Innovative market mechanisms help coffee- and cocoa-producing farmers build sustainable livelihoods and offer the prospect of a brighter future

by Katalin Fekete

The exquisite Jacobs Haus at Seefeldquai overlooking Lake Zurich was the perfect location for a GreenBuzz event on the market innovations to increase livelihoods of smallholder farmers that took place on 28 May 2015.

A delicious smell of freshly brewed specialty coffee and hot chocolate seemed to waft toward me when I entered the villa on that late sunny afternoon to attend the specialty coffee and chocolate event hosted by the Jacobs Foundation. 50 attendees filled the whole capacity of the available premises – from roasters to coffee or chocolate professionals and coffee- and chocolate aficionados – interested in discussing sustainability and how those luxury products could brighten up the prospects of smallholder specialty coffee and cocoa and farmers.

Specialty coffee and cocoa farmers worldwide are at the mercy of the fluctuating world market prices and get often trapped in a vicious circle of poverty (i.e. food insecurity, hunger, malnutrition), poor access to and quality of education and restricted access to finance that would enable them to eventually pull themselves out of poverty.

The two speakers Lennart Clerkx, founder of the specialty coffee importer This Side Up, and Fabio Segura, Head of International Intervention at Jacobs Foundation, presented two innovative approaches of how to improve the lives of specialty coffee and cocoa farmers enabling them to build a future.

Specialty coffee raises hopes

The concept of “specialty coffee”, as coined in the 1970s by Erna Knutsen of Knutsen Coffee Ltd, is not simply “gourmet” or “premium” coffee but coffee made of “beans with unique flavour profiles produced in special geographic microclimates” that needs to be “well prepared, freshly roasted, and properly brewed”.

(Rhinehart, Ric, What is Specialty Coffee? Specialty Coffee Association of America)

Producing specialty coffee is a complex and labour-intensive process that involves many steps, ranging from planting, cultivating to selecting, picking and processing, roasting and brewing coffee; each step requires education and attention to detail. It is a risky business for all parties involved (i.e. farmer, miller, intermediaries, roaster, brewer), as things can go wrong at any stage.

It is characterised by high-quality blends with a particular, fully developed aroma. Its popularity has been rapidly growing, reaching a market share of about 5 per cent in most developed countries and 10 per cent in the US. “There has also been a rise in the number of
18- to 55-year-olds who want a good cup of coffee and are prepared to pay for it, as they prefer taste over convenience," Clerkx said. In the US more than one third of 18-24-year-old and half of 25-39-year-old coffee drinkers enjoy specialty coffee daily.

Clerkx said the secret of his coffee importing company’s success was his approach to farmers, roasters and marketing. Building and maintaining a good relationship with farmers, maintaining an open dialogue to improve coffee quality, facilitating contact and direct trade between farmers and roasters to exchange ideas and knowledge were key elements. Making specialty coffee trade transparent, keeping the value chain short and fair and last but not least direct marketing were essential for his success too.

He also decided to take the financial risk, as this would help get a pool of roasters. “It is also essential that roasters can buy coffee after tasting it and not pay in advance.”

Apart from working closely with farmers and roasters, Clerkx emphasised the importance of direct communication and of taking measures on the farm, the local policy and coffee industry levels. “We pay the farmers twice the trade price plus a premium which they can invest in whatever serves their needs best, like health insurance or training to improve their coffee production.

**Education to make cocoa communities sustainable**

The Jacobs Foundation, an international charitable organisation, takes a different approach to support smallholder farmers. Known for its commitment to improve the living conditions of children and young people, it promotes Livelihoods projects worldwide. In May it launched the educational programme "Transforming Education in Cocoa Communities (TRECC) in Ivory Coast, which aims to improve the lives of cocoa-growing farmers and their families by providing access to education.

Although about 800,000 people depend on this sector in one of the largest cocoa-producing countries, the household income of cocoa farmers is about $0.50 per person and day. “To enable cocoa farmers to have a sustainable livelihood/live a decent life/create a livelihood for themselves, the household income would need to be increased/go up by 400 per cent”, said Segura.
Child labour, low literacy rate especially among women, no access to high-quality education have resulted in widespread poverty. Families get trapped in a cycle of economic and social decline out of which they cannot lift themselves. For many young Ivorians cocoa farming is therefore no viable option.

According to Segura, this trend can only be reversed and long-term sustainable development achieved, if farmers in the cocoa-growing communities can grow economically and live sustainably.

The Jacobs Foundation has allocated US$ 52 million to the TRECC programme to implement a strategy over the next 7 years that transforms and improves education, empowers women and ensures child protection in cocoa-growing communities.

Segura emphasised the importance of getting key players on various levels involved, i.e. researchers, local organisations for capacity building, NGOs, social entrepreneurs, multi-national investors and donors and the government, to achieve the goal “Only if all these key players work together can we have an impact and improve the livelihoods of cocoa farmers.”

Despite taking different approaches, This Side Up and the Jacobs Foundation pursue the same goal of improving livelihoods and prospect of smallholder farmers. Lively and inspiring discussions ensued at the subsequent cupping, which was made possible by the roasters Campesino, Stoll Kaffee, Black & Blaze, Gipfelsürmer, Benzin & Koffein, Kafischmitte, New Milchbar Café, who offered their specialty coffees.