

Discussion:
**Understanding Farm
Profitability: Impact of
Best Practices**


Speaker 3:
Insights From 3 Years of Panel Data from
Rwanda





Feed the Future
Africa Great Lakes Coffee
Support Program –
Rwanda Data

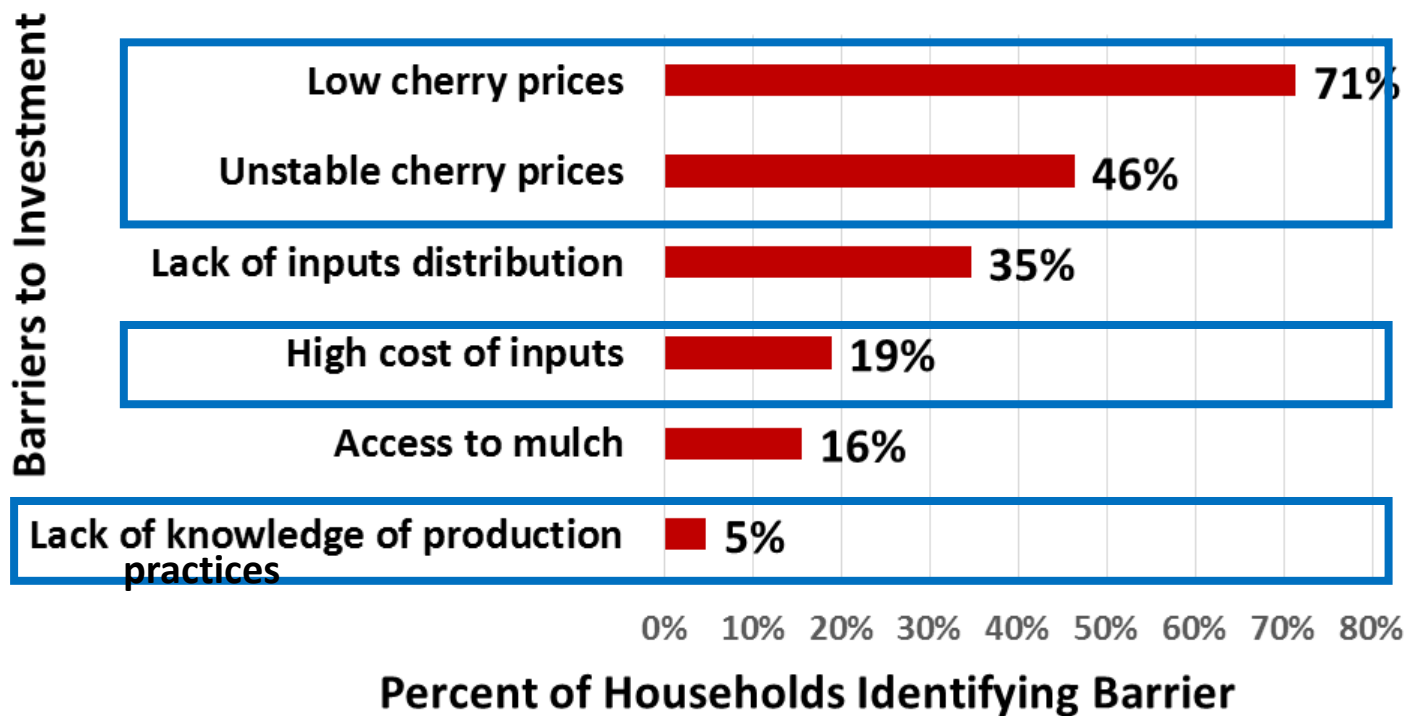
Ruth Ann Church, President, Artisan Coffee Imports
Representing
Michigan State University



What is the impact of best practices on farm profitability?



