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## BACKGROUND PAPER

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### *Traditional Export Crops*

#### **HortAfrica: Cultivating Market and Social Value for Food, Nutrition and Income Security in Africa**

Prepared by:  
AVRDC – The World Vegetable Center

#### **A Strategy for the Transformation of the African Cocoa Sector**

Prepared by:  
Dr. Jean-Marc ANGA, International Cocoa Organization

#### **Strategy for Competitiveness in the WAEMU Cotton - Textiles Sector**

Prepared by:  
Department of Food Security, Agriculture, Mines  
and the Environment, WAEMU

#### **The Case for Coffee**

Prepared by:  
Inter-African Coffee Organization Presentation

# **HortAfrica: Cultivating Market and Social Value for Food, Nutrition and Income Security in Africa**

## **EXECUTIVE SUMMARY**

Episodes of severe hunger, such as caused by climate or conflict emergencies, receive immediate attention, but chronic malnutrition poses a silent and relentless obstacle to economic development in the region. Nutrition interventions aimed at mothers and children together with programs to boost agriculture have a great impact on household nutrition and health. Evidence-based awareness creation and a strong multi-stakeholder advocacy for consumption of nutrient dense fruits and vegetables as cereal accompaniments would have a very strong impact especially in the rural areas. This comes with the challenge of demand exceeding the supply of these nutritious foods.

Rising food and nutritional insecurity threatens the livelihoods of millions of poor people, and social cohesion and stability, particularly in sub-Saharan Africa. As a growing population demands more and higher quality foods, and as environmental problems such as soil degradation, water scarcity, biodiversity loss, and climate change become more acute, the need for innovative fruit and vegetable solutions to improve food and nutritional security cannot be overemphasized.

There are many opportunities, interventions and technologies that can support fruit and vegetable production and consumption, thus contributing to nutritional security. In the context of high-value crops, capacity building and policy interventions are critical to ensure mechanisms are in place to support both the production and the market, thus contributing to availability of affordable and health-promoting fruits and vegetables in Africa.

Fruit and vegetables hold great promise for alleviating poverty and improving the health and well-being of people in developing countries. Although several groups are working to overcome the factors that constrain horticulture's potential, what is currently lacking is a concerted, coordinated drive to pull together the different efforts, identify and fill gaps, and apply the results for rapid, widespread impact. Some of the constraints in the production and supply chains of vegetables and legumes include limited availability of quality seeds, inappropriate varieties, lack of water and inputs, pests and diseases, limited information and knowledge and inadequate marketing systems, among other factors. Postharvest and processing losses are very important, affecting both the quantity and quality of vegetable and legumes produced, particularly in sub-Saharan Africa. Most of the micronutrients in fruits and vegetables (especially vitamins) are heat-sensitive and are easily oxidized thus reducing their bioavailability. Popular methods of postharvest handling and

processing contribute to nutrient loss and compromise food safety. These constraints can only be tackled through well-coordinated multi-stakeholder and multidisciplinary research and development. HortAfrica proposes to provide the leadership, guidance, and direction necessary to transform effort into results.

It is evident that present research and development practices in horticulture may have been unfavorably biased against women and small-holders. Such practices may often cater more for farmers with higher levels of education and who have better resources to invest in good quality inputs and more resiliency in the face of experimental failure. This need not be the case and can be reverted by encouraging the use of home gardens by women and disadvantaged groups to produce a wide diversity of nourishing fruits and vegetables year-round in addition with efforts which seeks to promote commercial mono-cropping and export markets.

HortAfrica brings together the best of science and market forces in the field of horticulture, focuses it firmly on the needs of the poor, and links it to a comprehensive capacity building, advocacy and knowledge management strategy. HortAfrica generates and makes available essential knowledge and technologies that will allow poor people to participate in and benefit from new and reoriented value chains for fruit and vegetables. Its objectives are to:

1. Improve the livelihoods of producers, processors, laborers and vendors through technical, social, institutional and policy innovations in value chains for fruit and vegetables, giving these groups a fair share of benefits and reducing risk levels.
2. Improve the health of the poor and vulnerable through increased consumption of fruit and vegetables.
3. Catalyze and support national and regional action among national, regional and international bodies, to focus on the opportunities inherent in fruit and vegetables, and to influence policy makers.
4. Maintain or increase quality and reduce quantitative losses along the fruit and vegetable value chains.
5. Contribute to high productivity of good-quality fruit and vegetables, thereby expanding livelihoods for the resource-poor, while protecting the environment and preserving natural resources.
6. Build sufficient human capacity to enhance and sustain the sector along the entire value chain.

HortAfrica's proposed Horticultural Transformation Agenda (HTA) uses the value chain as its framework. Value chains represent the different operators involved in moving physical products from producers to consumers, the flow of information

between such partners, and the coordination and governance mechanisms that facilitate or hinder their transactions. The value chain framework will allow HortAfrica to identify best practices as well as key missing links and opportunities. Based on this integrated, holistic approach, HortAfrica will develop tools and methods to enhance coordination and improve value chain efficiency. Careful analysis of pro-poor policy options with an emphasis on equitable distribution of benefits will be a significant area of research.

Under the value chain framework, the HTA is divided into four themes: Consumption, Markets, Postharvest, and Production. *Consumption* research will identify the reasons for inadequate intake of fruit and vegetables; the knowledge gathered can then be applied to efforts to increase consumption and thus improve the health of people in the HortAfrica target groups and beyond. The *Markets theme* investigates trends, preferences and other characteristics of the many types of markets in horticultural value chains; this understanding will help link small-scale rural producers to different outlets for their produce. The *Postharvest* theme will address specific constraints that currently lead to postharvest losses as high as 50%, and seek out innovative, appropriate, and affordable postharvest treatments and processes to prolong shelf life and maintain, or even increase, the nutrients in fresh fruit and vegetables. Another line of postharvest research will explore ways to add value to products. The *Production* theme examines current and emerging constraints at the farm level to arm small-scale producers with the sustainable technologies, knowledge and skills they need to supply markets with fruit and vegetables. Integrated pest and disease management, and in particular alternatives to chemical pesticides and fertilizers, will be a main theme focus. Other lines of research include agro-ecosystem resilience in fruit and vegetable production systems; the role of fruit and vegetable production within adaptation strategies for climate variability and change; efficient water use and techniques to increase productivity; interventions to reduce seasonality; and fostering entrepreneurship among small-scale fruit and vegetable producers.

HortAfrica's capacity building, advocacy and knowledge management strategy will support the short-term growth and the long-term viability of fruit and vegetable commodity systems, which are among the most knowledge-intensive and dynamic of all agricultural systems. By providing product managers with training and access to technical knowledge, HortAfrica will help them hone their abilities to adapt knowledge to local conditions in culturally relevant ways, and develop the skills necessary to craft new responses as market conditions change. Complex commodity systems depend on the private sector for inputs and markets; therefore, capacity building efforts also will be explicitly targeted to private sector actors. Through advocacy, HortAfrica aims to empower small-scale farmers, farmers' organizations, and the private sector by promoting an equitable policy environment under which producers, sellers, and consumers can thrive.

Building new partnerships and networks will be a vital and ongoing activity

throughout the program. Setting the HTA, and planning and executing capacity building and advocacy activities, will depend on active, effective partnerships and networks. Research partnerships will be developed based on comparative advantages with public, private, and civil society organizations and individuals. Some of the main partners have been involved in preparing this proposal; through these and other established partnerships, HortAfrica can begin building a comprehensive and complementary structure of interests, needs, and purpose.

The principal organ for governance will be a Program Steering Committee, which will report to the Program Board of Trustees, formed from representatives from the African Development Bank, Regional Economic Commissions, Regional Research and Development Coordination Organizations, Farmer/Producer Organizations, and the Private Sector. The Program Steering Committee will provide guidance and oversight to the Program Management Team, which will consist of the Program Director and the leaders of the thematic and cross-cutting programs of the Program. There will also be a Stakeholder Platform, which will play an important role in linking the Program with the wider horticulture research and development community, and which will also have an advisory role to the Program Steering Committee. It is proposed that hosting of HortAfrica's operational infrastructure be competitively determined based on substantiated willingness, institutional capacity and contextual stability.

HortAfrica's anticipated funding needs will increase from approximately US\$5 million in the first year (inclusive Program Design) to US\$15 million in the second year, US\$18 million in the third year, US\$20 million in the fourth year, US\$25 million in the fifth year and to US\$30 million by the sixth year of the first (pilot) phase. Funding requirements for the second (scaling) phase will be detailed in the work plan to be presented at the mid-term review of the first phase.

## 1. BACKGROUND

It is widely agreed that fruit and vegetables hold great promise for alleviating poverty and improving health and well-being in developing countries (Borlaug, 1997; FAO/WHO, 2004; GFAR/CGIAR, 2005; USAID, 2005; Weinberger and Lumpkin, 2007; Berdegúe et al., 2008). Compared with subsistence crops, fruit and vegetables have significant advantages for increasing income, generating off-farm employment, and creating new marketing opportunities for smallholder farmers. Their high nutritive value can clearly contribute to improved health.

It is also acknowledged that there are many constraints currently limiting this potential (GFAR/CGIAR, 2005; USAID, 2005; Berdegúe et al., 2008). Production and marketing of fruit and vegetables and their products require a great deal of technology and knowledge. Market dynamics are complex, and quality standards are high, particularly for the more lucrative markets.

While several groups are working towards overcoming some of these constraints, what is currently lacking is a concerted and coordinated drive that pulls together the different efforts, fills the gaps in those efforts, and applies the results for rapid, widespread impact. HortAfrica proposes to provide this missing link, by offering a collaborative continent-wide horticulture transformation agenda, bringing together the best of science and market practices in the field of horticulture and focusing it firmly on the needs of the poor. Key to this agenda is a comprehensive capacity building, advocacy and knowledge management strategy that will place essential knowledge within the reach of potential players. Thus HortAfrica links research to development through an innovation approach that promises impact.

The time is right for such an effort. Demand for fruits and vegetables is soaring, both within and outside Africa. With increasing food and energy costs, there is a rising demand for locally produced food. As agricultural land becomes scarce – due to reduced soil fertility, or farmers growing biofuels instead of food crops, or loss of farmland to urbanization for example – land-efficient crops such as fruits and vegetables are becoming increasingly important, notably in peri-urban settings.

