



United Nations
RWANDA
Unity in Diversity

JOINT PROGRAMME DOCUMENT

FOR

**SUPPORT TO THE DEVELOPMENT AND IMPLEMENTATION OF VALUE CHAINS
PROGRAMME IN RWANDA**

GOVERNMENT OF RWANDA

AND

ONE UNITED NATIONS – RWANDA

2014-2018

Country: Rwanda

Programme Title: Support to the Development and Implementation of Value Chains Joint Programme in Rwanda

Joint Programme Outcome (UNDAP Result): Inclusive Economic Transformation

Outcome 1: Pro-poor growth and economic transformation enhanced for inclusive economic development and poverty reduction

Outcome 2: Diversified economic base allows Rwandans to tap into and benefit from expanded international, regional and local markets, and improved agriculture value-chains.

Project funds:

Programme Duration:
years

Anticipated start/end dates: 2014 to 2018

Fund Management Option(s): Parallel

Co-chairs: UNIDO - FAO

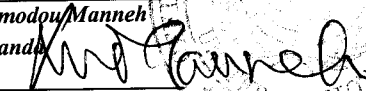
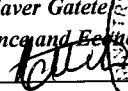
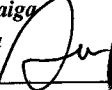
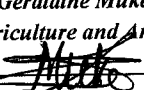

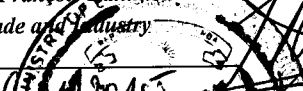


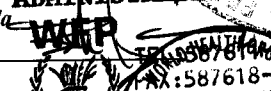
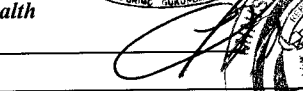


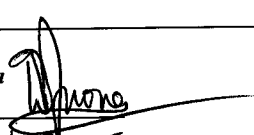
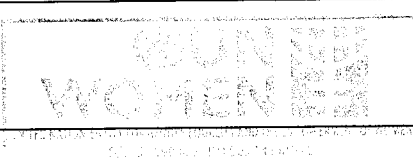
Total estimated budget*: \$ 23,821,994

Out of which:

1. Core fund: \$US 3,275,666
2. No core: \$US 16,546,327
3. One UN funds: \$US 4,000,000
4. GoR contribution (in kind): \$US 0

* Total estimated budget includes both programme costs and indirect support costs

Names and signatures of participating UN organizations and (sub) national counterparts

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EXECUTIVE SUMMARY

Rwanda registered very positive development results during the past decade and a half. These gains were particularly pronounced during the period (2008 – 2013) of the first Economic Development and Poverty Reduction Strategy (EDPRS I), when the country accelerated implementation of its Vision 2020, which aims at achieving middle-income status by 2020., while maintaining its strong commitment to attaining the MDGs. The positive development results the country attained during this period are reflected in the high levels of sustained and inclusive economic growth, expanded basic social services, significant poverty reduction, gender empowerment and notable progress towards the MDGs.

In the period 2008-2013, GDP growth averaged 8.2% annually, which translated into an annual GDP per capita growth of 5.4%, both of which were significantly higher than the averages for Sub-Saharan Africa. Income per capita reached US\$696 in 2013, the 2nd highest in East Africa. Although Rwanda sustained a prudent macro-economic management regime, which kept inflation within the single-digit limit and the exchange rate remained relatively stable, it actively utilized the fiscal space approach in its growth and poverty reduction strategies. It also reinforced the broad macro-economic reforms by sustained improvements in the business environment, which were reflected in a dramatically improved ranking in the World Bank's "Doing Business" Report, from 150th (2008) to 45th position (2012), making Rwanda the 2nd most reforming economy in the world and stimulating a budding entrepreneurial revolution in the country.

Increasing small holder productivity, particularly in the rural areas and expanding provision of inclusive financial services constituted key components of the Government's broad-based growth and poverty reduction strategies in 2012-2013. The former included measures such as land consolidation, input provision and better extension services as well as strengthening farmer cooperatives that resulted in significant production of both staple food and export commodities notably tea and coffee. Initiatives taken in the area of inclusive financial services resulted in 72% of the population having access to basic financial services.

The UN Country Team in Rwanda contributed significantly to the achievements realized under its United Nations Development Assistance Framework (UNDAF) that was closely aligned to the EDPRS I;

Notwithstanding Rwanda's rapid economic growth during the past five years, its productive base remained narrow. The economic structure was dominated by agriculture (approximately 32% of GDP in 2013) and the services sector (approximately 47%). The industrial sector accounted for only 15% of GDP formation. The competitiveness of the country's industrial exports continued to be challenged by its narrow domestic market and land-locked position, which renders transportation costs high.

Furthermore, despite gains in agricultural output, a 2012 study found that 21% of Rwandan households were food insecure, with the highest prevalence (42%) in the Western province. Low-income agriculturalists, farm workers and unskilled daily laborers are most prominently food insecure. For many of the agriculturalists, who account for 85% of the population, access to productive land is a problem, with some 60% of farming households cultivating plots smaller than half a hectare. Households in the two poorest wealth quintiles account for 73% of food insecure households in the country. In addition, owing to heavy reliance on rain-fed agriculture both for rural livelihoods and major exports, Rwanda remains highly vulnerable to climate change.

From the foregoing, it was evident that by the end of the EDPRS I period, sustaining Rwanda's strong economic growth and poverty reduction performance would require acceleration of the transformation process of the economy and significant enhancement of export penetration. The Government recognized this and fully embraced economic transformation as one of the main strategic pillars of the second Economic Development and Poverty Reduction Strategy (EDPRS II). Development of regional and global value chains has in turn been identified as an important instrument for economic transformation, inclusive growth and deeper poverty reduction, with development of the agro-industrial, manufacturing and tourism sectors particularly targeted for this purpose.

Industrialization and development of agribusiness and agro-industries entails promoting effective value chains as a means of promoting accelerated industrialization and targeted interventions to support inclusive economic growth and poverty reduction. The development of such chains has a positive impact on employment in both rural and urban areas, through direct and indirect multiplier effects. It also offers market access to smallholders and creates business linkages to SMEs. In addition, it helps to build up responsible and sustainable relationships among chain actors. EDPRS II, in its Pillar I, Economic Transformation, emphasizes the diversification of the economic base through accelerating the economic growth with value addition and improved agriculture, restructuring of the economy towards more

services delivery and industry development to move towards middle income country status. The focus is also put on diversification of services, targeting the reduction of post-harvest losses, marketing, input distribution networks, advisory services, mechanization services, manufacturing, tourism, etc. In addition, the enhanced role of the private sector and infrastructure development are also key targets. These priority areas under EDPRS II are clearly to be addressed under a value chain development approach.

For the agricultural sector, EDPRS II highlights the following challenges: low quality and quantity of raw materials and inputs; limited rural infrastructure leading to high costs; lack of working capital and long term credit; low human capacity; limited sector innovation and small existing base of agro-processing.

To address these challenges, EDPRS II underscores the need for enterprise development, enhancement of product quality and safety, quantitative measurement of value addition along the chain, promotion of coordinated linkages among producers, processors and retailers, and improvement of the competitive position of individual enterprises in the marketplace.

Furthermore, the development of effective and sustainable value chains in Rwanda is highly dependent on a deeper level of regional integration, which appears as the only viable avenue for countering the disadvantages of being a landlocked country. To this end, Rwanda already plays an extremely active role as part of regional communities like the East African Community (EAC), the Common Market for East and Southern Africa (COMESA) and the Economic Community of the Great Lakes Countries (CEPGL). Deeper regional integration also provides a forum for Rwanda to address and advocate for the implementation of priority trans-boundary projects such as the regional railway lines aimed to facilitate regional and international trade.

As a way to enhance impacts and contributions of planned value chains towards socio-economic transformation in Rwanda, inter-linkages between productive sectors such as agriculture (linkages between small producers and buyers) and tourism need to be further acknowledged and strengthened. It is well-known that most community based tourism enterprises in the rural areas provide handicrafts, food and beverages for purchase by visitors and tourists, a significant source of local livelihoods.

The One UN Country Team is committed to support the implementation of this priority area through this Joint Programme under its new support framework: the United Nations Development Assistance Plan (UNDAP) 2013-2018. The joint programme will contribute to a number of development objectives including (1) increasing agriculture productivity and promoting agro-tourism development; (2) supporting value addition capacities of enterprises in relation to post harvest technologies and processing ; (3) supporting agribusiness supplier development programmes; (4) improving employment opportunities; (5) increasing product quality and safety standards and market compliance; and (6) addressing cross-cutting issues such as gender, human rights, youth, and environment in order to foster sustainable value chain development and (7) promoting the reduction of food losses along the value chains.

The participating UN agencies will implement this joint programme through the following action entry points: policy and regulatory analysis; strengthening supporting institutional frameworks; direct assistance to farmers, enterprises and tourism operators; agriculture modernization and tourism promotion; market access promotion and regional integration and private sector development initiatives. These strategies will be implemented through joint programming (from planning, during implementation and reporting with a closer collaboration with the Implementing Partners). Monitoring and Evaluation will be conducted with the participation of all the stakeholders.

