases in both the establishment of new businesses and shops and traffic as a result of repairs made of these various roads. IPTT targets for the most part were achieved – particularly for pick-ups and small trucks which are the primary means of transporting agricultural commodities and inputs (cf. Annex 7).

Use of Local Firms for Engineering Studies

ACDI/VOCA, as part of its partnering strategy with local Rwandan institutions, successfully identified and contracted with a number of local firms for various kinds of consulting services, including professional engineering services. Firms like SOGIS and ATLANTIS have produced excellent engineering studies. These firms were delegated by A/V to supervise regional construction firms for the actual implementation of the engineering design plans (such as specific bridge rehabilitation tasks). Rwandan engineers from the Ministry of Public Works Road Maintenance Office also participated in a number of the construction programs.

A recommendation made during the mid-term evaluation to include a structural and road engineer as a member of ACDI/VOCA's permanent staff was not implemented for two principal reasons: (1) budget limitations for such a position and (2) satisfaction with performance of local consulting services contracted for when they were needed. Judging from final evaluation observations of the performance of these local contractors and discussions with them, A/V has been correct in its use of this local resource. The only serious issue confronted within the road rehabilitation program, and also observed during the mid-term evaluation, has been finding a solution to the maintenance of roads and bridges once work has been performed. Local populations and authorities within the regions of interventions have not been able to find the means to organize routine road maintenance. Nor is it likely that an in-house road engineer would necessarily solve this problem either, though such a person would help keep the problem in focus more consistently. The use of the local consulting firm ATLANTIS, proposed by ACDI/VOCA "*to develop, organize, and implement a training manual and program in Gisenyi as a pilot for rural road maintenance in Rwanda*" may provide some new ideas, but unless specific individuals or groups take this as their role, no 'manual' will solve the problem either (A/V: November 2003:28).

Use of GIS

The GIS laboratory at the Rwanda National University (RNU) in Butare, was given a small contract to digitize the 39.8 kilometer lakeside roads in Gisengy Province as a means of measuring future economic impact on these lakeside communities as a result of road rehabilitation. ACDI/VOCA has also been encouraged, in the mid-term evaluation, to acquire its own GIS software capability and to train some personnel in its use. The M&E coordinator did begin to receive orientation training of this kind, though the project has not acquired its own GIS software.

RNU is using ARC/INFO and ARC/VIEW software. This software is a sophisticated, expensive, fairly difficult system to use and keep current, and requires a yearly license to keep using. It only takes the departure from an organization of one person knowing how to use such software for the entire investment to become unusable. Spatial analysis of data that ACDI/VOCA could potentially acquire through its various program activities within Rwanda would indeed be very useful.

As observed by the mid-term evaluator, it is true that having an in-house ability to produce maps to illustrate program activities would be useful, and it is surprising that such maps have not been created for the project using other means. Other software systems, such as MapInfo or Atlas-GIS, permit most of the mapping capabilities needed by a program like this, though even these systems require a commitment of time and effort to develop. ACDI-VOCA could also contract out to have map products designed that could be digitally scanned and used in reports. This final evaluation report has no project map illustrating the location of the 39 cooperatives and associations worked with throughout Rwanda because such a map has never been created for the project.

3.1.4 Recommendations

(1) Reconsider ACDI/VOCA's approach to the distribution of inputs. A/V, whose current policy supports cooperatives to by-passing local traders supplying inputs, would do better to look at the entire value chain for each commodity it works with and find strategies that help such traders become more competitive. Local input suppliers are an important link in this chain and they too need assistance in supplying farmers with inputs. Rather than giving contracts to suppliers outside the region to bring in supplies, ACDI/VOCA could stimulate local economies by linking cooperatives and associations with local input suppliers. Because ACDI/VOCA grant funds almost always include substantial line items for inputs, tenders for specific quantities could be put out for bid by recipient cooperatives or associations (not A/V itself). This would also tie in well with A/V's Goal 3 intervention 3b to 'strengthen and support the marketing and distribution system'. Local traders - in much the same way as ACDI/VOCA has promoted for the sale of monetized soybean oil - would bid for the right each year to supply such groups as C.P.C.R.B. (for rice inputs), COPROVAB (for wheat inputs), SORWATOM for tomato growing inputs, tea cooperatives, and the various coffee washing station cooperatives. Given significant volumes, local traders will be able to offer more competitive prices and be responsible for timely delivery as well. A/V could also help specify the fertilizer formulations most likely to produce the desired results for specific crops, and help link traders to those national or regional wholesalers capable of providing what is actually needed in a timely fashion. Helping develop linkages between input suppliers and cooperatives would be one of the tasks of grant managers overseeing specific programs.

(2) Have it be a conscious policy to align all future road rehabilitation programs directly with specific transportation needs and constraints identified with cooperatives or associations receiving ACDI/VOCA grants. This will create a synergy between these two components of the program and better focus limited resources in this area.

(3) For road maintenance, consider dealing directly with agribusinesses (and not farmers or local authorities) benefiting from the improved roads, including in particular the associations and cooperatives being supported through the grants program. Such groups might be convinced to commit resources to such maintenance under the leadership of the local chamber of commerce or other respectable entity. Signs along the road could be put up recognizing the civic role specific groups are playing, much as is done along sections of US highways were local resident families collect and dispose of highway litter. Without such support, however, A/V would **not** be advised to repair structures they have already repaired once before.

(4) Given the current quality of data being acquired by the project, and the substantial investment in time and resources that would be required to actually develop the required GIS data bases and use them, it is **not** considered advisable for ACDI/VOCA to acquire its own ARC/VIEW system or provide additional training as it begins its new DAP in

February 2005. This would represent a diversion from areas of program training and support that need greater attention. It might be useful to engage RNU once again within two or three years to undertake the impact study that they have suggested within the road system already completed (cf. Annex 2, document # 21 for discussion of RNU's GIS study, January 2003). Simpler and less-expensive mapping software might be considered using off-the-shelf available maps for use in project reports.

3.2 Goal 2: Increase household incomes of targeted populations through expanded agribusiness opportunities

Goal 2 activities represented the driving force of this DAP and employed 72% of the total budget from monetized funds. The mid-term evaluation observed that "*the food security grant program has become the principal activity of the A/V DAP and the most successful*" (Gaudreau, 2003:28). As illustrated in Figure 1, Goal 2 activities were organized through two principal objectives:

(1) Improved Capacity of Farmer Groups to Engage in Agribusiness Opportunities
(2) Increased Access to Financial Services by Grants Beneficiaries

3.2.1 Improved Capacity of Farmer Groups to Engage in Agribusiness Opportunities

ACDI/VOCA achieved its agribusiness promotion objectives with farmers groups through its Food Security Grants Program. Both associations and cooperatives (groupings of associations) were encouraged to apply for loans. A/V recognized from the outset that one of the greatest constraints of existing Rwandan associations and cooperatives was their lack of managerial capacity to function as business entities. Financial management and accounting skills were absent, and business plans did not exist. Awarded grants would have to include efforts to provide the training needed to develop management capacity.

Initially A/V was overwhelmed by poorly designed and written proposals from associations and international NGOs all over the country. A/V realized it would have to, itself, offer assistance to promising groups in the preparation of their proposals, and also encouraged other USAID agribusiness focused projects (PEARL, ADAR) and NGO partners like World Vision, Catholic Relief Services, and Heifer International, to also assist potential clients in preparing realistic proposals. Such NGOs could serve as mentors to these groups, but not draw overhead from grants given to Rwandan groups. ACDI/VOCA subsequently bid out to local consulting firms the responsibility of helping promising proposals to better define their objectives and establish business plans and how grant funding would be used to help achieve such objectives.

Early consultations with USAID/Rwanda also provided a number of guiding principles for use of monetized grant funds. Guiding principles included:

- No Grants would be made in favor of a private enterprise[13]

[13] According to Paul DeLucco, "*the decision not to permit grants to international NGOs was instigated by the USAID/Kigali FSNs. They were very unhappy with the idea that a food security program, funded from the auctioning of US commodities in Rwanda for local currency, should give grants to international NGOs, permitting them to charge overhead and otherwise reinforce their presence in Rwanda. They felt that such a program should focus on local groups,*" (DeLucco memo to Swanson, October 2004). However, it should also be remembered that the P.L. 480, Title II funds were a gift by the American people to Rwanda, in the first place – whether in commodity form or their value monetarily - and the effectiveness of such a gift could be

- No loans would be made
- No loans would be guaranteed
- Grants would be awarded only to local organizations (and not to international NGOs)

USAID/Rwanda, through DA funding, was able to provide additional support to A/V by helping to finance special consultants and support services to private entrepreneurs whose revived businesses would provide new economic opportunities to small farmers within different regions, thereby improving food security. In this way, ACDI/VOCA was able to stimulate activities with two wheat mills (SOTIRU and that of Venant Kabandana) and the SORWATOM tomato paste factory and link them with cooperatives receiving grant funding that would stimulate production of target commodities (wheat, tea, tomatoes).

ACDI/VOCA acts principally as a 'grant's making agency', even though at a superficial level, it has been involved in helping grant recipients acquire business management skills through some forms of training. Yet one of the most serious weaknesses of almost every cooperative and association visited during the final evaluation was the continued lack of financial and business management skills among the leaders of the concerned groups. This puts at serious risk the sustainability of the entire endeavor. The level of training that ACDI/VOCA has been able to provide has not been sufficient to provide the hands-on, day-to-day, kind of support required by most of these groups, at least initially. This is just the kind of support that many of the Rwanda based international NGOs might have given to their respective groups. One only need look at the USAID PEARL (or ADAR) supported project activities to see that cooperatives working with them have received an abundance of technical support and oversight for financial and business management support. In fact, so much is done by project personnel <u>for the cooperative</u> that one wonders if the personnel of these coffee cooperatives can themselves keep going after the end of these projects.

