



Projects Committee
8th Meeting
22 September 2014
London, United Kingdom

**Promotion of a sustainable coffee industry in
the Central African Republic**

Background

1. This document, submitted by the Government of the Central African Republic, contains the summary of a project proposal designed to improve the coffee processing capacity through a public/private partnership in Central African Republic. A copy of the full proposal is available from the ICO Secretariat upon request.
2. The proposal will be forwarded to the Virtual Screening Subcommittee (VSS) for an evaluation and will be considered by the Projects Committee in September 2014.

Action

The Projects Committee is requested to consider this proposal as well as the recommendations of the VSS and, if appropriate, to recommend its approval by the Council.

PROJECT SUMMARY

1. **Project title:** Promotion of a sustainable coffee industry in the Central African Republic
2. **Duration:** Three years
3. **Location:** Central African Republic
4. **Nature of the project:** Strengthen the capacity of an existing coffee roasting processor to address an increasing domestic consumption while raising the country's share of the coffee value chain.
5. **Project description:** The main objective is to promote the development of the coffee market in the Central African Republic through building the infrastructure to ensure efficient growing and marketing of coffee in the domestic market as well as in neighbouring countries. Specifically, the project will include the following:
 - i) Building local infrastructure for drying.
 - ii) Training of coffee growers in good agricultural practices, in particular post-harvest practices (picking, drying and storage).
 - iii) Increasing roasting capacity and organize distribution.
6. **Project total estimated cost:** US\$758,000
7. **Financing from the Common Fund (CFC)/ any other donors:** Loan: US\$317,000
Grant of US\$70,000
Total: US\$387,000
8. **Co-financing International Central Africa SME Fund-Equity:** 331,000
9. **Counterpart Contribution (Café Gbako):** US\$40,000

10. Project Executing Agency: Cafe Gbako, a local roasting company

Café Gbako is already partnering with the Central Africa SME Fund that has the same objectives: to obtain a return on its investment. Together with the management, the fund is actively involved in helping with the execution of the implementation of the project and ensuring that the company will grow towards its objectives.

11. Operational capacity and experience of the company

Café Gbako's promoters have been trading and producing coffee for the last 20 years of which the last ten under the Café Gbako brand which is well known in the Central African Republic and it sells in all major outlets. The company's clients are loyal. The operational capacity, thanks to the investment in a new production facility can cope with the volumes forecasted. The main reason is to ensure a sustainable supply of further improved quality coffee which will help the company and the producers to grow further.

12. Summary table of the financing structure

Sources	US\$	% total	Uses	US\$	
Café Gbako – promoter financial input	40,000	60%	<ul style="list-style-type: none"> Land/premises for construction plant 10 ton coffee beans at US\$1/kg Pick-up truck and other rolling material 	10,000	In kind
Central Africa SME Fund – loan	313,000		<ul style="list-style-type: none"> Construction plant on Gbako land, working capital, cap. interest 	183,000	cash
Central Africa SME Fund – equity	18,000		<ul style="list-style-type: none"> Purchase, import and installation coffee roasting & packaging equipment 	130,000	
Donor's loan	317,000	40%	<ul style="list-style-type: none"> Pre-financing of 2015 - 2017 coffee yield – marketing expenses (where needed) 	317,000	
Donor's grant	70,000		<ul style="list-style-type: none"> Construction of concrete floors to dry coffee beans (cement, labor & oversight) Training of coffee growers 	70,000	
Local communities of out growers			<ul style="list-style-type: none"> Sand and part of ingredients for concrete flooring 		In kind
Total financing	758,000				

13. Project Components

1. Building local infrastructure for drying.
2. Training of coffee growers in good agricultural practices, in particular post-harvest practices (picking, drying and storage).
3. Increasing roasting capacity and organize distribution.
4. Coordination, supervision and monitoring of the Project.

14. Expected impact of the project

1. Increase turnover & create sustainable size of business to ensure future viability.
2. Enlarge supply base and create jobs.
3. Technology/knowledge transfer as coffee growers and Café Gbako staff will be trained in growing and roasting coffee according to standards.