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

ICC 100-5

16 May 2008
Original: English

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Report

International Coffee Council
100th Session
19 – 23 May 2008
London, England

**Summary of progress reports submitted by the Project Executing Agencies (PEAs) on projects currently being implemented**

## Background

The ICO, as the designated Supervisory Body (SB) for the Common Fund for Commodities (CFC) coffee projects, assists with monitoring the implementation of projects, including reviewing the attainment of objectives, identifying constraints and checking expenditure. This document summarizes individual progress reports submitted by each PEA for the following projects which are currently being implemented (see Section IV of document EB-3942/08 Rev. 3) and includes at the end a list of acronyms used in this document. Copies of the full reports are available on request from the Secretariat.

**Annex I:** Robusta quality and marketing improvement by optimal use of coffee terroirs – CFC/ICO/05 (PEA: ACRN)

**Annex II:** Pilot rehabilitation of the coffee sectors in Honduras and Nicaragua – CFC/ICO/11 (PEA: PROMECAFE)

**Annex III:** Pilot rehabilitation of neglected coffee plantations into small family production units in Angola – CFC/ICO/15 (PEA: INCA)

**Annex IV:** Diversification of production in marginal areas in the State of Veracruz, Mexico – CFC/ICO/32 (PEA: Fundación de la Universidad Veracruzana)

**Annex V:** Enhancing the potential of gourmet coffee production in Central American countries – CFC/ICO/39 (PEA: IAO/MAE)

**Annex VI:** Reconversion of small coffee farms into self-sustainable agricultural family units – CFC/ICO/31 (PEA: COFENAC)

## Action

The Council is requested to note this document.

ANNEX I

**ROBUSTA QUALITY AND MARKETING IMPROVEMENT BY OPTIMAL USE OF COFFEE TERROIRS**
(CFC/ICO/05)

**Period covered by the report: September 2007 – March 2008**

**Status of project implementation**

**Achievements**

Under the project, four terroirs were selected according to **climate**, **types of soils** and **coffee production**. The post-harvest operations of drying and wet processing were carried out by the CNRA on the Divo station. The cup tasting of coffee samples was done at CIRAD in Montpellier and IACO in Abidjan.

**Results**

*1. Cup tasting*

Sensorial analysis of samples reveals that each terroir has specific organoleptic characteristics. Thus:

- The Abengourou terroir presents an astringent, herbal and bitter body coffee.
- The Aboisso terroir presents an acidulous coffee with a good aromatic quality.
- The Divo terroir presents an earthy, bitter body coffee.
- The Man terroir presents a good aromatic intensity and quality, body coffee.
- The wet process of the four terroirs presents an acidulous coffee with a good aromatic quality.

These results indicate that the **wet process improves Robusta coffee quality**. This technology can be considered in obtaining a Robusta coffee of a superior quality.

*2. Quality parameters*

The determination of coffee quality parameters such as caffeine, trigonellin, chlorogenic acids, fats and sucrose contents through physical and biochemical analyses showed a difference between the terroirs.

*3. Effects of soils*

Organoleptic data of the coffee and soil originating from the selected terroirs shows that terroirs are distinguishable from one another.

**Social and environmental effects of project implementation**

The identification of the different types of coffee according to the terroir is an important fact for Robusta producers. The categorization of the production helps establish descriptive slips for coffee promotion, target niche markets and refrain from bulk sales of coffee lots. Producers and cooperatives that were met showed keen interest and they supported the extension of the survey in the country, the training of producers in good harvest and post harvest techniques, in physical and organoleptic coffee analysis and in the wet method.

**Lessons learned**

The implementation of the project required specialized teams made up of agronomists, agro-pedologists, geneticians, chemists, biometricians and tasters. The two-year pilot phase was short. Three years would have been better to adequately tap all the results. Additionally, the implementation of the Project results would need the establishment of tasting centres for product quality control before export in those countries embarking in this process.

**Conclusions**

This project highlighted the impact of terroirs on the chemical and organoleptic characteristics of Robusta coffee. All the results of the various analyses confirm the effects of the terroir on cup taste and coffee quality parameters.

