



International Coffee Council
124th Session
25 – 29 March 2019
Nairobi, Kenya

**Summary report of the Sustainability Seminar
'Coffee: How sustainable is our future?'**

Introduction

1. As part of the 124th Session of the International Coffee Council, the International Coffee Organization, the Global Coffee Platform and the Government of Kenya organized a Sustainability Seminar on Monday 25 March 2019 at the Kenyatta International Convention Centre, Nairobi.
2. The theme of the seminar was 'Coffee: How sustainable is our future?' Contributions of experts were organized under 3 panels including:
 - I. Sustainable coffee in Africa, production, consumption and value addition.
 - II. Public-private collaboration to ensure the economic viability of coffee farming. Lessons from the Global Coffee Platform and others.
 - III. The future of coffee: sustainability challenges of the coffee sector.
3. Sixteen experts from Africa and around the world including representatives of government institutions, coffee grower, traders, roasting companies, academia, research institutions, international organizations and non-governmental organizations analysed the current coffee market situation and shared their experience with Members of the International Coffee Organization.
4. Noting the current low prices leading to low incomes for coffee growers worldwide, with direct negative impacts on poor communities in rural areas of many coffee-producing countries, the main concern was how to make the coffee sector more economically sustainable. Discussions took place under each panel after a short introduction by the panellist.

Panel discussions

Panel I: Sustainable coffee in Africa production, consumption and value addition

5. Moderated by Dr Andrew Karanja, member of the Kenya Coffee Sub-Sector Implementation Committee, the panel focussed on the concrete example of Africa's performance in addressing the issue of declining production. The following panellists participated in Panel I:

- Professor Joseph Kieyah, Chairman, Kenya Coffee Sub-Sector Implementation Committee.
- Dr Joseph Kimemia, Vice Chairman, African Fine Coffees Association and Kenya Chapter Chair.
- Ms Margaret W. Mithamo, President, International Women's Coffee Alliance, Kenya Chapter.
- Dr Adugna Debela, Director General, Ethiopian Coffee & Tea Development and Marketing Authority.
- Ms Kavi Bailey, Founder and CEO, Grande Parade Coffee.

6. The main guiding questions of the discussion were government policies and support to the coffee sector to ensure its sustainability in Africa. More specifically, the panellists presented their experience in some African producing countries in facilitating an efficient production system through relevant policies and support to coffee farmers. A number of reforms had been undertaken to address market failures and to promote a sustainable production. Some countries had success stories, while reforms were still underway in many other countries to reduce inefficiencies as well as enforcing climate change mitigation and adaptation measures. Empowering women and youth in the coffee sector was also considered by the panellists as another important factor to a sustainable coffee sector in Africa. Domestic consumption in exporting countries was considered as one of the key elements to support the price paid to coffee growers. Promoting a business relationship between coffee growers and the market through the creation of blockchains as a platform would also contribute to improving their income.

Panel II: Public-private collaboration to ensure the economic viability of coffee farming. Lessons from the Global Coffee Platform and others

7. This Panel was moderated by Mr Carlos Brando, Chairman of the Global Coffee Platform and included four panellists who shared their experience of public-private partnerships to promote a sustainable coffee sector. The following panellists participated in Panel II:

- Mr Nguyen Do Anh Tuan, Vice-Chair, Vietnamese Coffee Coordination Board & Director general of the Institute of Policy and Strategy for Agricultural and Rural Development (IPSARD), Vietnam.
- Mr Marcos Antonio Matos, Director General, Conselho dos Exportadores de Café do Brasil.
- Mr Aguinaldo José de Lima, ABDI Agribusiness Consultant.
- Dr Emmanuel Iyamulemye Niyibigira, Managing Director, Uganda Coffee Development Authority (UCDA).

8. In his introductory remarks, the moderator, Mr Carlos Brando, presented the sustainability curricula developed by the GCP as an evaluation tool to guide the coffee sector towards sustainability. This included training and extension services, organization of coffee growers, efficient supply chain and markets, financing, logistics, etc. This interaction between all stakeholders requires multi-stakeholder organization to advance sustainability in coffee-producing countries. The four panellists presented positive contributions of their national platforms in bringing together all stakeholders to share common value and promote sustainability. This has facilitated the identification of gaps in order to implement relevant policy and strategies. A concrete example of PPP was the case of Brazil where a partnership within the industry has created an enabling environment to increase domestic consumption as well as promoting responsible agrochemical management in coffee farming. Moreover, as a result of close partnership of all stakeholders, advanced technology has increased productivity and efficiency of coffee farmers in Brazil.

