



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

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**Report of the Projects Committee on
the meeting held on 29 September 2011**

1. The Projects Committee, chaired by H.E. Mr José Ángel López Camposeco of Guatemala, met in London on 29 September 2011 for the second time under the International Coffee Agreement 2007.

Item 1. Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document PJ-11/11 Rev. 2.

Item 2. Coffee development projects

Item 2.1 Projects under consideration by the ICO

3. The Projects Officer introduced document PJ-16/11 containing the report of the Virtual Screening Subcommittee (VSS) on a revised proposal contained in document PJ-3/11 Rev. 1 entitled 'Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica)'. The VSS had considered this proposal for the second time and had been split on approval or revision. Following confirmation that the proponents would take into account comments made by the VSS such as questions relating to the socio-economic component, quality and other issues, the Projects Committee decided to recommend that the Council should approve the project for submission to the CFC.

4. The Committee further noted that Yemen had submitted a proposal for Project Preparation Facilities (PPF) entitled 'Improving Coffee Productivity'. The terms of reference for PPF had been prepared by the ICO, at the request of the CFC, and a response was awaited. Two other new proposals had been received which would be considered in

March 2012: 'Financial Mechanisms for Sustainable Coffee' submitted by Cenicafé, and 'Sustainable input credit for financing the production end of the coffee value chains in Kenya, Tanzania and Uganda', submitted by Uganda.

**Item 2.2 Projects under consideration by the
Common Fund for Commodities (CFC)**

5. The Executive Director a.i. introduced document PJ-12/11 containing a progress report on projects and said that the ICO had submitted three proposals for consideration by the CFC Project Appraisal Committee (PAC) and Consultative Committee in July 2011.

Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of Congo

6. The aim of this project was to rehabilitate the coffee sector through the creation of centres for propagation and distribution, the establishment of extension and support teams and making available to farmers high performance cuttings, essential inputs and appropriate guidance. The total cost was US\$2,637,540. The Consultative Committee had approved this proposal in principle and it would now be considered by the CFC Executive Board in October 2011.

Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification

7. The Consultative Committee had agreed that this proposal should be further revised, and considered at a future meeting. The proponent had been informed and a revised proposal was awaited.

Study of the sustainability of the coffee supply chain versus climate change adaptation and mitigation using the life-cycle assessment (LCA)

8. The Consultative Committee had decided that this proposal was not suitable for CFC funding. The Secretariat was working on identifying alternative sources for funding. As noted at the previous meeting of the Projects Committee, both Colombia and Brazil had expressed their interest in participating in the development of this project.

9. A fourth project entitled 'Enhancing the potential of Robusta gourmet coffee production in Uganda, Tanzania and Angola' had been revised taking into consideration suggestions by the CFC PAC in November 2010 and would be submitted to the CFC for consideration in January 2012. The Committee took note of this information and of document PJ-12/11.

10. In the case of other projects under consideration by the CFC, the Committee noted that the 'Pest control and Good Agricultural Practices application in different coffee growing areas in Indonesia' proposal was an important project for Indonesia. The CFC had indicated that national institutions in Indonesia would need to take the lead in financing and operational roles, the experience of the concluded project on the coffee berry borer should be taken into account, and a larger contribution would be required from Indonesia.

11. In the case of the 'Study of the potential for commodity exchanges and other forms of market-places in West Africa', the CFC had concluded that it had financed a similar study in East Africa, and the experiences of this project could be transferred to this proposal.

12. The Committee noted that the representatives of the participating countries of both projects were encouraged to meet the representative of the CFC on 29 or 30 September to clarify CFC requirements and contributions which might be available for these projects.

13. Concerning the project to renovate CATIE's international coffee collection, which was of great importance for the future sustainability of the coffee sector, the Committee noted that the CFC considered that while biodiversity was very important, conservation of genetic varieties and similar initiatives were long-term issues which should be undertaken by national governments. The representative of PROMECAFE, Mr Ronald Peters, was invited to discuss ways of funding this proposal with the representative of the CFC during these meetings. Finally, the Committee noted that new and revised project proposals for consideration in March 2012 should reach the ICO by 16 December 2011.

