RWANDA COFFEE

A SECOND SUNRISE

Overview of the coffee sub-sector

- 98% of coffee is Arabica, mainly ‘bourbon’ type
- Total area in coffee is currently 52,000 hectares grown at altitudes between 900-1900M a.s.l
- The yield per hectare is between 400 to 600 kilograms of green coffee
- Production between 18000T to 21000T per year (300,000 and 350,000 bags) and an average productivity of 0.6T/ha
- 400,000 small holder farm families produce it and depend on it for their livelihoods
- 99% small holder produced with an average size of plantation of 0.1ha
- 40% of our coffee is washed, 229 CWS with a capacity of 70% of the total production and with projection of 71% of FWC by 2018

DRAFT OF THE COFFEE POLICY

Coffee Conference,

Kigali, 9th Feb. 2015

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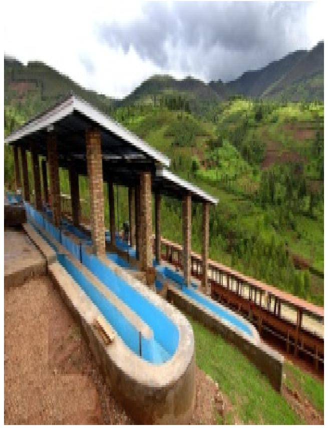



Policy context

- The overall development framework of the Government of Rwanda is contained in the Vision 2020 and the EDPRS II.
- The EDPRS II recognizes agriculture as one of the key pillars for economic growth, and PSTA III has prioritized coffee as Rwandan primary export crop.
- The last coffee policy was established in 1998 and needs to be reviewed and harmonized with the orientation and the targets set in EDPRS II and PSTA III.
- This new coffee policy is consistent with the International Coffee Agreement 2007

Policy context

❑The new coffee policy gives a framework and guidance on how to improve productivity, quality and coffee research and addresses the following set of systematic issues:

➢ Extension service program to become more efficient and effective

➢Coffee research function to meet the demand for high yielding varieties resistant to pests and diseases, tolerant to drought, and technologies to increase productivity in existing plantations;

➢How to ensure that coffee washing stations are operational and profitable

Emerging issues

The main emerging issues to be addressed in policy include the following:

❑ Climate change has implication on changing production patterns and increased incidence of pests and diseases,

❑ Increased population growth and urbanization are putting pressure on land available for coffee production.

❑ There is growing demand for specialty and certified coffees in emerging and traditional markets. The coffee industry in Rwanda needs to be responsive to them.

Principles of the new policy

These principles are derived from experiences and practices in the coffee industry.

I. Coffee production, processing and marketing shall continue to be undertaken by the private sector, as individual farmers, farmer organizations and companies within the framework of a regulatory body.

II. Coffee exporters shall operate under a liberalized market environment that allows free entry and exit in the coffee value chain

III. Coffee washing stations shall be regulated in a way to empower them to participate in the increase of production in their zones of operation.

Principles of the new policy (continued)

IV. Coffee development services shall be provided to all farmer categories as individuals and groups ensuring gender equity, with special emphasis on women and youth.

V. Farmers shall be empowered to participate at all stages of the coffee value chain through their organizations.

VI. Service delivery in the coffee industry shall be guided by the needs of stakeholders at all stages of the value chain.

VII. Value addition shall be pursued at all levels of the value chain for the benefit of all stakeholders.

Policy Objectives and Strategies

***Objective 1**: To increase coffee production and productivity at farm level in a sustainable way that addresses the social, ecological and economic dimensions.*

Strategies:

- Promotion and support adoption of good agronomic practices at farm level.
- Promote coffee expansion in traditional coffee growing zones and new areas suitable for coffee.
- Promote use of high yielding, disease resistant and drought tolerant varieties
- Improve the management of diseases and pests.
- Support farmers in the replacement of old coffee plantations
- Improve access and use of agro inputs in the coffee subsector.

Policy Objectives and Strategies

Objective 2: *To enhance the extension services and use of inputs in coffee farming systems*

Strategies:

- Create, through a strong regulation, a working environment that motivates the private sector to participate in the extension service and invest in coffee production.

- Train extension service providers in coffee extension knowledge including business development services.

