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BURUNDI COFFEE INDUSTRY VALUE CHAIN ANALYSIS

**PROFILING THE ACTORS, THEIR INTERACTION, COSTS
CONSTRAINTS AND OPPORTUNITIES**

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1.0 Introduction

The coffee industry is the country's main export, providing about 70% of foreign currency revenues. Roughly 600,000 rural households, or almost 40% of the population, grow coffee and coffee represents an important source of income in the family economy.

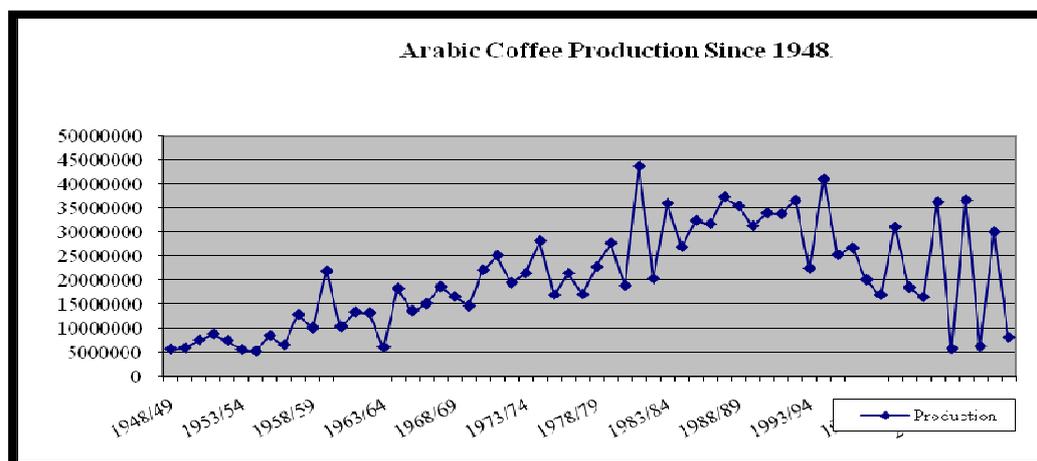
The Burundian farmer's interest in growing coffee is based on the fact that coffee is a seasonal product that provides a chunk of income larger than what the farmer is able to save during the course of the year. According to the latest statistics available, income from coffee growing provides 50% of family income in the northern region of Buyenzi¹. This revenue allows the farmer to finance house construction and send children to school, as well as other small investments.

In addition, with the initiation of micro-credit schemes in rural areas, ownership of coffee trees is the main guarantee that farmers can offer micro-credit institutions (COOPEC² and others). It worth noting that the construction of de-pulping stations in rural areas led to the (modest) beginnings of industrialization, employment for local labor during the coffee campaign and the opening up of rural areas through the construction of factory access roads which are also used for other purposes.

2.0 Production

Coffee cultivation is an entirely small holder based activity with over 600,000 families directly involved in coffee farming with a total acreage of 70,000 hectares in the whole country with about 25 millions of coffee trees. Another thing to note is that each farmer is tendering about 50 to 250 trees. Burundi coffee is of the Arabica species though some Robusta production also exists. Of the total production, Arabica coffee represents 96%, the reminder is Robusta.

Figure 1: Arabica Coffee Production since 1948 - 2008.



Source: OCIBU

Productivity like in most African countries is so low and for Burundi the cyclical swings of seasons sometimes leaves the country with no coffee to export at all! Table I below gives the trend of production and productivity in Burundi.

¹ S.N.E.S. (National Survey and Statistics Service), 1986. This institution was later replaced by ISTEEDU (Burundian Institute for Statistics and Economic Studies).

² Coopérative d'Épargne et de Crédit: Savings and Credit Loan Cooperative

Table 1: Production and Productivity 1990/91 to 2008/09.

