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# COLOMBIA

## USAID Specialty Coffee Program

**Final Report**  
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## Acronyms and Abbreviations

4C	Código Común para la Comunidad Cafetera (Common Code of the Coffee Producers Community)
AD	Alternative Development
AMUCC	Proyecto Mujer Caficultora Caucana (Caucana Female Coffee Growers Project)
BAP	Best Agricultural Practices
CIRAD	Center for International Cooperation in Developmental Agricultural Research (French Acronym)
CRECE	Centro de Estudios Regionales Cafeteros y Empresariales (Center of Regional Coffee and Business Studies)
CQI	Coffee Quality Institute
COSA	Committee on Sustainability Assessment
DPS	Departamento para la Prosperidad Social (Department for Social Prosperity)
FNC	Federación Nacional de Cafeteros (Colombian Coffee Growers Federation)
GDA	Global Development Alliance
GNP	Gross National Product
GOC	Government of Colombia
SCAA	Specialty Coffee Association of America
SCAE	Specialty Coffee Association of Europe
SENA	Servicio Nacional de Aprendizaje (National Learning Service)
SH	Sustainable Harvest
SNSM	Sierra Nevada de Santa Marta

# USAID Colombia Specialty Coffee Program (CAFES)

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## I. Introduction

The World Bank estimates that more than 500 million people in the world are employed in the coffee value chain and 25 million of these are growers. Coffee remains a key crop in many developing countries because of its capacity to generate rural income, provide employment and earn foreign exchange revenue. Over the five-year period from 2004 to 2009, world demand for coffee grew at an average annual rate of 2.2 percent per year. While overall consumption in traditional consuming markets showed signs of stagnation, specific market niches such as specialty and certified coffees grew at rapid rates. The 78 percent growth in sustainable coffee consumption over the last five years reflects a growing concern among consumers about issues such as environmental conservation, social justice and gender equality.

Colombia is the fourth largest coffee producing country in the world and is well known for producing high quality coffee. Coffee has long played an important role in Colombia's economic development and continues to be the primary source of income for the small-scale rural farmers, providing them a sustainable economic base.

The data below provides a snapshot of Colombia's coffee sector<sup>1</sup>:

- Colombia has over 3.3 million of the 7.4 million hectares of land worldwide with the right conditions for coffee production
- The prime coffee producing areas cover 588 municipalities (representing 53 percent of the country) spread over 20 departments.
- Currently 921,060 hectares of coffee are grown in Colombia
- Coffee is grown on 20 percent of the agricultural land in Colombia and represents 20 percent of exports
- The coffee sector comprises 3.7 percent of the GNP and 22 percent of the agricultural GNP and directly employs 563,000 people, which accounts for 37 percent of jobs in the agricultural sector
- Coffee exported in bean form represents five percent of the total value of goods exported by the country
- Ninety-five percent of coffee growers own less than five hectares (averaging 1.5 hectares/farmer); this small farm size translates into a modest household income for coffee growers

While their farms are small, Colombia's coffee growers have access to technical assistance and credit and have a guaranteed market for their product. Due to the high degree of organization and institutionalization, the coffee sector in Colombia has successfully implemented programs to

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<sup>1</sup> Source: Federación Nacional de Cafeteros

guarantee the Colombian origin of its coffee. Juan Valdez<sup>2</sup> is recognized the world over as a symbol of good quality Colombian coffee.

With the recent growth in the specialty coffee market in the United States and Europe, coffee growers have had the opportunity to earn premium prices for their crop, as long as they are willing and able to adopt the production and post-harvest handling practices that their increasingly informed consumers expect of them. This new lucrative coffee niche gave Colombian farmers an added incentive to turn their back on coca production in recent years. The increased earning potential of specialty coffee along with the risk of losing their entire illicit crop, if discovered by the authorities, has been incentive enough to keep Colombian farmers focused on a licit crop that has for centuries fueled their agricultural economy. Specialty coffee is also a means for small-scale farmers, who do not have the option of expanding the size of their farms, to earn more from the same plot of land.

USAID's Specialty Coffee Program in Colombia assisted over 30,000 Colombian farmers to participate in this growing specialty coffee niche and, in turn, increase their household incomes by an average of 17 percent. The Program, implemented by ACDI/VOCA, contributed to the rapid growth in the number of bags of specialty coffee exported by Colombia from 220,000 in 2006 to over 2,000,000 as of March 2012.

## **II. Background and Summary of Key Achievements**

Through Cooperative Agreement No. 514-A-00-08-00300, ACDI/VOCA implemented the USAID Specialty Coffee Program in Colombia (Program), which was originally a three-year Program beginning in 2007, but was later extended another two years to end in April 2012. The Program provided support to the Colombian coffee sector, contributing to USAID alternative development (AD) objectives by providing licit economic alternatives for rural families and supporting the modernization and competitiveness of the coffee sector.

ACDI/VOCA employed a value chain approach focused upon sustainably improving the competitiveness and marketability of Colombian specialty coffee in the global market. The Program has focused on supporting the strengthening of six elements covering the entire specialty coffee value chain continuum from farm to end consumer including: renovation of coffee plantations; on-farm processing infrastructure; quality improvement; technical assistance in coffee production and appropriate environmental practices; institutional strengthening and training for producer groups and their staffs; and, commercialization and marketing.

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<sup>2</sup> Juan Valdez is a famous fictional character who has appeared in advertisements for the National Federation of Coffee Growers of Colombia since 1959, representing the Colombian coffee farmer.

