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# **EVALUATION, RESULTS AND MARKETING STRATEGY FOR THE POTENTIAL OF RWANDA TO CAPTURE A SHARE OF THE AMERICAN SPECIALTY COFFEE MARKET**

**ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE**

December 10, 2001

This publication was produced for review by the United States Agency for International Development. It was prepared by Samuel G. Olivieri for Chemonics International.

## **ADAR RWANDA AGRIBUSINESS DEVELOPMENT ASSISTANCE**

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*Evaluation, Results and Marketing Strategy for the  
potential of Rwanda to capture a share of the American  
Specialty Coffee Market*

by

***Samuel G. Olivieri. Ph.D.***

Submitted December 10, 2001

## Background

USAID PEARL and ADAR projects requested the assistance of a Specialty Coffee Marketing person to undertake a three-week mission to Rwanda to evaluate the potential of this country to enter the American Specialty Coffee Market. I, Samuel Olivieri was selected to conduct the mission based primarily on my 20 years experience in all aspects of the Specialty Market and on relations with Texas A&M University. The mission began on November 5 and was completed on November 23, 2001 according to the Terms of Reference in annex 1 of this report.

The objectives of the mission were defined as follows:

- Survey Rwanda coffee sector for its potential to meet specific market conditions for the American Specialty Coffee Market.
- Develop technical recommendations for quality improvement based on site visits to plantations and washing stations in four zones:
  - Gisenyi
  - Butare
  - Kibuye
  - Cyangugu
- Present Specialty Coffee Market workshops to familiarize Rwandan coffee sector stakeholders with new market opportunities in each of the four zones.
- Develop joint marketing plan with coffee associations and private coffee operators possessing Coffee Washing Stations.

The entire mission was conducted jointly with Dr. Timothy T. Schilling, Texas A&M International Agriculture Development Specialist and Director of the PEARL Project, Mr. Jean Claude Kaysinga, PEARL Outreach Center Development Agronomist and the Production Head at OCIR-Café, Mr. Zachary Manirarora. After considerable briefing, a two-week tour of Rwanda's major coffee zones was conducted where workshops were presented on the American Specialty Coffee Market (annex 2). Plantations and processing centers were also evaluated during this two-week period. Meetings were held with all coffee sector stakeholders including plantation owners, producers, processing center entrepreneurs, mayors, exporters, donors, the Ministry of Agriculture DSRAs and the OCIR-Café, OntheFrontier, ACIDI/VOCA, ISAR, ADAR, ICRAF, the Rwandan Development Bank, UNR Faculty of Agriculture, and the UNR Center for Geographic Information Systems and Remote Sensing.

Finally, a brief summary was presented to most of the above stakeholders on November 21, 2001 (annex 3). The mission was very successful in that interest and excitement in this opportunity were at very high levels among all stakeholders.

This report is brief and is organized by central themes leading to clear actions that this consultant feels must be undertaken in order for Rwanda to enter the American Specialty market.

## **Brief Overview of Rwanda's potential to enter the American Specialty Coffee Market**

Rwanda is fortunate to have all of the agro-ecological conditions required to produce superb quality coffee. Presently, its production is oriented to volume with high concentrations of trees per hectare and with acceptable cup characteristics for the world coffee exchange market. Rwanda, as many other countries, logically followed the strategy of volume production due to the internationalization of the market that was controlled by the ICO "quota system". The standardization of "acceptable quality", as a result of the "quota system" that was imposed for several decades, eliminated incentive for quality. This has been unfortunate and has resulted in the current state of affairs in the Rwanda coffee sector.

Nevertheless, as a result of Rwanda's long history in the production of coffee for this market, Rwanda has several favorable attributes such as a developed coffee sector infrastructure and predominance of old "bourbon" arabicas, already known for their quality characteristics. These attributes have allowed the Rwandan coffee sector to establish itself a valuable segment of the economical infrastructure of the country. In recent years, however, world market prices have plummeted for exchange-grade coffee and prices at the producer level have fallen below production costs. This led to lower maintenance of the smallholder coffee plantations of Rwanda. It's now time to review Rwanda's strategy with a focus on the very lucrative specialty coffee market as a way to increase rural incomes, re-vitalize the entire coffee sector through direct and spill-over economic effects and even assist Rwanda conserve its soils and forests.

