

AFRICAN FINE COFFEES REVIEW MAGAZINE

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VOLATILE COFFEE PRICES
COVID-19 AND MARKET
FUNDAMENTALS

COFFEE MARKET OUTLOOK
UNDER THE THREAT OF
CORONA VIRUS

AFCA LAUNCHES ONLINE TRAININGS

DOMESTIC CONSUMPTION
AN ALTERNATIVE FOR COFFEE
GROWERS

ABDULLAH BAGERSH

GENERAL MANAGER, SA BAGERSH PLC


BRANDING THE ORIGINS





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WRITERS' PROFILES



Carlos Brando, who attended the SPURS and PhD programs at MIT, is a partner of Pinhalense and director at P&A, the company that created the Step-by-Step Guide to Promote Coffee Consumption in Producing Countries for the ICO and consulted or is consulting for programs to promote coffee consumption in 15 producing countries. Having coordinated coffee projects in another 35 countries including Brazil, Carlos has written chapters for several coffee books and currently chairs the board of the Global Coffee Platform (GCP).



Judith Ganes, founder and president of J. Ganes Consulting, LLC—a leading, independent commodities research and consulting services company—is a world-renowned soft commodities and futures analyst with over 35 years of experience in the food and agricultural industries with much of that time spent on Wall Street. In addition to writing her exclusive market reports and providing advisory services to numerous corporations, organizations and investment groups, Judy regularly contributes articles to industry publications, and authors’ major independent studies as well conducts educational seminars on futures and options risk management.



Stuart McCook is professor of history at the University of Guelph, Canada. His research explores the histories of coffee and the environment in a global context. He is the author of *COFFEE IS NOT FOREVER: A GLOBAL HISTORY OF THE COFFEE LEAF RUST* (2019).

A WORD FROM THE EXECUTIVE DIRECTOR



COVID-19 is impacting our region, our industry, the coffee supply chain and the financial health and performance of the members, and coffee industry at large, in unprecedented ways.

In Africa, the COVID-19 infections are increasing daily with some of the key economies like South Africa, Cameroon, Kenya and Ethiopia reporting significant increases lately. The industry, therefore, has to brace for the inevitable increase in hospitalisation and potential disruption of the coffee value chain at the regional level. Compounding the situation is the persistent low coffee prices experienced over the last 5 years, and the costs to mitigate the effects of climate change. The farmers, therefore, have no financial reserves nor adequate medical insurance to counter the pandemic. It's no wonder that most find prayers as the only resort during this difficult time.

AFCA is introducing measures that will support the African coffee industry. Amongst them is the launch of the **Online Coffee Trainings and Skills Development Programs**. AFCA has put in place a number of trainings to explicitly address the emerging situation in the coffee value chain. These trainings include **'How to Move your Coffee Business Online'; 'Markets, Futures and e-Trading'; 'Coffee Price Risk Management';** and the **'SCA Introduction to the Coffee Skills program'**. These trainings are at a special introductory price. We encourage our members and the broader coffee industry to enrol for the same at <https://afca.coffee/programs/afca-online-webinars-workshops-trainings/>. Several virtual meetings have been held with members, including an extensive survey on the COVID-19 situation. These programs are aimed at supporting members navigate the new coffee environment and ensure that the disruptions from the pandemic are mitigated. We will continuously review the situation and look for innovative ways to ensure that the African coffee value chain remains vibrant, and that we are able to spot any potential disruptions.

In this issue, we explore the importance of branding the origins. Turn to page 5 for an in-depth discussion of branding the origins with Abdullah Bagersh, General Manager of SA Bagersh PLC and former AFCA Board of Directors' Chair. On page 8, we review the International Coffee Organisation

(ICO) coffee break series on volatile coffee prices, which has major read for the coffee industry.

In three short months, the coffee industry has had to grapple with serious issues from all aspects of supply and demand and re-examine every step in the process from farm to cup. The pandemic has caused havoc on the entire coffee value. We invite you to review the article by Judith Ganes on page 15 for more on this. Join Carlos Brando on page 32 as he points out that domestic consumption should be a strong pillar in the coffee industry.

The Ethiopia Coffee Origin: The Birthplace of Coffee is the perfect venue to converge as we start to resuscitate the struggling coffee value chain, after the pandemic. Preparations are on a high gear to host the 19th African Fine Coffees Conference & Exhibition (19th AFCC&E) at the Millennium Hall, Addis Ababa Ethiopia. We anticipate that the economies will have embraced on a 'New Normal' and so invite you to visit the renowned origin.

AFCA has put in place adequate measures to support all delegates and exhibitors, including the introduction of a robust refund policy to cushion all registered exhibitors and delegates against financial loss when they register to participate at the 19th AFCC&E. In this issue, we introduce the event coordinator and some of the partners who will work with us to deliver the conference.

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Abdullah Bagersh
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THE IMPORTANCE OF BRANDING THE ORIGINS: A BRAND AND ITS PURSUING VALUES IN COFFEE

In summary, what is the History of Ethiopian Coffee?

The first recorded official statistics of the Export of Coffee from Ethiopia were from about 1920. The earliest awareness of coffee leaving Ethiopia, which is the origin of Arabica coffee, is thousands of years old. This long-time line makes the available knowledge about the discovery and the movement of the coffee somewhat anecdotal and in the realm of the inherited stories told by the elders. The legend of Kaldi, the famous Ethiopian goatherd is symbolic of these happenings thousands of years ago. It is told that he saw the effect of the coffee beans on the goats after they ate them and his curiosity led him to try the beans and the rest is history.

As we come a bit closer in time, the statistics from the 1900s show that there were only two types of coffee being exported to the world. About 6,000 tons were known as "Abyssinian" coffee and the other half, another 6,000 tons was "Harrar" coffee. The Harrar coffee from the Eastern part of Ethiopia was exported directly from there, across the Red Sea and onwards. The "Abyssinian" was probably the rest of the Ethiopian coffees from the West. One can already see a differentiation between the two and the Harrar coffee is already desired and distinct, and therefore an early example of "brand" loyalty.

Since then, the coffee sector was formalized and government regulatory structures were put in place. Coffees started being exported more representative of their regions. Volumes increased to

between 50,000 and 70,000 tons up to the early 1970s. It peaked at about 100,000 tons during the socialist military government which ended in the early 1990s. After the overthrow of the military government, a new more liberal economic environment allowed the growth of coffee exports to more than double to over 200,000 tons and almost up to 240,000 tons in the following 3 decades. The number of stakeholders, exporters, suppliers and growers increased significantly and coffees started to be more segmented, specialty market grew, and so did the interest for Ethiopian coffees. By the way, local consumption increased significantly in the country during this period, absorbing a big portion of the production increase.

Who is Abdullah Bagersh? When and how did your coffee career begin?

My grandfather, Salem Bagersh, started his coffee business in the early 1940s in Addis Ababa. I was studying Engineering in the USA in the 1980s. After the death of my father Abubaker in 1987, my brother Omar kept the business going during those difficult times. With the change of government in 1991, I decided to leave my Engineering job in the USA and returned to Ethiopia to join my brother. Over the next decades, together with our other brothers, we rebuilt our family's valued "BAGERSH" brand.

Ethiopia Misty Valley – What Is the Story Behind the Cup?

The Misty Valley coffee is now recognized by many as a turning point in the journey of Specialty

Coffee. After the bull years of the 1990s, we saw the coffee crisis and the lowest prices in coffee history at the beginning of 2000 decade. NY'C' prices touched a low of 39 c/lb! In 1999, we invested in our first washing station in Yirgachefe, because we wanted to control and elevate the quality of our higher end coffees. During this journey, we discovered and produced the First Specialty Natural coffees which astonished the world with the new flavors that it embodied. No one had previously seen coffees that had such flavors.

As soon as we recognized the extreme specialness of these coffees, we branded them as Misty Valley, being inspired by the surreal image of the Mist covering the Washing Station on a particularly early morning. This was in 2002, and soon after, the coffee won awards and coveted by the burgeoning specialty coffee movement in the

USA and Japan. Until now in Ethiopia, people refer to these high-end natural coffees as "specialty" coffee.

How would you define a brand and how important is it for coffee owners to own brands for their coffees?

I think once a producer creates a product of some value as recognized by the



consumer, and can recreate it from year to year, the basic elements of a brand have then been created. The brand can be as simple as the name of the producer, or the area, the village, the town or the locality. Or any name given exclusively to that product. It is very normal for a roasted product to have a name, i.e. a brand attached to it. It is not as normal for a brand to be attached to a raw product.

But with the advent of specialty, or even “super - specialty”, then even raw products can be branded and thus becomes important for the owner to own that brand.

The challenge of producing countries, is that they are considered as commodity producers. However, they produce raw materials of very high quality that should be branded and recognised.

We are reminded by the long journey Ethiopia has gone through to own the names, “brands” of its famous coffee regions, which in essence represents brands of the country and therefore, long term value. As producers, we do not recognize that our indigenous names, once registered in consumer countries, are effectively owned by that entity registering the brand name. So, as countries, it is important to recognize these values, own those brands, and in fact as companies and producers, we have to do the same with the products and therefore brand those products.

Branding conveys one's ideas and views to the world and helps one connect with the potential customers. What is the impact of a branding on the coffee industry?

A brand, encapsulates in one word or name the full ethos of the product behind that name. It connotes, the quality, the integrity of the producer or owner of the brand, and its sustainable availability.

We as origin countries, as we produce “commodities”, we will be

dealt with as commodity producers. If we create and stand by a quality product, either big or small, that becomes a brand with a higher value and connotation.

We already know how valuable the global coffee brands are as finished retail products. A “Rolex” watch is only a piece of steel, if not for its brand, and what the name conjures quality, reliability and style.

What successful Marketing Strategies have you applied at SA Bagersh to build awareness of your brand and for a successful business?

At S.A. Bagersh, after the extreme success of the Misty Valley coffee, we expanded the very high processing of coffees in different regions. We worked hard to build our company brand. One has to remember that the very high-end distinctive coffees have more of a “spear head” effect to open and create awareness of the company and ultimately the country where those special coffees are being produced from.

Research shows that generally, the consumer's purchasing decision is to buy the most preferred brand, could this be the same case with coffee purchasing? Do you think consumers influenced by the ‘Coffee Brand Effect’?

The “brand effect” absolutely works for coffee as well. We know it definitely works for roasted, retail level coffee. We also know it works for country brands for green coffee, such as Ethiopian Yirgacheffe, Panama Geisha, Kenya AA. The very small leap of faith we are making is that it works at the producer exporter level, for example BAGERSH MISTY VALLEY from ETHIOPIA. All are brands at different levels.

Recently, Ethiopia hosted its first Cup of Excellence (COE) competitions and it was reported that 1,459 coffee

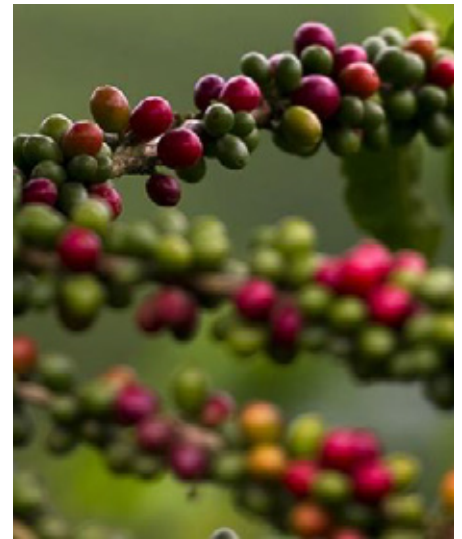
samples were submitted, breaking the long-running competition's previous records. The 1,459 samples entered into the competition surpassed previous COE records by more than 400 sample entries. What does this mean to the Ethiopian Coffee Industry?

The Cup of Excellence program has been on-going for about 20 years. In the countries where it has been held, the effect of the high qualities being produced, and the prices obtained at auction for those lots has been like marketing gold for those countries. That is the “SPEAR HEAD” effect. Unfortunately, the journey of that program to Ethiopia has been long and full of many logistical, legal and ownership issues.

Now that it has finally come to Ethiopia, the number of high quality lots, the enthusiasm of the producers and the extraordinary efforts of COE, USAID and the Ethiopian Coffee and Tea Authority are who made it a reality. The COE competition has been one of the most anticipated competitions, raising expectations at all levels. Though the volumes are not that big, the attention that this competition brings will benefit all Ethiopian stakeholders, the country and the “spear head” effect may even spill over to other East African coffee producers.

Recently, you were nominated by Cup of Excellence to be their official Exporter for the top coffees that participated in the Cup of Excellence competitions in 2020. What does this mean to your company SA Bagersh PLC?

To me, it is a recognition of our company as a valued partner in making this historic event happen. We are proud of our nomination as official exporter of the first Ethiopia Cup of Excellence competition, 2020.



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IN the BEGINNING

the African origins of coffee

Words by Jake Easton
Illustrations by Fathima's Studio

Hello.

The following represents my research into one of the possible histories as to how humanity first enjoyed coffee and its spread to the rest of the world.

Up until 1990, and the advent testing for genetic lineage, the thinking was that coffee could have come from Yemen via Abyssinia (Ethiopia).

For the 100th anniversary of Probat (arguably the first name in roasters worldwide) they released a book titled, "The Heavenly Inferno" and in this salute to coffee and Probat some fairly astute German writers researched the hell out of coffee, its origin and the legend. This book was written in 1968 but was kept as fact until very recently...and it is this version of our history that urgently needs rewriting.

In an effort to address our world of coffee the Specialty Coffee Association of America & Europe released a great video on Youtube (<https://youtu.be/fBZiRPRVYZk>) about the world coffee community coming together around our common cause. This video on coffee is a wonderful addition to the world sentiment towards our industry and our history; and, the best part of this video, for me, is the beginning of the video wherein the narrator says, "We don't know who first made coffee". This lone statement spells the end of the "History" of coffee and denotes the beginning of a real version of its discovery and its lineage. It may seem sacrilege to question the widely acknowledged story of how coffee was first brewed but hey, it's coffee and there are no proofs other than those we posit.

The following is my theory and one that I put forward to PechaKucha Cape Town in 2015. As a researcher I love the idea that I can be proven wrong and that my theories might be incorrect so if you have any information I

would like to hear it and include its message or use it to refute my claim (info@tribecoffee.co.za).

Science combined with research into human existence; ritual traits & discoveries linked with Ethno-Anthropology have led me to discern the following statements regarding a possible history of coffee:

1. Coffee was discovered by a child.
2. Coffee was roasted and then made by a woman.

Further insight as a result of the above statements leads the following statements to be likely as a correlation to the above:

There was no Kaldi.

There was no sufi mystic.

There was no Coffee Man of Arabia.

There was no Imam who's nose twitched.

Here's one of the "Histories" as written by the coffee conquerors. "Coffee was discovered about 900 years ago by an Arabic, mystic goatherd".

Not likely.

For over 5000 years children have been goatherds throughout the world. Why? Well it was a test of manhood, it was a way of keeping warriors nearby and, it was a way of ensuring tribal loyalty through having sons of other tribes guard your animals. In Europe, goatherds were always young men and women...unmarried. In Africa it was the same.

1000+ years ago a young boy or girl goes out with the goats and after a day or so on the hoof realises the goats are acting strange...well stranger than usual for a goat (which is for all intents and purposes possibly really strange). At this point the child realises that the goats were eating cherries from one of the older heirloom varietal from southern Ethiopia or northern Kenya (they can say which one very soon) and probably had a mild heart attack.



(Ethiopia was, at this time, both pastoralist and agriculturalist.)

This child, boy or girl, knowing that their goats might die most likely took them all back to the tribal home and told the head of the tribe what had happened, and presented this elder with the cherries and the seeds.

Here's where things get awesome.

+5000 years ago the world had wine, beer, oils from seeds, and later (from Egypt) yeasts for bread.

The Tribal leader when presented with the fruits and seeds and upon seeing that the goats/animals were not dead most likely either had a slave taste the food or tasted it himself. Upon receiving no ill effects gave the seeds to the community kitchen.

In these kitchens were all of the young men, their uncles and, the grandfathers...wait wait wait NO. Sorry, that's totally incorrect and silly; we all know it's the women that belong in

the kitchen right? Well maybe not in modern times but back in the day in these kitchens were slaves, young ladies and the lower women of the tribe. And the woman in charge of this kitchen knew how to: crush seeds for oils, reduce a thing to get an extract, make wine, crush herbs, make bread, roast seeds and, make beer.

I posit that these amazing African women tried all of the above with the coffee cherry and the coffee seed when it was presented to them.

If you know how to make beer you know you roast the barley or hops, crush them and immerse them in boiling water to extract the flavours; and then, allow the ferment to occur with natural yeasts.

I imagine these African Women





roasting the coffee seed and smelling its aroma and using it instantly in foods and in breads. Further I imagine these same women privately trying to make beer (the men's domain at the time) and making the black elixir we all love so much. Roasting the seeds, crushing those same seeds, boiling water and drinking it as a private act for the kitchen and the women. Then, probably very shortly thereafter, offering this drink it to a lover or a loving husband in a ceremony designed to seduce (it does).

In modern Ethiopia there is the coffee ceremony, run by women and dating back hundreds of years. Further to this ceremony Ethiopia men were required to be able to provide coffee for their wives as a measure of

their marital obligation.