On the basis of the sensorial differences, each terroir can have specific markets at the marketing level. The terroir concept and cup tasting are therefore efficient means to differentiate coffee on markets. Robusta quality can be improved through wet processing.

Given the liberalization of the coffee market, the use of these methods seeks to implement a new approach to Robusta coffee production and marketing. The terroir approach is a viable manner for Robusta producing countries to improve the quality of their products.

ANNEX II

**PILOT REHABILITATION OF THE COFFEE SECTORS IN HONDURAS AND NICARAGUA**
(CFC/ICO/11)

**Period covered by the Report**: July 2007 – April 2008

**Status of Project Implementation**

The main activities of the PEA and the collaborating organizations **in Honduras** pertain to the credit program, in which BANADESA is the intermediary bank.

At present 127 applications of coffee growers had been received, of these 91 were approved for sub loans ranging from Lempiras (Lp) 5,000 (US$260) to Lp 660,000 (US$35,000), for the construction of 19 new coffee processing facilities (wet phase), and 72 projects of reconstruction or modernization of existing coffee mills.

The activities implemented **in Nicaragua** were in line with the annual plan defined and included: i) 20 workshops to discuss with involved farmers the results of the Diagnosis Study and proposed models' designs for Wet Coffee Processing Facilities (WCPFs) to be financed by the project, ii) definition of the mechanism to be adopted for the release of the credit through the RCF, and iii) details of the environmental legislation established by the MARENA to which the facilities financed should comply with. A credit committee was also established to receive, select and approve the credit demands for wet processing construction after receiving favorable endorsement from the Technical Unit of the Project which has been visiting the relevant sites in Matagalpa, Jinotega and Estelí.

**Assessment of resource utilization**

The first Loan disbursement for **Honduras** by the CFC (US$640,000) has been utilized in 82% in terms of approved sub loans by the Credit Committee, and less than 70% in terms of formalized credit contracts between the applicants and BANADESA. IHCAFE has applied important counterpart resources in kind (technicians, materials and vehicles) to the project implementation.

From the first CFC Loan disbursement (US$640.000) **in Nicaragua**, outlays of US$191,106.23 have been approved (30%) of the first instalment to finance 57 WCPFs.

**Social and environmental effects of the project implementation**

**In Honduras** the credit facility provided by the Project is highly regarded by the coffee growers as an opportunity and re-opening of credit services to the sector, since its restriction in year 2000 due to market coffee crisis.

The Technical Unit of the project, composed by the PEA and IHCAFE, has observed in the process of monitoring the applications made by specific farmers and by visiting the relevant sites that serious environmental pollution still exists in the coffee areas and that the project's applicants recognize this situation and agree to adopt technical recommendations to diminish pollution levels by implementing better processing practices to improve coffee quality.

**In Nicaragua** producers have been accepting the requirements needed for being eligible for the reception of credit that is meant to be used in a test project. They see it as a new opportunity to invest in the renewal of their processing facilities. The credit offered is addressed to micro, small and medium producers.

**Forward planning of project implementation**

The implementation **in Honduras** has implications over the next periods and for that reason some changes in the work plan have to be introduced. The Loan funds from the second CFC disbursement will be utilized during the rest of the year, almost entirely, for accelerating the conclusion of the construction or reconstruction of planned coffee processing facilities.

The study of the internal marketing system in Honduras should be transferred to the next year work plan, or even be cancelled, since no appropriate conditions of interest by the coffee authorities is perceived.

The diagnosis study and the design of the models for WCPFs **in Nicaragua** has been useful in the training sessions and the demands presented by the FI´s have provided a better comprehension of the requirements for the design of adequate processing plants, the increase in production costs and the need of reinventing the goals of every project, so that the incorporation of improvements in the existent country plants can be viable.

MARENA's operative mechanisms, as well as those from the Environmental Management Units of the municipalities, have caused some delays, such that some changes must be made in the 2008 work plan.