Contents

EXECUTIVE SUMMARY	4
List of figures.....	9
List of tables.....	9
1. SITUATION ANALYSIS	10
1.1 Achievements under EDPRS 1 and remaining challenges of Transformation	11
1.1.1 Agriculture and agribusiness.....	11
1.1.2 Regional Integration, Trade and Tourism	11
1.1.3 Manufacturing and private sector development.....	12
1.2 Outstanding Challenges for EDPRS 2	18
1.3 UN INTERVENTIONS IN RWANDA’S ECONOMIC AGENDA	20
2. STRATEGY	22
2.1 Background.....	22
2.2. Lessons learned.....	23
2.3 The proposed joint programme.....	25
2.3.1 Policy and regulatory review, analysis and designing strategic implementation plans	27
2.3.2 Agriculture modernization, agribusiness including agro-tourism, agro-industries and value chains addition promotion.....	27
2.3.4 Private sector development	28
3. SUSTAINABILITY OF RESULTS	29
4. RESULTS FRAMEWORK	30
5. MANAGEMENT AND COORDINATION ARRANGEMENTS.....	38
5.1 Program and activities planning	38
5.2 Parallel implementation	38
5.3 Joint reporting.....	38
5.4 Lead UN agencies and Government chairmanship.....	38
6. FUND MANAGEMENT ARRANGEMENTS	40
7. MONITORING, EVALUATION AND REPORTING.....	41

List of figures

Figure 1: Result framework value chain development flagship	33
Figure 2: Joint Programme Monitoring Framework (JPMF).....	42

List of tables

Table 1: Sector outputs and shares of the GDP under the EDPRS1	14
Table 2: Schematic approach to value chain development under this flagship	26

1. SITUATION ANALYSIS

Rwanda has accomplished tremendous progress over the last decade and a half. The very positive development results were especially pronounced during the implementation period of the country's first Economic Development and Poverty Reduction Strategy (EDPRS1). The country exceeded both its real growth and poverty reduction targets by registering real economic growth of 8.2% on average, one of the highest globally, and reducing poverty from about 56.7% of population in 2005/6 to 44.9% in 2010/11, while extreme poverty was reduced from 35.8% to 24.1% (EICV III). Acute malnutrition rate also declined from 5% in 2005 to 3% in 2010 but chronic malnutrition or stunting remains pervasive at 44% nationally while households with chronic food insecurity declined from 34.6% of the population to 21.5% in 2012.

While significant achievements have been registered in the areas of growth and poverty reduction, thanks to growth in agriculture and exports earnings including tourism, there is still a multitude of challenges that need to be resolved in order for the country to sustain its robust economic and social performance over the years through to the end of its Vision 2020 period as highlighted above.

To address these challenges, and in line with the country's Vision 2020, the Government, formulated in a very participatory manner a comprehensive transformational agenda in 2013, which is set out in the EDPRS II (2013 – 2018). In the context of this strategy, the Government's plan is to move the economy over the next five years from that of an agrarian economy to a knowledge-based one, underpinned by an annual economic growth of 11.5%. It also aims at a much transformed economy based on increased industrial production and exports and expanded services and tourism sectors. Investments into all these sectors are intended to be considerably increased and important skills gaps filled. Another important element of this strategy is the leveraging of an increasing integration in the East African Community as well as in the broader regional and global markets, in order to overcome serious constraints related to its small market size and land-locked position.

1.1 Achievements under EDPRS 1 and remaining challenges of Transformation

1.1.1 AGRICULTURE AND AGRIBUSINESS

Agriculture and agribusiness remain the backbone of the Rwandan economy and continue to be a key catalyst for growth and poverty reduction. Over the period of EDPRS1, the sector grew at 5.4 %, sustained by higher than expected expansion of food production, attributed to scaled-up public investments such as the crop-intensification programme (CIP). During the same period, the agriculture sector contributed 32-34 percent of GDP and 27 percent of total growth.

In the recent past, there was significant expansion of interventions which drove productivity gains, including successful land consolidation, increased areas under irrigation and protected land against soil erosion. Access to important services including agricultural financing and proximity extension services was improved, and farmers are now more likely to use specific crops according to agro-climatic zones. There has also been an increase in the use of inputs, including agrochemicals and improved seeds. Distribution of livestock through programs such as Girinka has expanded the animal resource sector. Since the implementation of the CIP, yields have grown significantly. Post-harvest infrastructure investments and subsidized transport has improved product quality and market accessibility. As a result of these interventions, production of maize, wheat, roots and tubers, soybeans, rice and cassava as well as meat, milk and horticulture products rose to the ambitious national levels predicted in EDPRS 1.

However, agriculture still remains on the threshold of subsistence due to the fact that a large number of rural households' farm plots are too small to support commercial production under present productive systems and agro-processing remains underdeveloped. But, the overall goal under EDPRS 2 is to move Rwandan agriculture from a largely subsistence to a modernized, nationally-integrated and knowledge-intensive sector with more emphasis on diversification, agro-processing, productivity-enhancement, and capacity development.

1.1.2 REGIONAL INTEGRATION, TRADE AND TOURISM

With regards to trade and regional integration, one of the notable achievements that occurred during EDPRS1 period was Rwanda's entry into the EAC in 2007 and the commencement of the EAC Common Market Protocol in July 2010, which legalized the free movement of people, goods and capital within the

EAC. This has made the EAC one of the most integrated regional communities in the world. Since 2007, large East African groups have invested heavily in Rwanda's finance and manufacturing sectors. Outside the EAC region, trade with the Democratic Republic of Congo (DRC) has increased rapidly. Formal and informal cross-border trade has increased dramatically over the past five years. DRC has been the fastest growing destination for Rwandan non-commodity products, in particular of Rwanda's manufacturing sector.

To ensure more quality standards, in addition, the Rwanda Standards Board is working together with the Ministry of Agriculture and Animal resources to develop a one-stop-shop for export standards, including sanitary and phytosanitary testing, and certificates of origin. However, further work is needed to provide potential exporters with clearer information on the standards that they need to meet coupled with direct support for meeting those standards.

Moreover, through a comprehensive and detailed analysis designed to identify alternate industries for growth and diversified exports, the RDB identified three manufacturing clusters of silk textiles, fruits and vegetable processing and dairy as priority sectors to be further developed.

According to the World Travel and Tourism Council (WTTC), Travel and Tourism (T&T) is a significant sector in Rwanda's economy, contributing 9.3% of total GDP, 8.1% of total employment and accounting for 8.5% of total investments in 2013 (considering total contribution through direct, indirect and induced channels). In the same year, visitor exports (i.e. foreign visitor spending or international tourism receipts) accounted for 33.9% of total exports of goods and services. Business spending was noted to be higher than leisure spending while foreign visitor spending was much greater than domestic spending. The indirect effects of T&T spending are slightly higher than the direct ones and twice the magnitude of the induced impacts. Supply chains are a significant component of the indirect effects. Besides other linkages, supply chains need to be strengthened in order to enhance the contribution of tourism to Gross Domestic Product.

1.1.3 MANUFACTURING AND PRIVATE SECTOR DEVELOPMENT

The industrial sector grew at an average rate of 10.4% per year during EDPRS 1, driven by a rapid expansion of construction, which grew at 15.0% annually. The industrial sector produced 14-16% of national output. Large flows of investment for construction from the diaspora have been an important

contributor. The rapid growth was achieved despite the sector - in particular construction - being hit hard by the global downturn in 2009. Industrial growth contributed to 20% of total growth during EDPRS 1.

The highest growth rate was experienced in the industrial sector during EDPRS 1, but services made up a large part of GDP, and remained the main contributor to growth. Despite high rates of growth, structural transformation of the economy was limited during the EDPRS 1 period. Of particular concern is the extent to which a strong manufacturing sector has failed to emerge. Indeed, measured as a percentage of GDP, the share of manufacturing has decreased from 7.0 percent in 2000 to just 4.8 percent in 2013. Moreover, foreign direct investment (FDI) has failed to respond to the pro-business reforms instituted by the government to the scale that was hoped for - despite substantial increases over the last decade.

Prudent and stable macro-economic and market-oriented policies have certainly sustained business confidence. Regulatory frameworks have been improved and enforced, thereby facilitating business activity, providing transparency in government-private sector interactions. A strong anti-corruption stance has simplified and reduced the cost of business transactions. And high levels of consumption and public investment fuelled economic activity.