So we can deduce that an African Child (boy or girl) discovered the Coffee Cherry as being edible via their goats. As a further measure of logical deduction and ethnographic historical data we can discern that an African Woman Roasted and made the First Cup of Coffee.

We owe a huge debt of gratitude to African Women.

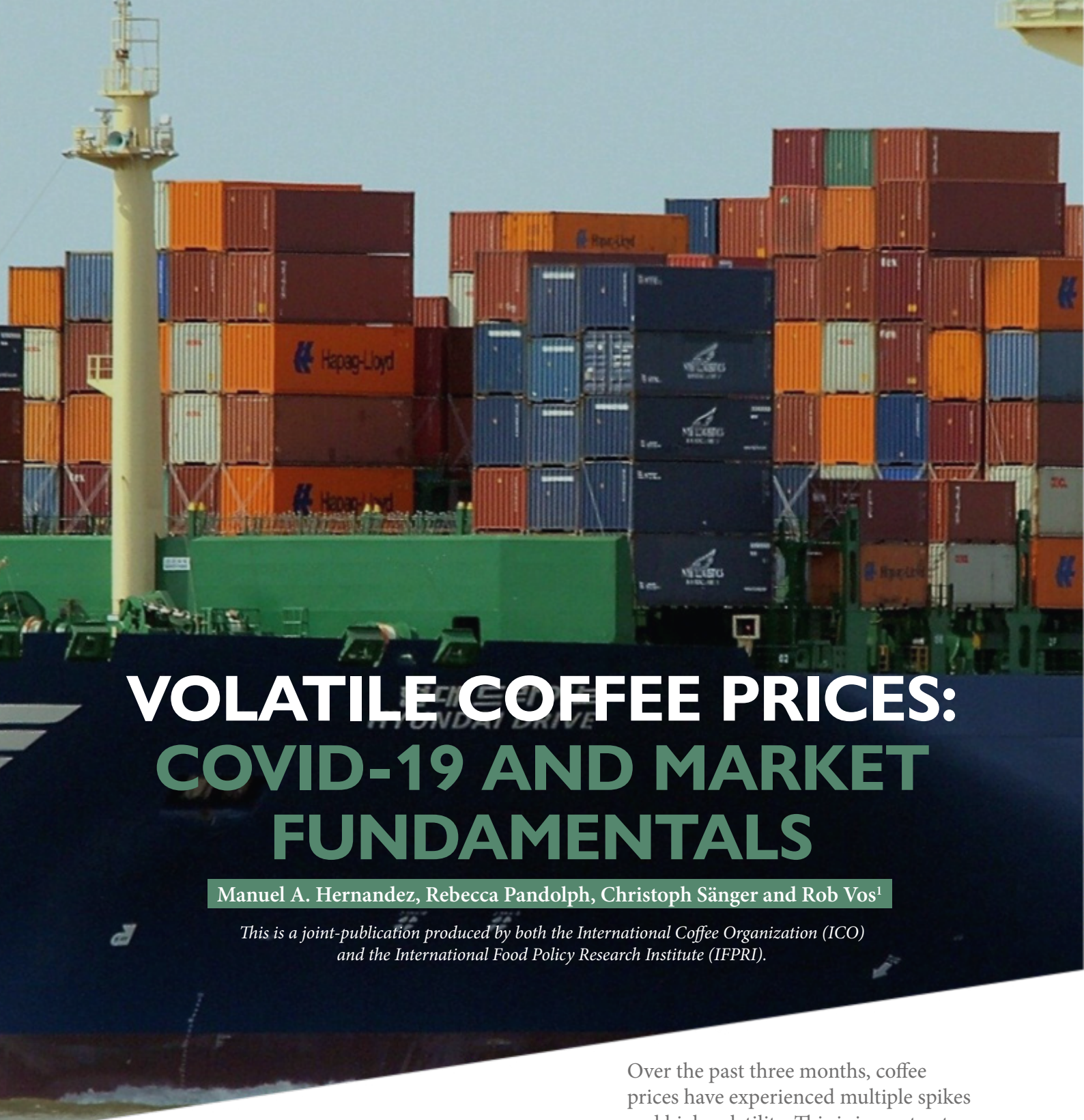
Let me be the first, "To every woman of African descent (that's all of you by the way), I thank you for saving my life and the lives of every person here at Tribe by inventing this amazing drink and giving it as a gift of love to those men who merit your labours."

An African child discovered the coffee cherry.

An African Woman discovered roasted coffee and the drink coffee.

Thank you. (*Drops the Mic*) 🎤

Originally published in The Coffee Magazine.



VOLATILE COFFEE PRICES: COVID-19 AND MARKET FUNDAMENTALS

Manuel A. Hernandez, Rebecca Pandolph, Christoph Sanger and Rob Vos¹

*This is a joint-publication produced by both the International Coffee Organization (ICO)
and the International Food Policy Research Institute (IFPRI).*

International Coffee Organization
Coffee Break Series N° 2
May 2020



Over the past three months, coffee prices have experienced multiple spikes and high volatility. This is in contrast to world market prices of major staple foods, which have remained relatively stable. While experts initially attributed the instability of coffee prices to supply-side uncertainty and market tightening, the covid-19 pandemic seems to have aggravated coffee's price fluctuations.

1. Manuel A. Hernandez and Rob Vos work at the International Food Policy Research Institute (IFPRI), Rebecca Pandolph and Christoph Sanger work at the International Coffee Organization (ICO).

The novel coronavirus represents an unprecedented joint supply and demand shock to the global coffee sector, constituting an enormous challenge to coffee growers, farm workers, and downstream value chain actors. These various supply and demand impacts will be felt at demand points in time further contributing to global market uncertainties and the ongoing price volatility. The pandemic may also have major implications for poverty and food insecurity for the world's 25 million coffee producers, most of whom are smallholders in low - and middle - income countries that are unprepared to respond to a public health crisis of this proportion.

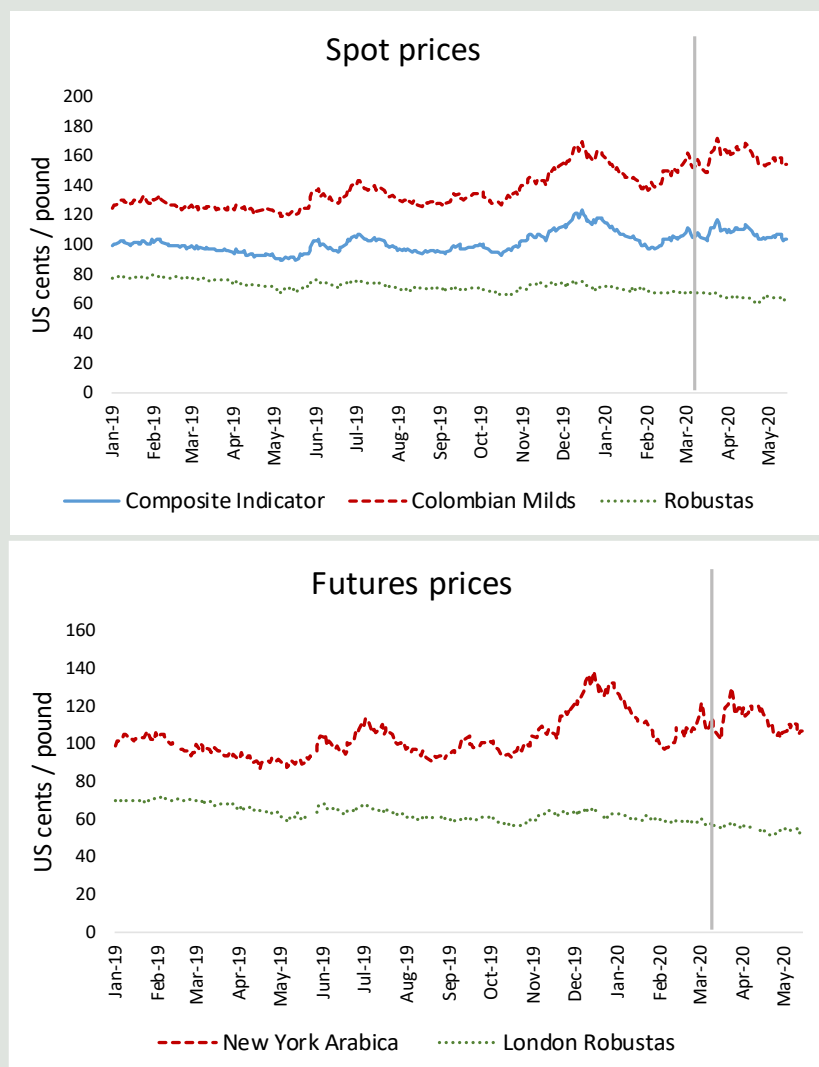
Recent evolution of coffee prices and high volatility

The ICO Composite Indicator Price², which is a weighted average of all major coffee origins and types, has shown a fluctuating but upward trend since February. After a 6.9 percent month-to-month increase in March (averaging 109.05 US cents/pound), the composite indicator averaged 108.91 US cents/pound in April — the third highest monthly average in crop year 2019/20 and 15.3 percent higher than one year ago. These shifts in spot prices are essentially being driven by Arabica coffee, which represents around 60 percent of globally traded coffee and about which there have been more concerns about supply disruptions (combined with ongoing demand uncertainties) compared to Robustas. The price of Colombian Milds, for example, increased by 8.6 percent in March and 1.8 percent in April, averaging 161.92 US cents/pound. Other Milds and Brazilian Naturals showed a rather similar trend, while Robusta prices decreased by 0.9 percent in March and 5.2 percent in April, averaging 63.97 US cents/pound (see the ICO Coffee Market Report).

Futures prices have followed a similar pattern. The closest-to-maturity Arabica futures price in the New York market increased by 10.8 percent in March and decreased slightly by 1.2 percent in April, averaging 113.61 US cents/pound, while the Robustas 2nd- and 3rd-position average futures price in the London market decreased by 2.8 percent in March and 5.2 percent in April, averaging 54.4 US cents/pound. As of May 15, the spot (ICO Composite) price remained on 104.5 US cents/pound and the futures (Arabica) price on 106.85 US cents/pound.

In terms of day-to-day fluctuations, the ICO Composite Indicator ranged between 103.22 and 117.41 US cents/pound in the past two months (between 149.17-172.56 US cents/pound in the case of Colombian Milds and 60.78-68.9 US cents/pound in the case of Robustas), while the futures price of Arabica ranged between 102.6 and 129.95 US cents/pound (between 51.35-60.71 US cents/pounds in the case of Robusta's futures). These high fluctuations in coffee prices have also raised a red flag on the **Excessive**

Figure 1. Evolution of daily spot and futures coffee prices (January 2, 2019 – May 15, 2020)



Note: The vertical line indicates the date covid-19 was declared a global pandemic (March 11, 2020). Source: ICO, Bloomberg.

2. The ICO Composite Indicator is based on prices for prompt shipment, that is, shipment within 30 calendar days from date of contract

Food Price Variability Early

Warning System, maintained by IFPRI's Food Security Portal, which identifies periods of unusual price variability in different commodity markets (i.e. price variability that exceeds a pre-established estimated band). By May 15, futures coffee (Arabica) prices had shown 83 consecutive days of excessive or moderate variability, while spot (ICO Composite) prices had shown 73 consecutive days of excessive or moderate variability.

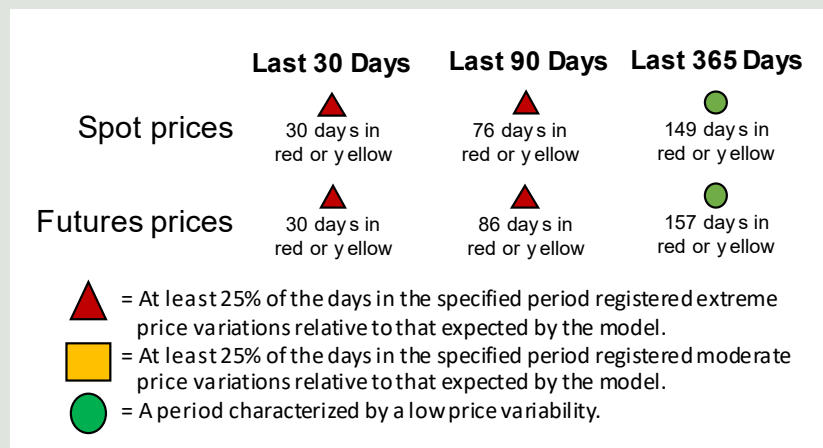
Covid-19's impact on coffee prices: a joint supply and demand shock with varying effects over time

In early 2020, higher and more volatile coffee prices seemed to stem from poor harvest prospects in some producing countries (e.g., bad weather in Brazil) at a point in time when inventories were running seasonally low. Covid-19 appears to be maintaining and exacerbating these price fluctuations (especially for Arabica coffees) from both the supply and the demand side. Since the Covid-19 outbreak was declared a global pandemic by the World Health Organization in mid-March, the virus has spread to virtually all coffee exporting and importing countries. This has resulted in a global shock. While the pandemic is likely to affect all stages of the coffee value chain to a greater or lesser extent — from on-farm operations (coffee cultivation and harvest), post-harvest processing, and domestic and international logistics to intermediate and final demand — the specific impacts on regional and local markets will be felt at different points in time. The overall effects will ultimately depend on the interaction between multiple supply and demand factors, how market actors anticipate and respond to these, and the capacity of individual countries to detect and contain the virus while moving into the harvest season when labor demand peaks.

Key factors driving the high volatility in coffee prices

To identify the major supply- and

Box 1. Spot and futures daily coffee price variability (as of May 15, 2020)



Note: The spot price is the ICO Composite Indicator price and the futures price is the New York Arabica price. The excessive (red) and moderate (yellow) price variability periods are identified through a statistical model of daily fluctuations in price variations.
Source: Authors' calculations based on Excessive Food Price Variability Early Warning System maintained by IFPRI's Food Security Portal.

demand-side factors through which Covid-19 seems to be contributing to coffee market volatility, we build on a recent assessment of channels of transmission into food and agriculture by the Food and Agriculture Organization of the United Nations and on the impact pathways identified by the World Bank in the evaluation of the 2014 Ebola outbreak in West-African countries.

1. Supply-side factors

We are already observing supply-side impacts (to varying degrees) in the downstream value chain, including international shipping and local currency devaluations. Impacts in the upstream value chain will likely occur mostly when more countries enter the harvest season in the upcoming months.

Downstream value chain

Covid-19 infections have had direct impacts on the functioning of key export infrastructure, such as warehouses and ports, as well as indirect effects due to social distancing and other measures imposed by governments to contain the virus. These have resulted in disruptions and delays, and subsequently in increased

transaction and trade costs. Across a wide range of coffee-producing countries, businesses have reported that post-harvest processing and movement of crops to harbors for export are subject to delays (Table 1 provides some anecdotal evidence providing a snapshot of disruptions). For example, in some ports, social distancing measures dictate that only one person at a time can access a container to load bags, resulting in lower packing density and thus one-third fewer bags per container. In addition, many port and customs authorities are working with reduced staff. Land-locked countries (e.g. Rwanda, Uganda, Burundi) have experienced delays for trucks crossing the borders of neighboring countries with sea access. While coffee in green form is less perishable than fruits and vegetables, delays and hold-ups along the supply chain can still negatively affect coffee quality and thereby prices. In addition, these delays hinder the timely fulfillment of contracts.

International shipping

In February, before the novel coronavirus had spread significantly beyond the initial epicenter in China, market participants reported reductions in the availability of container space as China reduced

Table1: Impact of covid-19 pandemic on coffee supply chain in selected countries in April 2020

Country	Official measures taken	Harvest / delivery of coffee	Domestic trucking	Port operations / customs	Container availability
Brazil	Partial lockdown	Harvesting season delayed by 15-20 days in Minas Gerais	Normal	Normal at ports / customs operate with reduced staff	Delays in delivery and shortages with some shipping lines
Colombia	National lockdown until 11/05	Reduced mobility of seasonal workers / 87% of coffee delivery centers open	Minor delays	Operational capacity decreased due to shortage of staff	No major problems reported
India	Lockdown until 03/05	N/A	Trucks are now allowed to move as coffee is essential good	Slowed down operations but returning to normalcy	Number of incoming vessels is reduced
Indonesia	Roadblocks, curfews, social distancing (varies by district)	Robusta is reported to delay about a month	Normal	Normal	Shortage of containers
Kenya	National lockdown (until 05/05) / curfew	N/A	Slight delays	Operations slower due to health & safety protocol, quarantine and mass testing	Incoming vessels reduced as shipping lines cancelled port calls on their routing ex Asia
Peru	Partial lockdown	Restricted entry/exit within regional communities continues	Delays	N/A	No major problems reported
Rwanda	National lockdown until 30/04	No major problems reported	Delays due to covid-19 testing at borders	Delays: Special procedures for testing and truck cleaning at border add 2 days to transit	Normal
Vietnam	Partial lockdown	N/A	Normal	Reduced capacity at Tan Thanh border gate with China	Reduced capacity & frequency on shipping line routes

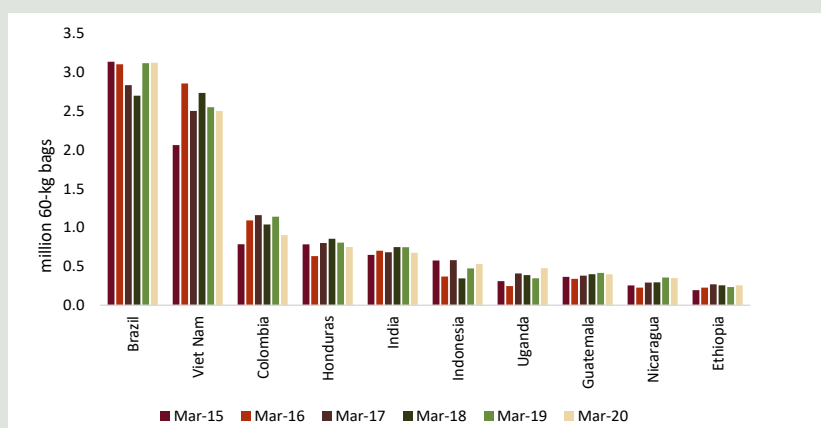
Note: N/A = Not applicable. Source: The table contains a non-exhaustive list of supply chain disruptions compiled by the authors based on publicly available information by coffee traders Olam Specialty Coffee, Sucafina S.A. and Falcon Coffees (as of 30 April).

exports. So far, the impact of the pandemic on shipping activities does not seem to have been dramatic. Global coffee exports in March totaled 11.06 million bags, which is 3.7 percent lower than the total bags shipped in March 2019. Several top exporting countries have reported significant drops in shipments, including Colombia (20 percent), India (10 percent), and Honduras (7 percent), but others have seen more modest declines, such as Guatemala (4 percent), and Vietnam (2 percent). These reductions need not all be on account of covid-19 and disruptions

in international logistics, but also caused by other factors such as lower

availability of coffee for export from previous harvest and current stocks.