Farmers Say Cherry Price is #1 Barrier

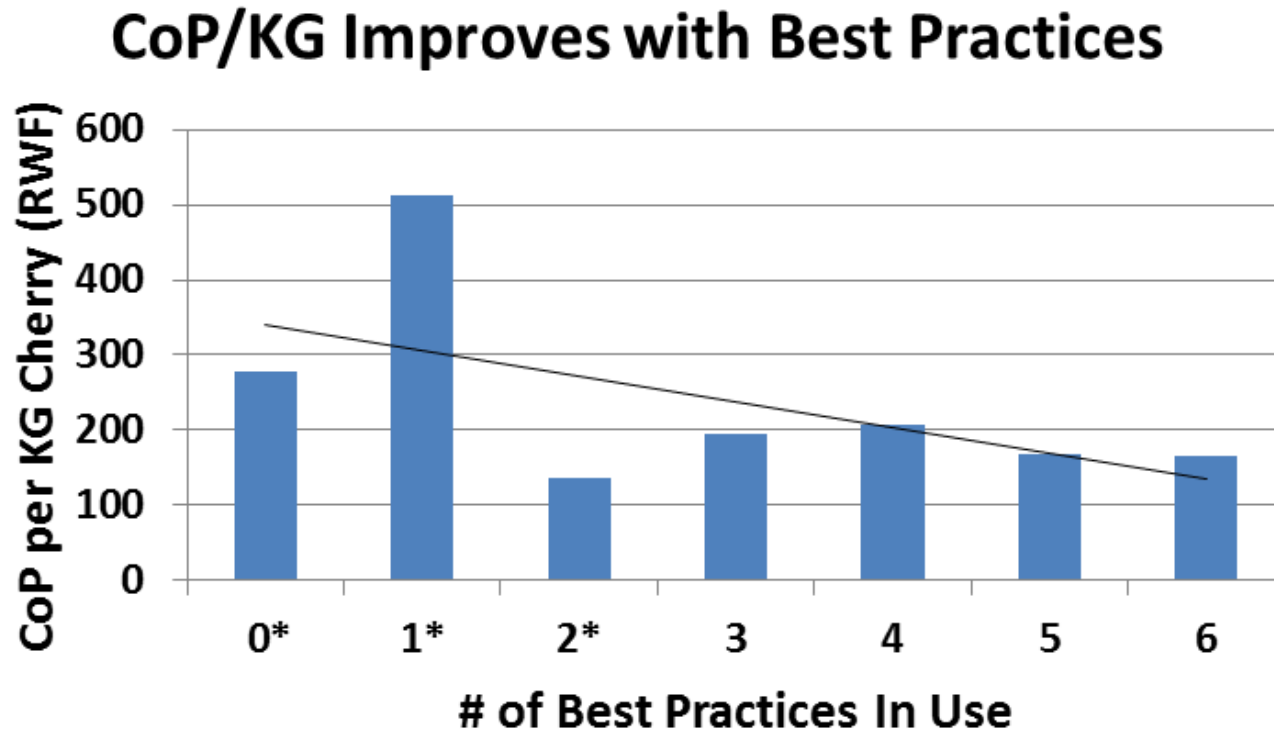


“Lack of training,” or “cost of inputs” are not high priority barriers to investment.

2015 data, n = 1024, representative of Rwandan farmers supplying fully washed channel



