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ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
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**Promoting the intensification of coffee
and food crops production using animal
manure in areas covered by the project
CFC/ICO/30 in Burundi**

Fast Track

Background

1. This document, submitted by the Government of Burundi, contains the summary of a project proposal designed to promote the intensification of coffee and food crops production using animal manure in areas covered by the project CFC/ICO/30 in Burundi. It includes comments and recommendations of the Consultative Committee of the Common Fund for Commodities (CFC) given on 24 January 2012.
2. The proposal will be forwarded to the Virtual Screening Subcommittee (VSS) for an evaluation and will be considered by the Projects Committee in March 2012.

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.

FAST-TRACK PROJECT

PROMOTING THE INTENSIFICATION OF COFFEE AND FOOD CROPS PRODUCTION USING ANIMAL MANURE IN AREAS COVERED BY THE PROJECT CFC/ICO/30 IN BURUNDI

I. PROJECT SUMMARY

The International Coffee Organization (ICO) hereby submits the following project proposal with its recommendation for financing through the 'Fast-Track' procedures of the Common Fund for Commodities (CFC). This proposal consolidates major positive achievements and sustains the activities of the revolving fund set up under the auspices of the project CFC/ICO/30 on access to finance for the development of diversification crops in coffee producing areas in Burundi and Côte d'Ivoire.

Project title: Promoting the intensification of coffee and food crop production using animal manure in areas covered by the project CFC/ICO/30 in Burundi

Duration: 12 months

Location: Burundi

Nature of the project: A 'Fast-Track' project to consolidate major positive achievements of the previous food crops diversification project by strengthening the extension services for familiarizing coffee farmers with good agricultural practices, intensifying the production of coffee and food crop using animal waste.

Objective and scope of the project: The central objective of the 'Fast-Track' project is to consolidate income and food security through the promotion of intensified livestock farming as a supporting element in a more sustainable production in coffee producing areas under the existing project (CFC/ICO/30). The project will therefore assist in strengthening extension services with Good Agricultural Practices using livestock waste as fertilizers to intensify food and coffee production. It will also contribute to the improvement of farmers' capacity in credit and savings management as well as assisting in the preparation of a large scale project proposal to cover all coffee producers in Burundi.

The project will comprise the following components:

- 1) Provide credit facilities to develop cattle farming.
- 2) Training in good agricultural practices of environmentally friendly intensified farming.
- 3) Support environmentally friendly fertilization of coffee trees.
- 4) Optimizing the achievements of previous project (CFC/ICO/30).
- 5) Elaboration of a large-scale project proposal integrating environmentally friendly farming practices built on the network established under the previous project.
- 6) Coordination, supervision and monitoring of the project.

Estimated total cost: US\$392,825

**Revolving Fund
for credit facilities:** US\$220,000

**Financing sought
from the CFC:** US\$98,175

**Counterpart
contributions:** US\$74,650

Project Executing Agency: The Burundi Regulatory Authority of the Coffee Sector (ARFIC) that has acted as collaborating institution under the previous project over four years has gained experience to act as Project Executing Agency (PEA) for the current 'FAST-TRACK' project.

Supervisory body: International Coffee Organization

Collaborating institutions:

- National Bank for Economic Development (BNDE) for financial intermediation
- DPAE for extension services (Provincial Department for Agriculture and Livestock)
- Coffee Producers Unions Federations
- INADES for training
- ISABU (Research institution) for input supply