Africa has several advantages in responding to the global demand for fruits and vegetables, including, but not limited to, cheaper labor, favorable climatic environment, and more available land, and this is reflected in a rapidly growing horticulture business in the continent in recent years. In addition, few countries have come up against limitations such as lack of infrastructure, and lack of information and knowledge needed to respond to changing markets.

The Global Horticulture Assessment, carried out in 2004/2005, summarized the current situation (USAID, 2005). Briefly, eight ‘primary issues’ were identified that are constraining horticulture development (or are core social considerations in expanding horticulture development):

1. market systems;
2. postharvest systems and food safety;
3. genetic resources conservation and development;
4. sustainable production systems and natural resources management;
5. capacity building;
6. enabling environment;
7. gender equity; and
8. Nutrition and human health.

The Global Forum for Agricultural Research (GFAR) and the CGIAR also looked at the question ‘How can the poor benefit from growing markets for high-value products?’ at a workshop in 2005 (GFAR/CGIAR, 2005). Priorities identified here were:

1. how to identify high-value agricultural products market opportunities for increasing the income of the poor;
2. how to stimulate the domestic demand for high-value agricultural product;
3. how to organize small-scale farmers to realize the opportunities afforded by high-value agricultural products;
4. how to ensure access to business services in support of farmers and entrepreneurs involved in production and marketing of high-value agricultural products; and
5. how to influence policy to create an enabling environment for pro-poor high value agriculture.

Horticulture is highly knowledge-intensive, and while this provides a challenge, it also presents an opportunity. HortAfrica intends to seize that opportunity, generating and integrating social, economic and scientific knowledge and making it available, so that horticulture can expand in developing countries and poor people can share in the benefits.

## **2. CHALLENGES**

Horticultural producers in developing countries are mostly smallholders, many of whom are not organized into groups and a large number of whom are women. They usually lack technical knowledge, and often have poor access to information, markets and credit. They are in various stages of development with varying needs, for example they may be subsistence farmers producing predominantly for their own consumption, or small to medium sized enterprises with a low level of value addition.

Their business, marketing and entrepreneurial skills are limited. The more progressive market-oriented horticultural producers experiment with new varieties and products demanded by the market. They are constrained by the availability of

seeds and planting material and limited knowledge of production management. In many countries, rural infrastructure is poor and rural production areas are isolated. Storage, handling and transport of fresh produce from farm to market remain a challenge. Because of the seasonal nature of fruit and vegetables, oversupply of local produce can lead to losses for smallholders at particular times. Well-coordinated production scheduling, marketing and distribution systems are wanting.

The current over-reliance on chemicals for pest and disease control in fruit and vegetable production presents one of the biggest challenges for small-scale farmers. In the absence of alternatives, and a lack of enforced safety standards, chemical pesticides have generally been the easiest and most affordable option for many small-scale farmers to manage pests and diseases in their crops. This presents a well-documented health risk to farmers and consumers, as well as having significant negative impacts on agro-ecosystems.

With the expansion of horticulture, however, and an increasing awareness of the health and environmental risks these chemicals pose, this is ceasing to be a viable option for these producers. At the same time, increasingly strict food safety standards for horticultural products for global and regional markets (and often national and local markets) means that farmers must find safe alternatives if they are to access these markets and share the benefits from high-value crops.

Pests and diseases are not a new problem. However, trade liberalization without adequate phytosanitary precautions has led to pests and diseases being inadvertently introduced into new areas, sometimes with devastating consequences (Waage, 2000). Meanwhile, climate change is threatening major impacts on system dynamics, with uncertain effects on pest populations, crop resistance and other factors. Intensification of small-scale horticulture itself has implications for pest and disease dynamics.

All of these factors reinforce the urgent need for a concerted effort to develop and implement effective, safe technologies for crop production and protection that are available and affordable to small-scale producers of fruit and vegetables. Integrated pest and disease management (IPDM) and integrated production and protection management (IPPM) techniques offer a range of these options, and HortAfrica will seek to develop a toolbox of such techniques appropriate for the growers, crops and agro-ecosystems under study. These are likely to include improved soil management practices, biological control, biopesticides and botanicals, and use of improved varieties with genetic resistance to biotic and abiotic stresses. Awareness raising and enabling farmers to acquire the necessary skills and knowledge will be an important part of this effort.

High-value fruit and vegetable systems are also characteristically more dependent on the private sector, both for inputs and markets, than other areas of agriculture. Therefore capacity building must also explicitly target the technology and human capacity needs of the private sector, particularly the needs of the entrepreneurs and emerging private enterprises. International trade standards, both public and private, set increasingly demanding requirements for food safety in high-value crops, including issues such as pesticide residues and food contamination. Furthermore, several private food standards which particularly address potential exports from selected countries now specify that food safety concerns should be addressed during production. Specialized training is needed to facilitate compliance.

### **3. OPPORTUNITIES**

HortAfrica aims to increase participation and integration of small-scale horticultural producers in high-value fruit and vegetable value chains, and improve relationships and coordination among participants in such chains. It aims to develop technological and institutional innovations to help smallholder farmers, the rural poor and small agro-enterprises in developing countries to harness existing and new opportunities for income growth and food security. These opportunities are currently limited by a set of constraints along the value chain and HortAfrica will identify integrated solutions to these constraints.

HortAfrica will pro-actively address issues of capacity building, advocacy and knowledge management to sustain transformation of the horticultural sector. It will act to develop existing or build new relationships between the public and private sectors, creating dynamic and sustainable partnerships to ensure inputs are available and used appropriately, value chains have relatively low risk for participants, and that safe, nutritious and affordable products are available to consumers.

HortAfrica will act as a catalyst for the development of innovative solutions that enhance the productivity, efficiency, equity and sustainability of fruit and vegetable value chains in the target areas, and beyond, thus generating tangible and widespread benefits to both producers and consumers. High returns on small land areas and efficient water use through targeted application are examples of the benefits of fruit and vegetables that will be built upon. These attributes, as well as new varieties, tools and methods, and information, will allow rapid adaptation to global challenges such as climate change.

HortAfrica is geared towards achieving sustainable impacts on a large scale. Its main legacy will be a rich and diversified menu of international public goods being used by policy makers, researchers, practitioners, the private sector, and farming communities across the continent. HortAfrica will adopt a variety of strategies from the very early stages to ensure that the international public goods developed are not only highly relevant but also widely available and extensively used beyond the

lifetime of the Program. HortAfrica will also include a very strong and overarching communication, dissemination and capacity development component to enable continued access to and adoption, adaptation and further development of its research and development outputs after the end of the Program.

Markets are evolving at all levels – local, regional and global – presenting a range of opportunities for smallholder producers. Modernization of markets is occurring across the continent, with foreign investments often used for developing large format supermarkets and export markets. Local markets are expanding at the same time and compete with the supermarkets. The evolution of markets comes with new and stringent demands and standards in terms of volume, quality, hygiene and phytosanitary requirements that impose new challenges on small-scale producers, development agencies and governments that aim to link these producers to dynamic and growing markets. Domestic and regional markets are growing rapidly, driven by population increase, rising prosperity (for some groups) and the trend towards living in cities. This offers significant opportunities for poverty alleviation (Diao and Hazell, 2004). High-value crops are growing in importance in sub-Saharan Africa and will occupy an increasing share of domestic and intra-Africa trade. Trade in high-value crops already accounts for over 40% of the total value of inter-regional trade (Diao and Hazell, 2004).

Postharvest management represents a critical element linking producers to markets and consumers, through activities such as processing, marketing and distribution (Mrema & Rolle, 2002). It provides opportunities for adding value to fruit and vegetable products, and it also has significant implications for nutritional value and food safety, which may be compromised by poor postharvest practices.

Perhaps the greatest challenge - and opportunity - here is that of postharvest losses, which can be as high as 50% for these highly perishable products (National Academy of Sciences, 1978; Kader, 2005). Reducing these losses is a logical and sustainable way to dramatically increase availability and raise incomes.

Seasonality – a significant issue with many fruits and vegetables – can also be addressed through improved postharvest management. Processing to extend storage time, while preserving quality, could help even out supply and demand patterns and associated price fluctuations.

#### **4. WAY FORWARD - THE HORTICULTURAL TRANSFORMATION AGENDA**

HortAfrica's vision is a continent free of poverty and hunger, where fruits and vegetables fulfill their potential as income providers and nutrition enhancers. Realizing this vision will require increased participation of poor rural and urban producers, laborers, processors and traders in value chains for fruit and vegetables

and their products, ensuring equitable distribution of benefits. To nurture this mobilization of forces, HortAfrica will generate and make available knowledge and technologies that will allow poor people to participate in and benefit from new and reoriented value chains for fruits and vegetables. HortAfrica will pursue a number of thrusts, described hereafter.

Thrust 1 - Improve the livelihoods of producers, processors, laborers and vendors through technical, social, institutional and policy innovations in value chains for fruit and vegetables, giving these groups a fair share of benefits and reducing risk levels.

The overall strategy is to use value chain analysis techniques to identify important entry points for engaging smallholder farmers, either individually or collectively, into high value domestic and export markets. The use of improved tools and methodologies can enhance the impact and effectiveness of interventions that address the unique circumstances of smallholder farmers, the rural and urban poor and small-scale fruit and vegetables enterprises in target countries.

Main topics to be assessed under this thrust include:

- *Distribution of benefits across actors within the value chains.* Clarify the factors that determine distribution of benefits in domestic, regional and international market chains. Identify business models from the private sector that are effective at creating wealth among the poor, and look for ways to mainstream them at scale.
- *Interdependence among chain partners,* as related to the perishable nature of fruit and vegetables and the knowledge-intensive production and postharvest handling of these products. Identify the specific opportunities and threats that these issues present for inclusive development.
- *Essential entry points in value chains* for fruit and vegetables for improving the role of the poor, and how these vary depending on other critical factors (e.g. markets, products, risk).
- *How to convert the need for fruit and vegetables for nutrition and health into a demand* using an integrated approach along a global value chain to improve the consumption of fruit and vegetables.
- *Governance structures and institutions.* How can the targeted use of chain-wide information and knowledge management lead to more pro-poor governance structures? How can innovative institutions such as interlocking contracts support poor operators in the chain?
- *Inclusion of the poor in fruit and vegetable chains as a trigger for broader development in the community.* The technical, policy and institutional arrangements that are needed to improve coordination of actors from production to consumption to stimulate efficient markets and equitable economic growth that benefits the poor.

