



INTERNATIONAL COFFEE ORGANIZATION  
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ  
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ  
ORGANISATION INTERNATIONALE DU CAFÉ

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Projects Committee/  
International Coffee Council  
5 – 8 March 2012  
London, United Kingdom

**Enhancing competitiveness of African  
coffees through value chain strengthening**

## **Background**

1. This document, submitted by the InterAfrican Coffee Organisation (IACO), contains the summary of a new project proposal designed to address identified constraints in the coffee value chain in Africa and thereby increasing the region's coffee production, productivity, quality and overall competitiveness in the global market.
2. The proposal will be forwarded to the Virtual Screening Subcommittee (VSS) for an evaluation and will be considered by the Projects Committee in March 2012.

## **Action**

The Projects Committee is requested to consider this proposal as well as the recommendations of the VSS and, if appropriate, to recommend its approval by the Council.

## PROJECT SUMMARY

<b>Title of the project:</b>	Enhancing competitiveness of African coffees through value chain strengthening
<b>Duration:</b>	Five years
<b>Location:</b>	Several African Countries indicated under each project component
<b>Nature of the project:</b>	Research and development project to address identified constraints in the coffee value chain in Africa and thereby increasing the region's coffee production, productivity, quality and overall competitiveness in the global market.
<b>Brief description:</b>	<p>The purpose of this mega project is to enhance production, quality and trade of African coffees. This will be achieved through a sustainable increase in coffee production, productivity, quality and profitability by the enhancement of the coffee value chains in Africa. This purpose will be met by implementing a number of activities under the following components:</p> <ul style="list-style-type: none"><li>• Sustainable increase of coffee productivity in Africa</li><li>• Enhancing the quality of African coffees</li><li>• Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa</li><li>• Improving marketing systems for a competitive coffee sector in Africa</li><li>• Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa</li><li>• Adaptation and mitigation to climate change by coffee farmers in Africa</li></ul> <p>The varied nature of the constraints necessitates the development of several components, each addressing constraints in a group of countries experiencing similar problems. Therefore, the present components are unusually big and each one of them stands independently having their own budget and target countries.</p>

**Total cost:** US\$58,000,000

**CFC financing:** US\$16,800,000 (grant)  
US\$9,000,000 (loan)

**Counter part contribution/  
co-financing:** US\$32,200,000

**Project Executing Agency:** InterAfrican Coffee Organisation (IACO)

**Project  
Implementing Agency:** CABI - AFRICA

**Collaborating institutions:** National Coffee Institutions in partner countries

**Supervisory body:** International Coffee Organization (ICO)

**Estimated starting date:** 2012

## **Project objectives and rationale**

### **Objectives**

This project was developed following a thorough value chain analysis of the coffee sectors in a selected number of countries in Africa. It is designed to address the identified constraints with a view to increasing income from coffee and improving the lifestyle of resource poor smallholder coffee producers. A wide range of constraints was identified in the different countries, whose coffee sectors are also at different levels of development. The ultimate goal of the project is to contribute to sustainable improvement of livelihoods of the resource poor smallholder coffee producers in Africa. The purpose of the project is to enhance production, quality, trade and overall competitiveness of Africa in coffee business. This will be achieved through a sustainable increase in coffee production, productivity, quality and profitability through enhancement of the coffee value chains in Africa. The intended purpose of this mega project will be met by implementing a number of activities under the following six components each of which are almost equivalent to a project:

1. Sustainable increase of coffee productivity in Africa
2. Enhancing the quality of African coffees

3. Rehabilitation of the coffee farms in countries emerging from civil strife and political changes in Africa
4. Improving marketing systems for a competitive coffee sector in Africa
5. Enhancing diversification in smallholder coffee farming systems for increased and sustainable income in Africa
6. Adaptation and mitigation to climate change by coffee farmers in Africa

The varied nature of the constraints in each country necessitated the development of a mega project, each corresponding to the above mentioned components. Criteria used in identifying participating countries in each project included:

- Commonality of problems
- Similarity in level of development of national coffee institutions
- Geographical proximity
- Similarities in coffee types and systems
- Current level of coffee production and export

### **Rationale**

The project is designed to lay the basis for a major initiative to revitalize the coffee sector in Africa. The rationale for such an initiative is two-fold:

- Improving coffee production and productivity provides a unique opportunity for reducing poverty in Africa. There are 25 producing countries, about 33 million farmers earn their livelihood from coffee, and coffee is a major foreign exchange earner.
- There is a great potential to improve coffee production and productivity in Africa. Africa is the origin and genetic diversity of the two commercial species, *C. Arabica* and *C. canephora*, and almost all other coffee species suggesting an immense potential for the improvement of productivity and quality. Furthermore, the continent is endowed with highly diverse and suitable agro-ecology for coffee production and there is an incredibly vast area of untapped suitable coffee land especially in western and central parts of Africa for expansion of coffee production in the region. The very diverse agro-ecology under which coffee grows in Africa also provides great opportunity to produce varieties of quality flavour for premium specialty coffee and consumers preferences.

