

SETTING UP OF A FINE COFFEES CERTIFICATION PROGRAMME
With reference to Eastern Africa [EA]

Prepared for the Common Fund for Commodities [CFC]

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i) List of Abbreviations & Acronyms

ACRN	African Coffee Research Network
AFRICERT	AfriCert Company Limited, Certification Body found in Kenya
ASAC	Association of Sustainable-coffee Accredited Certifiers
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
CBD	Coffee Berry Disease
CCCC	Common Code for the Coffee Community [4Cs]
CCU	Coffee Certification Coordination Unit
CFC	Common Fund for Commodities
CORNET	Coffee Research Network of ASARECA
CORI	Coffee Research Institute [Kituza]
CTA	Coffee and Tea Authority
CRF	Coffee Research Foundation
EAFCA	Eastern African Fine Coffees Association
EC	European Community
EA	Eastern Africa
EUREPGAP	European Retailers Group Good Agricultural Practices Protocol
FOB	Free on Board
IAF	International Accreditation Forum, Inc
ICO	International Coffee Organization
IFOAM	International Federation of Organic Agricultural Movement
IFCC	Independent Fine Coffees Consultants
ILO	International Labour Organization
IISD	International Institute for Sustainable Development
IMO	Institut fur Marktökologie
IRCA	International Register of Certificated Auditor of UK
KRAV	KRAV- Ekonomisk Forening
LIFFE	London International Financial Future and Option Exchange
MLA	Multi-lateral Recognition Arrangement
NARI	National Agricultural Research Institutions
NARO	National Agricultural Research Organization
NARS	National Agricultural Research System
NGO	Non-Governmental Organization
NYBOT	New York Board of Trade
OCIA	Organic Crop Improvement Association
OCIBU	Coffee Board of Burundi
RAB	Registration of Auditors Board of USA
SCAA	Speciality Coffee Association of America
SCAE	Speciality Coffee Association of Europe
SCAJ	Speciality Coffee Association of Japan
SCI	Sustainable Coffee Initiative
SCS	Scientific Certification Systems
SGS	Societe Generale de Surveillance
SOGESTAL	Societes de Gestion des Stations de Lavage
TANCERT	TanCert Company Limited, Certification Body found in Tanzania
UCDA	Uganda Coffee Development Authority
UCTF	Uganda Coffee Trade Federation
UGOCERT	UgoCert Company Limited, Certification Body found in Uganda
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development

ii) Glossary of Terms

Acceptance of Prior Certification

The procedure by which a certification body accepts the certification of a product by another certification body, thereby enabling the use of or further processing by the certification body's own operators

Accreditation

Procedure by which an authoritative body gives a formal recognition that a body or person is competent to carry out specific tasks

Accreditation body

Authority/body for a specific standard that gives formal recognition to a certifying body or person to certify to the standard

Appeal

Request by an operator for reconsideration of any adverse decisions made by the certification body related to its desired certification status

Audit or Assessment

Formal check by a Certifying Body to a specific standard

Certification of Conformity

Document issued by a certification body, declaring that an operation is in conformity with the organic production or processing standards

Certification

The procedure by which a third party gives written assurance that a clearly identified process has been methodically assessed such that adequate confidence is provided that specified products conform to the specified requirements

Certification body

Organization given formal recognition to assess conformance to a specific standard

Certification Mark

A certification body's sign, symbol or logo which identifies product[s] as being certified to the rules of a program operated by that certification body

Certification Program

System operated by a certification body with its own rules and procedures and management for carrying out certification of conformity

Certification Scope

The parameters defining the certification granted including the product or product types certified, where applicable the acreage and the applicable standards and certification program

Chain of Custody

The concept that all relevant steps in the production chain including the growing, handling, processing and other processes detailed in the official criteria, have been inspected or certified as appropriate

Compliance

Meeting the required criteria of a given standard

Complaint

An objection to the policies, procedures or performance of the certification body. A complaint may also be an objection to the performance of activities of a certified party lodged with the certification body by a third party

Conflict of interest

The situation where an individual's capacity for objectivity is put at risk by financial or personal interests in conflict with their interest in conducting fair and impartial inspection or certification

Contracted production or processing

The utilization of third parties by the operator for performing specific production or processing tasks

Conversion period

The time between the start of the certification management programme and the certification of coffee is confirmed as certified

Declaration of interest

A declaration of personal and/or commercial interest in the coffee certification industry made by those involved in the certification process to enable determination of an individual's objectivity

Dirty Dozen

A list of pesticides whose use has been banned or restricted primarily due to the impact on human or environmental health

Dual or multiple certifications

Certification of an operation by two [dual] or more [multiple] certification bodies

Evaluation

Systematic assessment based on all relevant information obtained in order to make a decision with reference to a certification decision this includes, but is not limited to, the inspection

Exception

Permission granted to an operator by a certification body to be excluded from the need to comply with normal requirements of the standards. Exceptions are granted on the basis of clear criteria, with clear justification and for a limited time period only

Genetic engineering

A set of techniques from molecular biology [such as recombinant DNA] by which the genetic material of plants, animals, micro-organism, cells and other biological units may be altered in ways or with result that could not be obtained by methods of natural reproduction or natural recombination.

Input/output reconciliation

An audit that assesses the output of organic products against the supply of ingredients or in the case of trading operation, the volume of sales against the volume of purchase

Inspection Body

Body that performs inspection services on behalf of a certification body

Inspection

Visit on site to verify that the performance of an operation is in accordance with the production of processing standards

Inspector

Person appointed by a certification body or by an inspection body to undertake the inspection of an operator

Internal Audit or Self-Assessment

A systematic periodic review and assessment of the objectives and performance of a program that is undertaken by a certification body itself

License

An agreement or contract that grants a certified operator the right to use certification or certification mark in accordance with the rules of that program

Operator

An individual or business enterprise, responsible for ensuring that products meet and, if applicable continue to meet, the requirements on which the certification is based

Parallel production

Any production where the same unit or parcel of land is growing, breeding, handling or processing both certified coffee and a not-certified coffee.

Pre-assessment

An inspection for the purpose of assessment that is not intended to result in a certification decision

Precedent

A certification decision concerning a new situation or set of circumstances that may serve to guide future decision

Premium

A sum over and above a regular market price paid chiefly as an inducement or incentive to conform to a given standard

Product category

A type of production defined in certification scope, such as coffee production, coffee processing, coffee manufacturing, or coffee packaging

Quality system

Documented procedure which are established, implemented, and periodically audited to assure that production, handling, management, certification, accreditation and other systems meet specified requirements and outcomes by following standardized protocols

Requirement

Specific and measurable criteria used to determine conformance to a standard

Sanctions

Measures taken against certified operators who have failed to comply with the standards or other requirements or the certification body

Smallholder Groups

An organized group of small-scale producers with similar farming and production systems. The criteria apply only to such groups when the certification applies to the group as a whole and when special inspection arrangements have been applied

Split production

Production, breeding, handling or processing of conventional, in conversion and/or certified coffee in the same unit

Surveillance

The measures undertaken to provide ongoing monitoring or an operator's compliance with standards and certification requirements

Traceback audits

An audit to verify that a product or its ingredients may be traced back to the original suppliers

Transaction certificates

Documents issued by a certification body or by the operator, declaring that the specified lot or consignment of goods is derived from production that has been certified

Violation

Infringement by a licensed operator against the standards, certification procedures or contractual obligations to the certification body

iii) Executive summary

The current International coffee Agreement [ICA'2001] calls upon members to develop a worldwide sustainable coffee economy based on the principles enshrined in Agenda 21 of the Rio Protocol as approved by United Nation Conference on Environment and Development. The concept oscillates around the assertion that ***“It is the hands of humanity to make development sustainable, that is to say, seek to meet the needs and aspirations of the present generation without comprising the ability of future generations to meet their own”***

Coffee produced, processed, consumed and exported from the Eastern Africa [EA] sub-region of Africa has distinctive cupping and other characteristics. Arabicas and Robusta of the region under reference on average fetch premium prices as measured at the main coffee markets based in London [LIFFE] and New York [NYBOT]. The countries under reference are Burundi, DR Congo, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe. The vast majority of these countries export coffee through the Indian Ocean. Further, the main destination of EA coffees is Europe. New and emerging markets for niche and main markets are evident. The advent of mainstream coffee certification initiatives may change the above scenario especially towards markets of North America [Canada and USA], and Japan.

Coffee certifications are increasingly required by buyers and consumers in the main markets of North America, Europe and Japan. Also because food safety and traceability requirements other important consumer concerns include environmental, social and economic dimensions, the so called “pillars of Sustainability” Coffee certification may therefore be regarded as an important tool for a sustainable coffee economy globally. Each and every coffee certification programme or initiative therefore, must of necessity embrace a “three-legged stool” mentioned above. It may however be noted that coffee certification and other such initiatives have been developed in industrialized and highly developed countries. For this and other reasons knowledge of coffee certification is low in the Eastern African [EA] sub-region. This partly explains why Alliances are being formed by promoters of coffee certification and other initiatives in order to kick-start these initiatives within the EA sub-region. There are two types of locally based certification bodies found within the EA sub-region. These includes local offices of international companies and they include SGS, BSC, Bureau Veritas, Taylors of Harrogate and the other type is the fully locally owned companies and they include newly formed UgoCert [Uganda], TanCert [Tanzania] and AfriCert [Kenya] of the locally owned certification bodies only AfriCert is internationally accredited for Eurepgap certification. Except for Africert, TanCert and Ugocert which are incorporated locally, all the other certification bodies are foreign owned and operate through offices located in the cities and ports of the EA.

Information available shows that most if not all of the coffee Certification schemes [Organic, Fair-trade, Eurepgap] are funded by donors and/or other strategic development partners. It may further be noted that all coffee certification system schemes in the EA are basically systems-based and not necessarily coffee-based. For example, Africert in Kenya certifies Horticultural crops, Flowers, Exotic fruits and have recently started certifying Coffee via the Utz Kapeh initiative. The region also lacks a pool of skilled manpower in the field of consultations, auditing of management systems and inspections. Well intended certifications of quality of operational systems based.

It may be noted that the vast majority of coffee trade and industry in the EA sub-region are either direct or indirect members of Eastern African Fine Coffees Association [EAFCA] or Coffee Research Network [CORNET] or both. All or nearly all of these eleven EA coffee exporting countries are also members of the International Coffee Organization [ICO] and the Common Fund for Commodities [CFC].

To enable marketing of such EA certified coffees special products it is necessary to develop and establish an internationally acceptable platform for coffee certification systems which provide an assurance to buyers overseas, and the final consumer of the authenticity, consistent tastes, transparency, trust and traceability of the coffee. It is proposed in this study that a Central Certification Unit [CCU] be established in the EA region with the main intention of building capacity and most importantly to help establish an Association of Sustainable Coffee Accredited Certifiers [ASAC]. Within three years, a reputable professional body [ASAC] based in Africa shall be a “ONE STOP SHOP” coffee centre of intellectual leadership and information within the EA sub-region ASAC shall be composed of trained coffee certifiers, auditors, inspectors and consultants. In itself it shall be accredited to the International forum for Certifiers. The body shall develop links and effective working relationships with National Bureau of standards, private and public sectors coffee operators, and in so doing develop long term working relationships that are beneficial to the coffee trade and industry in the EA region and beyond

It is proposed that funds allowing the CCU be established as soon as possible, and at any rate not later than 1st.October 2005. A budget proposal [not exceeding 120,000 USA dollars per annum] is suggested for running the CCU for a period of three years. A separate budget is also proposed for ASAC operation for a similar period. A training budget is also proposed for the purpose of initial training programmes of 70 or so coffee certifiers, auditors and inspectors to cover all the eleven EA countries and coffee types within the period under reference. Minimum qualifications and experience for ASAC trainees shall be clearly spelled out before selection.

Within three years, a regional coffee certification capacity would have been created in each country, which in turn would enable Coffee producers, traders, processors, warehousemen and other stakeholders market certified coffees based on a neutral, professional and all inclusive regional certification movement. Assessment of, and accreditation agencies shall all operate in conformity of coffees and specified sustainability characteristics.

With time, the CCU shall withdraw from this capacity-building and regionalization practice and give way for the private sector to run an Association of Sustainable-Coffee Accredited Certifiers [ASAC] the same way architects, doctors or surveyors operate, for professional decency and orderliness. For this and other reasons ASAC shall be a not for profit Association. Trainees shall be identified from graduates of universities and colleges of higher education within the EA region and shall cover such subjects as General Agriculture, Environmental Science, Agronomy, Law, Commerce and Engineering. The association may co-opt representatives of coffee Traders the coffee Growers organizations, Non-Governmental Organizations [NGOs], civil society, service providers, private legal entities with interest in the region’s Sustainable Coffee Economy. The Association and other

stakeholders shall hold at least one annual general assembly and participate in regional and international symposia, conferences and exhibitions involving “sustainable coffee”.

This study elaborates the general principles of coffee certification programmes operating within and outside the EA coffee producing region. It suggests criteria and new and innovative ways for the management of certification and/or verification coordination unit that has potential for long term survival. The study spells out existing bodies within the EA region; covering their responsibilities, access to services, scope of certification, procedures for applications and inspections. Because of the proliferation and confusing nature of these programmes, suggestions are also made on such aspects the harmonization of the training for standard qualification of old and emerging certifiers and the procedure for their accreditation to the countries where they operate and where they shall potentially operate. It is made clear that the “Coffee-sustainability” training syllabus require to be harmonized so that certifiers, auditors, inspectors and consultants “read from the same page”. In this way growers and other stakeholders shall be less confused and the regional sustainable-coffee certification programme shall be “user friendly”

Special attention has been paid to requirements of the main coffee markets of Europe, North America and Japan. Cost effectiveness to coffee growers has also been highlighted in relation to the region under study. In principle, although environmental and social cost dimensions of existing certification programmes can be justified, the same is not true yet on economic costs dimensions. Understandably therefore, coffee growers and other stakeholders at origin are apprehensive about these initiatives.

Finally a budget and business plan is provide so as to provide guidance to EA countries and strategic development partners to support a regional “Coffee Certification-Coordination Unit [CCU]”, which in turn will facilitate the formation of a private sector driven “Association of Sustainable-Coffee Certifiers [ASAC]” An all inclusive, professional and well coordinated EA coffee certification programmes shall be the desired outcome. This would, of necessity embrace all new and emerging coffee certification initiative. The role of the private sector, NGO, and existing legal entities is to be encouraged from the onset of the CCU and ASAC.

Thus the bulk of the coffee produced by the EA countries is exported to the main market of Europe. Some countries in the region are making in-roads into new destinations such as Japan [Ethiopia, Tanzania and Burundi], The Arab countries of North Africa [Uganda] and to USA and Saudi Arabia [Kenya].

Central to the above mentioned results is the ongoing establishment of private public sector partnerships and market linkages. There is need too, to strengthen human and physical resources within the EA region. For this and others reasons, the countries of the EA region, and indeed most of Africa, attaches considerable importance not only to coffee production *per se*, but more so to the development and enhancement of global trade in coffee amongst other agricultural crops.

Several countries of the EA sub region countries that export coffee have followed a liberal external coffee trade policy, since the end of the cold-war period. However, with increasing costs of production, galloping inflation, increased levels of poverty, there are still pockets of slow/gradual liberalization and privatization efforts in the coffee trade and industry sectors.

According to ICO classification, all types and forms of coffee are grown, processed, and exported from the EA member countries. These include Colombian Mild Arabicas [Kenya & Tanzania] Other Mild Arabicas [Rwanda, Burundi, Eastern Uganda, & Eastern DR Congo, Malawi, Zambia and Zimbabwe], Brazilian and Other Arabicas [Ethiopia & Southern Tanzania] and Robusta [DR Congo, Madagascar and Uganda]. One unique reality in the EA coffee producing region is that, all things being equal, both Arabica and Robusta coffees tend to fetch premium prices, compared to other world coffee origins.

There is no doubt that, the future economic growth and regional prosperity is irrevocably bound up with EA's success in the export field, coffee included. That success is arguably as dependent on government policy and incentives as is on the efforts and initiatives of individual agricultural producers and processors.

Countries of the EA region depend on coffee exports earnings to a greater or larger degree. Specifically, these are Burundi [78%], DR Congo [6%], Ethiopia [55%], Kenya [11%], Madagascar [14%], Rwanda [68%], Tanzania [15%] and Uganda [53%]. Malawi, though a relatively small producer has many smallholders depending on Coffee earnings. Zambia and Zimbabwe are relatively small producers too, and do depend relatively less on coffee exports for their foreign exchange earnings.

This study focuses on the coffee certification/verification systems in eleven EA member countries and attempts to contribute ideas that are intended to chart a new way forward. Their efficiency is related to coffee quality and the premium prices that they attract in the coffee market. We suggest ways of harnessing and exploiting new initiatives that are sustainable, responsive to the quality of coffee, quality of the environment throughout the value chain, quality of life of farmers, farm workers and their families, and that is concerned with conservation of biodiversity.

The study focuses at the topical subject of “coffee certification as a marketing tool” and suggests ways and means of setting up a regional certification system that is cost effective and within the limits of Good Agricultural Practices and the realms of international trade in the field of coffee.

The superiority of Eastern and Southern African [EA] sub-regional coffees, compared to major growths from Latin America and Asia, in terms of cup quality, is reflected in the premium prices at NYBOT and LIFFE markets. Even those that are not quoted at the two commodity exchanges do attract good premiums, as reported from Spot Markets. In some EA countries, efforts are going on to improve coffee quality and market accessibility. Further this study reports pockets of potentially top cupping coffees within the entire region spatially distributed in rare ecosystems.

It may be noted that EA's Auction practicing countries also tend to be major regional Arabica coffee producers. These also tend to fetch higher prices as measured against NYBOT. There is also a relationship between presence of auctions and internal market liberalisation. Thus, free and liberalized internal coffee market systems are mainly found in EA countries that produce Robusta coffee. These latter category also tend also do fetch good premiums as measured against LIFFE.

New and emerging markets related to coffee certification programmes are reported within the EA region. These are gaining currency in the certification of coffees [both Arabica and Robusta] in programmes such as Organic, Fair Trade, Rainforest, Starbucks C.A.F.E practices, and Eurepgap/Utz Kapeh. Pilots are also observed in the new initiative referred to as the Common Code for the Coffee Community [4Cs or CCCC].

Due to consumer food safety concerns, and other market-type demands, certified organic coffee and Fair-Trade certified coffee have tended to provide the base for most of the other sustainable certifications/verifications. For example, a small holder region or large plantation that is organically certified most easily qualifies for Fair-Trade, Organic Coffee, or Rainforest Alliance has provided fertile ground via addition of social dimensions for Eurepgap/Utz Kapeh certification.

