ENHANCING COMPETITIVENESS OF AFRICAN COFFEE THROUGH A VALUE CHAIN STRENGTHENING
(CFC/ICO/43FT)

[To be financed by the Common Fund for Commodities (CFC) Under the Second Account]

AN APPRAISAL REPORT

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ABBREVIATIONS AND ACRONYMS

ACRN	African Coffee Research Network
AfDB	African Development Bank
AGMB	Grain Marketing Board
CFC	Common Fund for Commodities
CAADP	Comprehensive African Agriculture Development Program
CABI	CAB International
CC	Climate Change
CPU	Coffee Processing Unit
CRMA	Climate Risk Management and Adaptation Strategy
CWD	Coffee Wilt Disease
DfID	The Department for International Development of the UK Government
ECOWAS	Economic Organisation of West African States
EAFCA	East African Fine Coffee Association
EU, EC	European Union, European Commission
FAO	Food and Agricultural Organisation
FFS	Farmers Field School
GAP	Good Agricultural Practices
IACO	Inter African Coffee Organisation
ICB	International commodity Body
ICO	International Coffee Organisation
IFAD	International Fund for Agricultural Development
IPM	Integrated Pest Management
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
NARES	National Agricultural Research and Extension Systems
NPSC	National Project Steering Committee
NEPAD	New Partnership for Africa's Development
NPSC	National Programme Steering Committee
PEA	Programme Executing Agency
PIA	Project Implementing Agency
PMP	Programme/Project Management Plan
TOT	Training of Tainers
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank
ZCM	Zimbabwe Coffee Mill Ltd

I: Logical Framework

Narrative summary	Objectively verifiable indicators	Means of verification	Assumptions
Goal:			
Improve livelihoods of coffee producers in Africa on a sustainable basis	Increased export earnings from coffee secured At least 50% of smallholder coffee farmers in project areas in each participating country living on more than US$1/day Vulnerability to fluctuation of world coffee prices reduced	CFC reports ICO reports FAO reports IACO reports World Bank reports Project Review Reports Country level reports	No global economic crises Increased returns used to improve livelihoods of farmers Coffee remains a valid commodity in the target countries Political stability in target countries Minimal disruption from physical or biological catastrophes
Purpose:			
Enhance production, quality, trade and overall competitiveness of Africa in coffees business	a) At least 50% of coffee producers in the project area in each target countries raise their average national production to at least 0.5t/ha. by Y5 b) At least 80% of coffee producers in the project area in each target countries adopting quality based differential payment by Y5. c) Rehabilitation programmes initiated in at least 5 countries emerging from civil strife or policy changes by Y4 d) Group marketing by smallholder farmers operational by at least 50% of the producers in project areas in each target countries by Y5 e) Diversification options for smallholder coffee farmers developed and popularised in the participating countries by Y3 f) Information exchange systems on CC issues developed and operationalzed in all target countries by Y3	Project Review Reports Country level reports CFC reports ICO reports FAO reports IACO reports	No global economic crises Increased returns used to improve livelihoods of farmers Coffee remains a valid commodity in the target countries Political stability in target countries Minimal disruption from physical or biological catastrophes No imposition of new and stiffer tariffs and barriers to trade

Outputs			
1. Coffee productivity increased sustainably	In the project areas in each target country, ▪ 50% of coffee farmers adopting GAP ▪ Improved coffee varieties promoted and popularised ▪ A least 50% of farmers have access to improved (productivity enhancing) inputs ▪ Safe use protocols for agro-inputs developed and promoted ▪ Innovative credit schemes developed and piloted.	CFC reports ICO reports FAO reports IACO reports Project Review Reports Country level reports	No global economic crises Government continues to support coffee sector Political stability in target countries Minimal disruption from physical or biological catastrophes
3. Coffee farms in countries emerging from civil strife and political changes rehabilitated and renovated	In the project areas in each target country, ▪ All coffee farmers made aware of the economic benefits of producing coffee ▪ At least 50% of formerly displaced coffee farmers resettled ▪ At least 50% of the farmers belonging to organised and functional groups ▪ At least at least 25% of the resettled farmers having access to credit and processing equipment		No global economic crises Government continues to support coffee sector Political stability in target countries Minimal disruption from physical or biological catastrophes
4. Efficiency of coffee marketing improved	In the project areas in each target country, ▪ At least 50% of the farmers aware of coffee marketing information ▪ At least 50% of the farmers belonging to organised and functional groups ▪ At least 25% of the established farmer groups linked to the market ▪ Differential payments operational ▪ Coffee intelligence and forecasting	CFC reports ICO reports FAO reports IACO reports World Bank reports Project Review Reports Country level reports	No global economic crises Government continues to support coffee sector Political stability in target countries Minimal disruption from physical or biological catastrophes Liberalisation process of the sector is concluded

	systems developed and operational ▪ At least 3 new niche markets identified for the target countries ▪ Innovative credit schemes developed and piloted		
5. Coffee diversification enhanced	In the project areas in each target country, ▪ At least 2 different enterprises compatible with coffee established in each target country ▪ At least 50% of coffee farmers engaging in a different income generating enterprise ▪ At least at least 25% of the coffee farmers having access to credit and marketing channels of complementary enterprise	CFC reports ICO reports FAO reports IACO reports World Bank reports Project Review Reports Country level reports	No global economic crises Government continues to support coffee sector Political stability in target countries Minimal disruption from physical or biological catastrophes
6. Producer capacity to adapt to climate change built	In the project areas in each target country, ▪ Farmer groups set up and operationalized in all target countries. ▪ At least 10 demonstration sites established in each country to promote CC adaptation innovations ▪ Information on CC collated, packaged and made available in all target countries	CFC reports ICO reports FAO reports IACO reports World Bank reports Project Review Reports Country level reports	No global economic crises Government continues to support coffee sector Political stability in target countries Minimal disruption from physical or biological catastrophes
	▪		
7. Project managed effectively	▪ The programme inauguration and planning workshop is realised. ▪ Financer's administration and financial procedures operationalized ▪ Detailed annual workplans and budgets developed and implemented ▪ Programme partners working harmoniously ▪ M&E system established and operationalised		Collaborating organisations fulfil commitments

	▪ Reports (technical & financial including audit) sent to ICO and financer regularly and in agreed frequency and formats ▪ Availability of annual auditor reports ▪ Programme supervised by ICO/CFF or their appointee		

Activities			
1.1 Baseline key constraints to increased coffee productivity 1.2 Improve farmers capacity in GAP 1.3 Avail and catalyze adoption of improved varieties. 1.4 Facilitate access to and proper use of productivity enhancing inputs 1.5 Facilitate access to financial resources 1.6 Disseminate productivity enhancing principles and practices	Component 1: US$ 9,000,000 Component 2: US$ 8,500,000 Component 3: US$ 10,000,000 Component 4: US$ 8,000,000 Component 5: US$ 10,000,000 Component 6: US$ 10,000,000 Component 7 :US$ 2,500,000 Grand total: US$ 58,000,000	Project documentation – reports, training materials curricula produced	Stakeholders and partners are willing and able to participate in needs analysis Ginneries are willing to support the project
2.1 Undertake capacity building on improved processing practices 2.2 Facilitate access to and adoption of improved processing facilities 2.3 Develop and institutionalise quality standards for coffee subsectors 2.4 Facilitate access to financial resources. 2.5 Disseminate improved harvesting and post-harvest innovations and protocols		Project documentation- workshop reports, training materials and curricula for FFS and TOTs; Dissemination outputs	Stakeholders and partners are willing and able to participate in training Suitable candidates as trainers are available
3.1 Settle and organise farmers into groups.		Project documentation, value chains mapped; workshop plans and	Stakeholders and partners are willing and

3.2 Provide institutional support 3.3 Intensify/initiate coffee production 3.4 Undertake capacity building of stakeholders 3.5 Facilitate commercialisation of coffee		reports Pilot schemes planned and implemented; results synthesized and lesson learned disseminated	able to interact
4.1 Improve access to coffee marketing information 4.2 Form/strengthen farmer business groups and link them to markets and credit institutions 4.3 Develop a coffee intelligence and forecasting system 4.4 Identify new markets and develop strategies on how to access them 4.5 Establish/strengthen credit financial systems for producers		Survey reports available Impact reports available Findings disseminated	No factor external to the project has had a negative effect on the impact of the project such as cotton farmers decide to grow other crops between start and end of the project
5.1 Hold public-private stakeholder workshop to identify a public sector champion 5.2 Constitute a National and local multi-stakeholder forum 5.3 Undertake an analysis of market and ecological conditions in each site 5.4 Identify (by stakeholder forums) appropriate partner(s) to lead and participate in the diversification 5.5 Capacity building of stakeholders 5. 6 Formulate strategies for policy advice and advocacy in		Procedure manual Report of inception workshop Quarterly financial reports Progress reports, mid-term evaluation report, annual accounts and audits, project completion report Work plans produced Visit reports produced	Financing from all sources made on a timely basis in tandem with proposed activities & annual work plan, budget etc. Personnel, including external consultants, competent in required skills can be identified & commit to project activities The PIA & partner institutions co-ordinate & execute project efficiently. All project participants remain committed to project purpose. Socio-political developments do not prevent effective project implementation

order to secure support of policy makers 5.7 Implement diversification 5.8 Establish/strengthen and implement credit financial systems for producers			
6.1 Undertake mapping studies on predicted climate change. 6.2 Hold a stakeholders workshop to discuss the outcome of the appraisal study 6.3 Organise farmers into groups and undertake trials in their farms. 6.4 Disseminate improved CC mitigation and adoption innovations and protocols		Procedure manual Report of inception workshop Quarterly financial reports Progress reports, mid-term evaluation report, annual accounts and audits, project completion report Work plans produced Visit reports produced	Financing from all sources made on a timely basis in tandem with proposed activities & annual work plan, budget etc. Personnel, including external consultants, competent in required skills can be identified & commit to project activities The PIA & partner institutions co-ordinate & execute project efficiently. All projectparticipants remain committed to project purpose. Socio-political developments do not prevent effective project implementation
7.1 Organise project stakeholder meetings 7.2 Establish administration and accounting procedures and provide training in these, and establish effective communication channels between PIAs and PEA. 7.3: Develop detailed		Procedure manual Report of inception workshop Quarterly financial reports Progress reports, mid-term evaluation report, annual accounts and audits, project completion report Work plans produced	Financing from all sources made on a timely basis in tandem with proposed activities & annual work plan, budget etc. Personnel, including external consultants, competent in required skills can be identified & commit to project activities The PIA & partner

annual work-plans and budgets 7.4: Provide technical support to collaborators and carry out effective co-ordination of the programme 7.5: Establish an effective monitoring and evaluation process 7.6: Prepare regular progress reports, a mid-term evaluation report, annual accounts, audits and project completion report for each country 7.7: Organize ICO/CFC supervision missions to the project areas		Visit reports produced	institutions co-ordinate & execute project efficiently. All project participants remain committed to project purpose. Socio-political developments do not prevent effective project implementation

II: PROJECT SUMMARY

TITLE OF THE PROJECT:	**Enhancing competitiveness of African coffees through value chain strengthening (CFC/ICO/43)**
SUBMITTING ICB:	International Coffee Organisation
DURATION:	Five years
LOCATION:	Several African Countries indicated under each project component
NATURE OF PROJECT:	Research and development project to address identified constraints in the coffee value chain in Africa and thereby increasing the region's coffee production, productivity, quality and overall competitiveness in the global market.

BRIEF DESCRIPTION

The **purpose** of this mega project is to enhance production, quality and trade of African coffees. This will be achieved through a sustainable increase in coffee production, productivity, quality and profitability by enhancing of the coffee value chains in Africa. This purpose will be met by implementing a number of activities under the following components:

- Sustainable increase of coffee productivity in Africa
- Enhancing the quality of African coffees
- Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa
- Improving marketing systems for a competitive coffee sector in Africa
- Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa
- Adaptation and mitigation to climate change by coffee farmers in Africa

The varied nature of the constraints necessitated the development of several components, each addressing constraints in a group of countries experiencing similar problems. Therefore, the present components are unusually big and each one of them stands independently having their own budget and target countries.

TOTAL COST:	US$ 58,000,000
CFC FINANCING:	US$ 16,800,000 (Grant) US$ 9,000,000 (Loan)

COUNTER PART CONTRIBUTION/CO-FINANCING: US$ 32,200,000

PROJECT EXECUTING AGENCY (PEA): Inter African Coffee Organization (IACO)

PROJECT IMPLEMENTING AGENCY (PIA): CABI - AFRICA

COLLABORATING INSTITUTIONS: National Coffee Institutions in partner countries.

SUPERVISORY BODY: International Coffee Organisation (ICO), London, United Kingdom

ESTIMATED START DATE: 2012

III: INTRODUCTION

A) PROJECT COMCEPT

Africa's share of the global coffee trade in the past two decades has generally been declining. It was about 30% in the 1970s and 1980s and today, this has dropped down to 11.3% (ICO, 2010). Given the significance of the contribution of the coffee sector to the gross domestic product of many of the coffee producing countries in Africa, this trend needs to be reversed. Out of the 25 coffee producing countries of Africa, 14 of them depend on coffee for more than 10% of their export earnings. CAB International and its partners recognised this worrying decline and organised annual coffee scientific conference to coincide with the Eastern African Fine Coffees Association (EAFCA) annual exhibitions and conferences. Three such scientific conferences were held in different coffee producing countries in Africa and some of the constraints and possible interventions were discussed among coffee stakeholders from the public as well as private sector, including CABI, EAFCA, Inter African Coffee Organisation (IACO), the International Coffee Organisation (ICO), the Common Fund for Commodities (CFC), Cafe Africa and various National Coffee Institutions in Africa. Based on these discussions, CABI - Africa in collaboration with some national coffee research institutions and IACO/ACRN developed a concept note proposal entitled 'Enhancing Competitiveness of African Coffees through a Value Chain Analysis '. The proposal was submitted to ICO in June 2007 and approved by ICO Council and CFC Executive Bard for fast track financing in September 2007 and April 2008, respectively. Project implementation agreement was signed between CFC and IACO, Project Executing Agency (PEA), on 8 August 2008.

To initiate some activities on the ground, the CFC put up a call for Competitive Bidding for the study in June 2008, but later passed over this responsibility to the PEA to carry out the bidding and select suitable candidate. The study was to collect, collate and analyze the African coffee sub-sector production and quality constraints, with a goal of developing (1) a generic framework for a Coffee Development Plan that could serve as a template for each of the countries to develop their own national coffee development plan and (2) a comprehensive project proposal that will address the obstacles to the improvement of coffee production, productivity and quality. The successful consultant was expected to conduct the study, identify key constraints and opportunities of coffee industry in selected countries and develop a pan African proposal to address the identified constraints. CABI together with Café Africa put up a successful bid for this consultancy which was designed to lay the basis for a mega project to revitalize the coffee sector in Africa. This was to be met by achieving the following three objectives;

• Diagnose the current situation in the coffee sector using a value chain approach

• Catalyze the building of national vision, consensus and linkages

• Facilitate the development of national plans, for synthesis into a continental programme.

