



Responsible Sourcing Partnership Project

Strategic Objective: Providing strategic trade-related technical assistance to selected MSE industries

Cooperative Agreement No. 512-A-00-07-00014-00

Annual Report Fiscal Year 2009
(October 2008 – September 2009)

Submitted to:
USAID

Alexandre Alves, Cognizant Technical Officer
Av. das Nações Quadra 801, Lote 3
Setor de Embaixadas Sul, Brasilia, DF 70403-900
Brazil

Aman S Djahanbani Director Regional Contracts Office
Av. La Encaloda, Cdra. 17
Monterrico Surco
Lima 33. Peru

Submitted by:

TransFair USA
1500 Broadway, Ste 400
Oakland, CA 94612

October 31, 2009

Table of Contents

Executive Summary	3
Activities and Deliverables	3
A. Activities related to Project Startup and Monitoring	4
B. Results of RSP Project components	7
Component One: Expanding and improving the quality of supply	7
Component Two: Increasing producer capacity	17
Component Three: Raising the marketing capacity of Brazilian coffee growers	22
C. Results	37
Budget	37
Outlook	38
Annexes	40
Annex 1	41
Annex 2	43
Annex 3	49
Annex 4	51

Acronyms:

ABD	Association Bio Dinâmica
BSD	Business Sustainability Development
CBD	Café Bom Dia
CCC	Consejo Consultivo de Café/ Coffee Advisory Council
CEC	Center of Excellence for Coffee
CQI	Coffee Quality Institute
FLO	Fairtrade Labeling Organization
FGV	Getúlio Vargas Foundation
GPS	Global Producer Services
M&E	Monitoring and Evaluation
RA	Rainforest Alliance
RSP	Responsible Sourcing Partnership
SCAA	Specialty Coffee Association of America
SEBRAE-MG	Brazilian Small and Medium Enterprise Support Agency, Minas Gerais
SEBRAE-SP	Brazilian Small and Medium Enterprise Support Agency, Sao Paulo
SKU	Stock Keeping Unit
TFUSA	TransFair USA
UFLA	Universidade Federal de Lavras/ Federal University of Lavras
USAID	United States Agency for International Development

Executive Summary

Project Background

The 2007-2010 Responsible Sourcing Partnership (RSP) project is an innovative public-private partnership among USAID, TransFair USA (TFUSA), Wal-Mart Stores, Inc. and SEBRAE-Minas Gerais that seeks to link Brazilian coffee farmers with mass market coffee consumers in the United States through Fair Trade Certified products. The RSP project furthers USAID/Brazil's goal to promote participation of Micro and Small Enterprise Brazilian coffee producers, including small rural producers, in the global market, using the following three working components:

- Component One: Expanding and improving the quality of supply
- Component Two: Increasing producer capacity
- Component Three: Raising the marketing capacity of Brazilian coffee growers

With cash and in-kind contributions from all partners totaling US\$1.9 million, the RSP project provides technical training and investment in farm and cooperative infrastructure to benefit more than 5,000 smallholder farmers in Brazil. At the end of the three year project, farmers and cooperatives will have the advanced skills necessary to meet market demand for high volumes of Fair Trade Certified coffee. Since implementation began in October, 2007, project initiatives have enabled significant advances in the Brazilian specialty coffee sector and continue to do so as the second year of project activities progresses.

Annual Report October 1, 2008 – September 30, 2009 (FY09 2009)

Activities and Deliverables

This FY09 annual report provides a detailed account of the activities and deliverables of the RSP Project from the second year of implementation with particular attention to the work carried out in the fourth quarter, dating from July through September 2009.

Through June 2009 the twelve coffee producer organizations participating in the project have sold 4.7 million pounds of green coffee to eight US Fair Trade certified importers at an average price of USD1.44 per pound. It is anticipated that sales will continue at a similar rate through the second half of the 2009 calendar year. With an average 2008/2009 New York Market price of USD1.0292¹ for Brazilian naturals in the same period, selling to the Fair Trade market has generated \$1.9 million of additional income, as well as \$470,000 in social premiums that will be reinvested into communities. The price differential for this period was US\$0.41, far in excess of the US\$0.25 anticipated in

¹ ICO Indicator prices for Brazilian Natural Arabicas on the New York Market
<http://dev.ico.org/prices/p2.htm>

the project targets. With total project spending for the year at \$511,437, the first three quarters of FY09 have generated a return on investment of 4.69:1 well within range of the target established in the program description.

The second year of project activities included training and technical assistance on business administration, coffee cupping and quality evaluation, coffee production and post-harvest best practices, organizational management and governance and marketing and trade show participation. As a result, producers have seen improvements in coffee quality, better business performance and increased interest in membership and Fair Trade from other coffee producers in their areas.

The project partners supported visits by US roasters and importers to Brazilian producers, implemented a successful cupping competition and saw an increase in the number of Brazilian Fair Trade Certified coffee SKUs in the US market. By the end of the year, two new producer organizations had joined the project, and support from parent SEBRAE-MG led two additional groups in Minas Gerais through the Fair Trade Certification process.

Overall, the RSP Partners had a very successful year. At the close of the year, the partnership is preparing for the second Brazilian Fair Trade Cupping competition and finalizing edits on a project video that will support more intensive marketing efforts on behalf of Brazilian coffee producers.

A. Activities related to Project Startup and Monitoring

Annual Work Plan

Year two planning was completed early in the first quarter with an annual work plan reviewed and approved by the project steering committee. With the exception of planned outcomes for the Business Administration Training and related supply chain management activities, all of the planned work was accomplished by the close of the fiscal year. The year three work plan will be presented to project partners during the first project steering committee meeting of year three.

Annual Diagnostic Survey

Project impact continues to be measured through analysis of business performance data. However, the method of collection has been changed in response to the results of the baseline survey conducted in 2008. The mid-term evaluation survey was postponed and has been redesigned to include a more in-depth analysis of producer organizations' annual reports.

Producer Engagement Activities

As planned, two producer engagement meetings were carried out in FY2009. The first meeting was held in February 2009 at the Center of Excellence for Coffee in Machado (CEC). Representatives from eleven of the twelve participating producer organizations

were present. The newest Brazilian Fair Trade Certified coffee groups from São Paulo, the Associação da Microbacia Hidrográfica do Rio Claro (Assoc. Rio Claro) and the Associação dos Produtores de Café de Dois Corregos (Unicafé), attended as new participants in the RSP Project and met their counterparts from Minas Gerais and Espírito Santo. Also attending for the first time were new collaborators from SEBRAE-Sao Paulo who were introduced to the full project team and plan for the first time.

The meeting agenda included a review and discussion of progress on project implementation, and included discussion of coordination and logistics for the specific activities that groups would be working on over the course of the project year. In addition, the meeting afforded the opportunity to strengthen the relationship between Fair Trade Certified coffee groups and the Fairtrade Labeling Organization (FLO) Liaison Officer Reinaldo Rodrigues who gave a brief presentation about Fair Trade Certification.

The second producer meeting was held at the 2009 SCAA Conference and Trade Show, again with eleven of the twelve participating organizations present. The second meeting provided a platform for distributing and discussing the Portuguese version of the 2009 Guide to the US Coffee Market; a review of TransFair USA's Producer Advisory Council Meeting which was attended by Coocafe President Fernando Cerqueira, a discussion of goals for SCAA and a review of project activities. With SEBRAE-MG, USAID and TransFair USA all participating in the meeting, producers were afforded an opportunity to provide feedback on project implementation. While everyone expressed satisfaction with the services rendered to date, constructive feedback included a request for more advanced planning and more clarity around logistics. An additional request was made for more assistance on evaluating coffee quality.

Project Steering

The RSP Steering Committee met twice in 2009. The first meeting was conducted in Brazil during the October 2008 Fair Trade Certified Cupping Competition and the second during the project partners' visit to the SCAA trade show in April 2009. The committee approved the FY2009 work plan and reviewed progress at mid-year.

During the April Steering Committee meeting, the partners creating a communications committee made up of communications staff from each organization. The communications committee meets in a bi-monthly conference call to approve messaging and coordinate promotional strategies through all media platforms. The group has developed project and activity press releases, web-content and other promotional and informational materials.

Media Coverage

The Brazilian media has shown great interest in the RSP partnership and Fair Trade certification during the past year. A number of news outlets - print, web and television - carried stories relating to the project, examples can be seen in Annex 1 and specific web links are included below. Increased awareness of the RSP project in both Brazil and the

United States is proving a benefit to participating coffee producer organizations who are reporting increases in membership applications and greater interest from coffee buyers.

During the Fair Trade Certified Cupping Competition, the RSP partners held a planned press event to promote the cupping competition and to launch the project to the public. Media and press representatives attended the final day of competition activities on October 24. They were present at the auction on the morning of the 24th to conduct interviews with project partners and jurors and then attended the awards ceremony with international buyers, producers and other invited guests. In addition to the press event, a press release with versions appropriate for both Brazilian and U.S. media sources was distributed, information was posted on TransFair USA's website, and one of TransFair USA's staff members created a live blog of the competition that was available to the public on a variety of coffee industry websites.

As a result of the events and publicity surrounding the cupping competition, articles appeared in both the Brazilian and international press. The story was covered in electronic and printed coffee media sources, including the Brazilian magazines *Èspresso* and *Cafeicultura* and the websites www.cafepoint.com.br and www.amantesdocafe.com.br SEBRAE's national news agency promoted the event and prominently carried the story



Interviews at the 2008 Cupping Competition

which was picked up in dozens of magazines and news-sites. An example can be seen on www.agrosoft.org.br/agropag/102999.htm. Freelance journalist Lance Belville published an article about the competition on the *Gringoes* website at http://www.gringoes.com/articles.asp?ID_Noticia=2210, and TransFair USA's coffee team wrote and maintained a blog throughout the cupping competition, available to the public at <http://fairtradecuppingcompetition.blogspot.com/> and also accessible through the popular industry web site, *Barista Exchange*. In addition, the cupping competition was twice the subject of stories by the regional units of the national television networks SBT and Globo TV.

Stories about the RSP project and Fair Trade certification continued to appear throughout the year. In February SEBRAE-SP posted an article on its web site describing project objectives and outcomes as well as introducing the concept of Fair Trade. In March, O Globo's on-line business new source, *Epoca Negocios*, featured Brazil's Fair Trade Certified coffee producers and discussed the importance of Fair Trade Certified products and the benefits that producers receive from certification. RSP project partner Wal-Mart was highlighted in the article as an important supporter of Fair Trade and of Brazilian Fair Trade Certified coffee producers. Guido Reguim, President of Unicapfem, an RSP project Fair Trade Certified coffee producer group, participated in the Sunday evening television journal '*Fantastico*'. The program dealt specifically with climate change and

the environment and Reguim presented the perspective of Fair Trade Certified coffee producers.

Important market linkages made during the producers' visit to the 2009 SCAA Trade Show and Conference were a featured subject of media attention in May. Two on-line publications, the agro-business magazine, *Cafecultura* and the on-line resource, *Portal do Agronegocio*, picked up a story from SEBRAE-MG's news service about partnerships forged in the Fair Trade Certified booth at SCAA. *Folha Vargense*, a local newspaper in Varginha, carried a story in April about local group Unipasv's experience at SCAA. In the article Unipasv members Francisco Alves and Beatriz Souza discussed the important market impact of representing their organization at the show. Manufacturer Pinhalense featured the RSP project's 2008 Fair Trade Certified Cupping Competition in its monthly newsletter *Pinhalense Hoje* highlighting the winners and featuring the competition logo.

In August, the project partners issued a press release highlighting the launch of two new Brazilian Fair Trade certified coffee SKUs in Sam's Club Stores across the United States. The story was widely covered in online business journals as a result. U.S online publication *Green Biz* published a story about Wal-Mart's role in the project on their website at <http://www.greenbiz.com/news/2009/08/19/sams-club-offers-sweet-and-fair-deal-coffee-lovers-and-farmers>. The story was also covered by *Food and Beverage Close-up* and the *Progressive Grocer*.

