

PN 832-657  
90497

**MARKETING SPECIALIST REPORT**  
**21st JULY TO 12th AUGUST 1992**

**PHILIP RESTA**

## *I. INTRODUCTION:*

ISTI's Marketing Specialist, Philip Resta spent from July 21, 1992 through August 12th 1992 working with NWCA. During this time he worked closely with the General Manager and advised on new marketing functions and responsibilities under the liberalized market environment.<sup>1</sup>

Mr. Resta accomplished the following during his visit:

1. Set up new Marketing Department and briefed employees on various aspects of running a coffee marketing office.
2. Made recommendations for immediate communications and information required to run the office. The marketing department requires a telephone line, and fax as well as access to information on the coffee market. Annual membership of coffee commodities booklets, and journals should be taken out. Daily price information should be available.
3. Proposed a coffee sales monitoring plan.
4. Provided recommendations on several key PRAMS I issues as follows:
  - a. NWCA Coffee Quality
  - b. NWCA Coffee Classification, Grading and Sales
  - c. Use of Brokers and Traders
  - d. Ownership of Coffee
  - e. Warehouse Financing

The following are a compilation of the various recommendations made by Mr. Resta.<sup>2</sup>

## *II. Recommendations*

### *A. NWCA Coffee Sales Monitoring Plan*

Technical assistance proposes that NWCA coffee sales be monitored and reported in the following way:

1. At the end of every month in which NWCA has sold coffee details and

---

<sup>1</sup> Please find the scope of work in Annex one. The scope of work is intended to be accomplished over a one year period.

<sup>2</sup> Mr. Resta made a European marketing trip with NWCA and ISTI technical assistance prior to this consultancy. This report is in Annex II.

- / '

contracts of each coffee sale during that month should be collated by NWCA staff within 3 working days of the end of the month.

2. Included in this file should be all correspondence, inquiries and offers relating to each sale.
3. ISTI Technical Assistance team in Bamenda will review the information.
4. The team will advise NWCA on missing or incomplete information. The information will then be forwarded to the monitoring consultant.
5. If the file is small it should be faxed. If it is large then the file should be sent by courier (not by mail).
6. The consultant will make an arrangement with the brokers to send copies of all contracts made by NWCA with them to his office as a further check.
7. For each sale/contract the consultant will analyze coffee the market for that day. He/she will study the inquiries and offers for that sale and will analyze the contract price accepted by NWCA compared to the market prices available on the day of sale.
8. The consultant will clearly indicate, based on the information presented to him/her, whether the price received by NWCA on the day was the best possible for the day. If the best price has not been received, the consultant will comment on where the problem might be:- with Brokers, NWCA Marketing Department or other coffee market factors.
9. The consultant will provide a Sales Monitoring Report for each month of coffee sales as soon as possible after receiving the Sales file for the month. The monitoring process will take 2 days for every month of coffee sales.
10. NWCA coffee sales will be monitored to date upon receipt of information from NWCA.

#### *B. Coffee Sales through Brokers and Traders.*

1. Coffee sales through brokers and traders has been under discussion between USAID/Yaounde and NWCA and has been a subject of some confusion. Several definitions would first be useful.

- a. Coffee Broker:- A brokers prime function is to link a principle seller to a principle buyer. The broker acts as the mediator and ensures that business procedures are

followed and agreements are made correctly. Brokers act in a professional manner and are impartial to both parties. Brokers work on a commission, generally agreed upon before starting business. A commission is generally paid by the seller. It is in brokers' interests to "Advertise" coffee offered by a seller as widely as possible. The more coffee a broker is able to sell and the quicker a broker can sell, the better for the broker, (and the seller). The amount of time, resources and money a broker will use to assist a seller to sell coffee depends entirely on the broker. In the extreme, a broker may act as an Agent-Broker.

b. Agent-Broker:- An agent broker performs the same services as a broker, however the relationship between them is closer. An agent broker expects loyalty from his seller. In return, the seller can request market information, coffee world news, currency market movements and a very personalized service.

c. Trader/Dealers:- Traders and dealers are technically the same. They buy and sell coffee at a profit. Their revenues are not fixed and it is up to them to make what profit they can. Traders are not impartial when it comes to buying and selling coffee. Traders have less interest in "Advertising" a seller's coffee than brokers. If they are reselling a parcel of coffee by "Type" they may not even indicate the original source. Brokers can at times give a better price than Traders are able to give. However, their interests do not lie with the Seller.

d. End User/Roaster:- Coffee may also be used for purposes other than roasting, (for making liquor, in Coca-Cola etc). Selling direct to end users may reduce the number of "middle-men" in the transaction but it is difficult to do so. End users are normally not willing to deal with principle sellers. They would rather let traders or brokers take the risk and problems of international trading, quality arbitration, and non-delivery. Selling direct to end users is possible if a very good relationship has been developed between seller and end user (NWCA is not in this position yet).