Abiding by the Terms of Reference developed by CFC and project Service Agreement signed between IACO (PEA) and CABI - Africa, and ensuring ownership of the study findings, an implementation plan involving a country focal point (the primary contact or focal point who will assist in identifying major stakeholders and supervise the country field officer) and Country Field Officer (one to visit stakeholders and collect data), was developed and implemented. A participatory value chain analysis was adopted. Value chain analysis is a useful framework for ensuring that the many different factors that contribute to the performance of a sector are considered in a holistic way. The value chain "describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to customers, and final disposal after use" (Kaplinsky and Morris, 2001). Value chain analysis thus allows a more systematic view of the direct or indirect impacts (positive or negative) of possible interventions to be developed, so increasing the likelihood of success.

The Terms of Reference as provided encapsulate this approach, so in the analysis the consultant (CABI – Africa and Café Africa) considered not only production constraints and opportunities, but also policy, institutional and organizational factors, markets, as well as linkages and information flow between the key actors or stakeholders.

In implementing the study, the consultant was mindful that the results should stimulate a pan-African initiative, and so the findings must be used to extrapolate beyond the study countries. To assist in this process, countries were categorized and clustered using a number of key criteria including type of coffee grown (Arabica/Robusta), current level of coffee production, country's civil history, dependence on coffee, geography, marketing system and institutional framework.

The studies were conducted between January 2009 and May 2010 – detailed field and desk studies in Cote d'Ivoire, Tanzania, Zimbabwe and DRC, and desk studies in Sierra Leone, Liberia, Ghana, Nigeria and Burundi. Based on these studies, the coffee sectors in the selected countries were characterized, constraints and opportunities identified, visions developed for the coffee sectors and a template for National coffee development plans developed.

However, this proposal extrapolates these findings to the whole of Africa and constitutes a mega project with its constituent components in response to the identified constraints, and which if successfully implemented will reverse the declining trend in coffee production and productivity in Africa. The **goal** of the project is therefore to improve livelihoods of the resource-poor smallholder coffee producers in Africa through a sustainable increase in the productivity, quality and trade in African coffees.

The **purpose** of the project is to enhance production, quality trade and overall competitiveness of Africa in coffee business. This will involve helping coffee farmers to adopt production innovations that enable increased sustainable productivity and efficient and environment friendly processing methods/equipment, rehabilitation and expansion of coffee farms especially in war torn countries, and similar other assistance. It is also imperative to establish marketing systems that reward quality, as producers are prepared to adapt to an ever changing climatic and economic environment.

B) OVERVIEW OF THE COFFEE SECTOR

Performance of the coffee sub-sector in Africa

Agriculture has, for many years, formed the backbone of Africa's economy, contributing 60% of the Gross Domestic Product (GDP) and accounting for 80% of the continents employment, mainly in the rural areas. Agriculture contributes more than 75% of the total export earnings and about half of the tax revenue, while providing for most of the continent's food requirement. The rapid growth in the sector is therefore central to any strategy for reducing hunger and poverty in the continent. Agricultural growth boosts incomes, particularly of households in rural areas, both directly and through multiplier effects on other sectors, thereby increasing household access to food. Agriculture is dominated by smallholder farmers (<5ha) who occupy most of the land and produce the bulk of the crops.

Coffee (*Coffea* spp.) is one of the most important agricultural commodities in terms of value traded globally. Arabica (*Coffea arabica*) coffee originated from eastern Africa while the origin of Robusta (*Coffea canifora*) is rather relatively wider extending from Guinea in the West to Uganda in the East of Africa. Today, these two economic species are now grown in over 50 countries in the world (25 in Africa). Coffee is produced almost exclusively in developing countries, including 18 least developed countries (15 of which are in Africa). Coffee is an important agent of development, generating cash returns in subsistence economies and also providing an important source of employment, especially for women – as coffee production, harvesting and processing are labour intensive activities. Over 33 million smallholder farmers in Africa depend directly upon coffee as a primary source of income, a commodity which contributes a significant share of total export earnings of at least 10 African countries, including Burundi (52%), Ethiopia (31%), and Uganda (17%) (ICO, 2009). Coffee is therefore an important commodity in the fight against extreme poverty in Africa, and is key in achieving the Millennium Development Goal (MDG) number 1 of the United Nations which aims at eradicating extreme poverty and hunger by reducing by half the number of people living on less than one dollar a day. However, world coffee prices have become so volatile especially after the abolition of the International Coffee Agreement in 1989, which was administered by ICO through export quotas and other measures. The coffee crisis between 2000 and 2004 was mainly marked with oversupply and record low coffee prices. This had a heavy toll on farmers who had to sell below costs of production or even give up their coffee farms because the prevailing prices could not even cover the most basic costs of harvesting and transport to the market, leading to an estimated economic losses to smallholder farmers of US$ 4.5million/yr (Lewin, et al., 2002). For smallholder farmers, who account for over 70% of the coffee production, declining prices have a direct impact on overall household revenues and access to basic needs such as food, clothing and medicine.

The breadth and intimacy of the relationship between coffee producers and a host of stakeholders along the coffee supply chain makes the coffee sector of critical importance to sustainable development at the local, regional and global levels.

Total global production of coffee for the period 2009/2010 is reported about 120 million bags (ICO, 2010). Of this, only 13.6 million bags were produced from Africa, representing 11.3% of the total production. However, total production in 1986 was 81 million bags, with 21million (26%) coming from Africa. This indicates that although the global coffee production between 1986 and 2010 increased, the share of Africa declined! Several factors may be attributed to this decline in Africa's share in the global coffee stock. From fast-track study conducted in various countries under the first phase of this project, available reports and the realities noticeable on the ground, the major factors that contributed to the decline in coffee production and export in Africa may include the following among others:

- international price crisis (1999 to 2004) and its subsequent effects,
- liberalization of the sector in the absence strong private sector who can take over the gap left by public services,
- civil unrest (political instability) in many African countries,
- lack or inadequate government support to the sector,
- old age of coffee trees,
- use of traditional varieties that are low yielding and susceptible to major diseases,
- diseases and insect problems and climatic factors such as drought,
- use of traditional coffee husbandry practices (lack of Good Agricultural Practices),
- inadequate extension services to train the farmers on GAP and provide improved planting material and agricultural inputs

The key constraints to coffee development in each studied country largely revolve around these constraints even though the constraints may vary from country to country. Countries experiencing similar problems were, therefore, grouped together to address the constraints more systematically for direct and immediate intervention to revitalize coffee production and trade in Africa.

Tanzania

Coffee was introduced into Tanzania in the 20th Century as an estate crop but gradually became a smallholder crop. The first marketing cooperative of native cultivators was established in Kilimanjaro area in 1932 to promote coffee as a cash crop among peasant farmers (Baffes, 2005). Before 1976 primary farmer societies handled coffee procurement, paid farmers and delivered to the 2 cooperative union-owned processing factories – in Moshi (Arabica) and Bukoba (Robusta) – which in turn sold it to exporters at the Moshi auction operated by the Tanzania Coffee Board. In 1991 the Government passed the Co-operative Act, which recognized co-operatives as private institutions owned and managed by their members. Further changes in coffee marketing were subsequently observed in 1993 with legislation which allowed private sector participation in marketing and processing coffee further reducing the governments control on price. This effectively allowed private buyers to purchase and process coffee in their own factories, effectively taking market share away from the co-operative unions.

Coffee is one of the largest agricultural exports in Tanzania, and is grown in the North, the Western and Southern regions. Tanzania produces good quality Arabica and Robusta coffees, which are in demand in the world market. The area under coffee has averaged 250,000 hectares since 1988. In many areas, coffee shares the land with other crops, both subsistence and in some cases other cash crops, as a means for farmers to diversify their risk. The annual production in the season 2008/09 was about 73,000 tons. Yields average 200 kg/ha hectare in the small-holder sector, while in the estate sector, they are generally closer to 1000 kg/ha. Over 90% of the production is from smallholdings of units between 0.5 to 3.0 hectares, and there are estimated to be about 450,000 households engaged in production. In addition the industry employs many people in ancillary work.

For the small-holder farmer, coffee has in the past been a mainstay of his cash income, permitting the payment of school fees, medical charges, and the other needs of the household. With the declining fertility of the soil, lower yields, and low prices of the early 2000's, coffee lost much of its attraction for producers. However it is a crop which can still provide the main source of revenue to households, if it is well cultivated.

Zimbabwe

Coffee was first planted in Zimbabwe in the 1890s by pioneers who arrived from Cape Town and settled in the fertile Chipinge area of Manicaland province. The coffee, variety Jamaican Blue Mountain, was grown for domestic consumption. It wasn't until the 1950's that commercial growing of coffee started with the arrival of experienced growers from Kenya and India, using varieties such as SL35, SL28, K6 and K7. The wider growing of the crop spurred the formation of the Coffee Growers Association by 11 growers in 1961, the same year that the first coffee hulling and grading machinery was imported from Scotland and installed in Mutare. Coffee production rose from 5 tons in 1961 to a record high of 14,664 t in 1989. However production has since declined to 1,800 t in 2009 due to factors including drought, frost, cyclones and most recently impact of the land reforms. The total area under coffee ranged from 5,000 to 9,000 until 2003 when the area declined gradually to 2,500ha in 2008. Zimbabwe produces a mild Arabica coffee, noted for its balanced acidity, body and consistent quality. Although contributing only 0.02% of the world's coffee, Zimbabwe's coffee is regarded highly and fetches a high premium in the world market. Total acreage under coffee declined from the 9,128 ha in 1996 to 2,500ha in 2008. Up to recently over 98% of the coffee was produced by the large estate farmers. Most of the coffee is grown in Chipinge, Mutasa, Mutare, Chimanimani and Nyanga Districts in Manicaland Province. Smallholder farmers, most of who are found in Mutasa District, are estimated to be about 1,000.

Large scale estate farms are less than 50, mainly due to the Governments land policy established in early 2000s.

The Grain Marketing Board Act of 1972 required all growers to register with GMB, through which all marketing of grains was done, and all prices was determined by the Ministry of Agriculture. The Act was deregulated in 1993, exposing GMB to stiff competition from especially the Zimbabwe Coffee Mill Ltd (ZCM) a private coffee processing and marketing company established in 1994 through the auspices of the Coffee Growers Association as a service company owned by Zimbabwe coffee growers, both commercial and smallholder. The 3 mills of ZCM with a total capacity of 20,000t all operate at <50% capacity due to insufficient volumes of coffee. Previously farmer co-operatives used to receive and hull coffee parchment from its members and help sell it to GMB or deliver it to ZCM for marketing. However, today most farmers deliver their parchment directly to ZCM. These farmers receive either a one of payment (if delivery less than 2 t/season), or an advance payment plus a possible profit (if more than 2t/season).

Democratic Republic of Congo (D.R.C)

In the years since the end of the civil war, the emphasis on development in DRC has been on issues of re-establishing security across the country, governance, and food security. Providing for Kinshasa's large population (some estimates put it at 10 million) has been a primary focus of attention. However in the past 3 years, the Agricultural Secretariat has been focusing on the reform of the agricultural sector. At the same time, there is a growing appreciation of the importance of the cash crops – "cultures de rente" – in stabilising small-holder incomes, and of the potential benefits of implementing a programme for the rehabilitation of these crops. The transport infrastructure is gradually being improved. There are more regular barges moving up and down the main river water-ways, and some of the major roads are also being rebuilt.

The coffee sector in the DRC used to be one of the main drivers of the economy. In the mid-1980's, coffee exports achieved levels in excess of US$ 250 million, exceeding even the export earnings of the copper industry. Coffee was widely considered in the major producing provinces, Bas-Congo, Bandundu, Equateur North and South, Kasai, North Kivu and Oriental Province, as being the main source of household disposable income. Coffee provided the means for small-holder farming families to cover education and medical expenses, as well as in some years a bicycle or motor cycle. It is estimated that there are about 800,000 households involved in coffee production, though this is a figure based on old estimates, and it seems unlikely that this remains the case.

While this image still remains in the minds of many farmers, the intervening years of civil strife, neglect of the transport infrastructure, the government's inability of support and fund the agricultural extension services, and the ravages of CWD (coffee wilt disease), have reduced production drastically.

While official estimates still put coffee production at 49,000 tons (ONC), official exports are currently at about 9,000 t, with private estimates of unofficial exports at around 5 – 10,000 tons. DRC shares its borders with 9 countries, and several of its neighbours have active coffee economies, such as Uganda, Rwanda and Burundi, or considerable demand for coffee for internal consumption (Sudan). One of the factors driving the unofficial exports is the high level of taxes levied by a multiplicity of different authorities. These export charges and formalities form a barrier to normal trade. With the additional challenges of the weak transport infrastructure, the high costs of transport, and the long distances, the farm gate prices remaining for farmers are in many areas very low.

Cote d’Ivoire

The economy of Cote d’Ivoire depends significantly on agriculture, principally on cocoa and coffee. These two commodities account for 40% of the exports by value and 15% of the GDP. Coffee was introduced into Cote d’Ivoire in 1890 and is currently grown by over 300,000 farmers over an area of about 1.2 million ha, and supports over 6 million people. The coffee grown is Robusta and mainly in the south, central west and west regions of the country – haut Sassandra, Montagnes, Moyen Cavally and Bas Sassandra. Over 95% of the coffee is produced by smallholder farmers on between 2 and 5 ha farms. Less than 10% of the farmers use agricultural inputs leading to low productivity of 150-300kg/ha. Most of the farmers are old (80% of heads of households over 55yrs) and 60% of the coffee trees are over 25yrs.

Coffee production from 1988 had averaged about 200,000t and reached a peak of 380,000t in 2000 from when there has been a decline to date. Increase in coffee production since the 1980s can be attributed to increase in area under cultivation making deforestation the most important negative environmental effect of coffee cultivation in Cote d’Ivoire (Seudieu, 1996). The onset of the civil strife in 2002, the dissolution of the Caisse de Stabilisation des Produits Agricoles (CAISTAB) which guaranteed the price of coffee in the value chain and the onset of the deregulation and liberalisation of the coffee sector all played a role in this decline. Before liberalisation which began in 1989, marketing of coffee was done under CAISTAB system which fixed the price of coffee from farm gate to export point. At the beginning of every season, CAISTAB set a guarantee price for exporters, buyers and producers and when the exporter sold their coffee at a price other than the set price, the difference was paid into the CAISTAB to fund the stabilisation fund. When the export prices were below the set minimum export price, the CAISTAB drew from the stabilisation fund to compensate the exporter. The pre-liberalisation period was also characterised by fixed quotas which exporters could export and quality control along the market chain was managed by CAISTAB. However after the abolition of the International Coffee Agreement (ICA), CAISTA was no longer able to finance exporters when exports price was below the set guarantee price. This encouraged the exit of the government from the marketing of coffee and total liberalisation of the sector commenced in 1998/9. The price of coffee was subsequently determined by the fluctuation in the international market, both the quota system of export and minimum guarantee price ended, but coffee quality also declined.

Ghana

Due to low altitude and high temperatures, Ghana produces Robusta coffee. Attempts are on to produce arobusta coffee which incorporates some quality characters of Arabica coffee. Total acreage is estimated at between 4,000 and 5, 000 ha. Coffee exports in Ghana reached their highest level in 1997/1998 with an export of 10,000 t. Since then, there has been a gradual decline in exports and today the annual production and export fluctuates between 600 and 2000 t. The decline is due mainly to the slump in world market prices, poor pricing policy, lack of internal marketing and lack of Government support. The decline is also due to poor yields being encountered by farmers and unsatisfactory farm management, with the major factor being poor planting materials and smuggling. Over 40 companies are licensed to export coffee, but today, non of them are interested with coffee marketing since the volume is very small. Marketing is through direct sales and the Cocoa Board sells on behalf of seller in the absence of an exporter, at a commission of 5%.

