Costa Rica: How quality pays for coffee farmers
Case study
Executive summary

Costa Rican coffee is renowned for its exceptional quality. Supportive legislation and institutions, as well as inclusive producer organisation models, have made a key contribution to the industry’s success. However, many Costa Rican smallholders continue to face obstacles that limit their growth and income. They include a lack of financing, limited market access and a weak bargaining position. In addition, Costa Rican smallholders — like all coffee growers — are exposed to the volatility of the international coffee market, where prices can fall sharply and remain at low levels for extended periods. Against this backdrop, strong producer organisations that provide access to higher and more stable incomes are of great importance.

The Asociación de Productores Agropecuarios de las Comunidades de Acosta y Aserrí (ASOPROAAA) was founded in 1998 to help rebuild two communities — Acosta and Aserrí — that had been devastated by Hurricane Mitch. After providing loans to help members rebuild their homes, the organisation started financing the planting of special varieties of coffee. Today, ASOPROAAA has a total of 1,271 members, of whom 217 are coffee growers, and the organisation is now recognised throughout Costa Rica for the quality of the coffee it exports.

What sets ASOPROAAA apart from other coffee associations is its commitment to micro-lot coffee production. While this approach is more expensive — the inputs used are of higher quality and the process is more labour-intensive — the prices that producers receive are much higher. This can lead to substantial income gains, as well as giving producers a greater sense of pride and ownership for their work. ASOPROAAA supports its members by supplying working capital and fixed asset loans, as well as extensive technical assistance. Its democratic governance structure ensures that it remains focused on its members’ wellbeing.

responsAbility began working with ASOPROAAA at a time of crisis for the organisation. A massive drop in international coffee prices and a management shake-up had placed it under pressure. When local lenders were unable to provide ASOPROAAA with the working capital it needed, responsAbility stepped in. The loan it provided allowed ASOPROAAA to purchase its members’ coffee and to pay them the requisite premiums, thus ensuring it could fulfil its export contracts. Without the loan, ASOPROAAA’s relationship with its producers and international buyers would have suffered, threatening its economic future.

responsAbility remains a committed financing partner of ASOPROAAA, supporting its continued growth and its expansion into value-creating areas of activity. Its work with the association is also representative of responsAbility’s mission to support business models that have a large impact on producers at the base of the income pyramid.
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Coffee is one of the world’s most widely traded agricultural commodities and is of key importance for the economies of many developing countries, as well as being of political importance. The International Coffee Organisation estimates that over 125 million people worldwide – many of them smallholder farmers – are involved in the cultivation, processing, trade, transportation and marketing of coffee. The responsAbility fund\(^1\) that focuses on sustainable agriculture has financed coffee-producing and export organisations since its inception, and coffee remains the fund’s most important commodity in terms of the value financed. While the fund’s investments in coffee are spread across Latin America, Africa and Asia, Costa Rica is consistently one of the principal markets for investment, especially during January and February when the harvest is underway.

Although smallholders can increase their income by forming organisations and exporting their product to the global market, they remain exposed to the volatility of coffee prices – often with serious consequences. In November 2013, for example, coffee prices fell to their lowest levels in six years following an increase in global output – decimating smallholder incomes in the process. Prolonged price slumps such as these often force farmers to take on debt, sell parts of their land or relocate to urban centres in search of better jobs. The possibility that prices will fall below the levels needed to support a decent living is therefore a constant concern.

To help alleviate this concern, responsAbility finances coffee-producing and export organisations that provide higher and more stable incomes for their producers. Whether they are certified or are focused on niche markets that pay higher prices, these organisations provide producers with an important measure of protection from the volatility inherent in the global coffee trade. In addition, by committing to sustainable production methods and providing technical assistance, stable market access, and freedom of association, they promote their producers’ long-term wellbeing.

In this case study, we provide an insight into one such organisation – highlighting just how critical it is to its producers’ way of life. Since helping the people of Acosta and Aserrí to rebuild their communities following the devastation of Hurricane Mitch, ASOPROAAA has continued to increase economic security for its producers by supporting the cultivation of high-quality micro-lot coffee.