Cost of Production And Best Practices



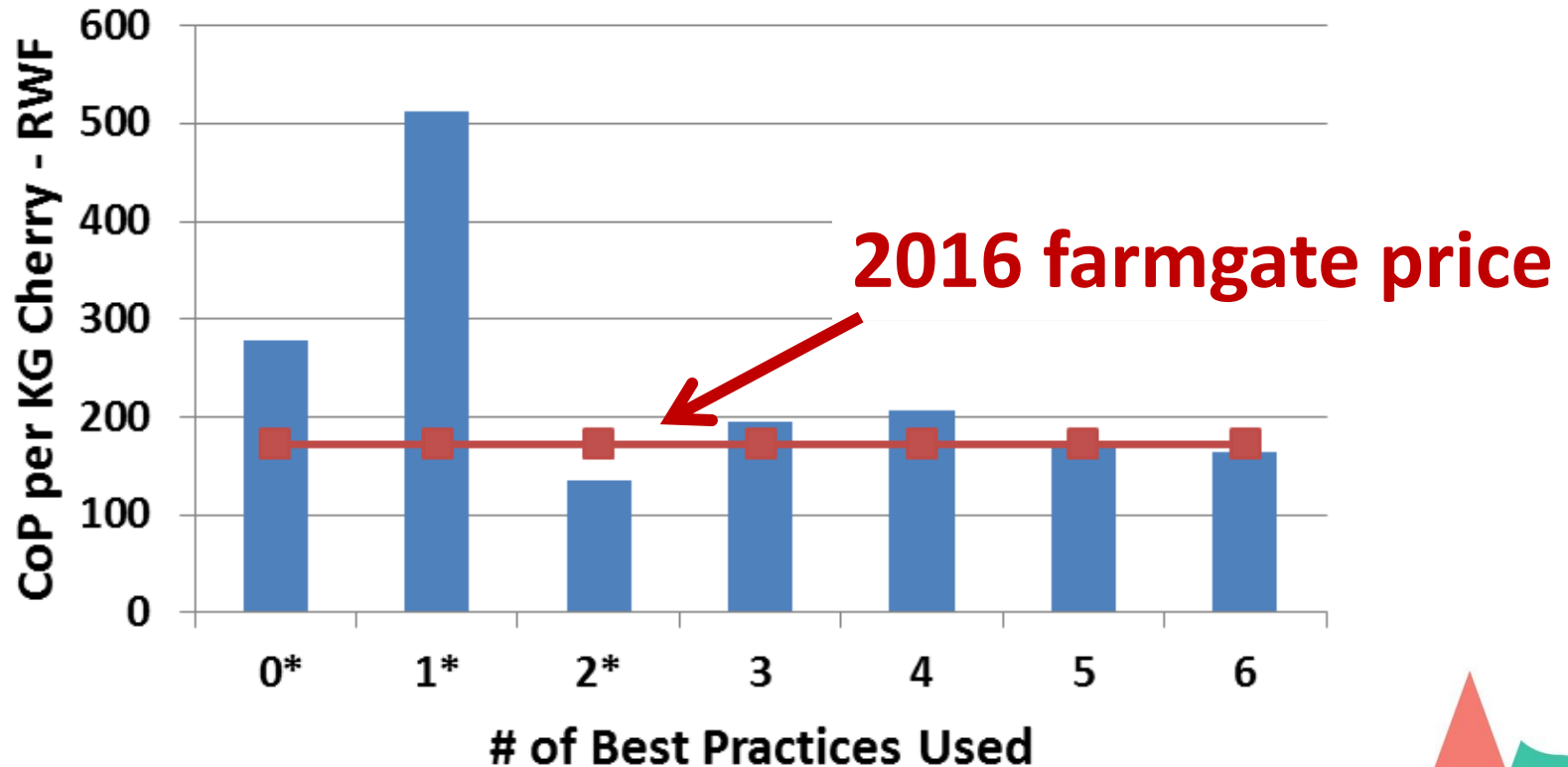
** Negligible # of cases*

6 best practices: fertilizer application, pesticide application, mulching, pruning, weeding, and manure application

2015 AGLC Survey; n=1024, randomly sampled from 4 districts, washed coffee only



Hypothesis: Low Prices Impact Farmer Motivation



* Negligible # of cases

6 best practices: fertilizer application, pesticide application, mulching, pruning, weeding, and manure application

2015 AGLC Survey; n=1024, randomly sampled from 4 districts, washed coffee only



2017: Government Raises Floor Price

<i>RWF p. Kg Cherry</i>	2015	2016	2017
<i>Avg. Gov't Floor Price</i>	170	161	249
<i>Avg. Cherry Price Paid</i>	198	172	270

