



# ASEAN Exchange Visit 2019

## **Empowering the Coffee Cooperatives in Value Chain Management and GI Certification**

11-14 November 2019  
Pakse, Lao PDR





Final Proceeding

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in Value Chain Management  
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Day 1, 12 November 2019

## Session 1: Opening Remarks

Ms. Hana Hetty Manuela, (ASEAN Foundation – AFOSP) kick-started the event at 9:00 am with a warm welcome. She briefly explained the agenda of the day and requested all the participants to be upstanding for the ASEAN Anthem.

Subsequently, Mr. Sengpaseuth Rasabandith, the Director of Cooperative Promotion Department, Ministry of Agriculture and Forestry, welcomed participants and introduced himself as the master of ceremony. He stated the objectives of the meeting and invited Mr. Somlit Vongvilay, the Deputy Director General of Provincial Agriculture and Forestry Office, to deliver his welcome speech.

Mr. Somlit expressed his warm welcome to all the delegates and gave an introduction to Champasak province. He stated that coffee cultivation is the most important agricultural product in this province covering 50,000 ha and generating around \$80 to 90 million per year. Green coffee, 2-in-1 instant coffee, and roasted coffee are the main coffee exports. He reported that there are investors from six to seven countries involved in coffee production in Champasak province and there are coffee cooperatives as well. Arabica, Robusta and, to a lesser extent, Excelsa are the three varieties of coffee which are exported. Paksong Highlands are one of the main areas for coffee cultivation. Mr Somlit gave a brief history of coffee production in Lao PDR and said Champasak province is suitable for coffee production due to the good climate and geographical location. He also said that there is a coffee research station in this province which develops coffee varieties for farmers. He thanked the organisers for choosing Pakse city for the meeting.

Afterwards, Mr. Kongkeo Vongpaseuth, Director General, the Department of Rural Development and Cooperatives welcomed all delegates on behalf of the government of Lao PDR and the Ministry of Agriculture and Forestry. He pointed that this meeting would be helpful in learning from each other by exchanging ideas and experiences for cooperative development; developing further action plan; and strengthening and accessing the markets together. Furthermore, this

would be particularly useful for Lao PDR's initiatives to amend the cooperative legislation into law.

He acknowledged that cooperatives play a significant role in enhancing the socio-economic development of many countries and are a vital element in eradicating poverty and creating sustainability. This is true for developing countries such as Lao PDR, where most of agricultural producers are small farmers who still lack access to finance credits, markets, technical services and have low productivity compared to other ASEAN countries. He reported that currently there are 49 cooperatives, with only 22 agricultural production cooperatives in the country. Coffee Producer Cooperatives (CPC) and Jhai Coffee Farmer Cooperative (JCFC) are the only groups who are successful in management, operation and access to initiatives on sustainable markets. Compared to other ASEAN countries this is relatively small. In addition, legislation governing the cooperatives is not yet developed fully and has only a Prime Minister's decree with No.138/PM. Therefore, this meeting would be helpful for all coffee cooperative members especially entrepreneurs and farmers to exchange ideas through group discussions with the government representatives, entrepreneurs, farmers and development partners to address the challenges of cooperative development and further strengthening it. The key objective of the meeting was also to develop a value-chain management and Geographic Indication (GI) system for ASEAN countries. He thanked ASEAN members, development partners and international organisations for providing financial and technical support to develop cooperatives. He reiterated that Lao PDR is committed to achieve sustainable development, poverty reduction, and to improve the livelihood of the people by cooperating with the international community.

Hereafter, Mr Fiter Beresman Silaen, ACEDAC Secretariat Coordinator, gave his opening speech. He informed that the learning exchange visit has a combination of activities consisting of dialogues with various stakeholders amongst ASEAN member states to promote shared experiences as well as open discussions on key issues and challenges in the





agricultural value chain in ASEAN. It also supports the implementation of the ASEAN roadmap on agricultural cooperatives. As part of continuous effort to promote ASEAN coffee, the exchange visit will recall the group discussion at the ASEAN Learning Series and Policy Engagement on Agricultural Cooperative (ALSPEAC) in July 2017 where an ASEAN coffee platform under ACEDAC/ASWGAC was proposed.

Mr Fiter noted that the current visit would highlight and discuss the measures on developing coffee cooperatives; identifying potential market access and best practices; and taking up lesson learnt of GI for coffee cooperatives. He stated that promoting coffee cooperatives is very essential, considering the huge potential of agriculture in ASEAN, particularly for coffee and the ideal climate and geographical location for coffee cultivation. The region's coffee culture and expertise in coffee production have contributed to the emergence of a thriving coffee industry in ASEAN with Vietnam, Indonesia and Laos becoming the top world coffee exporters. Coffee is also proposed as a starting point for agricultural cooperation in order to collectively participate in the global value chain as envisioned in the ASEAN 2025. He concluded that at the end of the programme, some recommendations would be taken, as well as the plan of action to pilot the "ASEAN Coffee" branding.

Afterward, Mr. Bounearn Silaphet, the president of Lao Farmers Network, was invited to give a welcome

speech. He stated that coffee is an important cash crop in Lao PDR and some ASEAN countries, particularly Vietnam and Indonesia which are among top coffee producers in the world. However, most of coffee farmers in Laos and this region are small producers, who participate in subsistence farming that rely on family labour. He highlighted that, due to the lack of experience in producing coffee as a commodity, processing skills and improvement, the small farmers could not enjoy the benefits of value chain. For instance, most farmers have to sell coffee cherries at a low price owing to lack of funds and a need for immediate income to cover their families' expenses. Their coffee would later be sold at double the price in markets by coffee traders/middle men. Mr. Bounearn stated that farmers need support to be able to benefit from the value chain by strengthening their productivity to get better quality coffee; providing accessible markets; getting value-added capacity-building in processing; providing funds and tax policies for small coffee farmers; and ensuring water and land resources are well managed to create a sustainable coffee production in the future. He hoped that this meeting would come up with solutions and recommendations for the challenges mentioned above. Moreover, he also expected that the government and private sector would continue supporting the small- and medium-sized coffee producers and coffee cooperatives to maximise their value chain, so they could enjoy its benefits in the future.



## Session 2: ASEAN Information Exchange

After the group photo session, Ms. Hana reiterated what Mr. Fiter Beresman Silaen said and explained the purpose of the exchange visit. She then invited the representatives of ASWGAC from Cambodia, Indonesia, Lao PDR, the Philippines, Thailand and Vietnam to each deliver a five-minute presentation on cooperative development in their respective countries.

**# Speaker 01: Cambodia**  
**Ms. Vong Phalla,**  
**Deputy Director of Department of Agricultural**  
**Cooperatives Promotion**  
**Ministry of Agriculture, Forestry and Fisheries**

Ms Vong stated that only general agricultural cooperatives exist in Cambodia. The government has put in place support mechanisms to promote agricultural cooperatives at national and sub-national levels. The Department of Agricultural Cooperatives Promotion (DACP), established in 2014, was assigned as the main government agency to promote agricultural cooperatives at the national level. Moreover, the Provincial Agricultural Cooperatives Promotion Officers spread across the country, are responsible for promoting agricultural cooperatives at sub-national level.

In terms of legal framework, there are some existing legislations for agricultural cooperatives, such as the Law on Agricultural Cooperatives, and MAFF's Proclamation on Model Statute and International Regulation for Agricultural Cooperatives, AC unions and AC alliance, and so on. Apart from the legal framework development, the ministry also provides capacity building, such as training the trainers of DACP and creating websites for DACP and 25 PDAPP. Provincial Departments of Agriculture, Forestry and Fisheries, and providing capacity building to DACP officials. Moreover, they also receive support from international agencies such as JICA that helps to strengthen capacity, promote the pilot model business and model AC, as well as the AC business network.

According to MAFF's 2018-2019 report, there are 1,116 agricultural cooperatives throughout the

country, of which 60% of its members are female. In terms of coffee, Robusta and Arabica are the main varieties produced in Cambodia. The total area for coffee cultivation is around 1,297 ha and produces about 1,791 tonnes per year. She said that most of the coffee producers are small farmers. The most popular Cambodian coffee is Mondulkiri coffee. She highlighted that the demand for coffee is currently high because of the increased number of coffee consumers. Therefore, farmers are interested in expanding their plantations. Currently, companies would collect coffee from farmers individually, then sell as beans or in ground form under their own brand names.

However, coffee production and marketing have not seen much growth due to several reasons. The high cost of producing here makes it difficult for farmers to compete with other coffee producers like Vietnam, and the instability of coffee prices in the market lead to farmers giving up on growing coffee. Ms Valla said that there has been a 70% reduction in cultivation over the last 10 years.

According to the results from a recent survey, there are several challenges that the coffee cooperatives face such as a lack of: knowledge and experience on cooperative promotion; staff to promote and train on the market chain; budget and means to promote agricultural cooperatives, follow-up on activities, competition from private sector; and marketing and transportation means. In addition, there are limited loans, unstable market prices, and unstable contract farming.

**# Speaker 2: Indonesia**  
**Ms. Ina Marwantina**  
**Deputy Director for Production and Marketing**  
**Ministry of Cooperative and SMEs**

Ms. Ina said she would like to share information about the development of coffee cooperatives in Indonesia. In an overview, she mentioned that in the last 10 years, the coffee production in Indonesia has gradually increased while number of domestic consumers increased significantly up to 200%.



However, the export share has decreased to about 40% and the number of exporters barely changed. These numbers were influenced by domestic consumption which has seen growth; there was also a hypothesis that the price in local market has more potential than the price outside.

There are three key drivers for the change. The first driver is strong economic growth, around 5% on average. Another driver is the rise of social media that help people exchange and access information faster. The last one is the transformation of society and culture that made coffee consumption a popular lifestyle choice, giving rise to ubiquitous small coffee vendors.

Indonesia's single origins coffee was diverse and almost 95% of coffee is produced by smallholder coffee producers (farmers). As of 2018, there were 24 GI coffee growers/products registered in Indonesia

Ms Ina mentioned the Coffee Development Pathway initiative by the Indonesian government which comprises three key stages. The first stage is "Enabling". The government plays an important role by creating appropriate policies and consultation for the farmers. The second stage is "Developing". This is where partnerships with different partners and stakeholders are needed to increase productivity and good quality by practising good agricultural practices. The third stage is "Sustaining". This stage requires technical support for marketing and branding, fair trade, certification and coop-to-coop interactions/cooperation.

However, several challenges in this initiative have been identified. One, Indonesia has lots of unrealised potential and its productivity in coffee production could be increased. The second challenge is quality – how to achieve standardisation across Indonesia. The third is the supply-chain system – how to reduce the number of players from upstream to downstream. The last one is human resource and technology – how to efficiently use the technology to address the challenges and manage human resources especially the aging population of farmers.

Ms Ina presented a roadmap using a cooperative model that could achieve two things. One is to add more value to the coffee produced by cooperatives by ensuring that they establish a manageable production

cost. Two is to reduce the number of players involved in the value-chain so that farmers, as cooperative members, get more benefits directly.

She also expressed that the involvement of stakeholders such as private-sector companies, NGOs, CSRs in cooperative development is needed. They play a big role in supporting the cooperatives to implement this model as well as help to set up a good management system. Meanwhile, the Ministry of Agriculture and Forestry builds capacity of farmers by training them on good agriculture practices. In addition, support from other government agencies such as the Ministry of Cooperatives and SMEs, the Ministry of Trade, and the Ministry of Industry is needed in obtaining the necessary standardisation and certifications, such as Halal, HACCP, brand and packing, ISO, organic and intellectual property right certifications, and so on. In the 'market' section, exhibitions such as Indonesia Trade Expo, international exhibitions, café show in Korea and field visits are events to promote products by connecting them to buyers like coffee shops, super markets, B2B commodity platform and distribution chain.

Under the 'Technical Business Process for Coffee', she explained that the farmers are mainly responsible for applying good agricultural practices to produce high quality green beans. While the cooperative is responsible for providing equipment and financial services for the farmers. The production house, managed by the cooperative and owned by the farmers, can produce not only raw materials but also the coffee that is directly sent to the market.

Finally, Ms Ina presented the "Road Map Corporation in Cooperative Model". The first step is enabling the growth of a corporation to support the infrastructure, human resources and legalisation, which is the stage that Indonesia cooperatives are now in. The next step is the "Design Model for Business in Corporation", where financial management and human resources are needed. The third step is "Business Development Cooperatives". At this stage potential markets and products that they want to sell to and produce are analysed. The next step is strengthening the cooperation model in which financing, promotion, marketing and certification are needed. The last step is sustainable model (corporation in cooperative model) when good agricultural practices, good handling practices, good manufacturing practice are applied.

### # Speaker 3: Lao PDR

**Mr. Sengpaseuth Rasabandith**

**Director of Cooperatives Promotion Division (CPD), DRDC**

**Ministry of Agriculture and Forestry**

Mr. Sengpaseuth stated that cooperative development in Lao PDR is still in the early stage and there is limited research and data available. Therefore, there is no specific regulatory body available yet, nor a law on agricultural cooperatives or a model of agricultural cooperatives.

He explained that agriculture cooperatives were initially established in Laos in 1975 for food security purposes. The mechanism used at that time was a top-down approach. However, in 1986 when a new economic mechanism was applied using a bottom-up approach, agriculture cooperatives were dismantled. In 2012, agricultural cooperatives were reformed and started again under the responsibility of DAEC; in 2017, DRDC was assigned to oversee cooperative development. The mandate of DRDC was to: promote agricultural cooperatives; develop and improve legal frameworks; strengthen farmer groups and cooperatives; provide capacity building to local staff; provide access to credit and market; coordinate with partners domestically and internationally; and develop management system of farmer groups and agricultural cooperatives.

Although Laos does not have a law on agricultural cooperatives, there are legislations to support them such as the Prime Minister Decree No. 136/PM, the agreement of MAF's Minister No. 2983/MAF, the agreement of MAF's Minister No. 2984/MAF, Guideline No.1954/DAEC, and MAF's NEDP No. VIII. In Lao PDR, development of cooperatives comprises three steps. First, the small farmers need to be grouped as a learning group/smallholder group to learn new techniques and concept of cooperatives. Second, they will be developed as a production group. Finally, they become the cooperatives.

According to 2017 statistics, Laos had only 22 official cooperatives and 4,339 farmer groups, of which only 550 groups could be considered as the strong farmer groups. These strong farmer groups could first be developed to be cooperatives in the future. This would be followed by other groups. To shift the farmer groups into agricultural cooperatives

is a big challenge. There are several constraints in developing cooperatives such as: the lack of a suitable agricultural cooperative model; smallholder farmers; limited access to markets; limited access to low-interest credits or funds; costly logistics and production input; no specific government committee to support cooperatives; and not being a member of international cooperatives (such as ICA, ACO, etc).

Finally, Mr. Sengpaseuth elaborated on the next development plan of DRDC, focusing on:

- Supporting and creating models for farmer groups and agricultural cooperatives
- Improving the Prime Minister Decree No. 136/PM to be the law on agricultural cooperatives
- Developing coop federations (assist in strengthening and auditing work)
- Developing adequate training strategies for all levels
- Developing training and promotion materials
- Providing further training and coaching to all levels
- Establishing exchange forums and networking for cooperatives
- Developing credit fund for cooperatives for long-term investment
- Creating database and knowledge management
- Developing farmer groups and agricultural cooperatives for better management
- Supporting access to GI certification

### # Speaker 4: The Philippines

**Ms. Cherry C. Reyes**

**Cooperative Development Authority**

Ms. Cherry briefly introduced the geography and demographics of the Philippines followed by an introduction to agriculture in the country. She explained that the Cooperatives Development Authority (CDA) was established to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development. CDA has two main functions:

- Under the development function - CDA mainly works on formulating, adopting and implementing integrated and comprehensive plans and programmes on cooperatives development; developing and conducting management and training programmes upon request of cooperatives; and providing technical and



professional support to ensure the viability and growth of cooperatives.

- Under the regulatory function - CDA is responsible for registering cooperatives, federations and unions; inspecting annual financial statements and general information submitted by cooperatives and their federations and unions; and ordering the cancellation after the due notice and hearing of the cooperative's certificate of registration for non-compliance with administrative requirements and in case of voluntary dissolution. Apart from these, CDA has adjudicatory function which hear cases and inform decisions.

She gave the definition of cooperatives, and explained the different types of cooperatives, of which there are more than 20 types. The total number of operating cooperatives was 18,065, of which there were 52 cooperatives involved in coffee production. She also gave some statistics on different types of cooperatives, status of the cooperatives, cooperatives by asset size and the numbers of cooperative members.

She presented different programmes on cooperative development provided by CDA, such as training programme for coop officers, profiling of cooperatives, and partnership and linkages with the government organisations through capacity-building programmes for cooperative development. Apart from that, CDA also has partnership and linkage with others government organisations such as:

- *'CDA - Department of Agriculture (DA) Partnership' programme*, which aimed to facilitate the cooperatives' access to resources, information, knowledge and extension services, markets and productive assets and policy and decision-making in the agriculture and fishery sectors.
- *CDA - Department of Agrarian Reform (DAR) Partnership II to ensure sustainable Operations of Registered Agrarian Reform (AR) Cooperatives*. This programme seeks to develop functional agrarian reform cooperatives to manage profitable and sustainable enterprises in order to better serve its members.
- *CDA - Department of Trade and Industry (DTI) partnership - 'COOP SEED'*, which was a capacity-building programme for members of micro and small cooperatives from identified provinces in all regions considered as poorest of the poor.

In terms of the vision for future development, some recommendations are given:

- Agricultural cooperatives need to be further strengthened and developmental initiative should be created in order to sustain their growth and development.
- The experiences and best practices between and among countries should be strengthened and optimised
- Focus of intervention to agricultural cooperatives should be in the core areas of capability development, promotion, advertisement, and marketing.
- A mechanism should be developed to strengthen the tie-up and facilitate the transactions between and among agricultural cooperatives.
- Technology-based intervention should be developed to promote agriculture products such as web-based portal among countries to facilitate products' e-market among agricultural cooperatives;

She gave details on the origin of the Philippine coffee industry and outstanding period of development. There are four main coffee varieties that cultivated in the Philippines, namely Arabica, Liberica, Excelsa and Robusta, with Robusta as the most cultivated variety.

Under coffee industry marketing and promotion initiatives, there are different programmes catered? (created?) by different government organisations in the Philippines such as:

- Brand equity development programme. This programme provided technical assistance to foster the development of coffee industry by introducing plantation and post-harvest technology; improving e processing performance; enhancing promotion and marketing; and providing a conducive business environment.
- The National Industry Cluster Capacity Enhancement Project (NICCEP) funded by the Japan International Cooperation Agency in coordination with the DTI. The key strategies are: plantation and post-harvest technology development, processing performance improvement, promotion and marketing enhancement, and creation of a sustainable enabling business environment for coffee

Finally, she presented the Philippine Coffee Industry Roadmap 2017-2022, which is the master plan that aims to boost coffee production and help improve the quality of life of coffee farmers in the country. Particularly, the 'DTI Kapetirya' project is in line with the Philippine Coffee Industry Roadmap. This also includes a marketing aspect that works to improve market prices and coffee standards that will primarily benefit coffee farmers.

#### # Speaker 5: Thailand

**Mr. Suphakorn Sukchan**

**Technical officer, Cooperative Promotion Department**

Mr. Suphakorn gave an overview of coffee production in Thailand. He mentioned that coffee consumption in Thailand has increased gradually. However, the domestic production is much lower than demand, covering only 30%. This is because most coffee production is done in a small plantation, particularly in the forest, where farmers are not allowed to cut trees or expand their plantation area. Therefore, the farmers could not benefit from economies of scale, leading to high production cost. Hence it is also difficult to identify the rights on property, leading to farmers finding it challenging to claim to be GI. Currently there are 116 products that have GI certificates in Thailand, of which seven of them are coffee products, such as: Doi Chang, Doi Tung, Khao Thalu and so on. Within these seven GI coffee locations, only Khao Thalu belongs to the farmers group.

In an overview of cooperatives in Thailand, he revealed that there are 8,129 cooperatives in total, of which 4,376 are agricultural cooperatives (54%) and there are 6.4 million members. Within the 54% of agricultural cooperatives, there are 20 coffee cooperatives, which include farmer groups. Arabica and Robusta are two main coffee varieties produced in Thailand. The north of Thailand is suitable for growing Arabica; there are six cooperatives in four provinces. Meanwhile, the provinces in the south are suitable for growing Robusta; there are 12 cooperatives and two farmer groups in three provinces. Total domestic production is 24,614 tonnes, which Arabica covers 33% and Robusta 67%. However, in 2018-2019 cooperatives contributed only 12% of green bean coffee to national coffee production.

Mr. Suphakorn further explained about the coffee cooperatives and value chain in Thailand. Currently,

there are 18 coffee cooperatives and two farmer groups. The total cooperative members are around 4,000 and their coffee plantation area covers 28% of national coffee plantation. Once the farmers/cooperatives harvested coffee, they can sell the green bean and parchment coffee directly to the big coffee industries (such as Nestle, Khao Shong and Ajinomoto), middlemen, and local roasters. They also can process the coffee into grounded coffee, 3-in-1 coffee or drip coffee, and then sell them through the cooperative's networks, modern trade and online channel.

Among the recommendations given by Thai cooperatives during a meeting in Bangkok are: the standard of cooperative's coffee should be elevated to premium coffee; the designs of products and packaging should be matched with the trends of consumer behaviours; the coffee distribution channels, particularly through the online platform should be increased; and the coffee database of cooperatives to connect with potential buyers should be prepared.

At the same time, the CPD can support the coffee cooperatives by encouraging the sharing of knowledge on cooperative principles, ideology, and business development to coffee cooperative; promoting networking among coffee cooperatives, other government agencies, and private entrepreneurs; and supporting the cooperatives with necessary equipment and low-interest rate loan for collecting coffee from cooperative members in order to promote coffee value-added through the Cooperative Development Fund.

#### # Speaker 6: Viet Nam

**Mr. Kien Ta Quang**

**National Focal Point**

**ASEAN Working Group on Coffee**

Mr Kien gave an overview of coffee production in Viet Nam. Robusta and Arabica are main coffee varieties with 96% and 4% of the production output respectively. Moreover, Viet Nam is the world number 1 Robusta coffee exporter. In the 2018-2019 fiscal year, the value of coffee exports was USD3.5 million, mostly to European countries, of which Germany was the biggest market, accounting for 15%. ASEAN countries were the 2<sup>nd</sup> market, accounting for 11%.



Viet Nam is now focusing on developing coffee-processing business. Currently, there are more than 100 manufactories processing green coffee with a total designed capacity of 1.5 million tonnes per year, which is sufficient for processing needs. Moreover, there are 620 manufactories producing ground coffee (roasted ground coffee) with a total capacity of 73,150 tons per year, of which nearly 50% are small processing manufactories. There are six instant coffee factories and 17 blended coffee production facilities with a total capacity of about 220,000 tonnes of products per year, accounting for 12% of the coffee processing.

Mr Kien further explained that some policies have been recommended to support the coffee industry, including “The Sustainable Coffee Development Plan up to 2020 and Vision to 2030” and “The High-Quality Coffee” framework. They aim to support both coffee production and coffee processing industries to add more value to coffee products. They have the following strategies:

- Managing the purchasing systems and network, reducing post-harvest losses and applying advanced and modern processing technologies,

- Increasing value-added to coffee products such as roasted and ground coffee, and soluble coffee,
- Reinforcing local and international trade promotion for coffee, and
- Paying attention on developing domestic markets.

Some activities have been planned to support coffee development: integration and diversification; development of technology (such as water saving, depth processing, post-harvest, climate change response, and so on); strengthening farmers' organisations; developing organic products, Geographic Indication (GI) status, and specialty products; and standardisation of quality products.

Several indicators have been introduced to monitor the progress of coffee and market development. By 2030, it is expected that the domestic market share will reach 30% with 70% for export market. In addition, Mr Kien added that they expect to develop 30% wet-processing technology and 70% dry-processing technology in the future. Finally, he showed pictures of popular Vietnamese coffee brands such as Trung Nguyen coffee.



## Session 3: ASEAN Coffee Standard and Market Information

The objective of this session was to provide an opportunity to all participants to engage with each other through discussion under the theme “ASEAN Coffee Standard and Market Information” and propose ways to collaborate later on. There were three panelists with a moderator, with a panel discussion first followed by a Q&A part.

Moderator: Mr. Phouthasinh Phimmacanh, (position?), Lao Farmers Network

Panelists:

1. Mr. Victor Leong, Board Member, ASEAN Coffee Federation (ACF)
2. Mr. Kien Ta Quang, National Focal Point, ASEAN Working Group on Coffee, Viet Nam
3. Mr. Bounthong Thepkaisone, President of Bolaven Plateau Coffee Producers Cooperative (CPC), Lao PDR

*Moderator: First of all I would like to ask Mr. Victor Leong to brief us about the ASEAN Coffee Federation (ACF) - Who are the members and what are the key activities of the federation?*

Mr. Victor: I am a board member of ASEAN Coffee Federation (ACF) and also the Chairman of the ACF's ASEAN Coffee Excellence Programme from Malaysia. The ACF was set up in 2010, comprised eight countries: Singapore, Malaysia, Indonesia, Thailand, Laos, Vietnam, Philippines and Myanmar.

*Moderator: What are the key activities that the federation provide to the members?*

Mr. Victor: We became more active in the last five years because we started trying to invite all ASEAN coffee associations to join our federation. Basically, we provide coffee education, coffee certification, barista certification, which right now we have barista level 1 and we soon will have barista level 2 with affordable price, and ASEAN cupping session. We are also developing the 'ASEAN A Grader' system to certify certain category of bean quality in the region. Moreover, we are trying to promote ASEAN in terms of branding to other regions. In 2020 we will have our 1<sup>st</sup> ASEAN coffee auction in Korea.

