



ORGANIZACIÓN INTERNACIONAL DEL CAFÉ ORGANIZATION
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London, United Kingdom

**Report of the
Virtual Screening Subcommittee (VSS)
on one revised coffee project proposal**

Background

1. This report contains assessments provided by the Virtual Screening Subcommittee (VSS) on the following revised project proposal which will be considered by the Projects Committee and Council in September 2011:

- **Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica)**, [formerly Adaptation to climate change in the PROMECAFE region] submitted by the Regional Program for the Development and Modernization of the Coffee Industry in Central America, Panama, the Dominican Republic and Jamaica (PROMECAFE) (document PJ-3/11 Rev.1).

2. The VSS is currently composed of Brazil, Côte d'Ivoire, Guatemala and Indonesia (exporting Members) and Germany, Italy, Spain and the USA (importing Members).

Action

The Projects Committee is requested to consider the report of the VSS and to submit a recommendation on the proposal to the Council.

REPORT OF THE VIRTUAL SCREENING SUBCOMMITTEE (VSS)

Summary of VSS screening by technical area

August 2011

Technical area	Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica)*
Coffee sector priorities	Sep 2011: Good Mar 2011: Good
Project planning	Sep 2011: Adequate Mar 2011: Adequate
Operational capacity of Project Executing Agency (PEA)	Sep 2011: Good Mar 2011: Good
Sustainability	Sep 2011: Adequate Mar 2011: Adequate
Budget/cost-effectiveness	Sep 2011: Good Mar 2011: Adequate
Overall recommendation	The VSS was split on whether to recommend the proposal for approval (3) or revision (3)

* This is the second time that this proposal has been considered by the VSS.

1. Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica), submitted by the Regional Program for the Development and Modernization of the Coffee Industry in Central America, Panama, the Dominican Republic and Jamaica (PROMECAFE) (document PJ-3/11 Rev.1).

General comments:

- (a) This revised project proposal is designed to study the implications of climate change for coffee productivity and quality in Guatemala, Honduras and Costa Rica, as well as to provide some idea as to where high-quality coffee is likely to grow in the future and the extent to which the suitability of these areas is likely to have changed in a given period, for example in 2030 and 2050.
- (b) The proposed Project Executing Agency (PEA) is the International Center for Tropical Agriculture (CIAT).
- (c) This is the second time that the Committee has considered this proposal. The Committee was split on whether to recommend the proposal for approval or revision.

VSS comments on revised proposal:

- One Member considered that the proposal was significantly improved, fully recommending it for approval: the timing of activities was now clear, it was also now clearly stated who should be responsible for the project implementation (i.e. CIAT, in collaboration with three national institutions) and the initial budget of US\$500,000 was now US\$310,000, of which half (US\$155,000) was expected to come from CFC. Counterpart funding had been secured in kind (in the form of salaries of staff, provision of vehicles, etc). Thus, the proponents had now worked out how the budget should be apportioned to the various activity areas.
- This was in line with another Member who considered that the new version of the proposal was adequate for approval.
- Another Member, despite considering the project very relevant and quite reasonable in terms of cost, felt that it could still be strengthened in terms of development.
- Concerning screening against coffee sector priorities, one Member noted that the project proposal was highly relevant, since too little was known about how climate change would affect the suitability of coffee cultivation; especially high quality Arabica coffee which was grown at high altitudes, and which would be reduced in area and quantity.

- On the proposed project management, however, the following points were raised:
 - Component 1: the objectives were too challenging for the plan of action and the spatial level of analysis was too ample for mountainous areas. Component 3 did not take into consideration the possible response of the coffee plant (self-adaptation). Component 4 did not include a structured and detailed plan for the sensorial evaluation of the coffee and the timeframe was too short for assessing the quality. Component 5 did not include any market analysis for the alternative crops. Component 6 only provided for a qualitative analysis (not quali-quantitative).
- Another Member appreciated that the scope of this proposal was now limited to countries that were both Members of the ICO and CFC. As stated in the ICO and CFC guidelines, membership is a criterion for project approval.
- In its comments on the previous version of this proposal, this Member had posed a series of questions that the proposal should address to be successful. Those questions included *inter alia*:
 - What percentages of current coffee-producing areas would have to be abandoned?
 - What areas would be suitable for coffee production?
 - Would coffee production have to move upland?
 - Could any of these areas be used for coffee production?
 - Are the soils in these areas adequate to grow coffee?
 - What would be the consequences of taking these lands into production?
 - Would it require deforestation?

It was not clear whether the proposal would address these questions and if so under which component.

Additional VSS comments and suggestions:

- A Member continues to question the ability to predict the effects of climate change on coffee quality. While quality can be assessed for current coffee-producing areas, it is difficult to understand how the quality of coffee that has not yet been produced (either in current-coffee producing areas or in new areas in response to climate change) could be evaluated. It was suggested that the component of the proposal focused on predicting the effects of climate change on coffee quality and production be revised to focus solely on predicting the effects of climate change on production.
- It was also suggested that the component focusing on identifying alternative crops be minimized. While consideration of alternative crops is important in devising effective strategies aimed at mitigating the effects of climate change, options for alternative

crops are limited and already well-known. In the view of this Member, it would distract resources from other elements of the proposal to re-examine this issue; existing information should be sufficient for the purposes of this project.

- The proposal included a socio-economic component which was very important in understanding the capacity for adaptation to climate change as well as the strategies that might be most successful in light of that capacity. Besides increasing the understanding of the effects of climate change on coffee producing countries, consideration of socio-economic factors was important in having an end product that was valuable in mitigating the effects of climate change on smallholder coffee growers. Specifically, being able to have concrete socio-economic data in coffee growing regions would aid in designing future interventions that were feasible in regions given the background and resources of the farmers. The proposal's socio-economic component however contained little detail and it was thus unclear exactly what issues it might examine. The component should address, for example, the following questions:
 - How many people would be impacted if current coffee-producing areas had to be abandoned?
 - How would this impact the overall economy of each country?
 - If current coffee-producing areas need to be moved to other areas, who owns these lands?
 - Would there be sufficient workers available to harvest coffee in these new areas?
 - Is there infrastructure in these new areas to process and transport the finished product?
 - What would it cost to produce coffee in these areas?