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COMMON FUND FOR COMMODITIES PRESS RELEASE

Note to the Editor: The Common Fund for Commodities is an intergovernmental financial institution established by the United Nations. The main objective of the Fund is to assist Developing Countries which are dependent on the production and export of primary commodities. 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.

**Press Release No. 05/4
14 April 2005**

COMMON FUND TO FINANCE A PILOT PROJECT ON DIVERSIFICATION IN MARGINAL COFFEE AREAS IN STATE OF VERACRUZ, MEXICO

The Executive Board of the Common Fund for Commodities, an intergovernmental financial institution established by the United Nations, approved a project on “Diversification of Production in Marginal Coffee Areas in State of Veracruz, Mexico”. The project rationale is based on the importance of coffee to the people of Veracruz. The project activities as envisaged, would ensure that diversification out of coffee into more viable alternative crops for the farmers located below 600 meters above sea level leads to increased income. The project is based on the concept of increasing net income for the farmers through growing more profitable and viable alternative crops. By the removal of low quality coffee grown in the low laying areas, the remaining high altitude grown coffee will be marketed at a premium and would improve the image of Mexican Coffee in the world market.

The main objectives of the project are (a) To develop a productive diversification program in coffee farms located in marginal areas of the State of Veracruz, covering 1,500 ha, (3.1% of such marginal farms). The successful implementation of this pilot project will enable extension of this strategy to the remaining area. (b) The maintenance of selected 1,500 ha of coffee under shade so as to generate and conserve various ecological resources such as “water cultivation”, ground and regional bio-diversity. (c) The promotion of an entrepreneurial culture within producers through the setting up of integrating enterprises. (d) To maintain and enrich the agro-forestry system generating environmental benefits and to encourage the security of tenure of coffee farmers in the target regions and positively discourage migration

The total cost of the project is USD 4,467,871 of which the Common Fund will directly contribute USD 1,020,000 as a grant and USD 1,532,400 as a loan. The Government of Mexico is going to contribute USD 1,118,158 as co-financing and the University of Veracruz will provide in-kind counterpart contribution of USD 797,313. The immediate beneficiaries of the project are the coffee farmers located in marginal areas.

The International Coffee Organization will be the Supervisory Body while the Veracruz Produce Foundation AC will be the Project Executing Agency. The Mexican Coffee Council will be the Collaborating Agency so that results of the project can be disseminated to other States within Mexico. The borrower of the loan is going to be the University of Veracruz Foundation AC.

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