*Moderator: I would like to request Mr. Kien Ta Quang to tell us about the working group? Who are the members of this working group?*

Mr. Kien: Viet Nam is the leading coffee producer in ASEAN and is a national focal point for the ASEAN Meeting Group on Coffee. Our members are from nine countries in ASEAN. Viet Nam just held a meeting for the group last October. The Ministry of Agriculture and Rural Development of Viet Nam is also a focal point for the Agro-Processing and Market Development Authority (ANFPWG).

*Moderator: You mentioned that nine countries are the members of the working group, but which countries are not yet members?*

Mr. Kien: I mean ASEAN countries are the members, but not every year we get all members join the meeting. For example, at the last meeting in Viet Nam, only four countries participated.

*Moderator: What are the key activities that the working group do? Do you have just meetings or other activities as well?*

Mr. Kien: For the national focal point meeting on coffee, we had a session focused on market information sharing. Here we shared information related to the development of production and market development in ASEAN countries. Secondly, we also discussed, developed and created strategic plans for the development of ASEAN coffee industry. Moreover, we discussed policies and provided recommendations and solutions to develop the coffee industry in ASEAN.

*Moderator: As Mr. Bounthong XXX is the president of CPC, which is the cooperative that we will visit tomorrow, so I don't think that we should ask him about the CPC for now. Instead, I would like to ask questions regarding coffee standards like how many coffee certificates does CPC have now, such as organic certificate, fair trade certificate and so on?*

Mr. Bounthong: As the delegates would visit our cooperative tomorrow, today I would like to share only general information of our cooperative. CPC has around 1,000 families of coffee smallholders. Currently we have two main certificates, namely



'organic' and 'fair trade'. Regarding fair trade, we guarantee the fixed price for smallholders. Normally, the smallholders are unable to negotiate the price with the buyers as the coffee price is controlled by the world market. Therefore, we need to have the organic and fair-trade certificates to add more value to the small farmers' coffee and support their export. In addition, the cooperative needs to provide fair trade price in order to attract farmers. If the cooperative cannot provide better price than market or cannot add any value to the farmers' coffee, then they might not join us.

*Moderator: How about GI certificate, do you have it?*

Mr. Bounthong: Currently we are preparing for it. We are interested in it as we could protect our coffee origin location, which is Bolaven Plateau.

*Moderator: From your opinion, do you think it is good to have organic and fair-trade certificates?*

Mr. Bounthong: I think it is good because with the certificate, we can use fair trade price for the farmers, which is currently USD0.60 per kilogramme.

*Moderator: Is it difficult to obtain these certificates?*

Mr. Bounthong: Yes, it is difficult as we have to work with farmers in several areas. We need to collect information and have farmers become the members of our cooperative. Then we need to submit all required information to the organisation and comply the rules and standards. The buyers are willing to pay us the extra price (fair trade price), which is USD0.60, if we have the certificate.

*Moderator: Now we can link to what Mr. Victor just mentioned earlier that ASEAN Coffee Federation can certify ASEAN Coffee, so I just wonder what are the benefits of it? What make this standard be more prestige/premium than other standards? Will it help to increase the price? Could you please explain the process of obtaining the ASEAN coffee certificate?*

Mr. Victor: The price of coffee comprised two segments. One is a commodity segment, which follows the market price. The other segment focuses on the specialty ranges of coffee bean and premium coffee, or even what is the auction or reserved type of coffee. For example, the auction beans can raise up the price very high, but in terms of the quantity such as bean size it might not be very big. So, these are two different ways of branding the coffee in each country. For example, Panama coffee. They are doing very

well in branding, so when they have Panama coffee auction, they can sell it at a very high price for more than £1,000 and they also sell Panama community beans.

So, for the ACF, we are trying to support the specialty or premium range of coffee and increase the sustainability. This is because sustainability is linked to the quality of coffee. Also, specialty coffee needs sustainability and knowledge to increase the quality. Therefore, we hope that with the ASEAN cupping session or ASEAN coffee auction, we can bring up the other segments of the coffee industry in order to get a better price in the market.

*Moderator: Will it be the ASEAN coffee brand in the future?*

Mr. Victor: The branding that we are working on is not a physical product branding, but ASEAN as the brand. This branding can represent through certification from ASEAN Coffee Federation or ASEAN auction. For example, in this year or next year at the coffee bean auction, any ASEAN coffee brand or farm or country that win the auction will be certified by the ACF. Moreover, we also do coffee grading and scoring to prove that this particular coffee from this farm has certain qualities or have score above the normal standard, so that this coffee can be marketed under the specialty range or premium range, and they can use it for branding in the market. This branding is not really on the physical product brand, but the ASEAN brand.

*Moderator: What is the current situation of ASEAN coffee sector? Is it good? Is there a good future for the farmers?*

Mr. Kien: Now, ASEAN has advantage in coffee industry because there is high demand for high-quality coffee and the coffee-drinking culture in the world is huge.

I just wanted to share some information and my point of view. As the coffee price depends on the market, therefore we should think about and focus on the marketing and market share in the future. I think now ASEAN coffee industry has the advantage as some countries such as Viet Nam, Indonesia and others, which are the leading countries in producing and exporting coffee, have improved their coffee producing as well as coffee processing. Other programmes from the ASEAN Coffee Federation

mentioned earlier will also help the coffee producers to have more advantages, too.

Another factor that helps in increasing coffee production in ASEAN is the demand for coffee as consumption in the world is huge. According to the FAO, it is forecasted that the consumer demand for coffee is increasing by 2.7% per year. This is a market factor that should be considered when developing branding and processing quality coffee to meet the demand.

### Q&A Session

1. *Mr. Jose Romeo B. Ebron, Asian Farmers Association:*

*I would like to ask Mr. Victor from ASEAN Coffee Federation. I understand that this is the private sector's initiative, but would it be possible for some of farmer cooperatives in here to engage with the ASEAN Coffee Federation? What are the rules and how can they take advantage of this initiative, such as training, cupping and competition?*

Mr. Victor: As I mentioned earlier, the federation was developed together by a few associations from different countries, so the education system we use or training session that we do will also work with the association of each country. For instance, we will have a cupping training session or sharing session with the farmers. This session will be a bridge that links different sectors, so we can understand what the industry needs from the coffee producers and what the farmers do with processing, and what areas that could be improved.

Cupping session is the only way that can help the farmers. They need to do cupping by themselves, so they can identify what is good or bad coffee, what coffee is with defect or without defect, what the scoring point is, and how they evaluate coffee by themselves. Nowadays, in the coffee industry, there is not only the traditional processing, but there are a lot of innovations outside ASEAN countries. I have been to Panama and El Salvador; they also had several innovations in processing at the auction. Even in Indonesia, they have the Blue Honey Process, which is upgrading the wet-hulled process with yeast to create blue honey. Coffee is continuously evolving. Even rules and regulations keep changing, because the coffee itself has been evolving in terms of plantations, farmers/producers, engineering and technology. For example, the technology of the espresso machine has changed

from no temperature setting mode in the machine previously to it being a standard feature in machines today. There is a linkage between the industry and the farmers. Most farmers, if they only work in farms, they will focus only on farming, but they need to understand the industry. They should focus on how to improve their production and farming areas so as to stress more on quality and sustainability.

2. *Mr. Muhamad Rifai, API (Nia Indonesia),*  
*Q: As Mr. Victor mentioned earlier about ASEAN branding that is not focused on the physical brand, so I wonder what the particular brand promises are?*

Mr. Victor: We have 10 countries and most of them grow coffee. So, if we created a brand that was only specific on a product itself, it would be very complicated. Therefore, we try to focus on quality certification or licensing certified by ACF by cupping and test through the A-Grader standard. For example, we could put a license/logo certified by ASEAN brand on a package of Doi Charng coffee from Thailand, if it got a score above our specialty coffee range. Therefore, it is indirectly promoting ASEAN product branding. The product can come from any country in ASEAN with any domestic/original brand. The ASEAN logo – with ASEAN certification and standards – becomes the brand that is recognised for coffee quality.

3. *Mr. Ferdinand Villamore Buenviaje,*  
*Pambansang Katipunan ng mga Samahan sa Kanayunan (PKPS), the Philippine*

*Q: How does the ACF help the coffee producers to engage with the local and global markets?*

*Q: How does ACF help small farmers in rural areas in increasing their production quality as many countries are focusing on different steps of quality of production in ASEAN, such as the 9 steps of production and others? What are the benefits for farmers when they are able to increase their production?*

Mr. Victor: Apart from the coffee auction and training programmes that ACF have, we going to do some coffee summits in the upcoming year, maybe 2020 until 2022. This is an ongoing programme. We hope the government sector will get involved and bring more professionals to these coffee summits and link them to producers, coffee farmers, cooperatives from each country to learn and share more information.

For the second question, it actually covers many things. We need our partner associations in each



country to be more focused, and we need to train up more cuppers to certify them on how to evaluate the bean from each origin. Particularly, in Indonesia there is a specialty association which can set up local training centres, link up with local farmers, and certify more graders.

Mr. Kien: I would like to add one more point. In Viet Nam, we are developing coffee cooperatives and policies on incentives and enhancing the investment on SME, to cooperate and associate with farmers. Companies can support farmers both in production and also to buy coffee from them, then process and export as farmers products. Therefore, the cooperation between farmers and companies is crucial as it can bring more benefits to the farmers.

*Q: Moderator - How does CPC help your members, particularly the farmers in remote areas to improve*

*their standard to be better in order to make more income from coffee production?*

Mr. Bounthong: Actually, our cooperative is doing a business that support local farmers by producing coffee to meet the market's needs. We have certain needs and standards for them to comply. We also help them to be professional and use standardised practices in terms of plantation, processing, and transportation.

Finally, the moderator summarised that, if the farmers do not group together as an organisation or a cooperative, then it is hard for them to improve their skills and livelihood. He said that a cooperative is the key tool to help small farmers in organising and strengthening themselves, and building their capacities. Last but not least, he expressed his appreciation to all presenters for their useful and interesting information.



## Session 4: “Geographical Indication to Boost Coffee Export”

Moderator: Mr. Jose Romeo B. Ebron, Asian Farmers Association

Panelist 1: Mr. Chareon Boonlarptaveechoke, Secretary General, Thai Coffee Association

Panelist 2: Mr. Michael Gomez Wood, Founder & CEO, Filanthrope

As the moderator, Mr Jose welcomed back participants from the lunch break and introduced the topic of this panel discussion, “Geographical indication to boost coffee export “ and enhance the marketing of coffee, especially specialty coffee. He introduced the three panelists who are from the private sector. Mr. Jose encouraged the participants to share their views later.

The first panelist, Mr. Chareon provided an overview of the Thai Coffee Association. The association has been operating for 37 years and has more than 42 members, including big companies such as Nestle, Moccona, Ajinomoto, Bridy, and Café Amazon, as well as the small and medium roasters (which are the majority of members), trading houses and international traders, and local Thai exporters.

From his point of view, GI is just a platform or a system to assure consumers of the place of origin and guarantee a product's authenticity. He compared the GI system to Google Map, because they can both enable the user to navigate to the original source or destiny with accuracy and reliability. From the buyer's perspective, every time he experienced high-quality delicious coffee, he might wonder where the coffee was from, and how he could bring his fellow buyers to visit the plantation or production sites. With the GI certification, the buyer has access to information about the product particularly the farm location so he could visit if he wanted to. From the consumer's perspective, when they drank coffee with a GI certificate, they would feel confident about the source and quality of the coffee. Due to social media, many companies could easily claim that their coffee were all authentic, but actually they were not. For example, several coffee brands in Laos might claim that they were Pakse coffee, but how could consumers be sure which one was original? With the GI system, the

consumers are assured that the coffee they drink is truly from the place of origin as claimed.

In terms of marketing, once producers get the GI certificate, it will help to assure and protect their markets. However, it does not mean that it will help them get a higher price. For example, if one producer in Paksong got a GI certificate with a quota of 5,000 tonnes per year, then they have to abide by this quantity. Once these 5,000 tonnes of coffee were sold out, the producer had to wait for next year. In this case, the GI certificate can guarantee the buyers will get rare and good quality coffee as there is a fixed amount/quota per year. Moreover, due to the limited number of production outcome, manufacturers need to compete with each other to get good quality coffee by offering higher price to the producers/farmers, which indeed can benefit the farmers. In this case, Mr Chareon said, the farmers do not need to do anything; they only need to concentrate on producing good quality coffee and let the buyers come to them.

The second panelist, Mr. Michael Gomez introduced himself briefly. He works for a US-based NGO called Filanthrope. They identify and work with indigenous ethnic minority communities which rely on coffee growing as their main source of livelihood. They are engaged with small communities in India, Indonesia, Lao PDR and Viet Nam, and have been working since 2011 specifically targeting areas that produce very high-quality coffee in countries that are identified as having the best specialty producers.

He raised two questions for discussion:

1. How will specialty coffee continue to differentiate itself from mainstream coffee supply?
2. What is needed for the specialty coffee market segment to remain competitive against mainstream coffee market, which is increasingly adopting specialty coffee characteristics?

Mr Michael first defined specialty coffee as the coffee that gets at least 80 out of a 100 score based on the flavors, aroma, acidity that balanced all of these aesthetic qualities to reach that standard. However,



this does not really capture the value chain that has to support the production. This is where we need to have special people making specialty coffee.

The specialty coffee market is more about traceability and transparency. The reason why we are talking about this market today is because it is quite significant, but it is not usually discussed. Specialty coffee is one of the fastest-growing segments. As of now, global market value of coffee is USD150.11 billion and is expected to grow to USD203.85 billion by 2024. The specialty market as of today is around USD36 billion and it is expected to grow to USD83.5 billion by 2025. The volume demand in 2018 was close to a million tonnes, and it is expected that the demand will be around 1.6 million tons by 2025. The market share is expected to rise to 41% from its current share of 24% by 2025. There is an increased demand of about 670,000 metric tonnes of specialty-grade coffee.

Mr Michael strongly believes that Asia has the strong ability to provide specialty coffee to meet the gap in the market. He said that with demand for specialty coffee on the rise, there is a lot of money to be made. So, countries in ASEAN should look at this segment and try their best to match the demand. Right now, the specialty coffee covers 24% of the market share and it is expected that the demand will be 41% in 2025. That brings us back to the question asked before on how specialty coffee remains competitive. We do not have to think about it as a competition to the mainstream coffee market. Production of specialty coffee is itself becoming mainstream. It is up to ASEAN and member countries to really understand and capture that opportunity.

Then he discussed the ways specialty coffees are differentiated such as: shortening the value chain; creating traceability and transparency; improving small-holders livelihood; providing technological innovation; and ensuring long-term ecological sustainability. He continued with a comparison between different varieties of and markets for specialty coffees, such as Typical, Caturra, Robusta, etc., and noted that the specialty coffees are sold as a premium product.

By highlighting various impact programmes, Mr Michael emphasised how very small investments could have a good impact on the value chain and raise

coffee farmers' household income by traceability and quality improvements. To-date specialty coffee has accumulated impact value of USD1.2 million.

The circular supply chain works on the idea that if you have traceability and transparency, and GI certification, you can connect with consumers which then results in increased value capture. He also showed how consumers can directly give back to the farmers who are on the other side of the world, which would increase the farmers' income. Service centres, research centres, and incubation centres for coffee are there to help farmers. These centres have all the collated and relevant information available for farmers in their own languages; in addition, they could teach different processing techniques, pest resistance, mixed crops, and how to cup and taste coffee, so that farmers could consistently deliver better coffee.

Mr Michael explained how long-term ecological sustainability helps develop sustainable coffee production. He spoke about the CASCARA Programme (Coffee and Animal Supply Chain through Alternative Recycling Approaches) which was implemented to teach farmers about waste management and sustainable production of coffee. Filanthrope teach farmers how to turn the waste streams into income, how to produce fertilizer and feed animals from waste.

Alternative recycling approaches mean that the coffee farm itself produces multiple things, not just coffee, but also the ground cover is a functional feed for animals, the trees or plants that grow provide shade and have functional uses such as timber for fuel, or non-starch polysaccharide (NSP) for animals. The coffee pulp itself is a food for animals. So, teaching farmers how to capture waste streams and turn them into income so that they have alternative incomes as coffee is subject to market fluctuations and unstable bean pricing.

He gave an example comparing total impact of farm without capture and a farm with waste capture. Farm without waste capture produces USD1,360-4,600 per hectare whereas a farm with waste capture generates USD16,704. The farms with waste capture have a 270% increase in small-scale farmer income.

## Q&A by moderator

*Q.1 Moderator: I would like to ask Mr. Chareon. What do you think are the challenges in implementing GI certification and how can the government provide technologies and facilities to support local farmers? How can the government support the farmers during their transition from producing commercial coffee to specialty coffee?*

Mr. Chareon: If the GI is to be implemented and promoted by the government then they need to ensure that the key messages are delivered to the farmers clearly, so that they truly understand about GI certification and how it works. If the messages were not clear farmers might misunderstand that a GI certificate only helped them get a better price if they could grow certain amount of coffee, which is not the key message. GI is to help to assure the markets for the farmers/producers, while they need to assure the quality of the coffee that they produce.

In addition, transparency and traceability are also important to the government. This is because GI is not only used to confirm the place of origin, but it also guarantees the quality of plantation/processing. It shows how well the farmers take care of their coffee and how well the coffee is processed. Therefore, these details also need to be recorded. As Mr. Michael mentioned, the recording process in GI system is very similar to the specialty coffee system, which is that all important information about coffee need to be recorded and should be traceable. Therefore, having sufficient staff to work for the government who can record and provide GI certificates for the farmers can be challenging. In addition, some farmers have difficulty in accessing tools such as drying beds and so on. Therefore, the government need to assess their specific needs and provide support accordingly in order to facilitate the farmers in obtaining the GI certificate.

*Q.2 Moderator: I would like to ask Mr. Michael about shortening the value chain from the coffee farmers to the roasters and somehow this can make it is easy for traceability and possibility to get the certification. How does it work and what is your experience along this line?*

Mr. Michael: It is more of conceptually thinking of shortening the value chain. Physically, it is not really about shortening the value chain at all, and it does not imply that you are getting rid of parts of the chain. All the relevant players still play their roles, but these players give more respect to the producers. It is

just shortening the apparent relationship between consumers and producers. Traceability is important and when the farmers have the data which the importers do not have; this will shorten the value chain and help the producers get more respect.

Mr. Chareon: I would like to add some points about the shortening the value chain. I myself and my company have exporters. So, I am both importer and exporter. I would like to emphasis that it is what Michael said. When we talk about shortening, I would like to put in this way. We can get rid of unwanted actions, because at the end, for myself, currently, what I do when I trade the coffee. I source the coffee myself. Once I found the farmers, I bring my roasters to the farmers and say this is the farm and this is the coffee you will get. So, as the exporter or as importer, I am a service provider. At the end, this action still has to be there. Someone has to do this service, deliver coffee from one place to another place at the right time, right quantity and quality. In past 20-30 years, the farmers did not know how much the roasters pay for their beans and it was only the middle men, who knew and could play around the price. Currently, everything is connected. You can check or talk with anyone about the world price. I think the mindset has changed, the trend has changed. So, we have to have good teamwork. As Michael said, if you do not have farmers, the whole coffee chain will be gone. No one to take care coffee trees, no one to produce green beans, and no coffee for the roaster to roast. So, the farmer is the key. I would like to connect everyone to be in the team and play as a team to promote ASEAN coffee.

## Q&A from participants:

*Q 3: Mr. Phoutasin, Lao Farmers Association, Lao PDR:*

*A few years ago, I visited France and met some cooperatives who produce foie gras (goose liver) & I asked them "Oh! You've got the GI certificate, so you can sell it for a good price, right?" But actually their answer was surprising to me. They said, "you won't be allowed to sell the products without GI in this town." I don't know whether it apply to all provinces in France, but GI is a must for them. If their products have no GI certificate, then they can't sell at the local market. You see the differences between voluntary certification and enforced certification. GI is quite different from the organic certificate because the organic certificate is used to prove how farmers produce their products,*



but GI is to certify where something comes from, right? Normally, it should be a simple process, it shouldn't be complicated. Yesterday, I went with some Lao coffee groups, who engage with GI. They complained about the completion data requirement. It even requires data on whether you use organic compost or not, which I think it is not really relevant. Perhaps this should be put to policy consideration to simplify the process of GI registration and make it as a common practice - where every product should be certified where it is from.

Mr. Michael: I understand the complication and frustration. In the world like this, how do you really prove that this coffee is from there? In theory, it is simple, but in practice it is so complicated. There are so many things that can go wrong. There are so many other coffees being brought over from the other places into Laos and sold as Lao coffee, and that is the ideas protecting it. However, in the actual practice it is really complicated.

I need to give you the example of what Columbia does. Columbia is very well funded. They have a tax for every bag that goes out, so they set a coffee organisation that is well funded. But see the way they combat against this. They actually do DNA testing. Basically, they do scientific tests so they can prove that this coffee is from that region of Columbia. That is the whole different level that we are definitely not there yet, but I just want to relate to you on how complicated it is. In Indonesia, Bali Bull Moon, that is the GI for Bali coffee. Again you will see coffees from other parts of Indonesia going to Bali. So it is difficult and I hope the process will be simplified so that the technology can be used. This is where the concept of block chain – the idea of a block chain and developing it into an easy-to-use programme that can be used on smart phones or regular cell phones—enables farmers to interact with the system and 'lock' their coffee into the system. This allows them to track their coffee from the farm. That is one way you can use technology for your farmers to help themselves with the GI system in the long term.

*Q4: Mr. Sengpaseurth Rasabandith, Department of Rural Development and Cooperatives Lao PDR:*

*I would like more information about accessing GI. Particularly, I would like to ask Mr. Chareon, how long does it take for getting GI certificate based on your experience in Thailand? I think that in our country it can take a long time; now it is nearly three years*

*already but we have not got it. So, I would like to share this point with the panel.*

Mr. Chareon: As I am not from the government, I do not have the information about the time frame for GI certification. However, I would like to emphasise that making the farmers familiar with this practice is also important. In the current situation, if the farmers have a good practice of maintaining their traceability and quality, then they might not need the GI certificate. If the farmers could answer all the questions and provide sufficient information to buyers then GI certificate is not required. Once the buyers trust the farmers, they will keep coming back without caring about GI. I'm not saying that GI certificate is not important, but sometimes it takes time to get it done. However, what we can do now is to get familiar with this practice.

Although, the farmers might not have the GI certificate, if they have this practice as well as have sufficient recorded data supported by government like Good Inside Portal (GIP) Traceability System programme to provide to the roasters, then that would be enough for the buyers to buy the coffee from them.

The key message I would like to pass on is that the practice is the key. The GI is just a certificate and logo. The farmers need to keep practising it irrespective of the certification. Else, they will lose their buyers in the next year or future. I repeat. The key message is that the practice is the key; the GI is just a certificate and logo.

Mr. Micheal: I think GI is a beautiful concept. It is a beautiful practice when applying appropriately. One thing that I would caution is, I do not think it is a bad thing that Laos has not been able to do it yet and the reason is - if the perception of your product is very high and people want to use Lao coffee as an indication of quality that GI would protect. But if the quality is not understood at level of global markets yet, then maybe it is okay. If you identify, let say, right now that you have GI coffee, but maybe if right now the market does not understand that you certify GI for quality then it is not truly representative of your coffee. We all know that Laos produces beautiful coffee. So when the world really understand this, that this is what we are trying to protect, that this is the quality that is world class. And I think that is where GI really adds value. I would just like to say, I don't think GI is necessarily a bad thing, but it is taking time. Because

I think watching Laos grows in its coffee industry and improve its quality, is a beautiful thing. At the time is needed, you will find the space to achieve it.

*Q 5: Mr. Suphakorn Sukchan, ASGWAC Thailand: Speaking of the cost production between the mainstream coffee and specialty coffee, how many percentage differences? Because in Thailand, we would like to produce specialty coffee too, but we have problem with the increased production cost and we cannot ensure the market for the farmers.*

Mr. Michael: If we can go back to the size of the market. The size of the market demand in specialty coffee is larger than what we can supply. I mean both Laos and Thailand actually combine all the ASEAN countries right now. It would be really hard for all ASEAN countries to supply the demand that is expected.

I mean even right now, just with the annual growth in specialty coffee demand. If Thailand flipped 100% of its mainstream coffee to specialty, the market still can absorb it. So, I think, the only thing is Thailand building a relationship with a network of buyers and really developing through it. That is the difficulty, but it is not that the market does not exist. It exists but it depends on how you can connect to it.

Another thing is, a lot of your coffee is specialty. It is not that it is 10% of the market; we are finding that it is more like 60-70% of the coffee that farmers can produce would actually be specialty. It is because they need to have the motivation with understanding why they might pick this or why they grow this or why they process this. So, one thing that I do not think is that specialty is niche. It depends on if they were saying it and there are market connections to make it happen. I think, more and more the world is now starting to look specifically at this region for coffee given the reason that in Africa and South America, they struggle to provide enough volume for the specialty market. So, maybe right now it's difficult but given time, it can be achieved.

*- How about the cost of production compare to the mainstream coffee?*

So, if you talk about producing with chemical fertilisers, pesticides, monocrop, and no other trees with it. Technically you will find that the more cherry you produce per hectare, the less profit you may make in the farm. There have been quite a few studies

that producing less of a higher quality turns out to be much better and much more income for a farmer than trying to pump the quantity out of the farm. So, cost of production for specialty coffee production does not have to be that high.

Again we start talking about, what do they have? How do you mix? Do you have functional next crops? Do you have agro-ecology or a natural farming practices in place? So, you are looking at low external input sustainable agriculture, so that things they need are found in their farms. Agro-ecology and sustainable agriculture are not popular out there but again, the history of coffee spreading throughout has been monocrop and the use of chemical fertilisers which works fine. But to switch back to maybe more agro-ecological sustainable does reduce your costs so much you can also diversify your income and I think that's the really powerful point just looking at the wastes of coffee. There is a lot of money to be made in the wastes of coffee that is something that farms can fall back on as additional income.

