



Projects Committee
12th Meeting
19 September 2016
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 summarises individual progress reports submitted by each PEA for each project being implemented (see Section II of document [PJ-99/16](#)) 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 of this document is available in English only. Annex II and III are available in English and in French.

- Annex I:** Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda – CFC/ICO/48 (PEA: CABI-ARC)
- Annex II:** Promoting a sustainable coffee sector in Burundi – (PEA: Kahawatu foundation)
- Annex III:** Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of Congo – CFC/ICO/51 (PEA: VECO)

Action

The Projects Committee is requested to take note of this report.

LIST OF ACRONYMS USED IN THIS DOCUMENT

BPR	Banque Populaire de Rwanda (Popular Bank of Rwanda)
BRD	Development Bank of Rwanda
CBO	Cooperative Bank of Oromia
CFC	Common Fund for Commodities
CIRAD	Centre for International Cooperation in Agronomic Research for Development
CNAC	National Confederation of Coffee-Growers' Associations
DPAE	Provincial Directorates of Agriculture and Livestock
ETB	Ethiopian Birr
ECX	Ethiopian Commodity Exchange
FAO	Food and Agriculture Organization of the United Nations
FFS	Farmer Field Schools
FRw	Rwandan franc
GAP	Good agricultural practices
ICO	International Coffee Organization
INERA	National Institute for Agronomic Study and Research
ISABU	Institute of Agronomic Science
IWCA	International Women's Coffee Alliance
MWS	Micro washing station
NAEB	National Agricultural Export Development Board
OCCU	Oromia Coffee Cooperative Union
ONC	<i>Office National du Café</i>
PEA	Project Executing Agency
RTNB	National Radio and Television of Burundi
TOT	Trainer of Trainers
UCG	Catholic University of Graben
VSLA	Village Saving and Loan Association
WWF	World Wildlife Fund

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

Period covered by the report: January to June 2016

Status of project implementation for components implemented during the reporting period

Component I: Access to commercial loans by smallholder

Activities aimed at facilitating the primary cooperatives to access loans were continued in Rwanda with a focus on access of credits through commercial banks and service providers. The implementing partner facilitated seven cooperatives to prepare and lodge their business plans for crop year 2015/16. Five cooperatives linked up with the Development Bank of Rwanda (BRD), three with the Banque Populaire du Rwanda (BPR) while two were linked to a Service Provider. The details of the loan requests as well as the disbursements are as shown in Table 1 below:

District	Cooperative	Bank	Requested (US\$)	Disbursement (US\$)
Gatsibo	Cocahu	BRD	206,150	125,020
Gakenke	Twongerikawa/Coko	BRD	266,000	199,500
Kirehe	Cocamu Musaza	BRD	239,400	239,400
Gisagara	Cooprokagi	BRD	82,460	71,820
Rusizi	Turengerikawa	BPR	159,600	102,410
Rusizi	Kotukanya	URWEGO	113,214	66,500
Nyamasheke	Abangakurushwa	URWEGO	79,800	66,500
Gatsibo	Terimbere	BPR	93,100,	
Kamonyi	Karama	BPR	46,550	
Nyanza	Duterimbere Kawa	BPR	81,130	
Total			1,274,304	871,150

Market linkage support activities were undertaken in Rwanda by organising two meetings with major importers for high quality coffee, namely Olam and Starbucks.

Component II: Scaling up and out improved coffee production and processing practices

Capacity-building training was undertaken as part of an effort to entrench improved coffee production and practices in the two countries. In Rwanda, training based on the Farmer Field Schools (FFS) approach was used to facilitate training. The activities were conducted in the 20 FFS established the previous year (Table 2).

Table 2: List of FFS established within the framework of the project

	Cooperative	FFS	District	Sector
1	Abangakurushwa	Ngarukiye Edouard	Nyamasheke	Nyabitekeri
2	Turengerikawa	Mungwarakarama Epaphrodite	Rusizi	Nyakabuye
3	Cooprokagi	Twahirwa Fabien	Gisagara	Kigembe
4	Mizero	Denis	Nyanza	Mukingo
5	Karama	Habimana Joseph	Kamonyi	Karama
6	Musha	KAMALI Antoine	Rwamagana	Musha
7	Cocaka	Mukaziga Daphrose	Gatsibo	Kageyo
8	Duterimbere	Mugabonake Ezechiel	Nyanza	Ntyazo
9	Terimbere Muhinzi	Djuma	Nyagahanga	Gitinda
10	Cocukamu	Kambanda Claude	Nyagagatare	MUKAMA
11	Cocatu	Hakizimana	Rulindo	Remera
12	TUZAMURANE	Nzagirante Fiacre	Rusizi	GITAMBI
13	Kokamu	Gasasira Cyriac	Muhanga	Kiyumba
14	Rebakure	Mugenzi Evariste	Gicumbi	Nyamiyaga
15	Ruco	Ndazigaruye Frederic	Nyagatare	Gatunda
16	Cocaru Ruhango	<u>Nkikamacumu Zephania</u>	Ruhango	Byimana
17	Giseke/Coakambu	Niyonsaba M. Goretti	Ruhango	Mbuye
18	Amaliza	Mukandanga Marie	<u>Rulindo</u>	Masoro
19	Kobakamu	<u>Ibakavu</u>	<u>Muhanga</u>	<u>Nyarusange</u>
20	Cotukanya	Maniragaba Isaie	Rusizi	Nyakabuye

