



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

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**Report of the
Virtual Screening Committee (VSC)**

Background

1. This report contains assessments provided by the Virtual Screening Committee (VSC) on the following six project proposals (five new and one revised) which will be considered by the Executive Board and Council in September 2008:

- Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo
- Sustainable coffee production by smallholder farmers in Ethiopia: an integrated approach for quality improvement, poverty reduction and biodiversity conservation
- Improving coffee quality in Eastern and Central Africa: Scaling up of enhanced processing practices in Ethiopia and Rwanda
- Characterization, enhanced utilization and conservation of *Coffea* germplasm diversity
- Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning
- Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification

2. The VSC is currently composed of Brazil, Côte d'Ivoire, Guatemala and Indonesia (exporting Members) and Germany, Italy, Spain and the USA (importing Members). Spain joined the VSC in June 2008 and other Members have recently been invited to join the Committee.

Action

The Executive Board is requested to consider the report of the VSC and to submit recommendations on the six proposals to the Council.

REPORT OF THE VIRTUAL SCREENING COMMITTEE (VSC)

Summary of VSC screening by technical area

September 2008

Technical area	Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo	Sustainable coffee production by smallholder farmers in Ethiopia: An integrated approach for quality improvement, poverty reduction and biodiversity conservation	Improving coffee quality in Eastern and Central Africa: Scaling up of enhanced processing practices in Ethiopia and Rwanda	Characterization, enhanced utilization and conservation of <i>Coffea</i> germplasm diversity	Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning *	Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification
Coffee sector priorities	Adequate	Good	Adequate	Poor	Insufficient information	N/A
Project planning	Insufficient information	Good	Adequate	Poor	Insufficient information	N/A
Operational capacity of Project Executing Agency (PEA)	Insufficient information	Adequate	Adequate	Adequate	Good	N/A
Sustainability	Poor	Adequate	Insufficient information	Insufficient information	Insufficient information	N/A
Budget/cost-effectiveness	Poor	Adequate	Insufficient information	Poor	Insufficient information	N/A
Overall recommendation – Proposal should be:	<i>Revised</i>	<i>Approved subject to minor revisions.</i>	<i>The VSC was split on whether to recommend the proposal for rejection or revision</i>	<i>The VSC was split on whether to recommend the proposal for revision or rejection</i>	<i>The VSC was split on whether to recommend the proposal for approval, revision or rejection</i>	<i>Approved</i>

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

1. Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo, submitted by the Office National du Café of the Democratic Republic of Congo – Project outline document WP-Board 1055/08.

Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Insufficient information
Operational capacity of PEA	Insufficient information
Sustainability	Poor
Budget/cost-effectiveness	Poor
VSC recommendations:	<i>The Committee recommended that the proposal should be revised</i>

General comments:

- (a) This project proposal is designed to rehabilitate the coffee sector through the creation of centres for propagation and distribution, the establishment of extension and support teams and making available to farmers high performance cuttings, essential inputs and appropriate guidance.
- (b) The proposed Project Executing Agency (PEA) has yet to be determined.

VSC comments:

- One Member, while considering the overall project concept to be good and appropriate, noted that the proposal lacked a clear plan of action. It would also be necessary to introduce elements of self-sustainability into project activities and, where feasible, to adopt coffee quality-improvement practices such as those successfully implemented in Ethiopia (pulped coffee) under the project CFC/ICO/22, in order to minimize the environmental impact and water consumption.
- Another Member found the proposal to be well written, with excellent objectives, a detailed budget, and an appropriate number of beneficiaries. The only problem was that the proposal did not list any objectively verifiable indicators for the outcomes.
- It was also pointed out that while the proposal was worthwhile and should be pursued further, it should be revised in view of the lack of information on crucial aspects and taking into consideration the following:
 - Detailed information on the costs of establishing coffee nurseries is lacking.
 - Co-financing needs to be established for the coffee nursery part.
 - Constraints to coffee marketing have not been addressed.
 - Gender aspects are not addressed.

2. Sustainable coffee production by smallholder farmers in Ethiopia: An integrated approach for quality improvement, poverty reduction and biodiversity conservation, submitted by the Ethiopian Coffee Forest Forum (ECFF) with the support of the Ethiopian Government – Project outline document WP-Board 1052/08.

Screening by technical area	Scoring:
Coffee sector priorities	Good
Project planning	Good
Operational capacity of PEA	Adequate
Sustainability	Adequate
Budget/cost-effectiveness	Adequate
VSC recommendations:	<i>The proposal should be approved subject to minor revisions</i>

General comments:

- (a) The project proposal is designed to improve the quality of coffee, marketing and management of the coffee production systems in Ethiopia by:
- (i) promoting access to credit and banking services by smallholders;
 - (ii) building the capacity of different stakeholders and producers;
 - (iii) recognizing best performing farmers, development agents and technicians;
 - (iv) further improving market chain and income gains from coffee sales;
 - (v) promoting quality coffee produced through project intervention; and
 - (vi) conducting research activities to support product quality-improvement together with local and international institutions.
- (b) The proposed PEA is the ECFF.

