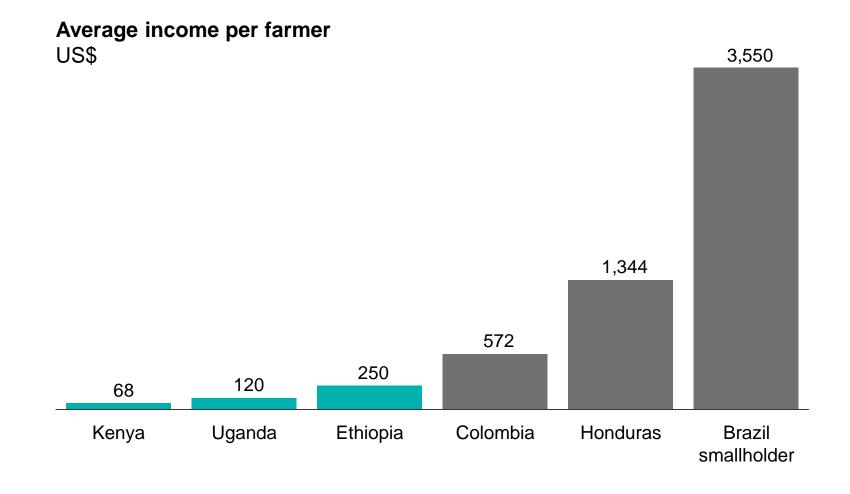


Creating sustainable coffee industries in Africa; Why won't coffee roasters just pay higher prices?

AFCA 15th February 2018



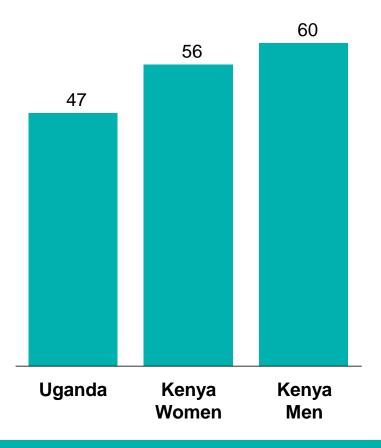
African coffee farmers are struggling



Farmer archetypes: Kenya smallholders, Uganda Robusta smallholders, Colombia 1200-1600m, Honduras <7ha, Brazil <10ha Source: 2017, GCP, A Quick Scan on Improving the Economic Viability of Coffee Farming

African coffee farmers are dying out

Average age of farmers 2017



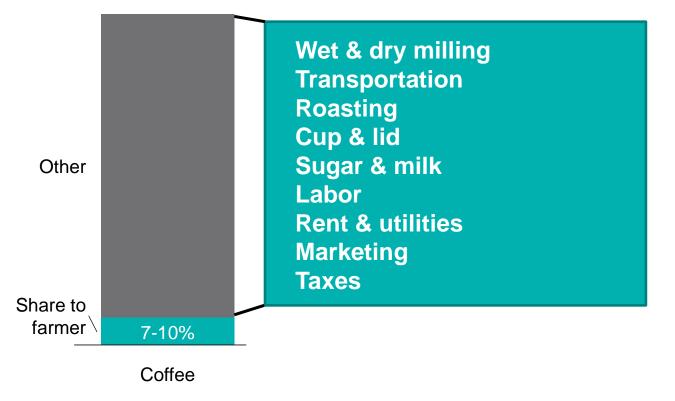




Source: TechnoServe Analysis (Kenya); Enveritas (Uganda)

