

**Eastern African
Fine Coffees Association
(EAFCA)**

**BOARD OF DIRECTORS
STRATEGIC PLAN**

Coffee Years 2002 – 2005

September 2002

EXECUTIVE SUMMARY

In 2001, faced with the need to establish an Operational Plan, the Board assumed the responsibility for determining the direction of the EAFCA. The process was begun at a board meeting in Kampala, Uganda, June 2001, and continued at the next board meeting held in Nairobi, Kenya in October 2001. With input from consultants from Abt Associates, Inc., the Board explored a broad spectrum of the potential that EAFCA has, and catalogued a volume of potential tactics that were relevant to the Association's future. The Board meeting of October 2001 delved further into strategic planning. Consequently the secretariat was directed to carry out a SWOT analysis, make suggested revisions and produce a 5-year draft plan -- which was subsequently reviewed and approved by the Board on 28-29 August 2002. The results of all these discussions are *homologued* into the EAFCA Strategic Directions and Objectives for the coffee years 2002-2007.

The Vision of EAFCA

The Vision of EAFCA is to enhance the quality, competitiveness and profitability of the Eastern African coffees in global markets, thereby improving the well-being of the producers and ensuring consumer satisfaction.

The Mission Statement

The Mission of EAFCA is to establish and promote partnerships and networks amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee-growing region. The Staff recommend no changes in the association's current vision and mission statement.

After significant review of available data, and reflection of the conditions of the specialty coffee market and the EAFCA's relationship with its members, the Secretariat prepared an inventory of the perceived strengths, weaknesses, opportunities and threats of the industry and the EAFCA. During the planning stages of making arrangements for the implementation of the Sustainable Tree Crops Program (STCP), certain priorities were set in order to make an impact in achieving both the vision and mission of EAFCA. In using the same analysis, the staff and the Board concluded that best way to prioritize them was to first group them in terms of their functionality and then identify areas of focus for the three year plan. After the review of the market conditions, future challenges, and projected potential growth for the Association, the board finalized the Strategic plan during its meeting on 28-29th August 2002, and focused on eight strategic objectives, given below:

- Improving the financial stability and productivity of the Association;
- Promoting the welfare of the smallholder producers and quality improvement;
- Developing an educational and training programme for all players in the African specialty coffee industry;
- Working with and directly supporting the establishment and implementation of modern coffee auctions and specialised regional marketing infrastructure;
- Working within the established structures for regional cooperation and enhancement of the unified and unique character of the African specialty coffee industry;
- Working in liaison with other organisations and institutions on matters relating to the promotion of the African fine coffee industry and to facilitate joint activities in our coffee sub-regions;
- Establishment of an African-based certification body, and work with others to develop a globally acceptable certification program for African coffee producers particularly conscious of the needs of smallholder producers in Africa; and,
- Promoting domestic consumption of coffee in the region and developing the regional markets for such coffee.

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The EAFCA Strategic Plan: Coffee Years 2002 – 2007

The presentation that follows is the result of the EAFCA Board of Director's formulation of the EAFCA's strategic directions and objectives for the next five coffee years.

DEVELOPING EAFCA STRATEGIC PLAN

Introduction

The EAFCA Board of Directors met on two occasions in 2001, to formalize the EAFCA 3-year plan for the Association and to establish the goals and objectives for Coffee Years 2001 through 2004. As a process, the Board first refined the Association's mission statement to bring it in line with the challenges faced by the coffee industry in the Eastern Africa region.

In 2001 the Board met to evaluate a draft plan prepared by consultants from Abt Associates. Consequently, the secretariat identified the threats to the industry and key strengths of the association, which are to be reviewed by the board. The Board meeting of October 2001, in Nairobi, delved further into strategic planning, and it was concluded that quality improvement and promotion of the regional coffees were of high priority of the association. In up-dating the plan, the Board felt there was no need to significantly revise the outline provided by the consultants, but to focus on the areas that were considered vital in achieving the vision and mission of EAFCA. Consequently the secretariat was directed to carry out a SWOT analysis, make suggested revisions and produce a 5-year draft plan that would be reviewed and approved by the Board.

