

Document of

COMMON FUND FOR COMMODITIES



For official use only

**BUILDING CAPACITY IN COFFEE CERTIFICATION AND
VERIFICATION FOR SPECIALTY COFFEE FARMERS IN EAFCO
COUNTRIES
(CFC/ICO/45)**

(To be financed under the Second Account)

APPRAISAL REPORT



Stadhouderskade 55
1072 AB Amsterdam
The Netherlands
Tel. +31 20 5754949
Fax. +31 20 6760231

e-mail. Managing.Director@common-fund.org

Date: 16th September 2009

This document has restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without the authorization of the Common Fund for Commodities.

Contents

TABLE OF CONTENTS	ERROR! BOOKMARK NOT DEFINED.
LOGICAL FRAMEWORK	3
MAP OF AFRICA	ERROR! BOOKMARK NOT DEFINED.
ABBREVIATIONS AND ACRONYMS	5
PROJECT SUMMARY	6
PROJECT BACKGROUND AND COMMODITY STRATEGY	8
A. PROJECT BACKGROUND	8
B. COMMODITY STRATEGY	8
C. CONTEXT OF EASTERN AFRICAN COFFEE IN THE WORLD MARKET	9
D. SUSTAINABLE COFFEE INITIATIVES:.....	9
E. IMPORTANCE OF COFFEE IN THE NATIONAL ECONOMIES	17
II. INSTITUTIONS AND RESPONSIBILITIES	18
A. SUPERVISORY BODY (SB).....	18
B. PROJECT EXECUTING AGENCY (PEA)	24
III. PROJECT DESCRIPTION	25
A. PROJECT RATIONALE AND OBJECTIVES.....	25
<i>Project Rationale</i>	25
<i>Project Objectives</i>	26
<i>Related projects and ongoing work</i>	27
B. PROJECT COMPONENTS.....	27
<i>Component 1: Build certification/ verification training capacity within national coffee institutions</i>	27
<i>Component 2: Training of farmers to meet certification and verification standards</i>	28
<i>Component 3: Building capacity of professional certifiers/ verifiers</i>	28
C. PROJECT IMPLEMENTATION	28
1. <i>Building certification/ verification training capacity within national coffee institutions</i>	28
2. <i>Providing farmer training</i>	29
3. <i>Building capacity of professional certifiers/ verifiers</i>	29
D. BENEFITS AND BENEFICIARIES	29
E. GENDER ASPECTS	30
F. ENVIRONMENTAL AND SOCIAL ASPECTS.....	30
G. INTELLECTUAL PROPERTY RIGHTS AND PUBLICATIONS.....	30
H. PROJECT COSTS AND FINANCING.....	30
I. OWNERSHIP OF THE PROJECT	ERROR! BOOKMARK NOT DEFINED.
B. ESTIMATED PROJECT OUTCOME	ERROR! BOOKMARK NOT DEFINED.
IV. PROJECT ORGANIZATION AND MANAGEMENT	31
A. PROJECT MANAGEMENT	31
B. DISBURSEMENT, PROCUREMENT, ACCOUNTS AND AUDIT	31
C. ORGANIZATION, MANAGEMENT, AND IMPLEMENTATION	32
D. MONITORING, SUPERVISION, AND EVALUATION	32
E. PROJECT RISKS.....	32
F. TABLE 1: WORK PLAN	33
<i>Component 1: Build certification/ verification training capacity within national coffee institutions</i>	33

Component 2: Training of farmers to meet certification and verification standards. 33
Component 3: Building capacity of professional certifiers/ verifiers..... 34

TABLE 2: SUMMARY COST TABLE BY COMPONENT [US\$] 34

TABLE 3: SUMMARY PROJECT COST TABLE BY COMPONENT AND YEAR (USD) 36

TABLE 4: SUMMARY PROJECT COST BY CATEGORY OF EXPENDITURE (USD)..... 36

**TABLE 5: DETAILED COST BY CATEGORY AND ITEM OF EXPENDITURE.....ERROR!
BOOKMARK NOT DEFINED.**

**TABLE 6: SUMMARY FINANCING PLAN BY COMPONENT AND SOURCEERROR!
BOOKMARK NOT DEFINED.**

**TABLE 7: DETAILED LIST OF INPUTS BY CATEGORY OF EXPENDITURE AND
FINANCIER ERROR! BOOKMARK NOT DEFINED.**

**TABLE 8: DETAILED LIST OF INPUTS BY CATEGORY OF EXPENDITURE AND
FINANCIER ERROR! BOOKMARK NOT DEFINED.**

**TABLE 9: EAFCA MEMBER COUNTRY CONTRIBUTIONS..... ERROR! BOOKMARK NOT
DEFINED.**

Capacity Building in Coffee Certification /Verification (EAFCA-CFC-ICO project)

Logical Framework

Narrative summary	Verifiable indicators	Means of verification	Assumptions
<p>Broad goals: Build capacity within Eastern Africa and beyond, for good agricultural practices and sustainability practices for socially acceptable, environmentally friendly and economically successful coffee production among producers</p>	<ol style="list-style-type: none"> 1. At least a 25% increase in the quality, production and exportation of Eastern African coffees that are certified/verified 2. Livelihoods of coffee growers and other stakeholders improved, with a substantial increase in number of people employed by the coffee sub-sector 3. Long term supply of quantities and qualities of certified/verified coffees 	<ol style="list-style-type: none"> 1. Export/financial data/statistics from growers and other stakeholders in participating member countries 2. Impact and evaluation reports from stakeholders and the project 	<ol style="list-style-type: none"> 1. Reasonable prices obtained from top-cupping coffee due to improved quality that are also certified/verified 2. Quality of life and quality of the environment improved and are visible 3. Political commitment to support sustainable coffee economy using the three pillars to sustainable development
<p>Project Purpose: To increase the quality and quantity of certified/verified coffee produced and processed within the EA coffee producing region through the training of 6,030 farmers and extension officers.</p>	<ol style="list-style-type: none"> 1. A 20% increased demand for coffees meeting minimum criteria for certified/verified EA Coffees 2. A 30% increase of importing and roasting companies supporting and assisting farmers in sustainable coffee production. 3. A 25% increase in volumes of certified and verified coffees produced by farmers over the 5 years. 	<ol style="list-style-type: none"> 1. National data on quantity for certified/verified sustainable coffees and all other coffee data 2. Reports on cup quality of certified/verified sustainable coffee within the EA region 3. Data from certification and verification organizations. 4. publications featuring the significant improvement in certification capacity in the region 	<ol style="list-style-type: none"> 1. Improved quality and marketability of sustainable coffee. 2. Consumers/importers and roasters are aware and appreciative of quality coffee that is produced sustainably 3. Increasing demand for certified/verified coffee 4. Farmers are willing, able and prepared to collaborate with sustainable coffee programmes at this level, e.g. providing parchment or green coffee samples for cup evaluation determination when requested to do so
<p>Outputs: 1. Farmers practicing good farming and sustainable production practices 2. Capacity existing at national coffee institutions to train and offer support to producers in certification and verification 3. Exports of certified/ verified African coffee increased 4. Benefits of certified/verified coffee disseminated through training 5. Trainees execute certification/verification coffee programmes effectively, professionally and efficiently</p>	<ol style="list-style-type: none"> 1. An increase in utilization of existing infrastructure for instance the washing stations operating at full capacity 2. Volume of exported certified coffee increases by 25% by year 5. 3. At least 114 members of staff from National coffee Institutions trained as Sustainable Master Trainers with at least 15 workshops set to achieve this. These shall be selected from the 201 trained trainees (TOTs) that shall be trained in the programme. 4. At least 6,030 members of staff from National coffee Institutions and farmers trained as Sustainable Trainers of Trainees through a number of workshops. 5. At least 78 Sustainable coffee professionals [verifiers and certifiers] trained and operational by year 4. 8 workshops will be carried out to achieve this. 	<ol style="list-style-type: none"> 1. Audit of growers, farmer associations or cooperative unions and societies 2. Progress reports on the regional coffee certification/ verification project 3. Dissemination by the National Coffee Institutions of sustainable coffee verification /certification related materials 4. Statistics from ICO 5. Data and reports from certifying/verification agencies 6. Attendance registers of trainees 	<ol style="list-style-type: none"> 1. Farmers and other stakeholders willing to collaborate with sustainable development professionals at this level 2. Farmers adopt sustainability initiatives in the field of coffee 3. Private sector operators take an interest in regional coffee certification/verification project 4. Competitive internal market environment ensuring that traders and marketing agents pass on the benefits to farmers in a timely and dependable manner

Capacity Building in Coffee Certification/Verification (EAFCA-CFC-ICO Project)

Narrative summary	Verifiable indicators	Means of verification	Assumptions
<p>Inputs: Activities</p> <p>1.1 Develop curriculum of training and training aids for Master trainers</p> <p>1.2 Identify and select suitable Master Trainers from the national coffee institutions in participating countries</p> <p>1.3 Determine and select trainees for sustainable coffee training; certifiers, verifiers, auditors and inspectors to participate in the training of trainers workshops from national coffee institutions and private sector</p> <p>1.4 Train farmers, farmer groups owner/operators of coffee farms, on sustainability practices for socially acceptable, environmentally friendly and economically successful coffee production</p> <p>1.5 Monitor and evaluate cost-benefits associated with various sustainable coffee initiatives and their efficacy within the region</p> <p>1.6 Evaluate the cup and green coffee quality in relation to various sustainable coffee initiatives</p> <p>1.7 Assist stakeholders to Identify appropriate marketing channels for certified/verified coffee both in the niche and mainstream coffee markets</p> <p>1.8 Identify and select suitable areas and farmer groups growing coffees that meet special sustainable certification/ verification criteria</p> <p>2.0 Organise stakeholders meetings on a regular basis in participating countries</p> <p>2.3 4.2 Establish and implement effective communication channels between EAFCA, ICO, CFC and others</p> <p>2.4 Establish and implement sustainable administration and accounting procedures;</p> <p>2.5 Develop detailed annual work-plans and budgets;</p> <p>2.6 Source and provide technical support</p> <p>2.7 Prepare regular reports to the ICO, CFC and other relevant bodies/stakeholders</p> <p>2.8 Organise supervision missions for ICO, CFC and others that stakeholder feel appropriate and relevant.</p>	<p>Component 1: Building certification/verification training capacity within National Coffee Institutions</p> <p>Training of Master Trainers from national coffee institutions and private sectors plus conducting of training of trainers workshops for farmer extensionists and trainers from national coffee institutions and private sector</p> <p>US\$ 1,140,122 over four years</p> <p>Component 2: Training of farmers to meet certification and verification standards</p> <p>Training of farmers in sustainability practices for socially acceptable, environmentally friendly and economically successful coffee production</p> <p>US\$ 1,955,460 over the five years.</p> <p>Component 3: Building capacity of professional certifiers/verifiers</p> <p>Training of certifiers/verifies over five years</p> <p>US\$ 842,628</p> <p>Component 4: Project Management and Coordination</p> <p>Management and coordination of the program</p> <p>US\$557,515</p> <p>Grand Total = US\$ 4,495,725</p>	<p>1. PEA Project Progress Reports;</p> <p>2. Annual Audit Reports;</p> <p>3. Mid-Term Review and Project Completion Review;</p> <p>4. Periodic reports from EAFCA and any regional visits to assess the progress of the coffee certification/verification projects.</p>	<p>1. Financing from CFC and any other sources is made on a timely basis in line with proposed activities and Annual Work-plan/Budget.</p> <p>2. EAFCA, the PEA, collaborating institutions co-ordinate & execute the project efficiently, professionally and effectively.</p> <p>3. All project participants remain committed to the sustainable coffee project purpose.</p>