Liberia

Before the civil war, agriculture was the main source of livelihood for the majority of the people in Liberia. In 1999, agriculture engaged 68% of the labour force and 4% of the total land area. Coffee was introduced into Liberia in the 1800s. The predominant type of Coffee grown in Liberia is Robusta. In addition, the Liberica variety of the species *C.liberica* has been cultivated but at a very low scale and is almost extinct because of difficulties in sourcing market and poor quality compared to the other two commercial specie.

Because of long period of poor governance, social upheavals and low prices of coffee in the 1980's and the 14 years civil crisis which began in December 1989, coffee farms, which were already aged, have been abandoned for a protracted period. Currently, most farms are overgrown by bush. Coffee is grown mainly in Bong, Lofa, Grand Gedeh and Nimba counties. According to the 2008 national census results 164,450 coffee farming populations (about 26,359 households) are involved in coffee production, most of whom are still returning and are still to resettle. However, because of illicit cross border trade to neighbouring countries (Guinea, Sierra Leone and Cote d'Ivoire) export figures are estimated at less than 200t/yr. The Ministry of Agriculture is responsible for the development of the coffee sector in Liberia and oversees the Cooperative Development Agency (CDA) that monitors and regulates the all cooperative societies in the country. The Liberia Produce Marketing Corporation (LPMC) was set up to create and maintain capacities to facilitate commodity trade transaction, including that of coffee. Both are currently severely short of resources and personnel to enable them function effectively. For CDA, the cooperatives have virtually disintegrated and extension and marketing role of LPMC can not be implemented. The value chain is short and informal involving the farmers, middlemen (agents) and exporters within and without the country. Affordable rural credit is practically non-existent.

Coffee exported from Liberia is taxed as follows: Export tax: 2.5% of FOB value and Pre-shipment Inspection: 1.4% of FOB Value. Exports are made through the Freeport of Monrovia. Most of the coffee is exported to the European Union (Spain, Germany, England, etc).

Sierra Leone

Like Liberia, Sierra Leone also suffered civil strife in the recent past (1991 to 2002) whose effect still continue to hamper economic development. Besides mining and fishing, agriculture provides a main source of living and nearly half of the working age population engages in subsistence agriculture, contributing 49% of the GDP (CIA, 2009). Cocoa and coffee are the main agricultural exports mainly to Belgium and The Netherlands. Coffee (Robusta) grows mainly in the tropical rainforest areas of the Eastern and Southern Provinces in the districts of Bo, Kenema, Kailahun, Kono, Moyumba and Pujuhem. Although over 15,000t of coffee was produced before the war, production dropped to 900t in 2004 and increased to 1,800t in 2009/10 (ICO STATs 2010). As in Liberia, most of the coffee farms have suffered many years of neglect and are in severe need for rehabilitation/renovation. Production and promotion of coffee rests with the Ministry of Agriculture, Forestry and Food Security (MAFFS). Although the sector is not vibrant yet, a number of initiatives are ongoing. These include the EU (STABEX)-funded and Welthungerhilfe (an NGO) implemented programme "Support to cash crops (cocoa and coffee) production in the districts of Kenema, Kailahun and Kono" (2008-2009) in the Eastern Province which aimed at improving income and wellbeing of farm households through supporting cocoa and coffee production through the value chain. Targeting 3,500 households, farmers were to produce higher quantities and qualities of cocoa and coffee. Joint marketing, exports through cooperatives and fair trade, as well as organic certification were hoped to secure higher than average farm gate prices and reduce the risk of high price volatility. Funds to continue with this programme are still being sought. The coffee marketing system is managed by Produce Marketing Company Ltd which is currently under structural changes. Indicative prices are periodically set based on international market price and disseminated to the growers and traders through various public media. The exporters directly buy from the farmers through their agents. A good thing is that the exporters use a pre-financing (pre-payment) system where payment is made to the farmers before harvest (Bayetta, 2009). This prepayment exercise may have some risks in getting back equivalent amount of coffee ,but the main aim is to capacitate the farmers to buy inputs and farm tools, properly manage and process their coffee, support their family especially during period of food shortage (rainy season), pay school fees and meet other social needs.

Nigeria

Nigeria produces principally Robusta coffee. Coffee is produced in a number of states including Abia, Taraba and Kogi. Although over 4,000t was produced in 2005, production in 2010 was 2,400t. Coffee marketing in Nigeria has been hampered over the years due to low prices being paid to farmers. Analysis showed that the average age of farmers was 54 years while the average age of coffee farms was 30 years. An average of 0.83 tons was realized per hectare of coffee farm in 2005 (*www.asic-cafe.org/pdf/abstract/PA172_2004.pdf*). Farmers generally operate as individuals although they should organize themselves into farmers' cooperatives to take advantage of bulk produce sale.

Burundi

Coffee was introduced into Burundi in the 1930s by the Belgians. It is cultivated entirely by smallholder farmers numbering about 800,000 families over an area of about 60,000 ha., with each farmer tendering for between 50 and 250 trees (OCIBU, 2007). Of the coffee produced, 96% is Arabica grown at altitudes of 1250-2,000m and the rest Robusta. Income from coffee growing provides 50% of family income in the northern region of Buyenzi (National Surveys and Statistics Service, 1986). With the initiation of micro-credit schemes in rural areas, ownership of coffee trees is a guarantee that farmers can offer microcredit institutions like Cooperative d'Epargne et de Credit (Savings and Credit Loan Cooperative). Between 1980 and 1994 coffee production averaged 32,000t, (FAOSTAT, 2010) representing 80% of Burundi's total exports during the period. Production reached 36,600 in 2004 but declined to an all-time low of 7,800t in 2005, the free election year. Production has since recovered from then. The coffee sector in Burundi has changed hands between coercive under the Belgian colonizers until independence in 1962; to completely private up to 1976; back to state-control (public) up to 1991, when major restructuring began and continues to date. In 1980 the Burundi government invested heavily in the coffee by setting up hulling stations and 133 coffee washing stations accompanied by massive replanting campaigns (Cochet, 1995). However the suspension of the International Coffee Agreement in 1989 triggered a fall in coffee prices with damaging effects on the coffee sector of Burundi. The coffee crisis was exacerbated by the low prices traditionally paid to coffee farmers in Burundi. According to OXFAM (2002), the price received by a Ugandan farmer for Arabica coffee in the 1990s was 76% higher than the price received by a Burundian farmer! This situation profoundly discouraged farmers who however could not uproot their coffee trees due to a state law prohibiting them from doing so.

As part of the structural adjustment policies advocated by the World Bank and IMF, the government of Burundi initiated reforms in the coffee sector in 1991. The management of the 133 government owned coffee washing stations (CWS) was transferred to 5 regional mixed private and state owned management companies, Societes de Gestion des Stations de Lavage (SOGESTAL). At the same time, the government introduced the first measures of deregulation, allowing stakeholders to establish companies with total private ownership. Coffee export, previously the sole responsibility of the government owned Burundi Coffee Company (BCC), was deregulated and an association of private exporters, Association Burundaise ded Exportateurs du Café (ABEC), was created to defend their interests. Also up to then, coffee had been processed mainly by 2 government–owned dry mills managed by the Societe de Deparchage et de Conditionnement (SODECO), each with a parchment milling capacity of 60,000t, but 2 private milling companies

(SONICOFF and SIVCA) entered the market. OCIBU, previously the sole coffee roaster also was introduced to competition from 2 private companies. Although the process of privatization and deregulation was suspended between 1994 and 2000 due to civil strife, this period was followed by restructuring on the sector with the following being the main stakeholders. OCIBU as coordinator and leader of the sector; Exporters (ABEC and BCC, with sales done at either the auction or directly); milling companies (private/public owned SODECO, and private-owned SONICOFF and SIVCA); companies owning CWS (SOGESTALS); and Coffee farmers (the backbone of the industry). Further reforms occurred in 2005 which included a Presidential decree which opened access to all levels of the sector to private operators. Today, there are over 120,000 coffee growers in Burundi organized into 2,136 producer associations, associated with the 133 coffee producer unions (CWS) and coordinated by 5 SOGESTALs under the umbrella of coffee producer federation. However, one of the most important socioeconomic events in the coffee industry is the emergence of the coffee farmers' movement, claiming nothing less than ownership of the means of production over the countries main resource. Debate over the full privatization of the coffee industry rages on even today! The prospect of privatizing the Burundi's main economic activity in a rapidly changing political and economic context raises important concerns about conflicts of interest and greed.

Kenya

Coffee was introduction into Kenya by missionaries from Aden in 1890s. Coffee seeds were brought from Bourbon (Reunion) and planted at Kikuyu by St. Augustine's Catholic Mission during 1901. Coffee currently accounts for 10% of the country's foreign currency earnings annually, down from 25% in the mid 1990s. This crop is responsible for an estimated 15% of employment in the agricultural sector, having declined from 21% in the mid 1990s. An estimated 600,000 resource-poor smallholder farm-families (households) representing around 3.6 million Kenyans depend directly on coffee for their livelihoods. Of the total African production, 22% is produced in Kenya. In the international coffee trade the quality of well processed Kenyan Arabicas are accorded the status of 'Colombian Milds', the highest quality standard. Coffee production has gradually declined in Kenya from 114,000 tons in 1986 to 45,000 tons in 2009.

A major thrust in coffee developments in the coffee industry took place under the "Swynnerton Plan" in which small holder production was actively encouraged. The small holder production was about 90 tons in 1950 and increased to 129,000 t in 1983/84 of which 75,000 tons was produced by the 250,000 small growers and marketed through cooperative societies.

The Coffee Research Station was established on the Jacaranda Estate bought by the Kenyan Government during 1944 with the objective of undertaking research on coffee. In 1963 the government handed over the responsibility of coffee research to the coffee industry. In 1964, the Coffee Research Foundation became a limited company, guaranteed by the Coffee Board of Kenya and Government of Kenya. A Kenyan breeding programme was initiated in 1971 with aim of combining high yield, good quality and resistance to leaf rust and CBD. Multiple crosses were made involving Rume Sudan, K.7 and HDT as donors of resistance to leaf rust and CBD, backcrossed to Bourbon derivatives to improve quality. Later genes for resistance and short stature were incorporated from F_3/F_4 generations of variety Colombia. From these crosses an Arabica coffee cultivar Ruiru-11 was developed by the Coffee Research Foundation and released in 1985.

Uganda

Arabica coffee was first introduced in Uganda from Nyasaland (Malawi) by the Government in 1900 (Thomas, 1940). The varieties currently grown in Uganda, include SL14, SL28, KP423 and Bugisu local (Nyasaland). Coffee is the main foreign currency earner in Uganda, although its contribution has reduced from 95% in 1988 to about 20% during the fiscal year 2005/2006. Low world coffee prices, production constraints and diversification into other non-traditional export products such as fish and tea are the main cause of the decrease in percentage to foreign currency earnings. One of the main causes in the decline in production in Uganda was the heavy incidence of Coffee Wilt Disease (tracheomycosis), which resulted in very significant losses for the industry and small-holder farmers. Over 2.5 million Ugandans derive their livelihood directly from coffee as growers, processors, local traders, transporters and exporters. Coffee provides regular incomes and therefore enables farmers and other beneficiaries meet their cash obligations for food, school fees and health. The crop is grown by a large number of small holder farmers. Uganda's coffee exports have decreased from 288,000 metric tonnes of green beans exported in 1996 to 149,000 MT in 2005 (ICO, 1996). This contributed to 18% of Africa's coffee exports. In the past 4 years, the production and export volumes have shown a gradually increasing trend, and with the dynamism of Uganda's economy, and the efficiency of the coffee sector, with very low export taxes, as well as CWD resistant planting material, which is becoming available, production is expected to continue to show a positive trend in the coming years.

Rwanda

Coffee plays a major role in the export sector in Rwanda and is the main source of revenue for the rural population, as 70% of the rural population depend on coffee production. Coffee is cultivated by more than 500,000 families in an area of about 33,000 hectares, with approximately 80 million coffee plants (OCIR, 2005a). It is the first source of foreign earnings, bringing in about 36% of the total exports in 2005. In 2005, revenue from coffee was US$ 39 million.

At the beginning of the 1990s, coffee sector contributed to US$60 million of export earnings. Since 1990's, Rwanda coffee sector has been affected by major falls in price at the international market and political crisis in the country. Decline in coffee production has been caused by several factors including climatic variation (unreliable rainfall), low soil fertility and diseases. Coffee's contribution to export earnings dropped to US$ 15 million, accounting for 23% of the total export value in 2003 and at US$ 32 million in 2004 (OCIR, 2005b).

At the beginning of the 2000's, the government made the decision to aim for improved quality through the establishment of fully washed processing. By 2009/10, the fully washed coffee accounted for about 20% of exports, with the coffee well established in the gourmet sector of the market and realising significant premiums compared to the traditional washed coffees. The government also introduced a scheme of deductions from export proceeds in order to finance the cost of urgently needed inputs for growers, in particular fertilizer and products for the treatment of the major diseases of the coffee. It is anticipated that this will lead to an improvement in yields and production in the coming years.

IV: INSTITUTIONS INVOLVED, ORGANIZATION AND RESPONSIBILITIES

Project Implementing Agency (PIA) : CABI Africa

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ICRAF Complex,
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Contact person: Morris Akiri (Director)

CABI is an intergovernmental, not-for-profit organisation which has been active in Africa since 1910. It is owned by 45 member countries including 16 countries in Africa. Each member government nominates a senior representative, typically a Director or Permanent Secretary, as CABI liaison officer within that country. Through the liaison officers' host organizations (typically NARS), CABI is linked into both national and regional networks of organizations involved in the development, uptake and application of new knowledge. Our role in international development is closely aligned with the Millennium Development Goals and with international treaties (e.g. Convention on Biological Diversity, World Trade Organization). CABI's headquarters are in the UK, but our activities in Africa are largely managed from the regional centre (CABI Africa) in Nairobi.

CABI's mission is to improve people's lives worldwide by providing information and applying scientific expertise to solve problems in agriculture and the environment.

CABI's activities in Africa focus on three themes:

- Commodities: empowering smallholder commodity farmers to compete in local and global markets.
- Knowledge for development: promoting rural innovation and enable stakeholders to develop effective linkages and partnerships.
- Invasive Species: managing invasive species through research, education and capacity building, awareness creation and policy development.

CABI Africa undertakes and manages large multi-country, multi-stakeholder programmes in these areas as well as implements consultancies which include facilitation of regional processes, supporting stakeholder bodies, training and capacity building in a wide range of subject areas relating to agriculture and the environment.

CABI is a global organization and as such can draw on our experiences from throughout the world. We expect to mobilise our resources to build capacity within Africa, but also to bring lessons learned from our whole portfolio of activities.

CABI Africa's staff cover a range of expertise; socio-economics, value chain analysis, participatory research, plant breeding, capacity building of farmers using discovery learning approaches including Farmer Field Schools (FFS), knowledge management, and Integrated Production and Pest Management. Almost all activities involve small teams of CABI staff, with complimentary skills working together with National and International partners. Currently there are on-going programmes in Tanzania, Uganda, Ethiopia, Kenya, Zambia, Togo, Ghana, Rwanda, Malawi, Gabon, Zimbabwe, Angola and DR Congo, with contacts and partners in many other countries.

