Country Context

The coffee sector is of major importance for Ethiopia and its economic development: in 2017 green coffee solely represented 31 per cent of the exported goods (country’s highest revenue from international trade). Moreover, the coffee sector is a major source of cash income and employment for millions of farming families (an estimation of 20 million people live from coffee production and processing).

The project

The project “Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership”, funded by the Italian Agency for Development Cooperation (AICS), represents a productive example of Public Private Partnership initiative.

Thanks to a constructive and fruitful engagement with the Ethiopian Coffee and Tea Authority, and the partnership with illycaffè and Ernesto Illy Foundation, the project aspires to become replicable and successful experience for UNIDO and its partners.

Key facts and figures

**DONOR:**
Italian Agency for Development Cooperation (AICS)

**INSTITUTIONAL PARTNERS:**
Ethiopian Coffee and Tea Authority (ECTA)

**PRIVATE SECTOR PARTNERS:**
illycaffè; Fondazione Ernesto Illy

**PROJECT BUDGET:**
EURO 4,100,000

**PROJECT DURATION:**
4 years (end 31/03/2020)

**PROJECT AREA AND SUBCONTRACTORS:**
COOPI | Delo Mena (Oromia Regional State)
TECHNOSERVE | Aletawondo (SNNP Regional State)

**BENEFICIARIES:**
Federal Level:
Ethiopian Coffee and Tea Authority (ECTA)
Ethiopian Coffee Rosters’ Association (ECRA)
SNNPR (Aletawondo Woreda)
9 Farmers’ Cooperatives, 1 Union (SCFCU)
Oromia Region (Delo Mena Woreda)
12 Farmers’ Cooperatives, 1 Union (BYFCU)
**PROJECT FACTSHEET**

**IMPROVING THE SUSTAINABILITY AND INCLUSIVENESS OF THE ETHIOPIAN COFFEE VALUE CHAIN THROUGH PRIVATE AND PUBLIC PARTNERSHIP**

### Three levels of intervention

#### COFFEE GROWING AREA LEVEL

- Supporting the cooperatives in Aleta Wondo (SNNPR) and Delo Mena (Oromia Region)
  - **Capacity building for farmers** (best coffee agronomic practices) and cooperatives (social and environmental sustainability, cooperative and financial management)
  - Creation of 21 **Input Provision Centres** (15 already built)
  - In **Aleta Wondo**, renovation of 11 cooperative’s coffee processing stations so to increase coffee quality while enhancing efficiency and environmental sustainability
  - In **Delo Mena**, establishment of 12 **Coffee Drying Centres** (CDC) for natural forest coffee to increase production quality and ensure coffee traceability (i.e.: 475 drying beds, 9 temporary storages)
  - Establishment of 3 nursery sites for coffee seedlings and indigenous shade trees
  - Distribution of disease-resistant coffee seedlings and indigenous shade trees to smallholder farmers

#### VALUE CHAIN LEVEL

- Supporting Farmers’ Cooperative Unions (Sidama Coffee Farmers’ Cooperatives Union - SCFCU - and Burka Yadot Farmers’ Cooperative Union - BYFCU) in adding value to the coffee produced in Ethiopia:
  - Development of a **business plan** for the Unions
  - Supporting Unions in the development of a **communication strategy** (logo, website, social media)
  - Supporting SCFCU in developing and building **roasting facilities**, and BYFCU in establishing direct coffee export channel
  - Assisting the Unions in developing a new and comprehensive business model (coffee tourism, honey value chain, etc.)
- Providing the Ethiopian Coffee Roasters Association with Technical Assistance and with capacity building activities so to strengthen the Association

#### INSTITUTIONAL LEVEL

- **Capacity building** (international study tours to the main coffee producing and consuming countries)
- Participation to international coffee events to advance the recognition of the Ethiopian coffee
- Development of a **gap analysis** of the Ethiopian Coffee sector
- Development of a **communication and branding strategy** for the Ethiopian Coffee and Tea Authority
- Establishment of **Coffee Training Centre (CTC)** in Addis Ababa within the premises of the ECTA in partnership with illycaffé and based on the model of the **Università del Caffè** (the activity includes design, renovation activities, procurement of equipment, development of academic programme, ToT)
- One **full scholarship** every year for a young Ethiopian coffee professional to attend illycaffé’s Master in Coffee Economics and Science in Trieste, Italy (five scholarships already disbursed)
**Aleta Wondo Coffee Production and Processing**

**Garden Coffee**
- Represents 50 percent of Ethiopia’s coffee production.
- Is grown by smallholder farmers
- And it is usually fertilized by organic material.