## 2. NWCA Brokers:

ECA believes that it has been selected as an Agent-Broker for NWCA. ECA is at present providing a lot of helpful information to NWCA. For this assistance ECA will expect a degree of loyalty from NWCA and a reasonable level of sales through ECA. NWCA needs to decide if it wishes to give this loyalty, and sales throughput or if ECA should act as a Broker only.

Douque wishes to act as a broker and if the need arises, a dealer. This has caused confusion in some sales to Douque as it appeared that Douque actually bought coffee for themselves. In this case Douque was acting on a roaster's instructions, purchasing the coffee in Douque's name and then "hedging" the coffee on the market. ( Hedging means to buy the coffee and then place it back into the market locking into a price to insure against adverse market

movements.) NWCA must understand that, at times, Douque will purchase coffee on behalf of his roasters.

### 3. Discussion of Options

In general, using Brokers to sell NWCA coffee is beneficial. As a new identity with a small quantity of coffee for sale, NWCA needs the maximum advertising available. Brokers provide the best advertising, the most transparent dealing mechanism, and a set commission which is clear and understandable to everyone involved. In addition, the performance of brokers can be compared against each other.

The marketing of coffee is a dynamic business. The chance to seize an opportunity cannot be lost. Limiting NWCA's sales of coffee through two brokers has meant that NWCA has received offers from traders which are sometimes higher than those through brokers. There are various reasons why traders may offer NWCA better prices for its coffee. They may be trying to lure NWCA into convenient arrangements or monopoly situations or they may be trying to push other competitors out of the market. If each sale is treated as an independent sale and the reasons why brokers are the generally best for NWCA are clearly understood, sales at higher prices, even to traders, only benefits NWCA.

From NWCA's point of view, when prices are so low, and large losses are being incurred it is difficult not to sell to the highest bidder. Although NWCA's past actions are not condoned given their written agreements with USAID, a flexible arrangement concerning coffee sales is recommended. Each sale must be monitored to ensure transparency. The monitoring process should follow the procedure as set out in the stated monitoring plan. If this procedure is agreed to and followed by all parties then an efficient monitoring process will follow.

### 4. NWCA COFFEE SALES ARRANGEMENTS FOR THE FUTURE.

Agreements have been reached to divide marketing territories between the two selected brokers:

ECA will operate in: Germany, France, England, Switzerland (only Volcafe, Andre and Kopp), Italy, Spain, Portugal.

Douque will operate in: the Netherlands, Scandinavia, Benelux, England.

NWCA should be able to consider offers from traders/dealers. If NWCA can obtain better prices and performance from traders, NWCA should be able to sell coffee to the highest bidder. As a guideline, if traders are only offering 3% or less more than brokers, brokers should still be used. If prices offered are above this level, NWCA should sell to traders,

(each sale independent of other sales). Pressure should then be put on the brokers to improve their price levels. This 3% is the value which brokers give to NWCA in terms of "advertising" and market information. Thus, if a trader is able to give 4% above the brokers price, the sale should go to the trader.

Ideally, NWCA should not sell more than 1,000 tonnes to traders. If prices offered by traders are continually higher than brokers this figure could be revised. Monitoring will show the comparisons of broker's and trader's offers to NWCA. Sales monitoring will show if NWCA is making the best sales decisions. This should give a good picture of who is performing in NWCAs interests.

In general, most options and channels for coffee sales can be kept open for NWCA as long as the monitoring procedure is strictly adhered to.

### *C. Ownership of Coffee*

The PRAMS I design seeks to maintain CPMSs as owners of their coffee through the sales process, with the NWCA Apex organization and Union Cooperatives providing services. Societies are to remain residual owners of the coffee until it is sold for them by the NWCA Apex organization. When the coffee is sold, the profits (or loss) would then be transferred to the Society. This system would ensure that Societies and their farmers are directly informed of how their coffee was sold on the world market. In theory, this should make farmers and Societies more responsive to market demands.