The realistic volumes of coffee to be produced and processed from individual "Estates" in Rwanda, specially prepared to reach the high levels of the Specialty Coffee market, is limited to less than one hundred containers a year. Despite the relative small quantity of realistic production levels, net profit of 100 containers ex-dock would already be an annual multi-million dollar industry. In addition, the repercussion or spill-over effect in augmenting coffee quality for the specialty market will benefit the current "volume" exporters, who will continue processing the majority of the coffee produced in the country but will receive better selected coffee, meaning better quality that will receive points above "C" market. Finally and most importantly, the large number of coffee producers, which is approximately 500,000, and their families will benefit from increased income leading to increased economic growth.

In the period of a decade Rwanda could place itself as the finest coffee producer in the world. The governmental and financial policies of privatization, market liberalization and solidification of the democratic institutions create a favorable environment for rapid prosperity among the general population of the country. With the worldwide transformation in the area of ICT, more consumers have the opportunity to learn and select products for their quality. Coffee is not an exception. The high quality coffee, that Rwanda could produce, requires a commitment to improve the complete chain of events from production to processing. To mitigate the impact of the time required to reach this goal, this report will outline a strategy of stepped development.

## **A Stepped Development Strategy for Increased Quality and Marketing**

The general goal of this strategy is to produce around the year 2010 between two and three containers in each Rwandan “Estate” of identifiable origin, a high quality 18+ screened coffee, without cup defect, deserving those premium prices of a specialty coffee. In order to achieve this goal, interested Rwandan coffee stakeholders must carefully engage in the following recommendations:

- ✓ Progressively enter an Estate Production and Marketing approach
- ✓ Target the rapidly growing “sustainable coffee” specialty market
- ✓ Initiate and implement a shade-grown coffee production scheme
- ✓ Establish an US based brokering office

These recommendations, if properly executed will insure Rwanda of a sustainable source of revenue that will become increasingly important as time goes on and quality is improved. The rest of this report will concentrate on how each recommendation can be executed.

### **Estate Production and Marketing**

During the past five years, Specialty Coffee consumers have become increasingly aware and knowledgeable about the role that origin plays in quality and its consistency. The highest prices paid for coffee today are not for country specific production and marketing schemes like “Juan Valdez” Colombia coffee or Guatemala coffee or Kenyan coffee but to Estate coffees like Wallenford Estate Blue Mountain in Jamaica, Mezzana Estate of Venezuela and La Minita Estate in Costa Rica. In fact, the Specialty Coffee market is becoming increasingly similar to the *Appellation Contrôlée* system used in France for wines. French wines in general command a certain price on the market for being produced in France where a long tradition of wine making is known to the consumer. Premiums are paid over that of what the “French label” can bring and even over what the “French regional label”, i.e. Bordeaux, can bring. The highest prices are paid for wines that come from certain estates where quality is known due to that Estate’s reputation that is built on total quality from grape production, through processing and eventually to placing the wine in the bottle at the Estate where it is stored and aged. Price variations are attributable only to production years due to weather conditions.

This is the production and marketing strategy that we are proposing to interested coffee producers, cooperatives and private entrepreneurs in Rwanda. Such a strategy will facilitate the penetration of exclusive markers where individualistic characteristic of certain coffees are appreciated and remunerated accordingly

The key attributes of the Estate Production and Marketing System are based on geographic distinctions in soil, weather patterns, altitude, and other agro-geographic variables. Once general regions are defined through similarity in agro-geographic factors, Estates or Estate zones are defined through production and processing techniques unique to that zone or Estate. The two most important attributes employed at the Estate level are:

- The coffee variety: single, high quality varieties must be used. Several different varieties introduce variability in quality aspects and result in lower priced “blend” coffees. Production systems for the variety including shade coffee are of equal importance.
- Total Quality Management: A rigorous quality control system must be employed from production of the coffee cherry through every single step of processing and finally to the placement of the green coffee into a container for exportation.

## **The Variety**

Approximately 80% of Rwanda’s coffee crop is composed of older “Bourbon” arabica varieties like the BMs and Jackson. Research performed by ISAR and funded by OCIR-Café during the past 10 years has led to the development of high yielding, early bearing, dwarf varieties from a South American gene pool. In addition, recent releases of “POP”, a selection from the Blue Mountain variety and “Harrar”, a known, quality Ethiopian variety have also begun diffusion stages.

