ASEAN Exchange Visit 2019
Empowering the Coffee Cooperatives in Value Chain Management and GI Certification
11-14 November 2019
Pakse, Lao PDR
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Ms. Hana Hetty Manuela, (ASEAN Foundation – AF/OSP) 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 Champassak 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 Champassak 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 Champsak 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 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 (ALSPEC) 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 PDACFF. 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 1,287 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 02: 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%.
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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 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, CSR 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 reputation 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 cooperation 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: absence 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

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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 Agrarian Reform (DAR) Partnership through ‘COOP SEED’ which aimed to professional support to ensure the viability and growth of cooperatives

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 Kapetira’ 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 costs. 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, Khaor Thalu and so on. Within these seven GI coffee locations, only Khaor 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 the main coffee varieties produced in the north. The north of Thailand is suitable for growing Arabica; there is 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 Arabic 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 parchmen coffee directly to the big coffee industries (such as Nestle, Khoa 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 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 2nd 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.

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 Thepkaisons, 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 1st 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). 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 some information about CPC. Firstly, 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 fair prices 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 USD$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 with the rules and standards. The buyers are willing to pay us the extra price (fair trade price), which is USD$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 want to ask what are the benefits of it? What make this standard be more complicated? 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 quality 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, 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 will be 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 it 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 of coffee beans 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 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 expresso 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. Muhammad 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 Chang 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 Villamor Buenviaje, Pambansang Katipunan ng mga Samahan sa Kanayunan (PKPS), the Philippines
   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 are 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 Vietnam, 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.

Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

Session 4: “Geographical Indication to Boost Coffee Export”

Moderator: Mr. Jose Romeo B. Ebron, Asian Farmers Association
Panelist 1: Mr. Chareon Booniarlapaveeschoke, 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 Nesite, 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,
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

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 growing, there is a need to increase the demand 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 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 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 developed to help farmers in dealing with coffee 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.

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 showed that 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.

Mr. 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, everyone is connected. You can chain or try to involve 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 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.

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 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 emphasise 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 pay around the price. Currently, everything is connected. You can chain or try to involve 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 it in this town. We find that the market doesn’t accept the products if they don’t have GI certificate. 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 it in this town. We 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,
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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, their coffee into the system. This allows them to track enables farmers to interact with the system and ‘lock’

the quality then it is not truly representative of your coffee. We all know that Laos produces beautiful coffee. So we need to understand what the world really understands 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. Supakhom Sukchan, ASWGAC 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 them. 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 more attractive and more profitable 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.

All the farmers mentioned the care that the farmers give when they switch from commercial to specialty coffee.
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Q 6: Mr. Manuel Tabangan Prejoles Jr, Makugihong Mag-sumin 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 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 Boonlartpaveechoke from Thai Coffee Association)
- Government officers from Cambodia, Indonesia, Myanmar, Lao PDR, Philippines, 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

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<th>Question 1</th>
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<th>Question 3</th>
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| **Group 1** | In general, it was a good initiative. But there were some concerns that the group would like to point out:  
- 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  
- The standards and criteria should be specific | It was agreed that 'ASEAN Coffee' Standards could create several benefits:  
- Easy for the traders and buyers to do marketing, which will eventually benefit the farmers  
- Knowledge and good practices sharing among the ASEAN members | It was suggested that  
- The leading party/ body should be identified in order to drive this project  
- Convey this idea to AFC to identify the key party and functions. |

**Group 2**  
Should we have certificate?  
The team came up with 2 answers:  
- 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.  
- 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. | They might be several benefits:  
- More choices to sell  
- Market expansion  
- Level the coffee quality, which lead to better price and more income | How to promote the common brand/certificate?  
- Set up competitions/contest, eg: cupping competition  
- Annual 'ASEAN Coffee' festival/showcases  
- Coffee summit (Government + private sector) |

**Group 3**  
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  
- 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.)  
- 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. | The benefits from this project can be:  
- Differentiation of each coffee that still can fit the same group then this can enhance each other - "strength and diversity"  
- Have the Traceability and Transparency mechanism built into this project, so that benefits can go back to the producers. | Things that should be done:  
- Discuss and set up the green bean standard for ASEAN Coffee  
- Set up cooperation mechanism? Engaging in importing/trading events  
- Set up the Regional 'ASEAN Coffee Organisation' |

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. Charoen Boontarapaveechoke, 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 Xiang 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.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

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 JHA 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. Rattanapraseud 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 financial support from the French Ambassador. 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 financial support from the French Ambassador.

