

**REPUBLIC OF RWANDA**



**OFFICE OF THE OMBUDSMAN**

**OPERATIONAL AUDIT REPORT OF  
MINISTRY OF AGRICULTURE AND ANIMAL  
RESOURCES**

Kigali, July 2010

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## **GLOSSARY OF ABBREVIATIONS**

AFSR	: Support to the Seed Department of Rwanda ;
DCDP	: Decentralization of Crop Development Programme
EICV	: Enquête Intégrale des Conditions de Vie des Ménages ;
GDP	: Gross Domestic Product ;
ISAR	: Institute of Agronomic Science of Rwanda ;
LDP	: Lettre de Demande de Prix
MINAGRI	: Ministère de l'Agriculture et des Ressources Animales ;
MINECOFIN	: Ministère des Finances et de la Plannification Economique ;
MT	: Metric Tonne
RADA	: Rwanda Agricultural Development Authority ;
RARDA	: Rwanda Animal Resources Development Authority ;
RHODA	: Rwanda Horticulture Development Agency ;
RSSP	: Rural Sector Support Project ;
PADAB	: Projet d'Appui au Développement Agricole de Bugesera ;
PADEBL	: Projet d'Appui au Développement de l'Elevage Bovin Laitier ;
PAIGELAC	: Projet d'Appui à l'Aménagement Intégré et à la Gestion des Lacs Intérieurs ;
PSNVA	: National Agricultural Extension Support Project.

## **I. EXECUTIVE SUMMARY**

To implement its responsibilities of advising public and private institutions as to improving the quality of services delivered to the population, preventing and fighting injustice, corruption and other related offences in public and private administration, the Office of the Ombudsman conducted an operational audit on the functioning of the Ministry of Agriculture and Animal Resources.

The purpose of the operational audit was to evaluate how Ministry of Agriculture achieves the objectives in relation with its mission and vision. In order to achieve this, the team examined systems of work in all functional areas of the Ministry at the head office and the selected districts through interviews, focus group discussions, observations and review of literature.

This report presents the identified loopholes and inefficiencies in the Management and operations of the Ministry.

MINAGRI has a strategic plan from 2009-2012. This plan is based on the agriculture policy, linked to various strategies. The strategic plan is implemented by institutions and projects under MINAGRI supervision. These institutions produce reports which are analyzed and gathered in the MINAGRI annually report. Performance reports are also produced for various programs.

MINAGRI has good working relations with partners and institutions under its supervision. It has made a great improvement in performance in some areas as “One cow per poor family program”, as crop intensification program which gave significant results of some crops, such as wheat, maize, bananas, cassava roots, etc.,

However, constraints remain as a barrier to agriculture sector development, some are relating to the illiteracy of the majority of farmers who stuck to their old farming practices, the lack of credits and loans facilities to finance the needed investments in agriculture sector, poor use of land and low use of improved seeds, fertilizers and pesticides which determine very low yield, etc.

It was noticed that the Ministry faces some weaknesses which are considered as obstacle in its functioning. Some of them consist on a limited number in human resources especially in planning unit, insufficiency of staff trainings, poor management of store and office stationery, loopholes and risks of theft in fertilizer store management, irregularities in procurement procedures, delays in recovery credits of fertilizer for funds sold to farmers, etc.

In order to improve its functioning, some recommendations are given to reinforce the internal system control, and then strenghten the sector so as our country became self sufficient in food production and to improve market agro business.

## **II. INTRODUCTION**

### **II.1. Context**

The Office of the Ombudsman is stipulated in article 182 of the Constitution of the Republic of Rwanda of 04/06/2003 and was established by Law n°25/2003 of 15/08/2003 modified and completed by Law n°17/2005 of 18/8/2005 establishing the organization and functioning of the Office of the Ombudsman.

As stipulated in article 7 of Law n°25/2003, some of attributions of the Office of the Ombudsman are :

- acting as a link between the citizen and public and private sector;
- preventing and fighting injustice, corruption in public and private administration;
- advising cabinet and other concerned institutions as regards strengthening and improving their policy of preventing, fighting, and punishing corruption;
- advising the public and private institutions as to improvement of the quality of services delivered to the population; ...

In order to fulfill these attributions, the Office of the Ombudsman led an evaluation of the Ministry of Agriculture and Animal Resources from 9<sup>th</sup> July to 10<sup>th</sup> August 2009.

The main purpose of that operational audit exercise was to assess the following:

- the organisation of the Ministry;
- the leadership, functioning and collaboration with the Ministry agency and projects;
- the quality of services delivered;
- any existing loopholes of injustice and corruption in the functioning of the Ministry.

The mission of the Ministry of Agriculture and Animal Resources (MINAGRI) is to initiate, develop and manage suitable programs of transformation and modernization of agriculture and livestock to ensure food security and to contribute to the national economy.

MINAGRI has the vision to modernize agriculture and livestock to achieve food security. One of the key pillars of this vision is the transformation of agriculture from subsistence to a productive high value; market-oriented farming that is environmentally friendly and has an impact on other sectors of the economy.

The policy of the Ministry of Agriculture and Animal Resources is to increase animal production, modernize farming, reduce poverty, ensure food security and have surplus for the

market. This will ultimately result in the increase of the standard of living of the population. The transformation of the animal resources industry can only be achieved if the constraints to animal production are reversed.

## **II.2. Approach and methodology**

The methodology used is composed of the following elements:

A methodological framework:

- what functions does MINAGRI carry out and how do these reflect key strategy?;
- assess if the functions are carried out in transparency, with efficiency and effectiveness;
- assess factors of proper administration and accountability;
- analyze if functions are right (should there be change or restructuring?).

Following documents had been referred to:

- Policies and their implementations ;
- strategic plan ;
- activities reports from various units;
- organizational structure of MINAGRI staff.

