german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

In cooperation with
IFOAM ORGANICS INTERNATIONAL
ProFound Advisers In Development

Boosting Organic Trade in Africa

Market analysis and recommended strategic interventions to boost organic trade in and from Africa

PRODUCT MARKET BRIEF FOR COFFEE

This Market brief series is based on a study commissioned by IFOAM – Organics International in 2020 in order to better understand possible interventions that can promote market development and trade of organic produce in Africa.

The study was financed in the framework of the global project "Knowledge Centre for Organic Agriculture in Africa" (KCOA). The objective of the project is to establish five knowledge hubs that promote organic agriculture in Africa by disseminating knowledge on the production, processing and marketing of organic products as well as shaping a continental network. The project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry of Economic Cooperation and Development (BMZ) as part of the special initiative ONE WORLD – No Hunger.

Imprint

Published by the
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn, Germany
Global project Knowledge Centre for
Organic Agriculture in Africa
Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15
E info@giz.de
I www.giz.de/en

As at
Bonn / Eschborn, 2020

Design
DIAMOND media GmbH
Neunkirchen-Seelscheid

Photo credits
iStock.com (Oscar Espinosa, Lina Shatalova)

Text
ProFound Advisers in Development, Utrecht & Organics & Development, Markus Arbenz, Winterthur
Responsible: Dorith von Behaim, Eschborn

Referencing this report:
ProFound Advisers in Development, Organics & Development, Markus Arbenz (2020),
Boosting Organic Trade in Africa, IFOAM – Organics International, Bonn /
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn / Eschborn.

GIZ is responsible for the content of this publication.

On behalf of the
German Federal Ministry for Economic Cooperation and Development (BMZ)
Division 124 – Rural Development, Land Rights, Forests
Dr. Maria Tekülve, Berlin

A coffee farmer in Kenya harvesting coffee cherries

INTRODUCTION

The Coffee Market brief is part of a series with 12 specific Market briefs. They include information on the status of the organic sector and on the development of organic agricultural production and trade. They also provide deeper insight into how the organic market is organised: supply and demand dynamics including trends, supporting functions available and rules and regulations. All this is relevant information when trading with or in African organic markets.

The objective of the Market briefs is to inform national, regional and international specialists and interested public about the potentials of trade in organic products in and with African countries. The insights gained will facilitate the identification of possible interventions and opportunities and help to further build the organic sector in Africa.

This Market brief focuses on the organic market of Coffee in Africa. The complete series includes the following Market briefs:

1 Regional Market brief covering the 5 regions of the African continent: Southern, Eastern, Central, West and North Africa.

8 Country Market briefs covering the countries: Burkina Faso, Egypt, Kenya, Morocco, South Africa, Togo, Tunisia, Uganda

3 Product Market briefs covering the value chains: Coffee, Tropical fruits, Shea

Overview and development

The two commercially most important species of the coffee tree are Coffea arabica (Arabica) and Coffea canephora (Robusta). In 2019, about 56% of global coffee production was Arabica.[1] Arabica coffee beans are known to have a smoother, less bitter taste than Robusta. Robusta beans contain a higher caffeine content (2.7%) compared to Arabica beans (1.5%).

Coffee is grown in 29 African countries. Total African coffee production amounted to about 1.2 million tonnes in 2018.[2] Africa accounted for almost 52% of global organic land for coffee production.[3] East Africa is the largest region producing organic coffee, with Ethiopia standing out in terms of volume.

The European Union is the world's largest single-market for green coffee. According to Eurostat, total import volumes reached 3.1 million tonnes in 2019, including 130,000 tonnes of organic coffee (4.3% of the total volume).[4] Between 2018 and 2019, organic coffee imports by the EU increased by almost 12%. According to data from the United States Department of Agriculture Global Agricultural Trade System (USDA GATS), the USA imported an estimated 1.6 million tonnes of green coffee in 2019, including 5.7% of organic coffee. Organic coffee imports to the USA increased by almost 37% between 2018 and 2019.

