

RESPONSIBLE AGRICULTURAL INVESTMENT
CASE STUDY

Mahembe Coffee

A cherry producer, green bean
processor, and trader in the
Rwandan coffee sector





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Cover: Women collecting coffee cherries.



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Hafiz Mirza and Duncan Pringle were responsible for the case study, including the research methodology, analysis, and finalisation. Duncan Pringle conducted the in-country fieldwork, and Josephine Ndamage provided the field translation services.



Project Description

The Smallholder Safety Net Upscaling Programme (SSNUP) aims to strengthen smallholder householders' safety nets sustainably. This will be achieved by fostering the adoption of more responsible and sustainable practices among agricultural value chain actors (AVCAs)—i.e., agribusinesses—by co-financing technical assistance projects and supporting the conducting of case studies to analyse AVCAs' performance and compliance with the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI).

AVCAs are critical players in achieving the goals of CFS-RAI and include producers (of crops), processors, and traders. For the SSNUP case studies, they also include service providers, for instance, organisations offering technical services to growers or support to vulnerable groups, such as women and youth. AVCAs' investment in the agricultural and food sectors can play a transformative role, enabling the adoption and dissemination of new technologies, building markets and supply chain linkages, and contributing to local economies and communities. Investing responsibly can be enhanced by AVCAs aligning policies, planned operations, and practices with the CFS-RAI.

Translating the CFS-RAI Principles into practical action by agribusinesses requires guidance and tools for stakeholders—such as financial investors and the AVCAs in which they invest—who wish to incorporate them into policies, regulations, and business practices. Case studies are one such source of guidance. They provide examples of AVCAs that have sought to put responsible investment principles and social business conduct into effect through concrete practices and performance and outcome indicators. Such agribusinesses' journeys in doing this (including the problems they face, the solutions they find, and the perspective of farmers, communities and other stakeholders on the results) provide guidance, insight, and lessons to other AVCAs taking the same path to responsible investment.

This case study of Mahembe Coffee, a cherry producer, green bean processor, and trader in Rwanda, is one in a series of RAI case studies conducted by IISD for SSNUP, in cooperation with ADA. The cases chosen are drawn from several segments of the agriculture and food sectors and aim to analyse AVCA's performance and compliance with the CFS-RAI.



Executive Summary

Agricultural value chain actors (AVCAs)—agribusinesses—are critical players in achieving the goals of the Committee on World Food Security’s Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), and include producers (of crops), processors, and traders. AVCAs’ investment in the agricultural and food sectors can play a transformative role, including enabling the adoption and dissemination of new technologies, building markets and supply chain linkages, and contributing to local economies and communities. Investing responsibly can be enhanced by AVCAs aligning policies, planned operations, and practices with the CFS-RAI (or RAI for short).

Mahembe Coffee was selected for this case study jointly with Alterfin, an impact investor participating in the SSNUP programme. The company is representative of a small and medium-sized enterprise operating along elements of the value chain in the Rwandan coffee industry as a cherry producer, green bean processor, and exporter, selling green beans to specialty coffee roasters. The company was established in 2010 by Justin Musabyimana, who is originally from the Mahembe sector in the Western District of Rwanda, returning after the 1994 genocide to establish a wet mill on his father’s farm.

Mahembe faces several challenges and constraints: the most pressing are finding well-paying markets for specialty beans, controlling supply (there is a concern over ageing farmers, with an estimated 70% of suppliers aged over 60), and assuring quality to meet niche coffee sector requirements. Accessing the financial resources required to operate at scale is also a challenge.

The company’s mission is to become a regional leader in quality coffee and consistently differentiate itself by delivering exclusively the best product through a completely sustainable and transparent value chain that significantly contributes to bettering the lives of farmers.

The business now has 35 ha under production, with two coffee washing stations in the west of Rwanda processing about 750 tonnes of cherry annually. In addition to its own farms, over 930 smallholders supply cherry to its coffee washing stations. Its clients are mainly in the United States, the United Kingdom, France, and South Korea.

The company is controlled by a board of five (including two women). Two senior managers manage day-to-day operations, the founder as managing director and one son as assistant director. There are nine permanent employees (including senior management), four of whom are women; eight employees are under 35. The company also employs 58 seasonal workers, 32 of whom are women.

The company has some farmers certified through Starbucks’ C.A.F.E. Practice and the Rainforest Alliance.

Mahembe’s activity in RAI was assessed through both online interviews (primarily with the company) and in-country fieldwork (with the company and many stakeholder groups such as employees, farmers, women, and youth) using dedicated instruments. Answers from the



company and stakeholders were analysed to assess the AVCA’s RAI compliance across seven dimensions.¹ The dimensions are listed in the table below, with the average level of RAI compliance indicated in the right column.

Table ES1. Summary findings

Dimension	Level of compliance
Strategy and accountability on responsible agriculture	The level of RAI compliance is high in this dimension. For example, the company has a documented business strategy that targets specific key performance indicators, several of which relate to responsible investment and business conduct. Progress is assessed and reported on every 6 months.
Inclusive and transparent structure	The level of RAI compliance is high in this dimension. For instance, the company holds two formal consultations with farmers, before and after the season, to plan and review results and outcomes. The company also has a worker committee that meets with management, enabling workers to raise issues and resolve grievances.
Safe and responsible agriculture and food systems and operations	The level of RAI compliance is high in this dimension. In addition to employment created and income generated through the company’s operations, it also contributes to food security and nutrition in other ways. For example, it provides free fruit tree seedlings as shade trees for coffee and offers technical support. However, it has no formalised policies and procedures on food safety apart from compliance with coffee production inspections by the authorities.
Environmentally sustainable processes and products	The level of RAI compliance is high in this dimension. The company is aware of the environmental risks of water pollution, soil erosion, and deforestation and has undertaken measures to ensure no polluted water flows back into rivers and has erosion control practices in place. The company is taking measures to ensure chemical use is done responsibly and uses only those chemicals approved by the authorities.

¹ These dimensions—reflected in the principal research instrument used for the AVCA interviews—were chosen to (broadly) correlate with primary business functions (strategy, finance, human resources etc.). In other words, the questions were directly intelligible for businesses. At the same time, the actual questions asked (e.g., practices referred to) were carefully mapped to specific CFS-RAI principles. For example, the strategy and accountability dimension mainly relates to issues covered in CFS-RAI Principle 10: “assess and address impacts and promote accountability.” Similarly, the dimension on responsible processes, products, and services encompasses issues under CFS-RAI Principle 1 (“contribute to food security and nutrition”) and Principle 8 (“promote safe and healthy agriculture and food systems”). Of course, there is no one-to-one correspondence between dimensions and CFS-RAI principles.



Dimension	Level of compliance
Responsible treatment of stakeholders	The organisation score is middling in this dimension. The company has responsible and fair contracting practices, which are confirmed by farmers, but there are no formal systems in place. Partnership is seen as central to arrangements because of the trust relationships built up by the founder with farmers and the community. Mahembe considers tenure rights to be secure in law through a government registration system.
Responsible human resource development	The level of RAI compliance is relatively high in this dimension. Most employees interviewed were satisfied with their jobs and felt secure, although some mentioned that they did not have a formal letter of engagement. The company pays about 5% above the minimum wage prescribed in law. The company has a high level of participation of women (44% of permanent and 55% of seasonal staff) and youth (89% of permanent staff). Human resource development remains insufficient, with no professional management training in place.
Financial transparency and benefit sharing	The level of RAI compliance is relatively high in this dimension. As a private company with a single shareholder, there is no law requirement that the company's results be publicly declared. However, the company is active in supporting farmers and the community, including buying uniforms for 500 school children, assisting youth in becoming farmers, and helping communities build roads to improve local transport.

Source: Authors.

The company's high level of compliance with responsible business conduct is not an accident and offers potential lessons for other agribusinesses. The founder made a conscious choice to set very clear objectives for developing the business in a socially responsible way to benefit the broader community. Respecting human dignity and responsiveness to the development needs of the community were central to the company's approach.