In **theory**, this idea is quite acceptable and desirable. However, in practice the relationship between "principle buyer" and "principle seller" is one which must be founded on a legal basis. Both parties must be legally accountable and responsible for their actions. "Principle buyers" must have legal recourse to the "principle seller". At present, brokers and buyers are dealing directly with the Apex organization of NWCA. Dealings with NWCA's brokers indicate that these brokers believe that the Apex organization is the owner and "principle seller" of NWCA coffee. They also believe that the Apex organization is responsible for arbitration claims which may arise as they are the owner and "principle seller" of the coffee.

The PRAMS I design requires that Societies become the "principle sellers" and that the Apex organization acts as an agent, providing a service to Societies for a fee, (according to the Internal Schedule of Prices). Coffee is not sold from Society to Union, then Union to Apex. The Apex is not the owner of this coffee when it sells the coffee.

If this understanding of the PRAMS I design is correct, international buyers and brokers will be very reluctant to deal with NWCA coffee once they learn that the "principle sellers" are Societies. Societies have minimal assets and no ability to deal with arbitration cases. While the Apex most likely intends to act on behalf of the Societies in any arbitration case, this will

give little or no comfort to the buyers who would view Society dealings as very risky.<sup>1</sup>

#### Conclusion.

Societies retaining ownership of their coffee is a good concept- in theory . In practice, however, this may result in a very unworkable situation. It is almost certain that buyers will want the Apex organization to be the "principle seller" not just a broker or agent. If NWCA is to satisfy the buyers, the Apex organization must have legal ownership of the coffee if it is to act as a "principle seller". This may seem a small point but could cause major problems for NWCA.

The issue of coffee ownership needs to be addressed to ensure it conforms with International Coffee Marketing Standards. It remains to be established whether International Coffee Marketing Standards and Laws were consulted in the course of the design of PRAMS I. If required this issue can be further pursued with buyers and brokers.

The intent of societies retaining residual profits is sound. However, residual profits can be retained by societies through prearranged shares of coffee proceeds. The Apex organization can buy coffee from societies and legally own the coffee thus meeting international marketing requirements. Moneys received for coffee sales can be returned directly to Societies and Unions and the Apex in direct proportion to their agreed share in the sale proceeds. This is a straight forward bank service arranged when the sale is made and can be a condition of the sale contract if required. In this way residual profits (or losses) can go directly to societies, as agreed before the sale is made, even though the Apex organization is selling the coffee under its own name, as "principle seller".

#### *D. NWCA coffee Classification, Grading and Sales.*

The value of the complicated classification process used by NWCA to accept parchment is questionable. If the quality of coffee being produced was higher then there may be some merit. This coupled with the thousands of NWCA producers, makes useful quality control virtually impossible. Presently, the parchment acceptance procedure can only effectively assess parchment quality by visual appearance and defect level. Once defects have been removed from Class I,II and III the resulting coffees may be identical. The main characteristics which downgrade smallholder coffee is the unclean taste in the cup. This is largely from over-fermentation. Over-fermentation is impossible to control by parchment reception procedures unless you are systematically cup tasting large amounts of coffee from each parchment reception depot. In theory, once all the defects are taken out (which is what

---

<sup>1</sup> Legal ownership is what is important to "principle buyers". Temporary understandings between the apex, unions and societies as to the ownership of coffee would be insufficient to satisfy their concerns pertaining to liability.

should happen through proper processing in the mills) Class III coffee may be no different than Class I.

Thus far, brokers, buyers and consultants have provided no indication that there is any commercially significant difference in the Class I, II, and III coffees produced over the last two seasons by NWCA. There is, therefore, little to reinforce the continuation of this procedure. Samples of Class I,II and III coffee from the same grade were presented to NWCA's brokers on their recent trip to Europe. When cup tested they found no noticeable differences between the classes. At present, all NWCA stocks are being offered for sale with no indication of class.

It is of minimal use to classify parchment at 2 levels (Society and Union) with little net effect and extra cost. A rapid cost benefit analysis should be done on the merits of this classification system before the next season commences.

NWCA should aim to produce one FAQ (Fair Average Quality) class of coffee. Procedures should be adapted to achieve this. Little benefit will be achieved by trying to classify smallholder parchment by largely visible procedures.