Figure 2. March shipment volumes of top-10 coffee exporting countries (2015-2020)



Local currency devaluations

Local currencies of some coffee producing countries have sharply devalued against the US dollar in which coffee is traded internationally. For example, in the first quarter of 2020, the Brazilian real lost around 15% against the US dollar. The correlation between international coffee prices and movements in the Brazilian real has been previously documented. Farmers and exporters in countries that experience devaluation tend to become more competitive in the world market as a result of this exogenous shock. However, it remains to be observed whether these farmers will indeed benefit in terms of higher farm-gate prices. As long as domestic supply chains are severely disrupted, increasing labor and trade costs as well as higher costs of imported intermediate inputs may off-set initial gains from currency devaluation.

More generally, previous studies have also shown that price variations and volatility in international agricultural markets do not necessarily transit to all domestic and local markets in developing countries. In the case of coffee in Ethiopia, for instance, there is a low degree of correlation between international and farm-gate price fluctuations.

Upstream value chain (farm level)

Access to seasonal and migrant labor is vital in many coffee production systems. Even in Brazil, the world's largest producer and exporter of coffee where mechanical harvesting is more widespread, some of the Arabica coffee and the entire Robusta crop is still picked by hand. The spread of the virus could reduce labor supply due to social distancing and lockdown measures and, to a lesser extent, illness. Experiences from previous epidemics (e.g., the Ebola outbreak) have shown that the indirect impact of avoidance strategies is more significant since a large share of the workforce has to stay home. Social distancing measures are expected to affect

the internal movement of seasonal labor in Brazil. Similar constraints are reported for cross-border movements in Central and South America. Fewer pickers in the fields could translate to harvest delays or extended harvest periods, negatively affecting quality and producer prices. A reduction of labor supply could also raise wage levels, thereby increasing labor costs, with a knock-on effect on profitability as labor already makes up more than 50 percent of total production costs in various origins.

This poses an immediate threat to countries currently in or entering the harvest cycle such as Brazil, Colombia (mitaca crop), Ecuador, Indonesia, and Peru. The National Federation of Coffee Growers of Colombia has already noted a decline of 28 percent in Colombia's harvest for April, compared to the same month one year ago. Harvests will begin in another group of small producer countries in July. Over half of producers begin the harvest in the last quarter of the year, however, at which time the initial peak of the pandemic is expected to be over.

In addition to reducing access to labor, the covid-19 pandemic could constrain coffee growers' access to credit. Interest rates on fresh credits have increased recently in low-income countries. This could raise production costs and limit credit access, reducing farmers' use of fertilizer and pesticides and thereby affect yields (and prices). In some cases, it may postpone or cancel long-term investments in the replanting of coffee trees.

Lastly, social distancing measures reduce farmers' access to public extension services as well as technical assistance provided by coffee buyers (traders and roasters), and international and non-governmental organizations (NGOs), as field visits are temporarily suspended in many countries.

2. Demand-side factors

The coffee market saw a surge in demand in the first weeks of the covid-19 crisis. However, this increase was mainly driven by higher supermarket sales resulting from panic buying and stockpiling and by substituting out-of-home with at-home consumption in the face of social distancing measures.

In the upcoming months, with worldwide negative growth forecasts for 2020, a looming global recession could impact overall coffee consumption. Rising unemployment and lower household incomes will probably make consumers more price sensitive. This could lead to reduced sales in the high-end market segment (including specialty coffee and some certified sustainable coffees) as consumer demand shifts to cheaper market segments. However, demand for food items like coffee tends to be relatively inelastic, and the demand-side effects are likely to materialize with a time lag depending on the level of household savings and social safety nets.

3. Potential speculation

Besides supply and demand factors, non-fundamental factors such as speculation could also potentially aggravate coffee price volatility. Like to other agricultural commodities, coffee futures markets are subject to financialization. As seen in the food price crisis of 2007-08, sudden movements in coffee prices during the covid-19 pandemic may attract speculators (i.e. non-commercial traders). Previous research has documented causal effects between non-commercial traders' activity in futures coffee markets in New York (Arabica) and London (Robusta) and spot prices. However, this effect is short-term and has occurred both in periods of falling and rising prices; in the long run, market fundamentals have been shown to prevail. Research is on-going to assess the link between potential speculation and price volatility in coffee markets, as well as any subsequent impacts along the value chain.

Looking forward

The covid-19 pandemic represents a severe joint supply and demand shock to the global coffee sector. This shock already seems to be contributing to coffee price spikes and high volatility. However, the effects of the pandemic will continue to materialize in different places at different times. Policymakers should recognize this in order to prepare for effective responses.

The timing of major supply-side measures depends on the start of the harvesting cycle, which begins in October in over half of coffee-producing countries. Specific interventions could be field-tested among those countries in which harvest is currently ongoing (or imminent); successful programs could then be extended to other countries that start their harvest later in the year. Similarly, if major demand-side effects are likely to come into effect with a lag that will depend on the extent of social distancing measures and the severity of the global recession (and recovery scenarios), there is still a time window in which to devise and implement specific actions.

Potential policy responses include:

- **Establishing emergency responses to mitigate the impact of the pandemic and support countries with lower institutional capacity.** This includes implementing safety guidelines that protect farmers and workers along the value chain during the upcoming harvest period and providing short-term social safety nets to protect the incomes of vulnerable groups.
- **Facilitating recovery while fostering long-term sustainability.** This includes supporting vital links along the value chain and increasing the resilience against external shocks (e.g., market, climate, pandemics). In addition, international financial institutions (IFIs), including multilateral development banks, could support the coffee sector in the replanting and rehabilitation of coffee plantations during the upcoming period of slowing global demand growth. This would temporarily reduce supply in order to stabilize prices and incomes in the medium term

while fostering climate change adaptation and productivity growth in the long term. Finally, policymakers could facilitate investment in mechanization and automatization of harvest and supply chain processes (where possible) to ensure that safety protocols are being met; in addition, digitalization of business transactions as well as port and customs procedures can help to reduce transaction and trade costs.

- **Supporting the demand for coffee.** A (temporary) reduction of taxes on coffee could help reduce prices to the consumer. This would partially off-set households' decreased income due to the looming recession and support the at-home and out-of-home demand for coffee in key consuming countries, helping to stabilize the market.

By taking such actions and working together with sector stakeholders, policymakers can help attenuate the likely negative impacts of covid-19 on poverty and food insecurity among millions of coffee-producing smallholders worldwide.



COFFEE MARKET OUTLOOK UNDER THE THREAT OF CORONA VIRUS

Judith Ganes

When many of us attended the 18th AFCA Conference held in Mombasa mid-February, it was difficult to imagine how quickly the world was going to change and with that how the impact it will have on the coffee industry from end to end. At the time, as we traveled home to our respective countries, a few people wore masks in the airport, but at the time, only China, Korea and Japan had recorded some cases and the fear from which we all live under was not real to us but seemed distant and only a minor threat.

Since then five million people have officially been tested as positive for infection and it is possible that just as many people have been asymptomatic or simply not tested because they were lucky enough to not be so sickened that they needed to seek out medical attention, but not recognizing the danger they pose to their family, friends, or strangers they have come in contact with. In the three short months, the coffee industry has had to grapple with serious issues from all aspects of supply and demand and re-examine every step in the process from farm to cup. The coronavirus has wreaked havoc on farms, transportation, distribution, and then the way we purchase, prepare and drink our coffee as well as who is near us when we do. The industry has grown and developed on the premise that workers stand shoulder to shoulder to harvest coffee and break bread together eating as a family unit rejoicing the hard work and the fruit of their labor. Women sit gathered around a table, sorting coffee while singing with each other. This was the joy and celebration of coffee and now is considered

dangerous and unacceptable for risking people's health.

In some countries, strict rules or guidelines have been put in place reducing the number of workers allowed on the farm or in sleep quarters. This certainly could slow picking of the cherries and cause the crop to not be harvested optimally, reducing quality and income for producers. There are also challenges for getting sufficient workers to farms, because of limitations in transportations crossing from one region within a country to the next and governments are working to try to ease constraints to keep agriculture as a priority. The added costs of not being able to optimize labor and the increased expense of cleaning/sanitizing materials, thermometers for temperature checks and other protective measures reduce earnings. There are fewer disruptions port side but this could always change depending on hotspots of infection and if a freighter arrives with sickened crew that must then be quarantined before the vessel can load and depart for onward ports of call.

There already is a noted container shortage because of reduced freight bookings and many containers left in China following the lockdown there and then seeing a plunge in demand for Chinese exports, leaving the containers piling up and creating shortages elsewhere. This is not going to immediately ease since China has gone on a buying spree of agricultural commodities that in the months ahead will fill up even more containers without sufficient product being exported.

While there are challenges for many producers, Brazil has been able to benefit from the meltdown in their currency and coffee priced in reals is near record levels, providing ongoing incentive for Brazil to be committed to growing coffee, even under a period of low international quotes and distressed sales. This puts other producers at a disadvantage, where they don't have the benefit of being shielded by foreign exchange rates. This is similar to what happened in the price crisis 20 years ago and Brazil was able to gain market share at the expense of other producers.

Where I see greater concern though is with demand not supply, With more people at home, grocery stores and online purchases have increased and some cafes are trying to reformulate their stores to do curb side pick up and drive thru service, where possible, but in many areas, being able to sit in a café for hours reading a newspaper or catching up with a friend, is no longer being encouraged. The number of tables and customers allowed inside is limited. This is going to reduce sales and make operating a coffee shop unprofitable for many under this new model. It is possible that as much as 35% of cafes and restaurants may not open or fail with distancing guidelines making it impossible to cover expenses, aside from monies lost during an extended closure. In addition, even for restaurants and cafes not reducing the number of clients at a given time that are permitted inside, it doesn't mean the store traffic will be the same as before. A combination of fear of being safe inside establishments coupled with a deep global recession and sky-high unemployment is another challenge, operators will face, there is also the additional cost of cleaning and protective equipment for employees and remodeling to fit new safety guidelines, such as partitions to separate customers from staff. A café should smell of fresh brewed coffee not disinfectant and this too may be a put off for clients taking the pleasure out of sitting to enjoy a cup of coffee.

While some believe there is a trade off between having coffee at a café and at home, keeping the number of cups consumed daily the same, this is simply not true. Habits are being changed and broken. People may be sleeping in later because they are working from home. There are many who go to a café for other reasons besides the love of coffee. A friend may suggest going as a get together or someone needed WIFI or a bathroom, or had an hour to kill time between appointments. Maybe, even to get out of the rain or snow

or heat on a sunny day. A café is a safe place and easy to find location for a meeting or a first date. All these are occasions where someone may drink coffee out of their normal daily routine. The biggest harm to the industry is in the loss of the hospitality sector with about 25% of volume of bags consumed falling under this category. Airlines have cut more than 90% of their flights and are flying mostly empty. It will take well into next year to see a recovery in travel and some business travel may be lost as companies find themselves equally comfortable now using technology to replace face to face meetings and to shave expenses. Hotel bookings will remain low. Major events, sports, concerts and conferences have all been cancelled pretty much through year end. It is uncertain if Universities will hold fall semesters and reduce travel by students returning to campuses. Large social gatherings and celebrations are being postponed. There is no June wedding season this year or college graduations. The hospitality sector is in shambles with minimal catered events and food/beverage servicing. A key distinction between coffee shop coffee and food service is that in a café, a single cup of coffee is prepared especially for the client whereas in catering, coffee is made by a large pot/batch with generally 15% to 20% more coffee prepared than expected to be actually consumed. After the event, meal, flight or gathering, the leftover coffee is poured out. The coffee that is served may be above normal usage for some drinkers and they simply take the coffee that is being offered, but it is the waste itself that adds up to millions of bags of coffee no longer needed. Unfortunately, it is this sector of coffee consumption that is hurt the most by people distancing and cancellations of life's events and will be the slowest to see a recovery.

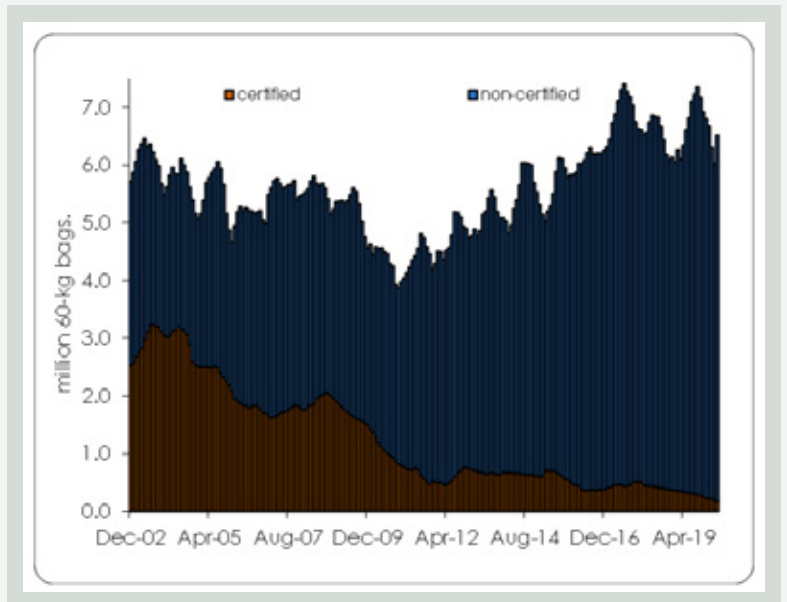
The massive downdraft in demand is certainly not welcome news and is likely to more than offset any disruptions or delays in harvesting

activity. A crop on the trees represents money and to the greatest extent possible, farmers will try to avoid losses. Brazil is in the process of harvesting a potential record crop and this too will take the heat off the market from delays elsewhere. Earlier in the year, it appeared that there were concerns about interim tightness, particularly of coffee from Central America and then also from Colombia. This opened an opportunity for Arabica coffee from Africa to fill this void. Certified coffee stocks had been in a modest decline and with differentials firming, there was some expectation that this trend would continue. Stocks in the United States and Europe were starting to trend lower, although still deemed adequate if there were no major supply disruptions. Now, the first evidence of the market suddenly shifting to one of surpluses has already been seen with a jump in April United States warehouse stocks by about a half million bags. This type of increase has not been seen for a single month since the early 1990s following the collapse of the International Coffee Agreement.