We hope you enjoy reading the publication.

Gaëlle Bonnieux
Head of Agriculture Debt Financing

\(^1\) responsAbility funds and/or investment vehicles refer to funds and/or investment vehicles offered by responsAbility Investments.
Coffee has been an integral part of Costa Rica’s culture, politics and economics for more than two centuries. First planted in the country’s lush Central Valley in the late 18th century, the crop is now grown on nearly 100,000 hectares of land by more than 78,000 producers, making it the backbone of the rural economy. Driven by supportive legislation and institutions, as well as inclusive producer organisation models, the country has become a global leader in terms of quality and productivity, boasting one of the highest yields and differentials in the industry. The average Costa Rican coffee grower produces three times more coffee per hectare and receives more than twice the quality differential of his average Mexican counterpart (see Figure 1).

While this picture may appear positive at first glance, Costa Rican smallholder farmers are nevertheless confronted with a series of obstacles that curb their ability to realise their potential and also limit their income. While access to financing is higher than in many other countries, thousands of smallholders are denied access to affordable loans to purchase inputs, thus reducing their orchards’ yield and quality and exposing them to crippling diseases like roya. As smallholders, they also tend to lack market access and bargaining power, exposing them to the predatory practices of certain buyers or middlemen. Finally, as coffee is subject to the volatility that is inherent in the commodity markets, producers are often faced with prolonged periods when prices fall below production costs. This combination of factors results in short-term planning horizons and low, unpredictable incomes. Smallholders can overcome

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3 Roya is a devastating fungus that attacks coffee plants and causes widespread crop loss.
The importance of strong producer organisations

In October 1998, the Central American Isthmus was hit by one of the most powerful storms in recorded history, Hurricane Mitch. It swept through the region, causing devastation in countless communities. Flooding and mudslides claimed nearly 20,000 lives and destroyed tens of thousands of homes across the region, causing more than USD 5 billion of damage. In the wake of the disaster, families from the cantons of Acosta and Aserrí (in San José) came together and founded ASOPROAAA.

When it was founded in 1998, the institution supported a variety of livestock and agroforestry projects and provided low-cost financing to members seeking to rebuild their homes. In 2004, in a bid to help the local economy recover and to increase its members’ incomes, ASOPROAAA financed the planting of special varieties of coffee in both cantons. Today, in addition to maintaining its successful livestock and home loan programmes, ASOPROAAA produces and exports some of the country’s finest micro-lot coffee (see page 11). While micro-lot coffee requires additional labour and inputs, as well as an organisation that is equipped to handle it, the product fetches substantially higher prices in the international market, thus raising producer incomes. It is this commitment to improving smallholder livelihoods by supporting high-quality production that sets ASOPROAAA apart from other producer organisations.

Local families founded ASOPROAAA to support reconstruction after one of the worst hurricanes in recorded history.

Today, ASOPROAAA produces and exports some of Costa Rica’s finest micro-lot coffees.
Before gaining recognition for the superior quality of their coffee in 2007, the region’s producers were chronically undervalued and underpaid.
Increasing income through a focus on quality

At the initiative of the organisation’s management, ASOPROAAA set out to prove what its members had known for years: that Acosta and Aserrí produce some of the country’s finest coffee and that its growers should therefore be rewarded accordingly. Even after years of being told that their coffee was of poor quality, producers entered the competition in the hope that the one micro-lot they submitted would score highly. In the end, it did more than that: The sample of coffee submitted by ASOPROAAA’s Ronald Monge – grown on a parcel of land about 20 km from ASOPROAAA’s collection centre – was named the best coffee in Costa Rica. This marked a turning point for ASOPROAAA’s other coffee-growing members: They were subsequently able to devote plots of their land to producing micro-lot coffee with the confidence that they would receive higher prices at harvest. Buyers could no longer dismiss ASOPROAAA’s product as low-grade; the award was proof of its quality. In addition to increasing their bargaining power and providing members with an opportunity to increase their incomes, the award amplified their sense of dignity and pride in their trade.

