

## SPECIALTY COFFEE

## INCREASED QUALITY & PROFITS FOR SMALLHOLDERS

**T**oday's specialty coffee market demands that small-scale growers get organized. They must build capacity, achieve efficiency, meet exacting quality standards and strive for market clout. At the heart of ACDI/VOCA's work in coffee is a quest for superb coffee that makes these efforts worthwhile and pays both immediate and long-term dividends to producers.

ACDI/VOCA has 43 years of experience helping farmers and entrepreneurs address constraints and capitalize on opportunities throughout their value chains. Our assistance enables coffee growers to

- add value to their crop
- become business savvy
- improve their livelihoods
- attain sustainability



## ETHIOPIA—THE BIRTHPLACE OF COFFEE

Since 1994, ACIDI/VOCA has assisted smallholder Ethiopian farmers to form competitive cooperatives. The Yergacheffe, Sidama, Oromia and Kafa cooperative unions today produce some of the world's finest coffee.



The Ethiopian coffee industry was reeling when ACIDI/VOCA, funded by USAID, helped the country's statist co-ops reorganize, hire professional managers, expand access to credit and secure bulk input and marketing deals. Focusing on coffee, ACIDI/VOCA has helped co-ops representing 150,000 growers improve quality, obtain Fair Trade certification and bypass the government's central auction to

make high-margin direct sales. "Without cooperatives," said Asnake Bekele, general manager of the Sidama union, "Ethiopian growers would be out of the market." Over 12,800 MT of co-op coffee was exported in 2005.

**"THE SMALLHOLDER FARMER REALLY NEEDS THREE THINGS: QUALITY, QUALITY AND QUALITY."**

**—JIM DEMPSEY, ACIDI/VOCA-ETHIOPIA**

In an inaugural internet auction in July 2005, global coffee companies bid top prices for coffee from 150 Ethiopian co-ops. Green Mountain Coffee Roasters, of Waterbury, Vt., bid an auction-high \$6.50 per lb. for Wotona Bultuma Cooperative's Fair Trade- and organic-certified beans. The prestigious international jury had noted its "velvety body with balanced fruit notes, pleasant acidity and lingering berry and honey notes." Green Mountain features it as a Special Reserve offering at \$17.95 for a 12-oz. bag. The second-place finisher, a natural Yirgacheffe from the HAMMA Cooperative, purchased and roasted by Sacred Grounds of Arcata, Calif., was given a rare 95 rating by Coffee Review, whose Kenneth Davids called it, "Probably as close to perfect as this imperfect world allows." Again, a U.S. retail price of \$17.95 per 12-oz. bag is a strong testament to the success of Ethiopian cooperative coffee.

**"WITHOUT COOPERATIVES, ETHIOPIAN GROWERS WOULD BE OUT OF THE MARKET."**

**—ASNAKE BEKELE, GENERAL MANAGER, SIDAMA UNION**

The auction, the culmination of a two-year effort by ECafe Foundation, supported by ACIDI/VOCA,

the Coffee Quality Institute (CQI), Coffee Corps, the Specialty Coffee Association of America (SCAA), the Ethiopian Coffee & Tea Authorities and the Ethiopian coffee unions, generated a return of \$187,800 (the average price was \$3.22 per pound), a \$75,000 premium over market price.

"Finally, farmers at the co-op level who produce these exemplary coffees will receive the prices and the recognition they deserve," said ECafe President Willem Boot. The auction will be repeated in 2006.

ACIDI/VOCA's work to make the Sidama union a viable economic entity has opened many doors. The union will receive a \$400,000 working capital loan as part of a \$5 million financing arrangement Starbucks has developed with EcoLogic Finance, a Cambridge, Mass.-based nonprofit organization that offers affordable financial services to community-based businesses operating in environmentally sensitive areas.

## COLOMBIA—JUAN VALDEZ GOES CUPPING IN CALIFORNIA

In Colombia ACIDI/VOCA has worked since 2002 on a 5-year, \$9 million USAID-funded effort to improve producers' socioeconomic status and preempt coca and poppy production. Alongside the SCCA, the CQI and the *Federación Nacional de Cafeteros de Colombia* (FEDERACAFE), ACIDI/VOCA advises farmers on production, post-harvest handling, processing and exporting; provides processing and storage facilities; and helps identify export markets.

Almost 60 Colombian growers and processors have been trained in cupping at SCAA headquarters in Calif., and 20 more are slated for training in 2006. Those who are trained systematically pass on their powers of discernment to heighten awareness of coffee quality throughout the country. Coffees are being differentiated and marketed by origin, complete with grower profiles.