One of the problems with A/V grants is that recipients often see them as very time bound. Funds given are for very specific purposes – like creation of a business plan, special study, training, construction – or for inputs. Once spent, the relationship for all practical purposes is over (unless there might be the promise of - or hope for - additional grant support). A/V has not received the kind of promised [in the grants agreement] quarterly reports required from grantees during implementation. Receiving continued information following the 'formal' end of the grant task is even more problematic. As an example, a grants agreement, dated June 6, 2004 between ACDI/VOCA and the seven members of the AGROCOTRA association specified a 'three month project, from June 15 to September 15, 2004' for certain goods and services for the production of Moringa miracle trees. But trees take years to grow. How will the association learn to use the various 'miracle' products of these trees and further extend it if successful?

Seven specific recommendations were made during the mid-term evaluation with respect to this component of the project. Judging from the responses given by ACDI/VOCA, no specific changes have been implemented during the final year and a half of this project as a result of these recommendations – usually for what appear to be good reasons. Reviewing these issues once again, a few observations might be made.

Mid-term evaluation recommendation #1 suggested that Food Security Guidelines be modified to better reflect the types of agribusiness proposals being received – particularly the kind of groups submitting these proposals. Considering the level of detail and expertise required for completing such proposals, it is not surprising that so few local groups could develop winning proposals. International NGOs working within Rwanda, who might have been able to comply with these guidelines, were

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seriously compromised if the accompanying training and support is absent. Local groups have not shown themselves sufficiently capable of providing the required support.

excluded from working with their constituent groups to submit proposals. Such proposals were rejected out-of-hand because they would need to receive indirect costs for their efforts. Even charities can not be sustainable without sources of funding. Yet, because 'outside assistance' **was** required to complete such proposals, ACDI/VOCA itself, other USAID projects like PEARL and ADAR, or locally contracted firms were recruited to work with such groups to complete proposals. Certainly these groups received fees and indirect cost payments for these services. They could operate in no other way. In the case of the local consulting groups contracted to provide these services, they themselves did not possess the required level of skills to provide the help required. No significant changes were made to A/V food security guidelines, though changes are contemplated for the new DAP.

Mid-term evaluation recommendation #2 suggested that support for the small grants programs with World Vision should be expanded and other partners identified. It appears to be ACDI/VOCA's opinion that "*it would be a mistake to overestimate the effectiveness of these small grants…we don't have a very clear idea at all as to how effective they were. Most of the evidence is anecdotal. World Vision was never able to give us convincing reports on all these grants" (DeLucco memo to Swanson, October 2004)*. This statement points to the need for 'non-anecdotal, convincing reports' about impact on beneficiaries. Reports do not have the quantitative data from the grant recipients themselves to prove impact and success (which is not to say that such data could not have been available, if a system to acquire it had been in place). It is true that this has been a failing of both WV for its small grants **as well as A/V itself** for most of its larger grants. Indeed, in June 2004, this consultant conducted the final evaluation of the World Vision DAP and found that "*World Vision's focus on the poorest of the poor in remote areas through these (nine) micro-projects has been an excellent complement to ACDI/VOCA's own efforts with larger groups*" (Swanson, 2004:64). After meeting with several of the recipient groups of these small grants, it was very evident to me that the small amount of money provided had had impacts out of all proportion to the amounts received. They were able to pursue their own special dreams for commerce. What were these dreams supported by the A/V small grants?

> *"In one case this has meant stocking and sale of Irish potatoes; in other cases this has meant the simple purchasing of available food commodities at harvest (beans, corn, sorghum) for resale a few months later as prices climb. These groups have diversified by purchasing their own grain mills, thereby adding value to a product that is sold within the local markets. Some groups have seen multiplication of improved seed varieties as a profitable venture, and partnered with another association for the sale of these within neighboring communities.*
>
> *One association (Duterimbere) in Gikongoro Province, of 23 members (14 women, 9 men), through an initial loan (made possible by the small grant), combined with their own resources, has managed to purchase their own grain mill, with an adjacent small store for simple household needed commodities, and a small storage building for marketing the produce from their fields (and additional grain purchased from neighbors. Half the women, including the association president herself, lost their husbands in the 1994 genocide. They have also benefited from 10 hectares of bench terraces constructed upon their individual fields, with one 2 hectare site reserved as the 'association's plot'. Sales from this plot have helped to finance other activities. They now have expanded to rent 7 additional hectares of land for crop production (land was terraced as well). This group has been able to obtain small animals for most of the members, with the balance soon to receive their own from the first young born to the female goats purchased. Every woman in the group has a cow, providing milk for the household; some milk is being also sold and helps to provide for the school fees of their children. Each member today has a personal back account in their own name, and an account in the group's name. Each member has even taken out a simple life insurance policy on themselves. They also are members of UNICOOPAGI cooperative in Gikongoro from which they are able to obtain some of the fertilizer and other inputs they need for their crop production needs"(Swanson, 2004:68).*

Unfortunately, WV had not set up a system to objectively document these impacts, so reporting did appear 'anecdotal'. Experience among poor rural communities has frequently proven that it does not require large amounts of money to realize very significant results - this, in spite of the fact that, unfortunately, it can cost $10 in administrative costs to provide or lend $2.00. Yet this is the reality of working in such communities. To penalize such communities the benefit of receiving such assistance from international NGOs capable of providing it, because of 'administrative cost' is wrong-headed.

The WV final DAP evaluation consultant also recommended that World Vision significantly expand this small grants program, even though the quality of WV reporting and data management with respect to the evolution of these groups was very poor and confirmed A/V's observation that "*WV was not able to manage the administrative burden of the eventual nine grantees*". ACDI/VOCA made an effort to encourage Catholic Relief Services, a P.L. 480 partner, to participate in the small grants program by furnishing copies of the grant guidelines to them. They never responded. World Vision did respond with an initial request for funding for additional grants, without providing adequate details as called for in the grant guidelines, and ended up not being able to pursue this further.

Heifer Project International was interested to apply for assistance for some of their Rwandan dairy associations, but because they needed indirect costs to maintain activities, was not able to do so. A/V noted that 'Heifer Project did submit a proposal in which they would have managed the grant and provided for a training budget for HIP on which they proposed to collect overhead, but A/V turned them down'. They have accepted a 'mentoring role' (whatever that means) for the Giramata Association in Byumba to manage a fairly large A/V grant to establishing a dairy in Byumba town, including help in developing milk collection centers. But, since an international NGO can not collect overhead from 'mentoring', Heifer International's ability to provide the level of assistance needed remains to be seen. One already knows, under similar circumstances, World Vision had difficulty in doing so. And it is certain that A/V itself has not proven itself to have the administrative capacity either to provide the field-level business management training and expertise needed by this dairy initiative, nor to acquire the on-going data to monitor progress in such activities. The core problem here appears, once again, to be a problem with the Food Security Guidelines themselves, discussed above. Given current guidelines, it is very difficult for other international NGOs within Rwanda, who could provide some of the services required, to participate.

Mid-term evaluation recommendation #3 suggested that ACDI/VOCA 'Rural Development Unit and M&E staff should be more effectively integrated into Grant Management activities and related association strengthening activities'. By the time of the final evaluation, the Rural Development Unit no longer existed (see Figure 2, staffing organogram, page 11). However, this final evaluation also found that the core problems which led to this mid-term recommendation still persist. These have already been addressed above under 'staffing and communications'. In its response to this recommendation, A/V noted that "*it is inappropriate to involve the project M&E coordinator in grant activities given the staffing size and nature of the Rwanda program*" (A/V, 2003:10). With respect to the M&E coordinator, this was an appropriate response. Yet, the fact of the matter is that the M&E coordinator **is** involved in grant activities, which has affected his ability to provide the level of field monitoring support to cooperatives and associations he should be giving.

Mid-term evaluation recommendation #4 suggested that the ACDI/VOCA team needs to 'establish a strategy and rational policy for disengaging over time from financial and technical support to the grantees'. The need for such a thought out strategy and policy still remains. ACDI/VOCA has not followed this recommendation. The purpose of this recommendation was **not** to limit a specific cooperative to a specific amount of funding, but to <u>clearly communicate the steps considered essential to reach objectives set.</u>[14] Is it an objective that supported agribusiness associations become financially

[14] The project had a set a 'theoretical ceiling of $300,000 for any one group over the life of the project. "*After managing the grants program for four years, however, we believe that in Rwanda $200,000 is probably a more practical maximum in terms of*

sustainable? Is it an objective that they have the ability to keep financial records accurately and provide cost – benefit analysis of their operations? Or is the objective simply to see that annual budgeted grant funds each fiscal year are (1) spent and (2) properly accounted for? This latter appears to be the most important objective. Are expectations the same for very the large cooperative agribusinesses as for the small ones? These and many other questions should be clearly discussed by the project in a strategy statement and this clarification should be made evident in the grant agreements signed.

