



RWANDA RURAL REHABILITATION INITIATIVE – RWARRI

P.O.Box: 256 Kigali – Rwanda

Telephone: (+250) 788308374

General e-mail address: info@rwarrri.com

Web site: www.rwarrri.com

RWARRI- FtMA PROJECT DELIVERY REVIEW OF SEASON 2021A



Delivery review of Season 2021A/FtMA, July 2021

For a Wealthy Future

Rwanda Rural Rehabilitation Initiative (RWARRI)

0. Background

Farm to Market Alliance (FtMA) helps smallholder farmers' transition to commercial agriculture by providing adequate information, investment, and support at all stages, from seed to market. FtMA empowers smallholders to become reliable market players through access to four integrated pathways: predictable markets, affordable finance, technologies, and quality inputs, such as seeds, fertilizers, and post-harvest handling and storage solutions.

Forward delivery contracts between farmers and buyers specify minimum sales volumes in advance to allow smallholder families to plan beyond the farm gate. These forward contracts with buyers have assisted some farmers in securing loans and crop loss insurance for the first time.

This model ensures that they can confidently plan, grow, store and sell their crops and maximize productivity, profitability, and resilience over the long term. Importantly, it also builds the confidence of agri-market players in doing business with smallholders.

FtMA operates in many countries across Africa. In Rwanda, the World Food Programme leads the Alliance, RWARRI, and RDO are coordinating the interventions in 23 districts, where the Alliance has a presence. The project goal is to catalyze increased value creation for smallholder farmers' sustained agricultural growth in Rwanda. The specific objectives are as follow:

- **Objective 1:** To enhance the inclusivity and competitiveness of smallholder friendly market systems;
- **Objective 2:** To strengthen business linkages for efficient value chain performance; and
- **Objective 3:** Increase the productivity and income of smallholder farmers in target value chains.

RWARRI implements the project in ten (10) districts: Gasabo of Kigali City, Burera, Gakenke and Rulindo of Northern Province, Ngoma and Rwamagana of Eastern province Huye, Gisagara, Nyamagabe, and Nyaruguru of Southern Province. So far, the project under RWARRI support has reached 50,177 farmers, including 24,091 women and 3,183 youth, members of 124 cooperatives in season 2021A. The project supports cooperatives that are mainly involved in maize and bean value chains.

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The overview outlines achievements of the seasons 2021A; among them, we can list the maize delivery status across the ten districts, the compliance of buyers and producers toward the contracts signed, and delivery trends over the past three years.

1. Maize delivery and contract compliance

Over 124 cooperatives reached by FtMA - RWARRI, 104 signed forward contract to deliver maize to the buyers-partners of the Alliance for the season 2021A. 5168 Mt were committed by the cooperatives (producers) to the buyers, whereby 5,374 metric tons reached the market, thus resulting in 104% of contract compliance. The following chart shows the details.

