

Café Africa
International

ANNUAL REPORT 2012



With the market in surplus, and prices having fallen so far in the last 18 months, is there a real need for additional coffee from Africa? Does this call in question the vision of Café Africa to see an increase in Africa's production in the coming years?

In today's market, this is a question which needs to be answered. Is it wise to continue to promote the rehabilitation of Africa's coffee sector? The last two years have been tough, especially for arabica producers. From a peak of 300 cents reached in April 2011, by April 2013 the **ICO OTHER MILDS INDICATOR** stood at 149 cents. For robustas the decline has been less dramatic – from 120 cents to 101 cents during the same period.

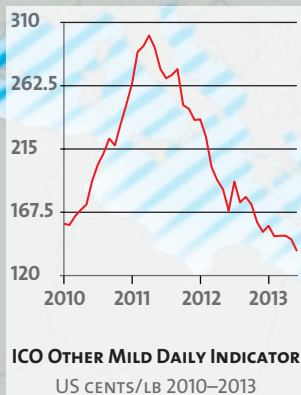
The prices probably went up too far from 2009–2011, and we are living with some of the consequences of that exaggerated move. The violent swings in the market have done little to help the cause of the long-term supply of coffee, especially arabicas, with producers in many countries struggling at current price levels. Production costs continue to rise, competition from other uses of the land continues to tempt producers away from coffee, as if there were not enough challenges in actually achieving economically sustainable yields from the crop.

The statistics still point to a growing need for coffee in the longer term. Global demand is still growing at 2–2.5% p.a., coffee seems fairly recession proof, and rising incomes should assure a strong place for coffee in consumer markets. It should be in producers' interests to step up to meet that challenge. But anyone trying to sell arabica coffee in the last 2 years might be forgiven for wondering if the underlying vision of Café Africa is correct.

We still believe that coffee remains a sound investment for the small-holder farmer, that the market will reward the effort, and that coffee will remain a profitable crop for rural households.

BUT—this will also depend on their willingness and ability to modernise their approach, to work to improve productivity and quality, and to pay attention to the issues of social and environmental sustainability which are also important in the supply chain.

Low yields or inconsistent quality, coffee is not going to be profitable for small-holder farmers in Africa. In a global market, ultimately it will be those who make the changes in order to remain competitive in the changing environment that will stay in the game.



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- ① Cameroon P8
 - ② D.R. Congo P6
 - ③ Ethiopia P8
 - ④ Tanzania P4
 - ⑤ Uganda P7

How is the small-holder supposed to manage these long-term issues?

It's easier to write about the profitability and long-term sustainability for the farmer than to translate the ideas into concrete action on the ground. Farmers need information, and to see and understand the potential gains from changing their methods. Some in the industry maintain that all that is needed by farmers is a better price. While that's an important element, it's only part of the equation. We all do things for a multitude of different reasons!

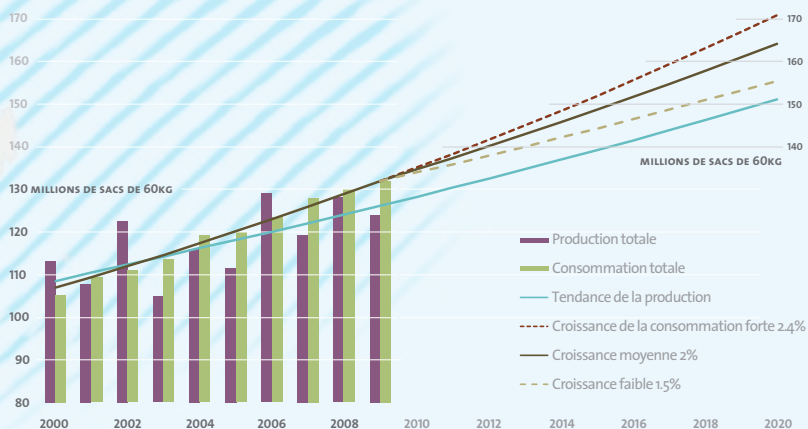
From projects to a systemic approach

In Café Africa, we work alongside the coffee sector in several countries, and are seeing the public and private sectors beginning to work more together to achieve shared objectives. The on-going challenge remains of how to go beyond a project approach to achieve systemic change for the better. That may take a more radical re-framing than we are at present seeing in practice.