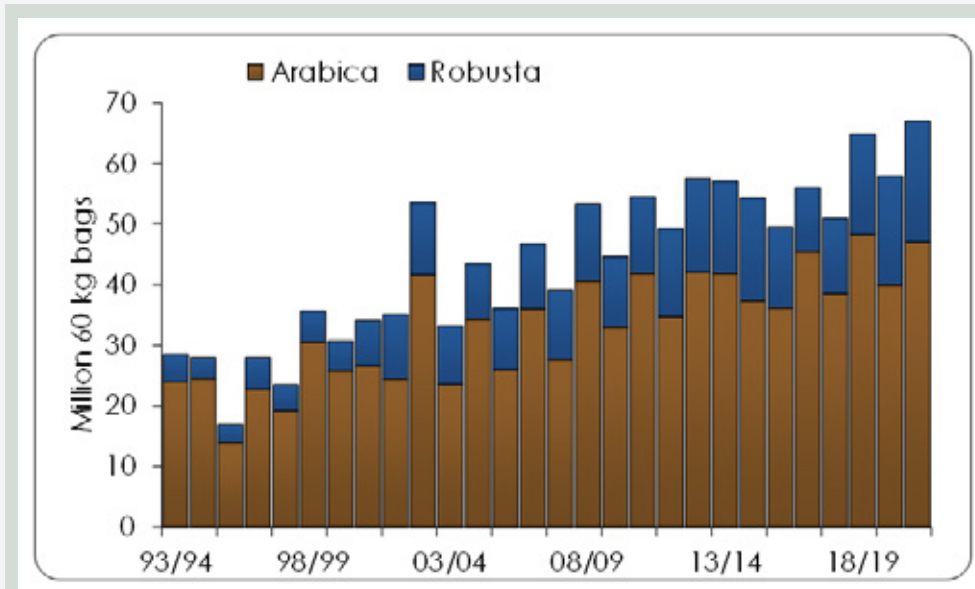
During the financial crisis of 2008/09, the number of unemployed was far, far less than what is now being reported. Joblessness is rampant with industries being badly hurt by closures and changes in consumer behaviors. At that time though, there wasn't a fear to fly or travel or be near other people. While there was pared spending, cafes actually benefited because people would choose to socialize over coffee and dessert rather than a meal as a way of lowering the cost of entertainment. Now, the opposite is true, with cafes being avoided. This will negatively impact the demand for specialty coffee, which will be difficult for growers who have invested heavily on their farms to assure the highest quality.

Prior to this, there was a chasm that was growing within the industry with often times divisiveness between producers and roasters/retailers because of the scant price paid to farmers VS the much higher prices

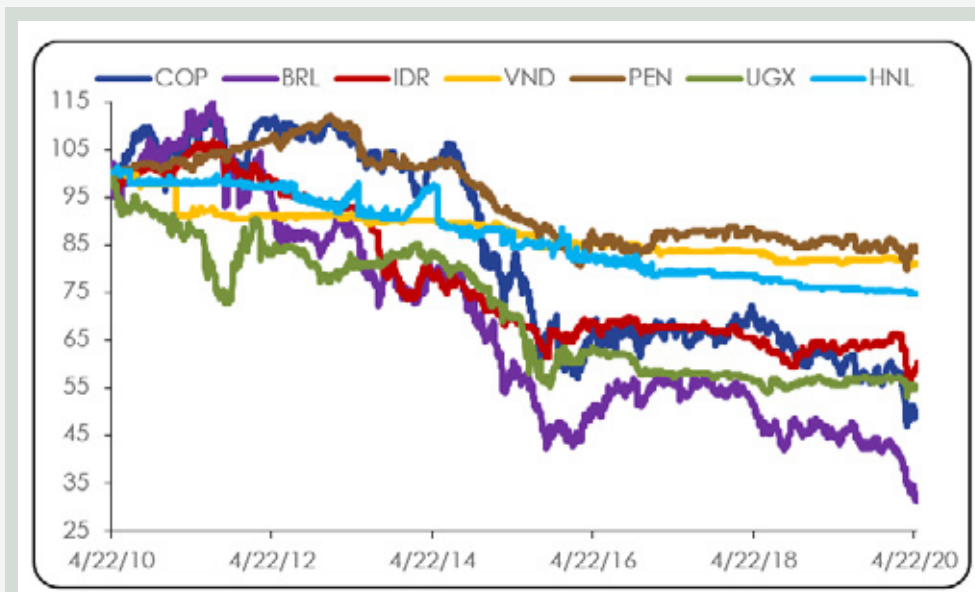
being received for a cup of coffee in a retail shop. Misconceptions about why prices paid to growers were depressed were increasingly more rampant with blame and finger pointing towards consumer side interests. Now more than ever, the industry needs to work in alignment to adjust to the new reality and have clear transparency on the issues and hardships being faced through the entire value chain. If there is a silver lining, one can hope that the industry becomes even stronger with new appreciation and understanding of the challenges faced by all segments and will work together in alignment to develop solutions that will make a positive difference for all. It is the main road to survive this unprecedented period and for the industry as a whole to come away stronger and better at the end of it.



United States Coffee Stocks Showed a Big Jump in April After Several Months of Declines
 Source: Green Coffee Association



Brazil 2020/21 Crop Potential Still Strong
 USDA, J Ganes Consulting, LLC



Collapse in Brazil's Currency Gives the Leading Producer an Advantage



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THE PREMIUM SHARING REWARDS MODEL

Sustainable Growers Rwanda

Since 2013, with the generous support of the Bloomberg Philanthropies, Sustainable Growers Rwanda has been working to increase economic opportunities for women and their families in Rwanda and the Democratic Republic of Congo through various initiatives including farmers capacity building in Best Agricultural Practices (BAP), cooperative management and business support which involves market linkages and facilitating their access to credit from financial institutions.



A farmer receives a cow during the 2019 graduation in the Northern province

Sustainable Growers devised an innovative model called “The Premium Sharing Rewards” (PSR) which seeks to recognize and reward the best performing farmers and farmer teams amongst its program beneficiaries. All in an effort, to drive adoption of best agricultural practices so that farmers can increase production, embrace farming as a family business, adopt government initiatives, and cooperative management best practices.

The funding for this program comes from an additional premium paid by the coffee buyers, roasters and consumers – as a recognition to farmers for their hard work in coffee farming.

The PSR program uses a point accumulation system to score and measure the performance of individual farmers and team who have graduated the program. At the end of the 12-month engagement in the coffee curriculum, the scoring

is done based on farmers’ adoption of both Sustainable Growers training packages and implementation of government initiatives. These include:

- Implementation of best agricultural practices to increase production both in quantity and quality
- Practicing coffee farming as a family business by keeping proper farm business records and involvement in farmer savings and lending groups
- Good cooperative management practices, and
- Update and implementation of government initiatives including obtaining health Insurance, setting up and maintaining kitchen garden practices to improve nutrition, building and maintaining clean latrines, school enrollment of children, and participation in community meetings to collectively come up with solutions towards community issues.

During the evaluation process which is done using a network

of community based Sustainable Growers trained women extensionists called Relationship Coffee Women (RCWs) along with farmer team leaders, cooperative board members and local leaders are involved to ensure transparency. Field staff and farmers become part of setting the selection when farmers have similar scores. Local leaders are also present during the asset distribution process.

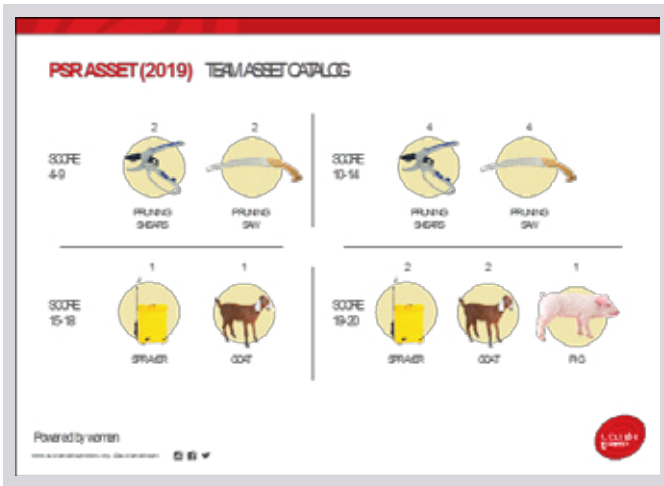
Farmers select items from an asset catalogue based on their scores. The asset catalog is developed with input from the farmers themselves and recommendations from government authorities. The catalogue contains items distributed at individual farmer and farmer team levels. The items in the catalogue include tools used to implement best agricultural practices like pruning saws and sheers, spray pumps, and livestock (including cows, goats, and pigs) from which organic manure is created. The catalog also has items for home and personal use including mobile phone, radio, mattress and solar charged lamp (with phone charging capabilities).

Asset Catalogue showing items which model farmers choose from



Ubudehe refers to the social-economic classification of Rwandan citizens and is long-standing Rwandan practice and culture of collective action and mutual support to solve problems within a community. Category 1 refers to families who do not own a house and can hardly afford basic needs, while Category 2 refers to those who have a dwelling of their own or are able to rent one but rarely get full time jobs (Reference: <http://www.rgb.rw/index.php?id=35>)

Asset Catalogue showing items which farmer teams choose from



Since 2014, about 7,000 model farmers have been rewarded assets and over 1,000 farmer teams representing over 28,000 farmers received shared team assets through PSR.

The graduates attended regional level farmer award ceremonies, while other graduates received certification and assets at district level ceremonies. All graduates of the program have been encouraged to transfer BAP trainings and application of the PSR motivational model to their family plots.



An assessment conducted in early 2020, a year after farmers received these assets found that farmers to have benefited tremendously from the assets and a significant number of farmers (59%) shared these benefits with the community. Those who received goats got organic manure to fertilize their farms, and have earned money from selling newborn to cover their social needs (health insurance, children school fees, among others). While those who received solar lamps used them to light their homes and enable children to do their homework when the sun has gone down. The solar lamps/chargers are also used to charge mobile phones. Farmers save money from not having to buy torch batteries. Those who received mattresses stated they provide comfortable bedding and improved hygiene while those with sprayers use them to control pests and diseases and have saved money from not renting such farm tools from community lenders.



Women graduates of the program receiving spray equipment



Women graduates of the program receiving livestock (goats)



Model farmers receive kitenge fabric during the 2019 graduation ceremony in the southern province

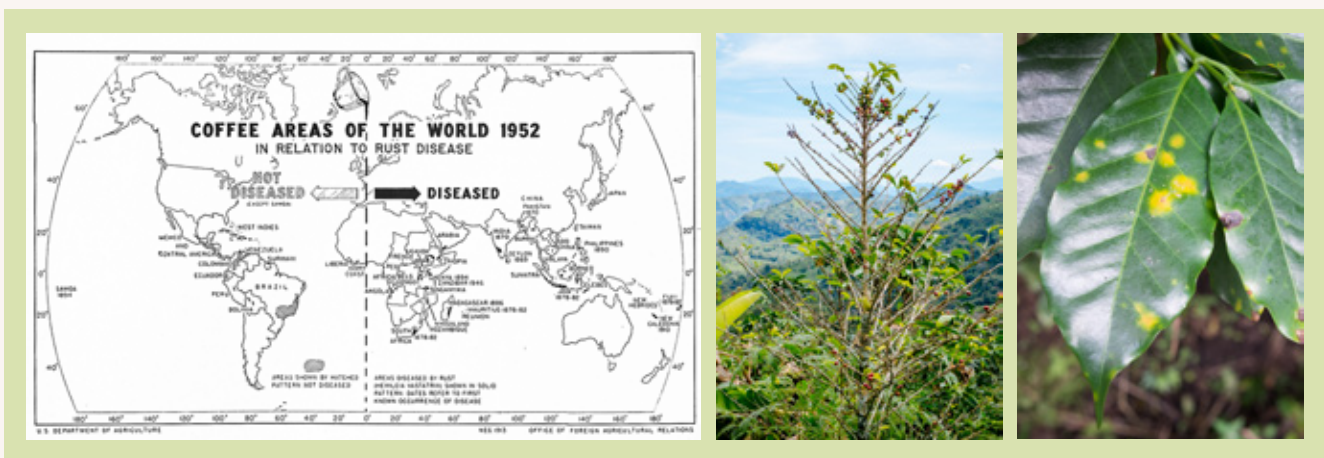
THE “MALARIA OF COFFEE” THE PAST, PRESENT, AND FUTURE OF COFFEE LEAF RUST IN AFRICA

By Stuart McCook

Between 2007 and 2015, the coffee farms of Peru, Colombia, and Central America were rocked by a regional outbreak of the coffee leaf rust. The disease is caused by a fungus known as *Hemileia vastatrix*. The fungus can cause the leaves of the coffee plant to drop prematurely, which in turn stunts the development of both the fruit and the plant itself. This recent outbreak, known as the Big Rust, temporarily reduced coffee production in Colombia by almost a third; in Central America, it reduced production by fifteen percent.

rust, and have remained largely free of the disease. In the late 1600s and early 1700s, European colonial powers broke Yemen's monopoly, and spread arabica coffee cultivation across the Indian Ocean Basin and the Americas.

Commercial arabica production



The Big Rust came as a surprise. Since 1869, the rust had spread through the world's coffeelands, and farmers everywhere had either abandoned coffee or learned to coexist with the disease. But in the Americas, at least, this coexistence had weakened. Chronically unstable coffee prices made it difficult for farmers to carry out rust control strategies. And climate change made the behaviour of the fungus unpredictable. The Big

Rust should be a warning to coffee farmers in Africa, who have an even longer experience with coffee, and the coffee rust.

The main coffee of commerce is arabica coffee (*C. arabica*). It is native to the forests of southwestern Ethiopia, where *Hemileia vastatrix* is also found. Commercial Arabica production began across the Red Sea in Yemen. The landscapes of Yemen were not hospitable to the coffee

initially flourished outside of Africa, in landscapes that were free of the rust. In the nineteenth century, settlers around in colonies around the

Indian Ocean Basin pushed arabica cultivation down into the warm and humid tropical lowlands. The coffee plantations of Ceylon, India, and the Dutch East Indies were, for a time, among the world's most productive. But they were also highly vulnerable to the rust.

The same forces that drove the coffee boom in the Indian Ocean Basin also accelerated the movement of diseases and pests. At some point in the 1860s, the rust fungus was accidentally transported from Africa to Ceylon. It may have traveled along trade routes that linked the Great Lakes region (where rust was present on wild coffees) to Indian Ocean trade routes. The fungus likely stowed away on one of the new steamships that linked the coffee lands of the Indian Ocean ever more tightly together.

The first rust outbreak was recorded on Ceylon, beginning in 1869. Within fifteen years, it had driven the island's planters to abandon coffee cultivation for tea. The story was repeated throughout Asia and the Pacific; by 1910 the rust had contributed to the rapid decline of coffee production in places like Java, whose name had once been synonymous with coffee.

European planters in the affected regions scoured Africa's forests a rust-resistant variety of coffee. One of these, known as robusta coffee (*C. canephora*), showed resistance to the rust, and also grew better than arabica in the lowland environments. Dutch planters took robusta coffee to the Dutch East Indies in 1900.

Over the next decade, breeders selected some commercially useful strains. After 1910, most coffee farmers in Java switched from arabica to robusta. Over the next four decades, farmers across the Indian Ocean Basin followed suit. Arabica cultivation survived only in a handful of highland areas, where the conditions were cool and dry enough to keep the rust in check.

Commercial coffee production in Africa began around the turn of the twentieth century. Coffee farmers in Africa did not enjoy the same ecological honeymoon that their counterparts elsewhere had done. From the very beginning, they had to contend with the rust, along with other endemic diseases and pests,

such as the coffee berry disease and the Antestia bug, among many others. The geographical contours of commercial coffee farming in Africa were, to a large extent, shaped by the diseases and pests.

In 1930, Alleyne Leechman, a coffee expert at the Amani Institute in Tanganyika, described the coffee leaf rust as "the Malaria of Coffee." Both were endemic to Africa, and he argued that both were "chronic and weakening" diseases, impossible to eradicate. Constant vigilance would be necessary to keep them in check. In the 1930s, Kenya's public agricultural research station inaugurated programs to breed pioneering rust-tolerant arabicas. Since then, breeders in Kenya have continually developed new, rust-tolerant arabicas such as K7, Ruiru 11 and Batian. Breeding programs like this have helped farmers coexist with the rust and other diseases.

Farmers at lower elevations, where the rust was more severe, turned to robusta cultivation. In much of Eastern Africa, farmers had often cultivated robusta for their own consumption before European colonialism. In Uganda, commercial robusta production expanded in earnest during the 1920s and 1930s. In the 1950s, robusta production boomed in Central and Western Africa, fueled in part by growing demand for instant coffee in Europe and North America. The coffee rust seems to have spread through the western half of Africa after the

coffee boom. Its impact on coffee production there was limited, since the cultivated robustas were mostly resistant to the rust.

In the late 1960s, the rust leapt from West Africa to the Americas, whose vast, susceptible arabica farms had previously been free of the disease. Between 1970 and 1985, the rust spread from Brazil across the Americas. It did not provoke the collapse of coffee that some experts had feared. Coffee farmers and coffee experts could benefit from more than a century of research produced in Africa and Asia. By the mid-1980s, most farmers in the Americas had successfully adapted to the rust, and they saw it as "just another disease." This assessment was premature.

The Big Rust in the Americas should be a warning to coffee farmers in Africa — especially those who cultivate the high-value but susceptible arabicas destined for specialty coffee markets around the world. It is a reminder that coexistence with diseases like the coffee rust is always provisional. This coexistence can break down when chronically low coffee prices cause farmers to reduce control practices, or abandon them altogether. And climate change — especially warming temperatures and changing rainfall patterns — may trigger new outbreaks in high-altitude farms where the rust has not previously been a problem. Vigilance and preparation remain essential.



ACTIONS ROASTERS & BUYERS CAN TAKE IN A TIME OF UNCERTAINTY

Sustainable Harvest Coffee Importers

This article has been edited from its original format which was published on April 13, 2020 by Sustainable Harvest Coffee Importers @ <https://www.sustainableharvest.com/blog/impact-of-covid19-at-origin-part-1>

In these turbulent times, it seems as if every day brings a new, unforeseen development as industries around the world continue to grapple with the pandemic. Over the past few weeks, we've leveraged our global network and have been in close communication with all of our partners to better understand the global coffee supply chain's vulnerabilities.