Thrust 2 - Improve the health of the poor and vulnerable through increased consumption of fruit and vegetables.

The reasons for inadequate intake of fruits and vegetables are multiple and complex and it is imperative to unravel some of these complexities, and use this knowledge to increase consumption of fruit and vegetables, and improve health, initially in the HortAfrica target groups, but aimed at broader reach later. Also, consumption equates to demand, which drives production. Thus, consumption is a key component of the value chain. It is also clearly linked to the other stages along the chain: postharvest factors, for example, influence the availability and acceptability of products for consumers; while market factors greatly influence consumption patterns. Food safety is a critical issue for consumers, along with nutritional value, and both are linked to production and postharvest practices. Consumption issues can therefore not be considered in isolation.

Main topics to be assessed under this thrust include:

- *Fruit and vegetable availability and the reasons behind under-consumption of fruit and vegetables.* Develop a methodology for understanding the reasons. For example, how do factors such as dietary history, current food systems and socio-economic factors affect consumption?
- *Nutritional properties of selected fruit and vegetables.* Identify nutritional components, functional values and potential negative properties of commonly consumed, and underutilized, fruit and vegetables when prepared locally. Examine how and how much these values affect food choice.
- *Potentially emphasizing the link between availability/consumption of fruit and vegetables and the prevalence of chronic diseases.*
- *Linkages between consumption and production, and how to improve them.*

Thrust 3 - Catalyze and support national and regional action among national, regional and international bodies, to focus on the opportunities inherent in fruit and vegetables, and to influence policy makers.

Understanding market trends, preferences and other characteristics of the many types of markets, and using this understanding to find ways to link small-scale rural producers to the different markets is essential if HortAfrica is to be effective. This represents a significant challenge, not least for transferability and scaling up. The range of market venues, arrangements within the marketing chains and business models for marketing high-value horticultural products are as diverse as the products and situations themselves. There probably does not exist any prescriptive strategy and success in sustainably engaging farmer communities in dynamic markets might

depend very much on local conditions (the people, products and policy) and the willingness of the private sector to consider smallholders as significant suppliers for the food industry.

Main topics to be assessed under this thrust include:

- *Market opportunities for the poor.* Analysis of the structure, performance, size and trends of local and regional markets for fruits and vegetables, to identify typologies of markets that offer opportunities, and expand local markets with fewer access barriers than more sophisticated and stringent markets.
- *The impact of market participation and market channels.* Assess the participation of small-scale producers in market-oriented production, and the impact of market channels, on family income, technology adoption and farmers' behavior and practices.
- *Access to insurance, market information and finance.* Studies on production and market risk to evaluate models to improve access to insurance, market information and finance by small-scale producers and agro-enterprises to enable them to buffer risks, innovate and participate in markets.
- *Institutional arrangements.* Evaluate alternative institutional arrangements (including farmer organizations, contractual arrangements and participatory quality control systems) to identify effective approaches that facilitate participation of smallholder farmers in remunerative markets for fruits and vegetables.
- *Domestic and regional policy.* Analyze and contribute to domestic and regional policy setting (policies, technical agreements, sanitary and phytosanitary (SPS) measures and trade standards.

Thrust 4 - Maintain or increase quality and reduce quantitative losses along the fruit and vegetable value chains.

Successful postharvest management is extremely knowledge intensive for actors along the value chain. It includes selecting the best varieties and production systems, identifying market opportunities, and meeting quality and safety standards. Capacity building is therefore a major component of efforts to improve postharvest practices. At the same time, it must be recognized that postharvest capacities and demands are extremely diverse. They vary between small, medium, and large scale growers, and between processors, distributors and the different markets. Innovations will need to be as diverse as the challenges and, crucially, also be sensitive to local cultures and traditions (Hewett, 2002).

Main topics to be assessed under this thrust include:

- *The causes and magnitude of postharvest losses.* Identify the causes and magnitude of postharvest losses – in quantity, quality, safety and value – for the target crops.
- *Postharvest treatments.* Identify innovative, environmentally sound and affordable postharvest treatments that prolong shelf life and also maintain, or even increase, the nutrient value of fresh fruit and vegetables, for example, low-cost cooling practices or ways to reduce the need for cold chains.
- *Value addition.* Identify and develop value-adding processes for target fruit and vegetables.
- *Adapting postharvest processes.* Identify the technological requirements to adapt postharvest processes to agro-ecological production systems and trade practices.

Thrust 5 - Contribute to high productivity of good-quality fruit and vegetables, thereby expanding livelihoods for the resource-poor, while protecting the environment and preserving natural resources.

HortAfrica will look at ways to enhance agro-ecosystem resilience in fruit and vegetable production systems. Resilient systems are able to withstand shock events – climate events or pest attacks, for example – reducing farmer vulnerability. This is particularly important in the face of climate change. Chemical usage and soil management practices have significant implications for resilience, and biodiversity of systems is also a major factor (Thrupp, 2000). Small-scale horticulture has the potential to increase resilience where it results in more diverse farming systems that are managed sustainably; however, intensification may also lead to reduced biodiversity and unsustainable practices. These issues will be investigated using a systems approach integrating the technologies and approaches of the previously mentioned toolbox.

Main topics to be assessed under this thrust include:

- *IPDM and IPPM options for target fruit and vegetable farming systems.* Identify IPDM and IPPM options to address current and anticipated pest and disease pressures; in particular, develop and facilitate the use of safe alternatives to chemicals for these systems.
- *Appropriate fruit and vegetable species.* Identify the most suitable target fruit and vegetable species and varieties available locally, or that could be sourced from other locations/counties, and devise procedures and processes to identify

the most appropriate species and varieties in different agro-ecologies.

- *Agro-ecosystem resilience.* Investigate how small-scale fruit and vegetable farming systems can affect agro-ecosystem resilience, and how resilience in these systems can be enhanced through agro-ecological approaches.
- *Water management.* Assess water management options in small-scale fruit and vegetable production systems to identify those that offer efficient water use for maximum productivity.
- *Seasonality.* Identify/develop production interventions that reduce seasonality, e.g. protected cultivation, or use of varieties with extended or staggered harvest periods, or longer or shorter times to harvest.
- *Nutritional and organoleptic qualities.* Determine production interventions to improve the nutritional and organoleptic qualities of fruits and vegetables without adversely affecting yield or other quality criteria.
- *Entrepreneurship.* Investigate ways to foster entrepreneurship among small-scale fruit and vegetable producers, and promote innovation systems that would facilitate scaling up and out of locally-adapted technologies.

Thrust 6 - Build sufficient human capacity to enhance and sustain the sector along the entire value chain.

HortAfrica recognizes and affirms a key responsibility to share knowledge through both formal (scientific and technical) and non-formal learning processes with farmers, small-scale entrepreneurs, and both rural and urban inhabitants. Fruit and vegetable commodity systems are among the most knowledge-intensive and dynamic of any agricultural system. Both the short-term growth and the long-term viability of the high-value crop sector are critically dependent on access to technical knowledge, the ability to adapt that knowledge to local conditions, the skills necessary to develop new knowledge supply systems as market conditions change, trained product managers and culturally relevant models for the dissemination of new knowledge. HortAfrica also recognizes the need for strengthening the capacity of policy makers to address relevant horticultural issues (e.g. improvement of farmers' access to markets, promotion of fruit and vegetable consumption for health, enhancement of postharvest management to reduce losses, food safety compliance, etc.).

Main efforts under this thrust include:

- Assessing training, education and knowledge management needs and existing capacities in the target areas.

- Producing promotional materials and facilitating awareness at multi-stakeholder fora at regional and national levels.
- Developing information management and knowledge sharing systems appropriate for horticultural capacity building, with a particular focus on innovative applications of information technology.
- Providing leadership to develop synergies with parallel initiatives and programs (e.g. FARA's Donata or Rails programs, FAO/WHO's Profel, USAID's Horticulture Innovation lab and the European Commission's PAEPARD and Food Security Thematic Program).
- Strengthening formal horticultural education at the post-secondary level via improvements in curricula and pedagogy, drawing on partnerships with higher education institutions inside or outside Africa and emerging innovative approaches.
- Developing innovative, culturally relevant and effective public-private extension and training/education networks, with a focus on participatory methodologies, to discern needs and disseminate knowledge and information along the value chain to beneficiaries in the user communities.
- Improving local capacity to conduct advanced research for development to strengthen policy and regulatory environments, to address market access challenges, to innovate as markets change, and to assume the role of trainers of extension personnel, private consultants and industry leaders to meet the long-term needs of the sector.

## **5. PROGRAM MANAGEMENT**

*Performance evaluation and impact assessment* - HortAfrica will put in place mechanisms to assure the quality and relevance of the research, and procedures for monitoring and evaluation (M&E) of the activities, projects and processes. HortAfrica will develop a flexible and impact-oriented performance measurement strategy that will encourage reflection, joint learning and tangible progress towards attainment of the stated objectives. Periodic M&E will be carried out to facilitate critical reflection, learning and change in the process of technology evaluation, selection, promotion and diffusion of innovations for the benefit of smallholder farmers, agro-enterprises and other agents in the value chains. Feedback from target groups along the value chains on the effectiveness of specific interventions and factors that facilitate or hinder the uptake process will be identified, and recommendations for adjustment integrated into the implementation process. The results from recursive M&E will be shared with the Program Steering Committee and the Program Management Team to ensure timely action and integration of findings

into subsequent HortAfrica activities.

*Exit strategy* - As a catalyst for transformational change, HortAfrica will encourage committed national and community partnership teams to take primary responsibility for propagating proven results to a large number of local stakeholder groups. There shall be progressively increased roles and responsibilities of national and community focal points to take lead responsibility in the development of local action plans, mobilization of resources, and expertise exchange for follow-up activities that will be outside the framework of HortAfrica's duration and coverage. The national and community focal points will be facilitated to influence national policies that fully recognize and promote the technologies and best practices as important integral components of agricultural sustainability. National and community partnership teams will be encouraged to plan and coordinate local action plans between neighboring communities with minimal supervision by external technical agencies.

