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REPORT AND DECISIONS OF THE 2019 ANNUAL MEETINGS OF
THE INTER-AFRICAN COFFEE ORGANISATION (IACO)

NAIROBI, 29 NOVEMBER 2019

The 2019 Annual Meetings of the Inter-African Coffee Organisation which included the ACRN’s 13th Biannual General Assembly, the 7th African Coffee Symposium and the IACO 59th Annual General Assembly, took place from 25th to 29th November 2019, at the Jambo Ball Room of Safari Park Hotel of Nairobi, Kenya, under the Chairmanship of Dr. Andrew TUIMUR, Chief Administrative Secretary (Deputy Minister) of the Ministry of Agriculture, Livestock and Fisheries of the Republic of Kenya, who represented His Excellency the President of the Republic of Kenya.

The following Member States were represented: Angola, Burundi, Cameroun, Central African Republic, Côte d’Ivoire, Ethiopia, Gabon, Ghana, Republic of Guinea, Kenya, Democratic Republic of Congo, Rwanda, Tanzania, Togo and Uganda.

Several Kenyan personalities and representatives of the following Regional and International Institutions also took part in these meetings as Observers: Agency for Robusta Coffees in Africa and Madagascar (ACRAM), African Fine Coffees Association (AFCA), African Union (AU), Centre for Agriculture and Biosciences International (CABI), International Coffee Organization (ICO) and Afreximbank.

After the welcome address by Madam Isabella NKONGE, Director of the Kenyan Coffee Directorate, statements were made by the following personalities: Prof. Hamadi I. BOGA PhD, Principal Secretary for the State Department for Research and Crops in the Ministry of Agriculture of the Republic of Kenya, Dr. Frederick KAWUMA – Secretary General of IACO, Dr. Simplice NOUALA – representing the Commissioner of Agriculture of the African Union Commission, His Excellency Hailemariam DESALEGN, former Prime Minister of Ethiopia and IACO Patron, and the Guest of Honour, Dr. Andrew TUIMUR, Chief Administrative Secretary of Ministry of Agriculture, Livestock and Fisheries gave the Keynote Address as Chair of the event.

The meetings proceeded as follows:

- African Coffee Research Network’s (ACRN) 13th Biannual General Assembly;
- Meetings of the IACO Technical Committees;
- Official Opening Ceremony;
- High level Policy Forum;
- 7th African Coffee Symposium; and
- IACO 59th Annual General Assembly.
A. AFRICAN COFFEE RESEARCH NETWORK’S (ACRN) 13TH BIENNIAL GENERAL ASSEMBLY


1. ACRN Coordination Committee

Under the Chairmanship of Mr. Michael OWUSU MANU from Ghana, the agenda was amended before adoption. The Director of Research and Development (DRD) presented the Report of the Coordinating Committee meeting held in February 2018 in Grand Bassam. The Report was adopted as presented. After presenting his Activity Report from October 2017 to September 2019, Work Programme for October 2019 to September 2021 and ACRN Financial Report, the following recommendations were made after discussions:

• Provide an updated list of researchers by country and by research theme;
• Set pricing terms for African coffee and build Africa’s capacity to negotiate prices;
• Increase Africa’s supply (10%) to influence pricing decisions in the global market;
• Mobilise funding for research activities;
• Create a coffee research centre of excellence;
• Pay contributions promptly to allow smooth functioning of research activities;
• Identify the type of support that ACRN can provide to member states;
• Communicate the different ACRN meetings to member states;
• Find common research and project themes for countries and their source of funding;
• Host ACRN website on the IACO website.

2. ACRN Bi-Annual General Assembly

Chaired by Mr. Michael OWUSU MANU from Ghana, the agenda was adopted as presented.

The Director of Research and Development presented the Report of 12th ACRN Biennial General Assembly held in Grand Bassam, Côte d’Ivoire, in February 2018, which was adopted as presented as well as the oral report to the Committee members.

B. IACO Technical Committees & IACO Board Meeting

Reports of the Technical Committees meetings held on Monday and Tuesday, were presented to the Board of Directors. The report of the Board is under the proceedings of the Annual General Assembly.