A growing consumer interest in healthy living, in combination with growing sustainability concerns by both industry actors and consumers, is increasing demand for organic coffee in both Europe and the USA. Furthermore, consumers' demand for specialty coffees is on the rise in these markets. Consequently, in particular the niche market for high-quality organic coffee provides interesting opportunities for African coffee producers, as coffees with these characteristics usually command higher premiums.

1 United States Department of Agriculture (USDA), June 2020. Coffee: World Markets and Trade.
2 USDA, June 2020. Coffee: World Markets and Trade.
3 Willer et al., 2020. The world of organic agriculture.
4 European Commission, 2020. EU imports of organic agri-food products.

Freshly picked coffee cherries on a coffee farm in Kenya

Coffee production

Infographic of the coffee production

Certified organic coffee area (converted and under conversion) in ha, in Africa, in 2018:

361,640

List of African countries producing coffee, including total production volumes (organic and conventional) in 2018:

Ethiopia: 470,221 tonnes ■ Uganda: 211,200 tonnes ■ Ivory Coast: 88,867 tonnes ■ Madagascar: 57,451 tonnes ■ Tanzania: 55,770 tonnes ■ Guinea: 42,900 tonnes ■ Kenya: 41,375 tonnes ■ Cameroon: 33,164 tonnes ■ Democratic Republic of the Congo: 29,673 tonnes ■ Sierra Leone: 28,096 tonnes ■ Rwanda: 21,548 tonnes ■ Togo: 21,023 tonnes ■ Angola: 16,079 tonnes ■ Malawi: 11,082 tonnes ■ Central African Republic: 9,145 tonnes ■ Zambia: 7,104 tonnes ■ Equatorial Guinea: 4,251 tonnes ■ Congo: 3,041 tonnes ■ Nigeria: 1,849 tonnes ■ Mozambique: 846 tonnes ■ Ghana: 735 tonnes ■ Liberia: 648 tonnes ■ Zimbabwe: 525 tonnes ■ Comoros: 137 tonnes ■ Gabon: 88 tonnes ■ Benin: 51 tonnes ■ Cabo Verde: 35 tonnes ■ Sao Tome and Principe: 10 tonnes

Table: Organic coffee production in Africa, in 2018

Countries	Area (ha)	Volume (t)	Export value (CIF in €)	Remarks
Cameroon	a) 203	a) 62	n/a.	
Cape Verde	a) 495	n/a.	n/a.	
DR Congo	a) 8,595	a) 384	n/a.	
Ethiopia	a) 161,113	a) 51,435	d) 187 million	d) Assumption: average export price USD 4,104 /tonne
Kenya	a) 251	a) 5,000	d) 23 million	d) Assumption: average export price USD 5,200 /tonne
Madagascar	a) 652	a) 171	n/a.	
Malawi	a) 114	a) 15	n/a.	
Rwanda	a) 676	a) 138	n/a.	
Sao Tome and Principe	a) 429	a) 51	n/a.	
Sierra Leone	a) 37,709	n/a.	n/a.	
South Africa	a) 4,095	n/a.	n/a.	
Tanzania	a) 81,740	a) 1,617	n/a.	
Uganda	a) 65,570	n/a.	n/a.	d) Assumption: average export price USD 1,988 /tonne

* Value is estimated as a multiplication of the volume by the export price
We differentiate here between a) Research Institute of Organic Agriculture – FiBL (2018) statistics b) other statistics c) resource person estimates d) own estimates.

A large coffee mill warehouse with sacks of coffee beans in Kenya

According to Research Institute of Organic Agriculture (FiBL) data, total organic coffee production in Africa amounted to 59,000 tonnes in 2018. This is a small share, given that total African coffee production reached 1.2 million tonnes that year. However, the actual production volume of organic coffee is expected to be higher, partly because of missing volume data from Uganda.

The largest organic producer of coffee is Ethiopia. In contrast to most other African countries, about half of Ethiopia's coffee production is consumed domestically.[5] Nevertheless, organic certified coffees are directed to the export markets, given their higher export prices. Uganda and Tanzania are also large organic coffee producers.