*Governance and management* - It is proposed that the governance and management of HortAfrica be guided by a number of principles and values. It should be designed to: (i) be as simple as possible for delivering the required efficiency in program operation and outputs; (ii) build upon existing structures of governance as far as possible and not establish unnecessary parallel systems; (iii) be transparent and inclusive in its functioning; (iv) be independent in decision-making, and governed principally by the goal and objectives of the Program; and (v) be driven by professionalism and expertise relevant to high-value crops fruit and vegetables.

The principal organ for governance will be a Program Steering Committee reporting to a Program Board of Trustees formed from representatives from the African Development Bank, Regional Economic Commissions, Regional Research and Development Coordination Organizations, Farmer/Producer Organizations, and the Private Sector. The Program Steering Committee will provide independent guidance and oversight to the Program Management Team that will consist of the Program Director and the leaders of the Thrusts (thematic and cross-cutting programs) of the Program.

There will also be a Stakeholder Platform, which will consist of various groups and organizations involved with horticulture (fruit and vegetables), as well as individual stakeholders and partners. The Stakeholder Platform will play an important role in linking the Program with the wider horticulture research and development community, and will also have an advocacy role to the Program Steering Committee.

HortAfrica will be hosted by an organization competitively chosen based on substantiated willingness, institutional capacity and contextual stability. The host organization will provide HortAfrica with both legal personality and institutional authority for audit and other assurance mechanisms (such as employment policies, contracts, facilities, services, fiduciary management, logistics, and intellectual property rights policies and practices). The host organization will also have fiduciary

responsibility for the Program. It will exercise an appropriate level of policy and governance responsibility over the Program.

## **6. ESTIMATED COSTS**

It is anticipated that HortAfrica's funding needs will increase from approximately US\$5 million in the first year (inclusive Program Design) to US\$15 million in the second year, US\$18 million in the third year, US\$20 million in the fourth year, US\$25 million in the fifth year and to US\$30 million by the sixth year of the first (pilot) phase. Funding requirements for the second (scaling) phase will be detailed in the work plan to be presented at the mid-term review of the first phase.

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# A Strategy for the Transformation of the African Cocoa Sector

## 1. BACKGROUND

Cocoa represents a major ingredient in the production of chocolate and other cocoa-based confectioneries. Although chocolates are largely produced and consumed in developed countries in Europe, North America and Asia, cocoa beans are largely produced in Africa, Asia and Latin America. Thus, cocoa is an agricultural commodity that lends itself to international trade. Africa is the largest cocoa producer and exporter in the world. It accounts for approximately 73% of global cocoa production, with Côte d'Ivoire, Ghana, Nigeria and Cameroon producing 70% of world cocoa exports. Cocoa production in other African countries such as Uganda, Togo, Sierra Leone, Madagascar, Liberia, Guinea and The Democratic Republic of Congo is on the increase too.

The cocoa sector in Africa is a major source of employment for a large percentage of the labour force, especially in rural areas, providing livelihoods for over two million farming families and approximately ten million workers. This makes the sector a convenient vehicle for poverty alleviation, economic development and social empowerment.

Although, cocoa originated from Latin America, Africa has since become the world centre for cocoa production due to its conducive climate for the crop. Indeed, cocoa is now one of the most important agricultural commodities in Africa, generating significant export revenues and driving the economic growth of the major cocoa producing countries.

In the 2014/2015 cocoa season, Africa produced approximately three million tonnes of cocoa out of a world total of approximately four million tonnes. However, cocoa production in Africa is dominated by smallholder cocoa farmers who own less than three hectares each. They are often lack resources and generally live below the poverty threshold. Yields are very low and cocoa growing methods have hardly changed in the past five decades. Cocoa farmers are mostly unorganized and lack major production inputs, including micro credit. For such farmers, cocoa production is more often not treated as a business, but as a subsistence activity and way of life. In addition, there are no strong institutional framework and support services in cocoa producing countries to support the development of the cocoa sector. As a result, the cocoa sector in Africa is not fully developed to its potential and is currently unsustainable.

The International Cocoa Organization (ICCO), on behalf of its Members, has a vision to transform the cocoa sector in Africa to one that is both sustainable and business-oriented. In other words, a cocoa sector that is highly productive, organized and dominated by a younger generation of cocoa farmers that will produce cocoa on a larger scale as business entities. A cocoa sector that is not only sufficiently independent, but also highly responsive to the demands of the cocoa market. To achieve this vision, the ICCO has, to date, organized two round tables for a sustainable cocoa economy and two world cocoa conferences. These efforts resulted in the development of a "Global Cocoa Agenda" which is a road map for achieving a sustainable world cocoa economy.

The implementation of the “Global Cocoa Agenda” is now the major focus of the ICCO and all stakeholders in the world cocoa economy. This presentation will outline the strategies for the implementation of the global cocoa agenda so as to transform the cocoa sector in Africa to a more sustainable and vibrant one. The strategy will be based on four principles, including improving cocoa quality and productivity; promoting higher cocoa value addition; encouraging more efficient cocoa trade and marketing; and strengthening the institutional framework and support services.

## **2. MAJOR CHALLENGES FACING THE AFRICAN COCOA ECONOMY**

Cocoa production and trade in Africa is faced with a number of challenges that affect the rate of growth of the sector to realize its full potential. The main challenges are as follows: low productivity and low income; inefficient marketing systems; availability and cost of farm inputs; scale of production and value addition; innovation, technology and knowledge transfer; and institutional framework and advisory services.

### **1. Low productivity and low income**

The majority of smallholder cocoa farmers in Africa are poor as they earn less than US\$2 per day. The reason that cocoa farmers are poor is due partly to the low productivity of their cocoa farms. Average yields are low on most smallholder cocoa farms which have not changed much over the past three to five decades. A typical yield is about 500 kg of dry cocoa beans per hectare. Over time, these yields have increased to some extent, thanks to the planting of hybrid trees. On the other hand, in a number of areas, yields have been going down, as the age of the trees has increased. Average yields in Africa are probably slightly lower than the world average, estimated at around 600 kg per hectare. Only in Malaysia are average yields above 1,000 kg per hectare.

One of the main reasons for these low yields is the high incidences of cocoa pests and diseases. Approximately 30% to 40% of global annual cocoa production is lost to pests and diseases. At national and local levels, the situation can be much more severe with, in some instances, farmers reporting total production loss. Although crop loss estimates are often quoted in the literature, exact figures are difficult to establish as precise statistics are generally unavailable. Figures can be misleading with no account being taken of increased production resulting from new plantings, thus incorrectly estimating actual losses in production. Other factors that contribute to low yields are the non-availability or use of improved planting material, inadequate and inappropriate agronomic practices; and ageing cocoa trees.

### **2. Inefficient marketing systems**

The market structures in which cocoa is traded are inefficient in most cocoa producing countries. The majority of cocoa farmers sell their cocoa beans individually to itinerant buyers. They often do not have access to market information and their understanding of the quality requirements of the market is very weak. Consequently, the percentage of the market price that farmers receive is frequently very low.

The cocoa value chain in most cocoa producing countries is dysfunctional and not favourable to the majority of cocoa farmers. The value chain is often too long with most participants not

performing any marketing function that adds value to the beans, while taking a share of the market price.

The cocoa supply chain in Africa is characterized by a proliferation of stakeholders. It is not unusual to find too many intermediaries between the farmer and the exporter. Indeed, the relatively large numbers of operators in the market, combined with the fragmented and inappropriate functioning of the internal market, have resulted in a trading system in which quality is often compromised. It is common practice for traders to mix good and bad quality cocoa beans to meet minimum market quality standards. This practice of mixing has been made possible as there is no system of efficient quality control that would make it easy to trace good or bad cocoa to its origin. The situation has been exacerbated by the near absence of strong, efficient and viable cooperatives or farmers' groups. Even those that do exist are poorly equipped and without sufficient access to market information. Thus, the smallholder farmers, often with low production levels and lacking proper cooperative organization, are unable to benefit from marketing advantages that larger scale selling could bring.

The functioning of the cocoa supply chain from farmers/cooperatives to the port of export or local processing factories has to improve and be made more efficient. A more efficient cocoa supply chain would stimulate the production of cocoas of high physical quality, which are traceable and for which the integrity is maintained from the cooperatives to the port of shipment. An efficient cocoa supply chain would lead to better organized farmers' groups that would, in turn, be better able to perform additional marketing functions, thereby adding value to the cocoa. This would also engender more savings, as the chain would be shorter, thereby giving higher returns to the farmers.

### 3. Availability and Affordable Cost of Farm Inputs

The availability of farm inputs at affordable costs is important to improve the productivity of cocoa farms. Most cocoa farmers have limited access to productivity enhancing inputs and resources such as fertilizers, agrochemicals, seedlings, farm tools and micro-credits. As a result, smallholder cocoa farmers are not able to take advantage of improved technologies and planting materials that demand high use of farm inputs to maximize farm productivity. The result is that farmers resort to extensive and shifting cultivation which involves increasing land area and deforestation in order to increase production, as opposed to intensive cultivation and raising productivity per hectare through the use of farm inputs.

Access to credit is another major constraint that cocoa farmers in Africa face. Without affordable credit, farmers are unable to make the necessary investments to increase the productivity of their farms and to be able to make certain decisions in the trade of their cocoa that would enhance the revenue generated from cocoa production.

Availability and cost of labour is another major challenge facing the Africa cocoa sector. At the present time, cocoa production is labour-intensive and is increasingly becoming an impediment to growth. The average age of cocoa farmers is currently above 50 years, as cocoa production is less attractive to the younger generation who migrate to the cities for more economically rewarding ventures. Labour saving production systems or arrangements that would attract the younger generation back into cocoa farming are needed if the African cocoa sector can be competitive. This

would require a move to mechanize cocoa growing more than at present.

#### 4. Scale of Production and Value Addition

One of the major characteristics of cocoa production in Africa is its domination by smallholder cocoa farmers, working on small size farms. It is estimated that approximately 95% of African cocoa production originates from these small farms. There are virtually no plantations and only a small number of middle-sized and larger farms. A farm size of circa three hectares is typical for smallholder cocoa farms in Africa, with most farms in the size group of two to five hectares. The small size characteristic of most cocoa farms does not give the farmers the market advantage that economies of scale provide to large scale production.

As a result, cocoa farming is not treated as a business entity and is not well structured as an investment operation to be managed accordingly.

