

GROWING
A BETTER **FUTURE**
FOR **COFFEE**

KRAFT



*More than 100,000 farmers,
farm workers and their
families are directly benefiting
from improved conditions and
increased incomes.*



A farmer from Las Lajas cooperative, El Salvador, which supplies
Rainforest Alliance-certified coffee for Kraft brands ▶

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*'You want to be able to climb into
bed each night knowing that you've
done your best for the people who
depend on the farm'*

Martin Keller, third generation coffee farmer and manager of Finca Santa Isabel in Guatemala, which supplies coffee to Kraft



PASSIONATE

ABOUT

COFFEE



PASSIONATE ABOUT COFFEE



Sustainable coffee growing means better housing for workers ▲



▲ Water treatment helps the community and the environment

More than 25 million people in the tropical regions of the world depend on coffee, a crop that is the economic backbone of many countries and the world's second most traded commodity after oil.

Kraft is one of the world's leading coffee companies, and it's only natural that we would want to see a growing and thriving coffee market. Coffee is our heritage.

Our brands such as Jacobs, Maxwell House, Gevalia, and Kenco have a long history of quality. Gevalia's story dates back to Sweden in 1853 when its originator created such delicious coffee that it soon became the favourite of the Royal Family. Johann Jacobs started roasting his own blend of beans in his German coffee shop in 1895 and at around the same time the exclusive Maxwell House hotel in Nashville, Tennessee became synonymous with its preferred blend of coffee after it insisted it would never buy another brand. Kenco, a relative latecomer, was created in 1923 by a group of coffee farmers who developed what was considered the finest blend of their Kenyan coffee.

We are proud of our past, but we need to look to the future too. More than 25 million people in the tropical regions of the world depend on coffee, a crop that is the economic backbone of many countries and the world's second most traded commodity after oil. But farmers are growing more coffee than the world drinks and the resulting excess of beans has caused prices to tumble and created a difficult situation for the coffee lands.

PASSIONATE ABOUT COFFEE

‘These environmental and community improvements help bring pride back to the coffee growing sector.’

Diego Llach, Rainforest-Alliance coffee farmer at Los Nogales association, El Salvador, whose coffee is available to consumers in Kraft brands

No-one wants to see coffee farmers struggling. To assist farmers, Kraft-together with many organisations working in the coffee industry - is committed to contributing to long term solutions. Unfortunately there's no simple answer to the challenges faced by the farmers. To be effective, any action we take must be sustainable over time and recognise economic realities. That's why our approach starts with the marketplace.

By actively growing the market for coffee, we create demand - not just for Kraft coffees, but also for the coffee grown by farmers that supply us. To create demand, it is vital that we meet the needs of our consumers. They expect delicious, quality coffees in varieties and formats that suit them, and at a price they can afford. We strive every day to give consumers across the world more of what they like - whether that's new flavours, greater convenience or better packaging. At the same time we also work hard to improve our already high quality standards.

And wherever possible we involve the coffee trade and farmers in these efforts. It makes good business sense for us to help farmers improve the quality of their crop through training in better farming techniques. By improving quality, farmers can avoid waste and command a higher price in the market - and so improve their standard of living.



PASSIONATE ABOUT COFFEE

We recognise that the consumer will ultimately determine the future of sustainable coffee. We believe that building consumer demand is one of our most fundamental contributions to the long term future of the coffee industry.



▲ 13 million pounds of certified coffee will be blended into Kraft brands in a single year

But simple economics isn't the whole story. It is also important to support improvements in the social and environmental conditions in which the coffee is grown. Our consumers expect this, and we believe it is the right thing to do. If coffee isn't grown in ways that limit its environmental impact, the future of the coffee sector could be jeopardized.

Equally, if coffee-growing communities are unable to enjoy a decent quality of life and provide education for their children, it is difficult to see how the industry will continue to flourish over the long term.

This is an area where Kraft, along with governments, international aid agencies and NGOs, can help - for instance by helping farmers to meet recognised social and environmental 'sustainability' standards and by promoting market demand for sustainable coffee for consumers. Through these activities we hope to be able to assist in ensuring a sustainable market for the longer term and grow a better coffee future for everyone.