Abbreviations and Acronyms

ACRN:	African Coffee Research Network
CA	Collaborating Agencies
CBK	Coffee Board of Kenya
CBZ	Coffee Board of Zambia
CNCC	Comité national de commercialisation du café
CFC	Common Fund for Commodities
CORNET	Coffee Research Network of ASARECA
CQI	Coffee Quality Institute
EAFCA	Eastern African Fine Coffees Association
EA	Eastern Africa
ECAPAPA	Eastern and Central Africa Programme on Agricultural Policy Analysis
FLO	Fair Trade Labeling Organizations International
IAF	International Accreditation Forum, Inc.
ICO	International Coffee Organisation
IFCC	Independent Fine Coffees Consultants
IRCA	International Register of Certificated Auditor [of UK]
NCI	National Coffee Institutions
OCIBU	Office du Café du Burundi
PEA	Project Executing Agency
PIA	Project Implementing Agency
RAIN	Regional Agricultural Information Network
SCAA	Specialty Coffee Association of America
SCAE	Specialty Coffee Association of Europe
SCAJ	Specialty Coffee Association of Japan
SCI	Sustainable Coffee Initiative
SB	Supervisory Body
TBD	To Be Decided/Determined
ToT	Training of Trainers
TFM	Tropical Farm Management (Kenya)
ZCGA	Zambia Coffee Growers Association

Project Summary

1. **Project Title:** Building Capacity for Coffee Certification and Verification in Eastern Africa.
2. **Duration:** Five Years
3. **Location of the project:** Burundi, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe.
4. **Nature of Project:** Building capacity within Eastern Africa and beyond, for good agricultural and sustainability practices for socially acceptable, environmentally friendly and economically successful coffee production among producers through training of farmers to meet certification and verification standards, building certification/verification training capacity at National Coffee Institutions and building capacity of professional certifiers/verifiers. This will lead to an increase in productivity and quality and market access, thereby improving the livelihoods of coffee growers, their families and other stakeholders. The project will train 6,030 Farmers and Extension officers who will produce certified coffee.
5. **Brief Description of the Project:** The project objective is to improve the skills of the farmers to meet certification standards. Farmers who receive training and skills in good agricultural and sustainability practices will be better equipped to produce socially acceptable, environmentally friendly and economically successful coffee and can better meet certification and verification standards. The training of the staff of national coffee institutions with the skills to carry out the farmer training program will allow the project to have a more sustainable effect. The region will also have a cadre of well trained professional certifiers as a knock-on effect as well. The Market is demanding “branded” sustainable coffee but there is a yawning gap between desire and reality in coffee producing regions. The coffee supply chain starts with growers and there is dire need to develop capacity at this level so that the farmers are able to respond to the market demand. In this way, Eastern African farmers and other stakeholders can be empowered to produce not only higher quality coffee, but also coffee that is produced with attention to social, economic, and environmental concerns.

In order to build capacity within the National Coffee Institutions in the region, training of staff from these institutions as Master Trainers and Trainers will ensure a sustainable base for the work of good agricultural and sustainability practices.

- | | | |
|-----|--------------------------------------|--|
| 6. | The Estimated Total Cost: | USD \$4,600,727 |
| 7. | Financing from CFC: | USD \$ 2,000,000 |
| 8. | Financing from the EU: | USD \$ 1,605,002 –Euro 1,146,430 |
| 9. | Co-Financing by other sources | (TBD) Project will have significant buy-in through training costs, certification /verification costs and value of participation) |
| 10. | Mode of Financing: | Grant |
| 11. | Counterpart Contributions: | USD 995,725.00 [from EAFCA National Coffee Institutions and its members] |
| 12. | Project Executing Agency: | Eastern African Fine Coffees Association [EAFCA] |
| 13. | Collaborating Agencies: | Several, including National Coffee Institutions, EAFCA membership, Government Ministries in charge of coffee, Coffee Research Centres, CORNET, CQI, RAIN, ACRN, ECAPAPA, SCAA, SCAE, SCAJ, National Bureaux of Statistics, all existing and yet to exist coffee certification and verification initiatives in the EA region and beyond, certification and verification training and examining bodies such as UKAS of UK, and DAP of Germany, The apex certification body i.e. IAF Inc. |
| 13. | Supervising Body: | International Coffee Organisation (ICO) |
| 14. | Approval Date: | April 2009 Decision (.....) |

PROJECT BACKGROUND AND COMMODITY STRATEGY

A. PROJECT BACKGROUND

1. It is generally recognised that coffee plays a vital role in the sustainable development of many developing countries in Sub-Sahara Africa. Not only do countries such as Burundi, Ethiopia, Rwanda and Uganda depend on coffee for a large portion of their export earnings, but coffee also provides a vital source of income to several million coffee growers, farm workers and their families.

2. The project aims to build coffee certification and verification capacity in the EAFCA member countries of Burundi, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe. The project is principally aimed at helping farmers to meet certification/ verification requirements and the capacity to teach farmers these skills will be in the hands of national institutions to ensure sustainability of the program. Therefore the project is focused on building certification/verification training capacity within national coffee institutions and providing their local staff with the necessary skills in certification programs. The project will also increase their ability to provide outreach training to farmers and to deliver these services on a sustainable basis.

3. The Eastern African Fine Coffees Association [EAFCA] focuses on the quality of coffee, the quality of life and the quality of the environment. It is implicit therefore that, as much as possible, raising the quality of coffee produced, and having various value addition certification/verification programmes in the EA region shall improve market access which in turn shall improve the income of coffee growers and by so doing reduce poverty and extreme hunger.

4. In a recent CFC/ICO funded study conducted by EAFCA regarding coffee certification/ verification initiatives in Eastern Africa [CFC-Ref-No 04/19 of 2004], it is reported that there are several sustainable coffee initiatives within the EA region, most of which are little known at both the country and region levels. The study recommends the training of smallholder coffee growers in the various elements of the sustainability schemes. The training must be conducted in simple terms and in local languages. Thus there must be well trained trainers and extension officers at all levels of the coffee chain.

5. The International Coffee Organisation endorsed a preliminary project for financing by CFC in line with their policy on “sustainable coffee economy” which was conducted by the IFCC and published in July 2005. The report recommends, amongst other issues, the development of certification/ verification capacity in EA region, in line with modern thinking on sustainable coffee. In May 2007, the Executive Board of ICO and the ICO council approved the projected and recommended it for to CFC for funding.

B: COMMODITY STRATEGY

6. The International Coffee Agreement calls upon its members to develop a worldwide sustainable coffee economy based on the principles enshrined in Agenda 21 of the Rio protocol as approved by the United Nation Conference on Environment and Development. The concept is based on the assertion that “It is in the hands of humanity to make development sustainable, that is to say, seek to meet the needs and aspirations of the present generation without compromising the ability of future generations to meet their own”.

7. Information available at the ICO and the CFC indicates that there are many coffee related initiatives across the coffee world aimed at sustainable coffee development. In brief there three ‘Pillars’ of sustainable coffee development being addressed: *economic, social and environmental*. There are initiatives that address niche coffee markets and others that address mainstream coffee market. However, unless these initiatives can be shown to be cost efficient, and produce the anticipated returns to growers in particular, it is unlikely that they will be adopted quickly throughout the Region. Success of these programs depends much on the private sector – entrepreneurs and farmer groups. Over a period of five years, it is expected that the involvement of the coffee private sector including coffee producers in this

capacity building project, will make a significant impact on the sustainability of coffee within the member countries of EAFCA, as well as improving farmer market access.

C. CONTEXT OF EASTERN AFRICAN COFFEE IN THE WORLD MARKET

8. Since the collapse of negotiations related to the coffee export quotas in July 1989, the global coffee trade and industry has operated in a free market. Over the same period several new approaches to trading coffee emerged under the auspices of the specialty coffee movement. A high value niche market (5% to 10% of the total coffee market) representing top-cupping coffees originating in parts of Africa, Latin America and Asia took the centre stage.

9. There also emerged special interest groups that were excited not only by specialty coffees in general, but also with the quality of coffee, the quality of the environment and the quality of life. This new “market interest” resulted into various initiatives including but not limited to organic, bird/tree friendly, and Fair-Trade. In recent years, it has become clear that these niche markets were neither a panacea nor a full answer to the question of improved incomes to coffee producers. A mainstream approach was needed that would address the rest of the coffee market (80% to 90% of the world coffee economy). Initiatives such as Eurepgap/Utz Certified and Common Code of the Coffee Community (4Cs) emerged. The situation is still evolving and the future appears to be set in the general direction of “responsible and/or sustainable” coffee production and trade. However, most of the “old” and “new” coffee certification and verification programmes are still alien to Africa and most of the coffee producing world, and there is limited capacity in Africa to educate and advise smallholder coffee producers or to deliver certification services to them.

10. EAFCA recognizes that certification programs are both market and production systems driven, and that this program will help explain, among many other issues, the market and production advantages to a smallholder producer. Sustainable farming is stressed equally with market factors and it is intended that certified farmers will be better farmers incorporating new skills and techniques that address the economics of farming, social concerns, environmental protection and finally, market relations. Such improved farming knowledge through certification programs will result in improved yields, higher quality product, cost effective input use, and will increase farm revenue.

