

## COMMON FUND FOR COMMODITIES

*Press Release*

*October 2009*

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### COMMON FUND FOR COMMODITIES TO FINANCE COMPETITIVE COFFEE ENTERPRISES PROGRAMME FOR GUATEMALA AND JAMAICA

The Executive Board of the Common Fund for Commodities (CFC), an intergovernmental financial institution established by the United Nations, approved a project sponsored by the International Coffee Organization (ICO) worth USD 4,750,000 named “Competitive Coffee Enterprises Programme in Guatemala and Jamaica” on 20<sup>th</sup> October 2009. The CFC has developed the project in co-operation with ANACAFE of Guatemala and the Coffee Industry Board of Jamaica. The Fund will co-finance the loan component with Oikocredit a development financial institution based in the Netherlands but working with farmers in the developing countries.

The main objective of this programme is to improve the competitiveness of small coffee producers in two selected regions in Guatemala (Fraijanes and Cobán) and in two selected regions in Jamaica (the Central and Northern regions in the Non-Blue Mountain- Lowland). This objective will be achieved through improving quality and productivity as well as organizational and management improvement. The setting up of viable Cooperatives or Producer Organizations in Guatemala and in Jamaica is the priority because these will be direct beneficiaries of the capital investment and training in production, processing and marketing. The project has a USD 2 million line of credit to support investment in processing equipment and working capital.

The primary beneficiaries of the project will be the organized small and medium scale coffee growers and other stake-holder farmers. The project will have a significant impact on farmers who will be trained in organisation and management of coffee plantations, loan management and coffee processing and marketing. The income of small coffee farmers is less than USD 2,000 in Jamaica and we hope to increase that to over USD 3,000 during the project period while the income in Guatemala is USD 3,000 for small farmers and it is expected to increase to USD 4,500 a 50% increase.

The project challenge is shift farmers from their traditional way of coffee production to new methods of production which requires considerable training. The farmers have to be exposed to new farming practices, made aware of particular practices of cultivation and harvesting associated with modern technologies, they have to be equipped to undertake appropriate pre and post harvest management measures which may be new and novel to them. It is envisaged that the Producer or Farmer Groups participating in this project will be viable Coffee Enterprises with a good credit record and capacity to produce, process and market coffee commercially.

The total project cost is USD 4,750,000 with a total CFC grant of USD 1,500,000 and a loan of USD 1,000,000 that will be provided as a line of credit in collaboration with Oikocredit which will also provide a loan of USD 1,000,000. Given the different sizes of the countries in terms of coffee production 75% of the budget USD3,562,500 which includes grant, loan and counterpart will be used in Guatemala while 25% (USD 1,187,500) will be used in Jamaica.

Note to the Editor: The Common Fund for Commodities is an intergovernmental financial institution established by the United Nations. Its main objective is to assist Developing Countries, which are dependent on the production of primary commodities. The projects of the Common Fund are small to medium sized (USD 1 to 5 million) and are mainly grant financed, supplemented by loan financing. The main target groups are commodity producers in Least Developed Countries and the poorer strata of the population in other Developing Countries. The Common Fund is headquartered in Amsterdam, the Netherlands.

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