The responses to such questions will also help indicate the length of commitment that may be required to reach these objectives. Responses will also help define just how many cooperatives and associations ACDI/VOCA can become engaged with. At this point, there does not seem to be any limit to the number of groups or agricultural sectors the program will work in. Otherwise, A/V could open itself to the accusation of favoritism or arbitrary support. Visits during the past month with 19 cooperatives and associations receiving grant support has shown that in most cases these groups have yet to put into place operational financial accounting and business management systems, without which they will not be sustainable. A/V noted that "*in an environment where the banking sector is very weak, where rural loans are granted only at the highest of interest rates, and where the rural sector is very weak, a well-focused grants process, stressing cooperative responsibility and capacity-building can be seen as one-time pump-priming*" (A/V, 2003:10). ACDI/VOCA experience has shown that even after that 'one-time pump-priming', continuing support, particularly with respect to business management skills, is required. A/V needs to decide if they are going to become more engaged, at the field level, in addressing this need, or will simply move on to other groups by furnishing new grants for new enterprises.

A clear strategy of disengagement is also important because, as cooperatives grow and realize that 'more funding' may be attained, a financial black hole could open up to which it may be difficult to respond to rationally. An example of this issue was observed with the SERUKA honey project[15]. Leaders of this group have received other USAID support in recent years and know the 'right buttons to push'. They speak of the many women who will be keeping hives and selling honey and beeswax, many widows and people without much, if any, land of their own – all true statements.[16] A/V funds gave an initial injection of funding for many households to purchase hive through a novel system of micro-credit lending that requires personal savings and investments. Yet local program leaders have not come close to meeting their initial projections for honey and beeswax production, they have not followed their own stated objectives of increasing the number of Kenya Top Bar (KTB) hives over use of traditional and Langstroth type hives. Rather, the focus has been on expanding construction and purchase of Langstroth hives which are poorly made and, in this consultant's point of view, a completely wrong strategy for beekeeping for these farmers.[17] And the numbers of association members have exploded, from an initial 600 to more than 8,647. This has led to the obvious need for additional grant funds to further expand the project. However, until the group of initial beekeepers can show themselves capable of managing, harvesting, and selling their honey and beeswax, and keeping correct records about this process at both the individual and SERUKA organizational levels, they should not be receiving additional funding to expand to yet other beekeepers who currently only have traditional hives. Cost-benefits to farmers of participating in this

local managerial capacities and potential returns on investment" (Delucco email communication to Swanson, October 2004). COOPAC has received the most in grant funding to date, about $210,000.

[15] SERUKA is actually a Rwanda NGO working in other areas besides honey, notably HIV/AIDS awareness.

[16] While the women may own the hives (since the project encourages this), in reality most hive management is done by men. Traditionally hives are in trees, and are harvested at night be climbing into these trees. This is not a woman's task. Modern or transitional (KTB) hives can be placed under shelters, on stands, but are still often harvested at night. Women can help in the processing of the honey and beeswax, and in its eventual sale.

[17] This consultant (Richard Swanson) has had more than 40 years of beekeeping experience and is a specialist in tropical beekeeping in Africa, with experience in use of traditional, Kenya Top Bar hives and Langstroth hives for honey and beeswax production among farmers similar to those in Rwanda. He has also designed and implemented a major beekeeping program in West Africa which has grown dramatically over the years and remains in operation thirty years later.

activity have not been calculated, though it would appear that costs greatly exceed benefits. Local SERUKA beekeeping advisors also need to receive training appropriate to the needs of these farmers – rather than communicating the largely academic arguments of 'professional beekeepers' on the kind of hives to promote. Kenya Top Bar hives have been shown elsewhere to take the best advantage of simplicity in construction, ease of harvest (without extractors), and maximization of value of beeswax and honey. Skills needed to process and market honey and beeswax differ depending on the system used. Help in acquiring appropriate containers to successfully market honey is not being given to SERUKA either. This is a potentially great project activity, but it needs to receive much greater attention and appropriate technical support for years to come. Current direction of activities and support can only lead to frustration of the members and eventual failure.

Mid-term evaluation recommendation #5 suggested that 'A/V explore ways to better coordinate and integrate activities related to association development and the Food Security Grant Program'. In its response to this suggestion, A/V noted that it "did not understand the point here" (A/V: 2003:11), though stating that they had added a Post-Grants Coordinator position in later months that year. This individual has coordinated the training program, locating and contracting for the services of local consultants and firms to provide different kinds of training to grant recipients (cf. page 12 above), but does not have the overall 'coordinating' role that this position title suggests. This recommendation perhaps relates back to the need for clarity of strategy and objectives for groups receiving A/V grants, discussed in the section above. Nor is there any consistent data-collection system, across all cooperatives and associations that can be referred to when trying to assess impact on the beneficiaries of these grants. IPTT indicators do not serve this purpose. Suggestions were made under the discussion of project management (cf. 2.0) address the concerns expressed in the above recommendation.

Mid-term evaluation recommendation #6 suggests that 'A/V should encourage grantees and potential grantees to assess the training needs of all their members and to prepare an association training plan for incorporation into the grant applicant proposal or to submit as a request to the association development component of the DAP'. The response to this was that "*during the remaining time under the DAP, ACDI/VOCA will intensify collaborative training activities in governance, management, and accounting for cooperatives*" (A/V: 2003:12). Because the capacity of the groups visited during the final evaluation in governance, management, and accounting continue to be the areas of **greatest weakness**, it would appear that A/V was not successful in this effort. The reason for this lack of success is probably attributable to **how and with whom** A/V sought to accomplish this task. This was not done by qualified in-house personnel, nor was it tailored to the specific needs of each group.[18] Rather, local firms were contracted to provide 'professional training' in these areas which in many cases was either above the ability of trainees' ability to apply in their home environments or not relevant. Those engaged to work with these groups 'at the field level' were not very effective either, perhaps not having themselves the necessary skills or time for the hands-on training needed. Grantees for new agribusiness cooperative or association ventures will not necessarily recognize their own need for this kind of training. 'Just give us the money and we can manage this ourselves' might be a common observation. Not true however.

Mid-term evaluation recommendation #7 noted that 'because of the success achieved by the Grant program and its importance to promoting economic well-being within rural communities, ACDI/VOCA

[18] Had A/V set up a common system for information management on each grantee, it might have known early on the ability (or lack thereof) of local leaders to furnish proper data to their members (and A/V) on their use of project funds and the profitability (or lack thereof) of the enterprise undertaken. Certainly these may be 'risky ventures', as A/V pointed out in the case of Abahuzamugambi during its early years when earned income from coffee did not cover costs, and grant support made the difference in launching this successful venture. Yet a group's ability to understand its own costs and benefits and profit margins, and control costs, is necessary for ultimate success. Key data must be regularly acquired to monitor progress. A.V. could have done more to insist on effective reporting (to members and A/V itself).

might consider expanding its staff so that there can be more direct mentoring of some Rwandan associations which are not linked to other projects or donors' (like PEARL, ADAR, World Vision) (my highlighting). A/V's response was that, given the remaining duration of the project, this recommendation could not be adopted, though these thoughts would be considered for the new DAP. This recommendation can be understood at two levels.

At one level, it is true that A/V has been hard pressed, for lack of in-house personnel, to help local groups prepare winning proposals or in submitting 'unsolicited proposals'. And, as suggested by project management, the new DAP should seriously consider this since "*proposal preparation has been a difficult task for all of the small groups with good ideas for income generating activities*" (A/V: 2003:13). One reason for this 'difficulty' was because of the guidelines, prepared by A/V, to qualify for these grants, discussed above. Yet A/V has also noted that "*it is no more burdensome to manage a large grant of $200,000 than a small grant of $20,000…If a project has budgeted a million dollars for grant funds in a fiscal year, it is going to need to finance some larger projects if it is to disburse the budgeted funds on time*" (DeLucco memo to Swanson, October 2004). A portfolio of both large and small grants was therefore called for, with the limiting factor of A/V staff size understandably giving higher priority to the 'larger grants'. Yet should this be the determining factor? Do we know that helping 'larger grants' in fact has greater 'pay-off' per person, than helping smaller grants? I do not think so. Certainly no available data can confirm or refute either case.

At another level, this final evaluation has repeatedly pointed out the need for greater ACDI/VOCA in-house involvement through direct training and support to most of the cooperatives and associations visited – particularly in the area of governance, management, and financial accounting for cooperatives and associations. As pointed out above, 70% of all grant funds go to cooperatives and associations A/V itself manages (c.f. page 9). Expanded in-house staff and direct mentoring during the final 18 months of the project might have been more effective in providing this unfilled training need. In this case, A/V should have given greater attention to the field-based needs of existing grant recipients **before** expanding its operations to new cooperatives and agricultural sub-sectors. ACDI/VOCA has become successful in identifying and launching new grant initiatives, but less successful in the field-based and frustratingly slow process of following up its grants with appropriate level business training.

Life-of-program (LOP) achievements within this component include the following.

(1) **A successful grants awarding system was put into place that included the creation of a Food Security Grants Review Committee**. ACDI/VOCA gave consistent leadership in proactively seeking out the best potential clients as recipients for grant awards, while remaining flexible and attentive to USAID, GOR, commercial banking and other private sector council with respect to awarding grants. The security grants review committee had a consultative role to the program, with particular attention to grants over $50,000. It included prominent Rwandan professionals who offered pro-bono services. Meeting two-three times each year, the committee included the USAID Food Security Officer, key grants management staff within ACDI/VOCA, including the COP, and local business and/or banking experts, currently including a representative from the Rwanda Development Bank (BRD) and a GOR Ministry (Privatization Secretariat). Review of committee meeting notes show active, critical, but constructive, participation of all members.