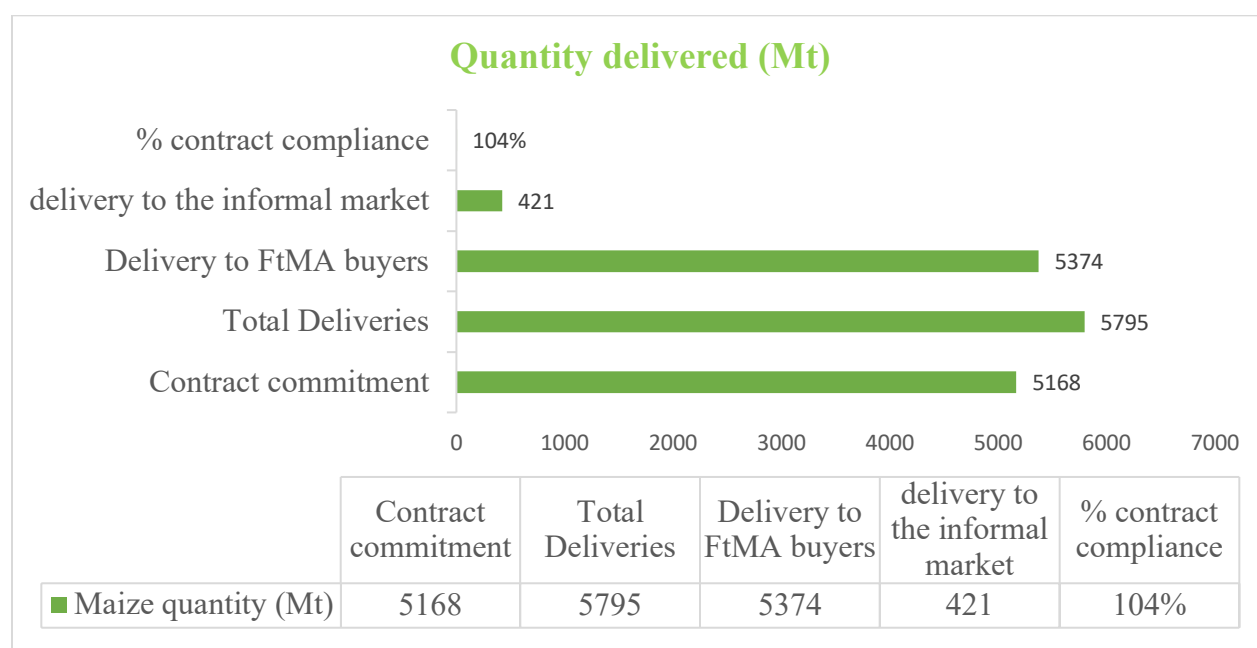


Chart 1. Maize delivery status and contract compliance

As shown by the chart, the overall commitment by the producers has achieved over 100%. The trend implies that, though some cooperatives didn't reach the target and others did it lower, other cooperatives delivered the quantities higher than the committed ones. The means is that buyers have been flexible and accepted the over-anticipated deliveries. FtMA continues to strengthen such smooth collaboration between the two parties.

2. Maize delivery per district

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During the season 2021A, ten districts contributed to the delivery. Ngoma is the district with a higher contribution. At the same time, Nyamagabe had the lowest, mainly because most cooperatives grow maize in season B. only two cooperatives in Nyamagabe delivered maize in the 2021A season.