D. SUSTAINABLE COFFEE INITIATIVES:

11. African coffee producing countries have many sustainable coffee initiatives. The problem is that most are not well known or are confusing to medium and small growers. Below is the summary of the sustainability situations in all project countries.

a) MALAWI

Malawi is one of the few African suppliers of certified organic coffees and quantities are small. However, no reliable information is available on the actual quantities of certified coffees that are exported from Malawi. Malawi’s coffee is sold mainly by private treaty and not through the Auction because quantities produced are so small that Auction would not attract buyers.

a) Certification and verification initiatives in Malawi

Organic certification is the only evident certification initiative in Malawi, although Utz Certified aims to have new certified coffee projects running in Malawi, in the course of 2008.

Malawi through the Growing Sustainable Business Initiative (GSB) carried out a study into the benefits, costs and potential for Fair Trade certifications. Based on the results of the study Mzuzu (with support from USAID) intends to start a certification process with Rainbow Alliance.

b) Challenges of certification/verification

Generally, Malawi coffee production has declined, as the recent years of low prices have seen many coffee farmers uproot and replace coffee with alternative crops. In addition, it is difficult for farmers to reach markets outside their villages. Transport expenses are incurred for their products to reach

markets and their inputs to arrive to their farms. This makes subsistence farming non-profitable and extremely difficult for farmers to raise any income.

With regard to certification,

- The cost-benefits of certification are not known in Malawi, nor is it known how certifiers are accredited.
- Malawi would very much want to move with the rest of the EAFCA chapters in these coffee certification initiatives.
- Malawi smallholders cannot however shoulder the cost of certification/verification.

b) RWANDA

a) Sustainability initiatives in Rwanda

- Rwanda has a Fair-Trade programme and is now involved in Organic coffee certification
- Coffee board (OCIR-Cafe) of Rwanda is in the process of converting coffee from Rushashi into Organic
- The following cooperatives are involved in Fair-Trade certification, i.e. COOPAC, Abahuzamugambi ba Kawa, KOAKAKA, COCAGI, and DAKUNDAKAWA
- Certifiers come from abroad mainly Europe. Local Fair-Trade programmes if established, could help with certification and keep costs down
- Working from Europe is proving slow and growers do wait long to be certified because of shortage or lack of inspectors. There is need for a locally based certification programme.
- Fair-Trade coffee is now more sought after compared to a few years ago and the demand is also growing.
- Rwanda has organic and Fair-Trade programmes that Utz Certified can easily fit into by additional social dimensions.

b) Challenges of certification / verification

- High certification costs.
- Lack of recognition for local certification body.
- Government policies are not yet fully developed and implemented and some are not inclusive.
- Farmers not technically capable of working on their own.

c) ZIMBABWE

a) Sustainability initiatives in Zimbabwe

12. There no reliable information on coffee certification in Zimbabwe. However there are reports of organic certification of some of Zimbabwean coffees. Coffee consultant Jules Lang of Africa Plantations Corporation in Northern Zambia, has been working with the Coffee Growers Association of Zimbabwe to develop a certification process that encompasses four main areas: 1) labor employment and social issues; 2) food safety; 3) environmental management; and 4) produce traceability. Currently Zimbabwe is not associated with the Coffee Quality Institute, but hopes that broader awareness of their program will provide opportunities for international recognition.

13. A study done by the Coffee Marketing Development and Trade Promotion in Eastern and Southern Africa in 2002 made some recommendations for the setting up of such a coffee certification system in Zimbabwe whereby the Standards Association of Zimbabwe would play a role. The study actually proposed an independent and sustainable system with the Coffee Growers' Association monitoring the performance of the system. Levies were proposed to make the system sustainable. To this day, nothing has been done and with the current highly volatile political situation, this means that careful planning has to be carried out in order to penetrate the Zimbabwean coffee industry.

14. Apart from certifying commercial and smallholder coffee growers, Zimbabwe presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers transporters and exporters.

b) Challenges of certification/verification

15. Highly unstable macro-economy and policy environment has affected coffee production and trade in Zimbabwe. Sustainability in production is compromised because of picking unripe berries and drying on the ground or in adequate racks. The problem is aggravated by not sorting out the dirt before the sale, and must be resolved because consumers in Western Europe, the U.S. and Japan are becoming more selective. Coffee producers in Zimbabwe, like in any other country, must strive to improve quality in order to maintain their market share.

d) KENYA

a) Sustainability initiatives in Kenya

16. There is not much information on the actual quantities of coffees that are exported as certified from Kenya due to the newness of the initiatives currently in place. We can however safely conclude that the amounts are substantial owing to the number of certification/verification initiatives that are in operation in Kenya; the main ones being Fair Trade, Utz Certified and now 4Cs.

- **Fair Trade** certification (usually simply Fair Trade or Fair Trade Certified™ in the United States) is a product certification system designed to allow people to identify products that meet agreed environmental, labour and developmental standards.
- **UTZ certified.** Has managed to certify several large scale farms in Kenya. Most of these coffees have been passed through the UTZ certified value chain and eventually traded through the Nairobi Coffee exchange.
- **4C:** The Common Code for the Coffee Community is a market-based and open initiative to promote and encourage sustainability in the green coffee chain. 4C has managed to engage majority of the coffee stake holders and National Institutions in the Kenya and according to 4Cs, the first container-load of 4C-verified coffee has hit the market from CMS, Kenya!

b) challenges being experienced

- Yields would drop below economic levels if no agro-chemicals, especially fertilisers and pesticides are applied in coffee production. Organic coffee and Fair-Trade coffee programmes in Kenya are hampered by the existence of major coffee diseases and pests such as CBD, leaf rust, Berry Borer and Stem Borer
- Smallholder grower organisation may also be too weak to handle some complex coffee initiatives without training and support from government, strategic development partners and private sector
- Utz Certified is the only known programme that is so far applicable in large coffee plantations and smallholder coffee farms, although the future is difficult to predict
- Many plantations are yet to come to terms with the “Social Charter” of any of these initiatives due to uneconomical returns to investments and also due to seasonality of demand for labour.
- Kenya coffee may also lose its “cup signature” if not fully washed. Environmental implication on use of effluents from wet processing mills requires capital injection which may not be practicable during long spells of low global prices.

e) **TANZANIA**

a) **Sustainability initiatives in Tanzania**

17. The sustainability initiatives that exist in Tanzania include Fair Trade, organic and Utz Certified. KNCU is selling certified coffees to the markets. The beans are Bourbon and Keint varieties, grown by members of KNCU, a cooperative of indigenous farmers of the northeastern Kilimanjaro region of Tanzania. Farmers participate in the co-op democratically, and each year they elect delegates from among co-op members to implement policies and programs. The coffee revenues have helped to support the founding and operation of schools for farmers’ children and funded an organic production program. This coffee has a strong character and is well balanced. It is full bodied with a medium light acidity, a somewhat earthy African sweetness, and a hint of apricot fruitiness.

Machare Estate being the first UTZ CERTIFIED / Eurepgap certified coffee Estate in Tanzania is taking great efforts in protecting the environment and is trying to educate and convince its neighbors to do so as well.

18. IFOAM is mainly at Kagera [Robusta] and Jarime [Hard Arabica]

- Tanzania Coffee Board (TCB) is aware and involved on coffee certification programmes and initiatives, principally on organic coffee.
- About 27% of Tanzania potentially qualifies for Organic, Fair-Trade and Utz Certified Certification.
- Tanzania Organic Robusta received recognition in October 2004, as the best tasting organic Robusta coffee in the EA sub-region at the IFOAM coffee conference in Entebbe-Uganda.
- Tanzania Bureau of Standards ascertain that coffee of exportable quality is free of any radioactive materials/chemicals, etc and do meet ICO standards.
- Kagera cooperative Union is certified organic and Fair-Trade, including the related mill at Bukoba.
- 100 smallholder farmers form a business of which there are some 7,000 at Association of Kilimanjaro Specialty Coffee Growers (AKSCG). TechnoServe [an NGO] assisting in training farmers and identifying niche markets via special auction windows
- The advent of coffee wilt disease is a real threat to that rare and most unique Robusta of the world.

19. Like many other African countries, there is not much information on the actual quantities of coffee exports that are certified for Tanzania. There is however evidence that Tanzania Peaberry coffee from the Kilimanjaro Native Cooperative Union (KNCU) cooperative is certified Organic & Fair Trade certified and is available in the market.

b) **challenges being experienced**

- Involvement of coffee certification programmes in the smallholder sector is not participatory and doesn't involve governments, regulatory bodies, growers, buyers, NGOs and the private sector
- High costs of certification for instance Fair Trade Labeling Organizations International (FLO), a standards and certification body for the Fair Trade movement, charges over 4,400 Euros as initial inspection fee and thereafter 500 Euros per annum.

20. Generally certification costs are higher than expected monetary return. Studies are going on to establish actual costs/benefit relationships in Tanzania and the rest of the EA region.

f) UGANDA

a) Sustainability Initiatives in Uganda

21. Out of Africa's 9.5% market share, Fair-trade takes a small percentage of Uganda coffee (only 1%) Tanzania accounts for 4%, Ethiopia and DR Congo 2% and globally it accounts for about 2% of the total coffee market share, although it is growing. Fair Trade sales are estimated at 36 tonnes for 2006/07, between 83% and 100% of Bugisu Union's production.

22. Like in Ethiopia, Uganda is involved in several coffee initiatives and programmes. The oldest ones are Organic Coffee and Fair trade.

Fair Trade

23. In Uganda, most fair trade coffee is bought by Twin Trading through Gumutindo Cooperative enterprise in Mount Elgon, Mbale district, south-east Uganda. The project operates independently from the union with a small group of cooperative societies and farmer associations. The union is made up of Six village co-operatives: Busamaga (422 farmers), Bumayoga (428), Buginyanya (690), Nasufwa (553), Konokoyi (745), Peace Kawomera (576). The total number of farmers is 3,034, occupying a total area of 842 hectares, with an average 0.5 to 2 hectares, with 0.2 hectares per farmer. All co-operatives are organic certified except Konokoyi whose members are in conversion. There is also Union of Exporters which also trades Fair Trade since 2004.