We recognise that the consumer will ultimately determine the future of sustainable coffee. We believe that building consumer demand is one of our most fundamental contributions to the long term future of the coffee industry. Our coffee products can now be bought in over 90 countries. We're strengthening our presence in our traditional markets, and making efforts to bring to developing markets such as Eastern Europe and Asia the choice of great coffee. And we never stop trying to build extra quality and value into all our brands.



GROWING
SUSTAINABLE
COFFEE



GROWING SUSTAINABLE COFFEE



Coffee grown sustainably ▲



▲ Sustainable farming helps improve the living conditions of coffee growers and their families

Sustainability

The concept of sustainability is used by governments, and other groups across the world and is also gaining increasing recognition among consumers. In 1987 the United Nations called on all governments and other organisations to make sustainable development a guiding principle. It was defined by the United Nation's World Commission as: development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability takes into consideration not only the economic consequences of an activity but also its social and environmental contributions and impacts too.

Sustainable coffee is great-tasting coffee produced in a way that conserves wildlife, protects farm workers, and helps farmers improve their incomes and quality of life.

The goal of sustainable farming is based on the notion that people who work the land ought to be able to live with dignity and with respect for their rights; that they should not need to damage their environment or deplete natural resources to make a livelihood and they should be able to earn a decent living for themselves and their families.

Those children who continue in the coffee world will face the same challenge and opportunity - to continue to improve their farms for their children, because sustainability means continued opportunity for the future.



THE CERTIFICATION
SEAL THAT CAN
HELP SUSTAINABLE
COFFEE GROW



THE CERTIFICATION SEAL THAT CAN HELP SUSTAINABLE COFFEE GROW



Coffee beans receive several quality checks ▲



▲ Assessors see if farms match Rainforest Alliance standards

Certification is important because it is an independent guarantee that high standards of social, economic and environmental activity are being met, standards that over time will contribute to real improvements in farmers' prosperity.

Growing a better future isn't an easy task. Our hope is that, over time, consumer interest in sustainable coffee will continue to build.

We are helping to support the market for this kind of coffee by buying a significant and increasing amount of beans that meet recognised independent standards of sustainability. Certification by conservation organisations like the Rainforest Alliance or Utz Kapeh is valuable because it is an independent guarantee that high standards of social, economic and environmental activity are being met, standards that over time will contribute to real improvements in farmers' prosperity.

Alongside this direct support, the world's coffee community has been working to define appropriate and widely agreed criteria for sustainably produced coffee. Producers, roasters and traders, as well as groups such as Oxfam and Greenpeace have now developed a Common Code for the Coffee Community. Such a code allows companies that wish to support sustainable coffee to have a standard on which to base their coffee buying.

Sustainable coffee that has the extra benefit of being certified helps today's farmers cope with swings in the global market by giving them the keys to managing their farm better and access to premium markets. The certification process isn't just about monitoring what they do - it also helps farmers achieve agreed certification standards and go on improving.

Taking part in the certification process helps farmers better manage their operations - whether they have a small family plot, a cooperative or an extensive plantation.

What is the Rainforest Alliance?

The Rainforest Alliance, headquartered in New York and Costa Rica, is a leading international conservation organisation. Its mission is to protect ecosystems – and the people and wildlife that live within them – by transforming land-use practices, business practices and consumer behaviour. Companies, cooperatives and landowners that participate in Rainforest Alliance programmes meet rigorous standards that conserve biodiversity and provide sustainable livelihoods. Rainforest Alliance-certified standards for sustainable coffee and other products are recognized throughout the world.



On certified farms, representatives ensure conditions are in line with standards set by the Rainforest Alliance. Workers earn respectable wages and have decent housing, safe drinking water and access to schools and healthcare. Forests, rivers and wildlife are protected. Endangered species are identified and given special consideration.

The Rainforest Alliance and its partner groups in the Sustainable Agriculture Network* conduct annual audits of certified farms to ensure that they continue to make progress. Scientists with the Sustainable Agriculture Network have shown that farms managed according to Rainforest Alliance standards can be the next best thing to real rainforest in providing environmental benefits to nature and neighbouring communities.