CABI will be the Project implementing Agency (PIA) responsible for the overall implementation of the project on the ground by coordinating and guiding collaborating institutions in each partipating country. The PIA will also be responsible for disbursement of funds to collaborating institutions and monitoring progress and effectiveness of project activities by the collaborators. It will work in close collaboration with the Project collaborating institutions in participating countries.

The Programme Implementing Agency (PIA) will implement and co-ordinate the project implementation with collaborating institutions in the participating countries. The PIA will be responsible for project management and will be accountable for the project budget disbursed from PEA. The PIA will administer the project finances as provided in the CFC Financial Procedures Manual and will ensure that the project accounts are audited every year.

The PIA will produce progress reports every six months in the CFC format and submit to PEA. The PIA together with PEA shall facilitate the supervision missions by ICO and CFC and will also make arrangements for the mid-term and project completion evaluation.

Project Executing Agency (PEA): Inter African Coffee Organization (IACO)

The Inter-African Coffee Organisation is an intergovernmental organisation of 25 African coffee producing member countries. Its realistic and achievable objectives are: (i) to serve as a forum of discussion and exchange between member countries in terms of issues related to coffee industry; (ii) to enhance development of African coffee production, productivity, and quality; (iii) create favourable marketing systems and promote consumption (value addition) of African coffees; (iv) to guarantee remunerative price policies in context of prices in order to improve live hoods of African farmers; (v) to ensure a sustainable African coffee production systems; (vi) to negotiate, collaborate and consults with national, regional, international and multilaterals organizations.

IACO is headed by a Secretary General who is assisted by Director of Economic Studies, Director of Research and Development, and Administration. The General Secretariat is situated in Abidjan, Cote D'Ivoire, including four functional Regional Cup Tasting Centres. The organization consists of a General Assembly, Board of Directors, Technical Advisory Committees and a general Secretariat.

(a) **The General Assembly** – is the supreme organ and sits in ordinary session every year. The assembly determines general principles and policies, approves member state's contributions, appoints the Secretary General, and sets up additional sub-organs to achieve specific objectives. The Assembly provides overall guidance and general co-ordination for the organisation.

(b) **The Board of Directors** – submits the program of activities, budget and audited accounts to the General Assembly which approves activities of IACO staff, as well as administrative and financial matters. The Board designates the co-operating member countries and organisations which serve on the Technical Advisory Committee.

(c) **Technical Advisory Committees** – composed of representatives from member countries, affiliated institutions as well as collaborating project beneficiaries. Each Technical Advisory Committee meets regularly or yearly to assist the Secretary General in the preparation of activities of the Organisation, oversees the operation of the two technical Departments and advise the Board of Directors on specific technical matters.

(d) **The General Secretariat** – has two departments, the Research and Development Department and the Economic Studies Department. For effective management of projects, the mandate of departments is to coordinate major activities with effective use of Project Implementing Units and core staff of the Secretariat.

IACO as PEA will be responsible for budget disbursement to PIA, monitoring and evaluation of the project making sure that project activities are effectively and timely implemented, liaise with donors for all matters related to the project, follow up timely preparation of six month project progress reports for submission to ICO and CFC, facilitate meetings and workshops as deemed necessary. The PEA together with PIA shall facilitate the supervision missions by ICO and CFC and the arrangements for the mid-term project completion evaluation. IACO will manage and fulfil its responsibility through its technical arm, the African Coffee Research Network (ACRN), which is coordinated by the Department of Research and Development.

Inter African Coffee Organisation (IACO)
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Website: http://www.iaco-oiac.org

Supervisory body: International Coffee Organization (ICO)

The International Coffee Organization (ICO), with headquarters located in London, maintains the statistics concerning world coffee production, trade and consumption. It also provides a forum for meetings between representatives of coffee producing and consuming countries and acts as a centre for the collection, exchange and publication of economic and technical information on coffee.

Address: International Coffee Organization, 22 Berners Street, London W1T 3 DD, UK
Tel: +44 (0) 20 7612 0600
E-mail: info@ico.org
Website: http://www.ico.org

The ICO will receive progress reports every six months from the Project Executing Agency (PEA) in the CFC format. The ICO will study the report and compare it with the Annual Work Plan, and set performance indicators before sending the report to the Common Fund with the comments of the Supervisory Body. Budgets and financial statements will be attached to each progress report as prescribed in the CFC Financial Procedures Manual.

Collaborating Institutions

These will be mainly the National Coffee Institutions charged with research, regulatory or other public roles, as well as the private sector including NGOs and farmer organisations in the collaborating countries.

V: PROJECT DESCRIPTION

A) PROJECT OBJECTIVES AND RATIONALE

Objectives:

This project was developed following a thorough value chain analysis of the coffee sectors in a selected number of countries in Africa. It is designed to address the identified constraints with a view to increasing income from coffee and improving live styles of resource poor smallholder coffee producers. A wide range of constraints were identified in the different countries, whose coffee sectors are also at different levels of development. The ultimate **goal** of the project is to contribute to sustainable improvement of livelihoods of the resource poor smallholder coffee producers in Africa. The **purpose** of the project is to enhance production, quality, trade and overall competitiveness of Africa in coffees business. This will be achieved through a sustainable increase in coffee production, productivity, quality and profitability through enhancement of the coffee value chains in Africa. The intended purpose of this mega project will be met by implementing a number of activities under the following six components each of which are almost equivalent to a project;

1. Sustainable increase of coffee productivity in Africa
2. Enhancing the quality of African coffees
3. Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa
4. Improving marketing systems for a competitive coffee sector in Africa
5. Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa
6. Adaptation and mitigation to climate change by coffee farmers in Africa

The varied nature of the constraints in each country as stipulated above (see section B) necessitated the development of a mega project, each corresponding to the above mentioned components. Criteria used in identifying participating countries in each project included;

- Commonality of problems
- Similarity in level of development of national coffee institutions
- Geographical proximity
- Similarities in coffee types and systems
- Current level of coffee production and export

Rationale:

The project is designed to lay the basis for a major initiative to revitalize the coffee sector in Africa. The rationale for such an initiative is two-fold:

- *Improving coffee production and productivity provides a unique opportunity for reducing poverty* in Africa. There are 25 producing countries, about 33 million farmers earn their livelihood from coffee, and coffee is a major foreign exchange earner.

- *There are great potentials and opportunities to improve coffee production and productivity* in Africa. Africa is the **origin and genetic diversity** of the two commercial species, *C. Arabica* and *C. canephora*, and almost all other coffee species suggesting the immense potential for the improvement of productivity and quality. Furthermore, the continent is endowed with highly **diverse and suitable agro-ecology** for coffee production and there is incredibly **vast area of untapped suitable coffee land** especially in Western and central parts of Africa for expansion of coffee production in the region. The very diverse agro-ecology under which coffee grows in Africa also provides great opportunity to produce varieties of quality flavour for premium specialty coffee and consumers preference.

  There are also other great opportunities for the promotion of Africa's coffee sector. Over the last three decades coffee exports from Africa have declined by over 40%, but world demand is growing and stocks are low. Intensification of coffee production and processing from countries such as Ethiopia, Uganda, Kenya, Rwanda and others where the commodity plays a significant role in the national economy and production condition is in a relatively better position and revitalization of the commodity in those countries such as D.R. Congo, Angola, Liberia, Zimbabwe, Sierra Leone and others that lost their previous production and export capacity due to various constraints is therefore necessary to take advantage of the **surging prices** by enhancing the quality and volume of their produce. This will enable the countries to capture and retain a substantial part of the **emerging market**, attract premiums prices and improve the household income of the smallholder coffee farmers. There are adequate **improved technologies** for the intensification of coffee production and processing practices. These technologies have been packed in to production manuals or guidelines and available in various countries. However, the technologies are largely on the shelf and did not effectively disseminated to the grassroots level coffee growers demanding for intensive and extensive extension programme in various coffee producing countries of the region under this project.

Thus, there is both the potential and an opportunity for Africa's coffee sector to make a significant contribution to the development of the continent, but requires a coordinated and concerted effort to address key constraints that contributed to its decline in order to effectively exploit the available potentials and opportunities.

The project will target not coffee alone but coffee farming systems in which producers live and earn a livelihood from. By laying emphasis on sustainable production that conserves the natural recourse base (water, soil, etc), the producers will not only be able to access niche coffee markets which require attainment of certain standards and certifications, but will also mitigate against and/or adapt to the vagaries of climate change.

B) RELATED PROJECTS AND PREVIOUS WORK

The proposed project will add value or learn from a number of past and current projects. The project 'Pilot Rehabilitation of Neglected Coffee Plantations into Small Family Production Units in Angola (CFC/ICO/15)' was initiated in 2006 and has had major successes in rehabilitating the coffee sector in Angola, success that will be up- and out-scaled in component 3, 'Rehabilitation of the coffee farms in countries emerging from civil strife and policy changes in Africa', to be implemented in Liberia and Sierra Leone, which like Angola are emerging from civil strife.

The CFC funded project on improving coffee quality in Eastern and Central Africa through improved processing practices (CFC/ICO/22) made major strides in increasing coffee farmers' income through enhanced coffee processing equipment and techniques. Components 2, 4 and 5 of this proposed project will learn from the success of this programme and ensure that a coffee farming system (and not just a coffee one) is adopted and credit is availed to maximise adoption of promoted processing innovations. CABI's experience in implementing the World Bank funded project (2010-2011) in Cameroon, 'Introduction of Central Processing Unit Concept in Cameroon based on Eco-pulping technology', will also improve the implementation of components 2 and 4 of the proposed project.

The CFC/EU/DfID supported and CABI-coordinated programme entitled 'Improvement of Coffee Production in Africa by the Control of Coffee Wilt Disease' (No. CFC/ICO/13) was implemented in seven countries in East, Central and West Africa and developed GAP for and selected for CWD resistant lines of Robusta coffee in DRC, Tanzania and Uganda. The results of this project will be integrated in the proposed project as part of the good agricultural practices and the identified CWD resistant lines will be multiplied and distributed to farmers as part of component 3.

The proposed interventions have also taken into considerations of the outcomes and lessons learned from the European Union funded programme on improvement of the production and research side of the industry, focusing on agricultural aspects, and three project in Rwanda, funded by USAID, which are involved in assisting in the development of coffee washing stations and farmer groups around them.

The Cafedirect and GTZ funded project "Adaptation for smallholders to climate change" aimed to strengthen the capacities of smallholder coffee and tea farmers to adapt to climate change and enhance their access to respective financing mechanisms allied with the studies conducted in Peru, Nicaragua, Mexico and Kenya (2007-10), and lessons learned from these studies will help in the implementation of Component 6 of the proposed project.

C) PROJECT COMPONENTS

The current proposed mega project is composed of several components. The project will pursue a value chains and production systems approach in meeting its purpose. Given the extended value chain of coffee (and its alternative enterprises) implementation of the project will be undertaken through carefully selected partnerships with public and private partners with complementary skills and expertise. Each component is developed on the basis of a thorough understanding of the socioeconomic and biophysical impact of the identified demand driven constraint on the target beneficiary stakeholder. All the project components will be implemented in multiple countries in the region to maximise participation and ensure wider scalability of the developed innovations and principles. Capacity building of partners and gender issues will be central in the implementation of the entire project. The project will be implemented in context of the imminent climate change and one component is devoted solely to this. Lack of affordable credit to stakeholders, especially farmers, as well as poor national policies which manage the coffee sectors in the different countries (and weak institutions) are identified as common and cross cutting constraints and are therefore addressed in all the project components. Access to accurate evidence based information by policymakers, donors and managers of public/private institutions is recognised as crucial in both gaining political support as well as prioritising investments for research and development – making lack of effective information exchange another cross cutting constraint.

Due to the diverse nature of the constraints identified, as indicated above, these challenges have been grouped into components of the project each of which can be developed further into a project. In this Mega project however, for practical purpose, we considered as components even if each component represent group of countries with specific constraints equivalent to an independent project. Under each component are listed a number of specific activities which if implemented will contribute to its delivery. Each project component also comprises implementation schedule and estimated budget.

Challenges that depress production and productivity are well recognised in most coffee producing countries in Africa. Among these is the debilitating coffee wilt disease found attacking both Robusta and Arabica species. The 5 year project (**Component 1**) on increasing productivity was therefore centred on the worst affected countries of Uganda, DRC, Ethiopia and Tanzania. Facilitating the use of productivity enhancing package practices and inputs by the smallholder coffee growers in the target countries were the other major areas of emphasis planned under this component.

The market today is highly differentiated and driven by an obsession with quality and other consumer preferences. The market requirements that producing countries have to meet include emphasis on social responsibility, certification, direct sales, differentiated product, sustainability, higher quality, etc. **Component 2** therefore address this concerns in the representative countries of Burundi where there is a scramble for speciality markets as the country grapples with full liberalisation and privatisation of its coffee sector, Rwanda whose government recognises the value of producing fully washed coffees and Cote d'Ivoire whose coffee quality (and volumes) have declined due to recent conflicts.

The coffee sector in Sierra Leone and Liberia is in dire need for a total rehabilitation and renovation, hence the choice of these countries for the implementation of **Component 3.** The recent land reform policy in Zimbabwe has availed coffee plantation to new land owners who need to be assisted in maintaining these as coffee farms. From an annual production of 14,000t in 1989 the coffee sector has experienced challenges including policy changes which have led to production falling to 1,800t in 2009. There is a need to reverse this trend. Similarly, due mainly to full liberalization of the coffee sector in Ghana in the absence of strong private sector who can cover the gap left by the public services, the coffee farms have been abandoned or replaced, internal marketing system has completely disappeared and consequently the production has nearly collapsed, the annual production constantly fluctuating between 600 and 2000t. Therefore, the coffee sector in Ghana need strong rehabilitation programme. The Minister of Angola recently announced that coffee is a significant element among Angola's exports as well as a pillar in the diversification of the country's economy (http://www.otal.com/commodities/coffee.htm). Despite the great potential the country owes to grow coffee in different parts of the country, coffee production in Nigeria has never exceeded 4000 tons in history. The problem is largely attributed to lack of policy support to include coffee in national agricultural development program as an important cash crop and old age of coffee trees. Therefore, the coffee production in Nigeria needs strong revitalization program to boost its production and productivity. In Zambia, despite the immense potential the country owes to grow the best quality Arabica coffee, the annual production is limited to 3000 to 5000 tons. This production comes from limited large private estates which account for about 95% of the total production. Smallholder's coffee farming, which account for over 80% of the world coffee production and supply is not a common practice in Zambia. The Zambia coffee growers association, realizing the problem, has already initiated smallholders coffee mobilization program and strengthening of this program was further considered in component 3 of the present project. Because of the complexity of this component to implement, the PEA shall consider removal of Liberia and Sierra Leone if the rehabilitation project under consideration by ECOWAS in these two countries is approved.

Between 20 and 25 million farmers (mostly smallholder farmers) in more than 50 developing countries (more than 5 million farms, many in Africa), produce and sell coffee. However most of the value of the coffee is captured later in the value chains after processing and sale of the green coffee. Proper processing and marketing of coffee play a crucial role in determining how much of the final value of coffee is retained by the producer. **Component 4** looks at how this can be achieved, in Kenya (once high producer, but currently moderate producer and still declining steadily due mainly to poor internal marketing system that caused the farmers to be reluctant in coffee production and shift to other crops such a tea), Cote d'Ivoire (moderate production of Robusta, with poor infrastructure, low domestic consumption, weak internal marketing system and marketing policies leading to low/unstable farm gate price and shifting of coffee farming to other competitive crops lie cocoa, rubber and palm oil) and Togo (moderate Robusta producer).

