



Projects Committee
19th Meeting
8 September 2020
London, United Kingdom

**Building the post-covid-19 resilience of
Africa's coffee sector to market disruptions,
food, nutrition and income security**

Background

1. This document is a summary of a full project proposal prepared by the Inter-African Coffee Organisation (IACO) together with the ICO Secretariat and the Centre for Agriculture and Bioscience International, CAB International (CABI) to help African coffee producers tackle the impact of the covid-19 pandemic.
2. The proposal has been submitted to the European Commission through the African Union for consideration. The ICO is expected to focus its interventions by assisting in advocating and raising the awareness of the international community to the need to improve the sustainability and resilience of the coffee value chains in producing countries, as well as addressing the current and any other future disruptions in the food and nutrition systems of the coffee smallholder farmers. The Secretariat will also assist the African countries by monitoring and evaluating the project, in addition to helping raise the necessary funds.

Action

The Projects Committee is requested to consider this proposal and, if appropriate, to recommend its approval by the Council.

BUILDING THE POST-COVID-19 RESILIENCE OF AFRICA'S COFFEE SECTOR TO MARKET DISRUPTIONS, FOOD, NUTRITION AND INCOME SECURITY

I. Project summary

Project title: Building the post-covid-19 resilience of Africa's coffee sector to market disruptions, food, nutrition and income security

Duration: Three years

Location¹: Cameroon, Côte d'Ivoire, Ethiopia, Gabon, Ghana, Guinea, Kenya, Rwanda, Sierra-Leone, Togo and Uganda

II. Project description

Project background and rationale

The present proposal has been developed as part of the African Coffee Facility (ACF), a large-scale initiative by IACO and the ICO to transform Africa's coffee sub-sector into a vibrant and resilient industry. Prior to the onset of the covid-19 pandemic, IACO, together with the International Coffee Organization (ICO) and CAB International (CABI) had developed a large-scale regional programme, to be supported through the ACF, to transform the current smallholder coffee system from subsistence to modern and efficient commercial operation. With the outbreak of the covid-19 pandemic and the impact on the coffee activities and welfare of producers as reported by Member countries (see ICO report on the survey: [Impact of covid-19 on the global coffee sector: Survey of ICO exporting Members](#)), it became necessary to make an urgent appeal to development partners, such as the European Union, for immediate support while they are considering backing the full implementation of the ACF.

The ongoing covid-19 pandemic has thrown into stark reality one indisputable fact; the current structure of the agricultural sector is not working well for smallholder farmers and most producing countries in Africa. Since March 2020, the African continent has endured an enormous negative impact associated with the covid-19 pandemic. In East Africa, for example, Kenya has reported job losses in excess 130,000 in the formal sector alone, whereas in Uganda, over 5,000 companies have closed operations leading to loss of regular income for over 400,000 workers. Activities along the entire value chains across Africa have been disrupted, leading to stockpiling of coffee at farm levels, reduced prices to growers, reduced domestic consumption due to closures of coffee-roasting units, cessation of movements and meetings, and closure of distribution outlets.

¹ *These countries have responded to the request of the Secretary-General of IACO to participate in the initial phase of the project.*