Mr. Chareon: When we talk about the cost of production, it is like most commercial and specialty will pump out the quantity. You have to know that coffee is labour-intensive work and you have to take very good care of it. This is a classic case for our association, when we work with the farmers. We had a project. We worked with one farmer. He initially could produce very nice coffee. He delivered the great red cherries to us, so I said "wow, it is very good" and he got a very good price in return. Then he said he planned to double his production next year, so I turned to him and asked who his current labourers were. He said just himself, his wife and son who work on this. Then I said, "if you want to double your production, you either have to hire three more persons or get one more wife or two." From commercial to specialty coffee, the key is to put more care into the coffee. For example, even both special and commercial coffee beans need to be dried on a drying bed, but the time and effort that we have to spend on them are different. For specialty coffee, we have to flip the beans every three hours, while commercial beans we just leave them like that without touching it for seven days. It is hard to calculate what would be the cost because it is about the care that the farmers give when they switch from commercial to specialty coffee.



**Q 6: Mr. Manuel Tabangan Prejoles Jr, Makugihong Mag-uumam sa Sindangan, the Philippines:** *In the Philippines, there are many local farmers associations, but one of the major concerns is that the government has limited technicians to provide support to the farmers, especially technical trainings from mainstream coffee to specialty coffee, so how can we improve it?*

Mr. Michael: I would hope especially at the meetings like this to hear opinions being voiced. One thing that we have seen is that ASEAN is doing a lot of exchanges, and I think that is really important. Actually, the stuff that I am talking about here is not so technically that difficult. You already did fermentation. You have also been practising simple techniques for hundreds of years such as fermentation and compost. These are simple techniques that are combined together but you might not have thought about them. But you have all the skills; it is literally just sitting down and see what skills you already have, then try combine and use them. Something that you need to

understand is that it is not beyond anybody's grasp because they are all fundamental skills

Yes, it would be nice if you could have more technicians, but these are simple enough techniques that once you understand the basic concepts, then you can do them yourself. You can start from a small scale and see how it goes, and then scale it up.

Mr. Jose formally closed this session with a take-away message. Aside from technical innovation, some other considerations are really needed to be able to transition from mainstream coffee into specialty coffee. The presenters have indicated that there is a big demand for coffee and a big market for it. Of course there were also discussion on GI, with some limitations and challenges as mentioned by Mr. Chareon. The GI certificate is one thing, but the practices that can be done to be able to connect to the market is another thing. He thanked the panelists.



## Session 5: Brainstorming on Piloting of “ASEAN COFFEE” as Common Branding and Cooperation among Agricultural Coops.

Moderator: Mr. Jose Romeo B. Ebron, ASEAN Farmers Association

Mr. Jose briefly explained the proposed ASEAN Coffee Certificate and concept to the participants and requested them to team up into three groups to discuss these three questions:

1. What does it take to have or what are your ideas for an “ASEAN Coffee” brand or certified “ASEAN Coffee”?
2. What are the benefits of having this common branding and cooperation among ASEAN?
3. What specific cooperation mechanism(?) is needed to promote or pilot the “ASEAN Coffee” branding and cooperation?

The participants were divided into three groups and facilitated by:

Group 1 (moderator: Mr. Chareon Boonlarpaveechoke from Thai Coffee Association)

- Government officers from Cambodia, Indonesia, Myanmar, Lao PDR, Philippine, Thailand, Viet Nam

Group 2 (moderator: Mr. Victor Leong from ASEAN Coffee Federation)

- Farmer cooperatives/associations/organisations from Cambodia, Indonesia, Lao PDR, Myanmar and the Philippines

Group 3 (moderator: Mr. Jose Romeo B. Ebron, from ASEAN Farmers Association)

- Development partners/private sector/agri agencies: CPC, Jhai, IFAD, DGRV, Lao Coffee Association, Filanthrope.

The group discussions are summarised in the table below.





## Summary of Group Discussion

	Question 1	Question 2	Question 3	Remark
Group 1	<p>In general, it was a good initiative.</p> <p>But there were some concerns that the group would like to point out:</p> <ul style="list-style-type: none"> <li>- We understand that this is the ASEAN standard but it is not a single brand, therefore it needs a clear business plan. Key policies should be created in order to drive the "ASEAN Coffee" brand forward.</li> <li>- The standards and criteria should be specific</li> </ul>	<p>It was agreed that "ASEAN Coffee" Standards could create several benefits:</p> <ul style="list-style-type: none"> <li>- Easy for the traders and buyers to do marketing, which will eventually benefit the farmers</li> <li>- Knowledge and good practices sharing among the ASEAN members</li> </ul>	<p>It was suggested that</p> <ul style="list-style-type: none"> <li>- The leading party/body should be identified in order to drive this project</li> <li>- Convey this idea to AFC to identify the key party and functions.</li> </ul>	
Group 2	<p>Should we have certificate?</p> <p>The team came up with 2 answers:</p> <ul style="list-style-type: none"> <li>- It is possible to have the ASEAN certification. However, we need to compare between benefits that farmers are going to get from obtaining this certificate with any extra related costs that they have to pay such as: tax, application fees, others.</li> <li>- It might not be necessary for now. The priority now is to strengthen the coffee's quality from ASEAN countries. Once the quality is high, then we can come up with ASEAN certification and brand.</li> </ul>	<p>They might be several benefits:</p> <ul style="list-style-type: none"> <li>- More choices to sell</li> <li>- Market expansion</li> <li>- Level the coffee quality, which lead to better price and more income</li> </ul>	<p>How to promote the common brand/certificate?</p> <ul style="list-style-type: none"> <li>- Set up competitions / contest, eg: cupping competition</li> <li>- Annual "ASEAN Coffee" festival/showcases</li> <li>- Coffee summit (Government + private sector)</li> </ul>	
Group 3	<p>The idea of having it as a roasted product is quite difficult as we have lots of origins and types of coffee, so it might be difficult to preserve or maintain the quality. However, if we really want to engage the business, we should focus on the 'Green Bean' coffee and promote it through</p> <ul style="list-style-type: none"> <li>- Identify all the good coffees from 10 ASEAN countries and represent them all as 'ASEAN Coffee' at coffee trade shows, fairs and events at international level (This is because right now each country represents itself individually, such as Thai coffee or Philippine coffee.)</li> <li>- Making cupping competitions to select the top 100 coffees from ASEAN group and build up that standard of ASEAN coffee to be high quality coffee.</li> </ul>	<p>The benefits from this project can be:</p> <ul style="list-style-type: none"> <li>- Differentiation of each coffee that still can fit the same group then this can enhance each other - "strength and diversity"</li> <li>- Have the 'Traceability and Transparency' mechanism built into this project, so that benefits can go back to the producers.</li> </ul>	<p>Things that should be done:</p> <ul style="list-style-type: none"> <li>- Discuss and set up the green bean standard for ASEAN Coffee</li> <li>- Set up cooperation mechanism?- Engaging in importing/trading events</li> <li>- Set up the 'Regional /ASEAN Coffee Organisation'</li> </ul>	

Mr. Jose summarised the key ideas from the group discussion. Some initiatives and proposed activities were:

- National and regional competitions,
- Participation at international events
- Set up ASEAN festivals, summits
- Identify the leading body or group for coffee or set up an ASEAN Coffee Organisation

All of these ideas and suggestions would be adopted and conveyed in the next meeting of the ASEAN Sectoral Working Group on Agricultural Cooperatives (ASWGAC) in Manila in the Philippines. All groups suggested continuing discussion on this project in order to develop it to be more concrete in the future.

### Additional information:

Mr. Chareon Boonlarpaveechoke, the Secretary General from Thai Coffee Association presented additional information from their pilot project. This project aims to promote the local producer who produced high-quality green beans and passed them on to professional roasters and then packed nicely. On the package is written "100% Thai coffee origin" and has a sticker on. This idea is aligned to what we discussed regarding GI. Whether, it's from Xieng Rai, Indonesia or Bali or the Philippines, the information provided on the box will tell us the original place where that coffee was produced and who the roaster was. This can give the coffee drinker some assurance about the product's origin and quality. He said he would share the ideas discussed today and consult with his team. Instead of having the Thai Coffee Association logo or a Thai logo, we will transform this to be an "ASEAN Coffee" logo and promote this together in the future.





Day 2, 13 November 2019

## Morning session: Field visit at Coffee Farmers Cooperative (CPC)

The activity of the ASEAN Exchange Visit in the second day was visiting two sites, include the Bolaven Plateau Coffee Producers Cooperative (CPC) and JHAI Coffee Farmers Cooperative. these two cooperatives were located in the fertile Bolaven Plateau, which is famous for its cool climate, vivid waterfalls and good quality coffee.

Mr. Sengpaseuth Rasabandith, the Director of Cooperative Promotion Department, the Ministry of Agriculture and Forestry was assigned to be the MC for this session. He first informed the agenda of this session, which include the presentation on cooperative and observing the processing house. He then invited Mr. Rattanaprased Nhouyvanisavong, the Senior Advisor of the Bolaven Plateau Coffee Producers Cooperative to give an overview of the cooperative and its management.

CPC was initially created as an association called 'AGPC' with the support of the Lao Ministry of Agriculture and Forestry and *Agence Française de Développement* (AFD) in 2007. The organization was initially created as an association as we had only the law on association in that time. In 2010, the first dry mill was installed in Bachieng district with the support of AFD in order to control the whole supply chain. In 2011, CPC sensorial laboratory was built with the support of Malongo in order to control and improve coffee quality. In 2014, AGPC officially became a cooperative called 'the Bolaven Coffee Producers Cooperative (CPC)'. In 2017, CPC celebrated 10 Years anniversary, with the members of 1,093 families in 46 villages and 35 employees.

CPC organisation structure consist of 5 board of directors, 3 control committee members and currently led by Mr. Bounthong Thepkaysone. CPC has 1053 families of coffee smallholders as members and each family owns an average of 5 hectares of plantation. With total of 1053 families, there are 792 families involve in the organic process. There are 49 groups of producers distributed in 47 villages from 3 provinces, include Champasak, Saravanh and Sekong. With the total of 49 groups of producers, 38 groups are in the

organic process. CPC has 35 employees dedicated to support the members including the management team, technicians, officers and workers, of which 6 women work full-time.

As for the types of coffee they produce, they totally have 2981 hectares of Arabica plantations in the organic process. On average each family has 3,76 Ha, of which organic farms are 2,178 ha / 9,317 MT of cherries and 803 ha / 1,114 MT of cherries are in-conversion. For Robusta plantations, there are 1213 hectares of plantations in the organic process. On average it is 1, 53 Ha/ family of which organic is 884 Ha / 2,028 MT of cherries, and in-conversion is 329 Ha / 611 MT of cherries.

CPC has facilities to support the production such as 1 dry mill and laboratory to collect and prepare coffee from members for export with a capacity of one container of green coffee daily. Other facilities include 37 wet processing centres which enable the cooperative members to collectively process high quality Arabica and Robusta. The cooperative also has one composting unit to produce compost and vermicomposting on a large scale to provide our members with high quality organic fertilizer.

In terms of sales, they processed 8092 tonnes of cherries produced by CPC members during 2018-19 harvest of which Arabica is 7,228 MT and Robusta is 864 MT. they have exported 1210 tonnes of coffee during 2018-2019 harvest which is worth than 63 containers, including 1,037.7 MT of washed Arabica and 172,800 MT of Robusta, semi-washed. Locally they have sold 5.9 tonnes of roasted coffee in 2019. CPC export market are France, USA, Canada, UK, Sweden, Belgium, South Korea, China, Japan, Australia, Singapore and New Zealand. They used to export to other Asian countries.

CPC is created in order to avoid middlemen and support the members to obtain more benefits by proving fair price and focus on organic production. Being Fairtrade and Organic certified, it enables the cooperative to guarantee its members with a minimum

price and higher income than general market price. Over the last 6 years, the members of CPC get more income than non-member around 50%. For example, in the year 2018-2019, the CPC member get 3,872 Kip/kg while the non-member get 2269 Kip/kg.

CPC promotes better production practices. More than 3,000 farmers and more than 20 coffee technicians benefited from capacity building activities organized by CPC including:

- Training on post-harvest production by using wet process in order to produce high quality coffee;
- Training on pest control management in order to limit losses due to CBB,
- Training on soil fertility management with the aim to support smallholders to improve their coffee yield by using organic fertilizers, and
- Training on "renewal plantations" by using pruning and grafting techniques in order to improve yield of old Robusta plantations including 3 hectares of pilot plantations in Ban Nambeng, Laogna and Phakoutgnay.

CPC also provides better access to education to the members and their families. Thanks to the Fairtrade Premium, more than 1200 children from the Bolaven have a better access to education. Eight schools were constructed and funded 100% by CPC and / or with its partners (such as LCG in Louangsena – Cafema & Malongo in Houeixèng / Poukham).

CPC also supports healthcare. They have more than 3,568 persons from 4 villages who have a better access to healthcare which is made possible by building of a health clinic in Ban Maysaisomboune, Paksong. Now, more than 7,000 children have better access to clean water at school thanks to 15 new drillings and 222 water filters distributed to 42 schools. CPC also made several donations to the health sector including equipment for the paediatric department of Pakse hospital and money for the "Pakse rescue" unit.

CPC has achieved several recognitions and awards as a great recognition for the coffee smallholders, the cooperative regularly receives guests from high level authorities such as Lao PDR Primer Minister, M. Thongloun Sisoulith, who visited CPC factory in February 2019, Chairwoman of Lao PDR National Assembly, Ms. Pany Yathotu, who visited CPC factory on January 2015 and French Ambassador

in Lao PDR, Se. Madame Claudine Ledoux, met the cooperative members in November 2018.

Finally, some of the challenges faced by CPC are to secure the certifications (Fairtrade and Organic), to increase the number of members to meet the increasing demand for CPC coffees, to improve management of plantations to secure coffee quality and quantity, to secure the partnerships with buyers and financial institutions, to develop the roasted coffee market to reach the objective of 1ton / month and lastly to continue to improve livelihood of coffee smallholders through social projects.

### Q&A

*Q1: Ms. Inna Marwantina, from ASWGAC, Indonesia. So my question is, for the facilities here, like processing units and the other facilities - how is the financing scheme? Does it come from the member or do you get financial support from outside?*

*Answer:* As we used to be an association, which considered as the governmental organization at the beginning, therefore we were subsidized by the Lao government and also received technical and financial supported by French agencies. Particularly, the factories and the wet processing centers in the villages were built with the financial support from the Lao government and French government. However, we are now financially and technically autonomic, particularly we now can finance our factories and wet processing centers. However, we still need some technical supports such as trainings from the Lao government and the French government.

*Q2: Mr. Ferdinand Villamor Buenviaje, from PKSK, the Philippines.*

*Can you please elaborate your business model and your full business process starting from the production until it reaches France?*

*Answer:* this cooperative is an organization owned by the members themselves, so the cooperative cannot buy the coffee from the members. Besides, the main role of the cooperative is to provide services to the members.

In terms of production process - normally, after the farmers harvested their coffee, they would bring the red cherries to the wet processing center in their village, of which the members have to manage and organize the center themselves as a group. In order to do that, they have to set up a group, which comprised



from 10 members up to 100 members and they then have to select some members to work permanently in the wet processing center during the harvest season, which starts from October to end of December for Arabica, and from January to February for Robusta.

For me, as the member of management team, I and my team mates are hired as the employees of the cooperative. We earn salaries from the board of directors. The management team will have a meeting with the members every two months.

*To clarify (Mr. Ferdinand Villamor Buenviaje): So let me clarify - the process is, CPC provides everything to the farmers. Which means the cooperative is responsible for providing services, such as seedlings, technical supports, essential things that needed in planting like organic fertilizer and so on. While, the farmers are responsible for planting, harvesting and bringing their red cherries to the wet processing center. After they bring the red cherries to the wet processing center, there are some employees at the wet processing center who will take care of the processing them. The employees at the wet processing center, they are also the cooperative members, but not all members of the cooperative can be the employees at the wet processing center. After the wet processing, the coffee beans will be brought to the factory to make them as the green beans. Then these green beans will be packed and sent to France or other exported countries. That's mean the farmers derive their income from the green beans processed by the cooperatives, but they will get the money after the green beans have been processed and exported?*

Answer: Normally the farmers are responsible for their own plantation and harvesting. In case they have a lack of labor to support during the plantation or harvest, they have to hire outside labor to help them with their own money. After the farmers harvest the red cherries, they will bring the cherries to the wet processing center. At the wet processing center, the farmers' red cherries will be processed according to the quality standards in order to select and sort out the good ones. In order to facilitate the processing, some cooperative members are hired as employees of the wet processing center and they will be remunerated base on the duration of time that they spent working at the center. These officers will check the quality of cherries and register the quantity of good cherries. Then they will pay the advance money to the farmers based on the current local price of the cherries.

In terms of pricing and payment, we have the officers to check the local price on daily or weekly basis. We also have 2 meeting every week to discuss about the price and payment. The first meeting is the general meeting which usually held on Friday and include several team such as the management team, technical team, advisor team, and so on. This meeting is for technical officers to share information gathered from the villages. Another meeting is the management meeting that is usually held on Monday. This is the meeting where the management team discuss and decide about advance for the members, of which the advance money normally transferred directly to the members' bank accounts. By Wednesday, after the team collect all the information regarding the quantities of the cherries that the member brought in previous week, then we transfer the advance money to the members. Usually it takes only 5 days to register and calculate the advance payment.

After, the wet processing process, the coffee bean will then be sent to the main factory to further process. Once the coffee is processed as the green bean, it will be packed in a jute bag of 60 kilograms, which is the standard of packaging. After that, there will be containers from Bangkok to pick up the coffee bags from here to deliver to the destination countries in Europe and America.

After we exported all the green beans, then we can close all accounts in the end of June and start calculating exact income, expenses, staff salaries, taxes, fees and other costs in order to find out the exact price for the red cherries. Then we will use this price as the base price to calculate for remaining amount that need to pay back to the member (deduct with the advance money that cooperative pay at the beginning). Normally, the members will get the remaining money in the mid of July.

*Q3: Mr. Eka Kurniawan Sago Indra, from Indonesia Peasant Alliance, Indonesia*

- How does CPC organize the farmers/members as there are more than 1000 members? Base on my experience, we have difficulty in organize the so many members in our cooperative.
- How much coffee price in the farmer level? The price in Indonesia is higher cost
- Why the coffee price in Lao and Vietnam is cheaper than coffee price in Indonesia, especially the non-specialty coffee?

Answer: Regarding the organization of the wet processing center. Due to the members of the wet processing center can start from 10 people up to 100 people, therefore they have to elect and set up their own management team, which include the president, the treasurer, the cashier, the secretary, the quality control officers and the internal control officers to facilitate the group and manage the center on the daily basis. And of course, the members who work at the processing center will be paid according to the time that they spent at the center. This is an organization of the wet processing center level.

Moreover, we also have the technicians to monitor and assist the member throughout their plantation. Particularly, the technicians will organize a general meeting with all member at the beginning of the harvest as well as support the members during the harvest. They also assist the members in organizing and setting up the management team. Of course, it is quite difficult to organize the members as you told, but after ten years, the members know and understand each other well, so they can work closely, including the technicians of course.

Regarding the price of the coffee. The reason why the coffee price in Lao and Vietnam is lower than in Indonesian, maybe because Lao PDR is a less developed country, so we can benefit from import tax, from Europe for instance. Also, Lao coffee is less known than Indonesian coffee in terms of quality.

For CPC, we have the minimum price guaranteed by the fair trade certification, so the minimum price is nearly 4.2 dollars per kilograms of green beans (FOB). But I am not sure how much it is in Indonesia.

*Mr. Eka Kurniawan Sago Indra added: for Indonesia, premium coffee is 10\$ /kg, medium grade coffee is 5\$/kg and low grade coffee is 1.5\$/kg.*

For Lao PDR, the market price is around 2 \$/kg for the FAO coffee. Robusta and Arabica, it may be around 3\$/kg for green beans for non-members. For CPC, we have the guarantee of fair trade, so it is 4.2 \$/kg for green beans (FOB). The coffee produced by CPC is the specialty coffee as well because we have the score for our Arabica. However, due to the buyers fix the price with us, our price is low. While, Indonesia has more experience with buyers so they can get better price. We hope to negotiate with our buyers in the future as well for quality/premium coffee. So far

we have fair trade premium and organic premium, but it is not sufficient. We have to improve the quality to coffee to be higher. For now only the Arabica that is the specialty coffee.

*Q. 4 Mr. Eka Kurniawan Sago Indra, from Indonesia Peasant Alliance, Indonesia (Continue)*

- In order to produce 1kg of green bean, how much red cherries is required?
- Where is the wet processing center? Do the farmers bring their cherries to the wet processing in the village or in the cooperative center?

Answer: in order to produce 1 kg of green beans, we need around 6 -7 kg of red cherries. For instance, with 7000 tonnes of red cherries, we can obtain more than 1000 tonnes of green beans. It depends on how the members take care of their red cherries.

Of course, in the wet processing center is in the village. We need to avoid distance in order to maintain its quality. Basically, the farmers have to bring their red cherries to the wet processing center in the village to process immediately after harvest. Normally we cannot keep the red cherries overnight, we have to process immediately after harvest. Once the red cherries are sent to the center, the cherries will be sorted by floating. After that coffee cherries will be hulled and washed. After that the coffee parchment will be fermented for one night around 8-16 hours depend on the temperature. Next the coffee parchment need to be washed and sorted. Finally it need to be dried. The farmer dry the coffee at the village and it takes around a week to ten days for drying. When the coffee beans are dried, the farmers will deliver the coffee to the main factory.



## Processing house observation

Mr. Singthong Luangsena, the factory controller briefly explained about facilities and production's processes. He said that, after the farmers processed the red cherries through the wet proccing in their village, then the team will pick up the dried coffee from the farmers and bring to the processing house in this center. The officers will collect the coffee sample from each village/producer and send to the lab. The technicians will taste and create the mixing formula based on the client's requests. Meanwhile, the coffee brought from each village will be registered and recorded, such as the code of village, date of drying, the date of harvesting, humidity level and so on. After that the

technicians will taste the sample coffee and create the formula. This mixed coffee sample will be sent to the client to get their feedback. If the client is happy with the sample taste, then all coffee beans will be sent to the milling machines. After milling, the officers will put the coffee into the coffee sizing machine and coffee grading machine to differentiate the coffee size and grade. Finally, officers will pack the coffee (1 bag is 60kg) and stock them in the warehouse.

Apart from the processing house, the participants were also brought to the laboratory room and sample room.



## Afternoon session: Field visit at JHAI Coffee Farmers Cooperative

After the lunch break, participants departed to visit the second site at JHAI Coffee Farmers Cooperative, which is located in the Bolaven Plateau. After arriving at the site, participants were warmly welcomed and invited to gather at the cooperative's warehouse, which is now used as a warehouse, training and meeting room at the moment.

Mr Phouthasinh Phimmachanh, from the Lao Farmers Network, was assigned to be the MC of this session. He firstly introduced the key cooperative members and informed the main activities of this session, which include a presentation about JHAI Coffee Farmers Cooperative, site observation and Baci ceremony. He then invited Mr Bouneaurm Silaphet, the president of JHAI Coffee Farmers Network to briefly present the work of the cooperative, especially how they involve youth in the coffee production.

Mr Bouneaurm Silaphet expressed his gratitude and warmly welcomed all participants to the cooperative. Before he started the presentation, he briefly mentioned about the support that the cooperative has been receiving from donors and development partners to improve the cooperative's buildings and facilities, such as the youth learning center supported by the Lao Farmer Network, the toilets supported by Japanese students, the milling machines contributed and supported by cooperative members and US foundation, the production building supported by Lao Coffee Association and GIZ. Moreover, GIZ also supports the cooperative members on capacity building by providing training and learning opportunity with VGLB team.

He then presented the background information of the cooperative. He first explained the development of the cooperative, since the beginning up till now. Initially, it has started as 'JHAI Coffee Production Group' in 1999, comprising of 15 households from 3 villages. At that time, they provided technical support on producing quality coffee from the Centre 35, the provincial agriculture and forestry office (PAFO), the district agriculture and forestry office (DAFO), Oxfam and JHAI Foundation. Later in 2004, the group was

developed to be an association called 'JHAI Coffee Farmers Association'. The members of the association comprised of 2,400 households in 63 villages in 3 districts with 2,500 ha of the plantation. In 2013, this association was upgraded to be a cooperative called 'JHAI Coffee Farmers Cooperative'. Currently, the cooperative consist of 21 production groups in 19 villages with total production area around 700 ha, of which 500 ha is Arabica plantation, 100 ha is Typica plantation and the rest is Robusta plantation. There are 350 households as cooperative members.

The cooperative has exported the coffee to several countries such as Japan, Thailand, Korea, Vietnam and Cambodia. Particularly, Japan is the cooperative's biggest client that not only provide a fair price but also supports the cooperative members.

He said that the cooperative has a good relationship with Japanese traders as they have provided lots of supports to the cooperative and its members. He admitted that it was very difficult at the beginning to export coffee to Japan as they were focused on specifics and insisted on a very good quality coffee. Before the Japanese traders decided to buy coffee from the cooperative in 2007, they had sent Japanese coffee experts to observe and provide recommendations on plantation and production to the cooperative members since 2004. However, the reason they were focused on small details is that they want to support the farmers to produce good quality coffee and achieve a good price. Apart from the quality that they focus on, they also focus on traceability to guarantee the quality and authenticity of the coffee to the consumers. Therefore, the farmers are requested to provide information on their coffee, such as the date of harvest, the date of processing and so on. Since the cooperative started trading with Japanese traders, he observed that the coffee price offered by Japan traders has been increasing gradually. For example, in 2007 the price of red cherries was 13.000 kip/kg, but it is 43.000 kip/kg in 2019. They also monitored the cooperative's transparency during the payment process to ensure that the farmers always get a fair price. Apart from



the direct support that the Japanese partners gave to the farmers, they also provided support on basic infrastructures, such as gravity water and electricity to the villagers to improve their living standards in addition to it they have provided scholarships to young people in the district. Besides, they have also sent 20 Japanese students per cohort to support the cooperative members by monitoring, exchanging experience, and providing training on coffee tasting, cupping, roasting, harvesting and so on.