**TRES SANTOS, A COLOMBIAN COFFEE PRODUCED BY ACIDI/VOCA BENEFICIARIES AND SOLD BY INTELLIGENTSIA COFFEE, WAS NAMED IN RECOGNITION OF KEY ACIDI/VOCA STAFF (FROM LEFT TO RIGHT): LUIS ALBERTO CUELLAR, ANA CRISTINA MURGUEITIO AND DANIEL MONTAÑÉS.**

Geoff Watts, director of coffee and green coffee purchaser for Intelligentsia Coffee, praises the transition “from commodity farmer to celebrated artisan” that lies behind today’s superb Colombian coffee. He touts what he calls “the most delicious Colombian coffee we have ever offered.” It’s named *Tres Santos*, or Three Saints, in recognition of key ACDI/VOCA staff.



ACDI/VOCA’s project impact:

- 5,000 family farms, 75 municipalities and 600 villages benefited
- 100 Colombian volunteer technical consultants trained
- 1,500 growers trained in cupping
- 200 educational workshops conducted
- 4,720 depulping machines installed
- 4,150 coffee-drying facilities provided
- 2,000 hectares of coffee renovated
- 27 containers of coffee exported

In a public-private partnership under USAID’s Global Development Alliance, ACDI/VOCA and a group of European roasters, which includes Lavazza and the Neumann Kaffee Gruppe, formed International Coffee Partners (ICP) to expand the Colombia project in the department of Huila. ICP is contributing \$281,900 to, in the words of ICP’s Jan C. Von Enden, “provide smallholder coffee farmers with direct linkages to the international coffee market.” USAID will contribute \$246,573.

## RWANDA—RETURNING TO STABILITY AND SUSTAINABILITY

Rwanda’s communal tension, population density and development status present enormous challenges. Recovery from the horrific 1994 genocide has been remarkable, but per capita food production is still declining, and 70 percent of households live in poverty. USAID has turned to ACDI/VOCA to monetize U.S. vegetable oil and wheat to make staple food available and finance development efforts.



To develop the coffee sector, ACDI/VOCA works closely with the Pearl Project, sponsored by Texas A&M and Michigan State Universities, emphasizing each link in the production and marketing chain.

Rwandan coffee is often grown on steep slopes. If crops are unprofitable and farmers uproot their trees, already serious soil erosion will be aggravated. Thus ACDI/VOCA’s initiatives, ranging from a full scope of tech-

nical assistance to the construction of washing stations, protect the natural resource base. Several cooperatives have become Fair Trade Certified™, incomes have doubled or tripled, and business skills, labor conditions and community spirit have been enhanced. COOPAC, a Rwandan coffee cooperative that has benefited from ACDI/VOCA grants and technical assistance, has reinvested its Fair Trade premiums into the community.

Rwandan coffee is once again creating a buzz in Western markets. Intelligentsia’s Geoff Watts says, “Over the last three years Rwanda has become Africa’s most actively improving coffee country. Its many cooperatives are now producing some of the cleanest coffee on the continent.”

London’s Union Coffee Roasters in 2006 highlighted the farmers of the Abahuzamugambi Bakawa Cooperative, who produce the rare Rwanda Maraba Bourbon. Union’s roastmaster Steven Matatonia said, “We’re delighted that the Maraba growers have been recognized internationally as it is a fitting acknowledgment of what they have achieved.” ACDI/VOCA provided funding for the cooperative’s washing station, contributed training and marketing assistance and introduced the growers to Union, which today buys most of the co-op’s coffee. The company shows its appreciation by featuring ACDI/VOCA’s logo on its homepage.

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—GEOFF WATTS, INTELLIGENTSIA COFFEE

## IT TAKES A VILLAGE

ACDI/VOCA is nothing if not collaborative, and the coffee market increasingly depends on relationships. Whether relating to growers, in-country governmental trade or marketing entities, associations such as the SCAA, roasters from all over the world, retailers, foundations such as ECafe, universities and donors such as USAID, we have the broad footing and development experience to help produce and deliver high-quality win-win coffee.