Year	Production Area [Ha]	Production green Coffee [Tons]	Yield [Kgs//Ha]
1990/91	71,300	33,912	476
1991/92	75,880	33,747	445
1992/93	82,700	36,528	442
1993/94	85,180	22,496	264
1994/95	85,180	40,985	481
1995/96	85,180	25,196	296
1996/97	85,859	26,733	311
1997/98	59,402	19,991	337
1998/99	60,530	16,937	280
1999/00	62,215	29,129	468
2000/01	63,195	18,502	293
2001/02	65,208	16,425	252
2002/03	66,767	36,225	543
2003/04	66,767	5,673	85
2004/05	69,883	36,600	524
2005/06	71,400	6,334	89
2006/2007	71,400	29,955	420
2007/2008	71,400	8,072	113
2008/2009	71,400	23,000	322

Source: OCIBU

2.1 Production Constraints

2.1.1 Prices Received by Farmers

- Burundian farmers have always received much lower prices than farmers in neighboring countries. For example, according to OXFAM, the price received by a Ugandan farmer for Arabica coffee in the 1990s was 76% higher than the price received by a Burundian farmer.
- OCIBU, which has always controlled the distribution of payments in the coffee industry within Burundi, argues that Burundian producers have been protected from fluctuations in international prices. Although this is true, the farmers have also not benefited from periodic price increases (as in 1994/95, 1997/98 and 2004/05), apart from some installments (or 2nd payments³ granted by OCIBU).

Table 2: Farmers Share of the Export Price 1990/91 to 2006.

³ A 2nd payment is an addition to the original price paid to coffee farmers by OCIBU at the end of the harvest when there has been a significant rise in the world market price during the harvest.

Coffee Year	Green Coffee equiv. US\$/Kg	International Coffee Prices US\$/Kg	Farmer %-age Earning
1990/1991	1.22	1.96	62.10%
1991/1992	1.15	1.87	61.50%
1992/1993	1.00	1.41	71%
1993/1994	0.95	1.56	61%
1994/1995	0.92	3.31	27.80%
1995/1996	1.28	3.33	38.30%
1996/1997	1.05	2.69	39.10%
1997/1998	1.15	4.17	27.60%
1998/1999	1.17	2.98	39.10%
1999/2000	1.16	2.29	50.70%
2000/2001	0.81	1.92	42%
2001/2002	0.68	1.37	49.70%
2002/2003	0.69	1.36	50.50%
2003/2004	0.59	1.42	41.60%
2004/2005	0.63	1.77	35.60%
2005/2006	1.07	2.53	42.30%

Source: *Stratégie agricole nationale 2008-2015 Bujumbura*, mai 2008, annexe 12 bis.

- Table 2 above shows the percentage of farmers' share of the export price meant to cover their costs and have a margin [profit] their welfare. This is the lowest in the region and sometimes below the cost of production.
- The continuing difference between the remuneration given to producers (which is lower than the cost of production in some cases) and investment in the transformation and management apparatus of the sector, demonstrates clearly how producers are exploited in favor of institutions whose staffs are relatively better paid.
- This situation profoundly discouraged farmers who could not destroy their coffee plantation due to the state law banning them from doing so. Farmers instead chose to neglect their coffee plants in favor of food crops and bananas used for traditional beer, which are more profitable due to the low production of food crops and the resulting price increases.

2.1.2 Land Factor

- Land is one major limiting factor in rural Burundi which forces farmers to prioritize food production over coffee. Farmers' objectives are not similar to those set by the national state. For them, the main aim is to survive. Earning money becomes a secondary issue. Competition between food crops and coffee is particularly noticeable. Farmers would like to grow crops for food security but they do not have enough space.
- The high rate of population growth (2.7%) exerts pressure on land leading to farm sizes being reduced with fallow and rotations becoming impossible. This has led to mulching materials (grasses, crop residues) becoming scarce which made mulching practices problematic. Coffee and food crops are also competing over some inputs,

such as fertilizers. In effect, chemical fertilizers normally destined for use on coffee trees are often utilized for fertilizing the plots allotted for food crops. Moreover, crop residues and grasses are also put in the form of compost or directly sprayed on plots allotted for food crops. That means very little quantity of compost is available for mulching coffee.

