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The Relationship Information Tracking System (RITS): Building Simple Applications to Improve Coffee Traceability, Transparency and Quality

Quarter 4 Activity Report and Year End Review
January 15, 2010



Name of Organization:	Sustainable Harvest
Mailing Address:	P.O. Box 6890, Moshi, Tanzania
Physical Location:	Rose Garden Road, Majengo, Moshi, Tanzania
Phone:	+255 272753619
Fax:	
Email:	sara@sustainableharvest.com
Organization's Contact Person:	Sara Morrocchi
P F Tracking Number:	
Title of Activity:	The Relationship Information Tracking System (RITS): Building Simple Applications to Improve Coffee Traceability, Transparency and Quality
Start Date of Reporting Period:	October 1, 2010
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Objectives

During the months October-December 2010, Sustainable Harvest staff focused on the tasks *Implementation of RITS* and *Test Phase Data Collection* :

- * *Task 1: Implementation of RITS* – During the beginning of the year, Sustainable Harvest will finalize its RITS and iPhone application technology for use at coffee washing stations. The company will then pilot this technology with Kilicafe, monitoring the success and any challenges that might be encountered with cooperative members using cell phone technology, RFID tags, and the new RITS database. In order to implement this technology, Sustainable Harvest will conduct a series of trainings with the cooperative members to insure proper adoption and use.
- * *Task 2: Test Phase Data Collection* – Sustainable Harvest will then work with Kilicafe to track their 2010 harvest using this system. As a result of RITS, Kilicafe will be better able to bulk and sell their specialty quality coffee to roasters at high price premiums, and Sustainable Harvest will be able to better track the impacts of quality improvement programs on overall coffee quality.

Our objectives during the fourth quarter were to:

- Continue effective tracking of farmer group and Kilicafe data in RITS
- Monitor the harvest, especially coffee quality, volumes, and shipments
- Ensure contracts with specialty coffee roasters are fulfilled

Narrative Summary

After September, the coffee harvest in the Northern region of Tanzania slows down, and milling and exporting pick up. In the fourth quarter, Sustainable Harvest shifted its efforts from training at the washing stations to working with Kilicafe's sales team in order to successfully meet customer requirements for fully transparent, high-quality coffee.

In September, Sustainable Harvest signed purchase contracts from Kilicafe for one container of Fair Trade and one container of conventional coffee, nearly 80,000 pounds of green coffee that represent over \$180,000 in revenue for Kilicafe. These shipments will go to Green Mountain Coffee Roasters, the fastest growing specialty coffee company in the United States. The

company needs to meet a rising demand for African coffees, and its new partnership with Kilicafe has the potential to grow into a substantial increase in contracts per year. These first shipments represent a test; Green Mountain will evaluate Kilicafe's performance to make sure the coffee arrives reliably on time, at the agreed-upon quality level, and with transparent information about its origin. The exporting phase is a critical step in a cooperative's success, and Sustainable Harvest worked with Kilicafe management to implement RITS to simplify the process.



COMPETE and Chemonics representatives
visiting a RITS pilot washing station

With RITS, Kilicafe's cupper, Elingara Macha, was able to create a sample in the system, upload his cupping reports directly to the system, and quickly print out shipment labels. That first sample, the pre-shipment sample, was arrived at Sustainable Harvest and Green Mountain offices, where both companies tasted the coffee to make sure it met strict quality standards. Both samples were approved, with an average score of 84.8--well above the minimum approval standard.

As soon as the coffee was approved, it headed to the port at Tanga. Once on the ship, Sustainable Harvest bought the coffee and began tracking the shipment with the internal RITS program. It is scheduled to arrive at Green Mountain's warehouse in February, and our staff expects both containers to be approved by the customer. This successful shipment will lay the groundwork for a strong relationship between Kilicafe and Green Mountain.

To further experiment with RITS usability, Sustainable Harvest has introduced an iPad option to Kilicafe. The iPad is a tablet device similar to the iPhone, in that it has online capability through Tanzania's 3G network, but is a more powerful tool. The director of Kilicafe, Geoffrey Mwangulumbi, now uses the iPad to track the processing and quality of washing stations with RITS. Because of his frequent travel, this is the best tool for him to keep his finger on the pulse of production.