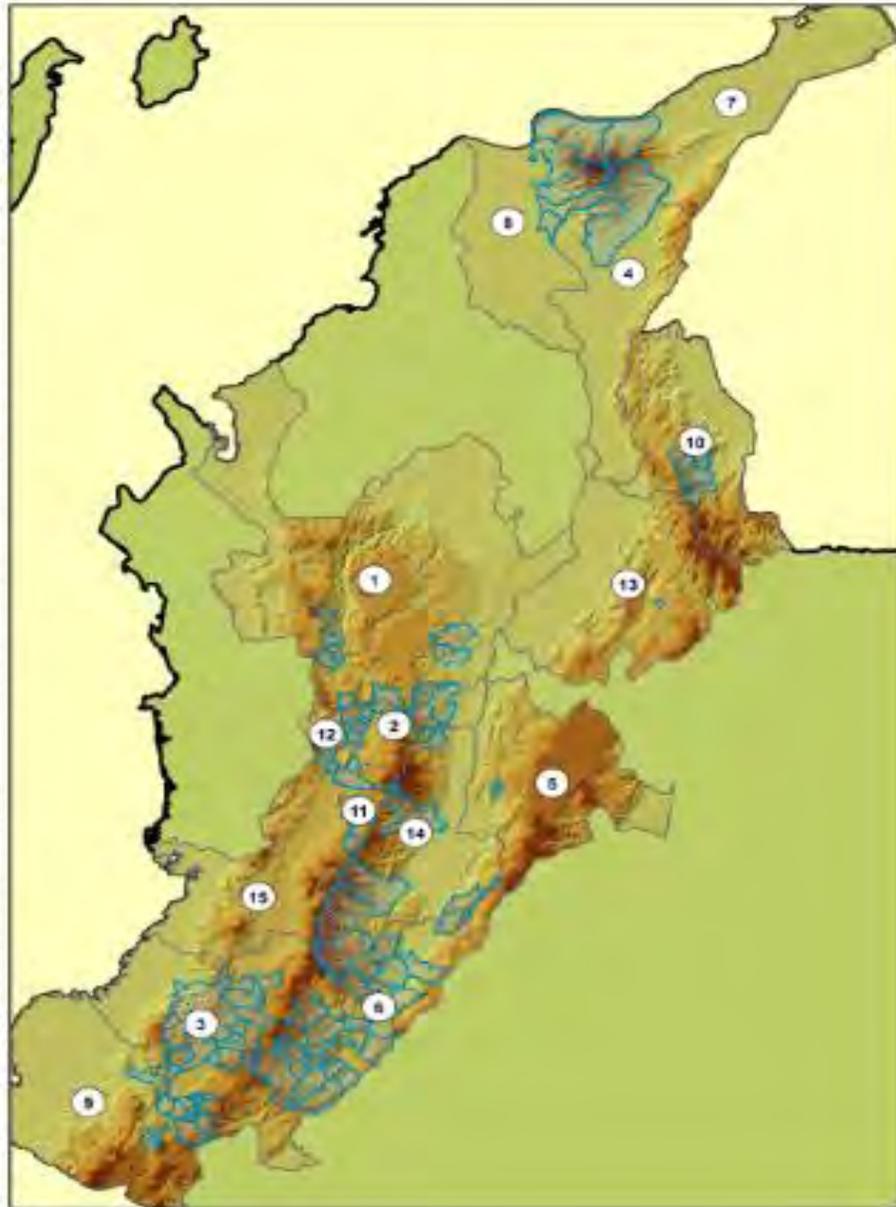
## Coffee Value Chain



Over the life of the project, a total of 30,583 Colombian families have learned and applied Best Agricultural Practices for specialty coffee production on their farms; 175 buying points have been strengthened to better handle growing volumes of specialty coffee; 14 strategic alliances have been formed with public and private sector partners to speed the roll out of specialty coffee production techniques while improving the commercialization of these niche products. As a result of these efforts, the number of bags of specialty coffee exported by Colombia has grown by over 2 million over the life of project and the incomes of the targeted farmers have increased by over 17 percent.

# IMPACTOS

#	DEPARTAMENTO	IMPACTOS
1	ANTIOQUIA	Región Agrícola: 462 Desplazados Agrícolas: 859 Familias con Beneficio FPIA: 80
2	CALDAS	Región Agrícola: 189 Desplazados Agrícolas: 389 Familias con Beneficio FPIA: 1361
3	CAUCA	Región Agrícola: 240 Desplazados Agrícolas: 164 Familias con Beneficio FPIA: 824 Familias con Beneficio Agrícola: 482 Familias con Beneficio FPIA: 389 Familias con Beneficio Incentivos AMP: 741
4	CESAR	Región Agrícola: 59 FPIA: 471 Desplazados Agrícolas: 348 Familias con Beneficio Agrícola: 803
5	CUNDINAMARCA	Región Agrícola: 12 Familias con Beneficio FPIA: 90 Familias con Beneficio Incentivos AMP: 911
6	HECLA	Región Agrícola: 376 Familias con Beneficio FPIA: 476 Familias con Beneficio FPIA: 79 Familias con Beneficio Incentivos AMP: 2190
7	LA GUAYANA	Región Agrícola: 1 FPIA: 153 Desplazados Agrícolas: 191
8	MAGDALENA	Región Agrícola: 60 AGRICULTORES: 143 Desplazados Agrícolas: 143 Familias con Beneficio FPIA: 84 Familias con Beneficio Agrícola: 84 Familias con Beneficio FPIA: 2754
9	MURQUE	Región Agrícola: 471 Desplazados Agrícolas: 81 Familias con Beneficio FPIA: 382 Familias con Beneficio Incentivos AMP: 389 Familias con Beneficio FPIA: 306 Familias con Beneficio Incentivos AMP: 942
10	NORTE DE SANTANDER	Región Agrícola: 23 Familias con Beneficio FPIA: 339 Familias con Beneficio Incentivos AMP: 2399
11	QUINDÍO	Región Agrícola: 163 Familias con Beneficio FPIA: 133 Familias con Beneficio FPIA: 48 Familias con Beneficio FPIA: 190 Familias con Beneficio Incentivos AMP: 3491
12	RISARALDA	Familias con Beneficio FPIA: 60
13	SANTANDER	Familias con Beneficio FPIA: 2164
14	TOLIMA	Región Agrícola: 90 Familias con Beneficio FPIA: 386 Familias con Beneficio Agrícola: 386 Familias con Beneficio FPIA: 82 Familias con Beneficio Incentivos AMP: 1547
15	VALLE DEL CAUCA	Familias con Beneficio FPIA: 79



**CONVENIONES**

 Dispositivos Culturales  
 Municipios con Beneficio FPIA (2018-2021)



To achieve these results, ACDI/VOCA worked closely with a wide range of strategic partners, each of whom contributed knowledge and technical innovation that left the Colombian coffee sector stronger. The program also built alliances with the Federación Nacional de Cafeteros (FNC), Servicio Nacional de Aprendizaje (SENA), decentralized coffee growers committees and cooperatives and producers associations. The Government of Colombia (GOC), through the Departamento para la Prosperidad Social (DPS - formerly Acción Social), provided cash, technical resources and official guidance (as the official entity responsible for the fight against illicit crops) to the coffee sector. In addition, the program incorporated Global Development Alliance (GDA) partners including the Specialty Coffee Association of America (SCAA), the Coffee Quality Institute (CQI), Nespresso and its AAA Sustainable Quality Program, Sustainable Harvest (SH) and Rain Forest Alliance-Fundacion Natura, which provided matching resources as well as commercial and technical guidance.