While winning the 2007 “Cup of Excellence” award opened up new opportunities for ASOPROAAA, it was the organisation’s values and work ethic that paved the way for its success. After 2007, the organisation committed fully to supporting its members’ production of micro-lots based on its belief that this would secure them higher, more stable incomes. In 2007, ASOPROAAA produced one micro-lot. However, by 2014, this number had increased to 60, distributed over 55 producers. Returning to the “Cup of Excellence” awards in 2008, ASOPROAAA ranked top in 3 out of 10 categories and has maintained this level of success ever since. Today, 50% of the coffee that ASOPROAAA packages and exports is of the conventional variety, while the remaining 50% is either of basic, standard or premium micro-lot variety, with the grade depending on the coffee’s final cupping score. The substantial premiums that members receive compared to the NYSE market price translate directly into increases in income (see Figure 2 below). This premium was particularly crucial in 2013, after prices fell to six-year lows due to increased global output.

The “Cup of Excellence” award in 2007 marked the start of ASOPROAAA’s micro-lot success story

Substantial micro-lot premiums translate into increases in income for local producers

<table>
<thead>
<tr>
<th>Quality Grade (Cupping Score)</th>
<th>New York Arabica Futures</th>
<th>ASOPROAAA Export Prices*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional (80-83)</td>
<td>119-129</td>
<td>170-200</td>
</tr>
<tr>
<td>Basic Micro-Lot (84-85)</td>
<td>131-140</td>
<td>200-220</td>
</tr>
<tr>
<td>Standard Micro-Lot (86-87)</td>
<td>170-181</td>
<td>220-230</td>
</tr>
<tr>
<td>Premium Micro-Lot (&gt;88)</td>
<td>200-230</td>
<td>237+</td>
</tr>
</tbody>
</table>

Source: ASOPROAAA 2015, prices constitute a rough range
* After the inclusion of costs relating to milling and exporting, as well as the ICAFE tax and institutional expenses.
Producers benefit directly from rising export prices

Micro-lot production requires a specialized infrastructure that many organizations lack

The fixed payment structure put in place by the Costa Rican Coffee Institute (ICAFE) ensures that producers are the main beneficiaries of a rise in export prices. Bearing in mind how much higher ASOPROAAA’s final sales price is at all levels of quality, it is clear that the organisation’s producers are generating considerably higher incomes than producers selling at market price.

However, the milling and exporting of micro-lots requires a specialised infrastructure that many organisations lack. In fact, most of Costa Rica’s coffee comes from institutions that blend all of their members’ coffee together and sell it at one price. While this strategy increases the amount of coffee that the cooperative can handle, it removes the incentive to focus on quality, thus closing the door to larger differentials. In one conversation between responsAbility and Ronald Monge, he described the special opportunity created by ASOPROAAA as follows: “The typical collection centre has only one large receptacle for growers to pour their coffee into. At ASOPROAAA, there are receptacles for both high- and regular-quality coffees. Each micro-lot receives an individual bag and price, giving growers recognition for their effort and therefore a clear incentive to focus on quality. Why would I have invested in planting my high-value coffee varieties – mainly Geisha and Villalobos – if I had no choice but to dump their fruit into a receptacle taking everything?”

Olman Monge, a producer who joined ASOPROAAA as member in 2010, estimates that his income has risen by an average of 30% per year since joining. This increase has allowed him to save more, improve his quality of life and invest in expanding his coffee production. As mentioned above, the number of members cultivating micro-lots has grown from 1 in 2007 to 55 today, and ASOPROAAA expects this figure to continue increasing as more producers set plots of land aside for micro-lot production. To determine the net gain from growing micro-lot varieties, a better understanding of relative costs is needed. A study by the Costa Rican Coffee Institute (ICAFE) found that the average cost of production in the Los Santos region of Costa Rica was around USD $111 per quintal. Luis Fernando Prado, ASOPROAAA’s General Manager, confirmed that the costs of producing conventional coffee were similar in Acosta and Aserri, and

Producers are guaranteed 89.5% of the final sales price (minus net taxes and costs relating to milling, processing and exports), with 9% going to the institution to fund its day-to-day operations and the remaining 1.5% going to ICAFE.