He reported that there are more Japanese companies that would like to buy coffee from the cooperative. Particularly, they are interested in Arabica - Typica which has a unique taste and considered as a high-quality coffee. However, there are some varieties that Japanese traders are not yet interested in buying from the cooperative, such as Arabica – Catimor, Robusta and so on.

In terms of coffee price, he stated that the Japanese traders offer a special price to the farmers instead of the market price and pay 50% in advance to the farmers. The Japanese traders prefer to discuss the coffee price with the farmers directly and they would like to know how the farmers plan to use and manage the money. Moreover, they also monitor how the cooperative manage the bonus money provided by them.

He informed that the farmers better understood their requirements now and produce more productively. The farmers have also started drinking and tasting the coffee by themselves in order to increase their understanding of coffee and to produce a better quality product. He is glad that the cooperative members have access to the Japanese market because the Japanese traders provided a fair price and created stability to farmers and were not concerned about the Fairtrade certification. However, farmers still could not meet their high demand. In the future, the cooperative will help the farmers to produce less but better-quality coffee. Mr Phouthasin gave further information regarding the coffee price. He explained that the price of green beans offered by Japanese traders was 43,000 kips/kg and the price at which the cooperative buys from the members was 25,000 kips/kg. Whereas the market price was 21,000 kips/kg.

After that Mr Phouthasin invited the participants to exchange ideas and experiences, ask questions

and provide suggestions on the areas that need improvement.

#### Q&A:

*Q: Ms Hana Hetty Manuela, ASEAN Foundation  
Could you please tell me how does the cooperative engage with young people? As in the case of the JHAI Coffee Farmers Cooperative empowering the youth is very inspiring. So, maybe we can also ask other countries – from the government perspective, to share their experiences on how they engage youth in the agriculture cooperative. As this is an open discussion, so the representatives from Indonesia or Thailand and other government officials can share their experience with youth engagement.*

Answer: Mr Bounearn Silaphet, JHAI Coffee Farmers Cooperative, Laos  
The cooperative started as a coffee farmer group that gradually developed to be an association and finally has transformed into a cooperative. We realized that working as a group is effective and can improve the farmers' livelihood to be better as a whole. Because of this, we agreed to create the youth group in order to inherit our agriculture cooperative in the future. Particularly, we got support from the University of Tokyo, Japan to select five youth candidates from the cooperation to join an exchange program to study about agriculture cooperative development so that they can continue to improve the cooperative and pass on the knowledge to the next generations. Secondly, as many young people were unemployed after finished their study, therefore the cooperative wanted to help them find suitable jobs by involving them in the cooperative's work. At the same time, these young people will support the current generation to develop and manage agriculture cooperative.

*Q: Mr Phouthasin, Lao Farmer Network  
I would like to ask the member of the youth group to share their opinions - What motivates you to be a farmer like your parents and to set up a youth group?*

Answer: Ms Chilamany Sayvongkeo, JHAI Coffee Farmers Cooperative – Youth Group,  
The main reason that I do agriculture is that is the main occupation of my family. I know that coffee plantation can bring good income as it has a huge market and the price is good. Therefore, I choose to be a farmer. The reason that I have joined the youth group is that I would like to make use of the leftover

coffee powder/beans to create products such as coffee soaps, deodorant bags, and lip balm to earn extra income.

*Q: Mr Phouthasin, Lao Farmer Network  
Do you have a good income? Can you please tell me how much income from coffee plantation can you make per year?*

Answer: Ms Chilamany Sayvongkeo, JHAI Coffee Farmers Cooperative – Youth Group, I have a pretty good income. My family income from the coffee plantation is around 50-60 million kips/ year.

*Q: Mr Phouthasin, Lao Farmer Network  
How do you encourage fellow youths to participate in the youth group's activities?*

Answer: Ms Chilamany Sayvongkeo, JHAI Coffee Farmers Cooperative – Youth Group,  
When the group first started, there were 15 members but now we are 9 members. The group saw an opportunity to create additional income by using leftover coffee to make several products and the member can do it during their free time or when they are free from plantation work.

*Q: Mr Phouthasin, Lao Farmer Network  
In short, that means if agriculture work is profitable than they are interested in doing it, right?*

Answer: Ms Chilamany Sayvongkeo, JHAI Coffee Farmers Cooperative – Youth Group,  
Yes, that's right

*Q: Mr Jose Romeo B. Ebron, the Asian Farmer Association.*

*According to the presentation, it is noted that the cooperative members do not get paid immediately, but they will get paid after the cooperative receive payment from the clients. Therefore, I would like to ask how long does it take for the cooperative to pay the money to farmers? What strategies does the cooperative use to encourage the members to deliver the coffee beans besides the fact that the cooperative is not able to pay money to the farmers immediately?*

Answer: Mr Bounearn Silaphet, JHAI Coffee Farmers Cooperative

As mentioned earlier that the cooperative has several markets, therefore the clients have different

ways of payment. With the Japanese traders, they normally pay 50% advance money to the farmers after harvesting and pay the rest after receiving the products. Meanwhile, with the clients like Taiwan, Myanmar, Vietnam, Thailand and Cambodia, the cooperative needs to gather coffee from the farmers to store it in the factory and wait for clients to check and test the quality of coffee before purchasing and transferring money to the cooperative. By then, the farmers will be waiting for the money to return. With this kind of trade, it takes time because the cooperative has to promote the coffee and allow the clients to taste and check the quality of coffee until it meets their requirement. The management team is aware that the farmers want to get paid directly when they supply coffee to the cooperative as they need the money to cover for their production cost and use for their daily expenses. However, the cooperative cannot provide immediate payment to the farmers. This becomes the big challenge that the cooperative needs to resolve. The cooperative would like to get a loan with low interest so that they can use this money to pay the farmers first while the cooperative waits for the payment from the client.

At the moment some farmers who require the immediate payment have to sell their red cherries to the local markets. Although, they know that they will get only half the processed coffee's price that they sell to the cooperative. Therefore, I would like to use this opportunity to request for support from the government or ASEAN countries to provide long term loans to the cooperative with low-interest rates.

Adding point: Mr Sengpaseauth Rasabandith, Cooperative Development for Social and Rural Areas, The Ministry of Agriculture and Forestry, Laos

I have seen 2 different examples of cooperatives. CPC mainly focused on trading and produce coffee and they are very successful. Meanwhile, JHAI Coffee Farmers Cooperatives not only focused on the process coffee but also focused on engaging youth in their activities in order to secure the labour shortage in the future. They also focus on value-added by producing processed products using leftover coffee to produce soap, deodorant bag, lip balm and jam. This is considered as their strength and this concept should be developed to be a model for other cooperatives in the future. Moreover, I would like to share a lesson learnt from Malaysia. Malaysia is successful in



engaging youths into agriculture activities by using IT as a tool to attract them. This is because the youth are already interested in and good at technology so they could actively be involved in agriculture activities. For instance, the youth use drones to monitor the coffee farms. So I think in the future we should try to apply more technologies in agriculture activities.

*Q: Mr Muhammad Rifai, NIA/ Farmers Organization, Indonesia*

*How much is the cost of production start from plantation until processing for one kg of green beans?*

Answer: Mr Somboun, field supervisor from JHAI Coffee Farmers Cooperative

To calculate the cost of production based on 1 ha, the involved costs consisted of:

- Clearing grass costs 3 million kips/ per year / ha (1million/time, needs three times per year).
- Fertilizer costs 4 million kips/ per year/ha (2million/time, needs two times per year)
- Trimming costs 2 million kips/ per year/ha.
- Cherries picking costs 5 million/ha

Therefore, the total production cost will be around **14 million kips/ha**. From this 1 ha, you will get 5,000kg of red cherries which means the production cost per 1kg is **2,800 kip** (excluded tax and logistic cost). For the production cost of processed coffee (green beans) - premium grade is **32,000kip/kg** and for Arabica **35,000kip/kg** as it is difficult to process.

*Q: Mr Chham Vuthy, NIA/Farmers Organization, Cambodia*

*I am admired that the cooperative members are patient. They can wait for the late payment, while the farmers in Cambodia cannot wait for it if the payment takes more than 1 week that so my question is: normally the farmers produce organic coffee, but what if the farmer produce different coffee varieties that not organic, does the cooperative offer the same price or does the cooperative have different price for that?*

Answer: Mr Bouneurn Silaphet, JHAI Coffee Farmers Cooperative

In 2007, the cooperative partnered with CPC as they had the Fair Trade - Organic certificates to trade with France trader. After that in 2013, the cooperative has started trading with Japan trader instead of France. This is because the Japanese traders offered to buy coffee from the farmers at fair trade and organic price

with no certificates required. They preferred to visit and observe farmers in the field by themselves to check whether the farmers produce it organically or not. Back then, the cooperative had both organic and fair-trade certificates and had to pay 3,000 USD per year for the membership. However, we do not need to use them now. The Japanese trader suggested that, instead of paying for the membership fee, why don't we use this money to support the farmers to produce organically. The Japanese trader offered to buy coffee from the farmer with organic and fair trade price as long as the farmers ensure that they truly produce it organically without certificate needed. For the coffee sell at the cooperative, we have a different price for it as the clients use general standards and they do not care whether it is organic or not, such as Vietnam, Cambodia, Thailand. The price of green beans sells at the cooperative (normal grade) this year is 25,000 kip/kg

*Q: Ms Cherry Carlos Reyes, from ASWGAC Philippines*

*What are the cooperative's strategies or mechanisms to increase the involvement of the youths in the cooperative?*

Answer: Mr. Khamkong Douangphachanh, the manager of JHAI Coffee Farmers Cooperative

We have been worked as a group since 1999, which is now more than 15 years. What we have always value when working as a group are unity and fairness. These are our core values. Producing high-quality coffee can be a very challenging task, but because of our unity, fairness and passion in coffee, we can make it possible. All the members of our group are 100% farmers. We are not business persons and we do not get a salary. We just purely love our job and want to promote our coffee to consumers in Laos and overseas. We've tried to learn and improve the quality of our coffee.

Mr Phoutasin, Lao Farmer Network (add his point)

I would like to add to that, in the Lao Farmer Network, we have a special policy for the youth and we requested all members to apply it within their group/team. The special policy is that – whenever we have educational activities such as workshops and field trips, half of the members who will participate must be the youths. We defined “youth” as a person who is below 35 years old. So if we have any training, we will give the quota

to join first. Another policy is to have the youths as the members of the management team at least 20%. This is our rule and we encourage the members to follow it. Although some groups cannot make it, for now, they have to set a clear plan to achieve it. The third policy is to set up the ‘Youth Advancement Committee’ in our network. Then the youths will start to discuss and come up with own plan. Some group might want to experiment on planting new crops and some groups might want to create processed products. As a delegate from the Philippines mentioned about using technology to engage the youth. Actually, many groups in our network have plans to use more technology in producing, which can save labour and time. Surely lots of young people are interested in technology, such as using Facebook to sell products. Our strategy is to gather the youth as a group and let them decide on what they want to do base on their specialities.

*Q: Mr Suphakorn Sukchan, ASGWAC - Thailand*  
*Due to cooperatives in Thailand have not yet exported premium coffee to Japan like JHAI, therefore I would like to ask, does the cooperative have any plan for international trading? Do you have many foreign clients? Do you have any suggestions for cooperatives in Thailand?*

Answer: Mr Bouneurn Silaphet, JHAI Coffee Farmers Cooperative

There are many countries who are interested in our coffee. Before the cooperative has been exported coffee to Korea and the USA, Germany and Taiwan. But they need standard coffee but if they need organic, we can provide it because our farmers are already growing coffee organically.

*Q: Mr Bouneurn Silaphet, JHAI Coffee Farmers Cooperative*

*Because the buyer is already here with us, Mr Nawa from Japan, so we can ask him directly. Why do buy coffee from JHAI and what do you want to suggest other countries who want to export coffee to Japan too?*

Answer: Mr Nawa, a Japanese trader

The reason why we purchase the coffee from JHAI is that the taste of the coffee. As you may know, in Japan the coffee culture is so important, so we really prefer good brewed or tasteful or aromatic coffee and the reason why we select this place is because it is

located in Bolaven plateau that has different coffee varieties that have a very nice flavour and aroma. Moreover, the cooperative also has good techniques for processing coffee as they have been trained by international agencies, that's why we buy coffee from them. We choose it, not because of the techniques on processing only, but this area has potential and really suitable for growing coffee.

*Q: Mr Chham Vuthy, NIA/Farmers Organization, Cambodia*

*Why does Vietnamese trader buy coffee from the cooperative? Why does the cooperative grow organic coffee instead of non-organic or chemical coffee, because the non-organic or chemical coffee can gain more income than organic coffee?*

Answer: Mr Bouneurn Silaphet, JHAI Coffee Farmers Cooperative

Actually, all of our farmers do organic farming because they do not have enough money to buy chemical fertilizer and extra tools. So the coffee produced in here is organic and does not need certificates to guarantee. Besides the clients like Thailand and Vietnam, they do not really care whether the coffee is organic or not and they do not need a certificate.

Suggestion: Mr Jose Romeo B. Ebron, AFA

I would come back to the number 1 concern and is a very important issue for cooperatives: *How does the cooperative have the capital to be able to buy coffee from the farmers?* Actually, there are 3 options to get the capital. The first option is to request for financial supports such as fund or donation from donors. The second option is to get a loan from the banks. The third option is to set up ‘the farmer fund’ created by the cooperative members themselves.

The third option might not be so common, but in fact, it is very effective. It is the plus points of cooperatives in the Philippine. It is about mobilizing internal resource and keep developing it to be the cooperative's capital that then allows them to be able to buy coffee and provide immediate payment to the farmers on the first day. I would like to share the positive points in the Philippine context. One of the key principles of the Philippine cooperative is ‘self-help’ or ‘mutual help’. This ‘self-help’ or ‘mutual help’ evolved from members who willing to contribute



their own money to their cooperative or enterprise to set up a mutual fund in the form of 'shared capital', 'saving fund', 'preserved fund' or 'collective fund'. For example, if the cooperative has 1000 members and each member contributes 1000, then that's mean the cooperative has 10,000 as capital. Because the cooperative is able to mobilize from within, then it can develop its own financial capacity. We should try not to ask for supports from outsiders, but we should build up our self-help. Self-help is very important. Because in the first place, this is the problem of the cooperative on how they were able to buy the coffee from their farmers. My point is that the key take away message and take action is how you come up with solutions or be able to discuss different strategies to have internal resources generation.

In the Philippines, what we are doing right now, it is the collective marketing and cooperative wants to buy the vegetable from the farmers, so the farmers will deliver the vegetable to the cooperative. With this case, the cooperative should be able to buy and pay for the vegetable cost straightway. If the cooperative cannot pay them straightway, then the farmers will not deliver the vegetable to them the next day. Instead,

they will go to other places because they need money to support their families and continue their production. So my key message is that we should build our own financial capital but using resources from within, especially from the members first. I would like to give an example of a cooperative in my province. The cooperative was established since 1966. They started with 8 members and each member put up money for 1 dollar. After 53 years, the cooperative now has 153,000 members and it has 90 million dollar fund. So my point is, maybe the part of the reflection of the cooperative is how to build up self- help. The cooperatives should attempt to create to strategy or plan pull out and utilize their internal resources to build up their own 'self-help'.

Mr Phouthasin, the Lao Farmer Network (add his point)

Unity is the core of cooperatives, if we need funds, we should try to collect money from our members first and not rely on others and ask for money. That is the overall comments for cooperative. In fact, we have a plan to train our members to raise and set up fund internally. This plan is expected to be discussed and further developed next year.



## Site observation

After the presentation and discussion, the participants were requested to gather into 2 groups to observe the youth group's activities at the learning center, to observe coffee varieties grow in this area at the villagers' gardens, and observe how coffee is processed in the main building (the warehouse).

At the learning centre, the participants observed the group of youths making processed products such as soap, jam, and deodorant bag using leftover coffee. This is one of the activities that the youths do in order to make use of leftover coffee to create additional income. One of the youth members reported that these processed products are sold in this center and several shops in Vientiane. The money earned from the products will be shared to the members and some money will be contributed to cooperative' operation costs.

At the villagers' gardens, Mr Bounearn, the president of JHAI Coffee Farmers Cooperative, showed different coffee varieties that commonly grow in this area to the participants, such as Arabica – Typica, Arabica - Catimor, Arabica - Catuai, Arabica - Caturra, and Robusta. Particularly, Arabica –Typica (cover only 20% of the total plantation) is the only variety that Japanese buy from the cooperative and considered as a premium coffee that easy to grow as it is highly

resistant to diseases. However, one of the challenges that the cooperative has is that the farmers like to mix all varieties when growing, making it was difficult and take time for them to pick and distinguish the coffee cherries when harvesting.

He further explained that the members do not have to pay the membership fee to the cooperative and cooperative does not charge any commission with the members. For example, if the Japanese traders agree to buy coffee at 43,000 kips/kg, then the cooperative will pay to the members exactly 43,000 kip/kg. Luckily, the Japanese traders also pay 1000 kip/kg to the cooperative as the bonus money. As JHAI Coffee Farmers Cooperative is still young, it does not have enough markets for its members to supply their coffee to. Therefore, the cooperative does not want to charge anything from the members, which mean that the cooperative also does not have enough money to set up the security fund to cover the operation cost or pay money to the member in advance like CPC or other cooperatives. However, if the cooperative has bigger markets in the future, then the cooperative might charge for the service fees from the members to cover the operational and other costs. At the moment, the board members and members who work in the cooperative and factory do not get any salary but volunteer.





## Closing Remark

Mr Kongkeo Vongpaseuth, Director General, the Department of Rural Development and Cooperatives, Ministry of Agriculture and Forestry Lao PDR

During the 2 days of the ASEAN exchange visit under the theme “Empowering the coffee cooperatives in Value Chain Management and GI certification”, all participants among ASEAN countries have brought knowledge and experiences to exchange with other countries on how to develop cooperatives, access to markets and GI certification, and value chain in the coffee industry. Particularly, these areas are important for Lao as the host country to understand, learn and share the knowledge and experience from the members of the ASEAN Countries, which can be adapted and applied to further develop the cooperatives in Lao. Moreover, we also discussed how to develop and strengthen cooperatives in ASEAN countries to be able to compete with others internally. Yesterday, we had the group discussions that discussed these topics in order to strengthen the cooperatives in ASEAN countries and one of the purposed ideas is to have an ASEAN brand or an ASEAN standard. It is believed that this will help to develop and set up a cooperation system within the ASEAN countries to exchange ideas and knowledge. As each country has different plantation practices, technologies, processing techniques and experiences. Therefore, if we have regular meetings to exchange experience and share knowledge like this, then we can develop the management system of coffee industries in ASEAN countries to be aligned. Furthermore, it will also upgrade the standard of cooperatives in ASEAN countries to be better. This is because if the cooperatives want to get the ASEAN brand, they have to comply with the ASEAN standard.

As we know that the market is now focusing on quality coffee. As the Japanese trader (the guest) emphasized that they buy the coffee from JHAI Coffee Farmers Cooperative because of its quality. Quality was also the topic that we discussed yesterday. He believed that, although the participants have not yet agreed to adopt the ASEAN brand/standard now, we have the action plan on what should be improved

in terms of the coffee's quality in ASEAN countries in the future. This topic will be brought and further discussed in the next ACEDAC meeting, which will be held in the Philippines in 2020.

For today's activities, we have visited two coffee cooperatives, including The Bolaven Plateau Coffee Producer Cooperative (CPC) and JHAI Coffee Farmers Cooperative. These two cooperatives have their own uniqueness. CPC emphasized on producing and exporting quality coffee to foreign countries. Meanwhile, JHAI Coffee Farmers Cooperative not only focusing on quality coffee, but they also focused on developing processed products, such as coffee soap, coffee jam, coffee deodorant bag, and coffee lip balm that considered as their strengths. Moreover, they also engage the youths in their production, which is a good start for Laos. However, he believed that cooperatives in ASEAN countries are much developed than Laos. Today, we have learned about these two cooperatives. The participants shared knowledge and experiences, as well as gave recommendations and suggestions to these two cooperatives on how to make these cooperatives to be sustainable, have a good standard and be productivity. He acknowledged and thankful that the participants have shared ideas, recommendations or suggestions to us. He recognized as it as a successful and fruitful meeting as all the important topics have been covered, discussed at the same time recommendations from participants were given. He hoped that ACEDAC will continue to support and organize the ASEAN exchange meeting to support the cooperatives in ASEAN to develop the value chain and support each other in the future.

## Baci Ceremony

Baci ceremony (or Su Khaun) a ritual ceremony was organized by the local cooperative members to honor the delegates and to celebrate the success of the ASEAN Exchange Visit. All the community member were asked to gather and sit down around the Pha Khouan (handmade flower tray) and listen to the chant by Mor Phon (the master of ceremony, who is respected and a senior person of the community). While listening, each of the members was given a holy white thread from the Pha Khouan to hold. In the end, a small piece of holy thread was tied to each member's wrists while wishing the person good luck.





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# CONCEPT NOTE

## ASEAN Exchange Visit

### “Empowering the Coffee Cooperatives in Value Chain Management and GI Certification” 11-14 November 2019 Pakse, Lao PDR

#### Background and Justification

The strategic plan of action for ASEAN Cooperation on Agricultural Cooperatives 2016-2020 lists exchange visit as one of the activities to empower personnel and leaders of agricultural cooperatives. Exchange visit will be conducted by ASEAN Member States (AMS) in coordination with the ASEAN Centre for the Development of Agricultural Cooperative (ACEDAC) Secretariat.

At the 26<sup>th</sup> ACEDAC Board Meeting on 21 May 2019 in Nay Pyi Taw, Myanmar, the meeting agreed to organise another learning exchange visit and identified Lao PDR to play host to the upcoming ASEAN Exchange Visit, in cooperation with the ASEAN Foundation under the project of ASEAN Farmers' Organisations Support Programme (AFOSP). The Department of Agriculture Extension and Cooperatives Division of Groups, Cooperatives and Agribusiness in the Ministry of Agriculture and Forestry, Lao PDR was identified as host of this exchange visit bringing together agricultural cooperatives personnel and leaders.

The learning exchange visit has a combination of activities consisting of dialogues with government representatives, the private sector, agriculture cooperatives and field visits to promote sharing experiences and open discussions of key issues and challenges in the agricultural value chain in ASEAN. It is also to support the implementation of the ASEAN Roadmap on Agricultural Cooperatives.

The thematic area of this exchange visit is designed to discuss coffee cooperative development including access to market, best practices and lesson learnt of Geographical Indication for coffee cooperatives.

#### Continuation of Effort to Promote ASEAN Coffee

The climate and geographical location of Southeast Asia is ideal for coffee cultivation. Moreover, the region's coffee culture and expertise in coffee production has contributed to the emergence of a thriving coffee industry in ASEAN. Some Southeast Asian countries such as Vietnam, Indonesia and Laos have become top world coffee exporters. Coffee is also proposed as a starting point for agricultural cooperation to participate in the global value chain as envisioned in the ASEAN 2025.

However, the coffee supply chain is complex. Beans pass hands from growers, traders, processors, exporters, roasters, retailers and finally to the consumers. A collective action is needed to have an inclusive coffee value chain in the region. In the 7<sup>th</sup> ASEAN Cooperative Business Forum in Manila, the “ASEAN Coffee” Brand was introduced. The idea of establishing a regional brand is to accommodate all quality of coffee that is managed by coffee cooperatives in ASEAN. The “ASEAN Coffee” brand intends to interlace the collective production and marketing among agricultural cooperatives under the flagship of ACEDAC/ASWGAC. Each actor whether agricultural cooperatives, ASEAN/National Institutions, private sector should take an active role and activities organized to make the coffee market accessible and effective for coffee farmers. Therefore, the exchange visit will also gather the coffee player to share their ideas on how to continue with regional cooperation for coffee value chain.

In addition to this continuation of effort to promote ASEAN Coffee, the exchange visit will also recall the group discussion at the ASEAN Learning Series

and Policy Engagement on Agricultural Cooperative (ALSPEAC) in July 2017 where it was proposed to have an ASEAN Coffee Platform under ACEDAC/ASWGAC. The transition activity was planned to be led by Vietnam with the guidance from SOM-AMAF. The group discussion also encouraged ASWGAC to incorporate with private sector and cooperative leader to have this coffee platform. At ALSPEAC, three countries volunteered to lead and they are Indonesia, Laos/ Myanmar, and Vietnam with ASWGAC providing guidance. These countries were selected based on indicators related to cooperative development, green bean production, processing of coffee and productivity.

#### Coffee Cooperatives Development in Lao PDR

Coffee is a key industry of Lao PDR as it is the fifth largest export earner for the country. Laos is considered the third-largest producer of coffee in Southeast Asia and better known for its production of higher quality Arabica beans. In 2017, the International Coffee Organization (ICO) revealed that total coffee production in Laos stood at 475,000 bags of 60kg<sup>1</sup>. In today's world coffee market, Lao PDR produces 0.25% of the world production<sup>2</sup>.

To promote Lao coffee and to boost the number of coffee export, Geographical Indication (GI) becomes the tool for coffee producers to make Lao coffee more exportable, recognizable and trustworthy for consumers around the world. The GI certification leads to more stable incomes for the country's coffee and also for farmers<sup>3</sup>.

Through this exchange visit, participant will also learn about the GI framework in Lao as well as to learn how the Lao government provides support to agricultural cooperative, including institutional and capacity development and creating an enabling environment for agricultural cooperatives growth and viability.

