



International Coffee Organization
Organización Internacional del Café
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EB 3946/08

16 May 2008
Original: English

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Executive Board/
International Coffee Council
19 – 23 May 2008
London, England

**Report of the
Virtual Screening Committee (VSC)
on seven coffee project proposals**

Background

1. This report contains assessments provided by the Virtual Screening Committee (VSC) on the following new project proposals which will be considered by the Executive Board in May 2008:

- **Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning**, submitted by the Foundation Hanns R. Neumann Stiftung (FHRNS) with the support of the Vietnam Coffee and Cocoa Association (VICOFA) and the Tanzania Coffee Board;
- **Trifinio sustainable coffee project**, submitted by the Tri-national Trifinio Plan Commission;
- **Integrated agriculture diversification development programme (IADDP) for commodity cultivation, processing, marketing, and livestock farming**, submitted by the Profix Group of Companies with the support of the Coffee Association of Malawi (CAMAL);
- **Study of the potential for commodity exchanges and other forms of market-places in West Africa**, submitted by Cameroon (ONCC), Côte d'Ivoire (ARCC/FRC), and Nigeria (Federal Ministry of Commerce and Industry);
- **Integrated management of Coffee Berry Borer (CBB)**, three proposals submitted by PROMECAFE, Indonesia and CABI – UK respectively.

2. The VSC is currently composed of Brazil, Côte d'Ivoire, Guatemala and Indonesia (exporting Members) and Germany, Italy and the USA (importing Members). Other Member countries have been recently invited to join the VSC. Spain has confirmed its interest in participating and responses are awaited from other Members before the next round of screening in November 2008.

Action

The Executive Board is requested to consider the report of the VSC and to submit a recommendation on the seven proposals to the Council.

**REPORT OF THE VIRTUAL SCREENING COMMITTEE (VSC)
ON SEVEN COFFEE PROJECT PROPOSALS**

Summary of VSC screening by technical area

May 2008

Technical area	Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning	Trifinio sustainable coffee Project (El Salvador, Guatemala and Honduras)	Integrated agriculture diversification development programme (IADDP) for commodity cultivation, processing, marketing and livestock farming	Study of the potential for commodity exchanges and other forms of market-places in West Africa	Integrated management of the Coffee Berry Borer (CBB) with a quality and sustainability component for coffee-growing in Central America	Pilot project on implementation of integrated pest management (IPM) to control the CBB in Arabica and Robusta coffee smallholdings in Indonesia	Coffee Berry Borer – the need for a review of the status and knowledge of a serious coffee pest *
Coffee sector priorities	Adequate	Adequate	Poor	Adequate	Very Good	Insufficient information	2008: Insufficient information 2007: Insufficient information
Project planning	Adequate	Good	Poor	Insufficient information	Good	Insufficient information	2008: Poor 2007: Insufficient information
Operational capacity of Project Executing Agency (PEA)	Good	Good	Poor	Missing information	Good	Insufficient information	2008: Adequate 2007: Insufficient information
Sustainability	Insufficient information	Adequate	Insufficient information	Adequate	Adequate	Missing information	2008: Poor 2007: Insufficient information
Budget/cost-effectiveness	Insufficient information	Adequate	Poor	Adequate	Very Good	Poor	2008: Poor 2007: Poor
Overall recommendation – Proposal should be:	<i>The VSC was split on revision or rejection</i>	<i>Approved</i>	<i>Rejected</i>	<i>The VSC was split on revision or approval</i>	<i>The VSC was split on revision or approval</i>	<i>The VSC was split on revision or rejection</i>	<i>2008: Rejected 2007: Revised</i>

(*) This proposal has been considered twice by the VSC.

1. Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning (submitted by FHRNS) – Project outline document WP-Board 1049/08.

General comments:

- (a) This project proposal aims to improve the capacity of smallholder farmers to make rational investment decisions and optimize production and processing.
- (b) The proposed Project Executing Agency (PEA) is EDE Consulting.
- (c) The Committee was split on whether to recommend the proposal for revision or rejection.