- The average size of their land is between 0.8-0.5 hectares. Thus, land is very small and even this bit is further fragmented gradually through Burundi's cultural inheritance process. This being the case one factor is exceptional that is; the coffee grown since 20 or 30 years back is still kept intact maintaining its total land. A new phenomenon however emerged that is due to the inter-planting process all over Burundi, some people started to mix their coffee garden with food crops even if it is not allowed by administration and extension officers. In other cases, some farmers would not mind to cut down their coffee trees and grow instead crops like banana, beans and cassava, but this is strictly forbidden by law and any refractory is seriously punishable to the extent of going to prison and/or paying fine. This "exit-option", if allowed, could be a threat to the state's export earnings from coffee while farmers could still continue to survive by producing household consumption crops.

2.1.3 Coffee Expansion in Marginal Areas

- Under government campaigns of increasing production at any price, several marginal areas were cultivated. The latter are eroded mountains (Mugamba and a part of Mumirwa in West), regions with less rainfall (Buyogoma in East and Bugesera region in North of the country), acid soils in Bututsi (South). In these unsuitable areas, coffee productivity is too low to be taken into consideration in national production.

2.1.4 Pests and Diseases

- Pests and diseases are causing great losses of production. A phytosanitary campaign is only made throughout the country for one pest (*Antestiopsis orbitalis* Ghuesqieri). It is assumed that other pests and diseases are of little importance. But, in some places coffee losses due to diseases can reach 80% of output (Autrique et Perreaux, 1988). In fact, many farmers do not detect early symptoms so treatments come too late to be useful. In other cases, growers merely lack pesticides for various reasons: extension agents do not reach remote regions, communication is not so fast, and little quantity is imported and so on.

2.1.5 Lack of Effective Agronomic Services

- Extension services (laying of straw, spraying against insects, various types of maintenance) the reforms meant that none of the agricultural services felt responsible for carrying out these tasks. Meanwhile, OCIBU, with only four technical officers, did not have sufficient human resources to carry out this task. Removal of the post of hillside⁴ agricultural accompanier in 1996-97 worsened the situation. Various solutions were attempted to alleviate matters, including contracts with DPAA⁵ and giving the SOGESTALS this responsibility, however, none of these models is working.

⁴ The hill ("colline") is the lowest administrative unit in Burundi.

⁵ Direction Provinciale de l'Agriculture et de l'Elevage; Provincial Department for Agriculture and Livestock

3.0 Internal Coffee Trading

- These sogestals acts as managers of coffee washing stations scattered throughout the country. In whole, there are 7 coffee washing station managing firms. The location of each sogestal coincides with coffee territories. Sogestals are named Kayanza, Kirimiro, Kirundo/Muyinga, Ngozi and Mumirwa which are mixed i.e. state and private joint venture and the two remaining are entirely private owned. These are Sonicoff and Coprotra. They are responsible for buying cherries from growers. Then, they proceed to pulp, ferment, rinse thoroughly coffee and finally operate sun drying down to 12 % moisture content on raised screen beds. The completely washed parchment is known as fully washed resulting from wet processing.
- Coffee parchment collection is undertaken by licensed wholesalers who negotiate credits from different banks. They make contacts with traders working in all provinces. Traders make connections in provinces with local collectors and the latter can also work with small collectors at village level who stimulate farmers to bring their coffee to buying centers. When collected quantities are deemed sufficient, they are carried by lorries to the reprocessing plants in Bujumbura. At arrival, processing agents analyze sample moisture content (12%-15%) and give to transporters a weight receipt in order to be paid later by CBB.

3.1 Internal Trading Constraints

- At the internal trading level, the increasing number of middlemen each of them seeking to maximize profit, they are involved in malpractices that include using wrong weighing machines or by paying less to illiterate peasants. As far as quality is concerned, it is reported that many collectors do not care mixing different coffee qualities, sometimes with pebbles in order to increase weight since processing agents are too busy in full campaign to properly check the lorries arriving daily

4.0 Primary Processing

4.1 Introduction

Two methods are used in Burundi to process coffee. These are wet processing for fully washed and dry for semi washed coffee. Wet method is operating with ecological technology that requires a minimum fermentation process thus leaving natural coffee attributes intact. Then, coffee is thoroughly rinsed to remove the mucus and dried out under the sun. Semi washed method is using manual hand pulpers or traditional methods at home for those who do not have hand pulpers. Coffee produced for both methods is called parchment. When the latter reaches the required moisture content, it is transported to mills for additional process such as hulling, bean selection by size, weight and density separation.