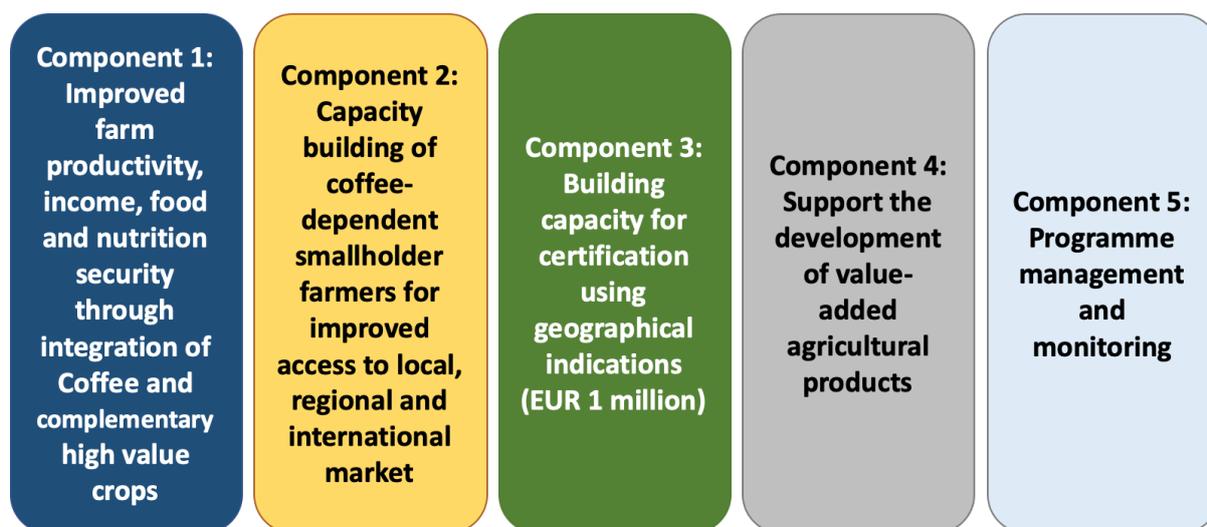
Responding to the impact of covid-19 therefore requires a multifaceted approach able to provide solutions that will enable African countries not only to weather the current impacts, but also to chart a path to sustained development in which jobs are created, food and nutrition security of the rural population is assured and governments are able to meet the UN Sustainable Development Goals. Coffee is an important component of this response, being a major source of employment and foreign currency earnings per capita in the producing countries. Production of the commodity sits in some of the high potential agro-ecological zones with high population densities and where high value nutritious foods can be grown.

Developing robust coffee-based food systems in these agro-ecological zones therefore presents a perfect opportunity to better weather and recover from covid-19 related shocks and to build systems that are resilient to any future biological, economic or environmental shocks.

Resilience approaches have the added advantage of being cost-effective, since they reduce the need to spend on cyclical crisis responses, while helping smallholder farmers secure their livelihoods. As the covid-19 pandemic unfolds and its socio-economic impacts get entrenched, IACO, ICO and CABI are deeply concerned about its consequences for the resilience of the coffee sector including the well-being, livelihoods and food security of vulnerable resource-poor rural communities, particularly smallholder coffee producers in Africa. The covid-19 crisis is already a serious impediment to the achievement of SDG-1 (eradication of rural poverty) while threatening SDG-2 of the United Nations (ensuring food security).

The main objective of the present proposal is:

To ensure sustainable intensification of the smallholder coffee farming systems to achieve income security devoid of the price volatility in the international markets, guarantee smallholder farmers food and nutrition security and promote the creation of entrepreneurial jobs beyond farming, both in the rural and urban centres. The project will support economic and social development in Africa through creating a resilient and inclusive coffee sector to overcome supply chain disruptions such those created by covid-19. The project components (Outcomes) are presented below.



Component 1: Improved farm productivity, income, food and nutrition security through integration of coffee and complementary high value crops (EUR 3 million)

- (i) Farmer registration and geo-referencing of farms.
- (ii) Assessment of soil fertility levels for the coffee landscape to guide fertilizer use for coffee and the associated crops.
- (iii) Strengthen integrated approach of coffee and food crops farming.
- (iv) Put in place personalised IT-enabled advisory system based on weather and soil parameters of the coffee ecosystems.

Component 2: Capacity-building of coffee-dependent smallholder farmers for improved access to local, regional and international market (EUR 4 million)

- (i) Support storage/warehousing capacity for coffee and Parkhouse establishments for complementary food crops.
- (ii) Develop warehouse-based credit support to local traders to maintain coffee purchase flow.
- (iii) Develop the capacity in compliance with target market requirements for both coffee and complementary crops to promote better access to high value markets.
- (iv) Build capacity in governance and financial literacy to improve bankability of coffee cooperatives and unions.
- (v) Build capacity of smallholder farmers in Good Agricultural and Processing Practices.

