



**Report of the Projects Committee on the  
meeting held on 30 March 2011**

1. The Projects Committee, chaired by H.E. Mr José Ángel López Camposeco of Guatemala, met in London on 30 March 2011 for the first time under the International Coffee Agreement (ICA) 2007.

**Item 1: Adoption of the Agenda**

2. The Committee adopted the draft Agenda contained in document PJ-1/11 Rev. 1.

**Item 2: Chairperson and Vice-Chairperson**

3. The Committee decided to appoint H.E. Mr José Ángel López Camposeco of Guatemala as Chairperson and Ms Amy Karpel of the USA as Vice-Chairperson for 2010/11.

**Item 3: Coffee development projects**

4. The Executive Director a.i. reported that the ICO had met representatives of the Common Fund for Commodities (CFC) on 30 November 2010 in Amsterdam to discuss issues relevant to CFC/ICO projects and future collaboration. He had also attended the annual meeting of the CFC and international commodity bodies (ICBs) in Lisbon on 7 March 2011 which had discussed issues including the future role and mandate of the CFC, recommendations of the Mid-Term Review on the role of the CFC and ICBs in project design and implementation, the causes of volatility of commodity prices and preparations for the 4th United Nations Conference on Least Developed Countries (LDC-IV).

5. The Committee took note of this information and further noted that the Finance and Administration Committee (FAC) had met on 29 March and had considered the situation of Members which had arrears of more than one year. The FAC had decided to recommend to

the Council that, after September 2011, such Members should not be eligible for sponsorship by the Organization of new projects to be considered by the Projects Committee. Such Members should, however, be given the opportunity to present their case to the Council regarding their inability to fulfil their financial obligations.

**Item 3.1: Projects under consideration by the ICO**

6. The Projects Officer introduced documents PJ-7/11 containing a progress report on projects and document PJ-5/11 containing the report of the Virtual Screening Committee (VSC) on two new proposals to be considered by Members.

*Adaptation to climate change in the PROMECAFE region (Central America and the Caribbean)*

7. The representative of PROMECAFE made a presentation introducing this proposal, a copy of which is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1011.htm>). The Projects Officer said that the VSC had considered the proposal contained in document PJ-3/11 for the first time and had been split on approval or revision. The proposal involved two countries which were not yet members under the ICA 2007 (the Dominican Republic and Jamaica), both of which had advised that they were making efforts to complete membership procedures as soon as possible. In addition, three of the participating countries (Dominican Republic, El Salvador and Panama) were not yet members of the CFC.

8. The point was made that the proposal addressed an area of great importance to Members, yet the budget was only US\$600,000 which might be insufficient to achieve the objectives. The time-frame also seemed too broad. Concern was expressed about the process of downscaling global circulation models using a resolution of approximately 1 km in mountainous regions which could result in uncertainty; there was a need to improve the accuracy of the results. It was also not clear how the impact of climate change on coffee quality and production could be evaluated in such a short time. The main focus of the project should be on the effects of climate change on production and what this would mean for each country in the region. Other points raised by the VSC such as the issue of alternative crops, the effects on production for each country, whether other areas might be suitable for coffee production, adequacy of soils, etc. were highlighted. It was a strong proposal but needed fine-tuning before proceeding further.

9. The Committee took note of this information and noted that some countries were not members of the ICA 2007 or the CFC. It decided to recommend to the Council that the proposal should be revised taking into account the comments which had been made at this meeting and by the VSC, and reviewed at a future meeting.

*Sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life cycle assessment (study)*

10. The representative of Oxford University Consulting (OUC) made a presentation introducing this proposal, a copy of which is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1011.htm>). The Projects Officer said that the VSC had considered the proposal contained in document PJ-4/11 for the first time and had recommended that it should be approved. The study was defined within the context of the United Nations Environment Programme (UNEP) and ICO framework of studies on coffee, environment and international trade (EB-3723/99). The preliminary guidelines for this study were funded by the UNEP and presented to the Executive Board in May 2000 (document EB-3747/00).