Table 1: Certification system commonalities and differences

Characteristics	Organic	Fairtrade	Rainforest	Starbucks	Utz Kapeh	4Cs
Environmental sustainability	Yes	Yes	Yes	Yes	Yes	Yes
Social equity	Yes	Yes	Yes	Yes	Yes	Yes
Good agricultural practice	Yes	No	Yes	Yes	Yes	Yes
Health and safety of workers	Yes	No	No	Yes	Yes	Yes
Third party certification	Yes	No?	No	Yes	Yes	No
Self evaluation	No	No	No	No	No	Yes

The new initiatives involving Sustainability [SCI/iiSD/UNCTAD] and the “Common Code for the Coffee Community” may as well encompass all the above certifications and initiatives in after 2006. What is most unique with the 4Cs in particular, is that the verification/certification has the support of leading world coffee traders, roasters and retailers. Further, although driven initially by the German Technical Cooperation Agency [GTZ], there are indications that the code has the support of the European Coffee Trade Federation, the European Union, and Switzerland. Proponents of the 4C programme have difficulties persuading a majority of producing countries that the project be ICO-based. This also was true with the Eurepgap/Utz Kapeh programme. It may therefore be a matter of time before these main stream programmes operate outside the ICO sphere as indeed do the rest of the niche market initiatives.

For some decades now, coffee growers, processors, warehousemen and other State and Industry stakeholders have been aware of certification in terms of niche markets such as Organic, Fair trade, Starbucks, birds’ friendly and so on and so forth. The main motivation has been and continues to be, that of enhancing financial returns for their limited resources

which have competing needs. These initiatives though small, have provided and continue to provide a unique market access with increasing demand for certified coffees. Apart from the quality of coffee, niche markets have spearheaded the way forward for environmental concerns, conservation of biodiversity, food safety, workers rights, workers health and living conditions and other social concerns. The global Speciality Coffee movement has also demonstrated that the better the cup quality, the better the premiums.

In the recent past, UNCTAD and other bodies such as GTZ have initiated new approaches to Coffee Certification targeted at the mainstream coffee market. The most practical initiative operating within the EA sub-region involves Eurepgap/Utz Kapeh. This initiative has already attracted attention of large-scale farmers in Eastern Africa and is being piloted in the smallholder cooperative sector. It may therefore be a matter of time before coffee certification moves along the path from the old niche market approach into the mainstream coffee market.

Despite the very many standards, and codes of conduct, sustainability and other criteria that have proliferated the coffee producing world during the past decades or so, experiences and application to Eastern African coffees, are few and far between. It is necessary therefore, to develop general indicators and measures of tendency in coffee certification within the EA region so as not only establish an regional certification system which provides an assurance to the buyers and consumers of the authenticity and traceability of any parcel of coffee, but also to demonstrate such market desirable attributes as better land use, fair labour prices, and responsible use of chemicals so as to improve the quality of the environment and by so doing, the quality of life.

Such internationally recognised certification systems, when applied throughout the EA sub-region of Africa, would enable growers and traders of coffee to produce, process, and store and market their coffee based on independent assessment from accredited agency or agencies in conformity of specified coffee market requirements and characteristics. Such certification systems could be in private and/or public sector, based on growers' organisations, NGOs or purely within the commercial domain.

There are efforts in Eastern Africa that are addressing several of these initiatives. These are concentrated in two or so countries out of the eleven that are under review. For this and other reasons and with increasing regionalisation and global trading blocks, it is critical to harmonise all these well meaning initiatives so as to create a critical mass of certified or verified coffees.

v) Study methodology and logistics:

This study focuses on coffee certification programmes and initiatives taking place in the EA sub-region of Africa. Some programmes are found mainly only amongst small-holder farmers [IFOAM organic coffee, Fair-Trade, Starbucks C.A.F.É. programme] whilst others are making in-roads into the plantation sector [Eurepgap/Utz Kapeh]. Some countries within the region have more than one coffee certification programme [Ethiopia & Uganda] whilst others have none at all [Burundi, DR Congo, Madagascar, Malawi & Zimbabwe].

The study was commissioned by the Common Fund for Commodities in September 2004 to the Nairobi-based Independent Fine Coffees consultants [IFCC]. Mr. Simeon R. Onchere was given the task of Lead Consultant whilst Mr. James M. Gathage [a certification expert] was responsible for Technical Aspects of coffee certification. The Lead Consultant was also responsible for market and commercial aspects of the project.

A questionnaire containing ten questions was developed as contained in annex 01 of this report. The first major source of information was the IFOAM 3rd Conference held in Entebbe in Uganda during the month of October 2004. Prior to the Organic coffee conference, the ICO had explored issues related to sustainable coffee economy in its September 2004 session. A summary of major observations is given in annex 02. At the end of the Uganda conference a resolution was read by the IFOAM President as contained in Annex 03 of this report. The questionnaire was widely distributed to key contacts at the conference and also within the EA sub-region of Africa and beyond.

The lead consultant made interviews with several members of EAFCA's Board of Directors, to which he is a member. He also attended two meetings of the Coffee Research Network [CORNET] and interviewed not only the researchers present, but also the many private sector participants at those meetings. The list of key contacts met and/or that provided invaluable information is contained in Annex 05.

During the period under reference, country visits were made to several EA coffee exporting countries where consultants met with key institution executives, leaders of private sector entities and industry players including NGOs. Extensive literature review and research on written work and websites were made. Constant brainstorming, telephones and email exchanges took place not only between the two consultants but also with persons/entities involved in coffee certification programmes in the EA region and beyond.

Data from the International Coffee Organization [ICO] was heavily relied upon in analyzing coffee markets and marketing systems and also establish coffee exports from the EA region to all destinations, including the related coffee economy and prices paid to growers.

Suffice also to mention that during the May ICO council meeting of 2005; major coffee Producer and Consumer members of the Organisation were heavily divided on sustainability issues.

CHAPTER ONE:

1. Coffee certification schemes in the EA region

1. The Certification Organisations operating in the EA sub-region of Africa include SGS, Bureau Veritas Quality international, AfriCert, TanCert, UgoCert, Lloyds, IMO and MPS Holland. The National Bureau of Standards in Ethiopia, Kenya, Tanzania and Uganda are also involved in certification. These are summarized in the following table:

2. The following are the coffee certification schemes that are found in the EA sub-region of Africa:

Table 2: Coffee Certification Schemes operating in the Eastern Africa Sub-region

	Country	Certification Schemes
1	Burundi	Not Yet
2	DRC	Not yet , [but possibly Fair-Trade]
3	Ethiopia	Organic, Fair-trade, Eurepgap/Utz Kapeh, Starbucks C.A.F.É. [enquiry also made by one commercial grower], 4C's Pilot, Rain forest pilot [in the pipeline]
4	Kenya	Eurepgap/Utz Kapeh, Starbucks
5	Madagascar	Not yet
6	Malawi	Not Yet
7	Rwanda	Fair Trade
8	Tanzania	Organic, Fair-trade, Starbucks
9	Uganda	Organic, Fair-trade, Eurepgap/Utz Kapeh, 4C Pilot, NKG
10	Zambia	Eurepgap/Utz Kapeh Tailors of Harrogate
11	Zimbabwe	Not yet

3. The five countries that have not yet attracted coffee certification programmes may have difficulties either with donor confidence, investor confidence or both. On account of

country risk, private sector certifiers may tend to steer clear away from countries in conflict or uncertain economies. It is plausible too that public certifiers such as bureaus of standards may on their own not perform reputable certification that is acceptable international. The case of Malawi may be due to the small size of the total crop of exportable quality. Production trends [see annex 6] appear to have violated the effect of the coffee crisis, in the sense that during the low world prices period, she appear to have produced more and more coffee against normal laws of supply and demand.

1.1 Observations and specialist facilities/entities on certification within the EA region

4. The following are certification bodies found in the EA sub-region of Africa:

Table 3: Distribution of Certification Bodies operating in the EA region

	Name of Certification bodies	Type of certification schemes offered by certification body	Where found	Ownership
1	SGS	ISO 9001, ISO 1400, HACCP, Eurepgap/Utz Kapeh,	Kenya, Uganda, Tanzania, Zambia, Zimbabwe, Madagascar, Ethiopia	Private
2	Bureau Veritas Quality International	ISO 9001, ISO 1400, HACCP, Eurepgap/Utz Kapeh	Kenya, Uganda, Rwanda, Tanzania	Private
3	AfriCert	Eurepgap/Utz Kapeh	Kenya	Private
4	Ugocert	Organic, Fairtrade	Uganda	Private/Public
5	Kenya bureau of standards	Product Certification	Kenya	Public
6	Ethiopia bureau of standards	Product Certification	Ethiopia	Public
7	Uganda bureau of standards	Product Certification	Uganda	Public
8	Tanzania bureau of standards	Product Certification	Tanzania	Public
9	Lloyds	Shipping	Kenya	Private
10	IMO	Organic, Eurepgap	Uganda, Tanzania	Private
11	MPS Holland	Eurepgap	Kenya	Private
12	TanCert	Organic, Fairtrade	Tanzania	Private/Public
13	BCS	Organic, Fairtrade	Ethiopia	Private

5. The roadmap given in chapter three guide farmers and other stakeholders in decision making and eventual involvement. A brief description of each of these coffee certification programmes that are observed in the region is as follows: -

1.1.1 IFOAM Organic Coffee

6. With respect to coffee in the EA region, IFOAM Norms involves basic standards for organic production and processing accreditation criteria for bodies certifying organic production and processing including policies related to world-wide certification. With respect to coffee, a dedicated IFOAM subcommittee has established a worldwide network of organic practitioners that seeks to establish universally accepted standards for organic coffee production, processing and trading. Annex 03 gives some of their thoughts at a conference held in Uganda in October 2004.

7. It may be noted that IFOAM basic standards are not certifiable standards by themselves. They only serve as a framework for national and international certification bodies and standard setting organisations. IFOAM basic standards' purposes is a chemical free agricultural production, processing, and handling in an environment of social justice, and its requirements are ecosystem management (water, soil, biodiversity), genetically modified material, pesticides, fertilizers and transport. In practice, accreditation body for Organic coffee has to be the International Organic Accreditation Service Inc (IOAS). By extension therefore, the audit system for organic coffee has to be third party, IOAS-Accredited certifying bodies. Labelling of sale parcels/packets therefore varies with accredited certifying bodies. Where both organic coffee and convention coffees are produced simultaneously a clear and on-going separation of the two coffees must be followed for verification purposes. It is notable too that IFOAM standard does not concern itself with health and safety of growers or farm workers. The initiative does however implement a policy on social justice, freedom of association, collective bargaining, freedom from discrimination and the right of employee's children to education and schooling opportunities. Being an organic agriculture movement, the initiative encourages and insists on the use of organic pests, weed, and disease management system. Locally prepared or formulated chemical products may be used only if prepared from local plants, animals, or microorganisms. These must be approved by the Standard setting organisation. All growers must prevent soil erosion and limit the burning of vegetation. Soil fertility must be maintained through natural amendments and nutrients recycling. Growers must also prevent soil and water pollution and salination. Use of materials of microbial plant or animal origin is recommended. Further naturally occurring mineral fertilizers may be applied only if they are a part of a larger amendment programme that include other organic fertilization methods such as green manures. It may be noted that human manures such as "night soil" are strictly prohibited for use on crops or animals intended for human consumption. Use of synthetic materials shall be limited only to polyethylene and polypropylene which shall not be burned on farmland after use. Water resources must be managed sustainably. Thus for example, rivers should not be polluted by effluent from wet processing coffee mills. In this regard too clearing of primary ecosystems is prohibited whereas growers are encouraged to maintain and improve landscapes.

8. On the subject of Genetically Modified Organisms [GMOs], their use is prohibited including on-farm parallel production. Also, for one to be an organic coffee grower for example, a minimum of eighteen [18] months is required from the date of the last non-

approved application of the practice. During the conversion period, all requirements must be met before actual certification. After that growers must demonstrate a coffee production system that maintains organic coffee requirements over time over time without switching between organic coffee and conventional coffee. It is therefore important that organic and non-organic coffees should not be commingled. For this and other reasons, organic coffee in store must be clearly labelled and separated so as not to be in contact with conventional coffee or any other non-organic products. Thus handlers, millers, exporters/traders shall take great precisions to avoid contaminating the organic coffee in any way. It is noteworthy too that organic coffee be packaged using materials that may contaminate the coffee with residues from deleterious synthetic fungicides, preservatives and fumigants.

9. Within the EA region IFOAM certification is mainly found in Ethiopia [Arabica], Tanzania [Robusta] and Uganda [Arabica and Robusta]. The organic guarantee system [OGS] harmonizes the organic coffee world through a common system of standards, verification and market identity. Further, IFOAM accreditation criteria are based on International Standards Organisation [ISO] Guide 65 for the operation of certifying bodies. Suffice also to mention that IFOAM have had a strong influence on the development of Codex Alimentarius Guidelines for organic coffee production, processing and marketing. For this and other market driven reasons, Governments in more developed importing countries have began to regulate organic claims in markets of their countries so as to protect their citizens from piracy and unethical trade. Thus the use of the IFOAM seal is fiercely safeguarded in the main coffee markets of Europe, North America and Japan.

10. IFOAM's goal is the worldwide adoption of ecologically, socially and economically sounds production and processing systems that are based on the principles of organic agriculture. Because of consumer demand for healthy food that are as close as possible to what nature intended to produce, National regulation in more developed countries have changed the landscape for organic trade. Apart from organic coffee, one observes a proliferation of other organic foods, drinks and beverages in the shelves of supermarkets in those countries. In 2003, more than sixty countries had an organic regulation in place or were planning to develop one.

11. What started as government effort to standardize organic label claims and foster trade has in some cases inhibited standardization and international trade because of the proliferation of so many regulations with different requirements. Now governments are faced with the daunting task of working out bilateral equivalence agreements with one another. Unlike the IFOAM system, which provides a mechanism for multilateral equivalence among certification bodies worldwide, there is no international government mechanism for establishing multilateral equivalence of national organic regulations. And those countries without the capacity or political means to implement national organic regulation have no governmental means to gain acceptance of organic products to be traded from their country into an importing country that regulates the organic claim.

12. If all government were to adopt the international IFOAM Organic Guarantee system for the purpose of regulating organic trade and markets, there could be complete harmonization. However, the state of current national regulations and other political realities mean that this scenario is not possible in the short term. In light of this, IFOAM has assumed

a leadership role to help governments and other stakeholders explore and identify another means to harmonize the government and private sector systems.

13. In 2003 IFOAM formed the International Task Force on Harmonization and Equivalence in Organic Agriculture [ITF] in cooperation with the UN Food and Agriculture Organization [FAO] and the UN Conference on Trade and Development [UNCTAD]. The task force consists of representative of more than twenty [20] governments, four [4] intergovernmental agencies, and key stakeholders from the private sector. ITF serves as an open-ended platform for dialogue between private and public institutions involved in trade and regulatory activities in the organic agriculture sector. The objective is to facilitate international trade and access of developing countries to international markets.

14. IFOAM and IOAS actively invite government involvement in the Accreditation Program, and encourage them to use their expertise and services. IFOAM welcomes the comment of governments during the process to further develop the IFOAM Norms. Some government regulatory system use compliance reports prepared by IOAS for the IFOAM accredited certification bodies, for instance, on compliance with EU Regulation 2092/91. IOAS has also provided third party evaluation of a government certification programs and offers various other cooperative sub-contracting services to national organic regulatory agencies.

15. All the above are easily downloaded from the IFOAM websites- www.ifoam.org

1.1.2 Fair Trade Coffee

16. Fair trade is based on partnership between so-called Alternative Trade Organizations [ATOs] such as Twin Trading, Oxfam Trading, Equal Exchange, and producers. The partnership is defined as “trading” relationship between the stakeholder that has both market-based and ethical element and that aims to be sustainable in the long term.

17. It is mostly involved in a group of producers who are smallholder and can be organized through democratic and politically independent associations or cooperatives or Sogestals [Societes de Gestion des Stations de Lavage]. Its guidelines require minimum use of chemical and environmental protection. Within the EA region, Fair-trade is operational in Ethiopia, Tanzania, Rwanda and Uganda.

18. Fairtrade coffee initiatives is targeted on poor, small-scale, and marginalized coffee producers. The Fairtrade Labelling Organization [FLO] international accredits national Fairtrade labels which represent a standard that incorporate internationally recognised conventions, such as those of the ILO, with principles of economic development and national laws governing labour rights and environmental protection

19. A minimum price of \$1.26 per pound is guaranteed to growers that participate in the programme. The FLO certification is run by an autonomous unit within the FLO International and Unnamed Independent Third Parties. National labelling system vary by participating countries but the initiative does focus on socio-economic development for small holders and corporate social responsibility for all stakeholders involved in the Fairtrade

coffee supply chain. Thus environmental protection though not a major focus, is regarded by the proponents of this programme as an added advantage.

20. Members who qualify under this programme tend to be small producers. They use little or no farm labour. The majority of these growers are encouraged to grow coffee under shade. They also follow international legislation on use or otherwise of pesticides and weedcides, handling practices and waste management. This applies also to protection of natural resources and ecosystems including soil and water protection and conservation. Whilst Fair-trade premiums are administered in a transparent and democratic manner, the real target is to encourage the promotion of social and economic development for small framers. The community is also encouraged to develop logistical, administrative and technical means to bring quality coffee to the market. Democracy and participatory approach and transparency are keys to this initiative.

21. Some criteria for being Fairtrade coffee compliant include the following:-

1. Wages must equal or exceed national laws on minimum wages or regional average
2. Workers must have freedom of associations and collective bargaining rights
3. Coffee companies [firms must work towards elimination of labour by children under the age of 15 years]
4. Forced or bonded labour must not occur at any stage of the Fairtrade coffee supply chain
5. No one under the age of 18 may conduct work that may jeopardize their health, safety or morality
6. Spouses of the farm workers have the right to off-farm labour
7. Farming organization must have a democratic structure and transparent administration that enables an effective control by member and its elected board over the management. Participation in farmer groups must be open to all without discrimination, as per the guidelines of the ILO convention
8. Pesticides not recommended by the ILO, some of which are referred as the “Dirty Dozen” must not be used in the coffee production. Those recommended can be used in accordance with International legislation on use of pesticide, handling practices and waste management
9. Farmers involved in Fairtrade coffee production must work towards the adoption on an Integrated Crop Management [IPM] to reduce the use of fertilizers and pesticides
10. The majority of coffee growers of this programme are encouraged to grow coffee under shad so as to conserve bio-diversity and protect the environment from such aspects as soil erosion and depredations.

22. The entire above information are easily downloaded from the Fair-trade websites-
www.fairtrade.net

1.1.3 Rainforest Alliance Coffee

23. Rainforest Alliance is the secretariat for the Sustainable Action Network [SAN] a coalition of Latin America conservation organizations dedicated to the principles of sustainable agriculture. Together they seek to impact tropical agriculture, producer communities, and ecosystems that surround them through the development of certification

standards to promote the needs of producer communities in tandem with the ideal conservation.

