

Madhane Coffee Program

Concept and organization

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Why grow coffee in Banjhakateri?

1.

Coffee is one of the largest export commodities and has a rapidly growing global market

2.

Gulmi District is the largest and most renowned producer of organic coffee in Nepal

3.

Currently, there is no relevant production of cash crops in Banjhakateri VDC

4.

Banjhakateri has suitable land, motivated farmers and support from Nepal Help

5.

Coffee Promotion Project (CoPP) provides technical support „from zero to bean“

Coffee Promotion Project (CoPP) supported by Helvetas will provide technical support and counselling to Madhane Coffee Cooperative (MCC) during planting, growth, harvesting and processing of coffee in BKT



Plants in nursery



Ripe berries on coffee tree



Berries put out for drying



Pulping

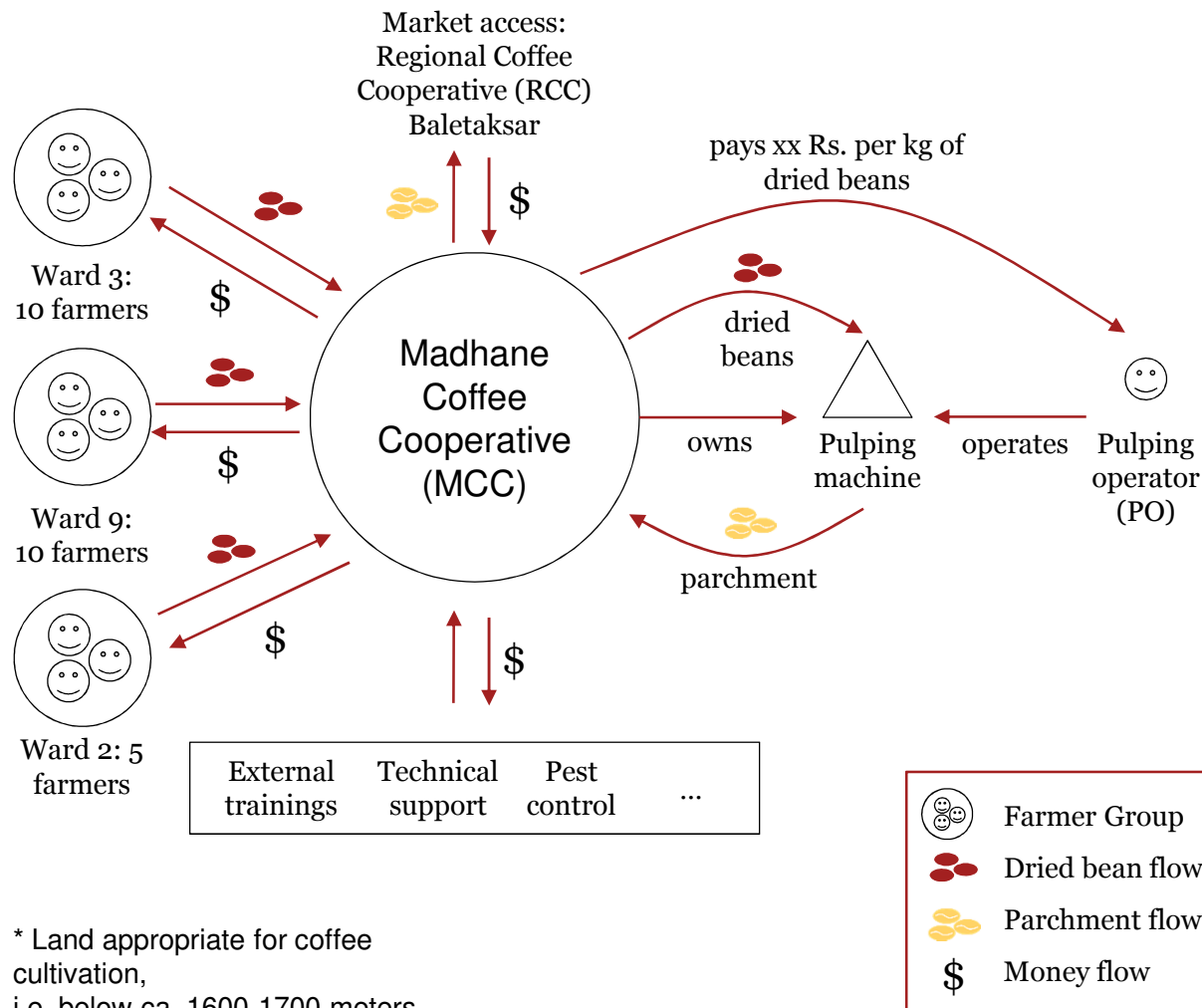


Parchment put out for drying



Parchment ready for market

Goal of phase 1 is to spread knowledge about coffee farming among small group of land-owning* farmers organized in a traditional cooperative