The Process of Strategic Planning

As already noted, faced with the need to establish an operational plan, the EAFCA Board took up the responsibility for determining the direction of the Association. The process, which begun at a board meeting in Kampala, Uganda, June 2001, and continued at the next board meeting held in Nairobi, Kenya in October 2001, was completed at the 28-29 August 2002 Board Meeting.

The results of the August 2002 meeting were to further the Board's consensus on the status of the industry and the challenges and potential for the Association. At the meeting of 28-29 August 2002, the board determined the strategic directions of the organization, these being defined by the strengths, weaknesses, opportunities and threats of the industry. The Board further set the objectives to satisfy the strategic directions, and assigned a prioritization and schedule for meeting those objectives. The results of all these discussions have been *homologued* into the EAFCA Strategic Directions and Objectives for the coffee years 2002-2007. The results of all these is the EAFCA 5-year Strategic Plan that is presented hereinafter.

The Vision of EAFCA

The Vision of EAFCA is to enhance the quality, competitiveness and profitability of the Eastern African coffees in global markets, thereby improving the well-being of the producers and ensuring consumer satisfaction.

The Mission

The Mission of EAFCA is to establish and promote partnerships and networks amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee-growing region.

Goal

Increasing the value and volume in the chain of specialty coffee exports from the Eastern Africa region, while also promoting increased domestic consumption.

Motto (Credo)

Putting More Money into the Pockets of the Coffee Producers and Promoting Sustainable Business Opportunities for all Market Participants

Operating Philosophies

The effectiveness of EAFCA will be influenced by the quality of the interactions between the Board, the country chapters, professional Staff and the standing committees. In order to foster a productive working relationship, all the participants must strive to maintain a professional respect with their colleagues. To support this basic tenet, the EAFCA Board, chapters and secretariat staff shall pledge to fulfill the following operating philosophies:

- In all their working relationships EAFCA members will demonstrate mutual respect for all colleagues in the chapters and the region at large, and be willing to share any lessons on successes and failures.
- In the allocation and application of resources EAFCA will need to be dedicated to the fulfillment of the mission.
- In creating success EAFCA's most effective method toward satisfying its goals will be to work as a team, and all chapters will have to consciously work toward strengthening the effectiveness and cohesiveness of the association.
- Operational efficiencies and conservation of limited resources to demonstrate private sector orientation.

The EAFCA SWOT Analysis

As already mentioned, a **swot analysis** was undertaken and a catalogue of strengths, weaknesses, opportunities and threats was developed. Of these, the board took special note of the key issues given below.

Key Strengths of EAFCA

1. EAFCA's regional nature aggregates opportunities and is attractive to donors and private investors
2. Regional cupping competition and Internet Auction help to increase the visibility of our fine coffees
3. High Quality Coffee Grown in the Region augmented by appellation development as a big incentive for quality improvement and should increase the competitiveness of our fine coffees
4. Sustainable organizational structure, Credible Leadership & Management - Good leadership, interpersonal communication and teamwork.
5. Spirit of Eastern African Cooperation (EAC), COMESA, IGAD, SADC & AU/NEPAD.
6. Well-defined budget, good financial accountability & ability to handle the paperwork and bureaucracy in dealing with funding sources.

Key Weaknesses of EAFCA

1. Lack of a certification system for the different types of niche coffees that could be marketed from the region, as well as the absence of a system to discourage the export of poor quality coffee.
2. Weak private sector institutions to support EAFCA's drive for an effective public-private partnership in the coffee industry
3. Slow initial membership growth.
4. Resource limitations (lack of financial sustainability) and heavy reliance on foreign funding in the initial stages of EAFCA's development.

