VALUE CHAIN ANALYSIS IN LIBERIA
Coffee

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Abbreviations

AfDB: African Development Bank

CBL: Central Bank of Liberia

CNG: Compressed Natural Gas

GHG: Greenhouse Gas

GoL: Government of Liberia

KOAFEC: Korea Africa Economic Cooperation

MoA: Ministry of Agriculture

R&D: Research and Development

SWOT: Strength, Weaknesses, Opportunities, Threats

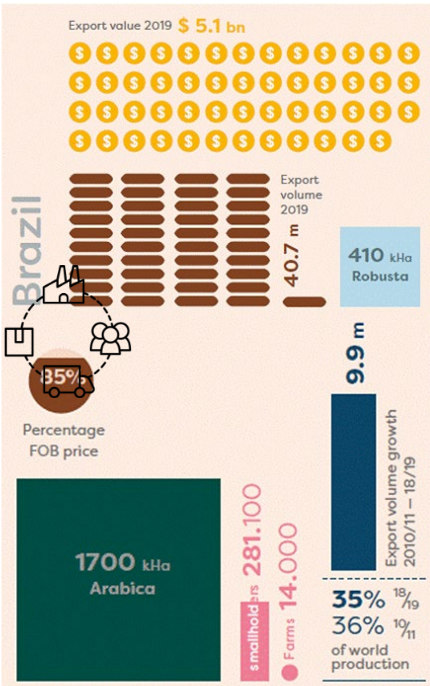
TSR: Technically Specified Rubber

VC: Value Chain

VCA: Value Chain Analysis

Coffee Sector

The global coffee market, which was valued at approximately $102.15 billion USD in 2019, and is expected to reach revenue worth $155.64 billion USD by 2026, is set to record a compound annual growth rate (CAGR) of nearly 6.2% over the period of 2020 to 2026[1]. Increasing population, influence of western culture, and urbanization will further contribute to the increasing coffee demand all over the world.



Latin America is anticipated to dominate the global coffee market mainly due to the presence of the largest coffee producer, Brazil, and Mexico, a major player in the instant coffee market. In addition, Asia Pacific is further expected to witness considerable growth owing to Vietnam—the second largest producer of coffee. In contrast to its international counterparts, Liberia produces small quantities of coffee in a sector comprised of approximately 14,000 smallholder farmers with intercropped coffee and cocoa farms[2].

The Liberian coffee sector today suffers from the aftermath of civil wars that began in 1989 and ended in 2003. Prior to the war, Liberia's coffee sector operated with tight regulatory controls, similar to operations in Ghana and Cote d'Ivoire. The Liberia Produce Marketing Corporation (LPMC) was the government agency that bought coffee from farmers at fixed prices, thereby infusing a measure of price stability in the market. The civil wars caused widespread destruction and abandonment of coffee farms and of the already limited processing infrastructure. Coffee production in Liberia dropped from approximately 10,000 tons annually in the 1970s to nearly zero throughout the wars. A Ministry of Agriculture (MOA) survey from 2002 found that the number of operational coffee farms had dropped to 38% of the pre-war level.

The LPMC ceased its operations in 2010, which led to the proliferation of many formal and informal buyers who operated without standards and introduced further vulnerabilities into an already fragile sector. Other agencies intended to support the growth of the coffee sector are also unable to perform its functions. The Liberian Agricultural Commodities Regulatory Authority (LACRA), along with the National Standards Laboratory (NSL), are the national bodies to certify coffee products. LACRA has a statutory mandate to regulate and certify products, while NSL has the mandate to test and certify commercial products. However, neither agency is currently accredited by the International Standards Organization (ISO), and thus lack the official capacity to grade and certify products in Liberia. Taken together, the Liberian coffee sector today is low-performing, highly fragmented, and faces severe constraints that prevent it from meeting the requirements for entry into international markets. In order to rehabilitate the coffee sector, the following prerequisites must be present: transparent and available market information, coordination between processing facilities that meet market quality requirements, and improvements in market access. Improvements in productivity and infrastructure, coupled with a strong regulatory framework, are key in increasing coffee exports for Liberia.