VSC comments and recommendations:

- One Member pointed out that this proposal should be revised, as more detailed information on the costs and benefits of the pilot project was needed. The costs for software development were high in relation to the expected benefits and the limited number of users.
- Another Member considered the proposal to be a well conceived, clearly rationalized project with documentation which was detailed and compliant with ICO and CFC guidelines. Specific links were made to modernization and agriculture sector plans in Tanzania and Uganda. The principal output would be a software system. The premise was that learning from peers through sharing crop data (and reducing data recording and storage burden) would help bring about improved resource use. A literature review supported this premise, but this was the least convincing aspect of an otherwise structurally sound proposal.
- The proposal cites a number of risks (such as farmers' unwillingness to learn in groups, gender, education levels and computer literacy; also the unforeseen delays and cost overruns that often plague software development activities) but these are balanced with mitigation measures that appear reasonable. For example, the approach and the software already have been piloted with good results that this project would build upon; the monitoring, supervision and evaluation plans appear sound, and the organizations and staff appear well qualified. Nevertheless, the benefits to be derived from this activity, and their replication are questionable. Also, success is dependent on costly software development. This Member also cited the very limited counterpart funding the applicants are committing to the effort.

Additional comments:

- Additional co-financing should be sought for software development.

- There is limited information on the number of farmers deriving benefits from the use of the software programme.

Overall recommendation:	<i>The Committee was split on whether to recommend revision or rejection of the proposal submitted by FHRNS</i>
Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Adequate
Operational capacity of PEA	Good
Sustainability	Insufficient information
Budget/cost-effectiveness	Insufficient information

2. Trifinio sustainable coffee project (El Salvador, Guatemala and Honduras), submitted by the Tri-national Trifinio Plan Commission (CTPT) – Project outline document WP-Board 1047/08.

General comments:

- The main aim of the project proposal is to strengthen social and economic development in the Trifinio region through sustainable coffee farming, by developing production and marketing of high-quality coffee in an environmentally responsible, socially equitable and economically viable manner.
- The proposed PEA is the Tri-national Trifinio Plan Commission.
- The proposal should be approved.

VSC comments and recommendations:

- This proposal was considered suitable for approval and submission to the CFC.
- One Member noted that its objective and purpose were aligned with ICO and CFC priorities. Activities in the proposal contributed to the achievement of goals in a Tri-national plan for integrated and balanced development in areas of the three countries.

Additional comments:

- The partners in the project appear to be experienced (CTPT, Tropical Agricultural Research and Higher Education Centre (CATIE), FHRNS) and committed, as demonstrated by the robust counterpart funds (roughly half of total project costs) they are contributing.

- The structure and content of the proposal include almost all the required elements and discussions called for in the guidelines, including evaluation.
- The expected results appear reasonable and in line with the costs.

Overall recommendation:	<i>The proposal submitted by the CTPT should be approved</i>
Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Good
Operational capacity of PEA	Good
Sustainability	Adequate
Budget/cost-effectiveness	Adequate

3. Integrated agriculture diversification development programme (IADDP) for commodity cultivation, processing, marketing, and livestock farming, submitted by the Profix Group of Companies with the support of the Coffee Association of Malawi (CAMAL) – Project outline document WP-Board 1048/08.

General comments:

- (a) This proposal is to address a number of identified poverty alleviation concerns that can contribute to the attainment of the Millennium Development Goals (MDGs) in Malawi. In particular it contemplates an integration strategy to be achieved by developing a single common place for operations with common equipment, infrastructure and facilities, in a specific geographical area, for a specific community, with a representative, mutual, collective, and collaborative focus, with customary and traditional community representation, through the partnership with the traditional authority and his chiefs.
- (b) The proposed PEA is Profix Financial Strategies/Profix Group.
- (c) The Committee recommended the proposal should be rejected.

VSC comments and recommendations:

- One Member considered that the proposal was not suitable for submission to the CFC and recommended that the Profix Group should look for capital from commercial banks, agricultural development banks, or institutes that provide equity.

