New Vision for African Coffee

InterAfrican Coffee Organisation
First African Coffee Symposium

“The Position and Potential of African Coffee”

Announcing the IACO African Coffee Symposium and Coffee Policy Forum

Abidjan, Côte d’Ivoire. – The Inter-African Coffee Organisation (IACO) will hold the First Annual African Coffee Symposium and also launch the Africa Coffee Policy Forum, ahead of its annual general assembly to be held in Lome, Togo, in November 2013. The Symposium and Policy Forum will feature key international individuals, coffee experts, coffee advocates and policy makers, to discuss the impact of the global trends on African coffee, and the impact of these on livelihoods of women and children in sub-Sahara Africa. The IACO first Annual African Coffee Symposium is to be held in collaboration with the African Development Bank, International Coffee Organisation (ICO), Ministry of Commerce and Private Sector Promotion of the Republic of Togo, the Economic Commission for Africa, the African Fine Coffees Association (AFCA), and Association for Robusta Coffees of Africa and Madagascar (ACRAM).

A Press Briefing will be held on Monday, 18th November 2013, beginning at 6:00pm at the Lome International Conference Centre, Lome, Togo. Participants will include:

- Dr. Don Kaberuka, President, African Development Bank
- Rt. Hon. Paul Boateng, House of Lords, British Parliament
- Madame Essossimna LEGUEZIM-BALOUKI, Minister of Commerce and Private Sector Promotion, TOGO - Chairperson, Inter African Coffee Organisation
- Frederick Kawuma, Secretary General, Inter African Coffee Organisation
- Samuel Kamau, Executive Director, African Fine Coffees Association
- Léon P. Ngoulakia, Secretary General, Association for Robusta Coffees of Africa and Madagascar.

The Symposium will begin on the morning of Monday, 18th Nov 2013 at the Togo International Conference Centre, Lome, Togo, in the main auditorium, and close on the evening of Tuesday 19th Nov 2013. The presenters and panellists will include high level policy makers from Africa as well as producers and private sector coffee business stakeholders.

The Symposium will consist of working sessions that will examine different aspects of the African coffee industry, its decline and its tragic impact on women and children, and its implication on the economies of African countries. Africa, the origin of coffee (both Arabica and Robusta), and with almost fifty percent (50%) of the world arable land, exports only 11% of the world coffee exports, down from more than 23% in the 1980s. While the global market has presented many opportunities, Africa has not taken advantage of these. Africa's production has declined, while other regions have increased their output. It is feared that within a few years, coffee in Africa could further decline significantly if definitive policy actions are not taken, and the livelihoods of millions will be at stake.

Registration fee is Euro 200.
EDITORIAL

African Coffee

ACTIVITIES OF GENERAL SECRETARIAT

• IACO : New Management Team
• Activities from January to April 2013

RESEARCH & DEVELOPPEMENT

• A brief account of DRD and ACRN

ECONOMIC AFFAIRS

• World Coffee Market Review

GENERAL INFORMATION

• Face to Face with the new Secretary General
• Good to Know

AFRICAN COFFEE

Periodical of the Inter-African Coffee Organization-IACO

Publisher
Frederick S.M.KAWUMA,
IACO Secretary General

Address:
IACO General Secretariat,
Caistab Building - 3rd Floor,
BPV 210 ABIDJAN – Côte d’Ivoire
Tel.+225 20 21 61 31
+225 20 21 61 85
Fax.+225 20 21 62 12
E-Mail : sg@iaco-oiac.org

Printed in Côte d’Ivoire
Our dear readers, I salute you all in your different respective capacities. It is my singular pleasure and opportunity to welcome you to this edition of the African Coffee News. We do apologize for the long absence of a regular publication from IACO, noting that the last IACO Coffee Bulletin, No. 44 was published in November of 1995.

The Africa Coffee News will be a quarterly publication, aimed at communicating to IACO members, partners and the public at large, to keep all abreast of the developments in IACO and the environment within which our industry operates.

The Coffee Year 2012/13 commenced with significant changes at IACO, with the election of a new Secretary General in November 2012. The new Secretary General took office in January 2013.

The Secretary General would like to draw attention to key issues that IACO will be dealing with, and keep in clear perspective all the interventions that it proposes or supports. Coffee production in Africa is critical to the overall strategy of rural transformation in Sub-Saharan Africa. Sixty percent of Africa’s population is rural based, and this is where coffee farming takes place, and is the primary target, and ultimate beneficiaries of IACO’s interventions.

First of all, we need to support the social infrastructure of the farming communities. While cooperatives are still relatively strong in countries like Cameroon, Burundi, Ethiopia, Kenya, Rwanda, Tanzania, and a few others, this infrastructure has largely broken down. There has been an emergence of strong farmer associations, like the Mzuzu Growers Associations in Malawi, NUCAFE in Uganda, and the legendary ZCGA in Zambia, to name but a few, but African smallholder farmers are largely isolated and uncoordinated. Efforts to get the farmers together will enhance the effectiveness of interventions that require collective learning and widespread implementation. IACO’s Strategy will, in addressing the issues of coffee producers in Africa, pay attention to the development of this infrastructure for more efficient support to the producers, including the strengthening of the producer organisations such as cooperatives and farmers’ associations. IACO will support the member countries in the development of support systems for coffee farmers in developing new sources of income and employment year-round, for the youth and women in rural areas with the target to improve food and nutritional security. In addressing this concern, it will also be possible to address the issue of poverty reduction, and contribute to the target of MDG 1 of reducing extreme poverty among women and young people. Moreover, if we create good conditions in the rural areas, and the people have good incomes and a good life, it will stem the trend of rural-urban migration.

