THE SUPPORT OF THE TRADE FOR DEVELOPMENT CENTRE TO COFFEE COOPERATIVES IN BURUNDI

BTC TRADE FOR DEVELOPMENT

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RECENT EVOLUTION OF THE COFFEE SECTOR IN BURUNDI

The coffee sector is a major economic player since it generates more than half of Burundi's export revenues. However, the ongoing privatisation process may endanger food security of many farmers.

As a reaction, coffee growers have joined forces in cooperatives and built their own washing stations.

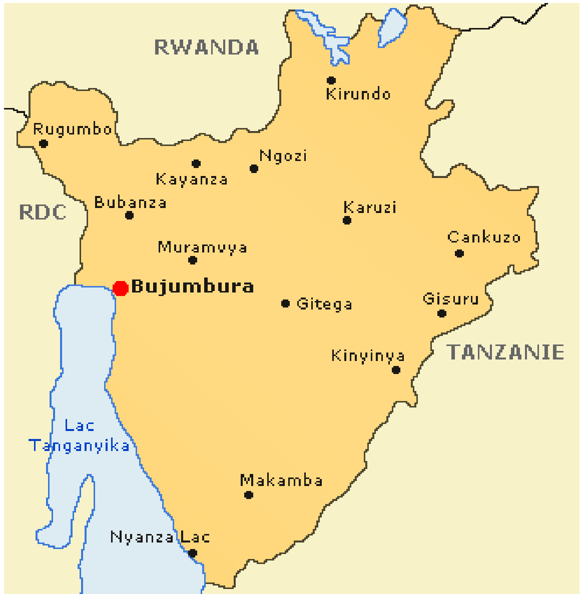
01

COFFEE IN BURUNDI

One of the poorest countries in the world.

Politically stable since the 2010 elections, Burundi – a small Central African country of 27 27,834 km² and 8.6 million inhabitants (340 inhabitants/km²) – is one of the poorest countries in the world.

Burundi is 178th out of 186 on the HDI ranking. 66% of the population lives below the poverty threshold and 60% is chronically mal-nourished.



Source : /www.le-voyage-autrement.com/destinations/burundi/

Missionaries' coffee

The coffee culture was introduced to Burundi by Catholic missionaries in 1903 and is now very important for the economy of Burundi.

It is the main source of revenue for almost **750,000 families**, i.e. 55% of the population, and – depending on the year – generates **50 to 85% of exports** revenues. The best coffee grows in the north on the hills of the Ngozi and Kayanza provinces.

As in Rwanda, primarily the "Bourbon" variety is planted there at high-altitude – from 1650 to 1950 metres – in very fertile volcanic soils. It fosters high-quality mild arabica coffee.

Parcels – approximately 12 areas per family – are very small and on average have 200 coffee trees combined with livestock and other cultures such as bananas, beans or cassava.

Burundi chiefly exports washed and fully washed coffee* and a small quantity of specialty coffee (Fairtrade, organic…).

* Depulping is done with a machine. The fruit ends up in barrels filled with water which facilitate fermentation and removal of the sediments.

A SECTOR GOING THROUGH A CRISIS

After independence in 1962 the coffee value chain was completely controlled by the State which managed everything from production to processing and commercialisation through SOGESTALs, the washing stations management societies. Growers sold their coffee to one of the 133 SOGESTALs at a price set by the government. .

In the 1990s, the coffee sector went through a **major cris**is, caused by insecurity in the country, abnormal cycles (good years followed by weak ones), ageing plantations, a drop in global prices and low State-set prices received by the growers.

Growers were discouraged but could not destroy their coffee plants following a prohibition to do so imposed by the State, but nevertheless neglected their plantations and turned to producing more food crops and the beer banana, which generated more revenue.

The situation was such that all stakeholders, **including the producers, agreed to privatise the value chain,** at least partially. But the civil war, which erupted in 2003, blocked that process until 2008, when the World Bank made its financial support (corresponding to 51% of the State budget in 2009) dependent upon the privatisation of the coffee value chain.

depulping machine © Counter Culture Coffee

CONTROVERSIAL PRIVATISATION

The strategy adopted in 2008 was not accepted unanimously at all. It was based on two main lines of action:

- The State sold assets it held in the value chain, i.e. 133 washing stations and 2 coffee dehusking* and processing mills, to primarily foreign private operators, which – according to the World Bank – were the only ones to provide the necessary capital and competence to get the derailed value chain back on track.
- Putting up a new institutional and regulatory framework for the value chain. The former Coffee Board of Burundi (OCIBU) was replaced by the Regulatory Authority of the Burundi Coffee Sector (ARFIC) and InterCafé, which brings together the main sector stakeholders.

