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Ladies and Gentlemen: coffee our daily fuel. It wakes us up in the morning and provides the periodic pushes we need to sustain our productivity throughout the day. As the primary source of income for roughly 10 million households throughout the world, coffee has an even more profound stimulus across countries, communities, families and individuals.

Of these 10 million households, 95% are smallholder farmers and nearly half of these families – about 4.2 million households and 20 million individuals – still live below the poverty line.

Here in Africa, coffee production is an economic engine for 25 African countries, and coffee is critical to the overall strategy of rural transformation in Sub-Saharan Africa. This is crucial since some 60% of Africa's population is rural based. Africa is the region with the largest number of coffee producing countries: 25 as compared to 11 in Asia and Oceania, 12 in Mexico and Central America and 8 in South America.

In Africa, coffee is one of the most important industrial commodities, generating substantial income for rural communities, contributing to the fight against extreme poverty and helping to foster prosperity.

Some of these countries depend on coffee as a primary source of income for their rural population and an important source of export revenues. Coffee is a vital contributor to foreign exchange in addition to accounting for a significant proportion of tax income and GDP for a number of countries in Africa. Some 8 out of the 25 coffee producing countries in Africa were among the 10 poorest countries in the world in 2013 and 2014. Moreover, over 53% of the rural population of the 25 African coffee producing countries are involved in coffee growing.

Notwithstanding the small contribution of African countries to the global coffee market, the commodity constitutes a large proportion of both GDP and exports share in some of the continent's economies. However, coffee production has exhibited negative growth over the last three decades from an annual average of 19.8 million 60kg bags in the 1980s to less than 15 million bags currently, representing a reduction of its share of the total world production from 27% to 12%.

Despite the negative growth overall, there have been some bright spots, particularly here in Ethiopia, which has recorded an average annual growth rate of 2.7% over the last 43 years, increasing to 5.5% since 1990. The country's production trend is generally upward despite some downward interruptions, reaching 6.6 million bags in 2013/14. Ethiopia is also unique in Africa in so far as it has a strong domestic coffee consumption culture, which frequently accounts for over half of production. To a lesser extent, Uganda has recorded sustained growth in its production, with an annual average fluctuating between 2.7 and 2.9 million bags since the 1970s. Its production level was above 3 million bags in crop years 2012/13 and 2013/14. Setting this Conference here in Ethiopia is an excellent opportunity to share Ethiopia's story with the hopes of revitalising coffee production across the continent.

To chart the path forward for revitalisation requires us to understand and unpack the challenges facing the coffee sector. The African Development Bank Group has a long and extensive history working with partners to foster strong and prosperous agricultural value chains, including coffee. From our experience, the coffee sub-sector in Africa is challenged by a number of interrelated constrains along the value chain, especially those pertaining to farm level production and productivity, value addition and produce marketing. Other factors affecting the performance of the coffee sector in Africa include: limited financial resources for coffee research, reduced or lack of extension services for smallholder farmers, weak organisational capacity of smallholder farmers, weak marketing position of smallholder farmers, vulnerability of farmers to low prices and low income, ageing farming population/limited youth engagement in coffee farming, limited access to affordable finance, poor rural infrastructure, and poor climate change adaptation and mitigation, and persisting gender inequality throughout the value chains.

I want to touch on three of these challenges today.

Low productivity and economic profitability of coffee farming

Coffee growers cannot easily control the price of green coffee, many coffee farmers seek to increase yields and move up the value chain to support their livelihoods. Globally, yield size averages 1 ton/hectare but varies across the world from 2.5 tones/hectare in Vietnam, to 1.4 tones/hectare in Brazil, to only half a ton per hectare in Ethiopia, Uganda and Côte d'Ivoire. Much of this disparity results from differences in farming practices: less than 10 % of smallholder farmers in Africa use crop protection or fertilisers and most tend not to effectively utilise basic agronomic techniques, such as pruning and replanting.

Good agricultural practices or extension and agronomic services, as well as coffee disease and pests control are not the only factors affecting coffee productivity/yield and production in Africa. Other factors such as climate change are increasingly becoming significant. Climate change is especially threatening for coffee grown at lower altitudes which are already on the threshold of ideal coffee climates. Coming together in moments like these are our chances to act collectively to mitigate the impact of a global crisis.

Coffee market organisation

Weak marketing position of small scale farmers is one of the factors standing in the way of a sustainable coffee sector in Africa. Having farmers organised into structured groups facilitates access to markets and reduces transaction costs. It also reduces the cost of input through group purchases at bargained prices. Yet very few exporting countries in Africa have well-structured producer cooperatives with the necessary financial and managerial capacity. While a few countries that have a wealth of experience in the rural cooperative movement, most cooperatives or primary societies are weak and need strengthening. A small number of farmer associations have established market linkages through development programmes supported by donors and non-governmental organizations (NGOs). Although noticeable progress has been made, market access by farmer associations remains generally weak in almost all African producing countries.

On a somewhat positive note, since the liberalisation that began in the early 1990s, government intervention has been limited to the regulation of the sector, while the marketing function is carried out by the private sector. However, countries such as Côte d'Ivoire continue to exert limited control over marketing through the enforcement of guaranteed minimum prices for growers and the approval of export prices obtained by exporters. In some countries, prices are dictated by the international market and transmitted locally through either an auction system or through direct sales. In Uganda and Rwanda, the private sector operates freely both in the internal and external marketing of coffee, while some level of control does exist within the auction system in Ethiopia, Kenya and Tanzania. In some countries, smallholder farmers are organised into cooperatives to market better their coffee, but their capacity is limited due to low capital investment in infrastructure and financial resources. A similar situation has also been observed in countries that have a more robust tradition of a cooperative movement such as Kenya and Tanzania.

