

**Report of the Projects Committee on the  
meeting held on 6 March 2014**

1. The Projects Committee, chaired by Ms Ina Grohmann of EU-Germany, met in London, United Kingdom on 6 March 2014.

**Item 1: Adoption of the Agenda**

2. The Committee adopted the draft Agenda contained in document [PJ-63/13 Rev. 1](#), and decided to consider Item 4 before Item 3 in the order of the Agenda.

**Item 2: Election of Chairperson and Vice-Chairperson for 2013/14**

3. The Committee appointed Ms. Ina Grohmann of EU-Germany as Chairperson and Mr. Oke Nurwan of Indonesia as Vice-Chairperson for 2013/14.

**Item 3: Coffee development projects****Item 3.1: Projects under consideration by the ICO**

4. The Committee noted that document [PJ-68/14](#) contained a progress report on projects, and document [PJ-67/14](#) contained the report of the Virtual Screening Subcommittee (VSS) on one revised and three new project proposals.

*Improving and protecting coffee production through managed pollination  
and disseminating biological control agents against pests and diseases*

5. Document [PJ-64/13](#) contained a concept note for a new proposal submitted by the Arthur Dobbs Institute. The VSS had considered the proposal for the first time in February 2014 and was split on whether to reject or endorse the proposal, taking into consideration

technical comments provided. The Committee noted that in cases where there was no clear recommendation for approval from the VSS, a project should not be considered further. The project should be revised and resubmitted to the Committee.

*Improving the participation of women in the coffee value chain in Cameroon*

6. Document [PJ-66/14](#) contained a new proposal submitted by the Cocoa and Coffee Inter-professional Council (CICC). The VSS had considered the proposal for the first time in February 2014 and had recommended that it should be endorsed taking into consideration technical comments provided. The Committee took note of this information and decided to recommend that the project should be approved by the Council.

*Promotion of coffee production in Zimbabwe through establishing nurseries, replanting and capacity building of farmers*

7. Document [PJ-65/13](#) contained a concept note for a new proposal submitted by the Government of Zimbabwe. The VSS had considered the proposal for the first time in February 2014 and was split on whether to endorse or reject the proposal. The Committee noted that as there was no clear recommendation for approval from the VSS, the project should be revised and resubmitted to a future meeting. The Committee further noted that the concept of the project was valuable.

*Valorization of the Ethiopian coffee origins for marketing improvement*

8. The Committee noted that in September 2013, on the recommendation of the VSS, the Projects Committee had agreed that the project submitted by the United Nations Industrial Development Organization (UNIDO) and illycaffè contained in document [PJ-46/13 Rev. 1](#) should be revised and submitted for consideration at the next meeting. Since that time, the proponents had sent the project directly to the Common Funds for Commodities (CFC) for consideration. The CFC was potentially interested in the proposal and the revised version was being circulated for information. The Committee took note of this information.

9. The Committee noted that a project could be rejected by the ICO but still be submitted to the CFC and the ICO would need to consider the implications of this further. It agreed that projects which did not come with a clear recommendation for approval from the VSS should not go forward for approval without this as they might otherwise be incomplete in preparation and add to the number of projects already in the pipeline.

**Item 3.2                      Projects under consideration by donors**

10.     The Head of Operations reported that, as requested by Members in March 2013, the ICO had resubmitted 25 projects (both new and in the pipeline with potential for funding) to the CFC, which had advised that it would not consider them for funding. The Committee took note of this information.

**Item 3.3                      Projects already approved**

11.     The Committee took note of document [PJ-68/14](#) containing a progress report on the implementation of projects approved by the CFC and other donors.

**Item 3.4:                      Recently concluded projects**

12.     The Committee noted that document [PJ-70/14](#) contained a report on the following concluded projects:

- Building a financial literacy toolbox to enhance access to commodity finance for sustainable SMEs in emerging economies
- Pilot rehabilitation of neglected coffee plantations into small family production units in Angola
- Promoting the intensification of coffee and food crops production using animal manure in areas covered by the project CFC/ICO/30 in Burundi.

13.     In response to questions about evaluation of projects with a particular level of funding or period of implementation, the Committee noted that projects were evaluated every two years by the CFC and ICO, and completion reports based on CFC requirements were prepared and sent to Members. The results were also presented at concluding workshops. The Committee further noted that the policy for evaluation arrangements for the CFC was similar to that of the EU. Small projects were evaluated internally, as the cost would otherwise outweigh the benefits, although external consultants participated in the process, and larger projects were externally evaluated. The outputs of projects were also reviewed two to three years after they had ended.

**Item 4:                        Project activities**

**Item 4.1:                      Common Fund for Commodities (CFC)**

14.     The representative of the CFC reported on CFC policies and developments. A copy of his presentation is available on the ICO website ([presentation CFC](#)). The CFC was still in transition and a Committee had been established to review the Agreement. In response to questions he said that the main policy change was that projects could be submitted to the

CFC without going through International Commodity Bodies (ICBs), and there had been a shift from grant-based projects to projects with a larger loan component. Grants might still be possible for projects involving capacity-building or strengthening cooperatives. There were two Calls for Proposals each year and projects were approved within six months, after being considered by the Consultative Committee and approved by the Executive Board. Projects ranged in size from US\$200,000 to US\$2-3 million. If projects were not accepted through the process of the Open Call, they would need to be resubmitted.

**Item 4.2: Fundraising and communication strategies**

15. The Head of Operations said that for the last 18 years the ICO had relied on the CFC for funding for projects, and the Organization was now focussing on identifying alternative sources of finance in view of the changes in CFC policies. The Organization had developed a database of donor organizations which would be ready in the next month, and would be made available on a new Members only section of the ICO website once the website had been redesigned. Interns were assisting with this work, and more research on the priorities of potential donors would be carried out. He would report further on fundraising aspects at the next meeting, including on how the database resource would be used by Members.