The good news is that most of Rwanda’s coffee crop is already planted in high quality varieties, albeit old plantations. The bad news is that few producers can tell you what variety they have been planted. On the other hand, almost all producers can confirm the age of their plantations, a factor that may aid by association, to increase quality.

If the varieties cannot be identified and processed separately, this will lead inevitably to a coffee product that is already “blended” before its even sold. As a result, intrinsic genetic factors will produce undesirable variability that will degrade the final quality of the product.

Grain size, sweetness, mellowness, color, flavor and aroma are all predominately genetically controlled factors and are intensified with solid agro-ecological practices. These factors, if not considered carefully, lend variability in the processing stages like fermentation, drying, and roasting ultimately leading to non-uniformity and thus reducing quality.

The ideal situation is to process a single variety possessing high cup quality characteristics, the new varieties, Pop and Harrar, would be excellent choices. Something close to this can nevertheless be achieved with the current system through carefully controlled production organization. In Maraba, for example, only “certified” growers are being allowed to enter the Specialty Coffee production scheme. These growers have followed the agronomic practices, recommended by the extension agents, which are known to have positive results on quality. The producers have all been geo-positioned and their position has been linked to a database on their production. As a result, the manner in which cherry purchasing is organized will be dictated through a spatial analysis of the producers. On Monday for example, producers A, B, C, etc. will harvest and bring cherries for purchase and processing from some specific trees (by age), Tuesday will be producers X, Y, Z, will collect from trees of a different age (hopefully a different variety), and so on. In this way it is possible to coordinate daily harvest and processing with the age of the plantations. Since age of the plantation is correlated to variety diffusion, a means to identify and

separate varieties can be performed. The main concern will be to avoid mixing a “new” variety, like Catuai, with the old bourbons. Most bourbons possess a very similar genetic background and although could not be sold as a single variety, they could be sold as “bourbons” which is a known quality factor that is already appreciated by connoisseurs.

## **Total Quality Management**

Quality is the critical issue to reach the high profitability levels of the Specialty Market and that quality must be matched with the commitment for continuity to achieve long-term commercial relationships in the coffee business. Quality in coffee is the accumulation of mistakes, or lack of them; that finally will be manifested in the final beverage.

During annual crop collection full attention must be given to quality control on all aspects of the process. It is important to mention that processing time (especially fermentation) is a 24 hour-a-day job and daylight time is basically used in the activity of collecting cherries and depulping. This implies total dedication to the process and a lot of hard work. During my three weeks in Rwanda, I can say that there should be no problem in meeting these requirements. Hard work and dedication was what I saw and confirmed wherever I went.

Processing centers where coffee is depulped, fermented, washed, dried, stored, dehulled and put into sacs are much more like kitchens than laboratories. Following a recipe of a famous French chef will not lead to the taste of the meal prepared by the French chef nor to the price he receives for it. Experience is key to success. Coffee meriting the Specialty designation is not achieved through following one step-by-step process. It’s an accumulation of “lack of errors” in the processing, a process requiring experience.

Quality control begins with the selection of cherries to be picked based on the model presented above (Maraba), in which the coffee cherries are picked accordingly with the previous established associated variables assuring complete Bourbon separation. Damaged, deformed or inconsistent cherries must be separated to avoid undesirable taste. This step requires increased labor but allows the process to begin with the best possible chance at succeeding in the end. You cannot create quality through a process but you can certainly enhance it; quality is intrinsic to the coffee bean itself and everything that has gone into making it. Quality is preserved and allowed to express itself through and even in spite of the process. The process doesn’t make the quality.

