



International Coffee Organization
Organización Internacional del Café
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Projects/Common Fund

Executive Board/
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**Raising income security of smallholder
coffee farmers in Malawi and Tanzania
through sustainable commodity
diversification**

Project proposal

Background

1. The present document contains the terms of reference prepared by the Common Fund for Commodities (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, namely 'Diversification of production in marginal areas in the State of Veracruz, Mexico' (CFC/ICO/32) and 'Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador' (CFC/ICO/31).
2. The proposal has been sent to the Virtual Screening Committee (VSC) for technical comments and will be presented to the Executive Board in September 2008.

Action

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

TERMS OF REFERENCE

Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification CFC/ICO/47

I. Background

The Common Fund for Commodities (CFC) has received a Concept Note requesting the replication of CFC/ICO diversification projects under implementation in Ecuador and Mexico in Malawi and Tanzania. The Governments of Malawi and Tanzania have requested the assistance of a consultant to prepare a project document 'Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification'.

The central objective of the project is to promote income and food security and reduce poverty in coffee producing areas in Malawi and Tanzania. This will be achieved through the facilitation and promotion of diversification based on a value-chain management approach. The project will assist farmers in getting the optimum production mix of commodities which will guarantee a minimum income to support the household. The project will address sustainable credit schemes to finance diversification and enable farmers to access existing and new technologies. Capacity-building and the establishment of market linkages will be key parts of the project. The project will comprise the following components:

1. Diversification needs and opportunities analysis
2. Identification and implementation of vertical diversification strategies
3. Identification and implementation of horizontal diversification strategies
4. Establishment of microcredit and other market and enterprise support services
5. Capacity building, training and dissemination
6. Project coordination, supervision and monitoring

II. Objective

The objective of the assignment is to assess the needs and the feasibility of enhancing the capacity of farmers to produce and sell different commodities and to prepare a full project document with clearly developed activities and components including costing of the activities. The presentation of the project proposal should be in the CFC format as outlined in the CFC Project Manual.

III. Scope of Work

The consultant is required to conduct desk reviews and to travel to Malawi and Tanzania to collect data for the preparation of a report which should include, but not be limited to:

1. Socio-economic profile of each country
2. Analytical review of data on coffee production, exports and imports covering the last 10 years at a minimum and other suitable crops for commodity diversification
3. Comparative advantages of each country, identification of the most suitable commodities to be included in the product mix and the most likely domestic and export markets for these products
4. Assess the capacity required by a Project Executing Agency (PEA) in order to implement such a project and recommend suitable PEAs
5. Identify the most suitable collaborating institutions and discuss their possible role in the project
6. In consultation with collaborating institutions work out the criteria for identifying farmers and pilot areas for commodity diversification
7. Identification of target markets for the proposed diversification crops including their supply chains
8. Structured credit scheme for farmers – to design a credit structure that is suitable to the participating farmers to enable them to meet the production and market requirements of different products
9. Identify possible institutions which can handle rural credit

IV. Duration of assignment and deliverables

The assignment will cover a period of 45 days including travel days. At the end of the 45-day period, the consultant is required to provide the CFC with a draft report, incorporating, but not limited to, information requested in the terms of reference. The report should be submitted in hard copy and electronic format in English.

V. Administrative arrangements

The specific terms and conditions of service will be detailed in a contract to be executed between the CFC and the consultant(s). The consultant(s) is required to conduct desk reviews and undertake selected site visits for purposes of measurements and data collection. The CFC will provide the consultant(s) with copies of the main reports considered relevant to the assignment and the contact details of persons/organizations connected with the project. The consultant(s) may draw on any other reports and conduct other interviews as deemed necessary but appropriate reference must be made in the report. For the purposes of data

collection, the consultant(s) will make specific arrangements for travel by the most appropriate means of transport including, where necessary, return economy air travel via the most direct routes.

For operational and administrative purposes, the consultant(s) will report to the Chief Operations Officer of the CFC or his designated representative.

VI. Payment Terms

The consultant will be paid a lump sum fee plus the cost of economy travel by the most direct route and per diem. The fee will be paid in two instalments: 50% on contract execution and 50% on receipt of the final version of the proposal. There will be an advance for estimated travel costs. Airline tickets will normally be arranged by the CFC. The total cost of this contract is not expected to exceed US\$30,000.

VII. Consultant profile

The consultant should be an independent consultant with solid experience in development projects and knowledge of coffee production in developing countries. Experience in the design of projects in Southern and East Africa would be an advantage. The consultant should be proficient in English.