



Fair Trade Certified™



Cooperative Capacity Building

As a global network, Fair Trade plays a key role in providing training that helps producers to improve their business operations so they can be competitive in complex, international markets. Based on our discussions with producer groups, it's clear that they need technical assistance to continuously improve quality, better access to pre-harvest and long-term

credit, and training to improve their overall business operations. To that end, Fair Trade USA, in partnership with other NGO's and industry partners, has invested more than \$2 million over the last five years in several coffee quality, market access, business capacity and biodiversity initiatives in Africa and Latin America. We have also started negotiations with various

global banking organizations to increase the amount of pre-harvest financing available to cooperatives. Based on both the success of these initial programs, as well as on feedback from producer and industry partners, Fair Trade USA will continue to enable more development projects, particularly in coffee regions of high importance to the U.S. market.

Rwanda

We work closely with seven cooperative partners in Rwanda to develop their organizational capacity. In 2007 through 2010 we helped to develop more robust accounting practices, assisted in tracking production and sales information, and supported the creation of organizational development tools. In 2008, we implemented an extensive training program in partnership with government extension workers sensitizing the cooperative members on the benefits of belonging to a cooperative, ways their democratic involvement can help insure they receive the optimum services from the cooperative, as well as cooperative governance structure and alternative income generation.

We have implemented our Cooperative 101 program to nearly 10,000 farmers across Rwanda. The program has been incredibly successful in stabilizing and providing much needed skill sets to increase the leadership, efficiency, and the encouragement of the democratic process.

In late 2008, we also partnered with the Clinton Global Initiative to build a water recycling

system at the Rushashi washing station at Abakunda Kawa cooperative. The project was completed in January 2009 and reduced the strain on the cooperatives water resources and provided necessary water to a nearby health clinic.

In 2009, we implemented a two year long program to create and support women's associations operating within Fair Trade cooperatives. Fair Trade USA trained the women in financial literacy, health and sanitation, improving self-esteem and public speaking. The program has created important trade relationships with American buyers and built strong links between the burgeoning women's movement in the hillsides of Rwanda with the cooperatives with whom they are a part of.

Fair Trade USA worked closely with COOPAC cooperative in 2008 to improve the quality of their coffee. This project culminated in a partnership where Fair Trade USA and COOPAC co-financed the construction of a cupping lab at their cooperative headquarters. This activity has paid great dividends for COOPAC; in 2010 COOPAC won the Cup of Excellence



contest held in Kigali, Rwanda the winning lot sold for a generous \$26/lb.

Fair Trade USA has focused much of our efforts on expanding market opportunities for the Fair Trade cooperatives that we work with in Rwanda. All the coops in our program sell their coffee on Fair Trade terms and are fetching prices well above the New York "C" price. Fair Trade USA's unique market position has been utilized to foster new relationships between buyers and producers, producers and social lenders, while also acting as an important bridge for our market partners to receive vital information from the cooperatives they purchase from.

Ethiopia

In 2007, one of our primary partners and a major source of Fair Trade coffee for both the European and American markets, Sidama, was suspended due to poor management and its impact on trade reporting and democratic control of premiums. We first targeted its interventions at improving

the organizational capacity and democratic structure of the cooperative. Our work together with the cooperative allowed Sidama to not only quickly regain certification, but Fairtrade International chose to not reschedule the follow-up inspection until mid 2008.

We also worked closely with buyers of Ethiopian coffee. Our on-the-ground knowledge and close interaction with Sidama, allowed us to keep buyers informed and alleviate concerns about the reliability and legitimacy of Sidama's certified coffees. Our work led to Sidama actually expanding their certification to include an additional 29 primary cooperatives.



In 2008, Fair Trade USA continued to expand its reach by working closely with industry, producers, and international development organizations. We will continue to help farmers achieve greater benefits from Fair Trade by improving their market position, production and post-harvest handling, and organizational capacity, leading to higher incomes and healthier communities.

Brazil

Over the past three years Fair Trade USA has been part of the Responsible Sourcing Partnership project, an innovative public-private partnership with USAID (The United States Agency of International Development), Walmart Stores and local partner Sebrae-MG, designed to raise the market capacity of Fair Trade Certified Arabica producing organizations in Brazil. The project began in September 2007 with six participating groups, and ends December 2010 with a total of sixteen groups, and a beneficiary population of over 5,700 farming families.