### III. Summary of Specialty Coffee Program Activities

#### a. The Value Chain Approach

ACDI/VOCA took a value chain approach to strengthening and modernizing the coffee sector in Colombia because good coffee requires a unified approach from all actors along the value chain in order to make changes in their practices to address bottlenecks along the chain and to meet the increasingly educated expectations of consumers. Under the CAFES program, ACDIVOCA invested \$7.8 million in USAID resources in a series of activities that helped strengthen each link in the value chain. These funds leveraged an additional \$23 million in funding from other partners, including DPS, SENA, the beneficiary communities, and private sector companies such as Nespresso and Sustainable Harvest, among others.

The chart below presents each key link in the coffee value chain; the interventions made by the project to strengthen each link; and the key partners and co-investors who helped make it happen.

Value Chain Link	Interventions	Key Results	Key Partners or Co-Investors
Coffee production	Assisted small scale producers to renew their coffee plantations, replacing old plants with newer more productive and pest resistant varieties; trained producers in sustainable agricultural practices that minimize or eliminate dependence upon chemical fertilizers and pesticides; helped producers become certified in a number of the coffee certification programs, including Fair Trade, Rainforest Alliance and AAA.	Number of Farmers Trained: 30,583  Number of Farmers Certified or Verified as Rainforest Alliance, Organic, 4C, and/or Fair Trade: 20,050	FNC SENA Nespresso DPS AMUCC Red Ecolsierra Fundacion Natura

Value Chain Link	Interventions	Key Results	Key Partners or Co-Investors
Post-harvest handling	Assisted small scale producers to purchase depulping machines and build simple water treatment systems to increase their efficiency while preventing ground water contamination from runoff from the depulping process; helped small scale farmers to build solar dryers to accelerate the drying process allowing them to get their beans to market faster and avoid selling their beans when not fully dry at a lower price; built a community level drying facility; and with help from Nespresso built a post-harvest handling plant serving over 110 farmers	<p>Number of farmers receiving new or refurbished de-pulping machines 3,109</p> <p>Number of farmers receiving coffee washing tanks, water purification systems, septic tanks, and/or gas traps: 5,544</p> <p>Number of individual or community solar dryers distributed: 10,315</p> <p>Number of processing plants built to serve multiple communities: 1</p> <p>Number of farmers benefiting from post-harvest plan 110</p>	<p>FNC</p> <p>SENA</p> <p>Nespresso</p> <p>Coagrobrisas</p> <p>DPS</p> <p>AMUCC</p> <p>Asocafes</p> <p>Red Ecolsierra</p> <p>Fundacion</p> <p>Natura</p>
Coffee Grading and Selection	Assisted the establishment of coffee laboratories to analyze the beans produced by farmers and help detect flaws in the product that can lead to a bean being rejected or purchased at lower price. Coffee producers were also introduced to the art and science of coffee tasting with help from CQI in an effort to help them understand what the end consumer is looking for. In addition, farmers were educated as to the reasons coffee beans became damaged or produced poor quality taste and were trained in measures they can take in the production and post-handling process to minimize these flaws.	<p>Number of coffee labs established: 14</p> <p>Number of lab techs trained: 10</p> <p>Number of people trained in cupping, coffee roasting and barista workshops: 1,335</p>	<p>SENA</p> <p>DPS</p> <p>FNC</p> <p>Asocafes</p> <p>CQI</p>
Coffee Roasting	The project trained SENA instructors on good coffee roasting practices. Asocafes completed two roasting classes.	Number of people trained in good roasting practices: 44	<p>SENA</p> <p>Asocafes</p>
Preparing a perfect cup	In an effort to contribute to the professionalization of Baristas,		

Value Chain Link	Interventions	Key Results	Key Partners or Co-Investors
	the Program trained Colombian baristas in how to prepare a cup of espresso, cappuccino, or latte that both tastes good and looks good. The project also organized numerous local, national and international championships in an effort to contribute to an increased demand for specialty coffee in Colombia.	<p>Number of barista competitions held: 2</p> <p>Number of arte latte competitions held: 1</p> <p>Number of spirituosos competitions held: 1</p> <p>Number of Ibrik competitions held: 1</p>	<p>SENA</p> <p>CQI</p> <p>FNC</p> <p>Asocafes</p>
Linking directly Specialty Coffee Buyers	<p>The specialty coffee market emphasizes establishment of closer linkages between the coffee producer and consumer. The Program helped many small scale farmers link directly with a Colombian specialty coffee exporter, such as FNC; Carcafe, with Colombian roasters such as Amor Perfecto, or to European or US importing/ roasting companies such as Supracafe based in Spain, Nespresso based in Switzerland, or Sustainable Harvest/Starbucks or Intelligentsia Coffee based in the US.</p> <p>Direct relations give sustainability to the projects and more market information to the producers.</p>	<p>Number of farmers linked directly to labels, exporters or importers: 7,800 Total</p> <p>By Label:</p> <p>3,733 Nespresso</p> <p>1,223 Sustainable Harvest</p> <p>401 Carcafe</p> <p>199 Racafe</p> <p>2,244 FNC</p> <p>Volume of coffee sold directly to labels, exporters or importers: 9,825,472 kg</p>	<p>SENA</p> <p>DPS</p> <p>FNC</p> <p>AMUCC</p> <p>Nespresso</p> <p>Asocafes</p> <p>Sustainable Harvest</p> <p>Racafe</p>

## b. Strategic Alliances and Sustainability

By engaging with a wide range of key value chain actors throughout the life of the project, ACDI/VOCA has helped to guarantee the sustainability of USAID’s investment in the coffee sector.

### *Collaboration with Civil Society Organizations:*

ACDI/VOCA has learned over the years that the most effective way to reach small-scale farmers is to work through community based organizations; in many cases these are farmer associations or cooperatives. In Colombia, coffee farmers have long been organized under the FNC, which

has sub-committees in each of the coffee producing departments, many of them with agronomists and other specialists attached to them who deliver technical assistance and training to coffee farmers in their region. For this reason, ACIDI/VOCA worked closely with the FNC on several fronts. We assisted FNC to provide training to close to 11,000 farmers in its sustainability code, which introduces them to more sustainable agricultural practices; the FNC helped 2,750 of its members become Rainforest Alliance certified; the Program collaborated with FNC in analyzing the market potential of specialty coffees which led to a marketing plan for this niche product; and the Program supported coffee quality and barista contests in collaboration with FCN.

