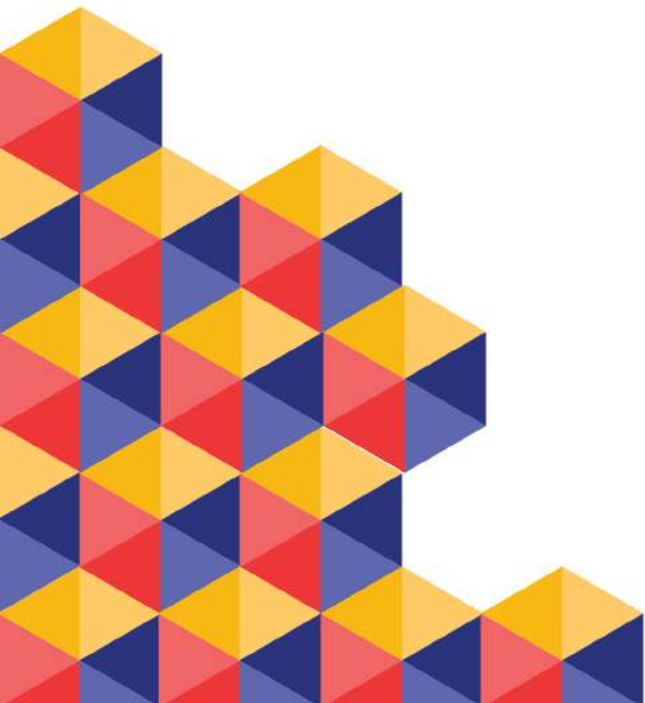




# BOTE CENTRAL

*"Empowering Coffee Smallholders to Earn  
Fair Share from the Businesses."*





IB Imperative is a platform that calls for a collective response from the business communities, national and local government agencies, civil society organizations, and international development organizations that will actively work towards shaping an enabling environment for the development and implementation of more inclusive business projects.



Philippine Business for Social Progress (PBSP), the Philippines' largest corporate-led social development organization committed to poverty reduction and corporate social responsibility, is at a strategic position to effectively lead the promotion and implementation of this rapidly growing concept of Inclusive Business due to its experience, reputation, and access to resources.

Bote Central has initiated a Kape't Buhay (literally, Coffee and Life but also a wordplay on Kapitbahay, neighbor or, in a wider sense, community) program. It is a multi-partite effort to empower smallholders, women and youth to pursue coffee value-adding enterprises, through roasting and various coffee products.

The program also seeks to transform urban and rural poor by providing them with the capital and skills to become dealers and retailers of coffee products which are sourced from the CBCEs. Kape't Buhay was adopted as the flagship program of the Philippine Coffee Alliance, a nationwide network of farmers, indigenous people, and people's organizations.

"It was a struggle at the start, particularly in 2002-2003 when we went seriously into the coffee business in Indang and then in Malarayat, Lipa City. Do you know we went bankrupt twice? But we pushed on. Surprisingly, it was civet coffee that saved us. It is a niche market but it became our bread and butter, said Vie.

"My husband, Basil, is a mountaineer and is familiar with civet cats because they feed on the nuts of the caong palm which in turn was the source of his kaong vinegar business at the time."

*"We are not only inclusive, we are 100-percent inclusive because we share everything with the community and pass on to them all technology and resources that we can. We help to empower everybody and treat everyone as friends. Even our competitors become our allies."*

*"We are a founding member of the Philippine Coffee Alliance. We have helped deploy community-based coffee enterprises (CBCEs) to 53 areas, and counting, all over the country," said Vie Reyes of Bote Central.*

Bote Central's resident inventor, internet habitué, and genius on demand, Basil said, "We always meet obstacles but we press on because we have passion in what we do and we have passion for the mountain people. We love them. We are happy to be with them and help them rise from being poor."

"I remember the day when I was climbing alone, and was so exhausted and thirsty, until I met a mountain person. He saw my predicament, and led me to a spot on the ground where he kept his water and food, it was his ref, and fed me. Wow, I said, this guy has so little, and yet he gives it to me with no hesitation. That helpfulness became the inspiration for Kape't Buhay."

Basil invented and patented a portable coffee bean roaster – good for a cost-efficient one kilogram per roasting (although he can enlarge the machine for heavier batches) – which would increase the farmers' income by multiples and make viable the CBCEs.

In 2012 alone, ten CBCEs were given capacity-building training by a Kape't Buhay team composed of the Philippine Social Enterprise Network (PhilSEN), Philippine Business for Social Progress, Accenture Philippines, and Bote Central. Funding support came primarily from Accenture Philippines through the assistance of PBSP. Further funding support came from the Foundation for Sustainable Society & Globe Telecoms.



As the CBCE work progressed, the Department of Agriculture continued to give significant support through Philcem grants and subsidies for seedlings, post-harvest facilities such as dryers and depulpers, technical training, and other interventions.

Bote Central plays a key role because of its innovative roasters, product development, marketing strategies, and selfless empowering initiatives to enable smallholders get a fair share of the fruits of their coffee products.

*“All along, the industry profits have been skewed in favor of retailers or coffee shop owners, who get at least 1,000 percent margin per coffee cup they sell, while the farmers who own the land, work the farm, and scrounge for financing for his seedlings, fertilizer, drying and roasting equipment, and other inputs, get so little of the profit, if any. This is why farmers are abandoning their coffee farms, as they are sick and tired of the setup,”*

Despite skyrocketing demand domestically and globally, Philippine coffee production has dwindled or fallen behind its Southeast Asian neighbors.