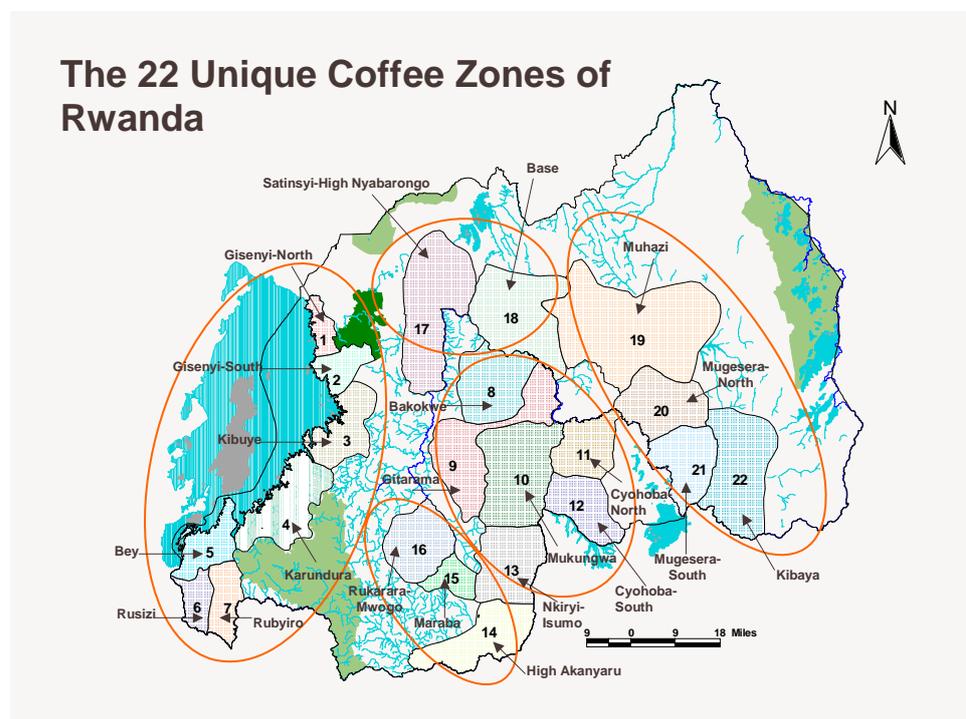
Equal amounts of care must be taken through all the other processing steps. Density grading must be conducted where low-density beans are separated from the high-density beans. The denser the grain, the more it will be able to express its flavor potential and meet requirements of roasters. There are several methods to separate on density and most are acceptable, the point here is that it is carried out to the highest level.

Once the depulped coffee is separated by density, the coffee is fermented. This process is very tricky and requires experience. Under-fermentation and over-



From these five regions, twenty-two sections or “Estates” were preliminarily selected. Even so, it is an empirical selection, several professionals were consulted to develop an “educated” association of general variables such as: Ecological and agronomic conditions, geology, meteorology (with a little more emphasis in hydrology), acceptance of change in the population, transportation logistics and sources of energy among others.

Still further GIS analysis will be required to specifically identify those unique quadrants that deserve to be classified as “Estate coffee of origin designation” to be presented in the near future to the specialty markets of the US, Asia and Europe. The use of this tool will guarantee the ability to capture, manipulate and validate data to produce relevant information and scenarios to help the decision-making process in producing and marketing the different Rwandan Estate coffees.



**Figure 2. Five regions and 22 Estate Zones for Coffee Production in Rwanda**

### Target the “Sustainable” Coffee Market

Happy growers, healthy trees, clean environment and satisfied consumers are the basics of sustainability. Sustainable coffee production will expand the longevity of the Rwanda’s coffee industry as a business but it will be also a primordial factor in the development of parallel industries. Notwithstanding canopy habitat, Rwanda has absolutely all conditions to produce one of the finest, if not the finest, “sustainable” coffee in the world.

The need to improve conditions of our forests on a world level is obvious. From data and images collected by space located instruments and academic literature recently (and not that recently) published, everything points to the need for reforestation on a

planetary level. When the First Sustainable Coffee Congress was held in 1996 at the Smithsonian Migratory Bird Center, in Washington DC, (and subsequently the Proceedings publication in 1997), it was a confirmation of the universal concern regarding the repercussion of deforestation in the natural patterns of the Earth. Soon after, the Specialty Coffee Association of America Board of Directors appointed a Sustainable Coffee Criteria Group that presented a Statement of Understanding signed on September 11, 1997 in Denver Colorado. (Annex 4)

Robert Rice (1996) in his *Coffee Conservation & Commerce in the Western Hemisphere* (ISBN 1-881230-04-X) eloquently and accurately expounded the importance of diversified foliage coverage as an intrinsic element in the balance between flora and fauna. All this information and media thrust has a realistic impact in the decision-making process of the general coffee consumer.

