



**TECHNOSERVE**  
BUSINESS SOLUTIONS TO POVERTY

# The East Africa Coffee Initiative

Innovations from Rwanda

February 9, 2015



# The Coffee Initiative is designed to catalyze farmer-led improvements in quality and productivity

## Wet mill program

*Develop efficient, sustainable businesses that produce high quality coffee*



## Agronomy program

*Teach sustainable agronomic practices that increase yields*



## Sustainability program

*Ready farmers for certification, should they choose to pursue*



# Wet Mill Program

Developing efficient, sustainable businesses that produce high quality coffee.

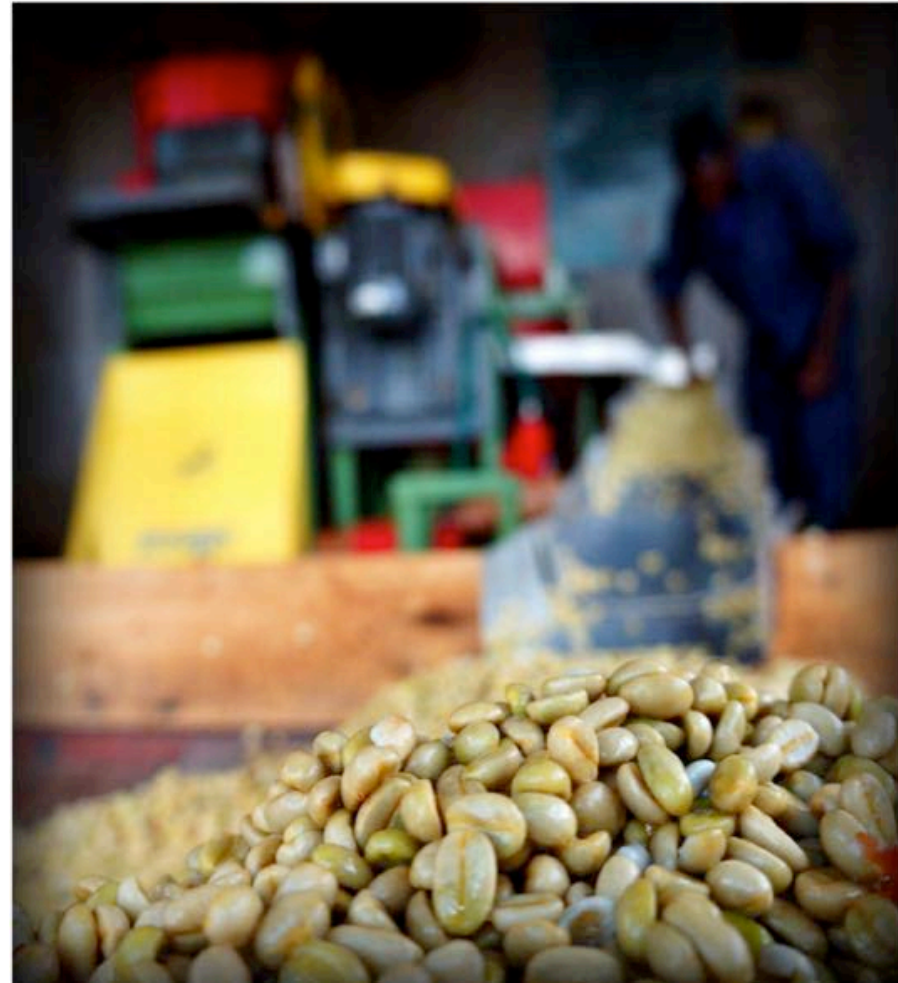




# TechnoServe supports coffee quality improvement through adoption of efficient wet mill businesses

## WHAT WE DO

- **Business Training** supporting clients to enhance business efficiency.
- **Access to Finance** by facilitating clients to access capital investment and working capital loans.
- **International Market Access** through links to exporter service providers.
- **Technical Support** through dedicated business advisors.



