



**Report of the Projects Committee on the
meeting held on 2 March 2015**

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1. The Projects Committee held its ninth meeting in London, United Kingdom on 2 March 2015.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document [PJ-82/14 Rev. 1](#).

Item 2: Chairman and Vice-Chairman for 2014/15

3. As a representative from an exporting country had been re-appointed Chairman of the Finance and Administration Committee, it was decided to appoint a representative of an importing country as Chairperson of the Projects Committee. Accordingly, Ms Amy Diggs of the USA was appointed Chairperson. Mr Belisario Domínguez Méndez of Mexico was appointed as Vice-Chairperson.

Item 3: Challenges and strategy for ICO projects

4. The Head of Operations gave an update on the significant changes being made to the ICO's work on projects. He highlighted two important points for the consideration of the Committee under this item. The first was the Memorandum of Understanding (MoU) between the ICO, IDH The Sustainable Trade Initiative and the 4C Association. This partnership would give the ICO the ability to harness fully the private sector's expertise particularly when trying to source funding for projects. The ICO had identified IDH as a strong potential partner in moving the ICO's project work forward, especially with regard to taking a joint approach to finding donors for projects. A partnership with IDH and the 4C Association would give the ICO the tools to add an additional element to the screening process whereby any project proposal would receive not just the comments, and if appropriate, the backing of the ICO, but also IDH. As a result projects would benefit from the expertise of both the private and the public sector. This work would of course go hand in hand with the existing work of the Projects Committee and in no way would replace the Projects Committee. If the Council were to approve the MoU then it would enter into force and work would commence immediately. The ICO had already identified certain areas where steps could be taken in the next few weeks and a meeting with IDH in London was already planned. The Head of Operations said that he hoped to present a plan of action to the Committee in September 2015. The Committee decided to recommend the MoU for approval by the Council.

5. The second point that the Head of Operations highlighted was the strategic review of the ICO. It was clear that one of the key areas of this Review would be the ICO's work on

projects. The Head of Operations noted that although the Terms of Reference and the Virtual Screening Subcommittee (VSS) assessment document had recently been revised, redefining the projects area of the ICO's work is still in progress. The Committee took note of this information.

Item 4: Project procedures

Terms of Reference for the Virtual Screening Subcommittee (VSS)

6. The Chief Economist introduced document [PJ-34/12 Rev. 3](#), the Terms of Reference for the VSS, which was produced to reflect the changes requested by the Committee at its previous meeting in September 2014. The main changes are shown in bold, and include guidance and additional information to Members during the review process (paragraph 8), dates for the VSS to submit their assessment of a project (paragraph 10), the possibility of Members of the VSS assisting the Secretariat in identifying/suggesting sources of funding for relevant projects (paragraph 12) and background information to be taken into account by the VSS would be forwarded by the Secretariat (paragraph 14). One delegate asked for clarification concerning the deadline by which the Secretariat would need to receive any proposals that would then be passed on to the VSS. The Chief Economist replied that for the 31 January deadline the ICO would need to submit the proposals to the VSS by mid-December at the latest and for the 31 July deadline the ICO would need to submit them to the VSS by mid-June. Countries need to send their proposals to the Secretariat as early as possible so that it can make a preliminary assessment before sending it to the VSS for their comments. The Secretariat agreed to include this in paragraph 10 to reflect this information.

Project Assessment

7. The Chief Economist introduced document [PJ-17/11 Rev. 6](#), the project assessment document. The latest revision was made to reflect Members' comments at the previous meeting in September 2014. Three simple yes/no questions have been introduced at the beginning of the assessment. The answer must be yes to all three questions for the proposal to be considered further. The remaining questions are score based with the maximum score weighted dependent on how important the issue is considered.

8. The Committee agreed that both documents should be presented to the Council for approval.

Item 5: Coffee development projects

Projects under consideration by the ICO

9. The Chief Economist introduced document PJ-83/15 containing a proposal submitted by the Government of Zimbabwe on the 'Revitalization of the coffee sector of Zimbabwe through the enhancement of the coffee sector value chain'. The Chief Economist summarised the proposal and reported that the proposal had been submitted to the VSS. Indonesia was the only member of the taskforce to send comments (see [PJ-84/15](#)). It supported the proposal but recommended that the proponent make some revisions regarding the generation of profit to bring it in line with the Common Fund for Commodities' (CFC) new funding policy. The criteria that Zimbabwe should be up to date with its contributions in order for the project to be approved does not apply to this project as it was submitted before the criteria were changed.