**Lessons learned**

- The inter-institutional alliances **in Nicaragua** have been useful for the training sessions.
- The results of the diagnosis study and design of models for WCPFs allowed the comprehension of the situation in Nicaragua. It has also helped facility design, based on daily peak harvest and fermentation time, as well as the creation of a model system for the construction costs and a national database related to the coffee sector.

- The micro, small and medium producers will have access to loans that will help them to improve their facilities for the improvement of grain quality and increase their incomes and standard of living.

**Conclusions and recommendations**

1. The main project activity **in Honduras**, construction & reconstruction of coffee processing facilities, is being implemented at satisfactory levels according to the targets set.
2. An appropriate utilization of resources: First CFC Loan disbursement and counterpart contributions from IHCAFE of Honduras, is being observed. The delays in the availability of Grant funds to the PEA is affecting the implementation of field activities of supervision and training.

- The process for the construction of new wet coffee processing units **in Nicaragua** has begun according to the plan and budget of the year 2008.
- The eligibility of the FIs and the final users of the credit fulfill the requirements listed in the environmental legislation frame.
- The RCF have been working closely with the Coordinating Unit of the Project, PEA, MARENA and the FIs in order to guarantee that the credit derived activities are consistently related to the environmental aspects.
- Training is the most advanced project component, for it counts on the synergism established between the regional, national and international organizations.
- The project has nationwide recognition by the coffee organizations.

*Recommendations*

The demands presented by the coffee producers **in Nicaragua** have to be considered in a way that the funds are not only directed in new WCPFs, but also for the reconversion of existent units.

**PILOT REHABILITATION OF NEGLECTED COFFEE PLANTATIONS INTO SMALL FAMILY PRODUCTION UNITS IN ANGOLA**
(CFC/ICO/15)

**Period covered by this report:** January – December 2007

**Status of project implementation**

**COMPONENT I: Production (Rehabilitation) of Coffee**

***Production of coffee seedlings*** went on in the three categories of farms designated for rehabilitation. Besides planting seeds or transplanting seedlings into individual planting bags, other activities in the nurseries included shade construction, pest control and irrigation. To date a total of 4.3 million bags have been distributed and used for the production of seedlings.

Unlike in the previous year where all nurseries were managed communally, this year several farmers have opted to set up their individual coffee nurseries, a decision that was supported by the project.

Based on the ***results of soil analysis,*** a formulation of fertilizers, appropriate for the project area, has been recommended. However, the farmers apparently still do not appreciate the benefits of using fertilizers.

The ***rehabilitation*** of coffee nurseries is already producing coffee seedlings ready for transplanting into the field. Over 750,000 seedlings were produced and transported either by hand to neighbouring fields or by the tractor purchased by the project to more distant fields

**COMPONENT II: Commercialization of Coffee**

Following the outcomes of the consultancy on Coffee Processing and Marketing and ***market information***, electronic templates were developed using Access computer programme for collating coffee information, including coffee prices.

***On coffee quality improvement:*** INCA's staff in Gabela has been trained on different aspects of coffee quality (pre- and post-harvest) including proper coffee harvesting, drying, storing and quality control measures such as the use of moisture meters.

**COMPONENT III: Settlement schemes for displaced farmer families**

***Organize selected settlers into associations:*** INCA signed an agreement with the Cooperative League of the USA (CLUSA), which organized the collaborating farmers into 220 solidarity groups (10-30 members each). These were further organised into

86 associations and in turn into 11 farmer cooperatives. The registration of these farmers groups as legal entities was initiated. Farmer association members received assistance in establishing bank accounts as a result of which over US$20,000 was deposited into their accounts. Training of association members and officials (Chairperson, Secretary and Treasurer) was also initiated, including training in developing business plans and soliciting credit from banks.

Almost ***all the settlers already have houses***, some of which the project hopes to improve. A complete list of all the farmers collaborating in the project in the different associations/farmer groups has been compiled. After consultations with the beneficiaries, it was agreed that corrugated iron sheets be provided to help in the rehabilitation of the farmers' houses.