- Adopt the “Twigire extension model” and intensify the farmer field schools in coffee extension

- Involve the private sector in the management of the fertilizer fund and distribution of inputs to farmers

Policy Objectives and Strategies

Objective 3: *To support and strengthen coffee farmer organizations to participate effectively in all the stages of the coffee value chain*

Strategies:

- Mobilize and sensitize farmers to form farmer organizations that operate as business units.
- Promote value addition technologies among farmer organizations by supporting them to participate at higher levels of the coffee value chain.

Policy Objectives and Strategies

Objective 4: *To update and strengthen existing coffee policy and regulations at all stages of the coffee value chain to ensure adherence to the recommended quality standards and development of the sector*

Strategies:

- Approve this new Coffee Policy.
- Review and revise the Coffee Strategy 2009-2012 in line with the provisions of this policy.
- Review and revise coffee regulations in line with the provisions of this policy.

Policy Objectives and Strategies

Objective 5: *To promote value addition processes at all stages of the coffee value chain to respond effectively to both national and international market requirements and opportunities.*

Strategies:

- Promote primary processing (wet processing) practices at farm level

- Promote and support coffee certification schemes for specialty coffee markets.

- Promote export of value added coffee products.

Policy Objectives and Strategies

Objective 6*: To promote domestic consumption of coffee as a way of enhancing coffee industry competitiveness and developing the domestic coffee market*

Strategies:

- Use existing coffee resources to disseminate the benefit of coffee drinking to consumers.
- Develop local coffee roasting capacity and train roasters and baristas.
- Develop and institute standards and regulations for the internal marketing of coffee as a final product.
- Mount campaigns aimed at promoting domestic coffee consumption.

Policy Objectives and Strategies

Objective 7: *To strengthen the coffee research so that it is responsive to industry requirements and demands.*

Strategies:

- Support the establishment of a Coffee Research Fund to ensure sustainable financing for coffee research.

- Strengthen the linkages among coffee research, development and extension

- Strengthen the human resources and infrastructure and base research priority programs on the needs of farmers and processors.

Policy Actions

In order to achieve the objectives and strategies of this policy, the following actions shall apply:

- To enact new laws and regulations, and review the existing ones in the following areas – coffee growing, processing, marketing and certification
- To establish the zones in which coffee washing shall operate and establish a regulation that allow them to create a strong partnership with farmers.
- To establish a Coffee Research Fund to provide adequate and sustainable funding for coffee research across the entire coffee value chain (a certain % on export fees to be allocated to research)

Policy Actions

- To ensure a coffee extension service delivery system in all coffee growing districts.

- To support the development of coffee farmer organizations to participate effectively in all stages of the coffee value chain.

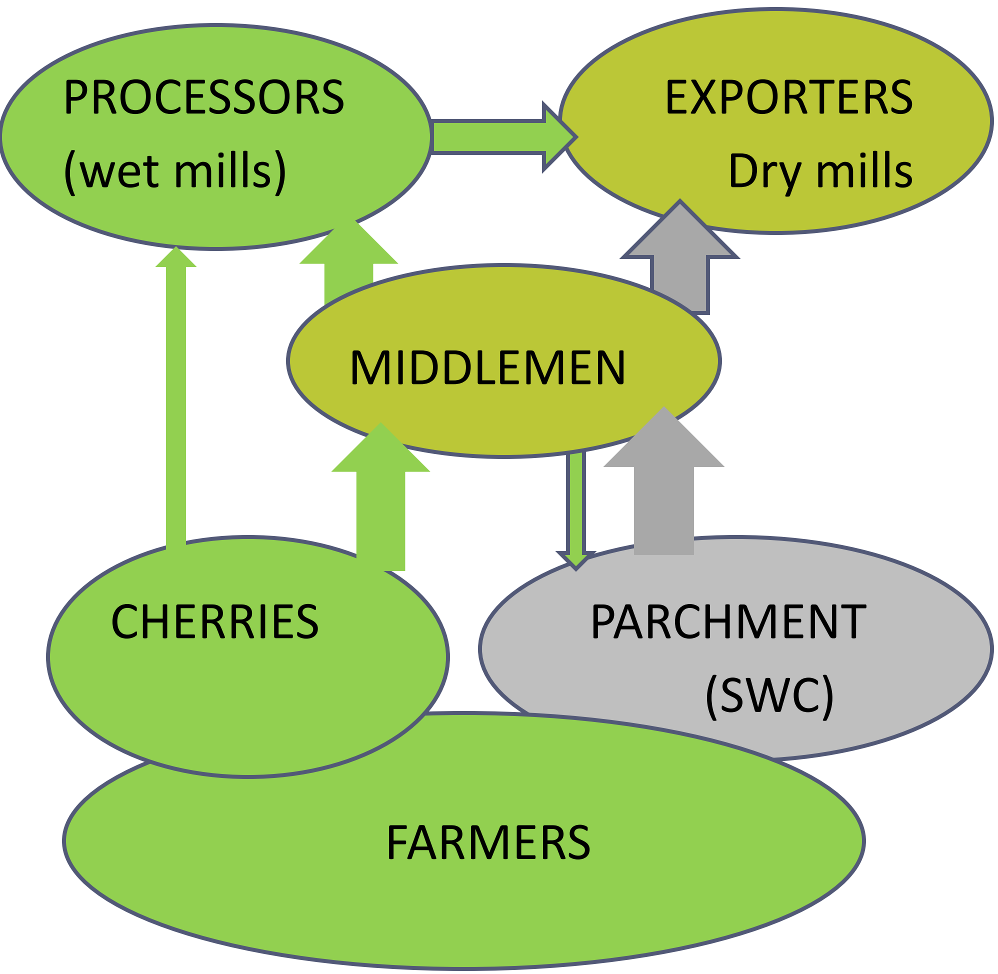
- To carry out a new coffee census on which planning for coffee development shall be based