In July, the RSP communications committee decided to produce a professionally photographed project video that will provide material for in-store events at Wal-Mart Stores and for website promotion by all of the partners. The video was shot in August by a California based film crew, extensive interviews were conducted with producers from three participating organizations and each of the project partners contributed footage of key leaders discussing the project. Post-production work continued through the end of the year and the video debut is planned for the 2009 Fair Trade Certified Cupping Competition award event.

B. Results of RSP Project components

Component One: Expanding and improving the quality of supply

“Expanding and improving the quality of supply through investments in infrastructure and training and technical assistance in production, post-harvest handling and processing, especially related to organic conversion. Under this component, the team will focus on transferring best practices in production and quality evaluation techniques to producers and producer organizations through training and technical assistance. The team will achieve this goal through four key activities (1.1. to 1.4.).”

Year Two Objectives

- Implement round two of the Infrastructure Grant Program
- Carry out on-site training on basic coffee production practices based on specific needs of participating producer organizations
- Improve quality evaluation practices by continued cupping practice
- Develop and begin implementation of action plans for expanding joint Organic/Fair Trade Certified supply

The overall objective of *Component 1: Expanding and Improving Quality* is to identify and address farm management and post-harvest handling constraints on the production of high quality Fair Trade Certified (FTC) coffee in line with the demands of FTC markets in Brazil and the US.

Coffee quality is determined by both agronomic factors and processing practices, both of which are often dependent on proper infrastructure to be effective. The RSP Baseline Survey provided initial insight into the obstacles to coffee quality among the Fair Trade Certified groups in Brazil. The baseline survey was augmented by anecdotal market research conducted by the RSP project to explore particular problems faced by buyers in their past transactions with Brazilian producer organizations. The baseline survey shows that on average the participating groups achieve export quality on slightly more than 52% of their total product volume. This means that the rest of their coffee was sold on the local market at significantly reduced prices because it is of low quality. There are some quality factors that cannot be changed, such as low altitude and climate or weather-related factors that are detrimental to coffee production, however many other factors relating to farm management practices can indeed be acted upon to increase the percentage of coffee that can access the conventional export and Fair Trade markets, and thereby increase incomes for the farmers producing this coffee.

Building on progress made in year one, the project continued to emphasize infrastructure improvements as a critical aspect of coffee quality improvement. All of the grant projects funded in FY08 were completed successfully and a second round of the *Infrastructure Grant Program* was implemented with funds provided by the Wal-Mart Foundation. In addition to the focus on infrastructure, the second project year saw the creation and implementation of an innovative training program that linked coffee quality in the cup to specific post-harvest handling techniques. Based on workshops conducted in FY08, the training program was designed and implemented by Professor Flavio Borem of Federal University of Lavras and had significant impact on producers attitudes towards quality management. The program introduced easily adopted techniques that will have significant impact on coffee quality long into the future.

The ability to evaluate coffee quality based on market preference is a critical skill in the coffee industry and project activities aimed at transferring these skills to farmers and/or the staff of their organizations were also an important aspect of work in the second year.

Local partner Pinhalense contributed the time of a professional cupper to carry out training with cuppers from each producer organization. By linking cupping evaluation skills and post-harvest processing techniques the project will ensure that they have the necessary tools to shape their coffee for the most promising markets.

The following sections outline the three program components with the main achievements summarized per component. In each case achievements from QIV are highlighted and tied into the context of work accomplished in FY08.

1.1. Upgrade Processing Methods and Infrastructure

Activity 1: Infrastructure Grant Program

In FY09 the project partners made progress on two rounds of the Infrastructure Grant Program, benefiting, in total, 1,272 producers and their families through 10 grant projects. In QIII groups submitted their final reports and received final grant payments. In the first cycle of projects: Five producer organizations representing 672 individual producers and their families received infrastructure grants totaling US\$137,008.71. As a result, thirty cement drying patios were constructed; seven pulping machines were purchased, installed and members trained in their use; two mobile processing units were purchased, adapted and producers trained in operation and management; and rotating funds were established in three of the groups to ensure that the added value from the infrastructure improvements will be available to all 557 members of those groups.

With the first round a proven success, and new funding made available, the project partners launched the second round of infrastructure grants in the third quarter. Lessons from the first round were incorporated into the program design with revisions to the reporting guidelines and the creation of standardized formats that will streamline reporting for producer organizations. The revised request for proposals was sent to all twelve producer organizations.

Concurrently, members of the grant committee – responsible for proposal evaluation and selection – were mobilized. The 2009 grant committee members included: Beat Grüniger, Responsible Sourcing Partnership Local Project Manager, TransFair USA; Paulo Mindlin, Wal-Mart Stores, Inc; Juliano Cornélio, Sebrae-MG; Flavio Meira Borem, Federal University of Lavras, UFLA; André Carvalho, Center of Sustainability, Foundation Getúlio Vargas FGV. The committee reviewed the proposals independently and where appropriate, discussed the findings in order to reach a consensus. The committee evaluated the merits of each proposal using a standardized scoring tool that emphasizes feasibility, sustainability and immediate impact on coffee quality.

A total of nine completed proposals were submitted and all met the eligibility requirements established by the request for proposals. Each of the proposals

demonstrated significant analysis by the producer organization to identify the constraints to quality improvement faced by their organization and members. When compared to the 2008 proposals, the 2009 submissions show an increased sophistication, both in the presentation of the proposal and in the strength of the proposed project.

In QIV the grant committee selected the top five proposals and the recommended awards were approved by the project steering committee. The proposals selected will result in \$100,000 of improvements, reaching five producer organizations with a total of 600 members. The funded projects will directly result in 57 drying patios, fifteen processing machines, and a cupping lab. See Annex 2 for summaries of the awarded projects.

Activity 2: Technical Assistance and Oversight of Infrastructure Grants

For all but one of the groups implementing grant projects in the first round, technical assistance was available through local, self-identified sources. In the case of Assoc. Costas, the project team provided assistance to create a procedure for fairly allocating access of their new mobile processing unit among all of the individual members.

Required monthly reports ensured that groups remained on target to meet their planned outcomes. For the most part, groups were able to meet their target completion dates in the first round. In the few cases where that was not possible, a delay in the release of project funds earmarked for the grant program was the primary cause of delayed completion.

1.2. Production and Post-Harvest Processing

Activity 1: Production and post-harvest processing training

In FY09, the RSP project implemented production and post harvest training customized to meet individual producer group needs that directly benefitted 298 farmers. Professor Flavio Borem of the Federal University of Lavras, UFLA, designed and implemented the training program based on the workshops he conducted for the project in the first year.

Prof. Borem is very well respected in the field and has worked directly with many smallholder farmers throughout Brazil. He has a good understanding of the coffees produced by farmers participating in the RSP project and understands their potential for improvement. Prof. Borem was on the panel of jurors at the Fair Trade Certified Cupping Competition, during which he was able to sample and evaluate 69 coffees grown and processed by farmers participating in the project, giving him an overall impression of their specific quality strengths and weaknesses. Moreover, during the cupping evaluation he heard the reaction of industry members providing him with

insight into what the U.S. coffee industry is looking for in Brazilian coffees and where their greatest areas of concern are. Prof. Borem used this detailed information to create curricula and materials appropriate for smallholders' specific needs. During FY09 Professor Borem directly trained 62 producers in production and post-harvest techniques; he also conducted a training of trainers workshop that prepared local agronomists to teach post-harvest best practices to producers in their respective areas. The graduates of the teacher training went on to directly train 236 coffee producers from six organizations.

Training of Trainers

A Training of Trainers approach was chosen in order to ensure that not only would best practices be transferred through the program but that training skills would also be developed at the producer organizations, ensuring that farmers would have ongoing access to information and support. Post-harvest processing training began in earnest in QIII with the implementation of both the training of trainers and direct training sessions.

The initial phase of the post-harvest processing training was completed in mid-June with the execution of a three-day, classroom based training of trainers session. The training was held at the Federal University of Lavras (UFLA) and was attended by Cláudio Baquião Filho of Coopervitae and Eliezer Reis Jorge of Associação Dos Costas. Professor Borem provided 25 hours of training in coffee agronomy, including: plant and bean anatomy, fundamentals of coffee quality, coffee processing, drying and storing, and indicators of coffee quality in post harvest-handling. Professor Borem also worked with the trainers to develop a curriculum and work plan to be executed during the field trainings. The classroom training prepared the producer agronomists in post-harvest handling techniques and subject matter specific to their region and with the tools and skills needed to effectively present the material. At the end of the three days, Claudio and Eliezer each left the training with a curriculum plan for the field trainings and a copy of Professor Borem's reference book, *Pós-Colheita do Café*. The training created a strong professional bond between Prof. Borem and the trainers and they have continued to discuss and resolve specific post-harvest questions and work out obstacles that arose during trainings.

The training of trainers method was designed to train a regional agronomist from each of four regions; two in Minas Gerais, one in Espirito Santo and one in Sao Paulo. The geographical division was used to differentiate the specific needs of each region and ensure that each group had a local trainer who understood the particular needs of their producer members and was close enough to provide ongoing support. Producers in Minas Gerais had attended a SEBRAE-MG sponsored post-harvest seminar in FY08. The seminar exposed producers to the importance of learning post-harvest best practices and also served as an introduction to Professor Borem. As a result, the two agronomists from Minas Gerais understood fully the benefit of receiving direct training from the professor and the importance of providing post-harvest best practice training support to the producer members in their regions. Both

agronomists from Minas Gerais attended the training of trainers session, while neither the Espirito Santo nor the Sao Paulo agronomist were present.

The project addressed the out come by providing two post-harvest seminars, one in Espirito Santo and one in Sao Paulo, similar to the one attended last year my producers from Minas Gerais. The outcome was very positive and producers and producer group leaders were receptive to the importance of post harvest training and to the knowledge and skill level that the professor possesses.

Direct Training

In June and July 2009 trainers Claudio and Eliezer began direct post-harvest best practice trainings in their respective regions. The first field trainings conducted by each was observed by Prof. Borem. The professor was there to provide any needed support to the trainer and also to help tailor the training to the specific conditions faced by farmers in the region. Prof. Borem also met with producer group leaders to get feedback on group needs and to review growing conditions specific to the region



Eliezer Reis Jorge trains fellow producers on proper drying methods



Corpool members participate in Cláudio Baquião Filho's post harvest training

and then reviewed the information with the trainers to strategize how to incorporate new information into future trainings. Both trainers also attended one another's first trainings to learn from each other and from Prof. Borem.

During the fourth quarter, both trainers continued to train producers in direct training sessions throughout the state of Minas Gerais. Claudio trained a total of 105 producers from Cooquinas, Coopool and Coopervitae. Eliezer trained a total of 131 producers from Unipasv, Assoc. Costas and Unipcafem. The trainers incorporated many of the same methodologies used by Professor Borem into their own trainings. For example, both Eliezer and Claudio adopted the technique of teaching quality management through a memorable sensory experience. They each served prepared coffee samples of varied quality at their training sessions. One sample was high quality, specialty coffee that students tasted and enjoyed. The other was low-grade, common coffee from the local market. The result is a strong and memorable

demonstration that coffee quality is perceivable in the cup and that the producer has the power to influence that quality.

Direct training sessions were completed by the end of July, and both trainers completed detailed reports for each of the trainings they conducted. Feedback from both the trainers and the producer participants was very positive. Claudio reported the following from his 3 day training with CoopPol: “The part that most caught the attention of the producers was certainly the comparison taste testing, they could really see how the coffee quality related to the taste of coffee and grasp the sensory characteristics related to the qualities desired by the consumer”. Claudio also found that the cupping competition was regularly cited as the motivation for coming to training. Farmers who had made it to the final round of competition were very engaged and often had specific questions that motivated good discussions about producing the best coffees. Many producers were happy to discover that improving quality could result from simply changing how they work in the field or adopting new techniques for processing rather than by increasing their labor or production costs. By working smarter and being informed about coffee agronomy they can produce a more valuable product.