There are also other great opportunities for the promotion of Africa's coffee sector. Over the last three decades coffee exports from Africa have declined by over 40%, but world demand is growing and stocks are low. The project will enable the countries to capture and retain a substantial part of the emerging market, attract premium prices and improve the household income of the smallholder coffee farmers. There are adequate improved technologies for the intensification of coffee production and processing practices. These technologies have been used to produce manuals or guidelines and are available in various countries. However, the technologies have not yet been effectively disseminated to the grassroots level coffee growers.

Thus, there is a potential for Africa's coffee sector to make a significant contribution to the development of the continent, but requires a coordinated and concerted effort to address key constraints that contributed to its decline in order to effectively exploit the available potentials and opportunities.

The project will target not coffee alone but coffee farming systems in which producers live and earn a livelihood from. By laying emphasis on sustainable production that conserves the natural resource base (water, soil, etc.), the producers will not only be able to access niche coffee markets which require attainment of certain standards and certifications, but will also mitigate against and/or adapt to the vagaries of climate change.

## LOGICAL FRAMEWORK

Narrative summary	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal:</b>			
Improve livelihoods of coffee producers in Africa on a sustainable basis	<ul style="list-style-type: none"> <li>Increased export earnings from coffee secured</li> <li>At least 50% of smallholder coffee farmers in project areas in each participating country living on more than US\$1/day</li> <li>Vulnerability to fluctuation of world coffee prices reduced</li> </ul>	<ul style="list-style-type: none"> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> <li>World Bank reports</li> <li>Project Review Reports</li> <li>Country level reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Increased returns used to improve livelihoods of farmers</li> <li>Coffee remains a valid commodity in the target countries</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> </ul>
<b>Purpose:</b>			
Enhance production, quality, trade and overall competitiveness of Africa in coffees business	<ol style="list-style-type: none"> <li>At least 50% of coffee producers in the project area in each target country raise their average national production to at least 0.5t/ha. by Y5</li> <li>At least 80% of coffee producers in the project area in each target country adopting quality based differential payment by Y5.</li> <li>Rehabilitation programmes initiated in at least 5 countries emerging from civil strife or policy changes by Y4</li> <li>Group marketing by smallholder farmers operational by at least 50% of the producers in project areas in each target countries by Y5</li> <li>Diversification options for smallholder coffee farmers developed and popularized in the participating countries by Y3</li> <li>Information exchange systems on climate change issues developed and operational in all target countries by Y3</li> </ol>	<ul style="list-style-type: none"> <li>Project Review Reports</li> <li>Country level reports</li> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Increased returns used to improve livelihoods of farmers</li> <li>Coffee remains a valid commodity in the target countries</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> <li>No imposition of new and stiffer tariffs and barriers to trade</li> </ul>

Outputs	Objectively verifiable indicators	Means of verification	Assumptions
1. Sustainable coffee production increased	<p>In the project areas in each target country:</p> <ul style="list-style-type: none"> <li>50% of coffee farmers adopting GAP</li> <li>Improved coffee varieties promoted and popularized</li> <li>A least 50% of farmers have access to improve their productivity</li> <li>Safe use protocols for agro-inputs developed and promoted</li> <li>Innovative credit schemes developed and piloted.</li> </ul>	<ul style="list-style-type: none"> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> <li>Project Review Reports</li> <li>Country level reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Government continues to support coffee sector</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> </ul>
3. Coffee farms in countries emerging from civil strife and political changes rehabilitated and renovated	<p>In the project areas in each target country:</p> <ul style="list-style-type: none"> <li>All coffee farmers made aware of the economic benefits of producing coffee</li> <li>At least 50% of formerly displaced coffee farmers resettled</li> <li>At least 50% of the farmers become members of organised and functional groups</li> <li>At least at least 25% of the resettled farmers having access to credit and processing equipment</li> </ul>		<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Government continues to support coffee sector</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> </ul>