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 which is worth than 63 million Kip/kg. 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 Maysaibsomboune, Pakxong. Now, more than 7,000 children have better access to clean water at school thanks to 15 new buildings 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 also supports education. They have more than 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.

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. 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 863 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 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, Laonga and Phakoutgny.

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 Louangsaena – Cafema & Malongo in Houeixèng / Poukham).

CPC also supports healthcare. They have more than 3,000 people from 4 villages who have a better access to healthcare which is made possible by building of a health clinic in Ban Maysaibsomboune, Pakxong. Now, more than 7,000 children have better access to clean water in school thanks to 15 new buildings 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 Prime Minister, M. Thongloun Sisoulith, who visited CPC factory in February 2019, Chairwoman of Lao PDR National Assembly, Ms. Pany Yathou, 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 10tn / month and lastly to continue to improve livelihood of coffee smallholders through social projects.

Q&A

Q1: Ms. Inna Marwantina, from ASWIGAC, 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 Laos government and also received technical and financial support from French agencies. Particularly, the factories and the wet processing centers in the villages were built with the financial support from the Laos 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 Laos government and the French government.

Q2: Mr. Ferdinand Villamor Buen viaje, 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...
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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 manager of the management team, I and my team mates are hired as the representatives 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 Buenavieja): 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 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 based on the duration of time they spend 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 low 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 proceed as the green bean, it will be packed in a jute bag of 60 kilograms, which is the standard packaging. After that, there are 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 is 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 to why the coffee price in Lao and Vietnam is lower than in Indonesia, 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 105 kg, medium grade coffee is 55kg and low grade coffee is 1.5kg.

For Lao PDR, the market price is around 2 $/kg for the FAQ coffee. Robusta and Arabica, it may be around 33/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 our 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 of 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. 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.

Mr. Ferdinand Villamor Buenavieja: From October to end of December for Arabica, and from January to February for Robusta.
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 processing 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 Bouneaurn 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 Bouneaurn 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
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the direct support that the Japanese partners gave to the farmers, they also provided support on basic infrastructures, such as clean 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 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 Hansa 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.
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 create several products and the members 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?
Q: Mr Phouthasin, Lao Farmer Network
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 Bounearm 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% of 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 for a long time. 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 requirements. 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 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 so on. 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 plantation until processing for one kg of green beans?

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 Cooperatives

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

- Clearing grass costs 3 million kips/ per year ($1/1,000, needs three times per year).
- Fertilizer costs 4 million kips/ per year ($2/1,000, 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 kip/ha. From this 1 ha, you will get 5,000kg of red cherries which means the production cost per kg is 2,800 kip (excluded tax and logistic cost).

For the production cost of processed coffee (green beans) - premium grade is 32,000 kip/kg and for Arábica 35,000 kip/kg as it is difficult to process.

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

I am advised 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 Bouneaurn 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 20% of the observance farmers in the field by them 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 Phoutasain, 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 specialties.

Q: Mr Supakhorn 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 Bouneaurn 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 Bouneaurn 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 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 Bouneaurn 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 Philippines. 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 Phouthasoin, 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.

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 kips/kg. Luckily, the Japanese traders also pay 1000 kips/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.
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 purposes 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.

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 members 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 26th 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 (AFOSSP). 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 7th 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 interface the collective production and marketing among agricultural cooperatives under the flagships 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 (ALSPCEAC) 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 ALSPCEAC, 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. In today’s world coffee market, Lao PDR produces 0.25% of the world production2. 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 farmers3.

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 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.

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 27th 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)

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 (ALSPEC) 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
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

“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, Indonesia.
• 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, considering 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.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

CAMBODIA

Country Paper on “Development of Agricultural Cooperative and collective marketing to promote coffee in Cambodia”

Prepared by: Mr. Vong Phal, Deputy Director of Department of Agricultural Cooperative Promotion
General Directorate of Agriculture
Ministry of Agriculture, Forestry and Fisheries, CAMBODIA

Contents

Agricultural cooperative Development
  • Government Support Mechanism to promote AC
  • Updated Information on AC
Collective marketing to promote coffee
Challenges
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)
- Disseminate the law on AC and legal documents under AC law to AC, PDAFF, local authorities, NGOs and people concerned
- Strengthen the capacity of officials 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, Svy Rieng and Kampong Cham.
  - Promote AC business network

Manuals, Guidelines and Leaflets Developed and produced by DACP-BPAC Project

Continued
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

Updated data of ACs 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.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

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 lease reduced 70% from over the last 10 years.