- To continue supporting the coffee expansion program and replacement of old coffee plantation

❑Sensitive key recommendation:

➢ Delimitation of zones of operation for CWS

CURRENT SITUATION



➢In the current situation there is no direct link of CWS or exporters to farmers. Middlemen are the big drivers

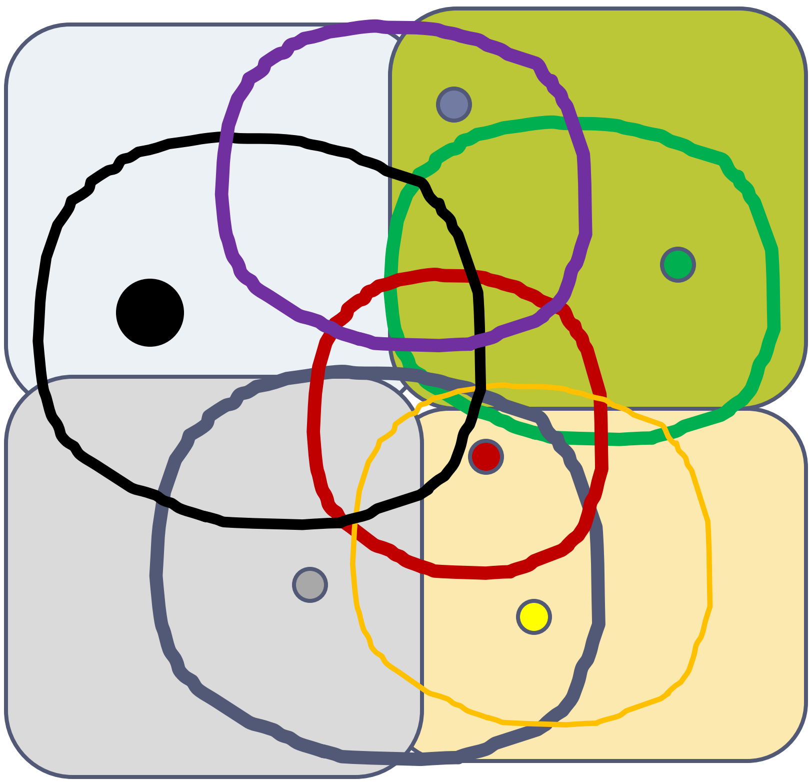
➢Implications linked to this are:

- Lack of ownership for CWS in supporting farmers to increase productivity
- Lack of traceability of coffee
- Very difficult to develop certification and appellation

❑Sensitive key recommendation:

➢ Delimitation of zones of operation for CWS

CURRENT SITUATION



➢CWS do not have specific zones for operation and this creates a very high competition.