Although there is no single definition of “sustainable” coffee per se, the market shows that the American consumer is prepared to pay a premium of \$0.60 per pound (see annex 2) for “sustainable coffees” over that of the already good price received for specialty coffee. What the consumer is paying for is his and her “moral values”. They care about the environment and they care about poverty. As such, coffees that are certified to be organic, shade grown, bird friendly and fair trade are able to collect an additional premium as a way for the consumer to do his or her small part to make the world a better place. In addition, a recent survey (see annex 2) of specialty coffee merchants shows that the niche market of sustainable coffees, which is only between 3%-7% of the specialty market, is increasing at a rapid pace. Merchants reported that their sustainable coffee sales increased 35% from 1999 to 2000. Because the Rwanda coffee sector is comprised of almost all small holders, Rwanda has an opportunity to meet the fair trade certification and should aim at this objective. Fair-trade could be accomplished in a most transparent manner if a strategy through the introduction of our growers to the consumers directly. Several strategies and methodologies need to be developed specifically for Rwanda's coffee, taking into consideration the different stages of development and the time to achieve specific goals of quality. The PEARL project is currently working on CD ROM video clips showing the growers, their families, schools, hospitals, and the process of coffee farming and processing in Maraba. This is an excellent first step in the creation of a useful marketing tool. In addition, PEARL is assisting the association revise the legal status of the association into a cooperative with articles showing how profits are shared among producers, the community and employees of the station. This will greatly facilitate the certification for Fair Trade coffee. This will allow consumers, themselves, to evaluate Fair Trade coffee.

Furthermore, Rwanda has the potential for shade-grown coffee of unique cup characteristics, and should establish a system that allows interested producers an opportunity to benefit from the economic and environmental benefits of shade as will be discussed in the following section. This will add increased value as qualifying for both shade grown and bird friendly coffee.

In terms of organic potential, the fact is that the majority of the coffee produced in the world is organic by default because small producers do not have the means of acquiring chemical products. Organic Coffees, in my personal opinion, lack the

ethical values to justify increased prices to the final un-informed consumer. Organic Certification is currently an unfair system that discriminates on the basis of the ability to pay for the service of acquiring it. This consultant recommends that emphasis is placed the realistic production of Fair Trade, Shade-grown and Bird Friendly, or in one word “sustainable coffee”, that allows premiums to be achieved without costly annual fees for certification and minimizes risk for quality production.

## **Initiate and implement a shade-grown coffee production scheme**

Current market trends show that the best-paid coffees are those produced under shaded conditions. In the relatively short time of a decade, Rwanda will be able to establish several high economic production entities which will maximize their profitability through the pursuit of shaded coffee systems.

Shade coffee systems typically rely on much lower chemical inputs, than industrial plantations. This is because planting coffee among natural vegetation, or among trees strategically planted for shade can reduce susceptibility to pests. Depending upon the species chosen, the tree crop can produce additional sources of revenue, i.e. fruit trees, medicinal trees, etc. In addition, they supply the coffee plantation with natural mulch reducing labor and green manure material that is now used for coffee but could be better used for the food crops, especially in Rwanda where green manure is sold a premium prices.

In Rwanda it is possible to achieve a “Sustainable” production in the next 10 years. Quality improvement, the initiation of the basic steps toward sustainability, and the establishment of the marketing infrastructure are intrinsically interrelated and must be handled simultaneously.

The immediate implementation of GIS capability as previously expressed is of paramount importance. These 22 “Estate Candidates” must be ratified after exhaustive analysis to cover the basic three cornerstones of sustainability: economically feasible, socially beneficial and ecologically sound. Many decisions are being made in many areas of the country inside and outside of the coffee sector without previous sustainable impact analysis. Taking into consideration that one of the cornerstones of sustainability is sound ecological principals using reforestation with native or other socio-agro economic introduced species is a given.

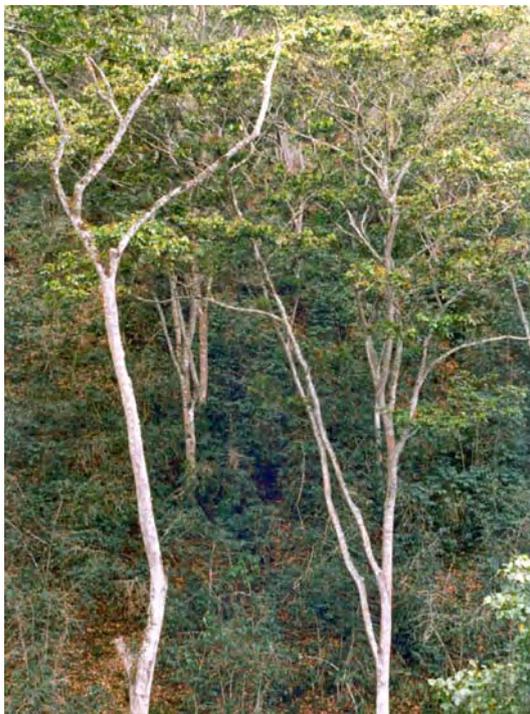
Coordination with the GIS center and the ICRAF has been established during my visit to generate the holistic approach to successfully implement a ecologically sound reforestation program for shade around the coffee belt. ISAR, ICRAF, PEARL are providing valuable information and experience for the creation of scenarios using 11 different species of trees for shade. In addition, the use of GIS/GPS technologies and other in-situ identification tools could result in efficient methods of controlling, if not eradicating, some of the coffee pests today present in Rwanda.

