

# **FAIRTRADE COFFEE**

**SUSTAINABILITY FOR YOUR VALUE CHAIN**



**FAIRTRADE  
IRELAND**



Fairtrade is a global movement that seeks to make trade fairer through connecting small farmers and consumers.

When companies sell on Fairtrade terms, they act as a link between two ends of the value chain.

Your company can make a real difference in the longer term to sustainability issues around the world.

By supporting the development and business improvement initiatives involved in Fairtrade, and highlighted throughout this report, you will be helping to ensure that your company is playing its part.

# FOREWARD

A story in Ireland 20 years ago was that the only place you could buy Fairtrade products was from charity shops or the car boots of pioneering volunteers who drove around the country selling them.

Another less amusing joke at the time was from one of the largest coffee companies in the world. They told us that they didn't believe in what we were doing, and that they would close us down if we ever got above 4% of the coffee market! Happily, in some countries like Ireland, we have gotten well above 4% - it's about 9% in Ireland – and instead of closing us down, very large coffee companies have begun to see the absolutely compelling case Fairtrade makes for coffee farmers and for long term sustainability in the coffee industry.

In 1996, Bewley's was the first Irish company to source raw materials on Fairtrade terms. Bewley's Direct was originally sourced from a single coffee cooperative, COOCAFE, in Costa Rica. The original order was for two tonnes of Fairtrade coffee and at the time we didn't know if it would sell at all.

Fairtrade products were only available in about 100 shops throughout Ireland in 1998, and only accounted for 1% of the total foodservice industry.

As more companies such as Cafédirect, Java Republic, Matthew Algie and Robert Roberts joined, the Fairtrade coffee market continued to grow.

Coffee shops began to commit to only serving Fairtrade certified coffee, tea, and cocoa and supermarkets rolled out own-label Fairtrade coffee.

In 2006 Insomnia switched to 100% Fairtrade certified coffee and in 2009 Starbucks, the world's largest purchaser of Fairtrade coffee, started serving 100% Fairtrade certified coffee in all of their espresso-based beverages.

Nearly twenty years after the original Irish Fairtrade product was launched many of the first organisations that served Fairtrade coffee, like the Waterford Institute of Technology and the Institute of Public Administration in Dublin, are still supporting us.

We have come a long way since the first order of two tonnes of coffee, with the Fairtrade coffee market reaching over 1,000 tonnes in 2015. What began in a handful of charity shops has grown to widespread availability in supermarkets, coffee shops, and artisan stores. And all of this, thanks to the support of Irish companies!

Selling on Fairtrade terms is now one of the simplest things businesses in Ireland can do to support farmers and workers. So thank you for your support over the years and we welcome a fruitful 20 years to come.

*Peter Gaynor,  
Executive Director*



# UNDER THE FAIRTRADE SYSTEM

- Farmers are guaranteed to receive at least the Fairtrade Price for their coffee which aims to cover their costs of production and act as a safety net when market prices fall below a sustainable level. This Minimum Price also rises with world market prices.
- Coffee farmers also receive the Fairtrade Premium and must use at least 25% of it to enhance productivity and quality, for example by investing in processing facilities
- Farmers also use the premium for community projects, such as investing in healthcare or the provision of clean water. In 2014 the extra Fairtrade premium earned by coffee farmers was €44m.
- Technical support allows farmers to improve yields and quality and offer reliable, sustainable coffee to the market
- Fairtrade is underpinned by independently audited value chain standards, which are set in consultation with farmers and industry partners





# **SOCIAL SUSTAINABILITY:** **STRONG COFFEE** **COMMUNITIES**

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## **STRENGTHENING COFFEE** **COMMUNITIES**

The security of the coffee supply chain depends on strong farming communities. Fairtrade helps build rural infrastructure, which becomes the backbone of coffee-farming communities. Access to Fairtrade capital and technical assistance encourages entrepreneurship at farm level leading to better yields and diversification – all of which means more income and stability for coffee farmers.