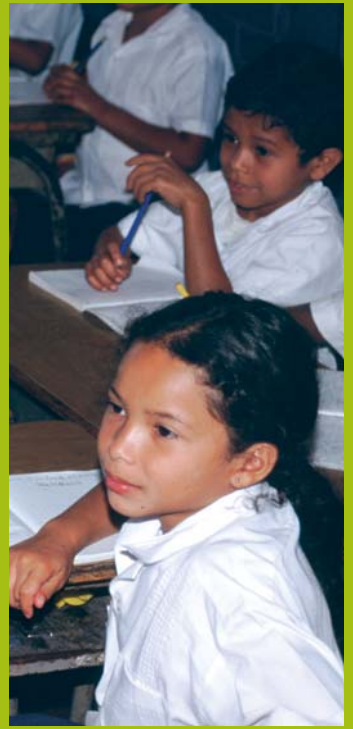
Kraft has made a commitment to financially support the Rainforest Alliance's work to expand the number of farms that are able to meet the criteria for producing sustainable coffee. To build the market for this coffee,

Kraft has also committed to buy increasing amounts of Rainforest Alliance-certified coffee. During 2005, over 13 million pounds of certified coffee will be available in Kraft brands.

Our coffee purchases in the first year came from about 3,574 farms – a number that will significantly increase over time. Nearly all of these farms are in cooperatives. It has already helped ensure that 9,500 hectares (23,465 acres) of coffee farmlands are managed in a sustainable way. More than 100,000 farmers, farm workers and their families are directly benefiting from improved conditions and increased incomes.

There's a long way to go but as more and more farms become sustainable, Kraft has publicly pledged to buy increasing amounts of certified coffee. One example of a cooperative where we've bought coffee is Las Lajas in El Salvador.

*** The Sustainable Agriculture Network is a coalition of independent non-profit conservation groups in Latin America whose mission is to improve environmental and social conditions in tropical agriculture through conservation certification. The Rainforest Alliance acts as its Secretariat and provides expertise in certification standards and assessment.**



BREWING PROGRESS AND PROSPERITY IN EL SALVADOR



CASE STUDY: BREWING PROGRESS AND PROSPERITY IN EL SALVADOR

“The certification programme has helped us protect nature and make life better for the families in the cooperative,” says cooperative president Simon Antonio Chavez. “Now that we have the label we can sell our coffee for a better price.”



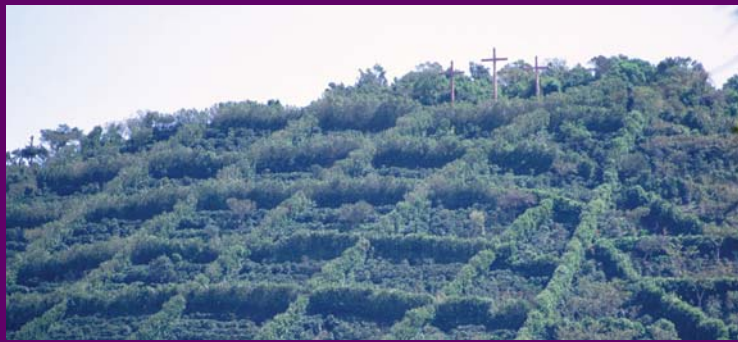
▲ An assessor checks standards at the Rainforest Alliance-certified Las Lajas cooperative

The Las Lajas coffee cooperative in western El Salvador supports 3,800 people who, in addition to coffee, manage dairy cows, fruit trees and have high hopes for the future harvest of the teak trees they are planting. But growing coffee – including the prized bourbon and paca varieties – is their tradition and passion. The cooperative was formed in the 1980s and is Rainforest Alliance-certified.

To gain certification, the farmers had to stop using dangerous pesticides, start soil conservation and recycling programmes, upgrade housing and sanitation, begin regular training programmes, introduce waste management, improve the school and health clinic, and plant trees. Even though the farms already support 129 tree species, the cooperative has also been planting thousands of seedlings every year.

Las Lajas is a critical link in efforts to restore the country’s fragile environment. Less than 7% of El Salvador’s original forest remains, yet forested coffee farms cover the countryside and connect important ecological areas. Biologists have found 68 species of birds on the cooperative, and 18 mammal species, half of them endangered.