In this audit exercise, following people have been contacted:

- the MINAGRI Permanent Secretary ;
- the director of planning ;
- the director of administration and finance ;
- different members of staff .

Some districts were visited to ensure the utilization of inputs (fertilizers and seeds), and relevant challenges they meet in the agriculture. Visited districts are Kirehe, Nyaruguru, Musanze and Ngororero.

After gathering all informations, an analysis has been made, and some recommendations are submitted to MINAGRI in order to perform better.

This report comprises four parts:

- Findings ;
- SWOT analysis ;
- Recommendations ;
- Conclusion.

## **II. FINDINGS**

The findings of this report have been identified into the principles of good governance which are transparency, accountability, efficiency and effectiveness as processes of decision making.

### **III.1 Transparency**

MINAGRI holds a website on which it publishes agriculture policy and various strategies, planning documents, reports of activities, ,...

MINAGRI has established many rules and regulations which guide it in its functioning and it takes decision based on those rules and regulations.

Decisions are mostly taken in the management meetings and their enforcement are done in manner that follows rules and regulations. Tenders are awarded in transparency even if some loopholes remain. Agriculture programs and projects are implemented with the population participation and the local government the assistance.

### **III.2. Accountability**

MINAGRI has so many rules and regulations in which it shows rights and obligations of employees and employer and the conditions to fulfil in order to take a decision. Very recently agriculture stakeholders in local government have made performance appraisal in “Itorero” with the President of the Republic. This contributes to the improvement of their ethic and moral in developing the agriculture sector.

As agriculture policymaker, MINAGRI is guided by policy on agriculture, working papers on agriculture, a certain number of research papers written on agriculture in Rwanda and lastly, achievements in different areas.

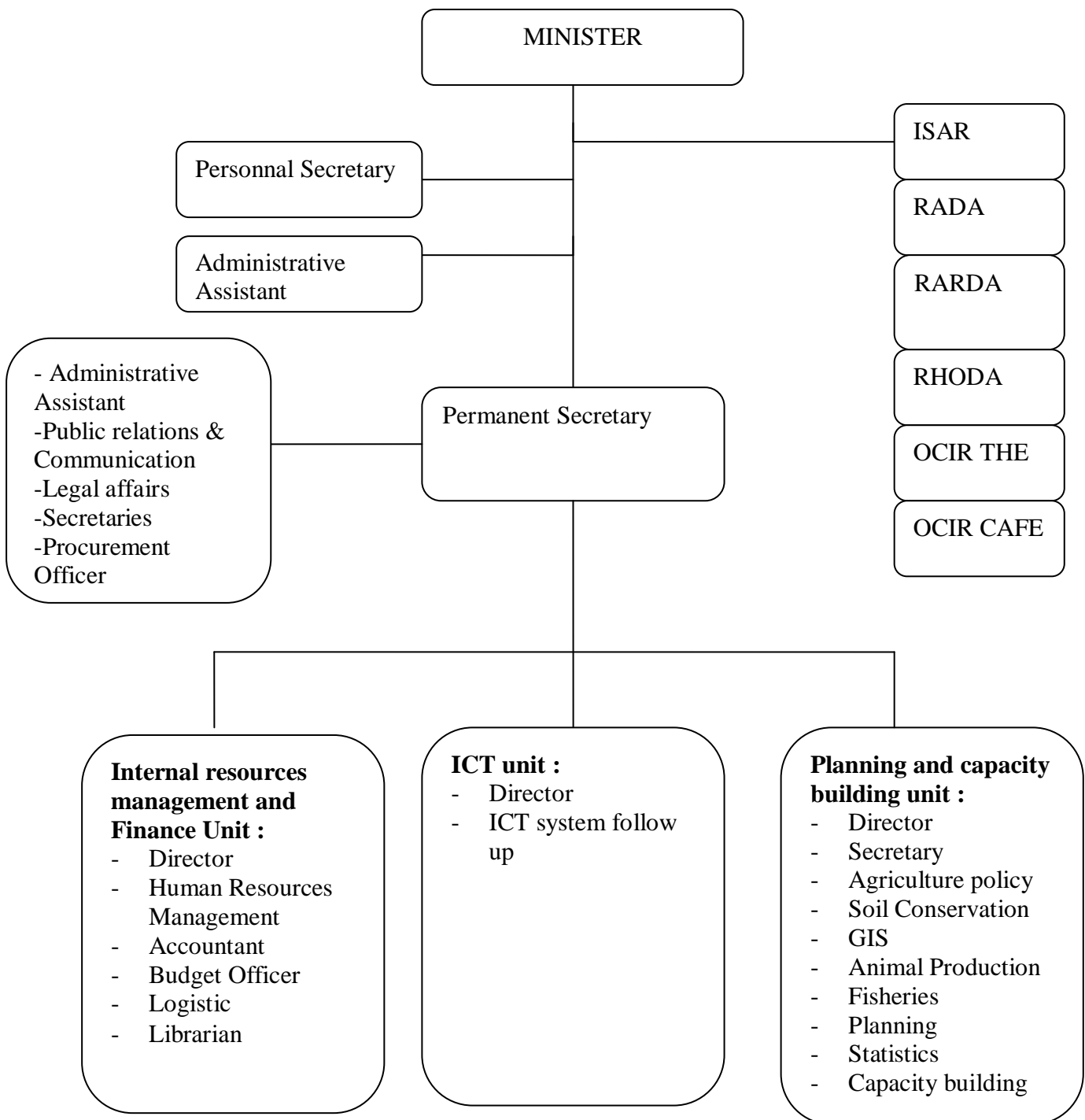
### **III.4. Efficiency**

Efficiency of MINAGRI has been assessed on the basis of indicators linked to planning, budgeting, human resources management and logistics.