Estimated starting date: January 2012

LOGICAL FRAMEWORK

Narrative summary	Verifiable indicators	Means of verification	Assumptions
<p>Broad goal Consolidate income and food security in coffee producing areas through the promotion of intensified farming system using animal manure.</p>	<p>(a) Coffee growers' income increased and secured (b) Increased use of animal waste in soil fertilization for coffee and food crop production (c) Increased food availability</p>	<p>(a) Detailed survey on the impact of the project (b) Government reports; FAO report on food security situation (c) National statistics; data on agricultural production (d) International statistics, ICO data, FAO data</p>	<p>– Prudent and stable macroeconomic environment – Continuation of policy of poverty eradication and modernization of agriculture</p>
<p>Specific objectives (a) Promote sustainable agricultural practice (b) To promote livestock management in crops in coffee growing areas (c) To promote food security in coffee growing areas (d) Reconstitute the Revolving fund (e) Training to strengthen capacities of growers to manage savings and credit (f) Design a large scale project proposal to support the fight against poverty in rural areas in Burundi</p>	<p>(a) Number of farmers receiving loans for livestock production (b) Increased soil fertilization with animal & plants nutrients (c) Domestic food consumption covered by diversified products where possible (d) Increased value-added from diversified products (e) Increased number of farmers with environmentally friendly farming technical and professional skills (f) Use of the system in other coffee producing countries (g) Increased loan repayment rate</p>	<p>(a) Data from financial institutions (b) Data from farmers' associations (c) Increase in production of good quality food crop and decrease in food imports (d) Improved productivity of coffee and food crops (e) Increase in production of processed goods (f) Monitor farmers' awareness and credit management capabilities (g) Increase in number of countries using the system</p>	<p>(a) Adequate land policy (b) Crop diseases maintained at reasonable levels (c) Incentives from the government and donor community (d) Programme economically sustainable (e) Farmers willing to participate in the programme</p>
<p>Outputs (a) Increased production of livestock (b) Farmers technically and financially equipped to undertake environmentally friendly farming practices (c) Production of diversification food crops through intensified farming method using animal manure (d) Availability of import substitute foodstuffs (e) Increased soil fertility (f) IT based farm data management developed (g) Coffee growers' credit and savings management skills improved (h) Large scale diversification programme developed</p>	<p>(a) Training manuals (b) Farmers' sources of income increased (c) Production cost decreased (d) Foods import expenditures reduced (e) Marketing channels improved (f) Value-added increased (g) Increased number of farms equipped and well managed (h) A large scale project document prepared</p>	<p>(a) Survey of the impact of the project (b) Government statistics (c) Farmers survey</p>	<p>– Farmers' ability to adopt new technologies – Good timing of the project implementation – Livestock and food crops diseases are contained to tolerable levels – Improved rural infrastructure</p>
<p>Inputs/Activities (a) Review of farmers' needs (b) Deliver and manage loans for livestock farming (c) Training farmers in environmentally friendly farming practices (d) Promote animal waste application on coffee trees and food crops (e) Identification of market opportunities for processing diversified products (f) Provision of extension services to farmers (g) Training to farmers (h) Impact assessment of previous project (i) Disseminate project results (j) Monitoring and Evaluation of the project</p>	<p>Component 1: Use of existing US\$220,000 of revolving fund; Components 2 to 5 will be financed with the 'Fast-Track' and Government counterpart contribution.</p>	<p>– Project implementation work plan – Progress and final reports – Reports of Project supervision by ICO and CFC</p>	<p>– Availability of funds to undertake project activities – Project funds disbursement made on adequate time – Adequate supply of planting materials – Strong commitment of all stakeholders – Government remain committed to reduce poverty in coffee producing areas – Fair and open international trading framework – Stable and predictable political and regulatory environment</p>

Introduction

1. Project CFC/ICO/30 commenced its activities on 1 January 2008 and provides for the creation of a credit structure to enable participating coffee farmers to diversify their income by developing additional crops or activities designed to reduce their dependence on coffee growing.

2. In the course of the workshop on presentation of the project results, participants were unanimous on the benefits of the project for producers and its contribution both to ensuring food security and to improving producer's incomes. They expressed the hope that the project would be extended so that they could conclude all activities, particularly the replenishment of the revolving fund, marketing strategy for diversification products, preparation of a report on the impact of the project in Burundi and the organization of the final evaluation workshop. It was abundantly clear, however, that it would be practically impossible to extend a project with financial implications.

3. In these circumstances, it was proposed to submit a request for 'Fast-Track' financing. In accordance with this proposal the Minister of Agriculture and Livestock submitted a request to the ICO and the CFC to cover the gap between the current period (now) and the time required to prepare a more wide-ranging project for submission to other funding agencies on the basis of the positive results of Project CFC/ICO/30. This 'Fast-Track' financing would be used to continue diversification activities during Seasons A 2012 and B 2012, commencing in October 2011 and February 2012 respectively, using the revolving fund.

4. Therefore the 'Fast-Track' project is seeking to consolidate the existing credit scheme that enables farmers to diversify their income basis through the development of additional crops, in particular livestock, and reduce their dependence on coffee. It will enhance building the capacity of farmers and their co-operatives while improving their relation with financial institutions.

