

## Cafédirect and BLCF project in East Africa

Cafédirect is the United Kingdom's leading 100% Fairtrade hot drinks company. Its tea, coffee and cocoa products are supplied by 37 producer partners in 12 different countries, affecting over one million growers and their families. Established as a company with explicit development aims, Cafédirect aspires to be the leading brand which strengthens the influence, income and security of producer partners in the South, by linking them directly to consumers in developed countries. While Fairtrade Labelling Organizations International (FLO) provides the industry standard, Cafédirect strives to surpass it.

Cafédirect's Gold Standard specifies that partnerships with growers are long term relationships, which are based on trust, transparency and commitment. Once grower partners are incorporated into the Cafédirect supply chain, they receive substantial technical and financial investment to strengthen the efficiency and competitiveness of their operations, delivered through the *Producer Partnership Programme*. The aim of this work is to strengthen the business performance of our grower partner organisations. This ensures a solid base for returning greater benefits to the growers, their organisations and their communities, as well as for expanding Cafédirect's business. The programme is flexible, strategic and responsive to market conditions, designed to reflect different grower organisations' specific needs, as well as Cafédirect's. In financial year 2004/05 Cafédirect invested £574,000 representing 86% of its operating profits in its Producer Partnership Programmes.

Public private partnerships can be an effective way to deliver initiatives and meet overall global development goals. Cafédirect has shown that it can work through its partnership with Emerging Markets Group (EMG) and the Business Linkages Challenge Fund (BLCF).

For the past two years, Cafédirect has been working with 7 of our tea partners in Uganda, Tanzania and Kenya on the implementation of Hazard Analysis Critical Control Points (HACCP) food safety methodology. The aim of the project was to ensure that British Retail Consortium Global Standard - Foods and Hazard Analysis Critical Control Point (HACCP) do not become a barrier to market for smaller developing country tea suppliers in East Africa. The project has been part funded through the Business Linkages Challenge Fund. The total funding was £160,000 over two years.

The project has successfully assisted all 7 participating factories to operate under HACCP systems and trained 12 key factory personnel. It has also developed local capacity by training 4 auditors to BRC level. As well as enabling the factories to comply in advance with what is envisaged to be, in future, a compulsory requirement, the project has also led to the factories embedding a

culture of heightened health, safety and quality standards which has an immediate effect on the quality of the product they are able to produce.

The market for tea largely operates on the principles of supply and demand but due to the current position of oversupply in the world market place, improving the quality of the tea made is now seen as a priority to any producer in order to enhance competitiveness. It is generally accepted that quality is key to increasing market share in both the Fairtrade as well as other mainstream markets.

The smallholder owned factories have also been supported to access new markets with \$250,000 worth of sales made by Igara and Kayonza factories to Pakistan. These sales to a non-traditional market provide some security to the producers, offering as they do a very real alternative to the Mombasa auctions.

All the achievements above are working towards securing and stabilizing the tea market for approximately 40,000 smallholder tea producers and preventing them from slipping below the \$1 a day poverty level which would be likely to happen if their markets were lost due to the imposition of BRC – Foods. Kibena factory has stated that the HACCP project is worth in excess of \$1.5 million in securing orders.

Cafédirect aims to continue its support to this project in three main ways next year:

a. to support the Tanzanian factories - Kibena and Wakulima - to achieve British Retail Codes (BRC).

b. to bring Ugandan factories - Mabale, Mpanga, Kayonza and Igara - up to HACCP standard much more quickly

c. to bring new producers on board - Michimikuru and Eastern Produce in Kenya and Kelliewatte in Sri Lanka

Through bringing on these additional partners, the project will help to secure and stabilize the tea market for an additional 5,600 smallholder tea farmers and their families.