Key Opportunities of EAFCA

1. Versatility of World Specialty/Gourmet Coffee movement and the growing market for differentiated coffees
2. The region is the origin of both Arabica and Robusta and this could help very much in the joint promotional campaigns
 - The region has a good reputation for high quality coffee
 - In promotion, EAFCA can piggyback on the image of Kenya coffee – Kenya being one of the leading specialty coffee nations in the world.
3. Farmers' Economic Interest in the Specialty Coffee Sector

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4. The trend of Economic Cooperation in the region presents opportunities for support for joint projects or programs by interested donors.
 - National, regional and international Government interest in sustainability issues and the eradication of poverty
 - Opportunities for regional projects and support from donors
 5. Virgin market in the region can allow for brand testing & development
 - Indications from leading retail outlets that they want to sell EAFCA coffees in their markets.
 - Opportunities for growth e.g. make EAFCA coffee available in more shopping outlets.
 6. International exposure and recognition through the STCP, SCAA, SCAE, SCAJ, CFC, ICO, IACO, etc.
 7. Much research work has done in different regional institutions, which could be shared to improve the performance of the industry.
 8. Growing interest of the donor community and NGOs in coffee programs in some of the EAFCA countries.
 9. Possibility for EAFCA to build credibility and good reputation through effective program implementation.

Key Threats to EAFCA

1. Persistent low global coffee prices, Global Recession in the coffee industry and problems of Business Cycles
2. Weak specialty coffee institutions in the region
3. Unpredictable weather and low investment in irrigation technologies
4. Insufficient involvement of private sector players, due to the syndrome of laggards and slow adopters.
5. Slow pace of economic liberalisation in some of the EAFCA countries.
6. Prevalence of coffee diseases that have no cure (e.g. Coffee wilt disease, etc.)
7. The lack of sustainable financing and dependency on donor support for interventions make a weak financial base in the short term.

Strategic Issues

After significant review of available data, and reflection of the conditions of the specialty coffee market and the EAFCA's relationship with its members, the Secretariat prepared an inventory of the perceived strengths, weaknesses, opportunities and threats of the industry and the EAFCA. With this description of the market conditions, future challenges, and projected potential growth for the Association, it was proposed that a few strategic directions be identified to focus on in the five-year plan for the coffee years 2002-2007. The following were identified:

1. EAFCA will strive towards obtaining operational self-sufficiency of the Secretariat, so that there are enough funds generated to meet the secretariat's operational costs
2. EAFCA will engage in promoting the welfare of the smallholder producers, and support programmes that enhance high quality through improved production technologies and processing
3. EAFCA will work to develop an educational and training programme for all players in the African specialty coffee industry
4. EAFCA will work with and directly support the establishment and implementation of modern coffee auctions and specialised regional marketing infrastructure
5. EAFCA will work within the established structures for regional cooperation and enhance the unified and unique character of the African specialty coffee industry.
6. EAFCA will work in liaison with other organisations and institutions on matters relating to the promotion of the African fine coffee industry and to facilitate joint activities in our coffee sub-regions.
7. EAFCA will We will work towards establishment of an African-based certification body, and work with others to develop a globally acceptable certification program for African coffee producers particularly conscious of the needs of smallholder producers in Africa.
8. EAFCA will promote domestic consumption of coffee in the region and develop the regional markets for such coffee.

THE STRATEGY

EAFCA has four major areas of thematic programming, around which projects and activities will be developed:

1. Research and Technology Transfer – EAFCA will work closely with sub-regional organizations and networks as well as national coffee research institutions.
2. Grower and Business Support Development – EAFCA will work through national chapters in implementing programmes and activities that focus on the producers and improving the environment in which they operate so as to produce high quality coffee. Regional coordination will help in synchronization of efforts and in synergy building.
3. Development of Markets and Market Information Systems – EAFCA will promote the improvement of the marketing systems, especially the improvement of price discovery mechanisms, market information, promotion and communication.

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4. Policy Reform and Implementation – EAFCA will provide the needed support in the policy reform process in each of the countries and promote the public-private dialogue and partnership in resolving issues.

All the above will be done in such a way that there is capacity building and institutional development at both secretariat and chapter levels. Capacity will be built at the secretariat to provide the required support and regional coordination, while at chapter level the building of local capacity and efficient systems will ensure sustainability and the achievement of goals.

The five-year strategy that has been developed will follow the directions that are conceptualized below:

Strategic Directions

We will increase the value and volume in the chain of specialty coffee exports from the Eastern Africa region, while also promoting increased domestic consumption.

Strategic Objective 1

We will strive towards obtaining operational self-sufficiency of the EAFCA Secretariat, so that there are enough funds generated to meet the secretariat's operational costs.