(2) Thirty-nine cooperatives or specific associations received one or more grants for a total of $1,519,098 (cf. Annex 5, Table 2 for list of grantees and amounts received),[19] representing fifty-nine separate grants. Actual awarding of grants represented the end of a long process which involved initial review of numerous proposals, establishing criteria for review, undertaking field visits to verify objectives with local civil leaders and group members, developing networks of partners, and, in many cases, helping groups develop three year business plans. Once awarded, A/V efforts continued with each throughout the remaining life of this DAP, monitoring use of funds and seeking to assess impact.

(3) ACDI/VOCA has provided significant leadership in linking Rwandan coffee cooperatives with Fair Trade Coffee representatives in Europe and the United States, a model which has been adopted by other projects within the country. Farmers, for the first time, are being paid competitive prices for their products and realizing subsequent dividends from their cooperatives as sales are completed and funds returned for profit-sharing. Some of the coffee cooperatives have used grants funds with outstanding success. In 2002, the Abhuzamugambi Coffee cooperative "*sold 13 tons of coffee to Union Roasters, a U.K. coffee roaster, at $1.33/lb and 18 tons to Community Coffee, a large US coffee marketer, at $1.36/lb*" (Prices are FOB/Mombasa.). Today, Maraba Coffee is rapidly becoming a recognized brand name for a Rwandan specialty coffee. Without Maraba Coffee, the "*poverty-stricken Abhuzamugambi Cooperative would still be producing coffee for sale at $0.08 - $0.12/lb to the middlemen who prey on the rural sector in Rwanda*" (A/V: 2003:32). No wonder farmers were up-rooting their coffee plants and looking for more commercially viable crops. Fair Trade Coffee is in the process of saving the livelihoods of thousands of small farmers in Rwanda. "*In 2003, COOPAC, in its first year of operation, when it functioned for only half a season*[20]*, exported 42 tons of coffee at the FLO floor price of $1.26/lb. (FOB Mombasa) for gross sales of $116,424. In 2004, COOPAC exported 93.6 tons at the FLO price for gross sales of $256,460 (FOB Mombasa)….For a cooperative's gross sales to exceed its investment costs in its second year of operation…is quite an achievement. Here we see a cooperatively owned agribusiness grossing a quarter of a million dollars in an area where there was nothing before the project*" (DeLucco memo to Swanson, October 2004).

Dividends. Farmers can hardly believe the reality of actually receiving dividends. Because of better management, quality control, and identification of export markets, Rwandan farmers will increasingly demand better performance from their cooperative and association leaderships. COOPAC's recent first dividend payment event was accompanied by much ceremony and celebration. Farmers who received the top ten dividend payments received a supplemental dividend from net cooperative profits. Top winner, Erneste Nzamwitura received a cow, personal cell phone, and a merit certificate. The two runners up, Anastase Nzanywayima and Enias Safari, each received a cow and merit certificate. The next seven leading contenders received a goat and merit certificate. Five COOPAC-paid extension agents also received special recognition and merit prizes. Announced as an annual event, COOPAC members are enthusiastic to be the best next year, and new members are flooding into the organization, helping it to become even more competitive within the region.

[19] The most accurate figure is in Rwandan Francs: 881,076,841 RFr. Exchange rates changed significantly during the past five years. An exchange rate of 580 RFr. per U.S. $ is used here.

[20] Coffee cherries can be harvested two times each year in Rwanda. Rwanda has two agricultural seasons each year.

(4) At least 37,677 group members (58% women), representing an estimated 192,439 individuals, are beginning to experience increased economic opportunities and incomes as a direct result of the grants program. This is almost 400% higher than the LOA targets initially established for project beneficiaries. Nor do these numbers include those benefiting from rehabilitated roads, the thousands of individuals, mostly women, who will now find 2-3 months of off-farm seasonal employment each year through the coffee washing stations,[21] drying and processing of Chili peppers and manioc, the hundreds of newly employed laborers associated with rejuvenated wheat mills, a tomato past manufacturing factory, and a dairy processing center. One of the weaknesses of the A/V monitoring system has been in an absence of consistent data reporting upon program beneficiaries, or of the actual impact (through case studies) of income earned from the above sources. Most cooperatives have grown in membership during the life of the project. For example, the first grantee, Abhuzamugambi started as a coffee association with about 300 members in 2001 for the production of specialty coffee. In 2002, it had grown to over 800 members as other associations joined the original group to form a cooperative; the stimulus was the completion of the new, A/V grant supported, coffee washing station for Fair Trade Coffee processing. Membership has continued to climb to about 3000 currently.

3.2.2 Increased Access to Financial Services by Grants Beneficiaries

ACDI/VOCA, over the past 18 months since the mid-term evaluation, has greatly expanded its interaction with three commercial banks within Rwanda, thereby leveraging grant funds provided to various cooperatives or associations. During the life of this project, A/V support made possible 17 commercial loans to its grantees, ten of which took place during 2004. Approximately $2,702,487, from three commercial banks, was loaned to 13 cooperatives receiving ACDI/VOCA food security grants[22]. These commercial bank loans were leveraged from the $626,075 given to these 13 cooperatives by A/V. In addition to this, grant funds provided to wheat and tomato cooperatives were directly responsible for several value-chain partner private sector firms (SOTIRU, SORWATOM) being able to acquire commercial loans to launch business ventures. For example, BRD provided a 200 million RFr. loan ($344,827) loan to help relaunch Venant Kabandana's wheat mill in Gikongoro. Leveraged funding for these cooperatives already exceeds five times the grants received, and continued future loans from these banks will increase the leverage achieved. ACDI/VOCA's continuing challenge is to help the remaining cooperatives and associations who have not yet received commercial bank loans for their continuing fiscal needs to qualify for such loans, receive them, and continue operations. Establishing such a continuing linkage with a commercial bank would be considered a strong indicator of sustainability for this group.

Without commercial lending, cooperatives are unable to meet their short-term capital needs for purchasing inputs or commodities from farmer members, or needs to obtain important new equipment. Commercial banks will not loan funds to cooperatives or associations without capital assets or some other form of collateral. And risk of loans is further diminished if some assured system of training and institutional support to the people who will produce the targeted commodity is assured. With such training, farmers will be in a better position to effectively use inputs for which some of credit may be used, or have better production to reach volumes required by some industry. A/V has been able to create the important bridge between the two to jump-start many commercially successful operations.

[21] COOPAC, for example, employs about 600 people, most of them from COOPAC member families, during the four months the coffee washing station is in operation. Though barely in operation for one year, the site of the washing station – in a remote site near Lake Kivu – was in September 2004, during the time of the consultant's visit, a scene of rapid construction everywhere. The Station is providing employment; laborers need lodging and food, which brings small merchants, food providers, and other support services.

[22] Grantees were either coffee or tea cooperatives, with the exception of one cheese processing cooperative (La REINE) and rice cooperative (C.P.C.R.B).

A/V noted, during their initial contacts with the Rwanda Development Bank in 2002 that "*the BRD had difficulty extending credit to rural enterprises because of lack of collateral, due in large part to the fact that there are no formal title deeds to rural land. A/V suggested that perhaps a Food Security Grant could be considered sufficient leverage in certain cases for a BRD loan. BRD staff was enthusiastic about the idea*" (A/V: 2002:4). The Banque Rwandaise de Developpement (BRD), for instance, in September, 2004 had, on its books, 1,262,000,000 FRw (about $2,175,861). This represented credit given to nine cooperatives that have benefited from 252,000,000 FRw (about $434,482) of ACDI/VOCA grant support. Or put another way, A/ V grant support has permitted Rwandan cooperatives and associations access to <u>five times</u> the Food Security Grant funding from one Rwandan commercial bank.

What is perhaps even more important is that, because this relationship has been established, there is every reason to believe that these kind of sums, and perhaps more, will continue to be furnished to these groups in the years to come – assuming they keep their reputations intact with respect to reimbursement of loans given. In discussions with BRD officials, they appeared to be pleased with the experience of the past three years with respect to repayments. Needless to say, they are actively encouraging ACDI/VOCA to continue providing similar 'start-up' support in other ventures. In 2002, the BRD held a national conference "*showcasing the arrangement with A/V as an ideal solution to dealing with the lack of collateral in the rural sector*" (A/V: 2002:5). This, of course, considerably lessons the risk of the bank in providing such loans. **Unfortunately, banks, with their decreased risk, have not yet reduced their 16% lending rate in response, which represents a real threat (and tax) to cooperatives.**

A/V was approached by the Bank of Kigali (BK) in 2002, expressing interest in participating with A/V on its agribusiness projects, and in April 2002 '*extended a loan of about $90,000 to COOPAC to fund the coffee campaign in April 2003.*" In 2002, the "*Banque Populaire also extended a loan of $110,000 to the Abahuzamugambi coffee cooperative. These are second loans for both cooperatives as they had successfully paid off their loans obtained in FY02….In FY03, the banks (including BRD) reported 100% on-time repayment of these loans*"(A/V:2003:7).

The following are the recipients of current BRD loans on the books. Earlier loans have been given out and repaid.