Competitors for organic coffee producers are found in Latin America. In 2019, Peru, Honduras and Mexico were the largest organic coffee exporters to the EU[6] and the USA[7]. Moreover, Indonesia is an important supplier of organic coffee to the USA.

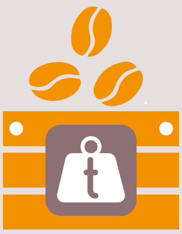
[5] Asoko Insight, 2019. East Africa's Coffee Market.
[6] European Commission, 2020. EU imports of organic agri-food products.
[7] United States Department of Agriculture Global Agricultural Trade System (USDA GATS) database 2020.

The coffee market

Infographic of the coffee market

Total volume of total (conventional + organic) coffee exports in 2018[8]:
Uganda: 252,000 tonnes ■ Ethiopia: 111,000 tonnes ■ Tanzania: 56,000 tonnes ■ Kenya: 45,000 tonnes ■ Rwanda: 22,000 tonnes ■ Burundi: 17,000 tonnes ■ Democratic Republic of the Congo: 6,000 tonnes

Total value of total (conventional + organic) coffee exports in 2018[9]:
Uganda: 436 million USD ■ Ethiopia: 376 million USD ■ Kenya: 228 million USD ■ Tanzania: 145 million USD ■ Rwanda: 71 million USD ■ Burundi: 41 million USD ■ Democratic Republic of the Congo: 19 million USD