MINAGRI carries out its responsibilities under three units: planning, ICT and internal resources management and finance. It plays a central role in both collaborating and working directly with the institutions under its supervision.

### III.4.1. MINAGRI organisational structure

Chart n°1: Organisational structure of MINAGRI



There is a gap between employees on the above organisational structure and employees in place; especially in the planning and capacity building unit (5 employees out of 10 planned on the organisational structure). In ICT unit, 1 person was missing.

The Ministry works closely with institutions and projects under its supervision.

### **III.4.2. Human resources management**

The Ministry of Agriculture and Animal Resources has 25 employees out of 31 employees planned on the organizational chart. The ministry has agronomists at the district level, whose management is in hands of the department of administration and human resource at the headquarters.

The Ministry has a training plan of 2007 and 2008 which was not been implemented.

Performance appraisals in 2008 have been elaborated.

Some files of employees are incomplete, the missing documents are as follows:

- out of 20 documents that were consulted, 8 had no notified copies of diploma;
- out of 20 files, only 4 contain job application letter;
- and 2 files are has no curriculum vitae.

### **III.4.3. Strategic and action plans**

A national agriculture policy was elaborated in 2004. The global objective of agricultural policy is to create favourable conditions to sustainable development and promotion of agricultural and livestock production, in order to ensure national food security, integration of agriculture and livestock in a market-oriented economy and to generate increasing incomes to the producers.

For the success of agricultural policy, MINAGRI works closely with its key partners namely:

- institutions under its supervision,
- ministries involved in rural development;
- decentralised entities;
- universities and research institutions;
- civil society;
- non governmental organizations;
- donors.

The strategic plan 2009-2012 focuses on the following main lines:

- movement from agriculture substance economy to market economy ;
- intensification and progressive modernization of the agriculture sector ;

- new distribution of roles and responsibilities between the stakeholders in conformity with new policies regarding the government withdraw from some enterprises and decentralization ;
- institutional development.

Apart from the agriculture policy, MINAGRI has established many strategies which enable to work effectively, some of them are:

- Strategic Plan for Agriculture Transformation in Rwanda ;
- strategy for rapid and sustainable growth of fertilizer use in Rwanda ;
- national emergency plan for the prevention and response against avian influenza in Rwanda ;
- strategies against animals diseases (uburenge) in Rwanda ;
- milk inspection in Rwanda ;
- national program for rice production : period : 2006-2016 ;
- a proposal to distribute a cow to every poor family in Rwanda ;
- list of products and items used in agriculture and animal resources to be exonerated.

#### **III.4.4. Budget**

MINAGRI annual budget is allocated by the Government. It benefits sometimes donors funds. The table below shows the budget granted and the one spent in 2007 and 2008.

*Table n° 1: Budget granted and spent in 2007 and 2008*

	<b>2007</b>	<b>2008</b>
<b>Government Budget</b>	5.051.003.570	16.195.759.983
<b>Development budget</b>	-	15.601.609.971
<b>Spent budget</b>	7.304.558.423	16.192.230.734

*Source: Annual report for financial statements 2008*

This table shows that Government budget (cash transfer and direct payment made to suppliers by the Government) have increased.

#### **III.4.5. Public tendering procedures**

MINAGRI has an internal tender committee composed of four persons. Annual procurement plan is elaborated, however it is not respected. In 2008, although 12 tenders were planned on the procurement plan, 27 tenders have been awarded.

The Ministerial Order n°001/08/10/MIN of 15/01/2008 provides threshold for public procurements entities; but considering the provision of article 17, following tenders exceeding the value of 1,000,000 Rwf have been awarded upon requesting for prices.

*Table n°2: Examples of tenders awarded upon requesting for prices exceeding the value of 1,000,000.*

<b>Title of tender</b>	<b>Successful bidders</b>	<b>Procurement method</b>	<b>Amount</b>	<b>MINAGRI Comments</b>
Restauration of participants in the MINAGRI districts Agronomists meetings	Novotel Umubano	Request for quotations	1,970,000	The meeting was to be urgently held, the only option was to proceed by the requesting for quotations in order to get hotel/restaurant through competition
Restauration of participants in the meeting of on agriculture strategies MINAGRI-MINALOC	Hotel Gorilla	Request for quotations	4,131,500	The meeting was to be urgently held, the only option was to proceed by the requesting for quotations in order to get hotel/restaurant through competition. The invitation letter was dated on 31 <sup>st</sup> march 2010 and the meeting was scheduled on 3 <sup>rd</sup> April 2008.
Printing of MINAGRI 2007 annual report	Printer Set	Request for quotations	1,410,100	The cost of one book was underestimated. The tender was estimated to 1,000,000 Rwf with 10,000 Rwf each copy, but the final results fixes the tender at a total amount of 1,410,100 Rwf with 14,100 Rwf each copy. Prices increased on market.
Restauration of participants in the workshop of agriculture assurance	Alpha Palace	Request for quotations	1,730,000	As the meeting was to be urgently held, the only option was to proceed by a request for quotations in order to get translator firm through competition

<b>Title of tender</b>	<b>Successful bidders</b>	<b>Procurement method</b>	<b>Amount</b>	<b>MINAGRI Comments</b>
Simultaneous interpretation in the workshop of agriculture assurance	Symposia	Request for quotations	2,364,720	The translation was to be done in the urgent meeting, so the limited time for tendering, MINAGRI requested for quotations in order to get a translator firm through competition
Holding the staff members reception at the new year	Club House La Palisse	Request for quotations	4,490,000	Given that many receptions are organised by different institutions at the end of the year, almost different hotels are booked. The request for quotations seems to be the appropriate method to be used in this case where getting a place needs some negotiations.
Printing reports of LWH Project	Impression Nouvelle du Rwanda	Request for quotations	1,400,000	The request for quotations method was used in order to make competition in time, given that the printing was urgent and the 15 <sup>th</sup> November 2008 was the deadline for all tenders to be awarded and registered in MINECOFIN to be paid on the 2008 budget.
Supply of air condition'wall machines	Centre Multi Techniques	Request for quotations	1,362,803	As recorded in memo requisitioning this air conditioner, the existing one was broken down and was to be replaced as soon possible to facilitate the work in the office where it was installed. This is the reason the request for quotations was used.

