



Projects Committee
1st Meeting
30 March 2011
London, United Kingdom

**Report of the
Virtual Screening Committee (VSC)
on two coffee project proposals**

Background

1. This report contains assessments provided by the Virtual Screening Committee (VSC) on the following two project proposals (one new and one revised) which will be considered by the Projects Committee and Council in March 2011:

- **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).
- **Study of the sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life-cycle assessment (LCA)** [formerly: Study of environmental issues relating to the coffee chain within a context of trade liberalization, through a life cycle approach], submitted by Oxford University Consulting (OUC) (document PJ-4/11).

2. The VSC 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 VSC and to submit a recommendation on the two proposals to the Council.

REPORT OF THE VIRTUAL SCREENING COMMITTEE (VSC)

Summary of VSC screening by technical area

February 2011

Technical area	Adaptation to climate change in the PROMECAFE region	Study of the sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life cycle assessment (LCA)*
Coffee sector priorities	Good	Good
Project planning	Adequate	Adequate
Operational capacity of Project Executing Agency (PEA)	Good	Good
Sustainability	Adequate	Good
Budget/cost-effectiveness	Adequate	Good
Overall recommendation	The VSC was split on whether to recommend the proposal for approval (2) or revision (2)	The VSC recommended that the proposal should be approved (4)

* This is the second time that this proposal has been considered by the VSC. The first time was in September 2005.

1. 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).

Screening by technical area	Score
Coffee sector priorities	Good
Project planning	Adequate
Operational capacity of PEA	Good
Sustainability	Adequate
Budget/cost-effectiveness	Adequate
Overall recommendation:	The Committee was split on whether to recommend the proposal submitted by PROMECAFE for approval (2) or revision (2)

General comments:

- (a) This project proposal is designed to study the implications of climate change for coffee productivity and quality in the coffee producing regions of Central America and the Caribbean, 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 change over a given period.
- (b) The proposed Project Executing Agency (PEA) is the International Center for Tropical Agriculture (CIAT).
- (c) This is the first time that the Committee has considered this proposal. The Committee was split on whether to recommend the proposal for approval or revision.

VSC comments:

- It was noted that the project proposal is of the level of a concept note and that the information provided be reduced since it is an outline. Nevertheless, it is considered that there is not enough information on beneficiaries, costs, budgeting and timetable.
- Concerning the screening of the proposal against the coffee sector priorities: one Member pinpointed that the project proposal is highly relevant with respect to the Coffee Development Strategy as revised in September 2010 and the CFC Coffee Development Priorities and is viewed positively overall. The challenges of climate change have been elaborated very well in the onset of the proposal.

- It was also stressed that it is encouraging to see a concerted effort aimed at a better understanding of what the consequences of climate change might be for some coffee producing countries in Central America and the Caribbean.
- On the proposed project management, however, the following points were raised:
 - The proposal attempts to cover too many topics, and this scattered effort detracts from the proposal. It was suggested that the proposal should focus on climate change **only**, to make it a coherent package. For example, how exactly would climate change affect EACH country, in terms of coffee production? More specifically:
 - (a) What percentages of current coffee-producing areas would have to be abandoned?
 - (b) How many people would this impact?
 - (c) How would this impact the overall economy of each country?
 - (d) Would coffee production have to move upland?
 - (e) What areas would then be suitable for coffee production?
 - (f) Could any of these areas be used?
 - (g) Who owns these lands?
 - (h) Are the soils adequate?
 - (i) What would be the consequences of taking these lands into production?
 - (j) Would it require deforestation?
 - (k) Would manpower be available to harvest?
 - (l) Is there infrastructure in these areas to process and transport the finished product?
 - (m) What would it cost to produce coffee in these areas?

It was emphasized that having an answer to these questions, would be of critical importance to each one of the seven countries involved in this project. They would have a clear assessment of the situation they are facing.

The following are also areas that detract from the proposal:

- (a) **Alternative crops:** This is a topic that has been talked and written about for a very long time. The number of options is limited and well known; therefore, it doesn't require yet another study to determine what the alternative crops might be.
- (b) **Cupping data:** How can you measure 'interactions of sensory attributes of coffee and climate variables'? This can be done for current producing areas, but if the goal is to identify a 'high quality coffee environmental niche' then this niche won't be producing

coffee, and therefore, nothing can be measured. Why would you want to measure cupping characteristics in current production areas? What does this have to do with climate change?

- (c) **Socio-economic factors:** What would having a 'socio-economic' database accomplish? What would be measured in such a database? Is it realistic to measure socio-economic factors in seven countries?

Additional VSC comments and suggestions:

- Gender as a cross-cutting issue has not been touched. Timing of activities is unclear. It is also not clearly stated who should be responsible for the project implementation and how the project implementer – who must be at regional level – relates to Research collaborators in Member countries. This was stressed by other Members who noted that the national institutions or government involved are not clearly defined and that their support for the study need to be obtained and estimated as it is necessary for the implementation of expected results following this study.
- On whether the project is likely to have a tangible impact on its target group and the final beneficiaries, one Member found that: On the one hand, target groups and beneficiaries are not identified. On the other, this is a project proposal whose tangible effects are only indirect, medium-term and dependent on the results being implemented in undefined future projects.