In addition to the impact of the many direct training sessions implemented through this activity, the trainers are now equipped to serve as an ongoing resource for the groups they trained. Both agronomists established a strong working relationship with Prof. Borem and have been encouraged by the project and directly by the professor to contact him with any future questions. Groups as well have established a relationship with their local agronomist and have been encouraged to contract him as needed in the future.

Post Harvest Best Practices Workshops

During QIV Prof. Borem also conducted post harvest processing best practices workshops for groups in Sao Paulo and Espirito Santo: 20 producers attended the workshop in Dois Corregos, São Paulo and 40 producers attended the workshop in Iuna, Espirito Santo. Prior to each workshop Professor Borem spent time with association leaders to determine the specific needs of their organizations and better understand their existing knowledge base.

The workshop in Dois Corregos took place just two days after members participated in the RSP project cupper training leading to recognition of the very positive synergy between the two trainings. Having just completed training designed to introduce the



Post Harvest Best Practices workshop at Dois Corregos, Sao Paulo with Professor Borem

evaluation of cup quality as the primary method for valuing coffee, participants were eager to engage with Prof. Borem in learning how cup quality is related to farming and processing techniques. The workshop in Iuna included a farm visit, where it was possible to give specific examples on how quality can be improved.

The workshops received a strong positive response from producers in Sao Paulo and Espirito Santo and motivated the participants to invest in further direct training to improve the value of their coffee. An unanticipated outcome of the workshop in Iuna is an on-going dialogue between Prof. Borem and cupping trainer Marcia Yoko on how to design an integrated training session for year three of the project.

Activity 2: Peer to Peer Experience Sharing

Project partner SEBRAE-MG has postponed its plan to sponsor peer exchange visits. It is anticipated that the skills and information exchange with coffee producers in Costa Rica and Peru will be conducted in FY10.

1.3. Quality Evaluation Practices

Activity 1: Cupping Quality Evaluation

The planned work under this activity was to be carried out through original project partner Café Bom Dia. With the exit of CBD from the partnership, the cupping evaluation feedback loop that was planned became unfeasible.

As part of on-going cupping training and quality competitions, producer organizations are receiving feedback from expert cuppers that is supporting them to institutionalize changes in practices. A formal evaluation for all groups will be revisited in the third year work plan.

Activity 2: Evaluation of Existing Cupping Capacity and Facilities

Work planned under this activity will also be moved to year three in conjunction with cupping training.

Activity 3: Cupping Schools

A second cycle of cupping training was conducted in QIV of FY09 to increase cupping skills and to prepare groups for the 2009 cupping competition. For many cuppers, the training built on their existing skills while for others it constituted a first introduction to coffee cupping. The objective of cupping training is to provide producer groups with the tools to evaluate their members' coffee for internal quality improvement and to effectively market their coffee. At the same time, the trainings align cuppers' skills to the internationally recognized SCAA cupping standards,

preparing them to evaluate coffees for the Fair Trade Certified Cupping Competition and to participate in other international quality competitions.



Cupping trainer Marcia Yoko provided both theory and practical training in cupping coffee

Each producer organization identified the cupper who would participate in the training. To promote continuity, where possible, the cupper who participated in the first training in 2008 also attended the second year. The training sessions were organized geographically and by skill level to minimize travel time and to group less skilled cuppers together. Three locations were identified and training was carried out by Marcia Yoko, a professional cupper and trainer. Pinhalense supported the training by providing Marcia's training services as a counterpart contribution to the project. A total of fifteen cuppers were trained at the three locations in this activity: seven in Machado, three in Santos and five in Iuna. Each of the sessions contained two days of theoretical and practical teaching, focusing on the following topics:

- a) "The Cycle of coffee through the lens of a cupper": A summary of the coffee cycle, highlighting important points for quality
- b) "Marketing coffee in the world": An introduction of concepts and information about creating relationships with foreign buyers
- c) "Methodology of scoring": A comparison between the traditional Brazilian methodology (COB) and SCAA scoring.

1.4. Organic Market Access

Activity 1: Development of action plan for organic certified Fair Trade coffee

The RSP projects' FY09 efforts towards increasing the availability of high quality organic Fair Trade Certified Brazilian coffee focused on assisting producers already holding organic certification to improve their yields and quality, and to identify potential new members for their organizations. During the second and third quarters, Consultant Rachel Vaz Soraggi of Associação Bio Dinamico (ABD) conducted evaluations of the three Fair Trade Certified groups with members who currently hold organic certification: Coopervitae, Coopvol, and Coopfam. The evaluations established a baseline of the

current organic production situation in each group, considering yields, farming methods and local conditions through visits to the producer organizations and selected members' organic farms. The methodology employed was participatory, encouraging producers to actively engage in the process by providing historical background of their organic production and by contributing their particular goals and production expectations.

During QII, evaluations were completed for both Coopervitae and Cooprol, with the participation of 30 members. The groups were found to have similar production issues, particularly relating to low productivity and poor quality. In both groups the majority of producers have had some quality training though many feel that the information they received in prior training is no longer relevant or is not specific to their particular needs. Additionally, groups' agronomists do not possess an in-depth understanding of the inputs that are permitted under organic regulations. As a result, farms are nutritionally deficient, one of the main drivers of low productivity.



Field visit to organic producer of Cooprol during organic diagnostic process

The evaluation and training in organic coffee production was completed in QIII with the organic technician's visit to the third and final group, Coopfam. The profile of Coopfam varied from that of Coopervitae and Cooprol. Coopfam is an older, more established cooperative with the goal of successful organic production at the forefront of the organization's mission. In contrast to the other two organizations, Coopfam has an agronomist on staff and is able to systematically attend to member needs in the areas of advice and technical assistance.

Though problems of quality and productivity are not as stark on Coopfam's member farms, all three organizations have identified improvements they would like to make in their organic production practices. The consultant identified three issues that all three groups need to address; plant nutrition, intercropping and agro-forestry management.

A total of 51 producers received direct training in organic production best practices and each of the three participating producer organizations received a set of recommendations for improving organic coffee productivity.

Activity 2: Define and implement action plan for increasing Fair Trade Certified Organic supply

The interventions proposed for Coopfam, Coopervitae and Cooprol in the evaluation conducted under activity one far exceeded the capacity of the RSP Project to address them comprehensively. No alternative solutions have yet emerged from project

strategy and planning discussions, but consideration will be given to organic coffee agronomy training for the final year of project activities.

Component Two: Increasing producer capacity

“Increasing producer capacity through organizational strengthening in key operational and strategic areas, including financial management, operations, and marketing (2.1-2.4).”

Year Two Objectives

- Identify needs in administrative and financial skills and provide training
- Continue governance and management interventions
- Provide training in the fundamentals of Fair Trade, with a focus on compliance gaps
- Achieve Fair Trade Certification for at least one new producer group

In the second year of activities, TransFair USA and SEBRAE-MG continued to provide intensive training in Fair Trade compliance, board management and cooperative governance for groups in Minas Gerais. Training also continued in Espirito Santo with intensive governance training provided for both participating groups in the region. Governance training has helped groups to improve communications and services to members as well as supporting them to increase membership by accepting and processing applications from other local farmers.

In FY2008 project partners identified a major gap in producer group capacity. In all of the participating groups there is a lack of training provided to the administrators who manage day-to-day business of the cooperatives. This limits not only their effective administration of the cooperative businesses, but also their tracking and monitoring of sales and inventory, bookkeeping and member services. A training program was developed in FY09 that addresses business administration skills with a particular focus on financial management and coffee export management. Administrators participated in a workshop to launch the program which will be followed up with a cycle of on-site training for each producer group that will focus on implementing improved management practices.

As the cycle of business administration training progresses, the necessity of supply chain management interventions which were originally anticipated for year two will be assessed for each participating group with any necessary interventions shifted to year three activities, in line with administrator work plans.

2.1. Business Management Capacity Improved

Activity 1: Identify trainers and develop interventions

During FY09 the project partners developed a detailed training plan and guidelines for the modules to be used in conducting the business administration training. The program was designed to address the specific needs of participating groups and to assist them in building their internal capacity to manage their coffee businesses. The fundamental goal of the training is to provide all administrative staff with a standardized level of knowledge in business administration with particular attention to accounting rules, coffee purchasing, export management, financial planning, and legal compliance. These topics were identified by the producer organizations as specific areas where capacity should be improved. The broader goal of the training is to provide the administrative staff the tools and support to initiate planning processes that will lead to both medium and long-term business plans for each group.

Implementation of the activity was postponed after the first consultant recruited failed to arrive at the planned workshop session. In response, the project management team issued a second tender for consulting services and reached out to a wider pool of local partners seeking recommendations. The second consultant developed a detailed curriculum and implemented the four days of group training based on the following modules: Legal Compliance for Cooperatives; Administrative Basics; Financial Management; Financial Planning, Brazilian Exports; Procedures Routines and Organization for Exporting; and Procedures, Routines and Organization of Export.

Activity 2: Implement technical assistance and training

This activity began with a four day workshop that laid the foundation for on-going assistance to be carried out one-on-one at each producer group office. The training took place from September 16-19, 2009 at the Center of Excellence for Coffee in Machado; administrators from nine of the Fair Trade Certified producer groups attended. For the first three days of training, two modules were presented each day and followed by a knowledge check. On the final day of training, the morning was dedicated to the final module – Procedures, Routines and Organization of Export – while the afternoon consisted of an information review and action plan development.



Administrative staff at a four day Business Administration training

The training workshop was successful in establishing a basic level of knowledge on business administration best practices such as accounting rules, administrative tools, purchasing, exporting, financial reporting and planning, and legal compliance. Administrators who participated gave positive feedback, stating that the training was beneficial for all levels of business structure and skill. An unexpected outcome was the degree of peer support that emerged from the participating group of trainees, their varied levels of experience created a classroom dynamic in which participants supported each other by bringing real world experiences and solutions into classroom discussions.

Three on-site training visits will take place at each of the producer organizations' offices in the first quarter of FY10 and will focus specifically on the particular challenges faced by each organization and its staff. This individualized training and technical assistance will ensure that administrators are able to adopt new business administration techniques and tools, and incorporate them into existing business processes.

2.2. Governance and Board Development

Activity 1: Governance Training

After successful Governance and Board Development training in Minas Gerais during FY08, the scope of governance training was expanded to include producer groups in Espirito Santo. In November 2008 consultant Andrea Salerno, who conducted the Minas Gerais trainings, began work with Coofaci and Pronova in Espirito Santo. Coofaci received a total of ten training sessions, reaching out to all twelve of the communities that make up the cooperative and Pronova received twelve sessions for their nine communities. Ms. Salerno worked with the groups to develop individualized work plans in the first quarter and implementation of the plans began in QII. Ms. Salerno met once a month with each group, starting in February and continuing through the project year, to assist them with the implementation of their work plans and provide further technical assistance. Activities with Coofaci centered on increasing coop credibility among its producer members, addressing financial difficulties that arose from past debt to members, and strengthening the groups' relationships with external partners. Work with Pronova focused on addressing their unique structure which includes both individual and community membership, and working with the centralized cooperative and the outlying associations to ensure the latter's equitable participation in Fair Trade.

One tool used in both Coofaci and Pronova was the creation of an internal task force made up of representative members. The role of the task force is to facilitate implementation of the work plan from within the organization and serve as a liaison between the consultant and the members. During QIII Andrea focused on working with Pronova's and Coofaci's recently-formed internal member committees to begin addressing the most demanding governance issues they identified. The committee members received leadership training and gathered

information from their communities regarding interest in organic certification assistance and other group initiatives. There has been high attendance and strong commitment shown by the committee members at both organizations, even during the busy harvest season

Due to increased cooperative communication, during QIV Pronova was able to carry out several significant collective actions. Pronova organized collective purchasing of inputs among producers for the first time in the coop's history. Buying in increased volume allowed the producers to lower their cost of production. Pronova is also exercising recently strengthened communication channels to coordinate a coop-wide recycling program. Through continued governance training, Coofaci's internal task force was able to negotiate a contract with the National Ministry of Agrarian Development for funds for technical assistance. The internal task force is also planning an agricultural seminar for small farmers in the Iuna- Irupi area.