Secondly, most of the African farming systems, in which coffee are produced, is generally
diversified. This usually ensures food security, due to the production of food crops alongside coffee and other cash-crops. This aspect of food security is a safety net for rural communities, but has to be enhanced through support to the farmers to achieve higher productivity and improved quality through better farm management practices, and access to inputs. Given the increasing demand for traceability of food items in the value chain, farmers need help in establishing sustainable certification systems that will ensure that they obtain the full benefit from the value added through certification programmes. Support will be given to producer groups and farm level entrepreneurs in access to markets, and competitiveness positioning for African producers, as well as reaping the benefits from intellectual property rights that should accrue to the producers. Overall, increased income is tantamount to increased food security for producers, where they need to buy additional nutritional foods.

Thirdly, due to anxiety over global warming, in part attributed to the increased CO2 emissions and the other due to reduced forest cover that has led to lower carbon sequestration capacity, the pressure on the environment has become an issue of great concern. Thus, in view of the increasing concern over environmental degradation and the resultant global warming, coffee farming communities can be effectively used in playing a positive role in better environmental stewardship and mitigating the negative impact of climate change. Farmers need to be supported in the best approaches in the utilisation of waste materials, in renewing soil nutrients, and carbon sequestration through the coffee bushes and shade trees. Thus, encouraging the farmers to keep trees in their farming system should be seen as a positive influence in combating climate change.

Fourthly, the collapse or failure of many cooperatives or farmers' groups has often been due to issues of governance. For partners that IACO will work with, effort will be made to ensure that systems of good governance are in place or promoted, and followed. Great strides will be made within the sector if all work towards improving accountability at all levels. Initiatives to address the issues of governance in the coffee sector will be high on the agenda, starting with IACO itself as an institution, in order to ensure its own credibility as a partner, first with the member governments and with external partners. IACO will also initiate the training of advisors and extension workers in business planning and proposal writing for the farmers' groups, and to build entrepreneurial capacity at the producer level. Capacity building will also include proposal evaluation using risk profile tools such as those of the World Bank and ITC farm management manuals.

Fifthly, it is imperative that IACO develops mechanisms to support the coffee projects in Africa. Thus, bridging the gap in donor interventions will be given serious attention. In order to build the capacity in Africa to address issues within the coffee sector that have either been unattended or depended on intermittent donor interventions, IACO will set up an Africa Coffee Development Fund, with the support of expertise from ITC (International Trade Centre), and will partner with private foundations as well as the EU and other European partners (DFID, SIDA, DANIDA, and others). IACO would like to bridge the gap between current development assistance and the future sustainability of the coffee sector in Africa.

In conclusion, we need to note that the founding fathers of our respective African nations had great foresight in the creation of the Inter-African Coffee Organisation in December 1960. We have a great challenge of building on the dream that they had. We must work to position Africa as the coffee origin of choice in the minds of coffee consumers globally. All of us in Africa, working together as a team, private and public sector players, can make big strides, and create a better future for those who will come after us. That future begins now.
IACO: NEW MANAGEMENT TEAM

• Secretary General

Holder of a PHD in Plant Breeding, Dr. BAYETTA BELLACHEW is from Ethiopia. He is the Director of Research and Development of IACO and coordinates the activities of the African Coffee Research Network (ACRN) and the Regional Cup Tasting Centres. He has been in the post since 1st February 2008.

He holds a Bachelor in Commerce and a Masters in Marketing and Communication. He and other partners own ACLAIM AFRICA Limited, a consulting, management and training firm based in Kampala, Uganda, of which he was previously CEO & Managing Director. He is one of the pioneers of the Uganda Coffee Development Authority, and later was also the founding CEO of Uganda Coffee Trade Federation and subsequently the Eastern African Fine Coffee Association (now known as AFCA).

He was the initiator of the African Fine Coffee Conference & Exhibition, and launched it in February 2004 in Nairobi, and since then it has grown to be a significant event on the global coffee calendar. He has had a track record of different innovations, as well as a distinguished record as a CEO in different organisations. He has a great passion for the coffee industry in Africa, and good networking experience and brings to IACO a wealth of experience from both the public and private sectors. He assumed duty on 2nd January 2013.

ACTIVITIES OF GENERAL SECRETARIAT

IACO’s newly elected Secretary General at the 52nd Annual General Assembly (AGA), held in Abidjan from 26 to 29 November 2012, is Mr. Frederick S. M. KAWUMA, from Uganda.

• Director of Research and Development

KOFFI Kouamé Edgard is Ivorian. He is the new Director of Economic Studies appointed at IACO 52nd AGA.

Expert in Business and Economics of Development, Specialist of Commodity Trading. He was previously Deputy Director of Integration in the Ministry for Economy and Finance and Director for Commodities in the Ministry Commerce of the Republic of Côte d’Ivoire. He took office since 1st March 2013.

• Director of Economic Studies
• ACTIVITIES FROM JANUARY TO APRIL 2013

- On 13 to 16 February 2013, Mr. KAWUMA and Dr. Bayetta BELLACHEW, the Director Research/Development, participated in AFCA Annual Conference. The SG also met with the US Ambassador to Uganda and had cordial discussions on the support of the US Government to the coffee sector. He also met with the Minister of Agriculture of Uganda, and briefed him on the progress in the development of a new strategic plan for IACO, and was also able to get information on the priority areas of intervention that are needed. By prior appointment to meet with the President of the African Development Bank (AfDB), the SG held a meeting with Mr. Aly Abu Saaba, the AfDB Vice President who represented the AfDB President. This was as a follow up of IACO’s request for technical assistance from ADB, to develop the Strategic Plan for IACO and support the restructuring of the organisation.