C. HIGH LEVEL POLICY FORUM

A High-Level Policy Forum took place to highlight the policy imperatives for IACO. The Secretary General outlined the key achievements as:

• Policy advocacy at the AU for the last 6 years;
• Engagement of various partners in support of the coffee facility – a special fund for transforming Africa’s coffee sector (the Africa Coffee Facility); and
• Initiation of the process of renewing the IACO agreement to include consuming countries.
The Secretary General highlighted the policy challenges that needed to be addressed:

- The need for political support at national and regional levels for coffee as a strategic crop;
- The need for each IACO Member State to have a **Coffee Policy** elaborated in a National Coffee Strategic Plan to include a national coffee sustainability plan;
- The need for policies on public/private partnerships in coffee to boost the sector development;
- Policies that support entrepreneurial initiatives in promoting coffee as part of the intra-regional trade;
- Policies on funding for research to address coffee sector challenges including climate change;
- Innovative research that can lead to alternative uses of coffee – not just consumption as a beverage;
- Data collection on coffee activities at all levels of value addition – policies to support reliable data; and
- Strengthening producer’ organisations like coop societies, farmers’ associations and unions.

Statements were made by the Minister of Agriculture of Rwanda, Deputy Minister of Agriculture of Ghana, the Deputy Minister of Agriculture of Kenya, and the IACO Patron. There were also contributions from delegates of Côte d’Ivoire, Tanzania and Uganda.

**Way forward**

- In recognition of coffee’s great potential in African farming systems, as a tree that can absorb carbon and contribute to global warming mitigation, policy makers should thus support its development;
- Governments need to support youth entrepreneurs in coffee as a means of employment creation and to address the problem of ageing farmers;
- Research in alternative uses of coffee is critical in the development of ancillary industries that can provide employment as well as stabilise farmers’ incomes;
- There is need for high level policy sessions once per year;
- There is a need to look for new frontiers;
- The need to grow volumes while maintaining our comparative advantage of high quality in order to influence prices; and
- The need to promote domestic consumption.

**D. 7th AFRICAN COFFEE SYMPOSIUM**

The theme of the 5th African Coffee Symposium of the Inter-African Coffee Organisation (IACO) was "African Continental Free Trade Area (AfCFTA): A key factor in the transformation of the African coffee value chain and its impact on improving domestic consumption," it was composed of five (5) Panels, preceded by a high level forum for Ministers.

**Panel 1**

*African Producer Organisations, their Challenges and Opportunities in the AfCFTA*

The discussion focused on coffee local processing and consumption and their challenges and opportunities. The speakers presented entrepreneurial initiatives to take advantage of the African Free Trade Area (AfCFTA). To achieve this goal, the following recommendations were made after discussions:
• Design effective policy and regulation framework which integrate regional block as enablers;
• Innovate technologies to be integrated in the value chain, e.g. adopt block chain technology to reduce inefficiencies in the value chain;
• Increase efficiencies on coffee processing;
• Promote domestic coffee consumption to support grower prices as it mitigates global price volatility;
• Encourage local roasters to enhance domestic consumption;
• Remove trade barriers among exporting counties;
• Focus on emerging coffee markets by adopting consumer preference;
• Develop strategies of youth involvement in coffee business along the value chain.

In order to address constraints in the coffee value chain and put the sector on a higher growth trajectory, there must be proactive public measures to remove trade barriers. Hence, we can unlock the huge potential for increasing farmers’ earnings through increased coffee productivity, local processing and consumption.

Panel 2

Coffee processors and entrepreneurial initiatives to take advantage of the ACFTA. What are the prospects of African consumers? What are the main challenges and opportunities?

• Africa produces an average of 16.9 million bags which represents 11.2% of world production while the total share of Africa on exports is 10.2%;
• Africa is the second region where consumption is rapidly growing after Asia (consumption is increasing by 3%).
• Challenges hampering intra-African trade in coffee include: poor infrastructure: roads, rail, and maritime connectivity; tariff and non-tariff barriers; low domestic consumption in producing countries; weak technological advancement and communication barriers;
• AFCTA eliminate barriers and tariffs making it easier for trade, transfer of technology and skills; and
• Africa exports 95% of coffee in primary form as a raw commodity.