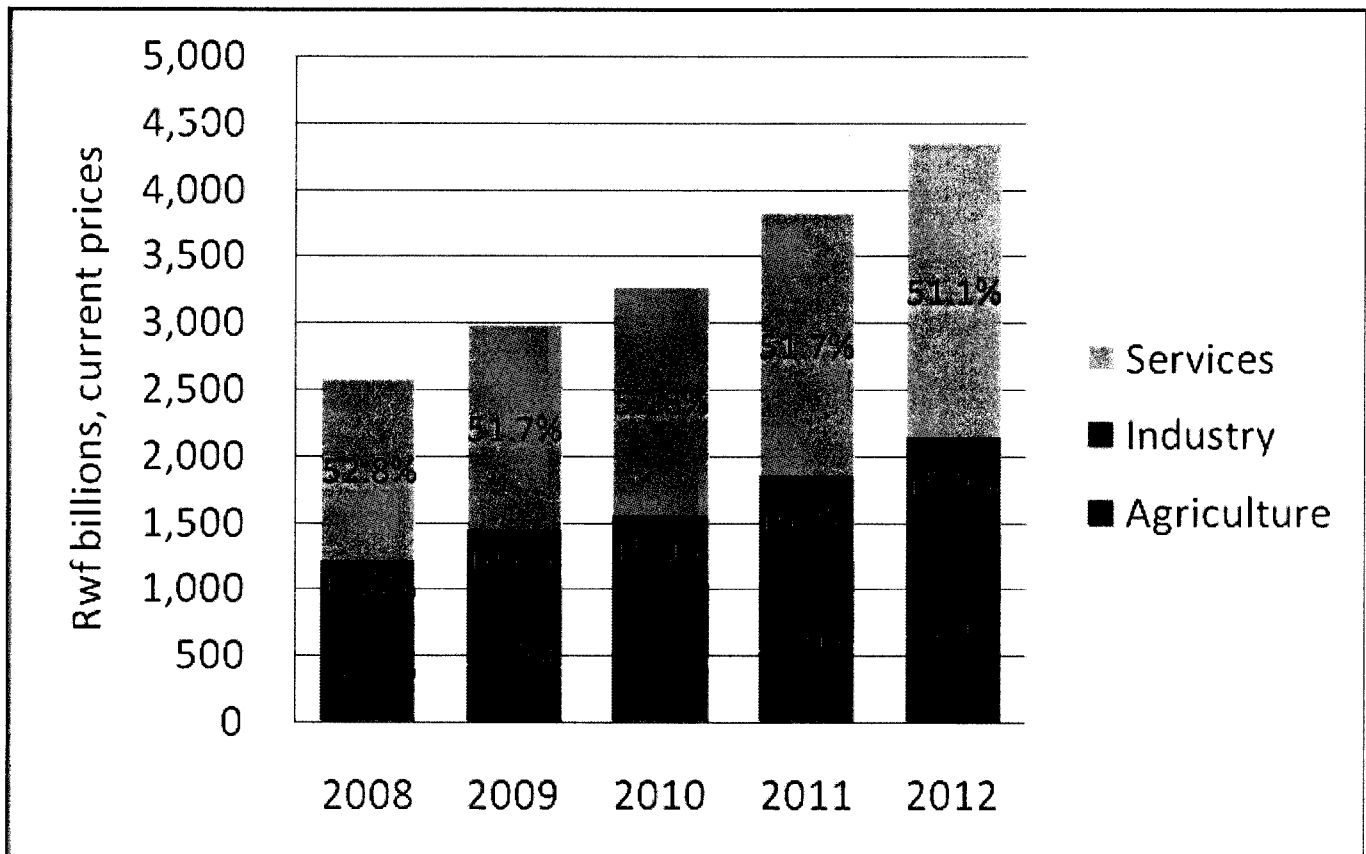
In the recent World Bank's Doing Business Report, Rwanda progressed steadily in the ease of doing business rankings worldwide. This performance makes Rwanda the 2nd most reformed economy in the world over the last five years, and the 3rd easiest for doing business in Africa, as well as being the 1st in the East African Community (EAC).

Underpinning the strong growth performance, investment (as reflected in Gross Fixed Capital Formation) has increased from 13.4 percent of GDP in 2000 to 24.4 percent in 2012. However, this is still short of the 25 percent of GDP which the Spence Commission (2008) considered to be required to achieve sustained economic convergence with high income economies. Under the EDPRS 2, the government expects investment as a percentage of GDP to increase to 29.7 percent in 2017. Outside of the construction sector, however, private sector investment has been fairly weak. Indeed, over the last decade public investment has dominated gross capital formation - accounting for 50-65 percent of capital formation.

Growth over the medium term is expected to be driven by a scaling up of public investment and measures taken to encourage private investment, through public support of several strategic investment projects,

such as the Bugesera International Airport, the regional railway project, the bulk petroleum storage facility, and an oil pipeline. In this way, the government is aiming to 'crowd-in' greater private sector investment.

Table 1: Sector outputs and shares of the GDP under the EDPRS1



The overall goal of the EDPRS 2 (derived from the vision 2020 long term goal of creating a productive middle class and fostering entrepreneurship) is to accelerate progress to middle income status and better life for all Rwandans through sustained growth of 11% and accelerated reduction of poverty to less than 30% of the population.

The EDPRS 2 states that Rwanda is at a point in its economic development where Economic Transformation is not anymore a remote possibility; it is an inevitable and desirable process that has already been set in motion. It is a process that encompasses all the sectors of the economy, and that is impossible to achieve without sustained rural development, improvements in skills and labor productivity, and accountable governance.

The EDPRS 2 document also suggests that the economic transformation objective will be achieved through improved infrastructure, exports, and more integrated supply-chains, while accelerating demand in the energy sector, planting the seeds of a green economy, and better managing the process of urbanization.

For a large part of the world's growing population, the increasing integration of the global economy has provided the opportunity to achieve significant prosperity gains. And for developing countries, the globalization of manufacturing has opened up new prospects of upgrading their industrial and service sectors. It also holds the promise of higher incomes, increasingly differentiated final products and a greater availability of quality goods. Most notably, free trade agreements and other accords have created new export opportunities – mainly for food products – as the demand for variety continues to grow in developed countries.

These market changes have encouraged governments and investors, including farmers, to expand agro-industrial activities and linkages to export markets as a means of increasing local food production, employment, business development and international trade. This has led to competition among producers to meet export market demands in terms of cost, quality and delivery times. At the same time, policies, regulations, support services, tax and trade instruments and their associated actors and institutions have also developed to become intrinsic parts of the so-called “value chains.”

It is in this context that value chain development is considered in EDPRS 2 as a very useful tool for private sector promotion, as it makes it easy to analyze barriers to and opportunities for social and economic development in very diverse settings, and to assist conceptualizing and implementation effective. Promoting value chain development is also increasingly being recognized as a promising approach to address not only economic development, job creation and inclusive growth, but also a wider range of social and environmental development issues.

From a processing/transformation point of view, value chain development involves the entire range of activities undertaken to bring a product from the initial input-supply stage, through various phases of processing, to its final market destination, and it includes its disposal after use. However, many value chain development programmes in the developing countries only focus on primary production tasks and market/trade related issues while neglecting other tasks with higher value addition. Aspects often

neglected in these programmes include the governance of the chain, sustainable production and energy use, access to finance and the business environment and policy context.

One of the key priorities of EDPRS 2 is to increase the external connectivity of Rwanda's economy and to boost export as a powerful tool to spur economic growth, raise living standards and reduce poverty.

Key interventions in that area include investing in soft and hard sector-specific infrastructure to accelerate growth in the commodity and tourism sectors, and to facilitate the increasing export orientation of firms in Rwanda's manufacturing and agro-processing sectors and this can be achieved under a value chain approach.

With regards to agriculture development and agribusiness, they will require a progressive shift in the roles of the public and private sectors. The latter needs to take greater responsibility for value chain improvements including investment, management of facilities, quality and safety control, along with farmer advisory services and input marketing. At the same time, the public sector needs to play a strong monitoring and regulatory role and act as a facilitator for partnerships and key actions that include the promotion of coordinated linkages among producers, processors and retailers.

Agro-value chains encompass activities that take place at various levels (farm, rural and urban), starting with input supply and continuing through product handling, processing, distribution and recycling. As products move successively through the various stages, transactions take place between multiple chain actors, money and information are exchanged and value is progressively added.

Value chain development is closely linked to Rwanda's Trade Policy mission: "Growing sustainable and diversified products and services meant for local, regional and international trade, with the aim of creating jobs, increasing incomes, and raising the living standards of Rwandans." This is articulated in the National Export Strategy that provides key guiding principles including: Increasing export revenues through quantity and value addition, as well as export diversification; improving the understanding and compliance of international standards and requirements; improving and leveraging human capital, innovation, and technology investments; and supporting broader areas of social development such as gender equality, youth development, environmental sustainability, and inclusion of vulnerable groups.

For Rwanda, deeper regional integration is the only viable option to counter the disadvantages of being a landlocked country. To this end, Rwanda already plays an extremely active part of regional communities

like the East African Community (EAC), Common Market for East and Southern Africa (COMESA) and the Countries of the Great Lakes (CEPGL). Rwanda's diversified non-traditional exports are already dominated by exports to neighboring countries (particularly DRC and Burundi). A host of new markets and opportunities could be opened up if Rwanda invests in the right infrastructure for increased connectivity. Deeper regional integration also provides a forum for Rwanda to address and advocate for the implementation of priority projects like the regional railway that will facilitate regional and international trade.

In this context, The EDPRS 2 target will be to exploit the increased access to trade, finance, legislation, health regulation, agricultural standards, environmental safeguards and education qualifications. Typical avenues in the value chain development approach include the fields of *trade capacity building* (helping countries to respond to market quality standards requirements and regulations); and *investment and technology promotion* (which entails the creation of a Network with established Investment and Technology Promotion Offices that can assist companies at different stages in the value chain to develop investment proposals on value chain upgrading).