* Land appropriate for coffee cultivation,
i.e. below ca. 1600-1700 meters

Madhane Coffee Cooperative - Concept and organization

Coffee cultivation

- Farmers cultivate coffee on their land and harvest red beans
- Farmers dry red beans
- Farmers sell dried beans to MCC for Rs. 120 per kg

Coffee pulping

- Cooperative sends dried beans to pulping
- Pulping operator (PO) pulps dried beans
- PO receives xx Rs. per kg dried beans
- PO sends parchment back to MCC

Coffee sales

- MCC sends parchment to regional cooperative
- MCC receives Rs. 350 per kg
- MCC retains Rs. xx per kg to create operating fund

Farmers' market return

- MCC pays xx Rs. per kg to participating farmers

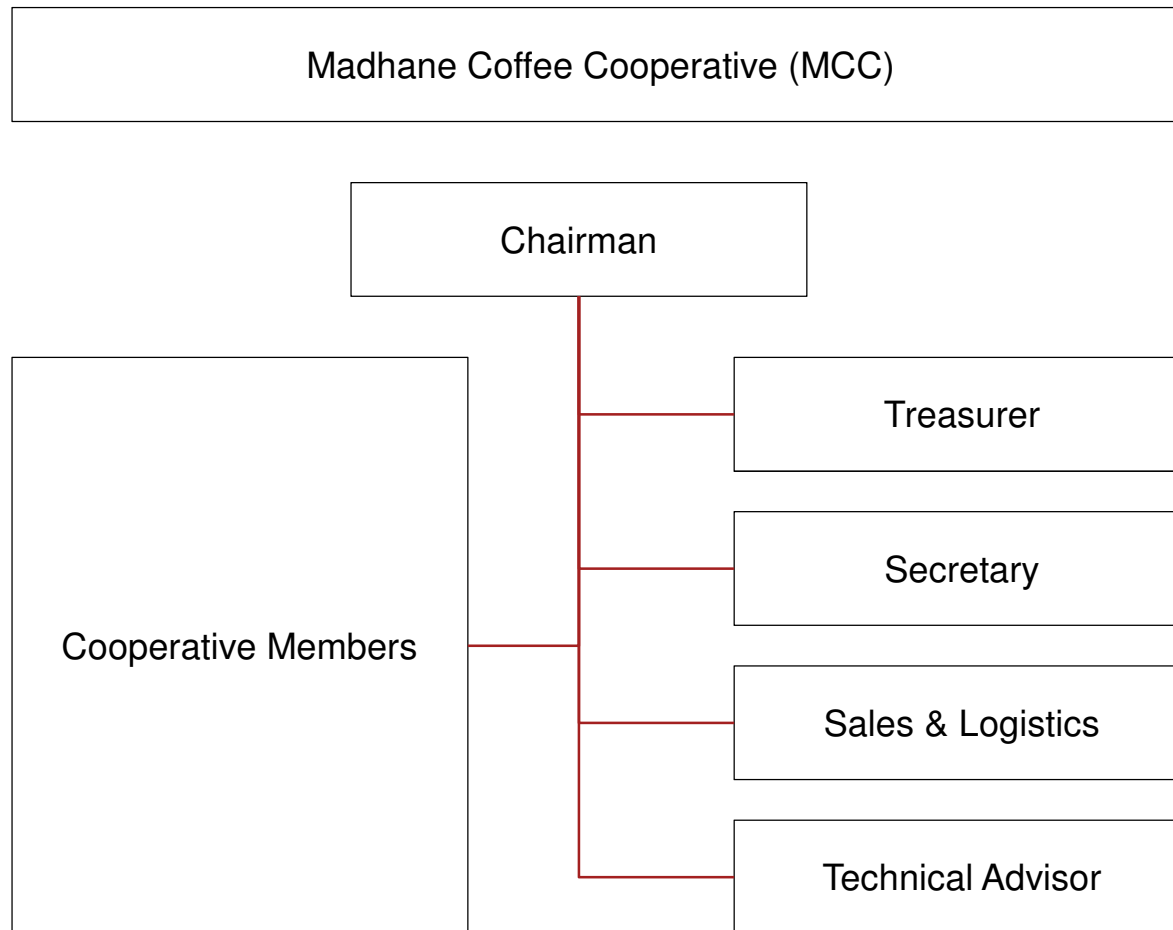
Exemplary calculation of cash flow in phase 1 shows high commercial attractiveness of coffee cultivation



Farmer K. Bhusal owns one roppani of land and grows 50 coffee plants.
First harvest is expected to yield 3kg of ripe beans per plant.