Pronova has expressed a desire to continue working with Ms. Salerno in 2010, the coop is in the process of organizing funds to contribute towards further governance training.

Under contract with Sebrae-MG, Andrea Salerno also concluded a second year of governance training with the producer groups in Minas Gerais, including Cooquinas, Coopfam, Associação dos Costas, Coopervitae, Unipasv and Unipcafem. The work is a continuation of the trainings she provided in 2008, and focuses on strengthening the organizational structure and promoting the business plans of each individual organization.

2.3. Supply Chain, Quality MIS and ICS Management capacity increased

Work under this activity will be sequenced with the implementation of the Administrator Training discussed in section 2.1, it is anticipated that supply chain management improvements will take place in year three.

2.4. Certification Compliance and Outreach

Activity 1: Fair Trade Certification Training

Year two objectives under this activity were partially completed. The video *Buyer Be Fair, The Fair Trade Coffee Story*, which explains the Fair Trade movement from its origins to the global reach it currently claims was translated into Portuguese and is now available in a subtitled version for producers in Brazil. The video has been used during a number of site visits by project staff but a comprehensive training program for use by producer groups to promote Fair Trade and expand their members understanding of the system have not yet been completed.

This activity will also be reconsidered during FY2010 planning

Activity 2: Certification Compliance Assistance

SEBRAE-MG consultant Vanusia Nogueira continued to assist groups to understand and meet Fair Trade criteria as they prepare applications and audits. Under Ms. Nogueira's supervision, two new groups (Poços de Caldas and Carmo de Minas) successfully submitted their application packages to FLO. Ms. Nogueira also personally assisted current RSP participating groups Unipasv and Unipcafem to go through their annual inspections. When last inspected Unipasv had several corrective actions but they passed the most recent inspection with success. Both groups used the assistance to implement necessary financial controls. Ms. Nogueira provided additional assistance to the groups in areas of commercialization and negotiation where several of the organizations face challenges due to a lack of experience or language differences.

Activity 3: Membership Development Campaigns

Membership expansion continues to be a goal as well a point of success for the producer groups participating in the RSP project. Because of the positive benefits received by members of Fair Trade Certified producer groups, other coffee producers in the surrounding communities have begun actively pursuing membership. This is positive for the organizations, as it strengthens their place in the community and provides for growth.

To assist in the groups' sustainable growth, the RSP project has begun preparing a toolbox for membership development campaigns. The goal of the toolbox is to aid groups in informing both current and potential members of the structure and objectives of Fair Trade. To ensure that members are aligned with the goals of their Fair Trade organization, the project partners have prepared informational sessions that will serve as a tool for education and recruitment in 2010.

Activity 4: Dual Certification

Coocafe had been examining the benefits of dual Fair Trade Certification and Rain Forest Alliance certification with project support during the first year of the project. The organization has completed initial diagnostic and promotion activities with its members. At the close of last year, the cooperative was reporting a degree of resistance among members toward seeking Rain Forest certification based on their own cost/benefit analysis. In the first quarter of FY09, Coocafe confirmed that its members have come to the decision to suspend efforts to seek a second certification and continue to improve their performance as a Fair Trade Certified organization.

Component Three: Raising the marketing capacity of Brazilian coffee growers

“Raising the marketing capacity of Brazilian coffee growers who will undertake to improve the reputation of Brazilian coffee and the awareness of Fair Trade’s impact. These efforts will take place through producer-driven marketing initiatives that not only support the sale of their most lucrative products (Fair Trade and organic) but also educate consumers in Brazil, Japan, and the U.S. that Brazilian coffees can offer high quality and great value (3.1 – 3.3).”

Year Two Objectives

- Continue to work with partners Walmart and Sam’s Club on Fair Trade promotion ventures and opportunities
- Implement a national Fair Trade Certified cupping competition
- Develop a Fair Trade awareness campaign with FT video
- Improve and update cooperative-specific coffee profiles, producer profiles and impact marketing materials for at least 6 cooperatives;
- Support participation in 2008 SCAA trade show.

The objective of *Component 3: Raising Market Capacity* is to leverage TransFair USA’s, Wal-Mart’s and Sam’s Club’s marketing capacity and experience to support growth in demand for Brazilian Fair Trade Certified coffee and to increase the independent marketing capacity of Brazilian coffee producers. All of the project partners have significant experience marketing products and concepts, and applied together, this experience is a strong force for marketing Brazilian Fair Trade Certified coffee.

Year one of the RSP project saw Brazilian producer involvement in the U.S. coffee market at an unprecedented level, with producers attending international conferences, obtaining and distributing professional marketing materials and being involved in the planning of the first ever Fair Trade Certified Cupping Competition, to be held in Brazil early in FY2009.

In Year two the project team successfully executed the 2008 Fair Trade Certified Cupping Competition, supported Wal-Mart to transition its Brazilian supply chain to exporter Sara Lee and to launch two new SKUs of Brazilian Fair Trade Certified coffee, created the 2009 Guide to the U.S. Coffee Market, supported producers to attend the 2009 SCAA Trade Show and Conference, supported a number of in-bound buyer visits, and produced a wide variety of promotional materials to support coffee sales.

3.1. Leveraging Partner Experience

Activity 1: Marketing Strategic Planning

At the end of 2008, Wal-Mart Stores made a critical decision to reorganize its Brazilian supply chain and launch a sourcing relationship with Sara Lee Brazil. In support of this transition, TransFair USA worked with Sara Lee and FLO-Cert to ensure that their application to become Trade Certified was executed correctly and in a timely manner, allowing Sara Lee to transition quickly into an effective export partner for Wal-Mart.

By the second quarter, Sara Lee was in place and purchasing coffee for sale to Wal-Mart Stores. While purchases were reduced as a result of the transition, it is expected that by 2010 Wal-Mart will have met or exceeded 2008 volumes.

In order to ensure effective coordination of marketing efforts and project planning, the project partners created the communications committee described in Section A. The communication committee is now responsible for on-going planning and execution of coordinated marketing efforts and supported the launch of new coffee SKUs at Sam's Club stores in August 2009.

Activity 2: Fair Trade Certified Cupping Competition

The RSP project reached a milestone at the beginning of FY09 with the successful execution of the first ever Fair Trade Certified Cupping Competition in Brazil. Coffee experts, roasters, and international industry members recognize that coffee quality competitions are hugely successful in fostering production of high quality coffee. As a key event in the RSP project, the Fair Trade Certified Cupping Competition was designed to address all project components by demonstrating the benefits of managing for coffee quality. The event was integrated with a training component to boost the skills of producer cuppers. The supply of quality coffee will increase as a result of increased awareness generated by the competition, and linkage to the US coffee market was also strengthened through industry visits and promotion within the United States.

Project partners began planning for the event mid-way through year one to lay the groundwork and ensure a solid foundation for the international competition that took place in October. As addressed in detail in the FY08 annual project report, producer cuppers received training in international cup quality evaluation standards set by the Specialty Coffee Association of America from Café Bom Dia's Quality Control Specialist Jack Robson Silva. Having a trained producer cupper in a producer organization provides the understanding of quality specifications necessary to raise standards. Internal cupping capacity has a strong correlation with a higher quality product. As such, RSP partners ensured this

capacity by training producer cuppers representing each organization in the project.

The international round of the Fair Trade Certified Cupping Competition took place in the south of Minas Gerais, Brazil from October 19th through the 23rd. A panel of ten expert coffee cuppers from three countries conducted the final round of judging. Among the jurors were three Q-grade cuppers, the highest, internationally recognized certification for coffee tasters. The diverse panel of judges showed a high level of dedication and commitment to the mission of the event and to the producers themselves. The judging process was extremely transparent with jurors emphasizing the importance of evaluating, scoring and describing each of the 69 coffees fairly to ensure that producers see accurate results from producing the highest quality coffee. The jury was an important part of the event's success and they endured long days of tasting a wide array of coffee samples requiring an intense degree of concentration.

The RSP management team from Brazil and the U.S. met the jurors upon their arrival in São Paulo on October 19 and escorted them to Machado, Minas Gerais, to the Center of Excellence of Coffee where the international judging took place. Pre-arranged catering served three meals per day to the jurors in accordance to the strict dietary limitations laid out by international protocol and head judge Silvio Leite. Silvio Leite ran a well-organized and technically strong competition which was highly praised by jurors, many of whom have participated in numerous, prestigious cupping competitions. TransFair USA staff and partners worked to ensure that the jurors and cupping lab staff had all of the necessary elements to guarantee a successful competition.

The final day of cupping concluded on October 23rd with the ranking of the top ten coffees in each of the two categories, upon which jurors and the project partners travelled to Belo Horizonte where an auction and awards ceremony were held. October 24th marked the official conclusion of the cupping competition with the auction, press event and awards ceremony, all hosted by SEBRAE-MG at their facilities. It was a landmark day in the history of the project, with strong



The panel of international jurors evaluates coffee samples during the cupping competition



Jurors, cupping lab helpers and TransFair USA staff at the Center of Excellence, Machado

representation from the coffee industry, Brazil's business community, coffee producers, technical assistance providers and other important stakeholders. The morning began with the RSP Project Steering Committee Meeting, followed by a coffee auction, presentation of prizes and a reception.

To demonstrate the monetary value of quality to producers, the ten highest ranking coffees in each category were sold to the highest bidder at auction. RSP partner Café Bom Dia provided significant support for the project and for



At the auction, U.S. and Brazilian buyers bid for the best Brazilian Fair Trade Certified Coffees

producers by guaranteeing a minimum price for all coffees sold through the auction. The minimum bid at auction was the Fair Trade price plus the \$.10/lb Fair Trade premium, and a \$.20/lb differential for quality. In the case of organic coffee, the price included an additional \$.20/lb for the organic premium, making the minimum price for conventional washed coffee \$1.55, for natural coffee \$1.50, and for organic natural

\$1.75. Nine of the auction coffees sold at above the auction floor price, with the average price per pound received for all coffees closing at \$1.65. Café Bom Dia secured the winning lot from each category, paying \$3.00 per pound for the top-ranking semi-washed lot and an impressive \$7.20 for the first place natural coffee. By the close of the auction, a total of 24,540 pounds of coffee were sold and the twenty award winning producers collectively earned \$40,161.

The auction was followed by an awards ceremony to announce the top ten producers in each category and the prices that their coffee received at auction earlier that day. The ceremony served as a formal opportunity for project partners to unite in a public forum, in front of members of both national and international press, and to discuss progress achieved in the first year of project activities.

Nearly all producers who had entered samples into the competition were present as well, having been transported to the event by SEBRAE-MG as part of their contribution to the event. Speakers from the participating project partners – USAID, Café Bom Dia, SEBRAE-MG and TransFair USA – took a few moments to commemorate successes and speak of their involvement in the RSP. Each partner has provided significant



Producers, RSP project partners and members of the US coffee industry mingle at the reception

logistical, technical, and financial support throughout the year and was able to speak with pride of RSP accomplishments.

Finally, to add an additional air of celebration to the day and to provide the chance for coffee producers to mingle with the buyers and RSP project partners, SEBRAE-MG hosted a reception following the awards ceremony. Coffee themed refreshments were served and TransFair USA ensured that the producers and buyers were able to meet and discuss their respective businesses by providing introductions and translation help. These introductions allowed both producers and industry members alike the opportunity to make a more meaningful connection. Most of the buyers are planning special release SKUs to sell the competition coffee, so understanding where it came from and the conditions under which it was produced is key to telling the coffee's story. Buyers asked about climate and production techniques as well as social conditions in the growers' communities, and all left with a feeling that true producer-industry bonds had been formed.