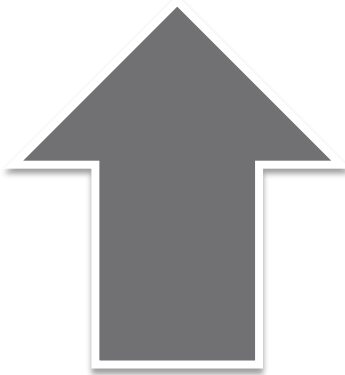
# Coffee Initiative supported farmers to set up 35 cooperatively-owned coffee wet mills across Rwanda

RESULT



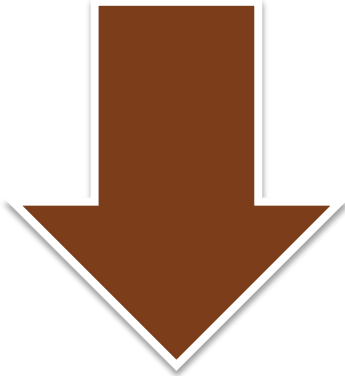
# Each coffee wet mill is small, yet has the potential to produce world class coffee and sizable profits for rural communities

## INNOVATION



### Benefits

- Green Coffee ~12 mT
- Revenues \$72,000
- Profits \$12,000



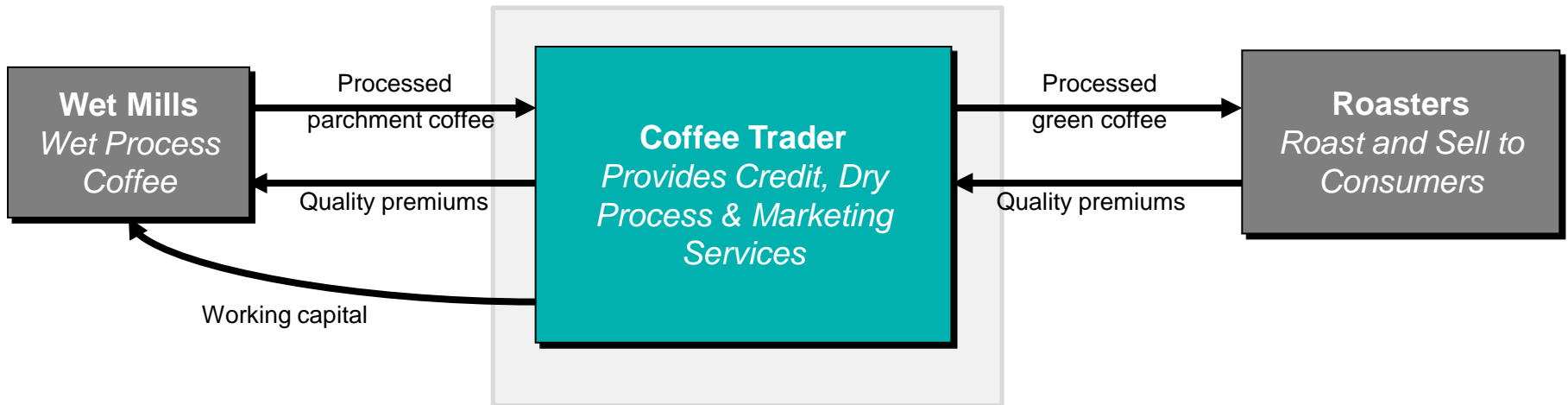
### Costs

- Construction \$5,000
- Equipment \$7,000



# We established a new model of service provision where private exporters *compete* to provide specialized services to cooperative wet mills

## INNOVATION





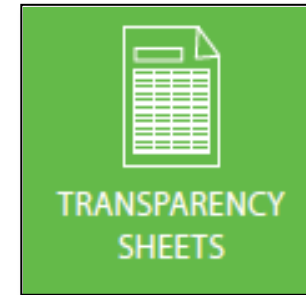
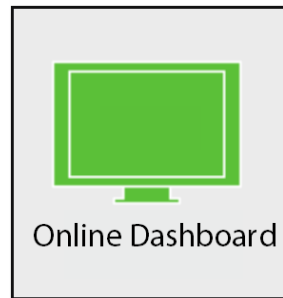
# The Coffee Service Provider (CSP) model substantially reduces financial risks

