

Savannah &

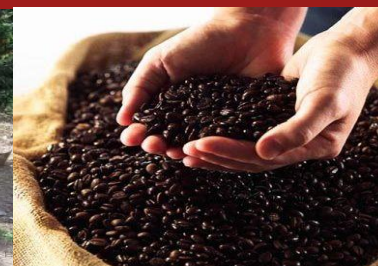
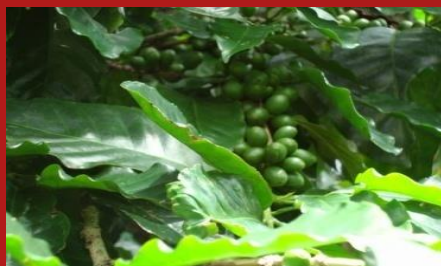
Enhancing cooperation and trade for
decent work

Geneva, 12 June 2018

Thomas Roland
CSR-manager
Coop Danmark



- a developmental story



1130 shops,
of which 450 are owned
by local cooperatives



12% of total
workforce have had a
job in Coop



36%

of the food sold in the
national retail sector

25.000
Products for sale



Turnover
45 bn DKK
(6 bn €)
Profit margin 0,8 %

1.731.000

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



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

Chocolate sourced directly from cooperatives of small-holders and family farms. Action against child labour, supporting education, farmer training for better quality



Beef from semi-arid pastoral landscapes. Supporting the integration of traditional pastoral nomads in the value chain. Enhancing sustainable land management and water protection



Solidaridad



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...



..create the **shortest and most efficient coffee value chain** for our members..

..create new **competitive quality products** to the Danish market..

..strengthen the quality and **ensure faster payment** to primary producers

..trade directly with the primary producers and their cooperatives thus **creating development** through trade..

..produce ready to shelf products with a **maximum of added value** in Kenya...

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!

Thomas.roland@coop.dk