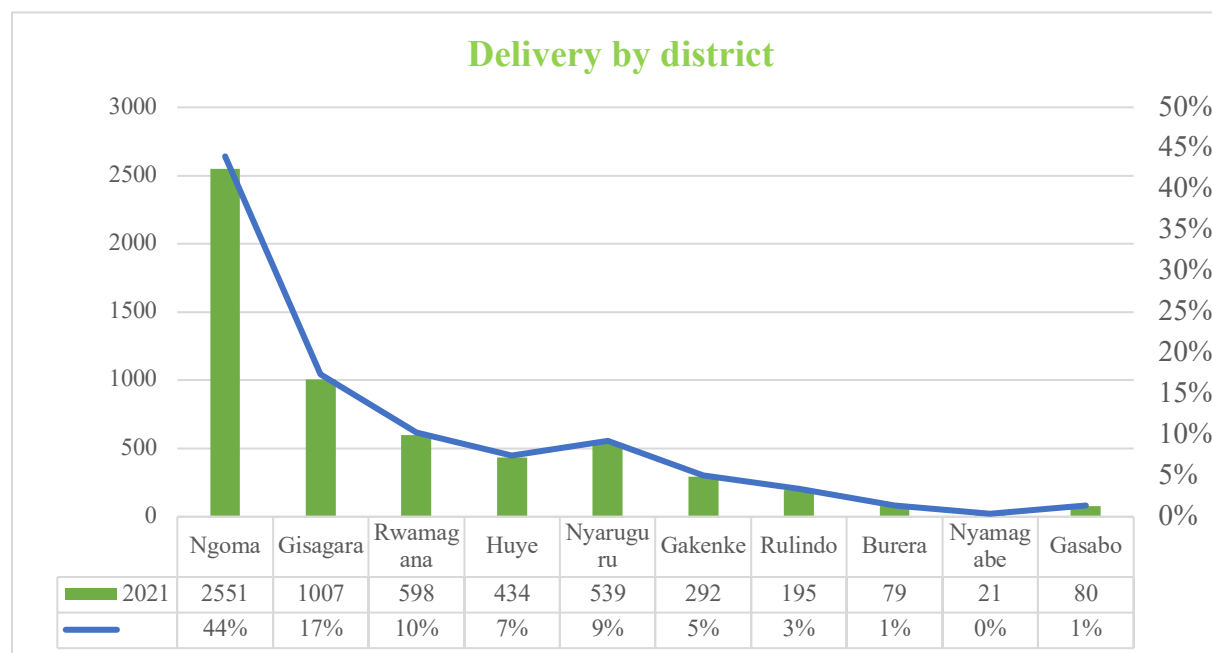


Chart 2: Maize delivery by district

The commitment delivery has been met generally; effort must be made in the districts with the lower contribution to ensure that the production is sold through the formal channel and comply with the commitment made for better collaboration with the buyers.

3. Delivery per buyer

Several buyers, partners of the Alliance were involved in the season 2021A, such as Africa Improved Food (AIF), East African Exchange (EAX), MINIMEX, SARURA, and RUMBUKA. However, some cooperatives reported selling some quantity to the local market and the middlemen. The following chart presents the proportion of each buyer in the total quantity that the producers delivered.

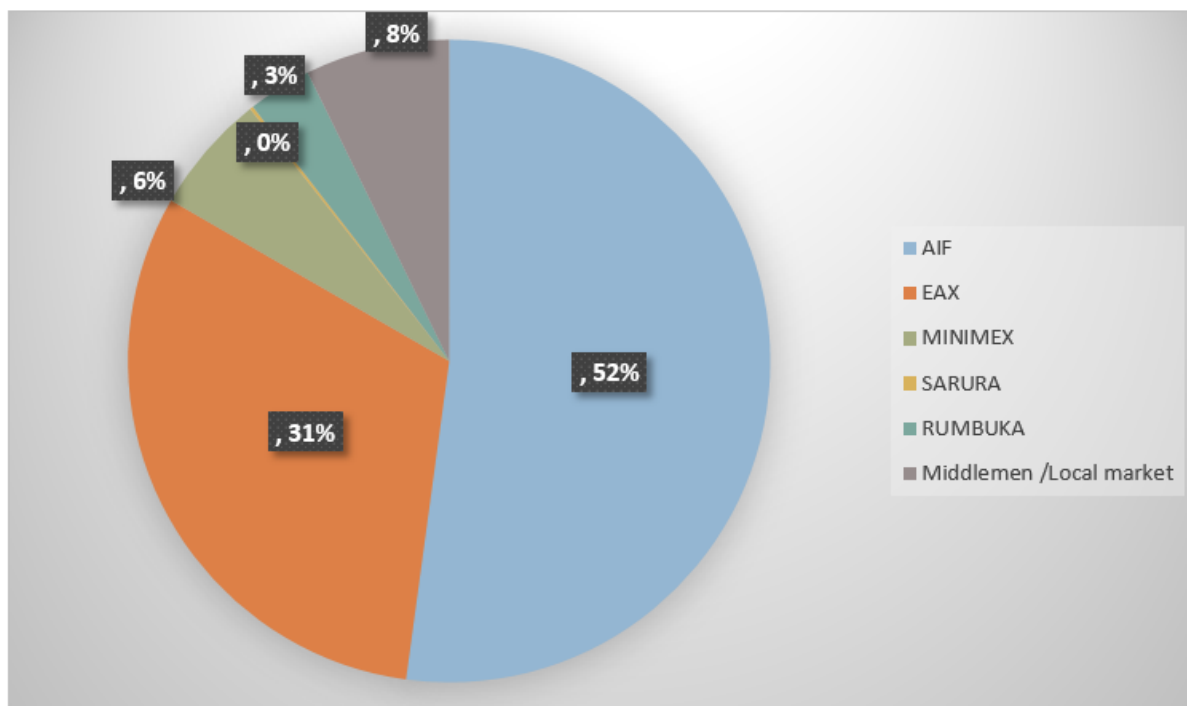


Chart 3: Maize quantity bought per buyer

As the above chart shows, AIF aggregated higher quantity while RUMBUKA contributed at an insignificant level. Though Rumbuka appears on the list of the current buyers, it is not a partner of the Alliance it does only buy the multiplied seed from few cooperatives. It is also evident that the quantity sold to the local market and/or the middlemen is higher than some buyers. This implies a continuous collaboration with those buyers to motivate them to buy a larger quantity so that total production from the cooperatives be sold through the buyers, partners of FtMA, where the market is sustainable and the risks of non-disbursement and non-justified rejections of the deliveries no longer exist.

