



Fairtrade Foundation Producer Profile

Abahuzamugambi Coffee Farmers' Co-operative, Rwanda

Background

Abahuzamugambi co-operative was founded by 300 smallholders after the 1994 war and genocide in an attempt to improve their economic situation. It is located in Maraba, one of the poorest districts of Rwanda, where many households are headed by widows or children orphaned by AIDS or the genocide. The members are subsistence farmers who rely on coffee for 70% of their cash income to pay for basic necessities such as food and clothing¹.

The low coffee prices of the past six years have left coffee farmers in the area in desperate poverty or destitution. But membership of the co-op, external support and the slow improvement in prices has encouraged Abahuzamugambi members to improve their agricultural practices and farm management. Members are proud that their coffee took 1st place at the Rwanda cupping competition 2003. Having secured sales to the UK Fairtrade market and US speciality coffee market, the co-operative is optimistic that it can achieve sustainable incomes from coffee sales and expand its commercial activities. Once on a sound economic footing, it envisages strengthening the organisation by increasing membership and has helped organise 26 small farmers' associations in the district.

The co-operative now has 450 members of which 280 are women, half of them widows. The majority of farms are less than 2 hectares in size (5 acres) and produce up to 300kg of coffee a year, intercropped with vegetables and other crops. The co-operative employs eight permanent staff plus 50 seasonal workers during the harvest season. Meetings of members are held monthly, with four general assemblies each year.

Fairtrade

Abahuzamugambi, whose name translates as 'those who have common goals', was Fairtrade certified in October 2002. It receives the Fairtrade minimum price of 126 cents/lb for its arabica coffee; this includes a premium of 5 cents/lb which is reserved for business and social development programmes. In 2003, sales to local buyers achieved around 50 cents/kg. The extra income from the Fairtrade sales is currently paid to farmers as a cash payment to boost their incomes. Their coffee is marketed in the UK by Union Coffee Roasters under the Maraba brand and is available from Sainsbury's and independent stores.

Production

2003: total 59 tonnes of coffee; 54 tonnes exportable quality, 3 tonnes for local market

Main buyers: Union Coffee Roasters (Fairtrade, UK), Community Coffee (US speciality market)

The co-op has received grant aid from various sources. Some farmers were also members of AVEGA, a widows' association, which led to the involvement of Comic Relief. Since 2002 the co-op has received support from the Pearl Project² which organised quality improvement programmes and financed the construction of a modern coffee washing station where the ripe coffee cherries are washed, pulped, fermented and sorted, adding substantial value to the crop; offices have been built with a separate loan and a plot of land has been purchased for proposed future expansion. Infrastructure improvements are still

¹ Download the VSO report 'Coffee, Fairtrade and Rwanda' at www.vso.org.uk/thecoffeeproject.

² PEARL: Partnerships to Enhance Agriculture in Rwanda. Project led by Michigan State University, funded primarily by USAID, to maintain coffee quality and improve access to markets.

needed – the transport of coffee from collection sites to the washing station is a problem during the rainy season when the access road becomes unusable. The majority of board members have limited education and cannot read or write and Pearl is helping with co-operative management, accounts procedures and business plans.

Coffee in Rwanda

Classified by the World Bank as a low income, highly indebted country, Rwanda is one of the poorest countries in the world. In 2003 the gross national income per capita (population 8.3 million) was just \$220 compared to \$28,350 in the UK³.

Until the mid-1990s, Rwanda was a middle-ranking coffee exporting country. In the 1980s its annual exports of 25,000-40,000 tonnes of green coffee contributed \$45m-\$140m to the economy and accounted for around 60% of total exports. As the major agricultural export, coffee was also the main source of revenue for the rural population of the country. Coffee cultivation involves 400,000 families and covers around 31,000 hectares⁴ (76,000 acres).

Revenues would have been considerably higher had Rwandan coffee, with the exception of some heirloom varieties, not been price-penalised on world markets; despite near perfect growing conditions its coffee had a justified reputation for poor quality and was mainly destined for the low-grade instant coffee market.

The war and genocide of 1994 hit the coffee industry hard, production dropped by 55% to around 15,000 tonnes accompanied by a further fall in quality. The coffee sector is now in serious crisis with the value of coffee exports falling to \$15m in 2003, contributing just 23% of total export earnings.

Many factors contribute to the spiralling low quality-low quantity cycle that the coffee sector has become caught in:

- production is mainly by small-scale subsistence farmers who lack agricultural support and expertise
- many coffee farms were abandoned after the war
- soil fertility has declined; traditional varieties of coffee trees are low-yield and a high proportion are ageing and need to be replaced
- there is a lack of washing stations and effective quality control to produce good quality processed green beans
- there is no financial incentive in the marketing system to improve quality as local traders pay a flat rate regardless
- growers are marginalised – with no tradition of forming co-operatives or associations they don't participate in decision-making processes in the sector
- disastrously low world prices since the late 1990s mean farmers have fewer financial resources and less incentive to maintain their coffee trees.

The government has developed an agricultural sector strategy with the objective of increasing rural incomes, enhancing food security, and converting agriculture into a viable sector by moving away from subsistence to a market-based activity.

In the coffee sector, the government⁵ is supporting Vision 2020. This long-term strategy, established in 1998, aims to involve the public and private sectors in the transformation of the Rwandan coffee industry to make it competitive in the international market. Its objectives are to substantially improve coffee quality, identify and develop niche markets for the highest quality coffee, promote land reform, increase the construction of washing stations, revise legislation to attract foreign investment, encourage co-operation among operators in the sector, and import technical expertise from neighbouring countries such as Kenya.

³ 2003, World Bank Development Data.

⁴ Embassy of Rwanda UK, www.ambarwanda.org.uk.

⁵ Embassy of Rwanda UK, www.ambarwanda.org.uk.