In addition, *Subcontracting and Partnership Exchange Centers* (SPXs) offer services in the area of supplier-buyer match-making and fostering the creation of linkages with manufacturing companies that are situated further downstream in the value-chain. The SPX company benchmarking tool helps also companies in the value chain to gauge their competitiveness vis-à-vis global best practice and provides the basis for focused and prioritized interventions.

With regards to *industrial policy*, it is crucial to capture the importance of sectoral prioritization and value within the chain. The value chain analysis helps to identify bottlenecks and opportunities to pinpoint sector-specific recommendations to policy-makers. It places particular emphasis on the marketability of products as a demand stimulus as well as the impact on sustainability (greening the value chain) and on poverty (pro-poor value chains).

EDPRS 2 also emphasizes the importance of promoting a supplier development program in the hospitality and tourism sectors through RDB. The purpose is to work with large domestic and foreign owned companies to identify opportunities that address existing supply constraints through a combination of company support and FDI promotion that would enhance the ability to compete in the EAC and the wider global market. With respect to the Tourism Policy, its main objective is to increase tourism

revenues in a sustainable manner and generate profits for reinvestment and jobs. This is to be achieved through the following means: product development and diversification; access to finance and investment and capacity building and skills development.

1.4 Outstanding Challenges for EDPRS 2

Specifically, EDPRS 2 highlights various challenges facing agriculture and agribusiness value chains as follows:

- Climate change and high dependency on rain fed agriculture
- Land scarcity, soil erosion and land degradation
- Small farmers dominate production with low productivity High population density leading to land scarcity and degradation
- High level of post-harvest losses
- Low levels of value addition
- Limited rural infrastructure with high costs and limited access to markets
- Low quality, quantity, and high costs of raw materials and inputs
- Limited access to agricultural services and control of resources by women
- Lack of working capital and long term credit
- Limited sector innovation and use of new technologies
- Limited private sector investment due to perceived high risks in agriculture

Other specific challenges that confront Rwanda's agriculture and agribusiness development include, but are not limited to:

- Existing agricultural markets that are unable to address adequately (prices, post-harvest management issues) increased productivity resulting from intensification;
- High cost of inputs including electricity and rural wage rates;
- High international transport cost associated with long distances to and from the sea ports;
- And coordination issues at different levels of the commodity value chains

In the tourism sector the following challenges may be noted specifically in agro-tourism:

- Lack or limited knowledge about the agro-tourism;
- Weak communication skills and lack of commercial approach of the small farmers,
- Lack of capital to develop basic infrastructure for the agro-tourism;
- Limited knowledge of the farmers regarding such type of activities;

- Poor organization as regards the agri-tourism industry including ensuring hygiene and other basic requirements considering urban visitors;

On the trade side, specific challenges to trade growth are the following:

- The absence of an effective market information system;
- Rwanda is substantially dependent on its neighbors for land transportation of goods from Mombasa and Dar es Salaam which is still impacted by the persistence of Non-Tariff Barriers;
- Gender-based violence and sexual harassment faced by women in informal cross border trade contrary to the International Convention on the Elimination of Discrimination Against Women;
- The limited competitiveness of local products and enterprises;
- The low value addition to local products;
- The availability and diversity of exports: export growth constrained by limited /lack of production and availability of services to export;
- The majority of firms export to regional markets but fail to diversify beyond the region;
- The size of firms matters: need for large-scale exporters so as to be able to compete and survive in exports markets;
- Availability and affordability of finance, with difficult access to credit for the private sector and high interest rate spreads;
- The stimulation of export growth above and beyond the rate of expansion of imports;
- The vulnerability to terms of trade shocks;
- Rwanda's internal trade and the competitiveness of its exports are constrained by an insufficient logistics system that has not grown in parallel with the increasing demand for trade;
- Despite bold investments to support the national carrier RwandAir, air transport is still constrained by costly and limited air connectivity.

With regard to manufacturing and private sector development a number of challenges arises, especially the following:

- The private sector growth and competitiveness is constrained by low skills and labour productivity in all sectors of the economy
- The number of formal sector firms reporting inadequate skills as a major constraint has doubled since 2006, indicating that this is a growing problem.

- The 2009 National Skills Audit (MIFOTRA 2009) reported an average 61.5% skills deficit and severe skills gaps in the private sector in Rwanda.
- The Rwanda's private sector remains small and nascent, dominated by micro and small enterprises (99.5% of firms) which provide low returns to investment, and do not generate many jobs and struggle to grow.
- The activities of the private sector are highly undiversified and over 90% of Rwanda's exports are concentrated on a few traditional commodity products (tea, coffee, mining).
- Private firms and the process of structural transformation are constrained by key infrastructure gaps.
- The most significant infrastructure constraint to all sizes of firms relates to electricity, which is costly by comparison to the region (at \$0.24/kwh compared to Kenya's \$0.15/kwh, Uganda's \$0.17/kwh, and Tanzania's \$0.05/kwh) and insufficient in quantity.

The country's low export diversification is reflective of the small size of Rwanda's manufacturing and agro-processing sectors. Although EDPRS 2 emphasizes gender equality as a key driver of economic transformation, in the agricultural sector for instance, important steps need to be taken in programs to promote gender equality, such as recruiting more female extension agents, taking gender preferences and requirements into account in agricultural research programs, building women skills and knowledge and increasing their access to financial instruments and marketing.

UN INTERVENTIONS IN RWANDA'S ECONOMIC AGENDA

Under the Delivering as One framework, United Nations Development Assistance Plan (UNDAP) has been elaborated as the business plan of all the UN agencies for funding the pertinent programmes in Rwanda for the period July 2013 to June 2018. UNDAP Rwanda supports the realization of the Millennium Declaration, the related Millennium Development Goals (MDGs) and the other international development aspirations, the transition from the MDGs and the post-2015 framework, the country's medium-term national development priorities as set out in the Economic Development and Poverty Reduction Strategy (EDPRS 2) for the period 2013-2018, as well as the Rwanda Vision 2020. It is also intended to support the promotion in the country of all the international human rights that have been ratified by Rwanda, including the right to humanitarian assistance for refugees.

In line with the UN Quadrennial Comprehensive Policy Review (2012), the UNDAP is strategic and results-oriented and it clearly reflects the UN's increased focus on delivering upstream support in the

national planning and implementation processes, capacity development, high quality policy advice and technical expertise based on best practices while aligning itself to national systems.

In relation to this Joint Program, UNDAP lines of actions cover the following strategic interventions:

1. Supporting industrial and trade competitiveness;
2. Promote regional integration implementation and coordination;
3. Address challenges facing tourism sector;
4. Strengthen institutional regulatory framework;
5. Promote technical know-ho of private sector operators including cooperatives, organization, forum and women farmers; and
6. Improve industrial productivity, among others

2. STRATEGY

Agriculture is the mainstay of the economy particularly in the rural areas where incomes and employment are mainly dependent on the sector. The sector may be strengthened by increasing agricultural market demand, identifying needs of buyers, mapping supply chains, enhancing agricultural supplies to tourism markets, matching supply and demand, and developing business plans, among others. Agro-tourism activities may cover farm-stays and tea/coffee/flower estate tourism. Most community based tourism enterprises in the rural areas provide handicrafts, food and beverages for purchase by visitors.

The economic transformation theme is based on the belief that the broader EAC region will be one of the fastest growing regions of the world over the next decade. Therefore, EDPRS 2 prioritizes deeper regional integration within the EAC community and will focus investments on increasing connectivity to Rwanda's economic neighborhood including DRC and Burundi. On the international stage, a strategic decision under EDPRS 2 is to deepen investment and export promotion ties with the broader East and Southern Asia region, while continuing to invest in growing ties with existing financial hubs.

The linkage of the tourism sector with the rest of the economy needs to be strengthened so as to enhance the value chains. The ratio of non-direct to direct contribution of the tourism sector to the economy is 1.53 which is much lower than the global 2.25. Linkages between tourism sub-sectors can be strengthened by linking suppliers to tourism enterprises, developing partnerships between wholesalers and local tourism operators, promoting agro-tourism and other related activities, and disseminating information on tourism investment opportunities.

Rwanda's current Sustainable Tourism Master Plan (STMP) recommends the formation of business linkages across the supply chains, especially for agricultural produce and handicrafts from the rural sector, in order to spread the benefits of tourism more widely. However, the cost of finance is perceived, by the private sector, as being too high to enable the development of the sector. This assessment coincides with conclusions of the Strategic Action Plan for the development of the East Africa Tourism Platform which identifies access to finance as a challenge to further development of the sector.

Rwanda participates in the East African Tourism and Wildlife Conservation Agency (EATWCA) and the East Africa Tourism Platform (EATP) where the private sector is brought together at the regional level. In order to maximizing on the existing regional frameworks, a more systematic approach of identifying comparative advantages at this level is necessary.