- The Vice-President assured IACO of ADB’s support and requested IACO to submit the Terms of Reference for this assignment to the ADB, and other requirements, which were subsequently fulfilled.

- On 16th February 2013, the SG convened the participants from member countries in Eastern, and Central Africa and some Coffee Associations, to an IACO Strategic Consultative Meeting. This meeting, similar to the one held in Libreville, was aimed at identifying strategic issues for attention in the proposed IACO Strategic Plan.

- From 3rd to 8th March, the SG participated in the 110TH Session of the International Coffee Council. Alongside these meetings, IACO held its Extraordinary Board Meeting on 6 March.

- On 8 March, the Secretary General also met with Mr. Razaal from the office of EU Commissioner for Agriculture (Mr. Piebalgs) who was visiting London. The SG presented his vision for the African Coffee Industry and possibilities for cooperation and development support from the EU for the African coffee sector.

- On 11th March, the Secretary General accompanied by the Ivorian Ambassador to the UK, and the Ethiopian Minister Counsellor, who represented the Ambassador, had a working lunch with Rt Hon. Lord BOATENG, Member of the British House of Lords. They discussed various issues to do with support for the African coffee sector and the mobilisation of support for IACO in its interventions.

• ACTIVITIES AT THE HEADQUARTERS

- A staff meeting was held on 28th January 2013, to introduce the new Secretary General, Mr. Frederick KAWUMA, to the staff. Other meetings have subsequently been held with staff, and the team work has been greatly appreciated.

- On 13 to 16 February 2013, Mr. KAWUMA and Dr. Bayetta BELLACHEW, the Director Research/Development, participated in AFCA Annual Conference. The SG also met with the US Ambassador to Uganda and had cordial discussions on the support of the US Government to the coffee sector. He also met with the Minister of Agriculture of Uganda, and briefed him on the progress in the development of a new strategic plan for IACO, and was also able to get information on the priority areas of intervention that are needed. By prior appointment to meet with the President of the African Development Bank (AfDB), the SG held a meeting with Mr. Aly Abu Saaba, the AfDB Vice President who represented the AfDB President. This was as a follow up of IACO’s request for technical assistance from ADB, to develop the Strategic Plan for IACO and support the restructuring of the organisation.

- The Vice-President assured IACO of ADB’s support and requested IACO to submit the Terms of Reference for this assignment to the ADB, and other requirements, which were subsequently fulfilled.

- On 16th February 2013, the SG convened the participants from member countries in Eastern, and Central Africa and some Coffee Associations, to an IACO Strategic Consultative Meeting. This meeting, similar to the one held in Libreville, was aimed at identifying strategic issues for attention in the proposed IACO Strategic Plan.

- From 3rd to 8th March, the SG participated in the 110TH Session of the International Coffee Council. Alongside these meetings, IACO held its Extraordinary Board Meeting on 6 March.

- On 8 March, the Secretary General also met with Mr. Razaal from the office of EU Commissioner for Agriculture (Mr. Piebalgs) who was visiting London. The SG presented his vision for the African Coffee Industry and possibilities for cooperation and development support from the EU for the African coffee sector.

- On 11th March, the Secretary General accompanied by the Ivorian Ambassador to the UK, and the Ethiopian Minister Counsellor, who represented the Ambassador, had a working lunch with Rt Hon. Lord BOATENG, Member of the British House of Lords. They discussed various issues to do with support for the African coffee sector and the mobilisation of support for IACO in its interventions.

- The Secretary General met with Mr. Didier NILS, of the European Union delegation to Cote d’Ivoire, as a follow up to the recent meeting in London with the EU Official, Mr. Razaal, to explore areas of co-operation.

- Meetings with the Ambassadors of Member Countries
The Secretary General met with the following Ambassadors of Member Countries:

a) Ghana on 27 March
b) Liberia on 28 March
c) Gabon on 2nd April
d) Guinea Conakry on 2nd April
e) Angola on 3rd April
f) Nigeria on 3rd April
g) Ethiopia on 22nd April
h) Benin on 30th April.

The Secretary General shared with the Ambassadors his vision, the progress being made by the secretariat, and the support required from the IACO member countries in order for the organisation to attain its targets in bringing transformation to the coffee sector in Africa. The different Missions were very grateful for the visit from IACO, and promised to provide appropriate briefings to their respective governments.

- Meetings with other officials
A meeting was held with the British Ambassador as a follow up to the Secretary General’s meeting with the member of the British House of Lords, Rt Hon. Lord BOATENG.

- The Secretary General met with Mr. Didier NILS, of the European Union delegation to Cote d’Ivoire, as a follow up to the recent meeting in London with the EU Official, Mr. Razaal, to explore areas of co-operation.

- Meetings with the Ambassadors of Member Countries
The Secretary General met with the following Ambassadors of Member Countries:

a) Ghana on 27 March
b) Liberia on 28 March
c) Gabon on 2nd April
d) Guinea Conakry on 2nd April
e) Angola on 3rd April
f) Nigeria on 3rd April
g) Ethiopia on 22nd April
h) Benin on 30th April.