“The certification programme has helped us protect nature and make life better for the families in the cooperative,” says cooperative president Simon Antonio Chavez. “Now that we have the label we can sell our coffee for a better price.”



GROWING

QUALITY

COFFEE





▲ Picker from Las Lajas

The quality of Rainforest Alliance sustainable coffees is consistently among the best Kraft buys.

We work with local coffee organisations, cooperatives, governments and others in the industry to provide the start-up funding, expertise and encouragement - as well as market opportunities.

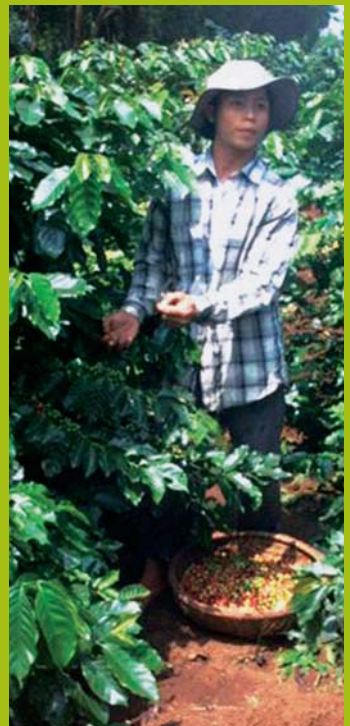
Of course we never forget that our consumers expect excellent quality coffee. That's why Kraft, along with committed partners, has helped farmers in developing countries improve the quality of their beans over many years. We work with local coffee organisations, cooperatives, governments and others in the industry to provide the start-up funding, expertise and encouragement - as well as market opportunities for the coffee they produce. The results for the farmers and the coffee they grow have been significant. And the knowledge that we and our partners have accumulated can now be shared with farmers across the developing world.

Examples of what this means and how this kind of help can make a big difference can be seen in Vietnam and Peru.





BETTER QUALITY
COFFEE FOR
A HIGHER RETURN
IN VIETNAM



By expanding and modernising the production facilities where most of the area's coffee cherries are processed, we've enhanced coffee quality and local farmers are now able to earn considerably higher revenues.

Vietnam has been growing coffee for over 100 years. But it wasn't until the 1990s that the country started to play a significant role in the global coffee market.

Vietnam's coffee business is based on Robusta beans - a high-yield crop used mainly for instant coffee. But in view of today's world coffee surplus and the decline in prices that followed, the Vietnamese government is looking to reduce coffee production by 20% and switch to alternative crops. They're also keen to replace some of the existing Robusta production with Arabica beans - better quality coffee which produces higher returns.

In 2000, Kraft began working with the German development aid agency GTZ, which enlisted the aid of coffee company Sara Lee/DE, and a local coffee producer, the Tan Lam Pepper Company, to set up a project to support sustainable Arabica production in a region in which almost 2,000 farmers grow coffee. By expanding and modernising the production facilities where most of the area's coffee cherries are processed, we've enhanced coffee quality and local farmers are now able to earn considerably higher revenues.

CASE STUDY: BETTER QUALITY COFFEE FOR A HIGHER RETURN IN VIETNAM



▲ Vietnam wants to increase its Arabica production, a high-quality crop which grows in high altitude

This project includes the introduction of a number of sustainable practices that help safeguard the environment, including waste water treatments, composting waste, and introducing environmental monitoring systems. Tan Lam is currently investigating the impact of fertiliser and energy use and is developing alternative sources of energy.

We've also introduced initiatives to improve the living standards of farm workers and their families. We have invested in infrastructure, including road and bridge-building, improved the area's drinking water and set up health and education programmes.

As part of this programme, Tan Lam has now established its own extension group that has been trained to work with farmers in interactive Farmer Fields Schools. This collaborative approach has proved far more effective than traditional "top-down" instruction.

The region has made real progress, and Tan Lam is now certified by the Utz Kapeh Foundation. Utz Kapeh means 'good coffee' in a Guatemalan Maya language, and certification by the Foundation offers coffee producers and brands a way of demonstrating their commitment to sustainability. Certification demands efficient and responsible farm management and full traceability - which in turn leads to better terms of trade for coffee producers.

Our work in Vietnam is one example of how we are helping coffee farmers to transform their lives. By growing better quality Arabica coffee in a sustainable way, they're able to improve profitability and enjoy better access to world markets.