Component 5 deals with diversification (vertical and horizontal) of coffee, as a means of minimising risks associated with overdependence on coffee and also adding value to coffee. With production of over 20,000t in 2008, coffee continues to play a significant contribution to the foreign exchange earning of both Rwanda (36%) and Burundi (>50%). Production of coffee in Kenya is on the decline, partly because of competition from alternative enterprises which have higher and quicker returns and yet account for significant proportion (10%) of foreign exchange income of the country. Ethiopia (> 35%), Uganda (20%), Tanzania (23%) and some others African countries depend on coffee for considerable proportion of their foreign revenue. The favourable eduphic and climatic conditions offers great opportunities for coffee farmers to engage in other economic enterprises to supplement their returns from coffee. Diversification is also one of the most useful strategies to maximize income and build sustainable national economy. In Brazil, the world number one coffee producer, coffee accounts for less than 5% of foreign exchange earnings simply because of diversification of multitude agricultural export products. Concerted efforts to further improve coffee production and quality while also allowing farmers to earn more from their limited land through diversification are therefore required

Mean global temperatures are predicted to increase by between 1.4 and 5.8°C over the coming century (IPCC, 2001) which will cause changes in temperature, distribution of rainfall, the frequency and intensity of extreme weather events and sea level rises. Rainfall is likely to increase in some parts of East Africa, often resulting in less frequent but more intense rains (IPCC 2007). Further climate change will reduce the length of the agricultural growing period in the E. African mixed rain-fed and perennial systems in the Great Lakes Region and other parts of E. Africa. Uganda's climate has become hotter and its rains more erratic in the last decade, researchers and the government say, posing a threat to its key coffee crop. Although changes in climate is not new, the magnitude of the predicted changes necessitates the planning of how to adapt (and mitigate) to the apparent inevitable changes. Using Tanzania and Ethiopia in the Eastern and DRC in the central African regions as pilot countries, **Component 6** proposes a programme that focuses on managing risks rather than waiting to reactively manage disasters.

Component 1: Sustainable increase of coffee productivity in Africa

Objective: To increase the production, productivity and quality of coffee in Africa while conserving the natural resource base (soil, water and environment).

Output: Coffee productivity in the project areas of the target countries increased to at least 0.5t/ha. by yr 5.

Indicators (in the project areas in each country):

- 50% of coffee farmers adopting good agricultural practices (GAP)
- Improved coffee varieties promoted and popularised
- A least 50% of farmers have access to improved (productivity enhancing) inputs
- Safe use protocols for agro-inputs developed and promoted
- Innovative credit schemes developed and piloted.

Activities:

1.1 Baseline key constraints to increased coffee productivity:

- Undertake a participatory appraisal involving all stakeholders at the beginning of the project to collect and collate information on value chains in the target countries. Participatory appraisal approaches characterized by the active participation of all actors in problem definition, situation analysis and identification of constraints to and opportunities for improvement will be used. In addition complementary research procedures that include qualitative research techniques such as key informant (stakeholder) interviews, as well as formal and informal discussions with selected informants will be employed. Key informants to be targeted will include farmers, senior/technical officers in farmers' organizations, field extension agents, senior Ministry of Agriculture officials at district and provincial levels, traders, NGO representatives, input suppliers, researchers, agro-processors, credit providers and transporters.

- Based on the participatory approach and research procedures described above, collect information that include training needs, farm characteristics, availability and source of inputs (including labor), farmers' perceptions on technology needs and climate change, information requirements, number, distribution and resource base of households, status of irrigation facilities, types and status of processing facilities/equipment, causes of post-harvest losses,

major diseases and insect pests, how agricultural produce are marketed, available credit systems, and capacities, roles and interactions between stakeholders, untapped opportunities and constraints to value chain development using the key informants
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- Characterize linkages between key actors in the value chains to understand how different actors behave and interact and the incentives that influence the patterns of interaction.

- Collate and analyze the data, disaggregate by gender wherever possible, and compile a detailed report.

1.2 Improve farmers' capacity in Good Agricultural Practices (GAP)

- Organize farmers into groups of about 30, or strengthen existing ones. This will facilitate not only training but also group acquisition of inputs, credit as well as marketing of produce. These groups will have democratically elected office bearers and be registered so that they are recognized as legal entities that can enter into formal contracts.

- Develop and test season-long training curriculum and training aids (participatory tools). The training will be hands-on discovery learning through action research. Available training aids such as coffee growing handbook will be used, improved and new ones developed.

- Identify suitable staff to be trained as trainers (30) and undertake training. Trainees will be carefully selected from both private and public sectors, with sustainability beyond the lifespan of the project in mind. These will be trained as Master Trainers who will in turn train other extensionists and farmers. At least 100,000 farmers will be reached directly by the trained extensionists in each country. Training will be in the form of intensive workshops and will be in GAP (agronomy, pest management, etc) under current and future climates, but will include other aspects such as leadership; governance systems; book keeping; budgeting; equipment installation, use and maintenance; irrigation methods; and post harvest techniques.

- Provide follow-up support following the training to check whether the farmers properly implement what they have learned or not. Twenty motorcycles will be procured in each country to facilitate the movement of the trainers for this purpose.

1.3 Avail and catalyze adoption of improved varieties:

This activity is to improve yield and quality through development and utilization of new disease resistant Arabica and Robusta coffee varieties as long-term and effective utilization of the available commercial varieties as short-term. The coffee wilt disease (CWD) is a particularly devastating constraint which could be addressed through breeding for resistance as part of the long-term program.

1.3.1 Development of new varieties (Long-term)

- Evaluate and characterise available coffee germplasm in the target countries over at least four cropping seasons mainly for:
  - Yield and components of yield
  - Resistance to major diseases specifically coffee berry disease (CBD), coffee wilt disease (CWD), coffee leaf rust (CLR) and others prevailing in each project countries
  - Quality characters including physical, organoleptic (sensorial analysis) and biochemical (caffeine, trigoneline, sucrose, etc.)

- Advance the selected breeding materials to variety trial for testing under multi-locations including disease hot spot areas. Evaluate for the same characters indicated above for at least four cropping seasons. The final selection could be released as a new variety followed by multiplication and distribution activities. Obviously this activity will extend beyond the project period (5-years), but local staffs will be trained to take over the responsibility.

1.3.2 Distribution of the available commercial varieties (short-term):

- Select several nursery sites in the project areas in each country taking in to account the final seedling transportation and distribution problems.

- Raise required quantities of seedlings annually from the available released commercial varieties and distribute to growers.

1.3.3 Establishment of material exchange mechanisms:

- Review the existing legislations governing exchange of plant materials, genetic resource property right agreements, Intellectual Property Right (IPR), IPPC international standards as well as EAC/AU regulations, and national rules and regulations of countries owning the genetic materials.

- Develop mechanisms for sharing information and breeding materials/germplasm and formulate Property Right (including IPR) agreement within the region.

- Cary out sensitization and lobbying of Policy makers on the value of exchanging of plant materials.

- Facilitate cross border exchange of improved planting materials as well as other germplasm.

1.4 Facilitate access to and proper use of productivity enhancing inputs

- Facilitate the acquisition of inputs by its members through farmer groups formed in Activity 1.2 by link the farmer groups to input suppliers to enable group (bulk) purchase of inputs such as fertilizers, pesticides, herbicides and farm tools.

- Convey information (e.g. on dosage, new improved product, integrated soil fertility management, etc.) at regular meetings through the farmer groups which will serve as units/forums. The trained extensionists will play an integral part in this activity

1.5 Facilitate access to financial resources

- Determine types of and constraints in credit systems in target countries (Done as part of Activity 1.1).

- Design an effective agricultural credit system with a credible bank. This will be done in participatory manner such that disbursement and repayment schedules are acceptable to all and in consonance with the coffee growth cycle

- Train bank staff in credit appraisal, monitoring and evaluation of loans

- Formulate acceptable contractual arrangements between banks and farmer groups

- Assess performance of credit system and impact

1.6 Disseminate productivity enhancing principles and practices

- Assess information requirement of stakeholders. This will be done partly in Activity 1.1, and supplemented from experience of collaborators in the project.

- Collect and compile relevant information on prices (coffee, input, transport, etc), input suppliers, traders, markets, etc. Some of this information is currently maintained at various National Agricultural Research Systems (NARES) but the project will update and consolidate this with information from other sources.
- Information on the economic, social and environmental impact of the developed innovations will also be gathered. The information will be used by policymakers and researchers to inform technology use, research priority, advocacy, policy change, etc.

- Package the collected information differently for different stakeholders according to their demand and applicability and disseminate it e.g. as posters, radio programs, Fact sheets, Policy briefs, etc.

Technical Assistance of an international consultant could assist in the undertaking of activity 1.1 and 1.5 of this component.

Location: Uganda, DRC, Tanzania and Ethiopia

Duration: 3 years

Estimated Costs: US$ 9,000,000

Component 2: Enhancing the quality of African coffees

Objective: To increase the volume of high quality coffee traded in the world market as specialty coffee.

Output: At least 80% of project farmers in target countries adopt quality based differential payment by yr 5.

Indicators (in the project areas in each country):

- At least 50% of coffee farmers adopting improved processing practices in each target country
- At least 25% of the farmers using improved processing facilities
- At least the target countries adopting internationally recognised coffee quality standards
- Innovative credit schemes developed and piloted.

Activities:

2.0 Collect and collate information on the major constraints to coffee quality:

- Undertake a participatory appraisal involving all stakeholders at the beginning of the project to collect and collate information on value chains in the target countries with emphasis on quality, but including training needs, types and volumes of crops produced, information requirements, types and status of processing facilities/equipment, causes of post-harvest losses, how agricultural produce are marketed, available credit systems, untapped opportunities, and constraints to value chain development. Complementary research procedures which include qualitative research techniques such as key informant (stakeholder) interviews, as well as formal and informal discussions with selected informants will be used to collect all the required data. Key informants to be targeted will include farmers, field extension agents, traders, NGO representatives, researchers and transporters.

- Characterize linkages between key actors in the value chains to understand how different actors behave and interact and the incentives that influence the patterns of interaction..
- Collate and analyze the data and compile a detailed report.

2.1 Undertake capacity building on improved processing practices

- Organize farmers into groups of about 30, or strengthen existing ones to facilitate training, group acquisition of inputs, credit services, marketing of produce, etc.

- Elect farmers group office bearers and facilitate official registration of the groups so that they can be recognized as legal entities that can enter into formal contracts.

- Develop and test season-long training curriculum and training aids (participatory tools). The training will be hands-on discovery learning through action research. Available training aids such as coffee growing and processing handbook will be used, improved and new ones developed.

- Identify suitable staff to be trained as trainers (30) from both private and public sectors and undertake training of these trainers (Master Trainers) who will in turn train other extension agents and farmers on a sustainable basis. Training will be in the form of intensive workshops or seminars and will focus on selective harvesting, pulping, drying, storage, hulling, transportation, certification, etc. The training will also include topics selected from leadership; governance systems; book keeping; budgeting; equipment installation, use and maintenance; and post harvest techniques.

- Provide follow-up support following the training to check whether the farmers properly implement what they have learned or not. Twenty motorcycles will be procured in each country to facilitate the movement of the trainers for this purpose.

2.2 Facilitate access to and adoption of improved processing facilities.

- Identify sites for the location of the coffee processing units (CPU) which basically includes pulping and hulling equipment, drying beds/patios/cemented floor, well constructed stores, storage sacks and transportation facilities (vehicle and road). This will be done as part of Activity 2.1. The criteria for site selection would include amount of coffee produced, availability of water, terrain of the land, number of farmers producing coffee, and proximity to another CPUs.

- Select the most appropriate equipment (especially eco-pulpers) which are environment friendly i.e. use minimal water and possess in-built mucilage remover which avoids fermentation process.

- Undertake training of farmers on principles and practices of improved production and processing. Training needs will have been identified in Activity 2.1, but to be included will be the value of coffee certifications and standards.

- Elect CPU committee members (Manager, operator, chairman, secretary, treasurer, etc.),

- Develop a training curriculum and train CPU Committee members on the operation/maintenance of the CPUs, proper processing and quality control.

- Link farmers to financial institutions for credit services (see Activity 2.4).

2.3 Develop and institutionalise quality standards for coffee subsectors

- Conduct a desk study to identify and describe the different standards, codes and sustainability criteria in force along the entire coffee value chain in the target countries.

- Convene a multi-stakeholder workshop to discuss the findings of the desk study and develop a draft which incorporates both product specifications and an industry code of practice on good agricultural and manufacturing practices, environment management, and social welfare issues (sustainable development). This is in response to the need to realign the local industry to the fast changing global markets where consumer attention to issues such as traceability, food safety, and environmental responsibility, fair pricing, and improved welfare for farmers and workers is growing.

- Select a small working group (5 members) to refine the draft into a formal certification or standardization regime to guide the industry. The standardization will be based mainly on quality (cup quality and physical characters i.e. defects, bean size, bean appearance), but also include fair producer pricing, food safety practices as well as water and soil fertility management. This new standard will form a benchmark on which coffee certification culture will take root in the country. It also shall form a pillar on which target countries shall maintain and expand their coffee markets both locally and internationally.

- Formulate strategies for policy advocacy in order to secure support of policy makers and have the certification standard framework legislated and incorporated into Government agricultural policies. The coordinators will develop concept papers that argue in favor of quality standards and present these at various government policy meetings, so that all other formal standards are based on the national one. Each target country will have its own set of standards developed around its particular coffee industry. These standards might be unique to each country, but must also be understandable to local and international buyers so they can base their coffee purchases on descriptions of coffee from each country. Even with standards in place, internationally traded coffee is normally sold subject to the buyer receiving a representative sample of coffee before the contract is finalised.

2.4 Facilitate access to financial resources.

- Determine constraints in the credit systems in target countries (Done as part of Activity 2.1).

- Design an effective agricultural credit system with a credible bank. This will be done participatorily such that disbursement and repayment schedules are acceptable to all and in consonance with the coffee growth cycle

- Convene a seminar to aware all bank staff on the project concept, objective and ultimate goal; the system established to provide credit services to the resource poor smallholder coffee growers who cannot access bank loan on their own; and the method the project established in credit appraisal, monitoring and evaluation of loans

- Formulate acceptable contractual arrangements between banks and farmer groups and facilitate linkages between the two.

- Assess performance of credit system and impact

2.5 Disseminate improved harvesting and post-harvest innovations and protocols

- Assess information requirement of stakeholders (related to coffee quality). This will be done partly in Activity 1.1, and supplemented with information from experience of collaborators in the project and as well as literature reviews.

- Collect relevant information on production and marketing methods which retain/enhance coffee quality. These include improved and innovative production (GAP), processing, storage and transportation methods. Some of this information is currently maintained at various NARES but the project will update and consolidate this with information from other sources.

- Package the information differently for different stakeholders and disseminate it e.g. as posters, radio programs, Fact sheets, Policy briefs, coffee processing manuals, etc. Information in the data base mentioned above will be disseminated using the local radio as well as trained extension staff.

Technical Assistance of an international consultant could assist in the undertaking of activity 2.0, 2.1 and 2.4 of this component.