4.2 Primary Processing Capacity

- At the primary processing level, in 1991 (before semi-liberalisation) there were 95 washing stations and 864 hand-pulpers with the capacity of 20,000 tons and 10,685 tons of green coffee respectively. With coffee chain restructuring, more focus was put on increasing washing factories that improve quality. Currently they are over 143 washing stations with a capacity of 69,240 tons. However, some factories are located a big distance from the farming communities, the current primary processing

capacity is not totally used. For instance in 2008/2009, the washing stations pulped 25,181 tons that was 36% of the capacity as can be seen from table 4 further below.

- This capacity does not include the capacity from hand pulpers; whose number now estimated at over 1,200 with a possible capacity of about 16,000 tons.
- Table 3 below gives the washing managing companies and the number of washing stations.

Table 3: Number of washing stations

Company	Stations
Sogestal Ngozi	29
Sogestal Kayanza	28
Sogestal Kirundo-Muyinga	25
Sogestal Kirimiro	32
Sogestal Mumirwa	23
Sogestal Sonicoff	6
Total	143

- Each station has a capacity of 1,000 to 1,500 tons of cherries.

Source: OCIBU

4.3 Fully Washed Processing Vs. Semi Washed Coffees

Table 4 below shows that 67% of coffee in 2008/2009 was fully washed from the washing stations of Sogestal's and 33% was semi washed using hand pulpers and traditional means.

Table 4: Burundi Coffee Production by Washing Station: Crop 2008/2009

Fully Washed			
Washing Station	Cherries [Mt]	Parchment [Mt]	Green Coffee [Mt]
Kayanza	19,813.937	4,362.663	3,399.960
Kirimiro	18,315.217	3,867.840	3,063.360
Kirundo	15,509.991	3,314.760	2,590.380
Mumirwa	22,405.437	4,673.280	3,779.640
Ngozi	15,751.984	3,390.495	2,639.760
Sonicoff	3,925.436	814.897	637.620
Ets NDUWA	1,436.704	322.480	249.540
Icocoge	745.795	150.540	111.240
Fhi	34.950	7.440	5.100
Coprotra	2,537.926	482.823	373.354
Tot. Fw	100,477.375	21,387.218	16,849.954
Semi -Washed			
Washing Station	Cherries	Parchment	Green Coffee
Sodeco		2,797.450	2,130.420

C&Abus		1,402.750	1,062.290
Bucafe		931.810	693.810
Sonicoff		1,724.427	1,268.820
Cbc		949.228	716.581
Ruzizi		929.120	693.020
Conilco		603.920	459.300
Nduwayezu		326.650	249.900
Bigir Jeremie		376.100	271.860
Sivca		863.776	609.840
Cotriex		165.200	129.720
Cosdar		46.680	45.660
Total Semi Washed		11,117.111	8,331.221
Total Full and Semi Washed	100,477.375	32,526.985	25,181.175

Source: OCIBU

4.4 Constraints

4.4.1 The Predominance of State Capital

As the reform process had only just begun and the public authorities did not clearly visualize the final result or the country's interest in the reform, some doubt and hesitation about privatization still remain. As illustrated in the table 5 below, the state maintains a significant percentage of shares in the entities created by the 1991 reform.

Table 5: State and private sector shares in the entities created by the 1991 reform⁶

Enterprise	State %	Private Sector %
OCIBU SM	33.33	66.67
SODECO	82	18
SOGESTAL Ngozi	26.9	73.1
SOGESTAL Kayanza	14.2	85.8
SOGESTAL Kirimiro	68	32
SOGESTAL Mumirwa	81	19
SOGESTAL Kir-Muyinga	48	52
Total	62.03	37.97

Like in most African countries, governments cannot run business – so a lot of inefficiencies of high over heads [employing political friends with no required skills and attitude].