CASE STUDY: BETTER QUALITY COFFEE FOR A HIGHER RETURN IN VIETNAM



"I now use yield estimations to decide how much fertiliser to apply and make cost estimates to use in decision making. Previously I didn't do this at all. "The quality of coffee will continue to improve because farmers have more and more knowledge. The resulting quality improvements should give us better access to the world market."

Le Huu Luc farms coffee in the Tan Lam area. He says the project has helped him grow coffee better - and this has increased his income.



"Our children can get a better education at the kindergarten while we work in the coffee fields. The dam gives us more water for irrigation of coffee and other crops during the dry season. The improvement of the road makes it much easier for us to transport fertilizer to the fields and get fresh coffee out to the processing line. Before the upgrading of the road, no trucks could enter the fields. Today we have better access, which is leading to a better product."

Thai Van Vang



PUTTING PERU
BACK ON THE
QUALITY COFFEE MAP



CASE STUDY: PUTTING PERU BACK ON THE QUALITY COFFEE MAP

The Peruvian Ambassador to Germany, His Excellency Alfredo Novoa-Peña, recently thanked Kraft for its “valuable service to the coffee industry in Peru, which has led to improved quality standards and access to the European market”.



▲ Teams of experts work with farmers to give practical advice

When Kraft first began working with Peruvian coffee farmers back in the mid-1990s, the country was emerging from a period of economic and political instability. Its coffee industry had been hit hard. Once the country’s most important agricultural export, coffee no longer made a significant contribution to the economy and barely featured on the world coffee map.

It was clear that for Peru to re-establish itself in export markets, the country needed to improve coffee quality – and communicate this internationally. But for small-scale farmers and cooperatives lacking organization, this seemed like an unattainable goal.

In the early 1990s, Kraft began fact-finding efforts to help Peru’s coffee industry regain international recognition. The aim was to achieve sustainable improvements in quality through active cooperation between Peruvian coffee farmers, government, and development aid organisations. This work culminated in the introduction of internationally recognised export standards and a significantly enhanced reputation for coffee from the Andes.

In 1994, we began a long-lasting partnership with the United Nations and an aspiring regional cooperative^[1] to provide financial and technical support for sustainable quality improvements – helping to safeguard the social situation of coffee farmers and their families.

[1] The United Nations Office for Project Services (UNOPS) and regional cooperative Central de Cooperativas Agrarias Cafetaleras (COCLA).

CASE STUDY: PUTTING PERU BACK ON THE QUALITY COFFEE MAP



▲ Peruvian coffee farmers benefit from local courses

Over 200,000 Peruvian farmers and exporters are now working in a more stable industry. Coffee exports are 30-40% higher, and the coffee quality has improved.

This initial project convinced us that large-scale improvements in coffee production and quality could be made across Peru. In 1999, we joined with the German development aid agency and an association of Peruvian export companies^[2] to establish and implement recognised quality standards nationally. The entire Peruvian coffee industry became involved - from planters and cooperatives to the Ministry of Agriculture. The project focused on reducing bean defects, upgrading production processes and formalising consistent grading standards throughout the country.

To ensure the sustainability of these initiatives, we've put a training programme in place. Over 500 Peruvians have been trained in coffee grading and quality certification at a laboratory in Lima, while thousands of farmers and planters are receiving courses locally, through cooperatives and farmers' associations.

Our efforts, and those of our many partners, have had a dramatic effect. Over 200,000 farmers and exporters in Peru are now working in a far more stable industry, enjoying increased earnings and better social conditions. Peru is exporting 30-40% more coffee, and Peruvian coffee has achieved a huge improvement in quality.

At Kraft, we can now rely on consistently high quality coffee from Peru. We've recently launched a 100% organic Peruvian coffee brand in Austria, and we're proud to be the world's biggest importer of Peruvian coffee.

[2] German development aid agency Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and the Cámara Peruana del Café (CPC), an association of Peruvian export companies.



GROWING THE
TASTE FOR
SUSTAINABLE COFFEE



GROWING THE TASTE FOR SUSTAINABLE COFFEE

We are launching 100% sustainable coffee brands to complement our well-loved brand portfolio – putting good quality, environmentally-friendly and sustainable coffee within easy reach of consumers.



