

## **Nespresso and TechnoServe: Rebuilding the Coffee Sector in South Sudan**

### **Background to Nespresso and TechnoServe:**

[Nestlé Nespresso SA](#) is the pioneer and reference for highest-quality portioned premium coffee. Headquartered in Lausanne, Switzerland, Nespresso operates in 64 countries, with more than 12,000 employees. The [Nespresso AAA Sustainable Quality™ Program](#) was launched in 2003 in collaboration with the NGO the Rainforest Alliance. It empowers coffee farmers by providing training, finance and technical assistance to continuously improve quality, sustainability and productivity – the three pillars represented by the “triple As” in the program’s name. In addition, Nespresso invests in community infrastructure and pays cash premiums for superior coffee and best agricultural practices. This approach drives improvements in social, environmental and economic conditions for coffee farmers and farming communities. [TechnoServe](#) is a global non-profit organisation specializing in business solutions to poverty.

### **Challenges:**

In 2011, Nespresso began exploring the newly-independent nation of South Sudan as a potential new coffee terroir. In a country almost entirely dependent on oil and foreign aid for income, coffee could be an important export. However the country’s coffee industry had been decimated by years of civil war. Thousands of trees had to be replanted. Farmers lacked access to basic inputs and technical support, and there was little infrastructure to either process the coffee to a high standard or transport it out of the country.

### **Role of Nespresso and TechnoServe:**

Nespresso considered a number of models to develop the coffee market in South Sudan. A public-private partnership with the newly-formed Government of South Sudan, as well as multilateral development agencies, could have been launched to develop a large-scale coffee revival program. A partnership with other roasters on a pre-competitive funding platform could have contributed to leveraging the public’s heightened interest in South Sudan the year of its independence. Another option was to take a “bottom-up” approach based on community ownership: set up a pilot project in a targeted area and assess both the viability of the supply chain and the farmers’ commitment to coffee farming and processing.

Recognizing that farmer empowerment was key to the project’s success, Nespresso enlisted [TechnoServe](#) as an implementation partner. Known for its “shared value” approach to international development, an approach also central to Nespresso’s own work in coffee producing countries, the non-profit had [deep experience and local expertise in coffee in East Africa](#). Together, Nespresso and TechnoServe designed an implementation strategy for a third option: a small pilot program in an area with highest concentration of existing coffee. Coffee wet mills—equipment that “washes” coffee to a high-quality standard—would be set up and owned by coffee farmers themselves, with a business plan that would enable them to repay cap-ex loans and sustain profitable operations without subsidies within three years. The coffee’s added value and new potential export markets would boost incomes for farmers and their communities, generating grass-roots economic growth and, ideally, long-term sustainability.

With a two-year upfront commitment from Nespresso of CHF 700’000, TechnoServe launched the pilot project in 2012. In late 2013, however, a civil conflict broke out, and the foreign members of its staff were forced to evacuate. As the southern coffee-growing region spared the worst of the violence, the staff was able to return nearly a year later—just in time to support the 2014-15 coffee harvest.

Nespresso and TechnoServe are now working with several hundred smallholder farmers to improve the quality and quantity of their coffee harvests through better agronomic practices, learned through hands-on training sessions delivered by farmer trainers who are recruited within farmers’ communities. Farmers are also being taught best practices to establish coffee nurseries, and over 30,000 coffee plantlets have been produced by the 2 nurseries set up in the cooperatives.

Through this project, Nespresso and TechnoServe have helped farmers to establish South Sudan’s first-ever wet mills and coffee cooperatives, essential pieces of an export strategy. The wet mills reduce time and labour for the farmers and improve the quality of their coffee, giving it a distinctive aroma profile. And the cooperatives—owned and run entirely by farmers—process their members’ coffee to a higher standard, then sell it on to be hulled and screened to meet Nespresso quality requirements before export to Europe. Each cooperative elects an oversight committee to ensure transparent governance, and receives training on proper financial and operational management.

In 2013, these farmers exported coffee for the first time from South Sudan. And then again in 2014 and 2015. In October 2015, Nespresso sold this coffee to consumers in France for the first time, a limited edition called [“SULUJA ti South Sudan”](#), or “beginning of South Sudan” in the local language, signifying the symbolic

importance of this crop to its farmers. The release was greeted with fanfare by the [international media](#), and the coffee sold out in a month's span.

**Results and Social Impact:**

The initial success of the project points to its potential not only as a commercial operation but as a transformative influence on South Sudanese communities. Nespresso and TechnoServe are now seeking to scale up the program to reach 15,000 farmers over the next 10 years, setting up the foundation for an industry with the potential to benefit 50,000 farmers and a quarter of a million people. This would provide a "grassroots" form of wealth generation and economic development, in contrast to the country's centralized oil sector, which currently accounts for 99 percent of the country's exports.

There is still a long way to go, but there have been key changes —most especially in the lives and mindsets of these extraordinarily resilient farmers. *"The existence of the Program in South Sudan has helped us recover the coffee trees we had lost during the war; and since we started maintaining our trees and delivering to the wet mills, our lives have completely changed,"* says South Sudanese coffee farmer Daniel Lomoro. *"We can now afford to take our children to good schools and meet the basic needs of the family. This wouldn't have been possible without that technical support. Nespresso and TechnoServe have strengthened us and taught us to be self-reliant".*

In April 2016, USAID announced that it would invest USD 3'180'000 until December 2018 to support the project, which would receive funding of USD 3'500'000 from Nespresso by that time.

**Key Words:** coffee, Nespresso, TechnoServe, agriculture, shared value, development, South Sudan

**Sector:** Agriculture, food & beverage