Article 55 of law n° 12/2007 of 29/03/2007 establishing public procurement procedures on single source procurement, and article 18 of the Ministerial Order n° 001/08/10/MIN of 15/01/2008 provides a threshold for not tendering, stipulates that “*any tender whose value does not exceed 100.000 Ftrw shall be awarded without tendering*”, however, it was noted

that MINAGRI has used the direct contracting tendering method (entente directe) for tenders exceeding 100.000, as follows:

- tender of printing MINAGRI annual report awarded to PRINTER SET worth 1,410,100Rwf as a complement. The tender award has been notified on 11/07/2008, referring to the one awarded on 24/04/2008 of the same amount (1.410.000Rwf). This is contrary to the procurement regulations, amendment to the contract (avenant) should not exceed 20% of the value.
- indefinite period contract between MINAGRI and ISUKU association for cleaning services. This is not applicable in view of article 4 of law n° 12/2007 of 29/03/2007 on public procurement.

**MINAGRI comment:** the contract was terminated and the new contract with a new company ECOGENERAL SERVICES has a definite period of one year.

#### III.4.6. Management of assets

MINAGRI property is composed of new office assets and old office assets to be submitted to MININFRA.

The team observed several shortcomings in the management of store and inventory at the Ministry which may lead to deterioration, damage and pilferage of stores. These include:

- failure to label bins and items for ease of identification and retrieval;
- store bin cards not updated, there is a gap in physical store and number of items on store bincards;
- failure to undertake verification of stores to determine the condition and value of stores.

By the time the operational audit was carried out, the logistics officer was imprisoned due to the case of embezzling the following assets:

- 18 new office chairs amounting to 743.400frw
- 5 filling shelves amounting to 560.500frw

The mentioned assets have been kept by the logistics officer of Ministry of MINAGRI, but they were belonging to RHODA.

MINAGRI has a store of fertilizers at UTEXRWA and it has been there since 14<sup>th</sup> september 2006, and then up to 29<sup>th</sup> november 2008, there was no inventory to facilitate the Ministry to know the quantity of tones of ferterlizers that are kept in the store.

The table below shows the situation of fertilizers that were in stock during the inventory process done in december 2008 to January 2009.

*Table n°4: Fertilizer store in UTEXRWA store by January 2009*

<b>Types</b>	<b>Registered Kgs</b>	<b>Physical Kgs</b>	<b>Difference(Kgs)</b>
NPK25;5,5	100,380	58,936	41,444
NPK17:17:17	32,357	4,237	28,120
DAP18:46;0	1,024,556	1,020,481	4,0758
UREA 46%	1,874,506	1,806,566	67,940

*Source: RADA internal auditor report of 01/4/2009*

With reference to the table above, as it was noted by the RADA internal audit, a loss in the management of fertilizer was noticed.

Some of the irregularities in store management are as follows:

- label bins are not regularly filled to show the incoming and outgoing fertilizer;
- failure to undertake verification of store because of the width of the store (internal auditor report has advised to conduct an inventory, but it was deemed not easy to consider the quantity of fertilizer sacs)
- some of the sacs of fertilizers are not full in kgs where every Sac has to weigh 50 kgs but you find some weighs between 48 kgs and 45 kgs ;
- according to the inventory report of fertilizer produced in april 2009, there were no assets voucher on the following asset references voucher numbers: n° 04826, 04765, 04302, 03122, 09151, 00277, 03072. By the time operation audit was carried out, we found that MINAGRI did not make follow up to establish responsibilities and to get back the loss of quantity of fertilizer ;
- with reference to the Bank slip dated 17<sup>th</sup> August 2007, Mr Kabera Claude deposited Rwf 2,000 into MINAGRI bank account in BNR. However, he presented a 2,800,000 Rwf forged bank slip. In this transaction MINAGRI lost 9,6 tones of fertilizer worth (Rwf 2,800,000 - Rwf 2,000)=Rwf 2,798,000. The case was submitted to National Police but there is no evidence of follow up and recovery by MINAGRI.

### III.4.7. The internal audit

MINAGRI has an internal auditor under supervision of MINECOFIN, who acts for two years. Internal auditor makes quarterly and annual reports. Audit reports are submitted to the Minister, and a copy to the Permanent Secretary.

### III.5. Effectiveness

Effectiveness is measured on basis of achievement of objectives as well as the manner MINAGRI supervises, interacts and works with partners in implementation of its mission.

#### III.5.1. Performance in agriculture

The Government of Rwanda has decided to put more investments in agriculture as main pillar of Rwandan economic transformation. Agriculture accounts for 90% of economically active workforce and contributes 90% to national food self sufficiency.

##### III.5.1.1 Input distribution

###### a. Fertilizers

The role of MINAGRI in fertilizers distribution is to purchase all bulk fertilizers needed, and RADA insures its management (storage and ditribution).

Various districts and cooperatives have credits of fertilizers amounting to 3.699.594.096 Rwf. These fertilizers have been given to farmers with the Government subvention. It is upon the local government to recover this debts.

The table below shows the amount of debts by district and cooperatives towards MINAGRI.