The project also supported the consolidation of **ASOCAFES**, the Colombian branch of the SCAA, launched in 2006. ASOCAFES' mission is to convert Colombia into the principal provider of high quality specialty coffee in the world by engaging effectively with all of the actors in the value chain. ACIDI/VOCA helped connect ASOCAFES with CQI, a US-based nonprofit organization that works internationally to improve coffee quality and, in the process, the lives of coffee growers. CQI has developed a coffee quality monitoring system that classifies the characteristics of the coffee that command the best prices in the market place. With Program

assistance, CQI worked through ASOCAFES to train 266 certified coffee graders, known as “Q-Graders”, using CQI coffee qualifying criteria, along the entire value chain including at the level of coffee committees, producer associations, exporters, and services. In addition, CQI trained eight Colombian trainers affiliated with ASOCAFES to train additional Q-Graders, who, in turn, have trained 360 **Colombian coffee graders and 30 Q-Graders**. CQI provided ASOCAFES the training it needed to certify 189 Baristas. The Specialty Coffee Association of Europe (SCAE) trained and helped ASOCAFES in organizing national and international cupping and barista championships, all part of an effort to promote the domestic consumption of specialty coffee in Colombia.

**RED ECOLSIERRA** is a network of ecologically-minded producers based in the Sierra Nevada de Santa Marta (SNSM). Through the project, 327 farmers who are members of this NGO became certified in Organic and Fairtrade coffee production. In addition, the Program trained six of their staff in good agricultural practices and provided capacity building to their financial management staff in accounting. The Program also invested in capacity building of producer associations in areas such as finance and marketing.

***“My success comes from a lot of work and a love for coffee”***

*My name is Blanca Leonor Bernal, a small business woman, professional Barista, and a certified Q-Grader. My husband was a teacher in a small town in Eastern Colombia. We lived together with our three children until he was assassinated by an armed group. Alone with three children and financially in need, I started to work for Amor Perfecto, a specialty coffee company, and I discovered my true passion which is working as a Barista. With this new interest in coffee, I felt more alive and my life started to turn around. Through the Specialty Coffee Project, I learned more about all aspects of the specialty coffee value chain, refined my barista skills, and started to compete in the national barista championships, eventually taking first place and going to represent Colombia in the world championship in Copenhagen. In 2009, the US Embassy allowed me to open my own café on its campus “Café Iguana,” where I only serve coffee produced by the beneficiaries of the Specialty Coffee Program funded by USAID. So now my business is helping other women who have lost their husbands and been displaced by the war.*

These are some examples of how the Program has made investments that will continue to generate returns once the project has ended. Through the Program, USAID has created long-term resources that will continue to strengthen Colombia's specialty coffee niche – both for local and international consumption – in turn, creating a sustainable and licit source of income for Colombian coffee farmers.

### ***Collaborating with the Public Sector***

Two GOC entities were actively involved with the Program from early on: SENA, a GOC agency financed through payroll taxes that develops and delivers vocational training to prepare Colombian workers to meet changing workforce needs, and Acción Social, and its Presidential Program against illicit crops, now called DPS. These two agencies provided counterpart funding to the Program and became actively involved in implementing activities and delivering results. Perhaps the most important aspect of this partnership is the fact that these two agencies are now able to continue Program activities with their own funds, due in large part to the skills and experience built over the life of the project.

ACDI/VOCA trained SENA agronomists in Best Agricultural Practices for producing specialty coffee who, in turn, trained 1,993 small-scale farmers and helped close to 580 of them become earn certifications such as: UTZ Certified, Rainforest Alliance, Fairtrade or 4C farms. This experience on SENA's part is important because the skills remain with SENA for replication of the trainings with other beneficiaries in the future. The trainings prepare farmers to use sustainable agricultural practices that protect the environment from chemical waste and other forms of environmental degradation. Furthermore, the Program helped SENA to equip six coffee quality laboratories and trained their staff in how to carry out the analysis of coffee samples. These facilities are now available to farmers in nine departments. The Program also trained 118 SENA staff to train baristas, coffee graders, and roasters. The Program helped certify 10 SENA staff as Q graders. As a result, SENA now has the capacity to deliver these trainings to a new generation of coffee specialists.

DPS targeted many of the same areas that USAID targeted with the Specialty Coffee Program, including the departments of Antioquia, Caldas, Cauca, Nariño, Huila, Tolima and the SNSM. Given these overlapping objectives and geographic areas, ACDI/VOCA and DPS signed a series of agreements to collaborate on assisting coffee growers in these departments to upgrade the quality of their coffee to meet specialty crop standards and thus command a higher price in the marketplace.

Together we assisted close to 24,000 farming families to upgrade their coffee producing techniques - over 3,768 became certified as Rainforest Alliance, UTZ Certified, Organic or Fairtrade producers. In addition, the program and SENA assisted many of these farmers to establish direct links to specialty coffee buyers and exporters, including Nespresso, Sustainable Harvest, and CARCAFÉ. In the SNSM, we worked with two indigenous communities, the Arhuacos and the Kogui. The Kogui developed their own brand of specialty coffee, *Café Kogi*, which is being exported directly through an indigenous exporter to the United States.

### ***Collaborating with the Private Sector***

Under the USAID Specialty Coffee Program, ACIDI/VOCA entered into partnership with a number of private sector companies, the best known of which are Nespresso and Sustainable Harvest. **Nespresso**, which is part of the Nestle Group based in Switzerland, collaborated with Rainforest Alliance and the Sustainable Agriculture Alliance to develop the AAA Program with the objective of producing the highest quality coffee in a way that is not only environmentally sustainable, but also economically beneficial to coffee farmers. Through this collaboration, over 3,733 farming families learned new sustainable techniques for producing and processing high quality coffee and over 2,000 farms were certified by the Rainforest Alliance. In addition, Nespresso invested in the construction of a micro-coffee processing plant in Antioquia that removes the pulp, washes and dries the coffee, while protecting the natural environment and producing a homogenous bean with a minimal number of flaws. Perhaps the most important result of this alliance is that over 3,000 of farmers were trained in Huila, Cauca, Nariño, Caldas and Antioquia and are now earning 8 percent more for each kilo of coffee they sell. Some of this coffee ends up in Nespresso's *Rosabaya de Colombia* coffee capsule.

**Sustainable Harvest** created the model of "relationship coffee", which promotes full transparency regarding what percent of the revenues producers, importers and toasters earn off the retail sales price of a pound of coffee. Through the Specialty Coffee Program, farmers affiliated with Red Ecolsierra, Corpoagro and the Federation Campesina del Cauca now sell their coffee to the international market in accordance with this model.