The International Center for Research in Agro forestry, ICRAF diligently prepared, during this visit, a preliminary budget and schedule of activities to produce two million trees specifically selected to provide shade to coffee into an scheme of sustainability in a period of 18 month.

Using the pre-selected 11 species, (as determined in discussions and field visits with ISAR and ICRAF) and possible consideration of introducing several other species for their specific beneficial characteristics, it will be possible to initiate nurseries to produce young trees costing between 15 to 30 cents of US dollar delivered to final planting site. Assuming that the strategy to develop “Estate coffees” is accepted, due to its marketing advantages over “Country Productions” and the obvious phytosanitary benefit of variety diversification and elimination of mono cultivation; a GIS monitored program should be initiated to implement a step-by-step agro development design.

The first step will be to identify and geo-locate among the 22 original pre-selected “estates”. Those parcels where coordination in population pressure, immediate food production considerations and required coffee agro-conditions could be combined, to allow the implementation of the long term strategy. Technically, this strategy, (with flexibility to adjust to changing situations) is based on the introduction of fast growing shade for primary coverage (three to four years). Simultaneously other species of secondary, higher canopy coverage will be strategically planted to achieve full shade in a period of 10 to 15 years.

The scheme requires a grid approach, in which trees will be strategically placed to obtain as a final canopy coverage in the long run a 20 x 20 meters of separation coverage of stratified canopy. (25 shade-trees/ha).



**Figure 3. Shaded-coffee system in Venezuela**

The introduction, management, replacement, inter-planting or any other strategy for the coffee trees selected for its positive effect in the cup and solid environmental benefits will be conducted in collaboration with the National University of Rwanda, GIS Center and the Rwanda Agricultural Research Institute (ISAR/ICRAF).

A basic initial approach of a 6 x 6 meters (277 coffee plants/ha) could be applicable to allow intercropping (with food crops), for areas of high population pressure. In three to four years, with the initial production of the coffee trees to compensate or improve household income and the primary shade layer established, another row of the same variety of coffee will be planted, increasing the plantation density to 6 x 3 (555 coffee plants/ha).

Three years later the final planting will occur, reaching the maximum density technically recommended for shade growth coffee of 900 to 1000 trees/ha.

As expressed above, GIS can manage the 22 regions or Estates for greater quality control. Research can be conducted simultaneously to quantify “that ancient methodology of processing those special coffees” with the newest GIS/GPS and other monitoring technologies applied specifically to the Rwanda uniqueness. In relation with the shade management suggested to be implemented with the GIS, this tool will be used to simulate, test and present a feasible “man - controlled / artificial process” of succession and soil protection / recuperation in the coffee belt (1500-1800 m).

As mentioned above, with the eleven shade foliage species identified in the country, it is possible to produce with the Department of Forestry of the National University of Rwanda, 2,000,000 trees in a period of 18 months with a cost of between 0.15 - 0.30 US dollar per tree. (Zaongo. 2001)

Due to the lack of time and the pressure to improve living standards among the population of Rwanda, immediate practical solutions are to be demonstrated in actual productions conditions. A realistic monetary reward, product of their labor, must be received with the sale of their first container to generate the momentum necessary to achieve sustainability in the coffee sector in the next decade.



**Figure 4. Maraba Coffee Washing Station**

At this time, there is one single option to improve quality. The 2002 crop needs to begin being collected in the next 45 to 60 days and it will last to the end of May/June. During this period, a direct supervision and hands-on training in processing must be conducted.

A washing station was selected as a pilot site within the community of Maraba in the province of

Butare.