*Table n°5: Some of the districts and cooperatives holding MINAGRI debts of fertilizer*

<b>Districts Cooperatives</b>	<b>Amount of the debts (RWF)</b>
Kirehe	448,860,000
Rusizi	128,700,000
Kayonza	79,940,000
Ngoma	42,840,000
Rulindo	8,550,000
Gatsibo	33,700,000

<b>Districts Cooperatives</b>	<b>Amount of the debts (RWF)</b>
Burera	3,480,000
Musanze	3,227,350
Bugesera	195,180,000
Gicumbi	61,800,000
COCURIRWA	21,000,000
COMUSE	12,499,000
ENAS	639,500,000
SOPAV	6,820,000
COIMU	79,582,000
EMC	21,295,500
<b>TOTAL</b>	<b>1,786,973,850</b>

*Source : Report UTEXRWA fertilizer store 2009*

Farmers did not pay back this money as it was promised that they will pay after the harvest. MINAGRI in collaboration with local administration should set up strategies to recover this amount.

#### **b. Seeds**

MINAGRI through RADA ensure that farmers have a good quality of seeds. In its crop intensification program, RADA multiplies seeds to be provided to farmers, however the quantity of seeds needed is staysl very high compared to quantity of seeds provided.

Table below shows the quantity of seed needed and seeds distributed in September 2008-February 2009.<sup>1</sup>

*Table n°6: Quantity of maize seeds needed in comparison of seeds distributed in agriculture season from September 2008- February 2009*

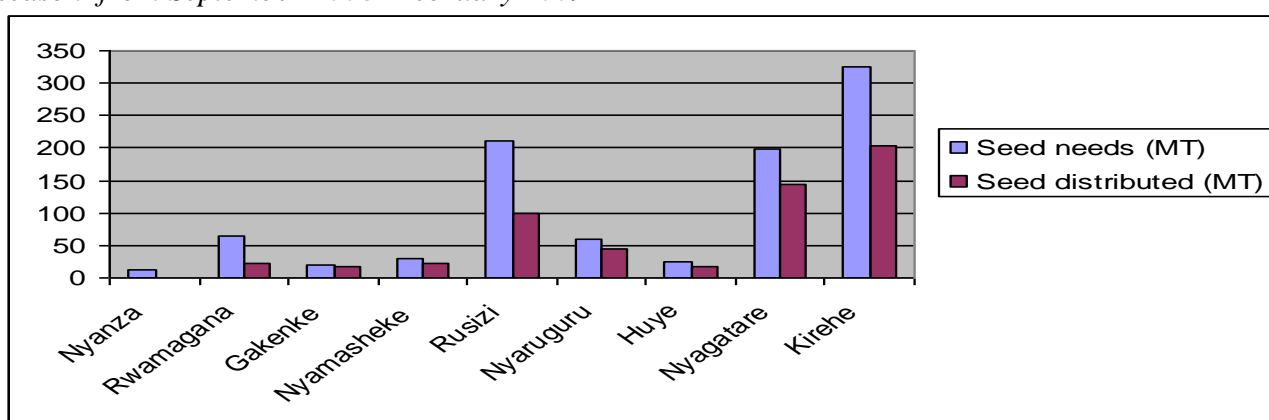
<b>District</b>	<b>Seed needs (MT)</b>	<b>Seed distributed (MT)</b>
Nyanza	12	0
Rwamagana	64	23
Gakenke	20	16,5

<sup>1</sup> Report on seeds distribution RADA 8/4/2009

District	Seed needs (MT)	Seed distributed (MT)
Nyamasheke	31	23
Rusizi	210	99
Nyaruguru	60	45
Huye	26	18
Nyagatare	198	143.2
Kirehe	325	204.15

Source: Report on Seeds distribution RADA 8/4/2009

Graph n°1: Quantity of maize seeds needed in comparison of seeds distributed in agriculture-season from September 2008- February 2009



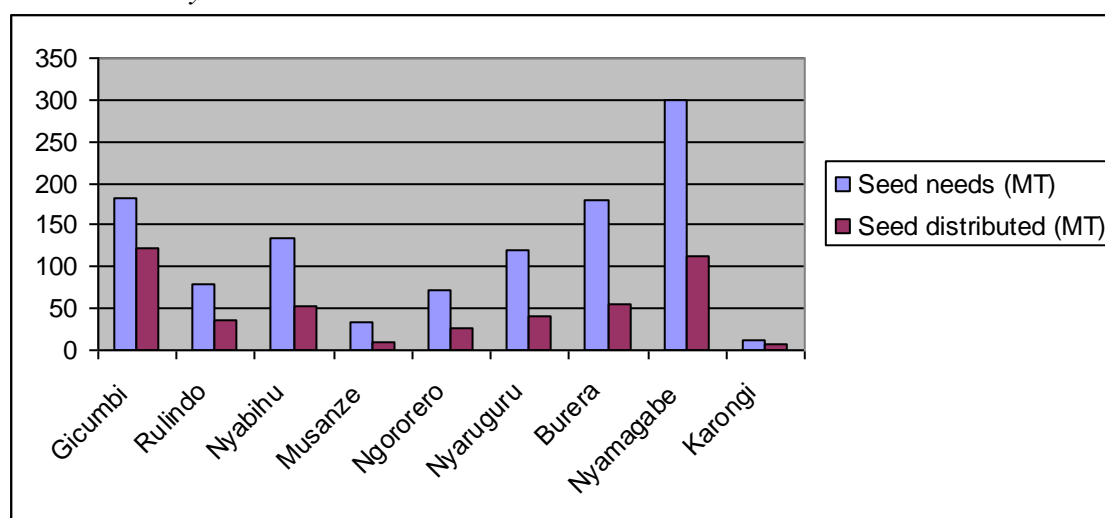
Following the table above, there was insufficiency of maize seeds supply.

