



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

PJ 36/12

28 August 2012  
Original: English

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Project/Common Fund

Projects Committee  
4<sup>th</sup> Meeting  
27 September 2012  
London, United Kingdom

**Promoting coffee sustainability through productivity increases and youth participation in Cameroon and the Central African Republic [Formerly: Promotion of domestic coffee marketing and consumption in the Central African Republic]**

**Project proposal**

## Background

1. The present document has been submitted by the Inter-African Coffee Organisation (IACO) on behalf of Cameroon and the Central African Republic, and contains a summary of the revised project proposal to promote sustainable coffee production through assistance to coffee farmers and the youth to increase productivity/production, improve product quality and earn better farmgate prices to reduce their poverty levels.
2. The proposal has been sent to the Virtual Screening Subcommittee (VSS) for evaluation and will be examined by the Projects Committee in September 2012. A copy of the full project proposal is available from the Secretariat upon request.

## Action

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

**PROMOTING COFFEE SUSTAINABILITY THROUGH PRODUCTIVITY INCREASES  
AND YOUTH PARTICIPATION IN CAMEROON AND THE  
CENTRAL AFRICAN REPUBLIC [FORMERLY: PROMOTION OF DOMESTIC COFFEE  
MARKETING AND CONSUMPTION IN THE CENTRAL AFRICAN REPUBLIC]**

**PROJECT SUMMARY**

<b>Project title:</b>	Promoting coffee sustainability through productivity increases and youth participation in Cameroon and the Central African Republic [Formerly: Promotion of domestic coffee marketing and consumption in the Central African Republic]
<b>Duration:</b>	Five years
<b>Location:</b>	Cameroon and the Central African Republic
<b>Collaborating institutions:</b>	Coffee Boards of Cameroon (ONCC) and Office for the Regulation and Control of Marketing of Agricultural Products (ORCCPA) of the Central African Republic
<b>Project Executing Agency:</b>	ONCC
<b>Project Supervising Body:</b>	International Coffee Organization
<b>Project Implementing Agencies:</b>	<i>Cameroon</i> Ministry of Agriculture Ministry of Trade and Industries Agricultural Research Institute for Development  <i>Central African Republic</i> Central African Agronomic Research Institute Ministry of Agriculture Ministry of Trade and Industries Central African Agency for Agricultural Development
<b>Project description:</b>	<p>The rationale of this project is to support the efforts of the Governments of Cameroon and the Central African Republic at reviving and rehabilitating their declining coffee sector to boost the rural economies, generate incomes for the coffee farming communities and reduce poverty among coffee farmers.</p> <p>Following from the above, four objectives are identified by the project aimed at achieving the project rationale. These include:</p>

- To increase coffee farmer productivity to 1 ton per hectare, improve coffee quality and thereby enhance farmgate prices by end of project life.
- To encourage, motivate and bring initially some 80 young men and women in Cameroon and another 100 in the Central African Republic directly into coffee production on a more permanent/sustainable basis.
- To produce and distribute 24 million improved seedlings in Cameroon and 6 million in the Central African Republic by end of project for replanting and for new plantings of coffee.
- To increase domestic consumption to about 5,000 tons of coffee in Cameroon and 2,000 tons in the Central African Republic.

<b>Project total cost (US\$):</b>	US\$7,223,654	
	<i>Cameroon</i>	<i>US\$4,723,186</i>
	<i>Central African Republic</i>	<i>US\$2,500,468</i>
<b>CFC funding:</b>	US\$6,967,057	
<b>Government matching fund:</b>	US\$256,597	
	<i>Cameroon</i>	<i>US\$167,009</i>
	<i>Central African Republic</i>	<i>US\$89,588</i>
<b>Expected date of project approval:</b>	March 2013	
<b>Expected starting date:</b>	June 2013	

## **Background**

### **Project background and commodity strategy**

1. Coffee has played, and continues to play, an important role in the economies of Cameroon and the Central African Republic. Coffee production started and was encouraged during the colonial era in both countries. This is important because the developmental efforts in the coffee industry at the time benefited resource-poor rural coffee farmers to enjoy relatively high levels of revenues from their coffee business during the period of high prices.