4. Buyers contract compliance

As stated initially, FtMA facilitates the linkages between producers and buyers and ensures that forward delivery contracts are in place. The following table shows the number of contracts signed by the off-takers and the level of compliance.

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Table 1: Buyers contracts compliance status

Buyers	Number of contracts	Contract compliance	Number of coops selling to other buyers/non-contractor	% compliance
AIF	65	46	18 to EAX 11 to Middlemen/local market 10 didn't deliver	71%
EAX	31	24	10 to AIF 2 to middlemen 3 didn't deliver	77%
MINIMEX	6	3	3 to EAX	50%
SARURA	2	1	1 to IF	50%
AVERAGE				62%

The above table shows that the average compliance by the buyers is 62%. EAX complied at a higher proportion than other buyers did. Two buyers, MINIMEX and SARURA, signed a reduced number of contracts. Given that we have cooperatives that did not enter linkage with buyers, the sensitization continues for both sides to ensure complete coverage. However, some cooperatives signed the contracts but didn't fulfill the commitment, and others made deliveries to non-contracted off-takers. Given that these practices may lead to a flawed plan on both sides, the FtMA staff team strengthens the parties' capacities for improved compliance.

5. The delivery trend over the years for maize

Cooperatives under FtMA support have been making deliveries to the off-takers some years back. We looked at the trend over three years (i.e., 2019, 2020, 2021). Even though there have been some ups and downs within the ten districts, the general trend is positive, as presented in the following chart:

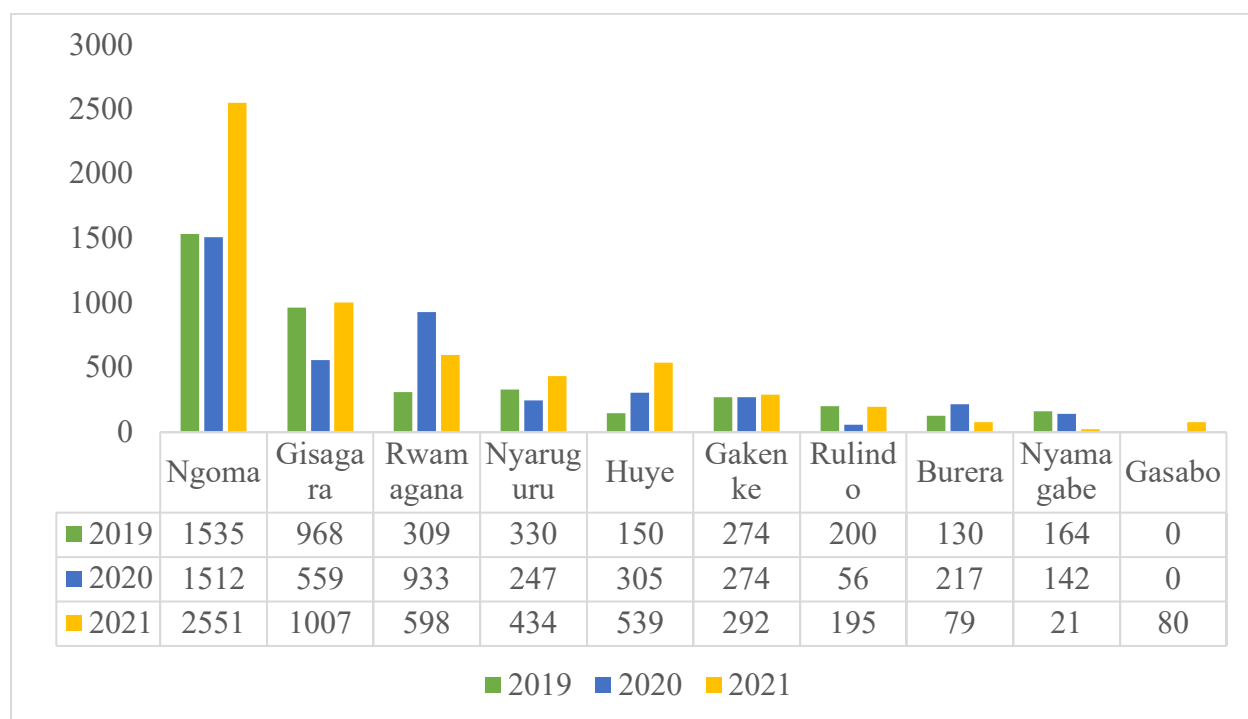


Chart 4: delivery trend by the district over three years

From the chart, it is evident that only the Huye district kept positive progress in quantity delivered. Gasabo entered the Alliance in 2021. However, Ngoma district has been providing higher tons throughout the three years. Several factors are involved in the quantity delivered, including the cooperatives land size, number of cooperatives in the district, the acceptance of the FtMA model by the cooperatives, and maize's productivity in the area. FtMA continues to work hand in hand with different stakeholders to remove all controllable barriers to reaching the project objectives.

6. Sales values per district for season 2021A

Cooperatives made deliveries in the form of maize cob or maize grain. The prices differ from one off-taker to another and from time to time. The following table shows the sales in terms of quantity in metric tons and value in Rwandan francs for the season 2021A.

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Table 2. Sales quantity and value for season 2021A

Row Labels	Sum of Sales MT	Sum of Sales value (RWF)
Burera	79	17,434,817
Gakenke	292	64,088,778
Gasabo	80	15,707,574
Gisagara	1007	293,044,723
Huye	539	115,626,362
Ngoma	2551	542,432,566
Nyamagabe	16	2,741,200
Nyamagabe	6	1,212,904
Nyaruguru	240	47,814,120
Nyaruguru	194	41,504,965
Rulindo	195	44,097,120
Rwamagana	598	120,318,955
Grand Total	5795	1,306,024,083

There has been price variation, as mentioned above. The table shows that generally, the higher the delivery, the higher the amount of money received.

7. Participation of cooperatives in maize delivery

Recall that 104 cooperatives signed the delivery contracts. As seen, some of them complied at a certain level while others did not comply at all. With the following two tables, we share a list of cooperatives that did not achieve at least 50% of their commitment and others that didn't deliver.

Table 3: List of cooperatives below 50% of delivery/ season 2021A

Cooperative	District	Percentage
KIU	NGOMA	32%
KOREMU	NGOMA	25%
TWITEZIMBERE GISHARI	WAMAGANA	44%
KOABIGA	GASABO	9%
COVMB	BURERA	20%
IHUTUDASIGARA MUSEBEYA (KIMU)	BURERA	41%
KOTEMUIMU	GISAGARA	14%
KAIIMU	GISAGARA	5%
ABAKORANAMURAVA	GISAGARA	37%
KOPABI RUSENGE	NYARUGURU	47%
KOWABIRUSENGE	NYARUGURU	31%
TUJYEMUMUCYO	NYAMAGABE	0.5%
JYIMBERE MUHINZI RWONDO	NYAMAGABE	28%

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Showing the willingness to comply with the commitment at a certain level is a good step made by the above cooperatives. FtMA will closely monitor the above cooperatives to jointly identify challenges related to the low delivery performance and implement strategies to overcome them for future deliveries.

Table 4: List of cooperatives that did not complied to the maize delivery contracts in season 2021A

Cooperative	District	Reason
KOMUTWI (TWIZAMURE MUTABO)	RWAMAGANA	Plantation failure due to the climates diversity issues mainly delayed rain
KOTUIKA	RWAMAGANA	Failure to aggregate the production from members, means coop poor performance
COCUMAKI	RWAMAGANA	High level of aflatoxin from the failure to dry the maize to the level preferred by cooperative of 13.5% moisture content to get better price
KODITU	RULINDO	Poor cooperative governance which ended up to the failure to aggregate the production
DUKUNDUMULIMO	RULINDO	Not yet adopt maize farming for commercial purpose, coop being supported in partnership with SAIP, with much interest in horticulture
KORA UKIRE-MUYANZA	RULINDO	Not yet adopt maize farming for commercial purpose, coop being supported in partnership with SAIP, with much interest in horticulture
KOTEMURU	RULINDO	Not yet adopt maize farming for commercial purpose, coop being supported in partnership with SAIP, with much interest in horticulture
KOTWIMUJYA	GAKENKE	They missed the pick by the contracted buyer who committed the better price due to delayed harvest, thus made delivery to the local market
KDM	BURERA	Didn't accept the actual price and they are still storing the production waiting for the price to go up
TURWANYUBUKENE-CYERU	BURERA	They missed the pick by the contracted buyer due to delayed harvest, thus made delivery to the middlemen