However, while RAI alignment is strong, it is sustained primarily through the values and actions of a sole shareholder as the visionary founder. Consequently, there is a risk that as the business grows and evolves, with the participation of new shareholders and a shift to the next generation of owners, the company's community- and development-centric business culture may wane.

A central recommendation, therefore, is that a more formal approach to documenting policies and procedures should be implemented to entrench development-oriented operational principles more fully, including those relating to community and young farmer development support. This would help orientate and guide new shareholders and staff and encourage continuity in RAI compliance. The company could consider developing cherry pricing models with a more direct link to green bean prices and encourage buyers to contract earlier to enable such a pricing system. Governments, investors, and others also have a significant role to play in supporting companies such as Mahembe.



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Abbreviations and Acronyms

AVCA	agricultural value chain actor
CFS	Committee for Food Security
CFS-RAI	Committee for Food Security Principles for Responsible Investment in Agriculture and Food Systems
CWS	coffee washing station
ha	hectare
kg	kilogram
MNE	multinational enterprise
NAEB	National Agricultural Export Development Board
RAI	Responsible Agricultural Investment
RWF	Rwandan Franc
SME	small and medium-sized enterprise
SSNUP	The Smallholder Safety Net Upscaling Programme
USD	United States dollar. In this report USD 1.00 = RWF 1,200
UPI	Unique parcel identifier. The land title identifier in Rwanda, which is composed of codes designating the province, district, sector, and cell of where a parcel of land is located.



Introduction to the RAI Case Studies and Methodology

The Smallholder Safety Net Upscaling Programme (SSNUP) includes many impact investors, such as AgDevCo, Alterfin, Bamboo, Grameen Crédit Agricole Foundation, Incofin, Oikocredit, ReponsAbility, SIDI, and Symbiotics. The SSNUP aims to strengthen smallholder householders' safety nets sustainably. This will be achieved by fostering the adoption of more responsible and sustainable practices among agricultural value chain actors (AVCAs) by co-financing technical assistance projects and supporting the conducting of the RAI case studies to analyse their performance and compliance with the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI).²

AVCAs are critical players in achieving the goals of CFS-RAI, and include producers (of crops), processors, and traders. For the SSNUP case studies, they also include service providers, for instance, offering technical services to growers or support to vulnerable groups, such as women and youth. AVCAs' investment in the agricultural and food sectors can play a transformative role, including enabling the adoption and dissemination of new technologies, building markets and supply chain linkages, and potentially contributing to local economies and communities (e.g., through employment and income generation). Investing responsibly can be enhanced by AVCAs aligning policies, planned operations, and practices with the CFS-RAI.

This case study is part of a series of cases on AVCAs, drawn from various segments of the agriculture and food sectors, aimed at analysing their performance and compliance with the CFS-RAI. Translating the CFS-RAI Principles into action requires practical guides and tools for stakeholders—such as financial investors and AVCAs in which they invest—who wish to incorporate them into policies, regulations, and business practices. One aim of the case studies is to help provide or improve these tools, such as the RAI Tool for Agribusiness (Box 1).

The methodology for the case study process comprised four phases:

Phase I. Pre-fieldwork information collection

This involved online meetings with relevant members of the management team to collect

- background information on the AVCA. This comprised general characteristics, such as location of operations, value chain segment/activities, scale of operations, ownership, operational structure etc.
- information on the AVCAs key management and operational priorities and practices, especially those related to CFS-RAI. A set of outcome indicators were also collected.

² RAI refers to the [Principles for Responsible Investment in Agriculture and Food Systems](#) (CFS-RAI), which were endorsed by the Committee on World Food Security (CFS) in 2014. It is a comprehensive framework on what constitutes a “responsible investment” in agribusiness.



Guided self-assessment, utilising the RAI Tool for Agribusiness (Box 1), was applied to collect this information during a series of interviews.

Phase II. Fieldwork

The research team visited the AVCA, including selected operations and the local community, for 5–6 days. This involved further clarifying key relevant management and operational practices and priorities, as well as assessing the AVCA’s performance vis-à-vis stated practices/measures (primarily those related to CFS-RAI and sustainability). Interviews with other stakeholders, e.g., farmers, local business owners, financiers, informal traders etc. were also conducted to cross-check information gained from the AVCA and assess the wider impact of the AVCA’s activity using dedicated semi-structured questionnaires developed to collect information from the various stakeholders. Prior to the fieldwork, AVCAs were provided a list of categories of interviewees, and the AVCA made arrangements for interviews, which were a mix of groups and one-on-one interviews using structured questionnaire.

Phase III. Data analysis

The research team analysed the data and information gained from the interviews and fieldwork, compiled the principal findings, drafted the report, and discussed the findings with the AVCA and the investor.

Phase IV

An initial case study was drafted to test with the company. After discussion with the company, including clarifications and other feedback, a more “advanced” version (this one) was drafted for publication.

Box 1. The RAI Tool for Agribusiness

Gathering information for the case studies was conducted using the RAI Tool. As specified by the CFS, the RAI principles remain generic and high level, making it difficult for AVCAs to translate them into their daily management and operations.

The objective of the RAI Tool is to provide a set of specific and measurable indicators that assess whether an agribusiness’s management of its operations, practices, and procedures are compliant or consistent with the CFS-RAI Principles. The RAI Tool integrates RAI principles into the management and operational structure of AVCAs (decision making, actions, procedures, and processes). This makes RAI principles easier for AVCAs to understand and apply and may ultimately ease the mainstreaming of RAI key performance indicators into business management and performance systems.

The tool is composed of four main parts:

- **ID card and scoping:** These two parts are completed with information on the agribusiness’ profile and characteristics. This facilitates a filtering process so that businesses are only required to respond to relevant questions on their practices and outcome measures.



- **Practices:** This part comprises a detailed set of indicators, overall grouped by seven “dimensions” that broadly reflect business functions. Answers may be Yes/No/Partially/Not Applicable, which need to be explained or validated. To make the tool (and data collected) helpful for analysis, decision making, and progress, detailed information on the concrete practices implemented by the AVCA is requested.
- **Outcomes:** This part comprises a limited set of outputs and outcomes indicators on topics such as governance, employment, suppliers, and a company’s environmental and climate-impact footprint.

In addition, the tool also provides dashboards showing how agribusinesses score in terms of their practices and outcomes in graphical form.

The aim of this approach is to create a reference tool that can be used by AVCAs, financial investors, and others to assess agribusinesses’ compliance with RAI; and thereby foster more responsible and sustainable practices in the agricultural and food sectors. The latest version of the tool is available online (<https://www.iisd.org/publications/guide/responsible-agricultural-investment-tool-agribusiness>).

Since 2021, the tool has been developed by the International Institute for Sustainable Development (IISD) in collaboration with the Comité d’échange, de réflexion et d’information sur les systèmes d’épargne-crédit (Cerise+SPTF). IISD is an independent think tank working to accelerate solutions for a stable climate, sustainable resource management, and fair economies. Cerise+SPTF is a pioneer in social performance management, developing many well-known social audit tools to help financial service providers, social businesses, and impact investors achieve their social mission. IISD is leading the case study research, analysis, and drafting of outputs. The non-governmental organisation Appui au Développement Autonome (ADA) coordinates SSNUP, including technical assistance projects and knowledge management activities, such as these case studies.

Source: IISD.



1.0 Background and Context

Mahembe Coffee³ was chosen for this case study after discussions with an impact investor participating in the SSNUP programme. The company is representative of a small and medium-sized enterprise (SME) operating along elements of the value chain in the Rwandan coffee industry as a cherry producer, green bean processor, and exporter.

Mahembe faces several challenges and constraints: the most pressing are finding well-paying markets for speciality beans, control over supply (there is a concern over ageing farmers; the company estimates that 70% of suppliers are aged over 60) and assuring quality to meet niche coffee sector requirements. This section provides background on the salient industry and business environment in which the AVCA in this case study operates.

The Coffee Industry in Rwanda

The coffee industry ultimately depends on the production of fresh cherry, which is wet milled to remove the mucilage at a coffee washing station (CWS), after which it is sun-dried to parchment.⁴ Alternatively, it is sun-dried in the traditional method (with the cherry on) before removal of the dried mucilage. This latter method gives enhanced flavour to the roast coffee compared to fully washed coffee but with some discolouration of the bean. After the CWS process, the parchment is then hulled at a dry mill, producing the green bean, which is exported to international buyers for roasting (Mombasa being the main exporting port).