24. Ugocert is assisting farmers to access markets that demand certified coffees such as Organic, Fair-Trade and Eurepgap/Utz. It pays premiums of between 15 and 30 % above prevailing market prices. Certification companies are mainly from Europe. Some if not all of these, have access to Government and donor funds. Donors and development partners also pay for training, capacity building and start UP capital equipment. In several cases they also pay for initial certification costs

25. Eurepgap/Utz programmes have certified at least one producer organization in Uganda. It is located in Bushenyi and is essentially an organic Robusta coffee scheme that has sought an extra 'layer' of certification. It reaches 3,000 farmers and is set to expand to 12,000 farmers in the near future. Other organic schemes in Arabica areas are also in the process of being certified Utz. These two are located in Nebbi (5,000 farmers) and Kapchorwa (4,000 farmers). The existing certified project has already sold 60 tons of coffee in the two months of operation.

Common Code for Coffee Communities: Uganda now has two members who are certified 4Cs compliant and are now trading 4C compliant coffees there are two more organizations waiting to be certified.

Challenges being experienced

26. With regards to information on actual direct and indirect costs, they are considered "private & confidential" by certifying bodies, whereas these programmes and initiatives may help deliver positive results and or sensitize the region on social and environmental dimensions, it has been difficult to conclusively prove sustainable economic dimensions, until now.

27. For most certification, it takes one to two crop years from first contact, through training and sensitization to the actual certification. Even then one is not certain of economic benefits.

28. There is some pressure from donor and international certification companies to use foreign companies to certify, audit and inspect EA coffee programmes, which without local capacity would in itself prove "unsustainable" on account of costs and other factors.

29. The actual cost of coffee certification varies across the country and by implication, the region; depending on programme under reference. Pilot programmes are expensive by nature and do cost in excess of US \$ 100,000 per cooperative or sizable farmer group, before any coffee is actually certified or reach the market.

- Globally, the market share of certified coffee is small. For considerable smallholder farmers to be involved in certification, deliberate efforts should be made to support the organization of the small scale farmers into strong organizations (whether as cooperatives or associations) capable of exporting and managing organizations and honoring contracts. Where to obtain such support still remains a big challenge to the vast majority of farmers from the southern Uganda.
- In the situation where the farmer's cooperative cannot export, a private company is normally selected but psychologically farmers will always doubt the credibility of that company even when it is transparent. This is because farmers have always been cheated.
- The certification costs and the process of acquiring registration is another bother to the young and not well empowered cooperatives. For example, normally an association will not have money to pay upfront for initial registration. This is another hindrance of becoming certified.

g) BURUNDI

a) Sustainability initiatives in Burundi

30. On the specialty end OCIBU developed in conjunction with the ICO, ITC-Geneva and the Common Fund for Commodities [CFC] a special preparation known as NGOMA coffee. Burundi coffee is generally graded as fully washed [FW], semi-washed, super extra washed, and others.

31. The World Bank financed *Projet d'Appui à la Gestion Economique (PAGE)* aims at leading the country's 800,000 coffee growers and their families to success, in farming, processing, transporting and marketing.

32. On sustainability - coffee certification and verification, Burundi does not have an initiative yet in the area of sustainability - there are no coffee certifications programmes of any type or kind in Burundi.

b) Challenges of certification / verification

33. The main challenge to the development of sustainability program has been the un-liberalised environment of the coffee sector in Burundi. This was exacerbated by the low prices. But with the ongoing liberalisation, peace and good prices, stakeholders like OCIBU and some of the Sogestals, have indicated that coffee certification programmes are welcome in Burundi, and they proposed that they may be focussed on the various grower groups and Sogestals. Along the coffee supply chain, coffee certification programmes could also target dry mills, warehouse men, exporters and other stakeholders.

h) ETHIOPIA

a) Sustainability initiatives in Ethiopia

34. In Ethiopia, certification of agricultural commodities in general and non-timber forest products (NTFPs) in particular is a relatively new phenomenon. First certification of forest coffee started in 2002. Activities and structures have continuously evolved ever since, but are still at their infancy stage. In the first years, only one certifier in the whole country was accredited/registered simultaneously by EEC (Europe), NOP (USA), and JAS (Japan) to issue concerning certificates. This monopoly fell in 2006 with other certifiers opened branches in Ethiopia. Some of them started to certify forest coffee for the German market. Simultaneously, Ethiopia increasingly attracted attention of international standard holders, and 'Rainforest Alliance', 'Utz Certified' and 'Forest Stewardship Council' opened their own branch offices in Addis Ababa. Two Ethiopian Forest Coffee Unions started to engage in certification. The units of certification were the local cooperatives. They were visited by accredited certification inspectors from Addis Ababa who checked the fulfillment of the respective standards.

35. The Ethiopian Government officials, exporters association, millers, auctioneers, plantation sector and the cooperative sector comment as follows:

- Ethiopia has most types of Arabica coffees known in the world. The country therefore markets various Arabica coffees grown under several ecological conditions such as Yirgachefe, Sidamo, Limu, Harar, Djimma, Tepi, Bebeke and Lekempt (Ghimbi).
- There exist many certification programmes the oldest ones being Organic coffee, Fair-Trade coffees and rainforest Alliance coffees.
- During the 3rd IFOAM conference held in Uganda in October 2004, Ethiopian organic coffee, when blind-tasted amongst other regional Arabica, it won the top position in the Arabica category.
- Utz Certified is now taking root in the cooperative sector especially in Sidamo.
- Some initiatives, especially Starbucks Café practices programmes do exist in the smallholder sector. These were not being availed to large farmers in Ethiopia yet.
- The country is ready to engage in any EA regional-wide codes and initiatives that would put more money in farmer's pockets and help fight rural poverty and extreme hunger

36. Ethiopia, by its diversity of ecological zones and coffee types has potential not only to certify coffee cooperatives and other scales of growers but also country buyers, dry-processors, wet-processors, transporters, warehousemen, auctioneers, roasters and exporters.

37. All the certification initiatives and pilots are confined within the four cooperative unions that represent about only 3% of the total coffee exports of Ethiopia. While the cooperative unions have offered a learning curve the sustainability initiatives, there is a lot of work needed to meet the balance of over 97% of the industry with certification. It is worth noting that not all the coffees of the unions are exported as certified and not all the members participate in the certification.

b) Challenges

38. In May 2007, 12 forest coffee-producing cooperatives were certified in both unions, according to organic, Fair Trade and Utz Certified standards respectively. However, there have been a number of challenges associated with the certification initiatives, a few of them described below:

- In Ethiopia the whole certification process was facilitated and subsidized from 'outside' i.e. by international donors, NGOs, certifiers, and concerned coffee industry and trade. On their own, the unions and cooperatives cannot afford to meet the costs associated with certification (such as certification fees, costs for annual re-evaluation) and indirectly (e.g. investment in training, infrastructure and marketing)
- In addition, with particular focus on the connection between economic benefits and conservation of the forest ecosystem and biodiversity, skepticism seems justified.
- The first concern relates to the compatibility of economy and ecology. The actors involved in certification of Ethiopian forest coffee cooperatives do this on the basis of different goals and interests. Forest coffee is a part of the natural ecosystem and its yields cannot be expanded beyond limited thresholds without degrading its natural habitat.
- Another challenge concerns the structural and organizational capacity of the coop-unions system. In contrast to the cooperative system in the Latin Americas, the Ethiopian cooperatives are not 'grown' bottom-up but have been state-enforced by a communistic-inspired authoritarian regime within a rigid command economy.
- The overall majority of coffee-producing coop members does actually not know whether their cooperative is certified and what the respective standards are.

i) ZAMBIA

a) Status of sustainability in Zambia

39. Zambia experienced Utz Certified certification and most of the estate farms have received some initial orientation with sustainability by Taylors of Harrogate [UK]. The aim of this certification is intended to achieve Fair-Trade certification, pay better prices for compliance, and filter the benefits to the coffee growing community. Munali Coffee Company is Utz certified, whilst ZCGA, Terranova Farm and Makeni Cooperative are certified by Taylors of Harrogate. Taylors of Harrogate are offering \$0.2 per pound premium, whereas Utz Certified programmes guarantee no premiums, except market access via Eurepgap. SGS Nairobi and Taylors of Harrogate-RSA are the certifiers. Terranova Estate is C.A.F.E Practices-verified. C.A.F.E (Coffee and Farmer Equity) Practices is a set of coffee-buying guidelines designed to reward not just sustainable farming but also high-quality coffee.

40. None of these are based in Zambia. Utz Certified certification is much more expensive and time involving than Taylors of Harrogate which has yet to demonstrate any tangible premiums.

41. In September 2006, EPRP and Utz Certified, a non-governmental organization, signed a partnership agreement to jointly develop the supply of certified, socially and environmentally responsible coffee in Zambia. The pilot project helped over 1,000 in Zambia – to produce coffee that meets standards demanded by ethically conscious consumers. At the beginning of the project data have been collected for the EPRP Impact Measurement Tool. Training was given to group leaders about Good Agricultural Practices, who in their turn can train their group members.

42. Zambia has had an orientation on certification and seems ready to step up once further support is afoot in the area of sustainability. The industry is well managed and well structured to implement any program. Apart from certifying commercial and smallholder coffee growers, Zambia presents opportunities for certifying wet-mills, dry mills, warehousemen, roasters, packers transporters and exporters.

IMPORTANCE OF COFFEE IN THE NATIONAL ECONOMIES

51. Poverty remains very real in Africa and again, EAFCA members' countries are no exception. However, new initiatives in market linkages point the way. Coffee is of huge importance to Africa. Out of the over 17 million 60kg bags produced annually, in all of Africa, perhaps as little as five percent originates from estates. The rest is grown by individual smallholders with many owning as little as a few hundred trees only.

52. Coffee is an important crop to the African economies in terms of contribution to GDP, employment and foreign exchange earning. It accounts for about 5% -10% of the GDP and contributes over 50 % of the foreign exchange earnings in countries like Ethiopia, Burundi, Rwanda and Uganda - making it the main foreign exchange earner for these countries. It is also estimated that about a quarter of the population in these countries depend on coffee either directly or indirectly.

53. Eastern African coffees are widely recognized as having special characteristics that are in high demand within world specialty coffee markets. While strides have been made in the introduction of Eastern African coffees into specialty markets, the lack of proper market signals to producers has limited the success, well short of its potential. Within the framework of an unpredictable world coffee market this has resulted in very low returns to production for farmers, leading to a high incidence of rural poverty.