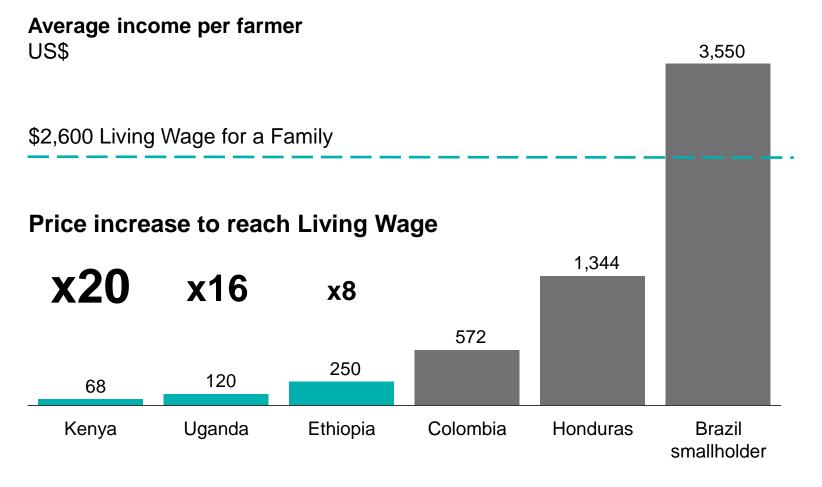
Are coffee farmers getting a fair share of the price?

Farmer share of retail price by commodity %





How much of a price increase is needed to achieve a Living Wage?

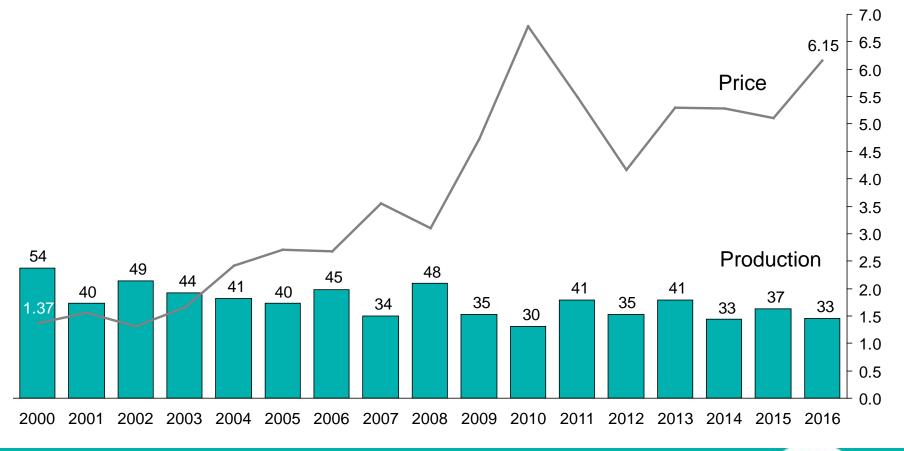


Source: TechnoServe analysis; 2017, GCP, A Quick Scan on Improving the Economic Viability of Coffee Farming

Will higher prices result in higher production?