24. Within the EA region, Rainforest Alliance certification program is currently being piloted in Ethiopia. The potential benefits of Rainforest Alliance certification programme are:-

General

- ❖ Risks management via diversification
- ❖ Technical support via donors and strategic development partners
- ❖ Enhance community development
- ❖ Reduce health risks to workers
- ❖ Management of community organizations

Environmental

- ❖ Conservation of biodiversity [flora, fauna, habitat]
- ❖ Soil, water and energy conservation

Others

- ❖ Skills and knowledge exchange
- ❖ Third party independent verification
- ❖ Unique market exposure and access
- ❖ Industry working directly with growers
- ❖ Improving the adoption of general agricultural practices[GAP]
- ❖ Improving the adoption and practice of good management practices [GMP]

25. The initiative works as a catalyst and tool which facilitates the provision of public services by involving stakeholders that include coffee growers, processors, buyers/traders/exporters and government extension agents. In this way coffee production is made under conditions of environmental sound, social equitable and economically variable. Whilst premiums are markets-based, direct economic benefits come from such practices as ecosystem conservation, forest protection, fire prevention, wildlife conservation, fair treatment and good conditions for workers, health and safety enforcement, housing and provision of basic services, community relations, IPM, waste management, water resource conservation and soil conservation.

26. In terms of planning and monitoring Rainforest Alliance is expected to demonstrated short and long term social and environmental goals of the farm or farming region. Further a monitoring system must be in place to periodically evaluate social and environment impacts of the initiative. As in all other certification initiative coffee under reference must be kept segregated from non-certified coffee and tracks through a system that documents the parcel of coffee throughout the chain of custody. On health and safety, all workers shall enjoy basic service and working conditions that are safe and clean. They must also receive proper training in the use of farm equipment. Any workers in potentially hazardous jobs must have access to medical check-ups. The right to organization worker right must be observed in accordance with international conventions. Employees must be informed of any management changes and potential impacts. A management plan must be implemented to reduce soil

erosion and increase soil fertility. The reduction of wastes, increased re-use and recycling of material and provision of sanitary disposed of residual wastes must be in cooperated. Areas not suitable for cultivation are encouraged to be reforested or otherwise restored to its natural state. Public roadsides must be forested and vegetative border put between work places and living places as a permanent reminder of protection of flora and fauna. Where coffee is traditionally grown under shade, a canopy of native trees and shrubs must be established, whereas pruning of the same must be managed to maintain natural habitat. The use of fire for clearing is strictly prohibited. Growers are therefore encouraged to have fire prevention plans and trained workers and equipment for fire control. Hurting or harvesting of flora and fauna are prohibited except in cases where subsistence gathering of non-threatened species is proven to be sustainable. Farm activities must demonstrate consideration for community interest, respect for community resources and shared responsibility in the preservation of resources. Local communities should also have priority of employment and training. Legal possession of land must be documented. Part of training programmes for farm workers and their families must include environmental, health and gender issues.

27. All the above are easily downloaded from the Rainforest Alliance website-
www.rainforest-alliance.org

1.2.4 NKG (Neumann Kaffee Gruppe) Sustainable Standards Coffee

28. NKG and GTZ developed these standards together with an independent accredited coffee certification agency known as CERTIMEX in Mexico. Like all modern thinking, the normal sustainability criteria [Social, Environment, and Economic] apply. Unlike niche market programmes such as organic, fair trade and Rainforest, NKG's programme involves mainstream coffee and is possibly applicable anywhere in the coffee producing world.

29. As an incentive proponents of the standards promise a market-based premium proportional to Standards implementation. The standards are based on an approach that conserves natural resources, creates respect and supports the environment for the workers of the coffee industry. Its purpose is, therefore, to promote economic, social and environmental sustainability. As an initiative it sources sustainable coffee for the mainstream coffee markets. It has no accreditation body but proponents say that regular internal audits are conducted by unnamed independent auditors that measure progress against farm management systems and standard criteria. Market base price premiums are awarded to compliance proponents to progress in the programmes implementation.

30. The programmes encourage coffee to be grown under shade and conservation of biodiversity, integrated soil, and non-use of child labour, education of farm children, minimum national wages, workers safety and farm worker living conditions. In this respect employers must maintain medical records for all individual workers or stay on the farm. Employees and their families must be members of national insurance schemes in accordance with the national laws. Farm owners must take action to prevent work-related accidents, promote health campaigns and guarantee reasonable access to health services. They shall also provide hygienic bathrooms and potable water for all workers and their dependents. Safe and respectful work environments shall be promoted that do not discriminate, use forced labour or allow physical or verbal abuses or restrict social practices of its workers. Work hours,

days of rest, overtime, and paid leave must follow national and international standards. Women shall also have equal right and at work place, whereas school aged children should be guarantee to basic education. As for day laborers and seasonal workers they must benefit from access medical treatment, nutrition, accommodation, sanitary facilities, potable water, education for their children and other dependence, basic training, transportation, and wages that meet local and national laws.

31. As far as handling and use of agricultural chemical are concerned, this must be used in a precise manner, utilizing chemical of lowest toxicity and prohibiting use of agro-chemicals that are internationally banned such as the “dirty dozen”. Measures therefore must be taken to reduce health and safety risks to worker who apply such chemicals by providing them with equipment and training on proper application.

32. Under this NKG initiative measure must also be taken to reduce overall waste of farm and minimise environmental impacts of coffee by-products through reduction, re-use and recycling. Appropriate facilities for treatment of human waste must be constructed. Whereas inorganic non-recyclable wastes must be also be disposed off properly without burning. Wet processing of coffee should be minimized as far as possible, however where necessary recycle to avoid excessive water use and discharge or influents into rivers. As far as possible the creation of native vegetative buffer zones is encouraged, so as to conserve biodiversity and protect ecosystems. Farmers are prohibited not to use fires and restore vegetation and biological corridor such as shade with native plants species. In this initiative training is offered to promote general environmental awareness and the responsibility of workers and farm owners to conserve natural resources. In this respect coffee growers are encouraged to collaborate with local community on environmental, health, safety and training issues giving preference to local labour and maintaining continuous dialogue with the community.

33. NKG’s website is www.nkgtropical.com/home

1.1.5 Starbucks CAFÉ Practices Programme

34. Being the leading speciality coffee company, the Starbucks CAFÉ Practice Programme is a philosophy of purchasing the highest quality coffee from carefully selected origins, from around the coffee producing world, who meet the company requirements. The coffee has to be grown in a sustainable manner, and meet several criteria as set out in their Preferred Supplier Programme as published on their website in March 2004.

35. The acronym C.A.F.É. reflects the “Coffee and Farmer Equity” which is then the foundation of the company programme. Strategic suppliers receive a \$ 0.5 per pound premium on their first year’s crop.

36. The Starbucks Coffee Company is committed to encouraging the expanding and production of high quality, sustainably grown and processes coffee. Over the last several years, the company has instituted a new green coffee purchasing philosophy. Over and above this, Starbucks, a leading Speciality Coffee icon, has also persuaded their customers to pay high prices for quality freshly roasted coffee and in the cup. By so doing the company has

grown, and continue to grow, in leaps and bounds to become a force for positive reforms in every conceivable part of the coffee supply chain.

37. Across the coffee world, the company has recently piloted coffee sourcing guidelines and created a network of industry leaders who are likeminded sustainability advocates. They have met coffee growers, wet and dry processors, exporters and other stakeholders to ensure that the company guidelines reflect the best practices of coffee production and that these reflect regional and cultural differences. The company has engaged stakeholders from government and NGOs, supporters and critics alike. Further, they have hired a firm [SCS] experienced in the development of verification systems to guide the process and provide objective advice. The process of training verifiers is ongoing so as to provide independent evaluation of the conditions under which the coffee that the company purchases is being produced, processed and exported from origin countries. What is unique with the company too, is that whilst they are committed to their goal of sourcing the highest quality coffee they also ensure that financial rewards are equitably shared along the coffee supply chain and more so that that such rewards contribute positively to the coffee farmers involved in the C.A.F.E Practices also known as Starbucks Coffee Company Preferred Supplier Programme [PSP]. The abbreviation C.A.F.E means Coffee and Farmer Equity and is regarded as the foundation of the companies programme. According to the Company, these practices represent a profound step forward in evaluating sustainable green coffee production and rewarding those who strive for continuous improvement in the way coffee is grown, processed and traded.

38. C.A.F.E practices and PSP evaluate the economic, social and environmental aspects of coffee production against a defined set of criteria as detailed in the companies Evaluation Guidelines. Evaluation on farmers, processors and traders is conducted by approved third party verifiers using a sample based approach. The programme requires that each approved Starbucks guidelines for coffees they buy are structured to verify sustainably grown and processed coffee at each stage from tree to point of shipment. Environment and social issues are assessed at the farm and through processing. Suppliers [traders/exporters] are assessed against social responsibility criteria. Economic accountability is required throughout the entire coffee supply chain. Key issues of economic accountability are financial transparency, and equity of financial benefits. Thus how much money participants get paid in the coffee supply chain for their efforts and whether or not participants get equitable payments is of great importance for Starbuck purchasing philosophy.

39. The programmes practices are supported by five key documents: -

- ❖ The Programme Overview – Details how PSP works
- ❖ The verifiers Manual – Shows verifiers how to accurately, consistently and credibly verify compliance to the Guidelines, including calculation of a PSP Score
- ❖ Self-Evaluation handbook – Helps coffee farmers, processors and traders not only assess their performance against the environment, social and economic criteria of the PSP, but also prepare for verification visits from independent, third-party, approved PSP verifiers
- ❖ Verifiers Approval System – Details the requirements and process of becoming an approved verifier for the PSP

- ❖ Regional Indicator Supplements [RIS] – [in development] – Modifies the PSP guidelines to fit regional specific circumstances. In the absence of the RIS, the PSP guidelines take precedence

40. The company rewards programme applicants who achieve a minimum of 60% total percentage rating and 60% in each pertaining subject area with Preferred Supplier Status. Those achieving a score of 80% or over are awarded Strategic Supplier Status. Starbucks would also award a one year \$0.05 sustainability performance premium for all PSP who achieve at least 10 points above 80% over the previous year.

41. Individual coffee estates, producer associations and processors, can receive an independent PSP if their coffee is represented as a discreet supply through an agent. Suppliers/exporters must list and detail their entire supply network. Typically, and on ground of cost minimization, suppliers/exporters are positioned at the top of a large supply network with many small producers simultaneously.

42. Starbucks CAFÉ website is www.scscertified.com/starbucks

43. Additional information, application materials and programme updates can also be found online at www.scscertified.com/starbucks

1.1.6 Eurepgap/Utz Kapeh Code of Conduct coffee

44. Utz Kapeh worked together with Eurepgap technical and standards committee to develop Coffee reference code. This code covers the Eurepgap requirements of record keeping, pesticide management, workers health and safety, environmental and social issues for green coffee.

45. The Eurepgap Technical committee approved the benchmarking of the Eurepgap/Utz Kapeh coffee certification programme in October 2004. Thus Coffee now joins Fresh fruits and Vegetables, livestock farming as the next food product available according to Eurepgap standards.

46. This Eurepgap/Utz Kapeh Code of Conduct provides coffee producers and retailers with a set of criteria for Good Agricultural Practices in Coffee production. Utz Kapeh has also developed standards known as Chain of Custody to cover traceability along all the stakeholders' upto the consumer.

47. Eurepgap/Utz Kapeh's Code of Conduct is divided into fifteen [15] chapters as listed below:-

- 1. Traceability**
- 2. Record keeping**
- 3. Varieties and rootstocks**
 - a. Choices of variety or rootstock
 - b. Pest and diseases resistance
 - c. Propagation material

- d. Genetically modified organisms
- 4. Site history and site management**
 - a. Site history
 - b. Site management
- 5. Soil and substrate management**
 - a. Soil mapping
 - b. Cultivation
 - c. Soil erosion
 - d. Soil fumigation
- 6. Fertilizer use**
 - a. Nutrient requirement
 - b. Advice on quantity type of fertilizer
 - c. Records of application
 - d. Application machinery/equipment
 - e. Non-organic fertilizer storage
 - f. Organic fertilizer
 - g. Inorganic fertilizer
- 7. irrigation/fertigation**
 - a. Predicting irrigation requirements
 - b. Irrigation/fertigation methods
 - c. Quality of irrigation/fertigation water
 - d. Supply of irrigation/fertigation water
- 8. Crop protection**
 - a. Basic elements of crop protection
 - b. Choice of crop protection products
 - c. Advice on quantity/type of crop protection products
 - d. Records of application
 - e. Safety, training and instruction
 - f. Protective clothing/equipment
 - g. Application of equipment
 - h. Disposal of surplus application mix
 - i. Crop protection product storage
 - j. Empty crop protection product containers
 - k. Obsolete crop protection products
 - l. Crop protection product transportation
- 9. Harvesting**
 - a. Hygiene
 - b. Mound prevention
 - c. Harvested coffee measurements
- 10. Post Harvest product handling**
 - a. General
 - b. Wet method post- harvest treatment
 - c. Dry method- post- harvest treatment
 - d. Facility of post-harvest treatment and /or storage
- 11. Waste and pollution management, recycling and re-use**
 - a. Re-use of coffee by-products
 - b. Identification of waste and pollutants
 - c. Waste and pollution action plan

12. Workers health, safety and welfare

- a. Risk assessments
- b. Training
- c. Facilities and equipments
- d. Crop protection product handling
- e. Hygiene
- f. Welfare
- g. Health

13. Environment and conservation

- a. Impact of farming on the environment
- b. Wildlife and conservation
- c. Energy use

14. Complain form

15. Internal audits

48. The initiative has three [3] main areas of focus which can be summarised as follows:-

- a. Protection of workers [re: working with agrochemicals, workers rights, education, culture, health care, housing]
- b. Protection of the environment
 - i. The environment directly involved in coffee production [by using agrochemical, processing the coffee etc]
 - ii. Protection of flora and fauna
- c. Record keeping and traceability

49. There are three kinds of criteria: major musts, minor musts and recommendations. To obtain the Eurepgap/Utz Kapeh certification, a farm or group of compliant farms has to comply with 100% of the Major must and 95% of Minor musts. The recommendations do not count for certification.

50. A detailed list of the topics dealt with in the Code of Conduct can be found on Eurepgap/Utz Kapeh website.

1. Protection of the workers

51. On the social side, Eurepgap/Utz Kapeh distinguishes four target groups:

1. Smallholders belonging to associations or cooperatives
2. workers and their families who live on coffee farms
3. seasonal workers who come and stay overnight at coffee farms a certain period of the year
4. seasonal workers who travel everyday to coffee farms

52. When a farm or groups of compliant farms complies with the Eurepgap/Utz Kapeh Code of Conduct, the four distinguished groups of people involved in Eurepgap/Utz Kapeh coffee production :-

- ❖ receive training about safety handling chemicals in their own language/dialect
- ❖ have the appropriate clothing to do so
- ❖ will work with people who had first aid training or are close to a health centre

- ❖ are paid according to national law
- ❖ are protected by national laws and ILO Conventions regarding age, working hours, pension, working conditions, syndicates, safety
- ❖ have access to basic education for children
- ❖ have access to clean, analyzed drinking water
- ❖ have access to health care
- ❖ have access to houses with sound wall floor and roof, a ventilated place to cook
- ❖ have access to potable water, showers and latrines
- ❖ have the freedom to express their culture
- ❖ have access to communication with coffee growers around the world
- ❖ have a better understanding about the coffee market

2. Protection of the environment

- a. An Eurepgap/Utz Kapeh producer protects the environment directly involved in coffee production by:
 - ❖ selecting plant varieties that take into account the susceptibility to pests and diseases
 - ❖ recording where seeds come from and saves plant passport
 - ❖ recording soil history
 - ❖ adapting techniques to minimize soil erosion
 - ❖ preferring organic methods above chemical methods
 - ❖ performing soil analyses to define quantities and type of fertilizers
 - ❖ adapting integrated pest management
 - ❖ keeping records of every chemical application, including its reason and authorization
 - ❖ not using fertilizers or crop-protection products within 5 meter of any permanent stream
 - ❖ taking into account nitrate levels
 - ❖ storing fertilizers and pesticides in a decent and safe way for humans and the environment
 - ❖ recording irrigation/fertigation
 - ❖ receiving advice on application from experienced people
 - ❖ having environmental friendly waste disposals methods
 - ❖ reducing the use of water in the post-harvest treatment process
 - ❖ treating contaminated water coming out of coffee post-harvest treatment process
 - ❖ saving energy

- b. An Eurepgap/Utz Kapeh producer protects the flora and fauna by:
 - ❖ protecting water sources
 - ❖ prohibiting the deforestation of primary forests conserving forests
 - ❖ conserving forest patches
 - ❖ using native tree species as shade for the coffee
 - ❖ demonstrating tangible actions to enhance environment for the benefit of the local community and flora and fauna

- ❖ protecting threatened and endangered species and habitats, including adequate measures to restrict hunting or commercial collection of flora and fauna
- ❖ allowing native vegetation to grow along streams

3. Record keeping and traceability

- ❖ full traceability to farm level of Eurepgap/Utz Kapeh coffee
- ❖ keeping records for at least two years of all activities
- ❖ yearly performed internal audits

Updated summary of comments [April 2005] from Eurepgap/Utz Kapeh Africa Office- Mr. Kamau Kuria – can be given as follows:

- ❖ Utz Kapeh programmes are up and running in Kenya, Ethiopia, Tanzania, Uganda and Zambia. Burundi is reported by Eurepgap/Utz Kapeh to be interested too.
- ❖ Modest volumes are expected to be Eurepgap/Utz Kapeh certified in Burundi in a not too distant future.
- ❖ Rwanda has organic and/or Fair-Trade programmes that Utz Kapeh can easily fit into by additional social dimensions
- ❖ Exportable grades and qualities of Certified Utz Kapeh coffees, both Arabica and Robusta, are also being benchmarked to Eurepgap Certification for market accessibility purposes. Through Eurepgap, retailers and their global coffee suppliers have created and implemented a series of certification standards in response to consumer demands. The aim is to ensure integrity, transparency and harmonisation of global agricultural standards
- ❖ Coffee growers that are awarded Eurepgap certification have demonstrated that they do meet the highest standards for complete production, processing, storage; etc to buyers in Europe. The scheme recognises consumer concerns about safety and reliability of products on sale in shops and super markets, reduction of use of agro-chemicals in food products, including environmental and social concerns
- ❖ Certification agencies in the ESA sub-region include SGS-Kenya, KRAV-Uganda, IMO-Uganda, AfriCert-Kenya; Ugocert-Uganda, TanCert-Tanzania, IMO-Tanzania, BSC-Ethiopia, SGS-Zambia, etc
- ❖ AfriCert-Kenya now handles Eurepgap/Utz Kapeh certification programmes in Kenyan Horticulture and Utz Kapeh coffees
- ❖ Examples of certification systems include Utz-Kapeh which is benchmarked to Eurepgap standards, Organic Coffee which is benchmarked to IFOAM standards
- ❖ Examples of Utz Kapeh certified farms include Fairview Estate, Sasini Estate, Oakland-Socfinaf in Kenya, Mubuyu plantation in Zambia, Machare and Uru estate in Tanzania, Sidamo Cooperatives in Ethiopia, Uganda Kawacom coffees projects
- ❖ Plans are on the way for Utz Kapeh to certify coffee Plantation in Kenya during 2005 that would include Sasini, Yadini, Jungle [Keremara Estate], Oaklands and Nchengo Estates. Utz Kapeh also intends to certify the following cooperatives – Ruthanga Cooperative in Karatina/Nyeri in Kenya, including several others in Tanzania and Uganda
- ❖ In Tanzania Eurepgap/Utz-Kapeh coffee certification efforts are going at Kilimanjaro Plantations-Burka, Mondul and Mufindi

- ❖ In Uganda certification are also on course for Ibero-Ankole whilst similar efforts are on going in five Ethiopian cooperatives of Sidama.
- ❖ Costs of certification depend on size of the farm/cooperative and how far the client has already gone to meet Utz Kapeh standards
- ❖ The premium due to the grower in cents per pond is determined by private negotiations between the grower and the buyer
- ❖ All approved coffee certification bodies by Utz Kapeh must have an ISO Guide 65 accreditation by a body affiliated to IAF.
- ❖ Certification programmes are important in all major markets as the question of Food Safety, Corporate Social responsibility and environmental protection and conservation have become extremely important

53. Eurepgap/Utz Kapeh and Eurepgap websites are www.utzkapeh.org and www.eurep.org

1.1.7 Common Codes for the Coffee Community [CCCC or 4Cs]

54. The Common code for Coffee Community [CCCC] is a sustainability concept that is intended to promote economic, social and environmental circumstances throughout the coffee value chain. In its simplest form, the 4C's is an integrated management approaches that aims at the conservation of natural resources and creating a respectful and supportive environment for workers or the coffee trade and industry world-wide. CCCC also incorporates standards of the International Labour Organization [ILO] and those of the UN Declaration of Human Rights. It does not promise certified growers any price premium, but it does provide a unique market access via its label.

