



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

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**Enhancing the potential of Robusta gourmet
coffee production in Uganda**

Project proposal

Background

1. The present document has been submitted by the Istituto Agronomico per l'Oltremare (IAO) of the Italian Ministry of Foreign Affairs (MAE), and contains the summary of a project proposal designed to add value to coffee and promote the coffee producing region of Uganda and its local cultural heritage.
2. The proposal has been sent to the Virtual Screening Committee (VSC) for evaluation and will be examined by the Executive Board in September 2009. A copy of the full project proposal is available from the Secretariat upon request.

Action

The Executive Board is requested to consider this proposal as well as the recommendations of the VSC and, if appropriate, recommend its approval by the Council.

PROJECT SUMMARY

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| Project title: | Enhancing the potential of Robusta gourmet coffee production in Uganda |
| Duration: | Two years |
| Location: | Uganda |
| Nature of the project: | To add value to coffee and promote the coffee producing region of Uganda and its local cultural heritage. Areas suitable for high quality crops will be selected and planning abilities strengthened, with particular emphasis on rural development and the promotion of the coffee-producing region. |
| Brief description: | The project will enable the implementation of a strategy to develop quality coffee in coffee producing areas that have shown interest in developing income-generating activities based on coffee quality improvement. |
| Estimated total cost: | US\$1,321,900 |
| Financing sought from the Fund: | US\$1,221,900 (grant) |
| Co-financing: | US\$100,000 (grant – in kind) |
| Project Executing Agency (PEA): | Istituto Agronomico per l’Oltremare (IAO) of the Italian Ministry of Foreign Affairs (MAE), Florence - Italy |
| Supervisory body: | International Coffee Organization (ICO) |
| Estimated starting date: | 2010 |

Main objective

The main objective of the initiative is to improve the standard of living of small coffee producers in rural communities, reducing their socio-economic and cultural vulnerability and increasing sustainable cultivation. The project will enhance sustainable development, as well as development and diversification of agricultural production.

Specific objectives

The specific objective is to establish a system to produce and promote quality coffee in Uganda, by establishing units that, by encouraging the direct participation of farming communities of coffee producers, will add value to gourmet coffee produced by small growers in the region. It will also promote information technology and enhance communication.

The project will improve the quality of the product and the ability of producers to judge it, as well as to encourage the development of associations, technical capacities, and skills to facilitate the promotion and sale of coffee produced in the region.

The project will add value to coffee produced by growers able to reach high quality standards required for trading quality coffee. It will provide the basis to define the institutional framework for participants in the coffee chain willing to adopt different activities as a way to diversify or complement coffee production and will help to alleviate poverty.

Beneficiaries

The immediate beneficiaries will be the producers, involved in the project and consumers who will benefit from a wider choice of quality coffees.

The project is divided into the following six components:

- 1) Selection of potential gourmet Robusta coffee producing areas, identified on the basis of their geographical, cultural and social characteristics, and represented by small coffee farms and farmers organized in associations or communities.
- 2) Re-organisation of the coffee production chain with special attention to production, quality control and marketing.
- 3) Identification and transfer of new techniques to improve coffee processing and quality control, encouraging the use of new technologies for pulping, drying and recycling residues from coffee processing to increase income.
- 4) Development of a sustainable trading system to promote quality coffee. Establishing a system to promote quality coffee and market access.
- 5) Strengthening the traditional agro-forestry system for biodiversity protection and promoting the production and guarantee of quality coffee. Setting up a network to enhance the quality of coffee production.
- 6) Project coordination by the Project Executing Agency and constitution of an operating team unit.

Main expected results

- Two coffee exporting units (Bushenyi and Masaka district) capable of implementing sustainable production and marketing gourmet coffee to improve coffee production and quality.
- Improved access to markets, diversified production and expansion of the participation of small-scale producers in the production value chain for the promotion of coffee as a means of poverty alleviation and improving the livelihoods of poor farmers.
- Dissemination of new methodologies and standards for processing and producing coffee, including use of coffee processing residues which will generate extra income for the producers.

LOGICAL FRAMEWORK

| Narrative summary | Objectively verifiable indicators | Means of verification | Assumptions |
|---|--|--|---|
| <p>Project goal:</p> <p>The project aims to support the improvement and diversification of coffee production of smallholders as a means of reducing poverty and promoting greater food security in the country.</p> | <p>Measures of goal achievement:</p> <p>An increase in (a) the sales of quality coffee obtaining price premiums; (b) revenue of coffee farmers from the by-products of coffee processing.</p> | <p>(a) Municipal report related to investment levels in the coffee sector; trade and financial data;</p> <p>(b) Data on quality of life and statistics on rural areas.</p> | <p>Concerning long-term value of project:</p> <p>Continuing political commitment to sustainable and environmentally-friendly production and quality coffee.</p> |
| <p>Project purpose:</p> <p>The specific objective is to establish a production system to promote Robusta quality coffee, by establishing units that, by promoting the direct participation of the producers, will add value to gourmet coffee produced by small growers and the region. It will also promote information technology and enhance communication.</p> | <p>Conditions:</p> <ul style="list-style-type: none"> • Two coffee exporting units, capable of implementing sustainable production and marketing Robusta gourmet coffee. • Improved Robusta coffee production and quality. • Improved access to markets, diversified production and expansion of the participation of small-scale producers in the production value chain have been identified by the ICO as strategic issues for the promotion of coffee and as a means of poverty alleviation and improving the livelihoods of poor farmers. • Dissemination of new methodologies and standards for coffee processing and production. • Dissemination of methodologies for using coffee processing residues. • An extra source of cash flow for the producers. • Participation in the network of small producers. • Increased quality awareness at consumer and trade levels in target markets (resulting from the project's information and marketing activities) with an impact on both the Robusta gourmet speciality market and traditional roasters. • Increased availability of quality development and marketing methodologies, including cupping, suitable for adaptation to individual origin requirements. | <ul style="list-style-type: none"> • Units established. • Production standards developed and adopted by the coffee quality associations. • Quality control and certification records. • Increased production of Robusta gourmet quality coffee. • Increase in the revenue of Robusta coffee farmers from the use of by-products from coffee processing. • Active participation in the network of associations of small producers. • Increase in coffee exports. • Appreciation by consumers of the coffee brand. | <p>Affecting purpose to goal link:</p> <ul style="list-style-type: none"> • Price premiums sufficient to remunerate additional efforts required to assure quality. • Reducing transaction costs and raising farm gate prices. • Once established, the project proves to be economically sustainable. • In the case of economic and financial institutions, producers will gain autonomy through the exchange and dissemination of practical techniques to improve Robusta coffee quality and facilitate trade. |

