

INTERNATIONAL PARTNERSHIPS FOR THE DEVELOPMENT OF THE SPECIALTY COFFEE SECTOR IN RWANDA

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Abstract

The purpose of this paper is to describe the roles that various institutions have played in international agricultural and extension education, especially the revitalization of the coffee sector in Rwanda. Partnerships and teamwork on the part of the American and Rwandan governments, American and Rwandan universities, international non-governmental organizations, and the private sector have radically transformed the Rwandan coffee sector, including the production systems, processing, and marketing. As a result of these favorable partnerships and effective teamwork, many coffee farmers have increased their incomes as much as three-fold, allowing them to send their children to school, improve their houses, and afford medical care. In the aftermath of the genocide, coffee production declined precipitously. Many of the coffee farmers were genocide widows with little income-earning potential. Taking into consideration the record low prices for bulk commercial coffee, their lack of knowledge about high-quality coffee production, and a need for food crops, many farmers pulled up their coffee trees to plant bananas, beans and other food crops. In 2001, a plan for revitalizing the Rwandan coffee sector was introduced by PEARL (Partnership for Enhancing Agriculture in Rwanda through Linkages), a project funded by USAID (United States Agency for International Development). Michigan State University and Texas A&M University are currently implementing the strategic plan of helping farmers, many of whom are genocide widows, establish self-sustaining coffee cooperatives. The cooperatives' high quality coffee is marketed for the specialty coffee markets in the United States and Europe.

Introduction

Rwanda is a small (slightly smaller than the state of Maryland), landlocked country in the eastern part of central Africa. The climate is characterized by temperate conditions, especially in higher altitudes in the northwest of the country. Despite a relatively high rate of arability (40%), overall agricultural productivity remains low due to the stress of high population growth (5.49 children born per woman) and small land holdings. With a population of 8.4 million inhabitants, Rwanda is the most densely populated country in Africa, with an estimated 338 persons per square kilometer (CIA, 2005). When taking into account only the arable area, this density increases to 955 inhabitants per square kilometer (Rwanda Development Gateway, 2005). Traditionally, landholdings are divided among the children of the deceased, leading over time to smaller and smaller landholdings. It is estimated that Rwandan families' landholdings are currently less than one half acre (Ottaway, 2004). Compounding the situation, 90% of the population is dependent on agriculture as their primary source of sustenance and income. The

country's economy is also dependent on agriculture as it accounts for 40% of GDP and almost 90% of exportation revenues (Government of Rwanda, 2002). In 2004, two beverage crops, tea (60%) and coffee (22%) were the primary sources of government foreign exchange. As a strategy for ensuring food security, Rwandan peasant farmers intercrop several food crops, including bananas, beans, sorghum, cassava, and sweet potatoes (Clay, et al., 1996). Despite the spectrum of food and cash crops, it has been estimated that annual per capital income is USD 220 (World Bank, 2005) while purchasing power parity is USD 1,300 (CIA, 2005).

The majority of Rwanda's population is Hutu (roughly 84%), while the remaining population is Tutsi (about 15 %) or Twa (CIA, 2005). Upon their arrival in the late 1800s, Europeans encountered a society in which Hutus and Tutsis shared a common language, religion, living space, and had intermarried for generations. At the Berlin Conference in 1884, Rwanda was allotted to the German Empire as a colonial sphere of influence. During World War I, Belgian forces occupied the territory. At the end of the war, Rwanda became a League of Nations Mandate administered by Belgium. During colonialism, the terms Hutu and Tutsi were imbued with political, cultural, religious, and economic meaning. Since 1959, the two groups have contended for power, thus leading to ethnic and political strife. In 1962, Rwanda gained its independence from Belgium (Rwanda Development Gateway, 2005).