During the export season, Sustainable Harvest also began preparations for training and RITS implementation in 2011. To plan a successful expansion of RITS, we first had to evaluate washing station progress, and users experiences. We decided the most effective way to gather data would be to utilize RITS-users' computer skills and conduct online surveys. After a two-day training session and field visits to troubleshoot and answer questions, washing station managers began administering a survey to each producer who came to the washing station.

Sample RITS User Feedback, December 2010

“My work is much easier and quicker now that I don't have to use lots of books”

“The farmers have much more faith now that they are being paid accurately because we can show them the exact number of kilos they sold in the system”

“Communication between the washing station and Kilicafe headquarters has improved”

“It is really useful to receive information about cupping scores”

At the end of December over 120 people had already participated, giving Sustainable Harvest valuable information about their incomes, family demographics, and perceptions of the coffee industry. In addition, each RITS user completed a survey designed to generate improvements in the system. Sustainable Harvest will use the results of these surveys in the coming months to decide where RITS needs improvements, better target the training program, and which farmers groups would most benefit from using the technology.

Chart 1: Objective, Activity, and Result

Objective	Activity	Result
Continue effective tracking of farmer group and Kilicafe data in RITS	Conduct training on: <ul style="list-style-type: none"> RITS user online evaluation form and community data collection 	<ul style="list-style-type: none"> Washing station managers successfully collected data from 120 producers by the end of December, and 16 RITS users
	Collection, bulking cleaning, sorting, drying, storage of RITS tracked coffee at the dry mill	<ul style="list-style-type: none"> Coffee lots better monitored by both washing station staff and Kilicafe staff
Monitor the harvest, especially coffee quality, volumes, and shipments	Cup coffees with Kilicafe to better understand quality profiles	<ul style="list-style-type: none"> Sustainable Harvest exchanged cupping results with Kilicafe to select lots for export
	Work with developers in USA to track data, troubleshoot problems, and improve the system	<ul style="list-style-type: none"> 53,104 kg of parchment coffee from 1,700 producers successfully tracked in 305 batches as of December 31, 2010
Ensure contracts with specialty coffee roasters are fulfilled	Link input suppliers with producers and link producers with buyers	<ul style="list-style-type: none"> 2 shipments of coffee successfully exported from Tanzania, currently in transit to the US and scheduled to arrive in February, 2011.

Challenges

One challenge of the fourth quarter were the steeply rising coffee market prices. These prices, which are determined at the New York stock exchange, set our direct contract prices and also the prices at the Tanzania National Auction. As the stock exchange price rose to historic highs (\$2.40/lb of arabica coffee), it became more and more difficult for our customers to sign contracts with producers. Because the Tanzanian auction price nearly matched the direct export prices, many producers decided to default on contracts and informal agreements. Luckily, Kilicafe continued to see the benefit of a direct relationship with Green Mountain Coffee Roasters, and their contracts have proceeded as normal.

