



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

EB 3931/07

8 May 2007
Original: English

E

Executive Board/
International Coffee Council
22 – 25 May 2007
London, England

**Report of the
Virtual Screening Committee (VSC)
on three coffee project proposals**

Background

1. This report contains assessments provided by the Virtual Screening Committee (VSC) Members on the following three project proposals which will be considered by the Executive Board in May 2007:

- **Development of domestic coffee markets**, submitted by the Governments of India, Indonesia and Mexico;
- **Development and implementation of an environmentally friendly technology for the incineration of coffee pulp in El Salvador**, submitted by the University of Applied Sciences of Northwestern Switzerland with the support of the Consejo Salvadoreño del Café (CSC); and
- **Coffee network: strengthening the capacities of small coffee producers in the Dominican Republic**, submitted by Ucodep, an Italian non-governmental organization (NGO), with the support of the Consejo Dominicano del Café (CODOCAFE).

2. The VSC is currently composed of Brazil, Côte d'Ivoire, Guatemala and Indonesia (exporting Members) and Germany, Italy and the USA (importing Members). Other Member countries have been recently invited to join the VSC and responses are awaited before the next round of screening in July 2007.

Action

The Executive Board is requested to consider the report of the VSC and to submit a recommendation on the three proposals to the Council.

**REPORT OF THE VIRTUAL SCREENING COMMITTEE (VSC)
ON THREE COFFEE PROJECT PROPOSALS**

Summary of the screening of revised and new projects by technical area

Technical area	Development of domestic coffee markets	Incineration of coffee pulp in El Salvador	Coffee network in the Dominican Republic
Coffee sector priorities	Adequate	Good	Adequate
Project planning	Adequate	Adequate	Adequate
Operational capacity of PEA	Adequate	Good	Adequate
Sustainability	Adequate	Insufficient information	Adequate
Budget/cost-effectiveness	Insufficient information	Good	Adequate
Overall recommendation – Proposal should be:	<i>Approved</i>	<i>Approved</i>	<i>Approved</i>

1. Project title: Development of the domestic coffee markets (submitted by the Governments of India, Indonesia and Mexico) – Project outline document WP-Board 1031/07. This project has already been approved in principle by the ICO (see paragraph 6 of document PC-5/02).

VSC comments and recommendations:

- (a) The proposal should be approved.
- (b) The beneficiary countries have no outstanding contributions from previous years to the ICO.
- (c) The proposed Project Executing Agency (PEA) is the International Trade Centre (ITC).

Additional comments/suggestions by VSC Members:

- One Member considered that the rationale was based on hypotheses for which the applicant presented insufficient background information and asked the following questions: Why should in particular smallholders benefit from the development of domestic markets? Why should prices in domestic coffee markets be higher in times of a slump in international markets? Why should labelling of coffee content increase consumption? In response, the section addressing the project rationale (point 5 of the full revised proposal) and analysis of beneficiaries (point 8 of the full revised proposal) have been substantially revised to answer the questions raised.
- Co-financing contributions need more explanation.

- Gender aspects are not addressed in the activities specifically (but see Section 5 on page 15 of the full revised proposal).
- One Member mentioned that the proposal introduces the concept of pleasure derived from a cup of coffee and that the following aspects should be highlighted and/or developed in the proposal:
 - Since pleasure is what attracts consumers and the physiological effect of caffeine on the brain (mood and alertness) is the reason they repeat the experience, coffee will win the competition with other beverages containing caffeine only if the pleasure is greater.
 - Strong local consumption reduces coffee price volatility, because volatility is the result of speculation in the terminal markets, and its impact can be reduced by a strong local market.
 - It is important to emphasize that scientific information is available on the effects of coffee and to note that the sources of all scientific information are peer reviewed and reputed scientific magazines.
 - In the case of India it is important to be aware of the negative attitude towards coffee in traditional Ayurveda and Homeopathy medicine.

Members remarked on the failure to address gender issues. This lowered the assessment under sustainability. Revisions have now been made in Section 5 of the full revised proposal explaining how women can benefit from the project. The overall assessment on sustainability is based on this revision.

Overall recommendation:	<i>The proposal submitted by the Governments of India, Indonesia and Mexico should be approved</i>
Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Adequate
Operational capacity of PEA	Adequate
Sustainability	Adequate
Budget/cost-effectiveness	Insufficient Information
Overall recommendation – Proposal should be:	<i>Approved</i>

2. Development and implementation of an environmentally friendly technology for the incineration of coffee pulp in El Salvador, submitted by the University of Applied Sciences of Northwestern Switzerland with the support of the Consejo Salvadoreño del Café (CSC) – Project outline document WP-Board 1029/07.

VSC comments and recommendations:

- (a) The proposal should be approved.
- (b) The beneficiary country has no outstanding contributions from previous years to the ICO.
- (c) The proposed PEA is the University of Applied Sciences of Northwestern Switzerland.

Additional comments/suggestions by VSC Members:

- The work is interesting. The proposed equipment could be integrated with an anaerobic digester for the production of methane gas. The residue could be burnt in the proposed equipment. This way, it would be possible to maximize the use of energy in the original organic material.
- The proposal should make provision for an analysis of the financial and economic impacts of the new technology.
- This is a very interesting project, applicable mainly to large processing wet mills which process coffee pulp in El Salvador.