The procedure in fact excluded the coffee growers since potential buyers needed banking assets of a million dollars over at least the last three years. Given the circumstances, producers were unable to purchase washing stations which cost **from USD 60,000 to 150,000**.
Yet, coffee growers, united within the CNAC (National Confederation of Coffee Growers Associations – see box), claimed at least 50% of the stakes in washing stations. After all, for more than 20 years, a fee of 60 FBu/kg of cherry coffee was demanded from every producer to pay for debts incurred by the State in the 1980s, when the washing stations were built.**

* During dehusking, the coffee beans are freed of their last protective envelope, the husk. Depulping, at an earlier stage, rids the coffee bean of its fruit pulp. Dehusking produces green coffee, which is sorted and exported to coffee-roasting houses abroad.

**Support request file submitted by CNAC with the Trade for Development Centre in 2012.

CNAC

National Confederation of Coffee Growers Associations

CNAC was established in 2004 and has 130,000 members. It represents the coffee producers and defends their interests (prices paid, commercialisation, etc.) with the various decision-making instances, in particular pertaining to the State's disengagement from the coffee value chain.

It also develops social partnerships, and shares and transfers technologies between coffee growers associations and cooperatives in Burundi and abroad.

CNAC is supported by two local NGOs, Inades and Adisco, as well as by Belgium's King Baudouin Foundation and Solidarité socialiste, and Geneva-based IRED.

www.cnacburundi.org

Falling prices and falling production

For Joseph Ntirabampa, CNAC's president, privatisation only had a negative impact: the dehusking business reaps the benefits at the expense of the coffee growers who saw prices drop.*

"We are making a loss. In 2012, I received 460 Burundi francs (FBU) per kilo of cherry coffee (0.25 euro), but to be profitable the price should be **1000 FBU per kilo**."** So, it is obvious that many coffee growers find food crops like beans more interesting as in 2013 a kilo of beans sold for more than **1500 FBU per kil**o.

Photograph caption: A coffee washing station © Counter Culture Coffee

* Philippe Ngendakumana, Privatisation de la filière café un bilan mitigé, IWACU, 28 septembre 2014. http://www.iwacu-burundi.org/privatisation-de-la-filiere-cafe-un-bilan-mitige
** Matthieu Millecamps, Les paysans burundais confrontés à la privatisation de la filière café, Rfi, 25 août 2013

The conditions of this privatisation were in fact scandalous because coffee growers were unable to rebuy the assets which they depend on for processing coffee beans and for commercialisation. Webcor is a Swiss company. It bought 117 of the 145 coffee processing mills through a call for tenders in 2009 at extraordinary conditions since Webcor paid an average of 77,000 dollars per mill while these mills are worth much more.

The call for tenders was designed in a way that coffee growers were unable to buy these mills because annual turnover for the previous three years of prospective owners had to exceed 1 million dollars, a condition that Burundi coffee growers could not possibly meet. I consider this approach by the World Bank as an attempt to force the State of Burundi to sell its assets at the expense of the smallholder coffee producers of Burundi.

Olivier de Schutter, former United Nations Special Rapporteur on the right to food, in an interview by Jean-Pierre Boris on RFI, on Thursday 25 April 2013.

Abandonment of cultures obviously had an impact on overall production. In 2004, production of the Kayanza province amounted to 45,000 tonnes of coffee. Nine years later, it was only 1,000 tonnes. Anselme Nyarushatsi, director of the Kayanza Sogestal: "This reflects the progressive slide which began with the liberalisation of the value chain. "*

"The country is reforming the coffee value chain in a way that threatens the subsistence of many smallholder producers," warned Olivier De Schutter, United Nations Special Rapporteur on the right to food, and Cephas Lumina, United Nations Independent Expert on the effects of foreign debt on the full enjoyment of all human rights, in 2013.

They advocate reform of the value chain that allows coffee producing cooperatives to get a larger share of the added value in the chain: that way, coffee production could help reduce poverty and boost rural development.

** Armel-Gilbert Bukeyeneza, Kayanza: bye-bye le café, 28 July 2013*

Meanwhile, encouraged by CNAC, the producers are getting organised and united in cooperatives, in particular to pool funds to build small washing stations. Now, out of 104 cooperatives, twenty have already built their own washing station and reap a larger share of the added value.