Recommendations
• Develop strategies for African countries to influence buyers at international level;
• Establish coffee stabilisation funds at country level, where levies can be used to constitute the fund when the market prices are high, and support/payments to farmers when the market prices are poor;
• Establish partnerships on coffee processing e.g. China to process African coffee and sell back to Africa;
• Create awareness among the African population on the virtues of coffee on health and avert the misconceptions that coffee is dangerous to health;
• Conduct research on consumer behaviour/ emerging market needs/ roasting/ serving methods to influence domestic consumption; and
• Organise a consultative meeting with Heads of State (IACO to discuss with the Patron and AU/ Afreximbank on the convening of the meeting with the Heads of State).
Panel 3

Current state of coffee trade in Africa. Export and Import and Intra-African Coffee Trade: What are the prospects of the ACFTA for African entrepreneurs?

The figures for production and export of coffee averaged over the last 10 years at a continental level were presented. These were further broken down for exports of green, roasted and soluble coffees. The figures for intra-Africa trade flows were also given.

The following observations were made:

- Africa contributes 11.2% of world coffee production and 10.2% of exports. Ethiopia and Uganda contribute 57% of African exports and 65% of production;
- Côte d'Ivoire is Africa's biggest exporter of soluble coffee at 98%, averaging 300,000 bags over 10 years, followed by Ghana and Tanzania with much smaller volumes, while the rest were negligible;
- Guinea is the biggest exporter of roasted coffee at 5,000 bags;
- African consumption has grown and is now higher than the production;
- Intra-Africa trade flows declined by 14% over the last few years;
- Africa exports mostly green coffee and yet 52% of the value of coffee at the consumer end is from branding and processing;
- The largest coffee consuming countries in Africa do not purchase coffee from Africa. Egypt for example, gets 92% of her coffee from Indonesia, Vietnam and Brazil;
- African countries tend to export coffee to sustainable markets (especially Western Europe), which are more established and have more regular, guaranteed volumes; and
- The challenges on this trade are infrastructure, low domestic consumption, lack of technical skills, tariffs and import duties.

Some of the issues raised from the floor were:

- The problem of communication due to language barrier;
- The lack of market data;
- Clearing houses being in the West and delays to payments encountered when certain names are viewed with suspicion;
- The need to understand the African consumer market and see how to target it;
- The problem of long-term financing; and
- The need to understand and resolve trade barriers.

Recommendations

- Using the youth to help improve domestic consumption - train them on production, marketing issues, let them benchmark with other countries,
- The need to disseminate knowledge, finding other uses of coffee and then the need to have a better understanding of consumer demands, the roasting profile and serving methods;
- African Union to remove the bottlenecks hindering the trade in coffee between different African countries;
- Political action in getting the different languages taught in the school systems (English in the Francophone countries and French in the Anglophone countries);
- Popularise Afreximbank’s payment system that would solve the issue of clearing payments through banking systems outside of Africa; and
- The need to have African consuming countries in the room to determine ways of increasing intra-Africa trade.
Panel 4

**Political imperatives for African coffee industry: Capacity building to take effective advantage of the ACFTA. Who are the main stakeholders and what are the roles of each party?**

**Issues**

- Compliance to standards is key in the coffee value chain;
- Policy makers should ensure adequate information to influence prices;
- Trade finance gap in Africa is increasing (demand for credit is 120 billion USD);
- Power to dictate the price of coffee will be due to volumes (low volumes in Africa); and
- Rural farmers in Africa are facing challenges accessing markets and policies as well as measures that support agglomeration need to be supported.

**Recommendations**

- Farmers should be organised into cooperatives/farmer’ organisations for services on finances, to address aggregation for enhanced market access and logistics;
- Consolidate and manage data on all segments of the value chain for proper market targeting and access (all African countries to strengthen data management);
- Develop deliberate targeted policies to take advantage of AfCFTA;
- Develop affordable farmer friendly credit schemes suitable for smallholders; and
- Policies- national, regional and continental policies should be harmonised to remove all barriers to trade; and
- IACO needs to work with the AU on the harmonisation of standards for coffee trade.

