



Enhancing Competitiveness of African Coffees through a Value Chain Analysis

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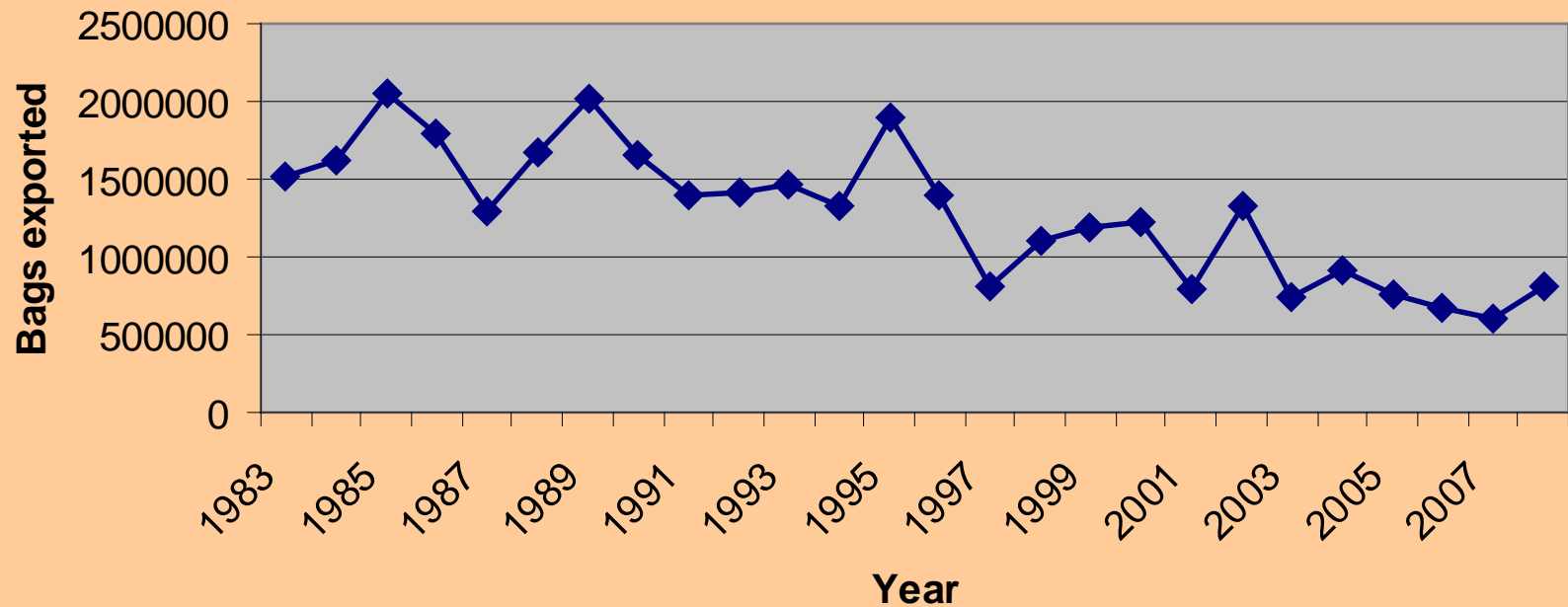


Coffee in Africa

- **Declining shares of the global market**
 - coffee, share 30% (\$ 3.5 b) in 1977, 10% (\$ 0.7 b) in 2005
- **Declining Competitiveness & inefficient value chains**
 - high cost of production, declining productivity
- **Inadequate investment in research and development**
 - Call for stronger partnerships to leverage resources
- **Civil unrests**
 - Reconstruction of commodity sector in post conflict situation