Inclusion of women

Coffee farming is generally seen as a family business with men and women working side by side to grow, maintain, harvest and process coffee throughout the continent.

However, major gender disparities remain. Women do most of the productive work within the coffee value chain. For example, in Ethiopia 2.5 million women are involved in smallholder production: about 300,000 own their own farms while the remaining 2.2 million serve as labourers, primarily on family farms where they do not control the income generated. Women own 24% of coffee-related businesses in Ethiopia but receive only about 13% of the income. Women are very involved in the coffee value chain, but this does not typically translate into equitable income for women. In Ethiopia, women account for 75% of coffee labour, but earn only about 43% of the coffee income.

Across Ethiopia, Uganda and Côte d'Ivoire, when coffee is taken from the farm to processing locations to be washed or dried, women are very active in labour roles but not in management and ownership. A study of coffee processing in Uganda shows that women outnumber men 4:1 as casual labourers, but that men outnumber women 5:2 in formal positions and ownership.

These challenges seem daunting, but they are not. If we seize this chance to work collaboratively – across diverse regions, sectors and institutions – we can greatly improve the performance of coffee in Africa and generate inclusive growth.

What measures could help to promote the performance of Africa's coffee?

1. We need a concerted effort to move coffee from a subsistence sector to an entrepreneurial sector. A broad-based rural development strategy that includes the development of micro-to-small-scale agro-industrial operations could hold the key to revamping the sub-sector. In order to develop a robust coffee value addition agenda for Africa, policy-makers should develop country-level and regional understanding around the vertically integrated economics of production and identify the key challenges that exist both in terms of coffee processing and in driving local demand. Below are measures that could inform such a strategy.

2. We must support farmers to achieve higher coffee productivity and improved quality including through better farm management practices and access to improved inputs. Given the increasing demand for traceability of food items in the value chain, farmers are in need of help to establish sustainable certification systems that will ensure that they obtain the optimum benefits from value added through certification programmes.

3. We must foster purposeful and robust public-private partnerships in the coffee sector between international buyers, exporters, producers, the public sector and support institutions that amongst other things generate income and jobs in coffee growing communities through a stable market for their coffee and also build entrepreneurial capacity at the farmer level.

4. We must support the social infrastructure of the farming communities where coffee is grown. Efforts to get farmers organised will enhance the effectiveness of interventions that require collective learning and widespread implementation. It is also vital to strengthen the governance, transparency and accountability of farmer organisations.

5. We must support farmers with appropriate approaches for the utilisation of waste materials, in revitalising soil nutrients, and carbon sequestration through the coffee bushes and shade trees. Thus, encouraging farmers to keep trees in their farming systems should help to combat climate change.

6. We must empower women coffee farmers. The business case for empowering women in terms of productivity, quality and other areas is clear. There is need to support gender mainstreaming and programmes specifically designed to mentor women all along the value chain.

7. Finally, we must look to the future generations and make coffee farming and production an attractive business proposition. If coffee is not commercially viable, we risk losing our farmers to other sectors.

I am here today to tell you all that the African Development Bank Group is a committed partner to help the coffee sector reach its potential – both through macro level performance and through generating equitable growth. The Bank has supported coffee in Africa for more than 30 years, and this support has touched on every stage of the value chain. Now we are moving to work more cohesively by linking agriculture with energy, industrialisation, regional integration in order to improve the lives of our continent's population – especially those at the bottom of the socio-economic pyramid. These "High-5" priority areas form the cornerstones to the Bank's engagement plan for the next 10 years.

Gender is cross-cutting across each of these five areas, and the bank knows gender-inclusive value chains are a good business sense. In 2015, we conducted a study focused on the inclusion of women in coffee value chains, and I am here in Ethiopia as the Special Envoy on Gender to move the findings of this study to concrete bankable initiatives. We are ready to partner with governments and institutions that share this vision.

Finally, I would like to reiterate our commitment to the coffee sector and note that we are working on a proposal recently received from the InterAfrican Coffee Organisation (IACO) aiming at establishing a dedicated regional coffee financing facility. The facility is designed to help improve the livelihoods of coffee growers by improving the competitiveness of African coffee through good agricultural practices, development of business skills, fostering of stronger linkages to markets and investment, and promotion of knowledge capacity and favourable national policies. Coffee is also one of the six strategic agro-industrial crops that the Bank envisages to support in the medium-term as part of its continental agricultural transformation agenda. The others are cocoa, cotton, cassava, cashew and oil palm.

I hope this conference will be the catalyst for us to come together and partner on new and innovative approaches to revive and transform the coffee sector. To that end, I will be moderating the first panel – directly after lunch. This panel will seek to generate new ideas for a diverse and sustainable coffee sector underpinned by inclusivity. I can't think of a more fitting setting for this conversation on diversity than Ethiopia – the birthplace of coffee and home to a range of the most distinct coffee grown today.

The Bank is excited for the opportunities and partnerships that lay ahead as we stimulate the industry as robustly as a morning cup of coffee.

Thank you.