The Rwandan coffee sector has evolved from producing “commodity-quality” coffee beans to one that focuses on “speciality” varieties that generally receive a higher price.⁵ Exports of green beans were the preserve of a state-owned company prior to 2000. Since liberalisation, there has been the development of a strong private sector in exporting, with local investors, co-operatives, and multinational enterprises (MNEs) entering the market. There are concerns that exporters exert undue influence on policy and that the sector has become more concentrated: by 2018, 70% of exports were controlled by just six firms (Gerard, 2020). The challenge for local SMEs is competing with vertically integrated MNEs, whose supply chains stretch from CWS to Europe-based roasters and distributors.

The situation was discussed recently at the World Coffee Producers Forum held in Kigali, Rwanda on February 13–14, 2023. Significant issues highlighted by presenters and participants included the following (“Rwandan Minister,” 2023):

- the need for AVCAs in the sector to ensure increased revenue for, and welfare of, smallholder cherry producers;
- revisiting the government’s important role in providing access to improved trees and inputs, as well as fostering of public–private partnerships;

³ <https://mahembecoffee.com>

⁴ An industry term describing the dried bean before the parchment is removed at a dry mill to produce green bean.

⁵ This requires the production of specific arabica bean varieties. See, Gerard (2020).



- ensuring poverty alleviation and food security while encouraging sustainable agriculture and mitigation of climate change;
- recognising that the sustainability of the whole coffee value chain requires all actors to take co-responsibility.

Coffee Cherry Farming in Rwanda

There are presently about 400,000 farmers growing and harvesting coffee in Rwanda, producing between 16,000 and 21,000 tonnes of green beans a year on about 42,000 ha of land. The majority of them are smallholder farmers. They sell the cherry to a CWS or wet mill, supplying some 316 registered CWSs (National Agricultural Export Development Board [NAEB], n.d.).

However, notwithstanding private and donor investment, coffee production in the country has stagnated, and farmers in Rwanda receive the lowest prices of East African producers (Gerard, 2020). TechnoServe (2019) observes the following challenges faced by the country's smallholder cherry producers:

- lack of technical knowledge
- limited access to quality inputs
- poor soil quality
- pests and diseases not sufficiently controlled
- old, degenerated trees
- lack of access to markets.

Another issue is that of an ageing farmer cohort. The average age of a smallholder in Africa is estimated at 60 years, and the younger generation tends to shy away from farming. This implies that in a decade or so a significant proportion of the 400,000 coffee farmers in Rwanda will be too old to farm. Many youths do not see the benefits of coffee farming because they see farmers taking big risks while receiving low prices (TechnoServe, 2019), and there is a crisis developing in the sector (and other sectors).

Further, as a Kopakama Co-operative member mentioned in an interview, “On average, a farmer produces one tonne of coffee in a 3-month harvesting season, valued at RWF 220 000, or USD 240. Currently, the monthly average living wage for Rwandan families is RWF 219,000. So, in 3 months, producers earn just over a third of what the average Rwandan earns or requires in a month.”

The Role of the National Agricultural Export Development Board

The NAEB was established in 2017 (Law No 13/2017 of 14/04/2017) as a commercial public institution with the responsibility of providing market intelligence, advice, and business tools to assist Rwandan companies in accessing export markets (NAEB, 2019). It focuses on tea, coffee, and horticulture. The board reports to the Ministry of Agriculture and has a number



of operational units on value chain development and regulation, export services (cold rooms, warehouses, packhouses, laboratories), planning, and financial control. Specific coffee sector responsibilities include:

- support to the coffee production sector by providing technical assistance and planting material to farmers (coffee seedlings are provided free). NAEB also provides free fertiliser to farmers which is delivered through processors.
- support to the coffee processing sector.
- promotion, marketing, and export of Rwandan coffee.
- participation in the development of policy and strategies governing the sector and ensuring the implementation of relevant policies as they affect production, processing, marketing research, and training in the sector.

Regulations pertaining to the coffee sector administered by NAEB include export licensing, issuance of certificates of origin with quality certification, vetting and approval of CWS sites, annual approval of CWS compliance to commence processing, and regular checks during the season.

NAEB uses a digitised database system, “SMART Kungahara,” that records every registered farmer, the number of trees, and production history. The system is being enhanced to include the property Unique Property Indicators (UPIs) (i.e., title deed reference, which contains the province, district, sector, and cell location reference). This information is used to determine fertiliser requirements.



2.0 Profile of the Company

General Information

Mahembe Coffee is a very small farming and processing entity selling green beans to speciality coffee roasters. The company was established by Justin Musabyimana in 2010. Justin originates from the Mahembe sector in the Western District of Rwanda and after the 1994 genocide returned to the area to establish a wet mill on his father's farm. Currently he is the sole shareholder, but discussions are underway for both sons to acquire shares in the business.

The company's mission is⁶

to become a regional Quality [coffee] leader and consistently differentiate ourselves by delivering exclusively the best product through a completely sustainable and transparent value chain that significantly contributes to the better lives of farmers.

The business has expanded and now has 35 ha under production, as well as two CWSs processing about 750 tonnes of cherry per annum⁷ located in the west of Rwanda in the Nyamasheke and Karongi Districts. The three company-owned farms of Gituntu (14 ha), Gatare (8 ha), and Murondo (13 ha) are all in Nyamasheke, serving as quality cherry suppliers to the Nyagatare CWS, located in Mahembe sector, within the Nyamasheke District. A further 675 smallholders supply to Nyagatare CWS and another 256 to Nyarubuye CWS in Twumba Sector within the Karongi District.

“I want to increase the area of my own farms to have more control over the quality of green bean produced. The challenge is that we can sign a contract to supply a client with a certain specific quality, but if the quality is not in line with the contract, it can be cancelled.” (Justin Musabyimana, founder and managing director, Mahembe Coffee)

The company processes the bourbon (arabica) green bean, 90% as fully washed and 10% as traditional (sun-dried). Its clients are mainly in the United States, the United Kingdom, France, and South Korea. The company also sells small quantities to a newly established local roaster, Wrukky Coffee. This is a related party as a shareholder in Wrukky is the founder's son.

Operational Structure

The company is controlled by a board of five (including two women). Two senior managers manage day-to-day operations, the founder as managing director and one son as assistant director. The last member is in charge of marketing and oversight of the CWSs. Nine permanent employees (including senior management), four of whom are women, are on the permanent staff, which also includes two senior managers, two CWS managers, an accountant, an agronomist, and a quality controller. Eight employees are under 35.

⁶ <https://mahembecoffee.com/>

⁷ At an average industry yield of 17%, green bean total green bean production is on the order of 128 tonnes.



In total, the company employs 58 seasonal workers, 32 of whom are women.

Certification

The company has some farmers certified through Starbucks' C.A.F.E. Practice (Starbucks, 2020) and the Rainforest Alliance.

Challenges

As with any startup, the main challenges are access to the financial resources required to operate at scale.

The largest challenge for the company in the beginning was the lack of funds. There was no support. Initially, we had 50 tonnes of cherry but could only process 11 tonnes due to lack of funds. Little by little, we have improved and grown. We have worked with Alterfin for 3 years. They have lent us USD 200,000, and before that, we received USD 100,000 from Finasol. (Justin Musabyimana, founder and managing director, Mahembe Coffee)

The main current challenges confronting the company, as shared by management include:

- an ageing farmer population (a general Rwandan and African challenge, as mentioned earlier). The company estimates it is at risk of losing 48% of its supply in the next 15 years if older farmers stop producing. Youth have little interest in farming.
- if older farmers retire, this impacts the need to have their own source of cherries, produced to the correct quality standard.
- the government's inability to fully fund and supply farmer's fertiliser input needs due to high international prices for fertiliser imports.
- the risk of taking working capital loans as prices of cherry and green beans fluctuate: the time lag between these can result in a negative cash position and financial risk to the business.
- the loss of some suppliers due to a nearby (less than 2 km distant) CWS that was closed when Mahembe received its licence from NAEB but has since been bought by new owners who have restarted operations (drawing some farmers away from Mahembe).



