

SUSTAINABLE IMPACT IN THE RWANDAN COFFEE SECTOR

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Country: Rwanda

Sector: Coffee

BACKGROUND

Coffee remains one of Rwanda's major exports, generating approximately US\$40,000,000 annually.

After the 1994 genocide up to 2001, the traditional commodity process and pricing system, which rarely had any meaningful rewards to efforts, trapped poor farmers in a vicious cycle of declining quality and productivity, a situation exacerbated by declining world prices. However, over the past six years, Rwanda has made major strides in developing a quality coffee industry. Currently, Rwanda's coffee policy aims to break the "low quality-low price" trap, by producing fully washed coffee which receives premium prices in the market and setting up a sustainable liaison with well-known marketing firms to make Rwandan coffee a recognised brand.

The bulk of Rwanda's coffee is grown by around 400,000 poor small-scale farmers, each owning less than one hectare of land. However, out of these, only 66,095 are members of either a cooperative or an association. Presently, there are 143 associations & cooperatives in the country, representing only 17% of the farmers with each group consisting of an average of 462 members. Out of these 143 producer groups, only 80 receive support.

This low level of membership weakens farmers' organisations and hinders coffee sector training and monitoring initiatives. Small associations are likely to face more capacity constraints, which is particularly a key concern in some areas in Kigali and the Eastern Province. Thus, the demand in capacity building in this sector is huge.

SNV Rwanda involvement in the coffee sector has a unique approach which complements the activities of other stakeholders like donors and the public sector. It undertakes capacity building in the sector as an emerging value chain in the SNV ESA.

The medium to long term strategy of SNV within the sector is to strengthen clients along the chain to target both the existing and new markets together with new and value added products. This requires multi-sector interventions from macro economic level players that formulate and implement sector development policies and by micro level beneficiaries. It involves the government, donors/INGOs/CSOs and the private sector players within the coffee sector, with SNV playing a key role in multi-stakeholder platforms facilitation.

All in all, the relationship coffee business model remains the foundation of the coffee sector interventions in Rwanda and is the main reference of our action. The coffee business model is based on five principles (5 Ts): transparency, traceability, training, trade credit, total quality.

This business model matches with our developed products in the PIE sector which are: producer group strengthening, multi-stakeholder platforms, value chain finance, service provider strengthening and market intelligence.

In 2007, SNV Rwanda began a recruitment process to engage the services of two LCBs to offer better services to cooperatives.

Thus, the purpose of this paper is not so much to justify the importance of LCBs interventions, but to deliver results that will help to fine-tune this crucial approach within SNV's interventions and to identify the main constraints to, and opportunities for growth towards a more sustainable impact.

PROFILE OF LCBs

The recruitment process of LCBs was meticulously and successfully conducted by two advisors appointed for the task.

Approach and steps: The conceptual framework and selection process began 4th June 2007, and a contract with two local NGOs was signed one month later on 16th July 2007.

Inades Formation Rwanda, a member of an African network in social and economic development and CS UGAMA, both local NGOs involved in rural development, were both found to be well organised and with excellent links with small-scale farmers.

Specifically, **the main tasks** assigned were as follows:

- Conduct a quick assessment of 42 cooperatives
- Conduct training on the new cooperative law
- Carry out strategic and activity planning and use of accounting tools
- Training on coffee washing station management
- Ensure that cooperatives produce a balance sheet at the end of the year

Activities Undertaken: Generally, the activities conducted by both NGOs were the training of cooperatives on governance issues and management skills, compliance with minimum standards in accounting and follow up on day to day activities of the cooperatives.

OUTCOME

The inputs engaged represented FRW 47,000,000 for 260 primary process days. The cost of the LCBs' PPD was estimated at 185 Euros whereas the SNV PPD was about 400 Euros. About 40 PPDs were spent by SNV advisors in the process. Activities undertaken in conjunction with LCBs covered 42 cooperatives. The LCBs were permitted to make an overview of compliance with the cooperative law including membership registration, bookkeeping, procedure and rules and fiscal requirements. Other activities included the provision of training modules on leadership and technical skills on coffee processing and exporting, contracting.

IMPACT

Currently, SNV Rwanda works directly with 12 cooperatives in the coffee sector. On the other hand, LCBs deliver services to 22,293 farmers in 42 cooperatives, including those supported before.

Coffee cooperatives performance increased from July to December 2007. The expected clients' performance by the end of 2008 is anticipated at 80 % of the outcomes, especially in bookkeeping.

Among the 42 cooperatives, 20 of them with factories processed their coffee cherries and access to international market. This allows cooperatives a production of 535 tonnes of green coffee exported. It was valued at 1 700 000 USD.

In general, the main challenge was to set up a monitoring process for LCBs activity, thus mitigating some risks and exploring ways of assessing the impact of the synergy in our common interventions.

Monitoring and Evaluation: The three types of criteria used to monitor and assess the quality of services for each of the LCBs are outlined below:

- Activity performance by surveying and scoring outcomes objectives, quantity of work performed, quality assurance and working relationships with other partners.
- Activity compliance with rules and procedures, ensuring that services correspond with invoices and submitting documents in a timely fashion
- Client satisfaction

The tools used in monitoring and evaluation included the monitoring sheet, LCB reporting and monthly meetings and the client satisfaction survey. These criteria and tools provided a comprehensive overview of the service delivery process and demonstrated the congruity between services provided, outcomes expected and client satisfaction

Conditions for durability: The LCBs and the beneficiaries need to cultivate our vision as a non-funding agency and work towards creating a sense of mutual understanding and sustainability among all stakeholders in the event that we pull out. For instance, SNV Rwanda should ask LCB to contribute 10-20% of the funding needed to run the whole programme. In the long run, this will nurture deeper commitment and ensure sustainability of the whole programme.