



Sustainable
Management
Services

Improving farmers' capacity to produce quality coffee

MDF's support to SMS will enable smallholder coffee farmers to be trained and certified in producing quality coffee.



The Company

Part of the global ECOM Group, Sustainable Management Services (SMS) PNG serves a worldwide network of one million farmers with the mission to improve their economic, social, environmental, and health conditions. It does this by building and managing transparent supply chains to improve yields and quality, building income for farmers.

Together with its export partner Monpi Coffee Exports (MCEL), SMS currently connects over 3,000 farmers to high grade coffee markets through international roasters such as Starbucks, Nestle and Kraft.



The Context

The global coffee market has grown by over 50% since the 1990's¹, with global specialty coffee shops forecast to grow at a CAGR of 10% between 2017 and 2021². The potential exists to introduce PNG as a specialty origin to younger professionals and consumers³. This trend is expected to rise both in traditional European and North American markets but also in emerging markets such as China and India with a growing middle class.



The Challenge

Approximately 85% of PNG coffee is produced by smallholder farmers. Fluctuating coffee prices, poor knowledge of how to produce high-yielding, quality coffee and lack of access to coffee markets discourage farmers, who resort to other quick income alternatives if the coffee price is not right. As a result, PNG coffee production has stagnated over the last decade.

¹ State of the global coffee market By Dr Christoph Sanger Senior Economist International Coffee Organization

² <https://www.businesswire.com/news/home/20180907005511/en/Global-Specialty-Coffee-Shops-Market-2017-2021-Beverages>

³ PHAMA - PNG Coffee Market Study TR#131: Stakeholder interviews with coffee importers and roasters from Australia, Europe, and the United States



The Solution

In partnership with MDF, SMS has begun to train and certify an additional 1,000 smallholder farmers, enabling the export of 3,000 more bags of coffee in 2019 and capturing a growing global market for sustainably produced certified and/or specialty coffee from Papua New Guinea.

Early Results



As of January 2019, **744** farmers had been trained by SMS in preparation for audits and certification.



This included **64 women** and **680 men**



14 jobs were created:
4 were taken by women and **10** by men.

- As of January 2019, a total of 744 farmers were trained by SMS in preparation for audits and certification in April 2019.
- This included 64 women and 680 men.
- 14 jobs were created: 4 were taken by women and 10 by men.

Expected Results

- 3,000 additional coffee farmers will be trained in good agricultural practices.
- 1,000 of the newly-trained farmers will produce certified coffee under at least one of either UTZ, Organic, Fairtrade, Cafe Practices or RFA certifications.
- MCEL will export an additional 3,000 bags of coffee.
- Farmers will receive 40 toea/kilogram premium for coffee parchment, about 10% above the roadside market price.