



Projects Committee/  
International Coffee Council  
5 – 8 March 2012  
London, United Kingdom

**Summary of progress reports submitted by  
the Project Executing Agencies (PEAs) on  
projects currently being implemented**

**Background**

The ICO, as the designated Supervisory Body for the following Common Fund for Commodities (CFC) coffee projects, assists with monitoring the implementation of projects, which include among others, reviewing the attainment of objectives, identifying constraints and checking expenditure. This document summarizes individual progress reports submitted by each PEA for each project being implemented (see Section IV of document PJ-20/12) and includes a list of acronyms used in this document. Copies of the full six months reports are available on request from the Secretariat.

- Annex I:** Pilot Rehabilitation of Neglected Coffee Plantations into Small Family Production Units in Angola – CFC/ICO/15 (PEA: INCA)
- Annex II:** Increasing the resilience of coffee production to Leaf Rust and other diseases in India and four African countries – CFC/ICO/40 (PEA: CABI)
- Annex III:** Access to finance for the development of diversification crops in coffee producing areas – CFC/ICO/30 (PEA: FGCCC/OCIBU)
- Annex IV:** Building capacity in coffee certification and verification for specialty coffee farmers in EAFCA Countries – CFC/ICO/45 (PEA: EAFCA)
- Annex V:** Competitive coffee enterprises programme for Guatemala and Jamaica – CFC/ICO/46 (PEA: ANACAFE/CIB)
- Annex VI:** Economic Crises and Commodity dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises – CFC/ICO/49FA (PEA: UNCTAD)
- Annex VII:** Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda – CFC/ICO/48 (PEA: CABI-ARC)

**Action**

The Projects Committee and the International Coffee Council are requested to take note of this report.

## LIST OF ACRONYMS USED IN THIS DOCUMENT

Anacafé	National Coffee Association (Guatemala)
ANADER	National Rural Development Agency (Côte d'Ivoire)
ARFIC	Burundi Regulatory Authority of the Coffee Sector
BACI	Atlantic Bank of Côte d'Ivoire
BPC	Banco de Poupança e Crédito (Savings and Credit Bank, Angola)
BPR	Banque Populaire de Rwanda (Popular Bank of Rwanda)
CBB	Coffee Berry Borer
CBD	Coffee Berry Disease
CFC	Common Fund for Commodities
CIB	Coffee Industry Board of Jamaica
CLR	Coffee Leaf Rust
CLUSA	Cooperative League of the USA
COFENAC	National Coffee Council (Ecuador)
CRF	Coffee Research Foundation
DPAE	Direction Provinciale de l'Agriculture et de l'Elevage (institution in charge of extension services)
EAFCFA	Eastern African Fine Coffees Association
EU	European Union
FFS	Farmer Field Schools
FGCCC	Guarantee Funds of the Cooperatives Coffee-Cocoa
INCA	Instituto Nacional do Café de Angola
IPR	Intellectual Property Rights
NCI	National Coffee Institution
NGO	Non-governmental organization
OCIBU	Coffee Board of Burundi
PEA	Project Executing Agency
PIA	Project Implementing Agency
RF	Revolving Fund
SCAE	Speciality Coffee Association of Europe
UNCTAD	United Nations Conference on Trade and Development

**PILOT REHABILITATION OF NEGLECTED COFFEE PLANTATIONS  
INTO SMALL FAMILY PRODUCTION UNITS IN ANGOLA  
(CFC/ICO/15)**

**1. Period covered by the report: 1 July to 31 December 2011**

**2. Status of Project implementation**

**Component 1: Production (rehabilitation) of coffee**

The production of seedlings, weeding and pruning, shade regulation and harvest were the main activities addressed and the following results achieved:

- 120 nurseries were established for the production of coffee seedlings. These nurseries followed the previous scheme, i.e. a collective work with a final distribution of seedlings amongst the participants.
- 1,099,000 new seedlings were produced for planting during the final rainy season of 2012.
- 316,786 seedlings were planted bringing to about 600,000 new coffee plants during the year 2011.

***2.1.1 Improvement of agricultural practices in coffee production***

With the contribution and collaboration of CLUSA and consultants, training to 3,000 producers and INCA extensionists was given on soil and production of organic fertilizers, organic insecticides and pest traps.

Currently, about 104 hectares of coffee, especially newly planted, were fertilized with organic fertilizers produced by coffee producers. There are approximately 2,000 tons of organic fertilizer to be used in an additional 1,500 hectares of coffee and other crops.

***2.1.2 Rehabilitation/renovation of plantations***

The rehabilitation and renovation of abandoned plantations, reaching about 1,453 hectares during the semester, includes pruning, weeding, shade regulation, fertilization, and regulation of plant density with an average of three rods per plant in order to reach about 7,500 stems per hectare.

***2.1.3 Volumes of produced coffee***

The total production of green coffee within the project reached 1,610 tonnes in 2011, of which 560 tons were harvested during the second half of the year. The amount of coffee produced during the second half of 2011 is even greater than the 529 tonnes produced in 2006, when the project was not yet in place. Volumes of produced coffee are increasing 20% per year on average, when the economically viable production of the newly planted coffee plants has not yet taken place.

