Savannah &

Enhancing cooperation and trade for decent work

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- a developmental story
1130 shops, of which 450 are owned by local cooperatives

12% of total workforce have had a job in Coop

25,000 Products for sale

36% of the food sold in the national retail sector

1.731.000 Members (50 % of Danish households) - and 3500 elected board members

45 bn DKK (6 bn €) Turnover

Profit margin 0,8 %
152 years with responsibility as a core value

1897 - Strong private label products of high quality

1976 - Introduction of the Food Pyramid

2006 - GoCook introduced in schools

2016 - Our own animal welfare label introduced

2017 - Coop Crowdfunding platform launched

1866 - First consumer cooperative founded

1929 - FDB's central laboratory

1981 - First retailer with organic products

2015 - Chemical strategy: "The filthy dozen"

2016 - African Coffee Roasters began operations
2010-vision: development through trade

• We wanted to grow trade with producers in Sub-Saharan Africa by **shortening the value chains**, **increasing the quality**, and building stronger relationships

• In line with our **basic values** as a consumer-owned cooperative

• To **benefit producers and consumers** vis-a-vis

• And to **tell the story** about Africa as a continent in rapid transformation, with good quality products, and a prosperous future
What we wanted
• Trade – not aid
• Shorter value chains
• Increased quality
• To strengthen relations to suppliers
• Products with better stories and added value

What we did
• Identified starting points: value chains rooted in Africa south of Sahara - with potential for growth
• Always in partnership with NGO’s and existing suppliers
• Preference for working with cooperatives – but no direct export of the cooperative model
• Established a private brand to tell the story to the end consumers
The first initiatives 2011-2016

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Vegetables and avocados from outgrowers. Farming techniques (field schools), financial literacy training. Supporting a further transition towards organic production (composting facility)
We created a brand to tell the story – but with limited success
Key learnings from the first projects

• Danish consumers do not expect or demand products from African producers – and it takes a lot to create that demand!

• Only certain commodities will benefit commercially from a strong story about development and higher quality (coffee, chocolate)

• Every stakeholder in the value chain must benefit from the developmental initiatives and the increased trade – also after the initial funding runs out!

• Most public development aid programs or investment funds are not aimed at initiatives building only on stronger trade relations – they prefer mortar and bricks...
Next step 2015: Imagine if we could...

- Strengthen the quality and ensure faster payment to primary producers.
- Create new competitive quality products to the Danish market.
- Produce ready to shelf products with a maximum of added value in Kenya.
- Trade directly with the primary producers and their cooperatives thus creating development through trade.
- Create the shortest and most efficient coffee value chain for our members.
African Coffee Roasters

- Coop Danmark wanted to strengthen the commercial arm of “Coffee For a Better Future” (key aims is to improve living conditions for coffee farmers in Kenya) and grow the project beyond Othaya FCS.
- African Coffee Roasters established in November 2015 by Coop Danmark and IFU with help from the Danish Embassy, local NGO’s, and Kenyan coffee cooperatives
- Factory constructed from February to August 2016
- Commercial production began in September 2016
African Coffee Roasters - mission

- The **shortest** and most **efficient** coffee supply chain providing shelf ready products from Kenya to consumers world wide.
- Upgrade the supply chain to ensure **highest quality** and **fastest possible payment** of the coffee producers
- New **exclusive quality products** at a **fair price** for European Retail Chains
- Over time **share the ownership** of the processing facility with the (Kenyan) farmer cooperatives
Origins of the coffee

We source our coffee from seven East African countries:

- Kenya
- Ethiopia
- Tanzania
- Burundi
- Uganda
- Rwanda
- DR Congo

Direct trade:
We believe in direct trade and therefore have a direct relationship with the farmers we are sourcing from.
Business case for farmers and consumers

For farmers
- Faster payment (upon delivery)
- Higher payment (no auction)
- Training in the field (Farmer field schools)
- Guaranteed market access
- Women’s rights

For consumers
- Competitive purchase prices
- Higher quality coffee
- More innovative products
- Brand enhancing activities
- High level of traceability from farm to consumer
High quality standards

- The first certified *organic* coffee roasting facility in Kenya
- FSSC 22000 (ISO 22000) and *Fairtrade* certified
- Our coffee lab is in the process of becoming *SCAA* (*Specialty Coffee Association*) certified
- *Loring* is seen as the ”Rolls Royce” of coffee roasting machines
- Packaging lab conducts pressure tests and air composition analysis of final products to ensure packaging is properly sealed and free of oxygen
- Working towards “zero waste” through compostable packaging
- First capsule factory in East Africa = highest possible value addition in Kenya
Present and future products

14 different products in production - all in Coop private labels:
- Cirkel Mount Kenya Kaffe (ground and whole beans)
- Cirkel Økologisk Kaffe (ground and whole beans)
- Cirkel Mocca Kaffe (ground)
- Cirkel Espresso (ground)
- Økologisk Etiopien Cirkel Kaffe (capsules)
- Kenya AA Espresso Cirkel Kaffe (capsules)
- Kenya AA Cirkel Kaffe (capsules)
- Blå Cirkel Kaffe (whole beans)
- Änglamark (ground and whole beans)
- 365 Økologi (ground and whole beans)

New product in 2018:
- The Big Five – 10 new high end products from selected premium origins (ground and whole beans)
- Irma Coffee – 2 new high end coffees
- Gourmet Gold – new midrange brand
Achievements

- 35 jobs created in Kenya (running only at 35% capacity)
- 84 containers (20’) of roasted coffee exported to date
- 17 different products in our portfolio (13 new products being added in 2018)
- 4500 farmers trained in better farm practices
- Helped increase the annual income for 15,000 farmer households by 212%
- Next project: Organic Coffee in Kenya through better farmer practices
- Annually 8 mill USD in value addition created in Kenya
Conclusions and next steps

• Without strong partnerships with Danida, IFU, the Danish Embassy and the coffee cooperatives and their export organisation in Kenya, this would not have been possible!

• Commitment and generation of value for all stakeholders is a necessity. That means constantly addressing relevant issues and opportunities in accordance with the local needs

• The partnership with the coffee farmer’s cooperatives is an advantage - also when branding and selling the final products

• Our goal is to share and ultimately hand over the ownership of the factory to the local cooperative partners. In practice this is challenging for a number of reasons
Thank you for your attention!

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