Having created these market linkages to private sector companies, the Program has created the potential for our beneficiaries to earn long-term benefits from the investments they have made in improving the coffee production and post-harvest practices.

#### **c. Inclusion of women, indigenous people and youth**

##### ***Women***

While only 22 percent of the 535,000 registered coffee growers in Colombia are women, women far outnumber men both as workers on their own farms and as hired labor (registered landowners are usually male heads of household). According to a survey of a sample of women coffee growers, over 75 percent participate in coffee harvesting; close to 60 percent are involved in selling coffee; over half are involved in building nurseries and planting the seedlings in their plantations; and close to one-third of the women are also involved in weeding, pest management and fertilization. Increasingly, women are taking more responsibility for tasks on coffee farms that were traditionally handled by men, including land preparation and digging the holes for seedlings. Despite their active involvement in the production process, women are not adequately represented in the leadership of coffee committees, nor do they receive recognition and remuneration commensurate with their effort.

The project benefited two groups of women: wives of male coffee growers and women who are landowners, which generally occurs when the women inherit the land from a relative. For example, we supported the **Proyecto Mujer Caficultora Caucana (AMUCC)**, an organization

with 351 members, most of whom are female heads of households, operating in 13 municipalities. The Program assisted these women to become Fairtrade certified, to produce a special coffee edition, which has been distributed through Juan Valdez Coffee shops in Colombia, and to commercialize their coffee directly with companies such as the FNC, Supracafé of Spain, and Sustainable Harvest. ACDI/VOCA also took AMUCC leaders to international trade fairs which helped them connect with international buyers.

The Program used ACDI/VOCA's *Farming as a Family Business* to engage with all of our beneficiary farms, so the wives of the male farmers were actively involved in our capacity building efforts and, in the process, husbands gained a better understanding of how their spouse's work on the farm and in the household contributed to their coffee farm's bottom line. As part of this Program, households were encouraged to start family gardens and small plots with food crops such as banana, corn, and vegetables. These gardens tended to be the responsibility of the women, with help from youth. In some cases, the women and youth commercialized some of their excess produce. In the Municipality of Jardín, 70 women organized an ecotourism venture focused on the coffee value chain, linked to the coffee processing plant built by Nespresso in coordination with the Program.

### ***Indigenous Beneficiaries***

Coffee does best when it is produced above an altitude of 800 meters. In Colombia, the best organic coffee growing areas are found in the departments of Cesar, Guajira and Magdalena, which also tend to be home to many indigenous groups. The Specialty Coffee Program worked very closely with two indigenous groups based in the SNSM – the Arhuaco and the Kogui. Over 1,014 Arhuaco and 193 Kogui benefited from the Program, which included upgrading plantations, introducing de-pulping machines, water treatment systems and solar coffee dryers. The Program assisted the Kogui to produce its own label of organic coffee, two containers of which were exported to the US by the Juan Tama Indian Export Company. Working with some of the indigenous tribes presented challenges for the Program, given the very low literacy rates and some of the traditional beliefs. Kogui leaders resisted efforts to remove older coffee plants and replace them with new higher yield varieties, arguing that the young do not throw out their elders when they get old, so why should they throw out older plants. The Program worked with the community to develop creative solutions in line with the local beliefs and customs by hiring an agronomist who developed a strategy of identifying the best producing local plants and taking cuttings from them to grow new plants.

### ***Dedication to pursuing opportunities in the Coffee Sector***

*The Kogui live in isolated communities in the Sierra Nevada mountains which can only be reached on foot. Due to the difficulties in accessing the communities and the need to work through a localized approach, the program enlisted the help of young extension agents to work with the agronomist for the area. The Kogui elders were asked to identify young people with the qualifications to succeed in this role. In one community, the dedication of the young extension candidate was tested as he was asked by the elders to leave the village on foot without food or water and survive on his own for two weeks before returning. If he succeeded, he would prove his dedication and qualifications for the job of specialty coffee extensionist and he would have the honor of attending the training. Happily he did succeed and became one of 6 young people trained on all aspects of the specialty coffee value chain, including coffee grading and tasting. The young extensionists continue to use their training to help their communities succeed in the specialty coffee market.*

The Program also helped build an important alliance between the private sector and an indigenous community. As a result, the Arhuaco Reserve negotiated an agreement directly with a private sector buyer, earning a much better price for its coffee. The Program assisted coffee farmers in the reserve to renovate their coffee plantations, replacing older plants with new more productive varieties; improve their farming techniques, while protecting the environment; become certified producers of specialty coffee; and define and implement a more profitable commercialization strategy. In addition, the Program assisted the Arhuaco leadership structure to improve its governance and management capacity. These investments will have a long-term impact on one of the most vulnerable population groups in Colombia.

### **Youth**

The average age of Colombian coffee farmers is 51, so there is some concern that unless youth can be encouraged to remain on the farm to learn the trade that the small scale Colombian coffee farm sector is at risk of dying off as this current generation of farmers becomes too old to keep their farms operating. Based on a qualitative analysis of the Program beneficiaries and implementers conducted by *Enlaza*, young people generally leave the farm to attend secondary school and university or to seek employment in the cities. These long absences and exposure to life in the city make youth less likely to return to the farm, which they associate with hard work and a poor quality of life. Another challenge of getting young people involved in coffee production is the difficulty of accessing new land for expansion. While youth are not highly motivated to work their parents' coffee farm, the older generation looks to their young for their knowledge of computers and English, both skills that may help with selling their specialty crop to exporters or directly to foreign coffee companies. Young people are also well suited for training as baristas and coffee graders. Young people served by the Program expressed particular interest in these types of jobs that are linked to the coffee sector, but do not require living on the farm.

## **IV. Research and Lessons Learned**

ACDI/VOCA contracted two studies during the life of the project. The first is a qualitative analysis of the project carried out by *Enlaza*, which gathered input from a group of beneficiaries and implementing partners to get feedback on the Program methodology and impact in an effort to shape recommendations for future programing, and the second is a cost-benefit analysis of different specialty coffee certifications/verifications to determine which practices and certifications have the greatest impact on improved income. The second study was carried out by the Centro de Estudios Regionales Cafeteros y Empresariales (*CRECE*).