<sup>1</sup> <https://theaseanpost.com/article/sustainable-coffee-southeast-asia> & <https://www.aseanbriefing.com/news/2018/12/27/investing-aseans-coffee-industry.html>

<sup>2</sup> <http://www.fao.org/3/ae939e/ae939e03.htm>

<sup>3</sup> <http://www.fao.org/3/a-i5329e.pdf>

#### Objective

The overall objectives of this Exchange Visit are to:

1. Share the best practices of addressing key issues and challenges in the coffee value chain with GI and GAP certification for Coffee
2. Facilitate cooperation between farmers organisations/cooperatives, government, private sector in regional coffee value chain to implement the ASEAN Roadmap on Agricultural Cooperatives “Pillar: Capacity Building and Access to Market”
3. Generate recommendations for regional partnership on coffee to be submitted to the 27<sup>th</sup> ACEDAC Meeting in Philippines

The specific objectives of this Exchange Visit are to strengthen the knowledge and skills of professionals in the agricultural sector to:

1. Explore the plan of action to pilot the “ASEAN Coffee” Branding (led by ACEDAC Secretariat)
2. Collect materials/ information for training and support to agricultural cooperatives in the field of business development and market access. (supported by ASEAN Coffee Federation)

#### Learning Exchange Methodology

The Exchange Visit is an experience-based with high interaction among participants and speakers. It provides participants with the opportunity to learn from a wealth of ASEAN experience available among themselves, and the resources persons.

The Learning Exchange will use a mix of lectures, plenary discussions, group work, field visit and personal and/or group assignments. s.

*THE LEARNING EXCHANGE IS MADE  
FLEXIBLE TO ACCOMMODATE PARTICIPANTS'  
INDIVIDUAL LEARNING NEEDS.*

#### Expected Outputs

1. 40 participants (including speakers) of which 40% are women from 8 ASEAN member states increased knowledge and deepen appreciation of the role of Agricultural Cooperatives in ASEAN Economic Community Building.
2. A final proceeding and a recommendation report to be submitted to ASEAN Secretariat/ACEDAC.
3. Draft agreement/policy recommendation (with concrete action plan) to be submit it to ASWGAC.



## Expected Outcomes

1. Collaboration to pilot the “ASEAN Coffee” Branding

## Event Arrangement

1. Learning Session /Sharing of good practices
  - a. Country Presentation
  - b. Panel Session and Group Discussion on Coffee Value Chain
  - c. ASEAN Coffee Corner showcase the coffee product from AMS
  - d. Discussion on opportunities
2. Field visit to agricultural cooperatives

## OPENING REMARKS

### MR. FITER BERESMAN SILAEN ON BEHALF OF ACEDAC SECRETARIAT COORDINATOR

at the

### ASEAN EXCHANGE VISIT 2019

11 November 2019, Pakse, Lao PDR

- Honorable Executive Director of ASEAN Foundation, Ms. Elaine Tan
- National Focal Point Representatives of ASWGAC
- Representatives from Food, Agriculture and Forestry Division of ASEAN Secretariat
- Representative of Government Institution and Partners organizations
- Distinguished participants, ladies and gentlemen.

A very good morning to you all.

First of all, on behalf of the ACEDAC Secretariat, allow me to express our warmest welcome. It is a joy and privilege for me to greet you all in such wonderful opportunity. I would like to express my gratitude to the Ministry of Agriculture and Forestry, Lao PDR for the excellent hosting of this programme, and to ASEAN Foundation through ASEAN Farmer's Organization Support Programme, for its strong support to the development of agricultural cooperatives in ASEAN Region.

The learning exchange visit has a combination of activities consisting of dialogues with government representatives, the private sector, agriculture cooperatives and field visits to promote sharing experiences and open discussions of key issues and challenges in the agricultural value chain in ASEAN. It is also to support the implementation of the ASEAN Roadmap on Agricultural Cooperatives. In addition to this continuation of effort to promote ASEAN Coffee, the exchange visit will also recall the group discussion at the ASEAN Learning Series and Policy Engagement on Agricultural Cooperative (ALSPEAC) in July 2017 where it was proposed to have an ASEAN Coffee Platform under ACEDAC/ASWGAC.

With the theme of “*Empowering the Coffee Cooperatives in Value Chain Management and GI Certification*”, the exchange visit would highlight and discuss the measures on developing coffee cooperatives, identifying potential market access, best practices and taking up lesson learnt of Geographical Indication for coffee cooperatives. The importance of promoting coffee cooperatives is very essential, knowing the huge potential of agriculture, particularly coffee commodity in ASEAN. Moreover, the climate and geographical location of Southeast Asia is ideal for coffee cultivation. The region's coffee culture and expertise in coffee production has contributed to the emergence of a thriving coffee industry in ASEAN. Some Southeast Asian countries such as Vietnam, Indonesia and Laos have become top world coffee exporters. Coffee is also proposed as a starting point for agricultural cooperation to participate in the global value chain as envisioned in the ASEAN 2025.

I really hope that this programme would be able to collect as much as information, sharing ideas, and future collaboration amongst ASEAN stakeholders that would bring about significant benefits for our cooperatives. In addition, at the end of the programme, some recommendations could be taken, as well as the plan of action to pilot the “ASEAN Coffee” branding.

I wish you all a very fruitful discussion and thank you very much for your attention.

Fiter Beresman Silaen  
ACEDAC Secretariat



**Mr. Kongkeo Vongpaseuth, Director General,  
The Department of Rural Development and  
and Cooperatives on the meeting of ASEAN  
Exchange Visit**

“Empowering the Coffee Cooperatives in Value Chain Management and GI Certification” on 11-14 November 2019 at Pakse Champasak, Lao PDR.

Distinguished:

- Mr.Fiter Beresman Silaen, Head of Sub Division Budget and Planning, ACEDAC Secretariat, Indonesai.
- The focal point of ASEAN Agriculture Cooperative Development Center,
- Representing of international and domestic organizations, partners for coffee cooperative development of ASEAN countries.
- Representing the Asian Coffee Association
- Distinguished guests, ladies and gentlemen.

On behalf of the Lao PDR's Government, as well as the Ministry of Agriculture and Forestry (MAF), I feel very honored that have been assigned to opening remark on this ASEAN Exchange Visit Meeting, under the theme “Empowering the Coffee Cooperatives in Value Chain Management and GI Certification” on 11-14 November 2019 at Pakse, Champasak province, Lao PDR.

First of all I would like to take this opportunity and allow me warmest welcome all of delegates from ACEDAC member's representatives from Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam, ACEDAC secretariat, Farmers Networks, AFOSP, DGRV, EU, IFAD, UNODC, three cooperatives CPC, Jai Coffee, Jing Jai and co-sponsors of the event.

Ladies and Gentlemen,

The seminar was being held in the country where many countries are concentrate preparing on summarized for five-year National Economic Development Plan (2016-2020) and prepares next five-year plan (2021-2025). In addition of the Lao PDR is preparing to amend the cooperative's legislation into law, so that today's meeting will be a very important for all of us to exchange experiences, lesson learned and challenges on cooperative development among ASEAN countries for aiming further action plan, strengths and access to markets to gather;

We recognized that the Cooperative work plays an important role in stimulating the socio-economic development of many countries, consider as the key to solving poverty reduction and sustainability; Particularly in developing countries, such as Lao PDR, most agricultural producers are small farmers (stakeholder), who still lack of access to finance - credit, marketing, technical services and low productivity compared to the ASEAN countries.

At present, Laos has only 49 cooperatives, with only 22 agricultural production cooperatives and 27 Credit cooperatives. There are only CPC's cooperatives and Jai coffee cooperative were successful in management, operation and some successful on access to initiatives sustainable markets; if compared to other ASEAN countries which are still relatively small number of cooperatives, at the same time legislation governing the cooperatives is not yet develop properly that so far it has only the Prime Minister's decree no.138/PM.

The delegates,

Therefore, this meeting would have meaningful most important for members of cooperatives, entrepreneurs especially coffee cooperatives members brought lessons of countries expand exchanges through group discussions with the government, entrepreneurs, farmers and development partners to find out solutions to some weaknesses remaining issues and challenges to improve Cooperative development and further strengthen; As value chain management and Geographic indication (GI) of ASEAN countries to fulfill the objectives and output from the meeting;

Finally, on behalf of the Lao's Government, Ministry of Agriculture and Forestry also department of rural development and cooperatives (DRDC) I would like to express our special thanks to our friends ASEAN foundation and member countries, ACEDAC secretariat, farmers network partners and international organizations to assist Laos both financially and technical guidance support to prepared this event and develop cooperative in Laos, ready to cooperate with the community in order to achieve the goal of developing sustainable, can be reduce poverty reduction and improve the livelihood of the ASEAN's people improved steadily.

Once again, I would like to express my sincere thanks of your meaningful contribution and best wishes to

this conference successful with highest results. Also I would like to take this opportunity to wish you all happiness, healthy and success in your honorable responsibility and nice stay in Champasak province.

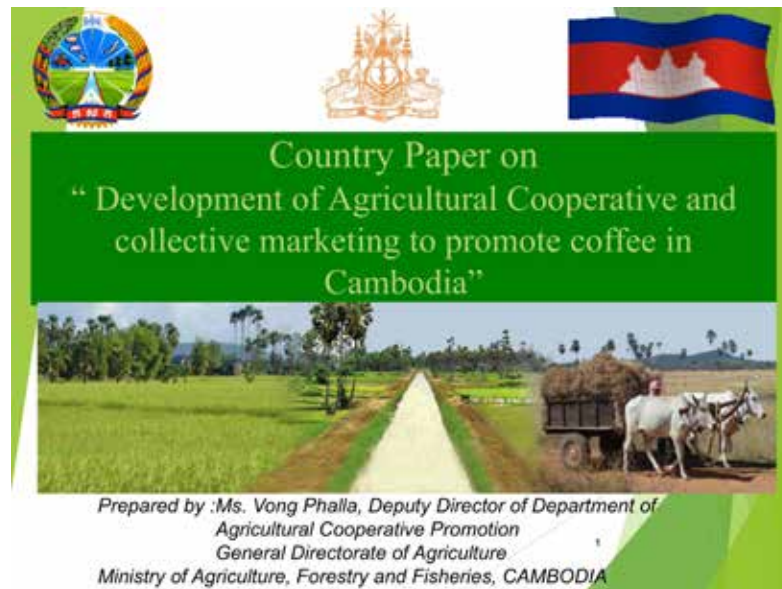
**Thank you very much**





**PRESENTATION**





## Contents

### Agricultural cooperative Development

- Government Support Mechanism to promote AC
- Updated Information on AC

### Collective marketing to promote coffee

### Chhalenging

### Conclusion

## Agricultural cooperative Development

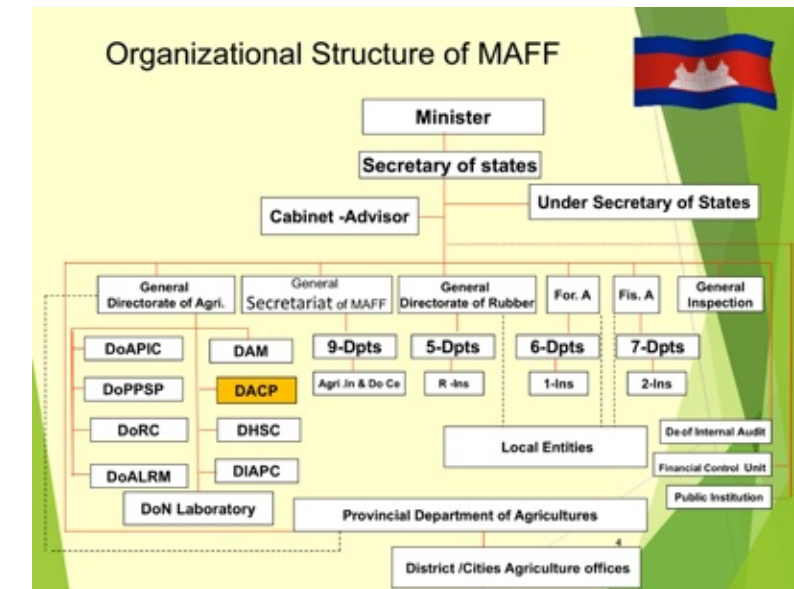
### Government Support Mechanism

#### 1. At National Level

- ❑ Department of Agricultural Cooperative Promotion (DACP) was established in May 2014 by the Royal Government of Cambodia.

#### 2. At Sub-National Level

- ❑ 25 Office of Agricultural Cooperative Promotion (OACP) under the Provincial Departments of Agriculture, Forestry and Fisheries total less than 100 staff



## Existing Legal Framework for AC

- Law on Agricultural Cooperatives
- MAFF's Proclamation on Model Statute and Internal Regulation for Agricultural Cooperatives, AC Unions and AC Alliance
- Sub-Decree on Agricultural Cooperative Development Fund (Drafted)
- MAFF's Proclamation on establish procedure of AC, UAC and CACA
- Ongoing preparation of Prakas on contract agreement for AC



## Support Mechanisms to be Established

- ❖ *Policy Board of Agricultural Cooperative Development*
- ❖ *Agricultural Cooperative Development Fund (ACDF)*
- ❖ *National Research and Development Center for Agricultural Cooperatives*

## Technical Assistance from DGRV

### I. Legal Framework Development

### II. Capacity Building

- *Produced trainers of DACP and OACP (PDAFF)*
- *Set up website of DACP and 25 PDAFF ([www.dacp2014.info](http://www.dacp2014.info))*
- *Disseminate the law on AC and legal documents under AC law to AC, PDAFF, local authorities, NOGs and people concerned*
- *Strengthen the capacity of official of DACP*
- *Other support to DACP*

## Current Businesses Run by AC

### Common Businesses

- Farming credit business (90%)
- Agricultural input supply business (32%)

### Emerging New Businesses

- Marketing business (15%)
- Joint use facility business (4%)

## Support from JICA(BPAC) 2014-2019

- ▶ **Project on Establishing Business-Oriented Agricultural Cooperative Models**
  - Strengthen the support system of DACP and OACP (capacity of officials and education and training material development)
  - Strengthen the management system of AC
  - Promote pilot model businesses and model AC in four provinces including Takeo, Kampong Speu, Svay Rieng and Kampong Cham.
  - Promote AC business network

## Manuals, Guidelines and Leaflets Developed and Published by DACP-BPAC Project

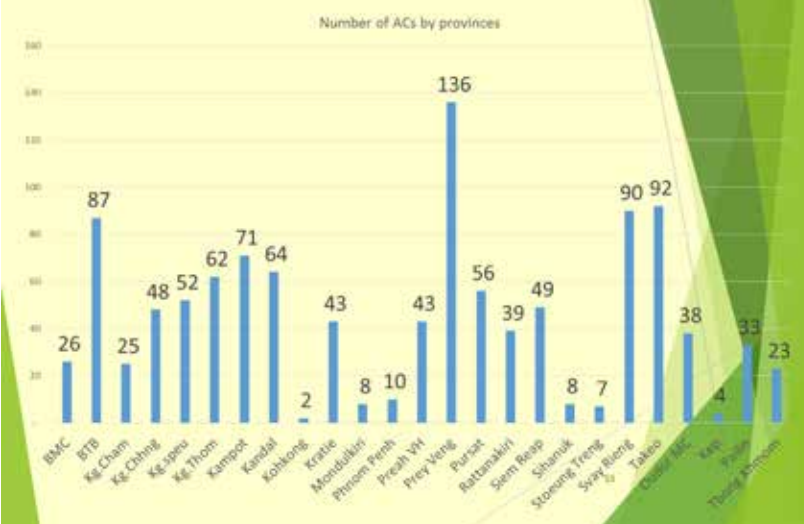


## Continued

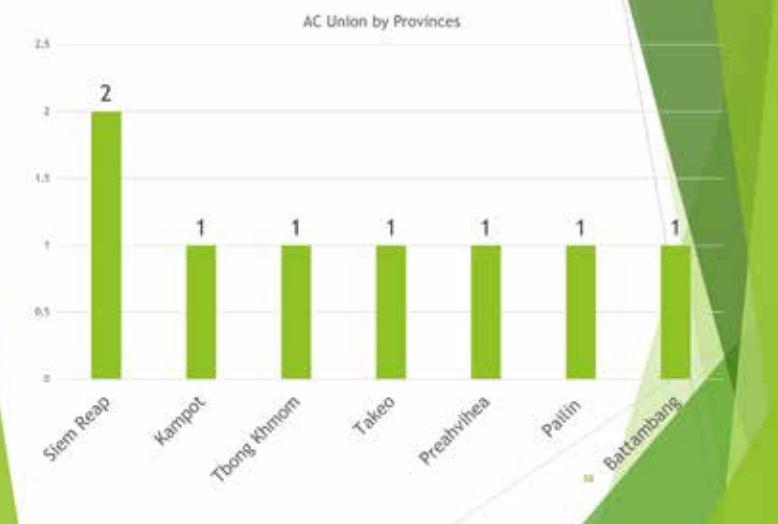




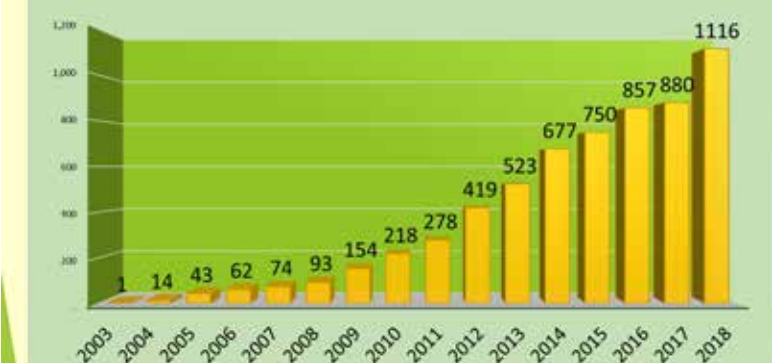
## Updated data of ACs by Provinces 2018



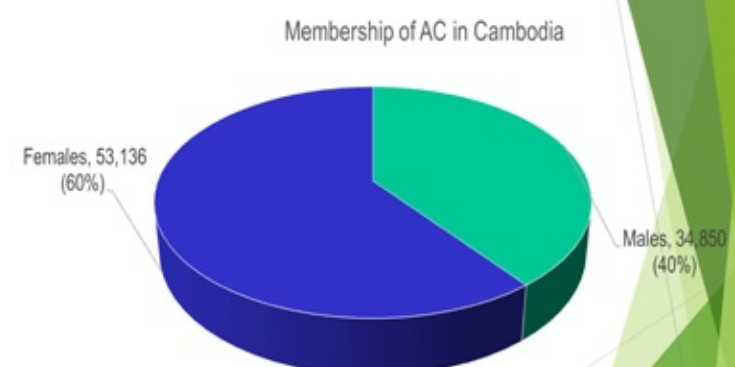
## Acs Union by Provinces 2018



## Number of ACs in Cambodia Dec 2018



## Male and Female Membership of AC



## Collective marketing to promote coffee

Coffee production and marketing in Cambodia is not much growing.

- There are some organic farm at Mondulkiri
- The most variety growing in Cambodia is ROBUSTA
- There have been a few citing that arabica was grown. There is grown by a few farmers who have crops in Mondulkiri.
- Despite having good quality coffee, the coffee in Cambodia is still unrecognized by many.



### Collective marketing to promote coffee

- coffee farmers would not lose hope and will still strive to improve and pay attention to the quality of coffee that they are producing.
- So far the high cost of producing coffee here makes it difficult for farmers to compete with one of the world's great coffee giants—neighboring Vietnam.
- The fluctuate of the market price of coffee made farmer give up to grow more coffee at least reduced 70% from over the last 10 years

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### Collective marketing to promote coffee

- In present the most popular Cambodian coffee is Mondulkiri coffee.
- Many people drink coffee especially the adults.
- Many companies collecting from farmers to sell in bean and also grind with their brand
- There are many coffee shop that used the Mondulkiri coffee. Most of them said it is the organic coffee.
- Mondulkiri Coffee is grown in the hills of Mondulkiri province, in northeast of Cambodia, where the climate is cooler and the orchards are irrigated by mountain streams and Mondulkiri coffee beans to produce a coffee which is ideal for Cambodian

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### Collective marketing to promote coffee

- The land under coffee cultivation has increased (by 50 percent) because of the high demand has also increased along with the good price on the market,”.
- Figures provided by the provincial agriculture department of Mondulkiri show 206 hectares of land under coffee plantation of which 132 hectares belong to companies and the rest are run by farmers.
- Covering 48 hectares of land, a group of 40 farmers who are getting technical support from NGOs in Mondulkiri are producing 22 tonnes of organic coffee which are supplied to the market by Timor, a company dealing in contract farming.

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### Collective marketing to promote coffee

- Because demand for coffee is high due to the increasing number of coffee shops, particularly in Phnom Penh (more coffee drinkers), farmers are interested in expanding their plantations.
- MAFF Report on 2018-2019 found that there are around 1297 ha total area cultivation for coffee by family farmer included 135ha from companies. The cultivated only 732ha with average yield 2.4t/ha. The productivity is 1791tonnes.
- The data is not exactly collected all of grower because some farmers sell direct to middlemen neighbor countries who come to collect with no information.

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One member of Union Coffee shop



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One member of AC Union Coffee shop Chay Mao



(ROBUSTA) Chay Mao



(ARABICA-DRIP) Chay Mao

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Exhibition Trade fare 2019 of Coffee at Koh Pich in May 2019



Coffee Companies solve Cambodian Coffee



Coffee Companies solve Cambodian Coffee



Coffee Companies solve Cambodian Coffee



Organic Coffee of Cambodia



## Challenging

The result of recently survey finding related to policy:

- limited knowledge and experience on cooperative promotion,
- lack of staff to promote and train the marketing chain
- lack of budget and means to promote ACs, and
- unable to conduct follow up activities with ACs due to no budget



## Challenging

- competition from private sector
- Marketing infrastructures and transportation means
- Loan from is limited
- Price are fluctuated and unstable
- Unstable contract farming

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## Conclusion

*Promotion of Agricultural Cooperative is an appropriate approach to support small scale farmers because of;*

- *Aligning with Government policy and strategy*
- *Solving farmers' challenges in farming (inputs, techniques, marketing, financial services, etc.)*
- *Improving gender aspects;*
- *Promoting coffee need to have more support*
- *Introduce the success story to grow economic crop follow the market demand*
- *Contributing to sustainable rural economic development.*



# INDONESIA



## Overview

### Indonesia Coffee

	2008	2018*	
Production	688,016 Ton	722,461 Ton	↑
Domestic Consumption	155,000 Ton	314,000 Ton	↑
Export	468,749 Ton	277,000 Ton	↓
Import	7582 Ton	104,000 Ton	↑

Source: Indonesia Coffee Statistic 2017, estimates 2018\*

### Key Driver For Change



Strong Economic Growth (5% p.a)



The Rise Of Social Media



Social and Cultural Transformation

### The Diversity of Indonesia's Single Origins



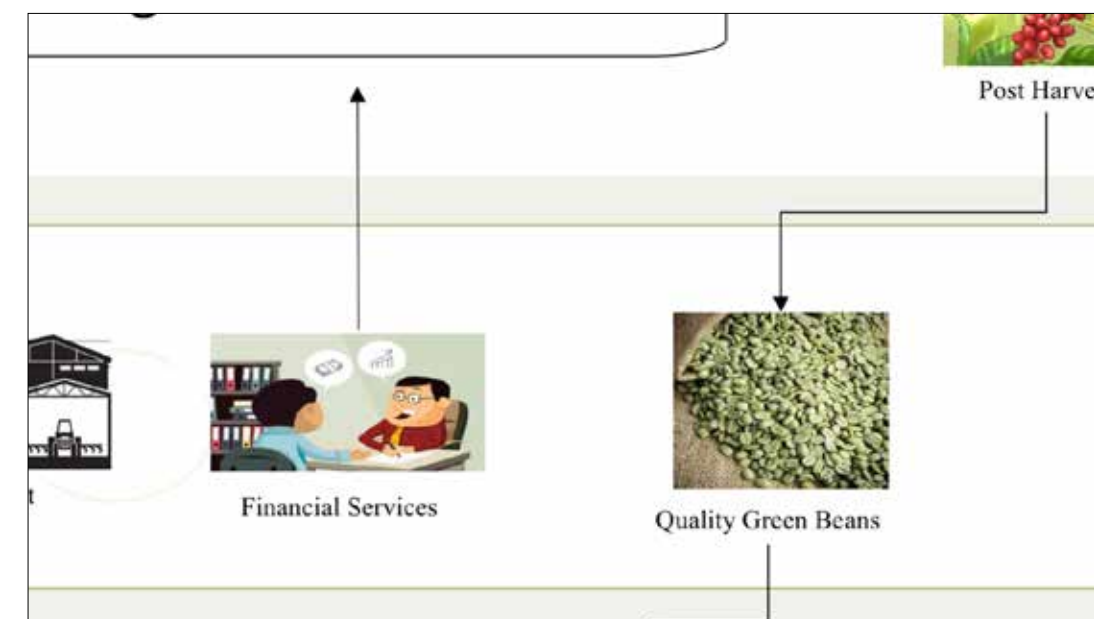
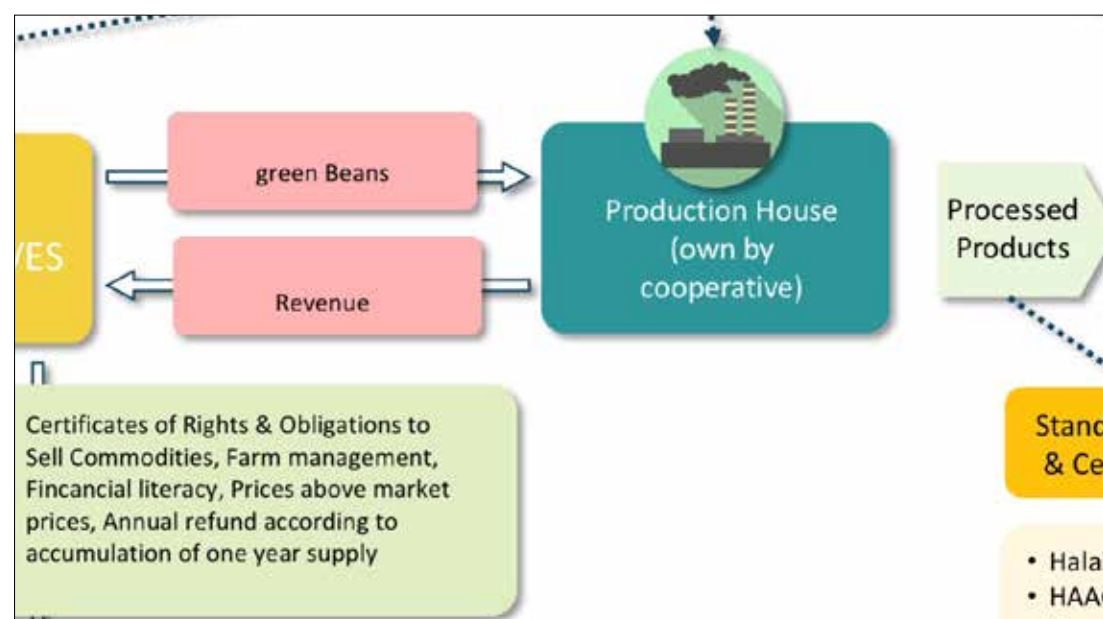
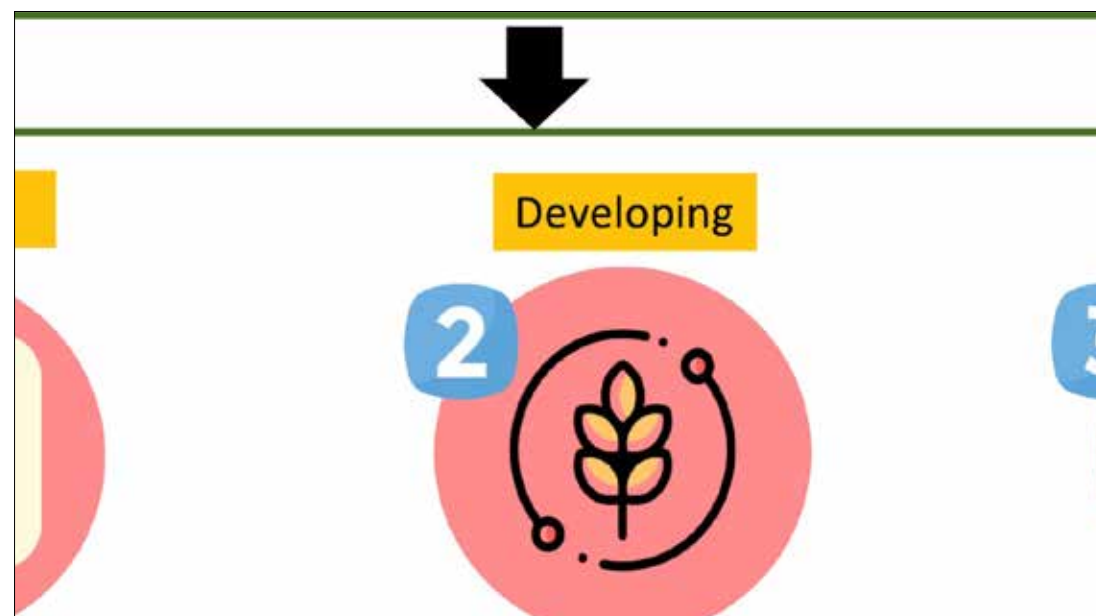
Source: Sustainable coffee platform (2018)

Almost 95 % coffee production area in Indonesia is **smallholders coffee**, while the rest is part of **estates coffee**.