⁶ Source: SCEP data sheet on partly state-owned entities

5.0 Secondary Processing

Curing is carried out by three companies: SODECO, Sonicoff and Sivca. SODECO is a mixed private-public company where the state maintains a majority of shares (82%) and the rest are owned by SOGESTALs and private operators. SODECO has two factories, one in Gitega and another in Bujumbura. SODECO had a monopoly on curing until 1995. Sonicoff (Society of Nile Coffee) is a private company which runs a factory in Gitega. Sivca (Société Industrielle de Valorisation du Café) is also a private company created in 1997 which has its factory in Ngozi. The total curing capacity of the four factories (estimated at 70,000 tons, of which 60,000 sits with SODECO and 10,000 with the private companies) by far outweighs the national production of on average 20,000 to 30,000 tons per year.

6.0 Exports

6.1 Exporters

Coffee exports are now organized by private companies. All the private exporters are organized in a professional association called ABEC. Coffee for export is sold at auction but direct sales have also been allowed for some years now and the SOGESTALs increasingly sell directly.

Table 6 below shows the percentage share by exporters. Like other countries in the region there is concentration at the export level with the first 3 companies exporting over 47% of the crop and the 10 exporters are responsible for 91% of export volumes.

Table 6: Purchase per Exporter / Buyer by Type of Coffee, 2008/2009 as at 30th April 2009 [Metric Tons]

Exporter	Fully Washed	Washed	Total	%-age Share
LDC	4,020.42	396.00	4,416.42	18.86%
C&AB	2,088.00	1,423.50	3,511.50	15.00%
Hacofco	3,011.34	85.08	3,096.42	13.22%
Tai	1,836.00	396.00	2,232.00	9.53%
Becabu	1,263.48	522.00	1,785.48	7.62%
Sonicoff	720.00	789.96	1,509.96	6.45%
Bucafe	288.00	1,132.98	1,420.98	6.07%
Altimo	1,309.08	65.58	1,374.66	5.87%
Cbc	468.00	663.48	1,131.48	4.83%
WEBCOR Sa Geneva	829.26	72.00	901.26	3.85%
Conilco	18.00	685.56	703.56	3.00%
Cotriex	293.10	72.00	365.10	1.56%
Ruzizi	-	345.60	345.60	1.48%
Sucre Export S.A.	126.00	-	126.00	0.54%
Sodeco	-	108.00	108.00	0.46%
Sog Kayanza Schulter	91.50	-	91.50	0.39%
Supremo	86.82	-	86.82	0.37%
PCBC	79.50	-	79.50	0.34%

Saidi Selemani	-	48.42	48.42	0.21%
Olam	-	36.00	36.00	0.15%
Schluter	-	36.00	36.00	0.15%
Golden Tea	-	10.68	10.68	0.05%
Aalan	0.30	-	0.30	0.00%
Total		16,528.80	6,888.84	23,417.64
				100.00%

Source: OCIBU

6.2 Destination

Table 7: below shows the exports by destination with Germany and Belgium being the dormant destinations for Burundian coffees followed by USA, Holland and France

Table 7: Exports by Destination 1999/00 to 2004/2005 in Metric Tons

	Destination/Season	99/00	00/01	01/02	02/03	03/04	04/05	05/06	Total	%-age Share
1	Germany	6,234	5,487	5,565	4,439	729	4,397		26,851	18.30%
2	Belgium	4,409	3,495	3,787	6,217	706	2,736	522	21,873	14.91%
3	Holland	5,593	1,971	681	2,430	97	792	234	11,798	8.04%
4	USA	3,657	1,700	392	2,736	-	450		8,934	6.09%
5	France	1,314	136	248	306	37	18		2,058	1.40%
6	Spain	679	1,074	144	72	-			1,969	1.34%
7	England	522	846	324	198	-	45		1,935	1.32%
8	Switzerland	126	504	486	-	378	288	90	1,872	1.28%
9	Denmark	522	216	36	360	-	162		1,296	0.88%
10	Japan	522	192	234	112	48	66	54	1,228	0.84%
11	Romania	162	367	180	144	-	342		1,195	0.81%
12	Sweden	234	-	120	54	126	288		822	0.56%
13	Australia	558	72	108	37	-			775	0.53%
14	Italy	90	108	126	54	36	306		720	0.49%
15	Poland	-	612	-	-	36			648	0.44%
16	Finland	252	-	126	-	68	90		536	0.37%
17	Canada	54	-	73	234	-	36	36	433	0.29%