In 1994, the ethnic conflict reached its apex. Genocide ensued as one segment of the population sought the extermination of the other segment. In a span of about 100 days, it is estimated that 800,000 to one million Rwandans were murdered. The killings continued until the RPF army, led by Paul Kagame, forced the Interahamwe and its supporters to flee into the eastern Zaire (present day DRC). Though its physical infrastructure was in ruins, more devastating was the decimation of Rwanda's social and human resource base. From peasants to professors at the National University of Rwanda, everyone was affected (T. Bagaza, personal communication, July 2005). Survivors and perpetrators had no choice but to live side-by-side, whether eking out an existence on their land or as professionals in urban centers. As the embers of the conflict cooled, the government began a reconciliation process between Hutus and Tutsis that continues to this day (Rwanda Development Gateway, 2005). Rwandan institutions, international NGOs (INGOs), and the private sector have partnered to address the salient needs of rural, agriculture-dependent survivors: capacity building through human resource development, creating income earning possibilities, and reconciliation.

To this end, a USAID-funded project, the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL) was established in October 2000. PEARL was a collaborative effort between Michigan State University (MSU), Texas A&M University (TAMU), and the National University of Rwanda (NUR). PEARL aims were various and multifaceted. Among these was establishing an Outreach Center at the NUR which focused on bringing together educational centers, national agencies, INGOs, and rural Rwandans to build human and social capacities and increase income earning potential of the population engaging in coffee production (O'Sullivan, 2004). The PEARL project's effective partnership with multiple stakeholders has led to the development of a specialty coffee sector in Rwanda that is engaging in international trade and has captured the attention of the international coffee industry and consumers in the United States and Europe.

Purpose and Objectives

The purpose of this paper is to describe the steps involved in the development of the specialty coffee sector in Rwanda, in particular the roles played by the coffee farmers in

cooperatives, the Rwandan government, INGOs, and private coffee companies. It is noted that no one entity could single handedly accomplish the PEARL project's goal of developing the specialty coffee sector in Rwanda. The objectives are to describe the collaborate efforts of PEARL, the Rwandan national government, INGOs, and private coffee companies to 1) engage in capacity building through human resource development, 2) establish economically viable producer cooperatives that serve as 3) vehicles for national reconciliation.

Smallholders contribute to agricultural productivity and overall economic growth by providing capital, labor, food, commodities for international trade, and a market for consumer goods (Ellis and Biggs, 2001). Prakash (2003) suggested that cooperatives are the best-suited institutions for economic and agricultural development. Recognizing the potential of producer groups for rural development, agricultural cooperatives became a cornerstone of the Rwandan government rural development strategy in 2002 (Government of Rwanda, 2002). Over the last decade, governments, international donors, and NGOs have proposed and supported the development of agricultural cooperatives as a measure for promoting collective action, strengthening smallholders' livelihoods, and linking producer groups to international markets. Producer organizations have been viewed by NGOs and donors as viable collaborators and the preferred vehicles for bringing about technical, economic, and institutional change in rural areas (Myers, 2004). Cooperatives are profit-oriented rural businesses that seek markets for their products. To this end, partnerships were established with private coffee roasters and importers in the United States and Europe that are yielding impressive economic gains for Rwandan coffee farmers.

Theoretical Bases

Two theoretical bases support the study of the role of partnerships in the development of the specialty coffee sector in Rwanda. In *Developing an Extension Partnership among Public, Private, and Nongovernmental Organizations*, Swanson and Samy (2002) proposed that by avoiding overlapping and duplicative activities, conflicts between public, private, and NGO agencies may be avoided. Furthermore, through capitalizing on their comparative advantage, each of these entities may "strengthen effective partnerships among public extension institutions, private firms, and NGOs" (Swanson and Samy, 2002). The partnership will lead to more effective service delivery of extension programs to rural populations and rural development. Especially pertinent to the topic at hand was the emphasis placed on the role of NGOs in rural development. Swanson and Samy (2002) observed that NGOs tend to work well with marginalized smallholders, women, and ethnic minorities. The pattern of most NGOs is to consult with resource poor families to identify their most pressing needs and then assist them to achieve sustainable development. Moreover, NGOs can organize self-help groups, such as producer cooperatives, that address the most salient needs of rural populations like creating opportunities for income generation and building social capital.

