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**Revitalization of the coffee industry in Yemen
(a project to engage, motivate and equip
industry stakeholders to improve the
productivity, quality and market access of
Yemeni coffee and slow down the rate of
expansion in qat production)**

Background

1. This document contains a summary of the full proposal prepared with the Project Preparation Facility (PPF) financing of the Common Fund for Commodities (CFC). The proposal aims at enhancing grower incomes, upgrade and improve processing capabilities, create a more efficient internal marketing structure, and facilitate the formation of cooperatives, grower associations and other groups based around the provision of technical services to all sectors of the industry. One of the specific objectives of the project is to slow down the rate of increase in qat production by demonstrating that well-managed coffee can provide farmers with significantly better returns..
2. For the implementation of the project, the CFC contributed US\$250,000 in April 2013. The balance is still being sought.

Action

The Projects Committee is requested to note this document.

PROJECT SUMMARY

Project title:	Revitalization of the coffee industry in Yemen (a project to engage, motivate and equip industry stakeholders to improve the productivity, quality and market access of Yemeni coffee and slow down the rate of expansion in qat production)
Submitting ICB:	International Coffee Organization
Duration:	5 Years
Location:	Republic of Yemen
Nature of project:	This project will promote a holistic, integrated, more demand-responsive approach to the strategic development of the industry concentrating improving productivity at the farm level, improving quality, promoting more efficient use of water, on capacity building and enhancing connectivity at all stages of the coffee value chain. The aim is to enhance grower incomes, upgrade and improve processing capabilities, create a more efficient internal marketing structure, and facilitate the formation of cooperatives, grower associations and other groups based around the provision of technical services to all sectors of the industry. One of the specific objectives of the project is to slow down the rate of increase in qat production by demonstrating that well-managed coffee can provide farmers with significantly better returns.
Total Cost:	US\$4,884,900
CFC financing:	US\$250,000
Other donors:	US\$3,844,600
Counterpart contribution:	US\$790,300
Project Executing Agency:	Tbd
Collaborating institutions:	Ministry of Agriculture & Irrigation (MAI) Small & Micro Enterprise Promotion Service (SMEPS) Yemen Standardisation Metrology & Quality Control Organisation; Yemen Coffee Association
Supervisory body:	International Coffee Organization
Estimated start date:	2013

LOGICAL FRAMEWORK

Revitalization of the coffee industry in Yemen (a project to engage, motivate and equip industry stakeholders to improve the productivity, quality and market access of Yemeni coffee and slow down the rate of expansion in qat production)

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
Goal			
To improve productivity and efficiency throughout the national coffee supply chain.	<ul style="list-style-type: none"> An increase in coffee productivity in the seven targeted governorates (namely: Sana'a; Al-Mahwit; Amran, Lahj, Hajjah, Abyan and Taiz) A slowing down in the rate of expansion of qat output An increase in annual coffee export revenue An increase in the participation by women (women's group formation etc.) Price differentiation at all levels throughout the supply dependent upon quality. 	<ul style="list-style-type: none"> National Statistics Reports by PEA ICO/CFC reports Evaluation reports Other International agency reports 	<ul style="list-style-type: none"> Reasonable level of political stability, both nationally and regionally Continued support of the Government No major climatic or natural disasters No major collapse in global coffee prices
Purpose			
To improve the livelihoods of growers and other sector participants by revitalising the Coffee industry and slowing down the rate of expansion in qat output.	<ul style="list-style-type: none"> An increase in average yields of at least 50% in the targeted Governorates An improvement in the social-economic welfare of farmers in the targeted Governorates An increase in annual exports 	<ul style="list-style-type: none"> National Statistics Reports by PEA ICO/CFC reports Evaluation reports Other International agency reports 	<ul style="list-style-type: none"> Reasonable level of political stability, both nationally and regionally Continued support of both the Government, both nationally and locally in the targeted Governorates No major climatic or natural disasters No major collapse in global coffee prices All project participants cooperate efficiently and effectively.
Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
Outputs			
Improved institutional capacity	<ul style="list-style-type: none"> MAI coffee department access to the internet Recruitment of an agricultural economist Studies undertaken by appointed staff Recruitment of permanent staff to the Yemen Coffee Association. 	<ul style="list-style-type: none"> Reports by PEA ICO/CFC reports Evaluation reports Other International agency reports 	<ul style="list-style-type: none"> Continued support of both the Government, both nationally and locally in the targeted Governorates All project participants cooperate efficiently and effectively.
Improved communication between different industry stakeholders and also between the industry and Government	<ul style="list-style-type: none"> Membership details of the Yemen Coffee Association (number, categories etc.) Number and frequency of meetings of the Yemen Coffee Association 	<ul style="list-style-type: none"> Yemen Coffee Association annual reports PEA reports ICO/CFC reports Evaluation reports Other International agency reports. 	<ul style="list-style-type: none"> Widespread industry support with all project participants cooperating efficiently and effectively.