The Secretary General shared with the Ambassadors his vision, the progress being made by the secretariat, and the support required from the IACO member countries in order for the organisation to attain its targets in bringing transformation to the coffee sector in Africa. The different Missions were very grateful for the visit from IACO, and promised to provide appropriate briefings to their respective governments.
• MISSIONS ABROAD

• Mr. KAWUMA undertook a courtesy visit to Togo from 28 to 29 January 2013 to meet the IACO Chairperson and Coffee Authorities to present IACO Work Programme for 2013.

• On 8th February, Mr. KAWUMA attended the closing ceremony of the Cuppers’ Training conducted by the Coffee Quality Institute (CQI) Training in Kampala, and made some remarks. The CQI Training was conducted as a public/private partnership between Uganda Coffee Development Authority (UCDA), the African Fine Coffees Association (AFCA) and the US-based CQI. On 11th February 2013, the SG met with the Executive Director of CQI to discuss the scope of cooperation between IACO and CQI. There is now a working arrangement for CQI to support IACO’s Robusta quality improvement programme, and a Memorandum of Understanding will be signed between the two institutions in due course.

• Mr. KAWUMA and the former Director of Economic Studies, Dr. Kwaku BAAH, visited the Gabon Government Officials and participated in the 2nd General Assembly of ACRAM. He also took advantage of the ACRAM meeting to meet with some representatives of member countries from Western and Central Africa on 1st February 2013, to hold a consultative meeting to discuss the proposed new IACO Strategic Plan.
A brief Account of the Department of Research and Development and African Coffee Research Network

By DR. BAYETTA BELACHEW

Background
One of the major reasons for the creation of IACO was to protect the interests of Africa coffee producers mainly with respect to marketing issues in order to assure a good market for their coffee, obtain optimum prices, and secure fair volume of export quota for the region. The promotion of domestic consumption was also to be supported. Indeed, it was only the Department of Economic study (DES) which was in place as a technical arm of the organization.

However, with the collapse of quota system in 1989, the organization was forced to restructure itself to fit to the new economic environment. It had also to deal with not only marketing issues, but also get involved in strengthening research and development, so as to ensure competitiveness of the region in production, productivity and quality. In effect, the African Coffee research Network (ACRN) and Regional Cup Tasting Centers were established in 1993 to reverse further decline in quantity and quality of African coffee, and to achieve the desired objectives of competitiveness of the region in production, productivity and quality.

Later on, it was further realized that in order to maximize the services of IACO with respect to increasing production, productivity and quality of coffee in Africa, it was imperative to establish a department that would specifically deal with these issues. To this end, the Department of Research and Development (DRD) was established in 1998. The department is headed by a director. The incumbent is supposed to be highly qualified in coffee research and development.

The director serves as: (a) a team leader at regional level in strengthening and implementing initiatives that involve coffee promotion and development programs through implementing the duties and responsibilities of the department as spelled out by the organization, and (b) a coordinator of ACRN and the Regional Cup Tasting Centers. Thus, since 1998, the technical activities of the Inter African Coffee Organization (IACO) are supported by two technical Departments; namely, the Department of Research and Development (DRD) – responsible for coffee research and development geared towards improving African coffee production, productivity and quality, and Department of Economic Studies (DES) – in charge of all issues related to marketing and the coffee value chain.

Objectives and functions of the Department of Research and Development (DRD)

The main objective of the department is to serve as the technical arm of the organization in coordinating coffee research and development in Africa in order to avoid further decline in coffee production and contribute towards improving production, productivity and quality of coffee in the region. The ultimate goal is to enhance the competitiveness and share of the region in the international market. To achieve its objectives, the department undertakes several activities and tasks including the coordination of the African Coffee Research Network (CRN), collaboration with sub-regional organizations, member countries’ Coffee
Boards and National Research Institutions (NARS) to identify, collect and analyze research priorities; enhance resource management in the context of cropping system, breeding, coffee pests and disease control, environmental management; and over all development of coffee industry.

The department also makes contribution, in the IACO member countries, to the development of awareness in restructuring Coffee Boards, National Agricultural Research Systems (NARS), and extension services in the context of issues related to coffee liberalization, privatization and globalization in trade and marketing of agricultural commodities as well as overall future reforms. It also facilitates and organizes workshops, trainings, seminars, technical coordinating committee meetings. It also provides support for project development and resource mobilisation to support projects, and in this regard prepare concise reports or papers, carry out pre-appraisal and appraisal (full project proposal development) in project development leading to approval and funding.

The department develops work plans and is actively working to maintain effective partnership for regional integration and cooperation in the Sub-Saharan African region in terms of extensive project development missions in Western, Central and Eastern Africa. There are several projects that are on-going, which the department follows-up (project tracking), and which are in current national, sub-regional, regional and international formulated project folios;

The African Coffee Research Network (ACRN) :

The idea to create ACRN was first conceived in June 1992 in Portugal in a meeting facilitated by the Technical Center for Agricultural and Rural Cooperation (CTA) and attended by 17 African coffee producing countries: Angola, Burundi, Cameroon, C.A. Republic, Congo, Tanzania, Togo, Uganda, D.R. Congo, Zimbabwe, Cote d’Ivoire, Ethiopia, Guinea, Equatorial Guinea, Kenya, Madagascar, and Rwanda. The creation of the network was effected on 27 March 1993 at the headquarters of International Coffee Organization (ICO) in London at the constituent assembly under the umbrella of IACO. Its statutes have been deposited with the United Nations Economic Commission for Africa (ECA), in Addis Ababa.

