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In cooperation with



Training for entrepreneurs
on green coffee and sensory
analysis. © Dagmawi I.E.



COFFEE INNOVATION

The Coffee Hub Project: Capacity Building and Value
Addition Service Center for Smallholder Farmers,
Entrepreneurs, and MSMEs in Ethiopia and Beyond

Green Coffee and Roasting Service Center
for Smallholder Farmers and Entrepreneurs

OVERVIEW: YA COFFEE ROASTERS (ETHIOPIA)



CHALLENGE

The founders had set up their own coffee shop, YA Coffee, and found significant challenges in accessing materials and know-how to run a small coffee business. For instance, in some cases, their business was too small to purchase what it needed, because the purchases required minimum volumes and payment upfront. The gap for small and medium enterprises (SMEs) to access equipment, packaging and other materials is a common challenge that requires either large amounts of upfront capital or coordination.



COMPANY DESCRIPTION

YA Coffee Roasters is a small coffee roasting business in Addis Ababa, Ethiopia run by two young Ethiopians with a passion for coffee and a vision of the future that includes high quality coffee consumption in Ethiopia, by Ethiopians.

INNOVATION

COFFEE HUBS AS SERVICE PROVIDERS TO SMALL COFFEE ROASTERS

YA Coffee Roasters is a general service provider to small roasters, providing everything except the sales and the product (roasted coffee), including building a community of entrepreneurs for learning and sharing. This eventually evolved to include sourcing small lots of green coffee through small scale processing sites, and coordinating and explaining the value of extension services and traditional practices to coffee growers and processors to increase quality and marketability of local green coffee.

KEY COMPANY STATS

NUMBER OF PRODUCER PARTNERS

30

NUMBER OF STAFF

Two



COST

COSTS

Sliding scale based on size of company.
Plans to charge an annual membership for access to their digital platform, in the future.

EFFECTS ON REVENUE

Could not be determined

RETURN ON INVESTMENT

Could not be determined



PREPARATION

TIMELINE

One to two months

MATERIALS AND EQUIPMENT

For roasting hub:

- Roasting machine
- Space (including storage for green coffee and packaging)

STAFFING REQUIREMENTS

One or two, depending on size and capacity of equipment and scope of service area.



LESSONS LEARNED

CHALLENGES

- Even small businesses may hesitate to rely so much on one service provider rather than buy their own equipment.
- Smallholders did not have the capital to process their coffee and bring it to the market for the best price, so the Coffee Hub expanded to include coffee processing and sourcing to sell to roaster clients.
- Rural women farmers were hard to reach due to the resistance of communities (husbands) to send their wives for training into towns.

TAKEAWAYS

- The project found it important to be close to smallholders to earn their trust and to accurately describe the lots for better market matching.
- YA benefitted from being a business that is scalable – smallholders can bring volumes ranging from small (200 kg) up to container-sized (19 tonnes), and roasters can process a few kilos or up to a few hundred kilos per week. This way, when the market is difficult, costs can be kept down.
- YA plan to address the challenge of reaching rural women by taking the trainings closer to their communities.

RESULTS: YA COFFEE ROASTERS (ETHIOPIA)



Pouring Coffee. © YA Coffee Roasters

As a result of YA's Coffee Hub:



30 %

increase in the utilized capacity of roaster machines because of sharing roaster capacity with partners.



YA REVENUE HAS GROWN FOUR TIMES ITS FIRST YEAR OF OPERATIONS

through expanding services through the coffee hubs.



30+ COMPANY PARTNERS

up from two to three, and 17 roasting clients with seven or eight regular clients have been able to establish coffee businesses because of YA Coffee Hub support and resources.



COFFEE HUB PLANS

to expand to Uganda.

IMPLEMENTATION: YA COFFEE ROASTERS (ETHIOPIA)

For aspiring roasters and farmers:

STEP

1

Connect with YA Roasters

STEP

2

Onboarding discussion, including business model, and demonstration of techniques and/ or standards and safe use of equipment

STEP

3

Enter into services arrangement and begin use or deploy equipment



Training participants from Gunchire Woreda, Gurage Zone. Participants are smallholder farmers and extension workers from the Woreda Agriculture Office. © Dagmawi I.E.

For aspiring hub concept entrepreneurs:

STEP

1

Do a market study and ensure that the services you intend to provide through the Coffee Hub respond to challenges and barriers in the industry in your market and that you will have sufficient customers to ensure viability

STEP

2

Build connections and a network with coffee growers and enthusiasts. A strong community and excitement for coffee can be good for growing business, and can provide added value to your roaster clients

STEP

3

Plan a service delivery process. For example, at Coffee Hub, the orientation begins with 2-3 meetings about the services, how Coffee Hub can support the business and sometimes coaching on the entrepreneur's business plan

STEP

4

Once the entrepreneurs have the orientation training, they engage with the services on demand

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MISSION: The Fund's objective is to increase the profitability of smallholder coffee farmers, and foster greater, more equitable value distribution along the supply chain through promoting innovative farming systems, transparent and inclusive business models, and access to new markets.

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