The Responsible Sourcing Partnership (RSP) project objectives fall into three principal categories: improving quality, increasing organizational capacity and strengthening market linkage. Within these three main objectives, the project has reached producers at the farm level, providing hands on trainings in post-harvest best practices, organic best-practices and quality evaluation training. Producer

organizations were given the opportunity to improve quality through an infrastructure grant program in which organizations identified, designed and budgeted for the project that their members needed most to improve quality. The top ten projects were selected and awarded grants totaling \$250,000. The result is a marked improvement in quality through new drying patios, cupping labs, and processing equipment. Groups provided for continuum of the investment by establishing funds that grant recipients pay into, allowing additional members to also receive money for infrastructure improvements.

In addition to quality improvements, groups received assistance to strengthen their cooperative structure and their business skills. Groups worked with local experts to build long-term plans for improved financial and governance structures, and received training from international consultants in price discovery and markets. Through their

participation in the RSP project, Brazilian Fair Trade producer organizations participate in the annual SCAA trade show and receive assistance scheduling and preparing for meetings with buyers.

The RSP project has also introduced the Fair Trade Certified Cupping Competition. The event has been held in Brazil the past three years with increased and improved participation from producers. A panel of international jurors selects the best Fair Trade Certified coffees in Brazil and those top coffees are celebrated at an event with project partners, over 200 producers, members of the media and supporters. The competition has increased producers' quality awareness and has shown a spotlight on Brazilian high quality Fair Trade Certified coffee. Producers strive to be among the best and producer organizations work throughout the year to provide the best beans for a discerning international market.

Indonesia

Devastated by the South Asian tsunami in 2004 and by civil war for decades prior, the people of the Aceh region of Sumatra have had more than their fair share of hardship. Many residents fled the region during the worst days of conflict between armed separatist groups and the government that decimated the local economy. The separatists and the government came to a peace agreement in 2005 in the wake of the tsunami. In the five years since the civil war ended farmers have returned en masse to the coffee growing practices that have endured for generations, showing incredible resilience and the desire to reclaim their land and rebuild the local economy. For many farmers, Fair Trade sits at the core of this rebirth as a tool to assist their efforts to rebuild.

Thirteen coffee cooperatives are using Fair Trade to access the global markets at fair prices and to earn premium funds that are then reinvested into their communities and their businesses to improve quality and efficiency. The fundamental quality of the beans was very good to begin with, and Fair Trade premiums are often invested to further improve quality. Ed Canty, green coffee buyer for Green Mountain Coffee, is excited to be working in the region; he says "after working closely with Permata Gayo on their quality, we find that we commonly get coffees scoring around an 85." Abragem (Abdul Rahman), advisor and representative for the HPKOGM cooperative, makes the case that, "Our coffee is very good and is transparently traded. It guarantees a minimum price and premium funds for the

farm. The coffee is getting better and better now because we can export large volumes to United States. Every year our volumes grow." One of the most important improvements in growing techniques enabled by Fair Trade premium funds has been weed wackers. These machines have made an incredible impact. It takes 30 days to tend a farm by hand with a machete, yet with a weed wacker it only takes three days. These machines allow farmers to use less agro-chemical, and frees up time to tend to the actual crop. This is a perfect example of why Fair Trade is successful on the grassroots level. It puts decisions in the hands of the people who are actually affected by them. The cooperatives have also used premium funds to solve logistical problems related to transporting their beans to the market. Most roads in the area are mixtures of dirt and gravel that wash out in the rain, which makes it nearly impossible to transport heavy bags of coffee beans on the back of motorcycles. It was too expensive to pave every road entirely, so the people decided to pave a strip of concrete down the middle of each gravel road to provide enough traction for motorcycles in even the worst rains.

The benefits of Fair Trade

haven't gone unnoticed by the local population. People have seen the effects that Fair Trade has had on the community and cooperative membership has skyrocketed. This has created a positive feedback loop whereby as cooperative membership rises, so too does the quantity of coffee that is produced and sold. This creates more opportunities for sustainable development in the area and attracts more farmers. Many of the Sumatran cooperatives have doubled in size in recent years.



Kenya

The opportunity to purchase more effective, ecologically-sound wet mills and other coffee processing equipment on favorable terms has the potential to significantly increase the quality and value of Kenyan coffee cooperatives' crops. This type of investment could have a dramatic positive impact on the quality of life in smallholder coffee farming communities across Kenya.

Most coffee producers' organizations in

Kenya suffer from business and financial management limitations that could pose a challenge to their creditworthiness as they seek to take on significant new financial obligations such as equipment upgrades.

Fair Trade USA will provide coffee producers' organizations with technical assistance to overcome these immediate challenges, together with market linkage that will enable them to increase their sales and

incomes in the longer term.

In January of 2011, Fair Trade USA will begin to provide Kenyan coffee cooperatives with services in the following areas: capacity building and training, including certification and business management and cooperative governance and management, and market linkage services to connect them to potential buyers in the United States.