



## Bera Gudina Cooperative

## Oromia, Arago Gera District, Ethiopia

**Partner since:** 2019

**Traceable to:** 265 Cooperative Members

**Altitude:** 2100 - 2200 MASL

**Varietals:** Heirloom

**Processing:** Farmers deliver cherry to the central washing station, where they are processed using a Penagos eco-pulper before overnight fermentation of 10-12 hours. Drying takes 10-11 days on raised beds, with first few days under a shade while surface moisture dries away.

**Harvest:** October November December

**Booking:** March April May

**Arrivals:** May June July



Bera Gudina Cooperative (established 2017) is located in Gera District (near Agaro, Jimma Zone), and organized under the umbrella of the Kata Muduga Farmers Cooperative Union. Loans from the Cooperative Bank of Oromia and Kata Muduga allowed the 265 founding members of Bera Gudina to construct a washing station and purchase equipment. In relation to other coops in the region, one of Bera Gudina's challenges is based on its high altitude; although it benefits its quality, the coop often processes late (due to late cherry ripening at high altitude) after many buyers have made their rounds. Thus they have had a tough time building a name for themselves with specialty buyers who work with Kata Muduga. Through the Kata Muduga system, 90% of the FOB price goes directly to the cooperative. Farmers (coop members) are paid cash upon delivery of cherry (avg 12 birr/kg in 2019). As of 2019, the cooperative has been paying back loans for startup capital, thus has not yet issued postseason bonuses or dividends to members, however – following in the footsteps of other sister coops under the Kata Muduga umbrella – they are on track to have everything paid off in 1-2 years. Upon repayment of loans to the bank, the coop will follow the Kata Muduga system of post-season bonuses and member dividends. Bera Gudina and Kata Muduga have also donated funds to local school construction.



Ethiopia is a coffee powerhouse. It's the birthplace of the plant, the seventh largest producing country in world, and one of the world's leading consumers of coffee as well. Because coffee is such a vital part of the economy in Ethiopia, the government has a hand in it, making for an interesting coffee context. Ethiopia is proudly a nation that has never been colonized, and the longtime government has been from a tribal minority (the Tigray). In 2018 there was a coup that installed an Oromo president – the largest tribe in Ethiopia. Its namesake region, Oromia, sprawls awkwardly south and west from the capital city Addis Ababa – and covers the majority of coffee territory in Ethiopia.

Of the over 100 million people in Ethiopia, almost 15 million rely on coffee for income. Coffee accounts for 60% of foreign income, and is about 40% of total country exports. For the scope (Africa's largest producing country) and importance of the industry, there's a surprising amount of consolidation. Things are constantly changing in Ethiopia but for the most part, buying happens in three ways, from an Exporter who buys off the ECX, from a Coop Union which markets coffees collected from member coops, or direct from a single producer or estate (as long as they have a farm

over 2 hectares, they can export). You can see more about these below.

**ECX:** The Ethiopian Commodity Exchange was established in 2008, with good intentions. The idea was to make market prices / price discovery available to rural sellers. The ECX installed tickers at 32 rural sites and also push notifications to a quarter million subscribers. The idea was, that this would protect farmers from predatory buyers. The ECX established 55 physical warehouses, where coffee is held across the country. Farmers bring parchment to the warehouse where it is graded by cuppers and given a designation. Contracts are sold to buyers that have seats on the auction. Contracts are all for 30 bag quantities, and buyers do NOT get to cup the lots before purchasing. When the ECX first opened, the mandate was that coffee had to go through the ECX. Quickly, warehouses overflowed, prices plummeted. There was also an outcry from specialty coffee buyers who wanted to work directly, or taste coffees before contracting. Certainly, it was a difficult launch. There's a good "Market Watch" piece on it called, The Market Maker. Those regulations were soon relaxed, allowing for some direct trading to continue with individual farms. However, the regulations still maintained that buyers and sellers be de-coupled. Previously, exporters often owned wetmills in Ethiopia and could buy cherry and sell green. Now, wetmills are required to sell to the EXC, and exporters are required to buy from the ECX. In other words, wetmills cannot not directly sell to exporters. As it stands now, the only way to get exceptional coffee from the ECX is to buy it, then cup it see if you like it. If you don't, you're stuck. This process isn't practical for a specialty buyer, so oftentimes exporters will allow specialty buyers to cup through their purchases from the ECX and select the ones they like – the exporter can then use the coffees not selected to fill a commodity contract for another buyer. While this can result in good coffee, the traceability is lost and the ability to replicate that coffee next year is only as good as the cupper and relationship with your exporter.

**COOP UNIONS:** When we first arrived to Ethiopia in 2013, there were only 5 operating Unions organized by geography (Oromia, Sidama, Yirgacheffe, Limmu and Bench Maji). Oromia (extending as it does) is the largest, with 405 member coops, followed by Sidama Union, tiny in comparison with just over 50 coops represented. Yirg Union is smaller still. Coop Unions have a standard model in Ethiopia: buy coffee at the auction price, sell coffee to a buyer and collect 20% of the profit as service fees. From, there they split the remaining profit 70/30 with the coops they bought from. Unions are generally known in Ethiopia as FTO suppliers. Coffee that move through the ECX do not carry certifications, so the only place that you can get certified options are Unions and private farms. Recently, a new Coop Union was established called Kata Maduga. It brought together coops in Jimma that were formed by Technoserve work, and previously managed by the Oromia Union. These coops felt that their qualities were exceptional and that they could better represent themselves. It is now in its 3rd harvest, is a healthy Union and growing. We're big fans.

**PRIVATE FARMS:** Private farms are self-explanatory in many ways. Since 2008 and the establishment of the ECX, private farms have been the one option that preserve relationships and traceable coffee. The issue has been that Ethiopia is so populous, that farms large enough to fill a container, or produce an export size volume of coffee are rare. Where they do happen is most commonly seen in the west (Jimma and Keffa Zones) where land redistribution has formed larger coffee blocks.

Similarly, you may also find a landowner that builds a mill on their land, and buys cherry from surrounding farmers. This is called an out-grower scheme. They can directly export these coffees, and this has been a major loophole for wetmill owners who were affected by the ECX regulation. For examples, if I had a wetmill only, I have to sell to the ECX. But If I have a wetmill and I buy the farm it's on and register that farm for direct export – now I can sell all the coffee from my mill to direct

buyer and bypass the ECX. While this does happen, the only ones that can do it have both money and political clout, stacking the deck a bit against the smallholder.