Table n°7: Quantity of wheat seeds needed and seeds distributed from September 2008- February 2009

District	Seed needs (MT)	Seed distributed (MT)
Gicumbi	183	122.04
Rulindo	80	35.0
Nyabihu	135	52.5
Musanze	34	8.5
Ngororero	73	26.8
Nyaruguru	120	40.5
Burera	180	54.5
Nyamagabe	300	112.7
Karongi	12	6.9

Source : Report on seeds distribution RADA 8/4/2009

Graph n°2: Quantity of wheat seeds needed and seeds distributed from September 2008- February 2009



Seeds quantity does not satisfy farmers needs. This is a handicap to the increasing of production, because in the absence of good quality of seeds, farmers use their own seeds not selected.

RADA provides seeds of first quality, and they are supplied to farmers for multiplication. The capacity of seeds multiplication is still low due to financial means. According to the farmers contacted, they are not getting seeds on time for the planting season.

### III.5.1.2 Crop production performance

The Crop Intensification Programme focuses on the production of crops such as maize, wheat, rice, banana, irish potatoes, cassava, and encourages their intensified production by promoting fertilizers use, land consolidation and improved farming methods.

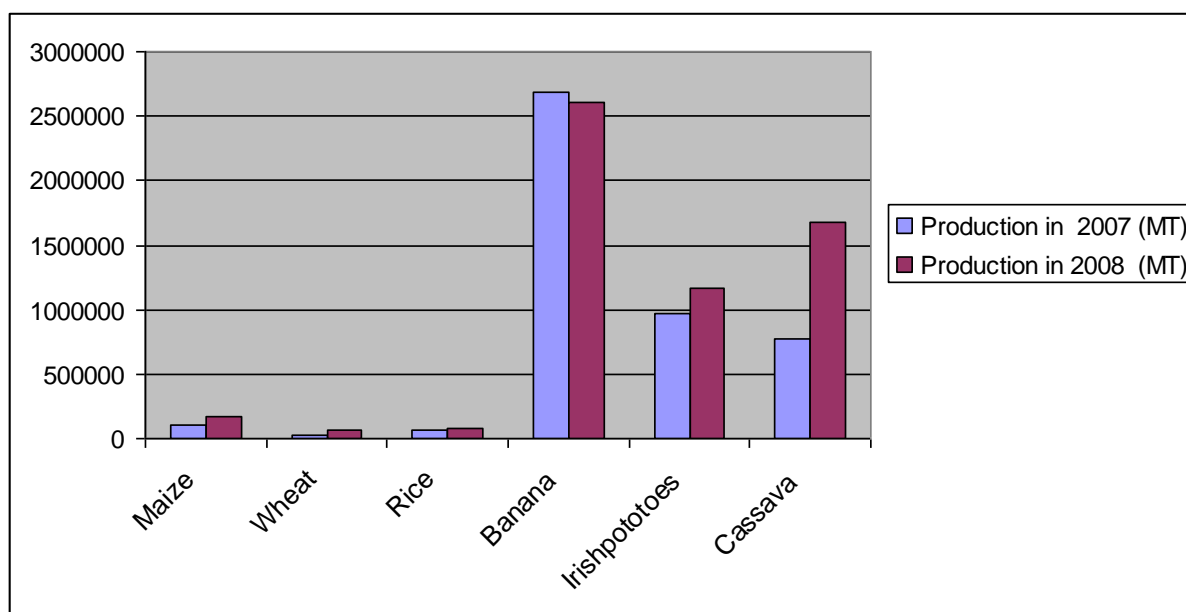
The following table makes a comparison of food crop production for 2007 and 2008.

Table n°8: Food crop production trend in comparison with 2007 and 2008

Food crops	Production in 2007 (MT)	Production in 2008 (MT)	%
Maize	101,659	166,853	64%
Wheat	24,195	67,868	80,5%
Rice	61,797	82,024	32,7%
Banana	2,686,198	2,603,949	- 3,1%
Irish potatoes	967,283	1,161,943	20,1%
Cassava	<b>770,414</b>	<b>1,681,823</b>	115,8%

Source: CIP Report Season 2009 A - MINAGRI

Graph n°3: Food crop production trend in comparison of 2007 and 2008



The table above indicates that crop production was increased in 2008 compared to 2007, unless in from banana production where it was decreased to -3.1% .

Impressive improvements in yield are the reason for larger harvests of maize, cassava, and wheat; these crops achieved a national average yield increase of 64% (maize), 115% (cassava) and 80.5% (wheat).

The effects of crop intensification program are clearly visible when yields in CIP focus areas compared with other districts throughout Rwanda as the table bellow alaborates.

Table n° 9: Average yield in CIP districts in comparison with average yield non CIP districts

<b>Crop</b>	<b>National Average Yield (2009A)</b>	<b>Average Yield in CIP Districts</b>	<b>Average Yield in Non-CIP Districts</b>
Maize	1,797 kg/ha	2,095 kg/ha	1,282 kg/ha
Cassava	13,974 kg/ha	16,364 kg/ha	12,590 kg/ha
Wheat	2,208 kg/ha	2,607 kg/ha	1,560 kg/ha

With reference to the table above, average yield in CIP district has increased when compared to average in non CIP district. This is due to efforts made by introducing new varieties, encouraging farmers to cut down unproductive plantations and to give the land over to other productive uses.

