



## KACCO: A Case Study for Congolese Banks Learning to Finance Specialty Coffee



N° ID.NAT : 441/04/2369  
RCCM : 16-D-008  
N° Impôt : A1600512A  
N° Import-Export : 001/2016  
Cptes Bank : 0160403115024801(Ecobank)  
: 140100002 76591(Mecre -fb)  
ID Code/ Coop. : Gre- 64be57d

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Coopérative des petits producteurs du café arabica de Kalehe

Created in 2013 by Steven Kanae, the coffee cooperative KACCO is located in Munanira village in the Kalehe territory. When it started, the cooperative received support from USAID and other donors to construct washing stations, and to purchase production equipment and export facilities. Today, the cooperative has 1,608 members, including 368 women.

In 2016, the cooperative received a coffee sales contract from Starbucks, with a guaranteed price of \$6/kg. With this contract, KACCO was able to obtain pre-financing for its coffee processing operations from Coffee Lac and export facilitation services from Falcon Coffee. This contract is part of a four-year partnership agreement among these four parties (KACCO, Starbucks, Coffee Lac, and Falcon Coffee). During the first three years of operations under this agreement, KACCO has worked through a number of issues with its partners, including transparency issues related to pre-financing costs.

When Feed the Future's Strengthening Value Chains (SVC) project began in mid-2017, KACCO quickly became interested in the opportunity to access new sources of financing through a partnership USAID and the Swedish International Development Agency (SIDA) established with Equity Bank in South Kivu. With the support of SVC, KACCO developed a relationship with Equity Bank and planned to request a loan for the 2018 season.

SVC encouraged the cooperative to develop a business plan and submit a loan request to Equity Bank for the 2018 coffee season. KACCO requested a loan of \$200,000 to finance the purchase and processing of four containers of specialty coffee. With support provided by USAID and the SVC Project, Equity Bank was able to approve the loan to KACCO without standard collateral. In March and April, the cooperative realized it would exceed its projected production for the year, and requested an additional loan of \$100,000 to purchase an extra container of specialty coffee, bringing the total to five containers of specialty coffee for the season.

The export of these five containers of specialty coffee will allow KACCO to make a net profit of more than \$100,000 -- a record for the cooperative. This loan is a first for Equity Bank, and it will give the bank important experience working with coffee sector actors in the future.