The number of ASOPROAAA members cultivating micro-lots has grown from 1 in 2007 to 55 today.
he stated that costs for micro-lot production were, on average, USD 25 higher per quintal (see Figure 3 for a more detailed breakdown).

The costs of producing micro-lot coffee are therefore substantially higher than for conventional coffee. However, according to data provided by ASOPROAAA, the premiums that buyers paid for micro-lot coffee in 2013/2014 were substantial, leaving large net gains for producers (see Figure 2). This supported the evidence gathered during the interviews conducted by responsAbility. In addition to higher incomes, Luis Fernando Prado explained that the production of micro-lot coffee also generates more stable incomes: While NYSE market prices for conventional coffee tend to fluctuate wildly, often falling below production costs, price volatility for micro-lot coffee is more contained, since high-quality coffee is scarcer and demand for it is more robust.

**What is micro-lot coffee and why does it sell at higher prices?**

The term “micro-lot” is used to describe small lots of speciality coffee that earn higher prices due to their exceptional quality. Producers often know which plots of their land yield the finest coffee and therefore plant and harvest them separately. These micro-lots come to embody the climate and terrain, as well as the practices of the producers that grow them.

**Higher costs...** Crops of micro-lot coffee require careful nurturing, which translates into higher costs in terms of time, labour and inputs. For example, since fertiliser has an integral part to play in keeping coffee trees healthy, producers purchase more of it for their micro-lot varieties. In addition, they invest in higher-quality pesticides, fungicides and insecticides and spend more time inspecting and pruning their micro-lot orchards. Finally, during the harvest and post-harvest seasons, they spend comparatively more on labour to ensure the cherries are picked at peak ripeness and handled with extra care. According to ASOPROAAA’s General Manager, Luis Fernando Prado, the additional time and inputs required translate into an average increase in production costs of 20-25% (see Figure 3).

... but even higher prices. The higher prices that are achieved more than compensate for the additional costs incurred. However, producers unfortunately often lack access to organisations with the expertise needed to manage the more complex processes involved in sorting, packaging and distributing micro-lot varieties. As a result, many cannot benefit from the substantial economic and personal gains that micro-lot production provides.
While higher and more stable incomes are frequently highlighted as key advantages of belonging to ASOPROAAA, the people interviewed for this case study mentioned another benefit just as often: The producers’ restored sense of dignity and pride. Marco Sanchez Esquivel, the recently-elected president of ASOPROAAA’s Managing Board, explained that coffee cultivation remains by far the most important source of income for most families in Acosta and Aserrí. In addition to providing them with a livelihood, coffee is also their identity. The perception that they produced only low-grade coffee was humiliating. Olman Monge described several instances where he arrived at institutions to sell his high-quality variety only to be rebuffed. He explained: “Beneficios often refused to pay a premium for my high-quality coffee because I came from Acosta, offering the market price instead. This frustrated me and led me to consider abandoning coffee production for something else. What else, though? I am a coffee grower and I enjoy my trade. Being recognised for the high-quality coffee I produce has restored a sense of pride and ownership over my work.”

Producing micro-lot coffee requires more than just a specialised infrastructure and a commitment to quality: Reliable access to credit and technical assistance are also essential, since it is difficult to produce micro-lot varieties year after year. However, if producers are able to produce micro-lots on a regular basis, they are more likely to continue investing in improvements to their coffee farms – thus contributing to greater gains over the medium term. This is why strong institutional support – such as that provided by ASOPROAAA – is so important.