VSC comments:

- One Member noted that this was a good proposal. The objectively verifiable indicators were very reasonable and clearly explained. The proposed work would definitely help coffee growers.
- Another Member noted that the proposal was based on an accurate analysis of the results of the pilot project and the plan of action envisaged all the correct actions to be implemented to maximize the success of the project, including some original approaches such as the sustainable mechanism of Ethiopian investment funds, the thorough involvement of Elders' communities and the effective concept of coupling economically sustainable production and natural resources conservation. The project would also encourage the private sector involvement.

- The following minor revisions were suggested:
 - Links to existing rural credit schemes should be established with a view to harmonizing lending procedures including the grant component awarded to beneficiaries.
 - The expected number of farm households benefitting from the project should be specified.
 - Gender aspects need to be addressed, including impacts of the proposed investment on intra-household division of responsibility and labour.
 - Clarification of the co-financing contribution from the United Nations Development Programme – Global Environment Fund (UNDP-GEF).
- Additional information related to the capacity of the PEA (the ECFE) would be helpful. The ECFE seems to be a relatively new organization. How well established are its links with the implementing agencies?
- Certain value-enhancing and marketing options are not mentioned such as certification according to sustainability standards or geographic origin.

3. Improving coffee quality in Eastern and Central Africa: Scaling up of enhanced processing practices in Ethiopia and Rwanda, submitted by CABI-ARC with the support of the Ethiopian Government – Project outline document WP-Board 1053/08.

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

General comments:

- (a) This proposal is designed to improve the livelihoods of small-scale coffee farmers in Eastern and Central Africa on a sustainable basis. This will be achieved by promoting the production of high quality coffee, through the adoption of enhanced coffee processing practices. The high quality coffees will subsequently attract premium prices in the market thereby translating into improved household income.
- (b) The proposed PEA is CABI-ARC.

VSC comments:

- One Member noted that the proposal lacks a focused and detailed analysis of what went wrong and why during the pilot project (see Project 5.17 (CFC/ICO/22), document EB-3942/08 Rev. 4). Ethiopia and Rwanda have quite different situations in their coffee sectors and need specific project initiatives. The overall structure of the proposal appears to be based on a very bureaucratic and formal approach which is reflected in the exaggerated budget costs. A much leaner management approach is necessary. There is no convincing evidence of how the project objectives will be achieved. It was suggested that the proposal should be rejected.
- It was also pointed out that:
 - The proposal lacks information on how collaborating partners in Burundi and the Democratic Republic of Congo would be involved.
 - An appropriate design of the loan component is crucial to achieve the project objectives. However, such a component may need a pilot exercise before scaling the project up or out.
 - The level of co-financing is too low given the size and objectives of the project.
 - The gender dimension of the project has not been addressed.
 - The proposal needs major revision on the following aspects:
 - i) Appropriate staging of project components by including a pilot phase to test various options for rural credit.
 - ii) Reduce the size of the project by 40% to 50% and include a substantial amount of co-financing.
- Two other Members also suggested that the proposal, if it were to be revised, should be combined with the one submitted by the ECFF, as they share similar objectives.

4. Characterization, enhanced utilization and conservation of *Coffea* germplasm diversity, submitted by the National Coffee Research Centre (Centro Nacional de Investigaciones Cafeteras, Colombia – CENICAFE) in collaboration with Cornell University – Project outline document WP-Board 1054/08.

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

General comments:

- (a) This project proposal is designed to facilitate genetic diversity characterization, preservation and utilization in *Coffea*, and to ensure long-term sustainability of coffee production (social, economic and environmental). Estimation of genetic diversity in cultivated crops is essential for breeding programmes and for the conservation of genetic resources. All genetic resource conservation activities require the characterization of the diversity present in both the gene pools and the gene banks.
- (b) The proposed PEAs are CENICAFE, a technical agency of the National Federation of Coffee Growers of Colombia, and Cornell University.