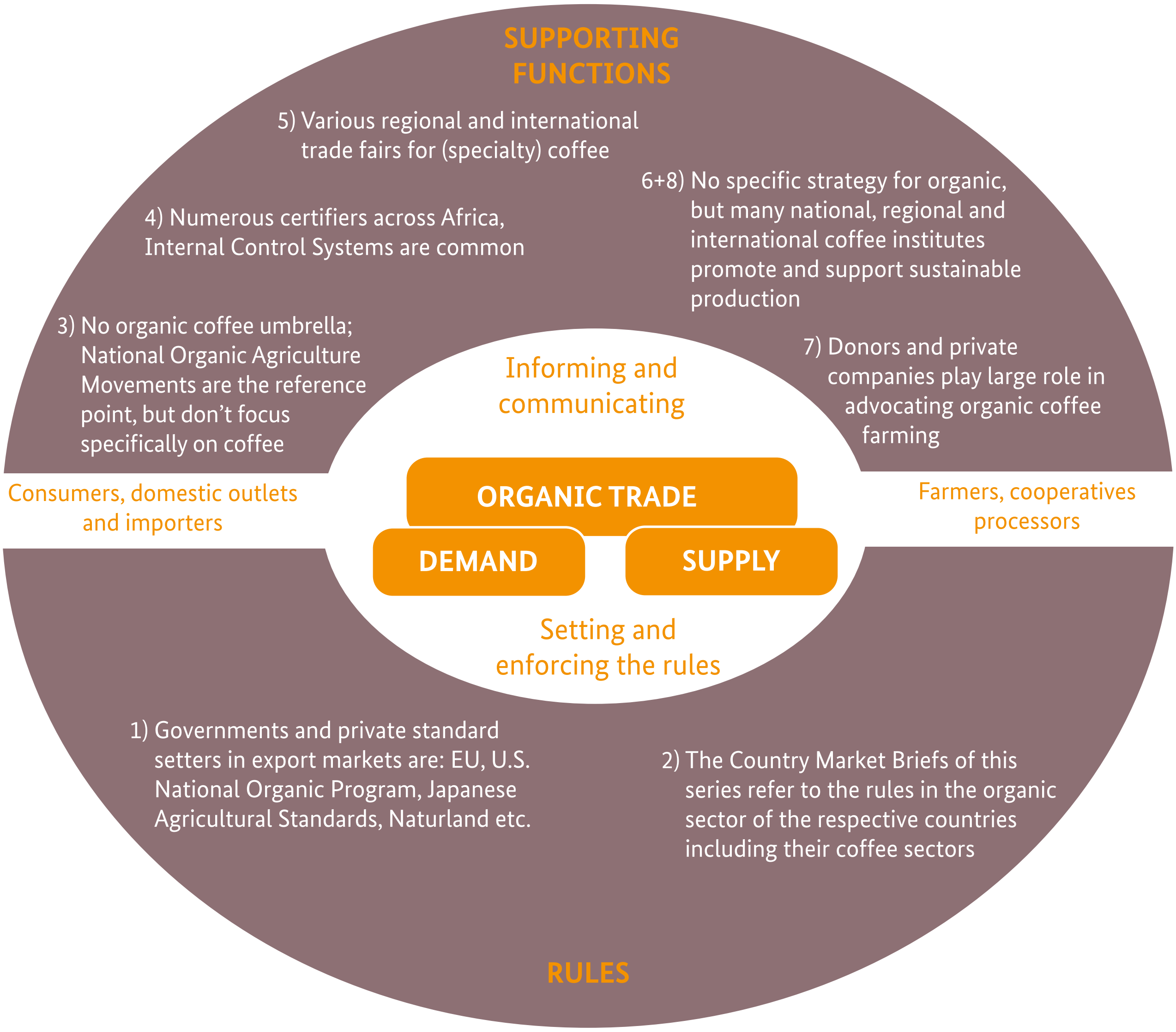


Main target markets of organic coffee and their import volume in 2019:
EU: 130,000 tonnes
USA: 91,000 tonnes

Main target markets and their import value:
EU: n/a
USA: 255 million USD

Number of operators that are importing coffee from Africa[10]:
Ethiopia: 90 ■ Uganda: 33 ■
Other: n/a

[8] International Trade Centre, 2020. Trade Map.
[9] International Trade Centre, 2020. Trade Map.
[10] Asoko Insight, 2019. Ethiopia's Coffee Exporters. / Asoko Insight, 2020. Uganda's Coffee Value Chain.



Letters in the doughnut refer to:

1) Export Standards
2) Promoting Policies
3) Organic Umbrella
4) Certification, Internal Control Systems & PGS[11]
5) Trade Facilitation
6) Research & Advise
7) Advocacy
8) Promotion & PR

[11] Participatory Guarantee Systems (PGS) are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange. More information can be found here: www.ifoam.bio/pgs

Supply chains' demand

The largest demand for organic coffee comes from the EU and the USA. In both markets, organic coffees are sold through multiple retail channels, and can be found across all price ranges, depending on the coffee quality. Most organic and mainstream retailers have introduced their own organic private label coffee products, which resulted in a vast expansion of organic coffee availability. Private label coffee products offer the same quality and characteristics as branded products but are usually offered at more competitive prices.

Within the specialty coffee market, certification frequently is not indispensable. Nevertheless, the interest in organic certified specialty coffee (both Arabica and Robusta) by North American and European coffee buyers is growing. Consumers in these markets are increasingly interested in products complying with higher health, quality and safety standards. Coffees with both organic and fairtrade certification are attracting more consumer interest.

Japan is another important market for organic coffees, mainly from Ethiopia, Rwanda and Uganda.[12]

In countries like Kenya, Uganda, and Tanzania the domestic demand for organic coffees is low and driven by expat communities. These coffees are sold through retail channels, farmers markets and food service channels. Most organic products, however, are neither formally certified, nor operating within a participatory guarantee system. As such, organic coffees and traditional coffees are usually sold for similar prices.

Although demand for organic coffees is growing, the production volumes of certified coffees exceed the actual market demand, meaning that a considerable percentage of certified coffees is not sold as such. Therefore, it is important to monitor the market demand and examine whether the investment in organic certification provides a country as well as its farmers with a competitive advantage.

[12] Biovision Africa Trust, 2019. Baseline Study of the Ecological Organic Agriculture Initiative in Africa.