### **Enlaza Study**

The *Enlaza* study found that one of the Program benefits that was most valued by the participants was a new understanding of coffee quality and the degree to which they can influence quality through their farming and post-harvest processing practices. Prior to the Program, they had assumed that coffee quality was only the product of external variables – such as soil and weather – upon which they had limited control. The study also found that farmers saw certification processes as a means to an end to rapidly enter the specialty coffee market, not an end in and of

themselves. Certification helped them learn a new approach to coffee production and processing rapidly and, in turn, access new higher paying markets; however, they expressed concern that they would not be able to afford the cost of keeping their certifications up to date. The training greatly increased their knowledge of the value chain and what factors affect the price of coffee. This new knowledge enhanced their bargaining power and the transparency of the price negotiation process with coffee buyers.

Beneficiaries also valued the role that coffee associations played in being a conduit through which support was delivered. They felt they could not have achieved what they achieved had the support been delivered to them as individual farmers. They appreciated the fact that the Program trained youth from their communities to become extension agents in these new techniques, but the coffee associations expressed concern that they may not be able to sustain the cost of the promoters once the project ends. The producers and the coffee associations hold out hope that their newly formed alliances with private sector partners, such as Nespresso, Starbucks, and Sustainable Harvest, will help them overcome some of these financial barriers.

Key recommendations and findings from the ENLAZA study include:

- Social:
  - The Program impact will continue building the capacity of coffee associations by promoting a new generation of leaders and investing in institutional strengthening around management issues
  - Greatest sustainable impact was achieved by working with beneficiaries associated with farmers groups, since they are likely to continue receiving long-term benefits from the Program, while individual farmers not associated with a farmers' organization are less likely to receive sustained benefits
  - The Program established vital momentum in continuing to promote networking among the various farmers' associations to facilitate linkages among them and promote information exchange, shared learning, and regional commercialization strategies that could help strengthen their power of negotiation
- Economic:
  - The Program developed a set of individual and group incentives in order to simultaneously build group solidarity and promote the loyalty of individual farmers to sell through their association and resist side-selling
  - Data-collection and reporting that includes a reflective process that engages beneficiaries to analyze their progress and challenges and plan ways to improve outcomes also ensures sustainable impact
  - The sustainable model of coffee production built by the Program encourages on-going investments in training and technical assistance from public and private sectors to ensure that the new practices are adopted and sustained over time

### **Cost-benefit Analysis of Specialty Certifications**

An alliance has been formed in Colombia between the Project (Committee on Sustainability Assessment), the FNC, the departmental coffee committees of Caldas, Huila, Nariño and

Santander, USAID (ACDI/VOCA and ADAM) and CRECE. The central purpose is to evaluate the cost-benefit of sustainable practices in Colombian coffee production.

This is part of an international effort being carried out by a number of organizations and networks including USAID, Coffee Sustainable Partnership, CIRAD, CATIE, International Institute for Sustainable Development, Organización Internacional del Café, Sustainable Markets Intelligence Center, United Nations Conference on Trade and Development.

The cost-benefit study is designed as a three-year analysis of a sample of small farms that have adopted one of the following sustainable coffee certification approaches: Fair Trade, Organic, Rainforest Alliance, UTZ Certified, or one of the following verification approaches: Starbucks CAFÉ, FNC's 4C and Nespresso AAA, and ADAM. This first assessment, funded by USAID through the Program, established the baseline against which new assessments will be carried out in the future. The study includes a control group of traditional farmers with similar farm sizes. The study design allows for comparisons from one year to the next as well as between specialty farmers and traditional farmers and between small and medium sized farmers. While eight different certification and verification approaches were included in the sample, the results are blind, to protect the farmers' proprietary information. One is able to see differences across the certification approaches; however, the reader will not be able to determine which group is which. The two follow-up studies will be funded by USAID under other programs.

CRECE, the firm contracted to carry out the study, developed the survey instruments and methodology in discussion with the other COSA members and Executive Director Daniele Givanucci, a former food company executive and senior consultant to the World Bank Group. The assessment looks at multiple social, environmental and economic indicators for a total of 2,474 randomly selected coffee growers in four departments of Colombia: Caldas, Huila, Nariño, and Santander. Some of these farmers participated in the Specialty Coffee Program while others benefitted from other programs. Seventy-five percent of the farmers have farms that measure three hectares or less, 68 percent are producing coffee using one of eight certification or codes of conduct and 32 percent are using conventional coffee growing techniques.

In the baseline study, the specialty coffee producers were all recent adopters of these new sustainable practices. The study results tell us more about coffee producers in general than differences between the conventional and specialty coffee producers. We would expect to see those differences emerge in subsequent studies when the assessment is conducted for the second and third time once these new sustainable practices have become more fully engrained. Below is a summary of the key findings from the baseline study:

#### ***Basic Background on the Farmers and their Farms***

- Coffee growers are largely men. 76–81 percent are male. Most producers own their farms. There is little difference between specialty and conventional growers in regards to the gender of the coffee grower
- The average age of the coffee growers was 51 years old, with specialty coffee growers only marginally younger. Growers have between 21 and 35 years of experience producing coffee
- The average educational level of the coffee growers was 5.1 years for the smaller farms and 7.3 years for the larger farms, with specialty growers having slightly more education

- Sixty percent of the household heads work on their own farm and in 25 percent of the cases, other family members also work on the coffee farm

### ***Environmental Training and Practices***

- Specialty coffee farms were more likely to have a written environmental management plan for their farms
- The adoption of sustainable practices such as solar energy and hydro-power was more prevalent on the larger farms, while the smaller specialty coffee growers tended to be very similar to the traditional farmers in this respect. This is likely a reflection of the cost of adopting some of these sustainable technologies
- Specialty coffee growers tended to spend more time in training and receive training in a broader range of topics. Participants in sustainable coffee farming training also tended to have a higher level of education
- There is an inverse relationship between high rates of agro-chemicals and the amount of training received

### ***Social Issues:***

- Specialty coffee growers in producer associations tended to be much better organized than traditional farmers. This most likely reflects the outreach strategy used by the Specialty Coffee Program

### ***Economic Issues:***

- Specialty coffee growers tend to be more heavily dependent upon coffee production for their household income than traditional coffee growers. The cost structure between the specialty coffee growers and the traditional farmers is quite similar, with labor representing a significant proportion. The one area of difference was the heavy investment being made by specialty coffee producers in new coffee plants. The higher costs of producing specialty coffee and becoming certified were not yet evident because, at this phase, most of the farmers had only recently become engaged with specialty coffee and some of the investments were made directly by the project and not by the farmers themselves.
- The relationship between the costs of production and income seems to favor specialty coffee both on the small farms and the larger farms.

