



Organización Internacional del Café
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**Diversification from coffee in the Lake
Victoria region of Tanzania by construction
of pilot local banana drinks preservation
and packing facilities**

Project proposal

Background

1. This document has been submitted by the United Nations Human Settlements Programme (HABITAT) and contains a summary of a project proposal aimed at adding value to banana drinks produced by farmers through improving the quality, preserving and packing them at a factory, and marketing them as an alternative income source to coffee.
2. The project proposal is conceived as an income diversification initiative, which falls under the mandate of the CFC.
3. This proposal has been submitted to the Virtual Screening Committee (VSC) for assessment and will be considered by the Executive Board in May 2006.

Action

The Executive Board is requested to consider this proposal and the comments and recommendations of the Virtual Screening Committee and, to submit a recommendation to the Council.

Project Summary

Project Title: Diversification from coffee in the Lake Victoria region of Tanzania by construction of pilot local banana drinks preservation and packing facilities

Duration: Five years

Location: Tanzania

Nature of Project: The project aims to add value to banana drinks produced by farmers through improving the quality, preserving and packing them at a factory, and marketing them. Banana drinks, if developed, would be an alternative income source to coffee, so the project is conceived as an income diversification initiative, which is believed to fall under the mandate of the CFC. Indirectly, rising farm income from banana drinks would help to increase coffee quality production because, in the long run, coffee-banana farmers would not be so desperate for cash, a situation which has caused them to uproot coffee trees or neglect their coffee farms. The farming system is a mixed one, with coffee and bananas mixed or intercropped. The neglect of coffee is related to the low earnings from the mixed farm, so improvement of income from bananas automatically boosts coffee quality production as farmers will pay more attention to the mixed farm holding, so it is a win-win situation for all.

Brief description: The overall goal of the project is to alleviate poverty of coffee and banana farmers in the Lake Victoria region through commercialization of banana drinks and hence reducing the rate of rural to urban migration along Lake Victoria. To attain this goal, it is proposed: 1) To improve the quality and yield of banana drinks; 2) To construct pilot plants for the preservation of the improved community-produced banana juice and production of banana brew; 3) To market the drinks; and 4) To build capacity at community and factory levels for sustainable production and marketing of the drinks. The project comprises the following components: (i) Socio-Economic Survey; (ii) Project

Implementation Planning; (iii) Improvement of banana juice quality and yield; (iv) Improvement of the banana brew; (v) Factory construction, start-up and testing; (vi) Capacity building for the plants; (vii) Marketing of the drinks; (viii) Evaluation; and (ix) Coordination. The two proposed processing plants will each have capacity to preserve and package 1,000 litres of banana juice and 1,000 litres of banana brew per day. This initiative is expected to be economically viable and hence increase the income of poor banana farmers and provide employment. The processing plants are expected to demonstrate within the rural community context benefits from a rural developmental project. Women and youths are expected to benefit most. These local banana drinks have become the main source of income for most farmers who intercrop coffee and bananas. However, these banana drinks are produced only in small quantities, just enough to satisfy the local demand in villages. Due to poor processing/bottling facilities and poor transport and marketing infrastructure, these drinks are sold only in small quantities in secondary cities where there is a great demand for the drinks. Also due to the use of contaminated water and unhealthy production techniques, the shelf-life of these drinks is very low (only 1-2 days).

Estimated total cost:	US\$9,268,590
Financing sought from the Fund:	US\$4,877,889
Mode of financing:	Grant
Co-financing:	US\$3,474,990 (UN-HABITAT)
Mode of co-financing:	Mostly in kind
Counterpart contribution:	US\$915,711 (Government of Tanzania)
Project Executing Agency (PEA):	UN-HABITAT
Collaborating Institutions:	Farmers Association(s) in Tanzania
Supervisory Body:	International Coffee Organization
Estimated starting date:	January 2007

Logical Framework

Project Title: Diversification from coffee in the Lake Victoria region of Tanzania by construction of pilot local banana drinks preservation and packing facilities
 Estimated Project Starting Date: January 2007
 Estimated Completion Date: December 2011
 Date of this Summary: 24 April 2006

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>Programme goal</u> To alleviate the poverty of banana farming communities and reduce emigration of people from rural to urban centres along Lake Victoria	<u>Measures of goal achievement</u> (a) Quantities of banana juice sold to the plant (b) Number of people returning to or settling in the community under surveillance (c) Percentage increase in the income of banana juice producers	(a) Factory reports (b) Monitoring and Evaluation reports	<u>Concerning long term value of project</u> (a) Political support is provided (b) Stakeholders committed (c) The plants are economically viable and generating a profit
<u>Project purpose</u> (a) To improve the quality of banana drinks produced by farmers b) To construct pilot plants for the preservation of community-produced banana juice and production of banana brew and other fruit juices (c) To market the banana drinks (d) To build capacity at community and factory levels for sustainable production and marketing of the drinks.	<u>Conditions that will indicate purpose has been achieved: End of project status</u> (a) Banana juice produced by farmers acceptable for factory processing (b) Plant operational and processing banana drinks (c) Processed banana drinks sold in shops (d) Efficiency in managing the plant by trained personnel	(a) Factory preserved banana drinks (b) survey of markets for the banana drinks (c) Factory reports on profit made	<u>Affecting purpose to goal link</u> (a) Banana farmers willing (b) Local government supportive (c) Demand for the banana drinks is there (d) Identified farmer association committed to managing the plant (e) financial institutions provide support to the plant
<u>Outputs</u> (a) Names of banana types producing high juice yield of good quality (b) Two pilot plants for preserving and packaging 2000 litres of banana drinks per day each (c) Locations of markets for the drinks (d) Two hundred banana juice producers; 6 managers; 10 machine operators trained in aspects related to food hygiene/factory safety and operation/food processing/management/entrepreneurship	<u>Magnitude of outputs necessary and sufficient to achieve purpose</u> (a) Increased cultivation of most suitable brew banana types (b) Pilot plants operating efficiently and generating profit (c) Orders for the preserved banana drinks	(a) Evaluation reports (b) Monitoring data (c) Factory sales reports (d) Factory report and monitoring and evaluation reports	<u>Affecting output to purpose link</u> (a) Farmers well motivated and biotic and abiotic factors conducive (b) Key stakeholders committed and well equipped to manage the plants (c) Plant equipment procured on time (d) The demand for the banana drinks is there.
<u>Inputs: Activities and types of resources</u> (a) Policy, technical, training of banana juice producers (b) Local government and technical support, land, factory equipment, logistics (c) Support of the private sector and government (d) Technical support, training of plant personnel	<u>Level of effort/expenditure for each activity</u> Component 1 (US\$244,638) Socio-economic survey. Component 2 (US\$525,618) Project Implementation Planning Component 3 (US\$296,823) Improvement of banana juice yield and quality Component 4 (US\$560,268) Improvement of banana brew Component 5 (US\$5,334,031) Factory construction Component 6 (US\$572,251) Capacity building for the plants Component 7 (US\$592,188) Marketing of the drinks Component 8 (US\$569,875) Project Monitoring and Evaluation Component 9 (US\$572,900) Coordination	Periodic reports by coordinator	(a) Project funds are issued on time (b) All actors including the coordinator, project implementers and consultants coordinate and execute the planned project activities in an efficient and timely way