#### **2.1.4 Micro-credit**

INCA signed a contract with BPC (Savings and Credit Bank) for the management and provision of micro-credit under the project. At the moment, focus is drawn to a permanent awareness of the beneficiaries to repay the loans.

Two groups of farmers received credit in the amount of US\$1.8 million. Until 31 December 2011, the payment of credit was 34.4% for the first phase and 10.3% for the second phase, figures lower than those observed during last year.

#### **Component 2: Commercialization of coffee**

The expected results from this component are increases in producer participation in the coffee commercialization chain and increases in the f.o.b price paid to farmers.

#### **2.2.1 Regular provision of market information**

During the period the project provided regular information on coffee prices both at the local and national level and at international market.

In Amboim the green coffee was marketed at an average price of US\$1.45 / kg. Fortunately, a trend among farmers was noted to sell their coffee in hulled form, which receives better prices. There has been an upward trend in prices that has benefited producers.

In comparison with prices of previous years, the farm gate price of coffee in 2011 shows a substantial increase, representing 73.4% of the average FOB price.

*Café amboim* also represented during the semester about 65% of Angolan coffee exports. We noted during the semester an increase in the quality of the *café amboim* exported, of which 65% was of grade *2AA corrente* and above according to the domestic coffee classification.

#### **2.2.2 Processing of coffee.**

The project has distributed 19 hullers to associations and cooperatives involved to reach an installed hulling capacity of 5,500 kg / hour. A big shift towards hulling was noted during the period and about 90% of the produced coffee was sold as green coffee.

Additional maintenance and repair of hullers was required and the processing of coffee was made easy. The result was that all the traded coffee was hulled in Amboim without going to other locations.

### **2.2.3 Improvement of coffee quality**

There is a growing interest in the purchase of the coffee produced in the project. Planned activities for cupping started in June and training session on classification and certification of coffee for export were given to INCA staff.

In order to improve post-harvest processing, 26,000 m<sup>2</sup> of drying patios were rehabilitated during the period. The introduction of plastic sheets and suspended patios was done at an experimental stage, with little participation of farmers. However, given the importance of using this type of drying patio to improve coffee quality, this activity will be continued next year.

### **2.2.4 Roasting and grinding industry**

In the area of Amboim the roasting and grinding industry has been developing along with the increasing volumes of coffee produced. The most important, which absorbs more than 40% of coffee marketed directly for roasting, is the Organizações JVM with offices and manufacturing facilities in the city of Sumbe. The remaining 60% (approximately 107 tons) is sold to roasters and artisan coffee roasters in Amboim, Benguela and Lobito. Currently, the Amboim has 12 craft roasters. It is in the plans of the project for the installation of small units of roasting and grinding in some cooperatives.

### **2.2.5 Credit for commercialization**

The demand for *café Amboim* is such that the project has no problems with non-traded coffee. Traders from different parts of the country and even from abroad are keen to buy *café amboim* reducing to a negligible level the initial marketing activities planned to tackle trading problems at the initial phase of the project. For this reason, credit for commercialization has not been disbursed and will probably be used for the recovery of cooperatives' warehouses instead.

## **Component 3: Resettlement of displaced farmer families**

The expected outcome from this component is to assist in settling displaced families in the project areas through rehabilitating neglected coffee plantations and building houses, schools and health centres in the vicinity.

### **2.3.1 Rehabilitation of schools and health posts**

During this period the rehabilitation of schools and health posts were completed in the localities of Chulo, Maria Augusta, Damba do Cungulo and Quitandala, allowing 1,526 students to attend classes and more than 1,200 patients to be treated at the health post of Damba do Cungulo. However the number of students is increasing, while the number of schools in the region remains the same. The 17 existing classrooms are already insufficient to meet the demand. Contacts have been made with the local administration towards more joint rehabilitation of schools. The rehabilitation of the medical center of Ichingo in collaboration with the Administration of Amboim was initiated during the period.

### **2.3.2 Crop production**

There was an increase in production of coffee beans, as the crop was massively revamped by the project in 2007. During this semester, 70 tons of beans were produced by the beneficiaries, making a round figure of 270 tons for the year. One kilo of coffee beans costs an average of kz200.00 (US\$2.00) which contributes immensely to the coffee maintenance since part of the revenues from beans and horticultural products is used to pay for weeding and pruning in coffee plantations.

The social activities within the project contributed to:

- Decreasing the number of children outside the education system.
- Making the schools closer to communities (no need for children to travel long distances to go to school).
- Motivating the community in the upkeep of public goods since they carry out regular maintenance / rehabilitation of schools.
- Increasing availability of products for sale, with coffee beans topping the list.
- Greater availability of food for the resettled families.

**INCREASING THE RESILIENCE OF COFFEE PRODUCTION  
TO LEAF RUST AND OTHER DISEASES  
IN INDIA AND FOUR AFRICAN COUNTRIES  
(CFC/ICO/40)**

**Period covered by the report: 1 July to 31 December 2011**

**Component 1: Identification of needs and resources – Rural community responses to coffee diseases and the sourcing and production of coffee genetic material**

Stakeholder analyses have been carried out in all participating countries, establishing their interests and respective roles in the project. A number of farmers have been identified and mobilized. Community-based surveys to assess the impact of coffee leaf rust and other diseases have been completed. A full report of the baseline survey in India is available while waiting for the rest of participating countries. Biological surveys were available for all participating countries.

