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Report of the ICO Projects Task Force

Background

At the March meeting of the International Coffee Council, Members agreed to establish a Projects Task Force to review ICO projects in the 'pipeline', i.e. those which had been approved by the Council in recent years, yet had not secured funding. This report contains the recommendations of that Task Force.

Action

The Projects Committee is requested to consider this report.

REPORT OF THE ICO PROJECTS TASK FORCE

1. At the March meeting of the International Coffee Council, Members agreed to establish a projects task force to review ICO projects in the 'pipeline', i.e. those which had been approved by the Council in recent years, yet had not secured funding. Some of these projects dated back more than ten years without obtaining financing. The Secretariat therefore put together a Terms of Reference for the task force, and invited Members who were interested to put forward a representative to join. Affirmative replies were received from delegates from Colombia, Ecuador and Sierra Leone.

2. There were 25 projects in the pipeline as of March 2014. Summaries of these projects were sent out to the task force in batches of five at a time, and Members were requested to answer two questions:

- (a) Should the proposal under scrutiny be kept in the project pipeline to move forward with seeking finance, or should it be removed from the pipeline? Important factors to consider are the date when the proposal was originally formulated; entity submitting the proposal; Project Executing Agency; and intended donor.
- (b) If you have answered affirmatively to the first question, please indicate in as much detail as possible how all of the below factors can be answered satisfactorily: relevance given to the ICO's Development Strategy for Coffee; current market situation; and overall donor funding priorities as well as availability. Please bear in mind that the current ICO project guidelines emphasize the need for proposed projects to contain a profit-generating aspect, as well as preferably a private sector component.

3. The responses to these projects are summarized in this document, bearing in mind that Members had agreed that projects older than one year quickly lose their relevancy and that projects should only be recommended for approval if they have a clear mandate from Members. In that spirit, it is recommended that only projects which receive the backing of a majority of the Task Force are kept in the pipeline. A full list of the responses is available in Annex I to this document. Annex II contains some extra comments that participants made with regard to ICO projects.

4. In summary, out of the 25 projects originally in the pipeline, the following four proposals were recommended to be kept:

- (a) Revitalization of the Coffee Industry in Yemen (2012).
- (b) Promoting coffee sustainability through increases in productivity with particular focus on participation of young people and women in Cameroon and the Central African Republic (2012).
- (c) Empowering women in Brazilian coffee cooperatives to improve coffee quality (2013).
- (d) Financial mechanisms for sustainable coffee in Colombia and Honduras (2012).

5. Furthermore, the following three proposals were recommended for revision and resubmission to the ICO:

- (a) Sustainable input credit for financing the production end of the coffee value chains in Kenya, Tanzania and Uganda (2012).
- (b) Pest control model and Good Agricultural Practices (GAP) application in different coffee growing areas in Indonesia (2010).
- (c) Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management (2009).

6. It is suggested that the remaining 18 proposals be removed from the pipeline.

Next steps

7. It is recommended that the ICO Secretariat contact the original proponents of the seven proposals to discuss alternative sources of finance and potential revision of the proposals.

FULL LIST OF RESPONSES AND RECOMMENDATIONS

Projects highlighted in grey are recommended to be removed from the pipeline.

Project name	Response 1	Response 2	Response 3	Recommendation
1. International research and development services for durable genetic control of the coffee leaf rust disease in Arabica coffee	The importance of scientific research is recognised, but the project is insufficiently developed to recommend. Not recommended	Not recommended	We recommend that the project be kept in the pipeline. Recommended	The majority of the Task Force recommended that this project be removed from the pipeline.
2. Best practice management of coffee berry borer (CBB) and coffee leaf rust (CLR) to improve Panama's capacity to export specialty coffees	There is no clear line of action for this project. Not recommended	This project has a good objective, which helps producing countries to tackle problems of coffee leaf rust. Recommended.	We recommend that the project be removed from the pipeline. Not recommended	The majority of the Task Force recommended that this project be removed from the pipeline.
3. Revitalization of the Coffee Industry in Yemen	It is considered appropriate to recommend this proposal, provided that funding is secured for the rest of the project budget. It also ensures efficient use of water, and that the waste does not affect water sources, given the high water scarcity in this country. Recommended	This project has a good objective, which increases and enhances productivity in Yemen. Recommended	It's a good project and we recommend that it should be kept in the pipeline. However, some amount could be sourced in the form of a loan from the CFC as the project is economically viable and enhances the earning capacity of the farming community, and the rest of the amount could be sourced from alternative sources. Recommended	This project was unanimously recommended to be retained, provided that funding is secured for the rest of the project budget from alternative sources.
4. Promoting coffee sustainability through increases in productivity with particular focus on the participation of young people and women in Cameroon and the Central African Republic	It is considered appropriate to support this proposal, as it is consistent with the ICO strategy to promote the contribution of coffee to the alleviation of poverty, and generational change with a sustainable approach. Recommended	Not recommended	It's a well-meaning project and should be kept in the pipeline. Commitment has already been made in adhering to the new format of the CFC, and some amount has been proposed as a loan. The CFC and the ICO should sort alternative sources of funding as the project targets two countries. We think serious consideration should be given to this project. Recommended	The majority of the Task Force recommended keeping this project in the pipeline.