3.0 Assessment of Mahembe Coffee's Business Practices Alignment With CFS-RAI and Impact on Local Stakeholders

The RAI Tool assesses the operational practices of an AVCA across seven business functions or dimensions, namely:

1. Strategy and accountability on responsible agriculture
2. Inclusive and transparent structure
3. Safe and responsible agriculture and food systems and operations
4. Environmentally sustainable processes and products
5. Responsible treatment of stakeholders
6. Responsible human resource development
7. Financial transparency and benefit sharing

These dimensions are further divided by clusters of business practices. For example, Dimension 4, pertaining to the environment, is subdivided into “identifying and managing risk,” “implementing and promoting environmentally sustainable practices.” The specific practices or indicators under each dimension (and further subcategories) are the ultimate unit of analysis.

Although practices are expressed in the language of business, the RAI Tool maps each onto a particular CFS-RAI Principle (or sub-principle), so scoring AVCA responses permits an assessment of the degree to which it complies with relevant RAI principles⁸ at each level of categorisation (from practice to dimension). There is no one-to-one correspondence between dimensions and principles, e.g., they may reflect aspects of more than one CFS-RAI Principle because dimensions cover a wide, but related, set of practices. The principles with which each dimension overlaps are indicated during the analysis below.

Of course, any assessment of AVCA RAI compliance, including the scoring, reflects companies' perceptions of their operations, processes and practices. However, during the testing of the tool, they were not asked to validate their responses in a concrete way⁹ (e.g., by providing documentary proof of a claimed practice or a performance measure) while completing the tool. Nevertheless, companies did often provide copies of specific policies, e.g., their human resources policy. Even during this testing phase, whilst the assessment/scoring is

⁸ Moreover, in order to not reinvent the wheel, each practice is also mapped to other principles and guidelines, such as the UN's Sustainable Development Goals and Association of Southeast Asian Nations-RAI, including concrete indicators already tested by other organisations. Indeed, the wording of many practices/indicators is taken from existing, tried, and tested ones from other organisations and systems. (For details, see the [RAI Tool](#).)

⁹ After the piloting phase, when the tool is fully operational and in use by/with AVCAs, agribusinesses that participate in an assessment should be asked to validate their responses concretely. This will enable structured guidance on specific areas of policy, procedure, and guidance.



indicative, it is nevertheless a valuable management tool to assess performance and set goals for improvement (Box 2).

The AVCA's Compliance by Dimension

Although Mahembe is a small company with a single shareholder, employing nine permanent and 58 seasonal staff and selling only about 128 tonnes of green beans to overseas speciality markets, its practices are generally highly aligned with CFS-RAI. This high alignment ultimately arises from the ethos of the founder, who wanted to establish a business in a deeply rural area, which had been neglected developmentally after the Rwandan genocide.

The stakeholder interviews revealed that the community has a significant level of trust in the business owner and considers his word to be his bond. This is reflected in the fact that staff and farmers have a high level of satisfaction in their work wages and the prices received for cherry. This being said, none of the staff interviewed had formal contracts. Going forward, this is one of a number of elements that the company should address.

Box 2. Use of ordinal scores in this case study

While cardinal (numeric) scores for RAI compliance by business dimension (and subcategories) were generated from piloting the RAI Tool with LIMBUA and used in an internal assessment and recommendations for the company's decision-makers, it was decided to adopt cardinal scoring for this case study.

The use of ordinal scoring, i.e., indication of positioning such as “very low score,” “low score,” “high score,” and “very high score” (both overall and for a particular business dimension or practice) in this case study was chosen for two principal reasons:

First, the RAI Tool is still being piloted, including the way in which the scores are generated. While the cardinal results obtained are sufficient for understanding a company's level and pattern of RAI compliance—including where the main gaps are, key issues that should be prioritised etc.—numeric scoring in the case study at this stage may indicate false precision. Moreover, because the tool is intended for use by various types of agribusinesses (e.g., firms in different value chain segments), it may also be necessary to consider and implement company-type-appropriate scoring. At a later point, after the tool has been more thoroughly used and tested, it will be safer (and it is intended) to provide numeric scores or categories of compliance based on scores.

Secondly, the CFS-RAI Principles were only introduced in 2014. While several companies (and investors) have moved toward reflecting these principles in their operations and practices, this process is still ongoing, especially because the CFS-RAI is “high level,” and appropriate metrics and indicators are still in the process of being developed (and implemented). Pilot testing of the RAI Tool has, for the most part, been with companies that aim for responsible investment and social business conduct, but specific practices and metrics—even between roughly similar companies—can differ markedly. While broad ordinal comparisons are not unreasonable, further work is required to refine cardinal scoring so that comparisons are made on a robust basis



Dimension 1: Strategy and accountability on responsible agriculture

The RAI Tool Dimension 1 mostly relates to the issues covered by the CFS-RAI Principle 10: “assess and address impacts and promote accountability.” Both subcategories of this dimension, “the organisation has a strategy on responsible business conduct and systems in place to implement it” and “the organisation assesses and manages its impacts” score very highly.

The company was founded not only with the objective of making profit but also with the purpose of contributing to the development of the local community. This philosophy is embodied in the strategy on responsible investment, which includes a commitment for 10% of company profits to be dedicated to community development. The 10% is used, among others, to pay bonuses to farmers per kg of cherry delivered or for a range of community-development projects.

I come from Mahembe. My mother and father were both farmers, growing cassava, beans, bananas, and coffee. I then came back to this area as it had been forgotten after the genocide¹⁰ and wanted to see what I could do to help the community. (Justin Musabyimana, founder and managing director, Mahembe Coffee)

Management reports that the company’s documented business strategy includes targeted specific key performance indicators, several of which relate to responsible investment and business conduct. Progress is assessed and is reported every six months. The company also undertakes an independent employee and farmer satisfaction survey, which is reviewed by the board. Some RAI aspects considered in the strategy and managed include:

- use of the company’s resources to help mitigate risks faced by farmers. As an example, it is reported that the government can afford to cover only 15% of farmers’ requirements for pest and disease (P&D) control chemicals, so the company will step in and provide some chemicals in the event of severe P&D outbreaks.
- the company’s employment practices consider local social conditions and the need of employees to attend to other activities (such as tending their farms). Staff, therefore, either work from 07:00 to 12:00 or from 13:00 to 17:00.
- in its strategy on the environment, the company makes efforts to ensure water runoff is clean before returning to rivers. The company management has noted severe deforestation because the community relies on wood-fuelled stoves. In response, the company is exploring ways to pelletise parchment for biofuel.
- recognising the ageing farmer cohort, the company is expanding its own production and has also embarked on an innovative mechanism for supporting youth in coffee farming. A co-operative of 72 youth whose parents own farms has been established. Through this co-operative, they are taught farming skills and given use of 11 ha of land owned but currently not farmed by the company on a 20-year arrangement. The company has provided the seedlings, and delivery of cherries should start in 3 years.

¹⁰ The founder became a refugee who joined up with Kagame forces in Uganda. He was a part of the column that entered Rwanda to stop the genocide.



If the company were to embark on an expansion strategy, it would have to either buy out another station or expand the capacity of its current two stations: Musabyimana noted that “NAEB is responsible for issuing licences to construct a CWS, and there are no more licences available. It will cost RWF 150 million–RWF 200 million to establish a new CWS.”

Dimension 2: Inclusive and transparent structure

Dimension 2 mostly relates to the issues covered by the CFS-RAI Principle 9: “incorporate inclusive and transparent governance structures, processes, and grievance mechanisms.” Mahembe scores highly on all three sub-components of this dimension, namely the organisation “communicates in a transparent way,” “consults its stakeholders to inform decision making” and “receives and resolves stakeholders’ grievances.”