Panel 5

**Coffee and Health: Statements such as: “coffee causes headaches; coffee causes heart palpitations; coffee is bad for health; and so on, are misleading. However nowadays many scientific works prove the opposite and it is now accepted that coffee is a drink that slows down the development of cardiovascular and neurological diseases**

The Presenter identified the bioactive components in coffee and concluded that caffeine has various effects on the body which differs from one person to the other. Coffee consumption, in moderation, is considered healthy. Other components of coffee besides caffeine include Antioxidant and PLA. Some studies, though inconclusive, indicate that coffee consumption is not recommended for infants.

**Coffee consumption benefits**

- Coffee slows down cardiovascular diseases namely coronary artery disease;
- Mitigates against high blood pressure in the long run;
- Presence of caffeine renders the brain alert;
- Coffee slows down type II diabetes;
- Coffee reduces all causes of mortality;
- Reduction in brain diseases related to ageing;
- Reduces effects of Parkinson’s diseases; and
- Coffee reduces damage by abnormal firing in the brain which causes epilepsy.
Recommendations:
- Moderate coffee drinking in scientific terms is 100-150 mg of caffeine per day, which is about 3-5 cups;
- Much research has been conducted in Western countries and in Japan, but not much has been published concerning studies in Africa. There is need for health practitioners to conduct studies on coffee consumption and publish their findings; and
- IACO should compile the information presented during the Coffee & Health session and present it in a format that can be understood by the general public for dissemination, as part of its effort to promote domestic consumption.

E. 59th ANNUAL GENERAL ASSEMBLY

Under the chairmanship of Mr. Abraham K. BARNO, representing the Cabinet Secretary (Hon. Minister), Ministry of Agriculture, Livestock & Fisheries-Kenya, the agenda was adopted as presented.

The Secretary General read the report and decisions of the 58th Annual General Assembly held in Libreville, Gabon, on 27th November 2018. The report was adopted. It was noted that IACO provided much value to Members but there was need for more effective communication to highlight the achievements and justify its existence to Members.

The Chairs of the respective Technical Committees made oral report of their committees, which were adopted for presentation to the General Assembly. The Board Chairman reported on the deliberations of the Technical Committees as follows:

a) Finance Committee

Under the chairmanship of Mr. COULIBALY Nanga from Côte d'Ivoire, the agenda was adopted as presented. The following statutory member states: Côte d'Ivoire, Kenya, Togo and Uganda took part and, the Democratic Republic of Congo as Observer. The Secretary General and the Finance and Administration Manager presented reports and work programs for the 2017/2018 and 2018/2019 Financial Years, as well as the Draft Budget. The Auditor also presented his Report.

The Financial Report was adopted subject to modification, by including more elaborate comments on the expenditures. The Auditor’s Report was noted to focus only on revenues and expenditures and did not include an operational audit to capture the strengths and weaknesses of the Organisation. Nevertheless, it was adopted but resolved that the scope of the next audit be expanded to cover the operational aspects as well.

From the presentations, the following recommendations were made:
- The Report must be forwarded to Committee members one month ahead of time as required;
- Committee Members raised much concern about the Missions and Trips budget line which was exceeded by 6% (i.e., at 106 %) while Office Equipment, Materials and Supplies budget lines were at -22% and -29% execution respectively, and especially staff salaries were not paid for three months at the beginning of the financial year, while the Secretary General pre-financed some activities from personal resources. This was because of delays in receiving membership contributions;
• There is a need for a full Audit to be carried out to capture the true picture of the operational aspects at the Secretariat. Therefore, the Secretariat was urged to develop ToRs for the expanded audit which will be shared with Members for comments and discussions on the side-lines of ICO meeting in April 2020;
• Members demanded that the Secretariat complies with IACO Staff Rules and Regulations on recruitment procedures, for both Professional and General Service Categories;
• The Secretariat was directed to revise the table on the budget to highlight budget lines and the variation by including comments from Committee members with the aim of presenting a zero-increase budget.