Being recognized for the high-quality coffee they produce has restored producers’ sense of dignity and pride

Strong institutional support with reliable access to credit and technical assistance is particularly important in micro-lot production


ASOPROAAA member Carlos Enrique Monge Fallas (cousin of Ronald, Olman and Isaac Monge) is visibly proud of the fruit of his work. The micro-lot that won the “Cup of Excellence” award in 2007 was grown here.
Pre-harvest finance, technical assistance and democratic representation

In its early years, ASOPROAAA found it difficult to offer pre-harvest financing as it lacked the necessary funds. Producers who wanted to invest in their plots had to rely on their own resources, something that few could afford to do. Since then, ASOPROAAA’s ability to supply pre-harvest financing has expanded considerably. In the 2013 season, for example, ASOPROAAA met nearly 60% of its members’ needs during one of the most difficult seasons in recent memory. Not only did global prices drop precipitously but the worst coffee rust outbreak in the region’s history was ravaging coffee orchards. According to one producer interviewed by responsAbility, the pre-harvest financing that ASOPROAAA provided allowed him to fund the additional labour and to purchase the fungicide needed to contain the spread of the roya outbreak on his farm. While 25% of his plot was affected, the damage would have been considerably greater without the inputs. Realising that the provision of pre-finance capital is critical to safeguarding the high-quality production of its members – and to strengthening their commitment to the association in the process – ASOPROAAA is working to expand its pre-harvest financing capabilities.

Beyond high prices and access to pre-harvest financing, ASOPROAAA offers its members three types of technical assistance. First, leveraging the extensive experience of its members and Management Board, ASOPROAAA organises field seminars every three months on the following topics: fertiliser application; pesticide and insecticide application, and optimal harvest and post-harvest strategies. These seminars help to reduce crop loss and to increase quality, translating into higher revenues for the producer. Second, ASOPROAAA organises multiple “cuppings” across Acosta and Aserrí, travelling to member communities to carry out testing. Through these tastings, producers learn how to maximise cupping scores and can then adjust their production accordingly. Third, seeking to capitalise on the robust industry infrastructure, ASOPROAAA finances its members’ attendance at seminars offered by several Costa Rican organisations. According to Luis Fernando Prado, ASOPROAAA supported its members’ attendance of the following seminars in 2013:

<table>
<thead>
<tr>
<th>Training</th>
<th>Provider</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee planting, high-quality varieties</td>
<td>Instituto Nacional de Aprendizaje</td>
<td>60</td>
</tr>
<tr>
<td>Combatting coffee diseases, primarily</td>
<td>ICAFE</td>
<td>50</td>
</tr>
<tr>
<td>coffee rust and berry borer disease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management of agroforestry systems</td>
<td>Instituto Nacional de Aprendizaje</td>
<td>60</td>
</tr>
<tr>
<td>Citrus and other fruit planting</td>
<td>Instituto Nacional de Aprendizaje</td>
<td>100</td>
</tr>
<tr>
<td>Organic technology and fertilisers</td>
<td>Agricultura Creativa</td>
<td>50</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative management</td>
<td>Instituto Nacional de Aprendizaje</td>
<td>15</td>
</tr>
<tr>
<td>Agro-industrial management</td>
<td>CNP-UNED</td>
<td>5</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Instituto Nacional de Aprendizaje</td>
<td>15</td>
</tr>
</tbody>
</table>

Pre-harvest financing is critical to safeguarding the high-quality production of ASOPROAAA’s members

ASOPROAAA offers its members three types of technical assistance
Finally, a key factor that helps guarantee that ASOPROAAA remains committed to its producers’ wellbeing is its democratic governance structure. The association’s 1,271 members elect people to its Governing Board every six months, replacing half of the Board at each vote (the Board is composed of seven members, one of whom serves as internal auditor). While the General Manager handles the day-to-day operations, all major decisions – from the budget to the company’s positioning – require the approval of the Board. The people interviewed by responsibility for this case study highlighted ASOPROAAA’s transparent approach to decision-making as one of its key advantages. Luis Fernando Prado aptly summarized ASOPROAAA’s place in its producers’ lives as follows: “Costa Rica – especially the cantons of Acosta and Aserri – was built on agricultural production. Today, however, public interest in producers’ wellbeing has fallen by the wayside. They often lack institutional support and are increasingly vulnerable to the market’s volatility. By providing producers with an opportunity to increase and stabilise their incomes, ASOPROAAA works to give them their due.”