Location: Cote d'Ivoire, Burundi and Rwanda

Duration: 3 years

Estimated Costs: US$ 8,500,000

Component 3: Rehabilitation of the coffee farms in countries emerging from effects of internal strife and policy changes in Africa

Objective: (1) To rehabilitate neglected coffee farms and increase income from smallholder coffee based farming systems and (2) to assist in restructuring and establishing viable internal and external marketing system in the participating countries.

Output: Coffee farm improvement programmes initiated in at least 5 countries and at least 1,000 ha of plantations rehabilitated by yr 5 in each country.

Indicators (in the project countries):

- All coffee farmers made aware of the economic benefits of producing coffee
- At least 50% of formerly displaced coffee farmers resettled
- At least 50% of the farmers belonging to organised and functional groups
- At least at least 25% of the resettled farmers having access to credit and processing equipment

Activities:

3.0 Undertake a value chain participatory appraisal of the coffee sector:

- Undertake a participatory appraisal approach that is characterized by the active participation of all actors in problem definition, situation analysis and identification of constraints to, and opportunities for, improvement. The study will include a full assessment of economic cost of refurbishing a coffee industry in the target countries and in the context of the imminent climate change (CC). Complementary research procedures that include qualitative research techniques such as key informant (stakeholder) interviews, as well as formal and informal discussions with selected informants will be employed. Key informants to be targeted will include farmers, senior/technical officers in farmers' organizations, field extension agents, senior Ministry of Agriculture officials at district and provincial levels, traders, NGO representatives, input suppliers, researchers, agro-processors, credit providers and transporters and exporters.

- Based on the participatory approach and research procedures described above, collect information including training needs, types and volumes of crops produced, information requirements, number and distribution of households, status of irrigation facilities, types and status of processing facilities/equipment, causes of post-harvest losses, how agricultural produce are marketed, available credit systems, and capacities, roles and interactions between stakeholders, untapped opportunities and constraints to value chain development using the key informants.

- Characterize linkages between key actors in the value chains to understand how different actors behave and interact and the incentives that influence the patterns of interaction. The relative value of revitalizing the coffee sector vis-à-vis food security will also be assessed.
- Collate and analyze the data and compile a detailed report.

3.1 Settle and organise farmers into groups.

- Identify and select suitable land. In collaboration with the Government demarcate neglected coffee plantations and other arable land on which farmers could be settled. Thereafter, subdivided the land into individual parcels of about 5ha each.
- Identify genuine settlers with the help of local leaders according to criteria developed participatorily (e.g. Willingness to farm and settle in the identified location, previous knowledge on coffee cultivation, be a local, gender, age, etc).

- Organise settlers into farmer groups. In collaboration with government, NGOs etc organise farmers into business organisations which are registered and recognised as legal entities.

- Train elected leaders on the running of such organisations (farmers groups), and the members on various aspects of production and marketing of produce.

- Depending on the land tenure system of the target country, facilitate the settler's acquisition of documentation showing legal ownership of awarded parcel in order to warrant concession of land title(s).

- Provide social amenities. Initial assistance will be given to new settlers - to put up houses, clothing, seeds for subsistence crops, some inputs, etc. The Government will assist with infrastructure development e.g. roads, health and education.

3.2 Provide institutional supports (research, credit systems, information exchange)

- Set up information system at National Agricultural Research (NARES) Institutions/Centers and collect national information on coffee (type, acreage, distribution, production statistics, stakeholders, market information, etc) and store in electronic data bases. This will be a one-stop-shop for accessing information on coffee.

- Establish a National Project Management Unit (NPMU) comprising a Coordinator, accountant and secretary for-day-to day running of the programme. Relevant staff will be trained in information management systems. Technical Assistance of an international consultant could assist in the undertaking of this activity.

- Strengthen institutions capacity to undertake research and extension activities – Develop a research plan to undertake demand driven research and extension on priority constrains. The research should be participatory and sustainable (protective of the environment), and takes into consideration indigenous technical knowledge and gender sensitivities. The capacity of the institutions, researchers and extensionists will be assessed and required training and capacity building recommended.

- Strengthen/develop credit financial systems to facilitate effective credit services to target groups. (See Activity 1.5)

3.3 Intensify/initiate coffee production

- Produce and distribute planting materials to target groups for refilling and adjusting the plant density of the existing old coffee farms/plantations (part of rehabilitation) or establish new coffee farms and plantations. The production of planting materials will be done either through the conventional nurseries (from seed or cuttings) or through the modern tissue culture techniques depending on coffee type and available resources.

- Undertake soil and plant tissue analysis. This should be done at the beginning of the project and regularly thereafter. Information gathered will determine the kind of integrated soil fertility management system to adopt – including amount and type of fertilizer required. Analyses could be done locally or abroad, depending on availability of necessary facilities and expertise.

- Undertake intensive and extensive rehabilitation and new planting activities through proper application of Good Agricultural Practices (GAP). Practices to be adopted include rejuvenation of old and abandoned coffee farms through stumping, pruning, pest (diseases, insects, weeds) management, pruning, soil improvement and conservation, water management, proper harvesting and drying of coffee, etc. Emphasis s will be placed on innovations or principles which increases productivity and quality but also reduces the environmental foot prints and negative externalities (minimizes release of greenhouse gases, e.g. weeding using a plough).

3.4 Undertake capacity building of stakeholders

- Provide training to all the relevant stakeholders involved in coffee production and processing. The training needs will have been identified under Activity 3.0. Training will then be undertaken as in Activities 1.2 and 2.1.

- Facilitate procurement and acquisition of equipments and other required facilities by the stakeholders. Different stakeholders will require different equipment to enable them perform their responsibilities in this project. Farmers will require lorries (to transport their produce), coffee pulpers, beds/patios and hullers (CPUs), stores, etc. Extension staff will require motorcycles, while researchers will be require vehicles, computers and accessories, etc.

3.5 Facilitate commercialisation of coffee

- Organise farmers into groups to facilitate acquisition of goods and agricultural inputs, provision of better training and credit services and supply of enough quantities of produce to the market or the customer on a sustainable basis. Farmers will have been organised into groups as part of Activity 3.1.

- Facilitate access to and adoption of improved coffee production and processing facilities. This will be done as in Activity 2.2.

- Facilitate fair and participatory pricing, sustainable market access and efficient quality control.

Technical Assistance of an international consultant could assist in the undertaking of activity 3.0 and 3.1 of this component.

Location: Liberia, Sierra Leone, Zimbabwe, Zambia, Ghana and Nigeria

Duration: 5 years

Estimated Costs: US$ 10,000,000

Component 4: Improving marketing systems for a competitive coffee sector in Africa

Objective: To strengthen internal and external marketing systems and penetrate new international coffee markets.

Output: Group marketing by smallholder farmers operational among at least 50% of the participating farmers in each country by yr 5.

Indicators (in the project areas in each country):

- At least 50% of the farmers aware of coffee marketing information
- At least 50% of the farmers belonging to organised and functional groups
- At least 25% of the established farmer groups linked to the market
- Differential payments operational
- Coffee intelligence and forecasting systems developed and operational
- New niche markets identified for the target countries
- Innovative credit schemes developed and piloted.

Activities:

4.0 Undertake baseline assessment of the existing marketing systems and identify constraints and opportunities.

- Undertake a participatory appraisal approach that is characterized by the active participation of all actors in problem definition, situation analysis and identification of constraints to, and opportunities for, improvement. The study will include a full assessment of economic cost of refurbishing a coffee industry in the target countries and in the context of the imminent climate change (CC). Complementary research procedures that include qualitative research techniques such as key informant (stakeholder) interviews, as well as formal and informal discussions with selected informants will be employed. Key informants to be targeted will include farmers, senior/technical officers in farmers' organizations, field extension agents, senior Ministry of Agriculture officials at district and provincial levels, traders, NGO representatives, input suppliers, researchers, agro-processors, credit providers and transporters and exporters.

- Based on the participatory approach and research procedures described above, collect information including training needs, types and volumes of crops produced, information requirements, number and distribution of households, status of irrigation facilities, types and status of processing facilities/equipment, causes of post-harvest losses, how agricultural produce are marketed, available credit systems, and capacities, roles and interactions between stakeholders, untapped opportunities and constraints to value chain development using the key informants.

- Characterize linkages between key actors in the value chains to understand how different actors behave and interact and the incentives that influence the patterns of interaction. The relative value of revitalizing the coffee sector vis-à-vis food security will also be assessed.

- Collate and analyze the data and compile a detailed report.

4.1 Improve access to coffee marketing information

- Collect information related to the internal and international market (prices, export volumes and qualities traded, demand and supply situation, consumption trend, etc.), analyse the data and communicate the derived results to producers, processors, traders and all others involved in coffee business on regular basis to assist them in providing adequate information for sound decision making.

- Establish a dialogue between participants and policy makers to best serve the industry in view of anticipated developments in the national and the international market, reduce risk in operations and assist in reviewing the minimum price policy and adjusting reference prices accordingly, where applicable. The information will also assist institutions like banks and the autonomous governmental funds to optimise their financing policies and the allocation of scarce resources.

- Provide training on proper recording and management of national coffee statistics. This information will assist in developing national coffee development plan, production and export status, internal and external marketing situation, pricing, etc.

4.2 Form/strengthen farmer business groups and link them to markets and credit institutions

This is a critical activity and will be done as indicated in Activities 1.2 and 2.4.

4.3 Develop a coffee intelligence and forecasting system

This activity will minimise the risks and uncertainties associated with coffee production and marketing that will enable exploiting of emerging market opportunities.

- Develop a sustainable intelligence and forecasting system. This will be hosted at one of the public or private institutions in the target countries.

- Recruit an international technical assistant (consultant) to set up the system and provide basic training of local staff.

4.4 Identify new markets and develop strategies on how to access them

One of the key trends characterizing agro-food trade in the last two decades has been the increasing complexity of public and private standards that are applied to imports into developed countries. One of the possible venues for increased agricultural export value is through exports to niche markets, such as coffee that is certified against one or more sustainability certifications (e.g. Fair Trade, Utz Certified, Organic, and Rainforest Alliance). The aim of this activity will be to access emerging markets created by the changing requirements of coffee consumers.

- Develop strategies to exploit markets identified under Activity 4.3. These strategies will include differential payments for coffee meeting certain internationally set quality standards and certifications.

- Undertake aggressive advocacy and training to ensure that producers understand how standards and certifications can be applied to achieve greater quality coffee and thereby access niche/speciality markets for increased profitability.

- Promote domestic consumption as a means of increasing the demand and price of coffee.

4.5 Establish/strengthen credit financial systems for producers

- Set up viable agricultural credit financial systems as in Activity 2.4 to capacitate the producers in successful production and marketing of quality coffee on a sustainable basis – to cover costs of labour, storage, transportation, quality analysis, market promotion, etc.

- Assess performance of credit system and impact periodically to avoid risks and fine-tune the system.

Location: Togo, Kenya and Cote d'Ivoire

Duration: 3 years

Estimated Costs: US$ 8,000,000

Component 5: Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa

Objective: To generate complimentary income using a development approach that ensures competitiveness and sustainable income to the smallholder coffee producers

Output: Diversification options for smallholder coffee farmers developed and popularised in at least 3 to 5 countries by yr 3.

Indicators (in the project areas in each country):

- At least 2 different enterprises compatible with coffee established in each target country.
- At least 50% of coffee farmers engaging in a different income generating enterprise in the target countries.
- At least at least 25% of the coffee farmers having access to credit and marketing channels of complementary enterprise

Activities:

5.1 Hold public-private stakeholder workshop to identify a public sector champion (as coordinator) and pilot sites in each country

- Organize public-private stakeholders workshop in each target country

- Decide as coffee stakeholders in an area whether to adopt vertical (adding value to the coffee value chain) or horizontal (invest in alternative more rewarding opportunities) diversification. The 2 are not mutually exclusive.

- Appoint coordinator (preferably from public sector to engage effectively with policy makers in Government) and Select 2 or more pilot sites in each country using criteria like volume of coffee produced, accessibility, climate, market opportunities and endowment.

5.2 Constitute a National and local multi-stakeholder forum

- Form a local (to ensure process driven from grassroots) and a national (provide linkage especially with government) stakeholder forum. The forums will endeavor to source funding for the implementation of the diversification.

- Identify appropriate public and private sector partner(s) and appoint local and national coordinators using the stakeholders forum.

5.3 Undertake an analysis of market and ecological conditions in each site (including appraisal, participatory value chain analysis and identification of market opportunities).

- Conduct a land use assessment linked to climate change (CC) modelling to determine what is likely to grow well during next 30 years.

- Undertake a value chain participatory analysis to identify market opportunities, especially for alternative sustainable enterprise (farm or non-farm for horizontal diversification) and for improving efficiency in value chain (for vertical diversification).

5.4 Identify (using stakeholder forums) appropriate partner(s) to lead and participate in the diversification program

- Organize stakeholders forum that includes both public and private sector players.

- Identify partners that are committed and ready to undertake diversification program as a long-term activity.

5.5 Capacity building of stakeholders (farmers, Government and private sector workers, etc.)

- Undertake training of stakeholders in areas including production, processing and marketing of the alternative enterprise (horizontal) and making the entire value chain more efficient and adding value to the final coffee product (vertical).

- Organize specialized training in conformity to the predicted climate changes as well as commodities that the changes will favor in order to aware the stakeholders and the government in this regard.

5.6 Formulate strategies for policy advice and advocacy in order to secure support of policy makers

- Assist local and national coordinators to effectively engage the governments and present diversification framework how it can be incorporated into Government agricultural development policies.

- Assist the local and national coordinators to develop concept papers that argue in favor of commodity diversification and present these at various government policy meetings.

5.7 Implement diversification

- Follow up proper implementation of the activities in the target countries to effectively demonstrate the economic significance of agricultural diversification in generating sustainable revenue to the farmers.

- Take all the necessary records during project implementation in order to document lessons learned to benefit future initiatives elsewhere.

5.8 Establish/strengthen and implement credit financial systems for producers

- Set up viable agricultural credit financial systems as in Activity 2.4 to capacitate the producers in successful production and marketing of quality coffee on a sustainable basis – to cover costs of labour, storage, transportation, quality analysis, market promotion, etc.

- Assess performance of credit system and impact periodically to avoid risks and fine-tune the system.

Location: Kenya, Rwanda, Burundi and Uganda
Duration: 5 years
Estimated Costs: US$ 10,000,000
Component 6: Adaptation and mitigation to climate change by coffee farmers in Africa

Objective: To improve producers' capacity to adapt to and mitigate the effects of climate change

Output: Information exchange systems on CC issues developed and operationalised by yr 3.

Indicators (in the project areas in each country):

- Farmer groups set up and operationalized in all target countries.
- At least 10 trial sites established in each country to promote CC adaptation innovations
- Information on CC collated, packaged and made available in all target countries

Activities:

6.0 Undertake appraisal study on current effect of climate change and current adaptation strategies.

- Conduct an appraisal studies in the different coffee growing areas of the target countries emphasising on the current impact of CC as seen by the farmers and the measures being taken to adapt to these changes, and the reasons for these. Opopportunities for better management of the challenges brought about by CC will also be explored during these studies. Complementary research procedures that include qualitative research techniques such as key informant (stakeholder) interviews, as well as formal and informal discussions with selected informants will be employed. Key informants to be targeted will include farmers, field extension agents, senior Ministry of Agriculture officials at district and provincial levels and researchers.