Manufacturing sector in Rwanda is beyond looking at sectors in isolation to scrutinize interactions and synergies with other actors and the business as well as policy environment. In addition, these strategic actors bring together the various levels and components of potentially upgrading chain interventions while completing the value chain development. This makes the value chain approach a complex challenge within the realm of private sector development and beyond but it is a powerful instrument that makes the markets more inclusive by bringing benefits to all actors including small scale growers, and small SMEs.

In supporting the above key Government priorities, the UN agencies will explore and enhance the effectiveness of its work on value chain development. Improved knowledge management within each participating UN Agency will go hand in hand with interagency cooperation. And combining core UN competencies will allow “One-UN” and other UN joint programmes to offer attractive service packages for Value Chain related interventions, capitalizing on the comparative advantage of each involved Agency.

2.2. Lessons learned

UN past experience and interventions in agriculture has contributed to the improvement of livelihood of the poor people especially when the intervention aim at linking the small holder farmers to markets. This intervention has made a significant contribution when coupled with technical support in post-harvest handling technologies. These two main interventions allow for maximization of the commercial value of the farmers’ harvests through reduction of losses translating into higher income.

It has been observed that the value chain approach uses a full analysis of the system’s structural and dynamic features helping to identify leverage points for catalyzing transformation. Value chain analysis also enables an understanding of the system as a whole while identifying gaps at multi-leveled and dynamic nature of value chain interventions. This Joint Program intends to use value chain analysis approach for designing appropriate interventions for holistic development goals.

Creating linkages and enabling accessibility of SMEs to affordable and appropriate technologies has been found to be more impactful to the learning and development of such business entities. When SMEs are enabled to adapt new comparatively low cost technology in their business, it helps them not only to improve their productivity but also to engage in value addition.

Standardization has been very important component for international trade and exports require meeting voluntary and mandatory standards. Consumer standards, though voluntary applicable, they have been a hindrance to exports development. At the same time, SMEs need to comply to these standards in order to enter these markets. It has been found that technical assistance in standards implementation by SMEs helps them to comply with such voluntary and mandatory standards, enabling exports cross to the markets and hence making products more competitive.

Regional integration within East Africa is an important piece of the market puzzle for Rwanda's agricultural produce and agro-industrial products. The UN will be positioned to assist not just with access to national markets, but also with access to sub-regional markets.

With regards to tourism, there is need to diversify the existing tourism products by incorporating new attractions and augmenting the existing ones. This will ensure the development of high-value products that yield a diverse and distinct visitor experience. Diversification is necessary for various reasons: (i) over reliance on gorilla tourism is creating environmental conservation concerns; (ii) length of stay for international visitors is brief, generally four to eight days for most visitors; and (iii) there is relatively low share of visitors travelling for leisure as compared to business.

Besides, more investment is needed in the training of human capital for the development of high quality tourism and hospitality management skills. Research indicates that visitors perceive service to be of low quality, excessively overcharged and of low value for money.

The recognition of the need to guarantee equal opportunities and benefits to men, women, girls and boys is capital for a country's equitable development. A rights-based approach will hence be applied to the value chain development programme with particular focus on the elimination of discrimination against women and girls whose number is still limited in the sector. The Joint Program will address the gendered nature of value chain production, especially in agro-production and manufacturing industries, which

imposes differential outcomes not only on productivity of men and women but also on returns to production due to valuation bias on productive and reproductive work outputs

2.3 The proposed joint programme

Value chain development does not work in isolation; the complexity of interventions nevertheless requires expertise in various areas and the Joint Programme is seen as a multi-disciplinary response to the support the Government of Rwanda in shaping the future. The presence of a well-designed division of labor among UN agencies is therefore likely to further increase efficiency of interventions. Agencies have specific strengths and combining and coordinating these strengths will prove helpful in dealing with the diverse actors and the specific challenges faced in the sectors. In a sense such a division of labor among agencies is similar to the division of labor in a value chain: Agencies are to a certain extent specialized and they have specific strengths, thus they can offer specific support services in specific contexts to different actors in the value chain.

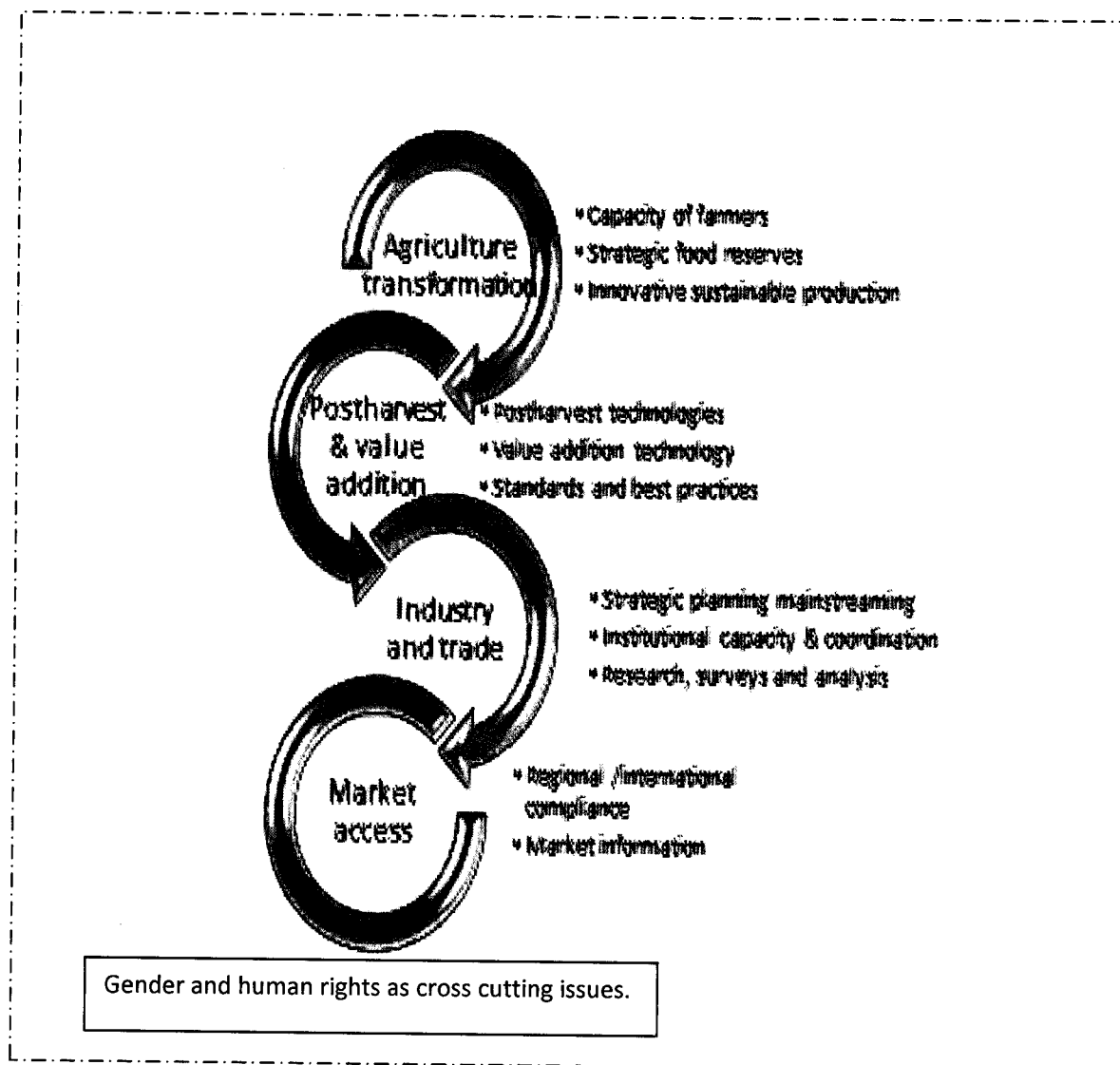
The holistic approach to value chain development fits well into the GoR support division of labor. Each agency will bring its specific expertise based on its comparative advantage that fits better along the value chain.

Based on the situation analysis, the UN pursues to contribute to a number of development objectives that includes:

- To increase agriculture productivity and agro-tourism development;
- To strengthen value addition capacities of enterprises in post-harvest technologies and processing;
- To improve employment opportunities;
- To increase product quality and safety standards and market compliance;
- To support the release of other Non-Trade Barriers;
- To address cross-cutting issues such as gender, human rights, youth, and environment in order to foster sustainable value chain development;
- To increase capacities in Industrial diagnosis and Trade competitiveness;
- Provide policy advice and share knowledge in Value Chain Development.

The basic steps for those interventions include: support to selecting and prioritizing the value-chain sectors for priority product or commodity; analyzing the selected value chains; formulating an upgrading strategy for the selected value chain; and support the implementing the value chain upgrading strategy; and monitoring and evaluation.

Table 2: Schematic approach to value chain development under this flagship



This figure illustrates a value chain development model with a wide perspective in the sectors of agriculture transformation, postharvest and value addition, and industry and trade. The approach suggests (1) beginning from tackling the challenges related to limited skills in farmer organizations and cooperatives; (2) ensuring that strategies for food reserves are in place and (3) promoting innovative

sustainable agriculture. Further interventions cover the support to postharvest and value addition technologies by participating business practitioners for selected priority commodities. National institutions involved in trade are supported in terms of strategic planning, coordination and skills development. Market access for the selected priority commodities is promoted through strategies that link Rwanda's commodities with export markets.