Outputs	Objectively verifiable indicators	Means of verification	Assumptions
4. Efficiency of coffee marketing improved	In the project areas in each target country: <ul style="list-style-type: none"> <li>At least 50% of the farmers aware of coffee marketing information</li> <li>At least 50% of the farmers become members of organised and functional groups</li> <li>At least 25% of the established farmer groups linked to the market</li> <li>Differential payments operational</li> <li>Coffee intelligence and forecasting systems developed and operational</li> <li>At least 3 new niche markets identified for the target countries</li> <li>Innovative credit schemes developed and piloted</li> </ul>	<ul style="list-style-type: none"> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> <li>World Bank reports</li> <li>Project Review Reports</li> <li>Country level reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Government continues to support coffee sector</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> <li>Liberalization process of the sector is concluded</li> </ul>
5. Coffee diversification enhanced	In the project areas in each target country: <ul style="list-style-type: none"> <li>At least 2 different enterprises compatible with coffee established in each target country</li> <li>At least 50% of coffee farmers engaging in a different income generating enterprise</li> <li>At least at least 25% of the coffee farmers having access to credit and marketing channels of complementary enterprise</li> </ul>	<ul style="list-style-type: none"> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> <li>World Bank reports</li> <li>Project Review Reports</li> <li>Country level reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Government continues to support coffee sector</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> </ul>
6. Building of producer capacity to adapt to climate change	In the project areas in each target country: <ul style="list-style-type: none"> <li>Farmer groups set up and operational in all target countries.</li> <li>At least 10 demonstration sites established in each country to promote climate change adaptation innovations</li> <li>Information on climate change collated, packaged and made available in all target countries</li> </ul>	<ul style="list-style-type: none"> <li>CFC reports</li> <li>ICO reports</li> <li>FAO reports</li> <li>IACO reports</li> <li>World Bank reports</li> <li>Project Review Reports</li> <li>Country level reports</li> </ul>	<ul style="list-style-type: none"> <li>No global economic crises</li> <li>Government continues to support coffee sector</li> <li>Political stability in target countries</li> <li>Minimal disruption from physical or biological catastrophes</li> </ul>
7. Project managed effectively	<ul style="list-style-type: none"> <li>The programme inauguration and planning workshop is realized.</li> <li>Finance administration and financial procedures operational</li> <li>Detailed annual workplans and budgets developed and implemented</li> <li>Programme partners working harmoniously</li> <li>Monitoring and evaluation system established and operational</li> <li>Reports (technical &amp; financial including audit) sent to ICO and financing body regularly and in agreed frequency and formats</li> <li>Availability of annual auditor reports</li> <li>Programme supervised by ICO/CFF or their appointee</li> </ul>		<ul style="list-style-type: none"> <li>Collaborating organisations fulfil commitments</li> </ul>

Activities	Objectively verifiable indicators	Means of verification	Assumptions
1.1 Baseline key constraints to increase coffee productivity 1.2 Improve farmers capacity in GAP 1.3 Avail and catalyze adoption of improved varieties. 1.4 Facilitate access to and proper use of productivity enhancing inputs 1.5 Facilitate access to financial resources 1.6 Disseminate productivity enhancing principles and practices	Component 1: US\$ 9,000,000 Component 2: US\$ 8,500,000 Component 3: US\$ 10,000,000 Component 4: US\$ 8,000,000 Component 5: US\$ 10,000,000 Component 6: US\$ 10,000,000 Component 7 :US\$ 2,500,000 Grand total: US\$ 58,000,000	<ul style="list-style-type: none"> <li>Project documentation – reports, training materials curricula produced</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders and partners are willing and able to participate in needs analysis</li> <li>Ginneries are willing to support the project</li> </ul>

