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**Improving coffee quality in East and
Central Africa through enhanced
processing practices (Rwanda and Ethiopia)**

Project progress report as at June 2006

Background

The attached document contains extracts from the latest progress report for the project “Improving coffee quality in East and Central Africa through enhanced processing practices (Rwanda and Ethiopia)”, and covers the period from January to June 2006. A copy of the full progress report is available to Members on request.

Action

The Council is requested to note this report.

Improving coffee quality in East and Central Africa through enhanced processing practices (Rwanda and Ethiopia)

PROGRESS REPORT

Project summary

Title: Improving coffee quality in East and Central Africa through enhanced processing practices (Rwanda and Ethiopia)

Number: CFC/ICO/22

PEA: CAB International-Africa Regional Centre

Participating countries: Rwanda (OCIR-CAFÉ) and Ethiopia (MoARD).
[Findings will be extended to Democratic Republic of Congo (ONC) and Burundi (OCIBU)].

Starting date: July 2004

Completion date: June 2007

Financing:

Total project cost US\$2,937,029

of which,

CFC financing US\$2,029,224

Illycaffè (co-financing) US\$122,195

Counterpart contributions US\$785,610

Period covered by this report:

From January 2006 to June 2006

Periods covered by previous reports:

From July 2004 to December 2005

V.2 Assessment of resource utilisation

Overall expenditure during the reporting period is above the total budget by US\$226,516.73. The main reason contributing to this over-expenditure is the procurement of machinery and equipment. These were budgeted for in 2004 but procurement was delayed due to slow government tendering procedures in Ethiopia and Rwanda. However, the process of supply and installation of the equipment in both countries is complete. We have now made the full payments for the equipment in both Rwanda and Ethiopia and hence the budget overrun. There have been delays in surrendering financial returns and reports to the Project Executing Agency (PEA), making it difficult for the PEA to submit the consolidated annual report to the Common Fund for Commodities (CFC) and the International Coffee Organization (ICO) in time.

V.3 Assessment of project co-ordination and management

Marketing of project coffee at premium prices was the most important challenge to project implementation during the reporting period. This is because the project is proposing a marketing system which the farmers and the traders are not familiar with, that is, direct sales of coffee with premium payments for high quality. Consequently any delays in disposing of the project coffees gave an opportunity for deliberate dissemination of inaccurate information by potential losers in the new marketing system, with the intention of swaying the farmers. Convincing the potential buyers to purchase the project coffee at premium prices therefore needed careful negotiations and patience. Thanks to the cohesive collaboration among the various project players and the willingness of the Ethiopian Government to assist whenever necessary, the project coffees were sold at premium prices, albeit a little later than the sale of the conventionally produced coffees. More active involvement of the exporters in the future activities of the project such as during the regional stakeholders' workshop will undoubtedly contribute immensely towards minimising marketing problems in future.

V.4 Social and environmental effects of project implementation

The impact of the project on both on the family households and the environment has yet to be fully realised. However, there are indications that the project farmers, particularly in Ethiopia, are already cultivating the culture of saving since the coffee is sold in bulk hence concentrating financial flows to the farmers. By working together (five farmers per hand pulper), there is increasing cohesion amongst farmers, which is an essential rudimentary stage for the formation of viable farmer associations. In both countries, more farmers are requesting to join the project, an indication that the economic benefits of the project to the farmers are starting to be evident. No adverse effects to the environment are envisaged.

V.5 Forward planning of project implementation

The main challenge for the coming months is to sustain farmers in participating in the project. A series of training meetings is therefore planned just before the coming harvesting season, particularly in Ethiopia, in order to strengthen farmers' skills and knowledge in producing high quality coffee. The results of the quality evaluation conducted on the coffee samples from the previous harvest will be used to identify the areas in which the farmers need to focus more in order to avoid production of defective coffee with poor liquor qualities. Since the next six months will be off-season for coffee processing in Rwanda, the training will focus more on the production of high quality cherries through good agronomic practices. National stakeholders' workshops will be planned in both countries before the end of December. This is in addition to national steering committee meetings which will focus on the development of annual work plans and budgets for the coming year among other things. The Project Executing Agency will continue to provide technical and administrative assistance. A review mission to the two countries by the CFC, ICO and CABI will be undertaken in early 2007. Progress made in the project in 2006 as well as the work plans and budgets for 2006 will be discussed and agreed upon at the Annual Regional Project Workshop in Addis Ababa, Ethiopia.

III. Conclusions and recommendations

Other than the delays in marketing the project coffee, other planned activities for the reporting period went as scheduled. A significant part of the harvest in Rwanda was missed out due to delays in the procurement of equipment/materials during the previous year and subsequently in the installation of the processing plants. This in turn delayed part of the activities to monitor and evaluate cost and efficacy of operating small scale coffee washing stations.