The formation of the network was necessitated by two major reasons : (a) the need to stem the decline in quantity and quality of African coffee, and (b) the need to draw up plan of action that would enable IACO and CTA to have sufficient information from all research centers and ministries concerned with coffee research in Africa. The overall aim of the Network is to promote and co-coordinate coffee research in Africa, reinforcing its effectiveness by regrouping common research topics for concerted action and facilitating exchange of information and technologies and thereby enhance the production, productivity and quality of African coffee.

To achieve its objective, the network was mandated to perform the following key functions :

a. Promote cooperation, concerted action and exchange of scientific information between members ;

b. Encourage common research objectives in order to address crosscutting regional coffee production constraints through concerted effort ;

c. Promote the creation, coordination and development of regional research teams ;

d. Establish collaboration with national and international coffee research institutions, and relevant national, regional and international organizations and donors ;

e. Organize or facilitate the training and retraining of coffee research scientists and extension officers on skill up grading good agricultural practices ;

f. Play a pivotal role in facilitating the exchange of scientific information/research findings and plant materials or germplasm among IACO members ;

g. Mobilize funds to finance the Network’s program of work (PW) and activities ■

To be continued...
The international economic environment in 2012 was characterized by continued uncertainty and fragility of the financial markets and huge deficits of some advanced countries. Economic policies in major advanced economies have not restored confidence in the medium-term and extreme risks, including those related to the viability of the Euro zone; continue to be of concern to investors. The analysis here is done in the context of the global economy that is facing an unprecedented crisis. This context would have depressive effects on the world economy and particularly on commodity prices.

The European Community which has always been the traditional coffee market is facing its worst economic downturn in recent history, especially in countries like United Kingdom, France, Spain, Greece and Italy, where the economies are in recession. However, the overall situation on the world coffee market looks good. The available data indicate that the global coffee consumption is dynamic, despite the world economic crisis.

In fact, between coffee years 2007/08 and 2011/12, coffee consumption increased from 132 million bags to about 141 million bags, that is to say an increase of about 7 per cent. The annual growth rate of world consumption during the period 2000 - 2011 was 2.5% against 1.8% during the period 1990-1999, showing a strong momentum of consumption over the last ten years. This trend can be explained in part, by the increase of 15 per cent in domestic coffee consumption in the producing/exporting countries. The increase in consumption of some importing countries and the increase of consumption in the emerging markets was 11 per cent. The increased consumption in some countries like Brazil and Philippines was significant, amounting to 15 per cent for Brazil and 105 per cent for Philippines.

In the traditional European markets, consumption has decreased by about half percentage point. Coffee consumption in the European community fell from 40.7 million bags in coffee year 2007/08 to 40.5 million bags in coffee year 2011/12. The largest decline occurred in the Netherlands and in Belgium, but at the same time, consumption in Germany and in Poland increased. The United States, on the other hand, recorded a marginal increase in consumption of about 5 per cent between 2007 and 2012, while Japan dropped by about 4 per cent.

With the exception of Ethiopia, domestic consumption of coffee within IACO Member Countries is not significant, even in the main producers of the continent. Coffee consumption is considered as a tradition in Ethiopia and this has helped to support the industry in that country. The annual consumption in Ethiopia is more than 42 per cent of the annual production. Due to the lack of reliable data, it is not possible to establish the level of domestic consumption in the other IACO countries, but the increasing number of cafes in the major cities in Africa might be testimony of an upward trend. In the African countries that are non-members of IACO, consumption is becoming more and more important. Those countries are Algeria, South Africa, Morocco, Egypt and Sudan.

Overall, the global economic crisis has failed to curb the growth of coffee consumption. In contrast, global consumption has increased by more than 7 per cent over the past 5 years.

In response to the growth in global coffee consumption, coffee exports rose by an average of 2 per cent per year over the last 5 years, from 96 million bags in the 2007 calendar year to 105 million bags in 2011. In 2011/2012, world exports reached a...
record of 107.8 million bags, 3% up compared to 2010/2011. This was mainly due to the strong performance of Vietnam (increase of 39.3% compared to 2010/2011).

However, exports from the African region declined from 12 million bags in 2007 to about 10 million bags in 2011. The decline has averaged nearly 3 per cent, per year. Indeed exports from Africa in 2011 were the worst for the period of 5 years. This decrease was attributed to Ethiopia and Uganda who experienced a drop in their exports, and we know that these two countries account for more than half of African coffee exports.

All the other coffee producing regions have experienced increases in their coffee exports during the period. In the South American region, exports fell partly in 2011/2012 because of the gap year of production biennial cycle in Brazil, which recorded the highest exports level in 2010/2011.

Like other commodities, Coffee supply in the entire sector is sensitive to weather conditions such as frost and drought, input costs as well as government policies. The fluctuations in the four major producing countries (Brazil, Vietnam, Colombia and Indonesia) also have a significant influence on global coffee supply.

Overall, global coffee production was rather erratic over the past five years compared to consumption that has increased slowly but surely.

Global coffee production decreased from 128 million bags in coffee year 2008/09 to about 123 million bags the following year that is to say a drop of 4 per cent. It began to recover from coffee year 2010/2011 to reach 133.5 million bags, then to 134.5 million bags in 2011/12, an increase of 0.4%.

On the whole, however, production increased from 117 million bags per year in the period 2007/08 to 134.5 million bags in 2011/12, an increase of 14.9 per cent.