The strategic support to the Value Chain Development Joint programme by the UN in Rwanda involves tackling a number of areas discussed in the following sections of this document.

2.3.1 POLICY AND REGULATORY REVIEW, ANALYSIS AND DESIGNING STRATEGIC IMPLEMENTATION PLANS

The GoR has developed a number of policies and strategies including: a trade policy; an SMEs policy; a cross border strategy; a Transformation of Rwanda agriculture strategy; an industrial policy; an export strategy and many others. The key UN intervention in this perspective is to examine the linkages of these policies and strategies and their contributions to the private sector development and how they impact on business growth over a period of time. Emphasis will be put on research, surveys, analyses and diagnoses so as to inform policy reviews and formulation.

2.3.2 AGRICULTURE MODERNIZATION, AGRIBUSINESS INCLUDING AGRO-TOURISM, AGRO-INDUSTRIES AND VALUE CHAINS ADDITION PROMOTION

The UN interventions will focus on the support to national Institutions, Local Government authorities and farmers' cooperatives, professional organizations to induce a change from substance farming to modern agriculture coupled with the promotion of value addition. Supporting the development of a more productive agriculture will be done through the support to innovative approaches for sustainable production of priority crops, the promotion of best practices and technology transfer in agriculture, livestock and fisheries, support to agro-processing and agribusiness solutions, capacity building in processing methods and support to market information linkages and access, especially for Women and Youth. The UN interventions will also aim to strengthen linkages between the agriculture and tourism sectors through customized and up-to-date tourism policy development, as well as targeted operations aimed to enhance agro-tourism and livelihoods of farmers. Market access, analysis and regional integration will be another area of support.

Access to regional and international markets is crucial for Rwandan firms to develop their exports, and for the country to reach the set targets for the overall trade balance through export growth and export diversification. Noting that Rwanda has an opportunity in emerging international and regional markets alongside domestic markets, the export promotion strategy has to strengthen the capacities of the private sector to benefit these potential markets. This can be through information provision, and linking firms to high-end services, including for reaching international standards. The UN interventions in this context will cover the support to the removal of NTBs, capacities related to getting standards and certification to international requirements, analysis of market demands and dissemination of information and strengthening of coordination mechanisms within trade service providers.

2.3.4 PRIVATE SECTOR DEVELOPMENT

The leading role of the private sector is increasingly being recognized in the national development framework and value chains development in particular. Not only is the private sector expected to commit huge investments in the agriculture sector, but it is also better placed to assess markets and instil a business attitude in value chain development actors. Rwanda Development Board will play a key role in putting in place a conducive environment and needed infrastructures to promote Public Private Partnerships (PPPs), as they particularly have a significant potential to achieve accelerated delivery of strategic national infrastructures required to maximizing the interaction and co-operation between public and private sectors and achieve steady economic growth.

3. SUSTAINABILITY OF RESULTS

The value chain development will allow for realization of the intended objectives through enabling economic, social and environmental sustainability. Value chain development provides clear guidance for policy implementation through shaping interventions on the micro- and meso levels.

The distinguishing feature for value chain development is its specific component of technical expertise and capacity to support value chain actors and service providers in the efforts to sustainably increase productivity and value addition, strengthen producer-agribusiness linkages, and improve efficiency in businesses. The UN agencies will provide specialized technical support for value chain development in crop, livestock, and forestry and fishery sub-sectors, along with advisory support to national players on enabling policies, institutional strengthening, and essential services including in the agro-tourism sub-sector. An important priority for this Joint Program is to ensure that smaller and medium scale farmers, processors and agribusiness SMEs are able to compete in rapidly demanding markets.

Sustainability will also be attained through adopting multi-stakeholder approaches to improve structural conditions under which producers can access affordable global standards and certification systems, which improves their profitability and business continuity. Organizing multi-stakeholders at country and regional levels will facilitate dialogue, lessons learning, strategy development and action planning related to specific value chains or aspects of value chain development, therefore ensuring institutional capacity and sustainability.

4. RESULTS FRAMEWORK

The result framework covers two main outcomes:

Outcome 1: Pro-poor growth and economic transformation enhanced for inclusive development and poverty reduction

The outputs and indicative key actions covered under each respective outcome are the followings:

Strengthened Leadership and Capacities of National Institutions to Strategically Plan And Harness Opportunities For Structural Economic Transformation

- Provide support towards the creation of the required performing institutional framework focusing on cooperatives, fora, platforms that will assist the development of an internationally competitive SME sector
- Provide support for strengthening Special Economic Zones and Industrial Parks
- Provide support the development of Growth Anchor Initiative (anchor firms investing in SMEs development), domestic market recapturing and manufacturing growth programs
- Strengthen the Government capacity to coordinate implementation and dissemination of regional trade agreements at national level.
- Strengthen the national systems and frameworks for regional integration to involve all stakeholders
- Support development of knowledge products for policy analysis on regional integration
- Support the implementation of the tourism policy, master plan and strategy formulation, including monitoring and evaluation frameworks

Strengthened National Capacities for Industrial and Trade Competitiveness

- Support industrial diagnosis, trade and SMEs competitiveness analysis and benchmarking for the access to global sub-contracting and supply-chain and networks
- Provide support to the strengthening of Industrial Information System (industrial observatory)
- TA for policy and strategy development in the agri-food industry, tourism and other services sectors incl. ICT
- Support the set-up of trade information centres, including industry, and service related trade observatory and investment monitoring platforms

- Support policy dialogue platform for public-private partnerships through Knowledge and Capacity Development
- TA to generate business transactions between Rwanda and selected markets by facilitating investment and transfer of knowledge, expertise and technology
- TA to enhance enterprise competitiveness through productivity, quality, business management and packaging improvement and the use of ICT solutions that enhance business performance
- Support value addition transactions that generate superior value retention through appropriate certification, marketing, branding and labeling schemes
- Support advise and facilitate SME market linkages for selected products, including client identification and commercial approaches
- TA to support business linkage options and facilitate business transactions, making extensive use of e-commerce

Outcome 2: A diversified economic base allows Rwandans to tap into and benefit from expanded international, regional and local markets, and improve agriculture value-chains (Diversified economic base). Outputs and indicative key actions covered under each respective outcome include;

Equitable development and innovation in agriculture, post-harvest and value addition technologies, best practices and marketing promoted and strengthened

- TA and FA to strengthen Government capacity to enable farmer organizations and smallholder farmers to produce quality commercial supplies and access to both local and international markets benefiting male and female farmers.
- Support to national institutions and cooperatives for the management of Strategic Food Reserve(s) and to promote innovative agri-business solutions.
- Capacity building for key national institutions and cooperatives to promote best practices and technology transfer in agriculture, livestock, fisheries, and manufacturing sectors.
- Support farmer cooperatives to expand the application of innovative approaches for sustainable production of priority crops.

- Provide support for the upgrading small-scale food and cash crop agro-processing units in rural areas incl. CPCs

National regulatory frameworks for quality standards and food safety strengthened and implemented in accordance with regional and international guidelines

- Support to strengthen national systems for quality and food safety inspections, food safety risk analysis, animal epidemio-surveillance, institutional coordination, and establish information exchange network system
- TA to support accreditation processes for testing and metrology towards international recognition
- Support for SMEs under priority sectors for acquiring certification.
- TA to strengthen national capacities to participate in international standardization processes.

Further details of the activities are well elaborated under the enclosed results framework table.

Figure 1: Result framework: Value chain development flagship

JP Outputs (Give corresponding indicators and baselines and targets)	Participating UN organization	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*							
				Y1	Y2	Y3	Y4	Total			
UNDAP Outcome 1: Pro-poor growth and economic transformation enhanced for inclusive economic development and poverty reduction											
Indicators:				Baselines:				Targets:			
1) % population below the poverty line				1) 44.9% Rwandans living below poverty line				1) <30% Rwandans living below poverty line			
2) % exports to GDP (value of exports goods and services)				2) 14.6%				2) 27.2%			
3) Aid on budget				3) 45% aid on budget				3) 25% aid on budget			
Output 1.1 Strengthened Leadership And Capacities Of National Institutions To Strategically Plan And Harness Opportunities For Structural Economic Transformation	Indicators: 1) No. of key sector strategies reflecting structural economic transformation 2) % population aware	Baselines: 1) 1 Sector strategy reflecting structural economic transformation 2) 20%	ITC UNECA UNW UNCTAD UNIDO WFP UNDP	MINALOC MINEAC MINICOM PSF NAEB RDB RSB	40,029	70,301	64,976	79,299	254,605	600,000	275,124
	Targets 1) 4 sector strategies reflecting structural economic transformation 2) 40%		Provide support towards the creation of the required performing institutional framework focusing on cooperatives, fora, platforms that will assist the development of an internationally competitive SME sector	200,000	200,000	100,000	100,000	600,000			
			Provide support for strengthening Special Economic Zones and Industrial Parks	155,581	108,381	55,581	55,581	275,124			
			Provide support the development of Growth Anchor Initiative (anchor firms investing in SMEs development), domestic market recapturing and manufacturing growth programs	99,481	94,181	52,181	20,381	182,224			
			Strengthen the Government capacity to coordinate implementation and dissemination of regional trade agreements at national level.	120,381	52,181	52,181	20,381	145,124			
			Strengthen the national systems and frameworks for regional integration to involve all stakeholders	52,181	47,411	47,411	50,381	197,384			
			Support development of knowledge products for policy analysis on regional integration								