Cocoa is not a food crop but a cash crop and while it is mostly produced in Africa and largely exported as raw beans, it is mostly consumed in developed countries, with 80% consumed in Europe, North America and Japan, where imported cocoa beans are processed into semi-finished products that are used in the manufacture of chocolate and cocoa-based confectioneries. Cocoa beans are processed into cocoa liquor, cocoa butter and cocoa cake or powder and then sold with a significant margin over the price of the beans.

The value of the cocoa beans is increased through manufacturing processes to produce value-added products that will provide more economic gains to the local economy.

#### 5. Innovation, Technology and Knowledge Transfer

Research and development is the cornerstone that drives social and economic growth and development in any society. Cocoa production systems in Africa have not changed significantly over the past decades. Indeed, cocoa farming has remained the same, and apart from the introduction of hybrid varieties, nothing has changed in cocoa farming and trade in Africa. There has been very little effort at modernizing cocoa farming or farming in general.

Research in cocoa development in Africa is weak and uptake of innovation by cocoa farmers who are mostly illiterate is either slow or non-existent. As a result, the large potential and opportunities offered by the cocoa sector have not been fully exploited by the cocoa producing countries in Africa, nor have they taken advantage of existing technological progress and innovations in the way that other agricultural crops have done.

Most cocoa producing countries in Africa do not have agricultural extension services and where there is one, it is often very weak and ineffective. Sound agricultural extension policies are indispensable to the achievement of success in technology transfer to farmers. Scientific research has to be improved, and if scientific research is to achieve a real impact on farming productivity and the livelihoods of farmers and their families, the methodology for dissemination of information has to be adequate. These methods require that the roles and responsibilities of the researchers, extension officers, and other stakeholders involved need to be clearly defined.

## 6. Institutional framework and Advisory Services

The liberalization of the cocoa sector in most African countries resulted in the weakening of the market position of farmers, as following the dismantling of many state-owned institutions, farmers were left to their own devices, with limited necessary support services to assist them in investment decision-making processes. Indeed, the liberalization reforms virtually destroyed the logistical arrangements that had supported cocoa trading, such as price guarantees, input supply arrangements, warehousing, quality control, and transportation, etc.

The institutional framework within which cocoa is produced and traded in Africa is weak and uncondusive for business in the cocoa sector. For example, land acquisition and ownership presents a large constraint to the establishment and expansion of cocoa farms. For cocoa production and trade to thrive, it needs to be supported by strong institutions that would provide vital services to the sector within business-friendly regulations and legislatures such as on taxation, land ownership, credit facilities, market information services and basic infrastructure.

In addition, most cocoa producing countries only have limited national strategy and knowledge of cocoa resources. In many cocoa producing countries, there is a lack of a reliable database on the cocoa resources available in the country, particularly as related to information on tree stocks, tree age profiles, yields, and production factors such as labour, labour costs and other relevant statistics necessary for effective policy formulation and strategic planning. Even for the few countries that do have the basic data, the quality of the data remains a problem. To be able to manage the available resources efficiently and to be able to utilize them for maximum return in the most cost effective way, there is a need to establish a good database that is constantly updated and verified. A complete database is considered to be a necessary building block for policy makers

## **3. OPPORTUNITIES FOR THE TRANSFORMATION OF THE COCOA SECTOR**

While, on the one hand, there are a number of challenges faced by the cocoa sector in Africa as highlighted above, on the other hand, the sector has tremendous opportunities that could be exploited in order to transform the sector into a more sustainable and vibrant one. The opportunities that exist in the cocoa sector are summarized below under the following headings: Cocoa market; Cocoa Resources; Cocoa Processing and Value Addition; and Agricultural Diversification.

### 1. The Cocoa Market

The outlook of the world cocoa market is impressive. Indeed, world demand for cocoa beans is expected to outstrip world supply in the next five years. The demand for cocoa beans is increasing and the demand for high quality cocoa beans is even higher. Hence there are market opportunities for the cocoa producing countries to derive higher revenues from cocoa production, thus providing a solid basis for the implementation of measures for the transformation of the cocoa sector.

In addition to the high demand for cocoa beans from the international market, there is a huge

potential to increase cocoa consumption in origin countries. Already, some cocoa producing countries have developed policies and measures to encourage local consumption of cocoa. This will result in a more competitive market for cocoa beans.

## 2. Cocoa Resources

The abundance of natural resources (vast and fertile land, good climate, etc.) in Africa gives the continent a comparative advantage over other cocoa producing continents to expand production of cocoa. Cocoa is a tropical crop that is grown in the regions of the world along the equator where the conditions are most conducive for its production. Africa is therefore well placed and has the required resources to dominate cocoa production in the world.

## 3. Cocoa Processing and Value Addition

Global cocoa production reached over 4.2 million metric tonnes in the 2014/2015 season. This is valued at approximately US\$12 billion on the export market, with cocoa farmers receiving approximately US\$8 billion in revenues. However, there is a significant parity gap in earnings between cocoa production and chocolate sales. In 2014/2015, the chocolate industry was worth approximately US\$110 billion worldwide. This shows that there are growth opportunities and potential to encourage value addition for cocoa beans through processing and manufacturing at origin. The benefits of value addition for cocoa producing countries includes economic diversification, job creation, tax revenues and indirectly, the improvement of farmers' incomes. However, cocoa producing countries face a number of obstacles in order to competitively process cocoa and manufacture chocolate at origin. These obstacles are of an economic, geographic and commercial nature.

Women in agriculture are increasingly gaining support in Africa as one way in which to address gender issues and equality. Cocoa production is particularly suited to women, as there are certain functions in the process of producing and trading cocoa that are traditionally for women. In this respect, cocoa production and trade represent a means to improve the employment opportunities for women in Africa.

## 4. Agricultural Diversification

For cocoa production to be sustainable, farmers' incomes from cocoa growing have to increase, but increases in the incomes of cocoa farmers will not be secured from cocoa production alone. The reasons for this are the constant price fluctuations and other risk factors, such as weather conditions, which tend to reduce the incomes obtained by farmers from cocoa farming. It is therefore necessary for farmers to intensify the use of their land resources and to take advantage of market opportunities to produce other crops on their cocoa farms. This can be achieved through diversification on cocoa farms to generate additional incomes for the farmers.

The potential for agricultural diversification in Africa is huge and cocoa production systems are particularly suitable for agricultural diversification.

## 4. ACTIONS AND THE WAY FORWARD

In 2012, the ICCO through the First World Cocoa Conference in Abidjan, Côte d'Ivoire, developed a "Global Cocoa Agenda" which is a roadmap for achieving a sustainable cocoa economy. It outlines the strategic challenges facing the cocoa value chain, the recommended actions to address them and the responsibilities of the stakeholders in the cocoa sector at national, regional and international levels. The "Global Cocoa Agenda" is attached as an annex to this document.

One of the key recommendations of the Global Cocoa Agenda is for countries to each develop and implement a national Cocoa Development Plan derived from a fully transparent and participatory process with all key stakeholders involved in the cocoa sector, through public-private partnerships. Several countries have engaged in this process since then, and Côte d'Ivoire in particular, the world's largest cocoa producing country, has made significant progress.

Another key recommendation of the Global Cocoa Agenda is to increase the coordination of initiatives implemented, thereby allowing for more coherent and efficient actions to address the challenges faced by the sector. The largest cocoa and chocolate companies have since then developed a strategy to coordinate and align their cocoa sustainability efforts. However, much work remains to be done.

Realizing the vision of achieving a sustainable world cocoa economy is not expected to happen overnight, but this goal can be met through taking small incremental steps and by focusing on continuous improvement. While the initiatives put in place go in the right direction, a thorough review of their impact is necessary.

This review is particularly important in relation to the improvement of farmers' incomes and livelihoods. The cocoa sector cannot be seen as sustainable as long as farmers do not receive decent livelihoods from cocoa farming. Nevertheless, the rising level of coordination and communication between stakeholders in the cocoa community, and the tremendous energy being generated towards achieving the stated objectives, provide strong hope that progress will continue to be made in the coming years.

This progress is to be monitored and coordinated by the ICCO Consultative Board on the World Cocoa Economy. The World Cocoa Conference also offers an ideal platform to review and further enhance this process.

At the Second World Cocoa Conference in Amsterdam, The Netherlands, the participants agreed on the following recommendations as the next steps, in line with the Global Cocoa Agenda:

1. The establishment of and/or the strengthening of fully inclusive, transparent and participatory Public-Private Partnerships (PPP) platforms is encouraged to design and implement National Cocoa Plans;
2. National Cocoa Plans should give priority to policies that empower farmers and improve their income in a clear and measurable way;

3. National Cocoa Plans should, as a matter of urgency, undertake an inventory of cocoa resources, to assist in the process of production planning and to evaluate the impact of production policies on prices and on farmers' incomes;
4. Corporate or private cocoa initiatives may promote innovation and, where appropriate, it is highly recommended that these are well coordinated in the framework of national plans; and
5. Relevant actors in the cocoa value chain should collate and adopt Key Performance Indicators (KPIs) to evaluate the impact of specific policies and initiatives and make appropriate recommendations as and when required.

In addition, it is proposed to implement actions to enhance the market power of cocoa farmers and African cocoa producing countries through: a) encouraging farmers to pull their resources together and form clusters to improve their bargaining power in the cocoa market; and b) enhancing market integration at regional level through coordination of policies and measures to strengthen marketing of cocoa products and increase the price making power of African cocoa producing countries, as over 70% of production is concentrated in West and Central Africa.

Recognizing that long-term sustainability is an evolving process which requires a transformational change in the global cocoa value chain, the Conference agreed to keep up with the momentum of the first World Cocoa Conference, using the Global Cocoa Agenda as the roadmap.

## **5. ESTIMATED COSTS**

It is difficult to provide an accurate estimate of the costs of implementation of the actions highlighted in the Global Cocoa Agenda. The reason is that each action is a composite of different actions of which the level and extent of their implementation will differ significantly from country to country.

The short, medium and long-term needs for the transformation of the cocoa sector can only be established after a careful and detailed analysis of each country concerned.

The broad estimate of the cost of the proposed actions is approximately US\$ 120 million per year for all the cocoa producing countries in Africa. This cost would be borne by the governments of cocoa producing countries, the private sector and technical and financial development partners.