The South American region continues to dominate the world coffee production. It produced 47 per cent of global coffee in the coffee years 2007/08, 2008/09 and 2010/2011. The share of the region fell to 43 per cent in 2009/10 and to 45 per cent in 2011/12. The decrease in production normally associated with biannual Brazil cycle was fully offset by strong increases in Vietnam, Honduras and Peru, among others.
African coffee also experienced a slight increase of 0.1 per cent between coffee years 2007/08 and 2008/09, but the continent’s share of the world market declined from 13.7 per cent to 12 per cent in the same period. Over the past five years, however, production increased from 15.9 million bags of coffee in 2007/08 to 16.691 million bags in 2011/12, an increase 4.9 per cent. African production is driven in recent years by Ethiopia, Uganda and Côte-d’Ivoire.

Ethiopia remains the first and largest African producer and the fifth in the world. The country has increased its production of coffee from about 6 million bags in 2007/08 to 7.5 million bags in 2010/11, an increase of 25 per cent. In 2011/12 however, the country’s production of coffee declined by 13 per cent or 6.5 million bags.

Uganda is the second largest coffee producing country in Africa. The production went down between coffee years 2007/08 and 2009/10, from 3.3 million bags in 2007/08 to 3.2 million bags in 2008/09 and to 2.8 million bags in 2009/10. It rebounded by nearly 18 per cent in 2010/11 to 3.3 million bags, but declined slightly again, the following year to 3.2 million bags.

Côte-d’Ivoire is currently the third largest African producer of coffee. The country lost its second position to Uganda. Coffee production in the country has been hit hard by the internal conflict which has pushed the coffee producers to abandon their farms. Côte-d’Ivoire seems to have recovered from the political crisis that has affected production in 2010/2011, with almost two million bags in 2011/2012.

As for coffee prices, it should be noted that after the crisis in coffee prices, in coffee years 2001/02 and 2002/03, the average annual coffee prices began to recover with the ICO composite indicator that varied from 45.59 US cents/lb in 2001 to 147.24 cents/lb in 2010 and to 210.39 US cents/lb in 2011. This was an average increase of 36 per cent per year between 2001 and 2011. However, since the last quarter of 2011, there was a downward trend in the indicator of the composite price, driven largely by the drop in Arabica prices.

Over coffee years 2006/08 and 2010/11, the shortage of Colombian offer caused an unprecedented rise in the price from that origin. The rising prices of the Colombian Milds had positive effects on the prices of other groups, with the exception of Robusta coffee. The monthly coffee average price of all origins, except Robusta, rose steadily from January 2010, reaching their peak in April 2011. Thereafter, they started to decline to reach their lowest level in December 2011. On the other hand, the increase in Robusta prices reached its peak in May 2011 before it started to decline, though not to the same extent as Arabicas did.

Price expectations Vis-à-vis the stocks

The global coffee stocks, for more than a decade, remained constantly at the extreme lowest levels, with a little or no improvement. This is because when production was low, compared to the global demand, stocks have provided an alternative option to fill shortages in demand. Stock levels increased by 16 million bags in 2000 and by 22 million bags in 2009, which is an average increase of 4.3 per cent.

However, the following year, the stock levels went down to 18 per cent, that is to say 18 million bags in 2010. In 2011, stocks increased again by 4 per cent, which amounted to 19 million bags, but this level is still lower than those achieved in 2002.

With an annual consumption figure of about 141 million bags in the coffee year 2010/11, the stocks level is equivalent to less than two months consumption. It is not enough to avoid a crisis, if fundamentals shifted drastically. In 1994, when Brazil suffered a bad frost, the stocks could not avert the crisis, and coffee prices doubled.

In conclusion, on the basis of available information, the total production for 2012/13 is estimated at 147 million bags, against 135 million bags in 2011/2012. Most of this increase can be attributed to the great year cycle of Arabica production in Brazil. The 2011/2012 production in Vietnam increased to just over 24 million bags, representing an increase of 23.6%, compared to the coffee year 2010/2011. A higher production was also observed in Honduras and Peru, among others. As for global consumption, in the calendar year 2011, it was about 139 million bags and increased further in 2012. The balance between supply and demand is likely to remain therefore, tight, and this situation should point to a future upturn in coffee prices. This, however, has not been the case since the beginning of the coffee year 2012/2013. The monthly average of ICO composite price indicates a decline of 2.8% in October, of 15.28 cents per pound in September, at 147.12 cents/lb. All types of coffee have lost value. The monthly value of the ICO composite fell to 131.51 cents/lb in February 2013. This decrease is attributed to Arabica in general mainly due to a record production in Brazil. That production is estimated at 50.8 million bags. Production prospects for coffee year 2013/2014 and the weak demand by traditional consumer markets also contribute to the overall downward market feeling.
African Coffee: Mr. Frederick Kawuma, you were elected as IACO’s Secretary General at the last Annual General Assembly held in November 2012, in Abidjan, Republic of Côte d’Ivoire. Would you like to introduce yourself to our readers?

FK: As you have said, I am Frederick Kawuma. I am a Ugandan by nationality, and I have been involved in the coffee industry in various capacities over the last 24 years, aside from the fact of having been born into a coffee producing family. I need to carefully take you on the journey to understand where I am coming from, so as to appreciate who I am. I have worked in both the public and private sectors in the coffee industry. I have also worked as a Consultant on coffee matters, as well as a CEO in different organisations. I started my professional assignments in the coffee industry in 1990, when I was working with the then Ministry of Cooperatives and Marketing...
(now Commerce, Industry and Cooperatives) in Kampala. I served on the committee that was constituted by the Government of Uganda, to work with World Bank experts in the restructuring of the coffee sector in Uganda.

