



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

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Executive Board/  
International Coffee Council  
21 – 24 September 2010  
London, England

**Improving African coffee processing and market access**

**Project proposal**

## **Background**

1. The present document has been submitted by the Inter-African Coffee Organisation (IACO), and contains the summary of a project proposal designed to reduce poverty of coffee farmers in a sustained manner through equipping farmers with entrepreneurial skills and access to both local and foreign coffee markets.
2. The proposal has been sent to the Virtual Screening Committee (VSC) for evaluation and will be examined by the Executive Board in September 2010. 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

<b>Project title:</b>	Improving African coffee processing and market access
<b>Duration:</b>	Four years
<b>Location:</b>	Côte d'Ivoire and Kenya
<b>Nature of the project:</b>	The nature of the project is to promote South/South Trade within Africa through increased coffee processing activities in African coffee producing countries for export into the growing North African coffee market. The objectives of the project, among others, are: i) to add value to African coffee; ii) train African coffee roasters to improve their skills; iii) create jobs; iv) strengthen coffee consumption in Africa; and v) contribute to the sustainability of the African coffee industry.
<b>Brief description:</b>	<p>The project will enable to develop a reliable and sustainable coffee supply source for processing for the emerging and growing North African coffee markets. It will build capacity of local roasters/processors in participating countries. The project seeks to create new market opportunities for African coffee producers and processors within the African continent. The project will achieve the following:</p> <ul style="list-style-type: none"><li>• Provide entrepreneurial skills for coffee farmers to better manage their farm business operations on a more commercial basis</li><li>• Be competitive in their business operations</li><li>• Improve agronomic practices of coffee farmers</li><li>• Create market opportunities for coffee farmers to drive their production</li><li>• Help coffee farmers to earn extra income from coffee and improve their livelihoods</li><li>• Make a poverty-reduction impact at poor coffee community levels in the beneficiary countries.</li></ul>
<b>Estimated total cost:</b>	US\$5,300,000
<b>Financing sought from the Fund:</b>	US\$2,400,000
<b>Co-financing:</b>	US\$2,900,000
<b>Counterpart contribution:</b>	US\$0
<b>Project Executing Agency (PEA):</b>	Inter-African Coffee Organisation (IACO), Bioversity International

<b>Supervisory body:</b>	International Coffee Organization (ICO)
<b>Participating institutions:</b>	Coffee Board of Kenya – Kenya Comité de Gestion de la Filière Café-Cacao (CGFCC) – Côte d’Ivoire
<b>Estimated starting date:</b>	August 2011

### Project beneficiaries and benefits

The direct beneficiaries in this project would be the participating farmers and roasters. The farmers will have the benefit of receiving technical know-how to improve their farming practices and the way they do their businesses. This is critical for long-term sustainability of their businesses and important because it is a sustained poverty-reduction measure. Farmers will produce to meet the quality standards required by the roasters; and in doing so, improve their coffee quality to earn higher farm gate prices. Demand from the roasters will create ready markets for the farmers. These and other benefits would largely improve livelihoods of the beneficiary farmers and their families. Coffee roasters will benefit from business expansion, through the roasting of coffee for an assured market and have access to trade financing to invest in their businesses.

At national level, the two beneficiary countries will benefit from expansion in coffee exports and increasing foreign exchange earnings. The coffee sector will generally grow to expand the countries’ gross domestic product (GDP) through increasing employment and incomes in the coffee and other sectors of the economy.

### Detailed costs and financing of the project

<b>Component</b>	<b>Component Cost</b>	<b>Expected CFC Grant</b>	<b>Expected Afreximbank Credit Line</b>
	(US\$)	(US\$)	(US\$)
1. Identification of participating farmers	100,000	100,000	0
2. Farmer organization and enterprise development	1,000,000	1,000,000	0
3. Support to local coffee processors	3,000,000	500,000	2,500,000
4. Network with foreign importers	600,000	200,000	400,000
5. Project coordination and management	600,000	600,000	0
<b>Total</b>	<b>5,300,000</b>	<b>2,400,000</b>	<b>2,900,000</b>

