INTERNATIONAL COFFEE ORGANIZATION

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Best practice management of coffee berry borer (CBB) and coffee leaf rust (CLR) to improve Panama's capacity to export specialty coffees

Background

1. This document has been submitted by the Government of Panama and contains a concept note for a project aimed at assisting the country in integrating management techniques to maintain and rebuild Panama's capacity to export specialty coffees and to promote cooperation between public and private sectors regarding research, innovation and promotion.

2. The concept note responds to criteria established by the World Trade Organization – Standards and Trade Development Facility (STDF) – for Project Preparation Grant (PPG) to develop the project in full.

3. The proposal has been circulated to the Virtual Screening Sub-committee (VSS) for assessment and will be considered by the Projects Committee in September 2013. A copy of the full project proposal is available in English upon request.

Action

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

PROJECT SUMMARY

1.	**Project title:**	Best practice management of coffee berry borer (CBB) and coffee leaf rust (CLR) to improve Panama's capacity to export specialty coffees
2.	**Duration:**	Eight months
3.	**Location:**	Panama
4.	**Brief description:**	During the project preparation period the national team of experts under the coordination of an international consultant will carry out a survey of the situation of the pest/disease in the country, on the basis of which they will develop the framework for the proposal in the field together with the stakeholders.
5.	**Estimated total cost:**	US$40,000
6.	**Budget requested from STDF**	US$30,000
7.	**Co-financing:**	ICO supervision (in kind – US$2,500) and national experts (in kind – US$7,500)
8.	**Counterpart contribution:**	National experts' contribution – in kind
9.	**Project Executing Agency (PEA):**	Ministry of Agricultural Development (MIDA) together with the international consultant (as coordinator)
10.	**Supervisory Body:**	International Coffee Organization (ICO)

STANDARDS AND TRADE DEVELOPMENT FACILITY (STDF)
PROJECT PREPARATION GRANT (PPG)

I. BACKGROUND AND RATIONALE

Introduction

In Panama there are approximately 8,050 coffee growers, who produce about 216,600 quintals (1 quintal = 100 lbs or ca. 45 kg) of green coffee beans, more than 60% of which are exported.

The country exports mostly specialty coffees, worth about US$15 million per annum. The lack of control capacity against the most serious pests and diseases could mean a loss of international markets. The subsequent loss of employment would increase poverty thus affecting the quality of life for the inhabitants of rural areas.

Coffee plays a key role in economic development and is the country's third largest agricultural export, with an annual value of US$70 million. It is also an important source of labour employing people with few resources, principally indigenous people (67% of the work force).

About 32,000 people are employed permanently in coffee production, while during harvest time an extra 72,000 temporary workers are needed for a period of four months.

Phytosanitary problems and obstacles

The coffee berry borer and coffee leaf rust are two pests that simultaneously reduce productivity and threaten coffee growing in Panama, causing serious productivity problems due to the devastation of coffee plantations by coffee rust and the increased activity of the coffee berry borer.

The magnitude of the damage has a negative impact on both the country's coffee exports, and the economy of the service providers in the coffee production value chain. The losses for 2014 are estimated at 100,000 quintals, representing a value of US$16 million. It is likely that during the years to come this loss will be even bigger.

The coffee berry borer *(CBB)* (*Hypothenemus hampei)* has recently emerged in the lowland plantations of Robusta coffee (*Coffea canephora)* where it is spreading, possibly due to climate change, which is providing more favourable conditions for its development. CBB damage is twofold; it reduces the quantity of harvestable coffee berries as well as their quality.

Coffee leaf rust (CLR) caused by a fungus *(Hemileia vastatrix)* has been present in the country for a number of years, but with the appearance of a vigorous new strain of this fungus, damage to the coffee plantations cannot be prevented. This new strain destroys coffee plants and cannot yet be controlled. Therefore its spread needs to be stopped, to prevent further damage. The whole coffee production chain is affected and the economic impact is worsened by the appearance of the rust fungus known in the country as *Ojo de Gallo* (Eye leaf spot caused by the fungus *Mycena citricola*). In many production zones the latter is considered the principal disease of coffee. Outbreaks of Eye leaf spot are triggered by unfavourable climatic conditions. Both diseases only affect *Coffea arabica.*

The country runs the risk of losing its position as a provider of specialty coffees, if coffee growers start using non-authorized chemical control methods.

New regulations by the European Union, the USA and Japan have established Maximum Residue Limits (MRLs) for pesticides permitted on imported foods, including coffee. Exceeding these MRLs may cause shipments of coffee to be rejected by these authorities and deprive coffee growers of their income. Cases have been reported where shipments were refused entry due to failure to adhere to the set Sanitary and Phytosanitary Measures (SPS) criteria. As a consequence poverty in rural areas is likely to increase.

Past and present national programmes

Previous programmes on the coffee berry borer have been relatively successful locally. Two projects organized by the Ministry of Agricultural Development (MIDA) in cooperation with FAO (2001–2003) were aimed at preventing the spread of CBB in the country. Nevertheless the range of the CBB has extended to lowland coffee growing areas.

A third project was proposed which intended to integrate systematically several possible control techniques and to use the farmer field school approach but this proposal did not receive finance. The Plant Protection Directorate has been doing everything possible to address the spread of CBB using its own resources.

The unforeseen outbreak of a new strain of coffee leaf rust is unprecedented and is likely to have an enormous impact on production and therefore coffee export levels, and as a consequence will increase rural poverty. Due to its urgency and recent discovery the problem has not yet been addressed adequately and immediate action is required. Regional cooperation with neighbouring countries may be necessary.

Other potential donors

The PPG request is also being discussed with USAID by MIDA-Panama.

II. IMPLEMENTATION AND BUDGET

Implementation

The ICO will monitor the development of the proposal and will supervise its subsequent implementation if funding is secured. The consultant, Dr Gerrit van de Klashorst, would be the Project Coordinator and, together with a national team of experts, would implement the project in Panama.

Activities and budget

The main activities and budget to be carried out under this PPG are described in the table below.

Activity	**Responsible**	**Estimated budget (US$)**
Data collection, workshops and preparation of final proposal	**ICO with consultant and national team**	
Technical assistance by international consultant 40 days @ $350		**14,000**
Travel cost for international consultant Netherlands–UK–Panama vice versa		**2,300**
Local travel cost for international consultant		**700**
DSA consultant (in Panama, London) 21 days		**3,800**
National assistance If used, national consultant, travel cost, etc.	**National team, part provided in kind**	**10,000**
Stakeholder workshops Panama		**5,000**
General operating cost, logistics, etc.		**1,700**
Supervision	**ICO, provided in kind**	**2,500**
Total		**40,000**