Projects Financed in Partnership between ACDIVOCA and BRD[23]

		Bank Loan	ACDI/VOCA Assistance
1.	CPCRB (rice cooperative)	$86,207	$68,966
2.	La Reine (dairy/cheese processing)	$36,207	$31,034
3.	Kabandana (wheat mill)	$344,827	$75,862
4.	COOPAC (coffee processing)	$93,103	$100,000
5.	COOPTHEVM (tea cooperative)	$551,724	$31,724
6.	COOPTHE Mulindi (tea coop.)	$448,276	$31,724
7.	COOPTHE Mwanga (tea coop.)	$272,414	$31,724
8.	COTRAGAGI (tea coop.)	$141,379	$31,724
9.	ASSOPTHE (tea coop.)	$201,724	$31,724
	Total:	$2,175,861	$434,482

[23] These figures were provided to the consultant by the Director of Finances at the Rwanda Development Bank in Kigali on September 13, 2004. Figures were given in Rwanda Francs, and converted to US $ at current rate of 580 RFr/$. Contributions from ACDI/VOCA include both grant and USAID DA funding for consultants. Comparison of the ACDI/VOCA contributions cited here will be seen to be less than what ACDI/VOCA has actually given to some of these cooperatives, as shown in Table 2 of Annex 6. COOPAC has received about $210,000 from the ACDI/VOCA grants program, for instance. However, ACDI/VOCA records show a total of $428,174 given to these associations, a figure which is very close to that given above.

3.2.3 Recommendations:

(1) As support to agribusiness ventures, A/V Food Security Grant proposals need to consider the long-term support each group will require if they are to become sustainable. The economic value-chains linking producers with final markets for each commodity need to be considered in greater detail. Efforts then need to be made with respect to not only production and harvesting of specific commodities, but also the continued availability of inputs required and identification of markets.

(2) Reconsideration should be given to the principal that 'no international NGO may receive indirect costs for services provided to agribusiness cooperatives and associations'. These latter local groups, if they are to be successful, and A/V grant resources given to them not be wasted, **must** receive appropriate assistance in financial accounting and business management hands-on training. Local groups currently providing these services do not themselves have the appropriate real-life experience to successfully provide the needed training. Much is theoretical or academic in nature. Business entrepreneurs need to be training these new entrepreneurs. International NGO's working in Rwanda should be considered a valuable partner in providing the field-based support training and long-term services required by their constituent groups seeking to become agribusinesses.

(3) Consider developing a working relationship with the Rwanda National University in Butare to create one specially designed course in financial accounting and small-business management for agribusinesses. The class could be placed within the agricultural economics department. A small group of students would sign up for a one-year course. Students would receive 6-8 weeks of training at the University before they would be sent for a 5-6 month internship within an association or cooperative receiving A/V grant funding. They would have to be prepared to live at the site of the group – most likely a rural location. Costs for local living expenses for these interns would be given to these cooperatives, by A/V, as part of their grant agreement, to 'engage' these students to help develop and train personnel in proper accounting, reporting, and cost-benefit statements for this agribusiness effort. Travel back to the University two or three times during that academic year would permit students in this course to discuss field issues and be given continuing advice by an experienced business person specially engaged for this class. A/V could also help identify, either through their Farmer-to-Farmer training program, of from outstanding local businessmen, such as the directors of both COOPAC and La REINE, the 'professors' who would give students their training in this class. This would include what kind of information is important to record and regularly document for a small business. Their consultant fees could be part of an A/V grant for this purpose. Such a class would help develop a group of professional young people with the practical skills so greatly needed by the growing number of agribusinesses in Rwanda. It would be likely that some of these students might even be engaged by some of these cooperatives, after their graduation, to continue to provide such services.

(4) Continuation of the Food Security Grants advisory committee into the future DAP would be beneficial, though continued care must be exerted to assure that special interests of individual members do not influence choice of grant recipients or lower expectations towards full privatization.[24]

[24] ACDI/VOCA's move into the tea sector was made at the urging of BDR, with significant investments in this sector. This sector has a long history of government control, and efforts are being made to privatize this sector. This includes the land units owned by the parastatal tea companies, using hired labor to care for and harvest tea. There is a difference between the five associations requesting grant support, and ACDI/VOCA could help exert leverage towards true privatization of plots for farmers among those dragging their feet in this regard.

(5) Better definition of the objectives to be reached in the process of providing grants to cooperatives and associations needs to been achieved. This will in turn help clarify strategies and policies needed for eventual disengagement from specific groups. In defining such objectives and strategies, A/V should include the expert advice of the leaders of their more successful efforts to date (La REINE, COOPAC).

(6) During the new DAP, ACDI/VOCA will want to continue to expand its relationships with the three commercial banks (Rwanda Development Bank, Bank of Kigali, *Banque Populaire*) who already provide loans to Food Security Grant cooperative recipients. A/V will need to continue to advocate for reducing the exorbitant 16% interest rates currently charged these cooperatives for this credit - in line with the good credit repayment history being established by A/V grantees and the reduced risk the banks are facing because of A/V partnership. At the same time, A/V needs to continue to seek credit support for associations and cooperatives that have not yet begun to receive such help.

(7) Because of the reported 100% repayment history of commercial credit given to ACDI/VOCA grantees, it would seem appropriate that USAID/Rwanda reconsider its position that some Food Security Grant funds could be set aside as loan guarantees for some future initiatives.[25] These commercial banks know ACDI/VOCA now, and respect what they are accomplishing in rural Rwanda in energizing agribusiness activities. Having an option for loan guarantees (unknown to those receiving the credit), could both expand the impact of the overall A/V program while reducing the direct need to disburse over one million dollars in grant funds to associations and cooperatives each year. Because of the continued business management support from ACDI/VOCA that should be required during the new DAP for most of the current 39 associations and cooperatives worked with during the past three years, having a loan guarantee option could prove very helpful.

(8) ACDI/VOCA needs to improve its tracking and reporting of cumulative commercial bank lending to cooperatives and associations who have received Food Security Loans – linking this to cumulative grants received from A/V.

3.3 Goal 3: Support and strengthen the marketing and distribution system needed to provide food to the Rwandan population through monetization

As illustrated in Figure 1, Goal 3 activities were organized through two principal objectives:

(1) Monetization as a Development Tool
(2) Strengthen and support the marketing and distribution system

3.3.1 Monetization as a Development Tool

Since 2000, ACDI/VOCA has been in the process of monetizing P.L. 480 Title II program donated, vitamin A-fortified, vegetable oil from the United States in Kigali, Rwanda. Annual Bellmon analyses have continued to show that this is a greatly appreciated commodity within Rwanda and does not adversely compete against any local product. It also competes favorably with other imported cooking oils. Rwanda does not industrially produce its own edible vegetable oils.

[25] 'No loans will be guaranteed' is one of the guiding principles for Food Security Grants, discussed in 3.2.1 above.

Commodities tonnages specified for monetization, agreed to in separate USAID Food for Peace DAP agreements with World Vision, Catholic Relief Services, and ACDI/VOCA itself, were managed by ACDI/VOCA once they arrived in Rwanda, and placed within ACDI/VOCA's warehouses. The monetization unit was led by A/V deputy chief of party and monetization manager, Barry T. Elkin. A/V managed sales of these commodities through a system of auctions held in both Kigali and at several regional sites. While the commodities were in ACDI/VOCA's warehouse, their title was retained by each individual NGO. Losses were shared among all three partners as were the proceeds received from the sales. As with all new DAPs (as opposed to follow-on DAPS) there was a delay from the time that the first calls forward were placed and when the commodity was received. This delay prevented the quick start-up of planned development activities for all three partners. During this DAP it was also difficult for A/V to inform WV or CRS as to how much of the total commodity within their warehouse belonged to a specific partner. It will be a goal of A/V during the new DAP to improve its own tracking so as to provide actual stock tonnages to each partner at any given moment in time.

Based on available vegetable oil stocks in their warehouses, ACDI/VOCA would initiate plans for putting out tenders for sale. Stocks were broken out into lot sizes of differing sizes, and placed for bid. Smaller lot sizes were essential in permitting rural wholesalers to compete.[26] Rural wholesalers found a ready market in rural communities but their volumes were clearly lower. For any specific tender call, a certain number of lots of vegetable oil are offered. Traders respond by indicating how much they are willing to pay for a specific number of lots; some traders may offer different prices for different numbers of lots hoping to pay less for some of them. Monthly tender calls were announced by ACDI/VOCA through radio and press advertisements in English and Kirwandan, giving the closing dates for receipt of sealed bids.

Rosa Mukahakizimana is a small wholesale trader in Ruhengeri. I stopped by to visit with her for a few minutes. She was very busy with people coming and going from her shop, and called to her accountant to take over for her while she spoke with me. Her shop was crammed to the ceilings with bulk merchandise. One wall was stacked with P.L. 480 vegetable oil which she had recently purchased from a Kigali merchant. Though Rosa has bid during each of the seven times tenders were offered in Ruhengeri, she won only three times – noting that many Kigali traders had also come to compete here. A/V stopped coming to Ruhengeri 6 months ago with tenders, so she has to try to compete for new supplies in Kigali. She finds this difficult and expensive and wishes A/V would return to Ruhengeri with new tenders. She finds that Kigali traders seem to know better the going prices to offer and therefore appear more successful in winning bids. Because she must pay to certify her bid, when she looses this is an added expense when added to her cost of RT travel and lodging in Kigali. During a March 4, 2004 tender, she placed a number of bids and succeeded in winning 3 of them: 4 lots (of 25 cartons, with 6 4-liter cans of vegetable oil in each carton) for 1,383,218 RFr, 5 lots at 1,850,635 RFr., and 5 lots at 1,843,500 RFr.. She showed me her ACDI/VOCA invoice for the 5 lots. She had actually paid 1,981,875 for this, which included an 18% VAT payment, less A/V load out fees and 5% which she had paid as an advance prior to the bid. Rosa noted that she earns 300 RFr profit (about $0.52) on each can which she sells for $5.34 per carton. Her customers are even smaller traders who split the cartons up and sell cans individually or liter containers which are filled separately by hand and sold. Rosa sells many other items in her shop, including kerosene and sacks of fertilizers, including NPK.