54. Profitable coffee prices mean much more to Africa than just money in the bank. Prevalence of the extended family system means that for every person finding direct or indirect employment in the industry there are between five and ten dependants who benefit. The African renaissance will happen. But it will happen much faster and with less pain if African producers can sell their crops at reasonable prices and the market access is vital.

II. INSTITUTIONS AND RESPONSIBILITIES

A. MALAWI

Description of collaborating institutions

55. Malawian internal coffee market is fully liberalized and has two associations representing the commercial sector and smallholder sector respectively. Both these organizations are members of EAFCA.

Mzuzu Coffee Planters Cooperative Union (MZCPCU):

56. In order to boost production, the government has privatized the Small holder Coffee Trust, to The Mzuzu Coffee Planters Cooperative Union (MZCPCU), which empowers smallholder farmers to control coffee production.

57. MZCPCU in northern Malawi, comprises of about 3,200 smallholder farmers, and produces some of the highest-quality coffee in Malawi. The Cooperative not only exports green beans, but also roasts and brands its specialty coffee under the name “Malawi’s Mzuzu Coffee.” In 2005, roasted Mzuzu coffee won the country’s first cupping competition, and since then it has been showcased at numerous international cupping competitions.

58. Mzuzu Coffee Planters Cooperative Union is a profit making but non political, member driven Cooperative Union representing approximately 3200 Coffee growers of 5 primary Cooperative societies namely: Misuku in Chitipa District, Phoka hills and Viphya North of Rumphi District, South East Mzimba of Mzimba District and Nkhata-Bay Highlands of Nkhata-Bay District.

59. The Union is headquartered in Mzuzu the regional headquarters of Northern region of Malawi.

60. Mzuzu’s mission is “Promotion of sustainable production, processing and marketing of high Quality Arabica Coffee and Other Food Products through farmers owned, controlled and managed sustainable business organizations.

61. Membership is open to all Coffee Growers in the 5 Coffee growing areas in other North. Individuals join through the local Institutions MZCPCU will also try to build relationships and partnerships with the organizations at national and international levels. Such organizations include Allied Industries, transporters, wholesalers Estates, Buyer etc.

62. Mzuzu Coffee Planters Cooperative Union future outlook is to continue focusing on planting and appropriate processing and marketing strategies.

Specific project roles and activities by Mzuzu

63. Owing to their contact with the farmers Mzuzu would best serving the role of training the farmers in certification and verification through their well defined extensionist infrastructure. Mzuzu has agreed to work with the program to train their over 3,200 farmers in sustainability. In this regard they shall provide trainees to train as ToTs as well as few master trainers.

64. Mzuzu shall be part of the local project coordinating team and shall provide the project with means of verification of the project indicators like statistics on the quantities of coffees exported as certified or verified as a result of this intervention

A. RWANDA

OCIR Café

65. The Office des Cultures Industrielles du Rwanda (OCIR) is a government agency responsible for Rwanda's coffee sector. OCIR's vision is to play a central role in supporting and regulating the Rwandan coffee industry through its transformation to a specialty grade producer. Its mission is as follows:

- Participate in the development of the policy and strategies governing the coffee sector and ensure the implementation of policies as they affect production, processing, marketing, research and training in the coffee sector.
- Set coffee quality standards and classification systems, control coffee quality and issue quality and origin certificates.
- Collect and disseminate pertinent information relating to the coffee industry.
- Co-ordinate and promote cooperation among various economic sectors within the coffee industry.
- Collaborate with research and extension practices.
- Support coffee farmer associations in the production, pulping, washing, collecting and selling of coffee.
- Train all the parties involved in the coffee industry.
- Participate in international negotiations on behalf of the Rwandan coffee sector and follow up on implementation of agreements.

Roles and activities of OCIR Café

66. Owing to the fact that OCIR Café is a regulatory body, its role in the project would be limited to provision of master trainers who shall in turn train the ToTs. OCIR Café shall be involved in:

1. Setting up a local project coordination team constituting the Rwanda EAFCA chapter, and representatives of OCIR Café and Caferwa SARL
2. Discussing the training curriculum with the local project coordination team

3. Determining and selecting master trainers, ToTs from OCIR Care and Caferwa SARL
4. Carrying out several workshops to train the master trainers and ToTs

A. ZIMBABWE

Coffee Research Station of Zimbabwe

- Coffee Research Station of Zimbabwe (CRSZ) is mandated to generate the factual information on which improved production of coffee can be based on under local conditions.
- CRSZ is doing this through a research programme centred on basic and applied research in Agronomy, Entomology, Plant Pathology and post-harvest technology. Our work is conducted under both laboratory and field conditions.
- CRSZ is funded by the government and fall under the Department of Agricultural Research for Development in the Ministry of Agriculture
- Dissemination of CRSZ's technologies is achieved through participatory farmer field schools involving extensionists, researchers, farmers and other stakeholders. The organization also conducts courses for training of trainers, students, senior extensionists and farm managers and supervisors. In addition, CRSZ produces an annual technical report highlighting the major findings from the research programme.

A. KENYA

a. Coffee Board of Kenya

67. Essentially Coffee Board of Kenya [CBK] is now performing the function of an Industry regulator and has handed over its marketing function to Marketing Agents [MAs]. The old coffee law gave Coffee Board of Kenya the monopoly of auctioning Kenya coffee at the Nairobi coffee Exchange but also handle all payment to growers. The new law gives Coffee Board regulator role only.

The agreed roles they shall play in the project

68. CBK has agreed:

- to undertake sensitization of the coffee industry in Kenya on verification and certification
- Linking the producers who meet the certification and verification requirement to the market
- To support policy advisory and formulation to benchmark the sustainability regimes.

b. Coffee Research Foundation [CRF] – Kenya

69. Besides conducting research in all Coffee Production, Processing and Marketing aspects, CRF provides advisory services to farmers through provision of Publications to farmers and Field Days, Field Visits, Open Days, Agricultural Shows, Radio Programmes and Use of Demonstration Plots.

70. CRF has agreed to mainstreaming certification and verification within their ongoing extension and training program for farmers and technical personnel. Therefore they shall be involved at all levels of project implementation owing to their comprehensive coverage throughout the coffee value chain.

B. TANZANIA

Tanzania Coffee Board – Tanzania

165. Tanzania Coffee Board was established by an Act of Parliament in 1993. It regulates activities of Coffee Industry in Tanzania its main functions are:-

- Regulatory
- Supervisory
- Advisory
- Monitoring
- Co-ordination
- Representation

166. Other functions include licensing all operators in coffee business and also conduct coffee auctions. In addition, they work with Subject Matter Specialists (coffee SMS) for the implementation their regulatory, supervisory, monitoring and coordination programs.

A. UGANDA

1. Uganda Coffee Development Authority (UCDA)

167. The Uganda Coffee Development Authority (UCDA) was established by statutory mandate in 1991 following the liberalization of the coffee industry. Its statutory mandate is to promote and oversee the development of the entire coffee industry through research, quality assurance, improved marketing and providing for other matters connected therewith.

Goals

- Promote, improve, and monitor marketing of coffee to optimize foreign exchange earnings and payment to farmers.
- Ensure that the quality of coffee exports meets international standards.
- Promote coffee as a value added product and other related industries;
- Promote domestic coffee consumption;
- Harmonize activities of the coffee subsector associations in line with industry strategic objectives;
- Policy analysis and development

2. National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE)

168. NUCAFE is the National Union of Coffee Agribusinesses and Farm Enterprises whose mission is to develop and establish a sustainable market driven system of coffee farmer groups that are organized into associations through which individual farmers participate fully to enhance the economic future for their families and rural communities.

169. Currently, NUCAFE has 110 Coffee Farmers Associations at sub county level spread all over 5 main coffee growing regions of Uganda with over 100,000 coffee farming families.

Agreed roles that they shall play

1. Provide Master Trainers and ToT trainees for sustainable coffee consultants, certifiers, verifiers, auditors and inspectors
2. Train owner/operators of coffee farms, processors, etc on sustainable coffee certification/verification
3. Assist stakeholders to identify appropriate marketing channels for certified/verified coffee both in the niche and mainstream coffee markets
4. Identify and select suitable areas and farmer groups growing coffees that meet special sustainable certification/verification criteria

5. Raise awareness of potential market, economic, social and environmental benefits associated with sustainable coffee certification/verification
6. Train coffee farmers, extension officers & traders and other stakeholders on sustainable coffee initiatives
7. Promote economic, social and environmental benefits of being involved in coffee certification/verification programmes

B. BURUNDI

a) OCIBU – Burundi Coffee Board

176. Following the reforms, OCIBU became a mixed private-public company consisting of shareholders from the state, SOGESTALs and SODECO, the banking and insurance sector, the scientific research institute ISABU and coffee growers with 14% of shares. OCIBU has a legal mandate to regulate and supervise Burundi's Coffee industry. Other functions include: regulating cultivation and marketing systems of coffee; regulating and controlling the quality of coffee and coffee by-products; promoting technological advancement in the coffee industry; collecting, refining, maintaining, use or dissemination of information or data relating to the coffee industry and representing the industry and government effectively in international fora.

177. OCIBU has been a member of EAFCA since 2001 and represents the Burundi on the EAFCA Board. OCIBU has agreed to provide at least one staff to be trained as a Master sustainability trainer and will also provide two staffs to be trained as trainers for the farmers. OCIBU has also indicated its willingness to provide the national secretariat for the coordination of the project activities in the country including provision of office space, logistical support and information gathering and dissemination to all stakeholders in Burundi. All these fall well within its current infrastructure.

178. OCIBU will further work with EAFCA in the scrutinizing the candidates from other national coffee institutions that will be forwarded for Master, ToT and certification/verification training to ensure objective selections. OCIBU being the national coffee regulator and supervisor is well respected in the industry and should be able to perform this role of objective recommendation well.