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 bean to produce a coffee which is ideal for Cambodian

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.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

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

Coffee Companies promote 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

Conclusion

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

-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.

sUmGrKuN
Thank You very much for your attention!
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

- Developing

-GS
  - green Beans
  - Revenue

- Production House (own by cooperative)
- Processed Products

Certificates of Rights & Obligations to Sell Commodities, Farm management, Financial literacy, Prices above market prices, Annual refund according to accumulation of one year supply

Stand & Certs

- Halaq
- HAA

Business Development for Cooperative

Thank You

Deputy Production and Marketing
Ministry of Cooperative and SMEs

www.kemenkopukm.go.id @KemenkopUIM

Post Harvest

Financial Services

Quality Green Beans
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,
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

3 steps of cooperatives development in Laos

Successful Achievements (2016)

- Total FGs approximately 4,339 with plantation about 1,364 groups and livestock 1,776 groups and 699 saving groups with total members about nearly 70,000prs.
- Areas 16,589ha, Share capital 18,000,000,000LAK (2.2MUSS)
- Successful achievement cooperatives us: CPC, Chay coffee, etc…

October, 2017 FGs and ACs follows agreements

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 up to 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
THE PHILIPPINES

COUNTRY REPORT

PHILIPPINES

COOPERATIVE DEVELOPMENT AUTHORITY

Presented by:

CHERRY C. REYES

Thank you for your attention and welcome ASEAN Exchange Field Visit with supporting of AFOSP

 Philippine Agriculture

- Situated south of Taiwan, east of the South China Sea, with the Pacific Ocean intact.
- Composed of more than 7,641 islands
- Main island groups are Luzon, Visayas, and Mindanao.
- Land area of 300,000 km²
- Population of 100.9 million people (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 megalopolis with a population of almost 13 million people.

Spoken languages are 80% native and English (both official). 35 other languages are regional recognized.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

The country’s major crops are rice, corn, coconut, sugarcane, bananas, pineapple, coffee, mango, tobacco, rice, peanut, mandioca, cassava, sweet potato, yam, cassava, okra, cabbage, eggplant, calamansi and rubber. Rice and corn collectively accounted for more than 60 percent of the total crop production.

THE COOPERATIVE DEVELOPMENT AUTHORITY

It is hereby declared the policy of the State to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development, and to create an agency, in fulfillment of the mandate in Section 15, Article XII of the 1987 Philippine Constitution.

The CDA’s Powers, Functions and Responsibilities under RA 6939

DEVELOPMENTAL

Formula Grant and Support Management and Programs on Cooperative Development consistent with the National Policy on Cooperatives and the Economic Development Plans of the Government.

The CDA’s Powers, Functions and Responsibilities under RA 6939

REGULATORY

Register all Cooperatives and their branches, including their division, merger, consolidation, dissolution and liquidation.

CDA ORGANISATIONAL STRUCTURE

EXECUTIVE ORDER No. 1: Transferred the Cooperative Development Authority to the Office of the President

PROFILE OF PHILIPPINE COOPERATIVES
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
- Credit Cooperative
- Cooperative Bank
- Dairy Cooperative
- Education Cooperative
- Electric Cooperative
- Financial Service Cooperative
- General Cooperative
- Health Services Cooperative
- Housing Cooperative
- Insurance Cooperative
- Labor Service Cooperative
- Marketing Cooperative
- Multipurpose Cooperative
- Professional Service Cooperative
- Service Cooperative
- Small Scale Mining Cooperative
- Transport Cooperative
- Water Service Cooperative
- Workers Cooperative
- Primary Houses

**OPERATING COOPERATIVES IN THE PHILS.**

**STATE OF PHILIPPINE COOPERATIVES**

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

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<thead>
<tr>
<th>Type</th>
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<td>Federation-Secondary</td>
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<tr>
<td>Fishermen</td>
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<td>Labor Service</td>
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<td>Producers</td>
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<td>Transport</td>
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<td>Union-Secondary</td>
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<tr>
<td>Water Service</td>
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<td>Workers</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>18,065</strong></td>
</tr>
</tbody>
</table>