A democratic governance structure and transparent decision-making ensure that ASOPROAAA remains committed to its members’ wellbeing.

Luis Fernando Prado, ASOPROAAA’s General Manager, tests the quality of coffee beans. Micro-lot production is more expensive because it uses higher-quality inputs and the process is more labour-intensive – but the prices that producers receive are so much higher that they more than compensate for these higher costs.
As explained above, ASOPROAAA’s work is central to its members’ livelihoods. In addition to helping community members rebuild their homes through access to affordable loans, the cooperative secures substantial economic and personal benefits for its coffee growers by supporting their production of micro-lot coffee. Furthermore, given its democratic governance structure, it remains truly representative of the community, adapting to its needs as they grow and evolve. In spite of these considerable benefits, ASOPROAAA – like many micro-mills in Costa Rica – remains exposed to the volatility of the international coffee market. In 2011/2012, a combination of factors placed the cooperative under serious operational pressure. This was when its partnership with responsAbility began.

Seated in ASOPROAAA’s main offices on a green mountainside in San Ignacio de Acosta, Luis Fernando Prado and Marco Sánchez Esquivel describe the most serious crisis the organisation faced in the nine years since it started processing and selling coffee. Towards the end of summer 2011, global coffee prices reached near-historic highs after crops in Brazil, the world’s leading producer, were harmed by frost. In an effort to secure the supply of coffee from its members – given the scarcity of supply and very strong local competition – ASOPROAAA paid its members unusually high advances on the product they would deliver at the end of the year. By the time they delivered their product, however, global prices had fallen sharply and ASOPROAAA ended the year with negative earnings. When it approached local financial institutions for a loan to finance the purchases of the next season’s harvest, it was turned away.

Crucial financing support

Compounding these financial difficulties, the General Manager chose to resign at the end of the year. Lacking funds and facing a leadership crisis, ASOPROAAA’s management feared that it would be unable to purchase its members’ coffee during the next harvest season, undermining relationships and discouraging micro-lot production. When discussing the crisis, one producer mentioned that although producers wanted to sell their coffee to ASOPROAAA due to the higher incomes it offered and the trust they had built up over the years, they could not forego a season of income and would have had no choice but to sell to another organisation at lower prices. It was at this point that ASOPROAAA’s management contacted responsAbility’s local team.

After meeting with the new management team and reviewing the financials, responsAbility concluded that the difficulties ASOPROAAA was experiencing were temporary and could be reversed: If ASOPROAAA weathered this storm, it would return to profitability. Beyond finding comfort in ASOPROAAA’s new management and underlying financial fundamentals, responsAbility was encouraged by the organisation’s positive impact on the community. In addition,
the new management revised its forward-buying policies to help protect against another crisis of this type. Within a few months of being contacted by Luis Fernando Prado, responsAbility provided ASOPROAAA with USD 300,000 of harvest financing, enough to purchase its members’ coffee at the requisite premiums. According to Luis Fernando Prado, this was crucial in enabling ASOPROAAA to weather the crisis. He explained that without it, “many of our members would have had no choice but to sell their coffee at lower prices to other cooperatives or middlemen, foregoing access to our higher prices and technical assistance in the process.”

**Supported expansion into new markets**

By ensuring that ASOPROAAA could purchase enough high-quality coffee from its members, responsAbility also helped the association to preserve its relationship with its key buyer. At the time, ASOPROAAA had pledged to deliver three containers of micro-lot coffee to the buyer; had the association been unable to source that coffee, it would have had to cancel its contracts, tarnishing its reputation and hampering its return to the high-quality segment. Today, ASOPROAAA’s relationship with this key buyer remains strong.

