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Project/Common Fund

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Executive Board/  
International Coffee Council  
1 – 4 March 2010  
Guatemala City, Guatemala

**Enhancing the potential of gourmet  
Robusta coffee production in Uganda  
and Tanzania**

**Project proposal**

## **Background**

1. The present document has been submitted by the *Istituto Agronomico per l'Oltremare* (IAO) of the Italian Ministry of Foreign Affairs (MAE), and contains a revised proposal responding to the comments made by the Virtual Screening Committee (VSC) and the Executive Board in September 2009.
2. The revised proposal has been sent to the Virtual Screening Committee (VSC) for evaluation and will be examined by the Executive Board in March 2010. A copy of the full revised project proposal is available from the Secretariat upon request.

## **Action**

The Executive Board is requested to consider this proposal as well as the recommendations of the VSC and, if appropriate, recommend its approval by the Council.

## PROJECT SUMMARY

<b>Project title:</b>	Enhancing the potential of gourmet Robusta coffee production in Uganda and Tanzania
<b>Duration:</b>	Two years
<b>Location:</b>	Uganda and Tanzania
<b>Nature of the project:</b>	To add value to Robusta coffee in Uganda and Tanzania and promote the coffee-growing regions and their local cultural heritage. Areas suitable for high quality crops will be selected and planning abilities strengthened, with particular emphasis on rural development and the promotion of the coffee-producing regions.
<b>Brief description:</b>	The project will enable the implementation of a strategy to develop gourmet Robusta coffee in coffee producing areas that have shown interest in developing income-generating activities based on coffee quality improvement.
<b>Estimated total cost:</b>	US\$1,859,000
<b>Financing sought from the Fund:</b>	US\$1,759,000 (grant)
<b>Co-financing:</b>	US\$100,000 (grant – in kind)
<b>Project Executing Agency (PEA):</b>	Istituto Agronomico per l'Oltremare (IAO) of the Italian Ministry of Foreign Affairs (MAE), Florence - Italy
<b>Supervisory body:</b>	International Coffee Organization (ICO)
<b>Estimated starting date:</b>	2010

### Main objective

The main objective of the initiative is to improve the standard of living of small Robusta coffee producers in rural communities, reducing their socio-economic and cultural vulnerability and increasing sustainable cultivation. The project will enhance sustainable development, as well as development and diversification of agricultural production.

### Specific objectives

The specific objective is to establish a system to produce and promote gourmet Robusta coffee in Uganda and Tanzania, by establishing units that, by encouraging the direct

participation of farming communities of coffee producers, will add value to gourmet coffee produced by small growers in the coffee-producing region. It will also promote information technology and enhance communication.

The project will improve the quality of the product and the ability of producers to judge it, as well as encourage the development of associations, technical capacities, and skills to facilitate the promotion and sale of coffee produced in the region.

The project will add value to coffee produced by growers able to reach high quality standards required for trading gourmet coffee. It will provide the basis to define the institutional framework for participants in the coffee chain willing to adopt different activities as a way to diversify or complement coffee production and will help to alleviate poverty.

### **Beneficiaries and benefits**

It is envisaged that approximately 2,000 small producers in Uganda and Tanzania will get involved in the project. The small growers will be identified with productive, social and economic selection criteria in accordance with the institutional partners of each country. The small producers will face the challenge of sustaining and maintaining the system created through the programme. Achieving economic sustainability means finding ways to directly market a high quality product at fair prices. Growers and end consumers will benefit from the knowledge of new methodologies and standards for processing and producing Robusta coffee and from a wider choice of quality coffees.

As a result of the promotion of the coffee-producing regions, the inhabitants of the participating areas will all benefit indirectly from the project. The medium-term beneficiaries will be other coffee producing/exporting countries with the potential to develop gourmet coffee through the new methodology of promoting the 'product and region', together with consumers who will benefit from a wider choice of quality coffees.

### **Components**

The project is divided into the following six components:

- 1) Selection of potential gourmet Robusta coffee producing areas, identified on the basis of their geographical, cultural and social characteristics, and represented by small coffee farms and farmers organized in associations or communities.
- 2) Re-organization of the Robusta coffee production chain with special attention to production, quality control and marketing.
- 3) Identification and transfer of new techniques to improve Robusta coffee processing and quality control, encouraging the use of new technologies for pulping, drying and recycling residues from coffee processing to increase income.

- 4) Development of a sustainable trading system to promote quality Robusta coffee. Establishing a system to promote quality coffee and market access.
- 5) Strengthening the traditional agro-forestry system for biodiversity protection and promoting the production and guarantee of quality coffee. Setting up a network to enhance the quality of coffee production.
- 6) Project coordination by the Project Executing Agency and constitution of an operating team unit.