### **Establish a U.S. Based Brokering Office**

It is recommended to establish an office in the US to specifically design and coordinate all aspects of a successful sales campaign for all “Specialty” coffees from Rwanda. The initial offering in the coming harvest is an unknown entity. Assuming the processing equipment and other quality control issues are met and the production is "Specialty" quality; this will be the first of 22 potential candidates for the "Gourmet" market. Rwanda currently is not well known in the "Gourmet" market.

Specialty coffee consumers are generally an educated and savvy group that over the past few years have been introduced to the concept of sustainability and “Fair Trade”

coffee. Ecological benefit is part of the foundation of the work being done in Rwanda and this point needs to be a primary focus for promotion.

The objective of this US sales office will be to introduce Rwanda and inform "Specialty coffee" consumers of the work being done. Information creates the interest and excitement needed to generate economic follow-through and therefore support for the efforts of the project. Appealing to both commercial buyers and the consuming public are equally important.

The development of logos, packaging, trade magazine and other print ads, trade-show presentations, handout materials (i.e.; brochures, mugs, posters, etc.), special appearances, roaster promotions, as well as, development of databases of prospects and customers, website design and management; sales planning and logistics would be part of the responsibilities of the agency.

This office would also be Rwanda's representative center for trade association memberships; such as, the Specialty Coffee Association of America (SCAA), the Coffee Trade Federation (CTF) of Europe, etc. Experience has shown that coffee roasters of all levels of volume have demonstrated the greatest willingness to pay premium prices when there is an organized advertising plan/materials provided.

Trade-show representation and association membership is crucial to establish credibility. Coffee Fest 2002 has three exhibitions planned for 2002: March 1,2,3 in Las Vegas; June 7,8,9 in Atlantic City; and November 8,9,10 in Seattle. The Coffee International Conference and Exhibition produced in conjunction with the Coffee Trade Federation (Europe) will convene it's annual proceedings in London, October 10-12, 2002. The annual Specialty Coffee Association of America will have their annual convention May 3,4,5,6 in Long Beach, California, and this is the most important of the five trade shows proposed for participation in 2002. The representation of Rwanda through an exhibit booth at trade association functions is a crucial element in the overall establishment of Rwanda as a presence in the Specialty Trade.

The marketing work conducted in the U.S. during the summer and fall months would be conducted with the ISAR coffee program chief and UNR Faculty of Agriculture Agribusiness professor, who are both located at Texas A&M University in the Agribusiness Master's Program. The following illustrative budget is presented to show the costs associated with the establishment of the "office". A 25% time scheme is proposed for consultant time including two visits to Rwanda and marketing work in the U.S. for 2002. In 2003, other "estates" in Rwanda may indeed be able to produce specialty coffee and the U.S. based office would then enter into brokerage negotiations with those estates and the Maraba estate. This is being proposed to "jump start" Rwanda's entry into the American market. Assuming increasing quality coffee production in all estates, profits generated should be able to support continued brokering. A major difference between 2002 (the "pilot" year) and 2003 will be the entry into the smaller network of "Specially Different" clientele, through breaking containers into small lots for direct sale to small roasters and buyers. This market promises the greatest profit levels. All this however, is based upon moderate quality success in 2002 and in the trust and ability of the Rwanda producers to guarantee

quality, quantity, and consistency. If any of those points are ever not respected, the clientele base will be lost and further opportunities will be difficult.

### **Proposed budget.**

<b>Costs/cat</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>2002 Ttls.</b>
Administra	\$338.00	\$1,144.00	\$546.00	\$546.00	\$2,574.00
admin.eqp	\$1,500.00				\$1,500.00
Salary/AO	\$4,600.00	\$8,800.00	\$4,200.00	\$5,000.00	\$22,600.00
Salary/+	\$324.00	\$648.00	\$432.00	\$900.00	\$2,304.00
travel	\$500.00	\$2,400.00	\$500.00	\$2,000.00	\$5,400.00
hotels/2	\$750.00	\$1,500.00	\$750.00	\$1,500.00	\$4,500.00
Prom.Equip.	\$2,650.00	\$600.00	\$500.00	\$600.00	\$4,350.00
Magazines	\$725.00	\$1,375.00	\$2,025.00	\$1,375.00	\$5,500.00
Fees/svcs	\$1,475.00	\$1,775.00	\$1,475.00	\$4,250.00	\$8,975.00
Web svcs	\$375.00	\$375.00	\$375.00	\$375.00	\$1,500.00
					\$59,203.00

### **Plan of Work**

#### **PEARL Butare - Maraba Estate**

Maraba, as a pilot-site represents a marketing test that; if successful, will bring a margin of profitability that by-itself will be an excellent motivation to stimulate quality over volume and increase the level of interest and participation in a number of other possible areas.