Workers picking beans off a production line in a coffee bean factory

Supply chains' supply

Organic coffee production represents a small fraction of Africa's total coffee production. The average land size allocated to growing organic coffee by farmers is 0.78 acres.[13] Coffee is grown in 29 African countries, including 13 countries that are also dedicated to organic coffee cultivation. The available data suggests that organic coffee production is limited on a continental level and concentrated in East Africa.

The largest organic coffee producer is Ethiopia, focusing on the production of Arabica coffees. About 90% of coffee produced in Ethiopia is de facto organic[14], as pesticide use is not common for Ethiopian coffee farmers. However, few coffee producers hold organic certification, mainly because of traceability difficulties as well as limited supporting functions. Consequently, farmers do not have access to the organic market and its premium prices.[15]

In general, the national coffee institutes in Africa put emphasis on increasing productivity, resulting in untapped potential for organic production. In Burundi, the limited availability of organic fertilisers and the free access to chemical fertilisers pose challenges to the potential and development of organic production in Rwanda.[16]

Uganda is Africa's largest coffee exporter in volume, mainly producing conventional Robusta destined for the soluble coffee market or for the use in blends. Uganda is also a source for organic coffee with various projects aiming to boost organic coffee production. The country has cooperatives that specialise on organic fine Robustas. An example is the Ankole Coffee Producers Cooperative Union (ACPCU), which exported over 200 containers (around 20 tonnes per container) of organic coffee to the international market in 2016.[17]

Coffee producers in Africa contact their national organic agriculture movements or national coffee institutes to seek for support for organic farming.

[13] Biovision Africa Trust, 2019. Baseline Study of the Ecological Organic Agriculture Initiative in Africa.
[14] United Nations Conference on Trade and Development (UNCTAD), 2018. Commodities at a glance; Special issue on coffee in East Africa.
[15] Asoko Insight, 2019. Ethiopia's Coffee Exporters.
[16] UNCTAD, 2018. Commodities at a glance; Special issue on coffee in East Africa. / AgriLogic, 2018. Value Chain Analysis for the Coffee Sector in Rwanda.
[17] Rabobank, 2018. Organic certification helps Ugandan coffee farmers.

Market place

In East Africa, coffee is sold through centralised national auction systems of either Ethiopia, Kenya, or Tanzania. Although these centralised systems help assure quality and regulate prices for coffee exports, the loss of traceability poses a challenge. Ethiopia and Tanzania have loosened their trading systems allowing for direct sales in order to improve this situation. An exception in the region is Uganda, where coffee is always marketed directly to buyers.

Supporting functions

Research & Advise + Promotion & PR: An overarching organic coffee organisation does not exist in Africa. Coffee farmers rely on the national organic movements in their respective countries, as well as on (inter) national initiatives, sometimes in collaboration with national coffee institutes.

On the international level, countries producing coffee are members of the International Coffee Organisation (ICO), except for Benin, Cabo Verde, Comoros, Congo, Equatorial Guinea, Guinea, Mozambique, Nigeria and Sao Tome and Principe. A strategic goal of the ICO is to encourage member associations to develop a sustainable and market-oriented coffee sector, which can be achieved through the organic specialty sector.

The Inter African Coffee Organisation (IACO) is an intergovernmental organisation of 25 African coffee producing countries. Although not focusing on organic farming, the IACO helps tackle common challenges facing the African coffee industry, including processing and marketing efforts.

Another regional organisation is the African Fine Coffee Association (AFCA), a non-profit association representing coffee sectors in 11 member countries: Burundi, Cameroon, Democratic Republic of the Congo (DRC), Ethiopia, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. The AFCA works on trade and market expansion, as well as product and quality enhancement. The organisation facilitates production, certification and market linkages for certified organic coffee.

Most countries have national coffee institutes, some countries have national coffee research institutes. These organisations work with both conventional and organic coffee and often promote productivity and the sustainable development of the sector. Support activities implemented by the national coffee institutes vary. Tanzania and Uganda stand out in this regard. The Tanzanian Coffee Research Institute has supported coffee cooperatives with new coffee trees that have genetic resistance to common pests, helping to avoid the use of synthetical fertilisers and pesticides. In addition, local cooperatives support their members with capacity building in good agronomical practices. In Uganda, the ACPCU, with its 8,200 members, focuses on fair trade, organic specialty coffee (Fine Robusta) and supports its production.