**STATUS OF OPERATING COOPERATIVES**

- 32% (6,187): 32%
- 63% (9,760): 63%
- 6% (1,138): 6%
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

**Reported Coops by Asset Size**

<table>
<thead>
<tr>
<th>Asset Size</th>
<th>Reporting Coops</th>
<th>Membership (thousands)</th>
<th>Employment (thousands)</th>
<th>Asset (million pesos)</th>
<th>Net Surplus (million pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>585</td>
<td>7.6</td>
<td>190.1</td>
<td>329.0</td>
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<tr>
<td>Medium</td>
<td>1,594</td>
<td>1.8</td>
<td>93.1</td>
<td>74.1</td>
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<tr>
<td>Small</td>
<td>5,511</td>
<td>0.8</td>
<td>113.3</td>
<td>22.0</td>
<td>1.3</td>
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<tr>
<td>Micro</td>
<td>5,708</td>
<td>0.5</td>
<td>186.2</td>
<td>5.6</td>
<td>0.3</td>
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<tr>
<td>Total</td>
<td>11,118</td>
<td>10.7</td>
<td>580.8</td>
<td>429.7</td>
<td>18.6</td>
</tr>
</tbody>
</table>

- **5.884 Million Female Members**
- **4.841 Million Male Members**

- **54.9%**
- **45.1%**

Total Employment:

- **211,677 Part Time**
- **369,093 Full Time**

Cooperatives Engaged in Agriculture:

Programs on Cooperative Development

Training Requirements for Co-op Officers

- Micro Co-ops:
  - Fundamentals of Co-ops (10 hours)
  - Coop Governance & Management (8 hours)

- Small - Large Coops:
  - Fundamentals of Co-ops (10 hours)
  - Coop Governance & Management (10 hours)

- With Promillion Deposit Liabilities:
  - Financial Management
  - Credit Management
  - Risk Management

*Note: Pre-Registration Sameday is the Training Requirement before registration*
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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, ice, 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 fisheries 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 to improving the quality of life of ARIs, their households, and rural women.
  - Cost-sharing scheme in financing the project by CDA and DAR.

- CDA—Department of Trade and Industry (DTI)
  - Implemented 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 poor of the poor. It aims to implement a holistic entrepreneurial and poverty alleviation approach utilizing cooperative entrepreneurship.
  - Aims to strengthening 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 organizations 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 collaborative strengthening and developmental initiatives to remain competitive and to sustain the growth and development of this type of cooperative.

- Sharing of experiences and best practices among and between cooperatives.
- Strengthening and sustainability.

Origin of the Philippine Coffee Industry

Focus of intervention is agricultural cooperative should be in the core of cooperative development, promotion, strengthening, and marketing.

Technology-based intervention should be developed to promote agriculture products such as e-wallet-based portal among cooperatives to facilitate e-trade of products among agricultural cooperatives.

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.
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<table>
<thead>
<tr>
<th>YEAR</th>
<th>STAGE/PHASE OF DEVELOPMENT</th>
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</thead>
<tbody>
<tr>
<td>1959</td>
<td>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.</td>
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<tr>
<td>1960</td>
<td>Because of favorable market conditions, many farmers went back to growing coffee.</td>
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<tr>
<td>1980</td>
<td>The Philippines became a member of the International Coffee Organization (ICO).</td>
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</table>

**COFFEE VARIETIES GROWN IN THE PHILIPPINES**

- Arabica
- Liberica
- Excelsa
- Robusta

**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 Business Environment for Coffee

**COFFEE INDUSTRY MARKETING AND PROMOTION INITIATIVES**

**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 15 regions in the country that are into coffee farming.
- "DTI Kapetra" 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 go 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 CDM – DTI partnership for cooperatives
- One of its key deliverables is to develop, document, and monitored. Member-Entrepreneur to Coop (MEC). Coop to Coop (C2C). Coop to Non-Coop (C2N) Marketing Platforms and Arrangements.
- CDC marketing transactions being assisted by the program is in Cordillera Region (ERD) where BECABRO and Baratano Farmers MPC (Involved in coffee bean processing) were linked

CAFE AMADEO
DEVELOPMENT
COOPERATIVE
Amadeo, Cavite

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 SAGA, Awarded 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. Islas Mayor Jan-jon Ferrer.