18	Hungary	144	126	36	-	18			324	0.22%
19	South Africa	-	-	54	90	18			162	0.11%
20	Norway	72	-	72	-	-			144	0.10%
21	Portugal	-	-	126	18	-			144	0.10%
22	Russia	-	-	54	36	17			107	0.07%
23	Jordan	-	-	36	18	-			54	0.04%
24	Morocco	-	-	-	54	-			54	0.04%
25	Oman	-	-	-	36	-	18		54	0.04%
26	Tunisia	-	-	-	18	-	18		36	0.02%
27	Saudi Arabia	-	-	-	-	18			18	0.01%
28	Greece	18	-	-	-	-			18	0.01%
29	Slovenia	-	18	-	-	-			18	0.01%
30	Tchécoslovaq	-	-	-	18	-			18	0.01%
31	Unspecified	6,036	1,604	3,321	18,188	3,252	25,539	2,671	60,611	41.31%
	TOTAL	31,198	18,527	16,329	35,870	5,584	35,592	3,607	146,706	

Source: OCIBU

The table also shows some destinations have been going down like France and Spain – no explanation could be obtained readily for this.

7.0 Opportunities in the Burundian Coffee Industry

7.1 Volume of Fully Washed Coffees

Table 9 shows the volumes of fully washed coffees as a percentage of the Arabica coffee. On average fully washed Arabica coffee constitutes 80% of all exports which is a good volume when you are looking for strategizing for the specialty market. The principal activity for specialty coffee is to have the coffees fully washed in a central washing station to ensure consistency in quality and the 80% of all Arabica coffee from Burundi is fully washed at the central washing stations. This provides a big opportunity for production and trade of specialty coffee.

Table 9: Coffee Exports in Metric Tons Per Grade 2002/2003 to 2006/2007

Coffee Seasons	2002-03	2003-04	2004-05	2005-06	2006-07
Fw Hg [Ngoma]	45.06	11.94	33.00	11.52	3.00
F.W.Super [AA]	1,643.88	269.10	1,276.92	295.08	350.22
F.W.Extra [A]	6,446.82	1,231.32	7,848.00	1,287.06	2,736.78
F.W.H.T./Courant 1 [B]	3,442.56	962.34	5,346.00	724.56	2,209.56
F.W.Courant 2 [TT]	9,745.62	1,277.46	7,402.62	1,143.18	5,980.44
F.W.4./Brisure [T]	4,799.28	785.04	5,988.06	842.28	5,764.86
F.W.5./Triage [PBB]	1,884.78	459.24	2,284.92	266.70	527.28
F.W.Stocklot/Under grades [St]		7.14	1,976.94	484.38	4,764.18
Sub Total	28,008.00	5,003.58	32,156.46	5,054.76	22,336.32
W.O2 [AB]	1,328.64	72.00	594.00		414.00
W.3a [C]	1,494.00	54.00	810.00		504.00
W.3b [TT]	1,909.20	58.02	1,026.42	342.00	1,674.84
W.Htm/3c [T]	2,609.94	251.28	1,376.46	412.98	2,627.46
W.4./Brisure [PBB]	301.26	154.32	570.96	107.40	158.52
F.W.5./Triage [PBB]	288.00	0	1,579.08	36.00	2,134.08
F.W.Stocklot/Under grades [St]					
SUB TOTAL	7,931.04	589.62	5,956.9	898.38	7,512.90
TOTAL	35,939.04	5,593.20	38,113.4	5,953.14	29,849.22
Percentage of Fully Washed Coffee	78%	89%	84%	85%	75%

Source: OCIBU; Calculations – Africa Coffee Academy

7.2 Premium Price

Table 10 below shows the exports by grade volume, value and average unit price for the different grades. Ngoma, AA and A are currently selling as the specialty coffees accounting for 10% of volume and 13% of the value.