No.	Process step	Product	Kg	Revenue per kg (Rs.)	Cost per kg (Rs.)	Total (Rs.)	Remarks
(1)	Harvesting	Red berries	150				
(2)	Drying	Dried berries	60				Red berries : dried berries = 5 : 2
(3)	Sales to MCC	Dried berries	60	120		7.200	
(4)	Pulping	Dried berries	60		-15	-900	
(5)	Sales to Regional Coffee Coop	Parchment	30	350		10.500	Dried berries : parchment = 2 : 1
(6)	MCC fund-building		30		-25	-750	7% of sales revenue
(7)	MCC net profit					1.650	(5) – (3) – (4) – (6)
(8)	Farmer's market return					1.650	(7)
(9)	Farmer's total earnings					8.850	(3) + (8)

Madhane Coffee Cooperative is organized based on proven Nepali cooperative designs



General organization

- All decisions are to be taken by majority vote among all members

Chairman

- Is elected for two years by all cooperative members
- Is spokesperson to Regional Coffee Cooperation
- Organizes cooperative meetings

Treasurer

- Handles all payments
- Delivers quartely and annual reports

Secretary

- Delivers protocols of all meetings

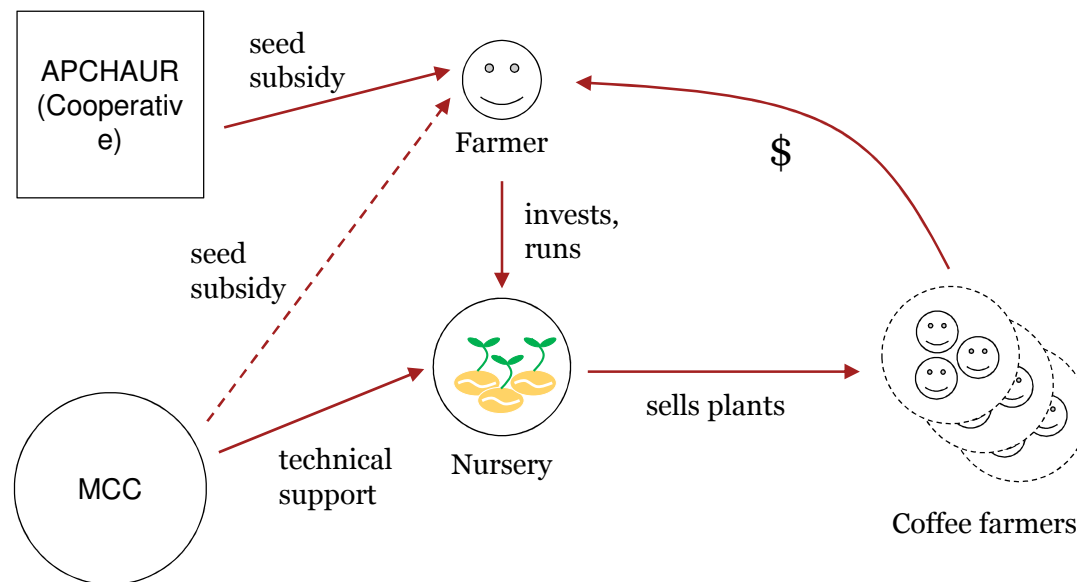
Sales & Logistics

- Organizes transport of parchement to RCC
- Forms market link via RCC

Technical advisor

- Supports farmers
- Organizes trainings
- Triggers pest control measures
- ...