Risk	Bank Approach	Coffee Service Provider (CSP) Approach
<b>Cash management</b>	Banks deposit entire Working Capital loan in farmer group bank account with high risk of theft	Farmer groups receive Working Capital in small tranches with coffee delivered to CSP as collateral
<b>Coffee quality</b>	No supervision of quality control standards resulting in high risk of poor quality coffee	CSP staff visit farmer groups regularly to advise on quality processing techniques
<b>Stock management</b>	Farmer groups often store coffee in village warehouses where there is a high risk of theft	Coffee delivered to secure CSP warehouses
<b>Price signals</b>	Farmer groups decide buying price and take price signals from historical prices with high risk of paying a price above the market value	CSP provides regular advice on maximum buying price based on international market
<b>Price volatility</b>	Farmer groups sell entire annual production many months after harvest with a high risk of financial loss if market prices have fallen	CSP provides price risk management services, e.g. organizing regular sales to hedge during harvest season or hedge on New York ICE exchange



# To ensure sustainable A2F we worked with CSPs to develop an innovative SMS book-keeping tool

## INNOVATION



*Features of SMS Bookkeeping and  
CoffeeTransparency.com are **mutually supporting**  
and **eliminate gaps in data availability***





# Gasange Dashboard

SMS Name: Gasange CSP: Rwanda Trading Company

Rwanda 2013

**130.1mt**  
Cherry YTD

**143<sub>rwf</sub>**  
Avg Price

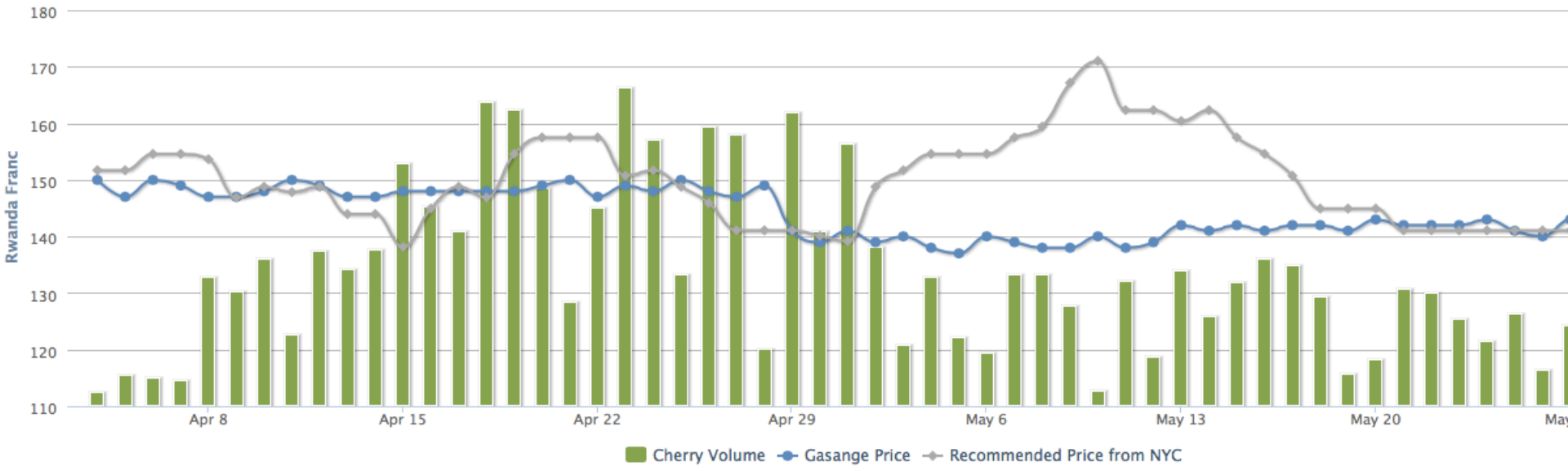
**25.6mt**  
Parchment YTD

**24.200<sub>mrwf</sub>**  
Working Capital YTD

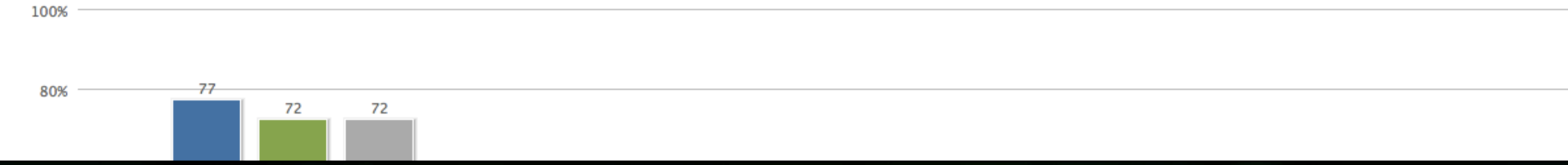
**23%**  
Operating Exp

Graphs [Daily - 59 / 59](#) [Cash - 12 / 12](#) [Stock - 9 / 9](#) [SMS Users](#) [SMS Messages](#)