Our Chief Coffee Officer, Jorge Cuevas, weighs in on the impact we're seeing at origin, and the challenges that producers are facing as they adjust to labor shortages, government mandated restrictions, and slowdowns at mills, ports and warehouses.

We also take a look at what we believe are key actions roasters and buyers can take to help support their producer partners, and how best to prepare for potential supply chain delays and offset risks.

What is the impact that COVID-19 is having at origin?

The main one is logistical disruptions. Throughout Central America, coffee has been harvested. Coffee is at the mill and at the warehouses. For the most part, coffees are in relatively good locations from the standpoint of risk mitigation. However, warehouses and the dry mills that process coffee are being limited. Some of them are closing due to government restrictions. Others have been given exemptions to operate as essential businesses, but with limited crews and staggered shifts, meaning everything is slowing down. All of this is understandable, of course, in order to protect workers.



The short answer is coffee is flowing—but very slowly. There are going to be chronic delays that will affect all origins, essentially. I do not know of a single country that does not have some COVID-19 restrictions.

Are delays worse in certain countries? How are different countries responding and what challenges are they facing?

Yes, but just to be clear, when we pinpoint a certain country that's struggling more than others, it's not a criticism of the country. It's just the circumstances: either there are more cases causing disruptions or they're just being more careful. They might just be doing the right thing. Honduras is one country that has

seen more disruptions. Colombia as well. In Colombia, we have seen mills quick to close and restrictions tightened. Countries with the least amount of restrictions in place would be Nicaragua and Mexico, but we expect that to change as the crisis grows.

The caveat is that all of these countries mentioned are in season or their harvest has just ended. The ones we haven't talked about are those that are about to begin their harvest season, which brings a whole new level of challenge. We started by saying that coffee is in the warehouse, that coffee quality is good and we're just not getting it to market as fast as we normally



could—which isn't the worst thing given quality preservation thanks to GrainPro bags. For Peru, for Brazil, for southern Colombia, and for our East African friends, however—coffee is just starting to be harvested. There's great uncertainty regarding the labor force. You need a lot of pickers to go out into the fields—often in groups to collect coffee. There's an issue of how to properly transport workers and then how to properly house them while keeping conditions safe and sanitary. This alone is a huge challenge and not many are ready for it. In this case, the Great Lakes region of Africa is ahead of the curve given their experience combatting contagions like Ebola.

A lot of workers are migrants. In northern Peru, a majority of workers come in from Ecuador—but Peru's borders are closed, so Ecuadorian workers cannot pass through. From a labor force accessibility standpoint, this is a major risk and everybody I've talked to has reinforced this point. For the countries whose harvests are just started in April and May, access to labor is critical. It's something we're monitoring very closely because nobody should be getting sick for the sake of picking coffee. Yet, at the same time, coffee doesn't wait. It needs to be picked or it goes to waste. If that happens, a different sickness may grow—poverty, malnutrition, and greater inequality.

Have there been any strategies that countries have adopted to

address these challenges?

Brazil has communicated most clearly. The strength of the Brazilian coffee sector is extremely high, and Brazil is, relatively speaking, a highly developed country in comparison to Central and South American countries. Brazil has been able to widely implement certain workarounds. For example, if a bus normally carries 30 workers, it now only carries 10, and after every drop-off a team will go in and disinfect the entire bus. None of this is free or cheap, of course. But I expect other countries will soon adopt similar practices.

We've also seen the Colombian government quickly respond to the crisis, especially as the harvest season begins in Southern Colombia. City halls are providing farmers with health safety instructional materials to distribute to their workers and cleaning materials to thoroughly disinfect their farms. Farmers are also implementing a modified picking method that allows for social distancing while requiring far less pickers.

At the same time, there are producers who are telling me, "I have 25 pickers. They are very afraid. They just simply do not want to pick even though we posted the guidelines." So, part of the challenge is to implement the guidelines, and the other half is reassuring people that the guidelines will be effective if they follow them properly. But not everybody is going

to be convinced. So, again, labor is going to be among the biggest challenges as we head into the harvest season.

How is all of this going to affect how buyers will be purchasing coffee?

These are 5 actions I would consider best practices:

1) Have at least 3 weeks' worth of coffee on site. At least. To the best of every roaster's capabilities, of course. Anything less, however, and you're potentially opening yourself up to risk and disruption. Coffee warehouses haven't closed in the US and Europe, but they're working with shortened shifts and smaller crews. Everything is slowing down and we can't rule out the possibility that warehouses will close. So, at the very least, have three weeks' worth of product on-hand, but ideally up to three months, if possible. That's physically having coffee on-hand, not just contracted.

2) Shift your expectations forward by 2 months. To be clear, this is not to say that, at this time, shipments will be two months late. To best prepare in the event that delays do occur, however, we recommend acting as though this was the case. Doing so will expose gaps; the next step will be to work closely with your import partner to fill those gaps either through spot purchases, a realignment of your blends, etc. But in order to be safe, we advise recalibrating expectations and

assuming coffees at source will be late. This will help you maintain business continuity.

3) Over-communicate with your importer and send a signal of commitment to your source partners.

Producers facing the most uncertainty are those about to begin their harvest and are wondering, “Are people going to buy my coffee? Will I be able to bring my coffee to market?” This is where relationship coffee, communication and supply chain engagement is extremely valuable, now more than ever. As a roaster, it’s crucial that you stay as engaged as possible with both your importing and producing partners. Together, we can figure out the best strategies to carefully move forward. For example, if you used to buy two containers from a certain village—commit, instead, to one, sooner rather than later. You’ll be sending a signal to your producing partners that says, “We are still here with you. We can’t commit to what we used to buy from you, but we’re not giving up on you.” A complete freeze of buying from source would only further compound labor issues and add to the sense of uncertainty. So be responsible AND sensible, but, to the extent that you can, send a signal of commitment to your source partners and stay in frequent communication with your importers. Make your decisions gradually, step by step, but engage with origin and give them the signal that things can move forward, carefully.

4) Parcel out purchases and buy incrementally.

Just like producers, green buyers are also facing uncertainty without a clear way to forecast purchases as coffee shops close and demand shifts to grocery and online sales. As you assess your situation, the safest route would be to break up your purchases and buy in increments. Whereas before you might buy all of your Colombian needs in one go, now make two or three sets of purchases instead. Again, this is where over-communicating with your importer is important. Get in touch with your

importing partner, make a smaller purchasing decision now, and plan to review together in the immediate future. It’s more work, but it allows for the ability to adjust. This will help to avoid a purchasing freeze, while also preventing you from overcommitting and carrying inventory. Constant and consistent communication is key during this time.

5) Find ways to support marginalized producers, if you can.

While the pandemic is impacting everyone, it’s also true that it’s affecting some groups significantly more than others; in the case of the coffee supply chain, our producer partners and their families could be the ones hardest hit. Most coffee farming families are starting out at a much lower baseline. Many of them don’t have access to the same resources and support systems that we do in typical “consuming” countries—resources like preventative equipment, government loans and grants, adequate healthcare and affordable food. Virtual classrooms aren’t an option for the vast majority of producer children, and with ever tighter curfews and lockdown restrictions, going grocery shopping has become exponentially more difficult. Remember, there’s no Amazon or Instacart in the coffeelands.

Of course, we know that many of us on the other side of the supply chain are hurting as well—let’s not minimize that at all. But for those of us who are in a position to look beyond our own circumstances, we believe that we all have a responsibility to do so. This is the heart of our Relationship Coffee Model. It’s during times like these that our producers must be able to depend on us, just as we regularly depend on them. Because our producer partners are just that—our partners.

Consider supporting NGOs active in the field like Food 4 Farmers, Heifer International, or Root Capital— or, better yet, reach out to your

producer partners directly and ask them what they need and what you can do to help. Many cooperatives are on the frontlines right now providing support to their wider communities. If you’re not already connected with your partners, work with your importer to get in touch. Many producers and producer cooperatives are also active on social media where you can directly message them.

Even if you can’t provide financial support or buying commitments, you can send messages of solidarity. In this unprecedented moment, we can all feel isolated or overwhelmed. Let’s show farmers who are the lifeblood of our industry that they are not alone!

As the crisis continues to unfold, this is where transparent and integrated supply chains can really make an impact. This is when it’s actionable. During a crisis is when we make it count. When crisis hits, our system has to respond in the best way possible to all participants across the board.

Lastly, it’s worth remembering that despite the social distancing, our sense of community as an industry is as strong as it’s ever been. Coffee roasters, by and large, have a very strong connection with their local communities and with their consumers. Coffee is a ritual for everyone. It doesn’t matter where you get your coffee from; people’s connection to their coffee is very strong. Consumers still want their coffee and they still want to support their local businesses in any way they can. With everyone so stressed and worried, a break for coffee is one of those few cherished moments that we all still need in our day, even if that might involve making the coffee yourself. That sense of connection through coffee still exists, so roasters will need to be adaptable and creative to continue engaging their communities. People still want their coffee, so let’s make sure we continue to provide it.

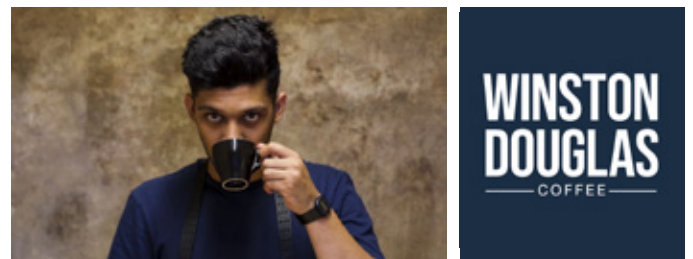
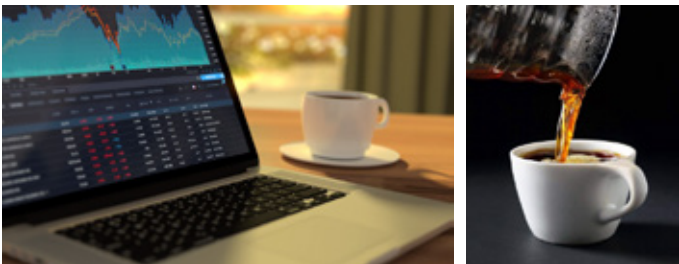
NEED FOR AFRICA TO GO VIRTUAL AFCA LAUNCHES ONLINE TRAININGS



INTRODUCTION TO COFFEE COURSE

HOSTED BY 3 TIME SA BARISTA CHAMPION
SA AEROPRESS CHAMPION AND
AFRICAN BARISTA CHAMPION
WINSTON THOMAS

01-03 JULY | 08-10 JULY
22-24 JULY | 29-31 JULY
10:00 - 12:00 EAT



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Join the global coffee community in innovative and advanced online webinars, workshops & trainings to discover the journey behind a cup of coffee. Improve coffee and barista skills, roasting courses, coffee markets and trading, price risk strategic coffee sourcing and how to move your coffee business online. International and accredited trainers are brought to your virtual doorstep so you can meet the masterminds behind La Marzocco, brew a cup of coffee with a Barista Champion, host Judy Ganes in your office and enjoy the smell of freshly roasted coffee in the comfort of your home. We bring the experts to you!!

Register: <https://afca.coffee/programs/registration>
Email: trainings@africanfinecoffees.org

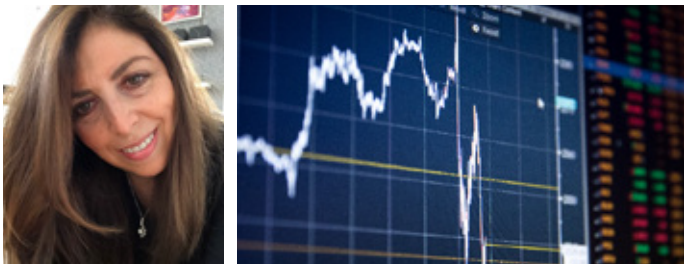
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Non Member: USD200

SCA Coffee Skills Program Introduction to Coffee

The SCA Introduction to Coffee Course is hosted online by Authorised SCA Trainer, Winston Thomas. The training will cover theory on coffee knowledge and history, processing and sensory skills, roasting, brewing, coffee freshness, water quality, cleaning and maintenance. The Introduction to Coffee Course awards you credits towards enrolling in the Barista Skills Foundation and Intermediate Courses, for baristas aspiring to start a coffee career, train and compete.

Register: <https://afca.coffee/programs/registration>
Email: trainings@africanfinecoffees.org

AFCA Member: USD175
Non Member: USD200



Judy Ganes Consulting Markets, Futures and Trading

Judy Ganes, world renowned soft commodities and futures analyst has more than 35 years working at Wall Street for major brokerage houses and the food and agricultural commodities. The Judy Ganes Online Training offers knowledge and expertise on coffee markets, futures and trading from the ground up to have more understanding on coffee market reports and make better buying decisions. Learn about the New York C, the coffee price crisis, commodities trading, risk management, futures and hedging and identify the major impacts on coffee as a commodity to project coffee market trends and the market outlook ahead.

Register: <https://afca.coffee/programs/registration>
Email: trainings@africanfinecoffees.org

AFCA Member: USD175
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WEBSITE, BLOG
SOCIAL MEDIA
MANAGEMENT



DIGITISING YOUR
COFFEE BUSINESS

Move your Coffee Business Online Modern Marketing & Management

The Online Marketing & Management Course is hosted by digital and advertising specialist, Natalie Roos. Awarded some of the top blog and social media accounts in the world, she talks about modern marketing and branding across the digital scope to create engaging content, campaigns and expand the digital footprint of your coffee business. Get in touch with global online trends, increase your market linkages and business connections, learn about influencers and followers and practice quality content writing to uncover 'How to Move your Coffee Business Online'.

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Email: trainings@africanfinecoffees.org

AFCA Member: USD175
Non Member: USD200



AFCA Coffee Price Risk Management by Judy Ganes



Coffee Price Risk Management | 01-03 July 2020
by Judy Ganes Consulting

Judy Ganes, world renowned soft commodities and futures analyst has over 35 years of knowledge and expertise in the food and agricultural commodities with much of that time spent on Wall Street. Judy publishes exclusive world market reports and conducts international educational seminars on commodities trading, futures and hedging, options and price risk management. This training offers knowledge and understanding on coffee price volatility, identifying and minimising risks, calculating and monitoring risk positions and practical applications to implement price risk management in your coffee business.

Register: <https://afca.coffee/programs/registration>
Email: trainings@africanfinecoffees.org

AFCA Member: USD175 / Non Member: USD200



19TH AFRICAN FINE COFFEES CONFERENCE AND EXHIBITION

17TH - 19TH FEBRUARY 2021

The Millenium Hall, Addis Ababa, Ethiopia

THEME:

“SPECIALTY COFFEE AT ORIGIN”

COFFEE FIELD VISITS

14TH - 16TH FEBRUARY 2021

SUSTAINABILITY FORUM

16TH FEBRUARY 2021



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Ethiopian Coffee

Event Hashtag: [AFCA2021](#)
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ZAMBIA



CALL FOR PRESENTATIONS

19TH AFRICAN FINE COFFEE CONFERENCE & EXHIBITION

“SPECIALTY COFFEE AT ORIGIN”

Addis Ababa, Ethiopia

DEADLINE FOR SUBMISSION: 30th August 2020

Conference Brief

Addis Ababa will play host to the **19th African Fine Coffee Conference and Exhibition**. The event will be held from **Wednesday 17th to Friday 19th February 2021** at the Millennium Hall, Addis Ababa, Ethiopia.

Call for Presentations

The *19th African Fine Coffee Conference & Exhibition Presentation Committee* calls for technical presentations on the main theme “**Specialty Coffees at Origin**” to be made during the Conference.

This year AFCA would like to invite all members to submit their abstracts in line with the theme. Key themes include:

- i. World Coffee Markets: Review of the Specialty Markets and exploring the specialty segments*
- ii. Innovations and emerging technology in the Coffee Markets*
- iii. Domestic Coffee consumptions*
- iv. Production and productivity at the Farm level*
- v. Climate Change and Mitigation strategies*
- vi. Emerging trends in the Coffee industry world-wide*
- vii. Economic viability models for coffee farming*

However, while we are seeking a variety of topics, we would also like to inform presenters we have raised the standards for the selective process, with key emphasis on coffee technical presentations. Company promotional presentations will not be accepted.

Presentations should be relevant, practical and offer solutions and information on emerging issues in the Coffee Industry. Country specific presentations will be accepted.

Please submit a brief (1) page summary / abstract of your preferred area of presentation by **30th August 2020** for evaluation by the *Technical Committee*.

Your abstract must include a signed copy of the submission guidelines below, to be considered valid.



Flawless Events is established in 2008 in Ethiopia in recognition of the potential and opportunities in the flourishing capital of Africa, home to a growing number of international conventions, events and forums. Flawless Events increasingly became recognized for its organizational excellence among the international development, private and government sectors.

Flawless Events has excelled in offering comprehensive event planning services, including logistics management, marketing and communication, and production. Among the company's achievements are:

- Building a strong reputation among international clients to grow the company to a regional service provider;
- Successfully executing numerous events in various parts of Africa;

- Becoming specifically sought after by the Government of Ethiopia for high level events; and
- Developing a client base that includes household brands like Coca Cola, IBM and Google, as well as front-runners in global development such as Gates Foundation, UNDP, GIZ, USAID and the World Bank.
- Advising the government on the strategy to develop the MICE sector and make Ethiopia a highly competitive destination for meetings and conferences.