Who's responsible for achieving the objectives?

A good place to start is to agree what the objectives should be! Several countries have now developed their own national coffee strategy. This provides a shared set of objectives to which the sector as a whole can subscribe. It is up to each country, with its industry stakeholders, public sector, private firms, development partners, and especially farmers, to work out the implementation on the ground.

This is happening more and more across the continent of Africa. Governments are looking to address the challenges of creating wealth in their rural economies, providing employment opportunities for a younger generation which will otherwise invade their cities. In Café Africa we are trying to make our contribution towards this, in helping bridge between the public and private sectors, to build the growth of the sector on a sustainable long-term foundation.



Building Bridges

One of our objectives is to build bridges towards a Public Private Collaboration in the coffee industry in Africa. For the industry to achieve its full potential, there is a need for a growing collaboration between the government institutions and service providers, and the private sector organisations working on the ground. Given the different priorities and approaches of the two, it takes time to build the relationships of trust which permit the two sides to work well together. In order for this to be achieved, there needs

to be a willingness, on both sides, to engage with the challenge of a sector-wide approach. The private sector may be tempted to continue with a “project approach”, often ignoring the input and potential of the public sector institutions. The public sector, with its own budget and agenda, may not be motivated to collaborate with the private sector, or to gain the benefits of what can be learnt from their projects. To make a sustainable impact, the two need at some point to come together.

PUBLIC SECTOR

- Guardianship
- Many priorities
- Government management processes
- Political priorities for available funding
- Regulation
- Institutions slow to adapt to changing environment
- Competition between Ministries

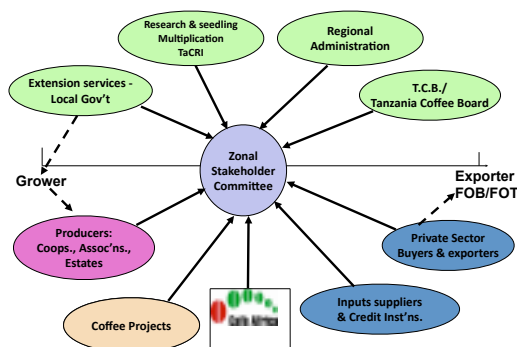


PRIVATE SECTOR

- Entrepreneurship
- Too busy
- Little or no spare capacity
- Competition between firms
- Commercial funding priorities
- Constantly evolving
- Feeling of “game-keeper / poacher”!
- Different perception of time
- Flexibility

In TANZANIA, part of building the bridge consists in the Zonal Stakeholder Committees which we have formed, in conjunction with the Tanzania Coffee Board. These groups bring together the key stakeholders in each of the 8 major production zones in Tanzania. They provide a forum for the discussion of the major issues round the coffee sector in the zone, the integration of coffee into the District Development Plans and Local Government budgets for the provision of extension services.

Zonal Stakeholder Committee – Tanzania



TANZANIA

Although subject to a bi-annual cycle, the trend in production and exports has been positive in the past 3 – 4 years. The potential for yield improvement in existing areas, with the opening of new areas to coffee production, means that Tanzania should continue to see good growth in exports.

One of the greatest challenges in Tanzania is the size of the country, and the fact that the coffee grows round the Northern, Western and Southern borders! So the Zonal Stakeholder Platforms which we formed with the Tanzania Coffee Board (T.C.B.) four years ago provide a key to working with the sector, and are increasingly recognised for their valuable function. Coffee is now receiving more attention in District Agricultural Development Plans, and a better allocation of funding in the district extension budgets.

We have been working with DfID of the UK on the development of Outcome Mapping as a means of monitoring and evaluation of the Zonal work. We have opened an office in Mbeya, Southern Tanzania covering also Mbinga and Iringa production zones. This is managed by Khalif Zalehe, whose experience in the coffee sector is proving invaluable in developing our work in the South. This is where about 70% of Tanzania's arabica crop is now grown, and there is great potential in the Southern Highlands to increase both productivity and production.