Before embarking on new projects, the company conducts an information and consultation process. For example, the “Green Vegetation Project” initiated in 2022 involved planting trees and building new waterways to control runoff and erosion. Before the project started, management informed the board, workers, government, and farmers. In addition to in-person meetings, the company has a notice board at the CWS where things are announced in the local language (Kinyarwanda). Local government officials pass through each village announcing what Mahembe is doing (or planning to do) using a megaphone.

Consultation Procedures

The company holds two formal consultations with farmers, before and after the season, to plan and review results and outcomes. These meetings are announced 5 days beforehand through door-to-door in-person notification. Ad hoc meetings are held if any issues arise that need to be immediately addressed.

“If there are any difficulties, then the co-op has a meeting to discuss and resolve them with Mahembe present in the meeting.” (Lead farmer and co-op president)

“We have never had a problem needing to be addressed. There are no secrets here. If there is any problem, we would go directly to the manager at Mahembe. We are a small village, so everyone knows each other.” (Interview with women farmers and market hawkers)

The company also uses a WhatsApp group for communication, as 569 farmer suppliers have smartphones. Meetings are held for farm and CWS workers every Monday for operational planning and reporting.

The company has a worker committee that meets with management, enabling workers to raise issues and grievances to resolve. This forum also provides its own perspectives in the process of agreeing on changes. Farmers can also use a suggestion box for any written suggestions.

There is also a Research Committee (with representation from management): a worker representative visits each village weekly to discuss all social and economic issues reported to it. For example, one village had an issue with monkeys damaging coffee trees and cherries. The committee worked with the government and supported farmers in relocating the monkeys. This was achieved through strategic food placements directing them back to the forest.



Dimension 3: Safe and responsible agriculture and food systems and operations

Dimension 3 mostly relates to the issues encompassed under CFS-RAI Principle 1, “contribute to food security and nutrition” and Principle 8, “promote safe and healthy agriculture and food systems.”

The company scores very highly on “the organisation contributes to food security and nutrition” but has a nil score on “the organisation promotes safe and healthy agriculture and food systems.” That being said, the company invests considerable time and effort in assisting the farmers to grow food crops alongside the coffee (see also education, training, and extension below); the nil score is because it has no formalised policies on food safety apart from compliance with NAEB coffee production inspections.

Contribution to Food Security and Nutrition

The company contributes to food security indirectly by providing free fruit tree seedlings as shade trees for coffee. According to Claude Ndikubwinana – Assistant Manager CWS and farm, Mahembe CWS, “We have a nursery at Mahembe Coffee to supply free coffee seedlings and shade trees to farmers. This includes trees like mango and avocado.”

Community respondents indicated a challenge regarding access to local food staples and suggested that the company develop a staple food outlet, with the intent of providing access to staples at reasonable prices. The lead farmer and co-op president observed that “the biggest challenge for farmers is not being able to get food like rice from local shops. If possible Mahembe should buy in bulk and then farmers can buy and pay in instalments.”

The economic activity supported by coffee income has created opportunities for women food producers and food hawkers, who stated the following in interviews:

“I’m a single mother and sell vegetables because I am a farmer of cassava, beans, maize, and coffee, with 200 trees. I work on the Mahembe farm in the harvest season.”

“I’m married with five children and sell vegetables like tomato, onion, maize. I farm maize, potato, cassava, banana, and coffee, with 800 trees.”

“I buy vegetables at the centre market, which is a ½ day walk away, and resell here. I work on the Mahembe farm in the harvest season.”

“I’m married, have five children still at school and sell banana, tomato, and other crops like cassava. I have 100 coffee trees and work on the Mahembe farm in the harvest season.”

Management reports that the choice of food crop depends on farmer preferences and the company regards government to be responsible and involved in matters of food security and nutrition. Local government has a programme to assess what food crops can be grown and encourages the production of sweet potato, beans, banana, and pineapple, some of which are intercropped with coffee and sold into the local market. This is done through the agri-



leaders programme, where university graduates are deployed for 1 week to help farmers with management and advice.

Direct Contribution Through Employment and Income Generation

The employment and incomes created (or sustained) by the company and its operations contribute to food security and nutrition. As a result of these operations, the company created employment and improved livelihood opportunities for over 1,000 farmers. “There are many employment opportunities in season. On the farm here, we have about 20 women employed in the harvest season.” (Assistant manager, CWS)

Young people from the area are also assisted where there are vacancies in the company. “I approached the managing director directly for work after I finished school, as I knew him. He advised that if there was an opportunity then I must provide my qualifications. Within 2 weeks and before the season I was employed at the CWS.” (Employee, CWS)

Improved Living Standards (Poverty Alleviation)

Improved living standards are a function of improved yields and better prices for farmers and access to employment opportunities. “Definitely people are better off than before since Mahembe came to the area.” (Women’s group of farmers and casual workers)

In this regard, Mahembe pays well above the prescribed minimum price for cherry. NAEB officials interviewed reported average prices for the area being RWF 800/kg, whilst farmers reported receiving a lower figure of RWF 410/kg. It seems that farmers are unaware that the official announced price (RWF 410/kg) is a *minimum* price and that the CWS can pay above this level. Seemingly they fear that Mahembe might be doing something outside the rules by paying above the announced price and want to keep the fact confidential; they therefore report only receiving the official price. “Last season Mahembe paid RWF 800/kg for cherry when the minimum price set by NAEB was RWF 410/kg” (Managing Director, Mahembe Coffee). However, farmers aspire to a higher price: “We have a low price. If the price of 1 kg could be increased to RWF 1,000 it would be better” (Lead farmer and co-op president, Mahembe sector).

During the fieldwork, people interviewed referred to rising living standards. Evidence included, (i) access to jobs; (ii) more local shops; (iii) creation of co-operatives as local institutions able to assist members; and (iv) access to financial assistance by the company to meet school fees. Mahembe has assisted in the establishment of co-operatives and school fees, but other benefits (such as the new shops) are the result of multiplier and spillover effects.

“All farmers depend on Mahembe Coffee for their living. Many were jobless before Mahembe Coffee and could only get casual work. When Mahembe came people were able to get permanent work.” (Farmworker and supervisor)

“There are more shops around, not like before when Mahembe wasn’t here.” (Female staff member, CWS)



“The idea to create a co-op came from the owner. I am a member of the co-op which represents all farmers, both men, and women. As a member, you buy a share for RWF 5,000. We make savings of RWF 1,000 per month, and there are some loans that members can take. We pay back at 2% per month. If you need more money, you can approach the managing director of the company.” (Businessperson and farmer)

“There have been improvements in the basic needs of people. Parents, when they need school fees, the company makes advance payments.” (Assistant manager CWS, Mahembe CWS)

The business activity from coffee has also inspired local people to have their own visions and goals for the future. “I want to buy a motorbike to go to vegetable farms which are too far to buy and have transport to buy and sell. With transport, we can improve and have a better life for our children. Now we walk 1.5 hr to Goneru to buy vegetables. If we buy our own transport, our children can get a licence to do transport in this area.” (Women group interview – Farmers and market hawkers, Mahembe sector)

Indirect Impacts

Better incomes enable farmers to employ labour for seasonal work. “I employ 10 in the season on my own. Daily workers are paid RWF 1,200 and work from 7:00 am to 12:00. The system in the village is that if there is some paid work available, then they work in the morning and do their own other business in the afternoon. For picking, I pay RWF 70/kg, and a worker can pick about 20 kg a day, with everything paid in cash.” (Businessperson and farmer)

Other farming activities undertaken by Mahembe’s founder also create additional employment opportunities. “There are 95 permanent workers on the farm. Seven come from other areas and came here for work. There is no friction between the local community and others from other areas.” (Farm supervisor)

Even those working and earning a salary employ people to tend to their farms. “I employ three seasonal workers on my farm, using my money from the job on the Mahembe plantations and from my coffee to pay for them.” (Mahembe farm supervisor)

Because parchment coffee must be dry milled in Kigali and then the green beans transported to Mombasa, opportunities in the transport sector are created. “Mahembe uses transporters who come from another area for transport of parchment to Kigali.” (Businessperson and farmer)

Assistance With Inputs

The company assists NAEB which supplies fertiliser and chemicals to farmers with its distribution. “For the three months of October to December the company has a contract with NAEB to distribute fertiliser to farmers, but it is not enough to cover their needs.” (Assistant manager, CWS and farm)



Provision of Services to Strengthen the Value Chain

System of Traceability of Products

For buyers of Mahembe's post-process green beans, the only traceability is based on the declaration by the company that the product comes from a specific localised geographic area. There is no formal third-party documented verifiable system to prove origin, but systems are available that could be adopted.