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KUBURUGO	HUYE	Covid lockdown that led to the delivery to the local market
ABISHYZEHAMWE NGERA	NYARUGURU	Delayed pick by the contracted buyer that led to the individual delivery to the local market.
KOYABOBAKI	NYARUGURU	Delayed pick by the contracted buyer that led to the attack by the weevils, thus rejection by all buyers.
ABAKUNDAMURIMO	NYARUGURU	The contracted buyer didn't comply, therefore the coop delivered to the local market
KIAKI	NYARUGURU	The contracted buyer didn't comply, therefore the coop delivered to the local market
KAIMU	NYARUGURU	The contracted buyer didn't comply, therefore the coop delivered to the local market
KOABIWA	NYARUGURU	Covid lockdown which led to the delivery to the local market
TUJYEMUMUCYO	NYAMAGABE	Delivery to local market due to the contracted buyer inconsistency in pricing

As the above table shows, the reasons of not delivering as committed are many and vary from one cooperative to another. In some cases, the weakness is attributed to the cooperative while in other cases the role was played by the buyers. There were also unpredictable causes like the pandemic lockdown, which affected the market at some extent and finally the climate changes issues. FtMA shall work with both parties to put in place effective strategies leading to the improved performance/compliance in the future. For the unpredictable events, FtMA will increase the sensitization to the cooperatives to acquire the crop insurance scheme and will facilitate the linkage with the companies providers.

8. Challenges faced during the season 2021A

- Late payment discouraged cooperatives
- AIF picks were very slow
- Use middlemen company by AIF
- Price fluctuation
- Price below MINICOM setting price
- Active buyers were only AIF and EAX

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9. Success story

Before joining Farm to Market Alliance (FtMA), IMBARUTSO Karembo cooperative operating in Ngoma district did not manage to easily access the market. The cooperative entered in the partnership with the Alliance in 2017 but immediately dropped out. Since then, it had difficulties to sell its production given their maize production was not adequately handled to meet the quality required by the buyers. They decided to re-join FtMA where they benefited a good package of skills in modern farming and proper handling of the harvest, which led to the delivery of 390 metric tons of maize in season 2021A to the buyer AIF, a partner of the Alliance.



Photo: Packed maize cobs to be delivered by the cooperative Imbarutso - Karembo

The cooperative is grateful to the Alliance and is very committed to strive for a continuous growth, tapping into a sustainable commercial agriculture.

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10. Conclusion

The season 2021A started in September 2020. FtMA ensured the farmers coaching from the season preparation period until the delivery time. After the delivery, the Alliance continued to collaborate with the buyers for a quick payment to the cooperatives. To ensure that the farmers get the maximum production from their land, RWARRI- FtMA team based on the field timely and regularly did coaching on Good Agricultural Practices (GAPs) and Post-Harvest Handling and Storage (PHHS) techniques. The Alliance facilitated the linkage producer-buyer whereby 104 forward delivery contracts have been signed. Compliance level on both sides, producer – buyer has not been excellent, but some buyers and some producers showed the goodwill to apply FtMA model. In the future, FtMA will continue to work closely with the cooperatives (producers) and the off-takers toward improved collaboration and consistency in complying with the commitment.

RWARRI supports farmers in improving the production quality and quantity and facilitating access to a rewarding and stable market. Facilitation in access to finance and crop insurance will not be overlooked, given that they are essential factors in reaching sustainable agricultural growth for smallholders in Rwanda.

RWARRI is grateful to the Alliance members, who contributed in one way or another to the achievements of the season 2021.

Report generated by: Carine NISHIMWE/ FtMA Monitoring & Evaluation Officer

Reviewed by: Fabiola NDAGUYIMANA UWASE/ FtMA Project Manager

Approved by: Belange UWIZEYE/ RWARRI/ RWARRI Executive Director

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