Our goal is to establish three to four nurseries in BKT within in the next 24 months to provide additional income opportunities for farmers



2-year goals

- 3-4 nurseries
- 3.000 – 4.000 plants per year

Timeline

- Planned start: Feb 2015
- Planned first sale: Feb 2016

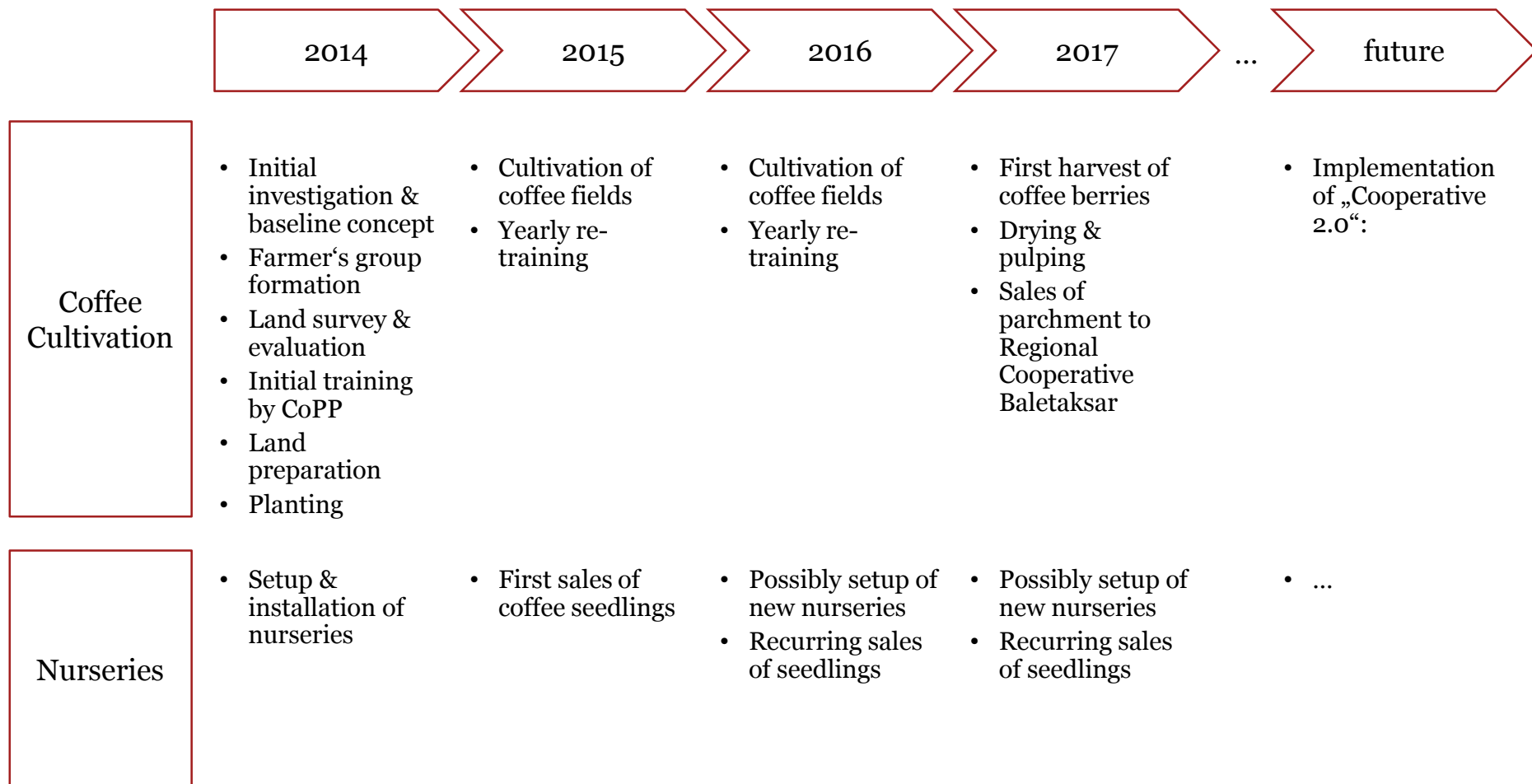
Operating model

- Run by farmers (Wards 1 / 2 / 3 / 9)
- Technical support by cooperative

Business model

- Seed price Rs. 700 - 800 per kg, yielding ca. 1.500 - 1.800 plants
- 50% subsidy on seeds by government
- Possibly additional subsidy by cooperative
- Required initial investment per nursery less than Rs. 2.000 for seeds, facilities and equipment
- Initial investment by farmer
- Nursery sells plants to farmers
- Target sales price per plant: Rs 25
- Discounts available between 10-25%, depending on economic situation of farmer + possibly volume discount

Starting in 2014, first coffee harvest is expected in 2017. First sales of own coffee seedlings is planned for 2015.



For further information, please contact our coffee project team



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