In **India**, the biological survey enabled the identification of local genetic materials for trial. The varieties of Arabica coffee predominantly grown in India are S.975, SLn.9, Sln.5B while Cauvery/Catimor is seen in some plantations. The disease incidence in terms of infection and severity are comparatively low for specific hybrid derivatives like Sln.5A, Sln.5B, Sln.6 and Sln.9 (less than 15% infestation) compared to S.795 and Catimor (less than 45%). Farmers use different strategies to manage these diseases, including the Bordeaux mixture, the systemic fungicides, or both Bordeaux mixture and systemic fungicides. Some other farmers representing 22% of the selected farmers have adopted tolerant selections and do not spray their farms.

In **Africa**, the baseline surveys indicated various results of the coffee leaf rust incidence. In **Zimbabwe** coffee tree infection varies from 0 to 40%. The leaf rust incidence is severe in some regions in **Uganda** as the survey indicated that 79% to 100% infestation has been recorded. In **Kenya** the epidemiology of the leaf rust was carried out considering under shade and non-shade farms. The most affected farms were those under full sun. In **Rwanda** the biological surveys indicated that the infestation ranges from 0 to 30% but the incidence is less severe for coffee farms of high altitude. For the treatment of the leaf rust the survey indicated that only 20% of farmers use copper based fungicides while the rest of the farmers do not apply any control measures.

In all African participating countries a number of varieties were also collected for use in trial farms as well as materials imported from India to monitor their adaptation in the African context. These materials include Sln.5A and Sln.6. In **Zimbabwe** six local varieties were collected for use in trials. Three nurseries have also been established in Zimbabwe (Piringani, Honde Vallley and Chipinge).

With regard to the sourcing of genetic material, **India** has released a new variety called *chandragiri* that is more resistant to leaf rust with improved yield. New seed blocks of this variety have been established over 15 hectares. The Coffee Research Foundation in **Kenya** has released a new variety called *Batian* with high yield and more resistant to leaf rust and coffee berry diseases.

Activities relating to seed production continue in all participating countries. Demand for new planting materials has been increasing in India and Kenya. In **Zimbabwe** the expected demand by the coffee industry for improved varieties is over 410,000 seedlings.

#### **Component 2: Conservation and identification of coffee varieties and diseases races**

The main activities under this component include the conservation of coffee germplasm, the isolation and characterization of rust races and the development of genetic markers for application in coffee breeding.

In **India**, the project has supported the revitalization of two blocs of gene bank of Arabica in the CCRI station in Chikmagalur and its sub-station in Chettalli. Two new rust races with gene combinations have been isolated. New races of coffee materials have been multiplied and maintained for screening of new breeding lines purpose. The marker assisted selection using SCAR markers has been successfully employed for the first time in coffee breeding in India. A new laboratory for markers of rust resistance gene has been developed and fully equipped under the project and was officially opened by the representative of the ICO. Concerning scientific cooperation, India has set up a platform for capacity-building of the African scientists in marker assisted selection.

In **Africa**, spore samples were collected from different coffee zones and sent to the Coffee Leaf Rust Research Institute (CIFC) in Portugal for CLR race determination. For the capacity-building of African research institutions, the project resources were used to send some scientists for training in Portugal. Moreover, scientists were also sent to the University of Nairobi (Kenya) for training. As far as the germplasm conservation is concerned the project resources have contributed to the rehabilitation of a number of gene banks for coffee collections, particularly in Kenya and Rwanda.

**Component 3: Field trials on farm and station, capacity building and establishment of protocols for sharing planting materials**

The main activities envisaged under this component include the development of nursery of improved varieties, on-station and on-field trials and the biocontrol trials. In **India**, a number of nurseries of bred selections (S.795; SIn.5A and SIn.6) derived from crosses involving diverse sources of resistance materials were set up as target for evaluation in the project. The seedling growth and vigour of the target selections were assessed under a range of ambient conditions covering five locations. Trial plots were also established in 14 locations, including six on-station trials and eight in coffee farmers' fields. It appears that the new variety called *chandragiri* has manifested high stability for various characters in different environments. The tests for the efficiency of the anti-fungal botanicals and bio-agents were also carried out in on-station and on-farm trials.

In **Africa**, seed plots were established as well as on-station and on-farm trials. In **Kenya**, the Indian selection SIn.6 and SIn.5A mature early but seem to be inferior to Kenyan varieties in terms of yields. However, yield recording, quality evaluation and crossing activities continue. Disease tolerance of the selections is still under observation. Another major achievement of Kenya is the release of a new variety called *batian* that has already been gazetted. In **Rwanda**, five varieties including two from India (SIn.5A and SIn.6), and three from other African zones are being evaluated for their resistance to leaf rust and CBD under field condition. In **Zimbabwe** on-field and on-station trials were established to evaluate coffee hybrids in eleven sites in Mutasa, one in Chimanimani, two in Chipinge and one in Makonde districts. In **Uganda**, two Indian selections were planted in on-station trials and in 12 on-farm trials. Fungicide trials against leaf rust and CBD are still ongoing on-farm and on-station.