55. The Code rotates around this potential new certification programmes and is best summarized by The World Commission for the Environment and Development i.e.: -

“It is the hands of humanity to make development sustainable, that is to say, seek to meet the needs and aspirations of the present without comprising the ability of future generation to meet their own”

56. The assertion is that there are three pillars of sustainable development in the field of coffee. These are economic, ecological and social dimensions.

57. Put simply the objectives of the 4C's is to develop a global code for the sustainable growing, processing and marketing of mainstream coffee. The programme intends to draw on existing codes and guidelines based on: -

- ❖ UN Human Rights Conventions
- ❖ ILO conventions
- ❖ OECD guidelines for multinational companies
- ❖ International environmental treaties and guidelines
- ❖ National laws

58. The intention therefore, is to globally implement coffee friendly guidelines, and also guidelines for independent monitoring and verification. It goes without saying that such code

must be feasible for implementation and suitable for binding agreements throughout the coffee value chain.

59. Proponents of this code intends to work closely with the International Coffee Organization [ICO], so as to raise 4C status to all coffee producing and consuming countries that are ICO members, and observers, including the private sector. Critics of the 4Cs programme assert that the programme is likely to be expensive for growers, intrusive in national laws and regulations and unfair to producing countries. Further, the fact that the programme promises no premium prices to coffee growers has hitherto caused serious doubt and concerns in the main-stream coffee market. The programme is not clear as to how it shall be benchmarked to internationally recognized systems so as to foster confidence to all players that once a coffee producer, processor or exporter is verified to be 4C's compliant he will also be automatically accepted by other Coffee Certification schemes worldwide.

60. Guided and developed by a multi-stakeholder initiative, the Common Code for Coffee Community is a market-based and open initiative to promote and encourage sustainability in the green coffee chain. Participants in the initiative cooperate to achieve sustainability in the production, post –harvest processing and trading of mainstream green coffee in the long term. It is only through commitment to continuous improvement by stakeholders along the chain, including corporate environmental and social responsibility, that this ambition can be achieved.

61. The Code's approach to sustainability builds on the Millennium Development Goals of the United Nations, which aim at sustainable livelihoods, and has a social, an environmental and an economic dimension:

- ❖ Coffee production can only be sustainable if it allows for decent working and living conditions for farmers and their families as well as employees. This includes respect for human rights and labour standards as well as achieving a decent standard of living
- ❖ Protecting the environment such as primary forest and conserving natural resources such as water, soil, biodiversity and energy are core elements of sustainable coffee production and post-harvest processing
- ❖ Economic viability is the basis for social and environment sustainability. It includes reasonable earnings for all in the coffee chain, free access to markets and sustainable livelihoods

62. The objective of the Code is to foster sustainability in the 'mainstream' green coffee chain and to increase the quantities of coffee meeting basic sustainability criteria within all three dimensions. Encouraging sustainability for green coffee is a productive, competitive and efficient way to enhance economic conditions of the individuals employed and engaged in the growing, post-harvest processing and trading of green coffee.

63. The mechanisms of the Common Code provide conditions to re-arrange the transfer of added value toward the producers, to optimize cooperation and to raise awareness of responsibilities along the coffee chain. The mechanisms of the Common Code aim to provide consumers and civil society with a credible system that informs them about sustainability performance in mainstream coffee.

64. The Code is open to voluntary participation by all stakeholders in the coffee chain who complies with its principles. Each stakeholder, at their own level of operation and activities, promotes and supports the production, post-harvest processing and trading of coffee on its way to sustainability. This also applies to the promotion of coffee products busing or containing such coffee, taking market conditions and practicability into account.

65. It maybe noted that although there are critics of this initiative, proponents of the 4C initiative state categorically that the code has been developed in the spirit of cooperation. Thus representatives of coffee institutions from producing countries, coffee trade and industry as well as civil society are involved in the formulation of the code. Further, multilateral and international institutions have supported and continue to support the initiative and indeed have provided their knowledge and experience as extra-ordinary members of the CODE. Thus according to the proponents of the 4Cs initiatives all participants active in the Common Code system commit to promote the concept of coffee on its way to sustainability, to convey the information needed, to implement the Code where applicable and to support the provision of training and skills development. The Common Code system encourages information exchange and interaction between stakeholders in the coffee industry.

66. It is however, admitted that the Common Code when it becomes operational will not be a panacea. It will not solve all problems that be-devil the coffee world from time to time, such low coffee prices that sometimes cause untold difficulties to coffee producers and less developed countries. It does have a potential for long-term development perspectives to coffee supplies by establishing a new basis for competition with regard to quality of coffee and quality of sustainable coffee production methods. All actors in the coffee supply chain are expected to cooperate in a new way to constantly enhance the production and supply of coffee on its way to sustainability and to increase the demand for coffee produced and processed under sustainable methods by promoting the 4Cs concept in the main-stream coffee markets.

67. Benefits for coffee producers that join the Code would include the following:

- ❖ Empowered and improved management capacity
- ❖ Enhanced returns from production
- ❖ Foreseeable demand for Common Code coffee
- ❖ Better market access
- ❖ Improvement of living conditions
- ❖ Improved social conditions for workers and their families
- ❖ Preservation of the environment

68. Benefits for trade and industry that join the Code would include the following:

- ❖ Ensure supply of quality green coffee
- ❖ Ensured coffee market for the future
- ❖ Commitment to corporate social responsibility and sustainability
- ❖ More sustainability for the mainstream market
- ❖ Positive image

- ❖ Enhance market transparency and traceability
- ❖ Preservation of the environment and conservation of biodiversity

69. Coffee producers, processors and traders complying with the requirement of the Code will improve their competitiveness and bargaining power as a result of improved management and enhanced returns from optimized production, thereby creating better market access and higher margins. This involves organizing themselves into sufficiently large units – referred to as “Common Code Units”. Vertical diversification and the creation of “added value”, accompanied by the Common Code system further support competitive producers and processors. A constantly growing demand for Common Code coffee supports sustainable development in the coffee sector and encourages stable trading practices between business partners.

70. Buyers of Common Code coffee along the chain strive to expand the proportion of mainstream coffee on its way to sustainability and publicize their performances in regular reports. They seek ways to transfer the added value of common code coffee to the level of production and processing of green coffee.

71. The Common Code system is an open system and all operators in the chain are eligible to implement and use the code in their operations and commercial relations. Participants in the code is open to all forms of production systems – including smallholders, organizations/associations, plantations and estates, provided they are organized in sufficiently large units [Common Code Units].

72. Prerequisite for entering the system are a self-assessment, the exclusion of unacceptable practices and a commitment to continuous improvement. The Code then allows for a transition period wherein all stakeholders combine to improve practices in coffee production and processing. The stakeholders are committed to creating the economic and organizational conditions that will enable the establishment of a process of continuous improvement.

73. For the above and other reasons, CCCC system excludes the worst forms of social, environmental and economic practices in the production, post-harvest, processing and trading of green coffee.

The ten unacceptable practices are given as follows:

1. Worst forms of child labour [referring to ILO Convention 182]
2. Bonded and forced labour [referring to ILO conventions 29 and 105]
3. Trafficking of persons [UN Convention against transnational organized crime, protocol on trafficking and smuggling, adopted 2000, effective December 2003]
4. Prohibiting membership of or representation by a trade union [referring to ILO Convention 87 and 98]

5. Forced eviction without adequate compensation [International Covenant on economic, social and cultural rights, art 11; General Comment No.7 on the rights to adequate housing[E/C.12/1997/4]; Commission of Human Rights Resolution 1993/77 on Forced Eviction; Sub-Commission on the Protection and Promotion of Human Rights Resolution 1998/9 on Forced Eviction]
 6. Failure to provide adequate housing where required by workers [referring to ILO Convention 110 on Plantations]
 7. Failure to provide potable water to all workers [referring to the United Nations' Report on World Summit on Sustainable Development, Johannesburg 2002]
 8. Cutting of primary forest or destruction of other forms of natural resources that are designated by National and/or International Legislation [protected areas]
 9. Use of pesticides banned under the Stockholm Convention and listed in the Rotterdam Convention on Persistent Organic Pollutants [POPs]
 10. Immoral transaction in business relations according to international covenants, national law and practices [referring to OECD Guidelines for multinational enterprises and UN Convention on Contracts for the International sale of goods] [may be included in rules of participation later on – still under discussion.]
74. The 4C website is www.sustainable-coffee.net

1.1.8 Sustainable Coffee Initiative [SCI/iiSD/UNCTAD]

75. Proponents of this initiative are mainly based in Geneva and in Canada. The initiative is an all inclusive one and has room for all other on going coffee certification/verification programmes in all producing regions of the world. They see a possible link with the International Coffee Organisation [ICO] in a possible new arrangement referred to as the Sustainable Coffee Board [SCB]. Discussions are going on until the end of 2006. In particular the SCI/iiSD/UNCTAD group has no difficulty working closely with other existing sustainability initiatives and others that have yet to come. EAFCA is closely following on-going dialogue with the proponents of this initiative. Apart from UNCTAD and the Government of Canada, a major consumer member of the ICO has recently expressed interest in supporting the SCI/iiSD initiative.

76. The proponents of the initiative are categorical that the Sustainable Coffee Partnership is aimed at an integrated approach to Sustainable Development as elaborated in the context of Agenda 21 of the Rio Protocol. Thus transparency, inclusiveness and accountability are cornerstones of the initiative's approach. Moreover, its steering committee allows for equal representation amongst coffee growers, civil society, coffee trade and industry, the public sector and provides guidance on partnership activities. The partnership was launched in December 2003 following a multi-stakeholder meeting on market-based approaches to sustainability in the coffee sector at Palais des Nations in Geneva. Since then,

the partnership has been organising events and conducting research designed to role out sustainability into the mainstream coffee market.

77. The principle objective of this is given as:

To promote the use of sustainable coffee production and trading practices in ways that improve the social, economic and environmental well being of stakeholders along the entire coffee supply chain, particularly the most disadvantaged of them. Thus the Sustainable coffee partnership as seen by its promoters is a multi-stakeholder initiative of civil society, industry, farmers, governmental, intergovernmental agencies, interested in promoting sustainable coffee production, processing and trading practices.

78. The partnership aims to do this by: -

- ❖ Improving communication, coordination and shared learning among stakeholders and existing sustainability initiatives in the coffee sector
- ❖ Promoting policy support for market-based approaches to sustainable development within the coffee sector
- ❖ Promoting the adoption, development and implementation of standards-based sustainability systems in the coffee sector
- ❖ Generating a consensus-based and mutually supportive definition and strategy for sustainability in the coffee sector

79. This sustainable coffee partnership is guided by the following five principles: -

- ❖ Market imperfections should be reduced to enable a maximum number of coffee growers to be paid at a minimum, a price/wage that covers basic production, living and environmental costs; and market friendly methods should be explored to improve price stability across the business cycle
- ❖ Coffee production practices should be environmentally sustainable
- ❖ Coffee producers should have access to credit and opportunities for diversification
- ❖ Coffee producers should have enhanced access to trade information and trade channels
- ❖ Employment relationships should be maintained in accordance with core international Labour organisation conventions and local/national laws

80. The proposed Sustainable Coffee Partnership is by implication an all-inclusive collaborative endeavour open to along the coffee supply chain, inclusive of policy makers. This is a major reason why proponents of the initiative see that a “Sustainable Coffee Board” under the umbrella of the International Coffee Organisation would be logical home. All other stakeholders can then participate by contributing resources or time to its activities more or less the same way the ICO Private Sector Consultative Board works.

81. For this and other reasons the iiSD Sustainable Coffee Partnership concepts require to be enshrined in the International Coffee Agreement [ICA] itself for it to see the light of day. As new ICO agreements are renegotiated at regular intervals, this initiative may form a good

agenda item for a special chapter or subchapter, in a near future International Coffee Agreement [ICA]. As certification is intended to be market driven, consultants are in the opinion that such a move could add value to international cooperation in the field of coffee. Thus the earlier consumer and producer members of the ICO engage in this process, the better for medium to long term future of international cooperation in the field of coffee.

82. A Quote from Jason Potts of UNCTAD [November 2004]: who is the coordinator of the SCI/iisd/UNCTAD initiative can be given as follows:

- ❖ “We are in the process of expanding the sustainable coffee initiative steering committee and launching specific projects in the region. In fact one of the projects we have undertaken is with EAFCA-in the form of assistance to the organisation of the upcoming convention [Zambia-2005].
- ❖ We are also participating in the “Good Agricultural Practices-GAP” in Uganda with the Neumann Coffee Group where we hope to get an initial sense of the costs associated with adopting one or another of the various sustainability standards. The information will be critical [we think] in helping producers negotiate prices in return for standards compliance, etc”

83. The SCI website is www.iisd.org/trade/commodities/sci.asp

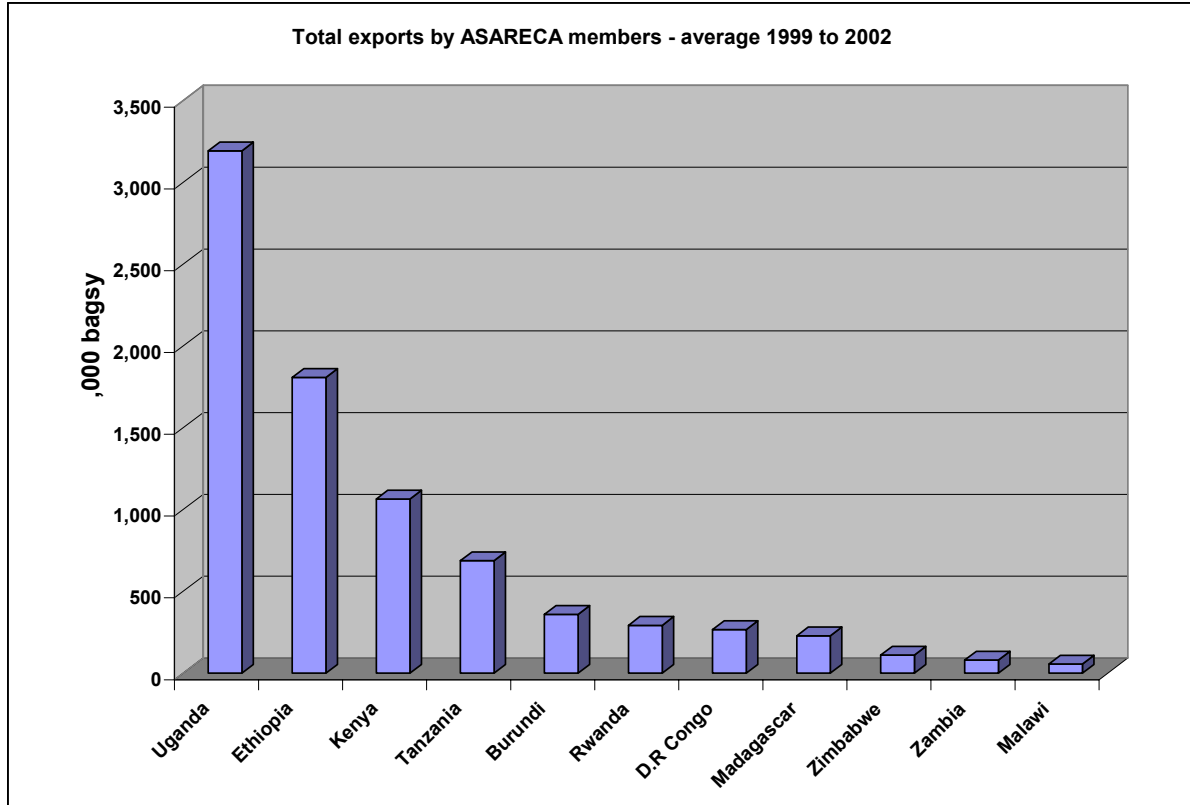
CHAPTER TWO:

2. EA Coffee markets, marketing and certification systems:

84. The European Union is the main destination of coffees produced in the EA sub-region of Africa. Some countries such as Ethiopia and Tanzania have made export breakthroughs into Japan whilst others such as Kenya have made similar breakthroughs into North America. Several countries in the EA sub-region are involved in coffee certification programmes and are keen to exploit speciality coffee markets and other new and emerging markets. Eurepgap/Utz Kapeh is observed to lead the way for regional Mainstream coffee sector. The latest sustainable coffee initiatives such as Eurepgap/Utz Kapeh, 4Cs and Sustainable Coffee Initiatives [iiSD] are conducting pilots in the region and quickly gaining currency.

85. Figure 1 gives a relative comparison of EA sub-region coffee producing countries in terms of their exports of all forms of coffee, to all destinations, on a four-year average basis. It may be noted that Uganda, Ethiopia, Kenya and Tanzania are the so called “Big-Four” of the region. Annex 06 give a clearer picture of actual export performance for all the eleven EA countries

Fig. 1: Coffee Exports by EA sub-region members



Data Source: International Coffee Organisation

86. In a nut shell, the figure shows that the “Big-Four” coffee producing countries in the EA sub-region of Africa are Ethiopia, Kenya, Tanzania and Uganda whilst formerly “big” producers of Madagascar and Congo have fared rather badly off, during the period under reference. Though coffee remains of great importance to the economies of Burundi and Rwanda, the two great-lakes nations are still small producers in regional and international terms.

87. Table 5 shows the relative importance of coffee within eight EA sub-region of Africa. It may be noted that whilst some countries such as Rwanda and Burundi are heavily dependent on coffee exports, others like DR Congo and Kenya are not. The dominance of the smallholder sector is also clear. In Rwanda and Burundi all growers are smallholders. Indeed all other countries are predominantly smallholder producers [over 95%] except Kenya where the plantation sector represent about 40% of total coffee production.