2. More than 3 million people in Cameroon earn their living, either directly or indirectly, from coffee. Of the 3 million population in the coffee industry, it is estimated that 400,000 farm households, representing about a population of 2.8 million people are into primary coffee production (coffee farming), with most of them being small resource-poor holders. Women form over 50 percent of the coffee farming population and engaged mostly in activities like coffee harvesting, picking, drying and the inter-planting of food crops with the coffee trees. Other operators in the coffee industry in Cameroon include 70,000 jobs in manufacturing, 70,000 in marketing, 7,000 in processing and distribution, 7,000 in quality control and agro-inputs and another 7,000 in ancillary services like ground transport and transit.

3. In the Central African Republic, the estimate is that some 400,000 persons made their living from the coffee industry before the start of the war. This number has declined since the war to about 30,000 households, representing a population of about 200,000, engaged in primary coffee production, with an average holding of 1 hectare per farm household. Other operators in the coffee sector include coffee exporters, hullers, traders and processors. The coffee industry in both countries therefore provides important livelihoods for a significant number of their populations, especially for women and the rural poor.

### **Overview of global coffee supply and demand situation and forecasts**

4. African coffee production has declined from 24.4 million bags in the 1980s to 15.4 million bags during the last coffee year; that is, a whopping 40 percent drop. At the same time, Africa's global share of the coffee market has declined by more than 50%; that is, from 27% to 12% during the same period. Both Cameroon and Central African Republic have been victims of the declining fortunes in the coffee industry.

5. There is concern over the declining African coffee industry and African coffee producing countries are often urged to adopt appropriate strategies to increase coffee production, improve quality and farmgate prices. This is yet another opportunity for this project to support the efforts of the Governments of Cameroon and the Central African Republic to lift up their coffee production, improve quality to attract prices and enhance incomes of poor coffee farmers.

6. The Government of Cameroon, as part of its Poverty Reduction Strategy, has also adopted the implementation of a rural sector development strategy with a clear objective to sustainably develop the agricultural, animals, fisheries, wildlife and forestry resources. Coffee (both Robusta and Arabica) has been given prominence in this strategy and productivity improvement objectives have been set. Cameroon's objective for the coffee sector is to increase production from the present 43,000 tons to 125,000 tons by 2015. This will involve the production of 100,000 tons of Robusta and 25,000 tons of Arabica. The country further aims at enhancing export revenues from coffee by increasing export volumes from the present 33,000 tons to 80,000 tons during the same period. Domestic consumption has been estimated to be at least 10,000 tons by 2015.

7. On the other hand, the Central African Republic is projecting to double its coffee production from the present 4,000 tons to 8,000 tons by 2015 and further to 14,000 tons by the end of 2019.

#### **Problems, issues and opportunities of coffee and measures to address them**

8. The coffee sector of Cameroon and the Central African Republic is beset with numerous challenges. The central objective of this project seeks to address a number of the sector challenges. Among the challenges are:

- Low investment in the sector
- Low and decreasing production and productivity
- Over-aged trees
- Over-aged farming population
- Weak extension support
- Poor coffee quality, and
- Poor farmgate prices.

### **Relevance of project to ICO commodity strategy**

9. The global coffee industry has suffered serious crisis in the last two decades with prices tumbling to levels as low as US\$0.50/lb in 2002, down from US\$1.28/lb in 1983. The effect of the crisis on African coffee producers has been devastating with very serious socio-economic consequences. In Africa, the coffee sector is quite important in its contribution towards rural poverty reduction interventions because the sector employs about 33 million resource-poor farmers and their families. The coffee crisis in Africa has contributed immensely to widespread loss of jobs, worsening poverty, and limited access to social amenities like education, health, water and sanitation. In both Cameroon and the Central African Republic, the crisis led to abandonment of coffee farms; and in the Central African Republic, the situation worsened because of the internal conflict. It is estimated that the crisis has cost about US\$25 billion since 1998/99, on the social and economic life of many developing countries, including Africa.

10. In seeking solutions for the coffee crisis and its negative effects on the African coffee industry, the ICO is advocating for improvement in coffee quality to generate consumer appreciation as means of enhancing coffee consumption. African coffee quality has suffered tremendously, since the crisis, as a result of neglect and low investment in the sector. The population of the African region is young. The youth make up some 37% of Africa's working population, but form over 60% of the unemployed population.

