



Organización Internacional del Café  
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Organisation Internationale du Café

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Diversification

Executive Board  
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**Project Proposal**  
**Worldwide Comparative Analysis**  
**of Coffee Growing Areas**

SUBMITTED BY THE EUROPEAN COMMUNITY

1. On behalf of its Member States, the European Commission requests the Executive Board of the ICO to consider a Worldwide Comparative Analysis of Coffee Growing Areas. The results of the analysis should be primarily of interest to the producer countries. The analysis will provide useful information and options for countries that would like to structurally combat the coffee crisis and reduce poverty in coffee growing areas. This note provides the basic ideas for the elaboration of the terms of reference (TOR).

**2. Challenges**

A proactive investment strategy to cope with the declining long-term price trend for coffee contains two broad challenges:

- To raise competitiveness by lowering the average costs below the long-term price for the mainstream market and/or enhancing the producer prices for the specialized coffee products.
- To identify a horizontal diversification strategy for the coffee growing areas that could set off for the loss of employment in marginally profitable coffee growing areas.

**3. Expected results**

- a. a qualitative comparative analysis of the strengths, weaknesses, opportunities and threats (SWOT) of the organized coffee growing areas;
- b. a quantitative estimate of the costs of (sustainable) production and commercialization for each of the coffee growing areas (specified by the major types of products, such as Robusta and washed and unwashed Arabicas);

- c. a list of indicators that provide a basis for the periodic monitoring of the costs of (sustainable) production and commercialization;
- d. a general strategy of modalities to improve the effectiveness of the coffee production and marketing that is of interest to coffee growing regions;
- e. a qualitative comparative SWOT-analysis of the most viable horizontal diversification options for coffee growing areas (including profitability, organization and trade issues);
- f. a general strategy of modalities to promote horizontal diversification of coffee growing areas, of interest to coffee growing areas.

#### **4. Methodology**

The analysis could be roughly divided into two parts: competitiveness and diversification. Two complementary consulting institutions could be considered for the analysis. The institutions should have good working relations with stakeholders in the coffee sector. Stakeholders have an enormous amount of market experience and data available. Consulting firms are requested to regularly consult through electronic means (e-mail) with stakeholders about the progress of the analysis. The ICO could be instrumental by registering an e-mail contact group for the analysis.

#### **5. Timing**

August/December 2003:	Implementation of the analysis
July:	Formal approval by CFC Consultative Committee
June:	Selection of consulting institutions by CFC-ICO
May:	Formal approval of TOR by the ICO Council and submission to CFC
February-April:	Elaboration of TOR by ICO in collaboration with stakeholders+CFC
January (2003):	Consideration of the analysis by ICO Executive Board

#### **6. Financing**

Fast Track of the Common Fund for Commodities, eventually co-financed with Dutch funds out of the partnership programme NL-CFC.