A recent visit to the area found out that farmers were requesting for ***food to work*** on their own coffee fields. The Project Management explained to the farmers that this was not appropriate since the proposed food was to be provided by the project to pay for the labour required to construct houses, health posts, schools, etc.

**COMPONENT IV: Support services**

***Provide support to research and experimentation:*** A field trial to evaluate seven Arabica coffee varieties (*Caturra, Red Catuai, Hybrid Timor, Catimor "Line", Icatu, Tupi*, and *NP1*) and one Robusta variety (*Amboim*) was set up at Gabela in July, after the procurement of irrigation equipment/materials. This trial was planted in a randomized block design at a spacing of 2 x 2m for all varieties.

***Strengthen coffee related services for technical assistance (including procurement):*** With the first loan disbursement effected, negotiations with BPC on how to manage the fiduciary fund were finalized. An agreement for the management of the project loan was signed between INCA and BPC.

Both CLUSA and BPC assisted in sensitizing the farmers on the role of micro credit in the development of rural communities. The operation of the credit system was explained and channelling of funds to farmers and repayment to banks discussed. Following these, loans totalling about US$1,070,000 were provided to 2,300 members of the formed farmer groups (loans of up to US$500).

**COMPONENT V: Institutional support**

The ***Market Information System*** consultant has set up a system at INCA that evaluates appropriate coffee marketing information for stakeholders in Angola. The consultant assessed the current Market Information System's capability and use in Angola, developed

strategies for information sharing between the producers and buyers, set up a market information system at INCA and trained staff in market information to ensure that the system is used sustainably. A template to be used for the management of information in the project has been developed.

Most of the ***equipment*** (vehicles, computers, electrical stabilizers, etc) was procured and distributed.

**Forward planning of project implementation:**

More efforts will be made to secure co-financing from the Government.

Farmers associations will be formed and existing ones strengthened. This will be accompanied by training of members on how to manage associations as business entities. Farmers will receive individual titles to their farms.

**Conclusions and recommendations**

The disbursement of micro credit to the farmers participating in the project and improved world coffee prices have injected renewed motivation to the project.

The extensionists in the field are motivated, as roads in the project area have been gravelled, schools being rehabilitated and materials like desks and blackboards being purchased.

There are also some challenges. The principal one continues to be the role that the PEA should play vis-à-vis that of the CTA. Despite the project being one that cuts across the coffee subsector, activities to be implemented by PEA staff in Luanda (improving commercialization, together with adopting market information systems and post harvest quality improvement as recommended by consultants, etc.) are not seen by management as a priority.

ANNEX IV

**DIVERSIFICATION OF PRODUCTION IN MARGINAL AREAS IN THE STATE OF VERACRUZ, MEXICO**
(CFC/ICO/32)

**Period covered by the report:** September 2007 – March 2008

**Status of project implementation**

One integrating company (groups of about 10 organizations farmers benefitting from the project) started formal operations in December 2007, processing 4 tons of *Psidium guajava* leaves to the present date. Thirty-two small rural organizations (10-12 small farmers each) formalized their constitution and initiated the joining process to fully participate in the integrating company.

Supervisions *in situ* show that the *Cinnamomum zeylanicum, Pimenta dioica and Heliconaceas* plants registered a survival rate greater than 90%. Additionally, to implement agroforestry production systems in a greater number of parcels, the PEA identified and established agreements with seed suppliers of timber and fruit tree species.

The project continues to promote the value networks for current by harvested crops, i.e. the development and establishment of a processing plant of banana tree shoots for the production of paper and the operation of a collection centre to gather, select and dry *Psidium guajava* leaves in Atzalan.