Indonesia is no 4 of world coffee production and no 2 of world coffee area.

As per September 2018, There are 24 registered GI coffee in Indonesia.





MINISTRY OF COOPERATIVE AND SMEs  
REPUBLIC OF INDONESIA

**Thank You**

Deputy Production and Marketing  
Ministry of Cooperative and SMEs

Jl. H.R. Rasuna Said Kav. 3-4 Kuningan South Jakarta 12940, Indonesia  
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[www.kemenkopukm.go.id](http://www.kemenkopukm.go.id) @KemenkopUKM

Google Play KemenkopUKM



## The Lao PDR Cooperatives Development

Presented by: Sengpaseth Rasabandith  
Director of Cooperatives Promotion Division (CPD), DRDC, MAF  
On 12 November, 2019 at Champasak, Lao PDR

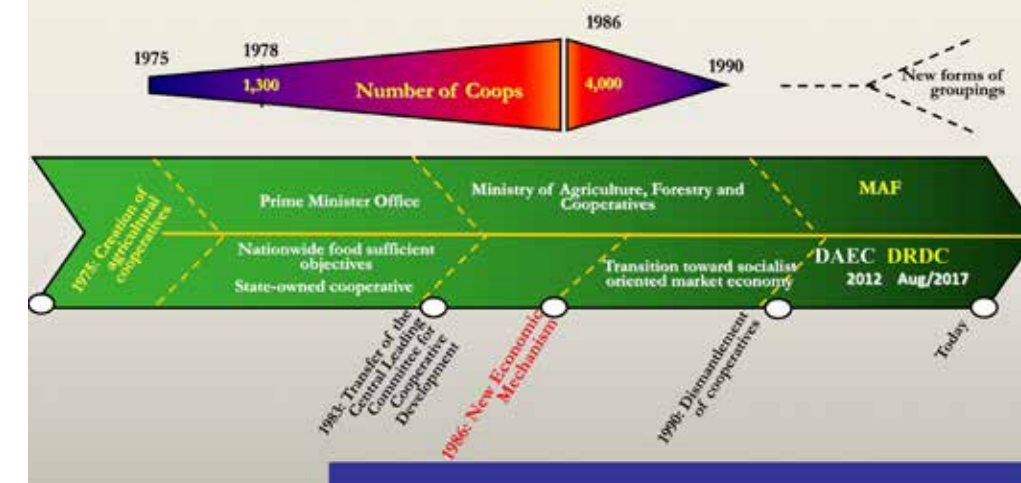
### Contents

- I. Cooperatives Development
- II. Cooperatives Policy support
- III. Constrain and Next plan of DRDC
- IV. Initiatives successful cooperatives

### I. Cooperatives Development

- Laos' cooperatives development is in early stages, there is limited research and data available,
- ACs can offer important services farmers and entrepreneurs by information, capacity building, and agricultural techniques, access to markets and access to financial services,
- Also they have no specific regulatory body (ACs law),
- Non suitable AC model in the country,

### FGs and Coops development



### II. Cooperatives Policy Support

- Decree of Prime Minister no. 136/PM Date, 05/03/2010;
- Agreement of MAF's Minister no. 2983/MAF, Date: 25/09/2014;
- Agreement of MAF's Minister no. 2984/MAF, Date: 25/09/2014;
- Guideline no.1954/DAEC, 16/06/2014
- MAF's NEDP no. VIII (2015-2020);
- DRDC is responsible organization for cooperatives development

### Agreements on FGs and Coops





## DRDC's Mandate

- ❖ Manage and promote Agricultural Cooperatives
- ❖ Develop and improve relevant FGs-ACs legal frameworks
- ❖ Organize and strengthen FGs and Coops
- ❖ Capacity building of both central and local staffs on ACs
- ❖ Access to credit and market
- ❖ To coordinate with partners inside and outside country
- ❖ Develop a mechanism management system of FGs and ACs

## ▪ Livestock groups



## October, 2017 FGs and ACs follows agreements

No.	Province	Total FGs	No.2984	Strong	Medium	Weak	Coops 2983/136	Associa	Remark
1	Xiengkhoang	275	57	104	60	54	7	6	MF
2	Sayabouly	534	33	31	400	70	1	0	
3	Huaphanh	117	54	5	50	8	0	0	
4	Oudomxay	158	26	49	51	32	0	0	
5	Vientiane	147	16	19	52	60	0	0	
6	Luangphabang	545	42	7	33	2	0	0	
7	Vientiane cap	44	15	3	12	14	2	0	AC
8	Sekong	89	89	52	37	0	0	0	
9	Champasak	186	0	66	89	17	8	0	AC
10	Luangnamtha	245	50	17	20	13	1	0	
11	Bokao	81	81	2	2	77	0	0	
12	Phongsaly	253	10	3	5	2	0	0	
13	Bolikhamxay	80	37	2	3	32	0	0	
14	Sayomboun	13	7	4	3	0	0	0	
15	Savannakhet	162	13	26	106	30	0	0	
16	Salavanh	99	3	9	57	30	0	0	
17	Attapeu	237	1	1	0	0	0	0	
18	Khammouan	1,074	48	150	800	76	3	0	MF
TOTAL		4,339	582	550	1,780	517	21	6	

## Successful Achievements (2016)

- Total FGs approximately 4,339 with plantation about 1,864 groups and livestock 1,776 groups and 699 saving groups with total members about nearly 70,000 prs,
- Areas 16,589ha, Share capital 18,000,000,000LAK (2.2MU\$)
- Successful achievement cooperatives as: CPC, Chay coffee, etc...



## III. Constraints and next plan

### Constrain

- Non suitable AC model yet
- Most of them are smallholder farmers
- Difficult access to markets
- Difficult access to low interest credits or funds
- Costly of logistics and production input
- No the Government Committee to Support Cooperative
- Not yet International Coops member (ICA, ACO,...)
- Etc...



## Next Development Plan of DRDC

- Support and establishment of FGs and ACs model\* at least 5-10 in the country upto 2020,
- Improve regulations, no.136/PM to ACs law,
- Develop coops federation level (support strengthening and auditing work),
- Develop adequate training strategy for all level,
- Develop respective training and promotion materials,
- Provide further training and coaching to all levels,
- Establish exchange forums and networking for cooperatives,



- Develop credit fund for cooperatives (for long-term investments),
- Establish Data base and knowledge management,
- DRDC to develop FGs and ACs criterias for better management,
- Supporting access to GI certification

## IV. Initiatives Successful Cooperatives





# THE PHILIPPINES



**COUNTRY REPORT**

**PHILIPPINES**




**COOPERATIVE DEVELOPMENT AUTHORITY**

Presented by:  
**CHERRY C. REYES**



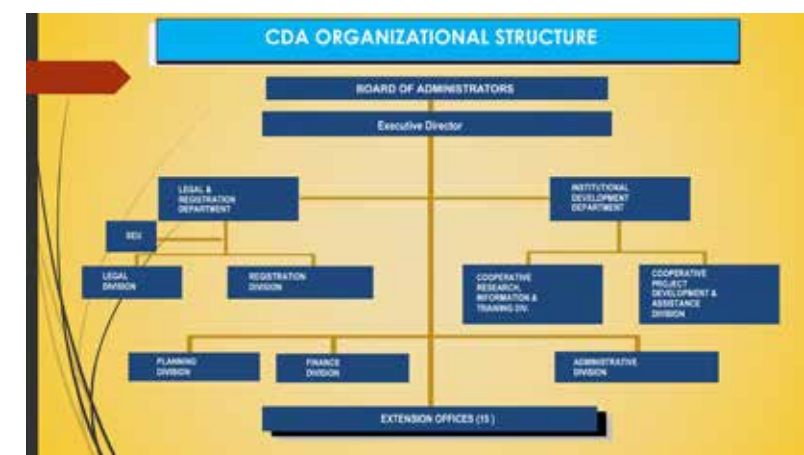
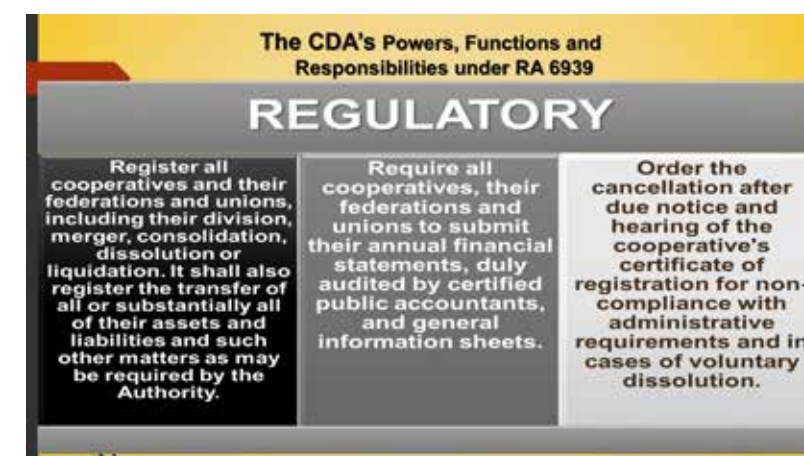
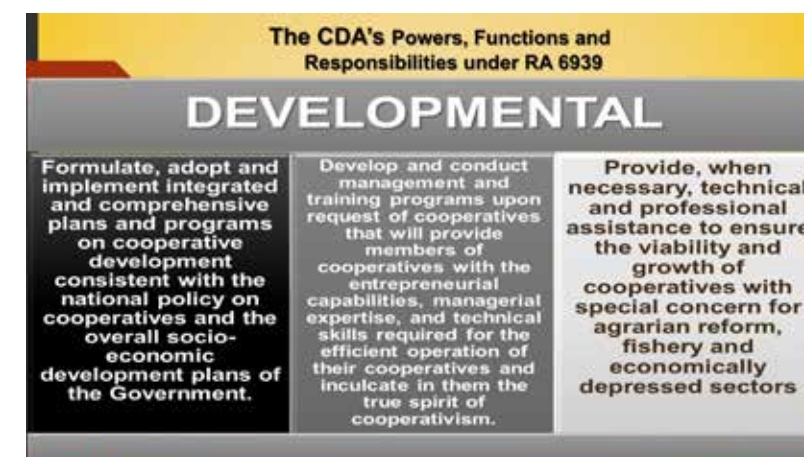
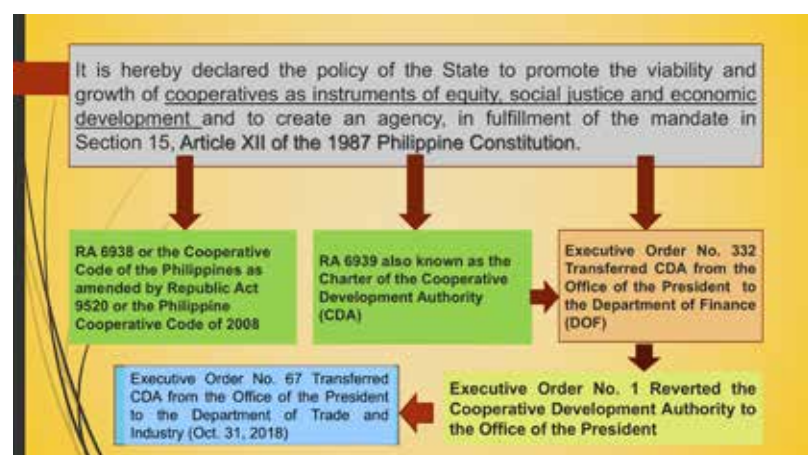
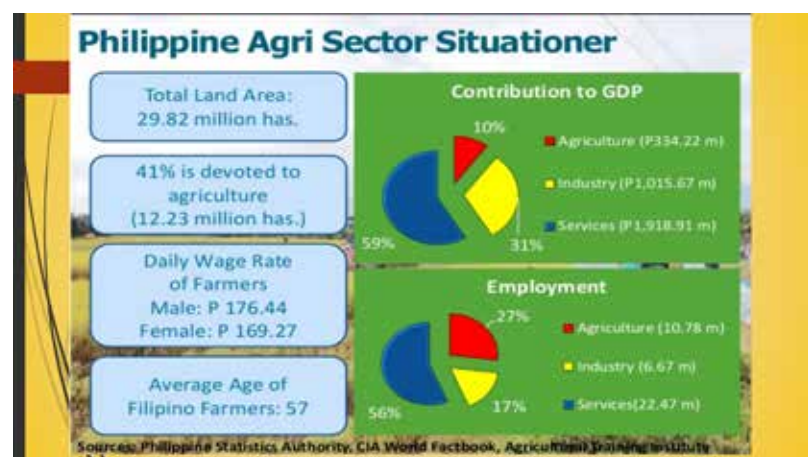
**Philippines**



- Situated south of Taiwan, east of the South China Sea, with the Pacific Ocean in east.
- Consists of more than 7,107 islands
- Main island groups are Luzon, Visayas, and Mindanao.
- Land area of 300,000 km<sup>2</sup>
- Population of 100.9 million people (in 2015). Luzon, the largest island group, accounts for more than half of the entire population of the country.
- Its capital is Manila, largest city is Quezon City, both are part of Metro Manila, a metropolis with a population of almost 13 million people.
- Spoken languages are Filipino and English (both official), 19 other languages are regional recognized.

**Philippine Agriculture**







**COOPERATIVE**

A **cooperative** is an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.

**TYPES OF CO-OPS**

- Advocacy Cooperative
- Agrarian Reform Cooperative
- Agriculture Cooperative
- Consumer Cooperative
- Cooperative Bank
- Credit Cooperative
- Dairy Cooperative
- Education Cooperative
- Electric Cooperative
- Financial Service Cooperative
- Fishermen Cooperative
- Health Services Cooperative
- Housing Cooperative
- Insurance Cooperative
- Labor Service Cooperative
- Marketing Cooperative
- Multipurpose Cooperative
- Producers Cooperative
- Professional Service Cooperative
- Service Cooperative
- Small Scale Mining Cooperative
- Transport Cooperative
- Water Service Cooperative
- Workers Cooperative
- Other types

**CATEGORIES OF CO-OPS**

According to membership:

- **Primary** – The members of which are natural persons;
- **Secondary** – The members of which are primaries; and
- **Tertiary** – The members of which are secondary cooperatives

**CATEGORIES OF CO-OPS**

According to territorial consideration:

Cooperatives are categorized according to areas of operations which may or may not coincide with the political subdivisions of the country.

**STATE OF PHILIPPINE COOPERATIVES****OPERATING COOPERATIVES IN THE PHILS.**

**TOTAL OPERATING COOPS AS OF DECEMBER, 2018**

**18,065 COOPS**

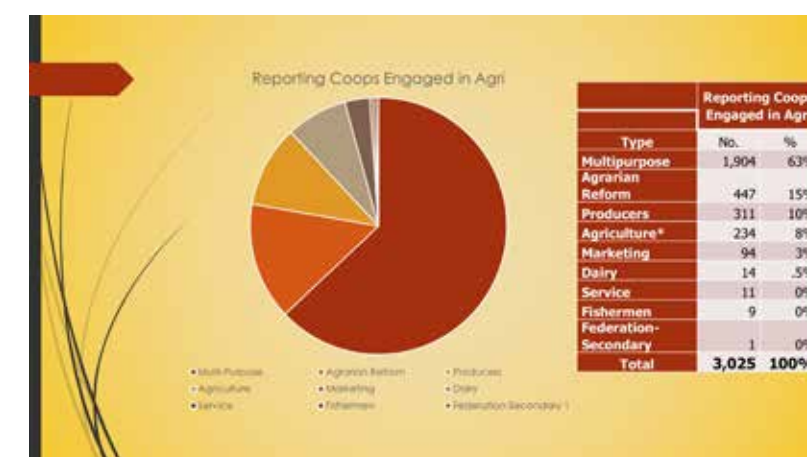
Type	Total	Type	Total
Advocacy	35	Insurance-Secondary	4
Agrarian Reform	637	Labor Service	56
Agriculture	678	Marketing	672
Consumers	1,148	Multipurpose	9,541
Cooperative Bank	28	Producers	1,008
Credit	2,596	Service	618
Dairy	38	Small Scale Mining	15
Education	7	Transport	505
Electric	17	Union-Secondary	59
Federation-Secondary	189	Union-Tertiary	1
Federation-Tertiary	3	Water Service	70
Fishermen	39	Workers	24
Health Service	19		
Housing	58	<b>Total</b>	<b>18,065</b>

**STATUS OF OPERATING COOPERATIVES**



## Reporting Coops by Asset Size

Asset Size	Reporting Coops	Membership (Millions)	Employment (Thousands)	Asset (Billion Pesos)	Net Surplus (Billion Pesos)
Large	585	5.3	190.1	329.0	12.5
Medium	1,934	17.4	93.1	74.1	4.5
Small	2,911	26.1	111.3	21.0	1.3
Micro	5,708	53.2	186.2	5.6	0.3
Total	11,138	100.0	580.8	429.7	18.6



## COOPERATIVES ENGAGED IN COFFEE

REGION	NO.	%
CAR	7	13.46%
I	1	1.92%
II	6	11.53%
III	2	3.84%
IV-A	6	11.53%
IV-B	4	7.69%
VII	1	1.92%
IX	1	1.92%
X	15	28.84%
XI	2	3.84%
XII	6	11.53%
XIII	1	1.92%
<b>TOTAL</b>	<b>52</b>	<b>100%</b>



## PROGRAMS ON COOPERATIVE DEVELOPMENT

## COOPERATIVES ENGAGED IN AGRICULTURE

## Training Requirements for Co-op Officers

Micro Co-ops	SMALL – LARGE COOPS	WITH P5MILLION DEPOSIT LIABILITIES
<ul style="list-style-type: none"> <li>Fundamentals of Coops (8Hours)</li> <li>Coop Governance &amp; Management (8Hours)</li> </ul>	<ul style="list-style-type: none"> <li>Fundamentals of Coops (16Hours)</li> <li>Coop Governance &amp; Management (16Hours)</li> </ul>	<ul style="list-style-type: none"> <li>Financial Management</li> <li>Credit Management</li> <li>Risk Management</li> </ul>

**TO BE GIVEN BY CDA ACCREDITED TRAINING PROVIDERS**

**Note:**  
Pre-Registration Seminar is the Training Requirement before registration



## Profiling of Cooperatives

In-depth profiling of cooperatives that includes the following information:

- Organizational profile (name, address, contact details, etc.)
- Property Profile (land, building, vehicles, etc.)
- Cooperative Business Service (business activities)
- Farm profile (if engaged in farming (input/requirements)
  - Farm Profile (Type of farming)
  - Kind of Work Involved (land preparation, planting, etc.)
  - Other sources of cooperative income
- Products and Services Profile (Type of products-fruits, rice, etc.)
- Production profile matrix (type, cycle, yield)
- Production Matrix (type, input requirements, tools, etc.)

## Partnership and Linkages with the Different National Government Organizations through Capacity Building Programs for Cooperatives

### • CDA-Department of Agriculture (DA) Partnership

- It Provides for an arrangement to identify areas of collaboration that would promote and enhance the capability of farmers, fisherfolk and rural women through cooperatives to facilitate access to resources, information, knowledge and extension services, markets and productive assets and policy and decision-making in the agriculture and fishery sector.

### • CDA-Department of Agrarian Reform (DAR) Partnership II: Ensuring sustainable Operations of Registered Agrarian Reform (AR) Cooperatives

- seeks to develop functional AR cooperatives managing profitable and sustainable enterprises in order to better serve its members and contribute in improving the quality of life of ARBs, their households and rural women.
- cost sharing scheme in financing the project by CDA and DAR

### • CDA – DEPARTMENT OF TRADE AND INDUSTRY (DTI)

- implement the program called **COOP SEED** which is basically a capacity building program for members of micro and small cooperatives from identified provinces in all regions considered as poorest of the poor. It aims to implement a holistic entrepreneurial and poverty alleviation approach utilizing cooperative entrepreneurialism.
- aims to strengthening of micro and small cooperatives engaged in the production, processing and marketing of goods or products through value chain approach, capacity building and link the cooperatives to other organization for access to resources and technical assistance.

**Network/linkages with the other government agencies** for the promotion and development of cooperative enterprises (e.g. trade fair, product development, provision of financial assistance and/or facilities and equipment)

## FUTURE DEVELOPMENT VISION AND COOPERATION INTENTIONS IN AGRICULTURAL COOPERATIVES

### Suggestions and Recommendation

Agricultural cooperatives need to be further strengthened and developmental initiative should be crafted in order to sustain the growth and development of this type of cooperatives.

Sharing of experiences and best practices between and among countries should be strengthened and optimized

Focus of intervention to agricultural cooperative should be in the core areas of capability development, promotion, advertisement, and marketing.

A mechanism should be developed to strengthen the tie-up and facilitate the transactions between and among agricultural cooperatives.

Technology based intervention should be developed to promote agriculture products such as web-based portal among countries to facilitate e-market of products among agricultural cooperatives;

## ORIGIN OF THE PHILIPPINE COFFEE INDUSTRY

YEAR	STAGE/PHASE OF DEVELOPMENT
1740	Spanish Franciscan monk introduced the first coffee tree in Lipa, Batangas
1860	Batangas was exporting coffee to America through San Francisco. When the Suez Canal was opened, a new market started in Europe
1876	Coffee production expanded to Cavite with the first tree planted in the town of Amadeo
1880	the Philippines was the fourth largest exporter of coffee beans, and when the coffee rust hit Brazil, Africa, and Java, it became the only source of coffee beans worldwide.



YEAR	STAGE/PHASE OF DEVELOPMENT
1950	the Philippine government, with the help of the Americans, brought in a more resistant variety of coffee. It was also then that instant coffee was being produced commercially, thus increasing the demand for beans.
1960	Because of favorable market conditions, many farmers went back to growing coffee
1980	The Philippines became a member of the International Coffee Organization (ICO).



## COFFEE INDUSTRY MARKETING AND PROMOTION INITIATIVES

### Brand Equity Development Program for the Philippine Coffee Industry

- The Department of Trade and Industry (DTI), together with the Department of Agriculture (DA), Department of Labor and Employment (DOLE), and the Department of Science and Technology (DOST), will provide assistance to boost the development of the coffee industry by introducing the plantation and post-harvest technology; improve processing performance; **enhance the promotion and marketing**; and providing conducive business environment.

### Brand Equity Development Program for the Philippine Coffee Industry

- This Program is designed to establish coffee industry and its players so as to establish a brand name which will be used by the coffee processors.
- The Brand Equity Development Program has the following components: (1) Brand Appreciation Training Workshop, (2) Product Development, (3) Marketing (Trade Fair and Launching) and (4) Advertising and Communications.
- Under the promotion and marketing enhancement strategy of which the objective is to enhance business opportunity and marketability of coffee products through effective brands; other greater product value, and sustained income.