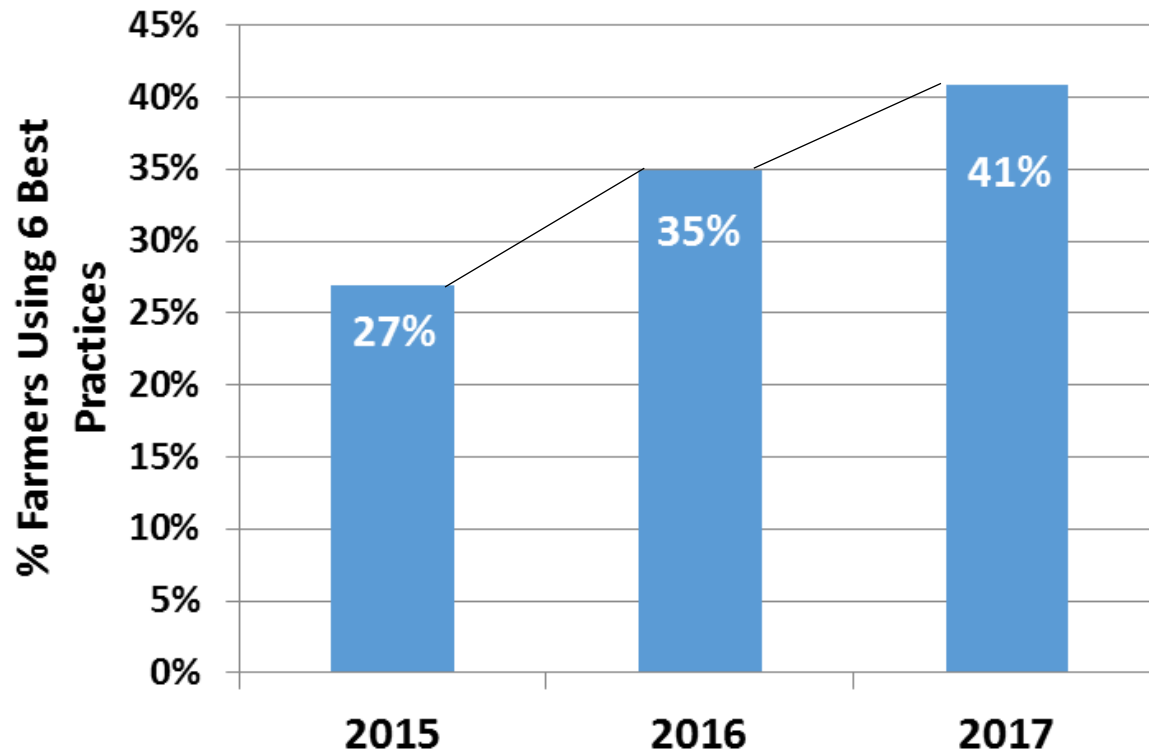
55% increase

Farmers say they need 300

Panel data : 2015 Survey, n=1024; 2016 survey, n=512; 2017 survey, n=512, washed coffee only



