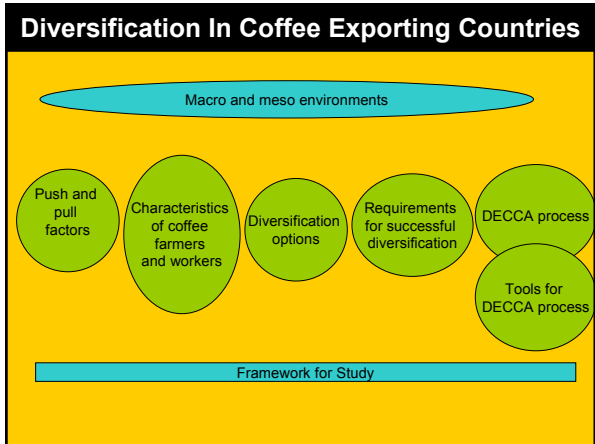


The Potential for Diversification in Coffee Exporting Countries: Recommendations

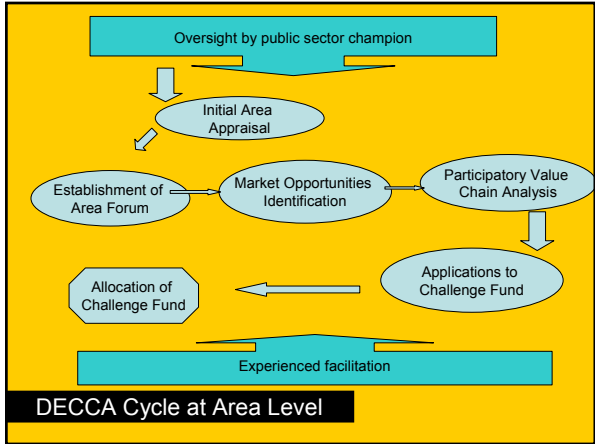
Dr Anne Tallontire
Natural Resources Institute
May 2006



- ### Requirements for Successful Diversification
- Good balance between public sector co-ordination and private sector participation
 - Supportive institutional framework
 - Market focus
 - Appropriate technology and skills inputs, support systems
 - Collective action
 - Policy and regulatory environment that support enterprise

- ### Local Economic Development Frameworks
- Provide a unifying framework
 - Allow you to act spatially
 - Better capture macro, meso and micro levels
 - Provide better entry points for government action and involvement of other stakeholders

- ### Diversification of Enterprise in Coffee Countries and Areas (DECCA) Process
- Oversight and co-ordination from a public sector champion
 - A multi-stakeholder Forum drives the process
 - Private sector participation is critical
 - Resources are allocated through a Challenge Fund
 - Demand driven, from the bottom up, i.e. from the farmer group or enterprise level
 - Designed to operate at the area level

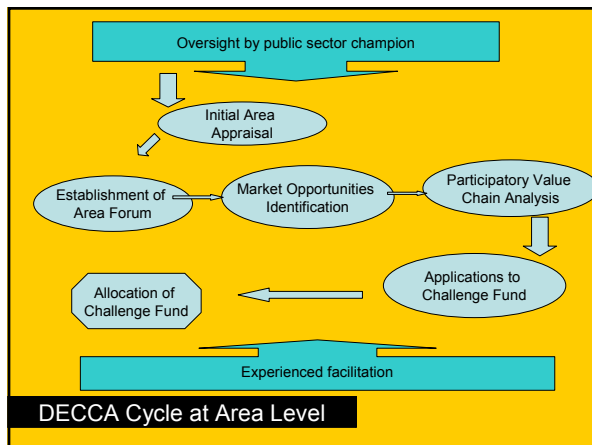


DECCA Challenge Fund

- Should be administered at the Area level
- Acts as incentive for participation of private sector
- Loan and grant elements
- Allows a transparent selection of the best diversification initiatives from the area
- Outreach facility
 - simplified application process for small associations and coffee producer groups (informal sector, poor etc.)
 - special support

DECCA Forum

- At national level and areas levels
- A group of people committed to the DECCA process who contribute to the evolving process of developing options, decision making and taking action to pursue the diversification objectives
- Multi-stakeholder with participants from the public and private sectors together with non-governmental organisations and donors
- Membership based on commitment
- Core members and short-term members based on skills



Stage of DECCA	Tools
Prior to establishing Area and National Forums	Stakeholder analysis
Initial appraisal at National and Area levels	Assessment of competitiveness (EC Quantitative Tool) Mapping, scoping, livelihood analysis
Market opportunities identification (coffee and non-coffee)	Mapping of the policy environment Rapid market survey, Ranking and scoring, Risk assessment
Participatory value chain analysis	Mapping the market chain Mapping of the policy environment Risk assessment, SWOT, Visioning Business planning
Supplement	Group Promotion

Conclusions

- Area approach
- Demand driven, from the bottom up
- Multi-stakeholder with private sector participation
- Co-ordination from government is essential
- Requires institutional development, to
 - Co-ordinate resources
 - Manage the evolution of effective markets
 - Develop support structures