The second theoretical basis of this paper is the agribusiness model of linking smallholder producers with growth markets. Promoted by CIAT and other CGIAR centers (Gottret & Raymond, 2004), the model aims to develop rural businesses and building human capital in small rural producers' organizations, such as cooperatives, rural producers may engage in international trade and secure markets for their commodities. Historically, INGOs have sought producer groups to work alongside producer groups to identify market opportunities, improve the commodity chain, and strengthen the local support system (Best, n.d.). From a policy perspective, USAID has adopted the model as a strategy for their participation in

international agricultural development. The document *USAID Agriculture Strategy: Linking Producers to Markets* made public in 2004, indicates the United States' government commitment to expanding "trade opportunities and improve the trade capacity of producers and rural industries" and "to strengthen agricultural training and education, outreach, and adaptive research".

Data Sources

The presentation relies very heavily on extensive literature review and data collected during the summer of 2005 while I was collecting data for my master's thesis. PEARL (Partnership for Enhancing Agriculture in Rwanda through Linkages) involved a multi-institutional approach, including Michigan State University, Texas A&M University, the members of coffee cooperatives, the Rwandan national government, public extension, INGOs, and private coffee companies, such as Community Coffee.

Findings

A brief history of coffee in Rwanda is followed by a description of the functions fulfilled by the multiple stakeholders in developing the specialty coffee sector in Rwanda. The collaborative efforts of national and international stakeholders led to capacity building through human resource development and established economically viable producer cooperatives that served as vehicles for national reconciliation.

Rwanda has the good fortune of having the perfect conditions for growing premium coffee, including the Bourbon variety, one of the most highly prized coffee varieties. Despite the natural advantages for high grade coffee production, coffee cherries at all stages were harvested regardless of their quality. Fertilizers and liming agents were seldom used. In addition, dry processing of the cherries decreased the quality of the beans. As a result, Rwandan coffee farmers received low prices for their coffee.

In the aftermath of the genocide in 1994, many widows returned to their husbands' land. Lacking income earning possibilities, many attempted to produce coffee. At that time, however, global prices for bulk commercial coffee were at record lows because of market saturation of bulk-grade coffee. Having little incentive for increasing or intensifying coffee production efforts, some Rwandans pulled up their coffee trees to plant bananas, beans, maize and other food crops. Others simply left their trees untended. Coffee production in Rwanda declined precipitously (Ottaway, 2004). At about this time, a market for specialty coffee was emerging in the United States and Europe.

In 1999, a small group of coffee producers in Butare Province joined together to buy agricultural inputs and sell them to coffee farmers at a reduced cost. In 2001, a shared vision emerged among these producers to pool their harvests as an association in order to avoid the middlemen and earn increased income (PEARL, 2004). Recognizing an opportunity to support the initiative of a grassroots effort among rural producers, Dan Clay, a specialist in international agricultural development at Michigan State University, Tim Schilling, a professor at Texas A&M University with extensive experience in international agricultural development, and Emile Rwamasirabo, then rector at the National University of Rwanda developed a strategic plan that has proven to be highly successful. PEARL began assisting Rwandan coffee farmers to form associations of smallholder estate cooperatives focused on production for the specialty coffee market in Europe and the United States. Shilling proposed that Rwandan coffee quality could be improved by focusing on strict production, harvesting and processing protocols. Quality control

systems were established at each coffee washing station. With the assistance of ACDI/VOCA, business plans were created to support the cooperatives in securing bank financing for the cooperatives.