Project name	Response 1	Response 2	Response 3	Recommendation
5. Empowering women in Brazilian coffee cooperatives to improve coffee quality	This project can be supported because it fits in the ICO strategy to improve quality and amass information. However, it is important to define the scope of the project in terms of the number of beneficiaries. Recommended	This project has a good objective, which provides education to women in order to enhance coffee quality. Recommended	We recommend that the project be kept in the pipeline as it is empowering and its stated objectives are relevant. Recommended	This project was unanimously recommended to be kept in the pipeline.
6. Quality, sustainability and networking to improve the competitiveness of the Veracruz coffee sector in Mexico	No further comments. Not recommended	This project is interesting and has the potential to be developed. It will allow Mexican producers to generate better income that they would with the raw material. Recommended	We recommend that this project be removed from the pipeline. Not recommended	The majority of the Task Force recommended removing this project from the pipeline.
7. Promoting a sustainable coffee sector in Burundi	No further comments. Not recommended	This project has a good chance of success. For example, the approach of doing more intensive production should raise productivity levels. Recommended	It is a long-term project and the cost of the project is huge, which may require co-financing and counterpart contributions. Not recommended	The majority of the Task Force recommended removing this project from the pipeline. However, this project has since started implementation, so it is being removed from the pipeline
8. Economic incentives for coffee agroforestry systems in Costa Rica	No further comments. Not recommended	This project has a good environmental and social approach, which addresses problems in Central America related to drug trafficking. Recommended	This is a good project, but we are not convinced it will have a direct boost on farmers' earnings. We advise that this project be funded directly by FONAFIFO or they revise the project to fit the new criteria of the CFC. Not recommended	The majority of the Task Force recommended removing this project from the pipeline.

Project name	Response 1	Response 2	Response 3	Recommendation
9. Sustainable input credit for financing the production end of the coffee value chains in Kenya, Tanzania and Uganda	If this project is updated, as it was made in 2012, it is proposed to keep this project in the pipeline, given the success of the pilot project, because it has a financing programme for the coffee sector, given the difficulty producers have accessing the private financial sector. Recommended, with revisions	This project has an interesting approach, but parallel programmes would need to be defined. Not recommended	This is a very good project and we advise that the project be reviewed to meet the new format/criteria of the CFC. Funding should also be sorted for co-financing of the project. We however recommend that the project be kept in the pipeline provided the above conditions are met. Recommended, with revisions	There was a majority in favour of recommending this project for revision.
10. Financial mechanisms for sustainable coffee in Colombia and Honduras	This project should be kept in the pipeline, as it was made in 2012 and has passed the technical consideration of the VSS and Council. Recommended	This project is perfectly feasible, particularly in the case of Colombia. Recommended	We advise that the project be reviewed to meet the new criteria of the CFC, since the project has made adequate provision for co-financing and counterpart funding. We however recommend that the project be kept in the pipeline provided the above conditions are met. Recommended, with revisions	The Task Force was unanimously in favour of retaining this project in the pipeline.
11. Adaptation to climate change in three PROMECAFE member countries (Costa Rica, Guatemala and Honduras)	We recommend that this project be removed from the pipeline. Not recommended	We are in favour of this project. This project should receive financial support to generate scientific information that could help future decisions related to the development of coffee growing in neighbouring countries, as this project aims to identify possible new areas of planting where you can get high quality coffee, which will generate a direct impact on the environment. Recommended	We recommend that this project be removed from the pipeline. Not recommended	There was a majority in favour of removing this project.