- Review records and reports available over the last 20 to 30 years on weather condition and production status of major crops in the study area to complement data collected through interviews.

- Collate and analyze all the data and compile a detailed report and circulate for immediate use by all the relevant stakeholders.

Technical Assistance of an international consultant could assist in the undertaking of this activity.

6.1 Undertake mapping studies on predicted climate change.

- Undertake mapping studies on the predicted climate changes in the target countries and relate these to its likely impact on coffee production and quality, pest & disease outbreaks, etc.

- Compile a list of innovative strategies to mitigate and adapt to predicted changes and provide intensive training to aware the producers in advance.

6.2 Hold a stakeholders workshop to discuss the outcome of the appraisal study.

- Convene a stakeholders workshop to present and discuss on the results of activity 6.0 and 6.1 and verify them. During the workshop, risks of CC will be identified and analyzed against the coping strategies and gaps identified.

- Based on the above results, select ideal pilot sites for testing CC adaptation strategies. The main criteria for site selection will include quantity of coffee produced, likely impact of CC, willingness of locals to participate in trials and accessibility among others.

- Compile and circulate workshop report including the identified CC risks, short and long-term measures identified against CC risks and all other recommendations and decisions made.

6.3 Organise farmers into groups and undertake trials in their farms.

- Organize farmers into groups as indicated in Activity 1.2 to effectively practice the strategies against CC at community or larger level. These groups will also be crucial pathways through which members will receive credit, training as well as access coffee speciality markets.

- Conduct trials that will address both mitigation and adaptation measures in the farmers field, with priority given to those measures that may address soil and water management problems. Further consideration will be given to those measures which also enable farmers to meet internationally recognised standards and certifications.

- Collect, collate and analyze data including cost-benefit analysis of the most effective measures and compile detailed report.

- Organize a seminar or mini stakeholders workshop to present and aware on the results of the studies conducted.

6.4 Disseminate improved CC mitigation and adoption innovations and protocols

- Present results of the trials in various forms acceptable to different stakeholders, identifying the most appropriate strategies as well as their costs.

- Package the information differently for different stakeholders and disseminate it e.g. as posters, radio programs, Fact sheets, Policy briefs, etc. Information in the data base mentioned above will be disseminated using the local radio as well as trained extension staff.

Location: Ethiopia, DRC and Tanzania

Duration: 5 years

Estimated Costs: US$ 10,000,000

Component 7: Project management and coordination

Objective: To assure adequate project management, efficacious application of resources as well as the projects's supervision, monitoring and evaluation.

Output: Activities running smoothly to the satisfaction of the financer at all times during the lifespan of the project, and project outputs achieved within budget and timeframe.

Indicators (in the project areas in each country):

- The project inauguration and planning workshop is realised.
- Financer's administration and financial procedures operationalized
- Detailed annual work plans and budgets developed and implemented
- Project partners working harmoniously
- M&E system established and operationalised
- Reports (technical & financial including audit) sent to ICO and financers regularly and in agreed frequency and formats
- Availability of annual auditor reports
- Project supervised by ICO/CFC or their appointee

Activities:

7.1 Organise project's inauguration stakeholder meeting. This will serve the purpose of bringing the stakeholders together, gaining ownership of the project, popularising the project with policy makers and also as a forum for agreeing upon the first year's work plans and budgets.

7.2 Establish and implement an administration and accounting procedures and provide training in these, and establish effective communication channels between PIA and collaborating institutions as well as between PEA and PIA.

7.3 Develop detailed annual work-plans and budgets. This should be done at annual national stakeholders' workshops.

7.4 Provide technical support to collaborators and carry out effective co-ordination of the project. The Project Implementing Agency [PIA] will provide technical backstopping to collaborating institutions who are implementing the project at grass roots level. The PIA will also directly involve in carrying out effective coordination and implementation of the project. The Project Executing Agency (PEA) will oversees proper execution of the project, timely disburse budget to PIA, and monitor and evaluate the overall accomplishment of the project as per project service agreement that will be signed between PEA and PIA.

7.5 Establish and implement an effective monitoring and evaluation process

7.6 Prepare regular progress reports, a mid-term evaluation report, annual accounts, audits and programme/project completion report for each country

7.7 Organize ICO/CFC/other financer supervision missions to the project areas

D) WORKPLAN AND GANTT CHART

		Year 1				Year 2				Year 3				Year 4				Year 5			
Component	**Activity**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	20
1: Sustainable increase of coffee productivity in Africa	1.1 Baseline key constraints to increased coffee productivity																				
	1.2 Improve farmers capacity in GAP																				
	1.3 Avail and catalyze adoption of improved varieties																				
	1.4 Facilitate access to and proper use of productivity enhancing inputs																				
	1.5 Facilitate access to financial resources																				
	1.6 Disseminate productivity enhancing principles and practices																				
2: Enhancing the quality of African coffees	2.1 Capacity building on improved processing practices																				
	2.2 Facilitate access to and adoption of improved processing facilities																				
	2.3 Develop and institutionalise quality standards for coffee subsectors																				
	2.4 Facilitate access to financial resources																				
	2.5 Disseminate improved harvesting and post-harvest innovations and protocols																				

3. Rehabilitation of the coffee farms in countries emerging from civil strife in Africa	3.1 Settle and organise farmers into groups.
	3.2 Provide institutional support
	3.3 Intensify/initiate coffee production
	3.4 Undertake capacity building of stakeholders
	3.5 Facilitate commercialisation of coffee
.4. Improving marketing systems for a competitive coffee sector in Africa	4.1 Improve access to coffee marketing information
	4.2 Form/strengthen farmer business groups and link them to markets and credit institutions
	4.3 Establish reward system for high quality coffees (differential payments)
	4.4 Develop a coffee intelligence and forecasting system
	4.5 Establish/strengthen credit financial systems for producers
5.Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa	5.1 Hold public-private stakeholder workshop to identify a public sector champion

	5.2 Constitute a National and local multi-stakeholder forum																				
	5.3 Undertake an analysis of market and ecological conditions in each site																				
	5.4 Identify (by stakeholder fora) appropriate partner(s) to lead and participate in the diversification																				
	5.5 Capacity building of stakeholders																				
	5. 6 Formulate strategies for policy advice and advocacy in order to secure support of policy makers																				
	5.7 Implement diversification Implement diversification																				
	5.8 Establish/strengthen and implement credit financial systems for producers																				
6. Adaptation and mitigation to climate change by coffee farmers in Africa	6.1 Undertake mapping studies on predicted climate change.																				
	6.2 Hold a stakeholders workshop to discuss the outcome of the appraisal study																				
	6.3 Organise farmers into groups and undertake trials in their farms.																				
	6.4 Disseminate improved CC mitigation and adoption innovations and protocols																				

7. Project management and coordination	7.1 Organise project stakeholder meetings																				
	7.2 Establish administration and accounting procedures and provide training in these, and establish effective communication channels between PIAs and PEA.																				
	7.3 Develop detailed annual work-plans and budgets																				
	7.4 Provide technical support to collaborators and carry out effective co-ordination of the programme																				
	7.5 Establish and use an effective monitoring and evaluation process																				
	7.6 Prepare regular progress reports, a mid-term evaluation report, annual accounts, audits and programme completion report for each country																				
	7.7 Organize ICO/CFC/other donors supervision missions to the project areas																				

E) BENEFITS AND BENEFICIARIES

Although all stakeholders (from producer to exporter) were included in the value chain analysis, most of the constraints mainly or exclusively involved the producer. The producers are also the most vulnerable and with the least resources to address the identified problems. The main and ultimate beneficiaries of the project are therefore bound to be mainly the over 5 million producers in the 25 coffee growing countries in Africa. Addressing the problems of the producers will enable farmers to produce greater volumes of higher quality coffee which in turn would benefit the other stakeholders further down the value chain. Also to benefit will be the various private and public institutions which work directly with farmers or farmer organisations. The stakeholders include the following;

- Coffee growers in the different regions (small, medium and large scale)
- Coffee processors (primary and secondary processors)
- Farmer groups (associations, cooperatives, unions)
- Input suppliers
- Financial institutions (banks, etc)
- National Agricultural Research and Extension systems (including researchers and extension staff)
- NGOs (many and with different portfolios)
- Regulatory bodies (e.g. coffee boards)
- Marketers (small traders and exporter associations)
- Policy making organs (usually government ministries and country intellectual property organisations)

The producers will receive a higher price for their coffee, whether they sell it as cherry to the Coffee processing units (CPU), improved parchment to the local market, or as clean (green) coffee for export. Specific benefits will include the following;

Meeting country visions for coffee sectors: Each country which participated in the value chain study (see above) developed a vision for their respective coffee sectors. This involved mainly increasing production and productivity to a certain level in 10 or 15 years. Implementation of the suggested programme will contribute to the attainment of the said visions.

Improved vertical value chain linkages between farmers, private and public sectors: The private sector making a greater commitment to the provision of input and technical support to farmers; the farmers becoming better organized and empowered in their bargaining position vis a vis the private sector; and the public sector being better able to support both farmers and ginneries.

Increased coffee productivity: As indicated above, the ultimate beneficiaries will be the farmers who will have better access to credit, inputs and market enabling him/her to earn more from coffee. Sustainable coffee productivity will therefore be increased using integrated methods which conserve the environment. This is considered a critical factor in light of the growing competition for available land, water and labour resources for food crops as well as bio-fuels.

Financial Rate of Return: Reduction of input costs and improved quality and productivity through GAP environmentally benign processing methods are expected to lead to an increased rate of return. Farmers will also be able to access the lucrative coffee speciality market reserved for producers who meet set international certifications and standards.

Strengthening of Institutions: Implementation of the project will have national institutions as integral partners thus enabling these institutions to strengthen their capacities to undertake research and development. Capacity building will be in the form of both training of staff as well as acquisition of equipment and facilities, including in emerging specialised areas as climate change mitigation and adoption.

Poverty Alleviation: The livelihoods of a significant proportion of small coffee farmers and their families are dependent upon the income from coffee. For a majority of them, on account of the poor infrastructure and agro-climatic conditions, coffee remains the only source of income without many alternatives and thus crucially important for survival. Helping the farmer produce what the market wants and linking him/her to the market will help increase income and improve livelihoods. Expensive plant protection practices have been negatively impacting this income and resistant new materials are expected to reduce the money to be spent on these inputs, thus saving the costs and improving the income. Thus, the project is expected to play an important role in poverty alleviation.

Foreign Exchange Earnings: Improved farmer earnings through reduced input costs and increased production are also expected to have a positive impact on the foreign exchange earnings of the target country.

Compliance with CFC & ICO goals: In terms of CFC priorities as indicated by the objectives outlined in the Third Five year plan (2008-12), this project directly addresses Objective 1, which is to finance commodity development projects, which improve competitiveness of commodity producers, support sustainable operation of the commodity value chains and addresses vulnerability of export commodity producers and increasing their share in end-product value. This project also addresses Objective 3 of the same CFC plan which is to raise the profile of commodity problems and, specifically, concerns of commodity producers in the international development community.

F) ENVIRONMENTAL ASPECTS

The programme aims to increase productivity of and trade in coffee in Africa, but using strategies that are both environmentally friendly and sustainable. All components have in-built elements of sustainability (conservation of the natural resource base, especially water and soil). Results from appraisal reports and analyses undertaken at the beginning of the programme will ensure careful selection and target application of inputs to ensure minimal negative impact on the environment. Initial soil analysis will ensure the adoption of Integrates soil fertility management practices, i.e. 'A set of soil fertility management practices providing farmers with <u>management options</u> that would include the use of organic inputs, fertilizer, soil and water conservation techniques, or improved germplasm, combined with the knowledge on how to adapt these practices to local conditions, aimed at high resource use efficiency and improving crop productivity. All practices and inputs need to be managed following sound agronomic principles. ISFM is promoted using participatory approaches to identify management options attractive to farmers. Use of resistant varieties will go a long way to enable growing coffee in an environmentally friendly way, and at the same time reducing cost of managing pests. However, for the existing susceptible varieties which require protection against diseases like coffee leaf rust, the project will screen and identify environmentally friendly fungicides which may be cost effective as short-term while continuing the long-term resistant variety development program. This holistic approach will lead to better management of on-farm resources and environmental conservation. The selective and rationalisation of inputs will reduce environmental contamination (contamination of water sources etc) and will reduce the impact of these pesticides on the farmers' health by reducing their exposure to toxic pesticides.

Coffee processing in many target countries is traditionally done by using “dry” processing. These have no negative effects on environment as may “wet” processing methods. The “wet” processing innovations to be promoted in this programme are through utilisation of ecological pulpers which use minimal quantities of water and proper processing effluent management, which could greatly minimise risk of contamination of soils and water bodies. The organic by-products of the processing might even be used as organic fertiliser.

To access speciality markets, farmers will be facilitated to meet internationally recognised standards and certifications. Environmental conservation (sustainability) constitutes part of the compliance to these standards and certifications. In constructing or rehabilitating infrastructure (housing, schools, access roads, drinking water facilities) care will be taken to minimise negative environmental effects.

G) INTELLECTUAL PROPERTY RIGHTS, PUBLICATIONS

Technology and know-how acquired as a result of, or otherwise emanating from, the project shall be the shared intellectual property of the Fund, PEA, PIA and collaborating institutions. The Fund may take out and maintain any intellectual property right protection to the results obtained and for the processes elaborated under the programme, but only after due consultation with the PEA and Collaborating Institutions. The PEA and Collaborating Institutions are recognised as sole holders of their respective background intellectual property, and the Fund acknowledges and confirms that it has no sole rights to the technology and know-how acquired as a result of, or otherwise emanating from, the project, that derives from this background intellectual property.

The PEA acknowledges and confirms that it has no sole rights of whatever nature to the technology and know-how acquired as a result of, or otherwise emanating from, the project, and that it shall keep all such technology and know-how confidential, unless otherwise agreed with the parties to the project.

The Fund shall have the exclusive right to the publication, in whatever form, of the results and technical outputs of the project. In doing so, the Fund shall fully acknowledge technical contributions made by the PEA, PIA and the Collaborating Institutions. The Fund shall own the copyright to and the revenues accruing from the sale of any publication issued by itself. The Fund may delegate fully or partly the right to publication to other parties involved in the projet.

H) PROJECT COSTS AND FINANCING

The total project cost is US$ 58,000,000 with a total CFC grant of US$ 16,800,000 and a loan of US$ 9,000,000. Co financing and Counterpart (Government) contribution amounts to US$ 32,200,000. Tables I, II and III provide budget details by Component, Category and Source.