For over 12 years, we have been providing strategic advisory and logistics support, complete management and execution for private & public institutions that need events-related services. Our commitment to excellence continues to set the standard for the event planning industry in Ethiopia.



About Us

METAD Agricultural Development plc is a family-owned business under the leadership of Aman Adinewe (in photo on the left) who doubles as the Founder and Chief Executive Officer (CEO) and also a former Chief of Operations (COO) at the Ethiopia Commodity Exchange (ECX). The business has an executive team of Ethiopian natives - US citizens who returned to their homeland with a deep desire to invest in and improve coffee quality and marketing by actively participating in the value-chain. The team is in three generations with experience in growing and trading coffee. We are gender sensitive with 70% staff members being women.

At METAD, we grow and source some of the best coffees Ethiopia has to offer. We do so in a manner that honors our family heritage, our respect for our buyers and our love for Ethiopia. With headquarters in Addis Ababa, METAD has farms in Hambela (Guji) and Yirgacheffe



(Gedeb) which are ~200 ha and 30 ha respectively. Both farms are located in the Southern part of Ethiopia, about 470 km and 439 km from Addis Ababa the capital of Ethiopia, respectively. Both Guji and Gedeo Zones are known for producing high quality coffees. Currently, we are in the process of acquiring additional 1,500 Ha farmland in Keffa, Sheka, Ilu Ababora (Bure) and Gojam.

METAD is the first Private farm that managed to Organic certify not only its farms and processing plants but it's out-growers' farms. The premium from the certifications helps us make the second payments and share part of the proceeds with the community.

We have also provided over 600 thousand CBD resistant seedlings to the Out-growers for at no cost.

We are an in-country partner for Specialty Coffee Association of America (SCA) and Coffee Quality Institute (CQI). We own and operate the First Privately owned Coffee Quality Laboratories Certified by SCAA in Africa. Our largest and certified laboratory can accommodate 22 students and up to 40

cuppers at once.

At METAD, we strongly believe that hospitality is key in businesses and hence we aim at providing our buyers a positive experience which led to the construction of twenty-two roomed bungalows with clean and flowing water where we host mainly our coffee buyers, students and cuppers and also for eco-tourism.

Our Coffee

METAD produces its own specialty coffee grades 1 and 2 beans, as set forth by the Specialty Coffee Association of America (SCAA). We also buy coffee from nearby farmers through our out-growers program which enables our coffees to be traceable at three levels including; farmer association level ("Kebele"), farm block level and at a lead farmer level. This out-growers program has grown exponentially since its initiation in 2013 with only 480 smallholders. Currently, METAD's out-grower membership is over 7,500 at both locations (3,500 in Hambela and 4,000 in Yirgacheffe (Gedeb).

METAD provides Pre- and Post-harvesting training twice a year to its farmers and pays premiums for the red cherries during harvesting and a second

payments in August annually, based on the red cherries volume delivered during the harvest season by the farmers.

Coffee processing.

METAD has installed state-of-the-art and modern processing facilities at both farm locations with eco-friendly Wet Mills (Penagos) in Alaka (5,000 kgs/hr) and Buku (2,500 kgs/hr) in Hambela and at the Halo Beriti site (10,000 kgs/hr) & Udeye site (2,500 kgs/hr) in Yirgacheffe (Gedeb); Dry Mills and Drying Beds at the Alaka, Bishan Fugu, Buku and Benti Nenqa sites in Hambela and at the Halo Beriti and Udeye sites in Yirgacheffe (Gedeb). In total, we have over 1,500 drying beds, 20,000 kgs/hr wet mill capacity, 9,000 kgs/hr dry mill (huller) capacity at the farms. At our new facility, we have a warehouse and coffee cleaning facility near Addis Ababa, a warehouse capacity of 4,500 Sq. Mtr, Cleaning Machine (dry mill) from Cimbria; capacity 10,000 kgs/hr. We process both washed and sun-dried coffees and we are open to process honey or any other type of coffee upon request by the customers.

Coffee types produced, processed and exported:

- Washed Organic Guji (Hambela) Grade 1 at Woreda district- i.e., Hambela level, at Kebele Farmer Association – i.e., Alaka] level, and at Lead Farmer – i.e. Genale level or at farm block level – i.e., Mulu.
- Sun-dried Organic Guji (Hambela) Grade 1
- Washed Organic Yirgacheffe (Gedeb) Grade 1 (at Woreda [district- i.e., Yirgacheffe-Gedeb] level, at Kebele [Farmer Association – i.e., Gotiti level or at Lead Farmer level – e.g., Zekios)
- Sun-dried Organic Yirgacheffe (Gedeb) Grade 1

Community Impact

METAD has adopted a school of more than 400 students in Hambela. We have provided school uniforms to the students, purchased benches and tables, and supplemented the teachers' salaries in order to encourage retention. METAD is currently working with several of our buyers to drill a well for the school and the community. To find out more or participate,

Contact details

METAD Agricultural Development plc
BAWA Center, 3rd Floor (Gerji)
P.O. Box 4695, Addis Ababa, Ethiopia
www.metadplc.com

ETHIOPIAN WOMEN IN COFFEE (EWIC)



About us

Ethiopia Women in Coffee (EWiC) is a legally registered Sect-oral Association since September 2016 with 22 founding members and has got its legal status with the vision of support and empower women in the coffee value chain, who are coffee exporters, growers, processors, traders, roasters (in local and export market), coffee professionals & cuppers.../. Currently the seven board members along with one Administrative Manager are serving to bring more benefits and quality services to its over 45 members.

EWiC has been running a number of activities that benefit women in the coffee value chain especially, conducting various trainings that could enable members and become competitive in local and global coffee markets. Since its inception, EWiC had been engaged in activities that increase visibility of its members and building their capacities.

Global competitiveness of women entrepreneur's faces major challenges and among those are; lack of access to information, lack of access to resources, lack of proper communication skills, financial and others. These problems are more magnified in coffee industry since it is the 2nd largest commodity traded globally.

Thus, EWiC's vision to equip its members by way of reciprocity, reach women small holder farmers

with various capacity building efforts is the CORE of its existence. EWIC has been successfully creating the platform and enabling women in coffee to contribute to the growth of the coffee sector in Ethiopia and to the economy in general.

EWiC is also registered as one of the Chapter to the International Women in Coffee Alliance (IWCA) in April 2017, which is an organization that connects individuals, communities, and organizations, empowering women to lead the way to sustainable livelihoods, ultimately advancing the global coffee industry. IWCA is a vibrant network of independent organizations, called Chapters, in 24 countries, which are united by the shared mission to empower women across the global coffee industry.

Since its establishment EWiC has been working in collaboration and in partnership with many National and International organizations such as Ethiopian Coffee and Tea Authority, Ministry of Trade, Ethiopian Commodity Exchange (ECX), Ministry of Agriculture, Feed the Future Ethiopia –Value Chain Activity, International Women in Coffee Alliance (IWCA), African Fine Coffees Association (AFCA), Center for the Promotion of Imports from Developing Countries (CBI), PSD HUB, and International Trade Center (ITC), She Trades initiative, SCA and CQI towards the achievement of its goal 'Empowering women in the coffee value chain'.

AN ALTERNATIVE FOR COFFEE GROWERS NOW AND AT “NEW NORMAL” TIMES: DOMESTIC CONSUMPTION

Carlos H. J. Brando - Partner, Pinhalense & Director, P&A

Plenty has been written lately about the impact of Covid-19 on coffee consumption trends. There seems to be consensus on two trends: consumers will seek lower cost coffees and the specialty coffee sector will be hurt the most. If this may be good news for producers of commercial coffees, it may be a problem for the growing number of growers focusing on the specialty coffee market.

What traditionally happens in Brazil at times of low coffee prices may hint at an alternative for coffee growers at both Covid-19 and the “new normal” times expected afterwards. When faced with a period of low coffee prices that is expected to last, a few growers in the large coffee towns start to roast their coffees and to sell them in the town itself if not in surrounding towns too. The prices that quality conscious growers may obtain are not very different from what they would get from exporting their coffee as specialty. When prices go up, most of these growers favor the easier alternative of going back to supplying foreign markets even though some remain and develop their own brands.

The question here is whether growers in many countries who will face a shrinking demand for specialty coffees will have a thriving local domestic market in their own countries as Brazilian growers have had in the last two or three decades. It is interesting news

that both Central America and the Caribbean and Africa, led by Promecafé and the Inter-African Coffee Organization respectively, are currently involved at an ICO-sponsored effort to start promoting coffee consumption in producing countries. On the other hand, it is known that coffee consumption is strong in Ethiopia and is growing fast in coffee producing countries of Southeast Asia and Asia itself. Therefore, there may be a market for coffee growers to capture in their own countries.

An interesting side effect of the approach proposed above, again bearing in mind the example of what has happened in Brazil, is that the effort by growers to sell in their domestic market makes them better prepared to also supply



Grower roasting his own coffee

the specialty market abroad. This happens because they learn more about consumers' preferences, the importance of quality consistency and other consumer and market features that make them improve their production techniques not to say marketing ability. This will be very positive when the market for specialty coffee returns to the previous scale or even goes beyond

it and importers, roasters and coffee shops can then count on a better pool of suppliers in different countries.

Growers interested to tap the local market will have to equip themselves, which may not make sense if this will be a short-term reply to the conditions created by the pandemic. However, one of the trends expected in “new normal” times will be to buy local products and no one knows how long it will take for the specialty coffee market to return to pre-Covid-19 levels. The advantage of equipping themselves for local coffee supply is that growers who do it will also be in a position to export directly and with value added to the specialty market, at new normal times and whatever comes after!

The types of machines that growers need to process coffee from cherry to green beans are the same irrespectively of their size. What changes is the capacity of the machines and there should be a minimum size or scale for this to be economically feasible. To be successful in this endeavor, small growers have to get together to reach coffee volumes that justify the

implementation of a small central mill that is equivalent to the size of a micro-lot processing unit. Needless to say that these small facilities to supply the local market can also be used to process micro-lots for the specialty coffee sector and also commercial coffees if that is demanded.

It may be argued that this article assumes a short-term growth of coffee consumption in producing countries that is impossible to obtain. First, as the title says, it is one alternative. Second, the entrance of growers into the market in their own geographical region may create a virtuous cycle of educating consumers and increasing consumption in an area that is usually beyond the scope of programs to promote coffee consumption, that tend to focus on the larger urban areas. Third, growers learn about quality from the standpoint of consumers and are empowered to tailor their products to market requirements. Fourth and last, growers may start in an informal way, even with door-to-door sales, and eventually become formal actors in a process that helps them tap markets that are more difficult to reach.

The advantage of equipping themselves for local coffee supply is that growers who do it will also be in a position to export directly and with value added to the specialty market, at new normal times and whatever comes after!

One final comment is that a substantial part of this market to be tapped is low income, which may curtail returns to growers. Even though the price of coffee sold in the low-income market segment is likely to be below average, returns to growers may still be larger than by selling green coffee for exports when international prices are low. This is exactly why many Brazilian growers who go into roasting abandon it when green coffee prices go up. The ones that usually remain are those who started to develop a brand or to specialize on a specific market.



Small dry mill for local market and micro lots



Small wet mill for local market and micro lots



ABAHUZAMUGAMBI BA KAWA YA MARABA COOPERATIVE

About Us

This cooperative started in 1999 with 70 coffee farmers and has now grown to 1,327 members. The farms of their cooperative members are located in mountains at altitudes of 1,500 to 2,000m. Abahuzamugambi Maraba has four coffee washing stations and one dry mill; one of its washing stations was the first such facility in all of Rwanda. The co-op's coffees have competed in Cup of Excellence and are known and consumed throughout the world, including in the UK, USA, Japan, and Australia. The cooperative is Fairtrade certified and is in the process of becoming Rainforest Alliance certified.

Abahuzamugambi Ba Kawa cooperative was founded by 300 small farmers after the 1994 war and genocide that devastated the Rwandan country and coffee industry. It is located in Maraba, one of the poorest districts of Rwanda. The members are subsistence farmers who rely on the sale of their high-quality coffee for 70 percent of their cash income to pay for basic necessities. This rapidly growing cooperative is working to make coffee farming a viable occupation by accessing the specialty coffee market and developing strong relationships with coffee roasters.

Abahuzamugambi (which means "those who have common goals") produces an exemplary crop from 100 percent Bourbon cultivars, highly noted for its natural sweet fruity flavor and rich body. Their coffee entered the specialty market as Rwanda Maraba Bourbon, proudly the "world's first single origin Rwanda Coffee" and the "world's first Fair Trade product from Rwanda," which was certified in 2002.

With help from the NGO Project Pearl, Abahuzamugambi opened their own banking branch in 2003, which offers members a variety of banking services and provides new employment opportunities in the area. Their first washing station was constructed in 2002 and in 2007 they completed their fourth—allowing cherries to be processed within hours of picking, helping maintain more of its original qualities. Other projects funded with Fair Trade premiums include training sessions for women, medical insurance for members and academic scholarships for members' children.

Contact details

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COFFEE BELT EAST AFRICA
WE FOCUS ON HIGH QUALITY
GREEN BEAN COFFEE PRODUCTION

COFFEE BELT EAST AFRICA

About us

Coffee Belt East Africa is a specialty coffee producers company based in East Africa. It was founded by Ephrem and James, with a collective 35 years of experience in the coffee industry, spanning from planting and harvesting techniques, production processes, cupping, grading, roasting, logistics, with a wealth of experience and passion for what they do.

Coffee Belt East Africa is keen on delivering the best coffee produced in the community of farmers in which we not only work but are an integral part of. We never stop asking ourselves how we could make it better. We have been introducing new technology and scientific methods, using the Q processing system of CQI (Website), to refine at its best the coffee making process from farm to cup.

Ephrem has got his Q-grader certificate in 2010 and has been a cupping judge in national coffee competitions such as Cup of Excellence. Since 2019 he has got a Q-Processing level 2 certificate CQI Q_Processing Program Producers

We have been working at the farm-level supply chain for more than two decades and built trust among the coffee farming communities locally and regionally. We have shaped our entire supply chain (from farm to green beans) from the smallholders' farmers to the importers and roasters we supply. When choosing to work with our network of producers, you will be expecting to work with East African coffees origins of the finest grade and unique cup taste. Services offered

Green Coffee Sales, Roasted coffee sales, Cupping and Grading, washing stations and dry mills processing management, Sourcing, Exporting, Logistics, quality control, Roast and Blend profile consulting, Origin Tours.

Contact details

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E-mail: info@coffeebelt-ea.com



BUKONZO ORGANIC FARMERS COOPERATIVE UNION

About us

Bukonzo Organic Farmers Cooperative Union (BOCU) was founded in 2009. At BOCU, Quality is key. Our attitudes have changed towards our coffee. We are inspired to revive our reputation from the 1970s for producing excellent quality coffee. It is now our main cash crop and it is helping us to pay school fees, medical expenses and build our homes.

We traditionally only produced Natural Arabica as there were no central washing stations in our region. But over the last few years, we have invested in 36 micro-washing stations in our communities, to fully-wash and process our coffee, and to realize its full potential. And we have attended training sessions to become experts in coffee processing.

In terms of Adapting to climate change, we are proud to make sustainability the focus for all of our activities and there is an abundance of life and diversity to be found on our farms. We intercrop our coffee with bananas, beans, fruit trees, coco-yams, vanilla, passion fruit, and mango trees. We have innovation programs to support our farmers, including the 'Boar goat Project'. A Boar goat is given to a farmer and the manure from it is added in our coffee fields as compost, leading to better soil fertility. In this way, it helps to boost coffee yields and to improve the soil.

We are living with the effects of climate change on a daily basis. We are noticing more erratic weather patterns, such as heavy storms that cause soil erosion and even landslides. We have started taking measures to adapt to the challenges, building contour channels into the hillsides for moisture retention and to prevent erosion.

Services offered

1. Pre-financing primary cooperatives enable them purchase coffee from farmers.
2. Capacity building on coffee Good agronomic practices (GAP), training Farmers on certification and paying for certification costs, supporting model farmers with Farm inputs like offering varmi composting organic manure and seed to the farmers), Offering premiums to farmers, Offering market linkage to members. Supporting farmers to start micro station lending associations (MSL) and supporting the involvement of youth in Agriculture.
3. Training executive members in good governance skills like training on records management, roles of executive members and conducting meetings.
4. Supporting farmers to improve on coffee quality through building coffee central micro stations.
5. Conducting exposure visits to other organizations for capacity building.

Physical location and contacts

Rwenzori Mountains, western Uganda
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info@bukonzoorganics.com
bukonzoorg@gmail.com



MT. RWENZORI COFFEE FARMERS' COOPERATIVE UNION

About us

Mt. Rwenzori Coffee farmers' cooperative union is a farmers' organization registered with the registrar of cooperative in Uganda, with registration number 10981/RCS. The union currently has membership of 20 primary cooperative societies with 2,948 individual farmer members all together – 1697 men, 1,251 women and 972 youth members. The Organization is registered to operate in the 7 districts on and around Mt. Rwenzori including Kasese, Bunyangabu, Kabarole, Rubirizi, Ntoroko, Bundibugyo and Kamwenge.