Project name	Response 1	Response 2	Response 3	Recommendation
12. Study of the sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life-cycle assessment (LCA)	We recommend that this project be removed from the pipeline. Not recommended	We are interested in this project. It could generate results that are linked to environmental impacts and identification of potential mitigation methods within processes. Recommended	We recommend that this project be removed from the pipeline. Not recommended	There was a majority in favour of removing this project.
13. Pest control model and Good Agricultural Practices (GAP) application in different coffee growing areas in Indonesia	We recommend that this project be removed from the pipeline. Not recommended	We are interested in this project. We are interested in having studies to demonstrate different methods of pest management and analyse the most suited to the reality of the country. Recommended	This is a good project and we advise that the applicant should revise the project to fit the criteria of the CFC. Also the ICO should seek co-financing and the amount allocated for counterpart funding be increased. We however recommend that the project be kept in the pipeline. Recommended, with revisions	There was no majority for this project, but it is recommended that it be revised and resubmitted.
14. Improving African coffee processing and market access	We recommend that this project be removed from the pipeline. Not recommended	Not recommended	This is a very good project and we advise that the revised project be submitted, with guidelines on the issues to be fine-tuned, for consideration by the CFC. Also the project amount should be reviewed and provisions should be made for counterpart funding. Recommended	There was a majority in favour of removing this project.
15. Enhancing the potential of Robusta gourmet coffee production in Uganda, Tanzania and Angola	We recommend that this project be removed from the pipeline. Not recommended	We are interested in this project. The current production of Robusta coffee and its projection is being spent for industrialization, but having new options for product positioning in the market could be of interest to producers. Recommended	We recommend that this project be removed from the pipeline. Not recommended	There was a majority in favour of removing this project.

Project name	Response 1	Response 2	Response 3	Recommendation
16. Coffee genetic resources conservation and sustainable use: global perspective	We recommend that this project be removed from the pipeline. Not recommended	This proposal should continue in the pipeline for the Projects Committee, as it is important to note that one should support proposals seeking conservation of genetic values. Recommended	We recommend that this project be removed from the pipeline. Not recommended	There was a majority in favour of removing this project.
17. Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management	We recommend that this project be removed from the pipeline. Not recommended	This project is expected to continue in the pipeline, for being the best proposed project, with a clearer and better tracking evolutionary methodology. However, it should be considered that this project has already been approved by the Council, but that as Vietnam is not a member of the CFC it cannot benefit from their funding. Recommended	This is a good project in terms of raising the earning capabilities of farmers, but should be put on hold since they are in the process of regularizing their membership with the CFC, after which the project should be revisited. Already the channel of seeking alternative funding has been established with the Asian Development Bank, and should be continued until their membership is regularized. We recommend that the CFC continue to encourage Vietnam to regularize their membership in order to qualify them to benefit from the project. However, if they have made it clear that they are not ready to become a member of the CFC, then the project should be removed from the pipeline. Recommended, with comments	The Task Force was divided on this project, but encouraged Vietnam to consider joining the CFC, in which case it would be recommended to be kept.

Project name	Response 1	Response 2	Response 3	Recommendation
18. Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification	We recommend that this project be removed from the pipeline. Not recommended	Not recommended	This is a very good project and should be kept in the pipeline for the ICO to seek alternative sources of funding since it is not within the CFC funding requirements at this time. Diversification is a good tool to keep farmers better prepared against price risk, increase earnings in the lean season, for which the ICO and other organizations in the coffee sector have encouraged producing countries to implement. We recommend that the ICO keep this project and source alternative funding from agencies like the African Development Bank or the Afrexim Bank. Recommended	There was a majority in favour of removing this project.
19. Study of the potential for commodity exchanges and other forms of market-places in West Africa	We recommend that this project be removed from the pipeline. Not recommended	Not recommended	We recommend that this project be removed from the pipeline. Not recommended	The Task Force was unanimous in recommending that this project be removed from the pipeline.
20. Trifinio sustainable coffee project	We recommend that this project be removed from the pipeline. Not recommended	Not recommended	We recommend that this project be removed from the pipeline. Not recommended	The Task Force was unanimous in recommending that this project be removed from the pipeline.