**Component 4: Scientific management, information systems and communications**

This component covers mainly the communication strategy to raise the awareness of stakeholders on the development of CLR and good agricultural practices for better diseases management. The main communication strategy was based on the concept of Farmer Field School where different stakeholders meet to learn from extension service providers and discuss their concerns about coffee leaf rust and other diseases. All participating countries have established a number of Farm Field Schools consisting of a group of 20 to 30 farmers meeting regularly in the farm of one of their members selected as study plot.

In **India**, there are 10 Farm Field schools including five in the **Tamil Nadu State** and five in **Karnataka State**. The Coffee Board Research Department is utilizing both print media and electronic media (radio and TV) in local languages as a mass communication strategy. In **Africa**, the communication strategy is based essentially on focus group discussions through Farm Field Schools which have been established in many project sites and have been instrumental in identifying the diseases and adopting good agricultural practices in coffee farming communities.

### **Social and environmental effects of the project implementation**

The project is facilitating the production of resistant varieties to CLR and other diseases, contributing to the improvement of the productivity and promoting environmentally friendly agricultural practice. The use of chemical fungicides has reduced substantially.

### **Planning of project implementation**

Activities envisaged for the rest of 2012 include the continuation of field trials as well as the Farm Field School. Farmers have requested the extension of the FFS to other villages. India is looking forward to integrate a mobile phone based extension service for quick coverage.

### **Conclusion**

The project has achieved a number of positive results including the improvement of smallholder farmer's knowledge of coffee leaf rust and other diseases. India is planning to develop a mobile technology enabling farmers to receive directly advice from coffee extension services. Activities relating to the coffee germplasm conservation have been developed with rehabilitation of a number of gene banks in all participating countries. Moreover, technology transfer between India and the African countries participating in the project has been effective.

**ACCESS TO FINANCE FOR THE DEVELOPMENT OF  
DIVERSIFICATION CROPS IN COFFEE PRODUCING AREAS**

CFC/ICO/30

**Period covered by the report: 1 July to 31 December 2011**

**Status of project implementation**

**Component 1: Evaluation of participating producers and their needs**

In **Côte d'Ivoire**, in view of the difficulties encountered by producers during the post-electoral crisis, an agreement was reached with the financial intermediary, the Atlantic Bank of Côte d'Ivoire (BACI), to restructure the loans in two forms: rescheduling of debts and complementary financial support for irrigated rice and animal husbandry. The national rural development agency, ANADER (Agence Nationale pour le Développement Rural), organised two planning workshops with farmers, which enabled them to define constraints as well as the strengthening of extension services and capitalising project benefits.

In **Burundi**, the requirements of 186 producers for the A2012 crop season (October 2011 to February 2012) were identified: cabbage, onions, rice, and tomatoes; rearing of goats, cattle and poultry. The livestock projects selected by producers total 123 and account for 66% of the total number of activities retained; the aim of these projects is to produce animal fertilizer for cash crops, mainly coffee, and to reduce expenditure on chemical fertilizers.

**Component 3: Financing and support for development of diversification crops**

In **Côte d'Ivoire**, the bank validated 55 complementary financing requests, 9 of which were for irrigated rice and 46 for rearing pigs, poultry and rabbits at a total cost of US\$107,870. Loan repayment activities continue and were reinforced by cooperative credit committees.

In **Burundi**, the fourth wave of producers began activities in October with 186 beneficiaries, of whom 141 are involved in rearing goats, cattle and poultry at a total cost of US\$42,585. The loan repayment rate for total loans for the last three crop seasons A2010, B2010 and B2011 was 70%, or a total of US\$220,925 for the replenishment of the initial revolving fund of US\$300,000.

**Component 4: Financing and support for development of domestic and foreign markets for diversification products**

Both in **Côte d'Ivoire** and **Burundi** utilisation of communal equipment is under way: storage of fertilizers and other agricultural materials, meetings of beneficiaries in the warehouses

involved, provision of services with tractors, manioc grinders and corn husking machines for the benefit of the communities in project locations. Project beneficiaries have established committees for the management and monitoring of communal equipment and the marketing of products. In both countries the flow of diversification products is still limited to local markets.

**Component 5: Development of value added products**

In both countries the output of processed products continued to be limited during the period covered.

**Component 6: Training of producers**

In **Côte d'Ivoire**, ANADER organised a number of training sessions in all project areas to strengthen the capacities of project beneficiaries in the following areas:

- Improving producer know-how in poultry and pig farming.
- Improving producer know-how for the cultivation of rice, maize and manioc.
- Managing agricultural inputs and cooperative equipment.
- Managing cooperatives for greater efficiency.
- Training operators to use tractors, manioc grinders, and corn huskers.

In **Burundi**, training sessions were held in the first quarter of 2012 to provide instruction on cultivation techniques for the selected crops, on the rearing of cattle, goats and poultry, and on credit management.

**Component 7: Project coordination and management**

On 28 September 2011, in the context of the 107<sup>th</sup> Session of the International Coffee Council in London, a meeting was held between the ICO, the CFC, the PEA (represented by the Chief Technical Advisor, the Director General of the Burundi Regulatory Authority of the Coffee Sector (ARFIC) and the Burundian Minister of Agriculture and Animal Husbandry to analyse the financial resources of the project and the requests of Côte d'Ivoire and Burundi for project extension after 31 December 2011. The main conclusions related to:

- The organization of the final PEA project evaluation workshop during the first quarter of 2012.
- The possibility that the two countries could extend the project without financial implications for the CFC.