In November 2007, the PEA also received European consultants interested in the promotion of *Jatropha curcas* plantations to produce biodiesel from their seeds. In some of the communities already involved in the project, a non-toxic variety exists that produces similar levels of oil to that of other varieties but with the advantage that its press cake can be used as food for domestic livestock. For this reason the project is promoting this crop as a component of the agroforestry systems for coffee diversification. It is considered that this crop could be extended up to 20,000 hectare to produce biodiesel and food production in marginal land (currently used mainly for pastures). This initiative was presented and gained the support of the Government of the State of Veracruz. Additionally several private enterprises have expressed interest in participating in the installation of an industrial plant for processing biodiesel from *J. curcas.* This could be considered the first proposal for replicating the methodology of the project in a similar context, seeking the productive transformation of parcels in which inefficient agricultural and livestock production systems (in both economic and environmental terms) are currently being applied.

**Assessment of resource utilization**

Main expenditures generated during the semester charged to the CFC included personnel for Components I, II, III and IV, whilst there were not contributions from co-financing institutions during the period covered by this report.

**Social and environmental effects of project implementation**

The Government of the State of Veracruz together with the University of Veracruz and some private enterprises has decided to invest in the improvement of social infrastructure and in the development of rural enterprises. This has generated a multiplier effect of the international funds applied in the region until the present date.

The development of organizational skills among the participating coffee farmers is a long-term process. It is expected that farmers involved gain enough skills to continue with the operation of the rural organizations once the project has been completed.

Two years of working with reforestation programmes of the Comisión Nacional Forestal, has yielded a new approach to promote the production and establishment of timber forest trees. For instane, Genomma Lab, a private enterprise, has decided to donate nearly US$200,000 to establish community nurseries that allow on-site production of trees and to reduce the cost of transportations and to diminish the mortality rates of the planted trees.

**Forward planning of project implementation**

The PEA is **requesting to extend the project in order to implement activities financed by the loan during the period April 2008 – March 2011**. This proposal was discussed with representatives of the CFC and the ICO during the field visit carried out in May 2008.

**Lessons learned**

We consider that the lessons learned from the project implementation and the availability of the loan resources will allow the production of vegetative material, the establishment of agro-forestry systems, and the development of value networks in a scale that will exceed the established objectives.

**Conclusions and recommendations**

The experience acquired in the past and the availability of the loan will allow us to make a bigger impact in the standard of living in those communities. For these reasons an extension of the duration of the project is necessary.

ANNEX V

**ENHANCING THE POTENTIAL OF GOURMET COFFEE PRODUCTION IN CENTRAL AMERICAN COUNTRIES**
(CFC/ICO/39)

**Period covered by this report:** August 2007 – February 2008

**Status of project implementation**

The project supplied development models, which benefited coffee producers and participating organizations. The setting-up of Project Units has been started in support of small producers with the objective of adding value to the product, the region and local traditions (projects in support of local small gourmet coffee producers).

Four units were identified in specific areas selected on account of their suitability for quality production through: (i) the re-organization of the coffee production chain; (ii) the improvement of producers' technical facilities; (iii) product quality control; (iv) dissemination of new processing and drying techniques; (v) income generation from by-products of coffee processing; and (vi) promotion of the region.

**Objective 1: Selection of four areas suitable for producing high quality coffee, one for each country, taking into account geographic, cultural and social considerations, represented by small coffee farms and farmer associations**

**Results and impact:** The project selected four areas suitable for producing high quality coffee in Guatemala, Honduras, Nicaragua and Costa Rica, which were identified on the basis of their geographical, cultural and social characteristics, and represented by small coffee farms and farmers organized in associations.

The PIA has been signed between the PEA and ANACAFE of Guatemala and IHCAFE of Honduras, where two operational units have been created and organized. The creation of the Project Unit in Nicaragua is waiting for the project implementation agreement with the MIFIC to be signed. Unfortunately, the institutional partner in Costa Rica (ICAFE) unilaterally decided to abandon the programme.

**Objective 2: Re-organization of the coffee production chain with special attention to production and quality control**

**Results and impact:** In the two project units identified in Honduras and Guatemala, the project started to re-organize the coffee production chain with particular attention to processing and cultivation techniques, trade, promotion and marketing, and strengthening of organizational and management skills in the region. The production methods, which have been analysed in close collaboration with individual producers, will be an important means of

ensuring the traceability and high quality of the coffee which is produced. Producers will have to maintain the integrity of their product, ensuring high quality and fine taste. Traditional techniques used in the region will be protected and encouraged.