**Logical Framework**

**Project Title:** Improving African coffee processing and market access

**Estimated Project Starting Date:** August 2011

**Estimated Completion Date:** July 2015

**Date of this summary:** May 2010

<b>Narrative Summary</b>	<b>Objectively Verifiable Indicators (OVI)</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<p><b>Program Goal:</b></p> <p>The broad goal of the project is to reduce poverty of coffee farmers in a sustained manner through equipping farmers with entrepreneurial skills and access to both local and foreign coffee markets.</p>	<ul style="list-style-type: none"> <li>(a) Increased coffee farmer sales and incomes.</li> <li>(b) Enhanced farm gate prices</li> <li>(c) Coffee farmer organizations and their members keep records of their operations and generally manage their operations better</li> <li>(d) Coffee roasters receive coffee supplies from farmer organizations in an organized and reliable manner</li> <li>(e) Increased processed coffee exports</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) The two governments are committed to improving poverty in coffee producing communities</li> <li>(c) Mutual trust is established between farmers and roasters</li> </ul>
<p><b>Project Purpose:</b></p> <ul style="list-style-type: none"> <li>(a) To organize farmers into strong organizations to work together</li> <li>(b) To train farmers and equip them with entrepreneurial skills</li> <li>(c) To create reliable local market for coffee farmers by linking them with local roasters</li> <li>(d) To process coffee for the growing North African coffee market and expand access to external markets</li> </ul>	<ul style="list-style-type: none"> <li>(a) % increase in number of strong farmer organizations properly registered and with good governance</li> <li>(b) % increase in number of farmer organizations keeping properly accounting and other records</li> <li>(c) % increases in sales of farmer organizations</li> <li>(d) % increase in coffee production</li> <li>(e) % increase in coffee farmers incomes</li> <li>(f) % increases in coffee farm gate prices as % of FOB prices</li> <li>(g) Number of business (sales) deals realized between coffee importers in North Africa and exporters in sub-Saharan Africa</li> <li>(h) % increase in African coffee exports to North Africa</li> <li>(i) Project results accepted by beneficiary governments and national budget committed into its expansion</li> </ul>	<ul style="list-style-type: none"> <li>(a) Agricultural statistics</li> <li>(b) Project monitoring reports</li> <li>(c) Mid-term and end of project reports.</li> <li>(d) Surveys</li> <li>(e) Trade statistics</li> </ul>	<ul style="list-style-type: none"> <li>(a) Both coffee farmers and roasters committed to the project objectives</li> <li>(b) Less obstacles to trade in Africa</li> <li>(c) Coffee farmers and roasters are trainable and interested in project ideals</li> <li>(d) Government policies promote intra-African trade</li> </ul>

Narrative Summary	Objectively Verifiable Indicators (OVI)	Means of Verification	Assumptions
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>(a) Coffee farmers farming and managerial skills enhanced</li> <li>(b) Coffee farmers businesses professionally managed</li> <li>(c) Coffee production increased</li> <li>(d) Market access improved</li> <li>(e) Better farm gate prices received by farmers</li> <li>(f) Coffee supply situation reliable</li> <li>(g) Farmer poverty reduced</li> <li>(h) Processed coffee exports increased</li> <li>(i) Local value addition activities expanded</li> </ul>	<p><b>Output Necessary:</b></p> <ul style="list-style-type: none"> <li>(a) Increased farmers production and sales</li> <li>(b) Higher incomes received by coffee farmers</li> <li>(c) Value addition activities increased</li> <li>(d) Internal and external market access made easier</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 attractive</li> <li>(b) Coffee supply situation reliable</li> <li>(c) Facilitate regional trade in Africa</li> </ul>
<p><b>Inputs: Activities and Resources</b></p> <ul style="list-style-type: none"> <li>(a) Mobilize coffee farmer organizations</li> <li>(b) Train coffee farmers in good agricultural practices and enterprise development and management</li> <li>(c) Provide credit for supply of roasting equipment and working capital for roasters</li> <li>(d) Seek markets for coffee exports in Algeria, Tunisia, Egypt, Sudan, among others</li> <li>(e) Develop programmes for promoting coffee consumption</li> <li>(f) Organize trade promotions</li> </ul>	<p><b>Level of Effort/Expenditure</b></p> <ul style="list-style-type: none"> <li>(a) <b>Component 1:</b> Identification of participating farmers (US\$100,000.00)</li> <li>(b) <b>Component 2:</b> Farmer organization and enterprise development (US\$1,000,000.00)</li> <li>(c) <b>Component 3:</b> Support to local coffee processors (US\$3,000,000.00)</li> <li>(d) <b>Component 4:</b> Network with foreign importers (US\$600,000.00)</li> <li>(e) <b>Project coordination and management</b> (US\$600,000.00)</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 in trade shows</li> </ul>	<ul style="list-style-type: none"> <li>(a) Active coffee farmer organizations</li> <li>(b) Foreign exchange regulations in both countries allow for easy trade</li> <li>(c) Trade promotion in North African countries will be easily absorbed</li> </ul>