**Main expected results:**

- Four Robusta coffee exporting units (Bushenyi and Masaka districts in Uganda (two) and Kagera region in Tanzania (two) capable of implementing sustainable production and marketing gourmet coffee.
- About 2,000 producers will be directly involved in the implementation and management of all project activities.
- Improved coffee production and quality.
- Dissemination of new methodologies and standards for processing and producing Robusta coffee.
- Dissemination of methodologies for using coffee processing residues.
- Additional income for the producers (between 20% and 30%)<sup>1</sup>.
- Improved access to markets, diversified production and expansion of the participation of small-scale producers in the production value chain have been identified by the ICO as strategic issues for the promotion of coffee as a means for poverty alleviation and the improvement of the livelihoods of poor farmers.
  
- Increased quality awareness at consumer and trade levels in target markets (resulting from the project's information and marketing activities) with an impact on the gourmet speciality market and traditional roasters.
- Increased availability of quality development and marketing methodology, including cupping, suitable for adaptation to individual origin requirements.

The main objective of the initiative is to improve the standard of living of small coffee producers in rural communities, reducing their socio-economic and cultural vulnerability and increasing sustainable cultivation. The project will enhance sustainable development, as well as development and diversification of agricultural production.

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<sup>1</sup> As was demonstrated by the programme implemented by IAO in the region of Central America 'Enhancing the potential of Arabica gourmet coffee production in Central American countries'(Project CFC/ICO/39).

## Logical Framework

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
<p><b>Project goal:</b></p> <p>The broad objective of the initiative is to improve the standard of living of small Robusta coffee producers in rural communities, reducing their socio-economic and cultural vulnerability and increasing sustainable cultivation. The project will enhance sustainable development, and development and diversification of agricultural production.</p>	<p><b>Measures of goal achievement:</b></p> <p>An increase in (a) the sales of quality Robusta coffee obtaining price premiums; (b) revenue of coffee farmers from the by-products of coffee processing. About 2,000 producers will be directly involved in the implementation and management of all project activities.</p>	<p>(a) Municipal report related to the investment level in the coffee sector; trade and financial data.</p> <p>(b) Data on quality of life and statistics on rural areas.</p> <p>(c) Reports on project activities.</p>	<p><b>Concerning long term value of project:</b></p> <p>Continuing political commitment to sustainable and environmentally-friendly production and quality coffee.</p>
<p><b>Project purpose:</b></p> <p>The specific objective is to establish a production system to promote gourmet Robusta coffee, by establishing units, in two countries (Uganda and Tanzania) that, by promoting the direct participation of coffee producers, will add value to the coffee produced by small growers and the region. It will also promote information technology and enhance communication.</p>	<p><b>Conditions</b></p> <ul style="list-style-type: none"> <li>• Four Robusta coffee exporting units, capable of implementing sustainable production and marketing gourmet coffee.</li> <li>• Improved Robusta coffee production and quality.</li> <li>• Improved access to markets, diversified production and expansion of the participation of small-scale producers in the production value chain have been identified by the ICO as strategic issues for the promotion of coffee as a means for poverty alleviation and the improvement of the livelihoods of poor farmers.</li> <li>• Dissemination of new methodologies and standards for Robusta coffee processing and production.</li> <li>• Dissemination of methodologies for using coffee processing residues.</li> <li>• An extra source of cash flow for the producers.</li> <li>• Participation in the network of small producers.</li> <li>• Increased quality awareness at consumer and trade levels in target markets (resulting from the Project's information and marketing activities) with an impact on both the speciality market and traditional roasters.</li> <li>• Increased availability of quality development and marketing methodologies, including cupping, suitable for adaptation to individual origin requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Units established.</li> <li>• Number of farmers involved.</li> <li>• Number of female producers involved.</li> <li>• Family income increases by 20%-30%.</li> <li>• Production standards developed and adopted by the coffee quality association.</li> <li>• Infrastructure developed (ecological processing units, dryers, composting units implemented).</li> <li>• Water pollution processing model unit implemented.</li> <li>• Quality control and certification records.</li> <li>• Increased production of quality Robusta coffee.</li> <li>• Increase in the revenue of coffee farmers from the use of by-products from coffee processing.</li> <li>• Production diversification achieved Food mushroom accepted locally.</li> <li>• Active participation in the network of associations of small producers.</li> <li>• Sustainability of the network achieved increased coffee exports.</li> <li>• Exchanges of communication among countries, and new local and international markets identified.</li> <li>• Appreciation by consumers of the coffee brand.</li> </ul>	<p><b>Affecting purpose to goal link:</b></p> <ul style="list-style-type: none"> <li>• Price premiums sufficient to remunerate additional efforts required to assure quality.</li> <li>• Reducing transaction costs and raising farm gate prices.</li> <li>• Once established, the project proves to be economically sustainable.</li> <li>• In the case of economic and financial institutions, producers will gain autonomy through the exchange and dissemination of practical techniques to improve coffee quality and facilitate trade.</li> </ul>

