

## INNOVATION LAB FOR FOOD SECURITY POLICY

### Africa Great Lakes Region Coffee Support Program (AGLC) Policy Advocacy Roundtable on Geographic Zoning in Rwanda's Coffee Sector

Backgrounder 7

March 2017

#### Guiding Question: How might we understand the effectiveness of Rwanda's zoning policy in year 1?

#### The Challenge

In 2016, Rwanda's government implemented a policy for geographic zoning, which entailed the development of geographic "zones" around coffee washing stations (CWS). Once a zone is established, a designated CWS may only buy from farmers within its zone. Similarly, farmers within that zone must sell to that CWS. Traders who had previously purchased and transported coffee country-wide now cannot move coffee across zones.

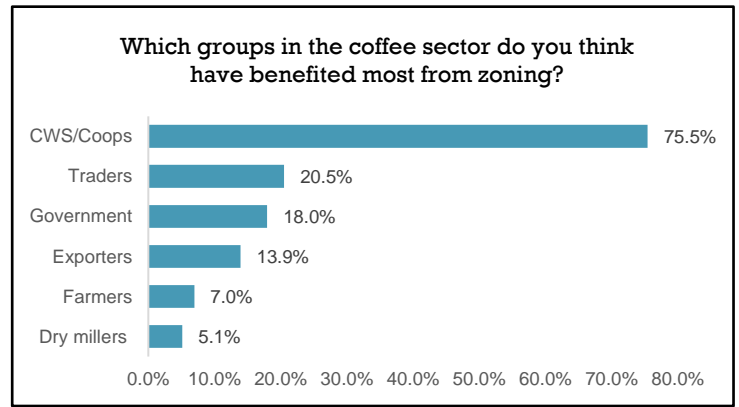
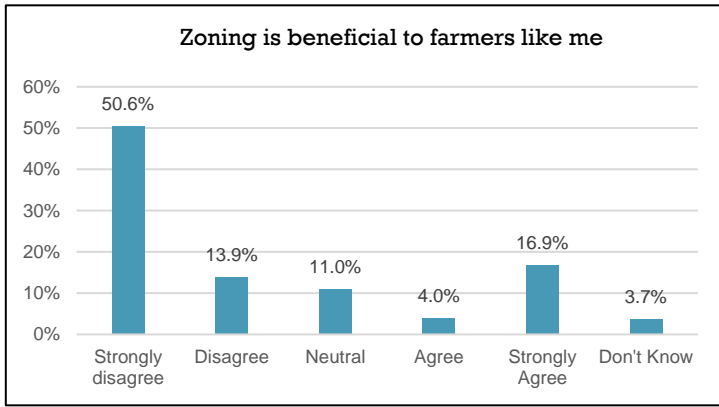
Zoning responds to several challenges. As Rwanda's coffee sector liberalized over the past decade, competition increased between CWS purchasing coffee from farmers. Traders purchased coffee from across Rwanda, damaging the relationships between local CWS—which often provide inputs and training—and farmers. The government hoped to encourage CWS to work productively with farmers, and to increase the sector's stability. Beyond this, the transport of coffee around the country made traceability difficult, while the government hoped to improve traceability. In the long term, zoning proponents hope that traceability and stronger relationships between CWS and farmers will improve coffee quality and increase farmer incomes.

While zoning may bring some degree of order to the coffee sector, it will do so by limiting farmers' and CWS' choices of with whom they do business. Other risks of zoning include: reducing farmer incomes through lack of buyer competition; weakening cooperatives by splitting members across multiple zones; and distributing zones such that CWS capacity may not match coffee supply.

Through a survey, farmers expressed their views on how zoning affected them and others in the sector. Generally, farmers hold negative views of zoning. However, they also suggest that zoning may meet some of its goals, such as reducing the number of middlemen and increasing the proportion of coffee cherry going to CWS. While additional research is required to validate these findings, it will be important to identify concrete ways that zoning can benefit, and not harm, coffee farmers.

#### Key Issues

1. Rwanda's government implemented zoning to improve traceability, strengthen relationships between coffee washing stations and farmers, reduce the influence of middle men, and improve coffee quality.
2. Farmers in the AGLC sample survey feel negatively toward zoning, despite their perception that zoning reduced the number of traders and increased the volume of cherry going to CWS. Can zoning be successful if farmers do not benefit from it?
3. More analysis is needed to understand zoning's effects. However, the government should be sensitive to zoning's short-term effects and to the needs of farmers and others affected by zoning.



## Evidence from the Baseline, Midline, and Qualitative Data

Findings from a survey of coffee-producing households suggest that:

- Although zoning has been implemented nationally, many farmers—47% of the sample—do not know what zoning is.
- Of farmers who know whether zoning applies to them, just 21% agree or strongly agree that zoning benefits farmers like them.
- 68% of farmers disagree or strongly disagree that zoning incentivizes planting more coffee.
- The main advantages of zoning noted by farmers are (1) eligibility for bonus payments (18% of farmers noted this) and (2) shorter distance to CWS (10% noted this).
- Main disadvantages of zoning are (1) low prices (62% noted this) and (2) price fluctuations (27% noted this).
- Farmers observed a decrease in the number of traders, and an increase in cherry sold to CWS due to zoning.
- 59% of farmers agree or strongly agree that cooperatives benefit from zoning.

While this survey provides evidence that zoning achieved some goals—such as increasing cherry going to CWS and reducing middlemen—the perception that zoning harms farmers is troubling.

Additional research is needed to validate these results and show the longer-term effects of zoning.

*Note: Only farmers who knew what zoning is, 273 farmers out of the 512-farmer midline sample, are included in this analysis.*

## Key Data

- 11% of farmers agree or strongly agree that zoning raises cherry prices.
- 76% of farmers see coffee washing stations / cooperatives as the primary beneficiaries of zoning; only 7% see farmers as the primary beneficiaries (see chart above).
- 51% of farmers agree or strongly agree that zoning reduces the number of middlemen.

**Outputs of Roundtable Discussion:** Roundtable participants provided insights on how zoning went in its first year (2016), and suggested ideas for enhancing the success of zoning.

### Insights from first year of zoning

- **Zone design and implementation:** Stakeholders believe some district task forces have used their influence to bias zone design. Zone design may be inequitable for other reasons (e.g., some zones have more productive trees). NAEB has given task forces instructions and has tried to work with these task forces to improve how they design and implement zones.
- **Positive experiences with zoning:** Some CWS are investing in agronomists and providing better services to farmers.
- **Challenges facing CWS/Coops:** Coops have been split or lost members. Private CWS have also lost farms that they have invested in. Some CWS have too much cherry and are forced to stop buying. Others have too little cherry.
- **Challenges facing farmers:** Certified farmers have been moved into non-certified zones. More broadly, farmers have complained about zoning (e.g., writing letters to district governments).

### Ideas for enhancing the success of zoning

- Provide additional guidance to district task forces on designing and implementing zones.
- Re-check number of trees and the productivity of trees in districts to ensure zones are equitable.
- Develop mechanisms such that farmers selling to overloaded CWS (i.e., those that can no longer buy cherry) can sell to other CWS.