Three of the competition coffees were released by roasters in the United States during FY09 as single producer special lot SKUs. These direct offerings provided consumers a look at the individual producers highlighted on the package and a closer connection to the origins of their coffee.

2008 Fair Trade Certified Cupping Competition Results

Naturals

Place	Producer	Group	Score	Price/lb	Sacs	pounds	Conv'tl./Org.	total price
1	Luiz Adalto de Oliveira	COOPFAM	87.69	\$7.20	20	1,200	Organic	\$8,640
2	Juares Carlos Pereira	COOCAMINAS	85.11	\$1.50	15	900	Conventional	\$1,350
3	Jose Carlos de Paiva	COOPFAM	84.63	\$3.10	21	1,260	Conventional	\$3,906
4	Paulo Cesar Afonso	COORPOL	84.59	\$2.40	10	600	Organic	\$1,440
5	Geraldo Valdecir de Oliveira	COOCAMINAS	84.56	\$1.60	15	900	Conventional	\$1,440
6	Rodrigo Reghim	UNIPCAFEM	84.43	\$1.50	20	1,200	Conventional	\$1,800
7	Jair Reguim	UNIPCAFEM	83.82	\$1.50	10	600	Conventional	\$900
8	Andre Luiz Reis	ASSOC. COSTAS	83.63	\$1.60	10	600	Conventional	\$960
9	Eduardo Reghim	UNIPCAFEM	83.62	\$1.50	10	600	Conventional	\$900
10	João Evangelista Alves	COOCAMINAS	82.97	\$1.50	20	1,200	Conventional	\$1,800
***	Jose Carlos Lucas	COOCAMINAS	***	\$1.60	15	900	Conventional	\$1,440
				\$4.40	166	9,960		\$15,936

Semi-washed

Place	Producer	Group	Score	Price/lb	Sacs	pounds	Conv'tl./Org.	total price
1	Francisco Braga	Pronova	85.00	\$3.00	20	1,200	Conventional	\$3,600
2	Evandro Cisconeti	Pronova	84.94	\$1.60	20	1,200	Conventional	\$1,920
3	Carlos Alberto Attos	Pronova	84.83	\$1.55	10	600	Conventional	\$930
4	Youssef Nicolas Nasr	Pronova	84.74	\$1.65	13	780	Conventional	\$1,287
5	João Luiz Spavier	Pronova	84.35	\$1.55	20	1,200	Conventional	\$1,860
6	Valdeir Jose Pena Cesati	Pronova	84.31	\$1.55	10	600	Conventional	\$930
7	Angelin Cisconetto	Pronova	84.01	\$1.55	10	600	Conventional	\$930
8	Francisco Turra Nunes	Pronova	83.76	\$1.55	50	3,000	Conventional	\$4,650
9	Marcos Antonio Nali	Pronova	83.29	\$1.55	50	3,000	Conventional	\$4,650
10	João Turra Nunes	Pronova	82.59	\$1.55	40	2,400	Conventional	\$3,720
				\$2.28	243	14,580		\$24,477

Coffee producers, both those who participated in the 2008 competition and those who did not, have begun preparing for the 2009 competition by implementing quality measures within their organizations and on member farms to ensure high quality samples for the event. At the February producer meeting, the group representatives were eager to talk about the cupping competition, both retrospectively and about their anticipation for the upcoming event. Producer group Unipcafem shared that as a result of the event last October, they have instituted an internal cupping competition. The group's cuppers reported outstanding improvements in quality. Other groups have implemented methods for separating ripe cherry and for singling out the highest quality lots. Producers are talking about their excitement in participating in the competition and the positive energy around the event translates into a greater long-term focus on quality.

In the second quarter of the year, the project partners began preparations for the 2009 competition, planned for November of 2009. Preparations have included the training programs described in Sections 1 and 2 above, recruiting cuppers for the competition jury, preparing competition rules and logistics plans, and a communications strategy for promoting the competition. A number of the participating producer groups are executing their own preparation activities including internal quality competitions to encourage members to identify their best coffees for the upcoming competition.

Activity 3: Media and Marketing Training to the Producer Groups

TransFair USA's *Guide to the U.S. Coffee Market*, a manual originally developed in 2007 to specifically address the needs of producer groups looking to enter the Fair Trade coffee market in the United States was updated and translated into a 2008 Portuguese language version that provides producers with an overview of the market and comprehensive information about the members of the U.S. Fair Trade buyer community. In conjunction with targeted training or used on its own, the *Guide to the U.S. Coffee Market* can help producer groups orient their businesses toward their target export market.



All producer groups within the RSP project have received a CD Rom with versions of the guide in Portuguese, English and Spanish as well as a published hard copy of the Portuguese version of the document. By having both formats the groups will be able to disseminate the information broadly to its members and also reference material conveniently.

In preparation for SCAA, SEBRAE-MG hosted a marketing training session to prepare producer representatives to participate fully in the trade show. The first component of the training was oriented at peer experience sharing, as many of the producers would be attending their second SCAA. The training built off of past experiences to tailor the conversation towards specific questions that arose last year. The peer to peer sharing helped first time attendees understand what to expect and served to orient all participants to the upcoming event.

The remaining training modules addressed the purpose of participating in trade shows, differences between participating in national and international events, doing business abroad, marketing and strategies of negotiation, and communication and promotion. Once at the show, producers reflected on the benefit of having received the orientation to the task at hand. The training prepared producers for the fast-paced environment of the trade show and enabled them to take the greatest advantage of the opportunities the show presented.

Upon returning to from SCAA, SEBRAE-MG hosted a debriefing meeting to further understand the producers experience and to follow up on any issues that came up as a result of the event. Being at SCAA helped them to understand the expectations of the buyers and the coffee community at large. They also came away feeling that they were part of a much larger coffee community and were supported by the RSP project partners. They see that they have the marketing and sales support from the whole TransFair USA team. An overarching sentiment was the need for producer organizations and their partners to work together and strengthen the brand that is Brazilian coffee and to promote the image externally.

3.2. Impact Marketing

Activity 1: Improve information management and produce new impact reports

No work was carried out under this activity in the second year.

Activity 2: Update Producer Impact Marketing Materials

SEBRAE is uniquely prepared to assist small businesses position themselves in the market. One way that they bring these skills to bear for Fair Trade Certified coffee producers is through the creation of English language marketing materials. With a consideration for the timing of the SCAA trade show, SEBRAE-MG and SEBRAE-SP worked with the producer groups to create professional marketing materials that can be used at the important coffee trade show as well as for general outreach to buyers. A one-page document was prepared for each group, presenting the organization's mission, their unique story and their production capacity and specifications. The format carried over from last year and only required updates to the production information. To incorporate the newly

participating groups from Sao Paulo, their regional chapter of SEBRAE created corresponding marketing materials.

TransFair USA also supports the marketing objectives of the producers through the creation of producer profiles. The TransFair USA web site hosts profiles of producers from around the world. The profiles are accessible to the general public and are a valuable resource for buyers to learn information about producer groups' specific production, for roasters who want to market their product through telling the unique story of their coffee and for those interested in Fair Trade who want to gain a better understanding of where their coffee comes from. The information presented in the profiles is generated from questionnaires that the groups respond to on a voluntary basis. In QII TransFair USA worked with the producer organizations to collect updated information. The result is up-to-date profiles available through the TransFair USA web site (<http://www.transfairusa.org/content/certification/profiles.php>) for more Brazilian Fair Trade Certified coffee producers. The process of capturing the information, updating their profiles and posting the information to the web site is an ongoing process that will continue so as to ensure that the latest supply information and impact stories are available for the Brazilian producing organizations. See Annex 3 for an example of a producer profile.

3.3. Marketing Missions

Activity 1: Participation in SCAA Annual Trade Show

The Specialty Coffee Association of America's (SCAA) annual trade show and conference is the coffee industry's largest annual event. The trade show attracts over 8,000 coffee professionals from all corners of the industry and the globe. The purpose of the annual gathering is for members of the coffee industry to share knowledge and experience, network, meet face to face with business contacts, negotiate future contracts and buy and sell coffee.

Nine Fair Trade Certified producer organizations sent representatives to participate in the 2009 SCAA annual trade show and conference held in Atlanta, Georgia, USA, April 17-19. As in 2008, Project partners facilitated producer participation in the event and hosted representatives at TransFair USA's Fair Trade Certified booth. One of the new producer partners from Sao Paulo state, Association Rio Claro, attended the show for the first time. Their participation was made possible by a grant from project supporter Pinhalense to cover direct travel expenses.

The Fair Trade Certified booth was the largest at the show and one of the most visible, providing producers with excellent access to foot traffic and a centralized location to schedule meetings and connect with industry partners. Inside the booth, producers had space to display their marketing materials and coffee

samples and to reach out to buyers who came to the booth. The producers had access to meeting space and to buyers interested in Fair Trade Certified coffee. Many Fair Trade Certified licensees participate in the show and visit the Fair Trade booth, giving the producers access to interested buyers.

Many meetings took place at the show, some of which the project partners had coordinated previously and others that took place spontaneously from licensees approaching the booth or a TransFair USA staff member. Because of the supply demands of some of the largest licensees, several meetings took place with all the Brazilian producers or in small groups. All nine representatives took part in a business meeting with McDonalds and TransFair USA CEO, Paul Rice. The producers were able to talk about available volume and quality and also share their stories as participants in the Fair Trade system. They also met collectively with coffee buyers from Green Mountain Coffee Roasters (GMCR) to strengthen relationships and discuss future sales.

Other meetings took place either in the booth or in a separate meeting room reserved by the project for that purpose. The Organic Products Trading Company (OPTCO) met with the organic producing Fair Trade organizations, Coopfam and Coopervitae while at the show. TransFair USA staff was present to support meeting logistics and to provide translation. The meeting focused on past and future sales of coffee sold under the Café Feminino label, coffee produced by women and marketed independently. OPTCO/Café Feminino also talked about their planned April 2009 visit and worked out expectations and objectives for the trip.



RSP Producers and Partners in the Fair Trade Certified booth at SCAA

In addition to meetings in the booth, producers were introduced to TransFair USA licensees during guided floor tours. Small groups of producers were guided by Portuguese speaking TransFair USA staff to tour the show floor and meet Fair Trade Certified coffee buyers. The reduced group size facilitated conversations with buyers in which business cards were exchanged and buyers requested

samples to be sent. The exchanges were positive and resulted in good potential business for the producers.

Because the time on the trade show floor is very busy, the TransFair USA reception, held off-site April 18, proved an additional space for producers to meet with potential buyers, and exchange contact information.

In conjunction with the SCAA trade show and conference, TransFair USA hosts the Fair Trade Producer Forum. This year the event took place on April 16 and the Brazilian producers, along with approximately 150 other Fair Trade producers, were in attendance. The forum is a day-long event, open only to Fair Trade Certified producers. The purpose is to provide information about current issues that exist in Fair Trade, to review the performance of the coffee market and to provide a space for producers to talk about the topics that are most relevant to them without other members of the supply chain present. The issues on this year's agenda included updates on the work of the Coffee Quality Institute, Starbucks' new producer support initiative, financial risk in Fair Trade and access to finance. Presentations were made by leaders in the coffee industry. Simultaneous Portuguese translation was provided throughout the day to ensure effective participation and communication among producers from English, French, Spanish and Portuguese speaking coffee origins. Producers receive forum packets with information about the forum agenda and presenters, the SCAA trade show and conference, and other useful documents about the coffee industry and Atlanta were assembled by TransFair USA and were translated and distributed in Portuguese for the Brazilian producers.

During the RSP project producer meeting (described in *Section A* above), participants were asked about their experience at the show and their overall impressions. Responses were very positive, citing the sense of community that they felt by being there together and helping one another. Producers attending for the first time were able to benefit from other's experience and contacts. Those producers with more relationships in the industry introduced their fellow producers and helped to spread the general word of high quality Brazilian coffee. The RSP project is helping to create a positive dynamic of community and a sense of shared experience that is beneficial for every producer.