10. One of the delegates apologised for not having submitted in writing his comments. He expressed his support for the project particularly in light of the projected demand for the Mild Arabica coffees that Zimbabwe produces. On a technical note, he commented that, based on his past experience with this type of project, some of the indicators appeared to be somewhat optimistic in terms of what the project could accomplish in three years.

11. Another delegate expressed his support for the project. He commented that it looked as if the project were private-sector driven and if this were the case then it was very encouraging to see the private sector in Zimbabwe getting actively involved on the ground. He added that it would be a good idea for the proponent to look around the region to find and introduce new varieties that would be resistant to local pests and diseases in order to avoid having to reinvest in new varieties in three to five years.

12. The Committee agreed that the proposal should be submitted to the Council for approval.

Projects already approved

13. The Chief Economist gave an update on three ongoing projects as detailed in the three annexes of document [PJ-86/15](#).

Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda

14. The aim of this project (Annex I) centres around the idea of providing credit to coffee farmers in Ethiopia and Rwanda guaranteed by collateral provided by the CFC. The progress

report received by the Secretariat stated that farmers in Ethiopia, through the cooperatives, are succeeding in obtaining more credit which has positively impacted their businesses. However, in Rwanda, farmers have faced more difficulties due to the challenging criteria that the banks require the cooperatives to comply with. Nevertheless, the project has enabled three cooperatives to benefit from a loan. Following a supervision mission by the Chief Economist it has been recommended that another local bank be added to the initiative so that a greater number of cooperatives can benefit. An annual meeting will be held in Ethiopia to discuss progress, share experience and plan the next steps.

Promoting a sustainable coffee sector in Burundi

15. This project (Annex II) is a typical example of private-public collaboration. Three years ago a coffee trading company (Sucafina) proposed a different way of approaching sustainability in the coffee sector so as to increase the yield and living conditions of those working in the sector and also ensure that enough coffee is available for the exporters. The concept has been developed with the help of the ICO and now that US\$1.6 million has been secured the project is being implemented. The Chief Economist recently went on a supervision mission financed by the private sector to see the project. The project has already reached out to many farmers and it is hoped that it will be extended to other regions in the country.

Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of Congo

16. The aim of this project (Annex III) is to improve conditions for coffee producers in the Democratic Republic of Congo. The area in which it is taking place has suffered greatly from the ravages of conflict and so this project aims to support the coffee producers who are returning to the area. The project is being implemented by Veco, a Belgian NGO and is entirely financed by the CFC. Veco is taking the initial steps in setting in motion the project.

17. The Committee took note of these reports.

Recently concluded projects

18. The Chief Economist reported on the two projects that were recently concluded. The first was entitled 'Competitive coffee enterprises programme for Guatemala and Jamaica', the executive summary of which is contained in Annex I of document [PJ-87/15](#). This project is a very good example of how collaboration between a big institution and small coffee

growers can be achieved. The project was funded by the CFC and provided the ICO with a great deal of useful experience. The full project report is available upon request from the Secretariat.

19. The second project was entitled 'Building capacity in coffee certification and verification for specialty coffee farmers in AFCA countries', the executive summary of which is contained in Annex II of document [PJ-87/15](#). This project was funded by both the European Union and the Common Fund for Commodities to promote good practice to enable farmers to achieve certification and to reduce the costs of auditing certification. The project has been fully implemented in nine east African countries and has contributed to staff capacity building within national institutions. Thanks to this project, improvements have been made in moving towards certification in the region. The full project report is available upon request from the Secretariat.

20. The Committee took note of this information.

Item 6: Other business

Composition of the VSS

21. Brazil, Mexico and the USA agreed to sit on the VSS. The second consuming country was to be decided after consultations between the EU and Switzerland, the result of which would be reported to the Council.

List of potential donors

22. The Secretariat has begun to draw up a broad list of donors from various types of organizations (multilateral, bilateral, non-profit, etc.) to which further details regarding the type of project the institutions financed and the details of a specific contact person for each institution would need to be added once the Secretariat had had chance to talk to the donors. The Chief Economist hoped that some of these discussions would take place the next day at the 5th Consultative Forum.

Item 7: Date of the next meeting

23. The Committee noted that the next meeting of the Projects Committee would take place during the 115th Session of the Council to be held in Milan, Italy from 28 September to 2 October.