



**Report of the Projects Committee on
the meeting held on 28 September 2015**

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1. The Project Committee chaired by Ms Amy Diggs of the USA, met in Milan, Italy on Monday 28 September 2015.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document [PJ-90/15 Rev.1](#).

Item 2: Challenges and strategy for ICO projects

3. The Chief Economist made a presentation on the challenges for ICO projects and outlined the role of the Secretariat in response to changes in the Common Fund for Commodities' (CFC) funding. The first significant change to its policy is an end to funding through grants: only commodity related projects generating profits can be financed through repayable loans. Another change was that projects can be submitted to the CFC without going through an International Commodity Body (ICB) such as the ICO. The main consequence of this is that any coffee project can be submitted directly to the CFC without the endorsement of the ICO, resulting in the ICO losing control over the submission of coffee related projects to the CFC. Instead, projects are submitted through a Call for Proposals issued by the CFC twice a year. Its 7th Open Call for Proposals, issued in August 2015, and circulated to Members as document [ED-2205/15](#), will close on 19 October 2015.

4. Nevertheless, the ICO remains the focal point of expertise for coffee related projects as well as an ideal forum for forging public/private partnerships. To address the new challenges the Chief Economist outlined several strategies for the ICO to consider, including continuing to provide technical assistance in the preparation of project proposals; seeking alternative sources of funding for projects; and strengthening the relationship with the CFC as the main funding agency for commodities. He also said that the Secretariat could play a leading role in designing project proposals on important topics (e.g. climate change, carbon sequestration, and poverty reduction); would aim to strengthen its fundraising activities; and strengthen the ICO's role in disseminating project outcomes, notably through seminars in recipient countries and publications on project results.

5. The Managing Director of the Common Fund for Commodities reported on the CFC's policies and developments. A copy of his presentation is available on the ICO website.¹ He reiterated the point that the CFC's main policy change was that projects could be submitted to the CFC without going through an ICB, and that there had been a shift from grant-based projects to loan-based projects.

¹ [CFC: Partner in Commodity Development](#).

6. One Member asked for a document outlining the ideas for addressing the challenges facing ICO projects in time for the March 2016 meeting so that this could be discussed further. The Committee took note of these presentations.

Item 3: Coffee development projects

Item 3.1: Projects under consideration by the ICO

7. The Chief Economist reported that no new project proposals had been received from Members.

Item 3.2: Projects under consideration by donors

8. The Chief Economist introduced document [PJ-91/15](#) containing a report on projects under technical consideration by the ICO; projects under implementation; projects endorsed by the International Coffee Council and seeking funds for implementation; and projects concluded. Projects under implementation were presented in Item 3.3. The Committee was informed that the CFC had withdrawn its committed funds to the project entitled 'Revitalisation of the coffee industry in Yemen'² due to unsuccessful consultations between the Ministry of Agriculture of Yemen and USAID regarding the co-financing. The Committee was also informed that sources of funding for seven projects in the pipeline have not yet been secured. The Executive Director has approached a number of potential donors but their reactions are still awaited.

9. One Member expressed his concern that none of the aforementioned projects had received funding, especially from the CFC, a body with which the ICO previously had a very successful relationship. The Chief Economist replied that certain difficulties had been faced when the CFC had made its initial changes to the funding procedure. However, these had been overcome following further refinement of the CFC's policy. Sometimes, the problem now lies in the fact that the CFC is no longer treating coffee projects as development projects but rather as business proposals and as a consequence different expertise and information are required.

Item 3.3: Projects already approved

10. The Chief Economist introduced document [PJ-92/15](#) containing an update on three ongoing projects:

- Sustainable Credit Guarantee Scheme to promote the scaling up of enhanced processing practices in Ethiopia and Rwanda.

² See section 3.4 of document [PJ-91/15](#).

- Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of Congo.
- Promoting a sustainable coffee sector in Burundi.

11. The Committee took note of the report.

Item 4: Cooperation with other agencies

12. The interim Head of Operations gave an update on the Vision 2020, a cooperative framework between the Organization, the 4C Association and the IDH Sustainable Trade Initiative. The Committee took note of this update.

13. The Chief Economist reported on the initiative with the African Development Bank Group to support the African coffee sector. This includes the setting up of an African Coffee Facility and the preparation of a study on economic empowerment of African women through equitable participation in the agricultural value chain. The Secretary General of the InterAfrican Coffee Organisation (IACO) provided further details of these initiatives, indicating that an African sustainable partnership workshop will take place in Angola in November 2015 with the participation of the African Development Bank Group. The Committee took note of the report and encouraged the Secretariat to monitor these initiatives.

Item 5: Other business

14. There was no other business but a request was made to keep the item entitled 'Reports by Members' on the agenda for the next meeting.

Item 6: Date of next meeting

15. The Committee noted that the next meeting of the Projects Committee would take place during the 116th Session of the Council to be held in Addis Ababa, Ethiopia from 9 to 11 March 2016.