



Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

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Executive Board  
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30 - 31 January 2003  
London, England

**Sustainable coffee development  
in Eastern Africa**

## **Background**

This document contains a request for Project Preparation Facilities from the CFC to develop a full project proposal to support sustainable coffee development in Eastern Africa, and which would address the following aspects of the coffee industry in Eastern Africa:

- Development of a regional appellation system
- Development of markets and market information systems
- Development of grower support services
- Cupping competitions, training in quality control and improvement of coffee auctions
- Liaison on research matters and technology transfer

## **Action**

The Executive Board is requested to consider and, if appropriate, to approve the request for Project Preparation Facilities to develop this proposal, for submission to the CFC.



# TANZANIA COFFEE BOARD

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Ref. No. OP-3-9/

10<sup>th</sup> December, 2002.

**The Executive Director,**  
International Coffee Organization,  
22 Berners Street,  
LONDON W1P 4DD  
**ENGLAND**

Dear Sir,

**RE: REQUEST FOR FINANCING FROM CFC FOR PROJECT  
PREPARATION FACILITY FOR AN EASTERN AFRICA REGIONAL  
COFFEE PROJECT.**

The coffee industry in the eastern Africa region is facing serious challenges, as a result of the present global coffee crisis. However, efforts have been made to address some of the constraints and a programme is being developed and implemented under the auspices of the Eastern Africa Fine Coffees Association (EAFCA), for which additional support is hereby sought from the Common Fund for Commodities (CFC).

EAFCA is a regional association working with networks in six countries in the region as chapters in implementing the Sustainable Tree Crops Program (STCP) in Eastern Africa. Promotion of specialty coffee and overall quality improvement are the main thrusts of our association and we focus on four thematic areas, namely Research and Technology Transfer; Grower and Business Support Services; Markets and Market Information Systems Development; and, Policy Change and Implementation. Our vision is to enhance the quality, competitiveness and profitability of the Eastern African coffees in global markets, thereby improving the well-being of the producers and ensuring consumer satisfaction.

Contact has been made with the Dutch Ministry of Foreign Affairs, and a positive response has been received, to support EAFCA in its endeavours, as stated in our concept paper submitted to them. The representative of the Dutch Government has also further advised us that they would channel any support to EAFCA through the CFC, and that we should submit our

application to the CFC. Since we do not have the capacity to prepare the proposal for funding, we would like to request for project preparation facilitation from the CFC, so that a formal application can be submitted for both ICO endorsement and CFC consideration

A concept paper for the application for the project preparation facility (PPF), in line with the submission originally made to the Dutch Government, is hereby attached for your consideration. We would be grateful if our application could be circulated to the Executive Board members for their consideration at their next meeting, as well as forward our request to the CFC. We recommend Mr. Jan van Hilten, as the expert to undertake the assignment proposed in this application.

Yours truly,  
**TANZANIA COFFEE BOARD**

**LESLIE D. OMARI**  
**DIRECTOR GENERAL**

**LDO/vk.**

# ICO/CFC PROJECT TO SUPPORT SUSTAINABLE COFFEE DEVELOPMENT IN EASTERN AFRICA

**Project Title:**

Proposal for Development of Project to Support Efforts in Promoting Coffee Sustainability in Eastern Africa

**Proposed Terms of Reference:**

Positions: One Coffee Specialist with assistance from other specialists in each of the countries concerned, and also the Proposed Project Executing Agency (PEA).

Duty Station: Home-based, with travel to the six countries in Eastern Africa.

Duration: To be completed by end of April 2003

Starting date: February 2003

**Project objectives:**

A Study is hereby proposed to develop a Project to Support Efforts in Promoting Coffee Sustainability in Eastern Africa. A request is hereby made to the Common Fund for Commodities (CFC) to provide a project preparation facility that will allow the study to be undertaken, so that a fully-fledged proposal can be submitted for CFC funding to support the proposed project.