Table 4: The Importance of coffee within EA sub-region:

Country	Human Population (approx. in millions)	Coffee Exports versus Total exports	Per Capital GDP (approx. US\$)	Coffee production by Smallholders (%)
Burundi	07	78	100	100
DR Congo	52	06	110	96

Ethiopia	65	55	098	95
Kenya	30	11	346	60
Madagascar	16	14	110	96
Rwanda	09	68	207	100
Tanzania	34	15	110	96
Uganda	22	53	283	95

Source: World Bank and ICO Websites

88. In order to alleviate poverty and reduce extreme hunger to smallholder coffee producers in the EA sub-region of Africa prices paid to growers have to improve via such efforts as quality improvement, value addition. The advent of certification programmes within the region has of necessity to address this important group. Data available show that irrespective of the general level of global coffee prices, EA coffee growers on average fetch better prices as compared to not only the rest of Africa but also to prices achieved in other coffee exporting regions of the world as tables 5 & 6 show:-

Table 5: Traded FOB Price Differentials

30 June 2005

ORIGIN	SHIPPING MONTHS	EXCHANGE	DIFFERENTIALS
Uganda Rob screen.15	September onwards	LIFFE	Plus 120
Kenya AB, FAQ - fly crop	July	NYBOT	Plus 10
Guatemala SHB, Eastern port	July	NYBOT	Plus 06
Colombia Excelso, eastern port	September onwards	NYBOT	Plus 1.5
Papua New Guinea YI-Grade	September onwards	NYBOT	Minus 14
Brazil 2/3, mtgb,ss	July/August	NYBOT	Minus 13
Indonesia EK 1, 80 defects	July onwards	LIFFE	Minus 75
Vietnam GR 2, 5% defects	July onwards	LIFFE	Minus 80

Source: Eugen Atte GmbH – Hamburg, Germany [Personal communication]

89. It is no wonder therefore that EA Arabica coffees such as Kenya Coffee, nearly always reflect premium prices as compared to Arabica coffee prices as measured at NYBOT. The same holds true for EA Robusta coffees such as Uganda Coffee, as measured in LIFFE.

Table 6: Prices paid to growers [US cent per pound]

<i>Prices Paid to growers in the EA sub-region</i>							
Coffee type/country		Comment	September				
			2001	2002	2003	2004	
Colombian Milds							
1. Kenya			78.54	53.62	32.73	70.85	
2. Tanzania		r*	34.96	23.29	24.35		
Other Milds							
3. Burundi		r*	31.48	25.19	24.19	28.27	
4. Malawi			56.93	36.28	50.48	60.12	
5. Rwanda			21.62	23.4	25.33	31.54	
6. Uganda		r*	43.99	32.05	59.15	64.78	
Brazilian Naturals							
7. Ethiopia			40.82	22.41	35.66	45.35	
Robustas							
8. D.R. Congo		a*	88.68				
9. Madagascar		a*	10.68	16.81	18.54	14.29	
10. Uganda		a*	19.15	22.82	37.53	49.97	
N/B1 - a* or r* indicate whether country is a mixed producer,							
of the ICO during the period under reference							

Source: ICO coffee Statistics No.36 of September 2004 (published in April. 2005)

90. Based on long series data, it may be noted that before the 4th of July 1989 EA coffee marketing systems, by and large were production orientated, due to imposition of the ICO export quarters whereas recent EA marketing philosophies have largely been customer or market driven. Annexed to this report are charts and figures show export performance over time for all the EA coffee exporting countries.

91. A brief presentation of the EA's sub-regional coffee markets, marketing systems and certification programmes can be given as follows:-

2.1 Burundi

92. Burundi is heavily dependent on coffee revenues from coffee exports. The country draws 78% of its total foreign currency earnings from coffee exports. Its coffee is classified in the world coffee market as “Other mild Arabicas”.

93. Burundi operates a coffee auction on every Wednesday morning when the crop is in season. Dealers, on paying for the coffee load the same at the port of Bujumbura. After that the coffee is moved by lake vessels to Kigoma in Tanzania. Thereafter, the same parcels of coffee are moved by rail to the port of Dar-es-Salaam at the shores of the Indian Ocean

94. Within the coffee growing areas of Burundi, wet processing is performed at several Sogestals [Societes de Gestion des Stations de Lavage] such as Kayanza, Kirimiro, Kirundo, Ngozi, Mumirwa, Sonicoff etc. The private sector participates at the coffee auctions on Wednesdays. These include SODECO, ABEC, SONICOFF and SIVCA. The regulatory functions are performed by OCIBU [Coffee Board of Burundi].

95. Dry milling is performed in such places as SODECO [18% private] which is the only factory where fully washed coffees are processed. Sogestals are paid cash within a period not exceeding one month. Growers are paid outright on delivery of cherry to the Sogestals or to private companies. Funds are sourced by Sogestals, with the support of OCIBU. The coffee then becomes a “property” of the Sogestals or private company until sold to private exporters at the auction.

96. Since the beginning of 1990s Burundi has been engaged in slow and gradual coffee industry structural reforms. For example, whereas in the past all the coffee were exported by the Burundi Coffee Company [BCC] the private sector now actively participate in the weekly auctions. These auctions are modeled around the Nairobi Coffee Exchange [NCE] and the Moshi auctions in Tanzania. OCIBU oversees the auctions and continues to be involved in credit advances to growers and supervision of wet mills. Currently OCIBU mainly plays a role of regulator. During the past two years private wet mills and coffee hulling units have been licensed to sell coffees without passing through the auction. These use auction prices as a reference price range for negotiating with overseas buyers on FOB Dar-es-Salaam basis.

97. On the speciality end OCIBU developed in conjunction with the ICO, ITC-Geneva and the Common Fund for Commodities [CFC] a special preparation known as NGOMA coffee. Burundi coffee is generally graded as fully washed [FW], semi-washed, super extra washed, and others.

98. It is reported that Burundi has further plan to reorganize her internal coffee industry around an inter-professional body which comprises of 25 member to be known as “ Burundi Coffee Inter-Professional Council” [BCIC] which would then represent all the interests in the Burundi coffee trade and industry.

99. **On coffee certification**, comments from OCIBU indicate that there are no coffee certifications programmes of any type or kind in Burundi. Burundi is under pressure from the

World Bank, the IMF and other donors and development partners to liberalise her internal coffee marketing system.

100. If and when coffee certification programmes are introduced to Burundi, these may be focussed on the various grower groups and companies also known as Sogestals. Along the coffee supply chain, coffee certification programmes could also target dry mills, warehouse men, exporters and other stakeholders.

2.2 D.R. Congo:

101. Coffee is not the main stay of the Congolese economy. It grows in almost all the seven provinces of the Republic. The commodity accounts for a paltry 6% of the total Congolese foreign currency earnings. Prolonged civil unrest in that country, coupled with the killer Coffee Wilt Disease has severely collapsed the coffee trade and industry in the DR Congo. It is however possible, if political tension were to subside, to grow coffee almost anywhere in this huge country. Arabica coffee does fairly well in the Eastern highlands [Kivu area of the Republic]. The quality of both Congolese Arabica and Robusta are excellent, if the full potential were to be exploited under a peaceful political climate. The European Union is the leading destination of Congolese coffee.

102. Since 1976, the internal Congolese coffee market is now fully liberalised despite the adverse economic and political situation. As a consequence of all this, the plantation sector in coffee has been replaced by the smallholder based coffee industry. The republic produces both Arabica and Robusta coffees. Arabica is grown in the Kivu region of the Eastern Highlands of the Congo. Robusta is grown virtually anywhere else in the vast country.

103. The OTA killer disease for coffee is said to have originated in the Congo. The disease is reported to be responsible for a high rate of coffee plant mortality. So far the only known remedy to OTA is “burn completely and bury very deep”!

104. Traditionally, Congolese coffee has been exported mainly to southern Europe, and in particular France and Italy. However, available data on Congolese coffee “destination” are ambiguous, to say the least. Clearly, the DR Congo coffee industry appear to collapsed both in quantity and quality since 1986/87. Seen in another way, Congolese coffee export performance has fallen badly, since ICO export quotas collapsed.

On coffee certification:

105. The Congolese Ministry of Agriculture, Fisheries and Livestock Development-Kinshasa, reports that:

- ❖ Apart from programmes involved in green coffee exports of the D. R. Congo, there are no certification programmes or initiatives. The only existing certification programmes involve organoleptic coffee defects, foreign matters [stones, sticks insect damage; etc]

- ❖ Market reports from Europe however indicate that D.R. Congo may have some Fair-Trade coffee from individual smallholders and Congolese cooperatives.
- ❖ Congolese authorities report that they would love to be involved in any codes and initiatives that are beneficial to the Congolese rural population and other stakeholders.

106. Without peace and political tranquillity, it is difficult to recommend any coffee certification programme in the D.R.Congo for the moment. Given the size and diversity of its land, D.R.Congo however, has immense potential for any and all known coffee certification initiatives.

2.3 Ethiopia:

107. Ethiopia derives up to 55% of its foreign currency earnings from coffee trade. The bulk of the coffee (95%) is produced by smallholders. Arabica Coffee is reputed to have originated in Ethiopia and has therefore, been grown, exported and consumed in the country since time immemorial.

108. Ethiopia is one of the EA sub-region countries that have has demonstrated a significant increase in coffee quality and volumes during the past ten or so years. Currently most of Ethiopian coffee is sold and bought in parchment form at two auction located at Addis-Ababa and Dire Dawa. These auctions are run by the government in conjunction with the traders association. Growers are free to sit in the auction and may announce/shout an agreement to sell if a lot does not reach a reserve price. The auctions are on “open outcry” basis.

109. Traders buy parchment coffee at wet mill or dry mills. These are free to sell the coffee to either internal market [Ethiopian has the largest domestic consumption in all of Africa] or export the same, after appropriate processing, grading and classification. Thus Ethiopia has a special “window” for direct exports and forward contracting between growers, exporters and importers.

110. Ethiopian growers receive market price radio message, in local language, from Monday to Friday. Growers are on average paid “cash against delivery” by country buyers, who in turn may elect to sell via auction in Addis Ababa or in Dire Dawa, or process the same and export overseas directly.

111. Ethiopia is blessed with many eco-zones, covering over many latitudes and longitudes that produce rare and unique coffees. Well known examples are Harrar, Yirgacheffe, Jimma, Lekempt, Limmu and Sidamo. For this and other reasons Ethiopians start drinking coffee in early childhood and continue to do for the balance of their lives, in various ceremonies.

112. Until recently, the regulator was the Ethiopian Coffee and Tea Authority [CTA]. This body has now been moved to the Ministry of Coffee and Tea development. Thus Ethiopian Government now supports coffee research collates records on production and exports statistic and domestic consumption. The Government also issues exports licenses and fixes minimum coffee export registration prices paid to growers within four days of delivery to a miller or country buyer. Government also coordinates a radio programme within coffee producing

areas informing growers and country buyers about the market situation in NYBOT and how that translates to payment to growers..

113. Generally, Ethiopian coffee production and quality has responded positively to Ethiopia's coffee industry gradual reforms programmes, although not fully liberalised.

On coffee certification:

114. The Ethiopian Government officials, exporters association, millers, auctioneers, plantation sector and the cooperative sector comment as follows:

- ❖ Ethiopia has all and type of Arabica coffees known in the world. The country therefore markets various Arabica coffees grown under several ecological conditions such as Yirgachefe, Sidamo, Limu, Harar, Djimma, Tepi, Bebeke and Lekempt (Ghimbi).
- ❖ There exist many certification programmes the oldest ones being Organic coffee, Fair-Trade coffees and rainforest Alliance coffees
- ❖ During the 3rd IFOAM conference held in Uganda in October 2004, Ethiopian organic coffee, when blind-tasted amongst other regional Arabica, it won the top position in the Arabica category.
- ❖ Utz Kapeh is now taking root in the cooperative sector especially in Sidamo.
- ❖ A 4Cs pilot programme is also in progress in some parts of the country of whose consequences are being discussed at International levels.
- ❖ Some initiatives, especially Starbucks Café practices programmes do exist in the smallholder sector. These were not being availed to large farmers in Ethiopia for reasons that are not clear to the investors
- ❖ The country is ready to engage in any EA regional-wide codes and initiatives that would put more money in farmer's pockets and help fight rural poverty and extreme hunger

115. Ethiopia, by its diversity of ecological zones and coffee types has potential not only to certify coffee cooperatives and other scales of growers but also country buyers, dry-processors, wet-processors, transporters, warehousemen, auctioneers, roasters and exporters.

2.4 Kenya:

116. Kenya's economy is no longer as heavily dependent on coffee earnings as was the case thirty years ago. Presently the country derives only 11% of her export earnings from coffee. The country export performance overtime is displayed in annex 04. Thus since ICO coffee export quotas collapsed in July 1989 coffee year, trends of Kenya exports, and indeed

quality has declined rather steadily, the main markets namely Germany and Scandinavia have now remained the only important destinations.

117. From around 1933 the Law in force within the Kenyan coffee market has been Cap 333 of the Laws of Kenya. Since the beginning of 2001 a new coffee law was enacted. Essentially Coffee Board of Kenya [CBK] is now performing the function of an Industry regulator and has handed over its marketing function to Marketing Agents [MAs] The old coffee Law gave Coffee Board of Kenya the monopoly of not only auctioning all Kenya coffee at the Nairobi coffee Exchange but also handling all payment to growers. The new law gives Coffee Board only a regulator role.

118. Kenya Coffee is auctioned at the Nairobi Coffee Exchange on Tuesday morning when the crop is in season, thereby making the auction a rare and unique marketing system that delivers unbeatable “premiums” by concentrating supply so as growers compete on quality, and by concentrating demand so as exporters compete on prices

119. By definition therefore, an auction, is a public place where:-

- ❖ Buyers compete on prices
- ❖ Sellers compete on quality
- ❖ All market functions are made in an open, transparent and competitive manner and all other unprofessional market influences are eliminated

120. By law the Nairobi Coffee Exchange is supposed to be operated by an association approved by the Minister for Agriculture. The coffee industry discussions of 1999 and 2000 had suggested an all inclusive name of “Kenya Coffee Producers and Traders Association” abbreviated KCPTA. However the process of forming an association to manage the Nairobi Coffee Exchange trading floor was still incomplete during the study period. In order to maintain buyer confidence, the Nairobi Coffee Exchange will need to be run by an organized legal entity so as to maintain trust, orderliness and accomplish a systematic arrangement of activities such as:-

- ❖ Catalogue and sales programming throughout a coffee year
- ❖ Professionally run the trade sample room
- ❖ Day to day management and maintenance of the NCE Electronic Trading System
- ❖ Collection of sales, purchase, data and dissemination of the same to relevant legal entities
- ❖ Automate revenue collection to support and sustain activities, such as the statutory 1% levy to CBK, 1% levy to roads cess, 2% levy to CRF]

2.4.1 Regional Coffee Marketing Initiatives

121. There are suggestions from coffee market circles to the effect that the Kenya coffee auction systems should be re-modeled around the Mombasa tea auction, and serve the entire

EA sub- region and beyond. If the above were to be realized, it is hoped that EA Coffee Auctions as we know them today would be merged, made more flexible, but without losing benefits associated with “price-discovery” that are associated with efficient auctions and exchanges.

122. One can imagine that, at this time age of technological advancement, existing coffee auctions in Nairobi, Moshi, Bujumbura, Addis Ababa, and Dire Dawa could be linked electronically in real-time. Conceptually, such an eventuality would lead to market efficiency, and cost minimization as buyers/ traders need not keep offices and cup-quality testing laboratories at all those locations, and /or traders need not frequently travel/fly to all those locations, as is the case today. Optimization of travel costs and office establishment would translate to profitable business and obvious passing on of that windfall to growers via competitive bidding.

123. The operation of a regional coffee exchange could possibly be managed by a non-profit legal entity, possibly referred to as the “Eastern and Southern Africa Coffee Producers and Traders Association [EACPTA]” The potential function of EACPTA could include the following:

- ❖ Auctioning coffee at the regional coffee exchange
- ❖ Supervision of the Trade sample room associated with EACPTA
- ❖ Issuance of certificates of origin on behalf of the regional regulators and coffee authorities, to exporters
- ❖ Maintenance of certificate of purchase
- ❖ Receipts of export documents from exporters e.g. certificates of origin dully certified by regional customs authorities
- ❖ Automatically invoicing buyers of regional coffees at the EACPTA auction, on behalf of marketing agents
- ❖ Preparation of Sales catalogue from legal/bankable warrants in conjunction with the liquoring unit [s] of EACPTA
- ❖ Preparation of market reports which go to regional banks, dealers and press.
- ❖ Preparation of butting list on dealers performance at the auction
- ❖ Advising regulatory bodies and regional Government on coffee market issues.

124. In order to maintain regional data, system security, data integrity and controls of the association running the exchange, the regional coffee exchange would need to have a legal status of some kind. The case of Mombasa Tea Auction can be adopted with or without adjustments to the regional Coffee Exchange.

125. **On coffee certification**, comments from Kenyan Commercial farmers, Dry Millers CRF, Coffee Warehousemen, Trade Unions & Civil society, indicate that:-

- ❖ Yields would drop below economic levels if no agro-chemicals, especially fertilisers and pesticides are applied in coffee production. Organic coffee and Fair-Trade coffee programmes in Kenya are hampered by the existence of major coffee diseases and pests such as CBD, leaf rust, Berry Borer and Stem Borer

- ❖ Smallholder grower organisation may also be too weak to handle some complex coffee initiatives without training and support from government, strategic development partners and private sector
- ❖ Utz Kapeh is the only known programme that is so far applicable in large coffee plantations and smallholder coffee farms, although the future is difficult to predict
- ❖ The 4Cs programme may see the light of the day if introduced slowly and gets tangible worldwide industry support
- ❖ Many plantations are yet to come to terms with the “Social Charter” of any of these initiatives due to uneconomical returns to investments and also due to seasonality of demand for labour
- ❖ Kenya coffee may also lose its “cup signature” if not fully washed. Environmental implication on use of effluence from wet processing mills requires capital injection which may not be practicable during long spells of low global prices.

126. Apart from certifying commercial and smallholder coffee growers, Kenya presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, transporters and exporters.

2.5 Madagascar:

127. Madagascar is one of the leading exporters’ of Robusta coffee in Eastern Africa. She derives 14% of its export earnings from the coffee trade. Until 1988 the Madagascar’s coffee trade and industry practiced a “*caisses*” system. With the advent of reforms, government role demised and most production –cum – marketing functions are now handled by the private sector. Government restriction was removed in 1997 leaving the Madagascan trade in coffee entirely free.

128. Following liberalization, internal marketing costs have been reduced significantly. Support services [banking, transport and shipping] have become more efficient, whilst the level of taxation has fallen. However, the total crop produced and exported has also nose dived!