I) PROJECT RISKS (Risk Assessment and Management)

There are a number of risks that could potentially affect implementation of the project, and hence, the achievement of programme objectives. Such risks have been carefully considered during the process of project formulation and appraisal and appropriate measures have been included in the project design to mitigate against such risks. These risks include the following:

a. Volatility in and especially falling world prices may cause farmers to lose interest in coffee. Since the project concentrates to a large extent on smallholders who have few other options, wide-scale abandonment is unlikely. Of late the prices of coffee have been stable and high, and we hope this will be sustained.

b. There is a risk that the programme fails to identify appropriate solutions to the identified constraints (biological, physical, economic, etc), which are sustainable and appropriate for smallholder coffee farmers. This risk has been minimized by adopting a holistic approach towards the development of management strategies i.e. adopting an integrated approach (depending on principles and not specific technology in isolation). The cost-benefit analyses will also improve the adoption of developed principles.

c. It is assumed that all partners will be able to work harmoniously and be able to effectively undertake their respective roles. There is a risk that due to various reasons in the local collaborating institutes, the project may not be effectively implemented. This risk has been minimised by the provision of technical assistance and support to enhance the capacity of the local counterpart. At the same time, appropriate training of local staff has been included to strengthen national capacities to undertake their activities, especially on financial and administrative procedures.

d. Personnel including external consultants must be competent in required skills and there is an assumption that such people can be identified and will commit to project activities. CABI works globally and regionally and has access to information for the selection of the best consultants and CABI will work with the collaborators to try to ensure that anyone participating in the project will remain committed to the project's activities.

e. The sustainability of operations after the project is crucial to achieving the ultimate objective of a more general and wider application of the systems to be developed under this project. The risk that operations will not be continued after project completion has been mitigated in a number of ways, e.g. the institutions involved will participate because of the benefit they expect to derive from the project and will be committing their own resources to strengthen their operations to effectively implement those aspects of the project specifically related to their institution's objectives;

f. There are some external risks which should be mentioned but for which project stakeholders cannot be responsible for e.g. political stability in target countries, disruptions from physical or biological catastrophes, global economic crises, etc.

g. The project costs have been carefully prepared to avoid any budget constraint during the course of project implementation. However, shortage of budget could be a potential risk, especially if the counterpart contribution by the participating countries is not paid as planned and as expected. To avoid this risk, intensive sensitization will be carried out at the beginning of the project to make sure that participating countries have well internalized the project concept and also feel ownership of the project.

IV: PROJECT SUPERVISION, MANAGEMENT, MONITORING AND EVALUATION

A) PROJECT ORGANISATION AND MANAGEMENT

IACO as PEA will be responsible for budget disbursement, monitoring and evaluation of the project for its effective and timely implementation, liaise with donors, timely present progress reports, and facilitate meetings and workshops as deemed necessary. CABI as PIA will assume overall responsibility for conducting the project on the ground including overall co-ordination of implementation by collaborating national institutions in each participating country, planning, budgeting, accounting, procurement and monitoring of progress. The project will be implemented based on an agreed annual work plan and budget consistent with the project budget. The PIA, in close collaboration with the participating agencies, will prepare a draft work plan and budget including task assignments to be undertaken by the respective agencies. This draft work plan will cover in sufficient detail, the activities to be carried out during the period by the respective agencies and the PIA.

The work plan will include a schedule of reporting by the partners. This draft work plan and budget will be made available to the CFC for comments, not later than two months before the start of the project. The comments of the CFC will be incorporated in the final annual work plan and budget. The PIA will assume overall responsibility for conducting the project, including complete coordination of the planning, budgeting, implementation, accounting and monitoring of the progress, while the PEA will be responsible to oversee the overall activities and its timely and effective implementation.

The project implementation will be on the basis of an agreed annual work plan and budget, consistent with the project budget. The PIA in close collaboration with the collaborating agencies will prepare a detailed work plan including task assignments to be undertaken by each participating institution. This also lays down a schedule of reporting by the collaborating agencies, the PIA and the PEA in that order for final submission of periodical project report to CFC and ICO. The detailed work plan will be made available to the CFC for comments. The comments of CFC will be incorporated in the final annual work plan and budget of the project.

B) DISBURSEMENTS, PROCUREMENT, ACCOUNTS AND AUDIT

Disbursements against the purchase of programme items individually costing the equivalent of a *de minimus* of USD 250 or more will be fully documented and retained in a central location by the PIA. Staff salaries and allowances, operating expenses, training costs and supplies and all other incurred project costs shall only be reimbursed by the PIA against certified Statements of Expenditure (SOEs) from implementing agencies at national level. It will be incumbent upon implementing/collaborating agencies to retain copies of expenditure documentation for all items (including below *de minimus*), in a central location for review by the PIA, SB, PEA or CFC.

Procurements will take place in accordance with the CFC's Regulation and Rules for the Procurement of Goods and Services from the Second Account.

Disbursement and Procurement guidelines are elaborated in the Financial Procedures Manual of the Common Fund and will be detailed in Schedule 3 of the Project Agreement.

Accounts and Audit: All the collaborating/implementing agencies will maintain independent financial records and accounts in accordance with sound and internationally accepted accounting practices introduce to them by PIA, and will submit to the PIA audited annual accounts within two months of the close of the project fiscal year (January 1st). The PIA will keep consolidated accounts for the project and prepare consolidated financial statements in accordance with the CFC's Financial Procedures Manual and regularly indicate in the biannual and annual progress reports that are presented to the PEA. The PIA will arrange for an annual project audit by independent auditors, which will be submitted in line with the requirements stipulated in the CFC's Financial Procedures Manual.

C) SCHEDULE OF REPORTING

- **Project inauguration report (PIR) and Management Plan (PMP)**. This is to be completed following the detailed planning occurring at the Inception Workshop in yr 1. This will contain a detailed management plan with an updated budget and a fully-revised Gantt chart. The PMP to include milestones and deadlines for major tasks and products.

- **Annual stakeholder workshops** (professionally-facilitated) to carry out formal and informal end-of-year reporting on activities and results by each partner country, and by other organisational participants. Intensive effort will be made to draw out the most significant stories (MSC), lessons learnt and identify best-practices. The work plan and budget for the following years will be discussed and agreed upon at these workshops. These workshops will also be good platforms to refine the project implementation progress indicators.

- **Annual Report of the Project** – These will cover the periods 1st January to 31st December in each year of the project and will use inputs from the annual Stakeholders workshops. Reporting against project implementation progress indicators as listed in the logical framework; and to analyse risks and assumptions. To include an annual management plan laying out work and products due that year.

- **Six-monthly (biannual) reports** will be due mid-year each year (January to June), reporting on activities, outlining tactics and charting progress.

- **Baseline appraisal Reports on the Socio-Economic Survey** to gather baseline information which will focus later activities in the project and will also serve as a basis for assessing impact– 1st Quarter of Yr 1. A similar survey will be conducted in the last quarter of each project.

- **Mid-term appraisal report**, to be carried out by an external team – to be prepared over a six-week period midway through the project.

- **Final Report** of the project at most 3 months after completion of the project.

D) MONITORING, SUPERVISON AND EVALUATION

The PIA in collaboration with PEA shall arrange a project inauguration meeting at the start of the project, involving the Supervisory Body, Funding Body, PEA and PIA and collaborating agencies or institutions. This will serve to review existing knowledge as well as prepare finalised year one work plans and budgets.

With the collaboration of all project participants, the PIA will prepare and submit detailed work plans specifying components and activities to be carried out over the year, with a related budget, not later than two months before the start of implementation.

The PIA will organize annual workshop to review the project during the end of each year, which will coincide with planning next year’s activities. These will rotate between partner African countries.

A mid-term evaluation of the project will be carried out by independent consultants assigned by the donors.

Each collaborating national institution or implementing agency will produce reports relating to project activities undertaken that will be submitted to the PIA to serve as the basis of six-monthly progress reports to be prepared by the PIA for submission to PEA and then to ICO , CFC and other donors. A consolidated annual report will also be submitted in similar manner within 3 months of the close of the reporting period.

Within three months of the conclusion of the project, the PIA will submit to PEA and ICO a project completion report along with full audited accounts.

The PIA will hold annual regional meetings with representatives from all participating countries in order to review the progress of the year, the lessons learned and plan for the future year. This provides an opportunity to provide information on overall project progress to all the PIAs and other stakeholders in all the participating countries.

The PIA will review with the collaborating national institutions/implementing agencies the existing knowledge and information and prepare the first year's work plan and budget and submit the same to ICO/CFC and other donors two months before the start of the project.

The Project Coordinator appointed by the PIA will liaise with the National Project Coordinators in participating countries and make such trips among the countries as deemed necessary to ensure the running of the project to impart necessary training and back-up in all the envisaged activities.

The PIA will arrange a regional workshop in one participating country in each year of the project to review the progress with the participation of all principal investigators, possibly to coincide with the supervisory visits of the PEA and independent consultants of ICO-CFC and other donors.

Each Collaborating National Institution or Implementing Agency will produce reports relating to the project activities undertaken for submission to PIA and these will serve as the basis for the six-monthly reports of the PEA to be submitted to ICO-CFC and other donors. A consolidated annual report will be submitted to ICO-CFC and other donors within three months of the end of each year and final report within three months after the conclusion of the project.

National Project Steering Committee (NPSC)

To ensure that the implementation of the project is not left to a Coordinator or institution, the PIA (in consultation with collaborating National or implementing agencies), will establish a National Project Steering Committee in each participating country. This committee will include representatives from different stakeholder groups both public and private including producers, processors, traders, researchers and policy makers.

The NPSCs will have responsibility, together with PIA for ensuring that the project is efficiently implemented within the budget and achieving the goals and objectives set out. It will be through the NPSCs that the other stakeholders in the industry and in the project are kept informed and motivated concerning the progress. It will also provide a forum in which they can air their views and concerns and discuss important issues relating to the subject of the project. The committee meets once in every six months.

The PIA, National institutions or implementing agencies and NPSCs will agree on the way to execute the project at National level each year, in line with the budget. This can be done by means of a Coordination Conference to be held in each country.

The Collaborating national institutions or agencies (through a National Coordinator) will have the responsibility for coordinating and managing the project in each country, keeping within budget, liaising with the PIA and reporting to the NPSC.

The PIA will assign one officer as the regional project coordinator to handle the day to day management and follow up of the project and to liaise with the National collaborating institutions or implementing agencies in each country.

POSSIBLE DONORS FOR THE SUGGESTED PROJECT (BESIDES THE CFC)

The proposal is written in a way that enables either the funding of the entire mega project that constitute six components each of which are likely equivalent to a project, or if a donor so wishes, just one or a few of the components. Donors have different priorities and interests which are not static.

The African Development Bank (AfDB): The proposed mega project is consistent with the bank's Agricultural Sector Strategy (2010 - 2014) which seeks to position the Bank to effectively contribute to a broader development of greater agricultural productivity, food security and poverty reduction while promoting the conservation of the natural resource base. The bank also supports improvement of the agricultural infrastructure like roads, and irrigation systems. Further, and targeting climate change, the bank has formulated its Climate Risk Management and Adaptation Strategy (CRMA) whose objectives include (i) reducing vulnerability of member countries to climate variability, building capacity and knowledge within the member countries to address the challenges of climate change and ensuring sustainability through policy and regulatory reforms.

The Economic Community of West African States (ECOWAS): ECOWAS was founded in 1975 and is composed of fifteen countries, half of which produce coffee. Its mission is to promote economic integration in all fields of economic activity, including agriculture and natural resources. ECOWAS has already shown an interest in funding some coffee activities in West Africa.

The European Commission (EC): EC funds several research and development projects in Africa including coffee improvement and extension programs and is suitable financers. It funds both upstream/basic and applied research programs.

The Department for International Development of the UK Government (DfID): DfID manages Britain's aid to poor countries and works to get rid of extreme poverty, and works through its offices in around 40 developing countries, providing aid to around 90 countries. They assist countries to e.g. meet the Millennium Development Goals (MDGs), the international targets agreed by the United Nations (UN) to halve world poverty by 2015. They work with governments of developing countries as well as charities, businesses and international bodies, including the World Bank, UN agencies and the European Commission. In 2008/09 a sum of £5.5 billion of aid was provided to poorer countries, and the 2010/11 budget will increase to £7.8 billion.

The United States Aid (USAID): USA is the major consumer of coffee and USAID is working to improve local capacity of developing countries to produce and effectively market high quality coffee thereby increasing the price farmers earn for their product. See http://www.usaid.gov/press/factsheets/2004/fs040915.html. USAID is supporting small and medium-sized producers to properly process and grade their coffee to ensure that the beans retain quality characteristics. USAID supports a number of coffee work in many African countries including Kenya, Rwanda, Zimbabwe and Ethiopia. Approaching USAID with an American partner will increase the chances of funding new proposals.

International Fund for Agricultural Development (IFAD): IFAD was established in 1977 to finance agricultural development projects primarily for food production in the developing countries. Its goal is to empower poor rural women and men in developing countries to achieve higher incomes and improved food security. Through low-interest loans and grants, IFAD works with governments to develop and finance programmes and projects that enable rural poor people to overcome poverty themselves. IFAD supports many rural development projects in Agriculture and has financed 13 programmes worth a total of $149.9 million in Rwanda alone.

The World Bank (WB): WB is a vital source of financial and technical assistance to developing countries around the world, with a mission to fight poverty. The WB help people help themselves and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors.

Seeking of funds should not be limited to traditional donors. There are also promising opportunities in engaging emerging economies like China, which recently pledged USD10 billion in public-private-partnerships in agriculture to help attain the NEPAD-CAADP objectives. The CAADP framework, which is already being implemented in most countries, will enable more efficient investments in the agricultural sector. Other sources include foundations, such as the Bill and Melinda Gates foundation and the Rockefeller Foundation.

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Table 1: Summary of Project Costs by Component and source (000 USD)

	Component	CFC Loan	CFC Grant	Other	Total cost
1	Sustainable increase of coffee productivity in Africa	1,000	2,700	5,300	**9,000**
2	Enhancing the quality of African coffee	1,000	2,300	5,200	**8,500**
3	Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa	2,000	2,000	6,000	**10,000**
4	Improving marketing systems for a competetive coffee sector in Africa	1,000	2,000	5,000	**8,000**
5	Enhancing diversification in a smallholder coffee farming systems for increased and sustainable income in Africa	2,000	2,800	5,200	**10,000**
6	Adaptation and mitigation to climate change by coffee farmers in Africa	2,000	2,500	5,500	**10,000**
7	Project co-ordination, supervision and monitoring		2,500		**2,500**
	Total	**9,000**	**16,800**	**32,200**	**58,000**

Table 2: Summary of Project Cost by Component and Year (000 USD)

	Component	PY1	PY2	PY3	PY4	PY5	Total cost
1	Sustainable increase of coffee productivity in Africa	4,000	2,500	2,500			**9,000**
2	Enhancing the quality of African coffee	3,500	3,000	2,000			**8,500**
3	Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa	5,000	2,000	1,000	1,000	1,000	**10,000**
4	Improving marketing systems for a competetive coffee sector in Africa	3,000	3,000	2,000			**8,000**
5	Enhancing diversification in a smallholder coffee farming systems for increased and sustainable income in Africa	2,000	3,500	2,500	1,000	1,000	**10,000**
6	Adaptation and mitigation to climate change by coffee farmers in Africa	3,500	3,000	1,500	1,000	1,000	**10,000**
7	Project co-ordination, supervision and monitoring	600	600	600	300	400	**2,500**
	Total	**21,600**	**17,600**	**12,100**	**3,300**	**3,400**	**58,000**

Table 3: Summary of Project Cost by Categories (000 USD)

	Category	Total Cost
I	Vehicles, Machinery and Equipment	15,000
II	Civil Works	5,000
III	Materials and Supplies	3,000
IV	Personnel	2,000
V	Technical Assistance and Consultancy	2,400
VI	Duty Travel	1,400
VII	Dissemination and Training	5,000
VIII	Operational Costs	21,000
	Sub-total	54,800
IX	Supervision, Monitoring and Evaluation	460
X	Contingencies	2,740
	Grand total	**58,000**