- EAFCA will strengthen its brand promotion activities and generate enough commissions from coffee sales through SHOPRITE and other retailers with Africa-wide networks.
- EAFCA will develop several fee-based services through which funds will be generated to support the secretariat's operations.
- The secretariat will explore new possibilities of income generation that will ensure revenue streams to support operational expenditure.
- A Grants Management Unit will be set up to manage any funds generated and those from donors to support EAFCA's mission.

Strategic Objective 2

We will engage in promoting the welfare of the smallholder producers, and support programmes that enhance high quality through improved production technologies and processing.

- Better husbandry will be promoted as one way of improving quality.
- Better business skills will be promoted among the smallholder producers, and specifically, a curriculum will be developed to move them along from a subsistence to a commercial orientation – *Coffee Farming as a Business*
- Better post-harvest technologies will enhance both the quality and competitiveness of the African fine coffees.

Strategic Objective 3

We will work to develop an educational and training programme for all players in the African specialty coffee industry.

- EAFCA will work in liaison with SCAA to develop relevant training programmes that suit the interests of members and other interested participants.
- EAFCA will develop regular training events.
- An annual Africa Specialty Coffee Convention will be developed and implemented.

Strategic Objective 4

We will work with and directly support the establishment and implementation of modern coffee auctions and specialised regional marketing infrastructure, in order to, amongst other things:

- *Increase availability and accessibility* of the fine coffees from the region
- Promote the *rewarding of coffee quality* with premium prices
- Improve *accountability, transparency and professionalism*
- *Increase* the incomes of coffee producers

To achieve this objective:

- Establish registered appellations in member countries
- Promote wet processing to farmers and private sector investors

Strategic Objective 5

We will work within the established structures for regional cooperation and enhance the unified and unique character of the African specialty coffee industry.

- EAFCA will work closely with the COMESA Secretariat, and other regional economic institutions in promoting projects and activities that promote African specialty coffees.
- EAFCA will work with donor agencies and any other development organisations with an interest in improving the quality of the African fine coffees.

Strategic Objective 6

We will work in liaison with other organisations and institutions on matters relating to the promotion of the African fine coffee industry and to facilitate joint activities in our coffee sub-regions.

- EAFCA will develop a strategy for the promotion of African fine coffees, and seek to maximise the efficiencies through joint efforts.

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- EAFCA will develop the framework for hosting a regular African Fine Coffees Exhibition so as to attract attention to the African specialty coffees and offer opportunities for partnerships and development of this industry.

Strategic Objective 7

We will work towards establishment of an African-based certification body, and work with others to develop a globally acceptable certification program for African coffee producers particularly conscious of the needs of smallholder producers in Africa.

- EAFCA will establish relationships with international development agencies that will be willing to support environmental programs among coffee producers.
- EAFCA will work with the regional research organisations in establishing an African certification program
- International recognition will be sought so that the certificates issues will be acceptable to EU and US markets.

Strategic Objective 8

We will promote domestic consumption of coffee in the region and develop the regional markets for such coffee.

- EAFCA will promote the sale of high quality coffee under special labels in several African cities so as to promote the image of African fine coffees among African coffee drinkers.
- Special training programmes will be put in place for coffee retailers, hoteliers and restaurant operators
- EAFCA will work with local roasters and coffee retailers in coordinating special coffee promotional events in targeted cities.

Strategic Priorities

During the planning stages of making arrangements for the implementation of the Sustainable Tree Crops Program (STCP), certain priorities were set in order to make an impact in achieving both the vision and mission of EAFCA. In using the same analysis, the board decided to set priorities by first grouping activities in terms of their functionality and then identifying areas of focus for the five year plan:

Industry

- Increased Exports of Fine Coffees to the Specialty markets
- Sustainable Production, Processing and Marketing
- Developing Regional Certification Body

Organizationally

- Financial Stability
- Membership Growth
- Basic Coffee Skills
- Establishing a Grants Management Unit

Activities (own funds + donor funding)