Higher Prices – Higher % of Farmers Applying Best Practices



*Avg. price paid,
RWF p. Kg Cherry:*

198

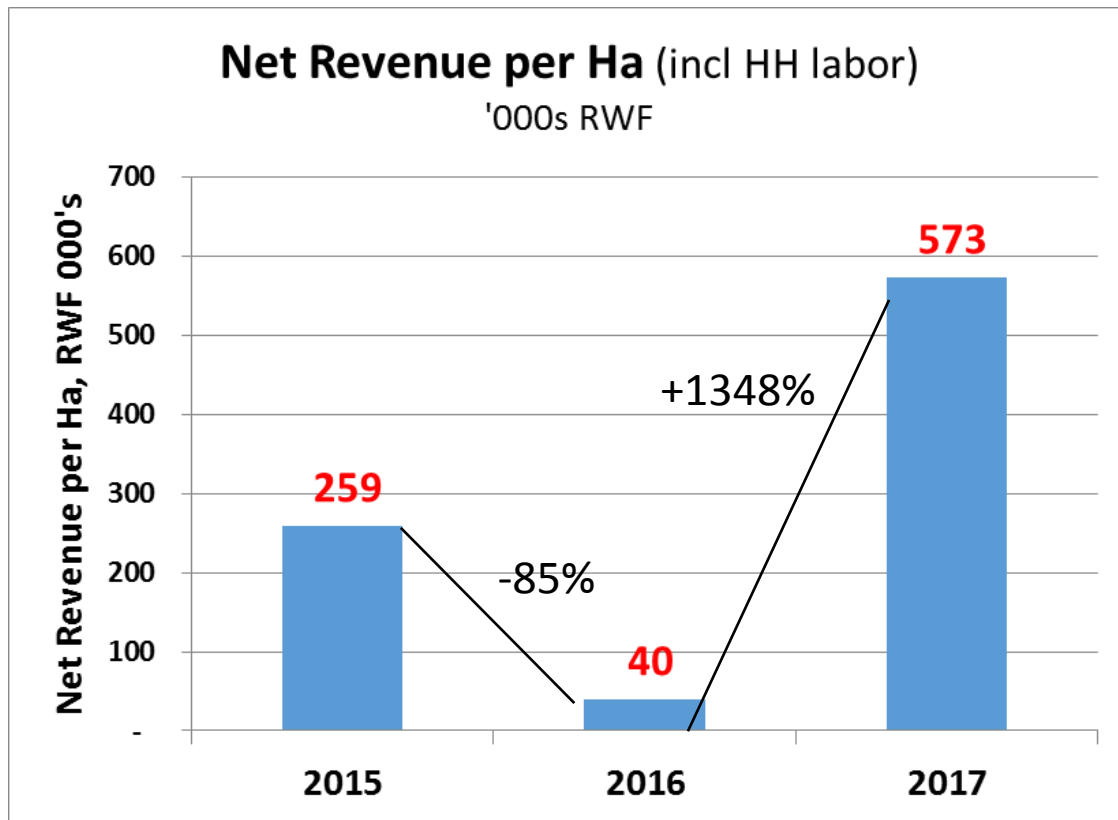
172

270

Panel data : 2015 Survey, n=1024; 2016 survey, n=512; 2017 survey, n=512, washed coffee only



Higher Price Increases Profit (Net Revenue) per Ha.