## **THE NEXT GENERATION OF** **COFFEE FARMERS**

Fairtrade helps make coffee growing an attractive and viable option for young people. It enables small farmers to invest in building their skills and knowledge and empowers them to become active participants in their communities.

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## **A MOVEMENT FOR CHANGE**

Businesses that buy and sell coffee play a key role in connecting the two ends of the value chain: farmers and consumers. A growing number of conscientious consumers want to be sure their shopping has a positive impact on small farmers and Fairtrade is an effective way of providing that assurance.

# ENVIRONMENTAL SUSTAINABILITY: THE FUTURE OF COFFEE

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## ADAPTING TO CLIMATE CHANGE

Climate change is already having an impact on the coffee industry, with disrupted weather patterns and the emergence of new diseases and pests. Fairtrade gives farmers much-needed liquidity, as well as increased skills and knowledge through technical advice, to invest in prevention and mitigation strategies.

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## PROTECTING THE ENVIRONMENT

Fairtrade Standards help small farmers make environmental protection an integral part of their farm management, including reducing pollution, limiting the use of harmful chemicals and finding organic alternatives. A large percentage of Fairtrade coffee cooperatives are also certified organic.

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## BETTER QUALITY COFFEE

Fairtrade enables cooperatives to invest in field-level technical assistance which, along with market knowledge gained from close links with buyers, means farmers learn how to improve quality at source.

*“The objective of our Cooperative is to improve the lives of every single one of us and our families ... and we have found a strategic ally in Fairtrade ... we receive a premium and invest a part of it in capacity building of our small farmers to improve production and productivity, to generate the change that we need here”*

Enrique Mario Perez - COMSA Cooperative  
Board Member, Honduras



# **ECONOMIC SUSTAINABILITY:** **STRENGTHENING THE** **VALUE CHAIN**

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## **DIRECT AND TRANSPARENT** **RELATIONSHIPS**

The Fairtrade system fosters a unique relationship between buyers and small farmers. Third-party assurance, by FLOCERT, provides a guarantee to buyers and their customers that the Fairtrade Premium really does make a difference.

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## **STRONG COOPERATIVES**

Fairtrade is committed to supporting cooperatives to become reliable and entrepreneurial business organisations by providing access to specialist markets, finance, business and technical support. The result is a more secure supply chain, which is good for farmers and benefits the whole industry.

## **INVESTMENT IN BETTER** **FARMING PRACTICES**

Fairtrade gives farmers the skills and capital to invest in better farming practices, technical innovation and processing facilities, improving both quality and productivity.

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## **MORE INCOME FOR SMALL** **FARMERS**

Fairtrade helps improve farmers' livelihoods by encouraging diversification and education, thereby giving coffee farming communities a viable future.

# EXPLORING THE IMPACT OF FAIRTRADE



## COUNTRY PROFILE: NICARAGUA

Nicaragua is a tropical and volcanic country with rich diversity, natural resources and multicultural heritage. As a largely agricultural country, coffee is an important export. 95% of Nicaragua's coffee is shade grown in the central northern highlands. Around 50,000 families produce coffee in the humid volcanic forests of Las Segovias (Estelí, Madriz and Nueva Segovia), Jinotega and Matagalpa. Farmers tend to be sensitive to the environmental impact of their practices, paying close attention to forests, soils and water sources.

The coffee industry is made up of large plantations and many cooperatives. They tend to wet-process their coffee, but are experimenting with natural processing and African drying beds. Parchment coffee is normally transported to export mills lower down in the mountains so drying can be more effective.

There is an annual Cup of Excellence competition which is revealing new and exciting coffee coming from Nicaragua.

## FAIRTRADE IN NICARAGUA

### WOMEN

PRODECOOP, located in Segovia, uses the funds from the Fairtrade Premium to focus on promoting gender equality. Women must hold at least 40% of the leadership positions, and training programs are held on a regular basis to educate men and women about the important role women play in successful coffee production, from harvest to distribution.