### ***Perceptions of Certification and Sustainable Coffee Production:***

- The primary motivation for coffee farmers to adopt sustainable coffee production techniques is economic. The positive impact on the environment is less important.
- For most specialty coffee farmers, the principal inconvenience of producing a certified coffee is the certification process. For the larger farms, the adoption of new production techniques was also considered a challenge.
- Specialty coffee producers' level of satisfaction regarding their participation in this new market niche was at the mid-range during the baseline phase; however, their positive expectations for the future were evident in their commitment to continue participating in this niche, with small farmers demonstrating the highest level of commitment.

As noted above, this study will be replicated after one and two years to assess the longer-term impact of adopting sustainable coffee production techniques. The results of this study will not only inform Colombian specialty coffee producers, advocates and donors, but also coffee stakeholders in other countries engaged in similar efforts by identifying the types of sustainable practices that give the greatest economic, environmental and social returns on investment.

## **V. Conclusions and Recommendations**

Based upon what we have learned through the USAID Specialty Coffee Program, ACIDI/VOCA has made the following conclusions:

- The motivation to produce specialty coffee is largely financial. As long as there is a price differential between specialty coffee and traditional coffee, farmers will continue to be motivated to change their practices and to maintain these changes. However, if that margin begins to erode as more and more specialty farmers enter the traditional market as a result of a global traditional coffee shortage, the extra costs of producing specialty coffee may exceed the benefit.
- In most cases, the coffee buyers have pushed the coffee growers to become certified and have helped cover the cost of doing so. If these subsidies did not exist, it is not yet clear that the coffee farmers' incremental earnings for specialty coffee on the market would be sufficient to offset these up-front investments. The multi-year cost-benefit analysis underway should shed some light on this matter. It will also be interesting to see how farmers react to having to cover their own cost of re-certification.
- Strong farmers associations are critical to disseminating sustainable coffee farming practices to small-scale farmers at a minimal cost and in helping them to stay abreast of new trends in the industry. Continue emphasis has to be put on investing in the institutional strengthening of these associations. Future programs need to finance capacity building around topics such as governance, financial management, planning, and negotiation skills.
- Likewise, the associations need to invest more in training their members to manage the finances on their farms and households.
- Continued effort needs to be made to empower women within the specialty coffee households. Men continue to be the primary beneficiaries of the training and the extra profits.
- Likewise, given the aging of the coffee farmers, continued effort needs to be made to find ways of engaging young people in the coffee sector. The introduction of sustainable practices as well as new technologies and the need to have well managed coffee associations may all be aspects of the specialty coffee industry that attract younger people. As countries like the US begin to enforce laws about the traceability of all imported food, the need for better educated, more tech savvy young coffee farmers may

grow to help their parents and coffee associations establish effective tracing databases that document how every bean of coffee leaving their association was produced.

- Donors need to be careful not to supplant the role of government and national agricultural associations such as the FNC. If technical assistance is to be sustainable, it must be financed through local mechanisms and institutions such as SENA, a quasi-governmental organization that is funded through payroll taxes, or by actors within the value chain that have a shared interest in improved coffee production practices. These actors might be the importers, the exporters, the roasters, or the coffee shops.
- ACDI/VOCA's value chain approach that makes investments at multiple points along the value chain and educates all of the actors within the chain about the role of each link has a greater chance of success than a strategy that strengthens only one or two points in the chain.
- The sector needs to continue to invest in understanding the specialty coffee value chain in order to sustain its position within the international market, particularly in light of the poor harvests in recent years.

## VI. Achievement of Program Targets

ACDI/VOCA has met all of its indicator targets under the USAID Specialty Coffee Program. In two cases, we achieved over 200 percent of our target: both in number of beneficiaries and in number of alliances with public private organizations.

### Indicator: Families benefitted with best agricultural practices leading to specialty coffees

Indicators	Total Y1 FY 2008	Total Y2 FY 2009	Total Y3 FY 2010	Total Y4 FY 2011	Total Y5 FY 2012	Total LOP	% of LOP Target
<b>Targets</b>	3,800	7,200	1,000	2,400	N/A	<b>14,400</b>	<b>212%</b>
<b>Results</b>	6,121	4,380	17,637	2,445	N/A	<b>30,583</b>	

*Definition: Producers, and their families, defined as households i.e. a person or group of persons, related or unrelated, living under one roof who share food (eat from the same pot).\* Families counted are those that live and work on a farm, free of illicit crops, who participate in a project training event on Best Agricultural Practices and that apply these lessons on their farm to produce specialty coffee, which, in turn, should translate in improved income and family living conditions.*

*\*According to the definition used by the GOC*

This indicator target has been met in accordance with the cooperative agreement.

### Indicator: Buying points strengthened with technical assistance, upgraded equipment and/or personnel trained

Indicators	Total Y1 FY 2008	Total Y2 FY 2009	Total Y3 FY 2010	Total Y4 FY 2011	Total Y5 FY 2012	Total LOP	% of LOP Target
<b>Targets</b>	20	20	80	20	20	<b>160</b>	<b>109%</b>
<b>Results</b>	29	24	73	49	NA	<b>175</b>	

*Definition: Buying points for coffee growers' cooperatives, coffee exporters and producer organizations are geographic locations where coffee is stockpiled for commercialization. Buying points are strengthened through the delivery of technical assistance and training for personnel in topics related to coffee quality analysis, quality enhancement, and coffee cupping. Investments also include equipment for labs that evaluate the chemical quality of coffee samples and bean reception equipment. All this training and technical assistance is designed to improve the performance of coffee buyers in purchasing high quality coffee aimed at the specialty coffees markets and to prepare them to share this knowledge with project coffee producers and technical staff.*

This indicator target has been met in accordance with the cooperative agreement.

**Indicator: Additional specialty coffee exported over 2006 level**

Indicators	Total Y1 FY 2008	Total Y2 FY 2009	Total Y3 FY 2010	Total Y4 FY 2011	Total Y5 FY 2012	Total LOP	% of LOP Target
<b>Targets</b>	191,000	209,000	1,400,000	100,000	100,000	<b>2,000,000</b>	<b>101%</b>
<b>Results</b>	220,912	52,551	1,434,842	106,443	213,645	<b>2,028,393</b>	

*Definition: Number of coffee bags exported to specialty coffee markets as a result of the USAID Specialty Coffee Program activities benefitting coffee growers, such as improving grain quality, establishing commercial contacts for the producer group of beneficiaries and strengthening organizations.*

This indicator target has been met in accordance with the cooperative agreement.