- Another Member, while noting that the proposal was interesting, well-conceived and in general adequately prepared, also pointed out the following:
 - i) This is a massive high-risk undertaking to establish a large, diversified commercial farming operation. There does not appear to be an adequate risk mitigation strategy.
 - ii) Given the overwhelming commercial nature and tenuous links to local beneficiaries, commercial funding sources might be more appropriate for this proposal. A varied group of donors to spread the risks might be in order;
 - iii) Concerning beneficiaries, the returns to them appear to be in the form of income derived from contract labour and training. Opportunities for smallholder entrepreneurship are not indicated. The proposal does not appear to be a venture to promote Malawians in the coffee sector.
 - iv) The outcomes do not appear realistic in the three-year time frame.

Additional comments:

- The proposal does not indicate in sufficient detail, whether and in which way the community of about 3,000 households will benefit from the project (as land owners, tenants or agricultural workers?).
- Most of the budget is for machinery and equipment costs.

Overall recommendation:	<i>The Committee recommended the proposal submitted by the Profix Group should be rejected</i>
Screening by technical area	Scoring:
Coffee sector priorities	Poor
Project planning	Poor
Operational capacity of PEA	Poor
Sustainability	Insufficient information
Budget/cost-effectiveness	Poor

4. Study of the potential for commodity exchanges and other forms of market-places in West Africa, submitted by Cameroon, Côte d’Ivoire, Ghana and Nigeria – Project outline document WP-Board 1050/08.

General comments:

- (a) This “Fast Track” project proposal aims to improve commodity marketing systems through the promotion of commodity exchanges in West Africa.
- (b) The proposed PEA is still to be determined.
- (c) The Committee was split on whether to recommend this proposal for revision or approval.

VSC comments and recommendations:

- Three Members considered that the proposal should be revised while another Member considered that it should be approved.
- One Member noted that the proposal was straightforward and that the objective was aligned with sector priorities. However, due to the incompleteness of the proposal the information provided was not sufficient. For example, the logical framework was not complete.
- Another Member found that the proposal needed to be developed in more detail, as most of the relevant information was still missing.

Overall recommendation:	<i>The Committee was split on whether to recommend revision or approval of the proposal submitted by Côte d’Ivoire</i>
Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Insufficient information
Operational capacity of PEA	Missing information
Sustainability	Adequate
Budget/cost-effectiveness	Adequate

5 (a) Integrated management of CBB with a quality and sustainability component for coffee-growing in Central America, submitted by PROMECAFE – Project outline document WP-Board 1051/08.

General comments:

- (a) This project aims to reduce CBB populations and prevent further outbreaks of this pest in the coffee-producing areas of PROMECAFE member countries, at manageable levels below the threshold of economic damage, prioritizing biological and ethological control.
- (b) The proposed PEA is PROMECAFE.
- (c) The Committee was split on whether to recommend the proposal for revision or approval.

VSC comments and recommendations:

- One Member noted that this was a well conceived project with sound design that would foster regional cooperation to address a common problem. The project would have broad regional impact as it involved Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Mexico and Panama. Activities were sharply focused on achieving the objectives. The coffee associations in each country were well established and were participating in a serious way. If a worldwide Congress were to be established to address CBB, the PROMECAFE group would be well positioned to contribute in meaningful ways with results from several countries in an important geographic region.
- Another Member noted, however, that the costs of this proposal seemed to be on the high side, given the fact that there had previously been a large-scale project in the region. It appeared from the CABI proposal (see document WP-Board 1051/08) that most of the technical features of CBB control were known. There seemed to be a problem of adoption by farmers caused by their socio-economic conditions, and institutional barriers in the coffee sector as a whole. It was not clear from the document how these constraints would be addressed and which lessons had been drawn from the results of the previous project. These problems would be better tackled at a national level as institutional conditions varied significantly (e.g. government policies, organization of extension services etc.).