In addition, responsAbility’s financing helped support ASOPROAAA’s expansion into new markets. After fulfilling a delivery for micro-lot coffee during the 2011/2012 harvest, ASOPROAAA welcomed a large consortium of Asian buyers to Acosta to tour its facilities. Impressed by the quality of ASOPROAAA’s coffee, a South Korean buyer decided in 2014 to use the ASOPROAAA label as the face of its local marketing campaign. South Korea has now become ASOPROAAA’s second-largest export market, signalling the increasing robustness of ASOPROAAA’s market and consequently also of its members’ incomes.

**Expanded volume and value-added capabilities**

ASOPROAAA’s operations have continued to expand and strengthen since its relationship with responsAbility was established. Its number of member producers has grown from 155 in 2011/2012 to 234 today, and the number of...
producers cultivating micro-lots continues to increase. Furthermore, the institution has invested in improving its roasting capacity. While the majority of its exports are still in the form of green coffee, new roasting machines purchased in 2012/2013 have led to significant increases in operating revenue. While negligible in 2011/2012, ASOPROAAA's revenues from the sale of roasted coffee now account for 28% of its operating budget, a share that is expected to continue rising as local sales expand. To bolster its local presence, ASOPROAAA has developed attractive packaging and labels and, as of 2012, has featured prominently in both Costa Rican airports.

**responsAbility remains a committed financing partner**

After supporting ASOPROAAA during its difficult 2011/2012 season, responsAbility has remained a reliable partner to the association. It provided ASOPROAAA with additional loans during the 2012/2013 and 2013/2014 harvest seasons, supporting its ambitious expansion plans. Its total exports have leapt from 3,295 quintals in 2010/2011 to nearly 6,000 quintals in 2013/2014, and Luis Fernando Prado expects production to climb to 10,000 quintals by 2017/2018. These increases mean that more producers in Acosta and Aserrí can benefit from ASOPROAAA's exceptional price premiums. As for what the future holds for ASOPROAAA, Luis Fernando Prado and Marco Sánchez Esquivel have outlined an ambitious growth plan under which the organisation will continue to increase the amount of high-quality coffee it can process by expanding its technical and operational capabilities.

More generally, responsAbility's relationship with ASOPROAAA symbolises its larger commitment to supporting financially viable institutions that focus on the base of the income pyramid. To be eligible for responsAbility's financing, the institution in question must strive to improve production processes, access to markets, trading relations and/or the bargaining position of smallholder producers, ensuring its employees' freedom of association in the process. In addition, they must be committed to environmentally and socially responsible production. Given the dynamic growth that the global market for ethically-sourced agricultural products is experiencing, responsAbility expects to continue finding exciting business models to support in the future.
responsAbility Investments AG is one of the world’s leading asset managers in the field of development investments and offers professionally-managed investment solutions to both private and institutional investors. The company’s investment vehicles supply debt and equity financing to non-listed firms in emerging economies and developing countries. Through their activities, these firms help to meet the basic needs of broad sections of the population and to drive economic development – leading to greater prosperity in the long term.

Founded in 2003, responsAbility currently has USD 2.9 billion of assets under management, which are invested in 535 companies in more than 90 countries. responsAbility is headquartered in Zurich and has local offices in Hong Kong, Luxembourg, Oslo, Bangkok, Paris, Lima, Mumbai and Nairobi. Its shareholders include a broad range of reputable institutions in the Swiss financial market as well as its own employees. responsAbility is regulated by FINMA.

Through its agriculture fund, responsAbility invests in participants along the entire agricultural value chain, focusing on those that show a strong commitment to sustainable trade and/or production. The investments are made primarily in developing economies and emerging markets, and are diversified over more than 30 agricultural commodities. The fund currently manages more than USD 80 million, which is invested in 76 organisations across 37 countries. This strong growth and diversification was achieved as a result of the increased presence of dedicated agriculture investment officers across different continents. Factors that contributed to this successful expansion include active portfolio management and the efficiency of its joint investment process.

Further information

For the video on this case study, and all our other analyses, publications and videos, please visit www.responsAbility.com/multimedia/en.

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