Coffee development projects: Addressing new challenges

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Previous project procedure

1) Reception of a concept note on project proposal:
2) After endorsement by the Council, the Secretariat works closely with the proponent to prepare a full project proposal. This can be done on three different ways:

- **When there is a need** to get external expertise to design the project: PPF request to the CFC
- **Second way:** The Secretariat contributes to designing a full proposal: **Access to finance for diversification (Burundi and Côte d’Ivoire).**
- The **secretariat may organize** a fact finding missions to the countries in order to design a full proposal. The cost of this mission is fully paid by the proponent. “**Cameroon/CAR**”; or by a **private company (SUCAFINA for Burundi)**;
- The **Secretariat uses** its own network in other specialized institutions to develop a full proposal: The expectation being that such institutions will be appointed as the PEA once the project funding has been approved: **CABI for instance.**
Change in the CFC funding and new challenges

- The concessionary financing facilities offered by the Common Fund for Commodities were based essentially on grants and were considered as **purely grant based development funding**.

- On 14 September 2011, the Executive Board of the CFC approved the last ICO sponsored project under this format with a total cost of US$1.4 million.

- “Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the D.R. Congo (project CFC/ICO/51).
Change in the CFC funding and new challenges

• However, it should be noted that under the new funding scheme of the CFC, one ICO sponsored project was approved in October 2013, but under the condition of additional funding be secured: Revitalization of the coffee industry in Yemen: CFC committed USD250,000 while the total cost of the project is USD3.9 million. [First call for proposals initiated in October 2012]
Change in the CFC funding and new challenges

- Coffee related projects submitted and approved under calls for proposals

  - **Second Call for proposals (February 2013):**
    
    * Sustainable and secure smallholder systems at scale: Designed to make coffee sector viable: Kenya, Tanzania and Uganda. Total cost was USD8,620,168 with CFC:USD1.5 million including OPEC Fund (USD1 million);

  - **Under the third call for proposals (August 2013):**
    
    “Autonomous and Sustainable Cocoa and coffee production by indigenous Askaninka people (Peru and Brazil), project developed and submitted by Rainforest UK. Total cost: USD120,000 entirely funded by CFC.
Change in the CFC funding and new challenges

Fourth call for proposals (May 2014) To be considered by the Board in October 2014: (Not submitted through ICO)

* Promotion of sustainable coffee industry in Cameroon;
* TSARAKAFE: revival of the Robusta coffee chain in Madagascar;
* Preservation of coffee pulp biomass for further use as raw material in a bio-refinery process (Netherlands&Colombia).
Adapting to new challenges

• ICO must become the focal point of expertise for coffee related projects as well as an ideal forum for forging the Public/Private Partnership;
• Carry out preliminary technical evaluation before submitting the VSS: send advisory comments to the VSS;
• Strengthen/continue providing technical assistance in the preparation of project proposals;
• Seeking for alternative sources of funding for projects
• Strengthen relationship with the CFC as the main funding agency for commodities;
New Role of the Secretariat

• To promote sustainable coffee sector in exporting countries consideration should be given to the development of the **concept of agribusiness** among small scale coffee growers;

• In this regard, **the involvement of the ICO secretariat in project design should be enhanced.**
  • Project designed for Burundi (project Kahawatu on sustainable coffee production in Burundi (PJ 43/13));
  • Project designed for Cameroon (improving the participation of women in the coffee value chain in Cameroon – PJ 66/14)
  • Promotion of sustainable coffee industry by improving productivity-Cameroon and Central African Republic (PJ 36/12)
New Role of the Secretariat

• Any development project should include a **profitability component**: activities of the project should generate financial profits that will be used to pay back the loan provided by the CFC at concessional low interest rate;

• The secretariat will also play a leading role in designing project proposals on important topics (Climate change, carbon sequestration, poverty reduction, etc…) based on what the donor community is willing to fund. They set the priorities, not those seeking funds
New Role of the Secretariat

• Strengthen ICO’s role in disseminating project Outcomes:
  • Seminars in recipient countries;
  • Publications on project results
  • Produce documentaries on project beneficiaries
New Role of the Secretariat

• **Fund raising activities:**
  • Financial diversification:
  • Establish a closer relationship with financial institutions and advocate relevant project proposals. Another aspect of fundraising will consist of visiting financial institutions to establish a closer relationship and to advocate relevant project proposals. This can be achieved through the participation of the Secretariat in major meetings/general assembly organized by these institutions;
New Role of the Secretariat

• In order to address the new challenges and continue to serve ICO Members in project areas, the Organization needs to revise the following reference documents:
  • 1) Terms of reference of VSS;
  • 2) Assessment document for projects (PJ-17/11.Rev.1)
  • 3) Development strategy for coffee (document ICC-105-16.Rev.1);
  • 4) Guidelines of the submission of projects to be submitted for financial support for activities related to coffee (PJ 75/14)
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