Component 3: Building capacity for certification using geographical indications (EUR 1 million)

- (i) Map out the unique smallholder coffee origins through geo-referencing and strengthening the quality management system in the region in line with target market requirements and practices.
- (ii) Establish, certify, and register Geographic Indications (GI) or origin differentiation based on the characterization of coffee growing *terroirs* (specific place, specific quality, reputation, etc.) to capture tangible and intangible value of certified coffee.
- (iii) Build the capacity of smallholder farmers to adopt quality and production practices defining their respective Geographic Indications (GI).
- (iv) Build trade marking and licensing management capacity through strengthening partnership with coffee importers, roasters, and retailers.
- (v) Roll out promotion of the certified origins to improve the positioning of the Georeferenced coffee in the target markets to facilitate value capture.
- (vi) Establish direct-sales channels and innovative relationship with local, regional and international roasters, and market outlets.

Component 4: Support the development of value-added agricultural products (EUR 2.5 million)

- (i) Build capacity of the youth and women in agri-SME management targeting the high value complementary crops.
- (ii) Strengthen capacity in post-harvest handling with emphasis in grading, packaging storage and post-storage handling of the high value crops.
- (iii) Broker linkages to remunerative markets through improved compliance in quality, quantity and timeliness of supply.
- (iv) Increase share of market value for processed agricultural commodities.
- (v) Explore models for additional technology capacity for SME or large roasters or producers in the sector to increase shelf life, etc.
- (vi) In the short-term, identify areas of covid-related impacts among the value chain operators where bank financing can bridge the gap.

Component 5: Programme management and monitoring (EUR 1.5 million)

- (i) **CABI for technical backstopping**, capacity-building for farmers and their cooperatives, the implementation of the programme and management of the programme resources: CABI has vast experience in coffee production, processing

and marketing. The institution has a broad-based, world acclaimed, expert base covering all aspects of crop production, processing and plant health. Market compliance in terms of Sanitary and Phytosanitary Standards is a core business for CABI. The institution is strong in knowledge management, particularly in digital solutions adaptable to extension agents and smallholder farmers.

- (ii) **IACO for supervision:** Working with the various focal points in the Member States, IACO will ensure that the objectives of the intervention are achieved. The IACO Secretariat will ensure that policy and regulatory support in the respective Member States will enhance the achievement of the project goals and will work closely with the African Union Commission on all coffee-related matters.
- (iii) **ICO for monitoring and evaluation:** The International Coffee Organization (ICO) is the main intergovernmental Organization for coffee, bringing together exporting and importing Governments to tackle the challenges facing the world coffee sector through international cooperation. Its Member Governments represent over 90% of world coffee production and over 67% of world consumption. The ICO's mission is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the coffee sector. Through monitoring and evaluation, applying sector-wide KPIs the ICO will assure the monitoring of the impact of the programme and the achievement of the expected results.
- (iv) **African Union Commission (AUC):** Ensuring that interventions are in line with the Comprehensive Africa Agriculture Development Programme (CAADP) and the African Union priorities of deepening food security and empowering agricultural communities in Africa. IACO has become an important partner of the African Union Commission, owing to the decision of the Summit in 2013 to begin a focus on commodity-led economic transformation of African economies. The AUC has invited IACO to participate in a series of consultative meetings in finalizing the African Union strategy on commodities and related institutions. Further, with the establishment of the African Continental Free Trade Agreement (AfCFTA), it has been acknowledged that coffee is one of the products that will be traded among African countries that currently import significant amounts of processed coffee. Thus, IACO has become an important partner to the AUC.
- (v) **European Union (country-level delegations):** Ensuring that interventions and impacts meet the objectives of the EU/Africa partnership to address the development challenges of African countries.

Programme cost and financing

In developed economies, relief has been given to companies to help them ease the effect of covid-19 on their operations. IACO and partners request the support of development partners such as the European Union to assist in this so that business opportunities can subsequently be created for sustainable credit.

The total budget of the programme in 11 countries is estimated at **EUR 12 million over three years**. As an emergency intervention to alleviate the impact of the covid-19, it is expected that the cost would be supported through grants from development partners (9.6 million) and counterpart contribution of recipient countries (Euro 2.4 million). In medium and long term, the resilience created will make operators eligible for loan financing requests and ability to consolidate their investments, thus creating business for the banks.