**Background Information**

A great deal of awareness has been created by previous efforts aimed at addressing issues of quality improvement, market development and environmental programmes in the coffee industry, including the ICO/CFC Gourmet Project, among others. A program known as the Sustainable Tree Crops Program (STCP) was launched in Eastern Africa in 2002, with support from USAID, as part of the effort by EAFCA (Eastern African Fine Coffees Association) to address critical issues affecting the coffee industry in the region.

The vision of EAFCA is to enhance the quality, competitiveness and profitability of the Eastern African coffees in global markets, thereby improving incomes for rural producers and ensuring consumer satisfaction. The Mission of EAFCA is the establishment and promotion of partnerships and networks amongst those participating and having an interest in quality coffee production, processing, and marketing in the Eastern Africa coffee-growing region.

The objective of this proposal is to get the financial assistance of the CFC to prepare a full project proposal designed to address the following aspects of the coffee industry in Eastern Africa:

- Development of a regional appellation system
- Development of markets and market information systems
- Development of grower support services
- Cupping competitions, training in quality control & improvement of coffee auctions
- Liaison on research matters and technology transfer

To achieve the above, the consultant will be submitted with the following terms of reference:

### **Specific Terms of Reference**

- ***Development of a regional appellation system***

ACTIVITY: Assessing the potential for the development of a coffee appellation program in the region, how this will be implemented including detailed outlines of activities in the individual countries and at a regional level.

OUTPUT: A section in the proposal containing the assessment of current efforts and what needs to be done, collaboration between institutions and agencies, positive returns to producers in the form of consumer recognition, higher prices, improved quality and reliability of supply. The proposal will highlight the regulatory and legislative issues at the country, regional and international levels that will need to be addressed. The proposal will also cover the issue of the establishment of a road map for coffee origin registration and certified brand names based on geographic location and consistent high quality. The budget to undertake the above will be given.

- ***Development of Markets and Market Information Systems***

ACTIVITY: Assessing the potential for opportunities, analysing issues of competition, consumer preferences, quality requirements and packaging as well as business linkages in consuming countries, including the promotion and development of markets for the Eastern African fine coffees.

OUTPUT: A section in the proposal will cover the issue of the limited knowledge of the producers regarding issues of quality and relationships with the market and information flows. The proposal will explore how contacts could be established both at the national level and in the private sector to be able to obtain market information on a timely basis. A market information collection and dissemination system needs to be developed to ensure that EAFCA can keep abreast of market developments and advise its members and other constituencies, and the proposal will highlight how this will be done. A budget to cover this area will also be provided.

- ***Development of Grower Support Services***

ACTIVITY: Assessing the current state of producer organisations (associations, cooperatives, etc.) which can be used as means to reach the smallholder producers, and helping them adopt innovations to improve quality, adoption of new technologies (including processing, etc), risk management, etc. Country-specific programs at the farm level may help to improve quality, as farmers are many times unaware of the necessity of strict quality control to ensure high standards. Many farmers operate on a subsistence basis and need help to make a transition to operate with a business orientation.

OUTPUT: A section in the proposal containing the assessment of producer level organisations (needs not be too elaborate), what has been done, is being done and could be done. For instance, EAFCA is also working to support efforts in the introduction of commodity risk management for producers in the region, to be done as part of the Grower and Business Support Services component of EAFCA activities. The proposal will guide further action in this area and give a budgetary indicator to the level of effort required.

- ***Cupping Competitions, Training in Quality Control & Improvement of Coffee Auctions***

ACTIVITY: Assessing the capacity for holding cupping competitions at the national level as well as farm based quality assurance, that can assure the sustainable production and marketing of high quality coffee. Assess the level of knowledge of quality issues and cupping expertise among producers, processors and traders. It is important to see how to mainstream cupping competitions in each of the producing countries, and also help to enhance the marketing arrangements for coffee, especially the development or improvement of coffee auctions.

OUTPUT: A section in the proposal will review the issue of quality control at the national and farm level. It is anticipated that extensive training may be necessary for cuppers to ensure that they are up to internationally recognized standards, and this will be verified by the proposal and a strategy proposed.