129. Coffee production in Madagascar is mainly by the small holder sector. The Malagasy are coffee drinkers by tradition; though not to the same extend as Ethiopians. The intrinsic quality of Madagascar Robusta [**Kouillou**] is good with a neutral cup but its quality is usually adversely affected by difficult harvest and drying condition.

130. There are reports of market linkages between Malagasy growers and Japanese importers. With the trade free of government controls, such a move would appear to be a step in the right direction. The example of Hawaii and Jamaica direct coffee trade linkages to the Japanese market demonstrates the relative usefulness of such international direct joint action.

131. The coffee industry in Madagascar has virtually collapsed following liberation and privatization. A market driven revival may be at the horizon waiting to roost!

132. **On coffee certification**, comments from Head of the Madagascar Coffee Research and Development Programme]

- ❖ Apart from certifying green coffee exports, Madagascar has no coffee certification/verification programme or codes in sustainable coffee initiatives
- ❖ With our development partner [Japanese Government and Ueshima Coffee Company] we would love to be involved in any codes and initiatives that would place Malagasy Coffee on the right international footing.

133. Apart from certifying commercial and smallholder coffee growers, Madagascar presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, transporters and exporters.

2.6 Malawi

134. Malawi is the smallest, but not the youngest coffee growing country in the EA region. Traditionally the commercial sector, located in the southern part of the country dominated the coffee scene. In recent years a small holder coffee trust in an area known as Mzuzu is proving innovative in the production, processing and packaging coffee for domestic consumption and export. Annex 05 shows Malawi's export performance since ICO records began. Despite its long history of coffee exports, Malawi's highest exports reached 140 thousand 60-kg bags in the late 1980s. These have fallen steadily to just above 40 thousand bags in 2004.

135. Malawian internal coffee market is fully liberalised and has two associations representing the commercial sector and smallholder sector respectively. It is intriguing to observe that Malawi's production in recent years grew under conditions of falling global prices.

136. **On coffee certification**, comments from Mzuzu Smallholder Coffee Trust indicate that:-

- ❖ The only coffee certification in Malawi is for green coffee ready for export in which the Malawi Bureau of standards is also involved.
- ❖ Cost-benefits of certification are not known in Malawi, nor is it known how certifiers are accredited.
- ❖ Malawi would very much want to move with the rest of the EAFCA chapters in these coffee certification initiatives.
- ❖ Malawi smallholders can not however shoulder the cost of certification/verification.
- ❖ A general feeling is that the programme should involve the entire EA sub-region and if feasible, be implemented centrally, via country chapter with a central co-ordination.

137. Apart from certifying commercial and smallholder coffee growers, Malawi presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers, transporters and exporters.

2.7 Rwanda:

138. Rwanda, is heavily dependent on coffee earnings derives some 68% of its export earnings from coffee. In recent years, Rwanda has reformed its coffee trade and industry to one that is almost purely liberal. Whereas prior to the 1990s, Coffee Board of Rwanda [OCIR-CAFÉ] a regulator body runs all marketing functions, today there is no government role in the market place. Instead private entities run the show! Coffee research is done at the National Research Station [ISAR] located at Butare near the border with Burundi.

139. Until recently Rwandese coffee were not known by name and/or taste within new and emerging markets and in particular speciality market. Today with the support of donor and non-government organizations linking Rwanda coffee within new emerging markets in addition to mainstream market. It is however, not possible to demonstrate the new developments from the available figures. Since Rwandese export statistics are not segregated by destination. One only can assume that “member” destination is Europe whilst “non-member” destination is North America and or Japan. There is need therefore that OCIR-CAFÉ provides the ICO, and other institutions, with better segregated data for analytical purposes.

140. **On coffee certification**, comments by the USAID/PEARL Project based in Butare-Rwanda and OCIR CAFÉ indicate that:-

- ❖ Rwanda has a Fair-Trade programme and may soon be involved in Organic coffee certification
- ❖ OCIR CAFÉ which is the Coffee Board of Rwanda certifies ICO standards for certificate of origin and Resolution 420 standards
- ❖ Rwanda Bureau of standards is not involved in coffee anything except that there have been some talk!
- ❖ The following cooperatives are involved in Fair-Trade certification, i.e. COOPAC, Abahuzamugambi ba Kawa, KOAKAKA, COCAGI, and DAKUNDAKAWA
- ❖ Benefits of Fair-Trade certification range between \$0.20 to 0.50 per pound and yet certification costs only \$500 per annum. Thus Fair-Trade certification is cost effective
- ❖ Fair-Trade certification is great for Rwandese cooperatives
- ❖ Certifiers come from Bonn in Germany. Local Fair-Trade programmes if established, could help with certification and keep costs down
- ❖ Working from Germany is proving slow and growers do wait long to be certified because of shortage or lack of inspectors. We need a locally based certification programme.
- ❖ Fair-Trade coffee is now more sought after compared to a few years ago. Demand is also growing

141. Apart from certifying commercial and smallholder coffee growers, Rwanda presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, transporters and exporters.

2.8 Tanzania:

142. Tanzania derives about 15% of its export earnings from the coffee business. It exports Arabica and Robusta coffee both of which are of exceptional quality.

143. Until recently, Tanzania coffee was marketed only through an auction system, at the Moshi coffee auction conducted practically every Thursday morning when the crop is in season. A new “window” has now been introduced in which certain lots of top quality coffee are exported directly by growers.

144. In Tanzania smallholder owned association known as Kilimanjaro Speciality Coffee Growers, comprising of 7000 farmers agreed to enter into agreement with an NGO known as TechnoServe, to link up with a USA roaster/retailer [Peet’s coffee] to export coffee directly from Tanzania to USA. By so doing, they officially and transparently circumvented the Moshi coffee auction. This is now a show case for ECA coffee auction practicing countries.

145. The shift in policy was and is still intended to make Tanzania growers as competitive as possible in spite of record low global coffee prices. Peet’s coffee of California paid prices as high 150% above auction prices. It is too early yet to draw firm conclusion from one crop/season experience, but one can already visualize the plausible positive impacts of this “direct sales” experiment.

146. Over the years, the Tanzanian coffee exports tend to associate with no clear pattern. The “Zigzag” trends of coffee exports may represent variation in yields of the two types of coffee grown in Tanzania, at three differing locations, namely Mt. Kilimanjaro area, Southern Highlands, and Lake Victoria [Kagera-Bukoba] area.

147. The Moshi auction is ran in similar lines with the NCE. Bigger buyers at these two auctions also tend to be the same. Tanzania Robusta is probably the best cupping Robusta coffee in the EA sub-region and the rest of the producing world. The advent of coffee wilt disease is therefore a real threat to that rare and most unique Robusta of the world.

148. The hard Arabicas of Southern Tanzania are similar to Brazilian and Ethiopian unwashed natural coffees. It is not clear to us why cupping characteristic of Southern Tanzania coffee cup rather poorly on average, and by implication, attract little or no premium prices.

149. The extra mild coffees of Kilimanjaro, classified by ICO as “Colombian Mild” do cup well, but attracts less premium compared to the Kenyan Arabicas of the same grade and class. With the possible harmonization and possibility of having the Eastern African sub-region coffee exchange, it would be interesting to see whether this differential would narrow, or disappear in the medium to long term.

150. **On coffee certification**, comments by TCB and the local coffee trade and industry indicate that:

- ❖ TCB is aware and involved on coffee certification programmes and initiatives, principally on organic coffee
- ❖ About 27% of Tanzania potentially qualifies for Organic, Fair-Trade and Utz Kapeh Certification
- ❖ Tanzania Organic Robusta received recognition in October 2004, as the best tasting organic Robusta coffee in the EA sub-region at the IFOAM coffee conference in Entebbe-Uganda
- ❖ Tanzania Bureau of Standards ascertain that coffee of exportable quality is free of any radio active materials/chemicals, etc and do meet ICO standards
- ❖ Kagera cooperative Union is certified organic and Fair-Trade, including the related mill at Bukoba
- ❖ Premiums averaging \$0.4 per pound are achieved via certification. Taking the price of the average certified global Robusta price as \$0.8 per pound, the price gap is therefore 50% higher
- ❖ Involvement of coffee certification programmes in the smallholder sector should be participatory and involve governments, regulatory bodies, growers, buyers, NGOs and the private sector
- ❖ FLO charges 4400 Euros as initial inspection fee and thereafter 500 Euros per annum
- ❖ 100 smallholder farmers form a business of which there are some 7000 at AKSCG. TechnoServe [an NGO] assisting in training farmers and identifying niche markets via special auction windows
- ❖ IFOAM is mainly at Kagera [Robusta] and Jarime [Hard Arabica]
- ❖ Arabica of Kilimanjaro Native Cooperative Union [KNCU] have no CBD and are being certified Organic by FLO
- ❖ Fair-Trade social programme premium is 5 cents per pound; with a minimum of 126 cents per pound at whatever market price level
- ❖ Generally certification costs are higher than expected monetary return. Studies are going on to establish actual costs/benefit relationships in Tanzania and the rest of the EA region

151. Apart from certifying commercial and smallholder coffee growers, Tanzania presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers transporters and exporters.

2.9 Uganda:

152. Uganda is, on average, the largest coffee producer within the EA sub-region of Africa. The country produces mainly Robusta coffee which accounts for 90% of the coffee produced. Arabicas are produced around Mt. Elgon area where post harvest technology is provided by the Bugisu Cooperative Union. Coffee research is under the auspices of National Agricultural Research Organization [NARO] and is carried out at Coffee Research Institute (CORI) based at Kituza.

153. The coffee industry is fully liberalized since the early 1990s. Thus all marketing function of the Uganda coffee trade and industry are performed by the private sector. The regulatory body is known as Uganda Coffee Development Authority [UCDA]. Returns to growers said to have increased following liberation and privatization. No wonder then, that the post reform period has seen an increase in Uganda's coffee output.

154. Uganda's coffee export performances have generally held up although the main destinations of her coffee have changed during the past decade or so. It may be noted that total export trends have declined since 1995/96 coffee year. Uganda has however kept its main markets in Europe where the coffee's special frothing and organoleptic characteristics are best appreciated. It is notable too that Hungary [a new member of the EU], Sudan and Switzerland have started importing Uganda coffee in significant amounts.

155. **On coffee certification**, comments by UCDA, NUCAFE, IFOAM-Uganda, EAFCA-HQ, indicate that:

- ❖ Like in Ethiopia, Uganda is involved in many coffee initiatives and programmes
- ❖ The oldest ones are Organic Coffee and Fair trade.
- ❖ Eurepgap/Utz Kapeh programmes have also been introduced for certification of Uganda horticultural exports such as simsim and French beans which would now include Coffee
- ❖ Uganda has also got a Pilot programme on 4Cs
- ❖ Ugocert is assisting farmers to access markets that demand certified coffees such as Organic, Fair-Trade and Eurepgap. It pays premiums of between 15 and 30 % above prevailing market prices. Certification companies are mainly from Europe. Some if not all of these, have access to Government and donor funds. Donors and development partners also pay for training, capacity building and start UP capital equipment. In several cases they also pay for initial certification costs
- ❖ Information on actual direct and indirect costs are considered "private & confidential" by certifying bodies. It is possible that whilst these programmes and initiatives may help deliver positive results and or sensitize the region for social and environmental dimensions, it is difficult to conclusive prove sustainable economic dimensions, hitherto
- ❖ A proper field study is necessary to establish whether or not reducing the cost and time spent by coffee growers on certification in addition to the 15 to 30% premiums, growers become better off than they would otherwise be without certifications
- ❖ For most certification, it takes one to two crop years from first contact, through training and sensitization to the actual certification. Even then one is not certain of economic benefits
- ❖ Market access and a "feel-good factor" may be the immediate real benefits for farmers and others in the coffee supply chain to be certified
- ❖ There is some pressure from donor and international certification companies to use foreign companies to certify, audit and inspect EA coffee programmes, which without local capacity would in itself prove "unsustainable" on account of costs and other factors
- ❖ The actual cost of coffee certification varies across the country and by implication, the region; depending on programme under reference. Pilot programmes are expensive by nature and do cost in excess of US \$ 100,000 per cooperative or sizable farmer group, before any coffee is actually certified or reaches the market
- ❖ Actual cost involving international verification and certification bodies such as SGS and Bureau Veritas, are regarded as trade secrets and hence unavailable for analyses
- ❖ UgoCert is owned [25%] by the [National Organic Movement of Uganda-NOGAMU] and other small organizations each owning 5% share.

- ❖ Generally Uganda welcomes initiatives that would improve the image of her coffee in the world market and also earn premiums for the special coffee that Uganda exports to the world market

156. Apart from certifying commercial and smallholder growers, Uganda presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packer's transporters and exporters.

2.10 Zambia

157. Zambia joined the International Coffee Organisation in 1983. At that time her coffee exports to all destinations were below 10 thousand 60-kg bags per year. Annex 06 shows that since then Zambian coffee exports have risen steadily to around 120 thousand 60-kg bags in 2003.

158. Like in the case of Malawi and Zimbabwe, the internal coffee market of Zambia is fully liberalised.

159. **On coffee certification**, comments by Zambia Coffee Growers Association indicate as follows:

- ❖ One of our members is involved in Utz Kapeh certification
- ❖ All ZCGA members are undergoing certification by Taylors of Harrogate [UK]. The aim of this certification is intended to achieve Fair-Trade certification, pay better prices for compliance, and filter the benefits to the coffee growing community
- ❖ Munali coffee Company is Utz Kapeh certified, whilst ZCGA, Terranova Farm and Makeni Cooperative are certified by Taylors of Harrogate
- ❖ Taylors of Harrogate are offering \$0.2 per pound premium, whereas Utz Kapeh programmes guarantee no premiums, except market access via Eurepgap
- ❖ SGS Nairobi and Taylors of Harrogate-RSA are the certifiers. None of these are based in Zambia
- ❖ Utz Kapeh certification is much more expensive and time involving than Taylors of Harrogate which has yet to demonstrate any tangible premiums
- ❖ It would be cost effective if one or two certifiers, based in one or two EAFCA member countries were to be cheaply but professionally involved in coffee certification. There is need therefore for regional capacity building

160. Apart from certifying commercial and smallholder coffee growers, Zambia presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers transporters and exporters.

2.11 Zimbabwe

161. The coffee trade and industry in Zimbabwe is fully liberalised. Stakeholders belong to the an Association that allow them to network and also lobby local and international entities in one voice Zimbabwean coffee is mainly grown in the Eastern Highlands bordering

Mozambique. Commercial growers dominate the scene but there is a small but important small holder sector in the pipeline.

162. Annex 06 shows Zimbabwean coffee exports to all destinations. These hit record highs when ICO coffee export quotas were in effect but have since fallen from 250 thousand 60-kg bags per year, to less than one hundred thousand bags annually.

On coffee certification:

- ❖ Zimbabwe has no coffee certification system as of now. A study done by the Coffee Marketing Development and Trade Promotion in Eastern and Southern Africa in 2002 reveal this. The study actually made some recommendations for the setting up of such a coffee certification system in Zimbabwe whereby the Standards Association of Zimbabwe would play a role. The study actually proposed an independent and sustainable system with the Coffee Growers' Association monitoring the performance of the system. Levies were proposed to make the system sustainable. To this day, nothing has been done. It is highly unlikely that a coffee certification program would be implemented in a foreseeable future.

163. Apart from certifying commercial and smallholder coffee growers, Zimbabwe presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers transporters and exporters.

CHAPTER THREE

3. Coffee Certification; recommendation & way forward for the Eastern Africa sub-region

3.1 The Roadmap to Coffee Certification

164. A coffee grower, based anywhere in the EA sub-region has potential with one or more coffee certification programmes. The following is a summary of issues and scenarios that one may have to go through in order to reach the desired optimal results. It may be noted that any other stakeholder such as a processor, warehouseman, exporter, do face the same dilemma the only difference being that the coffee supply chain become as weak as the weakest link, namely the smallholder coffee farmer!

Table 7: The Certification Roadmap

Step	Farmer	Remarks
1	Farmer identifies need for certification	Certification scheme introduces Certification to farmer. <i>[this information is scarce as it is held by the Certification scheme owners]</i>
2	Farmer looks for information about Certification scheme	Certification scheme gives farmer information. <i>[the certification scheme has the final call on who is invited to join the scheme]</i>
3	Farmer identifies whether has own know-how to implement certification scheme	If he has no know-how farmer seeks help of a consultant/trainer <i>[the region has very few, if any, qualified consultants/auditors in the coffee certification process. Very few farmers, even large scale, have in-house know-how to successfully implement the scheme]</i>
4	Farmer carries out initial gap analysis to establish current farm status against the requirement of certification scheme	Consultant assists farmer in critically identifying the short falls <i>[this requires the consultant/auditor to have skills and knowledge in Environmental management, social and labour issues, international food safety requirement, workers health and safety issues]</i>
5	Farmer then draws up an action plan and a budget to fulfill the shortfalls	Consultant assists farmer identify best practice in the coffee industry and

		reasonable ways of implementing them at the farm. <i>[this requires consultant/auditor to have knowledge on good agricultural practices]</i>
6	<p>Farmer documents the Internal Control Systems [ICS], operating procedures and policies required by the Certification scheme. These procedure will cover the sustainability facets of :</p> <ul style="list-style-type: none"> ❖ How natural resources are managed ❖ How pollution, use of banned chemicals are dealt with ❖ Social issues e.g. labour health and safety and working conditions are managed ❖ How good agricultural practices are implemented at the farm. <p>Farmer implements the procedures and monitors progress</p>	<p>Consultant assists farmer in documentation and also in interpreting the requirements of the scheme to the practicability's at the farm level. <i>[this requires a consultant to have skills and knowledge in Management system documentation and auditing and also knowledge of coffee marketing system]</i></p>
7	<p>Once a farmer is happy that the system is working he invites the Certification body to conduct third party Independent audit</p>	<p>Certification body requires trained experienced and accredited auditors, inspectors and verifiers. <i>[there are very few, if any of these people in the region]</i></p>
8	<p>The audit is conducted against the Certification scheme applied for.</p>	
9	<p>The certification body is issued a compliance certification if farmer has implemented the procedures as per document as per requirements of the Certification scheme</p>	<p>There are several certification bodies in the region and being a commercial venture others are likely to come; [refer to table 4]</p>
10	<p>Usually the Certificate is valid for a period of about one year and is subject to successful Surveillance audits by the CB</p>	<p>The type of certification available in the region include Organic, Fair-trade, Utz Kapeh</p>
11	<p>Once a farmer is certified he notifies owners of certification scheme and agrees on use of Certification Loge on farmer's produce and also how to deal with buyers.</p>	

165. In order to meet the certification requirements as per the roadmap, it is imperative to create capacity in the region. The capacity requirement is to assist coffee farmers:-

- ❖ Understand the concept of certification
- ❖ Understand what requires to be done, in a very simplified way
- ❖ Appreciate the concept of good agricultural practices
- ❖ Understand that Certification leads to an on-going farm improvement scheme and does not end upon receipt of certificate.
- ❖ That cost of maintaining the certification is challenging

166. To build a professional and market driven capacity in the field of coffee certification requires training of local inhabitants and experts in discipline of internationally acceptable standards, codes and norms. The trainees also need to be updated on an on-going basis and hence the need for them to have an association locally-based and also to be internationally accredited to and by recognized bodies.

