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

**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**

- **Wet Mills**
  - *Wet Process Coffee*
  - Quality premiums
  - Working capital

- **Coffee Trader**
  - Provides Credit, Dry Process & Marketing Services
  - Processed green coffee
  - Quality premiums

- **Roasters**
  - *Roast and Sell to Consumers*
  - Processed parchment coffee
  - Processed green coffee

Business Solutions to Poverty
The Coffee Service Provider (CSP) model substantially reduces financial risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Bank Approach</th>
<th>Coffee Service Provider (CSP) Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash management</strong></td>
<td>Banks deposit entire Working Capital loan in farmer group bank account with high risk of theft</td>
<td>Farmer groups receive Working Capital in small tranches with coffee delivered to CSP as collateral</td>
</tr>
<tr>
<td><strong>Coffee quality</strong></td>
<td>No supervision of quality control standards resulting in high risk of poor quality coffee</td>
<td>CSP staff visit farmer groups regularly to advise on quality processing techniques</td>
</tr>
<tr>
<td><strong>Stock management</strong></td>
<td>Farmer groups often store coffee in village warehouses where there is a high risk of theft</td>
<td>Coffee delivered to secure CSP warehouses</td>
</tr>
<tr>
<td><strong>Price signals</strong></td>
<td>Farmer groups decide buying price and take price signals from historical prices with high risk of paying a price above the market value</td>
<td>CSP provides regular advice on maximum buying price based on international market</td>
</tr>
<tr>
<td><strong>Price volatility</strong></td>
<td>Farmer groups sell entire annual production many months after harvest with a high risk of financial loss if market prices have fallen</td>
<td>CSP provides price risk management services, e.g. organizing regular sales to hedge during harvest season or hedge on New York ICE exchange</td>
</tr>
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</table>
To ensure sustainable A2F we worked with CSPs to develop an innovative SMS book-keeping tool.

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

130.1 mt
Cherry YTD

143 rwf
Avg Price

25.6 mt
Parchment YTD

24,200 mrwf
Working Capital YTD

23%
Operating Exp

Daily Cherry

Expenses

Cherry Volume  Gasange Price  Recommended Price from NYC

Rwanda Franc

Apr 8  Apr 15  Apr 22  Apr 29  May 6  May 13  May 20  May 27

110  120  130  140  150  160  170

80%  77  72  72
Appendix
The 35 wet mills accessed over $2 million in financing and produced 660 mT of fully washed coffee annually.
Sales to specialty buyers earned the 35 wet mills $2.5 million in revenues.
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Sales to specialty buyers earned the 35 wet mills $2.5 million in revenues.
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)

<table>
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<tr>
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<th>Semi-washed Coffee</th>
<th>TNS-assisted Washing Stations</th>
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<tr>
<td>Farm-gate Price</td>
<td>1.70 (58%)</td>
<td>2.15 (62%)</td>
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<tr>
<td>Production Costs</td>
<td>1.23 (42%)</td>
<td>0.17 (5%)</td>
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<td>Retained Profit</td>
<td>0.17 (5%)</td>
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Coffee Export and Farm-gate Price (2012) +15%  
3.37

- **Semi-washed Coffee**
  - Farm-gate Price: 1.70 (58%)
  - Production Costs: 1.23 (42%)
  - Retained Profit: 0.17 (5%)

- **TNS-assisted Washing Stations**
  - Farm-gate Price: 2.15 (62%)
  - Production Costs: 1.05 (30%)
  - Retained Profit: 0.17 (5%)
Thank you!

Email NParikh@tns.org with questions or comments that you didn’t find the opportunity to ask or share today.