**Item 4.3: Challenges for ICO projects**

16. The Chief Economist made a presentation on addressing new challenges for coffee development projects. A copy of this presentation is available on the ICO website ([Addressing new challenges](#)). To meet the new challenges arising from changes in CFC policies, it was proposed that development projects should include a profitability component. The role of the Secretariat in project design should be enhanced to make use of its expertise in this area. In addition to developing a list of potential donors supporting coffee sector development, it was also proposed to establish closer relationships with financial institutions. The ICO could also develop its role as a Project Executing Agency (PEA) to directly implement some projects or studies, or training sessions. ICO guidelines and project assessment criteria would need to be adapted and Members would also need to consider whether projects in the pipeline were still current or should be removed from the pipeline.

17. In discussions on this item, the point was made that the idea of a task force to assess previous proposals was useful, to assess what was lacking and to update them. This would increase the likelihood of matching proposals with the priorities of different donors and obtaining funding. There was a need to be more realistic about which proposals had potential for funding. Caution was needed about developing the role of the ICO as PEA as this would require resources and many donors had expertise in this field already.

The ICO should consider the added value involved, as this was a complex area which required procurement expertise and additional costs. The Committee noted that while there might be resource constraints on developing the role of the ICO as PEA, there could be a role for the Organization in holding seminars and workshops with partners to disseminate knowledge and information.

18. It was suggested that, as there was now a parallel structure whereby projects could be submitted either directly to the CFC or via the ICO, the Organization should look carefully at the added value it could provide through screening projects to justify the costs involved. Projects needed to be updated if they had been in the pipeline for over a year as they would otherwise lose their relevance, and this too could imply additional costs. It was also suggested that there could be added value for the ICO in acting as a clearing point or centre of reference of priorities of other agencies. Where there was a match with the priorities and projects, these could then be submitted to donors for funding.

19. The point was made that ICBs had an overview of the needs of commodities, and now that other organizations could submit projects directly to the CFC, there was no longer a mechanism to assess the impact of projects, including possible negative repercussions for the sector. There was a need to consider how countries could consult ICBs on how projects might impact on the commodity chain, in view of their considerable knowledge and expertise on projects. The changes in the CFC reflected shifts in commodity agreements since the 1990s. In some cases countries were not members of the CFC and required funding, and there were also commodities without ICBs or the capacity to submit projects. The CFC valued the relationship with ICBs which could continue to submit projects to it, it discussed strategy and shared information with them, and relied on their technical capacity to guide it.

20. The Committee noted that while there was a need to review projects in the pipeline, only the Council had the mandate to withdraw them, as noted at the 111<sup>th</sup> Session of the Council. The Committee further noted that there was broad support for a collective endeavour to review projects in the pipeline and to look into the terms of reference of the VSS and other project procedures. It would be useful to set up a task force of Members to review all pipeline projects by September 2014. The Committee noted that Colombia and Ecuador were willing to participate on the task force. It requested the Secretariat to prepare guidelines on how the task force would operate to enable Members to decide whether they had the capacity to participate in it, and to send this to all Members in the next ten days. Members interested participating in the task force should provide the name of their representative to the Secretariat within the next four weeks. Finally, the Committee noted that all Members were invited to come up with proposals for projects in the pipeline and the general approach for projects.

**Item 4.4: Project assessment document**

21. The Chief Economist introduced document [PJ-17/11 Rev. 4](#) containing revisions to the project assessment document to take into account of the new requirements of the CFC.

22. In discussions on this item the point was made that developing and assessing proposals entailed costs. There were already many projects in the pipeline and efforts should be made to ensure that proposals had a good chance of financing. It was suggested that the assessment document should be split into two parts. There should be a section with questions on priority areas with yes and no responses, with 'yes' responses being a precondition for going forward for funding. There should also be a section with questions with a total score of up to 100, with the score for each question clearly defined, so that the proponents could determine what was essential or not. This could help to improve the quality of proposals and reduce time and resources in preparing them. The review process should be as stringent as possible to improve the chances of getting funding once projects were approved by the ICO. The Committee took note of this information and agreed that this document should be reviewed by the task force on projects.

**Item 5: Cooperation with other agencies**

*Brazilian Agency for Cooperation (ABC)*

23. The representative of Brazil reported on the implementation of the Memorandum of Understanding to promote triangular technical cooperation in coffee producing countries. Document PJ-71/14 contained a report on the visit by the delegation of Cameroon to Brazil in connection with its proposal for technical assistance from the ABC which was approved by the Council in September 2013. The delegation had visited a number of producing regions in Brazil and established contacts with key stakeholders. It had explored technical cooperation opportunities to support the revival of coffee farming in Cameroon, including the organization of coffee producers and the organization of marketing and domestic consumption. The visit of a Brazilian delegation to Cameroon would be arranged in the second half of 2014 and further information about this would be sent to Cameroon and the ICO in due course. The Committee took note of this information and further noted that Cameroon greatly appreciated the support and cooperation extended to it by Brazil.

*IDH (Sustainable Trade Initiative)*

24. The Committee noted that the Head of Operations had visited the IDH (based in the Netherlands) to discuss project facilities and its work. The purpose of the visit was to learn more about its operations and funding arrangements for projects, which required 70% funding from the private sector.

**Item 6: Other business**

25. The Committee noted the interest by Laos in membership of the ICO and the option of approaching the CFC directly through the Open Call for Proposals without being a member.

**Item 7: Date of next meeting**

26. The Committee noted that the next meeting would take place in London, United Kingdom during the 113<sup>th</sup> Council Session to be held from 22 to 26 September 2014.