



BURUNDI

Breakdown of a typical price paid for coffee via RM (USD/kg, all stages converted to green equivalent)

Figures are displayed in USD/kg; all values converted to green bean equivalent. Costs and prices vary by region and by cup quality. All data is based on the 2020 harvest, using our mean average FOB price. Currency assumptions based on rates as of 01/04/2021, USD:BIF 1,944, USD:GBP 0.72.

In Burundi, we work to secure higher profits for both coffee producers and increased wages for washing station staff. As of December 2019, Raw Material has operated and managed our own wet mill, Izuba.

The farmgate price represents the sale of coffee cherries to Izuba or to one of the partner coffee washing stations that we work with. The maximum price payable for coffee cherries is set by the government each year and is strictly enforced, therefore capping how much profit can be returned at this stage. Likewise it is mandated that producers are paid for their cherries at two times throughout the harvest season. Quick and reliable payment on these days is a key impact metric identified by the producers that deliver to Izuba who we interviewed after the 2019 season.

Cherries are processed into washed or natural coffees at the washing station, where the vast majority of the \$0.41/kg cost is attributed to salaries for station staff at rates 25% above other local washing stations and 33% above the national average. As in Timor Leste and Rwanda, the majority of station staff are themselves also coffee producers who deliver cherry to the station.

Through Izuba we aim to fund multiple community initiatives; distributing agricultural inputs (baby trees, fertilisers, trainings etc), providing health insurance for staff and producers and working to refine processing and lot separation to increase the value of the coffees.

While the price for cherry is capped, the second payment we make at the end of the season is not. This payment is based on the amount of cherry delivered by the producer and the final FOB sale price. Therefore the more we can increase the perceived value and sale price of the coffee, the more producer profitability can be increased.

Currently our operational costs in Burundi are high in comparison to other countries. Our operation in Burundi is new and has high set up and finance costs. These will normalise over time and increased volumes of exports will create increased efficiency across the whole chain, maximising profits for producers.

Total EXW average =
8.24

Total FOB average =
6.19

Farmgate price =
1.64