## **ANNEX**

### **THE GLOBAL COCOA AGENDA**

The text below lists the actions identified by cocoa stakeholders and extracted from the Technical Annex of the Global Cocoa Agenda (<http://icco.org/home/world-cocoa-conference-2012.html>)

## **A. Sustainable Production**

1. Transform cocoa farming into modern enterprises using a business approach, bringing equitable returns, and consequently attractive to the younger generations through supporting organization of farmers into groups.
2. Increase access to affordable credit, extension services and adequate infrastructures at community level for farmers and farmers' organizations.
3. Increase productivity by supporting conservation and use of cocoa genetic diversity, providing better planting material and inputs, innovative technology and integrated pest and disease management while managing cocoa soil fertility and soil conservation to ensure long-term sustainability in yield.
4. Improve cocoa quality better communication of industry needs, post-harvest processing and quality assessment.
5. Enhance food safety by wider promotion and adoption of Good Agricultural Practices (GAP) and elimination of all non-approved pesticides and improved traceability to enable the quick identification of the source of any illegal product, in the event of an incident that may threaten food safety.
6. Preserve biodiversity, conserve existing ecosystems and increase resilience on the effects of climate change in cocoa production by investing in adaption and mitigation of its effects.

## **B. Sustainable Industry Chain**

7. Continue work on "Guidelines on best known practices in the cocoa value chain", widening their scope to include all stages in the chain, including processing, manufacturing, retailing and consumption. Promote and disseminate the use of best known practices along the value chain.
8. Conduct national value chain studies 'from farm to table' and undertake national SWOT analyses of the cocoa sector to identify and address challenges and seize opportunities.
9. Develop and strengthen an efficient supply chain, keeping the internal cocoa chain as short and efficient as possible, with all participants receiving a fair and equitable economic return, in particular smallholder farmers.
10. Ensure market transparency and dissemination of information through the value chain, in particular to farmers. As the use of mobile phones and other information and communications technologies (ICTs) becomes more affordable and widespread in cocoa producing countries, there is a great opportunity to significantly improve access to market information.

11. Improve traceability of the value chain, from cocoa produced at farmers' groups' level to consumption, using new and affordable technologies, such as geographical information systems (GIS). Devise and implement a system whereby the security of the cocoa within the chain and their representative documents may be enhanced.
12. Compile and maintain an up-to-date, comprehensive and authoritative list of consumer safety issues, how they may be mitigated, establish an early warning system/mechanism for trade and producers to identify critical assessment points to prevent escalation of trade related issues.
13. Investigate the relevance of warehouse receipt systems, and develop processing and value addition at origin.
14. Seek to reduce farmers' exposure to cocoa price volatility and provide education programme for farmers to sell their produce at optimum conditions thus enhancing their market power.
15. Seek to reduce any harmful action to the environment, invest in energy efficient technologies while mitigating the effects of climate change and investing in adaptation techniques.

### **C. Sustainable Consumption**

16. Formulate and implement strategies to meet evolving expectations and concerns of the consumers.
17. Disseminate information and marketing on key quality and flavour attributes of specific cocoas, in particular fine or flavour cocoas, promote the diversity and use of cocoa fetching price premium, thereby enhancing farmer returns.
18. Promote cocoa consumption in emerging markets and at origin, in particular through national generic promotion campaigns and innovations to develop the local consumption of cocoa and the use of by-products.
19. Promote the adoption of good practices that improve food safety and ensure appropriate levels of safety of the cocoa consumed.

# Strategy for Competitiveness in the WAEMU Cotton - Textiles Sector

## INTRODUCTION

The cotton sector takes pride of place in WAEMU Member State economies. It remains the main source of income for over 15% of the sub-region's inhabitants, generates between 30 - 50% of Member States' export earnings, contributes 33% on average to GDP creation, and provides employment for an estimated 70% of the active farmer population. It directly and indirectly creates considerable numbers of jobs in all the sectors of the economy and contributes to a large extent to poverty reduction as well as to the development of other agricultural sectors. The WAEMU region is the major cotton-growing region (76% of production) in sub-Saharan Africa and occupies 5<sup>th</sup> place in global rankings.

This explains why, when the sector began to show signs of dysfunction, after their summit meeting on 8 December 1999, WAEMU Heads of State and Government issued new guidelines to better address issues and for the sound development of the sector.

With this in view, the West African Development Bank (BOAD) carried out a study in 2002. The Bank recommended the creation of a strategy for competitiveness in the WAEMU cotton-textiles sector. This was endorsed by the statutory Council of Ministers of the Union at its session of 18 June 2003. Placing cotton in the forefront, and embodied in Regulation N°06/2007/CM/WAEMU, dated 6 April 2007, WAEMU endorsed cotton as one of the five priority sectors of the Union's Agricultural Policy.

## I. PRESENTATION OF THE COTTON - TEXTILES AGENDA

### 1. The cotton-textiles agenda

Non-compliance with WTO trade rules, depressed cotton prices on the world markets, price volatility and the movement of the dollar against €/CFA parity rates all adversely affected sector development. Therefore, by Decision N°15/2003/CM/WAEMU of 11 December 2003, the Statutory Council of Ministers adopted a strategy for competitiveness in the cotton-textiles sector known as the 'Agenda'. The objective was to transform 25% of fiber each year by the year 2010, adding value and, as a corollary, creating 50,000 jobs in the industry.

### 2. The agenda action plan

There were six (06) pillars to this Agenda's plan of action:

- Creating a fund to stabilize farmer incomes and attract private investments to the sector;
- Establishing a cotton-textiles industrial investment fund;
- Initiating discussions on activities for competitiveness in the sector;
- Implementing a regional training program for the textiles profession;
- Setting up a regional technical centers for textiles facility;
- Launching an active communications campaign about the Agenda.

## **II. REVIEW OF THE COTTON AGENDA**

Implementing the Agenda for competitiveness in the WAEMU cotton-textiles sector did not produce the expected results by the end of its term in 2010. In fact, none of the key triggers in the Agenda were carried out, except for a few activities, namely:

- Setting up a Committee to monitor the implementation of the Agenda;
- Completing two BOAD studies on the establishment of two regional funds for the sector;
- A study on services in the cotton-textiles-clothing sector carried out by EDC;
- Harmonization of standard norms for cotton (categories of sales);
- Signing of a Cotton-Textiles Sector Support Project (Projet d'Appui à la Filière Coton-Textile, PAFICOT) between the WAEMU Commission and the AfDB;
- Exploratory study on the setting up of a regional fund by UNIDO.

Following on missions to every Union country to carry out wide-ranging discussions between all the public and private stakeholders in the cotton-textiles sector, the Cotton Agenda was revised on 12 November 2010, with support from international experts. The WAEMU Commission requested European Union support for a review of the Agenda.

There were consultations between various representatives of the links in the sector's value chain at each stage of the process. The Agenda was updated in order to better respond to sector challenges with the vision for transformation of 25% of annual fibre production, the creation of 50,000 jobs in the industry and value-added, by the year 2020.

### **6.**

## **III. STRATEGIC OBJECTIVES OF THE COTTON AGENDA**

The WAEMU Strategy for competitiveness in the cotton-textiles sector revolves around five strategic objectives:

- Improved productivity in the cotton-textiles sectors of the WAEMU region;
- Improved cotton quality in the WAEMU zone;
- Support to the development and promotion of WAEMU zone cotton and textiles on regional and international markets;
- Development of local cotton fiber transformation;
- Development and promotion of the oilseed sector (cottonseed).

## **IV. ACHIEVED OUTPUTS**

The main outputs may be summarized as follows:

- Over a five-year (05) period, the implementation of the regional component of the Cotton-Textiles Sector Support Project (PAFICOT) in the amount of 1.5 billion CFA, with AfDB support. The regional component of the project was completed on 30 June 2014;
- Launch by the Geneva Group of Ambassadors representing WAEMU Member States of an economic advocacy process for funding the WAEMU cotton-textiles strategy. Their objective was a joint declaration at the meeting on Consultative Framework Mechanisms of the WTO DG promoting cotton and the 6 December 2013 WTO Ministerial Conference in Bali, where funding would be sought for a collaborative sub-regional project;

- Organization of Monitoring Committee meetings made up of all public and private stakeholders in the sector (Dakar in 2011, Lomé in 2012, Koudougou, Burkina Faso in 2014);
- Organization of two Cotton Task Force meetings made up of the Commission, the Central Bank of West African States (BCEAO) and the West African Development Bank (BOAD) to forestall any constraints that may affect sector financing (Dakar in 2011 and Ouagadougou in 2012);
- Completion of an additional study for a more in-depth examination of the findings from studies on the establishment of two regional funds to support the cotton-textiles sector;
- Continued negotiations for resource mobilization to implement a new cotton-textiles strategy with the World Bank, the French Development Agency (AFD), AfDB, UNIDO, WTO, EDC and the EU (funding support under EDF 10);
- Transmission to the AfDB of a concept note on funding the second phase of PAFICOT;
- Financial support for rehabilitating the WAEMU Professional Organization for the Cotton and Textiles Industry Operators (Organisation Professionnelle des Industriels du Coton et du Textile, OPICT);
- Resource mobilization by the WAEMU Commission:
  - 451 million CFA to fund the African Cotton Producers' Association (AProCA), within the framework of the Cotton University Project, from 2011-2013;
  - A 120 million subsidy for the Textile Industry Research and Training Center (CERFITEX) to support training for technicians and operators in the various cotton-textiles professions, from 2011-2014;
  - A 143 million CFA subsidy to the Integrated Regional Programme for the Protection of the Cotton Tree in Africa (PR-PICA) for support for the organization of workshops for the presentation of cotton research findings and experiments with new forms of fertilizer, between 2013 - 2015;
  - A 217 million subsidy to OBEPAB (Benin), Helvetas-Burkina, UNPCB (Burkina Faso), Helvetas-Mali and SODEFITEX-Senegal, between 2011 and 2014, to finance the promotion of biological and equitable cotton in Benin, Burkina Faso, Mali and Senegal;
  - Mobilization of 300,000 Euros from the Intra-ACP funds under EDF 10 to finance the Cotton Contamination Prevention Project;
  - Ongoing mobilization of 1,200,000 USD to carry out regional coordination activities for the USAID cotton project entitled the 'West Africa Cotton Partnership Program (WACCP)' made up of the following 3 components : productivity, partnership and gender.
- Trade missions for African cotton promotion and stakeholder capacity building in the marketing of fiber;
- Trying out various types of agricultural insurance to protect against climate, price volatility and bridging funds;
- Cotton contamination control and extension work to introduce clean cotton production techniques;
- Publication of 14 issues of the 'InfoCotton' news bulletin;

- Publication and dissemination of a prospectus on the revised strategy and a trade brochure on marketing cotton in the WAEMU region;
- The design of a portal on the WAEMU Commission website.