Catherine Murphy continues to run the Tanzania organisation based in Moshi. We are hoping in the coming year to be able to open another office in the West, to cover the Kagera, Karagwe and Kigoma growing zones.

The National Coffee Conference takes place each year in May, and has become an important focus in the coffee calendar. Stakeholders have the opportunity to have their voices heard, and the discussion is often lively. The Zonal Stakeholder Platforms provide input and information into this meeting, and it is encouraging to see a growing interest and involvement across the sector.



D.R. CONGO

Despite the lower export figures in recent years, coffee continues to be an important source of income – and hope – in many areas of the country, even those still affected by conflict. The greatest need is increased investment and building new capacity at all levels.

Alas, most of what makes the international media is bad news coming out of D.R.Congo, but that is far from the reality in much of the country. If you go to Kinshasa, you will be struck by the building sites in every direction, and all across the country, there is a growth of economic activity. Yes, in a few areas security is a problem, especially in the East, and there has been much suffering among the population during recent years. But coffee continues to be for many a source of revenue – and hope. Working towards a revival of the sector continues to be our focus, both in Kivu, as well as the other provinces which together used to account for the nearly 100,000 tons of annual exports.

The farmers are ready to do more, but need disease-resistant planting material and some support and back-up to realise their ambitions. The recently appointed senior management at the Office National du Café has a vision for the rehabilitation of the sector, and we are seeing a few coffee projects springing up in different provinces which give cause for hope. The infrastructure is sometimes a challenge, but the roads are gradually improving, bridges are being fixed, and coffee is still regarded by a large section of the population as being a key source of household security.

Pascal Luzonzo Dopa is our national coordinator, and has been very active in recent months, with some activities beginning in several different provinces, including Bas Congo, Bandundu, Equateur, Oriental, and North and South Kivu.



1. When a bridge collapsed in 2012, due to an overloaded truck on a main export artery in the East
2. Within a few weeks, a temporary bridge had been built to carry the traffic and
3. By early 2013 a new bridge was under construction.

So despite the frequent dislocation, it is encouraging to see some action is being taken to improve the infrastructure.

UGANDA

The dynamism and competitiveness of the coffee sector is ensuring that the small-holders are receiving a good share of export proceeds, and better services to support their farming.

We are continuing our work with the National Coffee Production Campaign, and its Steering Committee, which meets monthly in Kampala. This provides a platform for discussion of key industry issues, and it has an impact in lobbying and following up the different actors in the value chain.



The District Coffee Shows attract a growing number of farmers each year – over 10,000 in 13 shows in 2011, and over 16,000 at 18 shows in 2012. Out of these, we were encouraged to have nearly 30% of women farmers attending, and about 25% of young people. They provide a great occasion for the coffee community in the District to meet together, to learn from researchers, demonstrations and service providers, as they raise the profile of coffee in the District.

After 6 years leading Café Africa in Uganda, we were sorry to see Emma Joynson-Hicks leave us at the beginning of 2012. For over 6 years she directed our work in Uganda, bringing many creative ideas to the task, and we have very much appreciated her contribution. In November, 2012, Harriet Fowler took over as country director, and has since then been developing further our activities. Among others, these include now the role of coordinator in Uganda for the IDH Sustainable Coffee Program.



CAMEROON

Following the end of an EU funded programme in coffee in Cameroun, with which we had been working through ITC for the last 4 years, our involvement since early 2012 has been rather limited. However, we have now received recognition by the Government as an international NGO to work in the coffee sector in the country.

In the meantime we are implementing with Nestlé a small project with two of the washing stations using mobile phone technology. The purpose is to provide farmers with agronomy information (e.g. when to prune their trees, when to mulch). This supports the farmers, and strengthens their relationships with the washing stations where they deliver their fresh coffee cherry for processing.