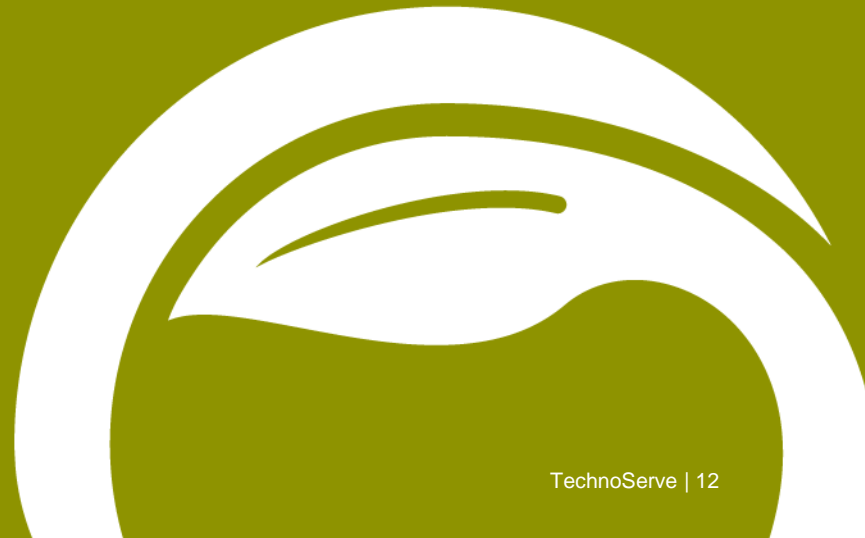
## Daily Cherry



## Expenses



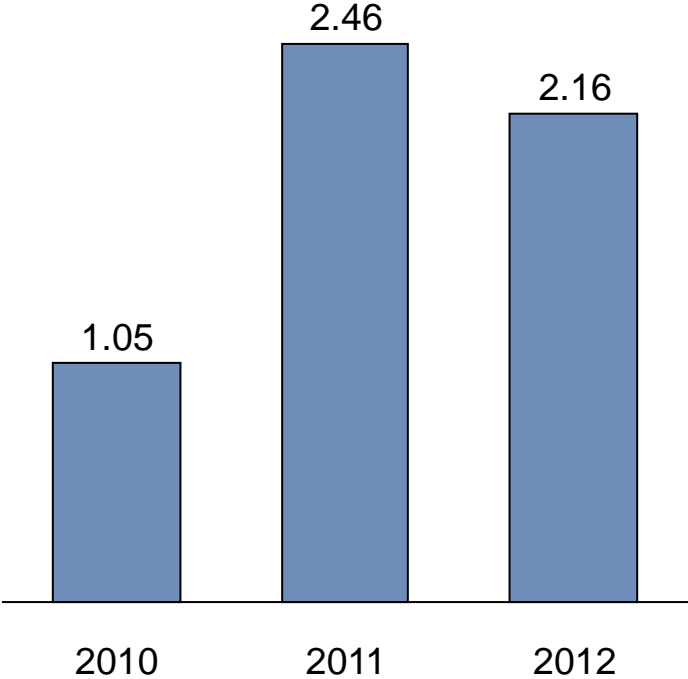
# Appendix



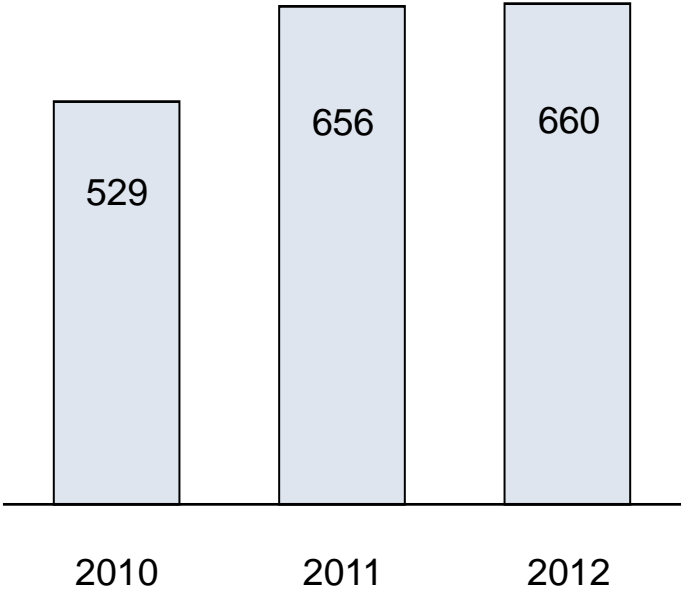
# The 35 wet mills accessed over \$2 million in financing and produced 660 mT of fully washed coffee annually