### National Industry Cluster Capacity Enhancement Project (NICCEP)

- The National Industry Cluster Capacity Enhancement Project (NICCEP) is funded by the Japan International Cooperation Agency in coordination with the DTI. It includes the plan for the coffee industry as one of selected priority industry clusters to the PH economy. Key strategies includes:
  1. Plantation and Post Harvest Technology Development
  2. Processing Performance Improvement
  3. Promotion and Marketing Enhancement
  4. Creation of a Sustainable Enabling Business Environment for Coffee

### National Industry Cluster Capacity Enhancement Project (NICCEP)

- Part of the strategies for Promotion and Marketing Enhancement are as follows:
  - TRADE FAIRS AND EXHIBITS: Coffee products at the Regional OTOP /Pasalubong Centers
  - MARKET MATCHING ACTIVITIES
  - PACKAGING and LABEL Design
  - TRADE/ENTREP TRAININGS CONDUCTED –Visual Merchandising, Pricing and Costing
  - Coffee SME DIRECTORY that led buyers tour the coffee regions
  - GEOGRAPHICAL INDICATION Project (CAR)
  - CONSULTANCY PROGRAM with International Coffee Experts
  - LIVE GUESTING on Negosyo atbp with RDs/ SMEs
  - PRESS CONFERENCES and SOCIAL MEDIA PROMOTIONS

### The Philippine Coffee Industry Roadmap 2017 – 2022

- The Philippine Coffee Industry Roadmap 2017 – 2022 is the master plan that aims to boost coffee production and help improve the life of coffee farmers in the country. Currently, there are 13 regions in the country that are into coffee farming.
- "DTI Kapetirya" project is in line with the Philippine Coffee Industry Roadmap particularly in the marketing aspect that will work to improve market price and coffee standards that will primarily benefit coffee farmers.





## DTI Kapetirya

- The "Kapetirya," a coffee shop that promotes Philippine specialty coffee varieties in various blends and brews, as well as other coffee products and native delicacies that goes along well with coffee.
- It has evolved into a government coffee shop brand that is registered with the Intellectual Property Office (IPO). The kapetirya aims to promote Philippine coffee, boost coffee production, help Filipino coffee farmers earn more and to provide entrepreneurial opportunity for the country's micro, small and medium enterprises.



## Coop-SEED Program

- This program is a CDA – DTI partnership for cooperatives
- One of its key deliverables is to develop, document and monitor, Member-Entrepreneur to Coop (M2C), Coop to Coop (C2C), Coop to Non-Coop (C2NC) Marketing Platforms and Arrangements
- C2C marketing transactions being assisted by the program is in CDA-Pagadian EO where BICAGROW and Barcelona Farmers MPC (involved in coffee bean processing) were linked



## CAFÉ AMADEO DEVELOPMENT COOPERATIVE Amadeo, Cavite



### HISTORICAL BACKGROUND

- April 19, 2002 - The launching of Kape Isla and "Pahimis Coffee Festival at Amadeo, Cavite became an inspiration to organize a group
- June 28, 2002 - CADC was formed, organized, established and registered with 20 members composed of coffee millers, traders, producers and farmers engaged in selling of premium green coffee beans
- Registered under Cooperative Development Authority with Registry No. LGA-5363



- November 12, 2009 – Complied with the requirements prescribed by the authority for the issuance of New Certificate of Registration under Article 144 of RA 9520
- - Accredited by the Dept. of Trade and Industry Cavite
- - Accredited by LGU-Amadeo

Sept. 29, 2010 - became Regional Gawad SAKA Awardee under Small Farmer Organization



- Dec. 10, 2009 - Most Outstanding OTOP SMEs (Regional Level Nominee)
- Oct. , 2010 - Most Outstanding Cooperative in Cavite
- 2012 Up to present- a total of 25 workers employed
- May, 2012 - awarded with service vehicle from former Gen. Trias Mayor Jon-jon Ferrer.



- Nov. 21, 2012 - awarded with packaging facility worth Php800,000 from Sec. Proceso Alcala of Dept. of Agriculture.

- Oct. 30, 2013 - accredited by Export Marketing Bureau (EMB) formerly " International Coffee Certifying Agency" or ICOCA



- Dec. 9, 2013 - awarded with Shared Service Facility of DTI. A roasting Machine worth Php 560,000 with 10Kgs capacity and a counterpart worth Php 300, 000 of CADC.

- April 21, 2015 – Submitted Letter of Intent and consequently selected as Proponent Group for PHILIPPINE RURAL DEVELOPMENT PROJECT





## COFFEE PRODUCTION

### PLANTING GROWING



- Good quality seedlings are chosen, taking into consideration the coffee variety to be planted
- Seedlings are transplanted to well-prepared planting area, with special attention to spacing. (While the coffee seedlings are growing, intercropping can be done that can give income to farmers in short time.

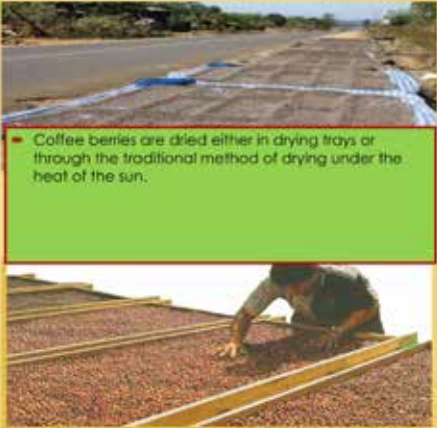
## HARVESTING



Ripe coffee berries (red) are harvested from coffee trees; farmers observe uniform ripening to make harvesting easier. To ensure production of good quality-coffee beans, selective harvesting is also done.




## D R Y I N G




• Coffee berries are dried either in drying trays or through the traditional method of drying under the heat of the sun.

## HULLING/MILLING



Dried coffee berries are hulled by Café Amadeo Development Cooperative' member miller



## SORTING



These ladies sort out unmilled coffee and other foreign materials that may be present with the green beans.

## ROASTING

A roasting machine courtesy of DTI Shared Service Facility(SSF)



## GRINDING



## PACKAGING/ Weighing



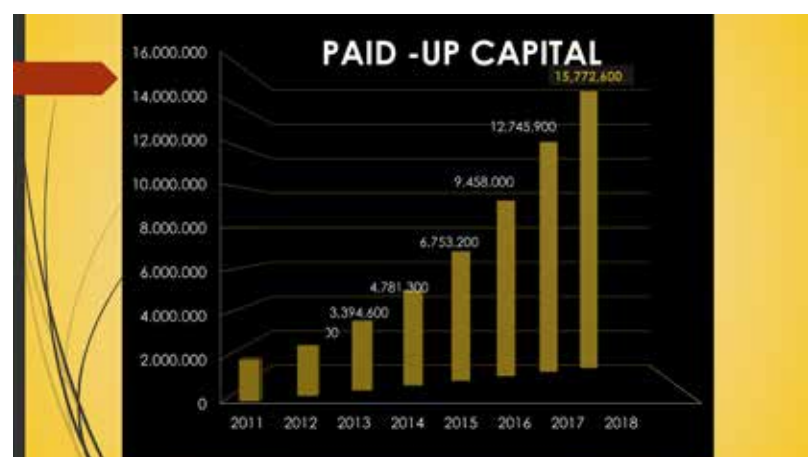




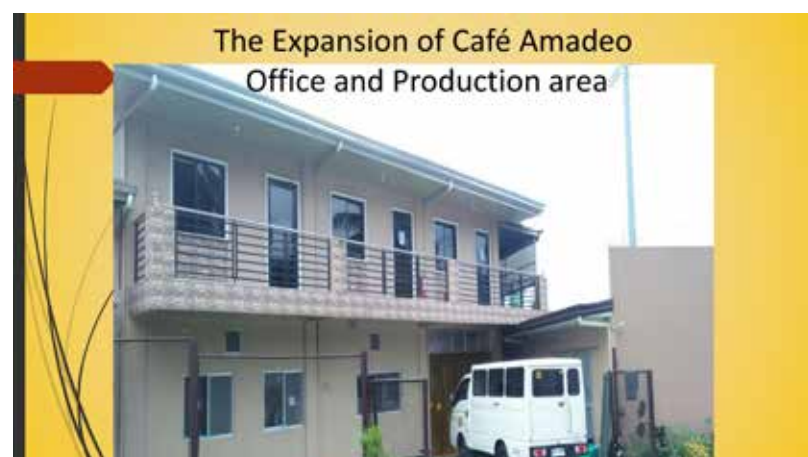














# THAILAND



**Coffee Production in Thailand**

- Coffee consumption is continually growing in Thailand with the forecast of 3.2% CAGR from 2017 – 2022
- The domestic production is far less than the demand
- Most coffee productions in Thailand are in small plantation, mostly in the forest, and cannot benefit from economy of scale, leading to high cost of production

**Geographical Indication GI Thailand**

- Currently, there are 116 products in GI Thailand from 77 provinces.
- Seven of them are coffees but only one of our coffee can claim to be GI Thailand

**7 GI Coffees in Thailand**

- Doi Chang
- Doi Tung
- Khao Thalu**
- Dong Mafai
- Thepsadej
- Muang Krabi
- Wang Nam Kheaw

**Khao Thalu**

- Khao Thalu Farmer Group

GI coffee from Doi Chang and Doi Tung have been already in the EU GI list and are in registration process in Japan and Cambodia

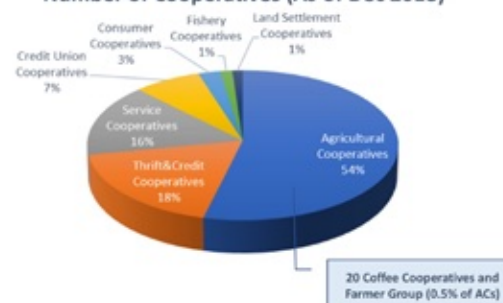


## Overview of Cooperative in Thailand

Total number of cooperatives in Thailand  
by type of cooperatives (As of Dec 2018)

Types of Cooperatives	No. of cooperatives	No. of members
<b>Co-ops in Agricultural Sector</b>	<b>4,576</b>	<b>6,677,500</b>
Agricultural Cooperatives	4,376	6,472,591
Fishery Cooperatives	108	15,128
Land Settlement Cooperatives	92	189,781
<b>Co-ops in Non-Agricultural Sector</b>	<b>3,553</b>	<b>4,958,666</b>
Thrift & Credit Cooperatives	1,474	3,020,182
Consumer Cooperatives	199	645,544
Service Cooperatives	1,277	489,829
Credit Union Cooperatives	603	803,111
<b>Total</b>	<b>8,129</b>	<b>11,636,166</b>

Number of Cooperatives (As of Dec 2018)



Drip coffee : Products from Bann Phanwal AC



Roasted and 3 in 1 coffee from Ranong



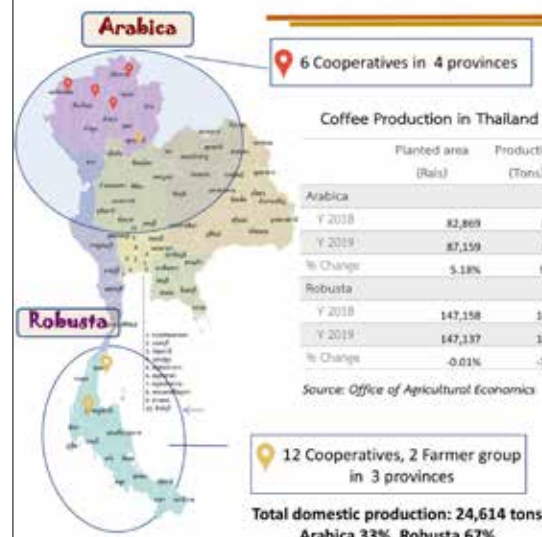
The famous 3 in 1 coffee from Khao Thalu



The variety of products from Chumphan

## Robusta Products

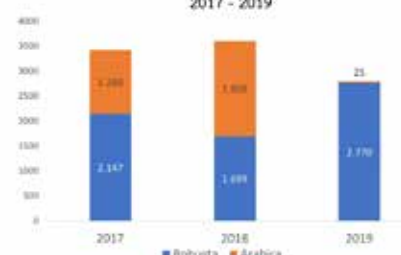
## Thai Coffee Cooperatives



In the cooperative year 2018/2019

- 2,975 tons of green bean coffee were collected by cooperatives, representing 12% of national production
- Cooperative's Robusta is accounted for 16.7% of domestic production whilst Arabica is accounted for 0.3%

Collecting result from farmer institution  
2017 - 2019



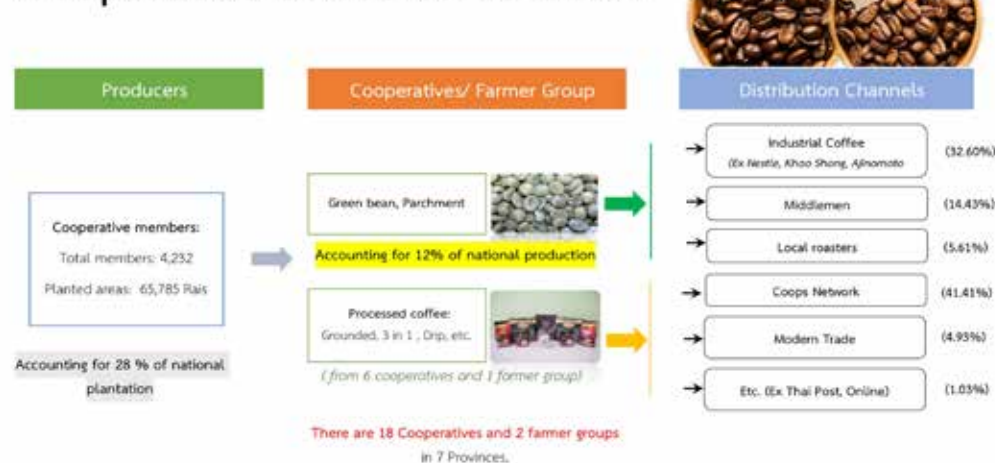
Pang Muang CO-OP Coffee: Arabica coffee from Lamphang



Doisaket Coffee Green from Chiang Mai

## Arabica Products

## Cooperative Coffee Value Chain



## Challenges in Coffee Cooperatives

- Elevate the standard of Cooperative coffees to be recognized as a premium one
- Improve products and packaging designs to match with the trends of consumer behaviors
- Increase more distribution channels particularly on online platform
- Prepare coffee database of cooperatives to connect with potential buyers



## The roles of CPD to Coffee Cooperatives

- Encourage the knowledge on cooperative principles, Ideology, and business development to coffee cooperative.
- Promote networks among coffee cooperatives, other government agencies, and private entrepreneurs
- Support the cooperatives with necessary equipment and low interest rate loan for collecting coffee from cooperative members - promote coffee value added through the Cooperative Development Fund

## Post-harvest Management of Local Products and Local Development

- A special sub-committee on regional collaboration under the Japan-Thailand Economic Partnership Agreement (JETEPA) has started the study for strengthening the capacity and organization of cooperatives in Thailand by using **Doi Saket Pattana Cooperative** as a role model for Arabica coffee.
- Recently, three Japanese experts on production and post-harvest processing of Arabica coffee have been dispatched to Thailand



Trainings & Seminars



1st dispatch of Mr. Sambongi Kazuo and Dr. Inaba Makoto  
Training on Production Development  
(40 Farmer Members)

## Finding new distribution channels



Launching the first Co-Op Supermarket in Bangkok on 31 Oct 2019



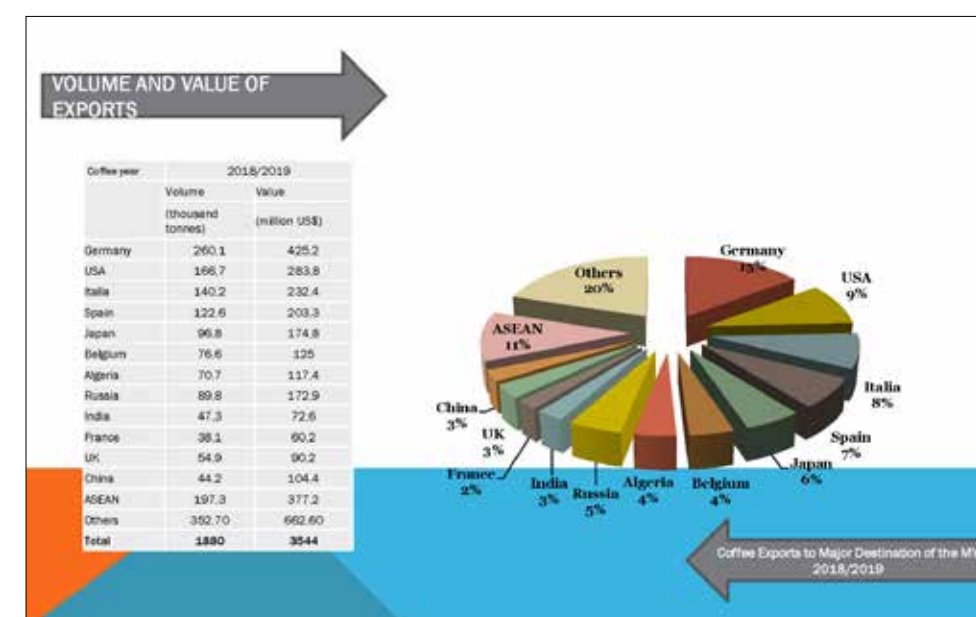
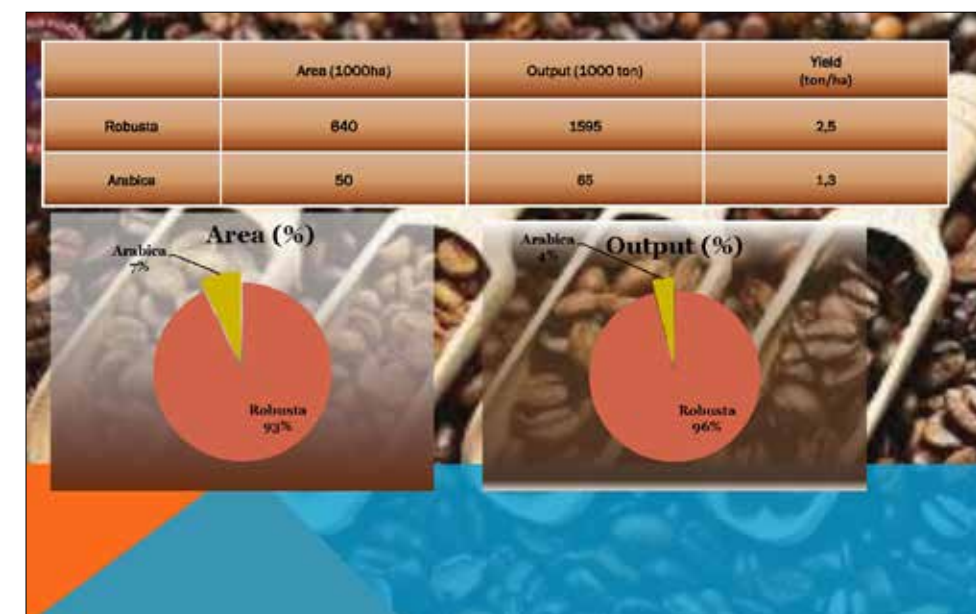
CO-OP Exhibition Fair at Central Rama 3 Plaza on 23-25 Aug 2019



Developing new online platform to promote cooperative's products

Thank You





### PROCESSING

- Processing green coffee: there are over 100 manufactories with a total designed capacity of 1.5 million tons, sufficient for processing needs.
- Processing of ground coffee (roasted ground coffee): There are 620 manufactories with a total capacity of 73,150 tons of products/year, of which nearly 50% are small processing manufactories.
- Processing instant coffee: there are 06 instant coffee factories, 17 factories, blended coffee production facilities with a total capacity of about 220,000 tons of products/year, reaching a deep coffee processing rate of 12. %.



## POLICY ON COFFEE DEVELOPMENT (CONT.)

## Solution

- Sustainable Coffee Development Plan up to 2020, and Vision to 2030
- Scheme development framework "high quality coffee"

## POLICY ON COFFEE DEVELOPMENT (CONT.)

## Indicators

- Cultivated area: 600,000ha;
- Robusta area: 70%
- Arabica area: 30%
- Certified area (4C, UTZ, rainforest alliance): 100%
- Average yield of Robusta: 2.7 ton/ha
- Average yield of Arabica: 2.0 ton/ha
- Reduce post-harvest losses to: 5-7%

## POLICY ON COFFEE DEVELOPMENT (CONT.)

## Strategies:

- Managing purchased systems and network, reducing post-harvest losses and applying advanced and modern processing technologies
- Increasing value added coffee products (roasted and ground coffee, soluble coffee)
- Reinforcing local and international trade promotion for coffee;
- Paying attention to develop domestic market

## POLICY ON COFFEE DEVELOPMENT (CONT.)

## Indicators

- 30% wet processing technology; 70% dry processing technology
- Market share:
  - Domestic : 30%
  - Export: 70% annual output (2030)

## POLICY ON COFFEE DEVELOPMENT (CONT.)

## Activities

- Integrated and Diversification
- Development of technology: (water saving; depth processing; post harvest; climate change response...)
- Strengthening of farmers organization
- Development of Organic product , VietGap
- Development of Geographic Indication (GI)
- Development of Specialty Product
- Standardization of quality product

## VIETNAMESE COFFEE PRODUCTS

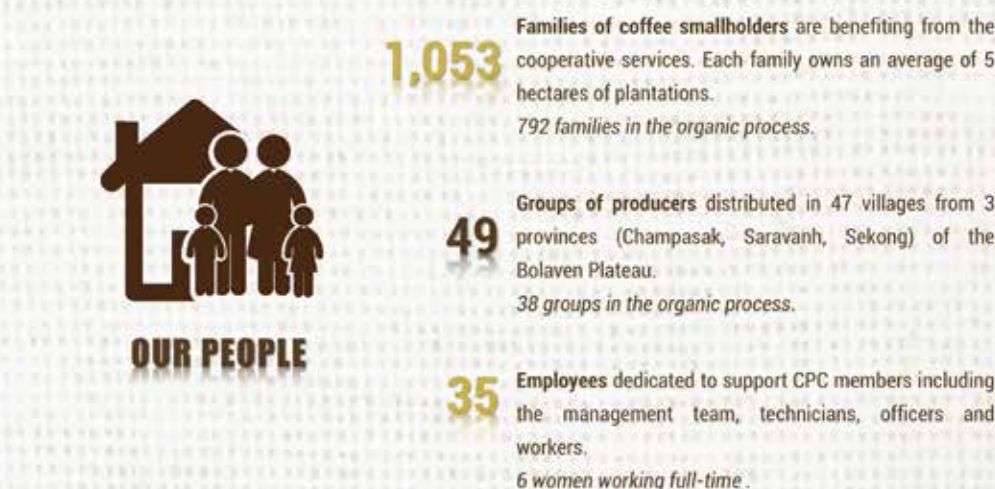




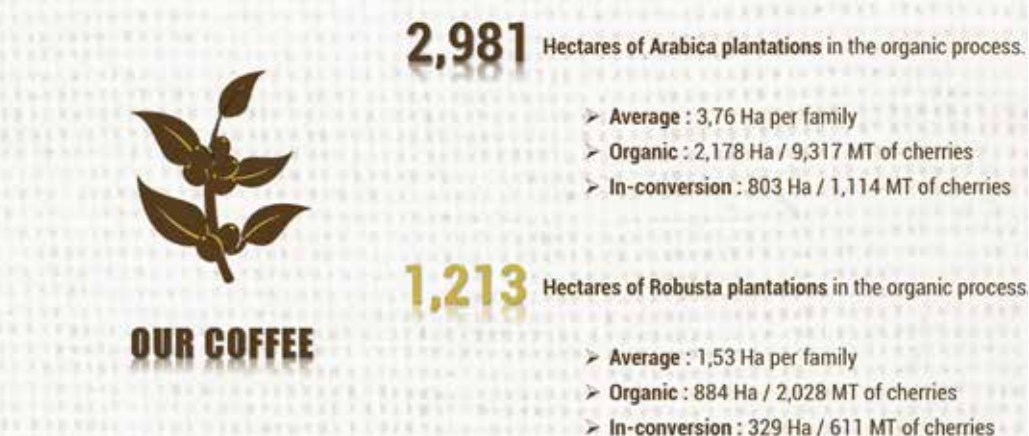
# CPC OVERVIEW ASEAN



## III. FACTS AND FIGURES (1)



## III. FACTS AND FIGURES (2)



## III. FACTS AND FIGURES (3)





### III. FACTS AND FIGURES (4)



#### OUR SALES

**8,092** Tons of cherries processed by CPC members during 2018-19 harvest.

- Arabica : 7,228 MT
- Robusta : 864 MT

**1,210** Tons of coffee exported during 2018-2019 harvest, worth than 63 containers, including 1,037.7 MT of washed Arabica and 172,800 MT of Robusta, semi-washed.

**5.9** Tons of roasted coffee sold in the domestic market in 2019.

### IV. OUR COFFEE WORLDWIDE



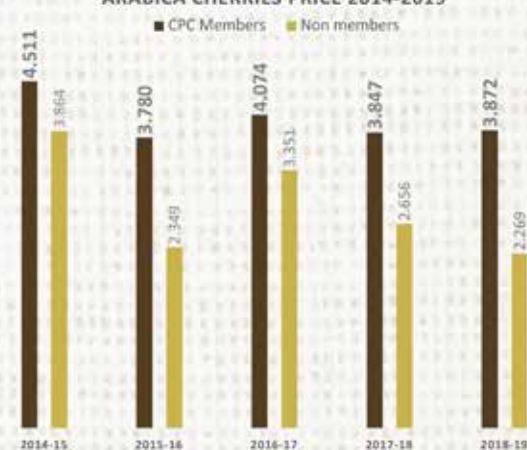
### V. SOCIO-ECONOMICAL IMPACT (1)



#### BETTER INCOME

Being Fairtrade and Organic certified enables the cooperative to guarantee its members with a minimum price and higher income than general market: +50% in average over the last 6 years.