For more than a decade we've been supporting groups of coffee farmers around the world that have been introducing sustainable practices to their coffee-growing.

We are launching 100% sustainable coffee brands to complement our well-loved brand portfolio - putting good quality, environmentally-friendly and sustainable coffee within easy reach of consumers. Importantly, we are also blending quantities of sustainable coffee in our regular brands, creating yet further demands for farmers to meet sustainability standards.

Promoting sustainable coffee

Kraft is a member of the Sustainable Agriculture Initiative (SAI), a group of food companies that is encouraging sustainable farming as a valuable approach to promote high quality agricultural produce. The initiative supports efforts to develop farming practices that enable farmers to compete in world markets while conserving and even enhancing their environment. Kraft and other members are selecting and managing pilot projects to test sustainable farming practices for green coffee production, as well as identifying important facts that help to define progress in achieving sustainability.



GROWING THE TASTE FOR SUSTAINABLE COFFEE



▲ Kraft's 100% sustainable Colombian coffee

In 2004 we launched All-Life™, a new sustainable coffee brand in the US that is made with 100% certified sustainable Rainforest Alliance coffee from Colombia.

80% of the coffee we buy from the Rainforest Alliance will be blended into our famous brands as a demonstration of how Kraft is integrating sustainability into its daily business. The quality is consistently among the best we buy.

Kraft is buying over 13 million pounds of certified coffee in a year

Kenco, Carte Noire, Jacques Vabre, Maxwell House, Jacobs and Gevalia brands contain some coffee sourced from farms certified by Rainforest Alliance as producing coffee in a sustainable way. 80% of the coffee we buy from the Rainforest Alliance will be blended into our famous brands as a demonstration of how Kraft is integrating sustainability into its daily business. Consumers will be able to support sustainability by simply enjoying their favourite Kraft coffees.





GROWING
PARTNERSHIPS
AND SUPPORTING
COMMUNITIES



CASE STUDY: GROWING PARTNERSHIPS AND SUPPORTING COMMUNITIES

Behind the scenes there's a great deal of activity. Much of our work is in partnership with non-government agencies or in cooperation with others interested in the coffee business. We're members of the key coffee trade associations that are addressing these issues at government and industry levels.



▲ Osman Fuentes works on one of the 175 farms in a sustainability programme co-funded by Kraft

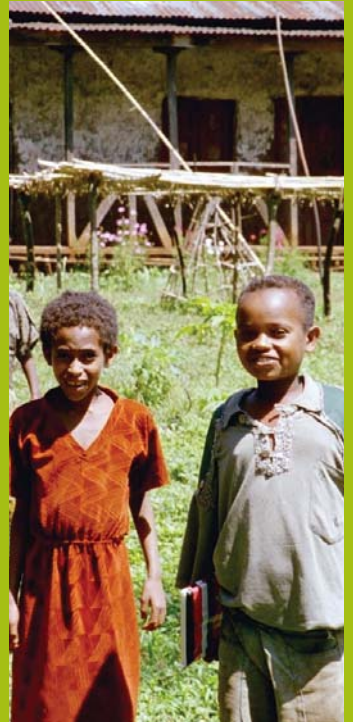
Kraft has approached sustainability in three ways: by supporting projects that will lead to improved grower practices, including sustainability and increased quality; by marketing sustainable coffee; and by actively working with a wide range of stakeholders. To improve our understanding of external expectations, we are increasingly working with local governments, universities, trade associations, aid agencies and charities.

Behind the scenes there's a great deal of activity. Much of our work is in partnership with non-government agencies or in cooperation with others interested in the coffee business. We're members of the key coffee trade associations that are addressing these issues at government and industry levels and are active participants in the Sustainable Agricultural Initiative, which is working to build a more sustainable agricultural base for the future. In these groups and in other venues, we try to work constructively with stakeholders to share ideas on improving performance and building a successful future for the coffee sector.

One example of how we work in local and international partnerships is currently taking place in Ethiopia.



TOWARDS
SUSTAINABILITY IN
ETHIOPIA



CASE STUDY: TOWARDS SUSTAINABILITY IN ETHIOPIA

By embarking on this three-year project in Bonga and Djimmah, we hope to further demonstrate the positive and lasting impact sustainable development can have.