Activities	Objectively verifiable indicators	Means of verification	Assumptions
2.1 Undertake capacity building on improved processing practices 2.2 Facilitate access to and adoption of improved processing facilities 2.3 Develop and institutionalize quality standards for coffee subsectors 2.4 Facilitate access to financial resources 2.5 Disseminate improved harvesting and post-harvesting innovations and protocols		<ul style="list-style-type: none"> <li>• Project documentation- workshop reports, training materials and curricula for farmer field schools (FFS) and training of trainers</li> <li>• Dissemination outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders and partners are willing and able to participate in training</li> <li>• Suitable candidates as trainers are available</li> </ul>
3.1 Settle and organise farmers into groups. 3.2 Provide institutional support 3.3 Intensify/initiate coffee production 3.4 Undertake capacity building of stakeholders 3.5 Facilitate commercialization of coffee		<ul style="list-style-type: none"> <li>• Project documentation, value chains mapped; workshop plans and reports</li> <li>• Pilot schemes planned and implemented; results synthesized and lesson learned disseminated</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders and partners are willing and able to interact</li> </ul>
4.1 Improve access to coffee marketing information 4.2 Form/strengthen farmer business groups and link them to markets and credit institutions 4.3 Develop a coffee intelligence and forecasting system 4.4 Identify new markets and develop strategies on how to access them 4.5 Establish/strengthen credit financial systems for producers		<ul style="list-style-type: none"> <li>• Survey reports available</li> <li>• Impact reports available</li> <li>• Findings disseminated</li> </ul>	<ul style="list-style-type: none"> <li>• No negative external factors will affect the project (eg. cotton farmers decide to grow other crops)</li> </ul>
5.1 Hold public-private stakeholder workshop to identify a public sector champion 5.2 Constitute a National and local multi-stakeholder forum 5.3 Undertake an analysis of market and ecological conditions in each site 5.4 Identify (by stakeholder forums) appropriate partner(s) to lead and participate in the diversification 5.5 Capacity building of stakeholders 5.6 Formulate strategies for policy advice and advocacy in order to secure support of policy makers 5.7 Implement diversification 5.8 Establish/strengthen and implement credit financial systems for producers		<ul style="list-style-type: none"> <li>• Procedure manual</li> <li>• Report of inception workshop</li> <li>• Quarterly financial reports</li> <li>• Progress reports, mid-term evaluation report, annual accounts and audits, project completion report</li> <li>• Work plans produced</li> <li>• Visit reports produced</li> </ul>	<ul style="list-style-type: none"> <li>• Financing from all sources made on a timely basis in tandem with proposed activities &amp; annual work plan, budget etc.</li> <li>• Personnel, including external consultants, competent in required skills can be identified &amp; commit to project activities</li> <li>• The PIA &amp; partner institutions co-ordinate &amp; execute project efficiently.</li> <li>• All project participants remain committed to project purpose.</li> <li>• Socio-political developments do not prevent effective project implementation</li> </ul>



Activities	Objectively verifiable indicators	Means of verification	Assumptions
<p>6.1 Undertake mapping studies on predicted climate change</p> <p>6.2 Hold a stakeholders workshop to discuss the outcome of the appraisal study</p> <p>6.3 Organise farmers into groups and undertake trials in their farms</p> <p>6.4 Disseminate improved climate change mitigation and adoption innovations and protocols</p>		<p>Procedure manual</p> <p>Report of inception workshop</p> <p>Quarterly financial reports</p> <p>Progress reports, mid-term evaluation report, annual accounts and audits, project completion report</p> <p>Work plans produced</p> <p>Visit reports produced</p>	<p>Financing from all sources made on a timely basis in tandem with proposed activities &amp; annual work plan, budget etc.</p> <p>Personnel, including external consultants, competent in required skills can be identified &amp; commit to project activities</p> <p>The PIA &amp; partner institutions co-ordinate &amp; execute project efficiently.</p> <p>All project participants remain committed to project purpose.</p> <p>Socio-political developments do not prevent effective project implementation</p>
<p>7.1 Organise project stakeholder meetings</p> <p>7.2 Establish administration and accounting procedures and provide training in these, and establish effective communication channels between PIAs and PEA.</p> <p>7.3 Develop detailed annual work-plans and budgets</p> <p>7.4 Provide technical support to collaborators and carry out effective co-ordination of the programme</p> <p>7.5 Establish an effective monitoring and evaluation process</p> <p>7.6 Prepare regular progress reports, a mid-term evaluation report, annual accounts, audits and project completion report for each country</p> <p>7.7 Organize ICO/CFC supervision missions to the project areas</p>		<p>Procedure manual</p> <p>Report of inception workshop</p> <p>Quarterly financial reports</p> <p>Progress reports, mid-term evaluation report, annual accounts and audits, project completion report</p> <p>Work plans produced</p> <p>Visit reports produced</p>	<p>Financing from all sources made on a timely basis in tandem with proposed activities &amp; annual work plan, budget etc.</p> <p>Personnel, including external consultants, competent in required skills can be identified &amp; commit to project activities</p> <p>The PIA &amp; partner institutions co-ordinate &amp; execute project efficiently.</p> <p>All project participants remain committed to project purpose.</p> <p>Socio-political developments do not prevent effective project implementation</p>