11. In discussions on this item the point was made that both Colombia and Brazil had already carried out work on calculating carbon emissions associated with the life cycle of coffees, such as the CREFT model developed by Cenicafe and work by Embrapa presented at the World Coffee Conference in 2010, with new results achieved since that time. It was suggested that synergies with the work undertaken by Brazil and Colombia should be explored, in order to achieve better results. In the case of Tanzania, this country had been undertaking work on climate change in the Kilimanjaro region. The proponents were requested to contact the authorities of this country and to take into account existing information. Appreciation was expressed for the involvement of Illycaffè in providing in-kind co-financing. The Committee noted that some countries might be able to provide in-kind assistance. In response to questions, the OUC confirmed it would use three methods to collect data including literature, existing databases and surveys. It would welcome the assistance of Members in making available national research published in their countries.

12. The Committee took note of this information and of the importance of addressing climate change which was on-going and was an issue that should be permanently on the agenda. There was a need for open-ended research and constant exchange of information about changes in rainfall, temperature rises, etc. so that in the next three to five years, Members could have a better picture of what was happening and develop ways of dealing with it. Different initiatives should be brought together in a long-term, permanent project.

13. Finally, the Committee decided to recommend that the proponents should revise the project to include synergies with the work undertaken by Brazil and Colombia on the carbon footprint in the life cycle of coffee, and to recommend it to the Council for approval on this basis. The Committee further noted that in the case of Peru, as it was not a member of the ICA 2007, it would not be covered in the proposal.

**Item 3.2: Projects under consideration by the CFC**

14. The Projects Officer reported that at its meeting in January 2011, the CFC Consultative Committee had approved Project Preparation Facilities to hire consultants to conduct an appraisal and elaboration of the proposal entitled: 'Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo'. She also reported on the following projects which had been considered by the CFC Projects Appraisal Committee (PAC) in November 2010.

*Enhancing the potential of Robusta gourmet coffee production in Uganda, Tanzania and Angola*

15. Following consideration by the CFC PAC, the proposal would be revised and resubmitted to the CFC for consideration in July 2011.

*Pest control model and Good Agricultural Practices (GAP) application in different coffee growing areas in Indonesia*

16. The CFC PAC considered that any involvement of the CFC would be in a minor capacity with the national institutions taking the lead financing and operational roles. The Committee noted the request that the Executive Director a.i. should convey the importance of this proposal for Indonesia to the CFC.

*Improving African coffee processing and market access*

17. The CFC PAC concluded that the project profile needed to be further elaborated. The costs of each component appeared high relative to the proposed activities, and the CFC had financed a number of coffee projects with the objectives of building capacity to access credit which could be transferred to the target beneficiaries in this proposal, who could then approach Afreximbank or other suitable financier for loans to purchase the required equipment and undertake the commercial aspects independently of CFC or with the CFC taking a very minor role.

*Study of the potential for commodity exchanges and other forms of market-places in West Africa*

18. The CFC PAC concluded that the CFC had financed similar initiatives in other parts of Africa and the experience of these projects could be transferred to West Africa.

19. The Projects Officer also reported that with respect to the 'Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management' project, the ICO had contacted the Asian Development Bank informally to request funding for the proposal. The Government of Vietnam had been invited to follow this up and an official update was awaited from it in order to proceed. The Committee took note of reports under this item

**Item 3.3: Projects already approved by the CFC**

20. The Projects Officer introduced document PJ-8/11 containing a progress report on the implementation of projects approved by the CFC and document PJ-6/11 containing the summary of a new project proposal entitled 'Economic crises and commodity dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises'. The proposal, submitted by the United Nations Conference on Trade and Development (UNCTAD) and approved by the CFC Executive Board in October 2010, initiated in November 2010 under the supervision of the ICO. It would provide the basis for a Special Event in Turkey on 8 May 2011 aimed at reaching consensus on priority areas of commodity-based strategies and on a commodity policy for action in 2011-2020. The representatives of UNCTAD and the CFC would make a presentation on this matter to the Council during its 106<sup>th</sup> Session this week. Further information is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1011.htm>).