### III.5.2. Animal resources

#### a) “One cow per poor family project”

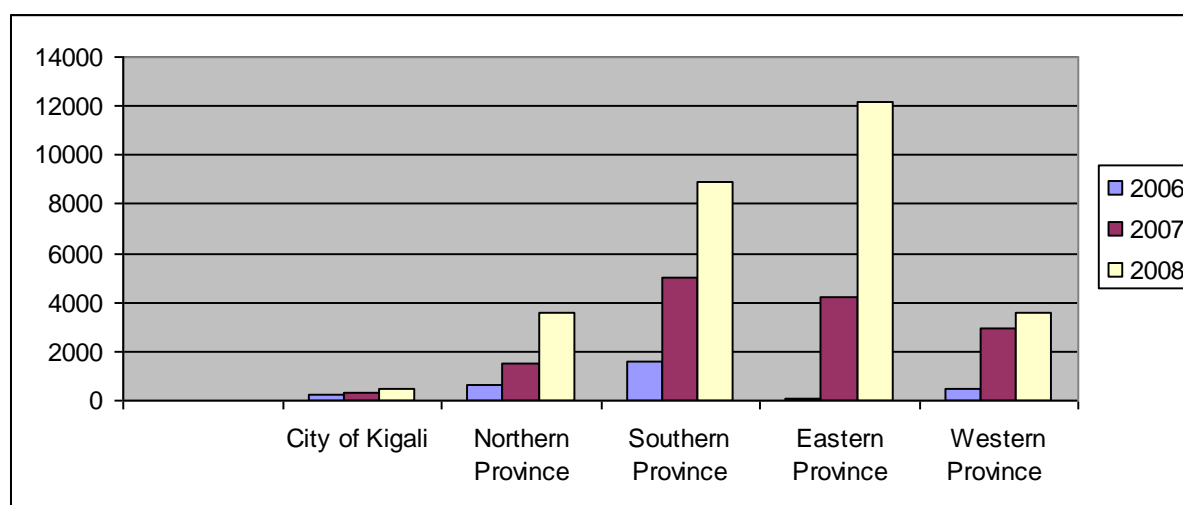
One Cow per poor household program was set up in August 2006 by the Government of Rwanda and became operational in November 2006. The poverty status of most rural households coupled with the high malnutrition rates among children under five (in some districts were as high as 50%) (EICV survey, 2006) was alarming. This program was set up with the aim of increasing household incomes for poor farmers and reducing child malnutrition rates through increased access to milk by providing farmers with a heifer per household.

Table n°10: Number of cows distributed in three past years

Province City of Kigali	2006	2007	2008	Total
City of Kigali	236	331	467	1034
Northern Province	648	1,475	3,567	5,690
Southern Province	1,561	5,028	8,924	15,228
Eastern Province	102	4,191	12,189	16,767
Western Province	458	2,914	3,552	6,924
<b>Total</b>	<b>3005</b>	<b>13,939</b>	<b>28,699</b>	<b>45,643</b>

Source: MINAGRI report for one cow par poor family of 04/2009

Graph n°4: Number of cows distributed in three past years



According to the table above, number of cows donated to poor families have considerably increased, especially in Eastern Province, followed by the Southern Province.

Livestock is a source of food and provide milk and meat to the population; it can provide this all year round which is important in ensuring food security. In 2008, livestock distribution was concreted in the Eastern Province bea the rest of the country with high milk deficiency.

It is worth to stakeholders having supported the government in “one cow per poor family” programme, in these last three years, as follows:

- 9625 cows were distributed by NGOs;
- 9140 were distributed by the districts;
- 7244 distributed by Ubudehe programme;
- 3717 were bought from loan obtained from bank by the ministry, and
- 3117 distributed by DCDP and 102 were distributed in schools.

However, challenges were identified in one cow per poor family program:

- Low capacity of citizens to cater for the cows which leads it to die;
- Lack of milk production centers;
- Poor services of veterinaries due to their many attributions;
- Loopholes of corruption in distribution of cows particularly in family selection process where cows are given to the families that are not poor or don't have means of looking after the cow.

#### **a) Increase of milk production**

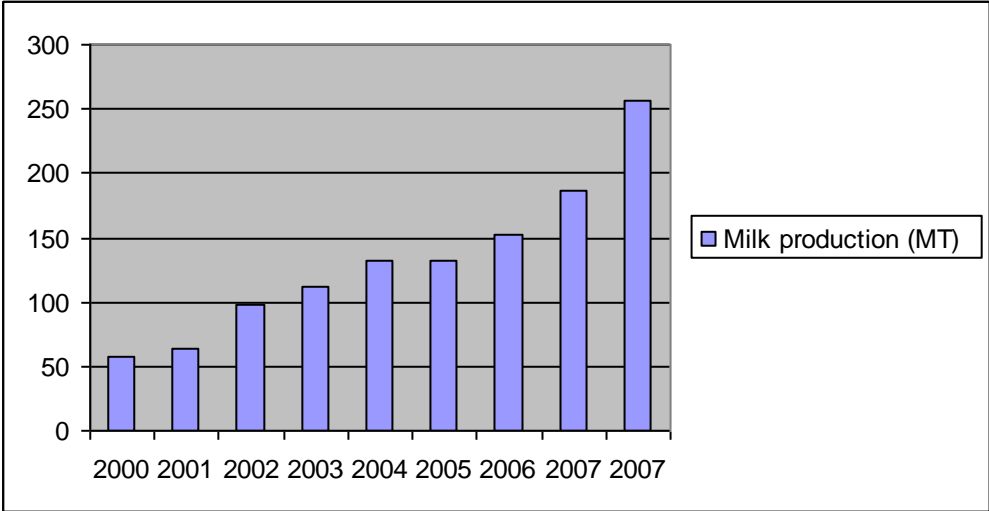
Before the introduction of “one cow per poor family” programme in 2000, the milk production in the country was 57,853 tones per month and the country was importing 2,930 tones of milk from abroad. In these three years of “one cow per poor family” the milk production has been multiplied by 5 times compared to the year 2000 and the export milk was reduced to 3 times from 1,280 tones to 450tones by 2008.