Dec. 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

April 9, 2013 – awarded with Shared Service Facility of DTI. A roasting Machine worth Php 500,000 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

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-0363
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COFFEE PRODUCTION

- Good quality seedlings are chosen, taking into consideration the coffee variety to be planted.
- Seedlings are transplanted to the pre-planned planting area, with special attention to spacing. (While the coffee seedlings are growing, appropriate care 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 harvesting to make harvesting easier. To ensure production of good quality coffee beans, selective harvesting is also done.

DRYING

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

HULLING/MILLING

Grind coffee berries are hulled by Cafe Arabica Development Cooperative member miller.

SORTING

These ladies sort out unroasted 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
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Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

- Gawad Saka Awardee (Region IV-A)

Secretary Proceso Alcala of Department of Agriculture visited Cafe Amadeo and grant CADC P 800,000.00 to purchase our new Packaging Machine.

PACKAGING MACHINE
Coffee in a bag

Launching of 10kgs Roasting Machine D.T.I
Shared Service Facility (SSF)
December 9, 2013

A service Vehicle granted by former Mayor Jonjon Ferrer and Congressman Ony Ferrer.

AWARDED AS 2ND PLACE WINNER FOR BEING THE BEST SHARED SERVICE FACILITY BENEFICIARIES

Community Services

Balay Kaligas Foundation

Community Services
SO, HOW’S
CAFÉ AMADEO
DEVELOPMENT COOPERATIVE
TODAY?

From the original members of 20, now the cooperative has 374 active members as of 2019.

Café Amadeo, as an entrepreneur, graduated from micro to medium scale industry with a total assets of Php 4,212,949.68 in 2011 to Php 27,940,744.03 as of December 2018. Graduation among members is also the objective of the Café Amadeo Development Cooperative.
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THAILAND

Coffee Production in Thailand

- Coffee consumption is continuously 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 of Thailand

- Currently, there are 316 products in 31 provinces in 47 provinces
- Promote geographical indication products not only in Thailand but also internationally via G-ThaiNet

THAI COFFEE COOPERATIVES
Cooperative Promotion Department (CPD)

Coffee production in Thailand
Thai Coffee Cooperatives
Challenges in Coffee Cooperatives
The roles of CPD to Coffee Cooperatives

Thank You
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Overview of Cooperative in Thailand

<table>
<thead>
<tr>
<th>Type of Cooperatives</th>
<th>No. of Cooperatives</th>
<th>No. of Members</th>
</tr>
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<tbody>
<tr>
<td>Group in Agricultural Sector</td>
<td>4,279</td>
<td>6,477,996</td>
</tr>
<tr>
<td>Agricultural Cooperatives</td>
<td>4,279</td>
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<tr>
<td>Local Agriculture Cooperatives</td>
<td>1,129</td>
<td>1,785,151</td>
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<tr>
<td>Co-ops &amp; Non-Agricultural Sector</td>
<td>1,664</td>
<td>2,380,686</td>
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<tr>
<td>Non-Profit Oriented Cooperatives</td>
<td>2,116</td>
<td>2,380,686</td>
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<tr>
<td>Consumer Cooperatives</td>
<td>31</td>
<td>485,820</td>
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<td>Service Cooperatives</td>
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<td>485,820</td>
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<td>CNAS Listed Cooperatives</td>
<td>10</td>
<td>156,133</td>
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<td>Total</td>
<td>9,199</td>
<td>13,680,158</td>
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Thai Coffee Cooperatives

- 12 Cooperatives in 3 provinces
- 21,014 tons in 2019

Arabica
- Production: 16,800 tons
- Arabica 23%, Robusta 77%

Robusta Products

Arabica Products

Challenges in Coffee Cooperatives

- Elevate the standard of Cooperative coffees to be recognized as a premium one
- Improve products and packaging designs to match the trends of consumer behaviors
- Increase more distribution channels particularly on online platforms
- 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.

Trainings & Seminars

Finding new distribution channels

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

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

Developing new online platform to promote cooperative’s products

Post-harvest Management of Local Products and Local Development

- A special sub-committee on appeal collaboration under the Japan-Thailand Economic Partnership Agreement (JTEPA) has started the study for strengthening the capacity and organization of cooperatives in Thailand by using Doi Sakat 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.