TransFair USA's Producer Forum addressed topics of specific importance to coffee producers

Activity 2: US Sales Tours

No US sales tours were conducted in year two.

Activity 3: In-bound Industry Missions

An important objective of the RSP project is to increase market linkages between Brazil and the United States to increase coffee sales by building long-term, direct trading relationships and enhance sales opportunities for Fair Trade Certified producer groups. An integral part of achieving that goal is through industry visits to origin. The U.S. specialty coffee industry depends on its direct connections with producers and knowledge of coffee origins to identify coffees and distinguish them within the market. By sharing the stories of individual farmers with potential buyers and letting them walk in the coffee fields where their coffee is grown, industry members develop a greater affinity to the individual producer and to the concept of Fair Trade in general, making them more likely to make future purchases from regions and producers they are familiar with.

The Fair Trade Certified Cupping Competition provided an ideal opportunity to bring industry members to Brazil and introduce them to the region and the unique stories of the producers that the RSP project works with. Cupping sessions could only last up to four hours each day because the process requires such intense sensory dedication from the jurors. As such, partners scheduled cupping for the morning and by mid-afternoon the schedule was free for educational excursions.



John Cossette of Royal coffee talks with Geraldo da Silva and Sebastião de Oliveira as Coopfam's agronomist takes the industry members on a tour of Oliveira's farm



Industry members and TransFair USA staff with the Oliveira family at their house

During the week of judging there was a guided visit to a producer organization, an individual coffee farm, and to the Agro-technical school in the region, all of which served to more closely link producers and industry.

The first excursion was a visit to the producer group, Coopfam. Partners arranged a visit to the organizations' administrative headquarters to see their green coffee processing facilities, and to meet the cooperative's general manager, cupper and several producers. TransFair USA staff provided translation as industry members were given a tour of the processing facilities and shown how coffee is handled, sorted and prepared for export. At the facility the jurors were also taken to the cupping laboratory where coffee samples from producer members are evaluated. The cooperative's cupper, trained through the RSP project cupping school, prepared samples from five member farms, cupped the samples and let the jurors take turns cupping as well.

After leaving the cupping lab, the coop's principle agronomist arrived to lead a visit to a member's farm. Members of the group had the opportunity to visit a farm and to learn about the family, their farm, the coffee they grow and their lives as Fair Trade Certified coffee farmers, gaining a better understanding of Brazilian coffee producers and the circumstances under which they are working. The agronomist then led the group through the coffee farm and talked about the coffee growing process in the area. The farmer visited was also a recipient of an RSP *Infrastructure Grant Program* award and had a completed drying patio as a result. One roaster present expressed how impressed he was that the project contributed to something so meaningful for the farmers' lives and the quality of the coffee they produced. The visit was an important part of the activity, as it strengthened the relationship between industry and producers and built an affinity between buyers and Brazil as an origin.

Coffee importer John Cossette from Royal Coffee asked TransFair USA staff to facilitate a meeting between himself and Geraldo da Silva of Coopervitae. Cossette and da Silva originally met when the RSP project brought producer representatives to SCAA last year and the two established a trade relationship at the event. Cossette wanted to take the opportunity to meet again with da Silva to strengthen the relationship. After coordinating schedules, da Silva joined the excursion at Coopfam's headquarters.

A second excursion to the Escola Agrotécnica Federal de Machado Sul de Minas which specializes in organic practices, coffee production, and processing demonstrated the extent of technical assistance available to Brazilian coffee farmers who are motivated to seek them out. The jurors were taken on a tour guided by the school's Director of Studies, Leandro Carlos Paiva to see the coffee processing facilities and teaching areas. At the roasting facility, roasters spoke with Paiva about proper equipment maintenance and then the tour continued to the laboratories where coffee evaluation practices are taught. The day ended with a barista demonstration and a conversation about coffee culture in Brazil and the evolution of coffee quality appreciation. Seeing the facilities that exist in Brazil

and understanding the current state of coffee training and culture serves to strengthen the industry members' appreciation for and connection to the coffee produced under the RSP project.

A final excursion was conducted following the completion of the competition. The goal of the three day industry tour was to allow buyers to more fully experience the coffee growing region, to meet a variety of farmers and producer organizations and to have more time to build direct relationships that will facilitate future business.

The first stop on the visit was to Associação dos Costas. Fortuitously, Wendy DeJong of Tony's Coffee had purchased coffee from one of the producer members of this group, Andre Luiz Reis, so the visit was particularly meaningful and beneficial. Reis, also the association's general manager gave a tour of the association's offices and the community center that had been renovated with the association's Fair Trade premium money and talked about the computer center that was under development. After the tour DeJong sat with the group's president, general manager and several other representatives, along with project partners and talked about the association and the coffee they grow. DeJong took the opportunity to explain her plans to sell the coffee she bought from Reis as a separate SKU with packaging that specifically highlights the organization and tells their story. She was able to gather information to be used on the label and spoke with them about selecting a picture that they would want to represent their coffee. The opportunity was very special for Reis and the entire association. Having the personal attention from a buyer validated for them what it means to participate in the RSP project and to be a Fair Trade coffee producer. Receiving the extra recognition as a result of producing a quality product reinforces the changes introduced to farmer management practices and cooperative management, and provides even greater incentive for the future.



Andre Luiz Reis and Wendy DeJong with the lot of coffee DeJong purchased from Reis at auction

After meeting in the group's offices, Reis invited the guests to visit his farm and meet his family where DeJong was able to see exactly where her coffee was grown and meet those who grew it. The experience was impactful for DeJong and resulted in increased determination to strongly market the Fair Trade coffee she purchased at auction and to go even further to benefit producers. She was particularly inspired by Reis investing in protecting and preserving his land and the environment.

The excursion continued with a visit to Coopervitae. DeJong and project partners met with members of the cooperative and talked about the organization, the coffee they produce and the expectations of the U.S. coffee industry. Members of Coopervitae explained how they have invested their Fair Trade premiums and how their organization has strengthened over time. DeJong took the opportunity to talk to the group about the coffees she tasted in the Fair Trade Certified Cupping Competition and discussed harvesting methods that could correct the problem of astringency that was found in many of the samples. The conversation provided an important opportunity for both sides to talk about their perspective from their position on the value chain and gain a greater appreciation of the other. Before leaving, DeJong spoke with Geraldo Da Silva, Coopervitae's General Manager about sending samples for future purchases.

"[The RSP project is] doing really good work—one of my strongest impressions is how together the cooperative is, and how easy it is to work dynamically with each other. That speaks to the capacity that you've helped to build, test, and support.

I'm really looking forward to this year, and think that we'll be bringing in a significantly larger volume of coffee [from Brazil] than I expected, because of quality."

Ben Corey-Moran, Director of Coffee & Coffee Development Thanksgiving Coffee Company

Overall the industry visits to producer organizations were very successful in strengthening market linkage and creating greater understanding on both sides of the value chain. Several important relationships were formed and other buying relationships were strengthened as a result. This was particularly evident in the response from jurors upon returning to the United States. The industry members were proud to have participated in such a meaningful and historic event and have spread the word, by means of their respective companies, of the Fair Trade Certified Cupping Competition that took place in Brazil. One example of this comes from a prominent importer who participated in the competition. He included a full page advertisement in the popular industry magazine *Roast Magazine* which included pictures of the competition and captions describing the event. (See Annex 4)

In addition to visits associated with the competition, the project partners supported visits from three other Fair Trade Certified coffee buyers in year two. Ensuring that the producer groups have the support they need to successfully receive their visitors and helping our U.S. partners get the most out of their visits addresses the project goal of promoting market linkage.

The first visit was made by the Organic Products Trading Company or OPTCO. OPTCO has an established relationship as a supporter of Fair Trade Certified producer organizations and has worked extensively with TransFair USA on partnerships with coffee cooperatives around the world. The green coffee importer is an industry leader in its commitment to the producers it sources from

and their dedication to securing a responsibly sourced, quality product. OPTCO met with several Brazilian producers at SCAA and followed up that encounter with a visit in May. Their specific interest is in high-quality organic coffee and they work with the Café Femenino program to source coffee produced by women farmers. Coopfam has sold to OPTCO and Café Femenino in the past and the objective of the visit was to strengthen the relationship and build the partnership further.

In June, Coopfam also received a visit from representatives of the U.S. coffee roaster, Thanksgiving Coffee Company and their client, Urth Caffe. Both companies have a strong commitment to both quality and responsible sourcing. They have purchased coffee from Coopfam in the past and made their first visit to the cooperative to establish a trade relationship that will benefit all parties.



Luis Aduato and Ben Corey-Moran

Thanksgiving Coffee Company has a history of establishing long-term relationships with the coops they source from and fostering the development of coffee quality and institutional capacity. Some of the producers they source from have been selling to Thanksgiving for ten years. Both Luis Aduato, President of Coopfam and Ben Corey-Moran, Director of Coffee and Coffee Development for Thanksgiving Coffee Company were eager to establish a similar relationship between their two organizations.

Urth Caffe buys very high quality green coffee which is then roasted by Thanksgiving Coffee Company. Urth Caffe seeks out the best coffees they can find and, like Thanksgiving, works to maintain strong relationships with the producers.

The relationship established during this visit is beneficial for Coopfam, not only from the direct sale that ensued, but also because it was the beginning of an important alliance. The guaranteed demand for quality coffee will incentivize the increase in quality within the coop.

TransFair USA staff facilitated the visit by providing logistical support and translation assistance.

C. Results

Overall, the second year of the RSP project was extremely successful, achieving concrete results that have validated a number of the assumption that underpinned the strategic approach that guides the project. The focus on product quality and business capacity has resulted in visible improvements for individual producers and the participating organizations. Producers now have more control over the quality of their product with better technical skills and improved infrastructure. Their groups have forged stronger relationships with critical technical experts and market partners who are ensuring that improvements continue and that their market access in the United States will also continue to expand.

Early in the year, the project partners faced a critical change in both the partnership and the Brazil-to-U.S. Fair Trade Certified coffee supply chain as Sara Lee replaced Café Bom Dia as Wal-Mart Stores' primary supplier of certified coffee. As Café Bom Dia's role was reduced, Wal-Mart Stores and the Wal-Mart Foundation stepped forward to ensure that the project was adequately resourced. In April the Wal-Mart foundation committed US\$400,000 in grant funds to the RSP Project ensuring that important training and technical assistance programs would continue. The renewed commitment by Wal-Mart has created a strengthened partnership with greater engagement of all of the partners in planning and execution of project activities.

While 2009 sales were lower than those achieved in 2008, the value added by certification and quality improvements has the project on track to meet its ambitious return on investment and added value targets. The average price received by producers – \$0.41 over New York market prices – far exceeded the US\$0.25 increase envisioned at the start of the project in 2007.

In addition, by the end of the second year, the project has increased the number of participating groups from six, as originally envisioned, to twelve. This was made possible through the collaboration of local partners SEBRAE and Pinhalense who are helping to make resources go farther.

In 2009, more than 2,000 farmers participated in training; 10 infrastructure grants were funded, two newly certified producer organizations joined the project, nine producer organizations were represented at the SCAA Trade Show and Conference and more than four million pounds of certified coffee were sold into the U.S. Fair Trade market.

Budget

Total spending for the fourth quarter was US\$140,607.27 with US\$37,331.30 contributed by USAID and US\$103,275.97 provided as cash and in-kind cost share from the other RSP Partners.

As noted above Wal-Mart Stores, Inc. significantly increased its commitment to the project, including supporting TransFair USA to successfully navigate the grant proposal process with the Wal-Mart Foundation. By transforming part of its original in-kind contribution to cash, Walmart has enabled the project to conduct a second round of grant-making and to fund additional direct training with farmers.