3.2. Weaknesses in the Coffee Certification:

167. A survey of existing coffee certification programmes operating within the region has revealed that the EA geographical area is very large and does cover very many commercial and small-scale coffee growers. Thus to reach each individual farm, cooperative or farmer groups shall require extensive logistics, professional determination and budgetary provisions. Thus capacity building and regionalization of the same are pre-requisite for successful coffee certification in the medium to long term.

168. Language is another challenge in the region. The small scale holders are not always literate in English, French, German, Swedish or Dutch. The proposed certification coordination unit must target at developing local capacity for certifiers, auditors, inspectors and consultants who will be able to effectively interact with coffee growers, farm workers, processors, warehousemen and other stakeholders.

169. For the proposed EA Fine Coffee Certification Schemes to work and taking into account that reduction of poverty and extreme hunger are important indicators of success. Smallholder coffee growers require training in the various elements of the Certification schemes. This training must be conducted in simple terms and in local languages. Thus there must be well trained consultants and extension officers at all levels of the coffee chain.

3.3 Coffee certification criteria:

170. The Eastern African Fine Coffees Association [EAFCA] focuses on the quality of coffee, the quality of life and the quality of the environment. It is implicit therefore that, as much as possible raising the quality of coffee produced, and having various value addition certification programmes in the EA region shall attract premium prices which in turn shall improve the income of coffee growers and by so doing reduce poverty and extreme hunger.

180. By definition and design, all coffee certification programmes are expected to have three dimensions namely Economic, Environment and Social. Depending on who is interested to purchase what coffee, each of these programmes emphasize one or more of

these three “Pillars” of sustainability. Therefore, there are several common elements that are applicable to any Coffee certification initiative.

181. These are basically the following:

1. Documentation

Documentation requirements are to provide traceability and evidence of conformity. The documents serve as proof that activities were carried out as per agreed procedures. Documentation can be simplified to take into account the capabilities of small-scale holders in record keeping without compromising on actual coffee certification requirement.

2. Management system

The management system defines and details policies and procedures that the farm/coffee enterprise operates on. These provide a framework on which audits can be conducted. The level of detail of the system depends on the farming scale. Small-scale holders can have simplified procedures that are documented at Government or Cooperative level or at business/farmers’ group level.

3. Labour issues

This relates to the labour conditions of the workers. The basic requirement is that Employment policies must comply with National Laws and International conventions. There should be social justice to all employees whether part-time, full time or living in worker place. This section should also address child labour and sometimes gender issues.

4. Health and safety of workers

This deals with healthy and safe working conditions of workers. It requires farms to conduct health and safety risk assessment and put in measures to reduce or eliminate the risks. Workers should have access to first aid while at the farm. Provision of schools for workers children and also dispensaries, ablutions and other basic necessities to workers and their families is always seen in a positive light.

5. Chemical use

This deals with prohibited use of banned chemicals, such as the so called “dirty Dozen”, throughout the coffee supply chain. The use of any agro-chemicals must be appropriate for maintaining soil structure and fertility, plant and bean health. Workers health and safety should be addressed while handling agrochemicals.

6. Waste management

This section deals with management of waste generated on a coffee farm or elsewhere in the coffee supply chain. This could be pulp, containers and packaging materials used for fertilizers and chemicals. The procedures for proper disposal that is environmentally friendly should be defined and implemented. By implication, waste that is not hazardous should be reduced or reused or recycled.

7. Water use

This section deals with proper management of water resources. The farm should implement sustainable methods.
Water sources should be protected from pollution.

8. Soil conservation

This addresses the management of soil to improve soil and reduce soil erosion. The responsible use of agrochemicals should be defined, and by implication be subjected to regular audits.

9. Economic sustainability

This section deals with expected returns on growers investments. In other words a certified coffee farmer must attract premium prices that more than compensate the use of his land, labour, purchased farm inputs and equipments in relation to his entrepreneurship. An adequate return also implies remunerative prices. Thus when Organic or Fair trade initiatives guarantee a minimum of 1.26 dollar per pound this must reflect the true cost of investments, also when Starbucks growers promises a premium of 0.5cent US dollar per pound over and above prevailing market prices this implies that a grower has to be better off at any one time than he would be without Starbucks C.A.F.E. programme.

182. By being part of whichever coffee certification programme, it is also implicit that a grower, processor, warehouseman, exporter and other stakeholders collaborate in a new and unique way than ever before. Contacts amongst Stakeholder, regional governments and technical assistance professionals are also possible. As nearly all existing coffee certification programmes emphasize quality of coffee, this implies that consumer demand has to play a major role so as any production, processing and exporting of 'rubbish coffees' is discouraged in the spirit of ICO resolution 420 of May 2004.

Other benefit of the Fine Coffee certification potentially includes: -

- ❖ Technical assistance
- ❖ Sustainable coffee supply chain, season after season, year after year
- ❖ Access to niche and emerging mainstream coffee markets
- ❖ General mental, pride and emotional satisfaction via improved public image and a 'feel good factor' as a consequence of associating with emerging coffee market trends and sustainability initiatives

- ❖ Value addition via product differentiation
- ❖ Training and motivation of coffee growers, their families and other stakeholders
- ❖ Possible **access to credit** from banks and other financial institution
- ❖ Better prices now and/or medium long term
- ❖ Traceability which is explicit in all coffee certification initiatives
- ❖ Environmental conservation and social responsibility

183. In order for all the above benefits to be properly reaped it is imperative that efficiency, dependability, reliability and quality of the entire coffee supply chain function and operate professionally. As some of the coffee certification initiatives emphasize conservation of biodiversity, this implies a possibility for mixed farming. All EA Robusta producing countries and a few Arabica producing countries that do not suffer crop losses due to shading or new use of agrochemicals have potential to work with Agroforestry professionals. Coffee certification initiative in the EA region can therefore be seen as a useful tool that would advocate and educate coffee growers and other stakeholder, and more so the smallholder sector make farm improvements and improve coffee quality by creating tangible incentives for change. For this and other reasons the proposed CCU and ASAC shall help monitor and verify general progress in the regions coffee economy in harmony with the existing and emerging sustainability initiatives.

184. We propose that all certifications schemes that are operating in the region, and others yet to come, be encouraged to continue with their activities, possibly in collaboration with local authorities and private sector entities. It is further recommended that every certification scheme ensures that the scheme is internationally accredited in order to ensure sustainability and International recognition and also allow benchmarking. The latter could be of concern to the proposed “Sustainable Coffee Board” by the iiSD. The resultant benchmarking amongst various coffee certification schemes will ease burden on producers as it will avoid duplication of certification. International recognition will ensure that once verified/certified the producers and other stakeholders are assured worldwide acceptance. EA coffee certifiers, who would be members of ASAC, must show proof, at all times that they hold an internationally accepted “Certificate of Competence/Accreditation” from International accredited bodies who are traceable to ILC/IAF Inc. EA fine coffees certification auditors and inspectors must be registered by internationally recognised bodies e.g. IRCA [UK], RAB [USA], JAB-ANZ [Australia/New Zealand and Japan. We recommend that these be members of the regional Association of Sustainable-Coffee Certifiers [ASAC]. By so doing, any farm, firm or cooperative certified by these organisations shall automatically be accepted elsewhere in EA and beyond.

3.4 Cost implications

185. From a grower’s point of view, coffee certification, of whatever kind or form involves cost before any benefits, if at all, are realized. In the case of a commercial grower, any farm visit would cost a minimum of 350 to a maximum of 600 USA dollars per day by consultants. A minimum of two such visits are essential from the onset. Thus initial visits cost are between 700 and 1200 USA dollars. Thereafter a certification body comes in to audit the grower at a fee of about USD 600 per day. Thus the initial certification cost is about USD \$2000 Inclusive of application fee.

186. The case of smallholders is more complicated, time consuming and most probably more expensive. There is a case therefore to make for local coffee certifiers, auditors, inspectors and consultants of international repute. Apart from cost of training farmers, society management, there are infrastructural costs such as rehabilitating dilapidated machinery that attracts additional costs.

187. A Dutch funded NGO is piloting a cooperative [Ruthanga Farmers Cooperative Union] in Nyeri district of Kenya attempting to quantify these costs. Preliminary indications are that:

188. Given that:-

- ❖ The size of the cooperative is 2000 smallholder coffee growers
- ❖ Coop has two Societies
- ❖ Forty “model” farmers are picked at random from 50 growers
- ❖ Training is targeted at the 40 model [progressive farmers]
- ❖ These in turn shall train the 50 growers in their neighborhood
- ❖ Training will also target at least 3 members of staff at the society [wet processing plant], that six society employees trained
- ❖ Transport, and out of pocket expenses shall attract 100 USA dollars per trainee

189. The programme coordinator estimates that in year one, direct costs for this “model” co-operative shall be around 50 to 60 thousand USA dollars. Training is expected to be conducted at the two factories and also at the Coffee Research Foundation in Ruiru. CRF has a special hostel and training facilities located at Kenya Coffee College-Ruiru that are at the disposal of coffee growers and their staff.

3.5 Which Initiative to Adopt and/or Internalize

190. Whilst the future is always difficult to predict, the consultants are of the opinion that the EA sub-region can actually handle, any and all the existing certification initiatives including new and emerging ones on condition that these would add value and provide profitable market access. The initiatives have to be voluntary and not punitive to growers and other stakeholders. Whilst most certification programmes found in the EA region focus on niche markets, the 4C programme, and the Eurepgap/Utz Kapeh programmes address themselves to the mainstream coffees. It may be noted that the UNCTAD sponsored “Sustainable Coffee initiative” focus on the concept of establishing an all inclusive “Sustainable Coffee Board” so as to form a forum of cooperation between producers and consumers of the ICO and also other interested parties not only on niche markets but also on main coffee markets. If and when this becomes a reality, it would bring along new opportunities and challenges to address the ever changing and challenging global coffee trade and industry under the umbrella of the ICO, in the same way PSCB has demonstrated.

3.6 Coordination of EA Coffee Certification programme

191. The scenario currently observed in the EA region is one of uncoordinated proliferation of certification initiatives. The role of regional collaborating institutions is also

unclear whilst the legal statuses of some operations are doubtful. Many EA coffee growers, exporters, millers, warehousemen, and other stakeholders are not sure of which way these many initiatives are headed and most important of all, what exact benefits of participation are! Duplication of efforts of rare and scarce resources may also be an issue. A “sustainable Coffee Board” of the ICO, as proposed by UNCTAD/iiSD, if it comes about may help set self regulatory rules and guidelines for use by weak participants in the supply chain link-namely farmers and other entities. For the EA region, we recommend that a central “**One Stop Shop**” for EA fine coffees certification initiatives be established preferably under the auspices of EAFCA.

192. Thus as soon as funding is sourced, EAFCA should establish a regional fine coffees certification coordination unit; covering the whole range coffee certification initiatives that exist in the region and those that may yet come. It is suggested that a core unit be established at EAFCA/HQ in Kampala or in a suitable location in Nairobi to be known as an EA Fine Coffees Certification Coordination Unit [CCU]; to constantly review the impacts of each Certification scheme and shape a new coordinated way forward. This “One Stop Shop” would be answerable to the Executive Director of EAFCA and by extension, the Board of EAFCA. An interactive website should also be established as soon as possible to assist growers, trade and industry stakeholders, and make informed decisions on any coffee certification initiatives, as outlined in the roadmap [Chapter Three].

193. A brief description of EA’s Coffee Certification-Coordination Unit [CCU] can be given as follows:

- ❖ Promote coffee certification at production, processing, consumption, storage and export of the finest quality coffees in Eastern Africa.
- ❖ Exchange coffee certification information through education and training for coffee trade & industry stakeholders throughout the EA region.
- ❖ Encourage the development, establishment and implementation of coffee certification initiatives so as to complement modern, regional marketing infrastructure intended to increase coffee growers’ purchasing power, increase buyers/consumers’ accessibility to fine certified coffees from the region
- ❖ Promote the use of premium prices as an incentive for better quality certified coffees, and improve operational accountability, transparency and professionalism.
- ❖ Encourage EA sub-regional cooperation in Certification programmes where common zoning apply even if political borders currently divide them
- ❖ Pursue links with other coffee sector organizations/associations and facilitate joint fine coffees certification activities where appropriate.
- ❖ Encourage sound business acumen, environmental consciousness, and awareness of socio-economic issues related to the industry.
- ❖ Promote public-private partnerships and linkages in EA coffee certification programmes
- ❖ Maintain long-term productivity increases of high quality/Fine certified EA coffees
- ❖ Improve efficiency in the EA coffee marketing chain, so that it delivers fair prices to farmers who produce certified fine quality coffees to consumers
- ❖ Make EA sub-regional certified coffees competitive in international markets

- ❖ Improve the socio-economic situation of certified coffee growers, workers and their families
- ❖ Conserve the EA natural resource base and biodiversity taking advantage of coffee certification initiatives.

194. It may be noted that EAFCA has also developed an annual coffee conference nicknamed “Worldswildestcoffee” or WWC. This is already providing CORNET with facilities and opportunities to hold scientific/research workshops. Apart from SCAA and SQI, a memorandum of Understanding has also been signed between EAFCA and CORNET. In the same token, the WWC would provide an opportunity for fine coffees certification initiatives operating with the EA region to meet and exchange information at least once every year.

195. The possible functions/duties of the Fine Coffees Certification Coordinator would be as follows: -

- ❖ Encourage all players involved in coffee certification initiatives within the EA, including those that are yet to start, cooperate in their noble work
- ❖ Identify target coffee zones or growing regions within the EA region that programmes can be replicated after pilot work
- ❖ Establish zonal or country chapters for grass root delivery of the initiatives
- ❖ Solicit and obtain support from development/strategic partners so as to put the certification unit and the zonal/country chapters on a sustainability footing
- ❖ Develop structures for effective operation of the sub-regional certification schemes and organization
- ❖ Involve private sector, civil society, local/regional institutions and development partners in zonal and chapter activities related to certification initiatives
- ❖ Perform any other duties as may be demanded by EAFCA or CORNET Board of Directors.

3.7 Setting up an EA Fine Coffees certification system

- ❖ The aim is to ensure integrity, transparency and harmonisation of global agricultural standards
- ❖ Coffee growers that are awarded ASAC coffee certification must demonstrate that they do meet the highest standards for complete production, processing, storage; etc to buyers in Europe, North America and Japan
- ❖ The EA certification scheme must recognise consumer concerns about safety and reliability of coffee on sale in shops and super markets
- ❖ As far as possible, and depending on certification programme, growers must also, reduce the amount and use of agro-chemicals in coffee , including environmental and social concerns
- ❖ Certification agencies in the EA sub-region include SGS-Kenya, KRAV-Uganda, shall be encouraged to use their vast resources and knowledge towards this end. Coffee certification bodies by ASAC must have an ISO Guide 65 accreditation certificate issued by accreditation bodies whoa are members of IAF or have signed MLA agreements.

- ❖ Certification programmes are important in all major coffee markets as the question of Food Safety, Corporate Social responsibility and environmental protection and conservation have become extremely important

3.8 Importance of Accreditation of Certification bodies:

196. Certificates issued by Certification bodies must be relied upon in International trade. In order for this to happen certification bodies must be accredited by internationally recognised institution.

197. Accreditation reduces the risk for business and its customers by assuring them that the accredited bodies are competent to carry out the work they undertake.

198. Accreditation bodies which are members of the International Accreditation Forum, Inc [IAF] are required to operate at the highest standard and to require the bodies they accredit to comply with appropriate International standards.

199. Accreditations granted by members of IAF Multilateral Recognition Arrangements [MLA] allows companies with an accredited Certificate in one part of the world to have that Certificate recognised everywhere else in the world.

3.9 Training Venues:

200. For purposes of training, and in the interest of costs and effectiveness, it is proposed that the eleven countries be stratified as follows:

- ❖ Great Lakes region i.e. Burundi, D.R. Congo and Rwanda
- ❖ East African Community i.e. Kenya, Tanzania and Uganda
- ❖ Southern Africa, i.e. Malawi, Zambia and Zimbabwe
- ❖ Ethiopia
- ❖ Madagascar

201. In this case, Group one would be French speaking, Group two and three would be English speaking, Ethiopia would have its local languages, whilst Madagascar shall be French speaking .It may be noted that as far as possible all courses for coffee certifiers, auditors and inspectors shall be held in the English language

3.10 Course Contents:

202. These shall involve such subjects as:

- ❖ Management of documentation
- ❖ Coffee Standards and Codes of conduct
- ❖ HACCP on food safety
- ❖ Audit and inspection skills
- ❖ Coffee Marketing and the related economics

Giving an example of Kenya, and assuming the use of the Kenya Coffee College located at CRF-Ruiru, and field trips to Commercial farms around CRF and to small holder cooperatives around mount Kenya, direct cost can be broken down as follows, in USA dollars:

Tuition cost	56,900
Per Diem Allowances	5,616
Flight cost for trainers	6,000
Venue cost	8,000
Training cost	15,000
Field trips	8,000

Total training cost [Kenya] **99,516 [USA dollars]**

203. In comparative data Tanzania shall account for \$98,770, Uganda, 107,708, etc all totaling \$720,540 in year 1 for the 11 EA countries. It may be noted that the initial secretariat [=CCU] shall require a coffee certification consulting expert for four months. A layer shall also be required to draw up ASAC's constitution and articles of association. ASAC rules and regulations shall be modeled along existing regional association such as the Environmental Practices Association which is embraced by bodies such as Kenya National Environment Management Authority [NEMA]

204. After a period of three years ASAC will levy subscription amongst its professional membership which would then be able to replace the CCU role and become a sustainable coffee certification professional association.

3.11 Minimum Qualification of Trainees:

205. As far as possible, trainees of auditors must be selected from the following category of graduates:

- ❖ Possess first degree from a recognised university in Agriculture, Environmental Science, B.Sc, BA, Engineering, Rural Sociology, Law and Horticulture. A field experienced of a minimum of two years would be an added advantage.
- ❖ Based on exportable volumes of coffee to all destinations, the idea is to initially train the following number of auditor per country. Burundi [4], D.R. Congo [4], Ethiopia [11], Kenya [10], Madagascar [5], Malawi [2] Rwanda [4], Tanzania [10], Uganda [11], Zambia [3] and Zimbabwe [3]. Nothing in this proposal prevent any country or coffee certification company, organisation or private sector entity to train any amount of coffee certifiers, auditors or inspectors, so long as they are all recognised by IAF Inc.

206. Budget estimates for the setting up of the CCU and the establishing of training programmes through ASAC and eventual sustainability of a regional Fine Coffees Certification programme are given below.

Under all circumstances, the initial aim is to build fine coffees certification capacity in the EA region and regionalize such professionalism across the coffee trade and industry of the sub-region irrespective of the type and form of coffee produced, processed and exported.

