

# **AFCA CONTRIBUTION TO ICO RESOLUTION 465 AND MOU UPDATES**

**124<sup>th</sup> Session of International Coffee Organization  
28 March 2019, Nairobi, Kenya.**





## MOU BETWEEN ICO & AFCA



**AFCA & ICO Signed MOU at the 120<sup>th</sup> ICO Meeting in Cote D'Ivoire in September 2017. The Promotion of Technical & Scientific Cooperation in African Coffee Producing Countries.**

Key provisions of the MOU:

- Improvement of statistical data;
- Country Coffee Profiles;
- Study & Report on Coffee Sector Outlook;
- Seminar, Conference, Workshops & Topical Trainings;
- Presentations to AFCA Conferences;
- Designing Coffee Sector Development Project & promoting joint fundraising activities;
- Increasing Membership of the International Coffee Organization.

# I. IMPROVEMENT OF STATISTICAL DATA AFCA / ICO WORKSHOP



The first **Statistical Workshop & Training** for African countries was held on Tuesday, 12<sup>th</sup> February 2019, during the 17<sup>th</sup> AFCA Conference & Exhibition in Kigali, Rwanda.

Purpose of the workshop was to:

- Improve statistical data collection from African countries.
- Present the statistical reporting requirements of the ICO.
- Support members and observers to improve data collection and reporting.
- Share experiences and examples of good practice on data collection and management.



**ICO** had 1 representative and facilitated the training.

**Bolloré Logistics** was represented by 3 participants.

**UCDA** (Uganda Coffee Development Authority) had 3 participants.

**TCB** (Tanzania Coffee Board) had 4 participants.

**NAEB** (Rwanda) had 2 participants.

**NUCAFE** had 1 participant.

**IACO** had 1 participant.

**GCP** (Global Coffee Platform) had 1 participant.

**17 Participants were present.**

## 2. COUNTRY COFFEE PROFILES



The draft Coffee Profiles for Kenya, Tanzania, Uganda, Rwanda and Ethiopia has been prepared.

The profiles for Burundi, Cameroon, DR Congo and Malawi is in final drafting stage.

The profiles are at the countries' validation stage for discussion and consensus.

# 3. STUDY & REPORT ON COFFEE SECTOR OUTLOOK



# 4. PRESENTATIONS TO AFCA CONFERENCES



**AFCA** 18th African Fine Coffees  
Conference and Exhibition

**REGISTER NOW**

AT SAROVA WHITESANDS  
BEACH RESORT & SPA MOMBASA

THEME  
*Specialty Coffee Markets: The Next Frontier*

CONFERENCE AND EXHIBITION  
12th -14th February 2020

COFFEE FIELD VISIT DATES | SUSTAINABILITY FORUM  
9th -10th February 2020 | 11th February 2020

The World's PREMIER Coffee  
Africa's Only

**AFCA** AFRICAN FINE COFFEES ASSOCIATION

**ZANZIBAR COFFEE BOARD**

**AFCA COFFEE EXPO  
- ZANZIBAR**

30th – 31st October 2019

THEME:  
**DOMESTIC CONSUMPTION IN  
AFRICA & AFCA BARISTA RETREAT**

[www.afca.coffee/conference](http://www.afca.coffee/conference)

## 5. INCREASING MEMBERSHIP OF THE ICO



Opportunities to meet with delegates from African countries to review and discuss participation at the ICO meetings.



# ROLE OF AFCA ON THE IMPLIMENTATION OF RESOLUTION 465



## Background

- The low coffee prices.
- Compromising farmers' economic sustainability.  
**Farming is business.**
- Governments in most producing countries have low taxes on coffee and have resorted to subsidies.  
**Fertilizer subsidy, cherry subsidies, write off of farmers loans etc.**

# ROLE OF AFCA ON THE IMPLIMENTATION OF RESOLUTION 465



- Governments in most producing countries have low taxes on coffee and have resolved to subsidies.  
Fertilizer subsidy, cherry subsidies, write off of farmers loans etc.
- Cut-throat competition within countries by middle men.  
Cutting leads to unethical practices. High incidences of coffee theft.

## ACTIONS AFCA HAS TAKEN



- Continuous and active participation in ICO seminars, World Coffee Producers Forum and future events.
- Holding of consultative meetings with African Coffee Producers and Policy Makers. [First discussions were held on](#)
- Active promotion and driving of Domestic Coffee Consumption.
- Dissemination of information to the African Coffee Industry.



## ACTION POINTS



- ICO to continue the current role as proposed in the program activities. **ICO in an ideal 'honest broker'. The seminar held and additional consultative meetings should be executed.**
- Producers need to come together for a strong voice.  
**One voice. One industry.**  
**Consensus building on key issues – World Coffee Producers Forum.**
- This represents a critical mobilization strategy.



# Price Discovery Mechanism



- The 'Invisible Hand' as the natural force that self regulates the market economy, has failed in the case of the coffee industry.
- Why? Under this theory, the theory key assumption is that by following their self-interest, consumers and firms can create an efficient allocation of resources for the benefit of the whole society.

# Price Discovery



The NY 'C' and the Robusta have been extensively quoted as reference to the price.

- a) We request ICO to ***consider*** including other coffee exchange prices in its analysis. We have exchanges in producer countries eg Brazil, Ethiopia, Kenya and also in Japan and China.
- b) It's also important to include indicative cost of production and offer prices, pronounced by countries such as Colombia, Rwanda etc. Those countries that have published farm gate prices would be a great pronouncement that need to be known to the world.
- c) Diversification of price discovery mechanism

# Domestic consumption



- Specialty Coffees at Origin – the next wave
- Development of the local industries and multi sector partnership to drive consumption in the short run
- Creation of enabling environment – policy and business considerations
- Effective way to bring *Youth* on board.
- Overcome tradition and culture bias



## Additional actions

- Transparency in the Coffee Value chain at the consumer end of the chain. On procurement practices, on social responsible buying actions etc.
- Declaration of commitment to support the farmers.
- Certification / standards should equal demand of produced coffees. High cost of standard implementation. Cost value?
- Efficiency of price transfer to the farmers – aim for over 85% FOB/ Auction prices to farmers.



Thank you!