VSC comments:

- One Member noted that it lacked an effective plan of action and a detailed budget. It would be more logical and effective to coordinate this type of initiative at a higher level. For instance, the International Coffee Genome Network (ICGN) itself might assume this role and any proposal dealing with coffee genomics should be evaluated, amended (if necessary) and then implemented under the umbrella of the ICGN.
- Another Member noted that germplasm characterization and conservation should be considered on a global basis. Other countries such as France, Brazil and India, were interested in the study of coffee molecular, cytological and genomic markers. The proposal as it stood should be rejected.
- It was also noted that the total cost of the proposal was US\$3 million with no co-financing or information on why this budget was necessary or how it would be spent. The first objective involved providing advanced molecular markers. These markers had already been developed by CENICAFE, and making them available to other scientists would only require paying for postage costs. The second objective concerned developing advanced genomic tools for characterization of germplasm. These tools had been developed and were already widely available. The third objective involved contributing to the development and implementation of conservation strategies. It was not clear how the PEAs expected to do this without indicating willing partners or providing details on exactly what they planned to do. Other issues included the lack of information on intellectual property for the germplasm, who the other participants were, and who had agreed to participate. The statement that “The beneficiaries of this project will be first and foremost coffee growers around the world in more than 60 countries that produce coffee” was not accurate. This project would only provide data which would be a long way from having any practical use in the field. The proposal also lacked objectively verifiable indicators.

5. 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 (revised) – Project outline document WP-Board 1049/08.

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

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 PEA is EDE Consulting.

VSC comments:

- Three Members suggested that the revised proposal should be approved.
- One Member pointed out that the Farmer 2 Farmer approach did not appear to work effectively in Uganda, due to the social structure of the country. Furthermore, the issue of farmer groups using PCs under their current living and working conditions was quite unrealistic, especially in Uganda. It was suggested that the proposal should be revised further.
- Another Member noted that 45% of the budget (US\$516,100) would go into developing software. Furthermore, this software would depend on data being provided by 3,000 farmers in Vietnam and 3,000 in Uganda. It seemed unrealistic to expect growers to measure crop data parameters (fertilizers, water, etc.) that would be used in a software programme which would then tell them what to do to improve production. According to the authors: “This will make it easier for them to adapt to (relative) changes in prices of inputs and outputs and in market demands...”. They expect farmers will “... accurately describe their daily activities in the field or in the processing system.” Was this realistic? How would these thousands of farmers measure their inputs especially considering that these inputs (e.g. type of fertilizer) would not be the same throughout all the areas? How would the data account for all the variables encountered in the field, e.g. different coffee varieties, slopes, elevation, rain patterns, soil, etc. It was difficult to see this proposal being of practical use to

growers and as funds were quite limited, the money could be better spent on other proposals with more realistic goals. For these reasons the rejection of the proposal was suggested.

6. Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification, prepared by the Common Fund for Commodities (CFC) – Project outline document WP-Board 1056/08.

General comments:

- (a) These terms of reference (TOR) were prepared by the CFC for the appointment of a consultant to assist with the preparation of a project document in response to the request by the Governments of Malawi and Tanzania to replicate two ongoing projects sponsored by the ICO in Latin America.
- (b) The proposed PEA has yet to be determined.
- (c) The Committee recommended that the TOR should be approved.

VSC comments:

- One Member noted that the proposed ‘replication’ exercise provided a good opportunity to consider other ways of organizing projects.
- Two Members considered the TOR to be good, and highlighted the value of exploring issues such as credit, diversification and food security in African countries.
- Another two Members, while recommending that the CFC should give the go-ahead for the project, suggested that the following aspects should also be considered when formulating the proposal:
 - identification of co-financing options
 - assessment of potential linkages of the new project to existing activities, particularly in the area of rural credit
 - evaluation of the trade policies of each country in order to identify the most suitable commodities which could guarantee higher income for farmers.
 - development of a profile of farmers to identify the most suitable tools and training for them in accordance with the objectives of the proposal.
 - consideration of the political stability of each country when planning the period of implementation.
- One Member noted that although the TOR had been prepared, the following considerations should be taking into account when defining the project:
 - In order to be able to make money when dealing with commodity markets, one of the necessary conditions involved decent volumes, so small-scale farmers would have to group together, eventually, in some form.
 - A critical aspect to include in the TOR was the need to know how the social structure worked in the project areas in Malawi and Tanzania and the social

constraints and other factors that were likely to impede the creation of effective farmers' associations, as well as have a negative impact on effectively marketing the commodities produced.

- It was also pointed out that in the coffee-producing regions of both Malawi and Tanzania, it would take a considerable amount of time to move around and to learn how things work there, and a longer period of time to carry out the mission (55-60 days) was needed.
- It was suggested that the consultant selected for the mission could be one of those involved in Mexico or Ecuador, provided he/she was properly briefed and aware of the very different socio-economical African context, with respect to Latin American countries.
- The principle of experiment replication is an advance in ways of operating in the development framework, guaranteeing adaptation to the different realities of the territories.
- Items to be provided by the consultant should also include:
 - A report on national programmes.
 - Projects and activities and/or international cooperation in territories where this replication would be applied.