Year two and life of project spending is well on track. Total spending for the year was \$511,437.35, which brings life of project spending to \$1,197,020.62 or 61.45% of the projected three year total.

FY 2009 Q4 Expenses vs. Budget

Activity	3 Yr Budget	USAID Contribution	Cost Share
1. Expanding and Improving Quality of Supply	495,219.00	11,537.14	21,263.15
2. Increasing Producer Capacity	447,059.00	11,693.67	33,276.31
3. Raising Marketing Capacity	1,005,561.00	14,100.49	48,736.51
total	1,947,839.00	37,331.30	103,275.97

FY 2009 Annual Expenses vs. Budget

Activity	3 Yr Budget	USAID Contribution	Cost Share
1. Expanding and Improving Quality of Supply	495,219.00	43,528.27	68,836.85
2. Increasing Producer Capacity	447,059.00	71,626.12	80,413.29
3. Raising Marketing Capacity	1,005,561.00	88,764.92	158,267.90
total	1,947,839.00	203,919.31	307,518.04

Outlook

Activities for FY2010 have been laid out in the annual work plan which will be presented the RSP Partners for approval at the next steering committee meeting. The work plan details projected activities for the coming year, linking them to activities and initiatives completed during the first two years in order to demonstrate the progression toward the overall RSP Project goals.

The first quarter of FY10 will once again feature the Fair Trade Certified Cupping Competition which is planned for November 2009. A great deal of excitement is already building among producers and project partners. In celebration of the project accomplishments to date, the RSP Partners are producing a project video, final edits should be complete in time for a debut showing at the Cupping Competition awards event. This year's competition will be followed by a remote auction that will take place in January 2010, providing ample time for international buyers to sample the winning coffees in their own cupping labs and potentially creating higher demand and higher prices. The ultimate goal of widening the population of potential bidders is to create a newly inspired pool of customers for the 2010 harvest.

Market linkage activities in 2010 will focus on the SCAA trade show, to be held California next year, affording producer representatives the opportunity to visit TransFair USA and the large population of coffee importers and roasters in the area. Marketing materials will be updated and developed with a particular focus on web and internet based promotion strategies. Use of simple technologies in 2009 helped producers make direct contact with their customers in the United States and the project will build on these experiences to increase producer capacity in this area.

Training will also continue in the first quarter for the staff of producer organizations participating in the Business Administrator Training, the first round of direct training and consultation with the staff at their own offices will be conducted. Training on product quality assessment and management will intensify in the third year as project consultants Prof. Borem and Marcia Yoko create an integrated cupping and post harvest management curriculum.

Finally, organizational development, certification management and membership expansion activities will continue in partnership with SEBRAE-MG and with the newly evolving partnerships with SEBRAE-SP and SEBRAE-ES. This work will not only strengthen producers groups in the short-term but increase the capacity of their local advisors to ensure long term support.

Over all the RSP Partners anticipate another successful year of strengthening production practices, improving organizational performance and building and deepening market linkages in order to improve the outcomes from the coffee business for more than 4,800 coffee farming families in Brazil.

Annexes

1. Online Media Coverage – Agrosoft, Brazil
2. Infrastructure Grant Project – Application Summaries
3. Producer Profile
4. *Roast Magazine* Advertisement

Annex 1

Online Media Coverage – Agrosoft, Brazil

I Concurso Internacional de Cafés do Comércio Justo

Por Editor em 25/10/2008

Foram divulgados ontem (24/10) os vencedores do I Concurso Internacional de Cafés do Comércio Justo (Fair Trade). Na categoria café natural, a primeira colocação ficou com a [Cooperativa dos Agricultores Familiares de Poço Fundo \(Coopfam\)](#), representada pelo produtor rural Luiz Adalto de Oliveira. O produto foi leiloado e o [Café Bom Dia](#) adquiriu 20 sacas de US\$ 7,20 por libra.

Na categoria **café cereja descascado**, o primeiro lugar ficou com a Cooperativa dos Cafeicultores das Montanhas do Espírito Santo (Pronova). O produto foi leiloado ao valor de US\$ 3,00 por libra e também foi comprado pelo [Café Bom Dia](#). Os três primeiros colocados de cada categoria receberam prêmios nos valores de R\$ 500,00 (terceiro lugar); R\$ 750,00 (segundo) e R\$ 1.000,00 (primeiro).

A cerimônia de premiação foi realizada ontem (24/10) na sede do [Sebrae-MG](#) e contou com a presença de produtores rurais de Minas Gerais e do Espírito Santo, juizes degustadores dos Estados Unidos e do Peru e compradores brasileiros e norte-americanos.

O **I Concurso Internacional de Cafés do Comércio Justo** foi realizado pela [Transfair USA](#), organização não-governamental norte-americana, com apoio do [Sebrae-MG](#) e do [Café Bom Dia](#). O concurso visa estimular a melhoria da qualidade do café de Comércio Justo produzido no Brasil.

A premiação faz parte do projeto Parceria de Fornecimento Responsável, que prevê investimentos de US\$ 1.9 milhão durante três anos consecutivos para treinamentos técnicos e infra-estrutura para cooperativas, beneficiando 4.500 pequenos cafeicultores em Minas Gerais.

O projeto é uma parceria entre a [Transfair USA](#), [USAID](#), [Café Bom Dia](#), [Sam's Club](#) e [Wal-Mart](#). O objetivo do projeto é promover pequenos produtores de café brasileiros no mercado global, expandindo e incrementando a qualidade do produto e melhorando a capacidade de gerencial e as habilidades comerciais dos agricultores. A Parceria de Fornecimento Responsável tem o apoio do [Sebrae-MG](#), [BSD Consulting](#), [Agricafé](#) e [Associação Brasileira da Indústria de Café \(ABIC\)](#).

O pagamento de preços justos a pequenos produtores que respeitam o meio ambiente, seguem a legislação trabalhista e seguem rígido controle de qualidade diferencial de preço é uma das maiores vantagens do Comércio Justo.

O [Sebrae-MG](#) apóia o Comércio Justo e desenvolve projetos para a melhoria da qualidade do produto, a diminuição dos custos de produção, o fortalecimento do setor e o aumento das exportações. O projeto beneficia cerca de 500 cafeicultores da Zona da Mata e do sul de Minas Gerais.

RESULTADO

Categoria Café Natural

1º lugar - Luiz Adalto De Oliveira (Coopfam)

2º lugar - Juarez Carlos Pereira (Coocaminas)

3º lugar - José Carlos de Paiva (Coopfam)

Categoria Cereja Descascado

1º lugar - Francisco Braga (Pronova)

2º lugar - Evandro Cisconeti (Pronova)

3º lugar - Carlos Alberto Attos (Pronova)

FONTE

[Sebrae-MG](#)

[Assessoria de imprensa Sebrae-MG](#)

Telefone: (31) 3371-9039 e 3371-9053

a) Links referenciados

[Cooperativa dos Agricultores Familiares de Poço Fundo](#)

www.coopfam.com.br

[Associação Brasileira da Indústria de Café](#)

www.abic.com.br

[Assessoria de imprensa Sebrae-MG](#)

Comunicacao@sebraemg.com.br

[BSD Consulting](#)

www.bsd-net.com

[Café Bom Dia](#)

www.cafebomdia.com.br

[Transfair USA](#)

www.transfairusa.org

[Sam's Club](#)

www.samsclub.com.br

[Agricafé](#)

www.agricafe.com.br

[Sebrae-MG](#)

www.sebraemg.com.br

[Wal-Mart](#)

www.walmartbrasil.com.br

[Coopfam](#)

www.coopfam.com.br

[USAID](#)

www.usaid.gov

Annex 2

Infrastructure Grant Project – Application Summaries

PG1

Project Title: Field to Cup

The goal of the project is the installation of separation “washhouses”, a technique widely used by large producers, to help to achieve standardization in the quality of our coffee. Climate changes in PG1’s region create very non uniform harvests. Producers have responded by conducting two separate harvests, but this has raised costs. The installation of several washing sorting units, to serve as a model, will wake up the interests of all producer members and help us create a uniform standard for our product. The following 10 rural producers will directly benefit:

[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] e [REDACTED]. Implementation of this technique of washing for separation will serve as an example so that all members know the effects of this procedure and can help us in matching the quality. The project will be monitored by a committee created at the April 24th assembly meeting composed of the following members: [REDACTED]; [REDACTED], [REDACTED], [REDACTED], [REDACTED] e [REDACTED]. Through a partnership with SEBRAE, they are assisted by a technician who advises in post harvest processing techniques.

R\$ 39, 000 is the amount of grant money they are requesting and PG1 will contribute R\$ 3,000 in resources. However they do not itemize their contributions in the budget.

Orçamento				
Quantidade	Atividade a ser desenvolvida/bem ou serviço a ser adquirido	Valor unitário	Valor R\$ requisitado	Valor R\$ por conta própria ou outra fonte
03	Lavador de café	13.000,00	39.000,00	3.000,00
a) Valor total requerido pelo projeto			39.000,00	
b) Valor investido pela própria cooperativa/associação				3.000,00
c) Valor total do projeto = a) + b):			42.000,00	

This proposal includes a rotating fund, beneficiaries must pay back 20% each year, so in two years an additional washer sorter may be purchased, the recipient of this machine will also pay 20% to the fund and this way the number of washer sorters will continue to grow

PG2

Project Title: Construction of asphalt (drying) patios ²

This project is designed to help producer members of PG2 who still have dirt drying patios, which lead to lower coffee quality. The project will benefit 150 people; 32 producers and their families located throughout the regions of ██████████, ██████████, ██████████ and others. Indirectly the funds will benefit all PG2 members by increasing the cooperative's overall coffee quality and quantity of output. Each of the 32 producers selected will receive a 400m2 drying patio, a total of 12800m2 of asphalt drying surface will be constructed in total. Each producer receiving a patio will prepare the land and provide the labor for the patios installation- this way a greater number of producers can benefit from the money. The project has three stages: 1) Selecting the 32 producers who will receive patios through visits and evaluation using the stated criteria (don't have a patio, have only a dirt patio or have a cement patio in bad condition that they can't afford to fix); 2) Purchasing the constructing materials and distributing them to the beneficiaries; and 3) Building the patios and monitoring their construction. The total cost of the project is R\$ 57,788.00. The cooperative will provide R\$ 17,800.00, and they are requesting R\$ 39,988.00.

PG3

Project Title: Cupping Lab for the preparation and classification of Fair Trade Certified coffee samples

PG3 is a young cooperative and one of their principle challenges is knowing the true value of the coffee they produce. Their institutional inability to evaluate their own coffee and prepare samples has led to dependency on biased third party evaluators. Additionally, not truly knowing the composition of their coffee has made the product difficult to market. PG3 wants to be able to confidently send their best coffee samples to potential buyers. Increased knowledge of their product will allow them more autonomy and confidence when closing contracts. The decision to apply for funds for a cupping laboratory was unanimous for PG3. The entire cooperative, all 75 families, would directly benefit from the project. Over the long term PG3's ability to consistently send high quality coffee samples will increase their credibility in the market. Also, the ability to indentify the specific deficiencies in the coffee will help them to improve their cooperative's overall coffee quality. The project will have three phases: Purchasing the equipment and supplies, constructing the cupping laboratory and starting cupping activity. The total cost of the project is R\$ 33,120.95. The cooperative is investing R\$ 2,000 of their own funds and requesting R\$ 31,120.95 from the small grant program.

PG4

Project Title: Implementation of the process of product classification

² The specific type of asphalt they will be using is lama asfáltica. Lama asfáltica is a softer asphalt than asphalt used for roads. Members of the Portuguese word reference forum at www.wordreference.com state the direct English translation is slurry seal. There appear to be many different types and grades of slurry seal. It appears to be a sort of top coat sealer.