**Indicator: Average increase in sustainable producer incomes**

Indicators	Total Y1 FY 2008	Total Y2 FY 2009	Total Y3 FY 2010	Total Y4 FY 2011	Total Y5 FY 2012	Total LOP	% of LOP Target
<b>Targets</b>	N/A	10%	20%	20%	20%	<b>17.50%</b>	<b>101%</b>
<b>Results</b>	N/A	11%	21%	21%	18%	<b>17.75%</b>	

*Definition: The average percentage difference between the producers' income at the beginning of the project and their income at the end of each year of the project. The coffee grower's increase of income is determined by the following variables: Increase in the yield and productivity of coffee plantations (e.g. harvest increase), reduction of production costs (e.g. reduction of the use of fertilizers as the result of soil analysis) improvement of coffee quality (as a result of best harvest and processing practices) and increase of prices paid to the coffee grower by the buyer (as a result of ACIDI/VOCA efforts to involve the organizations in certification processes and differentiated purchase and linkage to better buyers). Income is also influenced by increased food security and the impact of the sale of surplus vegetable garden and other minor crops on the producers' family budgets.*

This indicator target has been met in accordance with the cooperative agreement.

**Indicator: GDA alliances with international private specialty coffee sector actors**

Indicators	Total Y1 FY 2008	Total Y2 FY 2009	Total Y3 FY 2010	Total Y4 FY 2011	Total Y5 FY 2012	Total LOP	% of LOP Target
<b>Targets</b>	3	3	0	N/A	N/A	<b>6</b>	<b>233%</b>
<b>Results</b>	3	11	0	0	N/A	<b>14</b>	

*Definition: Alliances established by ACDI/VOCA in the framework of the USAID Specialty Coffees Program with private, national and international organizations that are part of the specialty coffee sector and that promote and support funding, technical assistance and consulting services initiatives for coffee growers organizations that lead to improving their income and promote sustainability.*

This indicator target has been met in accordance with the cooperative agreement.

**Indicator: Specialty coffee association strengthened and fully operational**

<b>Indicators</b>	<b>Total Y1 FY 2008</b>	<b>Total Y2 FY 2009</b>	<b>Total Y3 FY 2010</b>	<b>Total Y4 FY 2011</b>	<b>Total Y5 FY 2012</b>	<b>Total LOP</b>	<b>% of LOP Target</b>
<b>Targets</b>	0	1	N/A	N/A	N/A	<b>1</b>	<b>100%</b>
<b>Results</b>	0	1	N/A	N/A	N/A	<b>1</b>	

*Definition: In order to "Colombianize" the country's specialty coffee sector, the Program supported the creation and strengthening of a specialty coffee association that brings together the different actors of Colombia's specialty coffees sector: Private Exporters, threshers, Coffee Growers Associations, the national coffee roasting industry, coffee shops, machines and equipment suppliers and suppliers of related services.*

This indicator target has been met in accordance with the cooperative agreement.

**Indicator: Number of participants trained on environmental, social, technical and quality topics who are women.**

<b>Indicators</b>	<b>Total Y1 FY 2008</b>	<b>Total Y2 FY 2009</b>	<b>Total Y3 FY 2010</b>	<b>Total Y4 FY 2011</b>	<b>Total Y5 FY 2012</b>	<b>Total LOP</b>	<b>% of LOP Target</b>
<b>Targets</b>	N/A	N/A	50	450	N/A	<b>500</b>	<b>145%</b>
<b>Results</b>	N/A	N/A	55	481	189	<b>725</b>	

*Definition: Beginning at the end of Year 3, the Program was requested to focus training on women. The women will be family members of the beneficiary families targeted under the Program. The indicator will measure the number of women participants in trainings on environmental, social, technical and quality issues, that contribute directly or indirectly to the increased production of specialty coffee.*

This indicator target has been met in accordance with the cooperative agreement.

**FEDERAL FINANCIAL REPORT**

 <p><b>USAID/Colombia</b> Acquisition &amp; Assistance Office Unit 5101 APO AA 34038</p>		2. Federal Identifying Number:  <p align="center"><b>AID-514-A-00-08-00300-07</b></p> Technical Office : USAID/Colombia AAD		Page 1	of 1 pages		
3. Recipient Organization:  <b>ACDI/VOCA</b> 50 F Street, NW, Suite 1075 Washington, DC 20001							
4a. DUNS: <b>08-351-0842</b> 4b. EIN: <b>52-0811461</b>		5. ACDI/VOCA ID: <b>J564</b> Recipient note: <b>Closeout pending final NICRA</b>		6. Report Type <input checked="" type="checkbox"/> Provisional Final			
7. Basis <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual							
8. Funding/Grant Period From: <b>02-Oct-2007</b> To: <b>01-Apr-2012</b>				9. Reporting Period End Date <b>31-May-2012</b>			
10. Transactions: <span style="float:right">Cumulative</span>							
<b>Federal Cash:</b>							
a. Cash Receipts					n/a		
b. Cash Disbursements					n/a		
c. Cash on Hand (line a minus b)					n/a		
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized					7,872,537.00		
e. Federal share of expenditures					7,785,830.39		
f. Federal share of unliquidated obligations					0.00		
g. Total Federal share (sum of lines e and f)					7,785,830.39		
h. Unobligated balance of Federal funds (line d minus g)					86,706.61		
<b>Recipient Share:</b>							
i. Total recipient share required					0.00		
j. Recipient share of expenditures					0.00		
k. Remaining recipient share to be provided (line i minus j)					0.00		
<b>Program income:</b>							
l. Total Federal program income earned					0.00		
m. Program income expended in accordance with the deduction alternative					0.00		
n. Program income expended in accordance with the addition alternative					0.00		
o. Unexpended program income (line l minus line m or line n)					0.00		
11. Indirect Expense	a. Type	b. Rate	c. Period from	Period to	d. Base	e. Amount charged	f. Federal Share
g. Totals:					<b>2,825,019.79</b>	<b>939,652.88</b>	<b>936,652.88</b>
12. Remarks: Provisional final report provided at request of donor. Reported outlays for obligations made prior to the expiration date of 01-Apr-2012. NICRA for performance years remains provisional.							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)							
a. Frank J Wellner Office of Accounting and Finance				c. Telephone: (202) 383-9766			
b. 				d. Email: FWellner@acdivoca.org			
				e. Date report submitted: <b>26-Jun-2012</b>			
14. Agency use only:							

facsimile of Standard Form 425