Members commended the Secretariat for their efforts which have so far yielded good results including securing a title deed for the piece of land given by the Government of Côte d’Ivoire for building the IACO headquarters and the remarkable progress made towards the establishment of the Africa Coffee Facility. The kind gesture by Kenya in settling all outstanding arrears and Ethiopia’s payment of a significant portion of their arrears was also commended. Other members were urged to take up the matter by paying their arrears owed to the Organisation by their respective governments. The new Draft Budget amounting to **EUR 674 223** was adopted.

**b) Production Committee**

The Production Committee met under the chairmanship of Mr. Michael OWUSU MANU from Ghana. The agenda was adopted as presented. The Director of Research and Development presented the Report of the Production Committee held in Libreville during the 58th Annual General Assembly, in November 2018, the 2018/2019 Activity Report of the Research and Development Department and the 2019/2020 Work Programme.

Committee members expressed their concern that the report was shallow. It had no indication of planned activities, achievements and financial commitments.

• There was no activity report to enable discussion;
• It was recommended that the budget should be merged with the activity report;
• Reports should be sent to delegates in advance to enable them to examine and comment accordingly; and
• The Director for Research and Development was asked to submit a detailed technical and financial report to enable Delegates advise IACO Secretariat accordingly.

After lengthy discussion and review of the report, Committee members indicated that the Secretariat has challenges as reflected in the report and that it should address these issues to ensure a better way forward.

**c) Promotion and Market Development Committee**

Chaired by Engineer Enosh AKUMA from Kenya, the agenda was amended before being adopted.

The Director of Economic Studies presented the Report of the Promotion and Market Development Committee during the 58th General Assembly held in Libreville, as well as the Coffee Market Review.
From discussions held after the presentations, the following recommendations were made:

- Members should endeavour to submit data to the IACO Secretariat to enable analysis of the market and the release of periodical reports to member states;
- Need for clear rules to enable the committee achieve its mandate;
- IACO Secretariat to share data collection tools for refinement;
- Circulate reports in good time to enable members engage effectively;
- Need for the Secretariat to document actionable areas;
- Conduct studies to establish consumer behaviour;
- Share data for its validation with source countries once put together.

**d) Consultative Group**

Under the chairmanship of Mr. Serge Rufin OKANA from Gabon, the agenda was adopted as presented.

From discussions held, the following recommendations were made:

- Responding to the question of how votes would be distributed once African coffee consuming countries are brought on board, it was agreed that the new system of distribution of votes will be based on the export and consumption statistics reported by the ICO for producers and consumers, respectively;
- Member states in arrears were requested to make urgent arrangements to clear their outstanding contributions to the Organisation;
- The implementation of the validation process for the New IACO Agreement would be as follows:
  - Reminders by the General Secretariat to Member States from December 2019 to January and March 2020 to send their legal and technical comments on the draft;
  - The organisation to hold an Extraordinary General Assembly on the side-lines of the ICO meeting in April 2020 to review the Draft Agreement;
  - After the Extraordinary General Assembly, the Secretariat will incorporate all proposed changes and distribute the new draft to all Member States to present to their Governments for authorisation to approve and adopt the new Agreement;
  - Adoption of IACO New Agreement in November 2020 during the General Assembly in ACCRA (GHANA);
- The IACO Guide for hosting Annual Meetings, which is under development based on that of ICO, and piloting with the Kenya Government, is to be submitted to Member States for consideration and adoption during IACO 2020 Annual Meetings in Accra;
- Presentation of the Draft Nairobi Declaration: A Committee chaired by the ICO Representative and composed of the following members: Guinea, Kenya, Rwanda, Tanzania, CABI and IACO, was set up to finalise the draft declaration.

The Chairman appealed to Member States (i) to pay their contributions, (ii) submit their technical data on exports, consumption and processing and (iii) provide information on their research activities so that IACO can facilitate the sharing of knowledge among Members.

e) Board of Directors

The Board received the reports from the Chairs of the various Technical Committees and adopted them after discussions. The following recommendations were made for submission to the General Assembly for adoption:

- The SG is to provide the draft terms of reference for all the committees for consideration in the next meeting of the Consultative Group for guiding the modus operandi of the different committees;
- It was recommended that the Finance committee should comprise the following countries, to ensure representation of the different regions (of members up-to-date in their contributions to the organisation): Côte d’Ivoire and Togo (W Africa); Cameroon (Central Africa); Uganda and Kenya (East Africa);
- Expiry of mandates of senior staff at the Secretariat and plans for recruitment were noted:
  - Director of Research and Development expires in June 2020;
  - Director of Economic Studies’ term of office ends in March 2021; and
  - Secretary General’s current mandate ends in January 2021.
- Regarding the recruitment process for the position of Director of Research and Development, there were some anomalies in the process, and the Secretariat was advised to avoid this in the future, because the process was launched by the Head of Finance and Administration, before the Board was duly notified. Candidates from Cameroon, Rwanda and Togo had applied by the deadline. The Board appointed a committee comprising delegates from Côte d’Ivoire, Ghana, Kenya and Uganda, supported by the expertise of CABI and ICO, to develop the criteria for screening the applicants and an interview guide for the selection process. Once this process is completed, arrangements will be made to have the candidates interviewed via electronic means, i.e. video-teleconferencing;
- The construction of the headquarters is key towards strengthening the financial capacity of the organisation in its service delivery. It was noted that the delay in obtaining the title deed caused the financing arrangements of the BOT partner to expire. The Partner has launched a new effort in raising funds for the project;
- A Donors’ conference was held on 5th November 2019 in Nairobi to raise funds and support for the Africa Coffee Facility. The English version of the report was sent electronically to Members and the French version is to be sent in due course;
- The Board took note of the significant contribution of the Representative of the Republic of Côte d’Ivoire to International Commodity Bodies, in coordinating matters regarding the African coffee producers, owing to his strategic location in London, and his role was greatly appreciated;
- The spokesperson for IACO during ICO Council Sessions shall be the Chairman of the Board during the year in question, and the Chair may read out statements regarding the position taken by the Africa Group after consultative meetings to agree on a common position.

Conclusion

The 59th Annual General Meeting approved and adopted the recommendations made by the Board of Directors. Key elements, among these were the approval of the 2019/20 Budget and adoption of The Nairobi 2019 Declaration.
It was also resolved that an Extraordinary General Assembly was to be held on the Sunday before the 126th Council Session of the ICO in London, to review the draft of the new IACO Agreement to avail the final draft to the respective authorities in the IACO Member States for approval of the new Agreement, and for adoption at the 60th AGA in Accra, Ghana. The Secretariat was to send reminders to Members and ensure that there is a quorum for the meeting to take place as scheduled. Member States are to empower their respective delegations to the ICO Meeting to attend and take decisions regarding the revision of the draft IACO Agreement.

The interviews for the new Director for Research and Development are to be conducted not later than 15th December 2019.

The position of Secretary General becomes vacant on 1st January 2021. Members were informed of the vacancy and encouraged to submit candidatures for the position by the deadline of 31st March 2020.

The Chairman, on behalf of the Government of Kenya, thanked members for their commitment and diligent participation in the 2019 Annual Meetings of IACO, and thanked the organising committee and the IACO Secretariat for the exceptional success of the 2019 Annual Meetings.

Elections:
For the election of IACO Chairman, the Board of Directors proposed to the General Assembly the nomination of Hon. Dr. Owusu Afriyie AKOTO, Minister of Food and Agriculture, Republic of Ghana, as the new Chairman, which was unanimously accepted. Regarding the position of Vice-Chairman, given that final communication had not been received from Ethiopia, Members would be informed later.

Vote of Thanks:
A vote of thanks was addressed to the Government and People of the Republic of Kenya, for the warm welcome extended to the delegates and for the commendable efforts made towards the success of the 2019 Annual Meetings.

Date and venue of next Annual meetings:
The 2020 Annual Meetings will be held in Accra in November 2020 (precise dates to be communicated by the Government of Ghana in due course).

As all agenda items had been dealt with, the IACO Chairman thanked the Delegates for their active participation in the discussions and closed the IACO 2019 Annual Meetings.

Done at Nairobi, on 29th November 2019

Hon. MWANGI-KIUNJURI, EGH, MGH
Cabinet Secretary
Ministry of Agriculture, Livestock and Fisheries of the Republic of Kenya
& Chairman of IACO for 2018/2019