Having liberalized the coffee sector in 1995, the Rwandan government also supported the development of cooperative businesses. In 2005, the Ministry of Commerce issued the document entitled *Rwanda National Policy on the Promotion of Cooperatives*. The document states that cooperatives will play a significant role in facilitating rural economic transformation, human resource development, the promotion of the private sector, and poverty reduction. The government policy of creating a positive environment in which a strong and autonomous cooperative movement is allowed to evolve may lead to significant economic gains for rural agricultural cooperatives and their members. Moreover, OCIR Café, Rwanda's coffee testing and marketing agency, donated machinery and the local government gave land for the coffee washing station in Maraba. Through their participation facilitated by the Outreach Center, professors in the school of agriculture at the National University of Rwanda supported the PEARL project's efforts of establishing the specialty coffee sector (Dougherty, 2003).

The PEARL project's mission was to rebuild agriculture institutions and their human resource base, to identify and implement strategies for rural income generation, and to use local Rwandan institutions and human resources to implement income generation strategies (PEARL, n.d.). In addition, PEARL has set forth the guiding principles of the project in *The PEARL Model for Successful Agricultural Outreach and Technology Transfer*. These include 1) working through farmer associations, cooperatives, and commodity groups as they form, 2) work through partnerships to strengthen farmer associations around key economic opportunities to add value and respond to market demand, 3) reduce risk through demand orientation, 4) focus on complete agricultural product supply chains from farm to table, 5) ensure local government buy-in and support, 6) place emphasis on local ownership and management, 7) build an integrated program of applied research that will address practical needs of the farmer and commodity associations, and 8) never overlook human resource training (PEARL, n.d.).

Beginning with the association of coffee farmers in Maraba, PEARL began its human resource development efforts by assisting in cooperative development. During a meeting of the General Assembly of the cooperative, the members selected a Board of Directors through a one-member, one-vote system. The Board of Directors, in turn, selected the hired management that runs the daily operations of the cooperative. Educational training in financial and organizational management was provided for the leadership (Goff, 2006). In 2001, the membership of the Maraba coffee cooperative was 300; currently it stands at 1,668. In a society in which women have historically been marginalized, it must be noted that 47% of the cooperative members are women (PEARL, 2005). Most of these were genocide widows seeking income generation from their deceased husbands' coffee trees (T. Bagaza, personal communication, July 20, 2005).

PEARL continued its human resource development efforts by sharing the methods for improved coffee production and processing. According to the coordinator of the Outreach Center, J.C. Bizimana, public extension agents supplemented their incomes through educational trainings on the proper procedures for mulching, tree pruning, applying appropriate fertilizer, lime and manure in the fields, and the proper timing for harvesting the cherries (personal communication, July 18, 2005). Cooperative members also learned the process of wet milling the coffee cherries at the coffee washing stations to increase the quality of the beans (Ottaway, 2004). ACDI/VOCA and PEARL have collaborated to develop eight cupping laboratories

(Robinson, 2005) in which cooperative members develop the ability cup coffee, a critical ability to produce specialty coffee (PEARL, 2005).

In Maraba, the coffee growers named their association Abahuzamugambi ba kawa, which means “we will work together to achieve the desired result in coffee” (Ottaway, 2004). The name is apropos. In 2001, the Maraba coffee cooperative members received USD 0.14 per pound; the price they received for their coffee in 2004 was about USD 1.36 per pound. Maraba coffee cooperative’s success has spawned the formation of twelve other coffee cooperatives in Rwanda (PEARL, 2004). Other cooperatives have experienced similar growth in membership and have made significant strides toward economic viability. Two of the cooperatives are FairTrade certified by TransFairUSA, meaning that the farmers are guaranteed USD 1.36 per pound. The thirteen cooperatives, encompassing about 15,000 members, have increased their incomes from USD 650,000 in 2004 to USD 1.2 million in 2005. It is estimated that in 2006 it will reach USD 3 million (van Dyk, August 29, 2005, p. A12). A higher income level has drastically improved the lives of cooperative members. Members can afford better housing and health insurance, parents can send their children to school and can purchase livestock, thus improving nutritional intake. Moreover, PEARL has emphasized the importance of building capacities to ensure financial transparency. Partnerships with EcoLogic Finance, an American NGO that provides low-interest loans in environmentally sensitive rural areas in Africa and Latin America, require effective financial management (Foote, 2004).