[1] Coffee Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026)
[2] Source: LISGIS, World Bank 2017

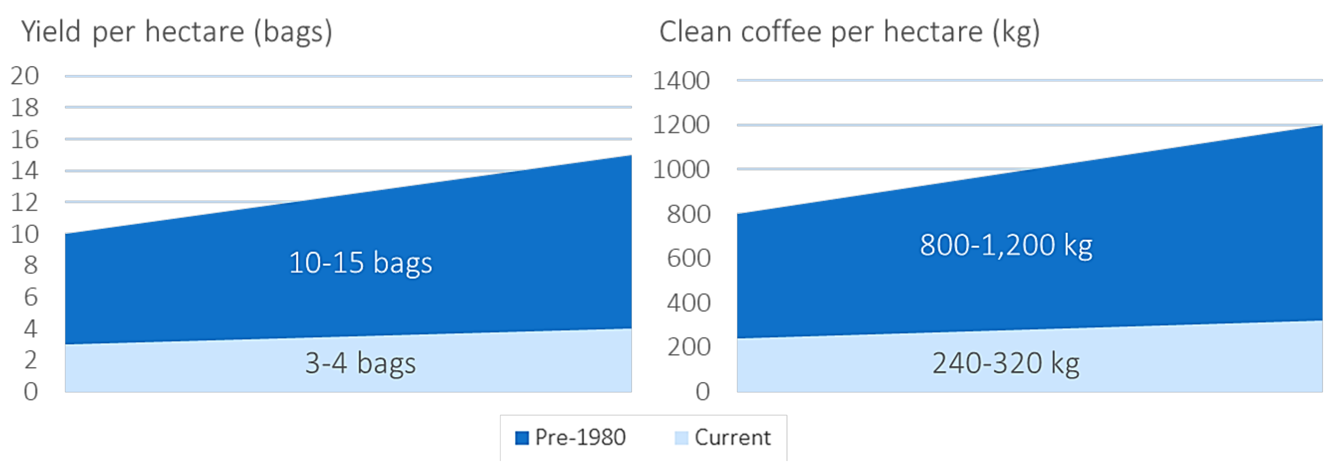
Coffee Supply Chain

There are three major coffee-producing counties in Liberia, located in the central, north, and north-eastern parts of the country—Bong, Lofa, and Nimba. The quantity of crops grown in other counties are negligible in supply chain and export considerations. Field research in Nimba, Lofa, and Bong counties found an average reported mixed farm size of 8.6 acres (3.5 hectares), which is slightly higher than some industry estimates of an average farm size of 5 acres.

The primary pre-harvest activities for coffee are under-brushing and pruning, performed from March to July each year. Both activities are labor-intensive. In some areas, farmers utilize the *kuu* system, where farmers volunteer to perform these activities on everyone's farms, reducing the amount of time needed for these activities. In other areas, farmers hire casual laborers to assist with farm establishment and maintenance if there is insufficient help provided by family members. The value-addition process is limited only to product harvesting, pulping, and drying.

Coffee yield in Liberia has been poor since the civil war, standing at approximately 20% of the regional average[3]. Available data from the Food and Agriculture Organization (FAO) suggest that Liberia reaches less than half of the yields observed in neighboring Guinea and Sierra Leone[3]. Most smallholder farmers' yields are 70% or more below levels that could be reached by those who apply good farming practices. Coffee yield per hectare today has dropped precipitously from the pre-war period (*Figure 1*). Export annually was up to 10,000 metric tons pre-war compared to only 200-400 tons today[3]. Earnings from exports has plummeted from a peak of an estimated $450,000 USD in 1997 to negligible amounts in 2017.