Training was undertaken in conjunction with Farmer Trainers and included training on pruning, fertiliser and pesticide application and good husbandry practices in general.

To facilitate exchange of information and farmer-to-farmer learning, a study tour was organised for three cooperatives, Kotukanya, Terimbere Kawa and Tuzamurane all from Rusizi District, Western Province of Rwanda during the months of March and April 2016. A visit was organised to two well performing cooperatives, namely, Cocamu Cooperative, located in the Kirehe District, Eastern Province and Abakundakawa in the Gakenke District, North Eastern province. During the tour, the cooperatives exchanged views and experiences on a number of issues including the following:

- How to access bank loans
- How to produce high quality coffee
- Good agricultural practices
- Cooperative management practices and good governance
- Financial management

- Capitalisation of cooperatives
- Investment plans for the cooperatives

In the case of Ethiopia, on-site practical training and an exchange programme for selected farmers (members of cooperatives) and zonal and woreda coffee experts. The programme was conducted in the Jimma zone – Mana and Gomma districts and Jimma Coffee Research Centre, from 14 to 18 February 2016. The meeting was attended by 37 coffee farmers representing the primary cooperatives participating in the scheme, and 17 coffee experts drawn from all the 8 zones and 12 woredas participating in the scheme. Visits to model coffee farms (improved varieties and recommended agronomic practices) and Jimma Research Centre were undertaken as part of the training. Additional farms were selected to be used as model farms. The owners of these farms will be provided with additional training to enable them to adopt and demonstrate improved agronomic practices to their fellow coops member farmers

In view of the contribution of improved agronomic practices in improving coffee quality and productivity, model farmers were selected from all of the scheme-participant cooperatives to be supported to adopt and demonstrate improved agronomic practices to their fellow coops member farmers. After the practical training and exchange, they went back and started adopting/implementing what they have seen during the exchange visit and on-site practical training. These farms will serve as learning centers for others.

Component III: Strengthening of primary cooperatives and unions

Activities of this component were undertaken together with Component II as reported above.

Component IV: Enhanced access to production and market information

Dissemination of price information continued in Rwanda coordinated by NAEB. The information was disseminated to the project cooperatives by email. In general, prices were low during the period.

In the case of Ethiopia, price information continued to be disseminated through the electronic system of the Ethiopian Commodity Exchange.

PROMOTING A SUSTAINABLE COFFEE SECTOR IN BURUNDI

Period covered by the report: January to June 2016

Introduction

The broad objective of the project is to promote a sustainable coffee production in Burundi. A sustainable coffee economy is based on the well-being of the various actors in the chain, particularly the producers who are the weakest link in this power relationship. More precisely, a sustainable coffee farmer will meet long term environmental and social goals while being able to compete effectively with other market participants and achieve prices that cover his production costs and allow him to earn an acceptable profit margin. The project seeks to improve the skills of smallholder coffee farmers in order to increase productivity and quality of their coffee to generate profit and to improve their living standards and continue farming coffee as a profitable business. Specific activities under the pilot phase of the project include:

- Providing good agricultural practices to farmers
- Promoting coffee nurseries
- Planting improved varieties or replacing old trees
- promoting environmentally friendly coffee farming
- Facilitating access to inputs (fertilisers, planting materials)
- Promoting organic fertilisation
- Building/strengthening the capacity of farmer's organizations
- Promoting gender equality.

Launched on 23 July 2013, activities take place in seven communes in Ngozi province (Ruhororo, Gashikanwa, Kiremba, Tangara, Ngozi, Nyamurenza and Mwumba), two communes in Karusi province (Gitaramuka and Bugenyuzi), and one commune in Gitega province (Mutaho). During the implementation the activities of the project were regrouped under 3 main components:

- Component 1: Agri-business development
- Component 2: Community engagement
- Component 3: Eco-sustainable management

Component 1: Agri-business development*A. Productivity and quality improvement*

Kahawatu has developed technical modules to promote good agricultural practices through trainings, workshops and farmer field schools. These modules that were previously approved by the Ministry of Agriculture and other stakeholders cover the following topics that lead to increased productivity and improved quality. Training sessions were provided in the project centres (washing stations) by four agronomists of Kahawatu and hired consultants (local and international consultants). A number of lead farmers attended various training sessions but some leaders still need to be convinced to participate fully to these sessions. Through the system more than 7,300 coffee growers have been trained. Productivity has increased from 0.7 kg in 2013 to 1.1 kg per tree today.

