

SUCCESS STORY – SPECIALTY COFFEE

Coffee alliance generates income and opportunity

USAID's Agribusiness and Trade Expansion Program (ATEP) has joined forces with US-based Dominion Trading Co. (DTC), and Ethiopian coffee farmers in Yirgacheffe are reaping the rewards.

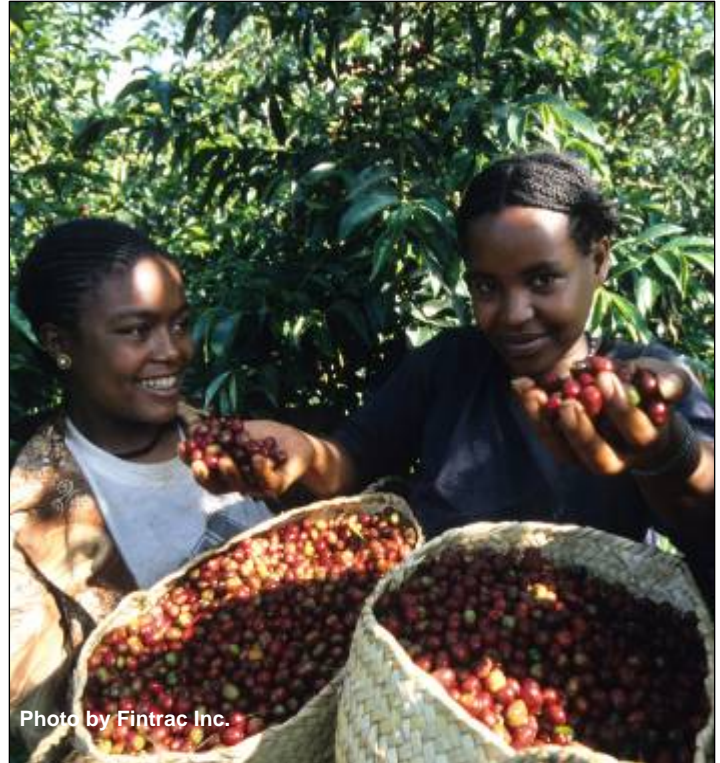
DTC had already distinguished itself from cooperatives and private coffee mills in the region by establishing a policy to pay its suppliers a premium based on prevailing market prices and quality. Dominion re-invests 40 percent of profits into community-based education and health projects in Ethiopia.

"The coffee cooperatives were upset with our premiums," said Dante Vilone, Dominion's general manager. "They began to lose farmers to us because the prices we paid were better."

Still, there was room to grow, and Dominion turned to USAID-ATEP for help. The project launched an effort to improve coffee quality among Dominion's growers and help the company procure and install more efficient de-pulping equipment, which, Vilone says, are vital to Dominion's growth. Specialty coffee buyers want to know if production and processing are sustainable, and Dominion's traditional de-pulpers were making it difficult to meet international environmental standards. The de-pulper and its connected facility cost the company \$42,000, a third of which came in the form of a co-investment by USAID-ATEP. The project also developed a business plan to help Dominion obtain a loan through USAID's Development Credit Authority through Bank of Abyssinia. "This was a fantastic deal for everyone involved," notes Ian Sherry, the project's Trade and Investment Manager.

USAID-ATEP is also helping farmers improve coffee cherry quality through field-based technical assistance in proper tree pruning, stumping, and mulching that will improve yields 200-300 percent by the fourth year, resulting in more money in the pockets of smallholders. During the last season, farmers were trained in proper harvesting so that only ripe cherries were delivered to the mill. With program assistance, DTC has established a demonstration farm next to the mill to train farmers in production and harvesting techniques. These farmers will, in turn, share this know-how with other coffee growers in their areas.

DTC exported 72 metric tons (MTs) in 2005. The DTC-USAID-ATEP cooperation paid off in 2006, with the group's exports increasing to 120 MTs, and plans are for the group to ship 550 MTs in 2007. Ten metric tons of coffee meeting the specialty designation were sold through the open outcry auction that USAID-ATEP organized for the East Africa Fine Coffee Association meetings held January in Addis Ababa. The auction demonstrated to DTC and Ethiopian producers



Top, Ethiopian women harvest coffee cherries in Yirgacheffe.



Left, specialty coffee from Yirgacheffe, nicely packaged for international sale by DTC. The company's suppliers receive a special premium, while 40% of profits from coffee sales are invested back into community-based education and health projects.

the potential profits in high-quality coffee production.

According to Mike Stemm, DTC's Spokane-based general manager, the group's association with USAID-ATEP has "opened several doors of opportunity for us, all of which will enhance our long-term viability in Ethiopia." Plans include attaining organic and Rainforest Alliance certification, which will increase prices by another 25 percent. They also plan to upgrade the milling site to meet environmental and worker safety standards. "The building should reflect the technology that it contains," says Stemm, referring to the state-of-the-art Ingesecc pulping and demucilage machine. The site will also serve as a model for other Ethiopian mills in meeting the standards of the international specialty coffee marketplace.