**RESULT**

**Working capital financing, 2010-2012**  
Millions of US\$

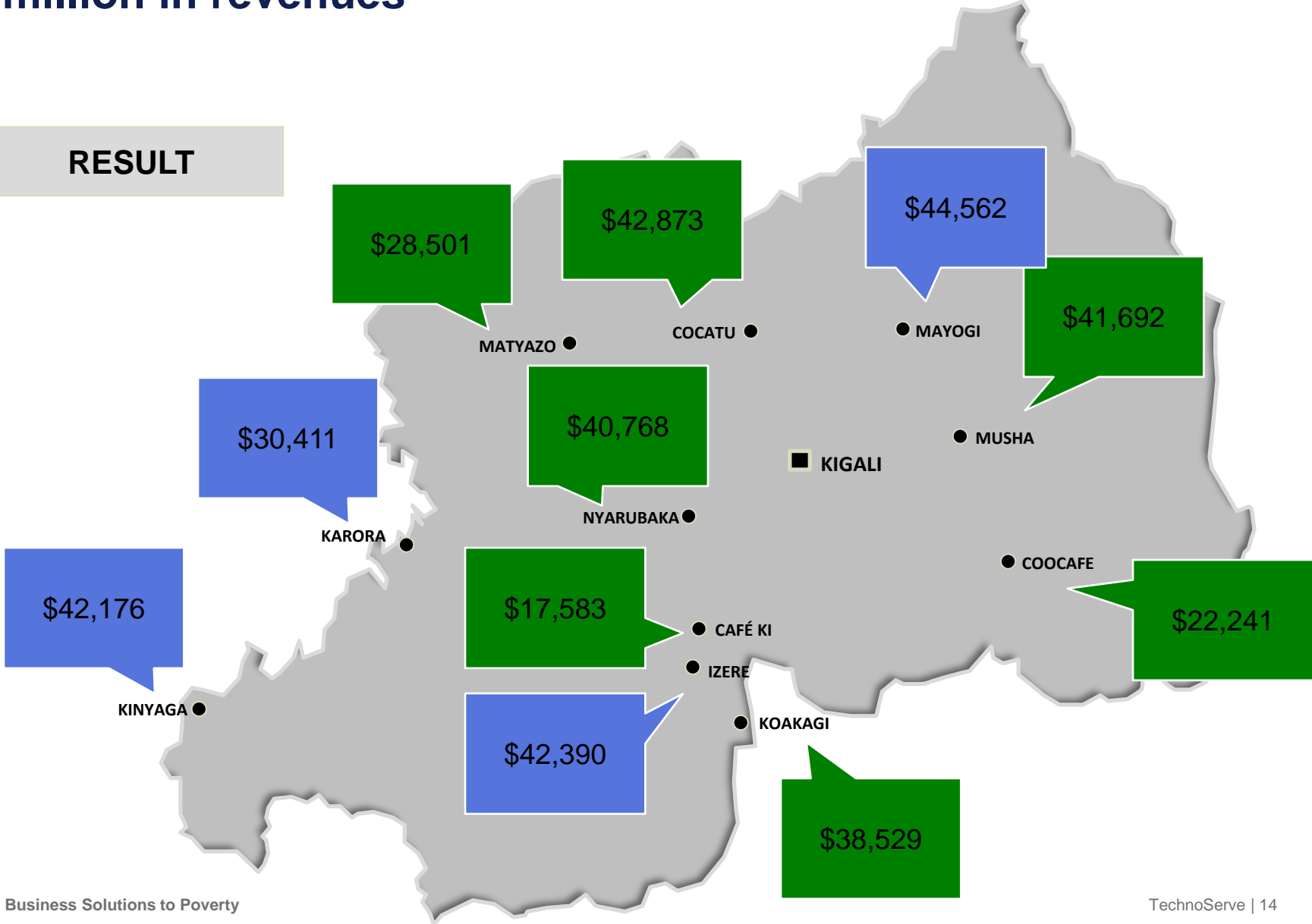


**Coffee exports, 2010-2012**  