PRAMS I requires NWCA to market each Unions coffee separately. Each Union produces grades A,B,C,D,F in 3 classes, plus T grade. This could result in 16 grades of coffee in each mill. There are 11 mills giving a potential of 176 grades of coffee. For 4000 tonnes of coffee this provides for a marketing department nightmare. Grading smallholder parchment into 3 classes is not practical. This reduces the potential number of grades to 66. This is still far too high.

Because of the similarity of all NWCA unions coffee and the purpose for which it is used, (as a filler in coffee blends), most if not all buyers do not care from which Union the coffee comes. By providing buyers with long lists of stockholdings of all the Unions it makes the task of the NWCA marketing department much more difficult. As we are specifying so many different types of coffee, NWCA will be at far greater risk in quality claims. NWCA will know internally which Union is supplying coffee for various contracts. This information should be kept internally. Good or bad reports from sales can be passed on to respective Unions. NWCA's best procedure is to present a standard FAQ (Fair Average Quality) grade of coffee, conforming to Mild Arabica grading standards, in reasonable quantities. It will be the marketing departments task to control quality and ensure the reputation of NWCA as a whole is protected. If any one Union is allowed to sell coffee which results in a poor reputation or arbitration claims, it will be NWCA as a whole that suffers.

From a sales point of view NWCA is a very small producer competing with many other "mills" producers. NWCA is not able to dictate the type of grades that buyers want to buy. Production of 3 classes in one grade will attract little or no interest from buyers and is more likely to cause confusion. The coffee quality is not of a high enough or unique quality to warrant an individual grading system. There is little to no discernable difference in the

classes in a grade (for reasons explained previously). Having classes and grades only serves to make smaller grade lots making sales even harder. NWCA cannot rewrite the accepted standards of international coffee marketing. It is a very small player. Its aim should be to develop a 'niche' for itself in the existing market. This can only be done through improving efficiency and cost saving and striving for **recognized levels of quality and reliability**.

Conclusion.

NWCA should aim for one standard grade which is accepted by the international coffee market. This should be FAQ coffee. Developing individual classification systems which the international market does not understand, to produce large numbers of grades and classes of mediocre coffee will be a costly exercise and of no benefit to NWCA. If NWCA wants to develop a reputation as a reformed and improving coffee producer it should act as one identity selling coffee as NWCA coffee. Informing buyers of NWCA's source of coffee, from one of 11 Unions will make marketing difficult. Information regarding source should be used internally in NWCA but should not be disclosed to buyers. The NWCA marketing department should control the quality of coffee sold by NWCA to ensure the improvement of NWCA reputation as a whole. If Unions are allowed to export poor quality coffee it will affect NWCA as a whole. The international market does not recognize Unions but it will down grade NWCA as a supplier of variable quality coffee if Unions coffees are not quality controlled by the marketing department.

#### *E. Coffee Quality*

PRAMS I seems to have proliferated some misguided beliefs regarding NWCA coffee quality.

The word "premium" quality has been used in conversations and documentation regarding NWCA's coffee. In the Industry "premium" is a word which is reserved for the very best, and most highly regarded coffee. Generally coffee develops a premium quality tag when it has been traded in the market for many years giving consistently high quality results. For example, Kenya coffee has a reputation, developed over many years of being a premium quality coffee. The quality control process used in Kenya has stemmed from the colonial era. NWCA's 40000 farmers are very unlikely to be able to reach these quality levels, as the processing is done at farm level with very little outside control.

Even if NWCA was to produce coffee next year of quality similar to that of Kenya (which would be practically impossible), it would not command a price anywhere near Kenya coffee price because it has not developed a reputation of consistency, reliability and quality. Even if the quality aspect is under control, the time required for the market to accept NWCA coffee as anything other than average or below average mild arabica coffee will be far longer than this project's duration.

A much more appropriate target would be for NWCA to produce **Fair Average Quality (FAQ)** coffee. This means a coffee that is sound in its characteristics but not exceptional. It is coffee produced from healthy trees, with good picking, pulping, washing, drying and storage. Free from abnormal tastes, especially over-fermentation (poor washing techniques) and earthy smell (from drying directly on the soil). If NWCA is able to achieve the recognition of being a reliable producer of FAQ coffee within the time frame of PRAMS1, that will be a substantial achievement. The idea of producing "premium" quality coffee, is well outside the practical possibility of NWCA for the time frame of PRAMS1.