- The submission of a Fast-Track funding request to the CFC for growing organic coffee and diversification crops in Burundi using cattle manure fertilizer.

The fast-track funding request was submitted to the CFC by the ICO in November 2011. With regard to the continuation of the projects in 2012, Côte d'Ivoire has taken the relevant measures and has duly informed the CFC and the ICO; Burundi initiated crop season A2012 in October 2011 using replenished revolving funds.

### **3. Resource utilization**

Resource utilization since inception of the project was analysed during the London meeting. Disbursements for payment of consultancies, the purchase of equipment, revolving fund replenishment and operational costs total US\$900,981 for Burundi and US\$1,685,261 for Côte d'Ivoire, representing 96% of the total CFC budget destined to project execution. Counterpart contributions total US\$285,600 for Burundi and US\$1,096,000 for Côte d'Ivoire.

### **4. Social and environmental impacts of project implementation**

Access to finance for the diversification of agricultural activities using inputs, providing training in good cultivation practices, and assistance from management and banking services was welcomed by coffee farmers. Despite some difficulties related to the monitoring of activities in the field, adverse weather, the socio-political crisis, and loan repayments, the project provided essential support for coffee farmers, particularly familiarization with the banking system. The Governments of Burundi and Côte d'Ivoire have strongly supported this initiative by project executing agencies and by important financial contributors.

### **5. Conclusions and recommendations**

The project officially ended on 31 December 2011. The PEA is planning to hold the final evaluation workshop at the beginning of April 2012. However, Côte d'Ivoire has undertaken to continue activities in 2012 to permit a realistic evaluation of the project impact. Burundi has initiated season A2012 using replenished revolving funds but also hopes to obtain fast-track funding from the CFC to strengthen the extension of activities among coffee farmers.

**BUILDING CAPACITY IN COFFEE CERTIFICATION AND VERIFICATION  
FOR SPECIALTY COFFEE FARMERS IN EAFCA COUNTRIES**

CFC/ICO/45

**Period covered by the report: 1 July to 31 December 2011**

**Status of project implementation**

The nature of the project is to build capacity in the National Coffee Institutions (NCI) in the EAFCA region for good agricultural and sustainability practices for socially acceptable, environmentally friendly and economically successful coffee production among producers through training of farmers to meet certification and verification. On one hand, the project is tailored to build institutional capacity for certification and verification through training of professional certifiers and verifiers. In this regard, the project implementation process commenced with signed agreements with the nine NCI and identification of project beneficiaries. Project baseline surveys for the identified farmer groups were undertaken in order to understand the pre-project level of coffee certification / verification of the target farmers. The precursor to the training process was the development of the training manuals which have been completed and culminated into the training of master trainers and on-going trainer-of-trainers training. To ensure sustainability and prudent resource management, the training strategy has been to centrally train all the master trainers and certifiers / verifiers. Some of the master trainers trained using the manual have already undertaken training sessions for the trainer-of-trainers in their respective countries. On the other hand, some of the certifiers / verifiers trained in the project are already being involved in the certification activities in the coffee industry of the Eastern African region.

**Results achieved**

The European Union (EU) component of the project funding in the sum of US\$1,500,000 million was the amount used in the implementation of the project activities up to 31 December 2011. Effectively the EU funding component came to an end at 31 December 2011. Based on the project objectives set, the results achieved in the period under review were the training of eighty-six (86) professionals from the NCI in the nine project participating countries. These professional trained entail thirty-nine (39) master trainers, eighteen auditors / certifiers (18) and thirty (30) trainers-of-trainers. It is expedient to note that the target of training thirty-six master trainers was exceeded by three master trainers on account of adjustments made by the project team to accommodate more candidates for training. In this regard, the master trainers have proceeded to train thirty trainers-of-trainers in three project participating countries and assisted with the baseline data collection in eight project participating countries. The baseline surveys identified coffee farmers that have been targeted for intervention in each of the nine countries.

It is important to highlight that farmer training had not yet commenced as at 31 December 2011. This is attributed to the design of the project network diagram and schedule of activities. The precursor (or determinant) to farmer training is the training of master trainers and trainers-of-trainers. The former has been completed while the latter is work in progress in that three countries have undertaken trainer-of-trainer. In this regard, the next phase is to commence farmer training in the countries that have made progress on training the trainer-of-trainers.

### **Conclusions / lessons learned**

The main lesson learned from the CFC/ICO/EU project is the approach to adapt the project as a pilot. The numbers of target beneficiaries of 6,030 (as stipulated project appraisal report and the inception report) is relatively small when compared with the numbers of coffee producers in Eastern Africa. In the same vein, the budget allocated to the project activities is not sufficient to implement the project using a country-wide approach in the participating countries – given that some countries, like Ethiopia, are quite vast. Given this scenario, the PEA and the project team on the ground have adapted the project to be a pilot with a review to expanding and replicating the project outcomes on a wider level. In this regard, potential future support should be targeted at technical staff and farmer groups at country-level. Further, sufficient budgetary allocation should be given to the PEA in order to monitor the in-country activities of the national coffee institutions.