*Avg. price paid,
RWF p. Kg Cherry:*

198

172

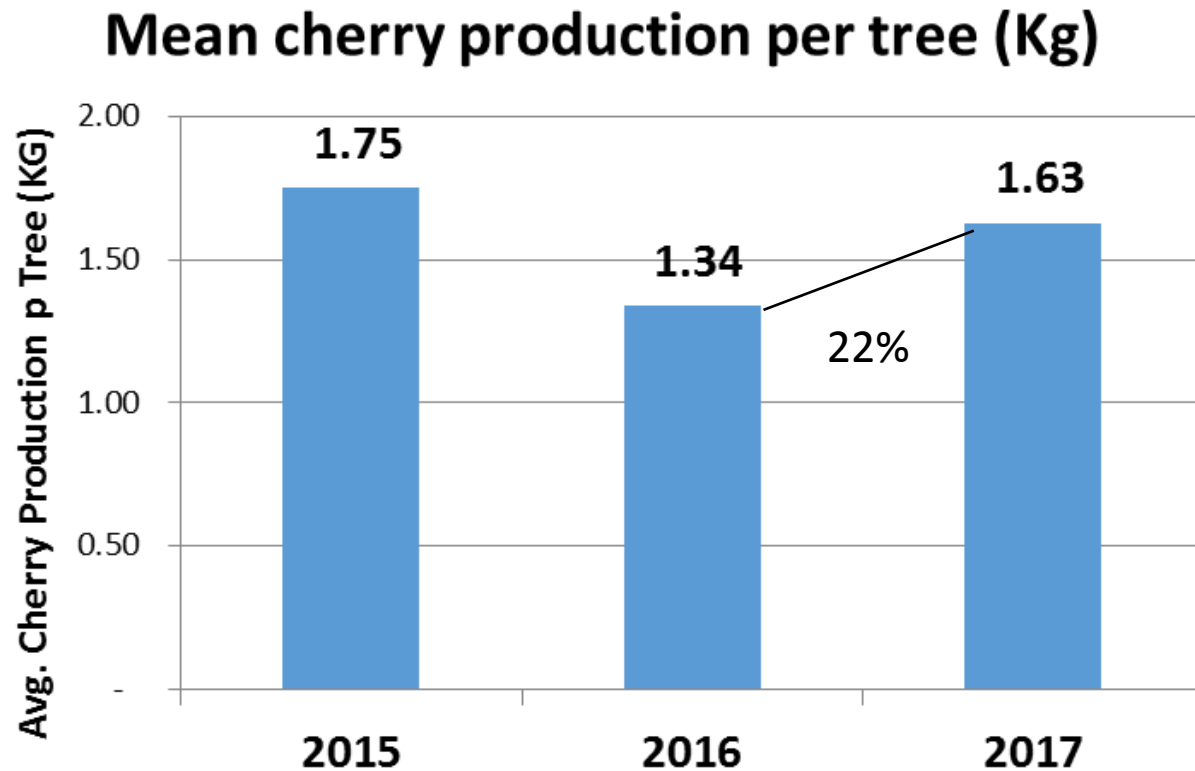
270

Costs include estimated value of unpaid labor.

Panel data : 2015 Survey, n=1024; 2016 survey, n=512; 2017 survey, n=512, washed coffee only



Yield – 22% increase



*Avg. price paid,
RWF p. Kg Cherry:*

198

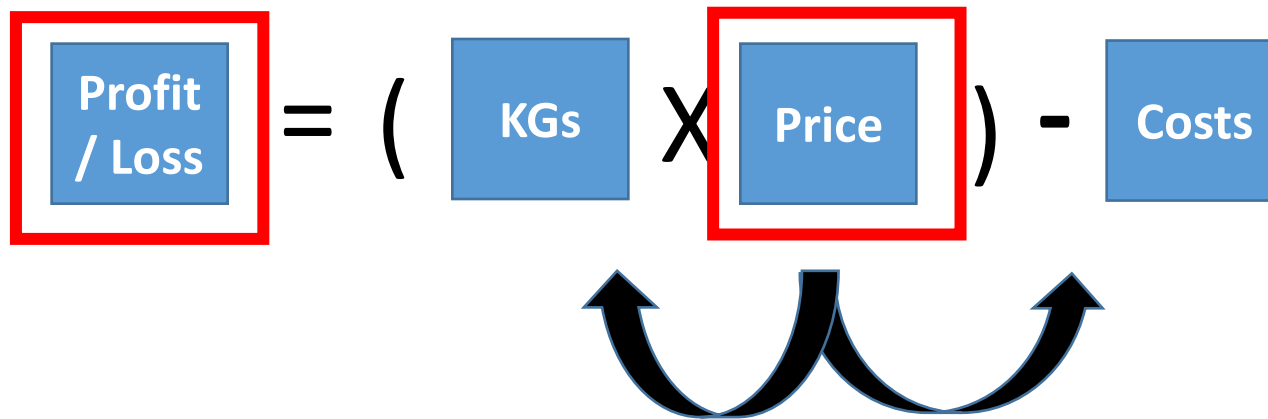
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270

Panel data : 2015 Survey, n=1024; 2016 survey, n=512; 2017 survey, n=512, washed coffee only



Price is primary driver of farmer investment.

$$\boxed{\text{Profit / Loss}} = (\text{KGs} \times \boxed{\text{Price}}) - \text{Costs}$$


Evidence from research: sustainable prices engage farmers' latent knowledge of best practices.





Thanks to the
Feed the Future Africa Great Lakes Coffee
(AGLC) Support Program



MICHIGAN STATE
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Institute of Policy Analysis
and Research - Rwanda

HANDOUTS AVAILABLE ON THE SCA EXPO APP!

Project Overview, Reports and Publications available on the
MICHIGAN STATE UNIVERSITY website:

http://foodsecuritypolicy.msu.edu/countries/aglc_rwanda_burundi