Coffee is the second most drank beverage in the world next to plain water. It is most traded commodity in the world market next to petroleum oil. World production of coffee has jumped 40 percent in the 10-year period between 2003 (6.32 million tons) to 2012 (8.7 million tons), largely driven by the harvests in South America, especially Brazil and Columbia.

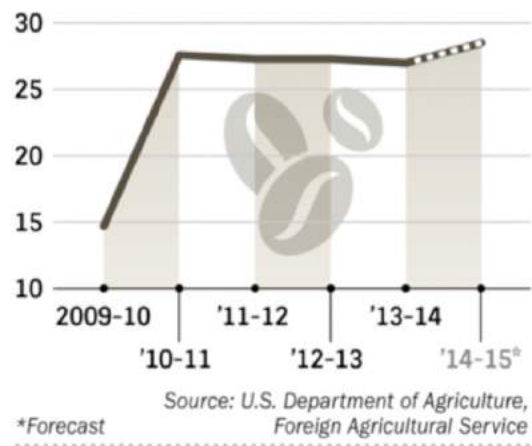
## STRONGEST GROWTH IS IN EMERGING MARKETS



There are many coffee varieties but by far the most popular are Robusta, which accounts for 70 percent of global output, and Arabica, which accounts for 20 percent.

The top five producers of coffee are Brazil (35 percent), Vietnam (15 percent), Indonesia (5 percent), Colombia (7 percent), and Ethiopia (6 percent). The Philippines produces a mere 0.3 percent with annual production of 455,000 of 60-kg bags of coffee.

## COFFEE PRODUCTION IN THE PHILIPPINES in thousands of tons



Graph from [www.asia.nikkei.com](http://www.asia.nikkei.com)



With the fast-rising domestic demand for coffee, driven by hundreds of coffee shops and countless instant coffee vending machines, the Philippines has been important large amounts of coffee. Between 2003 and 2012, the country imports surged 88 percent from 26,000 tons to 49,000 tons. Imports came mainly from Vietnam, which accounted for nearly half of the total volume in 2012 at 22,000 tons worth \$74.4 million. Indonesia sold 41 percent or 19,000 tons, Singapore 6 percent or 3,000 tons, and Thailand 1 percent or 700 tons.

The low productivity of Philippine coffee farms may be the principal reason for the country's huge import requirements. Industry estimates the local yield performance at only 300 kg per hectares, or about 12 percent of Vietnam's and 25 percent or one-fourth of Brazil's harvest per hectare.

The leading causes for such low productivity are:

- Scarcity of supply of good quality seedlings from the communities due to improper program plans and implementation on the ground
- Improper farm management due to lack of education and effective support to teach Good Agricultural Practices (GAP) and adaptation to climate change
- Lack of mutually-beneficial financial consultations between farmers and institutions
- Bad weather. Climate change has worsened the typhoons and floods that often visit the country.

Initially, the partners and beneficiaries of the Kape't Buhay program were the PhilSen members and colleagues in the development network. Bote Central's program to empower smallholders and other participants of the coffee value chain received support in the initial three years from SCOPE of GIZ, the German development agency, and then the Department of Agriculture (DA). DA funded the propagation of Bote Central's technology through competitive procurement bidding. The technologically advanced roaster was used by the farmer coops to enable them to increase their profits. The roaster's principal feature is that it uses a Venturi convection system (as opposed to the traditional conduction system) to roast the coffee, exposing the beans a more evenly distributed heat which does not burn it and enhances its quality.



One of the CBCEs assisted by Bote Central and the other partners in the Kape't Buhay program is the Casile-Guinting Marketing Cooperative in Cabuyao, Laguna.



Revitalized in 2011 from an informal farmers association called Samaka or Samahan ng Magsasaka, the present coop has 107 farmer-members, many of whom grow coffee in their landholdings. They also grow vegetables, pineapple, banana and other cash crops together with coffee. Its Chairman, Juanito Andal, was trained to operate and maintain the Bote Central one-kg roaster and a 30-kg roaster from DA either of which are used by coop members and even non-members who want value added products from coffee to raise their income.

Michelle de la Cruz, the General Manager, and Bernard Arnel Gonzales, a Board Director, said they expect the first harvest from about 3,000 clone seedlings given by Nestle sometime late this year and until April next year. Clones from fruit-bearing trees take only 18 months for the beans to be ready for picking, while traditional seedlings, some 5,000 of which came from DA, take from three to four years.

“Our coffee growers were moving away from coffee because they were making little profit from it, but now they are starting to plant more coffee since we have sure buyers like Bote Central and Nestle. But of course we have to produce good quality beans by following the training in best farm practices,” said Michelle.

*“Also, the coop has roasters that enable us to venture to value-added products like roasted beans, roast coffee, ground coffee, and brewed coffee and sell them in coffee shops or in dispensers at bus terminals.”*



Arnel said the coop, with the help of its partners, are working to free the smallholders from their dependence on traders who advance farm inputs and even cash to the farmers but then pay them lower than market prices for their yields.

Chairman Juanito, meanwhile, has been busy with plans to open a coffee shop in the Casile-Ginting area which is increasingly visited by bikers, Nuvali residents and other tourists going to Tagaytay, which is only some 15 minutes away.

Bote Central’s vision to empower smallholders and spread the benefits of coffee growing and retailing appear to be bearing fruit in places where the passion for coffee and for friendship is present.