One of the basic principles of PRAMS 1 seems to be that dramatic increases in NWCA coffee quality will result in substantial increases in prices paid to NWCA for its coffee. This assumption is inaccurate. The impression given by PRAMS 1 reports is that NWCA has had dramatic increases in coffee quality over the last 2 years. Although this may be true, NWCA coffee still shows most of the qualities inherent in smallholder coffee, or "Native coffee", processed with little knowledge, or motivation. While NWCA may have improved their coffee quality from very low levels to their present level, there is still a long way to go to get to a FAQ level.

Price and price increases do not depend only on the quality of coffee. Price depends on the quantity in the market and the demand for that quality. (It is true that certain premium quality coffees still retain a reasonable price even in these difficult times. This is because the market is not so over supplied with premium quality coffee). At present there is an oversupply of coffee in the market in which NWCA competes to sell its coffee (mild arabicas). Buyers will not pay more for coffee out of choice, they will only pay more if they are forced to. It is a buyers market for coffee and it is likely to be so for the next 2 years at least, as there is so much coffee in stock.

If NWCA's coffee quality, reliability and reputation improves over the next 2 years, it will certainly be easier for NWCA to sell its coffee. It is very unlikely that NWCA will get substantially better prices due to improved quality. Buyers of NWCA coffee may be willing to pay an extra 5% if NWCA becomes a reliable exporter. Risk reduction does have value to buyers. It is doubtful that buyers will give substantially better prices for better quality coffee as there is so much coffee on the market equal to NWCA's coffee quality.

Buyers and brokers will always say that they want and need better quality coffee. The question which needs to be answered is whether achievable levels of coffee quality in NWCA will bring substantially better prices? In the present and foreseeable market it is doubtful.

#### *F. Warehouse Financing*

Conversations with SGS and Meridien Bank in Douala confirm that NWCA can use its existing stocks of coffee as collateral in warehouse finance. The steps for this are as follows:

NWCA would transport its existing "Ready for Export" stocks to a bonded warehouse in

Douala which would be controlled by internationally recognized inspection agents (such as SGS--Societe Generale de Surveillance). These would be stocks against which NWCA already had European contracts and were awaiting shipment.

SGS or a Douala bank (such as Meridien) would advance NWCA cash, using the coffee in the bonded warehouse as collateral. SGS or the bank would also require documentation of the sales contract from the buyer of the coffee. The terms are likely to be 60 to 90 days.

The interest rate charged would be a market rate (to be negotiated) which is likely in the case of a bank to be in the range of 20-25% per annum. SGS, because of its corporate relationships, might be willing to give better rates and terms. On its side, NWCA might be able to continuously ship this coming year's crop through the same channel which would assure that there is always coffee in the warehouse - a fact that will reduce the risk for the lender and allow NWCA to negotiate better terms.

PRAMS I places emphasis on protecting the interests of the farmers - that they get the best price and pay as little as possible to the other tiers of the cooperative structure. It would be consistent with this intention if the apex (as the principle seller of the coffee) would specify in its sales contracts that the money from the coffee sales must come back to a particular account at a Cameroon bank. This designated local bank would act upon the sales contracts which would list what proportion such and such union had in the shipment (warehouse stock financed) and credit the funds directly to those accounts of the unions.

This warehouse arrangement should be pursued because NWCA will benefit by turning its idle stocks into cash which may be used for further crop purchases or expenses. Shipping in bulk to Douala will also allow NWCA to get better transport terms because they are bargaining for large scale. This should reduce transportation costs because NWCA will have to absorb transportation costs in any event.

## ANNEX I: SCOPE OF WORK

## SCOPE OF WORK MARKETING SPECIALIST

### SCOPE OF WORK:

The coffee marketing specialist shall advise and assist cooperative leadership at all levels with respect to the restructuring of marketing arrangements to render them more efficient both in terms of cost and in transmitting accurate and timely market signals to producers. The specialist's tasks shall include but not be limited to the following general categories:

1. Advise and assist the NWCA in absorbing and performing new marketing functions and responsibilities under the liberalized market environment, including export marketing through a pre-selected coffee broker.
2. Arrange the provision of hands-on guidance and formal training to facilitate NWCA's execution of new marketing functions
3. Monitor and evaluate on continual basis the performance of the re-selected brokers and recommend whether NWCA should retain their services for the following year; identify new potential brokers if necessary. After the 1991-92 and 92-93 seasons assess whether brokers represent the best method for NWCA to market their coffee.