- ***Liaison on Research Matters and Technology Transfer***

ACTIVITY: Some of the eastern African countries have national coffee research institutes but there is little or no interaction with the private sector and intended beneficiaries of research findings. In Eastern Africa, CORNET (the Coffee Research Network) is a network within ASARECA, with which EAFCA intends to work closely in addressing liaison matters with the private sector. In fact, it has been proposed that EAFCA is represented on the CORNET Steering Committee. One area needing support is that of certification programs for organic, fair trade, eco-friendly, and others, and a regional certification program needs to be developed, which needs the support of the research institutions. The proposal will also cover the investigation of the possibility of EAFCA playing a key role in the certification of coffee under different labels; and the role to be played will determine the level of EAFCA's participation in such a process.

OUTPUT: A section in the proposal will explore how EAFCA can develop the collaborative linkages between the research fraternity and the private sector clientele. The proposal will state the role that EAFCA would play in a regional certification programme, and perhaps the possibility of EAFCA producing a regional guidebook to FLO, Organic, Shade Grown, Bird-Friendly; (and possibly other) certifications. A budget to support these efforts will also be given.

### **Institutions Involved**

The key institution in the region is the Eastern African Fine Coffees Association (EAFCA), which boasts almost 70 members from 11 countries including the (government) coffee boards/authorities of Burundi, Ethiopia, Kenya, Uganda, Tanzania and Rwanda, local producers and exporters as well as importers in both Europe and North America. The member institutions in Eastern Africa, both private and public, will be the partners in implementing the proposed project in the respective countries. The Ethiopian Coffee & Tea Authority is in the final stages of joining the association. EAFCA is a member of the International Coffee Organisation (ICO) Private Sector Consultative Board (PSCB). In addition to the Secretariat, located in Uganda, there are EAFCA Chapters in Burundi, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda.

EAFCA aims to promote public and private sector partnerships in order to provide stakeholders with an organizational framework and policy environment required to:

- Maintain increased productivity of high quality coffee over the long-term
- Improve efficiency in the marketing chain, so that it delivers fair prices to farmers and quality products to end-users.
- Make East African fine coffee products competitive in international markets.
- Improve the socio-economic situation of farmers.
- Conserve biodiversity and the natural resource base.

The objectives of EAFCA are multi-faceted and involve all concerned parties: producers, processors, exporters, coffee trade houses and, of course, the final consumer. The objectives include the following:

- To engage in promoting the production, processing and export of high quality coffee in Eastern Africa.
- To develop a network for exchanging information through education and training for professionals and other participants of the coffee industry in Eastern Africa, and beyond, who share commitment to the production, processing, exporting and consumption of fine quality coffee.
- To encourage the development, establishment and implementation of modern, regional marketing infrastructure, in order to:
  - a) Increase availability and accessibility of the fine coffees from the region
  - b) Promote the rewarding of coffee quality with premium prices
  - c) Improve accountability, transparency and professionalism
  - d) Increase the incomes of coffee producers
- To encourage the spirit of regional co-operation in the coffee industry and enhance the unified and unique character of the Eastern African coffee industry.
- To liaise with other organizations on matters relating to the promotion of the fine coffee industry and to facilitate joint activities.
- To promote consciousness to the environmental, social and economic issues related to the industry, ethical trading practices, and encourage sound business and professional practice.
- To promote domestic consumption of coffee in the region and develop the regional markets for such coffee.

A partnership has been established with USAID through the Sustainable Tree Crop Program (STCP). EAFCA's focus on tree crops is due to the fact that coffee producers in the region have farming systems that are diversified and coffee is grown alongside other tree crops. EAFCA intends to work within established structures for promoting the coffee industry and private sector development, and is in the process of establishing formal relationships with the COMESA (Common Market for Eastern and Southern Africa) Secretariat and IACO (Inter-Africa Coffee Organisation).