ARABICA CHERRIES PRICE 2014-2019



### V. SOCIO-ECONOMICAL IMPACT (2)



#### BETTER PRODUCTION PRACTICES



CBB - Pest control



Grafting coffee

More than 3,000 farmers and 20+ coffee technicians benefited from capacity building activities organized by CPC including:

- Training in post-harvest production by using wet process in order to produce high quality coffee.
- Training in pest control management in order to limit losses due to CBB.
- Training in soil fertility management with the aim to support smallholders to improve their coffee yield by using organic fertilizers.
- Training in "renewal plantations" by using pruning and grafting techniques in order to improve yield of old Robusta plantations including 3 hectares of pilot plantations in Ban Nambeng, Laogna and Phakoutgnay.

### V. SOCIO-ECONOMICAL IMPACT (3)



#### ACCESS TO EDUCATION



Ban Houeixeng / Poukham 2014



Students in their new classroom

Thanks to the Fairtrade Premium, 1200+ children from the Bolaven have a better access to education thanks to the construction of 8 schools funded 100% by CPC and / or with its partners (LCG in Louangsena - Cafema & Malongo in Houeixeng / Poukham).

- Ban Luangsena, Laongam district (2008).
- Ban Houeixeng, Laongam district (2014).
- Ban Nambeng, Laongam district (2017).
- Ban Nongka, Paksong district (2017).
- Ban Nongsamphan, Paksong district (2017).
- Ban Phoumone, Paksong district (2018).
- Ban Porkhem, Paksong (2019)
- Ban Nongbone, Paksong (2019)

### V. SOCIO-ECONOMICAL IMPACT (4)



#### ACCESS TO EDUCATION



Healthcare center opening in Ban Maysaisomboune 2015



Clean water project in Ban Lakshan school 2017

➢ More than 3,568 persons from 4 villages have a better access to healthcare thanks to the building of one health clinic in Ban Maysaisomboune, Paksong.

➢ More than 7,000 children have a better access to clean water at school thanks to 15 new drillings and 222 water filters distributed to 42 schools.

➢ Several donations to the health sector were done by CPC including equipment for the paediatric department of Pakse hospital and money for the "Pakse rescue" unit.



## V. SOCIO-ECONOMICAL IMPACT (5)



### RECOGNITION AND PRIDE

As a great recognition for the coffee smallholders, the cooperative regularly receives guests from high level authorities such as **Laos PDR Primer Minister, M. Thongloun Sisoulith**, who visited CPC factory in February 2019, **Chairwoman of Laos PDR National Assembly, Ms. Pany Yathotu**, who visited CPC factory on January 2015 and **French Ambassador in Laos PDR, Se. Madame Claudine Ledoux**, met the cooperative members in November 2018.



## VI. CHALLENGES



- Secure the certifications (Fairtrade and Organic)
- Increase the number of members to meet the increasing demand for CPC coffees
- Improve management of plantations to secure coffee quality and quantity
- Secure the partnerships with buyers and financial institutions
- Develop the roasted coffee market to reach the objective of 1ton / month
- Continue to improve livelihood of coffee smallholders through social projects



**THANK YOU  
FOR YOUR  
ATTENTION**

FOLLOW US ON [www.cpc-laos.org](https://www.cpc-laos.org) [CPC - @CPCcoffeelaos](https://www.youtube.com/c/CPCcoffeelaos) [AGPCbolovens](https://www.instagram.com/AGPCbolovens)



## ASEAN COFFEE PROJECT

Putting ASEAN Coffee to the World Map

Presented By Victor Leong

- Chairman of ASEAN Coffee Excellence Program Committee
- Board member of ASEAN Coffee Federation
- Immediate Past President of Malaysia Specialty Coffee Association



- Started in year 2010 with secretariat headquartered in Singapore with formal registration with Registrar of Societies under Singapore Ministry of Home Affairs
- A Federation consisting of 10 Coffee Associations in South East Asia covering Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand & Vietnam – 8 Countries
- ACF welcome any of respective 10 association or corporate member. US\$500/year.
- Affiliated Members over **9,562** companies across South East Asia as of 30 June 2019





## ASEAN COFFEE PROJECT

ASEAN Coffee Project was put together in consultation with ASEAN Secretariat after examining the current state of affair of Southeast Asia's coffee industry.

The project addresses all segments of coffee industry such as:



## ABOUT ASEAN COFFEE PROJECT

It comprehensively covers the following key focus areas:



## ABOUT ASEAN COFFEE PROJECT

The project covers the following **8 key pillars**:

1. ASEAN Barista Training Programme & Certification
2. ASEAN Barista Championship
3. ASEAN Coffee Summit
4. ASEAN Coffee Auction
5. ASEAN Coffee Award, Grading Standards & Scholarships
6. Coffee Study Mission / Farm Visits
7. ASEAN Coffee Sustainability Programme

Programmes Over 3 Years  
1<sup>st</sup> Jan 2020 till 31 Dec 2022



## ASEAN Coffee Standards

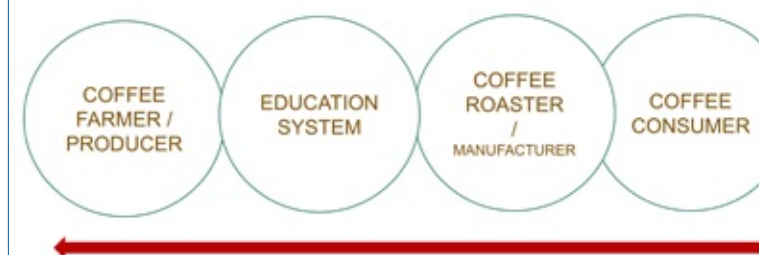
### ASEAN COFFEE ECELLENT PROGRAM (ACEP)

Working with ASEAN Secretariat to develop our own Cupping, Green Grading standards which put **uniqueness** of ASEAN Coffee on the world map.

Certification of ASEAN coffee cupper – A Grader Program



## ASEAN Coffee Standards



ASEAN coffee standard is a bridge :

- Farmers foresee the speedy industry
- Consumer walk into Origin and understand uniqueness of ASEAN coffee
- Creativity in the industries will be the branding next level .

## ASEAN Coffee Standards



Important of Specialty Coffee :





## ASEAN STANDRAD FOR COFFEE

### ASEAN Stan : 13 : 2013



1. DEFINATION OF PRODUCER
2. PROVISION CONCERNING - QUALITY
3. PROVISION CONCERNING - SIZING
4. PROVISION CONCERNING - TOLERANCES
5. PROVISION CONCERNING - PRESENTATION
6. MARKING & LABELLING
7. CONTAMINATIONS
8. HYGIENE

## ASEAN STANDRAD FOR COFFEE

### ASEAN Stan : 13 : 2013



#### 4. PROVISION CONCERNING TOLERANCES

TABLE OF DEFECTS

Type of Defect	Percentage of Defects		
	Extra Class	Class I	Class II
Black bean	<4.0	4.0-6.0	>6.0-15.0
Mouldy (other than mycotoxin producing mould) and infested bean	<5.0	5.0-6.0	>6.0-8.0
Immature bean	<2.0	2.0-3.0	>3.0-8.0
Broken bean	<3.0	3.0-5.0	>5.0-10.0
Dried cherries	<0.5	0.5-1.0	>1.0-2.0
Foreign matter	<1.0	1.0-1.5	1.5-2.0
Total allowable for defects	7.0	15.0	25.0

#### 3. PROVISION CONCERNING SIZING

Size Code	Bean size (mm)
1	>7.0
2	>6.5-7.0
3	>6.0-6.5
4	>5.5-6.0
5	>5.0-5.5
6	4.0-5.0

## ASEAN Coffee Standards :

### ASEAN Cupping Form Calibration Results



WH18	Aroma	Flavour	Body	After Taste	Acidity	Sweetness	Balance	Clean Cup	Uniformity	Defects	Overall Total
Cupper 1	7.30	7.30	6.30	6.40	6.40	7.00	7.30	6.00	6.00	10.00	7.30
Cupper 2	6.40	7.30	6.30	7.30	7.30	7.00	7.30	6.00	6.00	10.00	6.40
Cupper 3	7.30	6.40	7.30	7.30	7.30	6.00	7.30	6.00	6.00	10.00	6.40
Cupper 4	7.30	6.40	6.40	6.40	6.40	6.40	6.40	6.00	6.00	10.00	6.40
Cupper 5	7.30	7.30	6.30	6.40	7.40	7.40	7.30	6.00	6.00	10.00	7.40
Cupper 6	6.00	7.30	7.00	7.30	6.40	7.00	7.30	6.00	6.00	10.00	7.30
Cupper 7	7.40	6.00	6.00	6.30	7.00	6.40	6.40	6.00	6.00	10.00	6.40
Cupper 8	7.40	6.00	6.00	6.30	7.00	6.40	6.40	6.00	6.00	10.00	6.40
Cupper 9	6.30	7.30	7.00	6.40	7.30	7.30	7.30	6.00	6.00	10.00	7.30
Cupper 10	7.30	7.40	7.30	6.40	7.30	6.40	7.30	6.00	6.00	10.00	7.40
AVR Score											82.79

WH2	Aroma	Flavour	Body	After Taste	Acidity	Sweetness	Balance	Clean Cup	Uniformity	Defects	Overall Total
Cupper 1	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 2	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 3	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 4	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 5	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 6	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 7	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 8	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 9	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 10	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
AVR Score											63.29

WH3	Aroma	Flavour	Body	After Taste	Acidity	Sweetness	Balance	Clean Cup	Uniformity	Defects	Overall Total
Cupper 1	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 2	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 3	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 4	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 5	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 6	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 7	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 8	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 9	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
Cupper 10	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.00	6.00	10.00	6.30
AVR Score											63.29

## ASEAN Coffee Standards :

### ASEAN Cupping Form Calibration Results



WH18	Aroma	Flavour	Body	After Taste	Acidity	Sweetness	Balance	Clean Cup	Uniformity	Defects	Overall Total
Cupper 1	7.30	6.40	6.40	6.40	6.30	5.40	6.40	6.00	3.00	3.00	4.00
Cupper 2	6.00	5.40	5.30	5.30	5.30	5.30	5.30	6.00	6.00	7.00	5.00
Cupper 3											0.00
Cupper 4	6.30	6.00	6.30	6.30	6.40	6.30	6.00	3.00	3.00	6.30	56.10
Cupper 5	6.40	7.30	7.30	7.40	7.30	7.00	7.40	3.00	9.00	5.00	7.30
Cupper 6	5.40	5.40	6.30	6.00	5.40	5.40	5.40	9.00	10.00	5.40	73.90
Cupper 7	6.00	7.30	6.40	7.00	7.00	7.40	7.00	9.00	9.00	10.00	7.00
Cupper 8	6.00	5.00	6	5.40	5.30	6.00	5.30	9.00	9.00	10.00	5.30
Cupper 9	6.00	6.00	6.00	6.30	6.00	6.30	6.00	9.00	9.00	10.00	6.00
Cupper 10	6.30	6.00	6.30	6.30	6.00	6.00	6.00	9.00	9.00	10.00	6.00
AVR Score											638.80
AVR Score											70.98

#### ASEAN Coffee Cupping classification score system

- 90 – 100 ASEAN Reserve Coffee
- 80 – 89.9 Specialty Coffee
- 75 – 79.9 Premium Grade
- 55 – 74.9 Commercial Grade
- < 50 Exchange Grade



#### Branding & Promotion

#### SMEs Assistance

- To put up "live" coffee auction for ASEAN Coffee Farmers to auction their green bean in key coffee importing countries such as (a) Australia, (b) China, (c) Japan and (d) Korea.



- "Test Run" done in Singapore in March 2019

- Cupping session will be conducted before the auction.

- Auction to start after cupping with farmers providing their reserve price.

- The auction can be held in conjunction with the ASEAN Coffee Exhibition Pavilion in the above mentioned countries



## ASEAN Coffee Summit / Awards & Scholarships

- ASEAN Coffee Summit – a TWO day summit bringing together 500 to 800 coffee professionals under 1 roof where key subject matters impacting the ASEAN coffee industry are been discussed and share.

#### Awards & Recognition

- ASEAN Coffee Industry Awards & Gala Dinner – This award ceremony recognises the best of the best in the world of coffee. The award gives encouragement to those who have excelled in their own ways. This award can be given on the 1<sup>st</sup> day night of the summit.

#### Branding & Promotion

- Top 10 - ASEAN "Green" Coffee of the Year
- Top 10 - ASEAN Coffee Roaster of the Year
- Top 10 - ASEAN Soluble Coffee of the Year
- Others..

#### Knowledge Sharing

- ASEAN Coffee Scholarship Programme – To be given out during the award ceremony, the scholarship helps students to pursue their passion in coffee.

#### Talent Development



# FILANTHROPE

## ASEAN Coffee Sustainability & Processing Workshops & Farm Visit

- Sustainability has been a key area of concern for most farmers. Workshop shall be conducted to better educate farmers on best practices.
- Education on different coffee processing methodology so as to provide different quality base coffee catering to different markets.
- Farm visits allow farmers to experience best practices first hand by more established farmers. Learning from them how best into coffee cultivation.

Knowledge Sharing

Sustainability &amp; Best Practices

Efficiency &amp; Productivity

## ASEAN Barista Training & Certification + Competition



### ASEAN Barista Team Championships :

- Team Spirit – Work flow with team
- Consistency – Speed & Quality of coffee
- Challenge & Friendships – Barista in ASEAN countries.

### Barista Training & Certification :

- Objectives to provides **affordable** training across Southeast Asia for barista with certification recognize across 10 ASEAN countries.

Above certification is recognized by 9,000 over companies across all 10 member states in ASEAN and endorsed by 10 coffee associations



Branding &amp; Promotion

Training &amp; Certification

Awards &amp; Recognition



Together we make **ASEAN** Coffee Better



### Our Mission:

To empower smallholder coffee communities and consumers through re-aligning the socioeconomic and ecological values of coffee

### Our Goals:

- To empower and preserve cultural identities of our planet's coffee communities.
- To turn our daily habit into a driver for sustainability and ethical trade.
- To create a vibrant, global exchange of goodwill, resources, knowledge, and culture
- To empower the everyday consumer with the ability to make verifiable, direct, ethical, and beneficial impact on communities.

### Who We Are:

Fi-lan'thro-pe is a Colorado-based, 501(c)(3) public charity founded in 2011. Our charity identifies and works with indigenous ethnic minority communities which rely upon coffee growing as their main source of livelihood.

We work alongside and train key village leaders and the community-at-large in all aspects of sustainable agriculture and livelihood methods including but not limited to:

- Training in all aspects of coffee growing, processing, roasting, tasting, and brewing
- Diversifying income through animal raising, multi-crop methods, waste transformation
- Recycling ALL wastes into high quality animal feeds, fertilizers, and fuels
- Organizing communities into cooperative-style groups
- Participating in cutting-edge global coffee research programs
- Eliminating reliance upon predatory loan shark or illegal lending agents



## QUESTIONS:

- How will Specialty Coffee continue to differentiate itself from mainstream coffee supply?
- What is needed for the specialty coffee market segment to remain competitive against mainstream coffee markets, which are increasingly adopting specialty coffee characteristics?

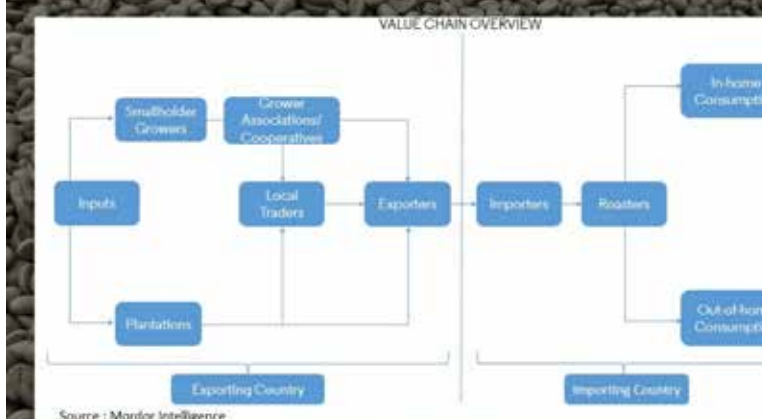
## Specialty Market Overview

- **GLOBAL MARKET**
  - \$150.11 billion in 2018 → \$203.85 billion by 2024
- **SPECIALTY MARKET**
  - \$35.9 billion in 2018 → \$83.5 billion in revenue by 2025
- **VOLUME DEMAND**
  - 973,999.0 tons in 2018 → 1,644,371.9 tons by 2025
- **MARKET SHARE**
  - 24% market share in 2018 → 41% market share in 2025
- **INCREASED DEMAND**
  - 670,000 MT of Specialty-grade coffee

## Differentiation in Specialty Coffee:

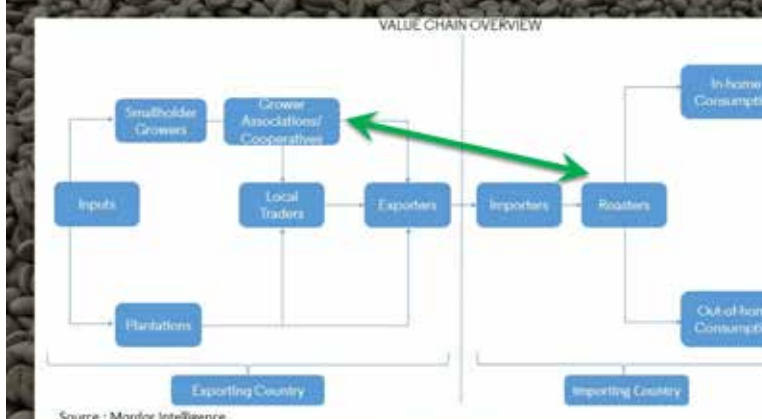
- Shortening the Value Chain
- Traceability / Transparency
- Improved Smallholder Livelihood
- Technological Innovation
- Long-term Ecological Sustainability

## Shorten the Value Chain:



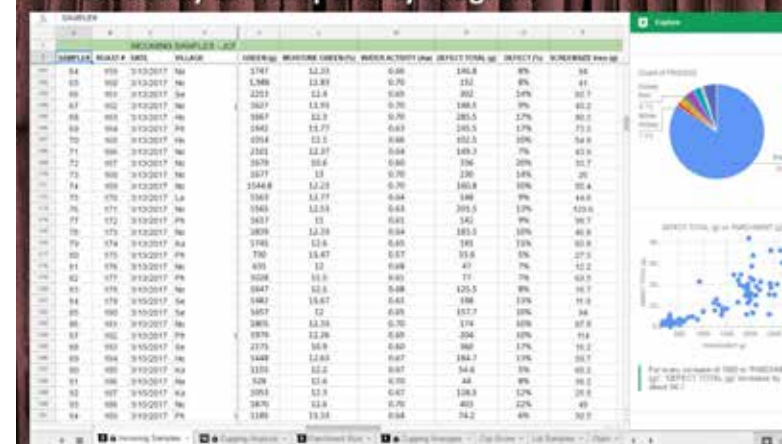
- Standard Value Chain

## Shorten the Value Chain:



- Focus on Direct Relationships (High-Value), with Importer Support if necessary (e.g. financing).

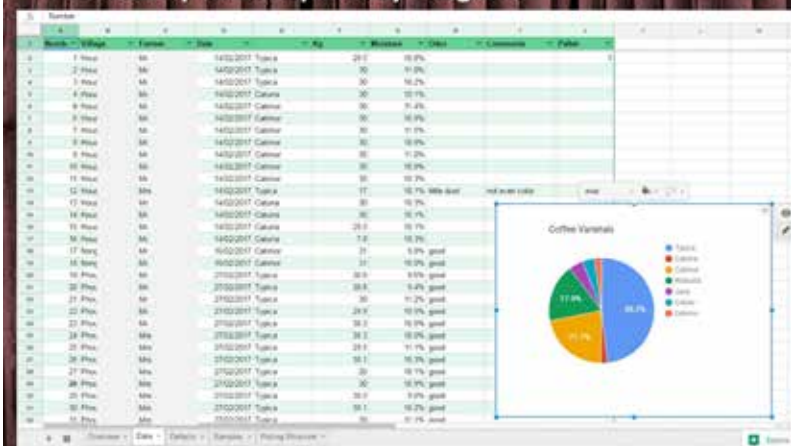
## Traceability &amp; Transparency Program



- Rigorous Quality Control. Farmer QC Inclusion



## Traceability &amp; Transparency Program



- Tracking and Tracing each individual coffee

## Access to "Specialty" Markets

Collaborating, connecting, and building markets with leading importers and



## IMPROVED COFFEE FARMER LIVELIHOODS:

Fi-lan'thro-pe Impact Programs, Lao PDR

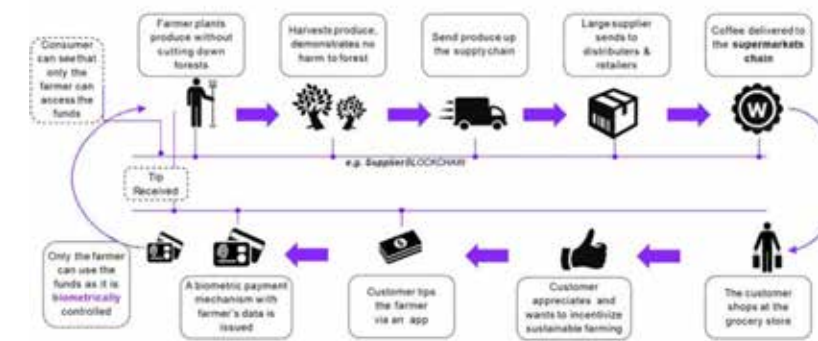


- Improved Household Income via Traceability and Quality Improvements

## Technological Innovation:

## CIRCULAR SUPPLY CHAIN - HOW IT WORKS

Farming Example



Increased value capture, fueled by traceability/transparency

## IMPROVED COFFEE FARMER LIVELIHOODS:



Laos Specialty  
Coffee Production  
&  
Value

## Technological Innovation:

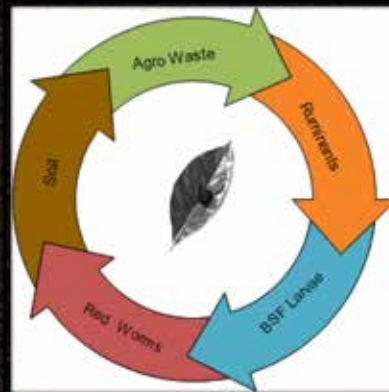


Service Center / Incubation Center



## LONG TERM ECOLOGICAL SUSTAINABILITY

- Reducing External Input Requirements and Mitigating Climate Change
- CASCARA Program – Coffee and Animal Supply Chain through Alternative Recycling Approaches



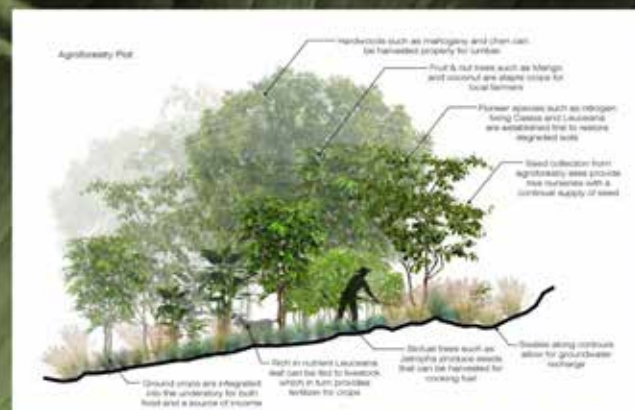
### Diversification through Waste Transformation

### Waste Streams



### Diversification through Waste Transformation

### Achieving through Agroforestry/Agroecology



## Animal Production Through Waste Transformation



All agri-wastes are fermented for animal feed (biochar inclusion)  
No antibiotic/hormone use  
80% reduction in feed costs  
No odor, no flies ,no waste treatment necessary  
15 pigs, 5 cows, or 75 chickens can supply 1 ha of coffee with sustainable compost

**Success to Date:** We have incubated 4 small-scale animal facilities in Vietnam. 3 pig/waste transformation facilities and 1 cow raising facility. One farmer scaled his waste transformation program to 700 pigs. His income was 75,000USD/month and started with 15 pigs and no investment and using ONLY wastes

### Animal Waste to Fertilizer

**Hermetia Illucens / Black Soldier Fly (BSF)**



Consume 10 x their weight  
Eliminate house/fruit/horse flies  
42% protein (fish/chicken/pigs)  
Natural antibiotic (MRSA, Monolaurin)

**Success to Date:** As of 2016, we have trialed many forms of animal waste transformation. For every 5 kg of animal waste, we produce 1 kg of dried black soldier fly larvae. This larvae is worth 2000USD/ton in the market and the BSF residue is a soil-stable fertilizer.

### Non-Edible, Ligneous Biomass

## Clean Cookstove Program / Biochar Production



**Cost: 400,000 VNĐ**

Energy Required: 5 watts

Fuel: 1kg rice hull/coffee husk

**Energy Output: 5kW**

**Duration: 45 mins**

**Use:** Cooking/Drying/  
Roasting/Refrigeration





Gasification Waste

Biochar



Animal Bedding  
Animal Feeds  
Composts  
Heavy Metal removal from drinking water  
Arbuscular Mycorrhizae Fungi Inoculate

Example Total Impact

Farm WITHOUT waste capture	Farm WITH waste capture
Revenue Sources:	Revenue Sources:
Coffee Cherry: 12,000,000 LAK	Coffee Bean: 40,000,000LAK
Coffee Bean: 40,000,000 LAK	Animals: 100,000,000 LAK
	Fertilizer: 6,500,000 LAK
	Clean Fuel: 500,000 LAK
Total: 12-40,000,000 LAK per Hectare 1360-4600 USD per Hectare	Total: 147,000,000LAK per Hectare 16,704 USD per Hectare
<b>270% increase in small-scale farmer income</b>	

Bringing it back home:

- Differentiation comes from TRACEABILITY and TRANSPARENCY
- Creating SHORTER, more EFFICIENT supply chains which are closely linked with END CONSUMERS.
- Creating Service/Incubation Center ACCESS FOR FARMERS
- Specialty is the NEW MAINSTREAM
- Specialty coffee is a vehicle to DECREASE PRICE VOLATILITY
- Specialty coffee can lead to ECOLOGICAL STABILITY







AFOSP-MTCP2

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knowledge partner



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