Metric tons of green coffee



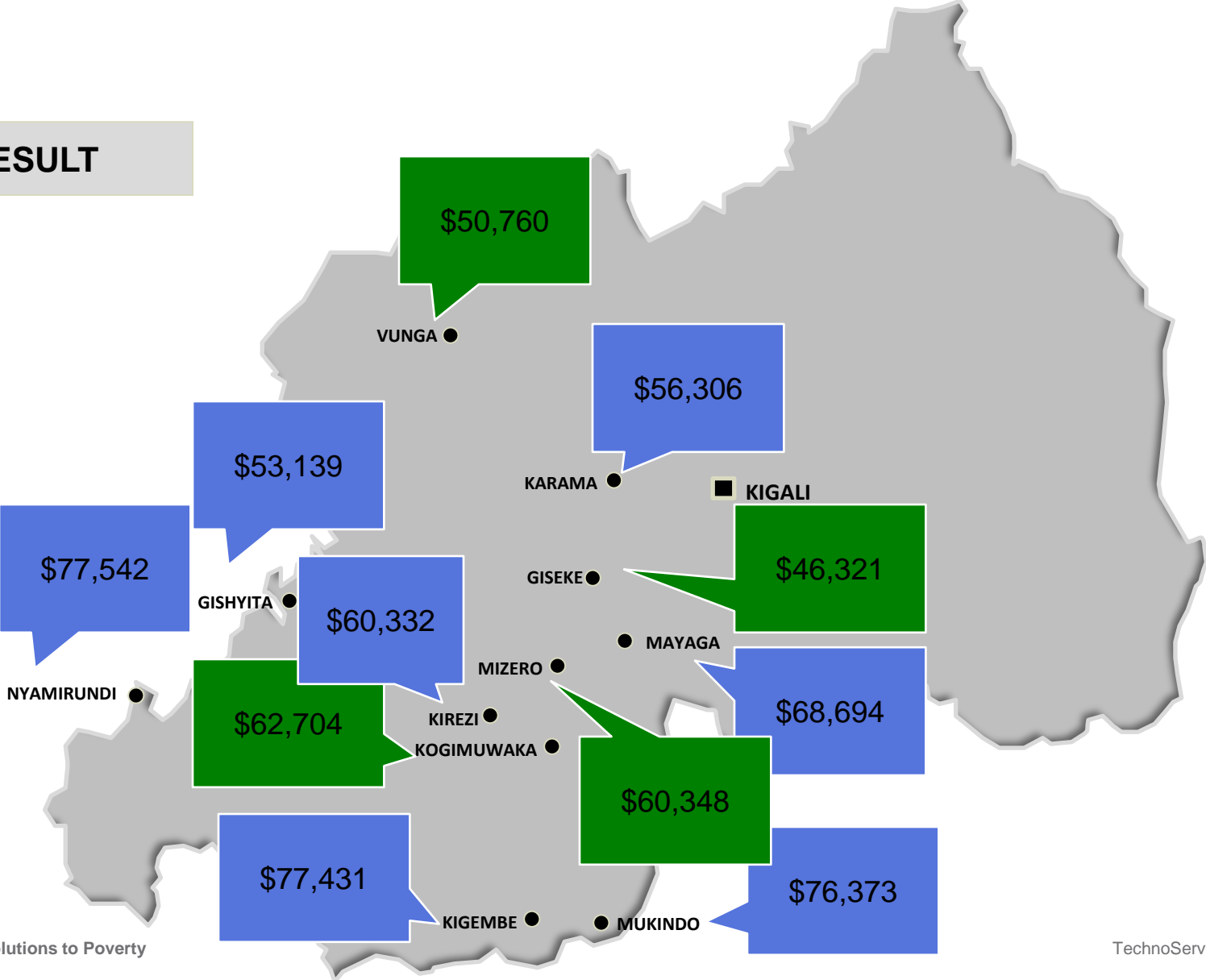
# Sales to specialty buyers earned the 35 wet mills \$2.5 million in revenues