Revised privatisation strategy

With increased opposition, but also because the producers started building new small washing stations, the Burundi government revised its privatisation strategy in September 2014, which CNAC is pleased with. As part of the third phase of sales of State assets, producers will be able to purchase 30 of the 77 washing stations that are sold.

Cofffee drying in the sun © Counter Culture Coffee

SUPPORT OF THE TRADE FOR DEVELOPMENT CENTRE

The Trade for Development Centre is a programme of BTC. It aims to promote fair and sustainable trade and improve market access for micro, small and medium enterprises from the South.

The TDC supports 3 projects in the coffee sector in Burundi to allow producers to obtain a larger share of the added value.

02

TECHNICAL ASSISTANCE CAPACITY DEVELOPMENT OF THE COCOCA UNION

In 2012, following a visit of the CNAC (National Confederation of Coffee Growers Associations) to the Oromia coffee cooperative in Ethiopia, the representatives of the cooperatives were persuaded to join forces and gain access to funding, to improve coffee quality and to sell coffee on the global market.*

On 15 October of that same year, the "Consortium of Coffee Growers Cooperatives" COCOCA, was established with the aim of coordinating production, processing and commercialisation of its members' coffee.

The Consortium now has 17 members, represents **6,416 people** and offers services to nine additional cooperatives. COCOCA specifically targets the (organic, fair…) specialty coffee market.

However, because of a lack of staff COCOCA fails to meet the needs for technical assistance of its members. Today, only one-fifth of production is sold as high-quality coffee.

The project supported by the TDC supports the Union in this sense. Coaches will be hired to disseminate good farming practices to the cooperatives.

Key figures

Contribution of the TDC: ***EUR 115,000***
Project period: ***3 years***
Beneficiaries: ***6,416 producers***

An accountant will improve the cooperatives' financial management and a marketing expert will be responsible for finding markets and commercialisation of coffee at a profit.

In future, COCOCA wants to sell coffee on the local market, to Burundi consumers. A name has already been found: Horomama.

* Steven De Craen, Trade for Development Centre

Coffee drying tabels © Jory

CAPACITY DEVELOPMENT AND DRINKING WATER SUPPLY FOR THE DUSANGIRIJAMBO COOPERATIVE

This cooperative, which has 400 members (73 women and 323 men), was established in 2009 in the north of the Kayanza province, one of the main coffee-growing regions of Burundi.

It was Fairtrade certified in 2013. It is a member of COCOCA and has its own washing station.

Regardless of these significant achievements, the cooperative does not have the necessary management to be efficient. And the water used to wash coffee is not clean enough.

The project supported by the TDC plans to hire a manager to coordinate the cooperative, which will rely on COCOCA to organise training on the proper functioning of cooperatives.

An agronomist will support members to improve agricultural practices, with a preference for organic and sustainable agriculture.

The supply of drinking water to the washing station will, for its part, help boost the quality of coffee produced, which will directly impact the producers' revenues.

Key figures

Contribution of the TDC: ***EUR 69,000***
Project period: ***3 years***
Beneficiaries: ***400 producers***

Dusangirijambo is ambitious and wants all producers from the region to join to boost the volumes produced and sold.

Members of the cooperative Dusangirijambo © BTC Steven De Craen

USE OF ORGANIC FERTILISERS TO IMPROVE COFFEE QUALITY AT THE NKAMWA YACU COOPERATIVE

The Nkamwa Yacu cooperative was established in 2007. It organises the coffee growers of the Wingoma hills, in the Muyinga province, near the border with Tanzania. It has 339 members (276 men and 63 women) and has owned its own washing and depulping station since 2010.

Nkamwa Yacu today faces a drop in production owing to a lack of appropriate fertilisers. The coffee plantations do not yield sufficient beans any more.

The project financed by the Trade for Development Centre aims to boost production and the quality of the coffee by using organic fertilizers.

4 composting sites will be set up within the cooperative and 45 cows and goats will produce manure. For their part, the producers will be trained to prepare manure and fertilise the coffee plantations. These efforts should lead to organic certification.

Anti-erosion measures will be taken in the hills: in particular, the planting of soil fixing grasses on contour lines for 20 kilometres.

A consultant will try to convince growers of the importance and advantages of membership of a cooperative to attract new producers.

Key figures

*Contribution of the TDC **: EURO 35.000***
*Project period: **2 years***
*Beneficiaries: **339 producers***

Members of the cooperative Nkamwa Yacu © BTC, Steven De Craen

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