The Potential for Diversification in Coffee Exporting Countries: Recommendations

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May 2006

Requirements for Successful Diversification

- Good balance between public sector co-ordination and private sector participation
- Supportive institutional framework
- Market focus
- Appropriate technology and skills inputs, support systems
- Collective action
- Policy and regulatory environment that support enterprise

Local Economic Development Frameworks

- Provide a unifying framework
- Allow you to act spatially
- Better capture macro, meso and micro levels
- Provide better entry points for government action and involvement of other stakeholders

Diversification of Enterprise in Coffee Countries and Areas (DECCA) Process

- Oversight and co-ordination from a public sector champion
- A multi-stakeholder Forum drives the process
- Private sector participation is critical
- Resources are allocated through a Challenge Fund
- Demand driven, from the bottom up, i.e. from the farmer group or enterprise level
- Designed to operate at the area level
DECCA Challenge Fund

- Should be administered at the Area level
- Acts as incentive for participation of private sector
- Loan and grant elements
- Allows a transparent selection of the best diversification initiatives from the area
- Outreach facility
  - simplified application process for small associations and coffee producer groups (informal sector, poor etc.)
  - special support

DECCA Forum

- At national level and areas levels
- A group of people committed to the DECCA process who contribute to the evolving process of developing options, decision making and taking action to pursue the diversification objectives
- Multi-stakeholder with participants from the public and private sectors together with non-governmental organisations and donors
- Membership based on commitment
- Core members and short-term members based on skills

DECCA Cycle at Area Level

<table>
<thead>
<tr>
<th>Stage of DECCA</th>
<th>Tools</th>
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<tbody>
<tr>
<td>Prior to establishing Area and National Forums</td>
<td>Stakeholder analysis</td>
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<td>Initial appraisal at National and Area levels</td>
<td>Assessment of competitiveness (EC Quantitative Tool) Mapping, scoping, livelihood analysis</td>
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<td>Market opportunities identification (coffee and non-coffee)</td>
<td>Mapping of the policy environment Rapid market survey, Ranking and scoring, Risk assessment</td>
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<tr>
<td>Participatory value chain analysis</td>
<td>Mapping the market chain Mapping of the policy environment Risk assessment, SWOT, Visioning Business planning</td>
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<tr>
<td>Supplement</td>
<td>Group Promotion</td>
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Conclusions

- Area approach
- Demand driven, from the bottom up
- Multi-stakeholder with private sector participation
- Co-ordination from government is essential
- Requires institutional development, to
  - Co-ordinate resources
  - Manage the evolution of effective markets
  - Develop support structures