Thereafter, in 1991-92, I served in the Agricultural Secretariat of the Bank of Uganda (Central Bank) as the Budget Desk Officer in the Coffee Monitoring Unit that was set up by the Government to take charge of implementing the recommendations of the Coffee Sub-sector Restructuring Report. Our team spearheaded the process of establishing the Uganda Coffee Development Authority (UCDA), and set up the mechanism for data collection and reporting in the monitoring of the performance of the sector and providing policy advice to the Government. In 1992, after the UCDA Statute had been passed by Parliament and our team had completed the process of setting up UCDA, our services were transferred from the Central Bank to the new institution, and we were joined by a few others from the defunct Coffee Marketing Board, who had specific technical skills required in the regulatory area. I was in charge of monitoring, statistics, and policy analysis, and developed the reporting system that guided the monitoring and reporting to government on the performance of the sub-sector. When I was sure that my pioneering work was done and that the system could then be taken up and managed by someone else, I decided to take on a new challenge. In December 1994, I became the first Executive Director of the Uganda Coffee Exporters Association (UCEA).

Having taken office at UCEA, I realised that the Association was not legally registered, and immediately embarked on the process of regularising its legal status. I engaged in a consultative process with the members to define what they wanted from the Association, and how it could serve them. Subsequently after I drew up all the relevant documentation, we registered the Association as Uganda Coffee Trade Federation (UCTF) and it brought together coffee processors, exporters and all involved in the coffee business. In the course of 1996, I developed the self-regulatory instruments that would guide the coffee business which included a Code of Conduct for the coffee trade, an Internal Coffee Marketing Contract and Rules and Procedures for Arbitration for internal coffee marketing. These instruments, developed in consultations with the members, were officially launched at a function presided over by the Chief Justice of Uganda, who hailed the process and intent of removing coffee disputes from the national court system.

Our Association became an important focal point in the East African region, and we started a number of initiatives to foster cooperation in the promotion of our coffee and in quality improvement in the region. Learning many lessons from Kenya, and taking advantage of the experience of the Coffee Board of Kenya, we took up joint booths to promote our respective coffees from Ethiopia, Kenya, Tanzania and Uganda, at the exhibitions of the Specialty Coffee Association of America (SCAA) and the Specialty Coffee Association of Europe (SCAE). At two different forums: in March 1997 in Arusha Tanzania and in September of the same year in Nairobi, we met as East African coffee producers and it was strongly mooted that we needed to create an arrangement that would effectively bring the coffee players in East Africa together, and I was specifically asked to work something out given my experience with UCTF.

In 1999, together with another colleague (Simeon Onchere), we developed the initial drafts for the incorporation of a new entity that was to be known as the Eastern African Fine Coffees Association (EAFCA). Though I took the lead, in the whole process, it wasn’t just my idea, but I was carrying out the wishes of the wider group, using UCTF as a base to get things moving. By the end of 1999, the draft had reached a final phase and we were ready to incorporate the new association. Incidentally, in February 1999, I had been appointed to serve as a member on the Board of Advisors for the International Task Force on Commodity Risk Management (ITF) which was constituted by the World Bank, and I became very active in working with the World Bank on issues of commodity risk.
management. In May 2000 I moved to Washington DC and worked at the World Bank headquarters as a consultant bringing the Africa coffee producer’s experience to the team. However, while there, I still coordinated the process of completing the registration of EAFCA, and it was finally done in July 2000.

I later returned to Kampala to establish EAFCA and in July 2001 I set up the Secretariat, with support from the World Bank and USAID, as I also coordinated the Sustainable Tree Crops Program in Eastern Africa. I also travelled extensively within the region to convince coffee boards, cooperatives, coffee companies, and government officials to support EAFCA’s initiatives in the region, and crowned it all by launching the first African Fine Coffee Conference and Exhibition in Nairobi, in February 2004. The rest is history. After these achievements, I decided to commit my time into consultancy work and to develop my own business, and in October 2004 I handed over to my deputy who then took charge of EAFCA, while I continued to serve on the Board. Nevertheless, I continued to play an active role in EAFCA as an advisor in various areas, and in the local Ugandan chapter. From November 2004, I served as Managing Director of ACLAIM Africa Limited, a management consultancy business where I am a shareholder and director, while I continued to be active in the coffee industry, particularly in the roasting and consultancy, and policy advice, until my election to the office of Secretary General of IACO. All I can tell you is that I am passionate about coffee, and the state of the African coffee industry saddens me, but I believe that IACO can play a pivotal role in reversing the negative trend.

**AC:** You assumed duty at the Headquarters in Abidjan, Republic of Cote d’Ivoire in January 2013. We understand that some changes are underway in IACO. What does this entail?

**FK:** Indeed, IACO needs to move in a new direction, and build on what has already been achieved. We need to recognise the work done by the previous Secretary General, who had quite a challenging task of keeping the organisation going in very difficult times. For instance, the lowest international coffee price level we had seen over the last two decades was reached on 1st October 2001, at just 23.23 cts/lb, and there was general apathy among coffee producers. However, IACO remained and did not collapse, in spite of all this, and the secretary general did her best to keep the secretariat functioning. It is always important to give credit where credit is due.
The challenges that Africa has gone through have seen the overall production and export trend declining since the mid 1990’s with Africa losing 60% of its share of the world coffee market and almost 50% of the world coffee earnings between 1984 and 2003. To illustrate this, in 1984, Africa’s annual production was higher than that of the entire Asian continent. However, by 2003, Africa’s production still stagnated around the 1984 level, just under 1,000,000 tonnes or even declined. This was against 2,040,000 tonnes production by Asia in the same period, a threefold increase over that of the sub-region. A similar picture emerges when comparing performance with that of the Americas where an increase of over 55% production was realised between 1984 and 2003.

