



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

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Project/Common Fund

Executive Board/
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1 – 4 March 2010
Guatemala City, Guatemala

Smallholder coffee expansion

Concept note

Background

1. The present document has been submitted by the Coffee Association of Malawi and contains a concept note for a proposal to provide smallholder farmers in the central region of Malawi with coffee as an alternative cash crop to tobacco.
2. The proposal has been sent to the Virtual Screening Committee (VSC) for technical recommendations for subsequent development as a full proposal.

Action

The Executive Board is requested to take note of this proposal and of the recommendations of the VSC.

CONCEPT NOTE

SMALLHOLDER COFFEE EXPANSION

Summary

1. The main purpose of this project is to provide smallholder farmers in the central region of Malawi with coffee as an alternative cash crop to tobacco. There are areas in this region of Malawi with a coffee growing history and the farmers just need to be encouraged and assisted with technical expertise, processing equipment and efficient markets. This project aims at providing just that.
2. The project will also help to sustain the coffee industry in Malawi as it will increase the percentage of coffee produced by local farmers. Currently, over 75% of the total crop is produced by estates, most of which are owned by multinational companies.

Project activities to be undertaken

3. A baseline study would be conducted, a feasibility study thereafter and then the formation of farmer clubs leading to associations. The funds requested would also cater for the development of nurseries, procurement of processing units (wet processing) to be built within associations and a dry mill to be centrally positioned for the whole cooperative.

Expected direct impact

4. The target groups are smallholder farmers with some medium-scale farmers providing a backstopping role. The smallholder farmers would have direct access to the export market as compared to most cash crops grown in the area (e.g. tobacco). The world market prices for Arabica coffee are picking up and are expected to continue rising in the next ten years. With the assistance of this project, it is expected that the volume of coffee exported from Malawi would increase by over 100% by the end of the next ten years (from 2,000 to 4,500 MT green beans), contributing about US\$4 million. The project will also provide an opportunity for employment for indigenous Malawians.

Indirect impact

5. About 3,000 families are expected to participate in this project with a trickle-down effect to more than 20,000 people in terms of business opportunities and job opportunities as well as dependants of the beneficiaries. Most of the target group members are vulnerable and disadvantaged, including single parent families and those looking after AIDS patients.

Impact on trade systems

6. The project will help to reduce barriers to trade as it will provide a chance to smallholders to access international markets as coffee is mostly exported.

Other partners

7. The Government of Malawi is expected to be a partner in the project and provide in-kind assistance through the provision of extension services and links to other development bodies with similar interests.

Impact on the environment

8. The project is environmental-friendly as it targets hilly areas that are currently bare and coffee will help provide vegetative cover. The hills will be professionally terraced to reduce water run-off that causes soil erosion.