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Rwanda: Smallholder Cash and Export Crops Development Project

The overall goal of the Smallholder Cash and Export Crops Development Project (PDCRE) in Rwanda is to maximize and diversify the incomes of poor smallholder producers of coffee, tea, and new cash and export crops. To that end, it has sought to: (i) introduce mechanisms for achieving the greatest possible increases in growers' prices, compatible with financially sound processing and marketing; (ii) improve the quality and value of coffee and tea products sold on the international market; (iii) develop efficient, democratically-managed and spontaneous primary cooperative societies of coffee and tea growers, and ensure their full participation in processing and marketing and thereby their empowerment; (iv) enable poor women heads of household to participate in coffee and tea development; (v) develop efficient, cost-effective and financially-sustainable processing and marketing enterprises in the private sector, to be ultimately controlled by the primary cooperative societies; and (vi) promote the diversification of cash and export crops produced by small and medium-sized enterprises and smallholder cooperatives, with particular emphasis on women and very poor households.

Planned for implementation over a period of seven years, PDCRE is structured around five components: (i) coffee diversification; (ii) tea development in two districts; (iii) a credit scheme for smallholder tea and coffee producers; (iv) development of new cash and export crops; and (v) project coordination.

Main evaluation findings

The project is in line with the Government's development strategy. Rwanda is an agricultural country, with 80 per cent of its population of 10 million working in the sector. However, in view of the limited availability of agricultural land and very small average farm sizes, the country is obliged to make the best use of its comparative advantages (tropical climate with moderate temperatures linked high altitude). An element of the Government's strategy for fighting poverty and gaining foreign exchange is to focus agricultural promotion on coffee, tea and other selected export crops, which is the main focus of PDCRE.

During project implementation, the Government decided on several policy and practical changes, including the introduction of a public-private partnership (PPP) and "zero-vehicle" for all development projects, and establishment of new savings and credit cooperatives in all local administrative areas (umurenge). Moreover, the cofinancier originally proposed, Arab Bank for Economic Development of Africa, was no longer needed when the Government decided to introduce a PPP arrangement for the tea component. While these and other



Typical layout of a coffee-washing station

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PROJECT DATA

Project cost: US\$25.09 million

IFAD loan: US\$16.2 million

Government counterpart
contribution: US\$1.9 million

Cofinancier: Arab Bank for Economic
Development of Africa - US\$5.7 million
(did not materialize)

Cooperating institution: United Nations
Office for Project Services

Executive Board
approval: December 2002

Project effectiveness: September 2003

Project completion: September 2011

changes necessitated adjustments by the Government, the United Nations Office for Project Services, IFAD and project management, and caused delays in the implementation of some components (tea complexes, credit scheme), implementation nevertheless went forward.

PDCRE has been successful in many respects. It has provided administrative and technical infrastructure for long-term development by establishing ten coffee cooperatives and coffee-washing stations, two tea complexes based on PPP, several horticultural cooperatives, four sericulture cooperatives and cocoon-processing houses, and has made substantial progress in reaching its objectives for tea development and “new export crops”. Some 17,000 smallholder families are now involved in project operations and although income generation from coffee, tea, and sericulture takes years to peak, most smallholders now have higher incomes and, as a result, better living conditions and nutrition.



Members of a sericulture cooperative owned by orphans and widows.

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The project has presented a number of challenges and limitations. Some of the cooperatives are still not on a sound financial footing and only four CWSs are operating at full capacity. The project planners and appraisal team were too optimistic about the willingness of private banks to join as intermediaries for funding or as financiers, and underestimated the time needed for cooperatives to develop. As these and other problems delayed implementation and attainment of the expected results, the project had to be extended by a period of one year.

Overall, however, the interim evaluation mission was confident that an adequate basis had been established for the essential project objectives to be reached within the extended project period. Consequently, it was agreed with government that there were valid grounds for designing a new project similar to PDCRE.

Despite improvement in smallholders' incomes and living conditions in the project areas and given the extent of poverty in Rwanda, the project continues to be very relevant.

Key recommendations

Among other things, the interim evaluation mission was charged with determining how a possible follow-on project could obtain better results. The mission therefore focused on formulating recommendations that would help in the planning of such a project, as summarized below:

- (a) The next phase should give priority to **strengthening the cooperatives and their management**, and to **improving control/monitoring functions**. An analysis of managerial shortcomings and of gaps in the skills and competencies of cooperative and committee members and staff would help identify areas where improvements are most urgent. In addition, cooperative and committee members will need to be trained and taught how to address the management challenges highlighted in the interim evaluation report.
- (b) The next phase should emphasize **expanding the capacity to process coffee, tea and other selected export crops**. It should focus on consolidating the progress made and scale up the lessons learned with particular emphasis on coffee and tea.
- (c) **Capacity-building and central organizations**. Cooperative staff and committees — as well as other members — will need training. In future, however, this problem should be handled by expanding the training capacity of central cooperative agencies (federations of coffee and tea growers and the Rwanda Cooperative Agency) rather than by various consulting agencies with their differing curricula, practices and methods. This should create a long-term, unified solution with regard to cooperative training.
- (d) The next phase should **support savings and credit cooperatives** as a means to facilitate financial services for small farmers. Under the project, support to these cooperatives was a positive addition as they can provide a useful service for small farmers and they should be further supported.

Further information:

Republic of Rwanda, Smallholder Cash and Export Crops Development Project, Interim Evaluation, Report No. 2302-RW, July 2011, ISBN 978-92-9072-254-0, Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The full report and Profile are available online at www.ifad.org/evaluation; email: evaluation@ifad.org.