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

Thank You
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PROMOTING COFFEE PRODUCTION AND TRADE

1. PRODUCTION
2. PROCESSING
3. TRADE
4. CHALLENGES
5. POLICIES

VIET NAM

Area, Yield and Output of Coffee

- 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 product/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 product/year, reaching a deep coffee processing rate of 12%.
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Solution
- Sustainable Coffee Development Plan up to 2020, and Vision to 2030
- Scheme development framework “high quality coffee”

Strategies:
- Managing purchased systems and networks; 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

Activities
- Integrated and diversification
- Development of technology (water saving, deep processing, post harvest climate change response...)
- Strengthening of farmer organization
- Development of Organic product, VietGAP
- Development of Geographic indication (GI)
- Development of Specialty Product
- Standardization of quality product

Indicators
- Cultivated area: 660,000 ha;
- Robusta area: 70%;
- Arabica area: 30%;
- Certified area (UTZ, UTZ, reforest 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%

Vietnamese Coffee Products
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

III. FACTS AND FIGURES (4)

8,092 Tons of cherries processed by CPC members during 2018-2019 harvest.
- Arabica: 7,220 MT
- Robusta: 872 MT

1,210 Tons of coffee exported during 2018-2019 harvest, worth than 43 containers, including 1,037.2 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 (3)

More than 1,000 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 yield central management in order to limit losses due to CBM.
- Training in soil fertility management with the aim to support smallholders to improve their coffee yield by using organic fertilizers.
- Training in ‘rewilding plantations’ by using pruning and grafting techniques in order to improve yield of old Robusta plantations including 3 hectares of pilot plantations in Ban Hambang, Langpon and Phalavong.

V. SOCIO-ECONOMICAL IMPACT (4)

− More than 3,500 persons from 4 villages have a better access to healthcare thanks to the building of a new health clinic in Ban Mayakham, Phalavong.

− More than 7,200 children have a better access to clean water at school thanks to 15 new nozzles and 232 water filters distributed to 43 schools.

− Several donations for the health sector were done by CPC including equipment for the pediatric department of a new hospital and money for the “Fokho rescue” unit.
V. SOCIO-ECONOMICAL IMPACT (5)

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

VI. CHALLENGES

- Secure the certification (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 1 ton/month
- Continue to improve livelihood of coffee smallholders through social projects
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**ACF COFFEE ROASTERS**

**ABOUT ASEAN COFFEE PROJECT**

- Training Certification & Standards
- Awards & Recognition
- Branding & Promotion
- Sustainability & Best Farming Practices
- Talent Development
- Knowledge Sharing

**ASEAN Coffee Standards**

ASEAN COFFEE EXCELLENT 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 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:

- Plantation Origin: 50%
- Harvesting Method: 30%
- Green Processing: 20%
- Transport: 30%
- Storage: 30%
- Roasting: 20%
- Brewing Machine Technology: 20%
- Barista Skills and Knowledge: 20%
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ASEAN STANDRAD FOR COFFEE
ASEAN Stan : 13 : 2013

1. DEFINITION 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

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<td>Disease</td>
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<tr>
<td>Green Bean</td>
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<tr>
<td>Molds</td>
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</tr>
<tr>
<td>Aroma</td>
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<td>Size</td>
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<td>Fragments</td>
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<th>Disease</th>
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ASEAN Coffee Standards:
ASEAN Cupping Form Calibration Results

<table>
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<th>Cupping</th>
<th>1</th>
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<th>3</th>
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ASEAN Coffee Cupping classification score system

<table>
<thead>
<tr>
<th>Score</th>
<th>Grade</th>
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<tbody>
<tr>
<td>90 - 100</td>
<td>ASEAN Reserve Coffee</td>
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<tr>
<td>80 - 89.9</td>
<td>Speciality Coffee</td>
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<tr>
<td>75 - 79.9</td>
<td>Premium Grade</td>
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<tr>
<td>65 - 74.9</td>
<td>Commercial Grade</td>
</tr>
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<td>&lt; 65</td>
<td>Exchange Grade</td>
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ASEAN Coffee Summit / Awards & Scholarships

- ASEAN Coffee Summit – a two-day event bringing together 500 to 1000 coffee professionals and key stakeholders in the coffee industry from ASEAN member states and other countries to discuss and learn.
- ASEAN Coffee Industry Awards – Awards recognizing the best of the best in the world of coffee. This award gives encouragement to those who have excelled in their own ways. This award can be given on the 2nd day of the summit.
  a) Top 10: ASEAN “Great” Coffee of the Year
  b) Top 10: ASEAN Coffee Roaster of the Year
  c) Top 10: ASEAN Cafe Barista of the Year
  d) Others
- ASEAN Coffee Innovation Award – A special award given during the awards ceremony, the scholarship helps to provide fresh new talent in coffee.