Summary budget estimates by component

Components	Euros (million)	Share of total cost
I. Improved farm productivity, income and food and nutrition security through integration of Coffee and complementary high value crops	3.0	25.0%
II. Capacity building of coffee-dependent smallholder farmers for improved access to local, regional and international market	4.0	33.3%
III. Building capacity for certification using geographical indications	1.0	8.3%
IV. Support the development of value-added agricultural products	2.5	20.8%
V. Programme management and monitoring	1.5	12.5%
Total	12.0	100.0%

III. Project logical framework

Logic of Intervention	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives: Promote sustainable resilience of the smallholder coffee systems to supply chain disruptions and market shocks	1. Income of coffee-based smallholder farmers increased and secured 2. Barriers to profitable, sustainable and inclusive African coffee value chains eliminated 3. Diversification of smallholder coffee system with high value complementary crops mainstreamed		
Specific Objective:			
1. Volume and value of smallholder coffee in the project countries sustainably enhanced	i. Training on Good Agricultural Practices undertaken for at least 75% of the smallholder coffee farmers in the project countries by end of Year 2 ii. Training on Good governance and financial literacy undertaken for at least 75% of farmers Cooperatives and Unions in the project countries by end of Year 2 iii. Over 75% of the farmers and farmer organizations in the project countries linked to production and marketing services by end Year 2	Country coffee authority reports ICO reports IACO reports Independent end project evaluation reports	1. Farmers willing to stay in coffee farming 2. Continued government goodwill and budgetary support for coffee renaissance 3. Appropriate policy on the environment prevail 4. Continued growth on global demand coffee
2. Options for sustainable diversification of smallholder coffee systems in the project countries designed and rolled out	i. Selection of high value enterprises and nutritious food crops completed by 2 nd quarter of Year 1 ii. Toolkits on sustainable diversification practices for smallholder coffee systems made available by end of Year 1 iii. Sensitisation and capacity building of smallholder farmers undertaken by end and Year 1 iv. Organized marketing system for surplus food crops put in place		5. Continued positive socio-economic growth in the African countries 6. International coffee prices do not slump below economic levels 7. Peace and stability in coffee-producing countries sustained and/or improved 8. Youth would be attracted to the sector due to increased use of technology, and enhanced productivity and income
3. Youth and women managed micro and small to medium agri-businesses for coffee and the associated diversification enterprises piloted and scaled up	i. Investable business ideas for Micro, Small and Medium-sized Enterprises (MSMEs) by youth and women in diversified smallholder coffee system vetted through call for proposal system and winning ideas compiled by 1 st half of Year 2		9. Increased investment in the coffee value chain will lead to increased employment, increased

Logic of Intervention	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	<ul style="list-style-type: none"> ii. Capacitation of the prospective entrepreneurs of the winning ideas initiated by 3rd quarter of year 2 iii. Investor and buyers networking events initiated by 3rd quarter of year 3 		<ul style="list-style-type: none"> 10. African Agripreneurs will be willing to invest in value addition of coffee and associated crops 11. Private sector commitment to the Facility secured in a sustainable fashion 12. Adequate resources and inputs are made available in a timely fashion
4. Access to high value market segments for coffee and associated high value enterprises secured	<ul style="list-style-type: none"> i. Potential markets for the high-quality coffee and associated diversification products catalogued by end of year 2 ii. At least 65% of the producers and MSMEs compliant with market requirements of volume, quality safety and timeliness by end of year 2 iii. Buyer matchmaking events high-quality coffee and associated diversification products initiated by 1st quarter of year 3 		

Expected Results		Year	Estimated cost
1. System for capacity building for smallholder coffee farmers to apply Good Agricultural Practices in coffee and associated crops developed and implemented (Sub component 1)	<ul style="list-style-type: none"> i. Baseline situation analysis completed by end of Year 1 ii. Comprehensive soil and leaf analysis to guide fertilizer application in coffee and associated crops completed in the project countries by end of Year 2. iii. Digital soil fertility and fertilizer maps for the respective coffee-growing regions developed and rolled out by end of Year 3. iv. Requisite inputs including seeds and seedlings and agro-inputs (fertilizers, manure, pesticides) quantified and required investment documented by end of Year 3 v. System for mass propagation and distribution of seed and seedlings of improved varieties put in place by mid of Year 2 	<ul style="list-style-type: none"> i. Year 1 ii. Year 2 iii. Year 3 iv. Year 3 v. Year 2 vi. Year 4 vii. Year 2 viii. Year 2 	