## **V. CHALLENGES**

The major challenges in implementing the Agenda are as follows:

- Seeking funding to build on past successes and continue with implementation;
- Setting up a regional funding mechanism for the WAMEU cotton-textile sector;
- Development of an integrated response to the sector's problems;
- Improved productivity through access to tried and tested agricultural advice in a environment conducive to larger numbers of cotton growers;
- Quality improvement for all produce along the entire value chain;
- Support for diversified, direct and equitable market access for all the produce;
- Supporting cotton processing enterprises within an improved business climate to rapidly contribute to relaunching the production and creation of greater value added.

## **VI. OPPORTUNITIES**

- Raising stakeholder awareness about the importance of the development of the transformation segment for increased stakeholder income: the development of workshops (Faso Dan Fani), organization of several fairs and woven cotton cloth exhibitions (Burkina Fashion Week);
- The revised Cotton Agenda strategy based on an Implementation Plan that identifies actions and stakeholders involved in implementation as well as key partners;
- Continuous consultations under the Pan-African Cotton Road Map (FRPC) with the involvement of major continental and regional organizations and, in particular, the African Union Commission, the NEPAD Planning and Coordination Agency, the West African Monetary Union, the Economic Community of West Africa States, the Central Africa Economic Community, the Grouping of Cotton and Textiles Stakeholders of Mozambique, Zambia, Zimbabwe and Malawi (MOZAZIMA), the Eastern Africa Economic Community, the ACP Secretariat (on behalf of COS-Cotton), OPICT, AProCA, the African Cotton Association (ACA) and the African Federation of Cotton and Textiles Industries (ACTIF) ;
- The FRPC aligned to regional and pan-African sectoral policies, the Regional Agricultural Investment Program (PRIA) and the Detailed Program for the Development of African Agriculture (PDDAA), as well as ensuring technical and political ownership for each institution and each region, and going continent-wide;
- Operationalization of the WAEMU Regional Fund for Agricultural Development (RFAD) that finances production activities in Member States;
- The Ten-Year Community Program (2016-2025) for WAEMU's Transformation of Agriculture and Food Security (PCD-TASAN);

- The African Union's strategy on agricultural commodities under preparation with its concept note that incorporates the FRPC;
- Ongoing WTO work on the 'trade' and 'development' aspects of African cotton.

## **VII. FUTURE PROSPECTS**

- Increased productivity for the WAEMU region cotton-textiles sector;
- Improved quality cotton in the WAEMU zone;
- the adoption of actions in the new WAEMU cotton-textiles strategy;
- Support to the development and promotion of cotton and textiles in the WAEMU zone on regional and international markets;
- Development of local transformation of cotton fiber.

The following are the necessary requirements to attain these objectives:

- restructure, implement and modernize existing textiles industries
- put incentives in place to attract investors in the cotton, textiles and clothing sector
- create a dedicated sector funding mechanism
- set up a Regional Investment Fund (or a financing mechanism) for the development of the cotton-textiles industry
- support cotton-textiles sector enterprises
- improve the textiles sector environment
- establish a regional training and advisory program for the textiles profession
- stimulate the development and promotion of the vegetable oil sector (cottonseed)

## **VIII. CONCLUSION**

The transformation of fiber should enable Member States to achieve better economic growth. Unfortunately, several constraints continue to impede sector development, such as:

- outdated spinning, weaving, enrichment and garment manufacturing equipment;
- an unfavorable business climate for textiles;
- lack of incentives for foreign investors;
- lack of appropriate funding mechanisms for sector investments;
- the non-availability of electricity for the textile industry, etc...

Given that distortions persist, radical measures will have to be taken to breathe new life into the transformation of fiber in the WAEMU region. History teaches us that the cotton sector was the greatest source of employment and a trigger for development, especially during the European industrial revolution. For example, the complete transformation of 100,000 tons of fiber means some 30,000 permanent jobs created.

With Member State initiatives giving a new lease of life to the sector, support from the WAEMU Commission and from technical and financial partners, the sub-region may well regain its place amongst the best cotton producers worldwide.

# The Case for Coffee

## 1. BACKGROUND:

Coffee production is an essential element of the global strategy for transformation in rural sub-Saharan Africa. Sixty percent of the African population comes from rural areas. These are the coffee-producing areas. Therefore, given its contribution to rural poverty reduction, coffee represents a major sector. An estimated 33 million smallholder families who live in poverty are employed in the sector. Unfortunately, the coffee crisis in Africa presents the sector with real difficulties.

The fact is that African coffee has been facing major constraints ever since the beginning of the nineties. Liberalization in the agriculture sector, as recommended by donors at the inception of the nineties, had such an effect on the coffee sector that States withdrew from direct public sector participation for coffee. Production support systems were abandoned as a result, affecting, in particular, monitoring and supervisory activities for services in the coffee sector. Marketing bodies responsible for pre-export quality assurance were dismantled to be replaced by a new 'private sector-oriented' system. What is more, the lack of infrastructure or its inability to facilitate product transportation remains one of the greatest challenges facing all economic activities. The African coffee industry also faces several technical problems: examples are ageing coffee shrubs, the use of traditional crop varieties and farming practices, disease and harmful pests, etc. This means that the coffee value chain currently encounters real bottlenecks undermining efficiencies in the sector and reducing profit instead of it having a positive impact on resources for poor smallholders on the coffee farms.

Africa as a coffee producing region has been seriously affected by this state of affairs. Despite the relative upswing in international prices since 2006 and production increases in other parts of the world, African coffee production and exports continue to decline. As a result, annual 2011/12 production levels dropped to 10.36 million bags with global export share representing only 9.4%, compared to 30% in the seventies and eighties.

Thus, the African coffee industry faces major threats at all links of the value chain, particularly with regard to research, development or production, marketing, transformation and domestic consumption. Removing these constraints could usher in a competitive, sustainable and modern coffee industry with an emphasis on quality and productivity that would be beneficial to all the stakeholders in the sector.

As a general rule, and throughout the entire value chain, there is a lack of funding (farmers have serious difficulties accessing credit), a modicum of support from governments, and a dearth of extension services such as training in agricultural good practices, the provision of agricultural inputs and improved plant material, farmer organization, etc. It is also obvious along the value chain that women are marginalized despite the extent of their involvement in economic activities. The African coffee industry is not competitive because a lot remains to be done to improve on its levels of productivity and quality so that yield per hectare may rise and attain the same levels as in Asia and Latin America, and obtain higher prices for a gains transfer to small-scale producers.

## 2. CHALLENGES

The African coffee industry faces several challenges:

### At coffee production levels

- Climate change associated with treatments based on fertilization from weak coffee flowers are a threat to the African coffee industry;
- High production costs (frequent weeding, regular pruning, supplies of fertilizer and pesticides, harvesting, post-harvest treatments at high labor costs) are up against low coffee prices for the producer;
- Ageing coffee bushes and plantations, the use of traditional varieties and farming practices are often responsible for diminishing productivity. Current harvests amount to between 250 and 400 kg/ha;
- ⊖ Disease and parasites have destroyed African coffee over several years, especially the coffee wilt disease (Tracheomyces), a disease affecting Robusta, Arabica and wild coffee species. This disease is to be found in certain parts of East and West Africa, especially in Uganda, Ethiopia, Tanzania, Rwanda, and in the Democratic Republic of the Congo. Uganda experienced an estimated loss of USD 9.6 million and for Ethiopia, it is USD 3.8 million annually;
- Poor cropping practices throughout the value chain impact negatively on coffee quality. The absence of, or weaknesses in producer support contributes significantly to problems on the plantations;
- The inadequate or missing infrastructure to facilitate transport and information dissemination to the producers is caused by bad road conditions in some of the coffee producing regions;
- Coffee faces stiff competition from other crops deemed more profitable by the farmers. These are cocoa, oil palm, rubber, bananas, horticultural plants and, depending on the sub-region, other crops;
- Political and civil conflict have created instability in some of the producer countries and also affects coffee production;
- The average age of African coffee producers is high whereas the youth seem less and less interested in growing coffee, with serious consequences on the availability of labor and the sustainability of the coffee industry;
- Funding for coffee research, its development and/or extension and marketing services in Africa are inadequate;
- The use of predominantly archaic farming services and the lack of knowledge amongst farmers when it comes to agricultural best practices are major obstacles to modernizing coffee production amongst smallholders in Africa;

- Liberalizing the coffee sector in the absence of a solid private sector that can fill the gaps left by governments have had grave repercussions that have led to coffee plantations being abandoned, coffee producers turning to other crops, etc.

### **Problems currently affecting research that should accompany coffee production**

Despite the crucial role for research in technological production and technical support to coffee development programmes along the entire value chain, nearly all African coffee-producing countries pay scant attention to capacity building in coffee research. As a result, research on coffee currently faces several difficulties preventing it from addressing challenges for the future which, amongst other things, could cause losses in productivity, disease and issues with harmful pests, poor quality and climate change.

- Almost all the national coffee research institutions in the region lack adequate research facilities. Laboratories for basic research on the pathology, entomology, soil fertility and plant nutrition, coffee processing or quality assurance, plant tissue culture, etc. are underequipped or non-existent in most cases. Advanced molecular laboratories for *in vitro* reproduction and genetic studies are almost totally absent. Communication tools such as telephones, fax, and Internet are out of date and inefficient. This means poor communication and networking between national research centers.
- There is not enough, or indeed non-existent qualified human resources in some countries, primarily due to a lack of well-planned programmes and the high numbers of dissatisfied staff because of inadequate salary levels, the absence of motivation and/or incentives for good performance or an unsuitable working environment.
- There is little or no financial support from government permitting research programmes to function effectively. Many research centers get their budgets from other sources that do not have enough. National research strategies for coffee that could serve as national directives to guide technologies associated with coffee do not exist.
- Most research centers have tried several restructuring efforts and this has destabilized their research systems and constantly undermined research programmes. Structural changes may impede or promote the image of institutions, with labels varying from station, to center or to institution. Structurally, some of them are organized as autonomous institutions or come under the ambit of Coffee Bureaus, agricultural research organizations, ministries of agriculture and/or as limited liability companies. These changes affect budgetary allocations, staff deployment, research systems or approaches, and the level of attention given to coffee research.
- The technologies that are available are mainly put aside in the research centers and are not disseminated widely enough. As a result, the coffee smallholders, who represent more than 80% of coffee producers, continue to use traditional archaic practices. These problems are mainly attributable to weak research and extension linkages, inadequate extension services

and lack of experience, technological know-how and sharing amongst research and development partners.