Figure 1. Coffee yield per hectare pre-1980 vs. current



While farmers have the capacity to conduct grading of their cocoa and coffee, most do not do so since buyers are not currently buying based on grade; farmers therefore do not benefit from a higher price for higher grade coffee. This is a significant disincentive to quality improvement by coffee farmers. Most large buyers sort and grade coffee after conditioning, but this does not translate into increased value for the farmer since this evaluation takes place after the point of sale. Based on available findings from Lofa, most coffee produced in Liberia today would be of

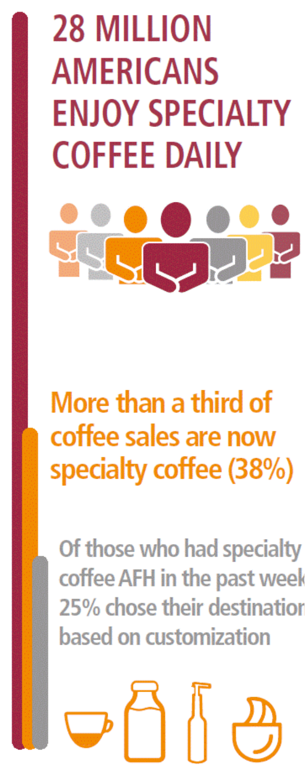
[3] Source: Food and Agriculture Organization Corporate Statistical Database (FAOSTAT)

the lowest quality, some would meet grade 2 standards, and zero to negligible amounts would meet grade 1 standards.

Investment Opportunities

Specialty Coffee

Evolution of the global coffee market can be described by three waves. The first occurred after World War II when new technologies facilitated the commoditization and cut-price goods that allowed for large roasters to supply coffee to the masses. The second save began in the 1970s, when coffee shop chains emerged and market differentiation brought about higher quality and more variety. The third wave saw the establishment of independent coffee shops, where coffee buyers and coffee shop owners focused their sourcing on the origin of the coffee and stories surrounding its provenance. There is also increased attention to brewing methods and a more holistic experience in coffee consumption; consumers thus demanded information on coffee origin, blend, and sourcing practices. Consumer interest in how coffee moves through the value chain, including considerations around challenges to traditional processing, roasting and brewing, is now considered the fourth market evolution—this brings to the spotlight potentials in the specialty coffee market.



Specialty coffee is differentiated either by its superior quality or its uniqueness to commands a premium price; the entire process from farmer to cup, including roasting, packing, grinding, and brewing, is considered. A high cupping score is commonly used to define specialty coffee. The Specialty Coffee Association (SCA) grades coffees with a cupping score of over 80. In the U.S. and Asia, a cupping score of over 85 is generally what qualifies as specialty coffee, while the threshold is 80 in Europe. Specialty coffee may be further classified as 'very good, 'excellent', or 'outstanding'. However, without an official definition, individual buyers and markets often differ in their interpretation of what 'specialty' means. Examples of specialty coffee include single-origin coffee, flavored coffee, and Voluntary Sustainability Standards (VSS) coffee. VSS coffee makes up 18% of the global market and include those with certifications such as Organic Fair Trade, Utz, and Rainforest Alliance. While such certifications can be a way to access the coffee market, specialty buyers still prioritize quality. An 'organic' certification may be an exception to this due to clear trends observed in the market in preference for certified organically produced coffee.

Although quality is the main differentiator between specialty and commercial coffee, values associated with coffee origin and the culture surrounding coffee growing cannot be overlooked. Much like the concept of 'terroir' single origin in the wine trade, the estate, factory or washing station is often sold by name or geographical location. Specialty coffee is typically sourced through close farmer-buyer relationships characterized by transparency in and traceability of pricing. Coffee is taken to the marketplace after extensive buyer visits to the producing locales, and specialty buyers are often able to support farmers' business models by investing in infrastructure or social projects that benefit the whole farming community, sometimes even assisting with the growing and harvesting of the coffee they buy. Ultimately, marketing and promotion of specialty coffee relies on the storytelling; in order to remain differentiated, producers must identify a niche for their high-quality and unique product.

Specialty cups have recently captured 51% of the market share, ahead of non-specialty for the first time.

Global coffee production for 2018-2019 was 168.7 million bags, an increase of 3.7% from the previous year, while global coffee consumption increased 2.1% to 164.82 million bags[4]. A large proportion of coffee is mass-produced and of average quality, to be used for roasted or ground products or instant coffee. Most of this is Robusta coffee, with specialty coffee forming a smaller but increasing portion of the total market volume. The specialty coffee segment is expected to have high growth potential as consumer demand more variety and more ethically-sourced products. Companies such as Nestlé and JAB Holdings, among the top ten roasters globally (controlling over 35% of all coffee sales), have been investing in well-known specialty brands and acquiring knowledge across the sector – an indication that the specialty coffee market will see steady growth over the next few years[6].