More specifically the marketing specialist will:

- A. Meet with the General Manager and Coffee Processing Specialist on a tour of coffee brokers and buyers. Assist the CPS to assess options to improve the type and grades of coffee marketed and assess buyer preferences of these options.
- B. Travel to Cameroon on a periodic basis to provide hands on training and guidance to assist in any aspect of the marketing of NWCA coffee.
- C. Provide assistance and instruction in setting up coffee tasting facilities for NWCA to help improve their ability to control coffee quality.
- D. Assess evaluate and report on how NWCA should set up their marketing capacity in the most cost efficient manner in the new liberalized market.
- E. Provide a guidance report on the procedures for marketing coffee. Implement the report as operating procedures in the NWCA marketing operation.
- F. Assist in writing job descriptions for NWCA marketing personnel.

G. Report on any technology appropriate for NWCA to improve the marketing of their coffee.

H. Assist in the investigation of the most cost efficient method of shipping coffee through the port. Including documentation and legal aspects (may be a complement to short-term consultant specifically for this purpose).

I. Monitor, evaluate and report on a periodic basis the ongoing strengths and weakness of the NWCA marketing operation. Recommend changes where necessary.

J. Monitor, evaluate and report on the performance of the 2 selected brokers (ECA Kaffee Hamburg and J.Th. Douque's Koffie BV Amsterdam). Recommend any changes to be made.

#### EXPERIENCE AND QUALIFICATIONS:

Have practical experience in marketing arabica coffee producer to end buyer of green beans. Familiar with coffee brokerage. Have knowledge of technical difficulties in communicating between Europe and the interior of West Africa. Experience working in West Africa. Must speak English and French.

**Annex II**  
**Coffee Marketing Trip Report**

Coffee Marketing Trip.  
June 28 to 3rd July 1992

Made by : Dr. Ghogomu  
Mr A. Marsh  
Mr P. Resta

**28th June PM:** Familiarization discussion about NWCA, meeting with Dr Ghogomu and Mr Marsh - This was essential prior to various visits.

**29th June AM:** Visit to ICO at 09.30. We were met by C.P.R. Dubois, Information Officer at ICO. He explained briefly the purpose of having an establishment like the ICO and its function and how it looked after the interests of producers, consumers and the trade. He also explained the function of the library.

At the offices of ICO we met Dr.C.A. Akoto, Senior Economist, who explained in detail the price structure of the coffee market, various statistics kept by the ICO over the past years and the forecasting of prices during the next year. Dr.Akoto explained that the ICO is hoping to draft a new coffee agreement by the end of the year for discussion with producers and consumers. He suggested that the ceiling price may be US\$1.00 and the floor may be US\$0.70. We were presented with some statistics including past production of Cameroon.

Our next meeting was with Mr. A. Ferial Morales, Chief of Technical Unit. This unit investigates coffee quality and issues certificates to particular coffees. Various discussions were held on quality achievement in coffee and grading of coffee.

Our visit was also to the library of the ICO which had some information regarding coffee production of Cameroon.

*Conclusion:*

*Dr. Ghogomu expressed his interest in obtaining more information in Cameroon as he has very little information available to him. We suggested at High Value Horticulture that we should supply technical information regularly.*

**29th June 12.00 PM:** Visited the Economist Intelligence Unit. Mr Alec Gordon, Editor of Commodities. He has great knowledge in the commodities markets and understands the latest developments in Cameroon. Our discussions were on world coffee prices and the future potential prices. After some discussions the conclusion was that if a commodity cannot compensate the grower then the alternative is to diversify and grow other crops.

*Conclusion:*

*In Cameroon some diversification has started by growing cash crops among the coffee trees. However, it would be very difficult for a coffee grower to pull out his coffee trees and plant others at this stage. Mr Gordon suggested that if the Scope of PRAMS1 allowed, it could aid farmers diversify out of coffee.*

**29th June 2.30 PM:** High Value Horticulture for Lunch. We had further discussions with other consultants. The meeting was useful for Dr Ghogomu to meet various other professionals who were available to be used as short term consultants in the PRAMS1 project if required.

**29th June Evening:** Flew to Amsterdam, arriving at hotel at 10.30 P.M.

**30th June 9.30 AM:** Meeting with J.TH. Douques Koffie B.V. We were introduced to the Chairman of the company. NWCA has sold about 90 tonnes of their coffee. Shipment was delayed, however the coffee should arrive in the next two weeks.