A. ETHIOPIA

a) The cooperative movement

194. Cooperatives are a conduit for technical skills, market knowledge and a business approach to farming. There four unions of primary cooperatives: the Oromia, Sidama and Yergacheffe Coffee Farmers' Cooperative Unions, land Kafa Forest Coffee Farmers' Cooperative Union. The unions manage the transport, weighing, cupping and sales of their products – this increases member confidence, and enabling farmers to receive the benefits for coffee quality in the form of disbursement of dividends at the end of the year. Ethiopia's annual coffee production is approximately 280,000 metric tons (MT). Even with nearly half of this total being consumed domestically, exports for the most recent year were 146,500 MT, one third of which was washed. Small-scale farmers with 1-2 hectares of land produce most of this coffee through a mixed farming system where food crops and the cash crop of coffee grow together. The four coffee unions export on average of 7,487 tons of coffee to Europe, Japan and the USA.

• Kafa Forest Coffee Farmers Cooperative Union

195. The Kafa Forest Coffee Farmers Cooperative Union is comprised of 26 coffee cooperatives with nearly 4,200 small-holder farmer members. It is engaged in processing and marketing sun-dried (unwashed) coffee for export. The union also sells spices, honey, pepper, and other non-timber products for local consumption. The union's objective is to increase farmer/ member income through the selling and exporting of their products. The Kafa Forest Coffee Farmers Cooperative Union has an operating area of 10 districts which comprise the forest coffee areas located in the southwestern part of Ethiopia. The **forest** is one of only two remaining areas of continuous forest in Ethiopia. It ranges from evergreen to untouched.

- **Yirgacheffe Coffee Farmers Cooperative Union**

196. Yirgacheffe Coffee Farmers Cooperative Union (YCFCU) has 22 member cooperatives representing 43,794 households. The cooperatives are located in Gedeo administrative zone in southern Ethiopia which is home to coffee with a truly unique flavor. Five of the member cooperatives are certified by the Fair Trade Labeling Organization. The union mainly focuses on coffee export, quality production, and processing coffee collected from primary cooperatives to maintain standardized quality in its organic form for sustainable marketing in the world.

- **Sidama Coffee Farmers Cooperative Union**

197. Sidama Coffee Farmers Cooperative Union is well known for its production of garden coffee. Our growing areas have the ideal soil type and climatic conditions (altitude, rainfall and temperature) for the production of an extraordinary coffee. Sidama produces approximately 35,000 tons of high quality.

198. Organic **Arabica** beans per year on 70,000 hectares of land. Sixty percent of our beans are washed, with the remainder sun-dried. The union strives to be genuine in its product identification, loyal to its members and customers, steadfast in its commitments, and proactive in its response to available opportunities.

Certifications

- Thirty one (31) cooperative members out of 45 have been certified organic by BCS OKO-GARANTIE GMBH Germany with a potential exporting capacity of over 9,154 tons of coffee per annum.
- Thirty nine (39) primary cooperatives are inscribed in FLO certification and have the potential to produce 10,876 tons of coffee per annum.
- Two primary cooperatives are certified by the UTZ CERTIFIED foundation in the Netherlands and produce 642 tons of green beans per annum.

- **Oromia Coffee Farmers Cooperative union [OCFCU]**

199. Oromia Coffee Farmers Cooperative union/OCFCU/ltd is a small holder coffee growers owned cooperative union with 34 cooperatives with 22,503 farmers Today there are 129 cooperatives with 128,361 house hold and 800,000 families. OCFCU is a democratic member's owned business operating under the principles of International Cooperative Alliance. Members of the Oromia Coffee Farmers Cooperative Union are the growers, processors and suppliers of high quality, organic Arabica coffee to the Union for the direct export. Objectives:

- To improve the farmer's income by exporting their coffee directly
- To provide member farmers and clients with reliable service
- To improve the social condition of farmers
- To improve the quality and productivity of Ethiopian coffee

ZAMBIA

a) Zambian Coffee Growers Association (ZCGA)

200. The official voice of the Zambian coffee industry is the Zambian Coffee Growers Association, which represents 47 large commercial growers and an additional 400 smaller growers (some of whom have as few as 10 or 20 coffee trees apiece. The organization has a staff of 14, including one extension officer and two assistants. The other 11 employees mostly take part in cupping.

201. ZCGA has been implementing several programs together with the coffee industry stakeholders – especially the coffee farms and the Coffee Board of Zambia. ZCGA will be the main implementing

partner in Zambia and will work with EAFCA to identify the trainees for both master training and ToT workshops. It will provide coordination and logistical support for the activities including provision of venues, selection of trainees and identification of producers for training.

b) Coffee Board of Zambia

202. Coffee Board of Zambia; to define the functions of the Board and Committee and those of the Zambia Coffee Growers Association; to regulate the coffee industry; to control the production and marketing of coffee; and to provide for matters connected with or incidental to the foregoing.

203. CBZ has agreed to undertake sensitization of the coffee industry in Zambia on verification and certification; linking the producers who meet the certification and verification requirement to the market as well as support policy advisory and formulation to benchmark the sustainability regimes.

SUPERVISORY BODY (SB)

216. 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: 22 Berners Street
London
W1T 3DD
Tel: +44 20 7580 8591
Fax: +44 20 7580 6129
Email: info@ico.org

217. The International Coffee Organization will receive progress reports every six months from the Project Executing Agency (PEA) in the CFC format. ICO will review the reports and assess the progress made with the Annual Work Plan and set performance indicators before forwarding the report to the Common Fund with their comments as the Supervisory Body. Budgets and financial statements shall be attached to each progress report. Detailed guidelines are provided in the CFC Financial Procedures Manual.

B. PROJECT EXECUTING AGENCY (PEA)

218. The Eastern African Fine Coffees Association [EAFCA] will be the Project Executing Agency. It will implement the project a dedicated Project Implementing Agency with experience in Project Management. It will be responsible for the overall execution of the project and disbursement of funds to the PIA and Collaborating Institutions.

219. EAFCA is a regional fine coffees network, composed of private and public sector entities. It is a non political, not-for-profit association, with its headquarters in Kampala, Uganda. Its membership spans across eleven countries in Eastern Africa and beyond. Its main aim is to promote the production, processing and exporting of fine coffees from Eastern Africa. EAFCA runs an annual Fine Coffees Conference and Exhibition every year during the month of February.

220. Through its membership, EAFCA has considerable technical expertise in coordinating coffee development projects that address sustainable initiatives, policy and marketing issues, cupping competitions, and research activities within Eastern Africa and beyond. Its membership who constitutes among others the National Coffee Institutions will provide a firm platform in the project implementation.

Address: Eastern African Fine Coffees Association
P.O. Box 27405,
Kampala, Uganda

Tel: +256 (0) 414 269140/1/7
Fax: +256 414 269148
Email: secretariat@EAFCA.org

Contact: Executive Director

221. Project Executing Agency (PEA), is a firm of Chartered Accountants and Project Management Advisors based in Nairobi Kenya but with offices in most of the participating countries. While the PEA will be responsible for the overall implementation, the PIA will be responsible for backstopping the Collaborating Institutions. The PIA will write up the budgets and work plans for the PEA approval before submitting to the Common Fund. 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 contact details are

DCDM Consulting – Company Managed by Accenture
12th Floor, Loita House
P.O. Box 10032
00100 – GPO
Nairobi, Kenya

Managing Director – Sandeep Khapre

Telephone - +254 20 246422
Fax +254 20 246345
Email – sandeep.khapre@dcdmkenya.com
Web www.dcdmkenya.com

222. EAFCA through the Project Co-ordinator will produce progress reports every six months after receiving reports from the PIA and Collaborating Agency in the CFC format and shall facilitate the supervision missions by ICO, CFC and other interested parties. It will also make arrangements for the mid-term and an evaluation at project completion.

III. PROJECT DESCRIPTION

A. Project Rationale and Objectives

Project Rationale

223. EAFCA does not intend to premise or highlight that the benefit to the program would be that “certified/verified coffee will get a better price”, but it does imply that certification/verification adds value to the farmer in terms of increased market options, improved farming methods, and by relation, improved quality. The EAFCA view follows the maxim that all Africa coffees should be certified/verified; and that it is better to be certified/verified than not. Although this is a very ambitious goal, it provides for two key advantages:

1. It is true that the price advantage may be lost as more coffee becomes certified. But the market advantage is still valid. EAFCA views certification as equivalent to a market visa – you must have one if you want to enter the market. The key issue to understand is the disadvantage to a farmer or farmer group if they are not certified in a market where most coffee is certified. The key point here is market access. With the challenges of market access and more increasingly, stringent import requirements, especially in Europe, Japan, and the United States, combined with an

increasing global social awareness by the consumer, the importance of certification/verification becomes clear.

2. It is often forgotten that aside from economic considerations, there are key social and environmental issues involved with certification and that the goal of sustainable agriculture has direct and long-term tangible benefits to producers, millers, and traders. Yes, we are concerned about what the end consumer thinks about the social and environmental aspects of the African coffee product and the market implications, but we are equally concerned about the welfare of coffee producers in Africa and how these programs will positively reflect on their lives and livelihoods. As stated in 1 above, EAFCA does recognize that certification/verification programs are both market and production systems driven, and that this program will help explain, among many other issues, the market and production advantages to a smallholder producer. Sustainable farming is stressed equally with market factors and it is intended that certified farmers will be better farmers incorporating new skills and techniques that address the economics of farming, social concerns, environmental protection and finally, market relations. Such improved farming knowledge through certification programs will result in improved yields, higher quality product, cost effective input use, and will increase farm revenue.

224. Promising opportunities of capacity building in coffee certification and verification include the following:

- **Vertical supply chain (s).** Existing, new and emerging coffee sustainability initiatives will improve market efficiency, raise value-addition in production and processing, and ensure improved coordination between coffee producers and final coffee market. As a consequence it is expected that there will be increased attention to the coffee supply chain management. Success in coffee certification and/or verification shall reveal the importance of vertical “farmer to market” co-ordination. Efficient marketing systems are associated with increased economic performance and profitability.
- **Soil and water conservation.** Most of these initiatives target sustained soil fertility and minimization or elimination of water source and stream degradation/pollution. Refining and firming up these initiatives would surely restore and sustain soil fertility, water purification and by implication conserve biodiversity.
- **Social responsibility.** Consumers of coffee all over the world are increasingly asking many sensitive and soul searching questions. Most of these certification initiatives want to address consumer (and marketer) concerns by identifying and verifying coffees that are produced in clearly defined ways. They want to eliminate child labour; they advocate for good and humane living conditions for farm workers and their families; and they raise food safety issues regarding use of agro-chemicals in the production or processing of coffee.
 - Promotion of high quality coffee;
 - Promotion of national consumption.

