



ASEAN Engagement, Standards and Value Chain



Coffee forms a major element in the ASEAN region's agricultural sector. Engaging small scale farmers in the overall value chain, through their agricultural cooperatives, is a key priority to support local farmers to improve their overall livelihoods.

Overview

As a primary role of the ASEAN Foundation within AFOSP, engaging Farmers' Organisations with the ASEAN region was undertaken through a variety of methods. Central to these efforts has been beginning the development of standards for coffee production and strengthening the coffee value chain through agricultural cooperatives across the ASEAN region. Coffee forms a major product for many ASEAN nations, with Indonesia, Lao PDR, the Philippines, Thailand and Viet Nam considered amongst the top coffee producers in the global market. While in some cases ASEAN

coffee has been successful in attracting strong prices for quality product, there still remains weaknesses within the ASEAN coffee value-chain, often due to a lack of bargaining power and engagement by coffee growers themselves, as well as general sustainability issues in a typically 'trending' market. This highlighted the requirement for strengthening coffee-based agricultural cooperatives across ASEAN, and became the focus of the ASEAN Foundation's ALSPEAC (ASEAN Learning Series and Policy Engagement on Agricultural Cooperative) forum in 2017.

2017 ALSPEAC

The ALSPEAC forum was held in Yogyakarta, Indonesia, 19-21 July 2017, and was attended by over 60 representatives from a range of stakeholders with particular interests in agricultural cooperatives – primarily related to the coffee value chain. The key aims of the forum were to:

1. Build capacity of and enable agricultural cooperatives to address the challenges and opportunities of the ASEAN Economic Community;
2. Improve livelihood and ensure food security; and
3. Disseminate and share the best practices and innovations developed by ASEAN nations in alliance with multilevel stakeholders of the coffee value chain.

During the sessions, a range of presentations were delivered from nations, cooperatives and private sector bodies regarding the coffee value chain,

with discussions and workshops focused towards identifying opportunities and lessons to strengthen the standing of farmers' organisations within the global coffee market.

Issues

While the ASEAN coffee market continues to expand and diversify, local-level producers still face a range of challenges and obstacles in ensuring that such expansion is of benefit to their livelihoods. While the various countries engaged in the ALSPEAC conference experienced their own unique range of issues and opportunities, the three key areas of concern for ASEAN collective coffee production can be broadly stated as:

- Improving productivity (implement good agriculture & post-harvest practices);
- Access to Market (better market at Local, National & Export); and
- Access to Finance (financial scheme).



■ Issues Insight

Improving Productivity – Many of the ASEAN coffee-producing nations, while engaged heavily in the market, face stalling and sometimes decreasing coffee productivity. Factors influencing this, amongst many, are limited knowledge/capacity of farmers, unsustainable farming practices, encroachment of other farming opportunities (such as rubber or oil palm), lack of standards from buyers, and issues related to climate change. Nations such as the Philippines, who are highly engaged in the coffee market, identified the requirement for all-encompassing production standards, as well as the identification and distribution of good agricultural practices for agricultural cooperatives with a focus to coffee production.

Access to Market – The market situation varies depending on the country, however most nations still experience a large gap between the production level and the final coffee sales. As a result, many coffee farmers miss out or are left out, forming only a small part of the overall value chain – although, as the producer they are the most important. The impact of multiple middleman, Multi-National Corporations, and a lack of knowledge and engagement between the coffee producers themselves forms a considerable obstacle to coffee farmers experiencing positive effects of their in-demand product. The strengthening of dialogue between stakeholders, further engagement of producers within the value chain, and increasing knowledge and capacity of farmers to control their own product are all potential opportunities to overcome these issues. This was witnessed in Cambodia, who undertook a concerted effort to uplift rural farmers and agricultural communities, through a supportive government, alongside an internationally engaged set of farmers' organisations.

Access to Finance – While engaging in the market and better practices are key aspects, financing such changes is another. Significant funding is required to undertake such efforts, and as coffee farmers have been on the bottom-end of the value chain, accessing such funding themselves is a difficult task. Funding for better infrastructure, higher-quality seed and fertilisers, and to access training and other activities are also specific areas of need. The role of ASEAN, and its engagement with agricultural cooperatives, is paramount to increasing access to funding. Many countries recognised that with stronger national and regional support mechanisms, alongside access to good practice, standards, and engagement in the market, financing the required needs becomes a more straightforward task, with resulting increased sustainability and self-sufficiency for local-level coffee producers.



Outcomes and Lessons Learned

Through the ALSPEAC event, more clarity has been gained on the efforts required to establish a strong and sustainable coffee value chain in ASEAN, that benefits agricultural cooperatives and the members they serve – local-level coffee farmers. Through the AFOSP, the ASEAN Foundation, Farmers' Organisations, ASEAN and national institutions, and other interested stakeholders, have the platform to begin making real progress towards positive outcomes. From the ALSPEAC forum itself, a range of outcomes, lessons learned, and future plans were identified for each sub-group of stakeholders, to begin addressing the issues

and taking advantage of the opportunities identified throughout the process. The two key groups within the stakeholders are the agricultural cooperatives and the ASEAN/National level institutions. While each has specific roles and activities to support the ongoing sustainable development of the coffee value chain, there is a clear and specific need for ongoing engagement and dialogue between the two parties. Through mechanisms such as the AFOSP, as well as other ASEAN blueprints and plans, a more fluid, transparent and effective coffee market environment can be achieved.



Key Lessons

Agricultural Cooperatives – Aim to explore further knowledge and understanding of their products, and strengthen their internal processes and structures to facilitate engagement in the wider value chain. Having market knowledge and sound internal systems will allow them to engage more easily with the industry, supported through increased communication and engagement with higher-level support mechanisms. Development and implementation of good agricultural practices and standards will help to meet demands of the growing and diversifying global market.

ASEAN and National Institutions – Need to increase their own knowledge about the market, and opportunities to support local-level Farmers' Organisations to engage within the global marketplace. Supporting capacity building efforts, alongside strengthening links with other related stakeholders will help facilitate overall growth and engagement. Working towards developing standards and requirements for the range of stakeholders operating in their region, plus developing links with other parties such as exporters, will support activities at lower levels. Facilitating and engaging in knowledge-sharing activities, such as ALSPEAC, is also a key requirement for a stronger, more sustainable coffee market.



ASEAN Farmers' Organisations Support Programme

(AFOSP) – Engaging With ASEAN,
Asian Farmer Association (AFA),
La Via Campesina (LVC)

The ASEAN Foundation
Jl. Sam Ratulangi No.2, Menteng,
Jakarta - 10350, INDONESIA

Phone : +62-21-3192 4828

Fax : +62-21-3192-6078

Email: secretariat@aseanfoundation.org

yacinta.jati@aseanfoundation.org

Website : www.aseanfoundation.org