### QUALITY AND PRODUCTIVITY

COOMPROCOM, based across Matagalpa region, have used the Fairtrade Premium to set up experimental plots which test and improve on agricultural practices. This activity has fed into a quality improvement programme which provides technical assistance and subsidised fertilisers and pesticides – they've seen great success: productivity has tripled for some farmers. The Fairtrade Premium has also allowed the cooperative to purchase modern coffee equipment which has made processing much quicker, saving time and money.

# EXPLORING THE IMPACT OF FAIRTRADE

## COUNTRY PROFILE: NICARAGUA

### ECONOMIC: INCOME DIVERSIFICATION, FOOD SECURITY AND MICRO-CREDIT SERVICES

COOMPROCOM has supported farmers with a crop diversification programme, which increases incomes and improves the nutrition of entire families. They have implemented a food security programme to provide poorer members with seeds to grow their own beans, corn, rice and tomatoes during the 'thin months'. There is also a revolving fund which gives loans at 1% interest. Farmers use this to pay for food, school fees and other basic necessities.

SOPPEXCCA also support farmers within their cooperative by providing food packages during times of food insecurity.

SOPPEXCCA provide technical assistance to farmers to help them improve productivity. A renewal package is provided to members affected by la roya (coffee rust disease). Financial assistance is provided through long term loans to members, repayments are not paid back on these loans until the farmer starts producing coffee.

### SUSTAINABILITY: AGROECOLOGY EDUCATION PROGRAMME

SOPPEXCCA, in Jinotega, run an agroecology programme for children of members which acts as an alternative way to learn technical skills. The programme integrates primary and secondary education to develop skills such as estate planning and administration.



*Maria de Pilar Lopez Gonzalez and Ronaldo Isidro Rayo Gutierrez are coffee farmers and members of the SOPPEXCCA cooperative.*

*In 2015, Maria, Ronaldo and other members of the cooperative earned about 15% extra through the Fairtrade Premium.*

# EXPLORING THE IMPACT OF FAIRTRADE



## COUNTRY PROFILE: ETHIOPIA

Ethiopia is Africa's oldest independent country. Although it has seen decades of drought, famine, war, and poor policy making, it has a rapidly growing non-oil economy and is one of the most stable countries in Africa. Ethiopia's economy relies heavily on agriculture, accounting for 90% of exports and employing 85% of the population. People continue to suffer food shortages and about 30% of the population live under the poverty line. All land is state-owned and people are granted life-long leases with full land rights except for restrictions on inheritance, sale, mortgage and renting.

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### COFFEE

Ethiopia is the birthplace of coffee and home to some of the most unique coffees in the world. Exclusively Arabica coffee grows on small plots from 1-2 hectares. It is often found wild in the subtropical highlands. Coffee is a rich part of Ethiopian culture and tradition, a large part of production is consumed internally. Both the wet and dry processes are used to develop distinctive cup profiles.

There are around 700,000 small small farmers in Ethiopia. Coffee is a key revenue, accounting for 10% of export earnings. An estimated 15 million people work in the coffee industry. But, like on much of the continent, the industry can be undercapitalised and inefficient. The Ethiopia Commodity Exchange (ECX) is an integrated trading platform. It monitors quality, provides pricing information, and groups coffees under regional names and standard prices for farmers. Unfortunately, this system tends to complicate matters of traceability, but large cooperatives can seek exemption from this system.

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### CHALLENGES IDENTIFIED IN FAIRTRADE INTERNATIONAL REPORT

Despite the recent growth, Ethiopian small farmers still face challenges.