*Table n°11 : Increase of milk production*

<b>Year</b>	<b>Milk production (MT)</b>
2000	57,853
2001	63,484
2002	97,981
2003	112,463

Year	Milk production (MT)
2004	131,417
2005	132,619
2006	152,511
2007	186,596
2008	257,197

Graph n°5: Increase of milk production



According to the table above, milk production has been increased significantly. This is due to “one cow per poor family programme” and the effort made to improve the local breeding by introducing exotic blood into the country.

**III.5.3. Farmers financing**

In Rwanda Development Bank, there is a fund for financing and Development of Microfinance. There is an agriculture guarantee fund put in place in order to develop the primary sector, including agricultural and livestock projects.

This fund has as mission to offer financial services to its clients, among them farmers who do not have access to traditional financial services and agricultural cooperatives.

The table below shows the evolution of agriculture projects funded in primary sector from 2005-2008

*Table n°12: Evolution of agriculture projects funded in primary sector from 2005-2008*

<b>Year</b>	<b>Number of project</b>	<b>Amount (Millions of Rwf)</b>
<b>2005</b>	<b>2</b>	<b>85</b>
<b>2006</b>	<b>6</b>	<b>137</b>
<b>2007</b>	<b>8</b>	<b>392</b>
<b>2008</b>	<b>-</b>	<b>-</b>

*Source: Rwandan Development Bank, Annual report 2008*

According to the table above, agriculture projects funded in primary sector are still very low, 2 project in 2005, 6 in 2006 and 8 in 2007 were financed in the different agriculture clusters like rice, wheat, tomatoes, fruits and vegetables, ...

Despite various problems of financials means that farmers faced up, they don't benefit loans provided by banks, some of the reasons are the following:

- lack of mortgage ;
- lack of capacity to elaborate a consistent project that is credible to be financed; the reason why some are rejected once analyzed for non conformity to the bank financing conditions ;
- farmers are not enough sensitized to the importance of loans requesting ;
- most of agriculture cooperatives in primary sector do not have entrepreneurial skills.



## **IV. SWOT ANALYSIS**

### **IV. 1. Strengths**

The following points are some forces which help MINAGRI in achieving its mission:

- good working relations with partners and institutions under supervision;
- capacity of funds mobilisation for agriculture projects ;
- skilled staff,
- agriculture is the most important economic sector, it is contributing between 35%-41% to GDP;

### **IV. 2. Weaknesses**

In its functioning, the MINAGRI has some weaknesses:

- irregularities in procurement procedures;
- poor management of store and office assets;
- limited number of human resources;
- insufficiency of staff trainings;
- insufficiency of seeds distribution network;
- irregularities in the management, distribution of fertilizers and seeds;
- The low levels of productivity resulting from limited input use and the uncultivated areas particularly the marshlands present opportunities both for intensification as well as scaling up of operations.

### **IV. 3. Opportunities**

Beside constraints that MINAGRI faces, there are a number of opportunities offered by the environment in which it operates and that may be catalyst for synergies. One may enumerate the following, among others:

- favourable climate with an established rainfall pattern twice a year and the abundant supply of surface water;

- an improved input use coupled with the application of appropriate farming techniques and technologies can raise productivity and production more than the current performance;
- availability of the different agro-climatic zones in the country.

#### **IV. 4. Threats**

MINAGRI faces a number of threats, some are as follows:

- the lack of value addition to the production by the lack of processing skills and utilities ;
- the poor land use and poor soil management which result in erosion and soil loss and poor productivity;
- poor marketing of animals and animal products: the marketing of animals and animal products is in the hands of middlemen. The middlemen usually make it difficult for the farmer to sell directly to the customer. This allows profits to be made by the middlemen instead of the farmers;
- the low use of improved seed, fertilizers and pesticides which determine very low yield ;
- the lack of credits and loans facilities to finance the needed investments in agriculture sector ;
- the economic costs of disease are always high because it affects everybody that is involved in the economic chain of animal production from the producer, middlemen to the consumer ;
- the state of animal nutrition in qualitative and quantitative terms is not adequate due to a shortage in farming land and insufficient and non controlled commercial feeds ;
- majority of farmers illiterate, innovation in agriculture is rather slow and most farmers are stuck to their old farming practices ;
- the weak number of skilled people capable of disseminating knowledge and capacity building through proper extension work ;
- weak extension service delivery system: this makes it difficult to improve animal production especially in rural areas where animals are kept and yet services are limited;

## **V. RECOMMENDATIONS**

In order to improve its functioning effectively and efficiently, the following recommendations were provided:

- observe procurement procedures so as to enforce laws and promote transparency;
- make a control of store, and therefore updating store files;
- reinforce internal control systems so as to avoid loopholes of occurred thief happened in the past;
- develop human resources capacity building.

Considering that MINAGRI plays a vital role in poverty reduction in Rwanda, it should:

- reinforce control in fertilizer store management;
- make a follow up on declared loss of fertilizer in UTEXRWA store;
- collaboration with the local government for fertilizer credits recover;
- collaboration with the banks for agriculture loans facilitation;
- help farmers in seeds multiplication activity;
- increase farmers abilities in agriculture transformation and develop production market;
- increase sensitisation on new agriculture methods.

## **VI. CONCLUSION**

Rwanda's current agricultural status and orientation for the future entails primarily, the stepping up of activities that develop and promote agricultural and livestock production. This shall be reached when MINAGRI will come up threats aforementioned, by means of intensifying the use of inputs and modern techniques in crop production and animal husbandry, prudent use of land and water, agricultural commercialisation and the strengthening of research capacity and extension services.

MINAGRI and institutions under supervision are doing their best to achieve this orientation, but on the other hand, it should put more efforts to come out of weaknesses mentioned.