11. Africa's youth are therefore a potential resource for growth and social development. Such young men and women are not new to the coffee industry and re-directing their energies into coffee production for the long-term sustainability of the industry can be quite important for the beneficiary countries. In these respects, the orientation of this project fits into the commodity strategy of the ICO.

## Logical Framework

**Project title:** Promoting coffee sustainability through productivity increases and youth participation in Cameroon and the Central African Republic  
 [Former: Promotion of domestic coffee marketing and consumption in the Central African Republic]

**Estimated project starting date:** June 2011

**Estimated completion date:** May 2015

**Date of this summary:** June 2010

Narrative Summary	Observed Verifiable Indicators (OVI)	Means of Verification	Assumptions
<p><b>Program Goal:</b>            The broad goal of the project is to promote sustainable coffee production through assistance to coffee farmers and the youth to increase productivity/production, improve product quality and earn better farmgate prices to reduce their poverty levels.</p>	<ul style="list-style-type: none"> <li>a. Percentage of quality coffee for exports/domestic markets increase by about 50%.</li> <li>b. Coffee farmer productivity increases over 200%.</li> <li>c. Coffee farmer incomes more than double.</li> <li>d. At least 80 youth in Cameroon and 100 youth in the Central African Republic are attracted into coffee production.</li> <li>e. Coffee farmgate prices go up by at least 150%.</li> <li>f. At least 10% of coffee consumed nationally is from local source.</li> </ul>	<ul style="list-style-type: none"> <li>a. Project impact analysis report.</li> <li>b. Quarterly/Yearly M&amp;E reports.</li> <li>c. Coffee trade statistics.</li> <li>d. National agricultural statistics.</li> <li>e. UNDP Human Development Reports.</li> </ul>	<ul style="list-style-type: none"> <li>a. An enabling macro-economic environment is established.</li> <li>b. That government policy to improve poverty in coffee producing communities stays on course.</li> <li>c. That rebel activities in the Central African Republic do not spread to disrupt project implementation.</li> </ul>
<p><b>Project Purpose:</b></p> <ul style="list-style-type: none"> <li>a. To reduce poverty in coffee producing communities.</li> <li>b. To encourage, motivate and bring young men and women into coffee production on a more permanent/sustainable basis.</li> <li>c. To encourage coffee traders to put in mechanisms to support coffee farmers.</li> <li>d. To produce and distribute improved coffee seedlings for free distribution to coffee farmers and participating youth.</li> <li>e. To strengthen capacities of institutions working to develop coffee.</li> <li>f. To increase domestic consumption of coffee to drive production.</li> </ul>	<ul style="list-style-type: none"> <li>a. Percentage increases in coffee yield.</li> <li>b. Percentage increases in coffee productivity and production.</li> <li>c. Percentage increases in coffee farmers incomes.</li> <li>d. Number of coffee farmers supported by coffee traders.</li> <li>e. Increasing number of youth attracted into coffee production.</li> <li>f. Percentage increases in coffee farmgate prices as percentage of FOB prices.</li> <li>g. Coffee research active once again</li> <li>h. Percentage of population patronizing locally processed coffee.</li> <li>i. Projects results accepted by beneficiary governments and national budget committed to project expansion.</li> </ul>	<ul style="list-style-type: none"> <li>a. Agricultural statistics.</li> <li>b. Records of FBOs.</li> <li>c. Project monitoring reports.</li> <li>d. Mid-term and end of project reports.</li> <li>e. Surveys.</li> <li>f. Trade statistics.</li> </ul>	<ul style="list-style-type: none"> <li>a. Coffee farmers have the ability and happy to participate in project.</li> <li>b. Nurseries are well managed on sustained basis by the youth.</li> <li>c. Incentives proposed by the project for the youth adequate to get them to participate in the project.</li> <li>d. Local coffee prices competitive enough as against other beverages.</li> </ul>