[26] ACDI/VOCA did not choose to take the path of least resistance – or easiest – in disposal (sale) of these commodities. Certainly, the largest traders in Kigali would have liked nothing better than to have been able to dominate in the bidding war for these commodities – then selling them to smaller wholesalers in the country. This was a path encouraged by FfP in fact. Yet by consciously making it possible for smaller wholesalers, including regional traders to compete, the program has indeed created greater competition and more egalitarian access to this market. This should be considered a healthy trend which could have an impact on other market sectors in the future.

While the greatest numbers of wholesale merchants are to be found in Kigali, smaller independent wholesalers also exist in all regional markets, and unless they can themselves bid against the bigger merchants based in Kigali, they are forced to purchase the P.L. 480 vegetable oil from the Kigali merchants and transport this out to regional customers at higher cost to both themselves and their ultimate customers.

During the consultant's visits to the field, he was able to meet with several local traders in both Cyangugu and Ruhengeri who had participated in past bids. One trader, Sebastian Kayumba noted that there were 10 small wholesalers who had participated here in A/V tenders – he himself has bid more than 12 times both in Cyangugu and in Kigali. "*Every time we go to Kigali, we lose*" he said, thought this has not stopped him from purchasing P.L. 480 oil in Kigali from other merchants when he does not win his own bids. The oil sells quickly and well. There is a fear of purchasing too high in Cyangugu when Kigali merchants could get the same commodity for less in Kigali. These traders spoke clearly of their enthusiasm for ACDI/VOCA's initiative to have bidding take place regionally, as opposed to it all taking place in Kigali. Doing so helps them to obtain a better price than they would in Kigali. The expense of travel to Kigali, linked to the possibility of not winning a bid, makes it less economically interesting for smaller wholesalers to compete with the big traders who try to take everything available during a tender offer. Because the price set at the regional level is supposed to be the highest price last offered in Kigali, a floor price is established.[27] Problems have occurred when Kigali merchants have traveled to these regional auctions and attempted to outbid local merchants. The negative impact of these actions on local buyers, however, seems to be having a social impact within the community of merchants and this behavior will probably not persist.

The public tendering process created by ACDI/VOCA has been managed in an excellent, transparent fashion. Bids are due at specific times, are placed into sealed boxes, and in the presence of buyers and other partners are opened for inspection and recording. Tenders are sorted out by value of the bid and ranked, using spreadsheet software, from highest bid to lowest bid – each bid showing the value and quantity of cartons of vegetable oil bid for. Finally, the results of the bids are publicly posted. There is usually a very long list of those bidding, including their bid amounts, and a very short list of four or five names, at the top, of the winners, with their bids and lot numbers.

Reporting

The monetization team has done excellent record keeping throughout this DAP, including timely and detailed reports which were closely followed and used by World Vision and CRS. An example of one 'Umbrella Monetization Report' for September 3, 2001 is given in Annex 8. Reports of this kind, once done on a quarterly basis, were continued on an annual basis to umbrella partners. In this September report, for example, estimates are given of incoming commodities, based on the three partners' evolving programs, with bi-monthly details on sales and receipts of tenders held since the last report. Information is given on ACDI/VOCA's own expenses in the administration of these tenders, before disbursement is

[27] ACDIVOCA has the telephone numbers of all the regional traders and when a new tender is coming up, whether regionally or within Kigali, they are called and notified of the coming event. In this way every effort has been made to assure the participation of the maximum number of traders, which helps to regulate against price fixing between traders for an upcoming tender. This also helps prevent domination of the market by some wealthy and large commercial traders based in Kigali. The floor price is also communicated to them by ACDI/VOCA via phone. An interesting case took place in Cyangugu once, when the nine local traders, attempting to get a really low bid price, all agreed to the same, fixed, low price. Someone from the outside came in and overbid them, and no one received anything during that tender. They had to go to Kigali to replenish their supplies and this served as a lesson to them not to price-fix ; that there were advantages to individually compete for the best price they could afford. In the end, whatever the highest price given by any specific bidder during a tender, this usually becomes the base price from which everyone else sells their oil, even if they purchased at a lower level.

made to partners (cf. Annex 5, Table 4E). Details are then furnished about disbursements made to partners, with forecasts of commodity sales for the next few months. The table below shows a projection made in September 2001, reflecting tonnage already received for sale, and proposed future tonnage. As time moves forward, this chart was updated.

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These reports were well done by ACDI/VOCA and well communicated to partners. Perhaps too well done, because regular quarterly meetings that ACDI/VOCA wished to have with WV and CRS became less frequent – people not showing up. Sponsoring partners were given regular notice by the monetization manager of regular deposits into their account from the proceeds of recent tender auctions (cf. an example for both World Vision and CRS at end of Annex 8). When funds were available in bank accounts, there was no problem. When account deposits were different from what was expected, sudden panic could ensue. It was only when special issues or problems rose that WV and CRS would either frequently come in to the A/V office or enquire directly by phone or email to the monetization manager for additional information. This resulted in lost time for ACDI/VOCA in explaining things to the separate parties, and problems arose in the later years of the program, particularly for WV. Management changes at World Vision also brought out internal management issues in the planning and use of these funds – to the extent that World Vision at one point faced implementation problems for lack of funding.

During the life of the project, for reasons outside the control of the Rwanda program, the estimated value of commodities dropped. Prices dropped. This meant that the initially estimated values for monetized sales did not materialize. This was initially a cause for some concern. However, when the FfP budget was initially developed for these commodities, they did not take into consideration that interest would be earned in local banks on funds deposited. Interest earned on accounts made up for a significant portion of this drop in price, and interest earned was tracked closely by A/V in its accounts and reporting as well.

The most recent tender results were posted on a bulletin board at the ACDI/VOCA office during the consultant's recent visit in September, 2004, where he observed a number of people coming off the street to study results.

Initially, ACDI/VOCA, WV, and CRS had agreed to an equal 33% distribution of all monetized funding for each partner. However monetization umbrella partners recognized the need to disburse proceeds in a way that better reflected each program's size and starting dates. *"Title II partners agreed in their umbrella monetization in April 2001 to disburse proceeds monthly based upon the relative size of the total fie year DAPs, and each program starting date so as to better reflect relative program size. By the end of their programs, each organization will have received proceeds corresponding to the tonnage allocated by it's DAP"* (A/V Umbrella Monetization Report, May 1, 2002). The system agreed to is presented in the table below. This table was regularly communicated to partners for purpose of reminding them on how disbursements were being made each month.

Disbursement Percentage	2001	2002	2003	2004*	2005
ACDI/VOCA	39.763%	37.869%	37.900%	46.200%	0.000%
World Vision	27.967%	27.967%	23.040%	36.580%	0.000%
CRS	32.270%	34.164%	39.052%	17.220%	100%
	100%	100%	100%	100%	100%

*Through April 2004 then CRS receives 100% of proceeds generated

Table 4A in Annex 5 provides the details for the life of this DAP for World Vision, Catholic Relief Services, and ACDI/VOCA on what was planned for funding each year from monetized vegetable oil, and what was actually received between FY 2000 and FY 2005. As the umbrella monetization agent, ACDI/VOCA took its cut for costs of operations of this activity before division of the balance of funds for the DAP development activities. In the end, A/V received almost twice the amount received by World Vision (but 87% of agreed upon allocations). At the time of this report, CRS had still not received proceeds from over 3,000 MT of monetization oil. In the end, CRS should come out with the most resources. Being always 'on-top' of the budget situation, ACDI/VOCA had the best distribution of resources from one year to the next, which is reflected in the steady development of DAP implementation activities throughout the life of the project.

CRS was aggressive at the beginning of the DAP in front-loading their monetization requests during the first years. This permitted them to implement their program without undue stress for financial resources to fund intended programs. World Vision, on the other hand, initially agreed to lower funding in beginning years, and back-loaded their funds during the last year of the program, ultimately receiving only 73% of expected resources.[28] This situation did cause some serious program dislocation during Years One and Two of the project, a problem that was heightened because of program management and leadership issues that were also taking place at this time. Therefore World Vision ended up being slow in getting off the ground in implementing their DAP, leading to a situation where their incoming Food for Work commodities, delivered under a different system (but well run), linked to the need to identify and construct new bench terraces, actually drove the project. World Vision ended up not having the time or resources to assist the farmers receiving these bench terraces to adequately valorize these new land assets productively, or linking them to commercial outlets for the most promising crops.

The Government of Rwanda at one point considered taxing this program. However, after discussions with USAID/Kigali and ACDI/VOCA management, an agreement was made in which VAT would be officially collected for the proceeds of all sales. The GOR agreed to then turn around and give back this money to A/V as its contribution to the project. In practice, money never changed hands, but was accomplished through regular documentation and communication of transfers made. These VAT funds were included, along with the rest of proceeds of sales, with the disbursements made for running these three DAPs (cf. Table 4D and 4E, Annex 5).