The Certified Coffee Market (Specialty Coffee Market) pays the most for coffee rated above a 16 and with few defects. PG4 wants to better sort and classify their coffee so they can take advantage of the differencing prices for each quality class. They are applying for funds to purchase the necessary machinery to sort their coffee by class/grade. With this equipment PG4 can set a quality standard and then sort their coffee accordingly. With the equipment their cost of sorting coffee will lower 40% and coffee with defects won't be "let through". They hope to improve their name in the coffee community and make a social fund with some of the profits from the sale of the high grade coffee. They want to purchase a large classifying sieve, a loading elevator and a table that separates by density. PG4's 17 producer members will directly benefit from the improvements. A committee of 3 cooperative members will manage the project. Some of the 40% cost savings from not using a 3rd party to provide this service will be put into a fund for machine maintenance and future projects that benefit group members. The total project will cost R\$ 38,333.00, outside funds will pay R\$ 2,833.00 and they are requesting R\$ 36,800.00.

PG5

Project Title: Higher quality Post Harvest and Responsible partnership

PG5 as a whole needs more patio space so they can better dry and separate their coffee harvest. PG5 wants to construct 40 asphalt³ drying patios totaling about 7200m2, the additional space will help many of their producer members better dry and sort their coffee; improving coffee quality for the cooperative as a whole. The main beneficiaries will be PG5 members who meet the requirements, at least 43% of members. The following criteria will be used to determine which producer members will receive cement drying patios: 1) People with the greatest need for a drying patio, the ones who don't have one 2) Survey to identify these real needs, to identify the producer members with difficulty acquiring funds for infrastructure projects on their property 3) Members in communities where a higher number of people don't have patios will be given priority.

All the resources will be administered by PG5 in a separate account.

One of the objectives is to improve quality and tractability of coffee, the indicator given is %100. They are requesting R\$ 40,000 in grant funds, PG5 will provide R\$ 2,000 however they don't itemize what their R\$ 2,000 in contributions will be so the total value of the project seems to be only \$R 40,022.00.

Orçamento				
Orçamento para terreiro de Café				
Área 7200 m² (20x50)				
Asfalto Espessura- 5 mm				
Quantidade	Atividade a ser desenvolvida/ bem ou serviço a ser adquirido	Valor unitário	Valor R\$ requisitado	Valor R\$ por conta própria ou outra fonte

³ Ibid.

m ²	CM- 30	R\$ 2,30	R\$ 16.550,00	
m ²	RL	R\$ 1,61	R\$ 11.592,00	
m ²	PÓ DE BRITA	R\$ 0,17	R\$ 1.224,00	
m ²	AREIA	R\$ 0,04	R\$ 288,00	
m ²	CIMENTO	R\$ 0,02	R\$ 144,00	
m ²	BLOCO	R\$ 0,32	R\$ 2.304,00	
m ²	ALUGUEL DE BETONEIRA	R\$ 0,12	R\$ 864,00	
m ²	MÃO DE OBRA	R\$ 0,50	R\$ 3.600,00	
m ²	MATERIAIS	R\$ 0,15	R\$1.080,00	
m ²	OUTROS	R\$ 0,33	R\$ 2.376,00	
	TOTAL	R\$ 5,55	R\$ 40.022,00	
	UNIPASV			R\$2.000,00
a) Valor total requerido pelo projeto			R\$ 40.022,0	
b) Valor investido pela própria cooperativa/associação				R\$2.000,00
c) Valor total do projeto = a) + b):			R\$42.022,00	

PG6

Project Title: Acquisition of small motorized manual hullers

Most of PG6's members are small farmers who are increasingly aware of the importance of producing high quality coffee some of their members produce coffee that is too poor to sell as Fair Trade Certified. Producer income is low and many can't afford the machinery they need to improve their coffee. PG6 wants to hull the coffee of its members at a low cost; this is the continuation of an overall coffee quality improvement project started when they acquired a coffee processing machine in 2008. The proposal is that 18 hullers will be installed in strategic locations so they can be accessed by coop members in different communities. The machine at each point will be accessed by a determined group of producers. The group will be responsible for installing and maintaining the machine to ensure longevity. Each producer who uses the equipment will be charged R\$ 200 annually which will be deposited into a fund for purchasing more hullers in the future and continuing to expand PG6's ongoing coffee betterment project. A quality commission will also be formed to monitor the machines. The agronomist at PG6 will train the producers in proper use of the hulling machine and the benefits of hulling. 60 producer members will directly benefit. The total project costs R\$ 47,026.65. PG6 is supplying R\$ 6,166.65 and they are requesting R\$ 40,000.00 in grant funds.

PG7

Project Title: Construction of a drying structure for producers of “Fair Trade” coffee

Through the project 3,500 square meters of asphalt ⁴drying patio will be constructed on the properties of at least 10 PG7 members. The asphalt patios will allow these producers to increase the quality of their coffee and reduce costs by reducing the manual labor involved in drying. This will help increase the overall quality of the cooperatives coffee and increase their marketing power. The selection criteria for determining which 10 producers will receive asphalt drying patios is as follows: 1) producers who don't currently have a cement drying patio or need to expand their cement drying area 2) producers who are members of PG7 and actively participate in the organization 3) Demonstrate interest in the organization and share the same goals 4) producers with a limit of up to 10 hectares 5) must commit to selling their coffee through the cooperative 6) must provide the manual labor to install the patio. A five member commission will manage the project. The total value of the project is R\$ 60,230.00, the cooperative will provide R\$ 20, 280.00 of their own resources and are requesting R\$ 39, 950 in grant funds.

PG8

Project Title: Producers and Their Families, Developing the Capacity to Classify and Taste Specialty Coffee in [REDACTED].

PG8's principle goal for 2009 is to reform their cupping laboratory and improve their ability as a cooperative to assess the quality of their coffee. PG8 receives nearly 300 visitors a year, of these visitors 39 are potential clients. It is essential to have sufficient space to taste and discuss our coffee with potential buyers. Also, producers will be trained in cupping and use the space to cup their harvest and discuss with other producer cuppers how they can improve their beans. “This project will ensure a better understanding of our product and a comfortable environment for our customers and partners and for all those who visit PG8, seeing our coop as a reference for FAIR TRADE.” The project will initially benefit 250 agricultural families, totaling more than 750 people. PG8 has set as a goal/indicator that 85% of cooperative members will have a better understanding of coffee quality as a result of the lab.

The entire project will cost \$R 37, 778.29. The major expenses in the budget are the physical construction of the lab, a roaster for testing with five mouths, a Royal coffee machine, a granite turntable for testing and a table for the classification of beans. PG8 will contribute R\$ 5,265.69 in resources and are requesting \$R 32,512.60 in grant funds.

PG9

Project Title: Paving (drying) patios

⁴ Ibid.

The goal of the project is to pave⁵ or reform 12000m² of drying patios which will benefit approximately 25 cooperative members. Producers who currently have dirt patios will be given first priority, followed by producers with cement patios in dire need of repair and those who need to expand their patios due to increased production. This infrastructure improvement will help the cooperative increase overall coffee quality by reducing imperfections and inequalities. The cooperative will nominate 1 or more managers to oversee the project. The total project costs R\$ 46, 687.52. PG9 will contribute R\$9,380.00 in resources and are requesting R\$ 37, 307.52 in grant funds. Producers who receive patios through the project will pay back the association and the money will be used to benefit other producers in the future.

⁵ These patios will be paved/ created and then covered with slurry seal.

Annex 3

Producer Profile

Cooperativa dos Agricultores Familiares de Poco Fundo e Regi, Brazil

“Fair Trade has given us the ability to grow coffee the way it should be grown – sustainably, organically and with great concern for quality. Our families are fed, our children are in school, and now we can tend to the coffee and the environment.”

--- Luis Aduino de Oliveira, Coopfam President

Cooperativa dos Agricultores Familiares de Poço Fundo e Regi, Ltda (Coopfam) is an association of small-scale farmers located in the state of Minas Gerais in southeastern Brazil. Coopfam was formed from a collective desire to improve the living standard of farmers and to reduce poverty and emigration. In 1991, seventy-six families united to form the cooperative, determined to increase the productivity of their small plots and sustain the quality of family-oriented agriculture in the region. Coopfam was Fair Trade certified by Fairtrade Labeling Organizations International (FLO) in 1998 and began exporting to the United States in 2003.

The Brazil Responsible Sourcing Partnership

Coopfam is one of twelve Brazilian Fair Trade Certified producer groups participating in the Responsible Sourcing Partnership (RSP) project. The RSP project is a result of a partnership between USAID, TransFair USA, Walmart Stores, Inc. and SEBRAE-MG designed to improve the quality of Brazilian coffee, increase market linkages and raise producer capacity. Through participation in the RSP project, Coopfam has been able to improve available infrastructure and in turn the quality of their coffee and has benefited from training programs and increased contact with the U.S. coffee market

Highlights

At the inaugural Brazilian Fair Trade Certified Cupping competition in 2008, Coopfam president Luis Aduino de Oliveira’s organic coffee received the first place prize in the natural category. The coffee was auctioned for \$7.20 per pound – a price more than five dollars higher than that typically paid for Fair Trade organic coffee. Luis’ winning coffee was dried on a cement drying patio funded through the Responsible Sourcing Partnership project.

Responsible Sourcing Partnership Project



ABOUT THE ASSOCIATION

FLO ID: 2300

Year Established: 1991

Number of Members: 250

Estimated Annual Production:
15 Containers

ABOUT THE COFFEE

Varieties: Mundo Novo, Catuaí

Elevation: 1,200 m

Harvest Season: May - Oct

Export Season: Aug - Apr

Percent Organic: 60%

Organic Certification Agency:
BCS

FY09 Annual Report

The Fair Trade price has enabled Cooperativa dos Agricultores Familiares de Poço Fundo e Regi to establish various social and productive programs

Education

Coopfam has implemented computer education classes for children and the community. They have also established a partnership with a private school to offer quality education to children of cooperative members.

Productive Investment

With their Fair Trade premium, Coopfam has built a storage and processing facility for member use, and purchased tractors and other equipment. The Fair Trade premium enabled them to buy office technology and equipment to improve supply management and marketing. They have also purchased a car that is used to visit member farms and attend meetings. To improve member training sessions they invested in a projector, laptop, digital camera and mobile telephones. The cooperative also hired an agronomist to support and give training to member families as well as provide soil analysis and harvesting and handling training. Technical assistance for producers is fundamental in Coopfam's promotion of sustainable, organic production.

Environment

Coopfam has been able to continue its sustainable agriculture training program for co-op members.

Health

The co-op has used Fair Trade revenue to broaden healthcare coverage for co-op members and their families. They have developed a partnership with a health service provider to offer basic coverage to members. Services include access to a general practitioner, women's health services, vision and dental care. Coopfam also makes donations to the local public hospital and helps with special projects.

Home Improvements

Coopfam has expanded the local electricity network to provide electrical access to everyone in the community. In an innovative effort, members of the cooperative manage a community farm with a house that serves as senior citizen residence for elderly members. All profits generated



Annex 4

Café Imports' Advertisement, *Roast Magazine*



We help make sustainability a feasibility.

Big words for a simple mission: bring excellent coffees to market while improving the quality of life for everyone involved.

We invest at origin, encouraging local producers to develop excellent green coffee and exposing new farms to the coffee industry. Coffee roasters and café owners also benefit greatly from our relationships at origin.

Award-winning CoE and other highly-sought coffees are cupped daily - and then made available to you!

Get access, quality, and service to grow your business. Look to Café Imports for your green coffee supplies. You'll discover an amazing choice of the best coffees from origin - easily accessible through our bi coastal and Midwest warehousing. Let us find the best for you. Call us or visit our web site today.



Andrew Miller of Café Imports congratulates a winner of the 2008 Fair Trade Certified Cupping Competition in Brazil.



2140 Energy Park Drive
Saint Paul, MN

Café Imports

1-800-278-5065

Andrew Miller, a juror in the Fair Trade Certified Cupping Competition highlights his experience in an advertisement in the January/February 2009 issue of the popular industry magazine, *Roast Magazine*