



Projects Committee
8th Meeting
22 September 2014
London, United Kingdom

**Report of the
Virtual Screening Subcommittee (VSS)
on one coffee project proposal**

Background

1. This report contains the assessment provided by the Virtual Screening Subcommittee (VSS) on the following project proposal which will be considered by the Projects Committee and Council in September 2014: Promotion of a sustainable coffee industry in the Central African Republic
2. The VSS is currently composed of Brazil, Côte d'Ivoire, Guatemala and Indonesia (exporting Members) and Italy, Spain and the USA (importing Members).
3. Two VSS Members completed the assessment form for the proposal and made specific recommendations about the eligibility of the project.

Action

The Projects Committee is requested to consider the report of the VSS and to submit recommendations on the above proposals to the Council.

REPLY FROM MEMBER 1

ASSESSMENT DOCUMENT FOR PROJECTS

	Score ¹	To be completed by the VSS
Main criteria²	0 – 5	Analysis: for each criterion explain the marking, or why it is not relevant. Please do not cut and paste text from the project document.
1. Country eligibility: (a) Is the country up-to-date with the ICO Budget contributions? (b) Is the country an ICO Member or covered by the targeted donors?	2.5	(a) The Central African Republic is not up-to-date with the ICO Budget contributions (b) The Central African Republic is an ICO Member
2. Is the project contributing to poverty alleviation in rural communities?	4	Thousands of people are dependent on the coffee industry
3. Are the intended beneficiaries of the project consistent with the type of beneficiaries described in paragraph 30 of ICC-105-16 Rev. 1?	5	Yes.
4. Aims and purposes: Are they consistent with the 2007 Agreement and ICC-105-16 Rev. 1?	5	The project aims at improving the infrastructure of coffee production and logistic, as well as enhancing the quality, capacity building by constructing 14 concrete floors, providing training; It also aims at increasing market development and rehabilitating production capacity (see description in bullet point 6)
5. Are the project activities environmentally friendly?	4	The procedural handbook to be put into place should ensure that the best agricultural practices are implemented and the training of the staff/out growers ensured
6. Is the project consistent with country national strategies/priorities?	5	The Central African Republic is a developing country, producing Robusta Coffee
7. Is the project economically and commercially viable?	4	

¹ Members should give a score such as 0 (very weak), 1 (weak), 2 (fair), 3 (good), 4 (very good) and 5 (outstanding). Only project proposals with a total score above 3 will be considered for endorsement by the Projects Committee and the Council.

² See 'Development Strategy for coffee' – Document ICC-105-16 Rev. 1 as well as document PJ-75/14 that includes new criteria of the Common Fund for Commodities.

8. Will the project generate sustainable financial profits?	3	
9. In case of financing through repayable loans, can the project generate enough profit to reimburse these loans?	3	
10. Does the project promote equal opportunities for men and women (including youth) to participate in and benefit from the project?	3	Participation of families and one of the sponsors is a woman
11. Does the proponent/beneficiary institution have financial records?	4	Records for a period of last 5 years have been included
12. Is the project likely to have sustainable impacts for project beneficiaries?	5	The project will provide employment and a source of income for families in rural areas.
13. Is the scale and scope, including budget, of the project appropriate?	3	
14. Is the timeframe of the project appropriate?	3	
15. Can the project realistically achieve its goal?	4	
16. Has the proponent suggested or identified any sources of funding? Are they public, private or both?	1	No co-founding specified
17. Does the project leverage additional resources through private sector, civil society, government or academic participation?	4	The sale of the product will generate some income
18. Will this project develop capacity-building in the local community?	5	Training is provided
19. Does the Project Management team have sound experience in implementing such a project?	5	Yes
20. Does the project promote a sustainable coffee sector?	5	Yes
Total score	77.5	
The project is considered ELIGIBLE/ NOT ELIGIBLE for ICO support (cross out as appropriate).		