The purpose of forming Mt. Rwenzori coffee farmers cooperative union was to establish farmer managed production and marketing system that will help coffee farmers gain what is worth their effort in the coffee value chain.

Our Coffee is high quality green beans of Arabica coffee grown on the Rwenzori Mountain an altitude of 1500 – 2300m above sea level. The fertile loamy soils with remarkable amounts of rainfall along the equator give unique coffee product with special taste and flavor.

In terms of quality attributes, our coffee has a wide flavor profile with flavor notes of Chocolate, Caramel, honey, fruity and nutty notes. The cup from our product will have a medium body, a clean finish and a mild acidity all together giving a wonderful experience.

70% of our product is wet processed Arabica coffee and 30% is dry processed.

The critical control quality points include Harvesting, Fermentation, Drying and storage.

Harvesting And Processing

Harvesting is done by selective handpicking of only red-ripe cherries which are then floated in water as a primary sorting criterion. The floaters are skimmed off the surface and considered separately whereas sinkers are subjected to a pulping process. After pulping the coffee is fermented for 18 hours then washed and spread on wire meshes for water to drip off, from wire mesh to the tarpaulin until it dries to the right moisture content.

The dry parchment is subjected to hulling process using a specialized huller with pre cleaner and destoner combined.

Further processing involves sorting by hand done by a team of women and men employed by the union. The sorted and cleaned beans are stored centrally on pallets awaiting grading and gravity tabling.

Contact details

Uganda
+256 772 887 949
mtrwenzorcoffee@gmail.com
<https://mtrwenzorcoffee.org>



GIC SONDASON COFFEE COOPERATIVE

Who we are

The GIC SONDASON Coffee Cooperative was formed by Fobissie Kamga. It is an organic farming cooperative whose members comprise mainly farmers from villages. GIC SONDASON operates in rural villages where coffee, cocoa, ginger, fruits and vegetable are grown. These crops are the main source of income for most farmers. Other crops like bananas and yams are produced for home consumption and for the local market. GIC SONDASON currently has over 1300 members, 500 of which are organically certified by EU organic program and Fair-trade program.

The GIC SONDASON Coffee Cooperative is mainly concerned with social, economic and environmental entrepreneurship. The goal is not to provide aid but rather to provide an infrastructure that supports the production and marketing of organic crops. To achieve this, the Cooperative offers the farmers a 2-year fixed minimum Agenda 21 price guarantee for their produce. This price is 40% higher than that offered in the market. Today, the farmers get a fair price for their produce and can rely on their farming activities as a source of income. This has enabled them to provide for their families and by practicing organic farming, they have improved their health and restored the integrity of the earth's ecosystem.

The Cooperative's ecological principles entails the practicing of 'agro-ecology', that is, agriculture in harmony with the ecological cycles in which it is embedded. This means practicing agriculture without the use of pesticides, herbicides, chemical fertilizers or monocultures which reduce biodiversity. The harmony with the ecology not only ensures a high quality pure product but also maintains the reproductive ability of the ecosystem, ecological diversity and the maintenance of the habitat for other living creatures.

Our products include; Coffee, espresso, tea, groundnuts, beans, ginger, artwork, and dried fruits.

Contact details

Cameroon
Email: info@gicsondason.com
Website: www.gicsondason.com



COOPADE COOPERATIVE-CA OF KIVU

About us

Founded in June 2014, Cooperative Paysanne de Développement/ COOPADE Cooperative farms are Located in North Kivu, high in the Kyondo Mountains along the National Virunga Park and Lake Edward in the territories of Beni and Lubero, COOPADE COOP consist of 4,159 producers (1276 women and 2883 men). The organization is assisted by agronomist, rural development professionals, an attorney, an accountant, and a computer scientist. The washing station is owned and operated by the COOP membership.

Our mission: To combat unemployment and poverty. To promote a lasting peace in the region of Kivu and all its surroundings, one community at a time.

Our coffee is certified Organic. The variety is primarily Bourbon, but some Maragogype and Cataui is present. Fully washed and dried on raised beds.

In terms of infrastructure, the cooperative has 11 micro washing stations where four of these washing stations are run by the women's section and 14 additional micro washing stations are planned.

Contact details

Democratic Republic of Congo
Email address: acoopade@gmail.com



TESTI TRADING PLC

About us

Testi Trading PLC is a family owned organic certified specialty coffee producer and exporter based in Ethiopia. Testi Coffee owns two farms, Independently owns and operates 10 washing stations in all coveted specialty coffee growing areas. We are certified by UTZ/RFA, NOP, EOS and JAS.

We are nearing completion of the first Specialty coffee only processing warehouse in Ethiopia. Testi warehouse will only process high grade specialty coffee with state of the art machine (CIMBRIA). Our mission with this warehouse is to set the standard for processing of specialty coffee.

Contact details

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Open Letter to the US Coffee Industry on Racism

This letter serves as a call to action for industry leaders to come together and provide resources, tools, and funding to fight against racism

Dear US Coffee Professionals,

While many organizations are providing updates on how COVID-19 is having a profound impact on the 225 billion-dollar US coffee industry, the recent acts of racial injustice galvanizing the world have silenced us. Some have shown solidarity via social media, however that is not enough. Now is the time the industry needs to come together and take immediate action. **Our credibility** is at stake when asking coffee producers to create greater social and equitable programs when we in the US are silent on blatant injustices here at home.

The pandemic is providing us with new insights as we mourn our losses. Over the past several weeks, we've found ourselves facing a new normalcy, quarantined and tuned into the most disturbing and blatant acts of racism. Racism and police brutality towards Black Americans are our reality. We cannot wish it away; nor can we continue to avoid the necessary work required to build a more equitable and just society. We must use our power and resources for positive change. As industry leaders we have a responsibility not only to our global partners but also employees, partners, and consumers, all who are participants in building this industry.

As a Black woman, let me unequivocally say that racism is an every-day reality that destroys the lives of Black Americans while others opt to deny or look away. Your silence has consequences. Your silence and inaction enable systemic oppression that destroys Black communities. Now is not the time to ignore and deflect.

Ahmaud Arbery, Breonna Taylor, and George Floyd are among the most recent to join a long list of individuals who faced senseless and violent deaths, simply because of the color of their skin. We are clearly aware that coffee producers around the world rely heavily on us for economic stability and to be a vocal partner on social and equality issues.

I am proud of our industry's efforts towards gender equality. NOW is our opportunity for building partnerships to combat racism. Black Americans and the world are in desperate need of change that requires your participation. **I commit to helping build a coalition of industry stakeholders who will take concrete steps to move our industry and the nation forward. Please consider joining me.** I encourage you to donate to local and national organizations who are on the front lines of fighting racism. Please be more aware of your actions and their unintended consequences. Together we will make a difference.

We are the ones bearing witness to wrongful tragedies as we sit quietly calculating our own risk in speaking up.

We are the ones who can be a force against racism.

Sincerely,

A handwritten signature in black ink that reads "Phyllis Johnson".

Phyllis Johnson
President, BD Imports
info@bdimports.com
www.bdimports.com



WITH A DISRUPTED COFFEE VALUE CHAIN, COLLABORATION IS NEEDED TO HELP SAVE SPECIALTY

Daily Coffee News

As the initial panic over COVID-19 begins to subside and coffee companies begin to look beyond their immediate, short-term concerns, specialty coffee sellers and buyers are beginning to take a deeper look at the disruptions that various value chain partners are experiencing, and what the medium-term effects might be.



Pickers don protective masks at Luiz Roberto Saldanha Rodrigues' farm in Brazil prepared for harvest during the COVID-19 pandemic. Image courtesy of Fazenda California.

Leveraging our work with data donors to the Specialty Coffee Transaction Guide, we brought together a group of progressive coffee industry representatives to talk about harvest, the movement of coffee, preexisting inventory, and expected impacts on supply chain relationships in the coming weeks, months and years.

Uncertainties Complicate Coffee Production and Exports

Our conversation started on the farm. In Brazil, where harvest is just beginning, worries about health and safety, labor costs, and market liquidity were all on the top of the mind of Luiz Roberto Saldanha

Rodrigues of Capricornio Coffees, a Brazilian exporting company. Farmers in Brazil, faced with ambiguities about whether they will have a market for quality coffees, are thinking through the value proposition of whether investing in expensive quality-yielding production and preparation practices will be worth it.

"If we don't have the buyers, we could have a problem of having a huge crop, higher prices for labor in order to make this harvest, and then we can have a crisis on pricing ... [bringing] huge uncertainty in terms of how we should manage this crop," Luiz said.

Elsewhere in the coffee-producing world, exporters like Christian Safie with Unitrade Coffee Trading Company in Guatemala are seeing some producers still in the midst of harvest leaving coffees on the trees without known buyers. Beyond the lost income for this season, this abandonment of cherries can lead to future challenges, like broca borer. Christian is seeing an uptick in delayed and cancelled contracts, which will ultimately push losses back to producers who "are not only losing the coffee that they worked so hard to grow because it's falling off the tree, but they're not able to get an income for whatever they already harvested."

Nick Kirby from Enveritas, a nonprofit focused on data-driven solutions for long-standing obstacles to sustainability in specialty coffee, echoed these concerns. Enveritas recently surveyed producers in their networks to begin understanding the effects of COVID-19.

Nick highlighted that "the overarching concern [is about whether or not] buyers are still there" and whether farmers' sunk investments in lot separation and quality-oriented processing will yield any return at all.

Christian also spoke of the increased risk exporters are assuming to avoid further delays amidst the quarantine. Once specialty coffee finally makes its way through congested milling processes, transportation restrictions and port delays are causing hold ups. "There are containers waiting at port, just sitting there and baking ... maybe it will affect quality [but] then we don't know [to] what extent," Christian said, adding that at Unitrade, "we've seen some roasters that are just waving off receiving pre-shipment samples and just telling us to ship the coffee, as soon as possible."

We hope that decisions like this to speed the shipment process do not

lead to the unnerving expectation that the exporter assumes the risk of any quality-based rejections from importers and roasters upon arrival.

Navigating Changing Demand and Business Channels

Demand uncertainty is also overwhelming in consuming markets such as the United States. Jessica Brooks of Allegro Coffee and Geoff Watts of Intelligentsia Coffee joined the conversation to help us understand how roasters have been innovating to keep up with shifting consumer demands while trying to keep their most trusted relationships strong.

Reflecting on Christian's comments about shipment quality concerns, Jessica described a new orientation related to how her team approaches coffee quality. Rather than quibbling over the value of half a point on a pre-shipment sample to make sure it exactly matches the specifications for its intended use, the roasting team at Allegro Coffee has chosen to think creatively when allocating preexisting contracts and inventory. These efforts mean they can honor forward commitments critical to their supply partners.

"I think there's a definite need for collaboration and an openness between buyers and our suppliers." Said Jessica.

Geoff echoed the sentiments of increased flexibility in the allocation of coffees, noting that online sales at Intelligentsia have been up as people have been drinking more coffee from home.

He encourages roasters to use this time of rapid change to "contemplate and examine with new eyes what it is we do and figure out how to do it better." When Geoff says "better," he is looking for ways where we all consistently win as participants in the specialty coffee value chain.

Collaboration and Transparency Throughout the Value Chain

Ever Meister from Cafe Imports

explained that challenging herself and her peers to consider the myriad disruptions faced by colleagues throughout the supply chain can be exceptionally difficult, but it is also a necessary exercise in order to adapt and move forward.

"Now is the time to put competition aside and really evaluate our expectations for the way that we want the specialty coffee industry in particular to operate," Meister said, while advocating for stronger supplier-buyer relationships moving forward.

"I know buyers are scared," said Luiz, but "we [exporters] are also scared; farmers are scared."

Mutual empathy will lead to a better collective understanding of the best paths forward. Throughout our call, there was a shared sentiment, stressed by Luiz and Christian, to stand with buyers and clients and to develop solutions collectively to achieve a common goal of resiliency. This is one of the ways in which these challenging weeks and months ahead might produce lasting improvements in specialty coffee supply chains.

According to Geoff Watts of Intelligentsia Coffee, out of crisis often comes some of the best innovation, the most creative thinking, the most willingness... to have to think your way out of it. Rather than the forecasting rigidity and zero-risk-tolerance typically held tight by roasting companies, our progressive peers aligned on a desire for flexibility, empathy, and transparency to cultivate collective paths forward along which risks and rewards are more evenly shared. In this spirit, our export and import peers, Christian and Meister, are encouraging conversations with clients that prioritize honoring contracts and sharing risk in the movement of coffee during this uncertain time.

Meanwhile, Jessica and Geoff, on the roasting side, are encouraging

roasters to be creative with the tools that all roasters have, including the skill to blend coffees and the ability to shape consumer expectations. This kind of creativity will help to accommodate shifting consumer demands in ways that benefit the entire value chain.

Hope for an Evolving Industry of Shared Responsibility

While realizing that we are all scared and are all facing immense challenges, parts of our conversation felt like this pandemic might also be a call to action. With the right collective mindset, the COVID-19 crisis could galvanize a market that too often struggles to honestly address the many inequities within it.

Our collective fear and anxiety can inspire collaboration, lead to dignified and mutually beneficial importance of partners in the value chain and, most of all, deepen empathy and understanding for the difficulties we all face in our businesses, even in the best of times.

Our network at the Specialty Coffee Transaction Guide is made up of progressive and innovative coffee industry stakeholders who embrace and welcome greater transparency and honesty in the value chain to strengthen it. Their leadership and willingness to share their own fears and talk about the challenges they face at this time is inspiring and we hope others feel motivated to have critical and challenging conversations in their own supply chains.

In order to emerge from this intact, we will need to keep talking to one another about our experiences and challenges and even fears. We encourage you to do so within your own networks and to reach out to others with empathy and a collaborative spirit as we work together to come out of this crisis a stronger, more equitable specialty coffee industry.

THE 'NEW NORMAL' FOR INTERNATIONALLY MINDED SMALL BUSINESSES: FOUR KEY POINTS FOR SMALL BUSINESSES TO SURVIVE THE COVID-19 CRISIS

Anders Aeroe, Director, Division of Enterprises and Institutions, ITC

The COVID-19 pandemic has interrupted production, trade, consumption and our lives at large in an unprecedented manner. The impact has been dreadful for millions of people across the globe. Trade and development practitioners, academics and the public increasingly reflect on the recovery period and the implications for production, trade and socio-economic development. Four aspects appear to be of particular importance for internationally minded micro, small and medium-sized enterprises (MSMEs) to get ready for the 'new normal' and be on the forefront of generating resilience, inclusiveness, sustainability and growth in the future.



Trade Organization finds a growing number of export restrictions in response to the COVID-19 crisis.

Better public-private partnership approaches can identify and address the constraints that normally impede rapid supply replenishments of essential products. Looking at the bigger picture, there is often a disconnect between the vertical operations of supply chains, often across several borders, and the horizontal multilateral dialogues on regulatory frameworks and related topics in public-private dialogue.

Let us take for example the production of a car. The many parts that go into a car are typically produced and assembled in a range of countries. The parts going into a gearbox, for example, might be produced in different countries and assembled into a gearbox in a third country. The gearbox is then shipped to a fourth country where it is put into the car and mounted to the engine. The car is then shipped to a fifth country where it is sold. As production happens in many countries, they are governed by different national regulations informed by domestic private-public dialogues. Yet, they form part of one vertical supply chain. Consequently, the vertical organization of the supply chains and the horizontally held private-public dialogues do not conform. Having frameworks for

1. Enhance public-private dialogue for robustness and transparency in international supply chains

The current crisis proves that efficient supply chains and reduced trade barriers are crucial for the supply

of essential goods, particularly for developing countries. However, trade-related practices in recent years have witnessed an increase in trade-restrictive measures combined with waning political support for an open world economy and multilateralism. Currently, the World

private-public dialogues along the vertical supply chains would allow addressing matters along the chain in a more coherent matter.

One solution to this could be having the operations of international supply chains mirrored by an institutional structure, for example by supply-chain councils with public- and private-sector participants from those countries in which the various functions of the supply chains happen. The concept of international supply-chain councils, promoted by Bernard Hoekman¹ among others, appears very relevant in the current context with a need for rapid deployment of goods and for a long-term solution.

Supply-chain councils could lead to better private-public dialogues on regulatory frameworks that would ensure robust operations and better transparency in value chains. This implies embracing supply chains, not rejecting them - and acknowledging that trade and open markets are not a contradiction to building national resilience to shocks caused by virus outbreaks or other external factors.

2. Strengthen the ecosystems in which small businesses operate to protect them in the future

The COVID-19 pandemic has severely affected MSMEs across the world in three fundamental ways: a collapse in supply, a collapse in demand and by confinement requirements.

In some OECD countries, governments have provided financial support programmes to soften the blow from the crisis. Most developing countries are not able to do so to the detriment of their MSMEs and the affected communities.

The current situation points to a need for more robust ecosystems to support small businesses and their production, jobs, livelihoods and societal welfare. Better access to information, addressing logistical issues and other barriers,

... Better access to information, addressing logistical issues and other barriers, better access to finance, public procurement, e-commerce, tax abatement etc. are some important elements to help MSMEs face and survive the pandemic's consequences.

better access to finance, public procurement, e-commerce, tax abatement etc. are some important elements to help MSMEs face and survive the pandemic's consequences.