3.12 Expectations & syllabus

3.12.1 Documentation requirements

- ❖ This defines the documentation required to be kept by the organisation [farm, coop, Sogestals]
- ❖ It will also define controls that must be put in place to manage the documentation.

3.12.2 Organisation and management requirements

- ❖ This defines how the organization is set up
- ❖ It defines the roles, responsibilities and authorities within the organization

3.12.3 Technical requirements

There are many other specific requirements that the CCU and ASAC should specialize in. However the main issues to be addressed are:

- ❖ Good Agricultural Practices [GAP]
 - Use and sourcing of chemicals
 - Fertilizer usage
 - Farming methods
- ❖ Social
 - Labour
 - Health and safety
- ❖ Environmental
 - Waste management
 - Water and soil conservation
 - Biodiversity
- ❖ Economic
 - Premiums to be paid
 - Guaranteed market access
 - Guaranteed quantities

3.2. Basic requirements for an ASAC auditor or inspector

207. Each such person must have some formal education at degree, diploma or certificate level as the case may be. These would be from such professions as Agriculture, Commerce, Engineering and Law. Good to excellent personal knowledge of the coffee supply chain would be an added advantage. The professional once trained, must have a contractive, critical but positive attitude towards sustainable coffee economy. High standards of ethics including independence are to be expected of all certification auditors and inspectors.

Trainees are to undertake formal courses leading to examinations on such subjects as good agricultural practices [GAP], Food Safety, corporate social responsibility, HACCP principles, quality standards, Quality and other Auditing techniques, Food hygiene, Pesticide and Fertilizer use, and so on and so forth. Courses and certificate shall be relevant and acceptable to the International accreditation bodies. As far as possible, the “working language” shall be English, which is the official working language of EAFCA and CORNET. Good communication skills shall be important for the graduants.

208. Once trained qualified and certified as EA-coffee certification auditors or inspectors, one would not be permitted to carry out any activities that would affect their independence, impartiality and neutrality. Specifically, carrying out consultancies or training activities, without written permission from ASAC, for coffee growers, processors, exporters, warehousemen, etc on whom one performs audits shall not be professionally decent. Thus, and as in any professional association, EA Coffee Certification Auditors and inspectors are expected to strictly observe ASAC’s procedures so as to maintain client confidentiality, information and records.

Table 8: List of Trainers in the region

Training required for the auditors			
	Course	No. days	Trainers
1	Introduction to Management Documentation	3	SGS[www.sgs.com] BVQ[www.bvqi.com] Ecobiz Management [info@isoconsultants.biz] Mmcafrica.com
2	Eurepgap for green coffee	3	SGS[www.sgs.com] Ecobiz Management [info@isoconsultants.biz] Mmcafrica.com
3	HACCP food safety	2	CORNET and others Ecobiz Management [info@isoconsultants.biz] SGS[www.sgs.com] BVQ[www.bvqi.com] Mmcafrica.com
4	Lead auditing skills	5	SGS[www.sgs.com] BVQ[www.bvqi.com]
5	Social auditing	5	SGS[www.sgs.com] BVQ[www.bvqi.com] Mmcafrica.com
6	Coffee Economics/Training basics	2	Consultants from specialist bodies, private and public Universities

209. The CCU shall carry out the following functions:

- ❖ Set up data bases of existing, new and emerging coffee certification initiatives
- ❖ Develop and constantly update information on coffee certification programmes and initiatives
- ❖ Develop a compatibility map showing which coffees, coffee types and ecosystems are capable of meeting which certification criterion
- ❖ Establish a training syllabus and manuals for various coffee types within the EA region the aim being capacity building for any desired certification programme or initiative
- ❖ Coordinate the training of regional certifiers, auditors, inspectors and consultants covering the eleven countries and all types of fine coffees
- ❖ Establish private sector market driven ASAC [Association of Sustainable Accredited Coffee Certifiers] within three years.
- ❖ Work closely with organizations and networks such as EAFCA, CORNET, IACO,ACRN, ICO, SCAA, CQI, SCAE, SCAJ and national bureau of standards, International Accreditation Forum [IAF] and International Register of Certificated Auditors [IRCA] ,

3.3 Collaborating bodies and entities:

210. The CCU and latter ASAC shall collaborate with the following list of entities, which is not exclusive:

- ❖ CORNET Eight ASARECA coffee exporting countries and their research network, both private and public
- ❖ EAFCA Ten Eastern African coffee exporting countries, both private and public entities
- ❖ RAIN The agricultural sector of all ASARECA countries
- ❖ ECAPAPA The Policy sector of all ASAREC countries
- ❖ ACRN Research sectors of all IACO member countries
- ❖ National Bureaus of Statistics in each of the eleven member countries under reference
- ❖ All existing and new coffee certification initiatives in the EA region
- ❖ Certification training and examination bodies such as UKAS of the United Kingdom and DAP of Germany.
- ❖ The Apex body of certification i.e. IAF Inc

Table 9: CCU operation budget

	Description	Unit	Quantity	cost/unit(\$)	Total (\$)
1	projected income				nil
2	Costs				
2.1	Staff salaries (Gross pay)				
	Regional coordinator	months	12	4,000	48,000
	office assistant	months	12	500	6,000
	short contracts	days	60	250	15,000
	Sub-total [a]				69,000
2.2	Travel				
	Economy air transport	trips	17	600	10,200
	DSA [4 days per country]	days	68	175	11,900
	sub-total [b]				22,100
2.3	other direct costs				
	Office equipment set up				
	Laptop	number	1	1,700	1,700
	PC	number	1	1,500	1,500
	Printer	number	1	1,000	1,000
	Fax	number	1	1,000	1,000
	Software	number		200	200
	website design and set-up	number		1,000	1,000
	office desks/chairs	number	1	1,000	1,000
	initial office set-up	lumpsum		2,000	2,000
	stationary ,postage			1,500	1,500
	Telecommunications	months	12	1,000	12,000
	office rent	months	12	500	6,000
	office expenses	months	12	100	1,200
	Sub-total [C]				28,900
3	Total budget [a+b+c]				120,000

Table 10: ASAC Training Budget by Country

Country	Number of Auditors	Tuition costs	Tutor per diem costs	Flight costs	Venue costs	delegates travel costs	Delegates subsistence	Field training trips
Ethiopia	11	\$62,590	\$3,224	\$6,000	\$6,600	\$0	\$16,500	\$8,800
Kenya	10	\$56,900	\$5,616	\$6,000	\$8,000	\$0	\$15,000	\$8,000
Uganda	11	\$62,590	\$5,018	\$6,000	\$8,800	\$0	\$16,500	\$8,800
Tanzania	10	\$56,900	\$4,810	\$6,000	\$8,000	\$0	\$15,000	\$8,000
Zambia	3	\$45,520	\$3,952	\$6,000	\$6,400	\$2,000	\$12,000	\$6,400
Zimbabwe	3							
Malawi	2							
Rwanda	4	\$68,280	\$5,512	\$6,000	\$9,600	\$3,200	\$18,000	\$9,600
Burundi	4							
D R Congo	4							
Madagascar	5	\$28,450	\$4,264	\$6,000	\$4,000	\$7,500	\$4,000	\$54,214
Sub-Total training costs		\$381,230	\$32,396	\$42,000	\$51,400	\$12,700	\$97,000	\$103,814

Table 11 - Overall Fine Coffees Certification Budget

Overall Cost of EA Coffee Certification Project				
		year 1	year 2	year 3
Item: -				
CCU		\$120,000	\$111,800	\$111,800
Training of auditors, etc		\$720,540	\$720,540	\$720,540
ASAC		\$101,480	\$88,880	\$83,880
TOTAL ANNUAL BUDGET		\$942,020	\$921,220	\$916,220
Overall Budget				\$2,779,460
Definitions				
ASAC	Association of Sustainable-Coffee Accredited Certifiers			
CCU	Coffee Certification Coordination Unit			
Duration	3 years			
Commencement date	first October 2005			

Notes:	
Travel as follows:	
Each member country once per year	11
Conferences	6
Total trips/annum	17

Total number of auditors	67
total Training budget	\$720,540
Unit cost per trainee	\$10,754

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6. **Daniele Giovannucci with Freek Jan Koekoek** – The State of Sustainable Coffee, A study of twelve major markets – July 2003.
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Certification bodies and Schemes

- a. International Certification Services: www.ics.itl.com
- b. Instituto Mediterraneo di Certificazione www.imcdotcom.com
- c. Institut fur Marktökologie [IMO] : www.imo.ch
- d. Scientific certification system [SCS]: www.scscertified.com
- e. ECOCERT : www.ecocert.fr
- f. Krav Ekonomisk Forening : www.krav.se
- g. SGS Certification Services: www.sgs.com
- h. Eurepgap : www.eurepgap.org
- i. Eurepgap/Utz Kapeh : www.utzkapeh.org
- j. www.marketstandards.chemonics.net
- k. SKAL: www.skal.com
- l. IFOAM: www.ifoam.org
- m. Fairtrade: www.Fairtrade.net
- n. Chemical International Inc.: www.chemonics.com

Annexes

Annex 01

Questionnaire used in the study:

- [1] Are you involved or aware of any coffee **certification systems** in your country?
- [2] If so, **what characteristics** of coffee are being verified or piloted and what do they intend to achieve?
- [3] What certification **bodies exist** in your Country or Organization?
- [4] Is your **National Bureau of Standards** involved in any of these coffee certification systems?
- [5] Which farms, cooperation, Sogestals, wet mills, dry mills, country buyers, warehousemen, exporters, etc are **already certified** and in which specific certification programmes/systems?
- [6] Do you have an idea on the **cost-benefits** related to the certification? If so what are they? Can you quantify the same?
- [7] Could you please give an indication of how **the certifiers**, where they exist, are **accredited**, and by whom?
- [8] To your knowledge, expertise and/or intuition are certification programmes in your country or area of expertise, important to the regional **main markets** of Europe, North America and Japan?
- [9] What is your personal or organizational opinion, with regard **to cost effectiveness** of the Coffee Certification Programme[s] in your country or area of expertise?
- [10] Finally, but not least , if there were to be a region-wide Coffee Certification system, what would you suggest about its structure, and how would you see it being involved in the regional coffee production processing , storage, transportation, labelling, and so on and so forth?

ICO observations, September-2004 [London]:

A Summary of discussions at the ICO Council in September 2004 can be given as follows:-

- ❖ It is not clear what level of support will be given, particularly to smallholder coffee growers and who exactly will fund this effort, when and how
- ❖ The concept of Sustainability is so complex and has so many meanings to different interests that require harmonisation and simpler definitions. Given that mainstream concepts are rather new, all stakeholders need be informed and educated with simple and clear priorities
- ❖ Coffee certification/verification the mainstream coffee market could be a non-tariff trade barrier that would go against the letter and spirit of WTO rules
- ❖ If major coffee trade and industry leaders are involved, coffee certification may be a rule rather than an option as all producing countries will have to be drawn into the “code” and sustainability concepts and be compelled to comply
- ❖ If the cost of compliance and verification exceed benefits, producers would find it difficult to be part of Sustainable coffee initiatives
- ❖ Rules of participation and responsibility on the part of importing countries are not clear in the code and sustainability concept, especially those involving major world coffee trade and industry
- ❖ Experience from some coffee exporting countries that also produce other commodities have shown that environmental and social costs require a concrete mechanisms geared to internalise them into the entire supply chain, and can not be left to producers alone; who are yearning for prize premiums that are currently invincible. It is clear that if there are no incentives the code and sustainable coffee initiatives can not be taken seriously by coffee producing countries
- ❖ As far as possible, Pilot projects have to incorporate the whole code and sustainability initiatives and take into account the interest of all stakeholders along the supply chain

Resolution of the 3rd. IFOAM Organic Coffee conference

Resolution of the 3rd IFOAM International Organic Coffee Conference held from 6th -8th October 2004 in Entebbe, Uganda.

The conference identified that there are many opportunities with Organic coffee products, among others:

- ❖ A continued growth in the organic market, both in the specialty coffee segment in the mainstream market;
- ❖ The value of the environment services provided by organic farmers;
- ❖ Organic coffee production is very appropriate for small holders and the potential to increase the organic coffee production is great;
- ❖ The combination of organic agriculture with other socially and environmental schemes, and in particular more transparent and fair trading practices by all actors in the supply chain;
- ❖ Increased research and technological development that will increase productivity in organic coffee production;
- ❖ Innovative group certification procedures with Internal Control Systems allow small-holders to access certification, improve quality management and gain market access;

The conference also identified a number of challenges, such as:

- ❖ The general crisis of the coffee market. Organic can not solve all the problems that farmers are facing with the imbalance of supply and demand of coffee;
- ❖ Multiple organic certifications to satisfy a large number of regulatory or private sector standards for organic. The lack of harmonization in the organic sector;
- ❖ The development of proper mechanisms to integrate “others” certification, such as a fair trade or industry systems with organic certification;
- ❖ Certification costs and procedures. Farmers are facing increasing requirements and costs which don't leave sufficient resources for development and extension work;
- ❖ How to increase the share of the price that is going to the producer, how to increase transparency in pricing, how to empower the producers
- ❖ National policies that are promoting practices contrary to organic, such as genetic engineering [GMOs] and pesticides.

Call for action:

The 3rd IFOAM Organic Coffee Conference calls for:

- ❖ Government, IFOAM and the private sector to work hard for harmonization of organic standards and certification requirements;
- ❖ Certification bodies, both within the organic sector and in the wider sustainability sector, to increase cooperation, mutual recognition and practice implementation such as offering multiple certifications through one procedure. This should include industry initiatives;
- ❖ To develop local inspection and certification capacity and to encourage a more inclusive approach to standard development and inspection/certification delivery;
- ❖ Standard setting bodies, certification bodies, accreditation Bodies and regulatory authorities to simplify requirements, reduce costs and improve accessibility, and take particular consideration of the conditions for small farmers in developing countries;
- ❖ All actors in the coffee chain to join marketing efforts, and international organizations, NGOs, donors and governments to support these efforts. This should also include the development of markets in producing countries as well as “new” organic markets;
- ❖ Major players (traders, roasters and supermarkets) to buy and/or use organic coffee to an increasing extent, setting clear targets for the proportion of organic coffee in their brands, not necessarily marketed as a special organic product;
- ❖ An intensified dialogue/information exchange between the producer and consumer of organic coffee to ensure proper understanding and realistic demands and expectations on both sides;
- ❖ Governments and development partners to develop policies and programmes conducive for the organic production and markets and to refrain from programmes that could jeopardize the development of their organic coffee sector, such as pesticide promotion programmes, and the introduction of GMO coffee.
- ❖ Policy makers to develop the financial mechanism to reward organic farmers for their environmental and public services, such as biodiversity conservation or carbon sequestration;
- ❖ International agencies, governments, researchers and service providers to develop programmes and services intending to further facilitate and promote organic coffee production;
- ❖ All the participants of this conference to produce, trade, consume and lobby for organic coffee in their local settings.

GENERAL GUIDELINES FOR THE CCCC VERIFICATION PROGRAMME:

The general guidelines specified below indicate different roles and responsibilities during the implementation of the code. The implementation of the code starts by communicating its concept and intending to stakeholder along the coffee supply chain and ends by the actual supply and sales of *common code* labelled coffee. In between, many other tasks have to be performed. The guidelines specify the roles and responsibilities of different stake holders in the main activities. Realizing that supply chains are organized differently all over the world, the precise institutional configuration handling all these tasks definitely depend on the specific situation. The general guidelines sketch the landscape of joint efforts and activities at different levels that will make the code work.

To implement the improvement process and to build capacity at various levels:-

The production level needs to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Conduct improvement process by implementing management plan
- ❖ Constantly provide information for monitoring report of improvement process based on Common code report
- ❖ Constantly monitor and report result of improvement process

The processing level need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Conduct improvement process by implementing management plan
- ❖ Constantly provide information for monitoring report of improvement process based on Common code report
- ❖ Constantly monitor and report result of improvement process

Producer associations need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Conduct improvement process by implementing management plan
- ❖ Constantly provide information for monitoring report of improvement process based on Common code report
- ❖ Constantly monitor and report result of improvement process
- ❖ Build capacity by providing training, skills development and technical assistance
- ❖ Provide services and financial tools to their members

- ❖ Facilitate joint action for improvement of business relationships and provide a secure environment for investment

Unions need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Provide best practice to actors along the chain by experience of Pilot Projects
- ❖ Build capacity by providing training, skill development and technical assistance to workers and their members

International and national Common Code Bodies need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Provide best practices to suppliers by experience of Pilot Projects, different Common Code Bodies and other audited units
- ❖ Provide training methods needed for improvement process on regional and/or national basis, based on experience of auditors and existing management plans
- ❖ Contact relevant institutions/companies/NGOs/organization to support improvement process
- ❖ Identify need for support referring to results of self assessment and implementation audit
- ❖ Provide contact to supporting institutions
- ❖ Channel resources to support improvement process
- ❖ Identify and stimulate the support or research institutes to accompany implementation of the Common code

Intermediaries need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Constantly provide information for monitoring reports of improvement process of Common Code Unit based on Common Code report

Exporters/traders need to:

- ❖ Intensify cooperation with actors along the chain needed for successful improvement process
- ❖ Constantly provide information for monitoring reports of improvement process of Common Code Unit based on Common Code report
- ❖ Support improvement process of Common Code Unit by providing knowledge, experience and identified resources
- ❖ Provide market information and demands of coffee buyers to business partners along the chain

- ❖ Support direct business partners to improve quality aspects of the coffee produced and processed
- ❖ Facilitate joint action for improvement of business relationship and provide a secure environment for investment

Roasters/manufactures need to:

- ❖ Provide best practices to suppliers by experience of Pilot Project
- ❖ Provide incentives to preferred suppliers
- ❖ Intensify business with suppliers of Common Code coffee
- ❖ Commit themselves to improvement process by communicating their demands for quality coffee
- ❖ Support improvement process of Common Code Unit by providing knowledge, experience and identified resources
- ❖ Intensify business relationship with producers of good quality performance
- ❖ Facilitate joint action for improvement of business relationship and provide a secure environment for investment
- ❖ Provide mechanism and/or resources to internalize costs for social and environmental improvement during transition period
- ❖ Strengthen coordination of engagement in the coffee sector [projects] with Common Code Body and partners of international cooperation
- ❖ Provide a price differential for high quality coffee in the understanding of Common Code quality

The civil society need to:

- ❖ Provide best practices to suppliers by experience of Pilot Project
- ❖ Support improvement process of Common Code Unit by providing knowledge, experience and identified resources
- ❖ Strengthen coordination of engagement in the coffee sector [projects] with Common Code Body and partners of international cooperation
- ❖ Provide mechanism and/or resources to internalize costs for social and environmental improvement during transition period

The public sector need to:

- ❖ Provide best practices to suppliers by experience of Pilot Project
- ❖ Support improvement process of Common Code Unit by providing knowledge, experience and identified resources
- ❖ Strengthen coordination of engagement in the coffee sector [projects] with Common Code Body and partners of international cooperation
- ❖ Provide mechanism and/or resources to internalize costs for social and environmental improvement during transition

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Madagascar

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Coffee Exports to all destinations by some EA countries