- Establishing an annual African Coffee convention
- Improving farmer business, husbandry and technical Skills
- Establish coffee appellations in at least three countries
- Demonstrate fully-washed coffee viability for producers and investors
- Establishment of Specialty Coffee Auction in the region
- Promotion of EAFCA brands and developing regional markets
- Developing Common Forums through chapters
- Building relationships with other coffee organizations

The above can be viewed in terms of the strategic question -- *where to concentrate?* The areas of focus also need to be viewed in terms of the strategic question -- *how to win?* It was felt that the following areas are where EAFCA should concentrate most of its efforts during the next five years:

Financial Stability – efforts to build the cash reserves of the association (independent of donors) over the next five-year period in order to ensure the association can fulfill its mission in serving as the voice of the African specialty coffee industry. Special brands will be developed and EAFCA will obtain some royalties or commissions from these brands, and the sale of coffee under special labels.

Appellations, Cupping Training and Sustainable Fine Coffee Exports – Efforts will be made towards a comprehensive quality improvement program, aimed at enhancing the economic viability of African specialty coffee growers. In order to create incentives to maintain the quality, EAFCA shall support appellation development in the different sub-regions, support the improvement of marketing arrangements -- including specialized auctions and to coordinate joint promotional efforts.

Wet Processing Demonstrations for Farmers and Investors – Secure funding that will support the demonstration of the value-addition benefits of wet or semi-wet processing (possibly portable or mobile) for farmers, while demonstrating the viability of the business model for private-sector investors.

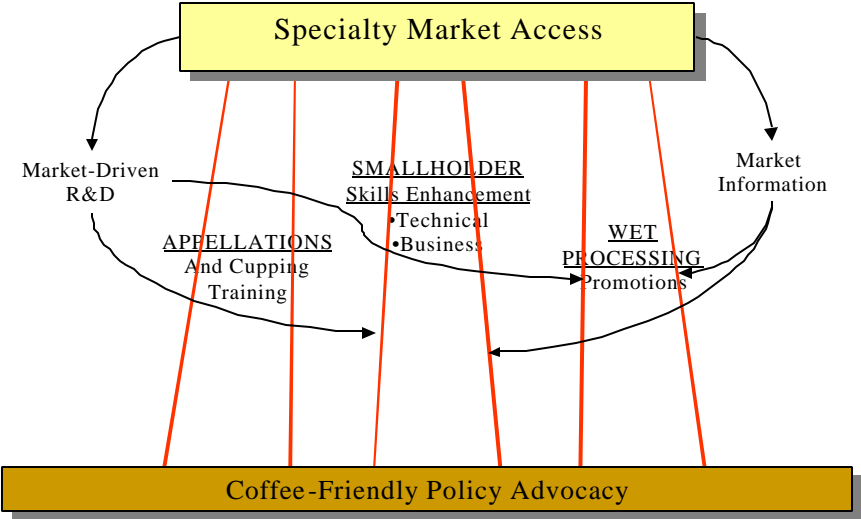
Smallholder Business, Husbandry and Technical Skills – smallholders will be equipped (at the level of cooperative or producer association), as well as traders and exporters, in the effort to increase the marketing and business skills that will strengthen their direct connection to specialty coffee importers.

The EAFCA strategic plan envisions projects at the level of country chapters in all the above areas, and these will be completed using the resources obtained at the country level, as well as those that EAFCA will generate or obtain from donor sources. A grants management unit (GMU) will be set up and established over the next five years, to help in the management of donor funds/grants to support these efforts.

The diagram below illustrates the three-legged stool concept to be used in the EAFCA strategy. This will be used to address the issue of quality improvement through an integrated approach to smallholder business and technical skills development, as well as improved husbandry. It is believed that all of these will lead to the enhancement of a successful marketing strategy. It is also imperative that a policy environment conducive to the above will be in place so as to provide support to the implementation of the programmes.

EAFCA recognizes that successful expansion into specialty markets will require that three inter-related pre-conditions must first be addressed. One could view an effective specialty coffee marketing system as the seat of a three-legged stool, with farmer training, improved processing technologies, and registered appellations as the three legs. The absence of (or lack of attention to) any one of the three legs would result in lost opportunities for all coffee sector stakeholders.

THE THREE-LEGGED STOOL



ORGANIZATIONAL STRUCTURE