Discussions were held on ways to reduce shipping costs by stuffing containers to full capacity and bulk shipment. Quality of coffee was discussed along with market prices. Douque confirmed that they act as both a broker and a dealer to the industry. When the roaster asks him to hedge and trade on a differential basis, he is forced to act as a dealer in order to give this service to the roaster.

Mr Marsh had samples which we asked Douque to roast and cup test. All of us did the cup testing and it was an interesting exercise for Dr Ghogomu. He realized the importance of this operation to the roaster.

Unfortunately there were some cups which had over-fermented and some faulty drying tastes. We all agreed that quality improvement was required at grower level. Improvement in procedures e.g. better picking, fermentation and drying. We all agreed that further education in processing coffee is necessary to improve quality. Dr Ghogomu assured Douques that the coffee already sold would conform to the stocklot samples.

*Conclusion:*

*With 40 000 co-operative members it is very difficult to control quality. However much closer growing and processing supervision should come from the leaders of the various co-operatives.*

**1st July AM:** Travelled to Utrecht to visit Max Havelaar. Mr Douque met us there. We were met by Mr B. Beekman who explained to us the aims and policy of the foundation.

- a. Fair pricing to the grower.
- b. Purchase only premium quality coffee.

NWCA qualifies as the cooperatives growers meet the criterions. However, from the description of quality coffee at this, I foresee little chance of premium quality coffee being produced by NWCA at this stage. Also due to the depressed coffee prices it would not be logical to advise expenditure to improve coffee quality at this time. Mr Douque drove us back to Amsterdam to catch a flight to Hamburg. He also promised to send us information about the markets and prices.

*Conclusion:*

*The "team" discussed the meetings and decided that NWCA should be aiming for "Fair Average Quality" coffee in the short to medium term. The long term plans may allow for NWCA to produce premium quality coffee, but much greater education was needed over a much longer time span.*

**1st July PM:** Arrive Hamburg late evening. Bonacker Snr and Jnr were there to meet us. They took us to the hotel and we had familiarization discussions.

**2nd July AM:** Went to ECA office and held various discussions on Cameroon washed Arabica Coffee. Dr Ghogomu explained about NWCA and the various Co-operatives. ECA mentioned that communications were very difficult and that in order to obtain best possible prices one must be able to give information and make decisions promptly.

Our meeting was stopped as a meeting was arranged to visit a roaster - J.J. Darbovan, Hamburg. A medium sized roaster who has used Cameroon coffee purchased from the "spot" market because they cannot afford to be let down by origin through defaulting on deliveries or quality. After discussion with the chief buyer we came to a conclusion that once we prove our performance and quality the roaster would be keen to trade with Cameroon and NWCA direct.

We returned to ECA office and continued our discussions on ways and methods of trading. ECA is very keen to be involved in the promotion of NWCA coffee and they have in the past helped to promote Ugandan coffee. Dr Ghogomu was shown how the market functions on the monitors and how to read the market fluctuations and currency value. Further discussions were held on the future co-operation in the marketing of NWCA coffee

**3rd July PM:** We had a further meeting with ECA to conclude our business and plan future

dealings with ECA. Mr Bonaker took us to the airport and the team went back home.

*Conclusion about Brokers:*

1. *There are some rumors in the market about the Douque financial status and we are waiting to see the results of the shipments.*
2. *ECA are reputable Broker/Agents with many years experience working in African producing countries and are interested in coffee from NWCA.*
3. *Both brokers must be given a chance to prove their performance. I have suggested that the period of work for each broker should be limited to one cropping year and only after that period a renewal agreement be made.*

Conclusions and preparation for trip to Cameroon:

From discussions with brokers there are numerous topics which need to be clarified and sorted out as soon as possible. The following is a list of topics which should receive urgent attention by NWCA in order to improve relations with their brokers and improve their ability to sell their existing stocks of coffee.

1. Establish in detail the present stocks and grades available in NWCA warehouses.
2. Determine if any further grading is necessary at origin.
3. If necessary repair stocklots for offers to the industry.
4. Co-ordinate shipping schedule of Cameroon shipping lines in order to market coffee in Europe as soon as possible.
5. Set up NWCA marketing department.
6. Work out and agree a marketing strategy for NWCA with the Board.
7. Recruit a manager for the marketing department.
8. Improve lines of communication between brokers and NWCA.
9. Assess transportation methods within NWCA and to ports with regard to efficiency and quality.
10. Train the new marketing manager in shipping documentation procedures.