Coffee cherries being dried in the sun in Uganda

Certification, Internal Control Systems and PGS: Africa has an estimated 450 groups certified by internal control systems[18], of which many produce coffee. Farmer groups may also decide to join PGS, which ensures uniform procedures and specific criteria, allowing these groups to sell organic coffee to the domestic and regional markets. For exports to international (niche) markets, coffee should be certified by a third party which frequently represents a bottleneck for coffee farmers. Certification bodies include Ecocert, Certification of Environmental Standards (CERES), Institute for Marketecology (IMO) and Soil Association Certification.	**Advocacy:** Numerous development agencies and donors support the adoption of organic coffee farming. For instance, the Common Fund for Commodities has run projects promoting premium organic coffee production in the DRC and Rwanda. Furthermore, private companies directly link to producer's organisations to help boost the production of organic and high-quality coffees (e.g. the Dutch importer Trabocca in Ethiopia).[19]
Trade Facilitation Services: The African Fine Coffees Conference & Exhibition, organised by AFCA, is the continent's largest coffee trade platform. The annual business-to-business event includes exhibitions, trainings, workshops, conferences, and cupping sessions. It focuses on high-quality (specialty) coffee, including organic certified coffee. AFCA also organises the AFCA Specialty Coffee Expo, targeting domestic coffee consumption in Africa. This event is held annually and includes trainings, workshops and talks by industry experts. The Intra-African Trade Fair is another fair allowing coffee producing countries to promote their coffees within Africa. As most organic coffee is exported to international markets, several organic coffee associations and sectors promote their products at international trade fairs, such as BIOFACH (Germany), World of Coffee (taking place every year in a different European city), the Specialty Coffee Expo (USA) or the Organic Tea & Coffee Expo (Dubai).	

[18] Meinshausen, F., Richter, T., Blockeel, J. and Huber, B.,2019. Group Certification - Internal Control Systems in Organic Agriculture: Significance, Opportunities and Challenges.

[19] https://www.trabocca.com/our-stories/organic-certified-coffees-from-ethiopia/

Rules

Export Standards: Because of the focus on international markets, regulation is equivalent to the import market's organic regulations.	**Private Standards and Regulations:** Several more specific standards for smaller niche markets exist in the coffee market. Examples include Demeter and Bird Friendly. The minimum requirement for both standards is to be organic. Naturland (Germany), Bio Suisse (Switzerland), KRAV (Sweden) and Soil Association (United Kingdom) are national organic private standards. These standards often demand additional requirements, in addition to the requirements as set by the EU organic legislation. Kilimohai Organic is the East African organic label.

Conclusions

East Africa is the leading region in terms of organic coffee production. However, total supply of organic coffee from Africa is limited. For smallholder farmers the high costs, traceability, and highly skilled farming practices are challenges to obtaining organic certification. Smallholders rely on national organic movements in their country for organic support, as well as a range of (inter)national initiatives, organisations and companies that help boost organic coffee farming.

Exporting countries with the capacity to consistently supply high-quality coffee with organic certification find attractive niche markets in the USA and Europe. The current limited availability of African organic specialty coffee makes this coffee highly valued in international markets. However, although there is growing international market interest in organic specialty coffees, it is important to verify market demand and look at the cost-benefit analysis of organic production given the general imbalance between the production numbers and sales volumes of certified coffee. Domestic and regional demand for organic coffee remains low.

The current focus of coffee institutes on increasing productivity poses challenges to the development of the organic coffee sector in different African countries. Thus, although the support of (inter)national organisations and companies has contributed to the development of the organic coffee sector in Africa, a continued effort to preserve and further develop the untapped potential of the sector could provide the continent with an interesting proposition.

Coffee beans sold at a market in Ethiopia