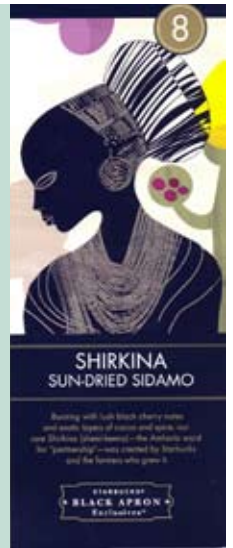
“WE’VE BEEN VERY HAPPY WITH THE PARTNERSHIP BETWEEN ACDI/VOCA AND THE CQI BECAUSE IT HAS ALLOWED US TO...MOVE COFFEE FORWARD INTO NEW MARKET CHANNELS.”

—MARY PETITT, EXEC. VP, COLOMBIAN COFFEE FEDERATION, INC.

## BLACK APRON EXCLUSIVE™

In August 2005 coffee produced by the Ferro Coffee Cooperative, one of 39 co-ops in the Sidama Coffee Farmers Cooperative Union, a longtime client of ACDI/VOCA, was named a Black Apron Exclusive™ by Starbucks. The Sidamo grade 4 unwashed (sun-dried) coffee is only the eighth coffee honored with the Black Apron designation.

“The application of the natural process on this coffee has given it a distinctive black cherry flavor, with hints of chocolate and a dark rum finish,” said Starbucks coffee education director Scott McMartin. “But more importantly, this has created a potential new revenue stream for farmers in this region.” The recognition of this distinct and scarce coffee, distinguished from the usual washed coffee, carries with it a \$15,000 cash prize for community self-improvement. Christopher Jordan, manager of green coffee quality at Starbucks Trading Company, said that Starbucks “is keen to develop a continuous supply of this profile.” Black Apron Exclusives™ coffees are named for the coveted apparel worn by Starbucks’ most knowledgeable buyers, roasters, cuppers and coffee masters. Shirkina was sold to consumers for \$13 per half-pound bag.



## HAVE EXPERTISE, WILL TRAVEL

Having placed 10,000 expert consultants in overseas development projects, ACDI/VOCA was selected to plan assignments and manage logistics for the Coffee Quality Institute's Coffee Corps™. This volunteer program improves coffee livelihoods while ensuring a reliable supply of quality coffee. Initially funded by USAID as a public-private partnership, Coffee Corps™ sends experts where technical assistance would otherwise not be available. Projects range from cupping training to processing and environmental management consultations.

ACDI/VOCA's volunteers have provided top-tier technical assistance directly to grower, processor and marketing groups all over the world. As a participant in ACDI/VOCA's Farmer-to-Farmer program, volunteer Jerry Nolte guided the East African Coffee Association (EAFCA), an organization in Uganda which ACDI/VOCA helped found, through a strategic planning process to help meet the challenges of expansion. The idea for the now well-established Ethiopian co-op competition and internet auction was hatched by Willem Boot after his 2004 volunteer experience.

## GROWERS TAKE ON THE WORLD

The coffee industry is vast and vibrant, and grower groups must stay abreast of developments and cultivate market relationships. ACDI/VOCA sends its client growers to various regional shows and exhibits and, once a year, to join 10,000 coffee professionals from more than 40 countries at the annual meeting of the SCCA. Amid the highly caffeinated swirl of activity on the show floor they learn about their product and their industry and engage in high-stakes marketing.

## A GLOBAL MARKET?

Coffee is the second largest export earner for developing countries. Yet, the coffee market provides a stark contrast: in any Western city keen consumers pay three or four dollars for a tasty espresso-based drink, though a smallholder grower rarely gets that price, or even half of it, for a whole pound of his or her finest beans.

While there are clearly harsh adjustments ahead for growers who by dint of geography or other factors cannot compete, the organized, motivated, equipped and educated growers who receive ACDI/VOCA's help can make their livelihoods and their lands more sustainable and attain empowerment in the global economy.

After all, a strong cup of well produced, carefully handled, freshly brewed coffee is not just a palatable and roborative elixir that makes our lives a little easier—it's potentially a source of life-changing revenues for producers in developing countries.

“GREEN MOUNTAIN COFFEE ROASTERS HAS DEVELOPED A HISTORY OF TRYING TO WORK CLOSELY WITH OUR SUPPLY PARTNERS, BUT WE KNOW THAT...OUR REACH CAN BE ENHANCED BY PARTNERING WITH ACDI/VOCA AND USAID.”

—LINDSEY BOLGER, GREEN MOUNTAIN ROASTERS

**FOR MORE INFORMATION ON ACDI/VOCA, PLEASE VISIT [WWW.ACDIVOCA.ORG](http://WWW.ACDIVOCA.ORG).**