

Data Sheet

USAID Mission:	Rwanda
Program Title:	Rural Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	696-007
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$2,553,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$2,993,000 DA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's economic growth program expands opportunities in rural areas and increases the diversity of off-farm productive enterprises, agricultural productivity, household level incomes, employment, and corresponding rural financial services for targeted communities. Rural infrastructure improvements contribute to increased productivity and diversification of income.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Private Sector Growth (\$1,542,000 DA). USAID will increase incomes, employment and enterprise development on-farm and off-farm, primarily through the agribusiness sector. By helping to increase access to microfinance products, USAID supports the development of sustainable and competitive agribusinesses that provide products for national, regional or global markets. Clients will include producer cooperatives and associations, as well as processors and exporters. Agricultural products to be marketed include specialty coffee, pyrethrum, horticulture and essential oils, while off-farm product and market development will produce handicrafts for the African Growth and Opportunities Act (AGOA) market. Efforts are supplemented with regional programs, such as the East and Central Africa (ECA) Trade Competitiveness Hub, Regional Agricultural Trade Expansion Services (RATES), Regional Agricultural Trade Information Network (RATIN.) Principal contractors and grantees: Chemonics International, Michigan State University (MSU), Texas A&M University, International Executive Service Corps (all prime).

Increase Agricultural Productivity (\$800,000 DA). Efforts to increase agricultural productivity will focus on the dissemination of improved varieties and productivity-increasing technology to contribute to food security. The national agricultural research center will be a key partner in this effort. Integrated food assistance interventions will help to transfer productivity, improving technologies from the research station to growers. These include the dissemination of improved seeds and soil and water conservation techniques. Improved dairy production and marketing techniques will increase rural productivity and income. USAID's centrally managed Famine Early Warning Systems Network (FEWSNET) will provide food security and rainfall monitoring information. Principal contractors and grantees: Center for International Tropical Agriculture (CIAT), Heifer Project International (all prime).

Strengthen the Financial Sector's Contribution to Economic Growth (\$211,000 DA). Better banking practices and management will increase repayment rates, increase the number of available financial products; increase the number of individuals, groups and firms accessing rural financing; and diversify loan portfolios, particularly in the traditionally high-risk sectors such as agriculture. Improved banking practices will also help to expand access to finance among potential borrowers not currently served such as women. In the absence of the availability of commercial banking systems in the rural sector, the Union des Banques Populaires de Rwanda (UBPR), the country's leading credit union, together with a number of microfinance institutions (MFIs), will continue to provide financial services to the rural areas. Planned funds for lending programs will increase the availability and accessibility of financing which is fundamental to economic opportunity and enterprise development in rural areas. USAID will increase savings mobilization and help MFIs and local credit unions make credit available to established as well as new enterprises and other borrowers, including women's groups and village banking structures. This will be done by helping to increase awareness of the benefits of MFIs at the local level. With funds provided by

the health program, microfinance activities will integrate HIV/AIDS awareness training into services extended to mutual lending associations. To further stimulate access to rural finance, USAID will guarantee loans through the Bank of Kigali, using the Development Credit Authority (DCA). This undertaking will encourage the financing of traditionally high-risk sectors, especially agribusiness. Principal contractors and grantees: World Relief, World Council of Credit Unions, Women's Investment Funds, Development Credit Authority/Bank of Kigali (all prime).

FY 2006 Program: Increase Private Sector Growth (\$1,493,000 DA). USAID will continue to expand and diversify export-oriented agribusinesses. It will seek to identify and support other competitive enterprises and sub-sectors, including eco-tourism and handicrafts. Programs will include regional efforts such as the ECA TRADE Competitiveness HUB, RATES, RATIN. Principal contractors and grantees: Chemonics, MSU, Texas A&M (all prime).

Increase Agricultural Productivity (\$900,000 DA). By strengthening linkages with sector associations like the East African Fine Coffees Association, USAID will transfer to its beneficiaries improved, agricultural productivity-enhancing technology used to increase yields and improve food security. FEWSNET will provide food security and rainfall monitoring information. Principal contractors and grantees: CIAT.

Strengthen the Financial Sector's Contribution to Economic Growth (\$600,000 DA). USAID plans to scale-up "best practices" in rural finance that both diversifies the portfolio and expands the client base, particularly in underserved sectors like agriculture, and among underserved borrowers, notably women. This will increase savings mobilization and help MFIs and local credit unions make credit available to enterprises and women's solidarity groups and village banking structures. USAID will continue to mobilize lending under a loan guarantee facility with the Bank of Kigali through the DCA. This undertaking will further encourage the financing of traditionally high-risk sectors, especially export-oriented agribusiness. Principal contractors and grantees: Bank of Kigali; others to be determined.

Performance and Results: By the completion of the objective, businesses producing products and services in the targeted areas will increase by 40%. Small agro-businesses and underserved business groups including women will have received \$2 million in credit that was not available before. Cooperatives will expand credit availability to thousands of new groups and customers. Savings accounts nationwide will have increased 34% to more than 165,000 in rural areas. Significant increases in rural incomes will be measurable in all the target areas. Selected goods such as specialty coffee, chili products and pyrethrum will have increased in market value as much as 50% due to the quality improvements and improved market links available. These export crops will contribute not only to rural incomes but to Rwanda's overall plan to increase exports and market share of Rwandan products in Africa and international markets.

US Financing in Thousands of Dollars

Rwanda

	DA	DCA
696-007 Rural Economic Growth		
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	3,203	144
Expenditures	0	0
Through September 30, 2004		
Obligations	3,203	144
Expenditures	0	0
Unliquidated	3,203	144
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	2,553	0
Total Planned Fiscal Year 2005		
Obligations	2,553	0
Proposed Fiscal Year 2006 NOA		
Obligations	2,993	0
Future Obligations	7,175	0
Est. Total Cost	15,924	144