Overall recommendation:	<i>The proposal submitted by the University of Applied Sciences of Northwestern Switzerland should be approved</i>
Screening by technical area	Scoring:
Coffee sector priorities	Good
Project planning	Adequate
Operational capacity of PEA	Good
Sustainability	Insufficient information
Budget/cost-effectiveness	Good
Overall recommendation – Proposal should be:	<i>Approved</i>

3. Coffee network: strengthening the capacities of small coffee producers in the Dominican Republic, submitted by Ucodep, an Italian non-governmental organization (NGO) with the support of the Consejo Dominicano del Café (CODOCAFE) – Project outline document WP-Board 1028/07.

VSC comments and recommendations:

- (a) The proposal should be approved.
- (b) The beneficiary country has no outstanding contributions from previous years to the ICO.
- (c) The proposed PEA is Ucodep, an Italian non-governmental organization (NGO).

Additional comments/suggestions by VSC Members:

- The action plan is missing.
- Whether Ucodep and its local partners are capable of providing extension on diversification into alternative crops. No information is given in the document.
- In the budget, provision for demonstration and training of farmers is rather low, whereas the budget for technical assistance and consultancy is on the high side. Some explanation is needed. Insufficient resources for training farmers is a risk for achieving the project objectives.
- Gender issues are not addressed.

One Member notes that the project proposal is expensive and suggests using the equipment that is being tested in Ethiopia. The aim is to give farmers responsibility for the quality they produce (like wine makers).

Overall recommendation:	<i>The proposal submitted by Ucodep should be approved</i>
Screening by technical area	Scoring:
Coffee sector priorities	Adequate
Project planning	Adequate
Operational capacity of PEA	Adequate
Sustainability	Adequate
Budget/cost-effectiveness	Adequate
Overall recommendation – Proposal should be:	<i>Approved</i>

CHECKLIST USED FOR SCREENING THE THREE COFFEE PROJECT PROPOSALS

	Development of domestic coffee markets		Incineration of coffee pulp in El Salvador		Coffee network in the Dominican Republic	
Screening related dates:	EB meeting: May 2007		EB meeting: May 2007		EB meeting: May 2007	
	1 st VSC Screening: April 2007		1 st VSC Screening: April 2007		1 st VSC Screening: April 2007	
	Score		Score		Score	
Part A: Screening of the proposal against coffee sector priorities	(0 - 6)*	Not relevant	(0 - 6)*	Not relevant	(0 - 6)*	Not relevant
How relevant to the “Development strategy for coffee” outlined in document EB-3768/01 Rev. 3 is the proposal?	5.50		5		5	
How relevant is the proposal to the needs and constraints of the country/countries (as outlined in relevant strategy documents such as national development plans, poverty reduction strategies, rural development strategies or coffee sector development plans)?	4.75		4.75		4.67	
How relevant is the proposal for developing new technology and strengthening capacity to be transferred to other producing countries?	4.75		5.75		4.33	
Overall assessment of the quality of the proposal	4		4.83		4.67	
	Score		Score		Score	
Part B: Review of the project proposal prior to its submission to the CFC	(0 - 6)*	Not relevant	(0 - 6)*	Not relevant	(0 - 6)*	Not relevant
1. Project planning:						
How relevant are the objectives of the proposal to the CFC priorities?	4.75		4.25		5	
How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)?	4.25		4.50		5	
How realistic are the expected outcomes?	4		4.50		4.33	
Does the proposal contain objectively verifiable indicators for the outcomes?	4.75		5		5	
Are the activities proposed appropriate, practical and consistent with the objectives and expected outcomes?	4.38		5.25		5.33	
Is the action plan clear and feasible?	3.83		4.67		3	
Is the level of involvement by the partners in planning and implementation satisfactory?	4.25		4.75		5	
How coherent is the overall design of the proposed activity? (in particular, does it reflect the analysis of the problems involved, take into account external factors and anticipate an evaluation?)	4		4.75		5	

	Development of domestic coffee markets		Incineration of coffee pulp in El Salvador		Coffee network in the Dominican Republic	
Screening related dates:	EB meeting: May 2007		EB meeting: May 2007		EB meeting: May 2007	
	1 st VSC Screening: April 2007		1 st VSC Screening: April 2007		1 st VSC Screening: April 2007	
2. Operational capacity of the Project Executing Agency (PEA):						
Do the applicant and partners have sufficient experience of project management?	4.75		5.25		5	
Do the applicant and partners have sufficient technical expertise?	4.75		5.50		4.33	
Do the applicant and partners have sufficient management capacity?	4.33		5		4.67	
Is the PEA proposed qualified/eligible to carry out technical administration of the project?	4.75		5		4.67	
3. Sustainability:						
Is the project likely to have a tangible impact on its target group and the final beneficiaries?	4		4.25		5	
Is the project likely to have a multiplier effect? (including scope for replication, extension of outcomes and dissemination of the information)	4.50		5		4.67	
Are the expected results of the project sustainable? (financially, institutionally and at policy level)	4		5		4.67	
Have gender aspects been adequately addressed?	0		1.25		1.67	
4. Budget and cost-effectiveness:						
Is the ratio between estimated costs and expected results satisfactory?	3.67		5.25		4	
Is the proposed expenditure necessary for the implementation of the project?	4		5		4.33	
If co-financing is needed, is a co-financing source indicated?	3.5		5.75		4.33	

* Score: 0 = missing information, 1 = very poor, 2 = poor, 3 = insufficient information, 4 = adequate, 5 = good, 6 = very good