B. Access to inputs and equipment

Farmers have been granted access to new planting materials, pruning scissors, personal protective equipment and fertilisers. Over 230,000 coffee seedlings were distributed as well as 1,300 pruning scissors.

C. Access to finance

In order to address the challenge of access to credit for smallholder farmers, Kahawatu set up and trained 14 Village Saving and Loan Associations (VSLA) within their cooperatives. The groups provide loans to each other to make some investments in alternative activities to secure additional income for the household. More than 408 farmers have already benefitted from the VSLA for almost US\$10,000. Once farmers learn to save money, they will decide for themselves whether to work with micro-finance institutions for larger loans.

Component 2: Community engagement*A. Promoting gender and youth inclusion in the coffee sector*

As in many countries in Africa, women in Burundi face many limitations in coffee production as a business opportunity. Kahawatu supported the creation of a women's association of 130 members with their legal establishment and access to land. These women have established a model plantation with healthy coffee trees, composting plots, fodder trees as well as associated food crops. The association receives continuous technical training and is also included in the VSLA. A livestock solidarity chain scheme has also been introduced in

order to produce organic fertiliser and milk for their families. In addition to farm inputs and planting materials this association has received 44 goats. Kahawatu is also promoting the integration of young people in the coffee industry as 18 young coffee growers were trained on good agricultural practices and on the maintenance of coffee tree nurseries.

B. Exchange visits/knowledge sharing

Exchange visits have been regularly organised to allow lead farmers to share experience of farmers in other provinces of the country and also in Rwanda. In order to share its approach and thus harmonize the techniques used on the ground Kahawatu organises regular visits of local coffee stakeholders including public extension services institution, washing stations employees, government officers. Kahawatu participates in monthly radio broadcasts on the national radio channel to disseminate relevant good practices of coffee farming.

Component 3: Eco-sustainable management

A. Making compost manure

The promotion of organic fertilisers is one of the priorities of Kahawatu. Farmers have received training on how to make compost manure. Lead farmers have replicated the technology on their farms as they invited members of their groups to do the same. All farmers visited by the mission have their own compost manure facility. The major challenge is the supply of raw materials for the compost such as animal waste, ashes and biomass.

B. Soil analysis study

In order to adequately address the specific needs of the soils, Kahawatu has established a partnership with the CIRAD (France) and ISABU (Burundi) to launch a soil mapping project aiming to analyse the soil's characteristics in each of the project zones and to prescribe appropriate formula of fertilisation.

C. Climate change resilience

Training sessions have been organised on erosion control, integrated pest and diseases management, safe use of pesticides as well as sustainability standards. A new introduction to good agricultural practices has been the promotion of beetle traps to address the proliferation of berry borer population in coffee farms. Indeed, the traps are adapted to the

biology of the insect and its powerful attractive blend, the trap is a sustainable weapon to reduce the coffee berry borer population, which can cause yield losses of 30% with 100% of berries infested at harvesting time.

Conclusion

The model of Kahawatu is showing positive impact in Burundi as many coffee growers are replacing their old coffee trees with quality seedlings produced in nurseries. Yield per tree has increased substantially in project areas. New opportunities have emerged to expand Kahawatu's activities in Burundi and Rwanda in partnership with Nestlé and Sucafina. In addition, Kahawatu Foundation continues its fund raising activities.

**Qualitative and quantitative rehabilitation of coffee
with the aim of improving living conditions of coffee farmers
afflicted and displaced by war in the Democratic Republic of Congo
CFC/ICO/51**

Period covered by the report: January to June 2016

Status of project implementation

The four-year project aims of improving the living conditions of coffee farmers afflicted and displaced by war in the provinces of North and South Kivu. Funded mainly by the Common Fund for Commodities (CFC) through a grant the project has a total cost of US\$1,611,447. Of the total amount of grant provided by the CFC, an amount of US\$700,000 has been donated by the OPEC Fund for International Development. The Project Executing Agency, VECO, a Belgium NGO contributed to an amount of US\$242,457. The project was launched in March 2014 and is expected to end in February 2018.

After two years and a half of implementation, the project is still on track for coffee quality improvement (confirmed by trophies gained at different coffee competitions) through micro washing stations and the gathering of coffee growers into specialised coffee cooperatives. However, the access of these cooperatives to structural credit and the signing of buying intentions with buyers before the start of the coffee season remain the major challenges.