- Support is needed to improve soil fertility and dependence on chemicals. Chemical pesticides and fertilisers are too expensive, causing cycles of debt.
- Lack of access to finance, price risk management systems and global competitiveness; Ethiopian coffee has huge potential to enter specialised markets for traditional, organic, shade-grown, bird-friendly coffees but marketing support is needed.
- Agriculture is mainly rain-fed. This makes people highly vulnerable to climate change and food insecurity.
- Many farmers are abandoning coffee to produce other crops, such as the leafy narcotic Khat. Unlike coffee, Khat is drought and pest resistant, grows on less water and takes less physical labour.
- Around 50% of Ethiopia's coffee is transported to market by pack animal and 75% of farms are more than one day's walk to the nearest road.
- There is a long value chain from farm to port and a need to strengthen the institutional and technical capacity of the unions.

# EXPLORING THE IMPACT OF FAIRTRADE

## COUNTRY PROFILE: ETHIOPIA

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### FAIRTRADE IN ETHIOPIA

The sale of coffee on Fairtrade terms is giving members of producer organisations in Ethiopia a level of stability that they have not experienced before. They have invested Fairtrade Premium in several projects.

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### INFRASTRUCTURE

The lack of infrastructure isolates rural communities. Many village level cooperatives have invested in improving roads so vehicles can pass, constructing bridges and installing electricity. This has an impact on coffee as fast access to washing plants means that there is less spoilage and increased quality in the cup.

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### EDUCATION

Education is seen as a priority by cooperatives, vital for a better future. Village level cooperatives from the Sidama Coffee Farmers Cooperative Union provide hundreds of scholarships to its members' children and fund new school buildings. For example, the Shilicho cooperative in the Dara district has used the Fairtrade Premium to construct three schools. This benefits 1,200 students.

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### SUSTAINABLE FARMING

Oromia Coffee Farmers Cooperative Union runs training for farmers on bird-friendly techniques, composting and natural fertilisers. Farmers are encouraged to intercrop their coffee with productive plants such as avocado, mango and cardamom. This both supports the household and develops unique flavours in the coffee.



*'Fairtrade has definitely helped our community—it has helped us improve our school and water supplies. It has also made a big difference in the price we get for our coffee with the guaranteed payment. We simply want you to buy our coffee at a fair price so we can be independent'*

Workineh Heldaja,  
Oromia Coffee Farmers  
Cooperative Union member

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## **THE POWER OF CONNECTION**

Fairtrade is a global movement that seeks to make trade fairer through the power of consumers and farmers and workers. Businesses that buy and sell coffee and other commodities play a key role in connecting these two ends of the value chain. Through Fairtrade, consumers can see the impact that their buying habits have. This helps build a more personal connection to the goods they choose, transforming their experience and increasing their loyalty to the product and brand.

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## **WHAT CONSUMERS WANT**

Consumers increasingly expect companies to demonstrate that their products are ethically sourced and responsibly produced. Likewise, small farmers want consumers to be aware of the effort that goes behind producing a cup of coffee and why small farmers should be treated fairly.

Buying Fairtrade products gives consumers a powerful and credible way of building relationships with small farmers, addressing their concerns and helping to reduce poverty through their daily shop.





## USEFUL INFORMATION LINKS

For more information on Fairtrade Ireland see, [www.fairtrade.ie](http://www.fairtrade.ie)

The Fairtrade Ireland Purchasing Guide:  
[Fairtrade.ie/where-to-buy-fairtrade-products](http://Fairtrade.ie/where-to-buy-fairtrade-products)

For further information on Fairtrade Standards, Minimum Price and Premium, Guidance documents for Fairtrade Small farmers and Buyers, and Impact and Research, visit [www.fairtrade.net](http://www.fairtrade.net).

For further information on selling your products on Fairtrade terms, contact [info@fairtrade.ie](mailto:info@fairtrade.ie).

## ORGANISATION DETAILS

Fairtrade Ireland  
Carmichael Centre, Dublin 7.  
[www.fairtrade.ie](http://www.fairtrade.ie)  
Email: [info@fairtrade.ie](mailto:info@fairtrade.ie)  
Tel: 01 475 3515

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