Output 1.2 Strengthened National Capacities For Industrial And Trade Competitiveness	Indicators: 1) No of value chain studies for priority commoditie s conducted 2) % of SMEs using the Investment Monitoring Platform (IMP)	Baseline: 1) 3 value chain studies conducted 2) 20 % SMEs use the IMP Targets 1) 3 value chain studies conducted annually 2) 60% SMEs use IMP	UNIDO UNCTAD UNECA ITC ILO UNDP	MINICOM RDB PSF	Support the implementation of the tourism policy, master plan and strategy formulation, including monitoring and evaluation frameworks Support industrial diagnosis, trade and SMEs competitiveness analysis and benchmarking for the access to global sub-contracting and supply-chain and networks Provide support to the strengthening of Industrial Information System (industrial observatory) TA for policy and strategy development in the agri-food industry, tourism and other services sectors incl. ICT Support the set-up of trade information centres, including industry, and service related trade observatory and investment monitoring platforms Support policy dialogue platform for public-private partnerships through Knowledge and Capacity Development TA to generate business transactions between Rwanda and selected markets by facilitating investment and transfer of knowledge, expertise and technology TA to enhance enterprise competitiveness through productivity, quality, business management and packaging improvement and the use of ICT solutions that enhance business performance Support value addition transactions that generate superior value retention through appropriate certification, marketing, branding and labeling schemes Support advise and facilitate SME market linkages for selected products, including client identification and commercial approaches TA to support business linkage options and facilitate business transactions, making extensive use of e-commerce	125,563	252,944	50,000	59,549	58,240	160,374	997,419	235,803	160,144	58,781	95,261	103,773	106,077	99,229	404,340	334,864	40,116	43,623	125,563	140,080	50,000	75,722	58,240	165,334	997,419	136,462	64,669	259,271	235,124	517,400	285,761	724,198	3,989,672	517,400
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Outcome 2: Diversified economic base allows Rwandans to tap into and benefit from expanded international, regional and local markets, and improved agriculture value-chains.

Indicators:		Baselines:		Targets:					
1) % increase in export growth rate of Rwanda products in international markets		1) 24.9%		1) 28%					
2) % decrease of extreme poverty		2) 24.9%		2) 10%					
Output 2.1 Strengthened Agricultural Innovation and Value Chain	Indicators 1) No of commodity value-chain upgrading strategies developed 2) No of functional Community Processing Centres for technology transfer owned by cooperatives 3) No of smallholder farmers including women skilled in value chain processes	Baselines 1) 4 commodities with upgraded value-chain strategies 2) 3 functional Community Processing Centers 3) 19800 women, : 25200 men skilled small holder farmers Targets 1) 20 commodities with upgraded value-chain strategies 2) 10 Functional Community Processing Centers 3) 80,000 females; 120,000 male skilled smallholder	FAO UNIDO WFP UNW ILO ITC UNDP	MINAGRI MINICOM RDB PSF MINALOC	460,138	374,553	193,685	193,685	1,222,062
		Support to enable farmer organizations and smallholder farmers to produce cost effective quality commercial supplies and access to both local and international markets benefiting male and female farmers.			72,800	68,800	68,800	68,800	299,200
		Support mapping and assessing, key selected value chains			1,609,888	690,855	438,089	438,089	3,353,990
		Develop and expand existing value chain programs on livestock, dairy products, and fruits and vegetable			120,935	180,900	158,286	45,224	451,346
		Provide support national institutions and cooperatives for the management of Strategic Food Reserve(s) and to promote t innovative agri-business solutions			334,623	259,435	226,935	80,349	901,343
		Support key national institutions and cooperatives to promote best agricultural practices and technology transfer in agriculture, livestock, fisheries sector			70,592	65,000	65,000	0	195,000
		Support farmer cooperatives to expand their application of innovative approaches for sustainable production of priority crops.			45,500	130,000	97,500	65,000	338,000
		Provide support use of efficient transport and distribution packaging solutions to reduce waste and preserve optimum quality in three sectors identified			258,400	302,640	315,440	266,134	1,142,614
		Provide support for the upgrading small-scale food and cash crop agro-processing units in rural areas incl. CPCs							

Output 2.2:	Indicators:	Baselines	UNIDO	MINISANTE	Strengthen national systems for quality and food safety inspections, animal epidemio- surveillance, institutional coordination, and establish information exchange network systems.	544,252	388,159	406,024	409,014	1,697,449
National Regulatory Frameworks For Quality Standards Compliance	1)No of national systems acquiring international accredited 2)No of SMES certified on food safety standards 3)National Food Safety Coordination Committee established	1) 0 2) 11.2% 1) No Targets 1. 20 2. 40% 3. Yes	UNIDO FAO WHO ITC UNDP	MINISANTE MINAGRI MINICOM RSB RAB NAEB	Provide support establishment and management of testing and metrology laboratories towards international recognition	299,577	332,605	321,572	328,091	1,281,845
					Support for SMEs under priority sectors for acquiring standards certification.	209,521	192,048	187,255	315,218	904,042
					Strengthen national capacities to participate in international standardization processes	177,524	114,312	62,119	59,072	413,027
Output 2.3	Indicators:	Baselines:	UNCDF UNCTA D	MINAGRI SACCO RAB NAEB	TA and FA to support national institutions in developing and implementing appropriate agriculture VCF business models and agricultural insurance strategies in Rwanda	115,200	94,648	97,120	70,472	377,440
1) Agricultural value chain financing is developed and implemented at Macro, Meso and Micro levels	1) Number of FSPs participating in VCF 2) Number of instruments proposed to the market	1) TBD 2) TBD Targets 1) 4 2) 2			Support the development of supportive infrastructures (warehouse and warehouse receipt system) and SACCO towards formation of cooperative bank as a vessel for agriculture lending	91,000	120,000	90,000	90,424	391,424
					Provide TA and FA for institutional capacity building of SACCOs and MFIs to develop and implement AVC financing instruments (products and services, partnerships with other VC actors)	50,381	115,594	79,325	87,344	332,644
Agencies specific fund allocation and timeframe										
UNIDO	Programme Cost				Year 1	Year 2	Year 3	Year 4	TOTAL	
					1,200,522	1,222,581	1,255,984	1,320,913		5,000,000
ITC	Programme Cost				1,941,881	1,928,514	2,009,013	2,020,590		7,899,998
FAO	Programme Cost				1,931,167	825,500	617,500	292,500		3,666,667
WHO	Programme Cost				158,999	126,543	136,361	111,271		533,174
UNW	Programme Cost				42,250	169,000	211,250	211,250		633,750

WFP	Programme Cost	513,846	537,889	292,157	130,009	1,473,901
UNCTAD	Programme Cost	542,857	566,857	536,857	506,857	2,153,428
UNECA	Programme Cost	174,082	195,812	113,872	49,735	533,501
ILO	Programme Cost	114,000	98,000	94,000	94,000	400,000
UNCDF	Programme Cost	110,200	159,861	126,064	137,859	533,984
UNDP	Program Cost	247,996	745,595	0	0	993,591
Total		6,977,800	6,576,152	5,393,058	4,874,984	23,821,994

5. MANAGEMENT AND COORDINATION ARRANGEMENTS

5.1 Program and activities planning

UN agencies participating into the value chain Joint Program come together and plan the program and related activities. Individual agencies make consultations with their national institutional counterparts to bring out strategic needs where UN has comparative advantage for intervention. Other tools used in program planning are Country Common Assessment and EDPRS 2 that provide the government, other national partners and the UN organizations with the analytical basis to identify priorities for the achievement of national goals. The UN agencies will come together to make the assessment of needs identified by individual agencies and design interventions based on available resources, timeframes and comparative advantages while focusing on the shared outputs. A key programming tool that is adopted by participating agencies is the Joint Program Results Matrix, which sets out (in a logical framework) the outputs, outcomes and related measurable indicators for the flagship.

All national and UN agencies participating in the value chain development work together to develop and agree on a common work plan. This work plan sets out the activities that will be carried out during each year of the joint flagship, the expected outputs to which these activities will contribute to, the inputs needed to carry out the activities, and the timeframe, budget, and responsibilities for completing the activities.

5.2 Parallel implementation

The next step after joint programming is implementation. Joint programming involves each of the UN agencies' programs, funds, and specialized expertise are brought together and work closely and with national partners to coordinate their interventions in support of results which will lead to the achievement of the intended outcomes, as set out in the value chain Joint program Results Matrix.

5.3 Joint reporting

The reporting of the joint Program will be done on quarterly basis. A lead agency shall consolidate reports of implementation from participating agencies and make a single Joint Program quarterly report that will be shared to all stakeholders. The same shall be applied to annual reports.