➢Implications linked to this are:

- The quality of coffee is affected
- Very difficult for districts to record production
- Many CWS do not outstand the competition and get bankrupt
- No trust between farmers and CWS
- It affects farmers' income
- It favors the semi washed coffee

➢ Delimitation of zones of operation for CWS

➢**Positive implications**:

✓ The quantity and quality of FWC will increase

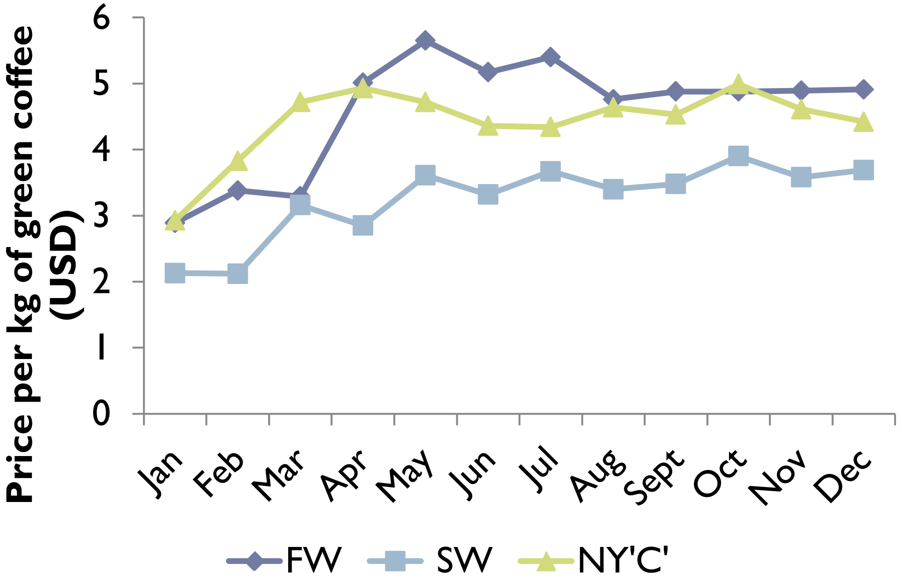
✓ CWS will be able to make profit

✓ CWS can be able to participate in the extension service

✓ To give advances to farmers

✓ CWS can serve as a guarantor of a farmer group for bank loan

Fig. Coffee sale prices , 2014



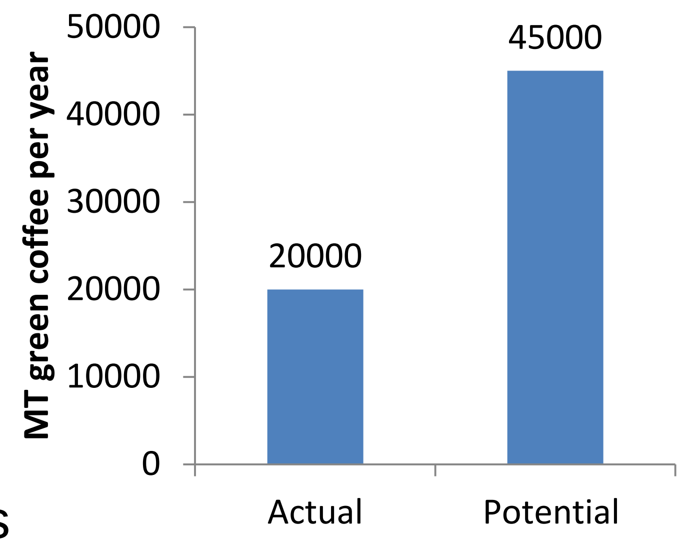
✓ Allow farmers to participate in the value addition of their production

Delimitation of zones of operation for CWS

Positive implication

- ✓ CWS will ensure to get production and increase productivity
- ✓ Possible to determine the production in the districts
- ✓ Easy to regulate ordinary coffee
- ✓ Easy to organize farmers into cooperatives
- ✓ Easy to trace the origin of coffee
- ✓ Reduce the number of middlemen

Fig. Coffee production



➢ Delimitation of zones of operation for CWS

➢ **Negative implications:**

✓ Fear of monopoly but the following strategies should be applied:

- To set the same coffee price for all CWSs
- To revise the cherry price every week
- To give bonus to farmers

✓ Coffee washing station that may not work:

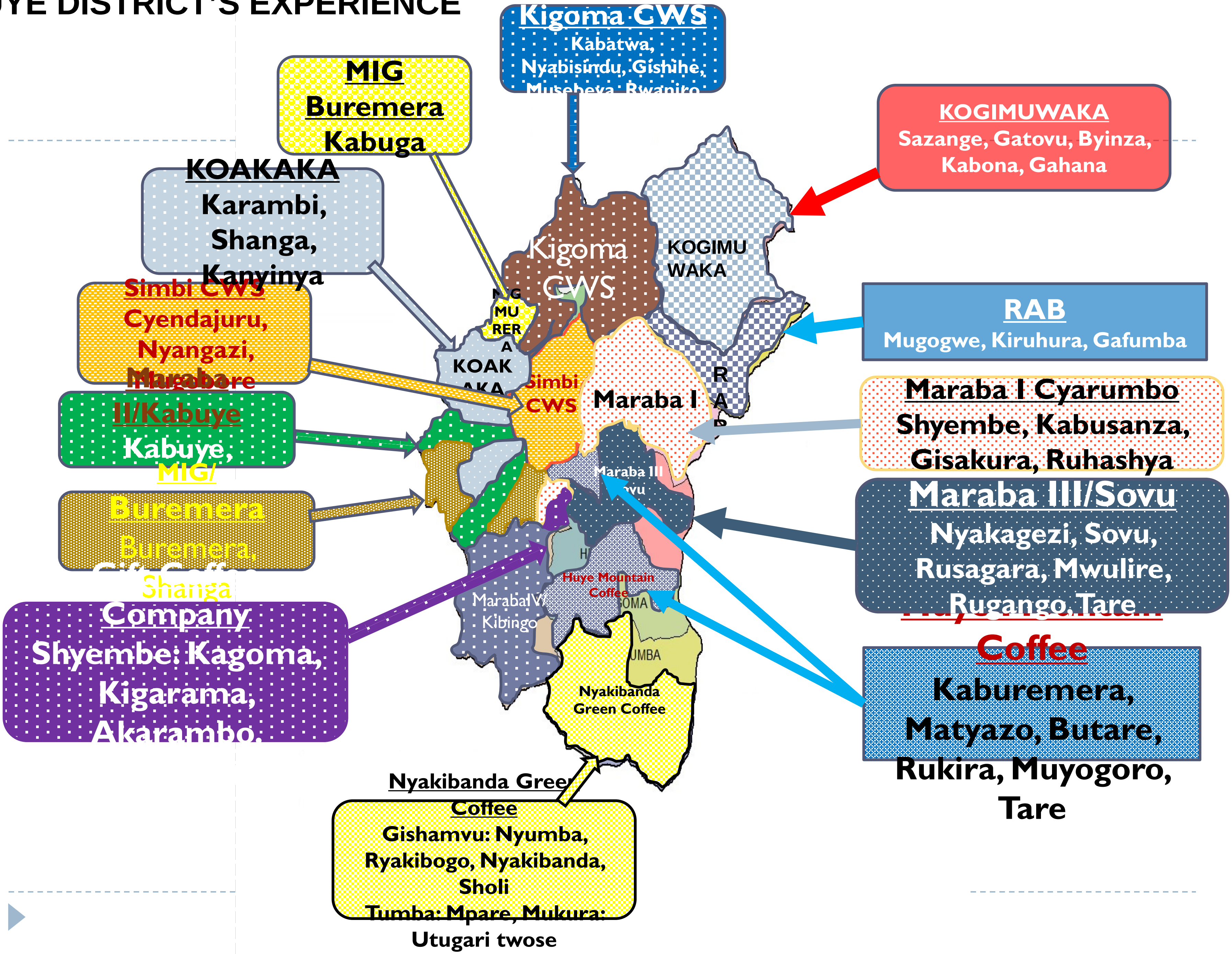
- Follow up of the status of the CWS and zones before every coffee season

➢ Delimitation of zones of operation for CWS

➢ **Way forward**

- ✓ Approval of the policy
- ✓ To establish regulations for the implementation of the new policy
- ✓ The creation of the zone shall be in two phases: In the first phase, zones will be limited to districts where coffee washing stations in the districts will operate within that district only, and this should start with the coffee campaign 2015.
- ✓ The final phase, which is the true zoning, will be the delimitation of zones around the coffee washing stations where every coffee washing station will have its own zone of operation. This phase will be effective after carrying out a coffee census planned in 2014/2015

HUYE DISTRICT'S EXPERIENCE



THANK YOU

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