**COMPETITIVE COFFEE ENTERPRISES PROGRAMME  
FOR GUATEMALA AND JAMAICA  
CFC/ICO/46**

**Period covered by the report: 1 July to 31 December 2011**

**1. Status of project implementation**

**Component 1: Production**

**Activity 1.1: Nurseries**

In Guatemala, the 24 producer groups involved in the development of nurseries received training on the entire process of nursery preparation from how to establish a seedbed to transplanting the seedlings to the nursery bag. The Anacafé technicians assigned to the project visited each producer group to supervise the work and ensure that the upkeep of the nurseries was being carried out as indicated in relation to irrigation, weeding, fertilization and control of pests and diseases.

Another group of eight producers who received seedlings for planting in the six demonstration plots was also supervised. Of the total of 60,000 seedlings to be distributed to these eight groups, 50% were distributed during this implementation period and the remainder will be distributed in January and February 2012.

In the case of Jamaica, of the two cooperatives selected to build their own nurseries only one was able to complete the activity. The other cooperative received all the material required to establish seedbeds and a nursery but since material for the irrigation system was not received activities were suspended until all the material becomes available.

**Activity 1.2: Technical assistance**

With the aim of improving coffee productivity, technicians visited the 29 producer groups involved in this activity to assist them in establishing better demonstration plots and carrying out cultivation practices such as shade management, fertilizer application and pruning, as well as carrying out modifications and laying traps in coffee fields.

During this period, post-harvest activities focussed on the quality benefits of wet processing and the management of by-products. In terms of logistics, technicians provided assistance

on how to keep processing machinery and equipment in good condition and emphasized the need to complete all maintenance activities required before the beginning of the crop season in mid-October, when 80% of the time is for harvesting the crop and processing.

In Jamaica, technical assistance continued to be provided by agricultural promoters contracted to cover 80% of the beneficiaries. The following additional equipment was purchased from the project grant for Jamaica: one portable computer and one multifunctional computer for the use of the Project Assistant.

**Activity 1.3:                    Plantation management**

In order to provide project beneficiaries with the tools needed to develop the various activities involved in coffee farming, during this semester demonstration plots were monitored and producers received training on renovation and fertilization as pre-harvest activities.

In Jamaica, around 400 producers will receive training on control of pests and diseases such as snails and slugs. 90% of producers have identified this as a serious problem on their coffee farms, particularly in those with young trees. An expert on the subject is being selected to come up with solutions between April and May.

**Componente 2:            Post-harvest**

**Activity 2.1:                Training**

The technicians responsible for carrying out post-harvest activities are being updated on the new regulations for wet processing and handling techniques, so that they can subsequently inform producers of any reconstruction work they may be required to carry out in order to comply with the new rules.

Training on wet processing and coffee quality control in the two project areas in Guatemala will also continue.

**Activity 2.2:                Quality control system**

In order to improve quality by adopting good practices in post-harvest management and wet processing, a data-logging system was created to permit comparison of the results of each harvest from now on. This activity will be completed by the post-harvest period of the second year, when the guide on good practices and quality control for wet coffee processing has been published and distributed to participating producers and data at organization level begins to be collected.

**Activity 2.3: Restructuring of wet processing plants**

During this semester the modifications needed to enable existing wet processing plants to comply with new government regulations and certification requirements on coffee quality were completed. In organizations where restructuring or improvement of wet processing plants was required, visits were carried out to monitor and supervise the works. These included: 2 rainwater catchment tanks, 2 soaking tanks, 1 solar coffee dryer and 11 basic structures for the installation of pulping equipment in five organizations. Around 20% of the construction work remains to be carried out since roads were blocked by rainfall problems. Work will be resumed in February if roads become accessible to the heavy trucks that transport the materials required.

**Activity 2.4: Management of by-products**

Training for small producers in the re-use of wet processing by-products that could contaminate water sources and adjoining areas was completed; during this semester construction of 70% of the total number of recycling units required for processing by-products was also completed to enable these small producers to develop the various uses that can be made of these by-products.

In the case of Jamaica, this activity is not applicable since producers do not process their coffee but sell it in ripe bean form. (A request will be made for this reason for an amendment to the budget for the second semester of the second year).

**Component 3: Promotion of local consumption****Activity 3.1: Training**

To further the aim of improving coffee quality in order to gain a more effective market, technical assistance and training was provided in selected areas for the establishment of new coffee shops by local entrepreneurs sponsored by the project.

During this semester, synergies were established between this project and the *CaféCaffè* project (originally project CFC/ICO/39, now in Phase II financed with Italian cooperation) to achieve synergies which will permit the establishment of a larger number of coffee shops. With the collaboration of the Anacafé coffee school, joint activities were carried out to make coffee schools more informative and attract greater participation by the producers involved.

In the case of Jamaica, the Coffee Industry Board (CIB) carried out a training course for baristas among personnel engaged in preparing coffee and carrying out taste and quality testing, so that they could subsequently offer to train project beneficiaries in how to establish a coffee shop.

