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Promotion and Market Development Committee
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**Promoting domestic coffee
consumption in Africa**

**Progress report on the implementation
of the IACO/ICO Special Fund project**

Background

This document contains a progress report of the implementation of the project designed to unlock the potential of coffee consumption in Africa in order to contribute to the maintenance of a balance between world supply and demand while increasing value addition. The project is funded by the African portion of the ICO Special Fund, as approved by the International Coffee Council at its 124th session in March 2019.

Action

The Promotion and Market Development Committee is requested to note the progress report on the implementation of the IACO/ICO Special Fund project.

PROMOTING DOMESTIC COFFEE CONSUMPTION IN AFRICA
Progress report on the implementation of the
IACO/ICO Special Fund project
Period May – August 2019

***Theme: Building a sustainable coffee sector through
increased domestic consumption and local processing industry***

Introduction

In general terms, equilibrium between supply and demand contributes to a balanced market and leads to prices that could ensure a sustainable coffee economy in producing countries. A healthy coffee sector depends on maintaining dynamic growth in consumption. Africa, with its growing young population, represents an enormous potential for coffee consumption. Domestic consumption in African producing countries will contribute to the creation of added value by carrying out coffee value chain-related activities.

Considering the negative impact of low price levels and its multiplier effect on the economic development of many producing countries, the International Coffee Council approved Resolution 465, giving a mandate to the ICO Secretariat to explore ways and means to address the challenge to the sustainability of the coffee sector in producing countries. Increasing domestic consumption was identified as one of the critical strategies.

With this in mind, in March 2019 the International Coffee Council approved a project proposal submitted by the Inter-African Coffee Organization (IACO) on behalf of its 25 member countries to carry out activities supporting national programmes relating to the promotion of domestic consumption. The overall objective of the project is to *Serve as a safety net for farmers in case of falling world prices of green coffee and to make the coffee industry in Africa more dynamic and less vulnerable to external shocks such as declining world prices.*

Following the launch of the project in Lomé (Togo) and Addis Ababa (Ethiopia), in May and July 2019 respectively, it was agreed that, in light of the limited resources available for the project, only activities relevant to all countries will have measurable impact. The following components have been identified:

- 1) Analytical review of domestic coffee consumption and roasting activities;
- 2) Support to national strategies related to coffee roasting and domestic consumption;
and
- 3) Strengthening communication on the impact of coffee drinking and health.

The ICO is monitoring the implementation of project activities, which include, among others, reviewing the attainment of objectives, identifying constraints and verifying expenditures. Further to the signature of the Project Agreement between the ICO and IACO in July 2019, the portion of the ICO Special Fund totalling **US\$454,021** was transferred to the IACO bank account in Côte d'Ivoire after deduction of **US\$20,000 (project support costs)** to cover technical advisory services, supervision and monitoring costs of the project by the ICO.

Component 1: Analytical review of domestic coffee consumption and roasting activities

The implementation of this component will cover three sub-components including:

- Development of a database on local coffee roasting.
- Survey of domestic coffee consumption.
- Existing government policies affecting the sector.

Objectives:

- 1) Capture relevant information on demand for investment opportunities in the coffee-processing sector.
- 2) Assess the economic contribution of the local coffee-processing industry.

Expected outcome: The key outcome of this component will be to provide available data on the potential of domestic consumption of coffee in African producing countries.

Status: CABI has been selected to coordinate the baseline study, working with country-level partners, and to collate country results. The national coffee authorities have identified resource persons to carry out activities. The contract between CABI and IACO was signed on 9 September 2019. The timeframe for implementation covers 3 months and the draft report of the study will be presented at the IACO General Assembly in Nairobi from 25 to 29 November 2019.

Component 2: Support for national strategies related to coffee roasting and domestic consumption

The implementation of this component will cover three sub-components:

- Building the capacity of baristas and cuppers.
- Provision of technical support to improve coffee quality.
- Organize knowledge-sharing workshops and exchange visits.

Objectives:

- 1) Increase value addition generated by the coffee sector.
- 2) Encourage youth entrepreneurship in the coffee processing industry.
- 3) Strengthen the capacity of local roasters.
- 4) Create business opportunities for national and international investors.

Expected outcome: Increase in capacity of upcoming roasters and other stakeholders.

Status: Activities under this component have not yet started.

Component 3: Strengthening communication on the impact of coffee drinking and health

The implementation will cover three sub-components:

- Developing communication with health professionals.
- Conducting awareness campaigns among young people (schools and universities).
- Organizing the celebration of national coffee day in each country.

Objectives:

- 1) Change habits towards coffee drinking.
- 2) Increase domestic consumption.
- 3) Mobilize all stakeholders and the public on the ongoing issues of coffee industry from farm to cup.
- 4) Share challenges and opportunities of national coffee sectors.

Expected outcome:

- 1) **Domestic consumption increased in Africa; and**
- 2) **Development of two markets for coffee growers (local industry and international market).**

Status: Implementation of activities under this component has started with the collection of information on all country medical doctors and experts in coffee and health issues. The first workshop on coffee and health will take place in November 2019 during the IACO Annual Meetings to be held in Nairobi, Kenya. The next one will take place in April 2020 in Cameroon during FESTICOFFEE 2019, a regional and international event on the promotion of coffee consumption.