▲ The Bonga region where Kraft coffee is grown

Ethiopia's economy depends on coffee – it accounts for 60% of the value of the country's total exports. Any long-term damage to the coffee industry could be disastrous for the nation and its people.

Ethiopia ranks amongst the poorest of nations and is characterised by barren areas and the clearing of enormous rainforests for firewood. For the country to prosper, it needs to restructure its agricultural sector.

Declining world prices for coffee are having a detrimental effect on life for Ethiopia's farmers, which in turn means quality is being neglected. Sustainable agricultural practices are urgently needed if people are to be helped to long term recovery.

Kraft is working with Ethiopian coffee farmers to address the economic, social and ecological impacts of the industry. In partnership^[1] with aid organisations, charities, a research institute and a local Ethiopian cooperative, we're helping to improve the sustainability of coffee farming in the Bonga and Djimmah regions – and to enable farmers to achieve higher revenues by improving quality.

Together with our partners, we'll be introducing a quality laboratory and a quality control system at the farm, and implementing improved washing processes that will help to improve coffee quality. We'll also be introducing sustainable farming practices to minimise soil erosion and the use of water drawn from the environment, and we will be investing in long-term social projects, such as education programmes for children and healthcare initiatives. We've already launched a social needs assessment and have begun discussion with local charities to identify the most pressing priorities.

We believe sustainability is part of a lasting solution to the challenges faced by Ethiopia's coffee industry. By embarking on this three-year project in Bonga and Djimmah, we hope to further demonstrate the positive and lasting impact sustainable development can have.

[1] Our partners are the German development aid agencies Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and Deutsche Stiftung Weltbevölkerung (DSW), the charities GEO Protects the Rainforest and the Amber Foundation, the research institute Zentrum für Entwicklungsforschung (ZEF) and local cooperative Oromia.



COMMITTED
TO THE COFFEE
COMMUNITY



A compendium of knowledge will provide much needed information on all the stages of coffee growing, processing and marketing to industry participants the world over. By 2006, this information will be shared online, giving farmers and cooperatives free access to new ideas for their business.

We want other coffee communities to benefit from the wide array of approaches being developed and tested in projects that we and many other organisations are supporting.

With sponsorship from Kraft, among others, Commonwealth Agricultural Bureau International (CABI) is building a compendium of knowledge from model projects which have improved coffee quality around the world. The compendium will provide much needed information on all the stages of coffee growing, processing and marketing to industry participants the world over. By 2006, this information will be shared online, giving farmers and cooperatives free access to new ideas for their business.

We're also undertaking important initiatives on a number of other fronts.

Helping the coffee community safeguard the future of coffee

At the Royal Botanical Gardens in Kew, London, we've been funding a research project to map in detail the world's coffee species for the first time. The project is providing new and much-needed information on the relationships between coffee species, their characteristics and their wider contribution to bio-diversity. This information will enable conservationists across the world to protect the world's rarest and most vulnerable coffee plants and eco-climates. The project's findings will be published online and will add significantly to knowledge of the coffee family tree.

Many of the farmers in the area have little formal schooling. This programme is trying to address the gap in a way that will most directly help them improve their livelihood, and better support their families and a community of nearly 5000 people.



▲ Fundecafe coffee farmers in Colombia gather for training

Providing technical expertise

As well as trying to address humanitarian needs where we are working in quality projects, such as in Ethiopia, Kraft also tries to provide technical advice where possible.

Kraft was one of the first food companies to form a partnership with the United Nations' volunteer programme. As volunteers, our employees share their technical expertise and try to enable clients in developing countries to sustain economic growth. Our people also benefit professionally by addressing challenging (and sometimes surprising) situations in new cultures. Above all, our volunteers have the satisfaction of knowing that their efforts will have a long-lasting impact on the local businesses and communities they assisted. Among the projects our research and development team has helped in this way have been local coffee quality improvement projects in Vietnam and Honduras.

In 2005, Kraft people will work on the United Nations programme to help improve quality and technical processes in coffee production in the Dominican Republic and chocolate production in Namibia.