As part of the initiative and enthusiasm of producer groups in Jamaica, one of the beneficiary cooperatives carried out a 'Coffee Fest' on its premises in order to promote local consumption of its coffee. Around 300 producers participated in this event, selling fruit and vegetables, offering coffee tastings, selling cakes and pastries, and organizing a raffle and music.

**Activity 3.2: Feasibility study**

In Guatemala, a quantitative market survey was carried out to ascertain the main characteristics and factors determining coffee consumption in the Guatemalan market in the two project areas. The results were studied during this semester and proposals are in hand for the establishment of a coffee shop in region VI (Upper and Lower Verapaz).

In the case of Jamaica, a market study will be carried out in the second semester of Year 2 of the project.

**Component 4: Project administration**

**Activity 4.2: Administrative management**

Project implementation did not achieve 100% of proposed activities during the first year but during the first quarter of the second year much of what remained pending has been carried out and implementation has begun for part of Year 2 budget.

In collaboration with the team in Jamaica, the budget for Year 2 of the project has been revised and will be forwarded for authorization in March.

**IV. Resource utilization**

Negotiations are continuing with the Rural Development Bank, BANRURAL (*Banco de Desarrollo Rural S. A.*) for the utilization of co-financing funds. Counterpart financing was used to pay salaries and transport for technicians who provided assistance to the three co-operatives in the following three areas: organizational strengthening, post-harvest operations and production.

**ECONOMIC CRISES AND COMMODITY DEPENDENT LDCS:  
MAPPING THE EXPOSURE TO MARKET VOLATILITY  
AND BUILDING RESILIENCE TO FUTURE CRISES  
CFC/ICO/49FA**

**1. Period covered by the report: 1 October 2010 – 31 December 2011**

Beneficiaries: Benin, Burundi, Tanzania, Zambia from the African region and Cambodia and Laos PDR from the Asian region were target countries for the project Division/Section: Africa, LDCs and Special Programme

**Implemented Activities**

National and international consultants were identified; Terms of Reference (ToR) finalized; country case studies and sector specific studies completed on sample beneficiary countries and on export items of their trade and development interests; a Special Event on commodities was organized to which case studies and the outcome of sectoral assessment served as background documents.

**Effects impact and results**

Case study undertaken through the project assisted in sectoral review and assessment of successful and less successful experiences of LDCs in addressing the impact of global economic crises on commodity dependent LDCs. The studies also assisted in mapping the exposure of the LDCs to market volatility through building resilience to future crises.

The project also assisted in organizing a Special Event on commodity issues during the 4<sup>th</sup> UN Conference on LDCs. The event deliberated on the findings of the various case studies and adopted summary recommendations for action at the national, regional and global levels. The lessons and policy conclusions from the study were also shared at the event, which attracted more than 90 participants from LDCs and their development partners, UN system agencies, civil society and the private sector.

In the context of the outcome of UN LDC IV – the Istanbul Programme of Action, commodities, including diversification and value addition were among the areas that clearly reflect the long standing work of UNCTAD. In this context, the Special Event provided a clear direction and amplitude to the negotiation process. Key issues of the summary outcome of the event filtered well into the outcome document. LDCs are encouraged to adopt a more holistic policy approach that incorporates a development perspective and that takes into

account the function of commodities in economic growth and poverty reduction, and to define a long-term vision for their respective countries that clearly lays out, *inter alia*, how to link the commodity sector to the national development strategies.

### **Cooperation and partnership**

The Common Fund for Commodities provided financial resources to assist in the implementation of the project. The International Coffee Organization (ICO) also served as facilitator for the implementation of the project.

### **Project budget performance**

The project budget was utilized prudently with efficiency and effectiveness.

### **Constraints**

Difficulty to find capable national consultants in the field.

### **Observations**

The project was successfully implemented and phase two of the project is being implemented in selected countries, including assisting the participation of LDCs in the 13<sup>th</sup> United Nations Conference on Trade and Development (UNCTAD XIII).

**SUSTAINABLE CREDIT GUARANTEE SCHEME TO PROMOTE SCALING UP OF  
ENHANCED PROCESSING PRACTICES IN ETHIOPIA AND RWANDA  
(CFC/ICO/48)**

- 1. Period covered by the report: February 2011 – December 2011**
- 2. Status of project implementation for components implemented during the reporting period**

**Component I: Access to commercial loans by smallholder**

Assessment of the existing system used by the bank to advance and recover loans from the clients was undertaken by holding focussed discussions with the banks officials in Ethiopia. In the case of Rwanda, the participating bank (BPR) used the cooperatives selection process to explain to the 20 shortlisted cooperatives the existing system used by the bank to advance loans to clients. In both project countries, the implementing banks already engaged in lending to coffee cooperatives and have indicated that the lending and loan recovery systems to be used in the project will be similar to the systems normally used for lending to cooperatives. The main challenges to existing loan disbursement and recovery system concern inadequate capacity to prepare bankable business plans at the cooperative level and lack of admissible collaterals for use as security for the loans. Capacity-building activities to resolve these challenges were initiated by providing training to eight of the 20 selected cooperatives in Rwanda on how to develop bankable business plans. The activity was undertaken in collaboration with SNV, an international NGO with operations in Rwanda. Likewise, two sets of initial capacity training for the loan officers were successfully undertaken both in Ethiopia and Rwanda. The training was undertaken by Rabobank.