The goal is to produce the best possible quality coffee Maraba can produce in 2002. Several steps are being taken to assure maximizing the quality control by the PEARL project personnel and a well-organized growers association.

Quality depends directly on the amount of care provided to the coffee beans during the different stages of the “beneficio” processing. The Maraba community is committed to process 100 tons of “pergamino” coffee to be transformed into a minimum of 17 tons of 18+ screen, single variety, properly fermented and fully washed green beans from the old existing stands of the coffee bushes of the region (5 kilometer radius from the washing station).

The biggest risk for this year lies in the current inability to de-hull and polish the parchment on-site. The physical separation of the coffee during beneficio processing from the caretakers has shown to be a predictable weakness and point of breakdown in the sequence of quality control. Therefore we strongly recommend the acquisition of a de-huller /polisher (Annex 5)

If the community of Maraba will accomplishes the feat of closing the door of the “First” container that will take their coffee, their faith and their hope to an

international market in April or May... Then “The first step to the Rwanda the example to follow” has been accomplished.

**Current Work being done:** (December 2001 through February 2001)

- Water reservoir collection system repair and construction of new reservoir higher in the creek
- Construction of Cherry flotation and soaking tank
- Construction of new fermentation tanks and implementation of spring water use with the new reservoir
- New drying tables in the lower location and construction of the accessibility road
- Receiving, weighing, and “pergamino” (parchment) storage stations
- Line of credit with the Banque Rwandaise de Developpement (B.R.D.) or Banque Populaire to finance crop collection, processing and transportation to ex-dock US Market
- Detailed extension program to effectively communicate with certified producers the schedule for collecting ripe healthy coffee berries from selected trees in specific days that will be paid with a premium.

**Work that needs to be done:** Before Feb. 2002

- Acquisition of huller / polisher
- February 2002 on-site training of fermentation process for gourmet quality coffee
- Authorization from USAID, MSU, TAMU and PEARL to use their names in marketing
- GIS upgrading for watershed management, scenario building capabilities, collection progress, monitoring of “Rust” and “Bruchid” distribution and control strategies, scheduled of activities, etc.
- Strategic pruning program taking into consideration socio-economical impacts in small land holders.
- Reforestation program; 11 species (20X20 shade) trying to develop a successional process in the forestry of the region, nurseries for propagation of both shade foliage and the varieties of coffee to be introduced. (see annex 6 ) *photos of tree species in Rwanda appropriate for shade coffee*
- Survey the 22 areas of production (each is to be between 2-3,000 hectares of coffee trees) and allocate more specific boundaries with the GIS for greater quality control and follow up.
- Plan the implementation strategy for shade-coffee: improvement, transformation, replacement and / or introduction (tentative model is 1st year 6X6, 3rd year 6X3 and 6th year 3X3)
- Continuity in Estate Production and in Marketing introduction with participation in Coffee shows, Professional conferences, environmental forums and personal visits to customers.
- Establish US based marketing office, sale of the first container and possible breaking a second if quality is obtained in the 2002 crop.

The goal of this strategy is to produce around the year 2010 between two and three containers in each Rwanda "Estate". If twenty of those Estates will produce two containers of the "Rwanda quality" we can produce in a given year, (quality equal or better of that of the Wallenford Estate, Jamaica Blue Mountain). That will represent one and half million pounds. If sold at 2001 prices of the Wallenford Estate it will produce a gross revenue of eighteen million US dollars for 40 containers of "Rwanda Estate Coffees".

# **ANNEX 1. Scope of Work**

## **ANNEX 2.**

# **Specialty Coffee Market Presentation**

## **ANNEX 3.**

# **Final Presentation of Results and Recommendations**

## **ANNEX 4.**

# **SCAA Official Statement on Sustainable Coffee**

## **ANNEX 5.**

# **Dehuller and Polisher Information and Proforma Invoice**

## **ANNEX 6.**

### **Rwandan native shade-tree species identified**