Access to Finance

Farmers do have household cash flow challenges due to the seasonal nature of coffee income and rely either on the company or the loan system available through their co-operative membership to acquire finance. "If we have any problems, we can come here to Mahembe for help with money for school fees, or if you get married you can get help with an advance payment." (Women group interview – farmers and market hawkers, Mahembe sector)

"The company gives some loans to farmers. You can get above RWF 100 depending on cherry income to be able to afford repayments. The loans can be used to pay school fees, which are RWF 85 per year paid to the local government school. The way loans are granted is that farmers first apply to the co-operative committees, which screens applications and then makes a recommendation to Mahembe." (Lead farmer and co-op president)

"If you have any problems, you can come directly to Justin to take some loans at no interest for things like school fees." (Businessperson and farmer, Mahembe sector)

Access to Markets

Competition in the Mahembe sector for cherry between CWSs has likely have pushed up prices paid by other companies, with Mahembe setting the benchmark with its ethical decision to pay well for cherry. "There is another competitor CWS, it's only 20 minutes walk away. All the CWS pay the same for cherry." (Assistant manager, CWS and farm)

"We compete with another four companies in this area, with our closest 1 km away. NAEB gives permits for establishment of CWSs and usually has them 5-7 km apart. At the time we established our CWS, there was a CWS that had gone out of business but after we established the owner sold up and the new owner opened operations again. We don't have much information as to what community and farmer support they give but have heard they pay for farmers' health insurance." (Justin Musabyimana, founder and managing director, Mahembe Coffee)

Farmers consider the arrival of Mahembe to have been instrumental in changing their lives. "Before the arrival of Mahembe in 2009, we worked so hard, and it was difficult. We used to use small old machines owned by government or some farmers. These machines required a lot of labour to process. Other co-operatives came to collect from the area and paid low process of RWF 150/kg. Then, since Mahembe came, it is easy to deliver from the farm, get paid, and then we can go back to the farm." (Lead farmer and co-op president)

An example of how training institutions may also use production of crops as a means of generating income is that of the local primary school that is able to sell coffee to the company.



“The school Mahembe supports has 1,000 coffee trees to help fund its activities.” (Assistant manager CWS and farm, Mahembe CWS)

Education, Training, and Extension

The company makes use of the farmer field school system (FFS), where a lead farmer’s land is used as demonstrator during training sessions.

Examples include support for farmers to improve good agricultural practices of fertilising, mulching, pruning, and harvesting. There is training three times per year. “We are trained how to place fertiliser, mulching, planting of shade trees, and use of insecticides, which we didn’t know how to do before. Training is done by the assistant director of Mahembe and comes from Rwanda Trading Company (RTC) but there are no training certificates handed out. They come to one village at a time. Training materials are a manual with photos because some people can’t read. When training about practices they do the training in the classroom, then demonstrate at a farm.” (Lead farmer and co-op president)

Training aids also make use of pictures to convey the message. “NAEB come with people from Kigali to provide the training. They advise on collection of good-quality cherry. Pictures were provided on posters placed on the walls to show the difference between red and green cherry. We also did practice pruning and mulching in the field. Both male and female farmers receive training. Alex is a pastor and, as lead farmer, his field is used for demonstration. If there is a village far from Mahembe, then Alex as lead farmer goes to the village to do the training.” (Businessperson and farmer)

Though management report 60% of trainees are women, there are still some women farmers with very small tree numbers who have not yet received training. “We have not received training. And would like to get training on how to take care of farms with good farm management.” (Women farmers and market hawkers)

Dimension 4: Environmentally sustainable processes and products

Dimension 4 mostly relates to issues covered under CFS-RAI Principle 6, “conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks.”

Mahembe scores highly on the two subcategories, “the organisation identifies and manages its environmental risks” and “the organisation implements or promotes sustainable practices.”

The company is aware of the environmental risks of water pollution, soil erosion (especially on road cuttings due to the steep topography), and deforestation and has undertaken measures to ensure no polluted water flows back into rivers. It also practises erosion control. As mentioned earlier, the company also intends to produce biofuel from parchment to enable local people to have an alternative fuel source other than wood. The company has installed solar facilities and is 80% self-reliant on power.

Farmers and other community respondents are less sensitive to environmental risks. “There has been no change to the environment.” (Lead farmer and co-op president)

It may be that this is because the landscape is so transformed due to population pressure that, apart from the conservation areas nearby (Nyungwe Forest), local people have seen no



significant change in biodiversity. Additionally, respondents reported no changes in rainfall patterns.

Mitigation of Potential Negative Environmental Aspects

The company is taking measures to ensure chemicals are used responsibly and only uses those approved by NAEB.

We use chemicals applied with backpack sprayers. Empty containers are put back in the stock room. The owner has workers dedicated to applying chemicals and they are issued with protective clothing. They clean containers and deal with empty chemical container disposal. We don't deal with the chemicals so don't know what happens with them or where the backpack sprayers get cleaned. (Farm Supervisor)

While the farm supervisor was not sure what happened with plastic chemical containers, management confirmed they were collected and delivered to a plastic recycling plant in Kigali.

Other examples include the following

1. Regarding erosion control on steep lands, the company works with the government to encourage the establishment of vegetative erosion control measures.
2. In accordance with Rainforest Alliance and C.A.F.E. Practice (650 out of 1,007 farmers are certified), environmental standards are applied on the certified farms and CWSs.
3. Compost making and manuring are also encouraged as a practice among farmers and on the company's own farm.
4. The company uses third-party specialists to measure pollutant and soil-fertility levels in the environment: these are used as benchmarks for further action if needed.
5. In the training undertaken through the FFS, the subject of conservation of the ecosystem is covered once annually.

Dimension 5: Responsible treatment of stakeholders

Because there are many types of stakeholders, Dimension 5 correlates with issues covered under several CFS-RAI Principles, especially 5 ("respect tenure of land, fisheries and forests, and access to water"), 7 ("respect cultural heritage and traditional knowledge, and support diversity and innovation") and 2 ("contribute to sustainable and inclusive economic development and the eradication of poverty").

Mahembe scores relatively highly in two subcategories of this dimension, namely "the organisation respects cultural heritage and traditional knowledge," and "the organisation promotes responsible and fair contracting practices with its stakeholders." However, there is a nil score for the subcategory "the organisation respects the legitimate tenure rights on land, fisheries, forests, and water." This is because management considers it not applicable



on the basis that tenure rights are secure in law through the unique parcel identifier registration system.¹¹

Security of Tenure Rights and Cultural Heritage

During the fieldwork, respondents were clear that tenure rights are secure with the land registry system.

Land purchase and sale transactions occur on a willing-seller, willing-buyer basis with negotiation and agreement on price. When discussing land ownership, the managing director mentioned that “As title deed holders they are free to sell their land. This is how Mahembe farming operations have expanded to 35 ha.”¹² (Justin Musabyimana, founder and managing director, Mahembe Coffee)

Impact of Responsible and Fair Contracting

CWSs do not have formal contract supply arrangements between them and farmers. The practice since 2017 is that zones were declared around each CWS,¹³ and farmers supplied to the designated zone CWS. Farmers interviewed expressed a strong level of satisfaction with their relationship with the company, which is indicative that presently there is no need for a formal contract. “The company provides good service to the farmers, and in the season also pays farmers on time.” (Assistant manager, CWS and a Mahembe farmer)

“We have a good partnership with Mahembe. They pay cash on time for the cherry.” (Lead farmer and co-op president, Mahembe sector)

It was put to management that the removal of the zoning system might be a risk as CWSs¹⁴ would be able to compete for farmers’ cherry. Management reported that, in fact, the introduction of zoning was detrimental to them because they lost suppliers who were required to sell to a resuscitated CWS not more than 2 km away. It is expected that the company is happy to compete and is confident many of these farmers lost to the competition will return.