Table 10: Coffee Exports in Metric Tons per Grade, Volume and Value 2006/2007

Coffee Grades	Ton	Val US\$	US\$/Kg
Fully Washed Arabica Coffee			
Fw Hg [Ngoma]	3.00	9,523.00	3.17
F.W.Super [AA]	350.22	894,520.16	2.55
F.W.Extra [A]	2,736.78	6,634,604.30	2.42
F.W.H.T./Courant 1 [B]	2,209.56	5,178,346.82	2.34
F.W.Courant 2 [TT]	5,980.44	13,725,990.21	2.30
F.W.4./Brisure [T]	5,764.86	12,718,710.93	2.21
F.W.5./Triage [PBB]	527.28	1,209,741.03	2.29
F.W.Stocklot/Under grades [St]	4,764.18	6,129,949.40	1.29
SUB TOTAL	22,336.32	46,501,385.85	2.08
Semi Washed Arabica Coffee			
W.O2 [AB]	414.00	948,605.48	2.29
W.3a [C]	504.00	1,059,100.23	2.10
W.3b [TT]	1,674.84	3,216,355.96	1.92
W.Htm/3c [T]	2,627.46	4,725,926.55	1.80
F.W.5./Triage [PBB]	158.52	283,921.71	1.79
F.W.Stocklot/Under grades [St]	2,134.08	2,505,676.47	1.17
SUB TOTAL	7,512.90	12,739,586.41	1.70
TOTAL	29,849.22	59,240,972.26	1.98

Source: OCIBU

- Given the above pricing levels for the 3 grades, the opportunity is to improve agronomic practices to increase the percentage volumes of these three grades and also the border grades AB and TT that have potential to climb up in the cup quality. This would triple the volume of the specialty coffee traded and quadruple the value obtained.
- Another opportunity is to have 50% of the 20% semi washed coffees become fully washed thus increasing the volume available of the specialty grade. The infrastructure is there all that is required is effort and rewarding the farmers with the right price for their quality cherries.

7.3 Other Opportunities

- Existence of well-developed coffee infrastructure : washing stations and dry milling capacity to support increased production of high quality coffee
- Liberalization along the coffee value chain, will permit free access to new operators interested in transforming the industry
- Political will exists for the Government to get out of the coffee business

- Enhanced security, peace and stability equal improved opportunities for markets and investors

8.0 Conclusions and the Way Forward

8.1 At the Coffee Production Level

- Producers need to be encouraged to increase production giving them pricing incentives, delivering inputs (like chemical fertilizers or pesticides) and allowing private entrepreneurs to sell these inputs in small shops and with reasonable prices, so that farmers could have access to them more easily and in time.
- The producer price needs to be addressed. Producers must be paid a price that covers their costs and leaves them an amount for their welfare.
- Therefore, it would be logical to link the producer price to the export price. Likewise it is crucial to relate the various stakeholders (processors, millers, exporters) getting paid for their respective services. Similarly, for the state, taxation could be set up at certain rational rate just like those set for other crops and products instead of taking the whole excess or deficit from the coffee sub-sector.

8.2 At the Coffee Processing Level

- Burundi coffee farmers are demanding that they retain control of the country's processing stations, in which the government plans to sell off majority stakes to private investors. The central African government aims to part-privatize 133 stations across the country, hoping to increase farmers' output and earnings but cutting their stakes to 25 percent. However, producers in the northern province of Ngozi, which is a major growing zone, say they have invested too much in the plants to hold a minority stake. "These washing stations are our property," Francois Ntambirakaje, deputy head of Ngozi's farmer association, told Reuters in March, 2010. "We have paid billions of francs to repay a World Bank loan that served for the building of those coffee pulping stations. That is why farmers should have 51 percent and private operators can keep the rest."
- Overall, a coffee producing and marketing chain might need to be a whole structure; it cannot just start at the harvesting stage as it appeared to be. Coffee chain planners have thus to consider seriously agricultural extension services among the priority activities and integrate them with coffee production and quality assessment.

8.3 At the Coffee Milling Level

- Milling activities are run by two mixed firms (80% public and 20% private) and two newly established private mills. Present production (around 20,000 tons) is far lower than the actual reprocessing capacity, which is more than 70,000 tons of green coffee.
- It means that competition may be occurring among coffee reprocessing companies. In order for these mills to be effective, they will need to be well organized and managed. So, like the CWS, an increase in the shares held by private firms is likely to lead to high competitiveness when the state bureaucracy and political constraints are minimized to a greater extent than they are now.