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
<p><b>Outputs:</b></p> <p>(a) Producing areas, selected in Uganda and in Tanzania on the basis of their geographical, cultural and social characteristics, and represented by small Robusta coffee farms and farmers organized in associations. The units set-up in each country will involve at least 2,000 coffee growers.</p> <p>(b) Standardization of Robusta coffee production with special attention to best practices in terms of cultivation and product processing, trading, promotion and marketing; strengthening of organisational and management skills.</p> <p>(c) Encouraging the use of new technologies for pulping, drying and recycling residues from coffee processing for economical purposes in the agricultural sector.</p> <p>(d) Development of a sustainable trading system</p> <p>(e) Strengthening the traditional agro-forestry system and setting up a network to enhance quality coffee production and promote selected coffee, facilitating the exchange and dissemination of experiences.</p> <p>(f) Constitution of an operating team based in Italy, composed of permanent staff from the IAO and external experts, under the supervision of the Director General, to ensure the proper financial and technical management of the initiative.</p>	<p><b>Magnitude of outputs:</b></p> <ul style="list-style-type: none"> <li>• Pilot system successfully introduced in participating countries.</li> <li>• Increase in quality coffee exports attracting premium quality prices.</li> <li>• Higher farm gate prices.</li> <li>• Increase in the availability of funding from financial institutions for complementary agriculture production (mushrooms, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed analysis of costs and benefits of tested system in project reports and appraisal by users at concluding workshop.</li> <li>• Data on quality of life and statistics on rural areas.</li> <li>• Economic and financial data obtained from associations of small producers in Uganda and in Tanzania</li> <li>• Municipal report related to the investment level in the coffee sector.</li> <li>• Appreciation by consumer of the coffee brand.</li> </ul>	<p><b>Affecting output to purpose link:</b></p> <ul style="list-style-type: none"> <li>• The system is adaptable across commodities and countries.</li> <li>• The international coffee industry is willing to pay a premium for quality.</li> <li>• The small coffee farmers are not cheated by traders in price negotiations.</li> <li>• The technologies are known in the region, but need to be adapted to production requirements and human needs.</li> </ul>

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
<p><b>Inputs: activities and types of resources:</b></p> <p>(a) One 70-day mission by an agro-economist and one 45-day mission by a coffee processing expert, including cost of flights.</p> <p>(b) One 80-day mission by a coffee quality expert, including cost of flights.</p> <p>(c) Implementing the installation of:</p> <ul style="list-style-type: none"> <li>• 8 collective ecological pulping machines for the initial phase of coffee processing, pulping and mechanical mucilage removal including infrastructure (four for each country).</li> <li>• 80 low cost solar powered driers at the farm level (40 for each country).</li> <li>• 60 mushroom cultivations at the farm level (30 for each country).</li> <li>• 60 compost areas at the farm level (30 for each country).</li> <li>• 8 computers.</li> <li>• One 120-day mission by a coffee quality and processing expert, including cost of flights.</li> </ul> <p>(d) Integrated promotion of the product and regions. Organization of seminars, conferences and publications.</p> <p>(e) Pilot activities aimed at consolidating and broadening positive experiences in improving the quality of coffee obtained by the International Cooperation Agency.</p> <p>(f) Selection of IAO's technical and financial permanent staff and carrying out the required administrative procedures to appoint extra external experts to be assigned to the Operational Unit in Italy, to ensure financial and technical management of the planned activities of each component.</p>	<p><b>Level of effort/expenditure for each activity:</b></p> <p><b>Component 1 (US\$62,500.00)</b> To select potential <i>Robusta</i> Gourmet Coffee producing areas.</p> <p><b>Component 2 (US\$45,000.00)</b> To re-organize the <i>Robusta</i> Coffee production chain with special attention to production, quality control and marketing.</p> <p><b>Component 3 (US\$804,500.00)</b> To identify and transfer new techniques for Coffee processing and quality control</p> <p><b>Component 4 (US\$485,000.00 contribution in kind included)</b> To develop of a sustainable trading system. Establishing a system to promote <i>Robusta</i> quality Coffee.</p> <p><b>Component 5 (US\$220,000.00 contribution in kind included)</b> To strengthen the traditional agro-forestry. Setting up a network to enhance the quality of coffee production.</p> <p><b>Component 6 (US\$242,000.00 contribution in kind included)</b> To establish an operating team unit based in Italy to ensure the proper financial and technical management of the initiative.</p>	<ul style="list-style-type: none"> <li>• PEA project progress reports.</li> <li>• Annual audit reports.</li> <li>• Participation in Advisory Committee and concluding dissemination workshop.</li> <li>• Periodic reports and on-site visits to assess progress on implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Financing is made on a timely basis in line with proposed activities and annual work plans/budgets.</li> <li>• The PEA, national management units and collaborating institutions co-ordinate and execute the project efficiently and effectively.</li> <li>• Continuing political commitment to production of quality coffee.</li> </ul>