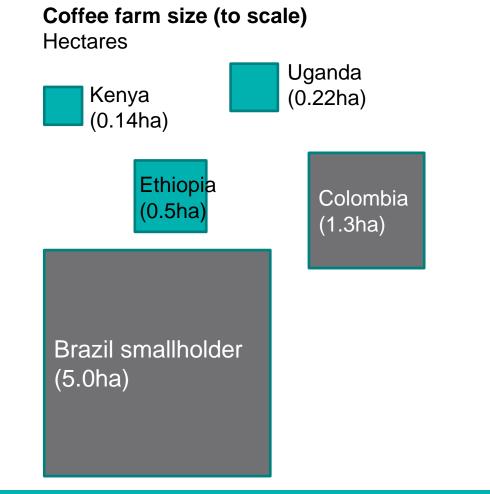
Kenya coffee price and production

US\$ per kilogram green & thousands metric tons green



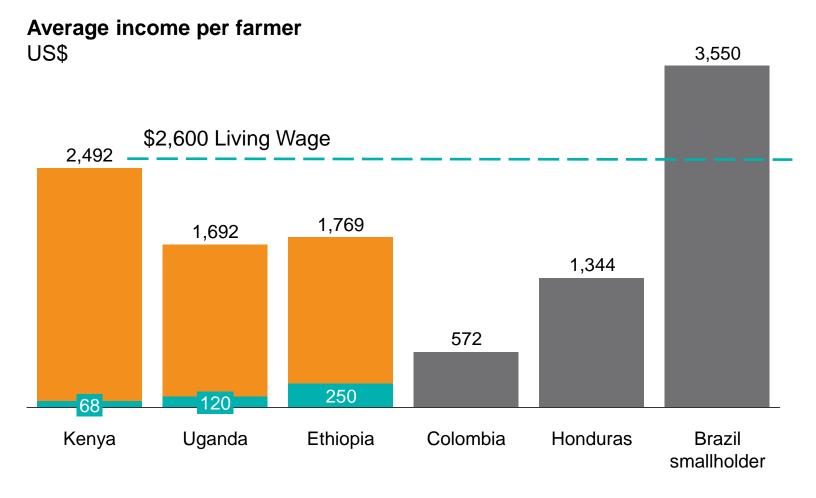
Note: years are crop years, i.e. 2000 is 2000/01; Price and production based on auction sales and direct exports Source: Taylor Winch (Kenya)

So what's causing low incomes for African farmers?





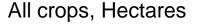
What would incomes be if coffee farm size increased to one hectare and productivity increased 200%?

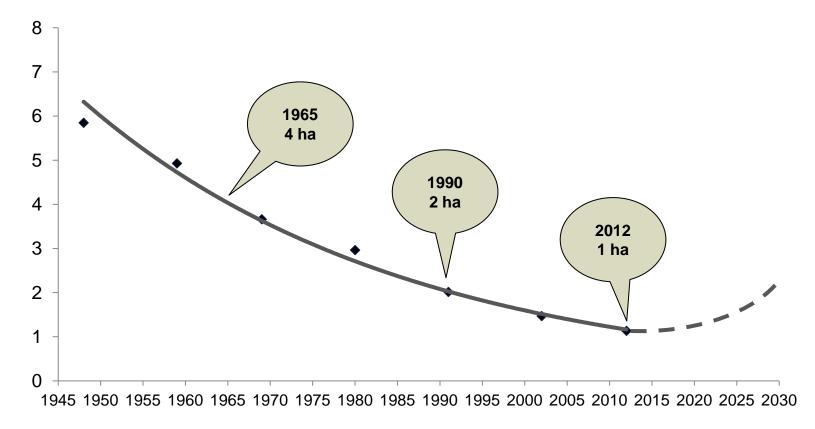


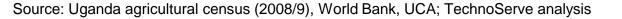
Notes: potential income assumes 1 hectare per farmer and 200% increase in coffee tree yield Source: TechnoServe analysis; 2017, GCP, A Quick Scan on Improving the Economic Viability of Coffee Farming

But how can we reverse the trend of shrinking farm size?

Uganda average smallholder farm size



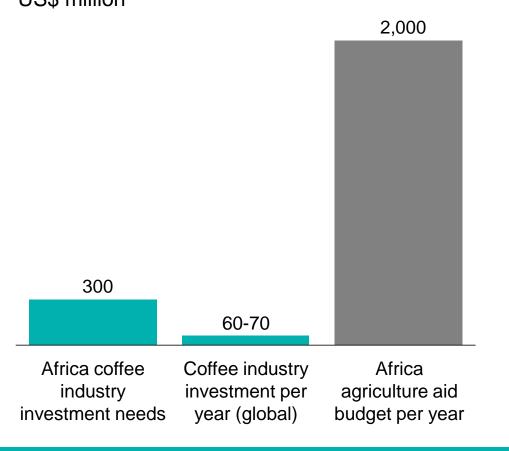






How are we going to build sustainable industries?

Coffee industry investment needs & sources US\$ million



Note: Investment need of \$150m for farmer training plus additional \$150m for quality & supply-chain efficiency improvments Source: TechnoServe analysis; www.scanews.coffee/2018/01/03; Development aid at a glance, Africa, 2017, www.oecd.org