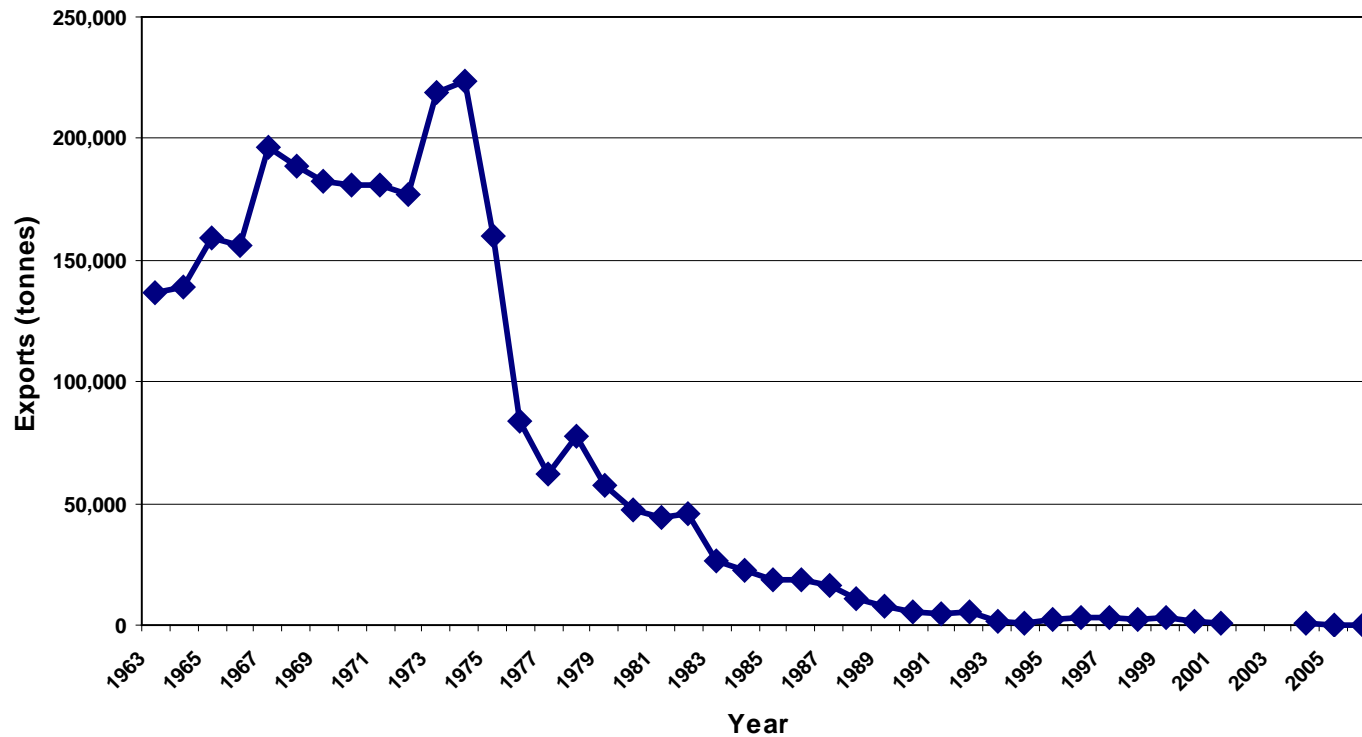
Declining market share - an example

Table 1: Trends in the export of green coffee (Kenya)



Impact of civil unrest – the case of Angola

Coffee exports from Angola



The Project



Title: Enhancing Competitiveness of African Coffees through a Value Chain Analysis

Donor: Common Fund for Commodities (CFC)

Supervisory Body: International Coffee Organisation (ICO)

Project Executing Agency: InterAfrican Coffee Organisation (IACO)

Project Supporting Agency: CABI Africa (CABI)

Collaborating countries: Cote d'Ivoire, Tanzania, DRC, Zimbabwe
Sierra Leone, Liberia, Ghana, Nigeria and Burundi

Duration: 1 year (Dec 2008- Nov2009)

- The Project aims to build consensus on a realistic vision for revitalisation of production, quality and trade in smallholder coffees from the continent, develop revitalisation action plan and catalyse the requisite partnership and collective actions for implementation of the plan

- The project is to achieve this by engaging coffee sector stakeholders in dialogue to identify the impediments to sustainable development (constraints) and formulate the framework of a Coffee Development Plan as well as designing remedial interventions.

Terms of Reference

- Make an assessment of the current production status of the selected countries (9)
- Define constraints and opportunities based on a detailed sub-sector analysis
- Set a vision and production/productivity target for the coffee revitalisation in the selected countries, and build consensus among stakeholders
- Design a template for a viable Coffee Development Plan to be used by participating countries
- Develop a full project that addresses the identified constraints

Methodology

- Formally contact relevant Ministers of collaborating countries (9) to identify appropriate institutions (CFP) and staff (CFO) to implement study
- Together with CFP and CFO develop data/information collection tools and methodologies
- Collect (interviews, internet, etc.), collate and synthesize data from stakeholders across the value chain (farmers, processors, input suppliers, service providers, marketers, etc.)
- Convene National Stakeholder Workshop to validate synthesised data/information, set vision and design a Coffee Development Plan
- Develop a full project proposal that addresses the identified constraints

Constraints and Opportunities

Constraints in the provision of financial service	Solutions
Cash availability / liquidity	Negotiate external lines of credit
lack of collateral	<ul style="list-style-type: none"> •Resolve the land issue •Give security of tenure to land holders •Use other assets as collateral
Security of investment	Give title to coffee farms
Political risk	Sort out the politics of the country
Lack of long term finance	Use other forms of transacting - plastic money

National Stakeholder Workshop

- This was successfully held in Zimbabwe on 29th October. Similar ones will be held in DRC (9th December) and Tanzania (30th November)

Overall constraint identified at workshop - Zimbabwe

Low and declining exports of high quality coffee from Zimbabwe. This is as a result of low and declining production.

Actions needed:

- Increase coffee productivity
- Increase area under coffee
- Enhance processing practices
- Strengthen marketing systems
- Establish an overall Coffee Council to serve the interest of the coffee sector

Where should the industry be going?