Expected Results		Year	Estimated cost
	<ul style="list-style-type: none"> vi. Electronic-based systems, including e-voucher system for efficient delivery of inputs to the smallholders developed and rolled out by mid of Year 4 vii. Personalised real-time extension support system for smallholder coffee farmers developed and rolled out by end of Year 2 viii. Environmentally responsible and climate smart Good Agronomic Practices relevant for diversified smallholder farming system designed and rolled out by end of Year 2. 		
<p>2. Efficiently managed farmers cooperatives operationalized in the project countries (Sub component 1)</p>	<ul style="list-style-type: none"> i. Training curricula and modules on financial literacy and good governance developed by mid of Year 2 ii. Training programmes in financial literacy and good governance for farmers and cooperatives developed and rolled out by last quarter 1 of Year 2 iii. At least 50% of farmers' cooperatives applying sound financial and cooperative governance practices by end of Year 3 iv. Contractual arrangements to foster predictable revenue streams from coffee sales facilitated for 75% of the cooperatives by end of Year 4 	<ul style="list-style-type: none"> i. Year 2 ii. Year 2 iii. Year 3 iv. Year 4 	
<p>3. Diversified and intensive smallholder coffee systems incorporating high value non-coffee enterprises mainstreamed</p>	<ul style="list-style-type: none"> i. At least 50% of the smallholders practicing sustainable diversification approaches by end of Year 3 ii. Marketing infrastructure for complementary products and surplus food crops streamlined by Year 3 iii. At least 50% of the smallholder coffee producers are food self-sufficient by end of Year 3 	<ul style="list-style-type: none"> i. Year 3 ii. Year 3 iii. Year 3 	
<p>4. Viable youth and women managed MSMEs for coffee and the associated diversification enterprises operating at scale in the project countries</p>	<ul style="list-style-type: none"> i. Concrete MSME investment opportunities in diversified coffee value chains identified and quantified by end of Year 1 	<ul style="list-style-type: none"> i. Year 1 ii. Year 2 iii. Year 3 iv. Year 3 v. Year 3 	

Expected Results		Year	Estimated cost
	<ul style="list-style-type: none"> ii. Pioneer youth and women with demonstrated business acumen selected and supplemental business training provided by end of Year 2 iii. Business incubators for women and youth-managed MSMEs and mentorship programmes activated by 3rd quarter of Year 3 iv. Start-up kits to facilitate the establishment of women/youth led Coffee Management Services designed put in place and by end of Year 3 v. Financing mechanisms to de-risk the coffee-based SMEs developed and rolled out by the end of Year 3 		
<p>5. System for buyer matchmaking for direct trade relationships with smallholder coffee farmers in Africa established and rolled out (Component 2)</p>	<ul style="list-style-type: none"> i. Geographic Indications and Traceability system for 50% of smallholder coffees in the project countries put in place by end of Year 4 ii. Appropriate niche markets amenable to access by African coffees identified and compliance criteria for accessing the markets documented by end of Year 2 of the project iii. Standard Operating Procedures (SOPs) for compliance with the niche market requirements developed and capacity-building in compliance initiated by end of Year 2 iv. At least 2 buyer matchmaking events organized per year for the smallholder coffees starting from Year 3 of the project v. Value addition options for coffees and associated on-farm enterprises identified and capacity-building initiated by end of Year 3 	<ul style="list-style-type: none"> i. Year 4 ii. Year 2 iii. Year 2 iv. Year 3 v. Year 3 	
<p>6. Partnership and support tools for knowledge management in African coffee sector established (Component 4)</p>	<ul style="list-style-type: none"> i. Relevant partnership and support tools for knowledge management in African coffee sector established and operationalized by end of Year 2 	<ul style="list-style-type: none"> i. Year 2 ii. Year 3 iii. Year 3 iv. Year 5 	

Expected Results		Year	Estimated cost
	<ul style="list-style-type: none">ii. Capacity to transform technical information for ease of application by respective value chain players put in place by end of year 3iii. Innovative tools to facilitate collection, dissemination and access to relevant coffee information designed and built up by end of Year 3iv. Repository of coffee research information to facilitate access by IACO member countries built operationalized by end of Year 5		