Community support

Colombia

In Colombia, our Kraft Cares community giving programme has supported Fundecafe, an educational charity set up by the coffee growers' cooperatives and coffee trade association in the Antioquia region to help over 1,000 coffee farmers receive education and training. Many of the farmers in the area have little formal schooling, and this programme is trying to address the gap in a way that will most directly help them improve their livelihood, and better support their families and a community of nearly 5,000 people.

Panama

In Panama we have supported Casa Esperanta, a local group, to help children in need. Our funding helped provide food and schooling for children of the workers in coffee plantations.

Ecuador

In Ecuador we supported OIKOS, one of the most prominent environmental NGOs as they developed a programme aiming to reduce pollution and improve living conditions. Local authorities, teachers, students and others in the community are involved in raising awareness and promote training to encourage a positive attitude towards the environment.

Nicaragua

In Nicaragua we worked with Residencia Las Collinas on a youth development and education project aiming to create an infrastructure to provide long-term training in coffee plantation techniques and agriculture. The project's long term aim was to create the right conditions to help young people find work. In Brazil we also supported small local producers in how to apply for government funding and technical assistance.

A significant difference

No single effort will transform the market, in the same way that no single approach to coffee production will transform the lives of coffee farmers and the environments in which they live. But there are many steps being taken. Working with farmers, consumers, the industry and all our other stakeholders, we believe we can help to make an important difference and, we hope, help to grow a better future for coffee.

▼ The coffee blossom has a jasmine scent





CARING FOR
COFFEE FARMERS
AND THEIR
CHILDREN



CARING FOR COFFEE FARMERS AND THEIR CHILDREN



▲ Both learning and playing are important

Kraft has agreed to fund four centres in El Salvador and Guatemala to support children aged six and younger and their families. Nearly 1,300 children and parents are expected to benefit from these programmes.

While Kraft is working in many ways to try to make a difference to the longer-term future of the coffee community, there are things we can also do to help today's farmers and their children. One such project is just starting in Central America where Kraft is supporting the early childhood development and education work of Save the Children USA, a leading global humanitarian organization, in several coffee-growing communities from which we buy coffee certified by the Rainforest Alliance.

Save the Children, which has a long history of working successfully in Central America and in children's education, helped coffee cooperative members explore ways to improve conditions for children in their areas. The organization concluded that supporting child development and early education for the children of farmers and workers who come to pick coffee could have enormous positive impact.

In El Salvador and Guatemala, more children drop out of school in grade one than at any other grade level. Kraft and Save the Children hope to give these children a better start in life. Children who participate in early childhood care and education programmes are more prepared to enter school, more likely to stay in school and often perform better than other children who don't have access to these programmes.

‘Children who participate in these programmes are more prepared to go to school, more likely to stay in school, and do better in school than children without access to these programmes.’

Charles MacCormack, president and CEO of Save the Children USA.

Kraft has agreed to fund four centres in El Salvador and Guatemala to support children aged 6 and younger and their families. Nearly 1,300 children and parents are expected to benefit from programmes at these centres, where young children will take part in a fun but structured learning and play programme. These programmes will help the children and also their families and the community. Parents will be encouraged to join in and learn to promote their children’s growth and development, and find out about parenting skills like positive discipline and healthy habits. Young people will also be invited to participate in the structured family recreational activities.

The community has been involved from the beginning – diagnosing what the children most need and developing the plans for the centres for addressing those needs based on their own strengths. Staff are recruited and trained from the local area. By partnering with the coffee farmers and their families in this way, the goal is for the centres and programmes to become fully integrated into the community. Importantly, the centres and programmes are also designed to be sustainable, with the local population gradually taking on management of the centres’ services over four years.

This exciting partnership with Save the Children USA is just beginning and will be a valuable learning process, which we hope to share with a wide range of communities. For more information visit www.savethechildren.org.



'With this unprecedented commitment from Kraft we will be able to demonstrate that coffee farming can be environmentally friendly, equitable and profitable.'

Tensie Whelan, Executive Director, Rainforest Alliance



Photography

Kraft would like to thank our growers and partners.

With special thanks to the Rainforest Alliance and Save the Children for additional photography.

For further information on the Rainforest Alliance

visit www.ra.org/coffee or www.ra.org/cafe

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