Component 1: Support to the sustainable increase of coffee productivity for smallholder coffee farmers.

1) Production and distribution of planting materials

Coffee nurseries have been set up and managed by small scale farmers as nursery entrepreneurs. With the assistance of the Catholic University of Graben in Butembo as well as the Research institute, INERA, selected Arabica varieties have been distributed to farmers (Table 1).

Table 1: Number of coffee seedlings produced and distributed by province

Provinces	Target	Current production	Achievement (%)	Distribution	% of production distributed
North-Kivu	2,000,000	1,222,610	61.1%	365,920	29.9%
South-Kivu	1,000,000	1,000,000	100%	840,127	84%

2) Support the adoption of good agricultural practices through Farmer Field Schools

Farmer trainings were organised through farmer field schools (FFS). The total number of Farmer Field Schools' trained resident facilitator has increased to 111 persons. Farmers were also organised into groups and cooperatives. The FFS aim to reinforcing good agricultural techniques like weeding, pruning, restoration of soil fertility, pest and diseases identification and control. 3,075 members of cooperatives are applying good agricultural practices (weeding, pruning, mulching, fertilising, selective harvest of cherries, pests and disease prevention using local knowledge) in their farms but there is still room for improvement. FFS are supported by INERA, UCG and a private consultant who is a certified FAO TOT trainer. Farmers are starting to buy pruning equipment (saw) with their own means. The number of FFS fell below the target due to the difficult working relationship with the ONC, National Coffee Authority. However, the yield has substantially increased in a number of project areas, including Idjwi (0.5t to 0.72 t/ha), Lubero (0.8t to 0.9 tonne/ha) and Beni (from 1.2t to 1.32 t/ha).

Component 2: Improving farm gate coffee prices through quality improvement

1) Washing stations

The target of 43 micro washing stations was already exceeded in the second year of the project implementation as the demand is too high. At the end of March 2016 over 40 washing stations were in operation while 58 are being built. Farmers contributed to the investment to set up washing stations. With the improvement of post-harvest treatment of coffee, the price paid to farmers has increased as quality has improved.

2) Access to market

Farmers have better opportunities to dispose of their cherries. The alternative of selling freshly harvest cherries directly to a nearby Mini Washing Stations gives farmers a better price and income. While local agents were buying farm-dried coffee at 0.6 US\$ per kg equivalent of cherries, the prices realised by farmers was around 0.33 US\$/kg. From 2014 up to now, cooperatives have produced 192.7 Mt of coffee and sold 37.4 MT to several buyers like Louis Dreyfus Company, Olam, Colruyt, Sucafina, Good Grounds, L Coffee and local buyers. Negotiations with other specialty coffee buyers (OR Coffee, 32 Cup, Tropicore, etc) are ongoing and hopefully cooperatives will be able to sign the first contracts for the upcoming 2016 main season soon.

This is the outcome of quality improvement within the micro washing stations. Coffee quality has been confirmed by independent cuppers in different coffee competitions. In Kampala, CKK won the trophy with 83,5 % (January 2016), and ended second in Saveur du Kivu with 86% (May 2016). This quality attracts big buyers worldwide and is an excellent promotion of Congolese single origin coffee.

Component 3: Enhancing the efficiency of value chain through better governance of the coffee sector

After the minister of finance had signed the decree reducing combined export taxes down to 0,25 % of FOB export value for four services under his authority according to agricultural law, actors met in order to set up mechanisms to control and measure in how far small farmers will get better of export taxes reduction. Current advocacy efforts are targeting ONC taxes as well as a redefinition of its roles for a vibrant export sector of agricultural produce.

Component 4: Inclusive project management and coordination

Province based VECO staff organise monthly field visits to support partner cooperatives in planning, organising and launching of activities and backstopping their personnel in different project matters. The project coordination gathered all actors who are actively supporting the production of planting materials and coffee sale in order to avoid contradicting approaches. Recommendations have been suggested from the two workshops held and VECO is radically changing its approach of accompanying plantlets production in coordination with other actors. Within a global partnership VECO has launched the assessment of all Coffee cooperatives to highlight strengths and weaknesses to become really self-sustaining business entities.

Conclusions and recommendations

The project remains very relevant to small-scale coffee farmers as it has accurately identified the main bottleneck of the sector. The project has made significant progress and marketing indicators resulting from considerable quality improvement in the MWS are very promising. This is bringing farmers back to their fields and opens them up to training on good agricultural practices and enlarging their farms with planting materials produced in nurseries. The fast rehabilitation of coffee production and the improvement of its quality has led to an increase in demand from project cooperatives. However, its implementation is hampered by the lacklustre cooperation between the PEA and the national coffee authority, ONC. A project supervision scheduled for November 2016 will address the issue with the Government and the ONC.