**Washed Coffee**
- Represents 90% of coffee produced in Aleta Wondo area.
- Through the use of wet mill Wondo, the cherries are mechanically treated so to separate the pulp from the seed (the coffee bean).

**Washing Stations**
- Here is where the coffee is ‘washed’ in order to separate the coffee beans from the pulp.
- Wet mill stations owned by Farmers’ cooperatives are often very old (low efficiency, high water consumption), negatively affecting the coffee quality.

**Coffee Market**
- Based on widely accepted statistics, about 50% of coffee produced in Ethiopia is consumed locally, while the other half is sold to international buyers.

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**Aleta Wondo Project Activities**

**Beneficiaries in Aleta Wondo**
- 10.111 Farmers trained
- 9 Farmers’ Cooperatives addressed

1. **Training and Capacity Building**
   - Providing farmers with best agronomic practices trainings, and cooperative staff with cooperative management, sustainability and financial trainings.

2. **Cooperative Input Provision Centres**
   - Small shops built by the project and owned by the cooperatives, the 3 Agriculture Input Provision Centres enable farmers to purchase agricultural equipment at a fair price.

3. **Seedling Distribution**
   - 31,040 high yield and disease-resistant coffee seedlings (variety 74112) distributed to farmers to increase coffee quality and production. 100,000 coffee seedlings will be ready for distribution in May 2020.
   - 140,439 shade indigenous trees distributed and 150,000 are under preparation.

4. **Renovation of Cooperative Wet Mills**
   - The project is renovating 11 cooperatives coffee processing stations (5 already renovated) so to increase efficiency and environmental sustainability of coffee processing.
   - Water pumps and diesel engines purchased are high-quality and high-efficiency (Lombardini).
Delo Mena Coffee Production and Processing

**FOREST COFFEE**

Wild forest coffee, existing only in Ethiopia, grows under the shade of natural forest trees and represents 5% of the total coffee production in Ethiopia. Smallholder farmers are responsible of protecting the forest; they are allowed to harvest the coffee and benefit from other environmentally friendly activities.

**NATURAL COFFEE**

This is the traditional way of processing coffee in Ethiopia. Coffee cherries are harvested and sun-dried. Then, once the cherries are dry, the parchment (coffee bean) and the husk are mechanically separated (i.e.: hulling).

**COFFEE DRYING**

Traditionally, smallholder farmers dry the coffee cherries on the ground, on mats, on concrete or cement floors.

This negatively affects coffee quality because of contamination with other substances (e.g.: with the soil) and low accuracy and inconsistency of the drying process (e.g.: high risk of developing mold, difficulty to determine the precise moisture content).

**DELO MENA PROJECT ACTIVITIES**

**BENEFICIARIES IN DELO MENA**

1,811 Farmers trained
12 Farmers’ Cooperatives assisted

1. Training and Capacity Building

Providing smallholder farmers with coffee harvesting and post-harvesting training and non-timber income generating activities.

Providing cooperative staff with cooperative man-

2. Cooperative Provision Centres

12 small cooperative shops (built by the project and owned by the cooperatives) to enable smallholder farmers to purchase agricultural equipment at a fair price.

3. Coffee Drying Centres (CDC)

In order to increase coffee quality and ensure traceability, the project has constructed 12 CDC (comprising of 475 drying beds and 12 temporary coffee storages).

Each CDC will be equipped with basic bee-keeping equipment that will allow farmers to produce high quality honey.

4. Farmers’ Union support

Through the support of the project, the BYFCU obtained export license and exported 4,320kg of natural coffee to Italy, aiming at exporting 1 container (>18,000kg) in 2019. Farmers’ cooperatives received a 70% dividend of the profit deriving the export.