The improvement of coffee quality and new technical proposals were analysed during the workshop of the Huehuetenango producers and the II "cafeycaffe" seminar that was held in Huehuetenango (Guatemala), from 8 to 12 April 2008, which involved all the participants in the programme, including farmers from Costa Rica.

**Objective 3: Transfer of new processing techniques**

**Results and impact:** New processing techniques were transferred in the two selected areas (Huehuetenango – Guatemala and Lempira – Honduras).

Specific agreement groups, needed to start the operative phase and to implement the foreseen activities, have been defined in a participatory manner with the farmers. New techniques for pulping, drying and recycling residues have been identified, encouraged and transferred to improve coffee processing and quality control:

- ecological pulping (*beneficio ecologico*) and mechanical removal of mucilage;
- low cost solar-powered driers at the farm level;
- recycling solid residues by small scale farmers to produce mushrooms;
- compost making, using the Californian red worm.

In particular, the project intends to test the capacity of fermented and partially dried pulp to grow mushrooms and to make compost. Compost will be used to fertilize orchards and vegetable cultivations generating significant income for small coffee growers.

**Objective 4: Development of a website as a trading platform**

**Results and impact:** The project website (www.cafeycaffe.org) was created and inaugurated during the first workshop developed in Guatemala from 5 to 11 December 2007. All the participants involved will work in its development and management.

Marketing and promotion activities receive special priority and participants will be given responsibility for developing these areas.

The participants will join in the training stages aimed at improving the management and the operation of the information systems, which will be organized and managed by the project financed by the Italian Cooperation Agency.

**Objective 5: Strengthening traditional agroforestry systems and setting up a network to enhance production of quality coffee and promote selected regions in Central American countries**

**Results and impact:** The project involves all the participants in the coffee chain, from production to trade, in order to achieve 'vertical' integration, from producer to roaster, and then to consumers and 'horizontal' integration, through the promotion and strengthening of producer and trading associations.

With the support of ANACAFÉ a country atlas has been prepared to promote the coffee regions of Guatemala, a part of which is dedicated to the programme and to activities carried out in Huehuetenango.

**Assessment of resource utilization**

The CFC funding has been spent only for eligible expenditures related to the arrangement of the project launch workshop, the appointment of a technical and administrative consultant, participation in the first seminar and on the functioning of the project office.

The co-financing funds were used to implement "on field" activities in Guatemala and Dominican Republic, to create and manage the programme website and to organize two dissemination seminars in Guatemala.

**Social and environmental effects of project implementation**

The farmers are enthusiastic about the activities of the Program, generating greater aggregation. It is still early to estimate the effects of the plan.

**Conclusions and recommendations:**

Experiences in Central America have demonstrated that improving the quality of coffee available for trading allows small producers to increase yields and improve their standard of living. The main national organizations are very interested in promoting trade in food and agricultural products and increasing quality.

A possible risk is the introduction and application by participating farmers, who may have insufficient technical knowledge and may also be reluctant to use modern technologies and solutions. The proposed technologies will be chosen with a view to their simplicity, versatility and adaptability to the agricultural and environmental situation. The new approach to the coffee will prompt farmers, producers and distributors to organize contacts and meetings in order to carve out a niche in a world dominated by industrial agriculture.

**RECONVERSION OF SMALL COFFEE FARMS INTO SELF-SUSTAINABLE AGRICULTURAL FAMILY UNITS**
(CFC/ICO/31)

**Period covered by the report:** October 2007 – March 2008

**Status of project implementation**

The project has a goal "to alleviate the poverty of coffee-growing families through the introduction, in coffee farms, of new profitable agricultural activities that guarantees higher income levels greater food security and preservation of natural resources".