Credit Availability

Farmers need working capital to buy pesticides and small tools and pay for any casual labour used prior to harvest and receipt of income from the sale of cherries. There are no formal, easily accessible credit suppliers, and farmers must rely on their own savings and/or loans from the CWS. For farmers to whom credit is made available, the company does not lend above a 65% repayment capacity.

Mahembe has actively encouraged the formation of savings and credit groups among farmers as a means of solving this challenge. Additionally, community leaders exposed to these self-help institutions have also played a role in assisting their formation with information on how to constitute the groups and run their affairs.

¹¹ In this and similar cases, this nil score is not taken into account in calculating dimension score averages.

¹² That is sale of land to Mahembe by willing sellers. Some were old and retiring, others continue to farm on smaller plots.

¹³ NAEB prescribes the zone radius (distance between CWS), with input from the local authority.

¹⁴ NAEB implemented the change (i.e., removal of zones) in June/July 2023.



“We only have women’s groups for savings. Between us there are two different groups of 35 and 36 members each. The group rules and procedures were developed by us, but the leaders knew how to do savings. We try our best.” (Women group interview – Farmers and market hawkers, Mahembe sector)

“I am a member of a savings group with 12 members. We are young people, who are neighbours who finished school together. We came together to see how such groups could work to do savings. Monthly savings is RWF 3,000 each and you can get some loans from the group which are repaid at 2% per month.” (Josephine Uwayisenga, Receptionist, Mahembe CWS, Mahembe sector)

Dimension 6: Responsible human resource development

Dimension 6 covers issues encompassed under CFS-RAI Principles 3, “foster gender equality and women’s empowerment” and 4 “engage and empower youth,” as well as other human-resource-related issues.

The company scores highly in this dimension, though the score for the subcategory “the organisation’s human resource development system supports its strategy on responsible agriculture” is lower than the other dimensions.

Child Labour

The Labour Act allows employment at the age of 15 for light work. The company policy is that no one under 18 is employed.

Staffing Profile, Gender Equality and Women’s Empowerment

Women represent 40% of board members, 44% of permanent staff, and 55% of temporary staff. However, there are no women among management positions. Youth are well represented: eight of the nine permanent staff are under 30.

“There have been many improvements for women, more for women than men. Women can now buy cows and goats with their extra income and can buy clothes for themselves. Some have borrowed money from the company to start their own business, selling different goods.” (Assistant Manager CWS and farm)

“Women are treated the same as men.” (Female employee, Mahembe CWS)

Conditions of Employment at the Company

The company applies the Labour Act as its guideline on policy and work rules. While it does not yet have a whistleblower safeguard policy, it is in the process of developing it.

The company advises it pays about 5% above the minimum wage prescribed in law. Overtime is paid at double the wage rate, while the legally prescribed minimum is time and a half. Wages are adjusted every 2 years, considering the financial position of the company, the inflation rate, and the USD exchange rate, which declined from about RWF 939 to RWF 1,260 to the USD 1 between January 2019 and December 2023 (company income is derived from USD sales). Currently, the management reports minimum wage at the CWS is RWF



75,000 per month, noting as mentioned the work hours from 07:00–12:00 or 13:00–17:00. Yet some recently appointed staff report differently. “My salary of RWF 45,000 per month is not enough, I would like RWF 60,000 pm” (Junior female employee, Mahembe CWS). This is because they were recent employees undergoing probation. However, this point needs to be more fully explained to new appointments.

Farm workers report that they are paid above the going rate for the type of work they do. “We get paid above the rest of the community.” (Gaspard Uwizeyimana and Pascal Muhayimana – farmworker and farm supervisor [chief])

Employees are employed as either permanent staff (for which there are only nine positions) or as casuals (58 positions in the CWS). There does not seem to be a rigorous application of providing formal written contracts across all positions. “I have no employment contract as my appointment was given as a verbal undertaking. There are no written down rules and regulations.” (Male employee, CWS). “I have no contract, it’s just a verbal engagement, and there is no written job description.” (Female employee CWS). “We have no employment contracts; appointments are verbally given but we are secure as Justin is trusted, and we are permanent.” (Farm workers)

“As casuals, we are paid every 15 days in cash at RWF 1,400 per day to work from 07:00 to 12:00.” (Women group – farmers, casual workers.)

Social Benefits

The company abides by the labour laws of the country, based on which social benefits such as insurance and pension are paid at the prescribed minimum (with insurance paid at 10% of basic salary). There may be some discrepancy between CWS and farm staff, with one staff member reporting he gets no social benefit above his basis wage. “I am happy with the wage paid, which is in cash, and have no other benefits.” (Male worker, CWS)

The Labour Act requires 3 months to be allowed for maternity leave, while the company allows 6 months.

At the village level, the company provides support to pay the wages of nursery staff to look after the young children of female workers.

Job Satisfaction

Most respondents interviewed were very satisfied with their jobs and felt secure, although, as mentioned earlier, some mentioned that they did not have a formal letter of engagement. As reported above, management advises that they conduct employee satisfaction surveys. Comments received during interviews with company staff included.

“The company pays on time and are committed towards employees and there is a good relationship between employer and employees.” (Assistant manager CWS and farm)

“I’m from Karongi, where my wife and child and adopted child live. I moved here for a job on the coffee plantation and live at the owner’s place, for free.” (Farmworker)



“Sometimes we get a bonus, and the company helps with insurance. The farm chief and zone chief receive gumboots.” (Farmworker and farm supervisor [chief])

“We are satisfied with our pay. We work from 07:00 to 12:00 so we can attend to our other business in the afternoon.” (Farm supervisor)

“I am permanent and paid every month, when I need extra, I can get a small loan.” (Farmworker)

“We feel secure in the job, no stress.” (Farmworker and farm supervisor [chief])

“We are much better off, and glad to be employed. I can save and send money to my wife for living expenses.” (Farmworker)

Human Resource Development

There is some level of on-the-job training, but the company does not undertake professional management training for its (small) permanent work force.

“I have received training on NAEB’s digitised SMART Kungahara system to capture producers’ data. At the farm level, we collect data on enumeration forms which are on paper and enter the information into the system.” (Assistant manager CWS and farm)

“We on the farm have received training from RTC, who come and do training in farm management of pruning, fertilising, and P&D control. The training material is in a manual, and trainers also show practically how to apply fertiliser and compost.” (Farmworker and farm supervisor)

Dimension 7: Financial transparency and benefit sharing

Dimension 7 primarily relates to CFS-RAI Principles 2, “contribute to sustainable and inclusive development and the eradication of poverty” and 10, “assess and address impacts and promote accountability.”

The company scores relatively highly in this dimension, particularly regarding the responsible use of profits. As a private company with a single shareholder, there is no requirement in law for the company results to be publicly declared. However, the company argues that it does make a committed effort—within available financial resources—to make a difference in the lives of the community within which it operates.

Responsible Use of Profits

The company has a strong social ethic in terms of contributing to a range of community development needs where financially possible. “I am passionate about helping the community. Last year we had a good season and so we were able to buy school uniforms for the 500 children at the local school. But this season has been difficult and with the expenses of a new project of building a sports stadium, the finances are unstable.¹⁵ We recently helped the communities in three villages build roads past the villages as they had no way of

¹⁵ See next quote.



transport to and from the villages.” (Justin Musabyimana, founder and managing director, Mahembe Coffee)

“We have started to build a sports stadium as a way of encouraging young people to stay away from trouble and drugs because they have nothing to do. Mahembe has financed it out of our own resources. The land was identified with the community and bought for RWF 5 million. We thought it would be easy to level the land with labour, but it proved to be too difficult, and we have had to hire machines to get the job done at big extra expense. We need financial assistance to help us finish the job as it has taken more resources than we expected.” (Justin Musabyimana, founder and managing director, Mahembe Coffee)

“The support given to the school is good. Mahembe has built a small sports field for the children, and they have donated school uniforms in 2019 and 2021 to Grade 1 students, to enable them to come to school. Those who don’t have uniforms tend to not attend school.” (Headmaster, Binogo Primary School, Mahembe sector)



4.0 Recommendations to Investees, Investors, and Other Stakeholders

Mahembe is an agribusiness that has sought to invest responsibly in its agricultural value chain business, especially its operations, processes, and relations with stakeholders. The findings in Section 3 reveal an overall high RAI compliance that varies between dimensions.