Panel III: The future of coffee: sustainability challenges of the coffee sector

9. The moderator, Mr Samuel Kamau, Executive Director of AFCA, introduced the panel by referring to [Resolution 465](#) on Coffee Price Levels before inviting seven panellists who worked in different stages of the coffee value chain to provide answers with regard to the sustainability challenges faced by the coffee sector. The following panellists participated in Panel III:

- Mr David Browning, CEO Enveritas.
- Mr Juan Esteban Orduz, CEO, Colombian Coffee Federation, Inc.
- Mr Justin Archer, East Africa COO & Head of Sustainability, Sucafina S.A.
- Mr Jonas Dallinger, Adviser, GIZ.
- Ms Bridget Carrington, Managing Director, C Dorman Ltd.
- Mr Ric Rhinehart, Executive Director Emeritus, Specialty Coffee Association.
- Ms Ashlee Tuttleman, Program Manager Coffee, IDH the Sustainable Trade Initiative.

10. The seven panellists shared their views of the current price levels that represented a serious threat to a sustainable coffee sector with an impact on the future coffee supply and on poverty in coffee-producing communities. It was widely recognized that there are many socio-economic implications on many coffee-growing communities in developing countries. They identified the improvement of farming efficiency as one of the guiding principles towards a long-term sustainability. In the short and medium terms, targeting niche markets would increase farmers' income through the generation of quality premium coffee. In other words, efficient and competitive coffee-producing countries would have a sustainable coffee sector. In this regard, establishing a living income of coffee growing communities and monitoring farmers' profitability or benchmarking were widely discussed.

Conclusion and recommendations

11. The seminar revealed what coffee means to millions of coffee growers in the world in economic terms. Interactive debates during the three panels resulted with the following recommendations for achieving a sustainable coffee sector:

(a) **Governments to create an enabling environment**

- Design an effective policy and regulation framework with clear implementation mechanisms.
- Develop a long-term country coffee development strategy.
- Encourage public-private partnerships.
- Address land ownership of women to facilitate their contribution to a sustainable coffee sector.

(b) **Addressing climate change**

- In the short-term: adopt climate smart strategies, including water harvesting in situ, rainwater harvesting and shade trees to reduce temperatures.
- In the medium-term: irrigation, simple farmer-friendly irrigation systems, wet pulping eco pulpers to reduce use of water.
- In the long-term: research and develop coffee varieties capable of withstanding high temperatures, drought, diseases (e.g leaf rust) while focusing on increased productivity and maintaining quality.

(c) **Addressing marketing failure/poor marketing infrastructure**

- Focus on transparency and efficiency along the value chain through benchmarking and profitability analysis and use of innovative technologies such as blockchain.
- Encourage direct linkage between coffee growers and the market.

- Aggregate farmers into efficient organizations, such as clusters, cooperatives, networks with increased governance and price negotiating and bargaining power.
- Encourage vertical integration by cooperatives to reduce costs.
- Research on alternative use of the coffee bean in product development (cosmetics, soap, etc.) and in circular economy options.
- Foster public-private partnership to contribute to prioritizing public investment to achieve a sustainable coffee sector.

(d) **Addressing low prices to coffee growers**

- It was noted that many coffee farmers with small plots of land would not be able to be productive enough to depend on coffee for their livelihood.
- Promote crop diversification as an alternative income generation activity to cushion farmers against price fluctuations.
- Promote domestic coffee consumption to support grower prices, since it mitigates world price volatility.
- Strong government support to a local processing industry is required.
- Process towards commitments by governments and down-stream value chain actors including roasters and retailers to enable farmers to achieve a living income as is happening in other commodities such as cocoa.
- The ICO should carry out a value-chain analysis showing the distribution of the total value generated by the coffee sector in exporting and importing countries.

(e) **Addressing coffee price discovery issue**

12. The role of the New York “C” contract and its price discovery function was discussed and whether it fully reflects the fundamental movements in supply and demand that affect Arabica coffee growers, including price volatility caused by financial speculation.

- A strong recommendation was made to the ICO to report on various pricing platforms such as commodity exchanges and impact on price discovery and volatility.
- There was also the need to study mechanisms for pricing high quality/gourmet coffee to growers that were unrelated to commodity exchanges. The ICO should carry out further research on the issue.
- Donors were invited to assist with risk management mechanisms to mitigate the risk of short-term price volatility.

13. In conclusion, it was noted that interaction between stakeholders and international development institutions should continue and the ICO should use relevant platforms to advocate the situation of coffee growers and the need to support measures to achieving the sustainable development goals in coffee farming communities. In other words, the coffee supply chain needs to be reoriented with the active participation of all stakeholders in order to become more sustainable. The ICO should continue to monitor the different initiatives and build synergies in the process.

14. In their concluding remarks, the Executive Director of the ICO, Mr José Sette and the Executive Director of the Global Coffee Platform, Ms Annette Pensel, thanked all participants and the panellists for their valuable contributions.