PROJECT OBJECTIVES

248. The broad objectives of the project are:

- Building capacity within national coffee institutions to undertake training in sustainability practices
- Building capacity of farmers to produce coffee in a sustainable manner
- Build capacity of professional certifiers/verifiers within the first four years of the start of project
- Register a 25% increase in regional coffee exports that are certified/verified by year five
- Increase quality and quantity of certified/verified coffee for farmers participating in the program by year five
- Attain a stable market access for farmers engaged in sustainable production

Related projects and ongoing work

249. The Eastern African region has many uncoordinated coffee certification and verification projects. Starbuck has ongoing projects in Ethiopia, Kenya, Zambia and Rwanda. Organic coffee efforts are found in Ethiopia, Tanzania and Uganda. Utz Certified efforts are found in Kenya, Uganda, Ethiopia, Tanzania and Zambia. But the region does not export significant amounts of niche or certified coffees and the bulk of the coffee exported from the region is “main-stream”.

250. The proposed project on capacity building in the field of coffee certification/verification will ensure that regional coffees are in tandem with market demands in the shortest possible time. The cost of doing nothing by ignoring consumer demand has serious market price consequences.

B. Project Components

253. The objective of the program is to improve the skills of the farmers to meet certification standards. Farmers who receive training and skills in good agricultural and sustainability practices will be better equipped to produce socially acceptable, environmentally friendly and economically successful coffee and can better meet certification and verification standards. The training of the staff of national coffee institutions with the skills to carry out the farmer training program will allow the project to have a more sustainable effect. The region will also have a cadre of well trained professional certifiers as a knock-on effect as well.

Component 1: Build certification/verification training capacity within national coffee institutions

Objective: To create a sustainable pool of full-time trainers, resident within the national coffee institutions charged with building capacity in coffee certification and verification.

Output: Trained staff of national coffee institutions in all elements of sustainability practices – ready and able to train farmers in sustainable production practices.

Activity:

Activity 1:1 Hire sustainability training consultants

Activity 1:2 Develop and test the sustainability practices training curriculum and training aids and materials by the consultants for Master Trainees, Training of Trainee and farmers.

Activity 1:3 Identify suitable staff from national coffee institutions, and private sector to be trained as Master Trainers and Trainers of farmers.

Activity 1:4 Building a cadre of Master Trainers: Each National Coffee Institution will provide senior staff [managers involved in extension, training and field work] to be trained as Master Trainers in sustainability practices. These Sustainability Master Trainers will be trained by consultants hired by the project in intensive workshops that will include training in all the important elements of sustainability practices. The Sustainability Master Trainers will be staff that are experienced in Good Agricultural Practices and experienced in theoretical and practical training exercises.

Activity 1:5 Building the capacity of Extension/Outreach Trainers: In order to further build training capacity in National Coffee Institutions, they [institutions] will provide additional staff to train as trainers for farmers. The Sustainability Master Trainers will conduct the training of trainers’ workshops for staff of these institutions and the private sector. The staff of the institutions and those from the private sector that will attend the Sustainability Training of Trainer workshops will be those that are engaged in farmer training, extension services and field farm work as their daily activities.

Component 2: Training of farmers to meet certification and verification standards.

Objectives: Ensure that organized medium and small producers have access to professional training on certification/verification programs, and are able to participate in such programs.

Output: Over One hundred producer organizations in the region are able to access technical assistance regarding certification and have access to affordable programs of their choice. The volume of coffee produced by small and medium farmers and exported under a certification/verification label increases significantly by 25% over the period.

Activities

Activity 2:1 Identification of producer groups eligible to receive the training or require assistance.

Activity 2:2 Planning producer workshops, inviting producers and arranging necessary logistics for training.

Activity 2.3 Providing farmer training: The newly-trained trainers will undertake an outreach at a large scale, simulating multiplying effects with farmers. The training courses and educational services for Master Trainers, Trainers and farmers that will be provided by the project will be tools to catalyse the sustainability understanding and improve the performance of coffee producers in Eastern Africa, especially the small producers.

Component 3: Building capacity of professional certifiers/verifiers

Objective: Establish regional capacity for coffee certification and verification in the spirit of sustainable development.

Output: Train a minimum of 78 professionals in this field within four years and within budget limits.

Activities:

Activity 3:1 Identify and establish training programmes syllabi that are recognized and endorsed by the certification fraternity. Source appropriate trainers.

Activity 3:2 Identify and select suitable trainees and training locations

Activity 3:3 Undertake the training programme following internationally accepted norms and procedures.

Activity 3:4 Award certificates in a transparent manner

Activity 3:5 Develop an agreed protocol for an early establishment of professional sustainable coffee certification/verification network within the region.

C: PROJECT IMPLEMENTATION

1. Building certification/verification training capacity within national coffee institutions

256. **Building a cadre of Master Trainers:** Each National Coffee Institution will provide senior staff [managers involved in extension, training and field work] to be trained as Master Trainers in sustainability practices. These Sustainability Master Trainers will be trained by consultants hired by the project in

intensive workshops that will include training in all the important elements of sustainability practices. The Sustainability Master Trainers will be staff that are experienced in Good Agricultural Practices and experienced in theoretical and practical training exercises.

257. **Building the capacity of Extension/Outreach Trainers:** In order to further build training capacity in National Coffee Institutions, they [institutions] will provide additional staff to train as trainers for farmers. The Sustainability Master Trainers will conduct the training of trainers' workshops for staff of these institutions and the private sector. The staff of the institutions and those from the private sector that will attend the Sustainability Training of Trainer workshops will be those that are engaged in farmer training, extension services and field farm work as their daily activities.

258. The training of staff of National Coffee Institutions [NCI] as Sustainability Master Trainers and

2. Providing farmer training:

259. The newly-trained trainers – staff from national coffee institutions and private sector associations will undertake an outreach at a large scale, simulating multiplying effects with farmers. The training courses and educational services for Master Trainers, Trainers and farmers that will be provided by the project will be tools to catalyze the sustainability understanding and improve the performance of coffee producers in Eastern Africa, especially the small producers.

260. The Certification/Verification Outreach program aims to deliver newly acquired capacity to *organize* medium and small coffee producers. The term “organize” is stressed to emphasise logistical difficulty of reaching tens of thousands of coffee producers in the region.

3. Building capacity of professional certifiers/verifiers

261. Using information gathered and described in the CFC/ICO/EAFCA project on the settling up of coffee certification/ verification in Eastern Africa, and in consultation with various EAFCA chapters, design and implement a four-year program to train seventy-eight professionals in the field of certification.

262. This activity will involve:

- Identify suitable trainees in each key subject
- Training shall be clustered by geographical zones and language (English and French).
- In the interest of costs and effectiveness, it is proposed that the eleven countries be stratified as follows:
 - Francophone Africa: Burundi and Rwanda
 - East African Community: Kenya, Tanzania and Uganda
 - Southern Africa (SADCA): Malawi, Zambia and Zimbabwe
 - Horn of Africa: Ethiopia
- As far as possible, trainees must possess first degree from a recognized university in Agriculture, Environmental Science, B.Sc, BA, Engineering, Rural Sociology, Law and Horticulture. A field experienced of a minimum of two years would be an added advantage.

D. Benefits and Beneficiaries

263. The primary beneficiaries of the project will be the organized small and medium scale coffee growers and other stake-holder farmers. They will acquire the necessary skills and knowledge to produce coffee in a sustainable manner. They will have access to more market choices for their certified/verified coffee, and a broader opportunity to raise farm incomes, whether they sell it in form of cherry to marketing agents or parchment/clean coffee to exporters. The increase in the value of the coffee will flow down to the growers by virtue of the improved quantity and quality, as well as a strengthened production system through sound and sustainable production practices. Traders will also benefit by receiving and selling coffee of higher quality and value, and by virtual of meeting certification/verification

requirements with focus on sound environmental practices.

E. Gender Aspects

267. EAFCA has the following article in its bylaws:

“To encourage sound business acumen, professional practice, consciousness to the environment, and recognition of social and socio-economic issues related to the regional coffee trade and industry”

268. Although gender is not specifically mentioned in the bylaws, EAFCA does recognize the importance of social issues relating to the industry including gender, child labor, and worker conditions and others, many of which are part and partial of the sustainability program and certification efforts.

269. In regards to this program EAFCA will ensure:

1. That gender will be included in the trainee selection process. Although training applicants will be identified through an application process, and many will be proposed through existing agencies and programs, EAFCA will encourage women to apply and will endeavor that women applicants will be approved on merit. It is anticipated that at least 30% of those trained will be female but that figure may be understated.
2. That a significant number of smallholders who will benefit from this program will be women. EAFCA will take special measures to ensure that gender based farmer groups, cooperatives and associations will participate in training programs and that women are included in farmer field events.
3. EAFCA will recruit all members of the team including head office and field staff following appropriate hiring procedures to prevent discrimination.

F. Environmental and Social Aspects

270. The project shall encourage positive environmental and social impacts in coffee production and processing. This is a basic demand by the vast majority of sustainable coffee initiatives. Working conditions of farm workers shall be applied across all initiatives. The unacceptable practice of using child or forced labour shall also be discouraged.

G. Intellectual Property Rights and Publications

271. Intellectual property rights for reports, technologies, processes and copyrights emanating from this project will be determined by agreement between EAFCA and Common Fund for Commodities following standard procedure.

H. Project Costs and Financing

272. The total budget of the project is US\$ 4,600,727 of which US\$ 1,140,122 is allocated to the building of certification and verification training capacity within the national coffee institutions; US\$ 1,955,460 for the training of farmers in sustainability practices, US \$842,628 for building capacity of professional certifiers/verifiers and US\$ 557,515 for project coordination and management. Other details are given in the annexed tables. The budget contribution from EAFCA Member countries will be elaborated and could be in kind.

IV. PROJECT ORGANIZATION AND MANAGEMENT

A. Project Management

273. The PEA (EAFCA) will have the overall responsibility for executing the project. EAFCA will appoint a Project Implementing Agency (PIA) dedicated to providing technical assistance to the National Coffee Institutions including project and financial management. The activities of the PIA will be supervised by the Project Co-ordinator who will report directly to the Executive Director of EAFCA. In each of the countries the project will be headed by a National Project Manager who will report to the Project Co-ordinator but will be provided technical support by the Project Implementing Agency. The PEA will enter into a formal agreement with the PIA, the agreement will clearly define the duties and roles of each institutions including the relationship between the PIA and the Collaborating Institutions.