Branding & Promotion

- SMEs Assistance

- “Fast Run” done in Singapore in March 2019
- Cupping session will be conducted before the auction.
- Auctions to start after cupping with farmers providing their reserve prices.
- The auction can be held in conjunction with the ASEAN Coffee Exposition Pavilion in the above-mentioned countries.
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

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.

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 to barista who can then recognize across 10 ASEAN countries.

Pioneers in coffee and chocolate:
- Knowledge Sharing
- Sustainability & Best Practices
- Efficiency & Productivity

FILANTHROPE

Our Mission:
- To empower smallholder coffee communities and consumers through re-shaping 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:
FILANTHROPE 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-based groups
- Participating in various global coffee research programs
- Eliminating reliance upon predatory loan shark or illegal lending agents.

Together we make ASEAN Coffee Better
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**
  - $450.11 billion in 2018 → $203.85 billion by 2024
- **Specialty Market**
  - $35.9 billion in 2018 → $83.5 billion in revenue by 2025
- **Volume Demand**
  - 973,995.0 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**
- **Focus on Direct Relationships** (High-Value), with importer support if necessary in financing.

Traceability & Transparency Program:
- Rigorous Quality Control, Farmer QC Inclusion
Empowering Coffee Cooperatives in Value-Chain Management and GI Certification

Traceability & 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:

- Lao Specialty Coffee Production & Value

Improved Coffee Farmer Livelihoods:

- Increased value capture, fueled by traceability & transparency

Technological Innovation:

Service Center / Incubation Center

 Increased value capture, fueled by traceability & transparency

CIRCULAR SUPPLY CHAIN – HOW IT WORKS

Forestry Example

- Increased value capture, fueled by traceability & transparency

Technological Innovation:
**Empowering Coffee Cooperatives in Value-Chain Management and GI Certification**

**LONG TERM ECOLOGICAL SUSTAINABILITY**
- Reducing external input requirements and mitigating climate change
- CACMG Program - Coffee and Animal Supply Chain through Alternative Recycling Approaches

**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 launched 4 small-scale animal facilities in Vietnam: 3 pig/waste transformation facilities and 1 cow milking facility. The fermented-soiled pig waste transformation provides 300 pigs. Its output into 75,000 kg of manure and 15 pigs and 1 cow milked, or 75 chickens per 1 ha of coffee.

**Animal Waste to Fertilizer**

- Messoria Illicae / Black Soldier Fly (BSF)
- Consume 10 x their weight
- Eliminate bread fly/hesylletoies flies
- 42% protein (fish/chicken/giig)
- Natural antibiotic (VRE, Mycobacterium)

Success to Date: As of 2020, 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 2000-3000 VND in the market and the BSF is in soil/silage fertilizer.

**Non Edible, Ligneous Biomass**

- Clean Cookstove Program / Biochar Production
- Cost: 400,000 VND
- Energy required: 9 watts
- Fuel: 1 kg per hour/coffee truck
- Energy Output: 1 kW
- Duration: 45 mins
- Uses: Cooking/drying/roasting/fermentation
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Example Total Impact

<table>
<thead>
<tr>
<th>Farms WITHOUT waste capture</th>
<th>Farms WITH waste capture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Sources:</td>
<td>Revenue Sources:</td>
</tr>
<tr>
<td>Coffee Cherry: 12,000,000 LAK</td>
<td>Coffee Bean: 40,000,000 LAK</td>
</tr>
<tr>
<td>Coffee Bean: 40,000,000 LAK</td>
<td>Animals: 100,000,000 LAK</td>
</tr>
<tr>
<td></td>
<td>Fertilizer: 6,000,000 LAK</td>
</tr>
<tr>
<td></td>
<td>Clean Fuel: 50,000 LAK</td>
</tr>
<tr>
<td>Total:</td>
<td>Total:</td>
</tr>
<tr>
<td>12,40,000,000 LAK per hectare</td>
<td>14,1,00,000 LAK per hectare</td>
</tr>
<tr>
<td>1350 USD USD per hectare</td>
<td>16,704 USD USD per hectare</td>
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</tbody>
</table>

270% increase in small-scale farmer income

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