In addition, 'stress testing' the supportive ecosystems in which the MSMEs operate might be a good idea. A stress or pressure test can help identify the systems' weaknesses and help understand how to strengthen their robustness. Stress and shock testing financial systems in the aftermath of the 2008-09 financial crisis provided interesting and useful insights into making these systems more resilient.

Within business ecosystems, the institutions involved play a particular role. A key insight from the current crisis is that capable and competent institutions, underpinned by citizens' trust in these institutions, make a huge difference for countries' ability to address the crisis. This applies to business support organizations as well as other organizations at large.

3. While trade is a powerful vehicle for creating growth and societal welfare, we need better trade outcomes in a post Covid-19 world

Women, youth and poor communities are hit hardest by the impacts of COVID-19. MSMEs run by women or youth are on average less resourced and have less access to markets, information and finance than enterprises run by men. As

employees, women and youth are often in vulnerable job situations - and many operate in sectors currently challenged by substantially reduced demand, such as tourism and hospitality, textile and garment, retail etc.

Poor farming communities face a triple challenge of climate change issues, often combined with substantial price fluctuations and now with a deepened health crisis. While climate issues have all but disappeared from the headlines in the daily news, environmental concerns will still be with us in a post COVID-19 era.

Moving out of the COVID-19 crisis, these challenges indicate that we need fairer, more equitable and more sustainable outcomes to ensure a prosperous, robust, inclusive and green world. They also imply that a substantial share of economic stimulus packages should be spent on sustainable solutions, and be pro-poor with a focus on labour-intensive activities and fast implementable initiatives.

4. Finding global solutions to global problems

COVID-19 has reconfirmed our interdependence as a global community and the need for global dialogue to find global solutions to global problems, whether these are related to the next virus outbreak, environmental or social issues.

International dialogues and multilateralism are important to ensure recovery and resilience as we exit this crisis. Institutions that facilitate this dialogue and establish the related rules and guidelines that steer us as a global community, such as the United Nations, are critical actors in this space.

<http://www.intracen.org/covid19/blog/The-new-normal-for-internationally-minded-small-businesses/>

FOR COFFEE FARMERS, CLIMATE CHANGE IS NOTHING NEW

BUT WILL 2020 BE THE TIPPING POINT FOR THE REST OF THE GLOBAL COFFEE INDUSTRY

Coffee Global Report May 2020 issue.



Since the 2016 Paris Agreement first set into motion global commitments from 195 countries to slow climate change by decreasing greenhouse gas emissions, companies and organisations around the world have been making their own commitments to lessen their respective carbon footprints. The agreement set an ambitious goal of limiting the global temperature increase to “well below” 2°C above pre-industrial levels by the end of the century. In working toward that longer-term target, the Agreement required countries to set shorter-term commitments for 2030, and to become carbon neutral by 2050.

Four years in and a decade from the first benchmark, 2020 is shaping up to be a year of more significant pledges and change, including from the coffee industry. In January, the 2020 World Economic Forum in Davos, Switzerland, made its focus once again on climate change. There, global asset management firm BlackRock announced plans to rebuild its multitrillion-dollar portfolio around climate change and the McKinsey Global Institute released an in-depth “Climate Risk & Response” report. Earlier that month, Microsoft committed to removing more carbon from the atmosphere than it emits by 2030, as well as removing its 45 years of historic carbon emissions by 2050.

From the coffee sector, Starbucks announced its commitment to become “resource positive” by 2030,

and back in October 2019, illycaffè committed to carbon neutrality by 2033, its centennial anniversary.

How coffee adapts

Climate change has manifested across regions and industries in various ways and its impacts are being felt worldwide, especially in the agricultural sector. Meanwhile, agriculture itself is a significant contributor to climate change through direct and indirect greenhouse gas emissions. The coffee industry is not exempt from either.

“Not only is climate change threatening the future suitability of growing regions with major shifts or entire loss, it is also amplifying the challenges already facing the industry, from aging coffee trees and pest and disease outbreaks to poor management practices and limited investment funding for implementing change,” reads the *Brewing up Climate Resilience in the Coffee Sector* report, produced in 2019 by a consortium of industry climate leaders.

The report highlights five critical climate issues: loss of suitable areas for coffee production, increased water stress, outbreak of pest and diseases, poor flowering and

cherry development, and growing vulnerability of smallholder coffee farmers. The common climate factors behind most of these are increasing temperatures on average and variable, erratic weather.

“Weather is something farmers have always had to contend with and it has always been one of their biggest risks,” explains Hanna Neuschwander, Communications Director at World Coffee Research (WCR). “It’s just a lot more unpredictable now and the trajectory of it is changing in a way that is really difficult.”

In response, scientists have attempted to create climate models to identify patterns and make useful forecasts. But as climate change has made weather increasingly unpredictable, historical weather and past observations are less indicative of future trends and, thus, of limited use to guide decision making and adaptation measures.

“We have ongoing research projects for this, but we don’t yet have the more granular information that is important to guiding farm management,” says Christian Bunn, scientist at the International Center for Tropical Agriculture (CIAT). “Because our climate models are not at the level of accuracy that allows us to give specific recommendations for certain management practices, we’re not saying what farmers should do [so much as we are trying to answer] the question of how we can increase resilience and how we can [equip] farmers to make the decisions themselves.”

As much as Bunn stresses the importance of data and analysis in assessing adaptation measures, he stresses the importance of good agricultural practices. Some more common adaptation measures include irrigation, mulching, pruning, shade management, and terracing.

A more intensive measure that has been explored is expanding or relocating farms out of lower-altitude regions that are increasingly

unsuitable for coffee growing. Although estimates skew more toward decreasing land suitability, some areas that were previously unsuitable for coffee will eventually become available as the planet warms. This factor may enable relocation for larger producers, but relocation otherwise remains too expensive or unfeasible for the average smallholder farmer.

Concerning coffee plant varieties, those that can withstand hotter, drier climates and pest and disease are essential in adapting coffee to climate change. In its multi-location variety trial (MLVT), which launched in 2015, WCR is testing a number of varieties in diverse growing regions around the world, including in hot, dry climate zones where a lot of varieties haven’t been tested before, Neuschwander tells Global Coffee Report. One of WCR’s trial sites is in Zambia, where the hottest month maximum last year was 34°C.

Heat tolerance is of particular interest to WCR because the biggest driver in designating a region unsuitable for coffee is actually heat, says Neuschwander, referencing research from Bunn and CIAT. “So, heat tolerance will clearly be a breeding target for climate resilience, as well as resilience to variability because it has the most dramatic impact on farmers.”

How coffee mitigates

While the urgency for adaptation is very real for coffee farmers, endless experts and studies warn that global warming is currently outpacing efforts to curb it. This is where many organisations and companies have stepped up to actively mitigate the coffee industry’s contribution to global warming, ultimately working toward the greater global goal of carbon neutrality by 2050.

After initially setting an ambitious goal to become carbon neutral by 2021, its 200-year anniversary of independence, Costa Rica decided

to double down on climate action in line with the Paris Agreement. At the time of the initial goal setting in 2007, the United Nations Climate Change Conference in Bali was also developing nationally appropriate mitigation actions (NAMAs). Given Costa Rica’s climate commitment and coffee’s role there, Costa Rica launched the first NAMA for coffee – also making coffee the first agriculture NAMA worldwide.

According to María Paz Lobo Zeledón, Project Manager in traceability and environmental management at the Costa Rican Coffee Institute (ICAFFE), NAMA Café has five areas of work, including at the farm and mill levels; in measurement, reporting and verification; in promotion and communication; and in financing.

Through ICAFFE, NAMA Café has trained more than 8500 farmers in good agronomical practices specifically to reduce carbon emissions, says Lobo. At the mill level, 62 of Costa Rica’s 272 coffee mills have become low carbon and three are completely carbon neutral.

Aside from positive impacts on the planet, one of the biggest outcomes for producers under NAMA Café is that “they can eventually sell their coffee for a higher price because its low carbon or even carbon neutral,” she tells GCR. “So as a country and a sector, our goal is to eventually produce 100 per cent low-carbon coffee.”

What’s more, Costa Rica now has a plethora of lessons learned, insight, and methodologies to share on a global scale, Lobo adds. “Although NAMA Café has been entirely linked to Costa Rican coffee, it should eventually shift to be seen more as a global initiative as other countries start adopting their own coffee NAMAs.”

Land degradation, deforestation, and fertiliser use are the main sources of carbon emissions from agriculture. So natural mitigation measures

include proper land and soil management, reducing deforestation and implementing reforestation, and switching or reducing fertilisers. Another measure is reducing water use, largely in wet processing. Where possible, producers can switch to a semi-wash process or even fully dry process.

At the 2019 Ernesto Illy International Coffee Awards in October, illycaffé Chairman Andrea Illy announced that the company was dedicated to “the mother of all causes: climate change,” he said, highlighting carbon sequestration and soil enrichment.

“Everything starts from the soil. Besides being where plants are rooted, the soil is the second-largest carbon sink after oceans, with a capacity of three times as much as the atmosphere.” In March, illycaffé adopted Benefit Corporation status for its commitments to sustainable and integrated agriculture, energy efficiency and reduction of emissions, as well as quality of life for stakeholders.

While illycaffé is pushing a bigger “virtuous agriculture” movement as part of its goal of carbon neutrality by 2033, Starbucks seems to be focused on the later stages of the coffee value chain in its commitment to be “resource positive” by 2030.

In a public letter in January, CEO Kevin Johnson promised formalized goals and action plans in 2021, the company’s 50th anniversary. For now, Starbucks has set five preliminary benchmarks based on comprehensive footprint assessments by the World Wildlife Fund (WWF) and Quantis. Namely, this includes more environmentally friendly menus, packaging, stores, and overall operations, and investing in conservation all along the supply chain. Through these priorities, Starbucks hopes to halve carbon emissions, water withdrawal, and waste sent to landfills by 2030.

Path toward progress

Not unlike coffee farmers’ current operating environment, one of the biggest constraints on climate change progress in the coffee industry is the significant lack of resources at the farm level, including financing, infrastructure, tools, training, and other support.

While many producing countries have dedicated government institutions for coffee, the level of investment into climate research, extension programs, farmer organisation, and other critical training and support is often lacking, according to the Climate Resilience report.

“The countries that are succeeding on a meta scale are the ones that have coordinated institutional support across all of these domains,” adds Neuschwander. “They’ve figured out a way to [provide] higher access to training, credit for farmers to renovate their farms, and investments in the sector in their countries.”

The other hurdle is buy-in and subsequent participation all along the supply chain. Illy believes that success in his company’s goal is only possible if there is strong engagement from the grower communities and other partners. “Growers need to believe and understand to appreciate the advantage of this virtuous agriculture revolution, as well as the capacity to implement the practices,” he explained in October. “And we need an open innovation system, with a network of innovators and information sharing. There is no way we can implement a system like virtuous agriculture by teaching top-down to growers what they must do.”

For NAMA Café, it helped to highlight climate action’s positive impact on a producer’s bottom line. “A lot of the initiatives that

reduce carbon emissions have an economical component,” Lobo tells GCR. “For example, a lot of the good agronomical mitigation practices also mean diminishing costs at the farm level. It’s easier to sell an initiative when the [stakeholder] can also see the monetary benefit.”

Although consumers are increasingly conscious about their impact on the environment, extending through to their favourite brands and products, buy-in and participation at the consumer level is still lacking. “Even though all [climate change] mitigation is important, in the life cycle of coffee, farming and processing isn’t the biggest impact,” says Lobo. “The greatest environmental impact is at the consumer level.” She stresses that both adaptation and mitigation efforts need more support from consumers and consuming countries.

According to the WWF and Quantis assessment, Starbucks generated 868 kilotonnes of coffee cups and other waste in 2018. But when the company tried to convert one-quarter of its customers to reusable cups between 2008 and 2015, the effort fell flat, indicating that the industry just wasn’t ready for widespread consumer uptake.

But in light of the big signals from big business so far this year, perhaps 2020 is the tipping point for climate action among coffee consumers, too.

“Today, more than ever, the world needs leadership in environmental sustainability,” said Johnson. “We agree with the consensus of scientific experts who note that without drastic action from everyone – governments, companies, and all of us as individuals – adapting to the impact of climate change in the future will be far more difficult and costlier, taking a toll on our supply chains, our business, and more importantly, the lives of everyone involved.”

NEW TIMES CALL FOR NEW MEASURES: TAKING COFFEE EDUCATION ONLINE

At **Ciro Coffee Academy**, education is at the heart of everything we do. We have always prided ourselves on our varied array of training courses, covering every aspect of the specialty coffee industry – from modules on latte art and pouring the perfect shot of espresso to fully qualified local and international accredited qualifications.



Any passionate educator will tell you that there is no substitute for personal interaction, whether one-on-one or in small groups, especially when making coffee. Yet training as we've always known it suddenly had to change drastically.

The current global pandemic has forced everyone to think, act and execute differently, and our industry is no exception. Sitting back and waiting for COVID-19 to pass has simply not been an option, and adaptation has been the order of the day.

The challenge has been finding the right way to interact and engage with our customers through a digital platform, and without direct human interaction – the one thing that teachers and trainers thrive on! Enter the launch of **Ciro Coffee Academy e-Learning** - an online training solution that allows customers in all sectors of our business to connect with us virtually

from anywhere in the world; a platform where we can talk, befriend, teach and learn, all of which are important to people during these trying times.

Yes, there were concerns to raise – would people be willing to pay for online training; how will they access the platform; will data be an issue and how do we overcome any bandwidth problems – and the apprehension of creating a poor user experience, without the practical demonstrations that we are so reliant on, kept us up at night.

Fortunately, human beings are more resilient than we give them credit for, especially if the need to adjust to changing environments is driven by a love for coffee. Sign-ups for the courses started picking up rapidly, with some people simply keen to learn a new skill during lockdown, and others wanting to remain relevant in our very competitive environment.

More about the Training Courses

The 3-day Coffee Shop Course (CSC) is recommended, before you embark on the SCA Coffee Diploma journey. It will set you up to continue your studies with greater ease.

The Specialty Coffee Association (SCA) – through the **Ciro Coffee Academy** – offers some of the most advanced and respected coffee training qualifications in the world. Their main purpose is to improve coffee standards through their Coffee Diploma System, constantly furthering knowledge and education. Through the various modules – which cover the coffee journey from bean to cup – you are allowed to choose the coffee education path that most suits your needs and interests.

The foundation courses, which require no previous experience and are open to all coffee enthusiasts, are just the beginning of your journey and a great way to get

some initial insight into the basic skills of a coffee professional. Then, as you are working through the introductory modules, you will be introduced to the balance of the SCA coffee courses available, as the online training courses evolves from classroom to virtual. Theory is mostly covered during the online training, and some courses do need to finish a practical session in class. This is scheduled for a session post Covid Lockdown.

For more information on the SCA and the other courses on offer, please download this brochure : <http://www.ciro.co.za/wp-content/uploads/2017/03/Ciro-Coffee-Academy-and-SCAE-20> At *Ciro Coffee Academy*, education is at the heart of everything we do. We have always prided ourselves on our varied

array of training courses, covering every aspect of the specialty coffee industry – from modules on latte art and pouring the perfect shot of espresso to fully qualified local and international accredited qualifications. 16-2.pdf

The future is now

While the decision to launch our e-learning hub was a necessity for our industry – an industry in which professional skills development is invaluable – it also signals a long-term move toward expanding online programming to complement our physical campuses.

The nationwide COVID-19 lockdown may have accelerated the launch of our online platform but the concept has been many years in the making.

We aim to take the lead in coffee education. The cycle, of course, is never complete without evaluating our customers’ satisfaction, which is done by asking people to complete a survey, giving us feedback on ways we can improve.

Our goal at *Ciro Coffee Academy* remains, as always, to make training more accessible, engaging and informative for everyone who is passionate about our industry – with every barista course allowing learners a chance to earn a certification.

Contact www.cirocoffeeboutique.co.za | traininggp@ciro.co.za



AFCA REVISED STRATEGIC PLAN 2020 - 2024

VISION:

Sustainable Coffee Business

MISSION:

Delivering Transformational Coffee Services to Members

VALUES:

Integrity | Innovation | Commitment

SLOGAN:

“Home of Africa’s Finest Coffees”

AFCA STRATEGIC OBJECTIVES:

- | | |
|---|--|
| <ul style="list-style-type: none"> 1. Membership 2. Coffee Institute 3. Coffee Conference & Expo 4. International Coffee Market Development | <ul style="list-style-type: none"> 5. Regional Coffee Market Development 6. Policy Advocacy 7. Institutional Strengthening 8. Gender & Youth |
|---|--|

The revised AFCA strategy is focused on member value proposition delivery through Coffee Programs, Trainings and Competitions from the new AFCA Coffee Institute to all sectors of the coffee value chain of producers, Quality Graders, Logistics & Exporters, Roasters and Baristas.

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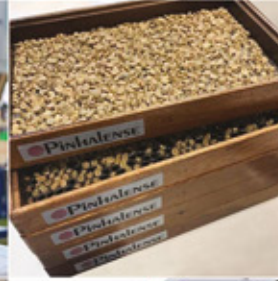
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