Effective marketing has been a central component of the PEARL project’s success. Early in the development of the specialty coffee sector in Rwanda, PEARL established relationships with buyers in the United States and Europe. Community Coffee in Baton Rouge, Louisiana and Union Coffee Roasters in the UK were the first American and European coffee companies to purchase Rwandan Bourbon coffee. Other relationships followed: Intelligentsia Coffee, BD Imports, Thanksgiving Coffee, and Green Mountain Coffee Roasters are but the most prominent coffee importers and roasters to seek the finest coffee from the hills of Rwanda (Ottaway, 2004).

PEARL has taken great lengths to secure the sustainability of the farms and cooperatives once the project terminates in October 2006. Central to the sustainability of the cooperatives is the federation of the 13 coffee cooperatives. The Rwandan Small Holder Specialty Coffee Association (RWASHOSCA) will carry forward the partnerships between the national government, INGOs and donors, and market Rwandan coffee to current and potential international markets. Etienne Bihogo, the new president of RWASHOSCA, has been hired to fulfill the role played by Tim Shilling for the last five years. Shilling stated that he is fully confident in Bihogo’s leadership and expects that in two years RWASHOSCA will be a “multi-million dollar small holder specialty coffee federation; autonomous, professional, innovative and constantly pushing the envelope of quality (Robinson, 2005). The federation, however, has its work cut out for it. In a study of the management practices of three coffee cooperatives in Rwanda, the neither the leadership nor the membership was well informed about the coffee federation.

The cooperatives have served as a vehicle for reconciliation. Angelique Karekezi, the general manager of the Koakaka Coffee Cooperative, said “Some of us once hated each other. But now we’re working side by side. That’s been crucial for the healing process” (Foote, 2004). Etienne Bihogo noted that the cooperatives have brought about reconciliation between Hutu and Tutsi farmers. He said, “You can see that people are together now, and the can think in terms of profits, not in terms of what divides them” (van Dyk, September 2005, p. A12).

Conclusions and Recommendations

Following the theoretical framework provided by Swanson and Samy (2002) and the agribusiness model of linking smallholder producers with growth markets (Gottret & Raymond, 2004), the conclusion is that PEARL successfully partnered with the Rwandan national government, public extension service agents, international nongovernmental agencies, and private coffee importers and roasters. The partnerships yielded impressive and meaningful results. First, the cooperative members participated in capacity building tasks through human resource development. These tasks included improved production, harvesting, and processing protocols for developing a high-quality coffee bean. Second, cooperative profits have increased income levels by as much as three times the national average. Moreover, economically viable cooperatives may continue to generate profits, thus benefiting all Rwandans. Third, as a result of joint collaboration and the development of human resources and social capital, economically viable cooperatives have served as vehicles for national reconciliation. Partnerships at the local and international levels have brought Rwandans together once again.

The federation of coffee cooperatives, RWASHOSCA, must fully engage the leadership and membership in all 13 cooperatives in a partnership to secure their collective future. As their long-term sustainability rests on each other, the 13 cooperatives and RWASHOSCA may find it highly advantageous to discuss their future roles in continuing to develop the specialty coffee sector in Rwanda. In addition, a longitudinal study is suggested in order to assess the long-term impacts of PEARL, especially the self-sustainability of the cooperatives.

Educational and Practical Importance

In the wake of genocide, the Rwandan economy and coffee sector were in shambles. USAID, Michigan State University, Texas A&M University, the National University of Rwanda, ACDI/VOCA, TransFairUSA, and numerous private coffee buyers have partnered with the Rwandan coffee farmers. The PEARL project is a model for partnerships and teamwork in international agricultural and extension education. The international agricultural development community should take note of the partnership strategies used by PEARL.

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