Furthermore, evidence of value additions in specialty coffee can be found in available trade data. The 2019 Specialty Coffee Transaction Guide used data from 57 global specialty coffee businesses (including producers, exporters, importers, roasters) across 38,000 transactions from 2016-2019 with a total volume exceeding 4.7 million 60-kg bags and monetary value of $1.4 billion, to provide comparative pricing information. The Guide revealed a median free-on-board (FOB) price of $2.80 per pound. Further analyses show that higher prices corresponds to higher quality and to smaller contract volumes. A clear example of this can be seen in Kenya, which recorded the highest median price at $4.48 per pound, along with the highest median quality and one of the lowest median lot sizes. This provides further evidence that producers benefit from higher value from higher quality coffees by separating these specialty lots from average or lower quality products, since specialty buyers are willing to pay higher prices for more unique products even in smaller quantities (in microlots or multiple bags of 60 kg up to few hundred kilograms). Major international trading houses have also recognized the need to have a company exclusively focused on specialty coffee, which enables them to shift from a large-volume, small-margin model to a small microlot, highly-curated business with corresponding higher margins. For example, Neumann Kaffee Gruppe (NKG) has InterAmerican Coffee (www.interamericancoffee.com), Sucafina SA has 32cup (www.32cup.com), and Volcafe has Volcafe Specialty Coffee (www.volcafespecialty.com).

Trade statistics and buyer outlook suggest promising growth potential in the specialty market segment in European and Scandinavian countries, including the United Kingdom, France, the Netherlands, Norway, Poland, and Germany. Since the volume of coffee export from Liberia will likely be small, exploration of market opportunities should concentrate in countries with small but fast-growing markets and consumers who appreciate high-value coffees; this can help to quickly increase market share and improve brand recognition.

Profitable Business Models for Specialty Coffee

Direct trade

Direct trade refers to an arrangement where buyers are in direct contact with the product source, eliminating the need for middlemen from the value chain. Coffee sectors around the world experience various degrees of direct trade, with some countries having fully liberalized sectors while others remain under tight government regulations and oversight. From an economies-of-scale perspective, there is necessary involvement of exporters and importers at both ends of the value chain when the volume of products is small.

[4] Source: National Coffee Association

Coffee auctions

Coffee auctions or national commodity exchanges are the dominant selling models in East African countries of Ethiopia, Kenya, and Tanzania. These auctions are considered by industry experts to be best price discovery mechanism, being held daily or weekly where buyers from around the world are represented by local agents, with sales highly dependent on day-of supply and demand to attract the best prices. However, coffee farmers may not prefer auctions due to perceptions of falling victim to cartels and price collusion; improved transparency and traceability of pricing is thus needed for these systems. Some auctions have been set up exclusively to showcase specialty coffees. Examples include the Cup of Excellence and Best of Panama auctions. While these events do attract serious buyers and coffee can sell for very high prices, these auctions are mainly meant to sell microlots of high-quality and unique coffees (e.g. single-origin) for promotion and marketing.

Contract farming

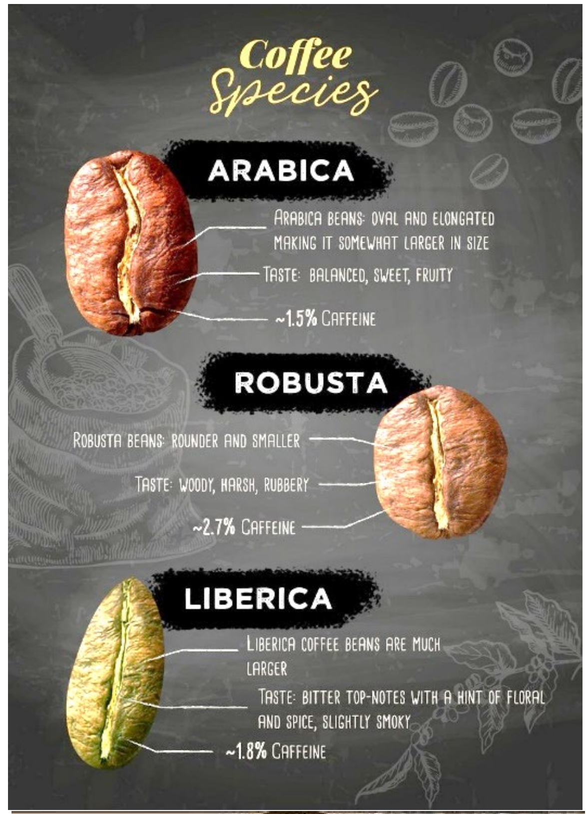
Contract farming is a model that requires a direct relationship between buyer and seller, where long-term contracts are negotiated for farmers to produce fixed volumes at a pre-determined price that is periodically reviewed. The contract terms indicate volumes, quality, and frequency of delivery, and thus are often used for larger, guaranteed volumes of consistent quality that can be replicated year after year; it is therefore not commonly used for highly differentiated or small-lot coffees.