| Narrative summary | Objectively verifiable indicators | Means of verification | Assumptions |
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| <p>Outputs:</p> <p>(a) Producing areas, selected on the basis of their geographical, cultural and social characteristics, and represented by small Robusta coffee farms and farmers organized in associations. Each unit will involve at least 500 coffee growers.</p> <p>(b) Standardization of Robusta coffee production with special attention to best practices in terms of cultivation and product processing, trading, promotion and marketing; strengthening of organizational and management skills.</p> <p>(c) Encouraging the use of new technologies for pulping, drying and recycling residues from coffee processing for economical purposes in the agricultural sector.</p> <p>(d) Development of a sustainable trading system.</p> <p>(e) Strengthening the traditional agro-forestry system and setting up a network to enhance Robusta quality coffee production and promote selected coffee facilitating the exchange and dissemination of experiences.</p> <p>(f) Constitution of an operating team based in Italy, composed of permanent staff from the IAO and external experts, under the supervision of the Director General, to ensure the proper financial and technical management of the initiative.</p> | <p>Magnitude of outputs:</p> <ul style="list-style-type: none"> • System piloted successfully in participating countries. • Increase in Robusta quality coffee exports attracting premium quality prices. • Higher farm gate prices. • Increase in the availability of funding from financial institutions for complementary agriculture production (mushrooms, etc.). | <ul style="list-style-type: none"> • Detailed analysis of costs and benefits of tested system in project reports and appraisal by users at concluding workshop. • Data on quality of life and statistics on rural areas. • Economic and financial data obtained from associations of small Robusta producers in Uganda. • Municipal report related to the investment level in the coffee sector. • Recognition by consumer of the coffee brand. | <p>Affecting output to purpose link:</p> <ul style="list-style-type: none"> • System is adaptable across commodities and countries. • The international coffee industry is willing to pay a premium for quality. • The small coffee farmers are not cheated by traders in price negotiations. • The technologies are known in the region, but need to be adapted to production requirements and human needs. |

| Narrative summary | Objectively verifiable indicators | Means of verification | Assumptions |
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| <p>Inputs: activities and types of resources</p> <p>(a) A 45-day mission by an agro-economist including cost of the flights, and a 30-day mission by a coffee processing expert including cost of the flights.</p> <p>(b) A 60-day mission by a coffee quality expert, including cost of the flights.</p> <p>(c) Arranging the installation of:</p> <ul style="list-style-type: none"> • 4 collective ecological pulping machines for the initial phase of Robusta coffee processing, pulping and mechanical mucilage removal including infrastructures (two for each unit). • 40 low cost solar powered driers at farm level (20 for each selected area). • 40 mushroom cultivations at farm level (20 for each selected area). • 40 compost areas at farm level (20 for each selected area). • 4 computers (2 for each selected area). • A 90-day mission by a coffee quality and processing expert, including cost of the flights. <p>(d) Integrated promotion of the product and region. Organization of seminars, conferences and publications.</p> <p>(e) Pilot activities aimed at consolidating and broadening positive experiences in improving the quality of coffee obtained by the International Cooperation Agency.</p> <p>(f) Selection of IAO's technical and financial permanent staff and carrying out the required administrative procedures to appoint extra external experts to be assigned to the Operational Unit in Italy, to ensure financial and technical management of the planned activities of each component.</p> | <p>Level of effort/expenditure for each activity</p> <p>Component 1 (US\$41,500.00) To select potential gourmet Robusta coffee producing areas.</p> <p>Component 2 (US\$34,000.00) To re-organize the Robusta coffee production chain with special attention to production, quality control and marketing.</p> <p>Component 3 (US\$429,000.00) To identify and transfer new techniques for coffee processing and quality control.</p> <p>Component 4 (US\$345,000.00) To develop a sustainable trading system. Establishing a system to promote quality coffee.</p> <p>Component 5 (US\$151,000.00) To strengthen traditional agro-forestry. Setting up a network to enhance the quality of coffee production.</p> <p>Component 6 (US\$206,000.00) To establish an operating team unit based in Italy to ensure the proper financial and technical management of the initiative.</p> <p>ICO Supervision, monit. eval. (US\$60,000.00) Contingency (US\$55,400.00)</p> | <ul style="list-style-type: none"> • PEA project progress reports. • Annual audit reports. • Participation in advisory committee and concluding dissemination workshop. • Periodic reports and on-site visits to assess progress on implementation. | <ul style="list-style-type: none"> • Financing is made on a timely basis in line with proposed activities and annual work plans/budgets. • The PEA, national management units and collaborating institutions co-ordinate and execute the project efficiently and effectively. • Continuing political commitment to production of quality coffee. |