RESULT



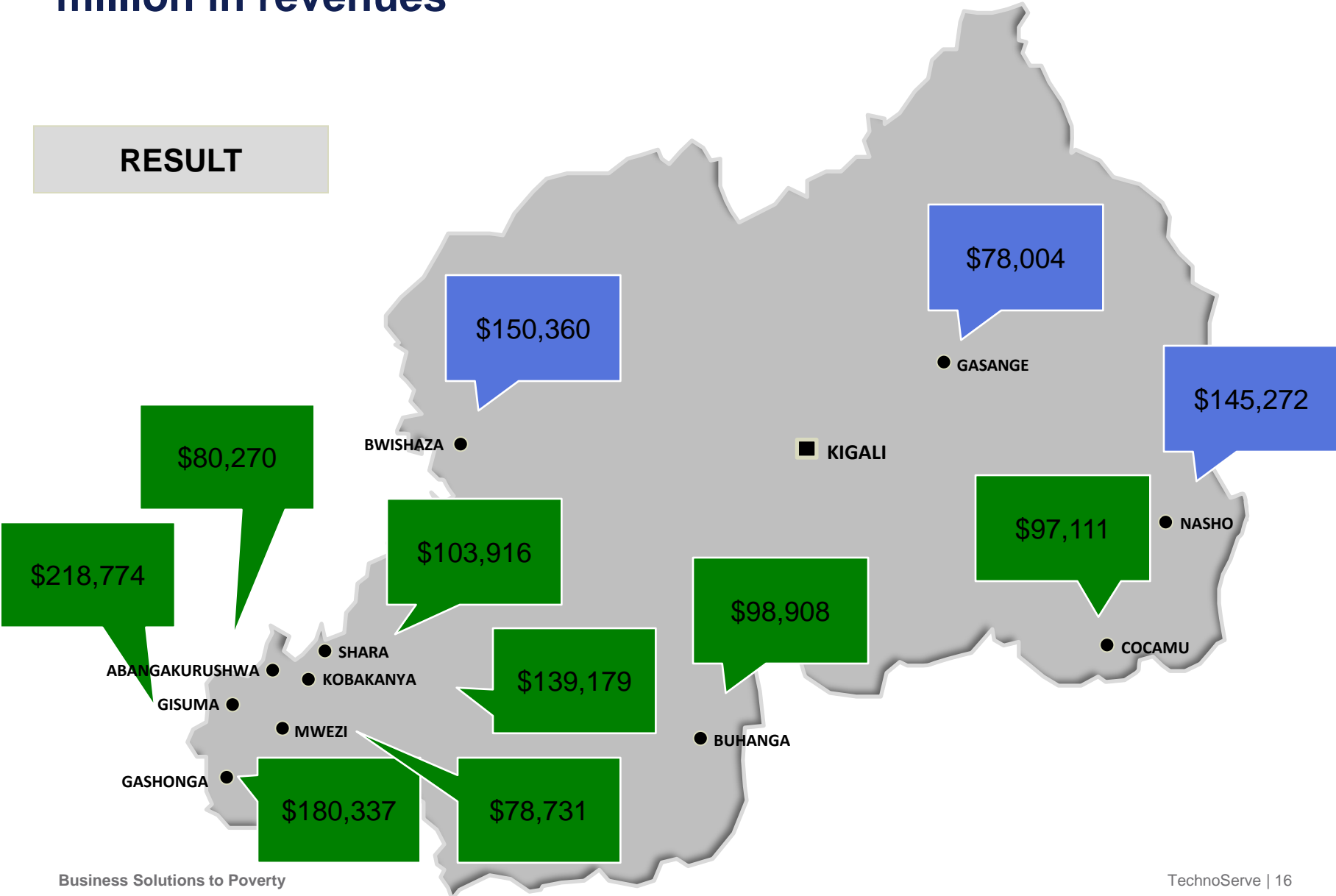
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**RESULT**