Increased productivity	<ul style="list-style-type: none"> • An increase in average yields of at least 50% in the targeted Governorates • Higher coffee related income • Higher recovery rates • Slower expansion in the area devoted to qat • Number of farmers trained • Number of women trained • Publication of recommendations on varietal suitability and adaptability • Number of drip irrigation units supplied. 	<ul style="list-style-type: none"> • PEA reports • Evaluation reports • National Statistics • Relevant publications. 	<ul style="list-style-type: none"> • Continued support of both the Government, both nationally and locally in the targeted Governorates • No major climatic or natural disasters
Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
Differentiated and improved grower prices are achieved through quality improvements and enhanced partnerships throughout the coffee supply chain.	<ul style="list-style-type: none"> • Differentiated prices offered at local markets and under different contractual supply arrangements 	<ul style="list-style-type: none"> • PEA reports • Evaluation reports • National Statistics. 	<ul style="list-style-type: none"> • All project participants cooperate efficiently and effectively.
Improved recovery rates of higher quality coffee post processing	<ul style="list-style-type: none"> • Number of farmers attending training days • Number of farmers participating in the cupping exercises • Number of seedlings distributed • Number of solar assisted drying units installed • Throughput of the mobile hulling units • Number of processors trained. 	<ul style="list-style-type: none"> • PEA records and reports • Evaluation reports. 	<ul style="list-style-type: none"> • No major climatic or natural disasters • No major collapse in global coffee prices • All project participants cooperate efficiently and effectively.
Functioning, efficient cooperatives and other service based groups in all the targeted Governorates.	<ul style="list-style-type: none"> • Number of groups formed • Number of women's groups • Number of management workshops conducted. 	<ul style="list-style-type: none"> • PEA records and reports • Evaluation reports. 	<ul style="list-style-type: none"> • All project participants cooperate efficiently and effectively.
Better informed growers able to make plans and create simple budgets.	<ul style="list-style-type: none"> • Number of growers switching to coffee from qat • Number of training sessions held • Number of women participating in the training sessions • Number of pamphlets and other literature distributed. 	<ul style="list-style-type: none"> • PEA records and reports • Evaluation reports. 	<ul style="list-style-type: none"> • That a sufficient number of farmers have the necessary numerical skills to benefit from such training • That qat prices remain stable and do not escalate excessively
A set of coffee standards is enshrined in law or industry regulations.	<ul style="list-style-type: none"> • Publication of coffee standards applicable in Yemen 	<ul style="list-style-type: none"> • Official publications • Yemen Coffee Association annual reports • PEA records and reports. 	<ul style="list-style-type: none"> • Continued support of the Government • All project participants cooperate efficiently and effectively.

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
<p>A more efficient and transparent marketing chain from growers through to the point of export</p>	<ul style="list-style-type: none"> • Improved grower prices • Percentage of the crop purchased via formal contracts • Number of participants in the mobile phone 'Coffee' network • Number of samples sent overseas • Number of contacts made during trade show participation • Export statistics. 	<ul style="list-style-type: none"> • Yemen Coffee Association annual reports • MIA media department reports and publications • Exporters' records • SCAE reports • Trade show contact records • PEA records and reports. 	<ul style="list-style-type: none"> • Internal political stability and security • Mobile phone network in Yemen continues to expand • Exporters are able to obtain visas to attend tradeshows
<p>The programme is managed in an efficiently and professionally in an inclusive and transparent way.</p>	<ul style="list-style-type: none"> • Professional management of the project is available to the project at its inception or during the first quarter • Detailed annual workplans and budgets are developed and implemented • Financial, administrative, procurement and logistic procedures are developed and operationalized during the first quarter of the project • Reporting procedures are developed at the commencement of the project and adhered to throughout the lifetime of the project • Baseline data is gathered during the first quarter of the project against which the mid-term and final evaluation will be compared. 	<ul style="list-style-type: none"> • ICO/CFC reports • Evaluation reports • Regular project monitoring reports 	<ul style="list-style-type: none"> • Reasonable level of political stability and security, both nationally and regionally • Continued support of the Government • No major climatic or natural disasters

Narrative Summary	Objectively verifiable indicators	Means of verification	Assumptions
Activities	Level of expenditure		
4.1 Institutional capacity building		ICO/CFC reports	
<i>MAI Coffee Department</i>	US\$60,300	Annual audited accounts	
<i>Yemen Coffee Association</i>	US\$174,000		
4.2 Improving on farm productivity		Regular project monitoring reports	
<i>Participatory extension</i>	US\$1,856,000	Evaluation reports	
<i>Targeted research</i>	US \$60,000		
<i>Better Water Management</i>	US\$250,000		
4.3 Quality Improvement			
<i>Preserving intrinsic quality</i>	US\$324,400		
<i>Improving physical quality</i>	US\$547,000		
4.4 Group formation			
<i>Group formation facilitation</i>	US\$150,000		
<i>Strengthening existing groups</i>	US\$50,000		
4.5 Financial literacy training			
<i>Financial literacy training</i>	US\$72,500		
4.6 Industry standards			
<i>Grades and Standards establishment</i>	US\$35,000		
4.7 Enhancing market efficiency	US\$150,000		
<i>Strengthening supply chain linkages</i>	US\$135,500		
<i>Improving connectivity</i>			
<i>Strengthening overseas market Links</i>			
5.0 Project management	US\$773,000		