

Challenges to sustainable coffee economy in Africa

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Introduction

- ❖ The economic performance and development prospects of many developing countries are largely dependent on commodity exports.
- ❖ The heavy dependence of such countries on a few commodities has in general had an adverse economic impact, with harmful consequences for growth and the reduction of poverty;



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Introduction

- ❖ Coffee provides particularly important share of the export earnings of many African countries and the large number of growers who depend on coffee for most of their income are hardly hit by sharp falls in prices, such as the crisis between 2000 and 2004.
- ❖ This is why it is essential to bring increased added value all along the supply chain, so that a more equitable distribution of the industry's earnings is achieved.

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Introduction

- ❖ I – Concept of sustainability
- ❖ II – Indicators of sustainable coffee economy
- ❖ III - Challenges of sustainable coffee economy in Africa
- ❖ IV – ICO and Sustainable coffee economy

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I – Concept of sustainability

- ❖ The concept of sustainable development, which emerged in the 1980s in the context of global conservation strategy, was officially defined in 1987 in a report published by the World Commission on Environment and Development (WCED) at the request of the United Nations General Assembly.
- ❖ According to this report, sustainable development, in its broadest sense, aims to encourage a state of harmony among human beings and between man and nature.

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I – Concept of sustainability

- ❖ Harmony between man and nature, implying respect for the planet's ecological limits;
- ❖ Harmony among human beings or, in other words, a measure of social cohesion;

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I – Concept of sustainability

- ❖ A sustainable development strategy aims to identify and harmonize various sectoral policies (economic, social, environmental) in a given country to ensure socially responsible economic development while safeguarding the resource base for future generations.
- ❖ Sustainable development implies maintaining human well-being so that when this cannot be improved it will also not deteriorate;
- ❖ In this report, there is clear linkages between poverty, growth, environmental deterioration and the social situation, introducing three pillars of sustainable development (economic, environmental and social).



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I – Concept of sustainability

- ❖ Sustainable development proceeds, therefore, from the integration of three objectives: economic development, conservation of natural resources, and intergenerational equity and the fight against poverty.
- ❖ Our purpose is to analyze this concept in relation to coffee, in particular, coffee economy in Africa.



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II – Sustainability indicators in the coffee economy

- ❖ **We start our line of argument that sustainable development implies the capacity to resist external shocks, ensuring survival and permitting eventual growth and development.**
- ❖ A large number of projects refer to sustainability but the social dimension remains obscure. We want to indicate that human and social dimension should have a central position.

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II – Sustainability indicators in the coffee economy

- ❖ A sustainable coffee economy should be based on the well-being of the actors in the chain, particularly the producers who are the weakest link in this power relationship.
- ❖ Sustainability is a way of assessing the well-being of coffee farmers. The well-being depends on adequate income, adequate education, health, a good environment and a strong social cohesion.

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II – Sustainability indicators in the coffee economy

- ❖ Economic indicators include income levels, employment generated by the coffee economy, public finance and the behaviour of terms of trade.
- ❖ **Income:** Low prices paid to farmers means lower agricultural income, lower agricultural wages and loss of employment. Farmers are always those most affected by international price movements.

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II – Sustainability indicators in the coffee economy

- ❖ A reduction in earnings creates a vicious circle, since it makes it difficult to mobilize investment resources for improving production, especially the introduction of environmentally-friendly production methods. This leads to stagnation in productivity and competitiveness and dwindling incomes.
- ❖ Farmers are unable to use improved varieties or to adopt scientific and technical advances. The result is poor crop management, low yields. In many countries, this leads to an increase in the percentage of the rural population living below poverty line

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II – Sustainability indicators in the coffee economy

- ❖ **Public finance:** In coffee exporting countries, tax revenues derive mainly from value added or export taxes. Consequently, a fall in export earnings has an impact on public revenue. The loss of export earnings entails a reduction in budgetary resources allocated to activities designed to improve infrastructure or to reduce poverty such as health and education;

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II – Sustainability indicators in the coffee economy

- ❖ **Social indicators:** Social indicators relate to human dimension in its broadest sense, particularly education and access to primary health.
- ❖ Social indicators also cover working conditions, the poverty threshold, access to food, safe drinking water and housing. Population movements (rural exodus, emigration to developed countries) and social stability are also social indicators of suitable development.

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II – Sustainability indicators in the coffee economy

- ❖ Low income means that opportunities for the rural population to renew itself are diminishing given the lack of interest in farming among young people and the exodus to urban centres and developed countries.
- ❖ This situation threatens the sustainability of the coffee economy in countries heavily dependent on coffee for the bulk of their export earnings.