Main components of the project are:

1. Organizational strengthening
2. Diversification of agricultural production systems
3. Agro-industry and co-operative marketing
4. Project dissemination

**Component 1**: Organizational strengthening: Two workshops have been held by the PEA to train technical staff involved in the implementation of the project. A group of 1,244 small producers has been identified and selected to participate in the project. They are divided by provinces, as follows: Manabí (400), El Oro (405) and Loja (439).

A consultant has been appointed to prepare the socio-economic diagnosis of the peasant families targeted by the project in these provinces.

Provincial workshops were also held to train project leaders on the implementation of an internal control system to be adopted by the producers' organizations involved.

A cooperation agreement was signed between the UTM and COFENAC for the creation of the Rural Leadership School, in which 77 leaders of the producer organizations of the provinces of Manabí, El Oro and Loja have already started to participate actively.

**Component 2**: for the reconversion of 1,200 coffee farms in the provinces of Manabí, El Oro and Loja, 2,213,712 seedlings have been produced in nurseries for the reconversion of about 612 hectares of coffee. The planting of 106,602 trees has also been carried out, in addition to the sowing of 1,425 hectares of corn, rice, peanut and beans and other semi-perennial crops such as banana and tropical fruit.

**Component 4**: Project dissemination. A letter of commitment has been received from the ETEA to finance the dissemination of the project in Cuba, Guatemala and Honduras.

**Assessment of resource utilization**

An amount of US$207,151 has been utilized from the grant to implement activities during the reporting period.

**Forward planning of project implementation**

For the second half of the project, a consultant will be hired to develop agronomic, social and economic diagnostics of the selected farms. The Reconversion Plans, defined with the participation of the beneficiaries to reconvert the selected coffee farms, will be used to monitor compliance with project targets. The programme of training promoters of the project will continue as part of the Farmer Leadership School, as well as the implementation of the training plan for diversification of production systems.

The implementation of Revolving Funds will consolidate the initiative for the organizations linked to the project. There will be follow-up to the renewal of coffee plantations, as well as the planting of trees in various agroforestry arrangements. Alternative livestock production will begin to be introduced, in order to diversify production systems. The construction of solar dryers and tub tanks for coffee fermentation will enable improved quality of the grain.

**Conclusions and Recommendations**

The first six months of the implementation of the project have already resulted in a strong relationship between the PEA, COFENAC and the 30 producer organizations in the provinces of Manabí, El Oro and Loja. The processes for transfer of technology and participation of 1,244 farmers in the project activities have been facilitated. The implementation of the revolving funds, as a strategy of rural microfinance, will establish seed capital for producer organizations, which reduces paternalism and will help post-project sustainability.

The implementation of the training programme for promoters based on sustainable management of coffee cultivation stimulates the consolidation of a team of leaders capable of generating and managing community development proposals. The establishment of coffee under shade trees of high economic and ecological value in various agroforestry arrangements contributes to soil conservation and the preservation of native flora and fauna, in the areas where the project is implemented.

**LIST OF ACRONYMS USED IN THIS DOCUMENT**

| | |
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| ACRN | African Coffee Research Network |
| BPC | Banco de Poupança e Crédito |
| CFC | Common Fund for Commodity |
| CIRAD | Centre for International Cooperation in Agronomic Research for Development |
| CNRA | National Agricultural Research Centre |
| COFENAC | National Coffee Council |
| CTA | Chief Technical Advisor |
| FIs | Financial Institutions |
| FTR | Final Technical Report |
| IACO | Inter-African Coffee Organisation |
| ICAFE | Coffee Institute of Costa Rica |
| IHCAFE | Honduras Coffee Institute |
| INCA | Instituto Nacional do Café de Angola |
| MARENA | Ministry of the Environment |
| MIFIC | Ministry of Development and Trade |
| PEA | Project Executing Agency |
| PIA | Project Implementation Agreement |
| PIAs | Project Implementing Agencies |
| PROMECAFE | Regional Program for the Development and Modernization of the Coffee Industry in Central America, the Dominican Republic and Jamaica |
| RCF | Rural Credit Fund |
| SB | Supervisory Body |
| UTM | Universidad Técnica de Malabí |
| WCPFs | Wet Coffee Processing Facilities |