E-commerce platforms

The use of e-commerce platforms has gained mainstream popularity in the past few years. This model allows coffee farmers to extract more revenue from the value chain by connecting roasters and consumers directly. Large industry sites such as Cropster (www.cropster.com) and Algrano (www.algrano.com) used to market green coffee not only provide options for importing companies to post their sales inventory but also for farmers to offer coffee for shipment from origin. Major e-commerce platforms not designed exclusively for crops, such as Amazon and eBay, and even online grocery sites, can be an option for sales of roasted coffee. With an increasing number of business transactions being taken online, coffee producers could establish their own websites for full control over content as well as direct contact with their buyers. This direct contact can help circumvent the issue typically faced by growers who earn only a fraction of the profits (~1%) from a cup of coffee.

Liberica Coffee

The global coffee market is dominated by Robusta and Arabica as the two main coffee varieties. Liberia produces Robusta coffee as well as a third species of coffee—Liberica, which is indigenous to the country with plants much larger than those of Robusta or Arabica, and offers the potential to launch Liberia onto the global specialty coffee market.



The species was introduced in the late 19th century as an alternative to the Arabica and enjoyed wide success. Liberica coffee was once an export product that constituted 1-5% of the world coffee supply, produced in Liberia then commercially cultivated in Indonesia, Malaysia, and the Philippines. However, Liberian coffee production dropped significantly due to the civil war and a collapse in the market demand for the Liberica variety. Today, Liberica coffee is produced on a very limited scale along Liberia's coastal areas, primarily for local consumption, and is also produced in southeast Asia.

Coffea liberica in Liberia's forests grows with good yield in fertile soils under the forest shade, without the need for chemical fertilizers, to produce organic coffee beans. With climate change rendering land unsuitable for Arabica growing (due to fastidious temperature requirements), transitioning to Liberica as a more robust crop may be the only option for some coffee farmers. The Liberica plant has deeper root systems and wider soil preferences that may render it even more resilient than the Robusta plant in some areas. Thus, if coffee farming in Liberia followed high-performing practices, farmers could dictate significantly higher prices for their products. Furthermore, the labor requirements to increase productivity and quality can make way for job opportunities for both men and women, who could be employed for conditioning, grinding, sorting and grading, and later-stage processing.

In recent years, Liberica coffee has become visible on the specialty coffee scene as a part of new coffee mixes and floral infusions. A specialty Liberica from Sarawak was first introduced in 2018 at the Stuttgart Coffee Summit in Germany. Three years later, My Liberica debuted as part of a collaboration between ONA Coffee and Hugh Kelly, the winner of the 2020 Australia Barista Championship and third-place at the 2021 World Barista Championship[5]. The Malaysian government has even identified Liberica as the product to transform the country into a major regional coffee producer[6].

[5] https://mtpak.coffee/exploring-the-growth-of-malaysias-specialty-liberica/
[6] https://www.malaymail.com/news/malaysia/2019/03/01/dcm-sarawak-can-be-major-coffee-producer/1728139

Key Takeaways

The 2019 Specialty Coffee Transaction Guide highlights the 'premiumization' of much of African coffee, with the median FOB price at $3.23 per pound far above the average International Coffee Organization (ICO) composite indicator benchmark price of $1.09 per pound. The global specialty coffee market is expected to grow from $53.67 billion USD in 2021 to $152.69 billion USD by 2030, at a CAGR of 12.32% during the forecast period of 2022-2030[7].