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II – Sustainability indicators in the coffee economy

- ❖ **Environmental indicators:**
- ❖ Low income for farmers may put pressure on the environment, since farmers are obliged to expand production to new areas, including forest areas, to compensate for the drop in income.
- ❖ In other words, reduction in earnings does not permit the carrying out of the programmes to protect soil quality, especially basic training to provide knowledge on the use of inputs, recycling of organic matter to produce natural fertilizers, and biological species favourable to proper soil drainage and oxygenation

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III – Key issues and challenges to Coffee sector in Africa

- ❖ The pursuit of sustainable development calls for social system capable of finding solutions for the tensions arising from unbalanced development;
- ❖ Key challenges to the sustainable coffee sector in Africa include:
- ❖ Vulnerability of poor farmers: Poverty is the most significant dimension of sustainable development;
- ❖ The most obvious aspect of poverty is physical: hunger, disease, long hour of work, unhealthy work environment, substandard housing, lack of basic necessity, inadequate income;

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III – Key issues and challenges to Coffee sector in Africa

- ❖ Land availability & land tenure
- ❖ Labour availability/labour cost
- ❖ Poor infrastructure
- ❖ Pest and disease control/management
- ❖ Input supplies
- ❖ Research/development of planting materials/Supporting priority research areas

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III – Key issues and challenges to Coffee sector in Africa

- ❖ Extension services/good agricultural practices
- ❖ Access to finance/credit facilities
- ❖ Marketing issue/Market access/trading practices
- ❖ Post harvest activities
- ❖ Environmental impact
- ❖ Market information
- ❖ Low domestic consumption
- ❖ High costs of certification

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III – Key issues and challenges to Coffee sector in Africa

- ❖ A sustainable coffee farmer shall meet long term environmental and social goals while being able to compete effectively with other market participants and achieve prices that cover his production costs and allow him to earn an acceptable business margin;
- ❖ ***Unfortunately, the market is driven by economic factors that do not recognize the real environmental and social costs of production***

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The ICO and sustainable coffee economy

- ❖ ICO has a portfolio of coffee development projects specifically targeting small producers (Gourmet coffee project, Certification project, etc.);
- ❖ The Organization's plan of action is based on the belief that adding value to coffee through increasing quality, and where appropriate, producing coffees for niche markets such as organic make sense to all stakeholders in the coffee market, and particularly to small producers;

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The ICO and sustainable coffee economy

- ❖ Promoting the discussion of sustainability standards in terms of their content and their possible coordination, harmonisation and/or equivalency making sure that the extra efforts entailed in matching sustainability standards yield extra incomes to producers, rather than being an extra demand to be matched at the same price;

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The ICO and sustainable coffee economy

- ❖ **ICA 2007: New features for a sustainable coffee economy**
- ❖ The new international Coffee Agreement makes a strong case in achieving a sustainable coffee sector bearing in mind the principles and objectives on sustainable development as contained in Agenda 21 and the more recently established Millennium development goals (MDG), with special reference to poverty eradication.

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The ICO and sustainable coffee economy

- ❖ This agreement will certainly strengthen the ICO's role as a forum for intergovernmental consultations, facilitate international cooperation through increased transparency and access to relevant information, and promote a more sustainable coffee economy for the benefit of all stakeholders and particularly small-scale farmers in coffee producing countries.

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The ICO and sustainable coffee economy

- ❖ It is important to highlight that the key overall aim of the Development strategy for coffee is to make a practical contribution to sustainable development and poverty reduction, giving due importance to the economic, environmental and social aspects of sustainability as defined at the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992.

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The ICO and sustainable coffee economy

- ❖ Within this context, all coffee projects sponsored by ICO are intended to be relevant to sustainability:
- ❖ Encourage stability and reasonable living standards for those involved with coffee by securing adequate returns to producers, while ensuring that adequate care is given to maintaining quality rather than the quantity of coffee produced (number of projects cover this aspect)

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The ICO and sustainable coffee economy

- ❖ Promote the use of environmentally friendly technologies throughout the production and processing chain, such as integrated biological pest control and improved technology for the washing process -- Integrated Management of pest and disease approaches implemented through CABI, one of our partners in project development and implementation

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The ICO and sustainable coffee economy

- ❖ Recognizing the social importance of established coffee growing communities and the difficulties of finding alternative sources of income in many coffee growing areas, income diversification programmes have been developed as part of the new strategic vision of the Organization to fight against poverty in coffee producing areas and promote sustainable coffee economy.
- ❖ The ICO continue to explore synergies, establishing partnerships, with other bodies promoting sustainability in order to avoid duplication of efforts

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CONCLUSION

- ❖ In conclusion, the human dimension of sustainability lies in the reduction of poverty and inequality, access to resources, health care, education and culture.
- ❖ The human and economic dimensions of sustainable development are crucial issues which may overshadow environmental concerns. The principles of sustainable development in the coffee economy should be based on the following elements:
 - ❖ Producers should receive a level of prices that covers costs of production, living costs, and environmental costs in a competitive context;

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CONCLUSION

- ❖ Working conditions should comply with International Labour Organization conventions;
- ❖ Producers should adopt sustainable practices in environmental terms;
- ❖ Access to credit and diversification opportunities should be improved;

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CONCLUSION

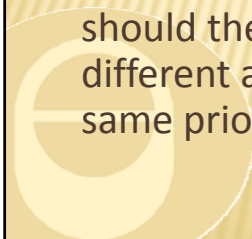
- ❖ Producers should adopt sustainable practices in environmental terms;
- ❖ Access to commercial information and marketing chains should be improved



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CONCLUSION

- ❖ A sustainable coffee economy includes all the different aspects of the agricultural world designed to favour more equitable development in social, economic, ecological, political, spatial and cultural terms.
- ❖ Promotion of a sustainable coffee economy should therefore, take into account all these different aspects and accord them at least the same priorities.



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Thank you
Merci

www.ico.org

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