2012/13 has been an off-cycle coffee season in Cameroun. There was a prolonged dry spell at the time of flowering, and this, together with competition from other crops and the weaker market, and the weaker dollar (Cameroun is a CFA country, hence linked to the Euro), have all militated against an improvement in production. We are reviewing how we might best be able to contribute to the coffee sector in the coming years.



I.D.H.

The Sustainable Trade Initiative

The Sustainable Trade Initiative is a Trust set up by the Dutch Government to promote sustainable trade in a range of different commodities. The Sustainable Coffee Program was started in 2011, with the backing of 4 major international roasters. (Nestlé, Mondelez (Kraft), Douwe Egberts Master Blender, & Tchibo). The work of IDH in 4 producing countries started in early 2012, and these included Ethiopia and Uganda.

We were approached by IDH in late 2011 to advise on the set up stages of their program in Ethiopia and Uganda, and this has taken considerable time throughout the last year. Café Africa Uganda has become the coordinator of the IDH program in Uganda.



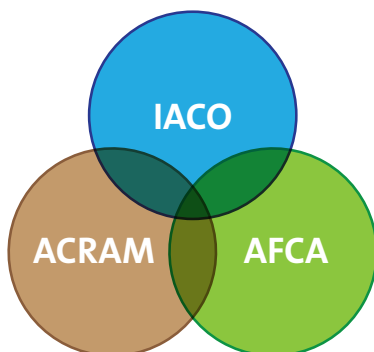
AFRICA'S COFFEE ORGANISATIONS

IACO (INTER-AFRICAN COFFEE ORGANISATION) is an inter-governmental organisation created in 1962 to defend the shared interests of Africa's coffee producers in the international arena. With its head-office in Abidjan, Cote d'Ivoire, all of Africa's producing nations are members of IACO. Mr. Fred Kawuma of Uganda was appointed Secretary General from early 2013, and is working to strengthen the vision and involvement of IACO to support Africa's industry.

AFCA (AFRICAN FINE COFFEE ASSOCIATION) has for the last 12 years been actively involved in the promotion of Africa's fine coffees. From its start in East Africa, with its focus for the first 10 years mainly on top quality arabica coffee, in the last 2 years the Association is now reaching out to embrace all of Africa's producers. This is a largely private sector driven organisation, whose annual Conference and Exhibition in East Africa regularly attracts many hundreds of visitors from the region and internationally, to discuss current industry issues, and enabling producers and consumers to meet and network.

ACRAM (AGENCE DE CAFÉS ROBUSTA D'AFRIQUE ET DE MADAGASCAR) was formed in 2008 to promote the interests of the robusta coffee producers, who are mainly in Central and West Africa, though both Uganda and Tanzania in East Africa are also major robusta exporters. ACRAM brings together both private and public sector stakeholders across the industry, and has its secretariat in Libreville, Gabon, which is kindly hosted by the Caistab there.

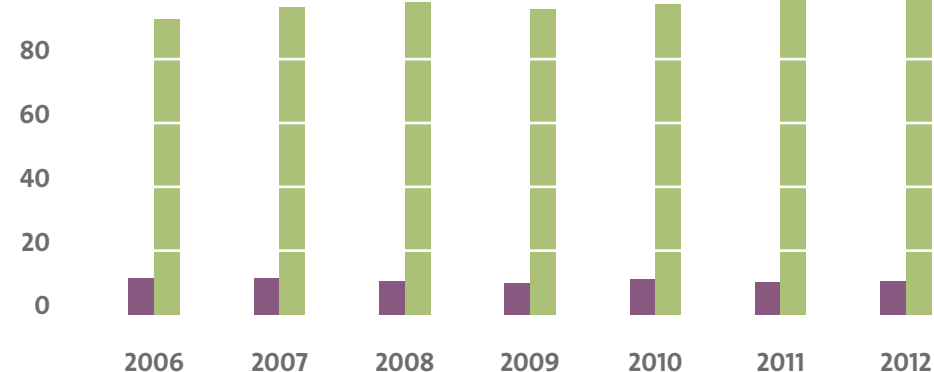
AFCA and ACRAM have established a link, and are starting to work together in various areas, initially in the organisation of a Coffee Forum to take place in collaboration with IACO at the time of the IACO Annual General Meeting in Lomé in November, 2013. As Café Africa, we are actively working to support and promote the linkages, and the cooperation between the different organisations. We believe this has the potential to amplify the impact of what is being done across the continent, for the benefit of the industry, and especially the farmers.