Table 4B and 4C in Annex 5 illustrates how sales have been accomplished and recorded during this past year - 2004. Twenty-two sales events occurred, and data are provided about the number of metric tons of vegetable oil sold, the value in Rwanda Francs and US $ of the proceeds, and the average price per metric ton received. Included are also the receipts of VAT funds for the GOR which would be credited to the government's official contribution to this USAID program. During this past year, a small quantity of wheat was also monetized and was very well received. There is considerable promise for hard red winter wheat to become a second commodity which could be successfully monetized in Rwanda, and which would meet Bellmon criteria for sales. Rwanda currently imports an estimated "*15,000 MT of wheat each year in the form of flour, while producing only 6,600 MT*" (of largely soft wheat)(A/V:2003:9). Such wheat, when mixed with the local soft wheat varieties, has found a growing market among bakeries throughout the country. Future Bellmon analyses will want to gauge the growing production of new wheat varieties for the ACDI/VOCA cooperative supporting mills in Gikongoro and Ruhengeri, though informal discussions on this suggest that it will be many years before local production can meet the mill's demand for this product.

Examples of important ACDI achievements include:

[28] Why World Vision agreed to an allocation of only 28% in Years One and Two, and 23% in Year Three is not known – when their colleagues in CRS and ACDI/VOCA were receiving significantly more than this. It was a bad decision that ended up having bad consequences for program implementation (cf. Swanson final evaluation report, 2004).

(1) **Successfully served as lead organization in Rwanda, for the purpose of monetizing 17,320 tons of P.L. 480 Title II vegetable oil, through a sealed-bid auction process, for three USAID Food for Peace DAPS in Rwanda**.

(2) **Provided the financial resources, as monetization lead organization, for three DAP programs to operate in Rwanda for the past five years**. Through A/V's monetization efforts, World Vision has received $4,324,397, Catholic Relief Services has received $4,294,847, and ACDI/VOCA itself $6,103,386, for a grand total of $14,722,630 in monetized funds.

(3) **Effective demonstration that training associated with the "*auction process itself is a development activity that provides opportunities for local businessmen to learn how to participate in competitive auctions and how to calculate profit margins*"** (DeLucco, 2004:6). The approach used encourages participation of small wholesalers in both Kigali and regionally, stimulating a spirit of competition and market liberalization. In fact, knowledge of this system of bidding may open up opportunities for regional and national traders to become more effectively engaged in other private sector orientated commercial bidding opportunities – such as in the furnishing of agricultural inputs for agribusinesses throughout the country to cooperatives and associations for such commodities as coffee, tea, wheat, rice, maize and beans.

3.3.2 Strengthen and Support Marketing Distribution Systems

In none of the ACDI/VOCA annual reports does this component, shown in Figure 1, under Goal #3, as 'Intervention 3b', appear as a separate section for discussion. It was always included as part of Intervention 3a concerning the project's approach to monetization as a development tool. The mid-term evaluation report only discussed it briefly, giving one recommendation that the project 'should continue its policy of actively searching for women traders…because they are more likely to need assistance and training in order to participate in the auction process' (Gaudreau, 2003:39). ACDI/VOCA has clearly been conscious of the issue of gender within their program at both the in-house personnel level as well as with program beneficiaries. The departure of a male Assistant Monetization Manager this past year provided an opportunity for the project to replace the position with a qualified woman who has been conscious of assuring woman traders are full recipients of training for tenders. Many of the 308 traders that have been trained during the life of this project have been women and during this evaluation, I had the opportunity to meet one in both Cyangugu and Ruhengeri. Both had received training; one continued to express feeling some confusion about how to compete in these bids, the other noted she was very active in bidding, and had been successful several times. Available project documentation did not show how many of these 308 traders were small or large traders, or their genders, though the information most certainly exists somewhere.

The mid-term noted that the project 'does not have a complete database, including gender breakdown' and other key data about the monetization activities and this situation has not changed. There was no master list or table tracking <u>all traders</u> with whom A/V has worked over the past five years, where they are located, how many times they have bid and been successful, gender, etc. Given the stated importance of this component of the project, acquisition of data to inform future planning and decision making simply does not exist. It should not have been too difficult to create such a table matrix which could have been updated from time to time by someone within the monetization team.

Has the project strengthened the marketing and distribution system? The answer is a qualified yes. The training provided to the 308 traders, and the multitude of times many of these have established bids for tenders each months over the past several years, has certainly increased understanding of a new form of competition. Rural traders have made it possible for local communities to benefit from the P.L. 480 vegetable oil sales.

Rwandan wholesale traders had never encountered an auction system of this kind before. Training of these merchants to understanding the sealed bidding procedure, how to fill out tender forms, and strategies in determining bid amounts (prices and quantities) became an important activity for the ACDI/VOCA monetization team. This activity has continued throughout the DAP, as efforts were made to provide opportunities for traders in regional markets like Cyangugu, Gisenyi, and Ruhengeri to participate in this process as well. To date, 308 traders have received training through the monetization work team, 67% of the LOA target set, as reported on the IPTT table. No specific table information was found that distributed this number between 'small' and 'large' traders, or how many of them were women.

Perhaps the most important potential significance of the A/V monetization team's development efforts to regionalize and provide training widely is that traders now, throughout the country, are in a position to extend their understanding of competitive sealed bidding practices to <u>other commercial areas</u>. The marketing sector needs to be challenged in a new way in supplying agricultural inputs to the small farmers who have organized themselves into cooperatives and associations for the production of wheat, rice, coffee, tea, tomatoes, passion fruit, Bird's Eye Chili peppers, and other commodities. A/V could be encouraging the cooperatives and associations they are supporting to put out tenders each year for the supplies of inputs needed. Most of the Food Security Grants include line-items for inputs. Why not put these out for tender? Given the volumes required for such inputs by each group, the same wholesale regional merchants who have bid on P.L. 480 vegetable oil would now have an incentive to provide the best prices possible, including services for timely delivery, in their bids for supplying inputs. Should ACDI/VOCA succeed in such a feat during the new DAP, this would be a tremendous achievement and would directly contribute to the long term sustainability of both the agricultural enterprises themselves as well as the input marketing and distribution system within Rwanda.

3.3.3 Recommendations

(1) **Return to quarterly meetings between partners. There should be mutual agreement on the kind of reporting each party will furnish the other, and each group must be held to account to then comply with such reporting. Some system of reporting accountability needs to be established.** A return to quarterly meetings is a high priority for ACDI/VOCA leadership. An agreement should be reached between the three parties about the frequency and duration of such meetings for the future DAP. It is also recommended that a representative from USAID be present at these meetings so as to keep informed on this side of the project. Reporting by ACDI/VOCA to WV and CRS, as illustrated in the Umbrella Monetization Reports should continue. Reporting back from WV to CRS needs to greatly improve over that experienced during this DAP. The final evaluation has noted that reporting from program partners to ACDI/VOCA was almost always poor and rarely timely. In the latter half of their DAP, beginning in January 2003, WV's reporting to AV significantly improved; CRS reporting, however, has actually become worse as time went on.

(2) **Because reporting has been such a problem for ACDI/VOCA in this DAP, develop a monitoring system in the new DAP to track timely reporting of project deliverables (quarterly reports, annual reports).** Appropriate, mutually agreed upon measures should be taken in the event of future failure to comply in a timely manner.

(3) **Give greater attention to early call-forwards of commodities and the stock positions of partners within the new DAP through consistent quarterly meetings and reports.** Experience in this DAP umbrella monetization program has demonstrated the importance of forward planning and commodity call-forwards prior to planned project implementation start-up. To the extent possible, USAID should help make this possible. WV was able to call forward 600 MT of oil in August 2004 for expected arrival in January 2005 – three months after the start date of their new DAP. This should be expected to promote transition between their two DAPs. Gaps in funding can take place which are beyond anyone's ability to control for, however. For instance, it usually takes six months from the time of the submission of the call forward to its arrival in Kigali. Yet, it often takes longer than this, and until the commodities actually arrive at the Port of Mombasa, the partners have no control.

(4) **Seek new ways to permit regional traders' access to the P.L. 480 commodity tenders. Return to providing tenders regionally**. ACDI/VOCA might consider setting aside a pre-determined amount of lots each quarter for regional traders to bid upon. Anyone can bid, but local registered regional wholesaler traders would be given first option to buy, depending on their bid prices if over the floor set on prices. Anything left over could go to the outside bidders.

4.0 Lessons Learned and Sustainability

During the course of the discussion above, a number of lessons have already been drawn out from this DAP's experience. These will not be repeated here. However, at a more macro level, several over-arching lessons seem to have become evident that are also linked to the long-term sustainability of the activities of this project.

4.1 Characteristics of a Successful Agribusiness Association or Cooperative

Two associations currently supported by ACDI/VOCA grants and training efforts seem to distinguish themselves far above others visited during the final evaluation: COOPAC (coffee cooperative) and La REINE (processed cheese). Many attributes could be pointed out to explain this success, but the following, residing principally in the leadership of each organization, appear to be particularly important.

(1) President or general manager of the association had years of <u>previous experience</u> within the <u>private sector,</u> outside of Rwanda, where skills in financial management and accounting, product development, and management of a small for-profit business were acquired.