At the present time, the move that we have embarked on is to redefine IACO’s priorities, and give it a new strategic focus. This involves a clear statement of IACO’s vision and mission, and the strategic objectives that will guide its operations. An institutional review has also been commissioned, to establish how best IACO should be structured in order to fulfil its mandate to the members and the coffee industry at large. As already mentioned, Africa’s position in the global market place has declined substantially so that our share in global exports is less than half of what it used to be in the 1980s, and yet global production has increased by almost 30%. We now must address this challenge and get our respective governments to implement policies that will favour Africa’s increased productivity and quality improvement.

**FK : IACO is developing a new strategy, in view of current developments in the international coffee market, as well as Africa’s specific policy and operational environment. We are cognisant of the achievements, challenges and capacities within the African coffee sector, and have started to engage IACO members in consultations as we develop a new Strategic Plan. The vision of IACO is being defined as: A modernised competitive and sustainable coffee industry focusing on quality and productivity, and which is profitable for all stakeholders.**

**Strategic Objective 1 : Provide platform for Policy dialogue and alignment in Support of African Coffee Development in Member Countries.**

Policy alignment in support of the coffee industry needs to be prioritised in the national agendas of the IACO member countries, with IACO leading the process of policy dialogue where constraints exist within the coffee value chain. IACO will coordinate the harmonisation of Policies and the Regulatory framework in line with the agenda for African coffee development, as well as providing support in terms of briefings, meetings and follow up. Policy papers and policy briefings will be done from time to time to articulate the position of Africa on various issues affecting the coffee industry.

**Strategic Objective 2 : Coordinate Coffee Research and Implementation in Africa.**

IACO is primarily a coordination institution, with implementation of African coffee research and specific decisions taking place in member countries, and sub-regional research networks. Through the African Coffee Research Network (ACRN) which it coordinates, IACO will support the building of the institutional structure to facilitate implementation and sharing of results, as well as the development of the system to monitor progress in coffee research in Africa. Protocols for sharing genetic material will also be developed in this regard. The target is that implementation of research results will lead to improved production, higher productivity and quality enhancement. One of the key targets that member countries need to have is that of increasing and improving on-farm-extension delivery and the improvement of associated research to significantly increase yields. In other coffee growing regions of the world, yields of up to 4 tons/Ha (or higher) are achieved, yet Africa’s yields are predominantly under 500 kg/Ha. If the current yield could be brought to 1-2 tons/Ha, then Africa’s story...
would be different. For this to happen, research and extension must play a significant role.

**Strategic Objective 3: Create and enhance awareness about the African coffee development and promote the participation of the public and private sector partners in the member countries in joint activities that take advantage of synergies and economies of scale.**

There is still a low level of awareness among the consumers about the unique characteristics of different Africa coffees, and the need to take into account the interests of African producers. There is also significantly low investment in the sector, compared to other coffee growing regions. An example is South America where a lot of coffee is exported as a finished product. A Communication Strategy, to be developed will identify key audiences, the critical messages and the optimal method of communication. This communication strategy will involve consultation with the private sector and civil society, and will aim to create awareness of the international developments that affect coffee producers and what needs to be done to ensure that producers get the best returns from their coffee. Issues such as intellectual property rights for unique African coffees will also be addressed with international partners. It is envisaged that communication will be done in such a way that the private sector and civil society will be able to contribute their skills and knowledge to the process of Africa’s coffee development. IACO will work with industry, and private sector associations like AFCA and ACRAM to achieve full public-private-partnerships (PPP) benefits for African coffee.

**Strategic Objective 4: Build and strengthen the institutional capacity of IACO to provide strategic leadership, guidance and support for coffee development in Africa.**

The secretariat will develop projects in support of members’ specific needs and challenges, and coordinate fundraising activities to support implementation. A number of strategy documents will be produced to address various issues and concerns as they arise. An African Coffee Development Fund will also be put in place to support project implementation. It is necessary to strengthen the capacity of IACO’s secretariat in terms of structures, systems, staffing, knowledge and skills, as well as equipment and facilities, for it to be able to implement the Strategic Plan. IACO will produce a capacity development plan to help in building the capacities of staff in implementing the new Strategic Plan.

To be continued...
I. Coffee is 100% African.
Initially, coffee was exclusively found in Africa. It was discovered in Ethiopia and was then brought everywhere else! Coffee was born in Africa and, this explains without any doubt, why it has a very special spirit: conviviality, sharing and warmth sensation are common to coffee-lovers!

II. Coffee is 100% Beans.
Coffee is an evergreen shrub whose fragrant white flowers remind you of Jasmin. Its red round-shaped berries are referred to as “cherries”. Each cherry contains two (2) beans: the well-known coffee beans!

III. Coffee is 100% Pleasure.
The best coffee beans are selected just for you. They have their legendary brown color only after the essential step that is roasting. It is only at this moment that they release the unique aroma and taste, sources of so much pleasure renewed at every opportunity.