EAFCA has collaborating partnerships with both private and public institutions given below:

<b>Country</b>	<b>Private Sector</b>	<b>Public Body</b>	<b>Research</b>
<i>Producing</i>			
Burundi	CETCO (Exporter), SIVCA (Miller), Sogestals, NGO's	Office des cafés du Burundi	
Ethiopia	Ethiopian Coffee Exporters Association, Cooperatives, NGO's	Ethiopia Coffee & Tea Authority	Jimma Research Centre
Kenya	Mild coffee trade Association, KACE, Various	Coffee Board of Kenya	Coffee Research Foundation

	Estates/Cooperatives		
Rwanda	UPROCA, SICAF, NGO's	OCIR Café	
Tanzania	Tanzania Coffee Association, Various Estates	Tanzania Coffee Board	Lyamungu Coffee Research Institute
Uganda	Uganda Coffee Trade Federation, Uganda National Farmers Association, NGO's	Uganda Coffee Development Authority	Coffee Research Institute, ASARECA (Sub-Regional Coffee Research Association)
<b>Consuming</b>			
USA	Speciality Coffee Association of America, Various Importers/Processors	USAID	
Europe	Specialty Coffee Association of Europe, Various Importers/Processors		
Japan	Various Importers		
<b>International</b>		International Coffee Organization	

In addition, EAFCA is seeking strategic alliances with the European Coffee Federation (ECF), Specialty Coffee Association of Europe (SCAE), National Coffee Association (NCA) and the Quality Coffee Institute in the United States as well as with additional private regional exporters and importers in North America, Europe and Japan. There is already a close partnership between USAID's Africa Bureau through the STCP; and EAFCA is seeking alliances with other donors in order to establish a sustainable program to address development issues in the coffee industry in Eastern Africa. In implementing the proposed program with CFC support, EAFCA will contribute resources from other donors in leveraging the CFC contribution. In line with its Strategic Plan, EAFCA has four major areas of thematic programming, around which projects and activities are developed, and through which framework the proposed project will be implemented:

1. Research and Technology Transfer – EAFCA's will work closely with sub-regional organizations and networks as well as national coffee research institutions.
2. Grower and Business Support Development – EAFCA will work through national chapters in implementing programmes and activities that focus on the producers and improving the environment in which they operate so as to produce high quality coffee. Regional coordination will help in synchronization of efforts and in synergy building.
3. Development of Markets and Market Information Systems – EAFCA will promote the improvement of the marketing systems, especially the improvement of price discovery mechanisms, market information, promotion and communication.
4. Policy Reform and Implementation – EAFCA will provide the needed support in the policy reform process in each of the countries and promote the public-private dialogue and partnerships in resolving issues.

#### **Expected Output**

A report, in the form of a Comprehensive Proposal in English, in the format acceptable to the CFC, is to be provided by the Consultant to the CFC and ICO. Hard copies of the report will be produced as well as an electronic version of the same (on CD or diskette) suitable for use under Windows 98/2000. The final report (proposal) should be presented by 30<sup>th</sup> April 2003.

#### **Qualification**

It is expected that the assignment will be carried out by a Coffee Specialist, who will be the project leader, in conjunction with experts in each of the six countries concerned. The latter will



provide support to the project leader, and provide the information required for the completion of the report.

**Estimated Budget in US\$**

(Including missions to Burundi, Kenya, Ethiopia, Rwanda, Tanzania and Uganda).

***The Budget***

**Air Fares (Full Economy Class)** 7,000

**Mission to the Countries**

DSA in respect to UN regulations (for 6 days)

Burundi \$186 x 6 1116

Ethiopia \$210 x 6 1260

Kenya \$195 x 6 1170

Rwanda \$227 x 6 1362

Tanzania \$231 x 6 1386

Uganda \$193 x 6 1158

***Total for six countries*** 7,452

**Transport expenses in-country** 1,800

**Miscellaneous** 3,000

**Consultant Fees** 30,000

**TOTAL COST** **49,252**

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