It was also suggested that the proponent should improve the following points of the proposal:

- To present clearly who should be the project executing agency (PEA) and, since it is a regional project most likely connected to national agencies, which the national contact organizations would be.
- To explain how it can be guaranteed that the information generated can effectively initiate activities along the lines that may be concluded. In institutional terms, it may be easily assumed that CIAT has the required capacity, but what about financially? Is it sustainable to maintain this process of information analysis and decision-taking in the medium term? How would this be done? More information is needed in this regard.
- To prepare a further breakdown of the budget along the eight activity groups.
- To prepare the time lines for the activities better (it was not clear how long the project and how long each main activity was planned to last).

2. Study of the sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life cycle assessment (LCA) [formerly: Study of environmental issues relating to the coffee chain within a context of trade liberalization, through a life cycle approach], submitted by the Oxford University Consulting (OUC) (document PJ-4/11).

Screening by technical area	Score
Coffee sector priorities	Good
Project planning	Adequate
Operational capacity of PEA	Good
Sustainability	Good
Budget/cost-effectiveness	Good
Overall recommendation:	The Committee recommend the proposal submitted by OUC for approval (4)

General comments:

- (a) The study is aimed at identifying both the positive and negative effects on the environment of all activities involved in the coffee life cycle and providing a number of guidelines and recommendations for all those involved in the coffee chain who wish to apply this method of analysis.
- (b) The proposed PEA is Oxford University Consulting (OUC), the consultancy arm of the University of Oxford and a division of Isis Innovation Limited.
- (c) The Committee recommended that the proposal should be approved.

VSC Comments:

- Concerning the screening of the proposal against coffee sector priorities, one Member mentioned that this integrated analysis of the environmental impacts of the coffee supply chain, in light of the current scenario of climate change, is highly valuable for the entire coffee community. The adoption of correct mitigation and adaptation strategies is crucial for the future not only of the livelihood of millions of coffee farmers but for the overall industry.
- It was also noted that overall it is a very interesting short-term project (9 months) that should provide very useful information for coffee producing countries and should help bring the coffee industry to the forefront of climate change studies related to tropical crops. This was stressed by another Member who emphasized

that the proposed project should provide very useful information for decision makers on matters related to climate change, which is central to the activities of international agencies, particularly those linked to the struggle against poverty and international cooperation.

- It was also suggested that it would be interesting to include among the critical factors to be investigated by UOC:
 - (a) A variable to evaluate or investigate significant differences, according to size of enterprise (at least of the leading enterprise in the chain). It would be very interesting to determine the extent to which small enterprises and multinationals generate different impacts in terms of climate change.
 - (b) Possible differences between coffee locally processed and consumed and coffee that enters international markets. This factor may be related to the factor indicated above but highly suggestive conclusions may be reached in this regard.
- It was also mentioned that the proposal is feasible and interesting and that the project executing agency is capable to implement it. However, too many things are intended to be done (adaptation, mitigation, global warming) and most likely too superficially. It is not clear whether the proponent is intending to form linkages with research or coffee promoting organization in coffee producing countries, a matter that would be interesting to see in order to transfer knowledge.

Concerning the approach, a Member noted that the study could provide valuable information for coffee producing countries, this information should not be provided in the form of 'policy prescriptions' as suggested. The 'outputs' specified for each module should provide countries useful information that they may then use in formulating their own policies, rather than the study itself formulating or presenting such policies.

A few questions and considerations were also raised by modules, as follows:

- On Module 1, a Member pointed out that establishing a life cycle analysis (LCA) for Brazil, Colombia, Guatemala, Mexico, Costa Rica, Indonesia, India, Ethiopia, and Tanzania is commendable. However, won't the existing LCA data sources be quite limited for some of these countries? If that is the case, how will data for these countries be obtained? Shouldn't the authors already know what is available, in terms of literature, in order to propose doing an LCA? Furthermore, for Module 1 it is stated that 'Key stages of the full life cycle of coffee will be identified' – what does 'will be identified' mean? Aren't they already identified in the Figure provided in the project outline?
- Another Member noted that Module 1 indicates some of the institutions which will be involved in the exchange of information and research in this field. Contact should

also be made with both multilateral and international development institutions and agencies, since these have already been producing documentation in this regard and have implemented programmes, projects and activities focussing on climate change (or at least with climate change transversalized in the usual way).

- On Module 2 – It is not clear how the actual CO₂ absorption and emission estimates will be gathered.
- On Module 3 – This is the most interesting aspect of the study. Having this analysis done for Brazil would be quite significant.

Additional comments:

- For one Member the financing of this research was very positively considered.
- For another, the limitations noted in the document do not affect appreciation of the quality and interest of the proposal, for which the budget is, moreover, extremely reasonable.