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**RESULT**



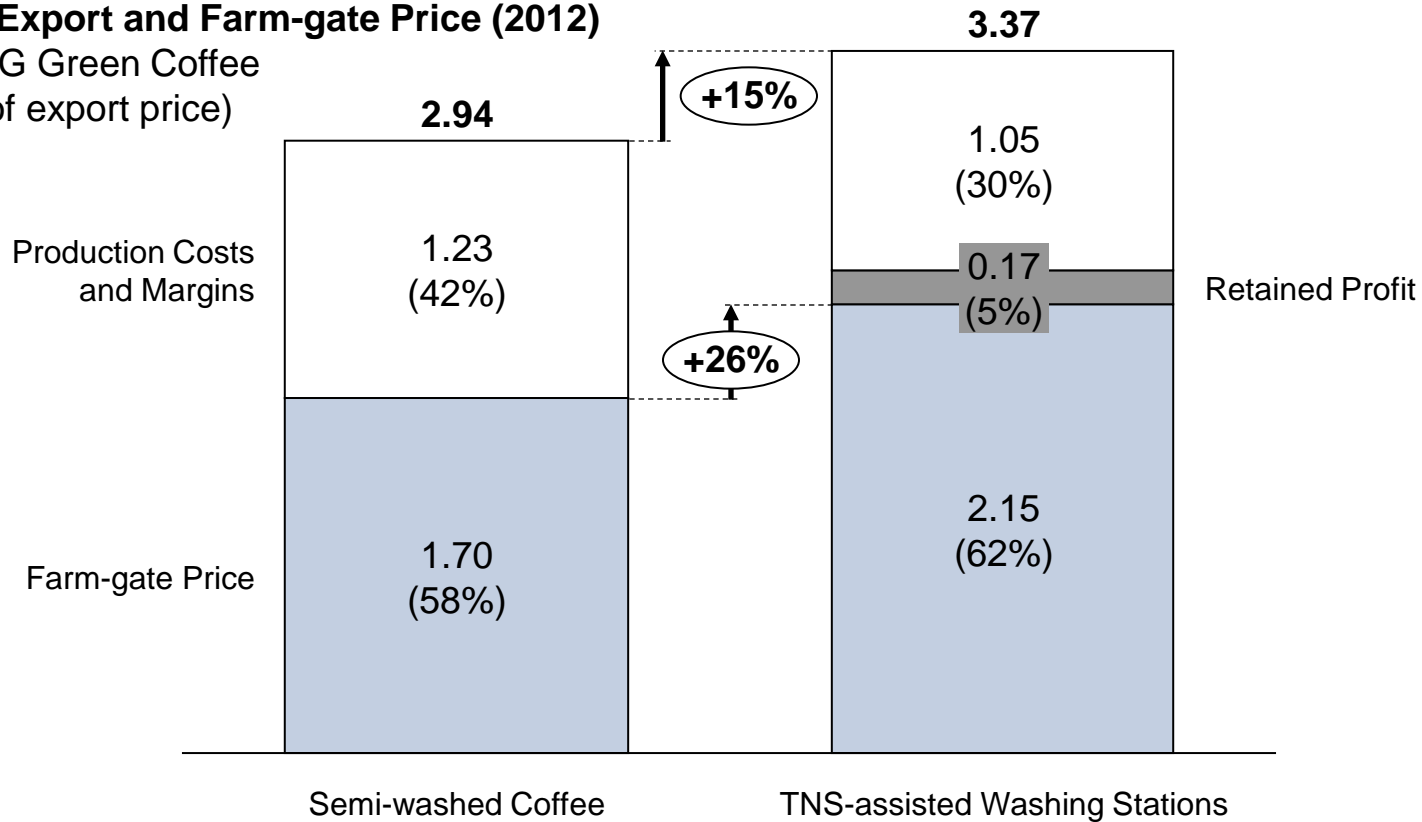


# And farmers earned higher incomes through the wet mills

## RESULT

### Coffee Export and Farm-gate Price (2012)

US\$ / KG Green Coffee  
(share of export price)



# Thank you!

Email [NParikh@tns.org](mailto:NParikh@tns.org) with questions or comments that you didn't find the opportunity to ask or share today.