Project name	Response 1	Response 2	Response 3	Recommendation
21. Integrated management of the Coffee Berry Borer (CBB) with a quality and sustainability component for coffee-growing in Central America	These projects were submitted between 2000 and 2008, yet have not been updated, making it impossible to know if they are still necessary and feasible. Not recommended	Not recommended	Although the project does not meet the new criteria set by the CFC, the contribution of the beneficiary countries could kick-start the project while looking for a new funding agency. The project was proposed in 2008 compared to the others with 12 years under consideration. In the light of the commitment of 60% of the funding made by the beneficiary countries and the fact that the project is not as old as the others, we are recommending the continuation of this project. Recommended	There was a majority in favour of removing this project.
22. Renovation of CATIE's international coffee collection	These projects were submitted between 2000 and 2008, yet have not been updated, making it impossible to know if they are still necessary and feasible. Not recommended	Not recommended	This project is relevant as it has to do with germplasm which is crucial to the sustainable development of the coffee sector. But as the project has not been resubmitted to the CFC, we cannot recommend continuation unless the ICO can guarantee funding, despite its importance for the coffee sector. Not recommended	There was a majority in favour of removing this project.
23. Improvement and diversification of coffee production of smallholders in Central America	These projects were submitted between 2000 and 2008, yet have not been updated, making it impossible to know if they are still necessary and feasible. Not recommended	This project has a good objective, which diversifies coffee production in order to decrease poverty Recommended	This project was approved by the ICC in 2002, but the CFC has twice requested a revision of the project. Considering the fact that the project has not secured the approval of the CFC for funding and taking into account the date of the submission which is now 12 years ago, we cannot recommend the continuation of the project. Not recommended	There was a majority in favour of removing this project.

Project name	Response 1	Response 2	Response 3	Recommendation
24. Enhancing use of coffee germplasm – an African perspective	These projects were submitted between 2000 and 2008, yet have not been updated, making it impossible to know if they are still necessary and feasible. Not recommended	Not recommended	This project has a lot of relevance due to the importance of germplasm in the coffee sector, however with no source of funding and considering that the project was first proposed in 2000, which is now nine years beyond its completion date, it will be difficult to recommend its continuation. Not recommended	The Task Force was unanimous in recommending that this project be removed from the pipeline.
25. Coffee price risk management in Eastern and Southern Africa	These projects were submitted between 2000 and 2008, yet have not been updated, making it impossible to know if they are still necessary and feasible. Not recommended	This project has a good objective, which provides a good framework of risk management in order to provide better income to the coffee growers. Recommended	This project has a lot of relevance for the beneficiary countries in light of the volatility of prices of commodities including coffee. However, the approval and implementation of this project have stalled for 14 years, and the CFC have revised their lending criteria to profit-making institutions. In light of the long period of inactivity in the implementation of the project and the uncertainty of funding for the project, we cannot recommend continuation of the project. Not recommended	There was a majority in favour of removing this project.

FURTHER COMMENTS ON ICO PROJECTS

Project recommendations

- The recommended projects are relevant to the ICO Development Strategy for Coffee, as the major objective is to protect and improve the coffee sector, enhancing the income of farmers and hence reduce poverty in the producing countries.
- There is a real interest in the implementation of these projects, taking into consideration that the coffee industry worldwide has been undergoing critical periods in terms of production due to the attack of rust and climate change, issues that could change the needs of Member countries of the ICO.

The current market situation

- The current market situation indicates an excess of demand over supply, due to the increase in demand in the emerging economies, as well as the drought in Brazil and the anticipated El Niño. In light of the above, a continuation of the recommended projects is advised.
- The effects of climate change (positive or negative) are increasingly evident in agricultural products.

Donor priorities

- Donors prioritize pest problems as important for funding due to the importance of the problem in the coffee sector. Coffee berry borer could devastate a plantation and drastically reduce the production level of coffee plantations in the affected countries.

Profit-generation

- Some projects don't generate profit for the countries directly, but it will be profitable to the farmers and exporters who will be the direct beneficiaries.
- Some projects don't have direct private sector involvement, even though the main beneficiaries are the private sector.