

# Using the economic value of forest coffee for forest conservation. The impacts, prospects and challenges of certification.

Till Stellmacher, Franz W. Gatzweiler, Abebe Haile, Aseffa Seyoum

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# The value of Ethiopian forest coffee

- Locally – for smallholder peasants:
  - Own consumption
  - Income generation
- Nationally – important export commodity
- Internationally – high value for coffee breeding



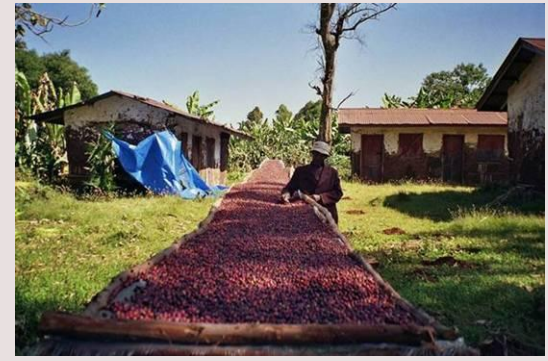
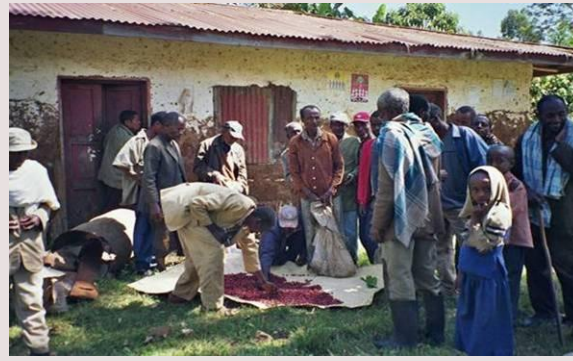
## What is certification?

- A tool to capture and enhance the economic value of a product.
- Marketing instrument that uses consumers' motivation to pay higher prices for products that meet defined and assured standards.
- Response to a growing demand for healthier, socially produced, and/or environmentally-friendly products.
- System of standard holders and certifiers.



# Certification of forest coffee

- Certification a new trend in Ethiopia
- 12 forest coffee cooperatives certified according to Fairtrade, Organic (EU), and Utz Certified
- Certification aims at
  - paying higher prices to producers
  - balancing environmental protection and business results





## Problems of certification

- Peasants in the certified forest coffee cooperatives have no knowledge of what certification is and what the requirements say.
- Peasants do not get price premiums.

## Problems of certification (cont.)

| <b>Cooperatives</b>               | <b>Coop. prices</b><br>(in birr/ feresula/ dry<br>coffee/ 2006/07) | <b>n</b>  | <b>Merchants prices</b><br>(in birr/ feresula/ dry<br>coffee/ 2006/07) | <b>n</b>  |
|-----------------------------------|--|-----------|--|-----------|
| Medfegna<br>(Fairtrade + Organic) | 116  | 11        | 120  | 6         |
| Chiri<br>(Organic)                | 110  | 7         | 109  | 8         |
| Gzmeret<br>(Utz)                  | 42<br>(red cherry)   | 10        | 115  | 10        |
| Yeyebitto                         | 114  | 9         | 123  | 3         |
| Kaya Kela<br>(non-certified)      | 109  | 5         | 107  | 3         |
| <b>Total</b>                      | <b>113<sup>[1]</sup></b>   | <b>32</b> | <b>115</b>   | <b>30</b> |

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<sup>[1]</sup> Without Gzmeret (red cherry).



## Price–forest depletion dilemma

- Wild coffee yields are very low (5–50 kg/ ha)
- To gain higher yields, peasants manage the wild coffee and the forest
  - 86% slash the forests' undergrowth, on average 2.5 times per year
  - 82% transplant coffee seedlings
  - 62% cut larger trees

## Price–forest depletion dilemma (cont.)



- Forest coffee management negatively effects the forest ecosystem and biodiversity



## Price–forest depletion dilemma (cont.)

- In the last 5 years, forest coffee producer prices increased **by 3–4 times**, due to world market.
- Peasants reacted:
  - 83% manage the coffee forest more intensively than 5 years ago;
  - 78% do so because of increased coffee prices.
- Higher prices due to certification are an incentive to intensify production ⇒ forest degradation.



## Conclusions

- Current attempts to use the economic value of Ethiopian forest coffee for forest conservation by generic certification of cooperatives do NOT work, because:
  - Producers not involved
  - Producers get no or little price premia
  - Price–forest depletion incentive dilemma



## Conclusions (cont.)

- Need for a tailor-made Ethiopian forest coffee certification standard!

### Need to:

- certify forest management NOT cooperatives,
- set distinctive forest management guidelines (ECFF),
- be part of existing forest certification system (e.g. Forest Stewardship Council – FSC).

A photograph of a coffee tree branch with red cherries in front of a tree trunk. The text "Thank you very much !" is overlaid in the center.

Thank you very much !