REPLY FROM MEMBER 2

ASSESSMENT DOCUMENT FOR PROJECTS

	Score ³	To be completed by the VSS
Main criteria⁴	0 – 5	Analysis: for each criterion explain the marking, or why it is not relevant. Please do not cut and paste text from the project document.
1. Country eligibility: (c) Is the country up-to-date with the ICO Budget contributions? (d) Is the country an ICO Member or covered by the targeted donors?	(b) 5	(a) The Central African Republic (CAR) is not up-to-date with the ICO Budget contributions (b) The Central African Republic is an ICO Member
2. Is the project contributing to poverty alleviation in rural communities?	3	In the medium-term the project will help growers to pre-finance purchases, which could momentarily facilitate funds. In the long-term, the project would contribute to poverty alleviation and it could have a large impact on 2,000 persons.
3. Are the intended beneficiaries of the project consistent with the type of beneficiaries described in paragraph 30 of ICC-105-16 Rev. 1?	3	The direct beneficiary of the project is the company Café Gbako (<i>Société Anonyme</i>), but it will further benefit 400 small indigenous growers (which mean 2,000 people with families). If 20 tons of raw coffee is produced by 400 growers, it means that each grower would produce 50 kg. There are also 5 collectors (intermediaries) in the value chain, who will be beneficiaries of the project, too. The most relevant impact of the project is the large number of beneficiaries.
4. Aims and purposes: Are they consistent with the 2007 Agreement and ICC-105-16 Rev. 1?	4	The project will contribute to increase quality of raw coffee and to boost production in CAR for local and neighbour coffee markets (Chad, Cameroon), after a critical political and social situation in the country in 2013
5. Are the project activities environmentally friendly?		There are no specific measures mentioned in the project for this item. They only mention that the promoter followed various workshops including an ISO certification workshop in 2012.

³ Members should give a score such as 0 (very weak), 1 (weak), 2 (fair), 3 (good), 4 (very good) and 5 (outstanding). Only project proposals with a total score above 3 will be considered for endorsement by the Projects Committee and the Council.

⁴ See 'Development Strategy for coffee' – Document ICC-105-16 Rev. 1 as well as document PJ-75/14 that includes new criteria of the Common Fund for Commodities.

6. Is the project consistent with country national strategies/priorities?	5	As said in the project, the strategy of the CAR government includes the stimulation of the coffee sector by producing coffee at a higher quality and quantity standards with more value add services.
7. Is the project economically and commercially viable?	2	This is the most risky aspect of the project. Although the organization shows economic and financial projections to demonstrate the viability of the project, there is a lack of information or enough informed forecasts and a big risk in the estimation of revenues. There is a huge jump in numbers from 2011-2012-2013 real figures to 2014-2015 and the following ones based in the assumption that new infrastructure built in 2013 will subsequently and immediately generate an increase of 2000% in revenues. In addition there is not enough information about the variability of costs of sales numbers, which were 50% of the revenue amount in 2011, 12% in 2012, and it will remain stable at a 35% from 2014 to the future. There could also be financial problems due to the repayment of another loan provided by the SME Fund. Finally, there is not enough information (or at least a risky assumption) about the market capacity to consume the estimated increasing production, taking into account that the 2 national competitors are better positioned in the international market than Café Gbako and that social and political situation in CAR is still not clear.
8. Will the project generate sustainable financial profits?	2	See point number 7 above.
9. In case of financing through repayable loans, can the project generate enough profit to reimburse these loans?	2	See point number 7 above.
10. Does the project promote equal opportunities for men and women (including youth) to participate in and benefit from the project?		There is no information about this question in the project. There is an impact indicator that shows a confusing figure about full time female employees (3?)
11. Does the proponent/beneficiary institution have financial records?		There is no information about this question in the project. The company has been financed by the CA-SME Fund, but there is no additional data.
12. Is the project likely to have sustainable impacts for project beneficiaries?	2	If economic and financial forecasts are fulfilled, yes. But there are some risky aspects explained in item number 7.

13. Is the scale and scope, including budget, of the project appropriate?	2	There are risky points. Maybe it would be recommendable to test the results of the new investments in infrastructures done in 2013 and the impact in production and sales, moreover if there is a weak social and political situation in the country. But this option could be risky too, if growers do not have funds from Café Gbako to pre-finance the production
14. Is the timeframe of the project appropriate?	3	It could be if numbers and projections were enough informed
15. Can the project realistically achieve its goal?	2	There are big risks to achieve the projected revenues
16. Has the proponent suggested or identified any sources of funding? Are they public, private or both?	3	The company is already beneficiary of a loan from the SME Fund (IFC, FMO and the Lundin Foundation) but there is no possibility to access the banking system, because this one does not consider enterprises like Café Gbako as a potential customer.
17. Does the project leverage additional resources through private sector, civil society, government or academic participation?	4	There are additional contributions from the promoter, the local community and the SME Fund
18. Will this project develop capacity-building in the local community?	5	Yes. There is a component of training and capacity building for growers for a higher quality and safety production
19. Does the Project Management team have sound experience in implementing such a project?	4	The project management team has been involved in the coffee business since 1985 and the company was founded in 2002. The company is already beneficiary of a loan (since 2012) from the SME Fund, but it is too early for results yet, because repayments will begin next year.
20. Does the project promote a sustainable coffee sector?	4	If projections work, yes.
Total score	55	
The project is considered ELIGIBLE /NOT ELIGIBLE AT THIS MOMENT for ICO support (cross out as appropriate).		