AFRICA V GLOBAL COFFEE EXPORTS 2006 – 2012

120

100 MILLIONS OF 60KG BAGS



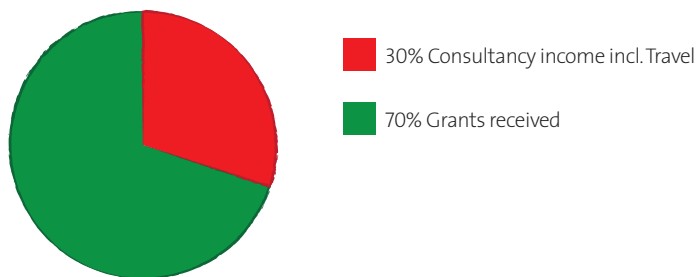
We would like to be able to report that, after 7 years of Café Africa's work in the coffee sector in Africa, there had been a dramatic increase in exports. This is not (yet) the case, though we have been encouraged to see production beginning to increase in both Uganda and Tanzania, the two countries in which we started our work, and a more dynamic dialogue across the industry in each country.

In addition, given the challenges faced by coffee, with competition from other crops, alternative uses of land and resources, climate change, and the drift to the cities, it is encouraging that overall production is no longer declining.

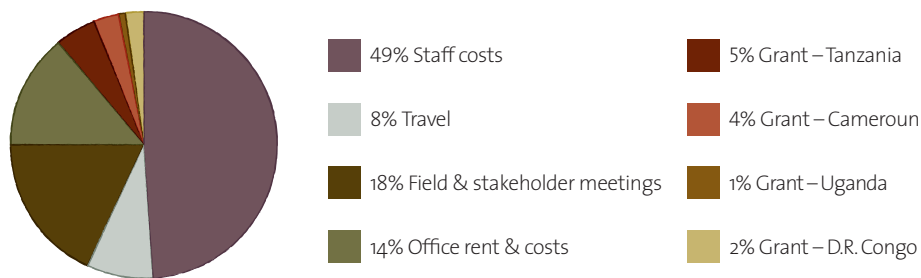
Since we have a sector-wide approach, this takes longer to come to full fruition than with a project. With the latter, it is possible to identify a certain number of farmers, resolve the key constraints to their production, and within 3 – 4 years, the impact can be very evident, measurable, and attributable. With the sector, more time is needed, and the results are more difficult to measure and attribute!

While we make a contribution to the overall development of the sector in the country, it is the combined work of all the stakeholders which achieves the results. We believe that it is this involvement of stakeholders at every level, from farmers through districts and up to national level, which produces truly sustainable growth. It is inclusive of all the actors in the value chain, both private and public sector, which also recognises the important role of women and their contribution to Africa's coffee production, and the critical need to involve and integrate young people into the industry.

Café Africa Total Income 2012 – USD 524,068



Café Africa Total Expenditure 2012 – USD 511,388



We are grateful to our principal partners and donors, who in the past two years have included:

Progreso Foundation, Netherlands
ABI Trust, Uganda
USAID LEAD Project, Uganda
ACT (DfID), Tanzania
IDH Sustainable Coffee Program, Netherlands
FAO, Italy
Solidaridad, Netherlands

Headley Trust, U.K.
Nestec SA, Switzerland
Maranatha Trust, U.K.
Wainwright Trust, U.K.
Broomhall Trust, U.K.
As well as some private individuals.

Our Mission:

To unlock the wealth of Africa's coffee, by working with both public and private sectors to develop an industry-wide approach

Our Vision:

To see Africa's coffee farmers benefit from the recovery of export volumes and values to their former levels within the next 5 – 8 years

Where we are:

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