

COMMON FUND FOR COMMODITIES

Press Release

October 2007

COMMON FUND TO FINANCE THE CONTROL AND MANAGEMENT OF COFFEE LEAF RUST DISEASE IN INDIA, KENYA, UGANDA, RWANDA AND ZIMBABWE

The Executive Board of the Common Fund for Commodities, an intergovernmental financial institution established by the United Nations, approved USD 3 million to finance a project on “Increasing the Resilience of Coffee Production to Leaf Rust and Other Diseases in India, Kenya, Uganda, Rwanda and Zimbabwe”. The Common Fund and CABI Africa in collaboration with the India Coffee Board, Kenya Coffee Research Foundation, Uganda Coffee Research Institute, Institut des Sciences Agronomiques du Rwanda and Chipinge Coffee Research Station in Zimbabwe developed the project which will test disease resistant materials and develop the research capacity of the institutions. The project will evaluate new and existing coffee varieties and hybrids under varying disease pressures and environments in all participating countries to lower costs of disease management and thereby increase sustainability of production for smallholder coffee producers.

The objective of the project is to build the capacity of institutions in order for them to share improved germplasm between participant African countries and India; to conduct demand-led applied research for variety evaluation that generates alternative methods for control of Coffee Leaf Rust (CLR) and other diseases; and to deliver new knowledge including CLR resistant germplasm and environmentally friendly chemicals/botanicals to coffee growers, particularly small holders. The project will aim to develop a long term approach to management of coffee diseases in a sustainable manner while increasing the profit margins for small-scale coffee producers.

The following key activities will be carried during the project. (a) Identification of needs and resources: rural community responses to CLR and other diseases and the sourcing and production of improved genetic material for coffee production. (b) Conservation and identification of coffee varieties and disease races. (c) Trials with new and existing materials under a range of field conditions, on farms and on field station. (d) Developing Scientific Management Information Systems to facilitate faster dissemination. (e) Project management and coordination.

The total project cost is USD 4,014,313 with a total CFC grant of USD 2,918,720 (of which USD 500,000 is contributed by the OPEC Fund) to which the Governments of the participating countries are going to add counterpart contributions worth USD 1,095,593. The Project will be implemented CABI and will be supervised by the International Coffee Organization which has sponsored the project.

Note to the Editor: The Common Fund for Commodities is an intergovernmental financial institution established by the United Nations. Its main objective is to assist Developing Countries, which are dependent on the production of primary commodities. The projects of the Common Fund are small to medium sized (USD 1 to 5 million) and are mainly grant financed, supplemented by loan financing. The main target groups are commodity producers in Least Developed Countries and the poorer strata of the population in other Developing Countries. The Common Fund is headquartered in Amsterdam, the Netherlands.

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October 2007

COMMON FUND TO FINANCE DEVELOPMENT OF DIVERSIFICATION CROPS IN COFFEE PRODUCING AREAS IN COTE D'IVOIRE AND BURUNDI

The Executive Board of the Common Fund for Commodities, an intergovernmental financial institution established by the United Nations, approved USD 2,7 million to finance a project on "Access to Finance for the Development of Diversification Crops in Coffee Producing Areas in Burundi and Côte d'Ivoire. The project is seeking to finance the development of diversification crops to increase and secure coffee farmers' income and reduce poverty in coffee producing areas. The project will design a credit structure that will allow farmers to borrow to finance diversification crops and intensify coffee production without increasing the land area.

The project is intended to demonstrate, on a pilot project basis, how crop diversification, if implemented with proper means and caution, brings profit both to the relevant smallholders and to the financial institutions that finance agricultural inputs. The project is seeking to set up a credit scheme that enables targeted farmers to diversify their income sources through the production of additional crops so as to reduce their dependence on coffee. The project will assist with capacity building of farmers and their co-operatives and improve their relations with financial institutions. It will also develop existing micro-finance institutions' willingness to engage in crop diversification funding. In Côte d'Ivoire, the project will strengthen the agricultural credit system that already exists in the cocoa and the coffee industry under the Fund Guarantee Schemes and expand the scheme to integrate activities relating to diversification crops.

The following key activities will be carried during the project. (a) Assessment of the participating farmers and their needs (b) Development of a suitable and sustainable diversification loan structure for farmers. (c) Funding and supporting the development of alternative crops. (d) Funding and supporting the development of domestic and external markets for diversified products. (e) Funding and supporting the development of value-added products (f) Training of farmers (g) Project Management and Coordination.

The total project cost is USD 3,006,570 with a total CFC grant of USD 2,692,725. The grant is divided as follows: Cote d'Ivoire – USD 1,409,520 and Burundi – USD 842,205 and Project Management USD 441,000. Private banks under the guidance of FGCCC will use part of the funds to set up an appropriate credit line to finance farmers inputs. The project will be implemented by The Fonds de Garantie des Cooperatives Café – Cacao (FGCCC) in collaboration with Office du Café du Burundi (OCIBU) and the International Coffee Organization which sponsored the project will supervise the project implementation in both countries.

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