2019 INTER-AFRICAN COFFEE ORGANISATION ANNUAL MEETINGS
7TH AFRICAN COFFEE SYMPOSIUM
NAIROBI - KENYA
Domestic Coffee Consumption and local processing in selected African countries: preliminary results of a baseline survey
Project goal:
- To promote domestic coffee consumption and local processing industry in order to build a sustainable coffee sector in Africa.

Specific objectives of the study:
- Assess capacity building requirement for existing local coffee roasting enterprises
- Assess the potential for domestic coffee consumption in the study countries
- Create enabling environment for local coffee roasting activities
Countries covered by the baseline survey:

- 11 countries covered by the study
- IACO facilitated studies:
  - Cameroon,
  - Gabon,
  - Côte d’Ivoire
  - Togo
CABI facilitated studies:
- Ethiopia
- Ghana
- Kenya
- Nigeria
- Tanzania
- Uganda
- Zambia
Approach to the study

- Study conducted in collaboration with national coordinators
  - Selection of the study sample
  - Identify key coffee consumption and processing entities plus stakeholders to be covered by the study
- Secondary and primary sources of data used in the study
Secondary sources

- Desk analysis of the current situation along the coffee chain within the target countries
  - Demography and socio-economic profiles of the target countries as affects domestic coffee consumption
  - Coffee production and productivity
  - Value addition activities and coffee marketing systems with emphasis on domestic consumption
  - Policy and regulatory framework impacting on the national and regional coffee chains assessed

- Data sources for the study included government and private sector information banks
Primary sources of data

- Individuals involved in production, marketing, processing and consumption
- Interview guides and structured questionnaires administered to key informants and individual interviewees
- Key informants:
  - Representatives of processors/processing institutions, entities facilitating consumption such as hotels, restaurants, café shops, supermarkets, representatives of coffee research and coffee boards
- Quantitative data analysed using descriptive statistics and regression.
- For qualitative data, content and document analysis undertaken
### Numbers of respondents by categories

<table>
<thead>
<tr>
<th>Category of respondent</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee Roasters – 2 large, 2 medium and 2 small roasters</td>
<td>6</td>
</tr>
<tr>
<td>National Café chains</td>
<td>6</td>
</tr>
<tr>
<td>Individual coffee consumers</td>
<td>50</td>
</tr>
<tr>
<td>Supermarkets (representatives of different supermarkets)</td>
<td>3</td>
</tr>
<tr>
<td>Policy makers (representatives from coffee directorates, coffee marketing agencies, coffee regulatory authorities and govt. agencies responsible for coffee subsector)</td>
<td>10</td>
</tr>
<tr>
<td>Producer organizations (3 cooperative societies and 3 cooperative unions)</td>
<td>6</td>
</tr>
</tbody>
</table>
Demography and socio-economic profiles

Share of Urban population (%) in the total population - Kenya
Ghana

Share of urban population (%) in the total population - Ghana
Growth in the domestic coffee consumption - Ethiopia

Growth in domestic coffee consumption of roast and ground (1000 60kg coffee) for Ethiopia
Growth rate in coffee consumption - Ethiopia

Growth rate in domestic consumption (%) of roast and ground coffee - Ethiopia
Growth in domestic consumption of roast and ground coffee (1000 60kg bags) - Uganda
Growth rate of domestic consumption (%) of roast and ground coffee - Uganda
Growth in domestic consumption of roast and ground coffee (1000 60kg bags) - Kenya
Growth rate of domestic consumption (%) of roast and ground - Kenya
Barriers to export of processed coffee

- Prohibitive regulations at destination
- Bureaucracy at the ports.
- Consumer preference for freshly roasted and ground coffee
- The turn-around time (certificate of origin/ performance bond) too long.
- Government policies limiting local roasting to standard coffee only which may not be competitive in the export markets
- Government policy discourages export of roasted coffee
- Preference for green coffee by destination markets such as the EU
- Tariff and non-tariff barriers at destination markets
Drivers of domestic coffee consumption

- Urbanisation
- Growth in the middleclass population
- High quality of locally roasted coffee
- Coffee drinking culture - traditional ceremony and cultural values
- Promotion of roasted coffee in shops and supermarkets using coffee cupping and tasting
- Price - Coffee relatively cheap in Ethiopia for example
- Availability of good small-scale roasting equipment
- Pleasure and leisure arising from coffee consumption
- Availability of factual information on the benefits/side effects of coffee consumption
- Vigorous promotion creating more awareness among the potential consumers
- Direct stimulating effects of coffee on the consumer such as improved alertness, improved mood and enabling some of the consumer to stay sober
- Packaging size to fit different household sizes (small to big)
Barriers to coffee consumption

- Cost - Coffee is expensive compared to other beverages
- Low promotion on the domestic market to counter the myths associated with coffee consumption
- The domestic roasters face fierce competition for the good quality coffee at auctions
- Inadequate roasting equipment and packaging materials.
- Locally roasted coffee is of inferior quality
- Government policy discourages consumption in favour of export
- Heath problems associated with coffee consumption
- Religious beliefs
- Depletion of processed coffee from the market due to smuggling
- Myths and perceptions
- Technology to prepare good coffee are expensive
Challenges to coffee roasters

- Scarcity of good quality beans.
- Adulteration through mixing of different species such as Arabica and Robusta.
- Packaging materials are expensive and those imported take a long time to be released from the port.
- Taxation, especially importing machines for roasting, as well as packaging materials.
- Inadequate access to finance by the local roasters.
- Competition from multinational companies who have access to cheap loans offshore - interest rate say 6% while locally the interest rate is 18-21%.
- Lack of modern roasting and packaging equipment.
- In most cases, the market is static, limited promotion to spur local consumption.
- Limited professionalisation in coffee roasting and quality control.
- Logistical inefficiencies.
Measures to overcome challenges to local coffee roasting

- Need to stabilise power supply to reduce the cost of roasting
- Tax holidays on coffee roasting equipment should be considered
- Capacity and skills development for coffee roasting personnel
- Improving processing infrastructure and environment (hygiene and sanitation)
- Skills enhancement along the coffee processing chain eg barrister training and internship
- Reduction of power tariffs
- Support private sector undertake capacity development for producers.
- Provide stable source of financing, adjust interest rates
- There is need to develop policies that promote home consumption to create demand.
- Remove misconceptions about coffee drinking through better access to factual information on coffee and health
- Strengthen farmer associations and build capacity of members in coffee processing
I thank you for your attention