The director of La REINE received his training in cheese processing in the Congo. Returning to Rwanda, he began his own cottage industry purchasing quantities of fresh milk and processing this into Gouda cheese. Interest in expanding this business led him to the formation of a small association of investors. With development of a business plan, and an ACDI/VOCA grant support, combined with a bank loan, this group appears poised to launch a successful and modern dairy products processing center. The President of COOPAC also gained business experience in managing a coffee cooperative in Kenya.

(2) President or general manager gives full attention to the management of this enterprise. The activities of this association are not a side-line to other, more important, activities engaged in.

(3) President or general manager requires strict financial accounting and discipline in timely documentation of the income and expenses of the association. Financial accounting is completed on computer, and hard-copies made of resulting records.

(4) President or general manager was active, on behalf of the association or cooperative, in seeking out new markets for their products and in making new contacts for the group.
(5) Manager understands the technical issues of the commodity being promoted and sees that technical guidance and quality control measures are in place by qualified personnel.
(6) Profits made are shared with producers who are members of the association or cooperative, thereby developing a strong and loyal base of commodity suppliers upon which the future expansion and sustainability of this business will depend.

ACDI/VOCA might wish to consider the above characteristics when evaluating future grant proposals and program initiatives. The Gikongoro wheat mill initiative, for example, would seem to hold considerable promise for the above reasons. However a similar initiative with the SOTIRU wheat mill in Ruhengeri might face difficulties because many of these characteristics are **not** present in leadership there.

Some of the associations or cooperatives having received A/V grant support appear to have weak management structures and vision. In the case of the ADAR and PEARL supported programs, these cooperatives appear to depend too heavily on project personnel, resources, and contacts for financial management, accounting, and links to export markets (for coffee, Bird's Eye Chili peppers, manioc flour, passion fruit). Financial accounting was frequently not done on cooperative owned and manned computers, even when this would have been possible, and understanding of financial resources (assets and financial obligations) appeared weak even among leaders of these associations.

4.2 Parasitic vs. Symbiotic Relationships

Management of associations and cooperatives, and enterprises working with such groups of farmers could learn much from the dynamics of different kinds of relationships evident within the natural world. A bad parasite, such as serious infectious diseases (cancers, HIV/AIDS, Ebola virus, etc.) will kill its host, thus ending a relationship before it has hardly started. Examples can be found in the business world where greedy management systems attempt to extract the maximum of profits/benefits from worker hosts, sometimes resulting in the collapse of the enterprise when labor unrest arises.

A 'good' parasite will extract benefits from hosts, without killing it, and be able to exist for years. Being parasitic in nature, such hosts gradually become weaker and weaker over time (and may eventually die) and must be replaced with new hosts (parasitic worms, amoeba). Many examples from the business world can be pointed to, where business management is able to extract benefits from host workers over a longer period of time. Given Rwanda's great love for 'associations and cooperatives', there is a great danger that many such organizations will fall into this kind of parasitic relationship. One might consider the nature of many parastatal organizations as well as some private enterprises. Because of the desperate need of rural people for jobs and income, they will be willing to work for almost nothing. Yet, such people also will have great difficulty moving out of their poverty. Managers of such organizations, with higher education skills and access to information and persons of civil influence and power, receive most of the benefits of their associations. They are the ones who receive full-time, often well-paid salaries, manage group resources such as cars and motorbikes, and benefit from travel and links with the 'outside' world.

In a symbiotic relationship, two different organisms co-exist and thrive in the same environment because each provides something the other requires for its own survival. This is the best model to follow in establishing business relationships between enterprises and cooperatives/associations and their respective members. To work effectively, everyone must understand clearly their respective roles within the relationship – and this in turn requires financial transparency, frequent communication, and mutual respect. Training at the different levels within this relationship (i.e. agribusiness) is essential. Management must be well paid, competent, and perform their duties fully and conscientiously. Members who produce the commodities upon which the business depends must, in their own turn, provide the quality and quantity of goods and services required, and be paid in a timely manner. Profits need to be shared with them. Clearly the Fair Trade Movement for coffee cooperatives and associations fits this model well. Payment of dividends to farmers clearly tells farmers that they are members of a common enterprise, and that with higher production and better quality, they can hope for even higher rewards. Here, these households are provided with a path out of extreme poverty based on their own efforts.

4.3 Financial and Business Management Training and Long Term Relationships

World Vision Rwanda, a cooperating sponsor with ACDI/VOCA for the P.L 480 Title II program, has observed that "*experience with grassroots organizations in development programs shows that the benefits derived from cooperative actions seldom trickle (down) to ordinary members. Only a few leaders take advantage of (program) benefits at the expense of others…Bigger associations are top-down initiated. Most members at the grassroots are not actively involved in the management and the life of the association, and their interests and benefits are not always realized.*" (Nyabwengi and Maliro, 2004:2).

This underlies the fundamental lesson about importance of market and business training at the grassroots - within the membership of associations and cooperatives. A conscious effort must be made to bridge the gap between a cooperative or association's leadership (president, vice-president, secretary, treasurer, and some 'technical consultants',) and the people making up the association member rolls at the grassroots level. This is a long term process. It is a difficult and time-consuming undertaking, but essential if sustainability and a symbiotic relationship is to be nurtured and developed within Rwanda's growing agri-business sector. ACDI/VOCA must give much greater attention to this issue among all the associations and cooperatives with which it will continue to work in the coming years.

4.4 Collateral

It has become quite clear that commercial bank loans will not be given out in rural Rwanda without some kind of collateral leverage and it is also evident that many cooperatives and associations simply do not have what most banks consider being sufficient collateral. Yet even when such collateral seems present, commercial banks are **still** not eager to lend. ACDI/VOCA experience in Rwanda has shown that an even more important missing factor, from the perspective of commercial banks, is the lack of the financial and business management skills needed by the borrowing group to put the money to the most effective (and profitable use) possible. Different strategies have been used in developing countries to meet this challenge. In neighboring Uganda, for example, one USAID supported project successfully used project funding as loan guarantees for commercial loans given to project supported private sector agribusiness enterprises. Within Rwanda, ACDI/VOCA has successfully demonstrated a very different approach which greatly benefits specific cooperatives and associations receiving grant funding, and indirectly benefits other cooperative partners within the economic value chain. A well-placed grant, within the economic chain for specific commodities, can have a ripple effect throughout the rest of the system through in-coming commercial lending support. The combination of grants with training[29] at the cooperative and association levels has reduced the risk enough to encourage commercial banks to increase lending within the agricultural sector.

[29] It is possible that the expectations of these commercial banks concerning the quality of the training and support received by these associations and cooperatives from A/V may be fully reached, and this could put at risk this new openness by banks to agricultural lending.

Good managers of cooperatives and associations receiving grant support have clearly understood that these grants have actually added value to their enterprise – an increased value that itself can be exploited in new ways. One example can be given, but others exist. Indeed, many of these could be written up as excellent case studies that could serve as models for other agribusinesses in Rwanda.

When La REINE was registered as a cheese producing association in April 2002, it had only 10 members, all dairy farmers in the Mutara District of Gisenyi Province, five of whom were women and war widows. The new association owned its existence to the efforts of its then newly elected president, Samuel Ndoli, whose own training in cheese making and commercialization in the DRC made this possible. Founding members each contributed 170,000 RFr (about $293) to launch their business. One of the original founding members, a woman, noted that she had been able to mortgage her house to the bank to raise her fee. At the time of this final evaluation, La REINE had received a two Food Security Grants from ACDI, for a total of $55,843. During the past year many have wanted to become members of this association, essentially to receive shares in the hoped for future profits of the new cheese processing center being completed – Rwanda's first. Ndoli noted that the value of their business had increased because of the ACDI/VOCA grants. For new members to join now, he said, it is necessary to pay a fee of 5,000,000 RFr (about $8,620). The value of the original shares of the first members had increased by 30 times! Three local Rwandans actually came up with such funds to join. This money is now budgeted to pay for the processing equipment coming from Yugoslavia, and an international consultant will come and help them set up the equipment and run it for an initial 3 months. La Reine is also developing an ever increasing number of associate members, currently 60 women – themselves small wholesale milk collectors - who resell their milk to La REINE's own collection center.

5.0 Concluding Remarks

ACDI/VOCA found its *raison d'être* in Rwanda when it narrowed its focus and priorities to the encouragement and support of associations and cooperatives in becoming competitive agri-businesses. All program components and resources became means towards moving this agenda forward. Important support has been provided by ACDI/VOCA through its food security grants program to 34 Rwandan agri-business cooperatives and associations, effecting thousands of small farmers throughout the country. Yet few of these cooperatives or associations have yet developed the business skills to be sustainable. For the efforts initiated to be sustainable, long term commitment is required to see these groups attain the ability to maintain transparent financial records showing correct accounting of profits and expenses. They need to become successfully linked to both local input suppliers and commercial markets. How long such commitment should last will depend on the nature of each organization, but monitoring for at least one year beyond successful establishment of these criteria would seem reasonable.

Timely reporting and consistent collection of good data to monitor impact within this project has not been given the importance or attention deserved. Every group associated with this P.L. 480, Title II program, whether this is ACDI/VOCA itself, its USAID partners PEARL or ADAR, or World Vision, has had difficulty in providing these. Without good information, it is difficult to properly manage a program or to know where resources are being spent most effectively. Because of this, it would be helpful, during the future DAP, to give this greater focus so as to provide overall guidance to the data collection and monitoring responsibilities for all the program activities associated with these FfP program activities in Rwanda. This could become one of the duties of the COP.