Coffee production in Liberia currently faces a lack of investments in planting and processing technologies and broader issues with poor infrastructure in the country. However, the advantages in nativity, soil fertility, geography, and climate of the Liberica plant suggest that a revitalization of the sector is possible with targeted interventions. Even without rehabilitation of farms or expansion in acreage, it is estimated that Liberia could double or even triple its coffee production simply by improving productivity through replanting high-yield varieties, adopting high-performing practices, and using integrated pest management. The resultant gains in productivity could propel Liberia onto the global market as a producer of high-quality coffee. With optimistic forecasts in the growth of the specialty coffee market, Liberian products and investors may ultimately stand to benefit from this fast-growing segment of a global market currently valued at over $53 billion USD.

[7] Specialty Coffee Market Size by Grade (90-100, 85-89.99, and 80-84.99), Application (Commercial and Home), Regions, Global Industry Analysis, Share, Growth, Trends, and Forecast 2022 to 2030.

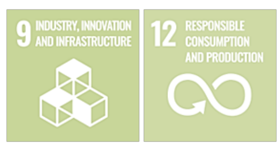
Investment Impacts

Investments in the coffee sector can generate the following impacts:

1) Improvements in well-being and prosperity as a result of increased jobs and incomes
2) Preservation of high conservation value areas for enhanced coffee production
3) Strengthened market information systems and production mechanisms

Improve well-being & prosperity
Ensure coffee contributes to improved income and profitability that advances sustainable development opportunities for coffee growers, workers, and their facilities

Conserve nature
Conserve primary and secondary forests, high conservation value areas and other natural resources for enhanced coffee production



Resilient supply
Implement sustainable agricultural practices to sustain supply and enable the sector to meet rising consumption and the growing demand for coffee in a socially and environmentally responsible way

Strengthen market demand
Promote, support and invest in context-relevant and specific interventions that provide the necessary incentives and shared value throughout the supply chain

Investment Risks

The key constraints for farmers to expand market opportunities for coffee are:

- Fluctuating global coffee prices
- Lack of globally accepted grading and certification mechanism
- Lack of access to finance
- Poor infrastructure network
- High unemployment rates especially during off-peak farming seasons
- The absence of a conducive policy environment
- Climate change impacts

Coffee Value Chain Structure

Demand for coffee-based products is growing around the world, whether it be traditional coffee products in emerging economies or niche products (organic, fair-trade, artisanal) in developed economies. For any of these products, suppliers often demand grade 1 coffee and are willing to pay a premium, with organic or fair-trade certification offering additional value. Key activities and considerations along the coffee value chain structure that influence the ability of the sector to provide income gains is presented below.

Input Supply

Inputs such as fertilizers and agro-chemicals can help mitigate a number of issues face by coffee production, including high iron concentration and acidity in Liberia's soil, and high incidence of fungal disease when planting under canopies. Inputs are imported by retailers, including some in the cocoa sector (e.g. Wienco). Inputs are available in rural areas, typically sold by micro-traders who have no formal knowledge of what is being sold. Quality of inputs at points of sale is a major issues, with repackaging of bulk products into smaller quantities resulting in the introduction of moisture, foreign products, or dilution of chemicals that impacts input quality. To obtain quality products, farmers must source directly from Monrovia and incur significant costs. Most farmers also have little knowledge of and do not make use of the necessary inputs; and they are unlikely to receive proper information from the traders.

Tools, Equipment, and Extension Services

Tools and equipment such as cutlasses, wheelbarrows, and sprayers, are imported by agricultural input retailers such as Wienco. Most retail outlets for equipment are located in Monrovia with no distributors in the coffee belt, and sellers often offer no accompanying services on usage, maintenance, servicing and spare parts, or other after-sale support. Retailers also offer a very limited range of products; there is a general shortage of irrigation of equipment and water storage facilities, the use of which could greatly increase coffee production during the dry season. In many communities, NGOs have also made solar dryers available. However, without proper training or knowledge of appropriate maintenance, the equipment is either misused (leading to misunderstanding that the solar dryers burn coffee beans) or unused in the field.