To enable easy collection of report in inputs, a list of implementation Focal Points should be developed and made available to the lead agency and stakeholders.

5.4 Lead UN agencies and Government relationship

The two UN agencies playing a role of lead agency in this Joint Program are FAO and UNIDO. The mandate of Lead Agencies is to ensure coordination of Joint program implementation and reporting in accordance with UN existing framework through program management

arrangement as required by DRGs, PPOC and UNCT. The implementations and reporting should also follow systems and procedures as required by Government of Rwanda.

This Joint Program is co-chaired by the Ministry of Trade and Industry, together with Ministry of Agriculture and Animal Resources. The two co-chairs will be responsible for coordinating other participating Institutions and particularly ensuring timely communication to enhance effective implementation of the program. The co-chairs are responsible to keep regular communications with UN agencies to ensure same level of understanding between both sides.

6. FUND MANAGEMENT ARRANGEMENTS

The selected fund management for the value chain development Joint Program is “**parallel option**” whereby each participating agency shall manage its own mobilized funds. The value chain joint program expects participating agency to mobilize funds as core, vertical or One fund. The implementation of agreed up on activities under work plans by use of the available funds will be done by agencies’ program management team in consultation with IPs and other within UN agencies.

Funds management and coordination costs shall be done by each agency in accordance with its rules and regulations. The related coordination between agencies and IPs shall be ensured within joint program through a single aggregated or consolidated reports shared among all stakeholders.

Budget preparation shall be by each agency while following agency separate procedures and guidelines in consistent with program components. Each UN organization will account for the income received to fund its program components in accordance with its financial regulations and rules.

The program implementation shall be done according to work plans and each agency shall ensure there is enough human resources related to financial management and activity implementation. Both financial and narrative reports shall be done in line with government, and one UN reporting requirements and frameworks.

Balance of funds shall be assessed and reported at every end of year and this shall constitute carry over funds that will be taken into the following year. When each agency has recorded carry over funds into the following year, this will be considered and planned for expenditure in that coming year.

7. MONITORING, EVALUATION AND REPORTING

The Value chain development Joint Program log frame shall present the following key M&E parameters, (i) indicators, (ii) baseline data, (iii) targets, (iv) means and source of verification, and (v) assumptions. The data on indicators, baseline and targets are aligned to those provided in national planning tools and in UNDAP, and they will be disaggregated by gender wherever possible. A detailed monitoring framework indicating methodology, format, frequency and responsibility for collecting data for indicators at outcome and output level will be developed within the first **six months** of the Joint program implementation. This M&E plan will help ensure accountability, transparency, and will also monitor progress and achievements against outcomes and related outputs.

Monitoring reviews will occur at **annual and mid-term**, as planned in the national system (to check with PPOC and harmonize with other DRGs on the same cycle of Monitoring). Consultations and discussions will be conducted among agencies, to set up a calendar for an **annual** planning and reporting

The Joint programme should represent collective desire, thus, necessitating a framework to report changes, gains or further challenges, aimed at achieving the commitments. Monitoring & Evaluation and a functional database represent the heart of resource information from which materials for reporting can be derived.

Information and data collected will be shared between all parties concerned and compiled accordingly against identified indicators, ensuring gender-sensitive collection and analysis when possible. An update will be provided by each of the three Agencies on status of implementation.

In principle, each agency will appoint one officer responsible for the agency activities report within the Joint programme. The **leader agency** for each Joint programme will be responsible for the entire reports related to the flagship, in joint collaboration with the agencies focal points, and will report to the DRG co-chairs.

A **technical Joint programme committee** comprising of representatives of the participating agencies and involved national institutions will be constituted and meet every **three** months to track progress toward planned results and make related decisions on subsequent needed action. Potential risks will be assessed at these meetings and remedial measures envisaged to address them. . Reports of the steering committee, updates and progress reports will be posted on agencies' and ministries' websites for user and right-holders information.

The UNDAP M&E will indicate how the Joint programmes will contribute to the whole **Mid Tem Review** (role and responsibilities of participating DRG; agencies, GoR, assess progress related to delivery of outputs and achievement of outcomes.

Figure 2: Joint Programme Monitoring Framework (JPMF)

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of verification	Collection methods indicative frame & frequency)	Responsibilities	Risks & assumptions
<p>Outcome 1: Pro-poor growth and economic transformation enhanced for inclusive economic development and poverty reduction</p>	<p>Indicators: 1) % population below the poverty line 2) % exports to GDP(value of exports goods and services</p> <p>Baselines: 1) 44.9% Rwandans living below poverty line 2) 14.6%</p> <p>Targets 1) <30%Rwandans living below poverty line 2) 27.2% 3) 25% aid on budget</p>	EICV reports	Surveys every 3 years	MINECOFIN, NIS	<p>Risk: Instability in the sub-region</p> <p>Assumption: Continued partnerships between Rwanda and DPs</p>
<p>Output 1.1: Strengthened Leadership And National Capacities to Strategically Plan and Harness Opportunities</p>	<p>Indicators: 1) No. of key sector strategies reflecting structural economic transformation 2) % population aware of regional integration process</p> <p>Baselines: 1) 1 Sector strategy reflecting</p>	EICV reports	Surveys every 3 years	MINECOFIN, MINEAC	<p>Risk: Limited national capacity for implementation</p> <p>Assumption: Continued prioritization of regional integration</p>

<p>for Structural Economic Transformation</p>	<p>structural economic transformation 2) 20%</p> <p>Targets</p> <p>1) 4 sectors strategies reflecting structural economic transformation 2) 40%</p>		<p>Study reports</p>	<p>Annual studies</p>	<p>MINICOM, RDB, PSF</p>	<p>Risks: Inadequate resources; High staff turnover of national institutions</p> <p>Assumption: Continued commitment; Adequate resource allocation</p> <p>Government Government</p>
<p>Output 1.2: Strengthened National Capacities for Industrial and Trade Competitiveness</p>	<p>Indicators: 1) No of value chain studies for priority commodities conducted 2) % of SMEs using the Investment Monitoring Platform (IMP)</p> <p>Baselines: 1) 2 value chain studies conducted 2) 20 % SMEs use the IMP</p> <p>Targets 1) 3 value chain studies conducted annually 2) 60% SMEs use IMP</p>					

<p>Outcome 2: A diversified economic base allows Rwandans to tap into and benefit from expanded international, regional and local markets, and improved agriculture value-chains.</p>	<p>Indicators: 1) % increase in export growth rate of Rwanda products in international markets 2) % decrease of extreme poverty</p> <p>Baselines: 1) 24.9% 2) 24.9%</p> <p>Targets 1) 28% 2. 10%</p>	<p>EICV reports</p>	<p>Surveys every 3 years</p>	<p>MINECOFIN, NIS</p>	<p>Risks: Lack of respect to and uneven implementation of regional agreements Extreme climate changes impacting negatively on agriculture</p> <p>Assumptions: Conducive regional and global markets; Regional political and economic stability</p>
<p>Output 2.1: Equitable development and innovation in agriculture, post-harvest and value addition technologies, best practices and marketing promoted and strengthened</p>	<p>Indicators: 1) No of commodity value-chain upgrading strategies developed 2) No of functional Community Processing Centres for technology transfer owned by cooperatives 3) No of smallholder farmers including women skilled in value chain processes</p> <p>Baselines: 4 commodities with upgraded value-chain strategies 2) 3 functional Community Processing Centres</p>	<p>Project evaluation reports</p>	<p>Evaluation assessment and</p>	<p>MINAGRI, MINICOM, RDB</p>	<p>Risks: Commodity saturation at regional level Inadequate infrastructure marketing Unfavourable climate effects on agriculture</p> <p>Assumption: Continued commitment of the Government and provision of adequate resources by Government and partners; Marketable surplus is</p>

	<p>3) 19800 women.; 25200 men skilled small holder farmers</p> <p>Targets</p> <p>1) 20 commodities with upgraded value-chain strategies</p> <p>2) 30 functional Community Processing Centers</p> <p>3) 80,000 females; 120,000 male skilled smallholder</p>				<p>Government continues to support crop intensification;</p>
<p>Output 2.2:</p> <p>National regulatory frameworks for quality standards and food safety strengthened and implemented in accordance with regional and international guidelines</p>	<p>Indicators:</p> <p>1) No. of national systems accredited</p> <p>2) % of industries ISO certified</p> <p>3) National coordination committee established</p> <p>Baselines:</p> <p>1) 0</p> <p>2) 11.2%</p> <p>3) No</p> <p>Targets</p> <p>1. 20</p> <p>2. 40%</p> <p>3. Yes</p>	<p>Reports of evaluation and certifications</p>	<p>Evaluation and assessment</p>	<p>MINICOM, MINISANTÉ, RBS</p>	<p>Risks:</p> <p>Limited capacity for national institutions to develop and participate in standardization processes</p> <p>Limited SME capacity to implement standards</p> <p>Assumptions:</p> <p>Local market demands certified products;</p> <p>Continued Government commitment to quality standards</p>