274. The project will be implemented based on annual work programmes and budgets consistent with the five-year project budget approved by the Supervisory Body (ICO) and CFC. The Project Co-ordinator of EAFCA, in close collaboration with Project Implementing Agency and Collaborating National Institutions will prepare a draft work programme and budget including task assignments to be undertaken by the implementing partners. This draft work programme will cover in sufficient detail, the activities to be carried out during the period by the respective agencies and EAFCA. The programme will include a schedule of reporting by the collaborative agencies. This draft work programme and budget will be cleared by ICO and made available to the CFC with their comments, two months before the start of each year. The CFC will review and approve the final annual work programme and budget.

275. The PEA will consult with United Nations Food and Agricultural Organization (FAO) and International Trade Centre (ITC) on all project activities where these institutions may have expertise or where they can add value to the proposed activities. To facilitate this consultation the PEA will formally invite FAO and ITC to annual project evaluation meetings.

B. Disbursement, Procurement, Accounts and Audit

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

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

278. *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.

279. *Accounts and Audit.* The PEA will maintain financial records and accounts in accordance with sound and internationally accepted accounting practices, and will submit to the PEA audited annual accounts within two months of the close of the project fiscal year (January 1st). As supplement to the annual audited financial statements and auditors report for each reporting period, the PEA shall furnish to the Fund interim financial reports covering the previous six months together with the progress report. The PEA will keep consolidated accounts for the Project and prepare consolidated financial statements in accordance with the CFC's Financial Procedures Manual. The PEA 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. Organization, management, and Implementation

280. EAFCA as PEA will assume overall responsibility for the implementation of the project through the Project Implementing Agency. It should ensure proper service delivery of co-ordination of implementation, planning, budgeting, accounts, procurement and monitoring of progress by the PIA. The overhead cost of the PEA will be limited to no more than 8% of the amount disbursed.

281. The project will be implemented based on an agreed annual work programme and budget consistent with the project budget. The PEA, in close collaboration with the PIA and participating agencies, will prepare a draft work programme and budget including task assignments to be undertaken by the implementing partners. This draft work programme will cover in sufficient details, the activities to be carried out during the period by the respective agencies and the PEA. The programme and budget will be cleared by ICO and made available to the CFC for comments, not later than two months before the start of the project. The comments of CFC will be incorporated in the final annual work programme and budget.

D. Monitoring, Supervision, and Evaluation

282. EAFCA in consultation with the ICO and the CFC will organize a workshop in each participating country, or amongst groups of countries where costs are prohibitive, to review the coffee certification/verification project during the third year, which will coincide with a mid-term evaluation of the project by independent consultants.

283. EAFCA through the Project Co-ordinator will produce reports relating to sustainable coffee project activities undertaken that will be submitted to the PEA to serve as the basis of six-monthly progress reports to be prepared by the PEA for the SB and CFC. A consolidated annual report will also be submitted by EAFCA to the ICO and the CFC within 3 months of the close of the reporting period. Within three months of the conclusion of the project, the PEA will submit to the SB and CFC a project completion report along with full audited accounts.

284. The International Coffee Organisation is the supervisory body and they will carry out one mission per year to project countries to assess progress. The Common Fund as an Institution will carry out Annual Supervision/Project Review Missions. The mid-term evaluation will be carried out in the middle of the project. Independent Consultants are normally contracted by CFC with expertise in the specific subject to carry out the mid-term and end of project evaluation. They are recruited through an advert on the CFC website and bids are invited. The Common Fund will make adequate provision for Monitoring and Supervision that is normally budgeted by the Common Fund.

E. Project Risks

287. Apart from unforeseen natural disasters, social and political instability, there are no major risks anticipated in implementation of the project. Even a crash in the coffee market results in further justification for a certification program for niche and specialty coffees. The main risk comes from an unexpected increase in the cost of certification/verification that would be born by growers in a situation of prolonged low prices. Thus if certified or verified coffee is not profitable, coffee growers will steer clear of any such efforts despite the investments in human capital [regional capacity building]. It is assumed that once capacity is built, the market will respond favourably to certification and verification incentives and that coffee grower and other stakeholders will start reaping the benefits of this long term investment.

F. Work Plan

Table 1: Overall Project Work plan – The Plan is designed to Train 6,030 Farmers and Extension Officer in Five Years

Activities (based on project objectives)	Year 1 - 2010				Year 2 - 2011				Year 3 - 2012				Year 4 - 2013				Year 5 - 2014			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Component 1: Build certification/ verification training capacity within national coffee institutions																				
1.1: Develop work plans and budget for the first year 1.1.1 Contract sustainability training consultants 1.1.2 Launch the project in each country	X																			
1.2: Develop and test the sustainability practices training curriculum and training aids		X																		
1.3: Identify suitable staff from national coffee institutions and private sector to train as Master Trainers and Trainer of farmers.		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
1.4: Undertake training of Sustainability Master Trainers			X	X	X	X	X	X	X	X	X	X	X	X	X					
1.5 Conduct Training of Trainers Workshops			X	X	X	X	X	X	X	X	X	X	X	X	X					
Component 2: Training of farmers to meet certification and verification standards.	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
2.1: Needs analysis - Identification of producer groups eligible to receive the training and other assistance 2.1.1 : Identify experts to carry out training.			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
2.2 Planning producer workshops, inviting producers and arranging necessary logistics for training			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2.3 Providing farmer training		X	X																	

Capacity Building in Coffee Certification/Verification (EAFCA-CFC-ICO Project)

				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Component 3: Building capacity of professional certifiers/verifiers	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
3.1: Identify and establish training programmes syllabi and source trainers		X	X			X	X		X	X			X	X						
3.2: Identify and select suitable trainees and training locations		X	X			X	X		X	X			X	X						
3.3 Undertake the training programme following a international norms and standards			X	X			X	X		X	X			X	X					
3.4: Award certificates in a transparent manner				X				X				X				X				
3.5: Develop an agreed protocol for an early establishment of professional certification network in the region					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3.6 : Presenting the Certified Coffee to Major Markets in Europe and North America during Specialty Coffee Events					X															

The detailed Work Plan for each country will be developed by the PEA, PIA and the National Coffee Institutions based on the quantify of Fine Coffee produced by the country. The total number of farmers and extension officers to be trained at different levels will be limited to 6,030 in the three categories.

Table 3: Summary Cost Table by Component [USD]

Project Component	Total Cost	CFC Contribution	EU Contribution	EAFCA Contribution
1. Building certification/verification training capacity within National Coffee Institutions	1,140,122	396,132	500,000	243,990
2. Training of farmers	1,955,460	949,330	500,000	506,130
3. Training of Certifiers/verifiers	842,628	147,236	500,000	195,392
4. Project management and coordination	662,517	507,302	105,002	50,213
Total	4,600,727	2,000,000	1,605,002	995,725

Table 3 : Summary Cost Table by Component [EURO]

Project Component	Total Cost	CFC Contribution	EU Contribution	EAFCA Contribution
1. Building certification/verification training capacity within National Coffee Institutions	814,372	282,951	357,143	174,278
2. Training of farmers	1,396,757	678,093	357,143	361,521
3. Training of Certifiers/verifiers	601,877	105,168	357,143	139,566
4. Project management and coordination	473,227	362,359	75,001	35,867
Total	3,286,233	1,428,571	1,146,430	711,232

Table 4: Summary Project Cost Table by Component and Year (USD)

Project Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost
1. Building certification/verification training capacity within NCIs	\$493,914	\$524,534	\$60,838	\$60,837	\$0	\$1,140,122
2. Training of farmers	\$188,597	\$417,538	\$415,233	\$435,206	\$498,886	\$1,955,460
3. Training of Certifiers/verifiers	\$377,148	\$401,555	\$31,963	\$31,963	\$0	\$842,628
Sub-Total	\$1,059,659	\$1,343,626	\$508,034	\$528,005	\$498,886	\$3,938,210
Project management and coordination costs	\$228,395	\$190,942	\$80,303	\$83,626	\$79,247	\$557,512
Grand Total	\$1,288,054	\$1,534,568	\$588,337	\$611,631	\$578,133	\$4,600,727

Table 4: Summary Project Cost Table by Component and Year (EURO)

Project Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost
1. Building certification/verification training capacity within NCIs	352,796	374,667	43,456	43,455		814,373
2. Training of farmers	134,712	298,241	296,595	310,861	356,347	1,396,757
3. Training of Certifiers/verifiers	2693,391	286,825	22,831	22,831		601,877
Sub-Total	756,899	957,733	362,881	377,146	356,347	2,813,007
Project management and coordination costs	163,142	136,387	57,359	59,733	56,605	398,226
Grand Total	920,041	1,096,120	420,241	436,879	412,952	3,286,233

Table 5: Summary Project Cost by Category of Expenditure (USD)

Category Name	Total	EAFCA	CFC	EU
I. Vehicles, Machinery & Equipment	\$95,393	\$11,045	\$84,348	\$0
IV. Personnel	\$756,171	\$5,479	\$379,897	\$370,795
V. TA & Consultancies	\$924,099	\$121,207	\$302,892	\$500,000
VI. Duty Travel	\$299,709	\$86,367	\$203,280	\$10,062
VII. Dissemination & Training	\$1,363,557	\$661,887	\$582,527	\$119,143
VIII. Operational Costs	\$856,796	\$109,740	\$247,056	\$500,000
IX. Supervision , Monitoring and evaluation	\$205,002	\$0	\$100,000	\$105,002
XI – Contingency	\$100,000	-	\$100,000	-
Total Project Costs	\$4,600,727	\$995,725	\$2,000,000	\$1,605,002

Table 5: Summary Project Cost by Category of Expenditure (EURO)

Category Name	Total	EAFCA	CFC	EU
I. Vehicles, Machinery & Equipment	68,138	7,889	60,249	-
IV. Personnel	540,122	3,914	271,355	264,853
V. TA & Consultancies	660,069	86,576	216,350	357,143
VI. Duty Travel	214,079	61,691	145,201	7,187
VII. Dissemination & Training	973,969	472,776	416,091	85,102
VIII. Operational Costs	611,997	78,386	176,468	357,143
IX. Supervision , Monitoring and evaluation	146,431	-	71,429	75,002
XI – Contingency	71,429	-	71,429	-
Total Project Costs	3,286,233	711,232	1,428,571	1,146,430