Overall recommendation:	<i>The Committee was split on whether to recommend the proposal submitted by PROMECAFE for revision approval</i>
Screening by technical area	Scoring:
Coffee sector priorities	Very Good
Project planning	Good
Operational capacity of PEA	Good
Sustainability	Adequate
Budget/cost-effectiveness	Very Good

5 (b) Pilot project on implementation of the integrated pest management (IPM) to control CBB in Arabica and Robusta coffee smallholdings in Indonesia, submitted by the Government of Indonesia – Project outline document WP-Board 1051/08.

General comments:

- (a) The aim of this proposal is to establish a model for the application of IPM for CBB control on Arabica and Robusta coffees at farm level. The model is expected to be adopted by coffee farmers on a large-scale in order to minimize the impact of CBB attack.
- (b) The proposed PEA is the Indonesian Coffee and Cocoa Research Institute (ICCRI) of the Ministry of Agriculture (AARD).
- (c) The Committee was split on whether to recommend the proposal for revision or rejection.

VSC comments and recommendations:

- One Member mentioned that this proposal looked promising but needed to be developed in more detail.
- Another Member noted that much was known about the extent of the CBB problem in Indonesia – the rate at which it was spreading, the geographic areas of concern and the impact on coffee production. The project strategy (IPM approaches and farmer education via field schools) appeared to be well reasoned. However, the budget for the first year appeared excessive given the extent of existing knowledge indicated in the proposal. As the IPM model and field schools constituted the key outputs, it was surprising that the indicated budget was so robust.

Overall recommendation:	<i>The Committee was split on whether to recommend the proposal submitted by Indonesia for revision or rejection</i>
Screening by technical area	Scoring:
Coffee sector priorities	Insufficient information
Project planning	Insufficient information
Operational capacity of PEA	Insufficient information
Sustainability	Missing Information
Budget/cost-effectiveness	Poor

5 (c) Coffee Berry Borer – the need for a review of the status and knowledge of a serious coffee pest, submitted by CABI – UK, project outline documents WP-Board 1037/07 and WP-Board 1051/08.

General comments:

- (a) This is a proposal for a comprehensive review of the pest status of the Coffee Berry Borer (CBB) including an ICO workshop with expert inputs from the most affected countries.
- (b) The proposed PEA is CABI – UK.
- (c) This is the second time that this proposal has been considered by the VSC. On the first occasion, in September 2007, the VSC recommended that the proposal should be revised. At that time, the Executive Board decided that this proposal should be revised in collaboration with Indonesia, and noted that other Members interested in participating in the project should contact the Executive Director. On the second occasion in May 2008, the Committee recommended that the proposal should be rejected taking into consideration the following comments and recommendations.

VSC comments and recommendations:

- One Member noted that the concept note proposal submitted in September 2007 had not yet been revised, making it difficult to recommend whether it should merged with other proposals submitted to control the CBB. It was also assumed, however, that CABI would be better placed to take the lead.
- Another noted that addressing CBB was clearly important to the coffee sector. However, modifications to the initial proposal did not shed additional light on how the proposed interventions represented advancement towards a sustained and enduring effort to address CBB. The basis of the proposal was that adverse market conditions had resulted in reduced attention to the kind of research and extension on CBB needed to stay ahead of the pest; there were unspecified difficulties to resolve economic, social and environmental issues in some countries; and therefore an intervention to update the knowledge on CBB was now needed. A ‘state-of-the art knowledge’ exercise might be worthwhile; however this might be accomplished in a more cost-effective way by a desktop review. A compelling case for the importance or necessity of workshops was not made. Addressing the CBB merited attention, but this proposal did not make a sufficient case as to how the workshops would advance the knowledge.
- Another Member did not recommend the present project for submission to the CFC, considering that there were better proposals on the CBB.

Overall recommendation:	<i>The VSC recommended that the proposal submitted by CABI - UK should be rejected. VSC recommendations in 2007 are given below for information.</i>
Screening by technical area	Scoring:
Coffee sector priorities	2008: Insufficient information 2007: Insufficient information
Project planning	2008: Poor 2007: Insufficient information
Operational capacity of PEA	2008: Adequate 2007: Insufficient information
Sustainability	2008: Poor 2007: Insufficient information
Budget/cost-effectiveness	2008: Poor 2007: Poor