Project components

Component 1: Provision of credit facilities to develop livestock (cattle rearing)

Objective: Increase coffee farmers' income and promote the production of animal waste for intensified coffee and food crops farming.

Output: Provision of credit revolving facilities to increase the production of livestock as diversification activity for domestic consumption and increase production of animal waste; Production of 6kg of waste per day and 5 litres of fresh milk per cattle per day at normal conditions in rural areas.

- Activity 1: Assessment of the needs of selected farmers
- Activity 2: Develop action plans for the provision of extension services to beneficiaries
- Activity 3: Development and signature of MoUs with input suppliers
- Activity 4: Using the Revolving credit facility to provide loan to beneficiaries
- Activity 5: Monitoring loans disbursements and repayments
- Activity 6: Improvement of cattle raising and milk production practices
- Input: The cost of this component, including contingencies, is US\$220,000. The cost consists mainly of a revolving credit delivery to participating farmers from the Revolving fund set up under the auspices of the CFC/ICO/30 project.

Component 2: Training in good agricultural practices of intensified farming using animal manure and improving credit & savings management skills

- Objective: Strengthen farmers' skills in animal waste management. Ensure that farmers have the necessary skills to implement environmentally friendly farming system
- Output: Improve farmers' skill in environmentally friendly farming system
- Activity 1: Preparation of suitable training programmes
- Activity 2: Identify the trainees in suitable groups according to their farming activity (rearing cattle, goat and poultry as well as vegetable crops)
- Activity 3: Introduce the concept of Farm Field School
- Activity 4: Organize and carry out training sessions
- Activity 5: Organize training in credit and savings management
- Activity 6: Organize training of farmers in loans repayment procedures
- Activity 7: Organize regular training sessions for extension service providers
- Input: The cost of this component covers all professional man-days, transportation, seminar facilities and training materials. It will be financed by the 'Fast-Track' and the Government counterpart contribution

Component 3: Support to fertilization of coffee trees and diversified food crops

Objective: Promote animal waste production from cattle for use in coffee and food crops farming

Output: Intensified production of food crop and coffee productivity. Lower cost of production due to the availability of animal waste for soil fertilization

Activity 1: Monitor the production of cattle manure compost

Activity 2: Supervise the application of cattle manure compost for coffee trees and diversified food crops

Activity 3: Promote the intensification method for coffee and food crop production using animal waste and plant manure

Input: The cost of this component will be financed by the 'Fast-Track' and the Government counterpart contribution

Component 4: Optimization of the achievements of the previous project (CFC/ICO/30)

Objective: Use of resources generated by the previous project to develop a large-scale project proposal designed to improve the livelihoods of all coffee farmers in Burundi

Output: Creation of a model for farmers' income improvement and promotion of food security through environmental friendly farming system

Activity 1: Utilization of credit and farms database management software

Activity 2: Monitor the utilization of warehouses and processing facilities

Activity 3: Promote local transformation of diversified products

Activity 4: Assist in the marketing of diversified products

Activity 5: Monitor loans repayments and reconstitution of the revolving fund

Activity 6: Prepare a study on impact assessment of the previous project

Activity 7: Participate in the final evaluation workshop of the previous project

Activity 8: Prepare a project for widespread dissemination of the results of project CFC/ICO/30

Input: The cost of this component will be financed by the 'Fast-Track' and the Government counterpart contribution

Component 5: Project coordination, supervision and monitoring

Objective: To provide effective arrangements for co-ordinating project activities to ensure that the objectives will be achieved, and ensure adequate technical support, close monitoring and supervision for the execution of the project activities

Output: Regular progress reports, project field visit reports, project completion report

Activity 1: Select adequate local staff to form a project management unit

Activity 2: Organize close monitoring of the project implementation

Activity 3: Close monitoring of execution and financial disbursements by the CFC

Activity 4: Prepare technical and financial reports for submission to the ICO and CFC

Activity 5: Ensure supervision by the CFC and ICO

Activity 6: Participate in the final evaluation workshop for the project CFC/ICO/30

Input: The cost of this component will be financed by the 'Fast-Track' and the Government counterpart contribution

VIII. Project costs and financing

5. The total cost of the project is US\$392,825, including the CFC Fast-Track financing through grant of US\$98,175 a revolving Fund of US\$220,000 from the previous project (CFC/ICO/30) available in the bank that is providing financial intermediation (BNDE) and the counterpart contribution of the Government of Burundi for US\$74,650.