- As a partial solution, the African Coffee Research Network (ACRN) was established in 1993 to coordinate joint efforts in order to address regional industry constraints in a critical and cross-cutting manner, by pooling human resources and facilities, sharing scientific and technological information, etc. However, members have not made enough of an effort to strengthen the network so that it may achieve its set objectives.

### **At coffee marketing levels**

- Producer organizations are weak or non-existent in many coffee-growing regions. Farmers do not tend to benefit since, even where there are cooperatives and other types of organizations, they lack the financial wherewithal to successfully collect the gains for their members;
- In most cases, and because of the weaknesses indicated above or the lack of access, farmers receive low prices because of the deep discounts imposed on them by private buyers who do not respect recommended farm gate prices. In addition, pressure is sometimes put on farmers to meet pressing obligations such as debts incurred at the beginning of the school year or during the holidays. This encourages farmers to quickly dispose of their produce, although they stand to lose whatever they do;
- The plethora of players along the value chain without any solid structures or quality assurance systems for the treatment or transformation of green coffee contributes to deteriorating quality;
- The weakness or lack of infrastructure (roads) to make it easier to move produce is a strong inhibiting factor in efficiently marketing coffee.

### **Coffee processing/roasting issues**

- The multiplicity of treatment plants without quality control systems for green coffee contributes to quality deterioration;
- In most producer countries, good quality produce is destined for export and lower grade coffee is roasted for domestic consumption;
- Many roasters work in the informal sector and do not comply with internationally recognized standards;
- As a result of a certain degree of dysfunction, locally roasted coffee tends to be expensive on the domestic market.

### **Issues related to domestic coffee consumption**

- African governments have not implemented targeted policies to promote domestic coffee consumption in their respective countries. Promoting such a strategy could contribute to the

development of local entrepreneurship and business opportunities. This would not only offer coffee a domestic market but provide visitors and tourists with opportunities to buy locally-processed coffee;

- With the exception of Ethiopia, domestic consumption of coffee in the producing countries is almost non-existent, even amongst the continent's major producers. Coffee consumption is considered a tradition in Ethiopia and this contributes to supporting the national industry. Consumption in Ethiopia amounts to over 42 percent of its annual production.

### **Youth and gender issues**

The largest African population group is the youth who, for the most part, are unemployed and need to be directed into productive activities. The coffee industry ought to provide such an opportunity, thereby avoiding future social crises. Innovative approaches and activities should be put forward and funded, and youth should be given incentives to farm. The other major group is made up women who represent most of the labor in the coffee sector, from production through gathering and sorting and on to the various other stages. Interventions that respond to women's needs at all levels of the value chain should be designed in order to achieve sustainable and long-term stability along the coffee supply chain.

The difficulties outlined above have led to the following:

- ✓ Stagnant production, or indeed a drop in some countries;
- ✓ Lack of competitiveness in the African coffee sector;
- ✓ Deteriorating quality and productivity for coffee in a good number of countries.

**Re the table below: Evolution of African Production and Exports (in '000 of 60kg bags) from 2000/2001 to 2012/2013.**

<b>Coffee Crop Years</b>	<b>Production African Production</b>	<b>Production Global production</b>	<b>% Production Share of African production compared to Global Production</b>	<b>Exports African exports</b>	<b>Exports Global exports</b>	<b>% Exports Share of African exports compared to global exports</b>
<b>2000/2001</b>	16,922	112,913	14.98%	14,047	87,970	15.96%
<b>2001/2002</b>	14,902	107,703	13.83%	13,978	85,759	16.29%
<b>2002/2003</b>	15,214	123,109	12.35%	12,321	90,260	13.65%
<b>2003/2004</b>	14,218	106,199	13.38%	11,570	87,980	13.15%
<b>2004/2005</b>	14,931	116,153	12.85%	10,998	89,838	12.24%

<b>2005/2006</b>	13,403	111,169	12.05%	10,348	88,080	11.74%
<b>2006/2007</b>	15,864	128,350	12.35%	11,728	98,442	11.91%
<b>2007/2008</b>	16,107	116,614	12.45%	11,102	94,157	11.79%
<b>2008/2009</b>	16,017	128,622	13.73%	10,453	95,461	10.95%
<b>2009/2010</b>	15,815	122,798	12.87%	11,673	94,589	12.34%
<b>2010/2011</b>	16,120	133,355	12.08%	10,835	103,403	10.47%
<b>2011/2012</b>	15,572	134,140	11.60%	10,503	110,599	09.49%
<b>2012/2013</b>	18,254	144,611	12.62%			

ICO Source

From what we read above, new coffee policies need to be implemented to ensure the sustainability of the coffee sector in Africa. This means increases in productivity and improvement in the quality of African coffee. Recently, during the Global Coffee Forum, it was observed that by 2030, global demand for coffee should reach 200 million bags compared to 145 million at present. Africa could benefit from this opportunity.

The issue that arises is how best to take up these challenges and support changes in the African coffee industry so that it progresses towards **a modern, competitive and sustainable coffee industry with a focus on quality and productivity from which all parties stand to gain, especially the farmers.**

### **3. OPPORTUNITIES (preferred solutions)**

At production levels:

In order to increase coffee production in Africa, the following measures should be adopted. Notably:

- Readier access to producer credit;
- Creation of measures aiming to recognize the best planters to whom prizes are awarded;
- Rehabilitation of orchards that are aging in most producer countries as a result of production methods (intensive cropping);
- Increased productivity through reduced production costs;
- Quality improvement;
- State intervention (not total liberalization) to help farmers by distributing inputs that are expensive for them to buy;
- Distribution of modern and high-performing equipment to growers;
- Establishing partnerships between private and public sectors;
- Financing research to eliminate diseases affecting coffee;
- Facilitating access to inputs;

- Initiating programmes to promote and include women and youth in coffee growing activities;
- Easier access to land ownership;
- Promoting good farming practices.

#### At marketing levels:

- Facilitate the creation of producer groups;
- Train producer organizations in various disciplines such as group development and dynamics in order to have strong producer organizations.

Other areas for training would include credit and financial management; contract management and buying; skills development in business communications and techniques; monitoring and evaluation. In the final analysis, training outcomes would guide farmers into commerce, make them better managers of their farming activities, and enable them to shore up more resources.

#### At consumption levels

In order to boost consumption in producer countries, promotion strategies must be put in place. Such a strategy should be drawn up and implemented along with monitoring and evaluation by a State/private sector multisectoral committee. At the State level, stakeholders could be: the Ministries of Agriculture, National Education, Tourism, Communications, and Health. At the private sector level: roasters, a network of tasters for product quality, and a network of distributors. The first element of the promotion strategy is communication:

- Establish a National Coffee Consumers' Day (NCD).
- Organize public conferences in schools on the theme of coffee and health. These conferences could also be held in the city in large meeting halls.
- Organize public events for youth with artists with an emphasis on drinking coffee.
- Organize coffee festivals.
- Radio and television broadcasts on the virtues of coffee at peak listening and viewing times.
- Put up posters in schools, hotels, airports, and public spaces.
- Create coffee clubs in schools and universities.
- Offer coffee as a first choice for refreshment in hotels.
- Institutionalize 10-minute coffee breaks in public and private offices.

The second aspect is the distribution strategy:

Distribution points must be set up closer to the population. This gives rise to the idea of having coffee kiosks in local parts of town and in schools and universities. A network of distributors should be established and members trained in coffee preparation. There should be automatic dispensing machines in schools and public transport parks.

All communications, advertising and marketing activities for distribution would contribute to boosting coffee consumption in IACO member countries.

Upstream of all those activities, there should be an emphasis on quality local processing. Most African coffee is actually exported without any form of processing. In order to avoid losses in export earnings with all the ensuing ramifications, IACO member countries should adopt strategic ways of anticipating market trends and intelligently position themselves accordingly so as not to suffer from dips in international market prices. Countries should resolutely work towards local coffee processing in order to get more of their share from added value to the coffee. The desired advantages from such an approach would specifically include economic diversification, job creation, higher tax revenue and, indirectly, improved producer incomes.

Thus, to encourage local processing industries, governments should offer incentives to local businesses encouraging competition, especially through the provision of more competitive borrowing rates for national investors, an *ad valorem* tax for raw coffee exports, at a percentage adjusted to match fluctuations in global market prices.

This would give a comparative advantage to locally based processing plants over raw coffee export companies (which would have to pay the tax).

On the other hand, African countries should focus their efforts on improving local infrastructure, particularly with regard to industry and energy provision. They should also increase the range of cocoa products available to the African market and thus contribute to increased consumption levels.

#### **4. CONCLUSION**

As has been noted, the drop in African coffee production can be attributed to a confluence of domestic factors and negative signals reflected in low, non-remunerative prices for producers.

Given the numerous challenges facing African coffee, a new vision is required for the African coffee industry. A vision of modern, competitive and sustainable coffee, with a focus on quality and productivity for the benefit of all stakeholders in the sector.

This can be achieved. To this end, most African coffee producers have drawn up and begun to implement new strategies to re-launch the coffee sector through a revitalized Inter-African Coffee Organization. This work shall continue through capacity building for national research facilities and the regional coordination network (RCN), various regional and national poverty reduction projects aiming especially at the most vulnerable, and in accordance with the Millennium Development Goals. Programme and project implementation will require considerable funding. We know that national budgets cannot meet all these needs. It shall therefore be necessary to work in partnership with various bilateral and multilateral institutions in a well-coordinated approach.

As a result, IACO and its 25 member countries would like to seize this opportunity to appeal to the international community as well as to technical and agricultural cooperation organizations to support national and regional strategies in order to re-launch activities in the African coffee sector through the provision of support in the form of technical assistance, sharing information and good practices, technological transfer and financial resources.