



Coffee Innovation Fund – Kenya

Supporting innovative and scalable solutions to increase profitability and market access of small-holder coffee farmers

Digitizing the Nairobi Coffee Exchange

With the emergence of COVID-19, the Nairobi Coffee Exchange (NCE) faced an unprecedented challenge in executing coffee auction sales. As ordinary bidding for coffee takes place in the Exchange's Auction Hall through an electronic push button system, the NCE had to quickly adapt to COVID-19 restrictions to ensure business continuity. It launched an online auction trading platform to enable remote bidding, but many participants still lack reliable internet connection. To confront this challenge, the NCE will develop a dynamic online bidding system that integrates with the physical electronic push button system to enable both remote and in-person trading.

Increasing competitiveness through expanded trading access

The new innovative trading platform, KOSMOS, allows buyers to consult sales information and place live bids via an easily accessible browser or user-friendly mobile app. While coffee buyers participate in live auctions via KOSMOS, coffee farmers can also follow the bidding, and for the first time see their coffee sold in real-time. The project will not only provide access to the NCE for all participants, but ensure that staff, buyers, producers, and their agents are trained to use the new system effectively.

Furthermore, the system is envisaged to embrace a direct settlement system (DSS), which enables the farmer to receive direct coffee payments immediately after payment from the buyers, as opposed to through an intermediary.

Adding value for farmers and buyers

Through this project, producers will have a channel to competitively sell their coffee year-round and access transparent, real-time sales price information. Increased access to pricing information and quick payments through the DSS system allows producers to better plan their farming activities, negotiate for credit, and direct investments towards productivity. In the long-term, NCE plans to enhance the system to be able to embrace a more elaborate traceability functionality that will help coffee buyers, and ultimately the consumers, better connect with producers.



Project overview

Term: 2021-2022
Region: Kenya
Partner: Nairobi Coffee Exchange
Volume: EUR 50,000 (supported by the fund= EUR 117.000 (total volume))

Goals

- ❖ Increase the competitiveness and capacity of the Nairobi Coffee Exchange by creating an integrated, efficient, and remote online coffee trading platform.
- ❖ Expand the number of traders that can participate in the exchange, in turn increasing both the volume of coffee offered and number of buyers accessing the auction, ultimately propelling prices upwards and increasing income to farmers.
- ❖ Create the opportunity to integrate other commodity platforms and reduce information asymmetry in Kenya.

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