<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>a. Coffee productivity/production enhanced.</li> <li>b. Premium prices paid for quality coffee.</li> <li>c. Coffee farmers have alternative sources for financing on permanent basis.</li> <li>d. Coffee farming developed into alternative employment avenue for the youth.</li> <li>e. Coffee has become a lead agricultural export commodity.</li> <li>f. Expansion in coffee processing activities to feed local market.</li> </ul>	<p><b>Output Necessary:</b></p> <ul style="list-style-type: none"> <li>a. Farmers yield and incomes have increased.</li> <li>b. Coffee quality Improved.</li> <li>c. Coffee traders are providing credit to coffee farmers.</li> <li>d. Food security situation in the Central African Republic improved.</li> <li>e. The youth have taken into coffee farming.</li> <li>f. Value addition activities increased.</li> </ul>	<ul style="list-style-type: none"> <li>a. Project impact studies.</li> <li>b. Farmers surveys.</li> <li>c. Agricultural statistics.</li> <li>d. Trade statistics.</li> </ul>	<ul style="list-style-type: none"> <li>a. Global coffee prices increase to warrant more coffee exports.</li> <li>b. Coffee traders develop confidence in the partnerships with farmers.</li> <li>c. Local coffee processors have the capacity to process to meet local demand.</li> <li>d. Youth find agriculture attractive employment option.</li> </ul>
<p><b>Inputs: Activities and Resources</b></p> <ul style="list-style-type: none"> <li>a. Provide laboratory equipment and reagents for research to produce breeder coffee seeds.</li> <li>b. Establish nurseries for selected youth to produce improved coffee seedlings on commission basis.</li> <li>c. Train coffee farmers on good agricultural practices.</li> <li>d. Supply free improved seedlings to beneficiary coffee farmers and interested youth.</li> <li>e. Supply free kits for farmers and interested youth for routine maintenance of their old farms.</li> <li>f. Provide four hulling machines to four cooperatives.</li> <li>g. Provide laboratory analysis equipment to the Central African Republic for coffee quality test and analysis.</li> <li>h. Meet and agree with coffee traders on framework for supporting coffee farmers.</li> <li>i. Carry out survey on domestic coffee consumption.</li> <li>j. Develop programs for promoting coffee consumption.</li> </ul>	<p><b>Level of Effort/Expenditure</b></p> <ul style="list-style-type: none"> <li>a. Component 1: Value addition through washed coffee processing (US\$2,000,000).</li> <li>b. Component 2: Promotion of domestic coffee consumption (US\$3,000,000).</li> <li>c. Component 3: Project coordination (US\$500,000).</li> </ul>	<ul style="list-style-type: none"> <li>a. Project progress reports.</li> <li>b. Annual Audit Reports.</li> <li>c. Monitoring and other Periodic Reports.</li> <li>d. Participation of the National Steering Committee.</li> </ul>	<ul style="list-style-type: none"> <li>a. Government is ready to partner the private sector.</li> <li>b. Coffee farmers would patronize the use of equipment and other tools provided for them.</li> </ul>



### Total project costs for Cameroon and the Central African Republic

Project component	Total cost (US\$)		Donor contribution		Counterpart contribution	
	Cameroon	Central African Republic	Cameroon	Central African Republic	Cameroon	Central African Republic
1. Increase farmer coffee productivity and quality	1,894,000	1,137,800	1,894,000	1,137,800	0	0
2. Enticement of youth into coffee production	377,756	183,822	358,200	174,000	19,556	9,822
3. Institutional strengthening	659,130	298,730	633,630	295,230	25,500	3,500
4. Promote domestic coffee consumption	245,000	155,000	245,000	155,000	0	0
5. Project coordination, monitoring, supervision and management	1,279,950	583,580	1,165,950	511,580	114,000	72,000
<b>Total</b>	<b>4,455,836</b>	<b>2,358,932</b>	<b>4,296,780</b>	<b>2,273,610</b>	<b>159,056</b>	<b>85,322</b>
<b>Project supervision costs (0.1% on total)</b>	<b>44,558</b>	<b>23,589</b>	<b>44,558</b>	<b>23,589</b>	<b>0</b>	<b>0</b>
<b>Contingency (5% on total)</b>	<b>222,792</b>	<b>117,947</b>	<b>214,839</b>	<b>113,681</b>	<b>7,953</b>	<b>4,266</b>
<b>Grand total</b>	<b>4,723,186</b>	<b>2,500,468</b>	<b>4,556,177</b>	<b>2,410,880</b>	<b>167,009</b>	<b>89,588</b>
<b>Project total cost for both countries</b>	<b>7,223,654</b>		<b>6,967,057</b>		<b>256,597</b>	