Mahembe's Approach to Investing Responsibly in Agriculture

The company's high level of compliance with responsible business conduct is not an accident, which offers a learning opportunity for other agribusinesses. A detailed dialogue with Mahembe's founder and its staff supports the view that the company's success in RAI alignment depended very much on the founder's approach at the outset.

1. The founding shareholder made a conscious choice to set very clear objectives for developing the business in a socially responsible way to benefit the broader community. Respecting human dignity and responsiveness to the development needs of the community were central to the company's approach.
2. While the RAI alignment is strong, it is sustained primarily through the values and actions of a sole shareholder as the visionary founder. As the business grows and evolves, with the participation of new shareholders and a shift to the next generation of owners, it is possible that the company's community and development-centric business culture may wane.
3. To build on the founder's groundwork, it is recommended that a more formal approach to documenting strategy, policies, and procedures be implemented to entrench the operational principles more fully. This would help orientate and guide new shareholders and staff and encourage continuity in RAI alignment.

Additionally, interviews with the founder, staff, and stakeholders revealed that Mahembe's RAI compliance is imperfect and can be improved.

Suggestions, recommendations, or issues for consideration are detailed below.

Recommendations to Mahembe Related to Current and Future Potential Challenges Faced by the Company and Farmers

In addressing the challenges mentioned earlier (such as the ageing farmer population, assuring that cherries are produced to the correct quality standard, the government's inability to fully fund and supply farmer's fertiliser input needs, the financial risks associated with taking out working capital loans, and the risks of the founder's vision and informal alignment of activities with RAI that may wane with generational evolution), the following steps are recommended:



1. Senior management and the board should undertake a formal review of the CFS-RAI Principles and then review how the company might respond to these guidelines, considering the findings in Section 3, to further improve its responsible and sustainable business conduct. This review would lead to an action plan, with priorities built on the findings presented in this report, the review itself, and the relevant operating conditions of the company.
2. In the longer term, the company should continue with its efforts to encourage younger local people to enter coffee production.
 - a. The programme whereby the company has made its own unused land available to a co-operative of young farmers on a 20-year arrangement is commendable.
 - b. However, to attract youth coffee production, financially rewarding land-financing schemes of a larger scale are needed and should be considered in partnership with the government and other development agencies.
3. In the medium term
 - a. More effort is needed to educate and encourage farmers to produce and use compost as a supplement to scarce supplies of inorganic fertiliser provided by the government. Efforts to identify and produce biological P&D control methods should be pursued.
 - b. Attempts should be made to formalise activity at the company, workforce, farmer, and community levels.
 - c. The company should aim to integrate pricing relationships across the value chain so that there is a stronger relationship between the green bean price and the cherry price levels. This might include convincing buyers to contract further in advance and persuading farmers to be prepared to have a portion of the price linked to end-market price levels. This approach would require systems of transparent and open information sharing between value chain actors and the development of a formalised documented procedure backed by company-to-farmer agreements.
 - d. The company needs to persist with its community relations activities, which have shown to have built considerable loyalty with farmers, who recognise the commitment of the company and the owners to community development. This gives Mahembe a strong social licence to operate and support the introduction of new measures, including a market-related pricing policy (as per the previous bullet point).
 - e. Other community support activities to consider, within financial constraints, could include providing priority equipment needed by farmers, such as pruning shears and knapsack sprayers (they could be branded with the company's logo).
4. There are also many short-term or immediate actions to be taken. For instance, the company may wish to respond positively to an appeal by local respondents for a small company shop, selling essentials to workers and farmers alike during the season. Alternatively, the company could offer a shop facility for a local businessperson to run such an activity at CWSs.



Recommendations to Mahembe Related to CFS-RAI Compliance

Section 3 addressed the company's degree of compliance with CFS-RAI Principles in the context of its primary business functions. Some examples of good practices to continue and aspects to consider for improvement include the following:

1. Given the level of poverty in the area, the various projects that contribute to community upliftment are commendable and should continue. The company appears to be fully aware of community challenges and identifies interventions within its resources that can make a difference. CFS-RAI Principles and guidelines could be considered when fine-tuning its projects and interventions.
2. The company's employment conditions, whereby hours of work are designed to enable employees to attend to their other business, represent a good practice, especially when a business is not able to offer sufficient work to pay a full living wage. Such conditions should be kept under review, with a view to supporting longer hours and a move to higher levels of pay.
3. The company should consider formalising its policies, practices, and procedures, including the following:
 - review all employees' terms of engagement to confirm each as a formal employment contract specifying terms of engagement, duties, and responsibilities. Ensure that each employee is receiving the correct wage and benefits in terms of company policy. This should be the case for both permanent and casual workers;
 - develop a formal induction programme for new staff that is signed off by the supervisor and staff members when completed. This would cover company policies and procedures, duties, dealing with grievances, disciplinary policy etc.;
 - document the policy for receiving and approving farmer loans;
 - documenting a policy on receiving and dealing with farmer complaints and grievances;
 - develop a food safety policy and procedure for cherry production and green bean processing.

Recommendations to Investors, the Government, and Others

The limited working capital for bean purchasing is a major constraint on coffee green bean SME processors, and investors could consider playing a role in providing liquidity in the coffee value chain. Regular, on-time financing would solve the cash flow challenges, enabling SME processors to compete with MNE buyers and meet purchase commitments to farmers.

Investors would be well placed to support investees in developing digitised administrative systems that can assist in product traceability and create more efficiency in administration.

Impact investors should consider providing investment incentives to investees that achieve a high scoring level on the toolkit scorecard.



The challenge for stakeholders in the Rwandan coffee sector is that prices at the farm level and green bean export level are not determined in isolation but in the context of international supply and demand and, consequently, fluctuate. This should not hinder the continued exploration of new price-forming mechanisms to achieve equity between all value chain actors. The use of digital technologies to provide visibility across the value chain, coupled with agreements between actors, will be needed if future production at the farm level is to be assured and for a new generation to be incentivised to become farmers. The government, impact investors, non-governmental organisations and others can support this process.

During the interviews, farmers appealed for assistance to acquire bicycles capable of carrying 300 kg of beans. Such bicycles were reportedly made available through government assistance in the past and were of considerable assistance in an area characterised by very steep topography and poor roads. The government should consider renewing this programme (and similar ones).

Rural areas in Rwanda remain challenged by their lack of social infrastructure. Investment support from government, development agencies, and/or non-governmental organisations remains a necessity. Mahembe is a local institution that could be a valuable partner for projects supporting rural areas. It is already experienced with typical projects like those it has funded, such as primary school infrastructure (classrooms, sports fields, computer equipment, potable water, and funding for additional teachers), sports facilities, construction of a technical school, road improvement, and embankment support to minimise erosion hazards, and training and financial assistance to young prospective farmers to acquire land and become commercial medium-sized coffee farmers. This experience would be useful in tailoring and fine-tuning projects to specific needs and situations.

Government could consider giving companies tax breaks on prescribed social infrastructure development costs incurred. This could be in the form of permitting the value of investment to be offset against profits.

Government and development agencies should consider a young farmer development programme, referring to the case of Mahembe's project supporting youth to gain access to land that is not being fully utilised. Such a programme requires (i) identification of unused land; (ii) incentivising owners of such land to make this available by paying a land lease subsidy; (iii) providing training to youth; (iii) assigning mentors to assist their capacity development; and (iv) assisting with low-interest loans and/or grants to cover the costs of coffee tree establishment.¹⁶ The experience of Mahembe and others would be valuable in setting up this and similar programmes.

¹⁶ Also, this would help cover fully or partly living costs until the trees are bearing fruit. Such assistance could take the form of supporting the planting of seasonal cash crops as a means of generating income.



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