- Reflect the broad scale development of the sub-sector (economic, political, social and/or environmental) that the plan hopes to help bring about
- Appropriate and ambitious
- Realistic, credible

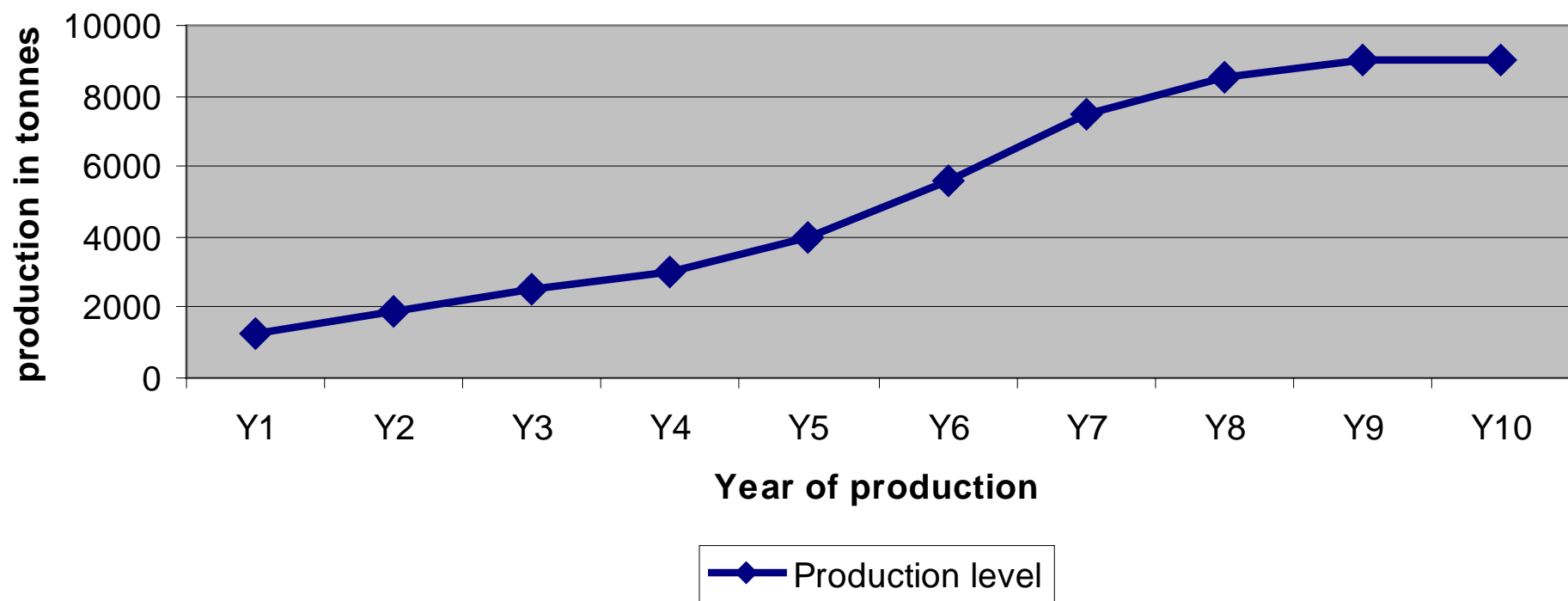
Vision (desired future state):

example of Zimbabwe

- *Increase the production and export of high quality Zimbabwe coffee from its current level of 1,320 tonnes to 9,000 tonnes annually by 2020.*

Revitalisation path for Zimbabwe coffee

Fig 2: Projected coffee production in Zimbabwe resulting from rehabilitation



How is the industry going to accomplish the desired change?

- *Increase coffee productivity*
- Capacity building at all levels of the supply chain
- Organisation of farmers into commercially viable farmer groups
- Mobilisation of financial resources to support revitalisation campaign
- Establishment of improved extension system
- Promote Good Agronomic Practices

How is the industry going to accomplish the desired change? Cont.

- *Increase area under coffee*
- National coffee census to establish actual hectarage and to quantify seedling requirement for infilling, expansion and replanting
- Seedling production and distribution
- Replanting program including replacing dead and moribund trees
- Rejuvenation – raising young suckers to replace old stems
- Opening new coffee farms in suitable areas

How is the industry going to accomplish the desired change? Cont.

- *Enhanced processing practices*
- Capacity building to improve skills and knowledge in improved processing practices
- Acquisition and/or renovation of appropriate processing and storage facilities
- Establishment of reward system for high quality coffees

How is the industry going to accomplish the desired change?

An example for increased productivity

Intervention	By whom	By when	Resource requirements
<i>Increase coffee productivity</i>			
Capacity building at all levels of the supply chain			
Organisation of farmers into commercially viable farmer groups			
Mobilisation of financial resources to support revitalisation campaign			
Establishment of improved extension system			

Way forward.

- Collect information from the other countries
- Hold workshops in DRC, Tanzania and Cote d'Ivoire
- Develop a comprehensive Pan-African proposal in response to the identified constraints and opportunities.
- Aggressively seek funding for the developed proposal
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THANK YOU