It is cost-prohibitive for individual farmers to purchase equipment, and since the collapse of the LPMC there has been no companies providing equipment rental or spraying services, with the exception of Wienco. Lack of equipment or services post a significant challenge to farmers; for example in Lofa, there is a high unmet need for fumigation and spraying services to counter problems with locusts.

Extension services are not widely available and are provided piecemeal when they are. The government provides limited services to farmers due to budgetary and capacity constraints. The private sector fills some of the capacity gaps when formal buyers want quality assurance. Without extension services, the production potential of smallholder farmers may be impeded by problems that would otherwise be easily resolved.

Production & Sales

The primary pre-harvest activities for coffee are under-brushing and pruning, performed from March to July each year. Both activities are labor-intensive. In some areas, farmers utilize the *kuu* system, where farmers volunteer to perform these activities on everyone's farms, reducing the amount of time needed for these activities. In other areas, farmers hire casual laborers to assist with farm establishment and maintenance if there is insufficient help provided by family members. The value-addition process is limited only to product harvesting, pulping, and drying.

At the local level, formal and informal buyers' agents and cooperative purchase cocoa and coffee at the farm gate and aggregate it in small warehouses. Corporate players in the coffee sector aggregate from different product areas in the coffee belt and transport the beans to Monrovia or Buchanan for further conditioning, sorting, and grading before exporting. Some corporate agents are linked to importers from Europe, Asia, and the Middle East that require raw coffee, such as Theobroma (Dutch importer linked to its Liberian buyer LAADCO). While large formal buyers have a fixed producer base, they may also compete for products on the open market alongside informal traders. Some large formal buyers purchase from a pool of producer groups to whom they also provide pre-financing, input financing, and extension and technical advice. Small and medium-sized formal and informal buyers independently source and purchase coffee from any farmer or trader who has product. Some buyers pre-finance coffee farmers during the pre-harvest season to encourage farmers to commit their produce.

In the past, when farmers were highly disorganized or unskilled, a large portion of output was sold by farmers through producer associations and cooperatives to increase quality, reduce transaction costs through coordination, and strengthen bargaining power. Today, most of the output is sold directly to independent buyers, and the role of producer associations and cooperatives has evolved into that of a buying agent.

Buy-side Challenges

Local cocoa and coffee buyers finance operations using their own resources and receive some working capital in the form of pre-financing from overseas buyers. Local financial institutions lack the sector-specific expertise to design financial products with appropriate terms and payback periods, or to assess the risk of these loans effectively. Banks also seek traditional collaterals such as physical property, which some buyers may not have or be willing to provide. Despite these challenges, most large formal buyers do have access to sufficient financing to purchase coffee. However there is a lack of information on the details of the amount or source of the financing. Buyers face ongoing issues with uncertainty surrounding receipt of their coffee, with side-selling occurring due to higher prices paid on the spot by informal buyers, who can offer higher prices due to their low overheads and lack of long-term commitment to the sector. Many informal buyers work for foreign principles operating out of Guinea or Sierra Leone who have no permanent presence in the Liberian coffee sector, but profit on the price differential between Liberian and Sierra Leonean coffee. Experts estimate that as much as 90% of Liberian coffee may be bought through informal channels[8]

Climate change

The lengthening of the dry season and corresponding shortening of rainy season reduces the production period in the coffee belt, where smallholder coffee farmers do not irrigate their farms and rely entirely on rain-fed agriculture. This, combined with other low-performing practices, makes it difficult to achieve high yields. Climate uncertainties increase perceived risks by would-be lenders, but also highlight the need for crop insurance which is not currently offered by banks.

Grading and Quality Control

While there are independent quality control firms such as SGS, Bivac, Veritas, and AIM Global, that offer international-standard quality control services including certification and grading, these actors do not operate in the coffee sector. Some large buyers have started to use these services on a trial basis for certification, driven by expectations of their international buyers; however this is not common practice. Unlike other coffee-producing countries that have established systems in line with international standards of the ICO to promote and regulate quality, Liberia only recently became an ICO member and has not received any assistance to develop market incentives to promote routine grading of coffee products. The Ministry of Commerce and Industry (MOCI), LACRA, and the MOA has discussed the establishment of a regulatory mechanism to prevent the export of ungraded cocoa and coffee; however the progress on legislative change has been slow.