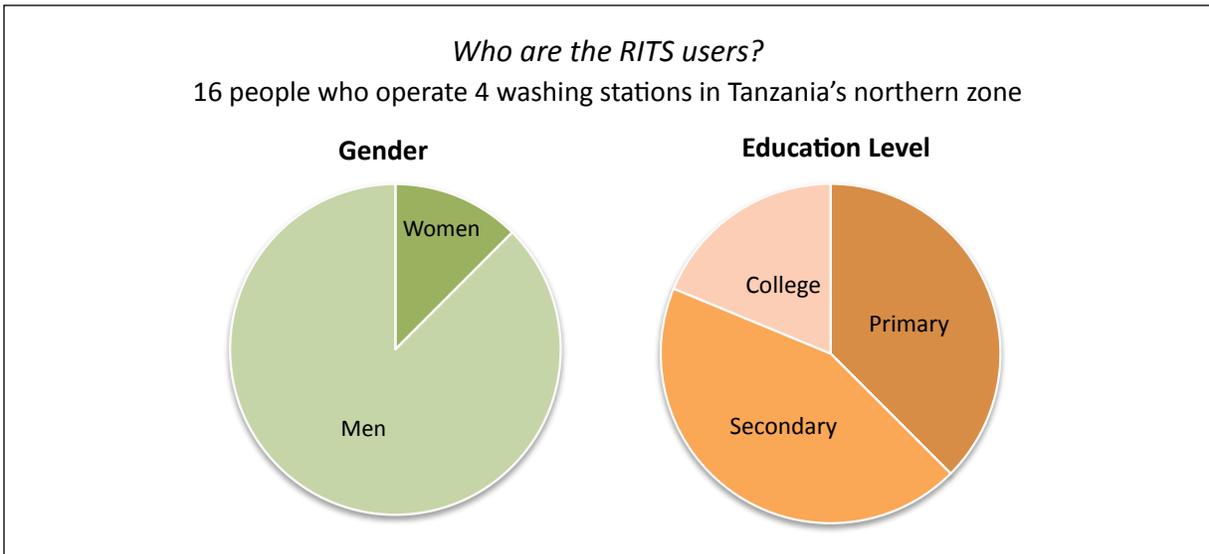
Measuring RITS Impact 2010

The ultimate goal of RITS is to improve the livelihoods of smallholder coffee producers by increasing their cooperative's **efficiency, competitiveness, and transparency**. In December 2010, Sustainable Harvest began measuring the impact of RITS in six key areas. With this data, we can evaluate project impact and design strategic improvements for Year 2. We will continue to track data in 2011 to measure progress. Overall, 2010 showed a clear step forward in creating better business practices for Kilicafe and its Farmer Business Groups.

Training

80% of users had never used a computer before beginning RITS training

100% of users thought the training prepared them well, or very well, to implement RITS



Efficiency

75% of users reported that RITS helped reduce the time to complete a typical transaction

100% of users thought the training prepared them well, or very well, to implement RITS

Accuracy

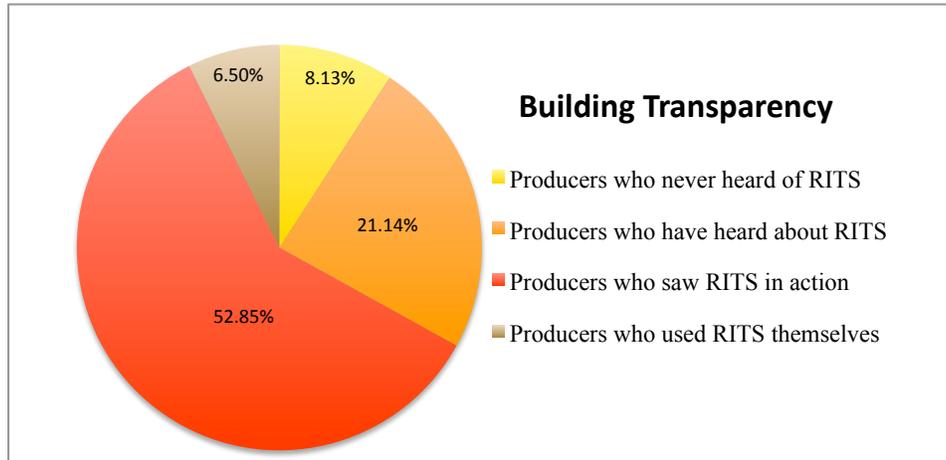
100% of users believe that RITS has reduced errors in keeping track of data

100% of users believe that RITS has helped ensure that farmers are paid accurately

Transparency

80% of producers who deliver coffee to the washing stations have either heard of, seen, or used RITS

90% of producers who deliver coffee believe the washing station pays them accurately



Quality

15 cupping sessions were recorded on RITS to ultimately select the **5** specialty lots for direct export

84.8 was average cupping score of the two lots for direct export

Direct Sales

\$185,207 in revenue for Kilicafe from the sale of 39,600 lbs of green coffee