21. The Committee took note of this information and of documents PJ-6/11, PJ-7/11 and PJ-8/11. In the case of the project entitled 'Access to finance for the development of diversification crops in coffee producing areas' the Committee noted that a workshop would be organized in Burundi in July 2011. Finally the Committee noted that new and revised project proposals for consideration in September 2011 should reach the ICO by 24 June 2011.

**Item 4: Procedures for submitting and reviewing projects**

22. The Projects Officer introduced document PJ-9/11 containing background documents for submitting and considering projects and made a presentation on current procedures for reviewing projects (a copy of this presentation is available on request from the Secretariat). She outlined options for the Virtual Screening Committee (VSC) which had operated under the 2001 Agreement, which included eliminating it, continuing with it, and continuing with it in an enhanced form that would allow it to coach Members on proposals. The latter option would depend on whether the Committee continued to exist.

23. The Committee took note of this information and considered document PJ-2/11 containing a draft decision and proposals for revisions to the terms of reference for the VSC reflecting the new structure of the ICA 2007. It was proposed that the VSC could continue to operate as a Virtual Screening Subcommittee (VSS) until such time as the Projects Committee had considered procedures for screening projects under the 2007 Agreement.

24. In discussions on this item, it was suggested that paragraph (10) of the terms of reference should be amended to replace 'checklist' by 'assessment document' or a similar term, to facilitate sending comments. The point was made that the VSC had played a valuable role in screening proposals and providing technical comments prior to consideration by the Board and Council under the 2001 Agreement, and did not involve any additional costs to the Organization. It would be helpful to continue to have a first screening of proposals before they were considered by the Projects Committee. It was proposed that the EU rather than its individual member states should be represented on the Committee. The suggestion was also made that the screening committee could be expanded to include Projects Committee Members, while a fourth option could include developing a procedure for Committee Members to screen proposals virtually, without establishing a subcommittee.

25. The Committee decided to recommend to the Council that the VSS should operate until September 2011, and requested the Executive Director a.i. to review mechanisms for considering projects and put forward proposals for future technical screening of projects for its consideration at its next meeting.

**Item 5: Project activities under the ICA 2007**

26. Ms Eltha Brown, 1<sup>st</sup> project manager of the CFC, made a presentation on CFC projects and funding (a copy of this presentation is available on the technical presentations area of the ICO website). Further information about CFC, including a manual for projects, could be found on the CFC website [www.common-fund.org](http://www.common-fund.org). The Committee took note of this information and of concerns about the impact of the CFC's review of its activities on the availability of future funding for coffee development projects, which were crucial for producing countries. It was suggested that a representative of the CFC should be invited to attend the September meetings to discuss these concerns and criteria for projects with Members, so that countries could take relevant issues into account in submitting proposals. The Committee further noted that all Members should convey to their capitals the importance of the CFC's contribution to coffee development projects.

27. The Executive Director a.i. noted that the terms of reference for the Projects Committee, contained in Annex III of document ICC-106-4, provided for consideration of activities such as establishing priority thematic areas for support through projects,

monitoring and evaluation of projects and identification of sources of funding for projects and cooperation with other agencies. Other documents containing guidance about priorities for projects included the strategic action plan and the coffee development strategy (documents ICC-105-19 and ICC-105-16). The Committee took note of this information and further noted that this issue would be discussed again at the next meeting.

**Item 6:                    Other business**

28.    There was no other business to discuss.

**Item 7:                    Date of next meeting**

29.    The Committee noted that its next meeting would take place in London at the time of the 107<sup>th</sup> Council Session from 26 to 30 September 2011.