[8] Coomes et al. 2015

Transport

Informal buyers typically purchase the coffee at the farm gate and transport to their own warehouses, and formal buyers may also send their agents, including cooperative representatives, to pick up products at the farm gate. Although large formal buyers are not legally permitted to buy directly at the farm gate, this regulation is often circumvented by buyers who work through a third party agent. Cocoa crop and coffee from smallholder farmers are generally transported from farms to small villages and regional warehouses either by bike or motorcycles. From there, it is transported to larger warehouses in Monrovia by private for-hire trucks. The cost of transporting the product is usually deducted from or reflected indirectly in the buying price by both formal and informal buyers. In some areas, a farmer is responsible for bringing the coffee to the collection point themselves if they are selling to a buyer not linked through a cooperative. Poor road infrastructure and conditions in the interior of the country pose significant challenges to the transportation of coffee products.

Aggregation, Warehousing and Storage

Many cocoa warehouses exist throughout the coffee belt, from small ones at village or regional levels to large warehouses in Monrovia. Private warehouses are operated by formal buyers (essentially limited to LAADCO, Wienco, AVL, and the Aya Group) and their agents, agents who buy on behalf of cooperatives, or informal buyers. The majority of warehouses are small and poorly maintained, with pest infestations and poor storage conditions. A number of them are private homes with storage, serving more the function of a holding center before shipment rather than proper warehousing facilities. High-quality warehousing is only found in large cities near the seaports. The lack of high-quality storage and aggregation facilities impacts the quality of the coffee; for example, high humidity increases the moisture content in coffee, which reduces its value. Many farmers prefer to store coffee at home, which is also subject to problems with moisture levels; data from a GROW study found that 79% of coffee farmers store their beans at home.

Export Infrastructure & Enabling Environment

There are two functional seaports that can provide basic infrastructure to serve the cocoa and coffee market—the Monrovia Freeport and the Port of Buchanan. Seaports in Harper, Maryland and Greenville, Sinoe are not functional. While the seaports have sufficient warehousing space for the volumes being shipped, warehousing quality is often low. Other infrastructure include the Robertsfield International Airport in Margibi, the national road network, large official border-crossings in Ganta, Loguatuo, Foya, and smaller border-crossings peppered through the counties. While there are numerous inter-county roads, many are unpaved and inaccessible during the extensive rainy season. One exception is the Abrahim Bambagida Highway, a paved road connecting to Sierra Leone. There are anecdotal reports of informal exporting of coffee from Liberia to Guinea, which may provide some explanation for low levels of formal export activity. However, market access to neighboring countries is dwarfed by the potential market outside the region if formal export via air or sea could be established.

Market Price Information

Liberia maintains a national reference pricing system. The farm gate reference price is the daily reference price adjusted for market access and quality/quantity factors. Market access costs are all the costs associated with bringing product from the farm gate to the border or port for export, such as storage, transport and margins applied by buying agents. Farm gate refers to the price of product available at the farm via direct purchase from the producer. Producers, however, do not receive timely or reliable information. While ACDI/VOCA has launched a program for farmers to receive price information via their mobile phones, less than 3% of farmers reported using this channel; information is also outdated from actual market trends, being transmitted weekly rather than daily.

Buyers typically access reference pricing information then verbally communicate this to farmers or agents at the point of sale.

Coffee Sector SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
• Vast area of land with suitable agro-ecology • Organic coffee production is viable • Strong origin story for Liberica coffee	• Labor-intensive production • Lack of extension services • Absence of technical farming capability • Inadequate infrastructure & processing facilities • Lack of established marketing system • Poor transport networks connecting farms to markets	• Improved regulatory framework can drive exports • Emerging opportunities for Liberica in new coffee mixes and floral infusions • Environmental sustainability • High job creation potential	• Fluctuating coffee prices • Climate change • Non-competitiveness with other higher value cash crops such as cocoa and oil palm

Figures & Tables

Indicative Coffee Value Chain Structure