**Component II: Improvement of coffee production and processing practices**

Information on the newly elected sites in Rwanda was obtained using structured questionnaires designed to provide information on the viability of the selected cooperatives. The questionnaire covered most of the key information concerned with coffee production, processing and marketing.

Suitable areas and farmers' cooperatives were identified in both Ethiopia and Rwanda. Selection of the cooperatives was based on rigorous criteria developed and administered in a participatory manner. In the case of Ethiopia, 22 cooperatives were selected and 20 cooperatives were identified in Rwanda.

Purchasing and installation of machinery, equipment and facilities for improved dry and wet processing commenced in Rwanda where arrangements were put in place through NAEB (formerly OCIR-CAFÉ) to bulk purchase seven coffee processing machines on behalf of the selected cooperatives which have no wet processing facilities.

Training of trainers was undertaken in Ethiopia during which 105 development agents were trained on a wide range of issues related to coffee production, processing, quality, marketing and management of farmer associations. The training sessions were conducted in a participatory manner with active participation of the participants. Various training techniques such as interactive lectures, buzz group discussion, brainstorming, group discussion and presentation, challenge statement and debate, field visit and demonstration, question and answer and other exercises were used. These made the sessions highly interactive, lively and interesting to the participants, and promoted sharing of experiences and information. The participants showed appreciation for the approach followed in delivering the training. The training included a field visit to farmers' fields, a primary market centre and a coffee hulling station. The purpose of the field visit was to offer participants an opportunity to observe farmers' existing coffee management, harvesting, processing and marketing practices and to identify major gaps, challenges and suggest remedial actions. The training covered three coffee regions, namely, East and West Hararghe, SNNP, and East and West Wellega.

#### **Component V: Project coordination, supervision and monitoring**

The inception workshop was organized on 5 August 2011 in Addis Ababa, Ethiopia. The workshop was officially opened by the Honourable Ato Mitiku Kassa, State Minister, Ministry of Agriculture, Ethiopia. The forum was used to explain the objectives of the project to the wider stakeholders and to respond to any questions or concerns from the participants. Proceedings of the workshop were compiled and circulated to the participants. A total of 88 participants attended the workshop.

Channels for communication between the implementing partners of the project were agreed upon during the first planning workshop to facilitate communication between the PEA and the PIA. Initial training on the CFC procurement and accounting procedures was undertaken during the pre-inception workshop in order to strengthen and modernise administration and accounting procedures used by the PIAs.

A two day planning workshop was organised on 6 and 7 August 2011 for the respective national coordinators and project accountants. The work plans and budgets for the period August 2011 to 31 December 2012 were developed and agreed upon.

Regular technical support was provided by the PEA. This included organizing capacity building Training of Trainers (ToT) events in Rwanda. In addition, the PEA provided support towards institutionalization of the project within the relevant government institutions and ministries. Monitoring and evaluation was undertaken through technical visits to the PIA as well as through electronic communication.

### **Assessment of resource utilization**

### **Assessment of project co-ordination and management**

The period under review was marked by the establishment of systems to enable effective project implementation. All the necessary contracting was completed. Project bank accounts were opened in each country and initial disbursements effected. Rwanda completed the process of putting in place the project steering committee, which subsequently managed to hold two meetings to discuss project initiation issues. Implementation of activities by the respective implementing agencies went on as per plan except in Ethiopia where the National Steering Committee for the project is yet to be constituted. At least one project monitoring visit was undertaken for each country. The visits were helpful in solving technical and administrative problems *in situ* thereby helping accelerate the implementation of project activities.

### **Social and environmental effects of project implementation**

The project is yet to complete a full year of existence. It is therefore too early to discern any meaningful social and environmental impact arising from the project activities.

### **Forward planning of project implementation**

At the beginning of 2012, most of the actual loaning activities for cooperatives will commence in Rwanda, with the evaluation of loan requests expected to commence in the second week of January. The first activity for the coming year will therefore be to undertake capacity-building training for the loan officers in BPR in the area of loan evaluations for coffee cooperatives. Training of the management committees of cooperatives will likewise be given priority during the early parts to the year to ensure good use of disbursed funds. Farmer training will continue throughout the year and will be based on the farming calendar of the respective countries. The objective of the farmer training will be to instil good agronomic and processing practices among the producers and hence increase the chances of better yields, better quality and subsequently better prices.

### **Lessons learned**

No notable ones for the period covered by the project.

### **Conclusions and recommendations**

Although the start of the project was delayed due to the need to iron out a number of contracting issues with the participating banks, progress has since been made so as to enable the first loan disbursements in the early parts of 2012. Close monitoring of the evaluation and disbursement process will be necessary to ensure that there are no unnecessary delays either on the part of the implementing bank or the applying cooperatives. This will be crucial so that the loan beneficiaries can access their funds in good time to use the same in implementing the activities for which the loan has been acquired. This would also ensure that the cooperatives whose requests are not successful are informed in good time to enable them to solicit financing through other avenues. Monitoring of the use of the acquired credit will also be a crucial part of the activities during 2012 and will be undertaken jointly with the implementing bank, the implementing institutions and the executing agency.