Item 2.3 Projects already approved by the CFC

14. The Executive Director a.i. introduced document PJ-13/11 containing a progress report on the implementation of projects approved by the CFC. He said that he had represented the ICO at the Fourth UN Conference on Least Developed Countries (LDCs) held in Istanbul, Turkey in May 2011, and had made a presentation at a special event on 'The Impact of the Economic and Financial Crises on Commodity Dependent LDCs: Mapping the Exposure to Market Volatility and Building Resilience to Future Crises'. A copy of this presentation was available on the ICO website.

15. Concerning the project entitled 'Access to finance for the development of diversification crops in coffee producing areas – Burundi and Côte d'Ivoire', which was in its final year, a workshop to discuss the way forward took place in Burundi in August 2011. A meeting would take place this week with the CFC and the Chief Technical Advisor of the project to discuss the request of the Government of Burundi to continue implementing the project in 2012.

16. In the case of the 'Pilot rehabilitation of neglected coffee plantations into small family production units in Angola' project, a supervision mission had been carried out in May 2011 and the project had been extended for two years until 2013. Concerning the 'Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador' project, a dissemination workshop took place in August 2011 in Guatemala attended by representatives of Guatemala and Honduras. In the case of the 'Increasing the resilience of coffee production to Leaf Rust and other diseases in India and four African countries' project, a mid-term evaluation took place in Kenya and Zimbabwe in July 2011 followed by a workshop to disseminate project results. Finally, the 'Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda' project was launched in August 2011 in Ethiopia, and a mission to supervise the 'Competitive coffee enterprises programme for Guatemala and Jamaica' project took place in Guatemala in August 2011. Implementation was proceeding well, although the loan component was still being negotiated between the CFC and the potential borrowers. The Committee took note of this information and of document PJ-13/11.

17. In the case of the 'Coffee price risk management in Eastern and Southern Africa' project, which had been approved by the CFC in 2001 but had not yet been implemented, the Committee noted that the representatives of the participating countries, the CFC and the ICO would meet on 29 or 30 September to discuss the project and look at aspects which needed to be followed up.

Item 3. Procedures for submitting and reviewing projects

18. The Projects Officer said that in March 2011, the Committee had recommended that the Virtual Screening Subcommittee (VSS) should operate until September 2011 and had requested the Executive Director a.i. to review mechanisms for considering projects and to put forward proposals for the future technical screening of projects for consideration at its next meeting. The Projects Officer introduced document PJ-17/11 containing a draft document for assessing projects, and document PJ-15/11 containing a draft decision extending the remit of the VSS for a further interim period, in the event that the Projects Committee needed more time to consider the mechanisms for the future technical screening of projects.

19. The Committee took note of this information and noted that the VSS worked well and added value to the work of the ICO. It decided to recommend that the Council should approve the draft assessment document contained in document PJ-17/11 and also to recommend that the VSS should continue to operate for a further interim period.

Item 4. Project activities under the ICA 2007

20. The Committee noted that Mr Parvindar Singh had made a presentation to the Council on 28 September 2011 on the future role and mandate of the CFC. The CFC had an allocation of US\$20 million for 2013, which would be allocated across a range of commodities and regions, with no specific amount reserved for coffee.

21. The Projects Officer said that the ICO currently had 19 proposals in the pipeline and invited the Committee to suggest alternative sources of funding which could be explored. In discussions on this item, it was suggested that the Secretariat should consider a study on future finance. Private sector investment would be increasingly important and consideration needed to be given to factors that might affect producers, the objectives of different funding organizations, and consider developing projects with socio-economic impact that could be tailored to meet their criteria. Public-private initiatives were often supported by Governments. The Secretariat should consider this and develop a strategy to ensure that the appropriate organizations and right contact persons were approached.

22. The ICO should identify alternative sources of finance for projects, including private sector. Nevertheless, ICO Members should also follow discussions on the future of the CFC not only to assist in securing a solution for future funding, but also to ensure the continuing existence of the Common Fund. As ICO Members were also members of the CFC, they should communicate the importance of continuing to fund the CFC due to its contribution to addressing commodity problems in producing countries. With respect to private sector finance, the point was made that developing projects was not easy, and not all countries had the technical expertise to prepare proposals without appointing consultants, which added to the costs of projects.

23. The Committee took note of this information and further noted that Members were invited to send specific suggestions on sources of finance in writing to the Secretariat.

Item 5. Sustainable coffee projects

24. The Committee noted that the representative of the United Nations Development Programme (UNDP) Green Commodities Facility, Mr Andrew Bovarnick, had made a presentation to the Council on 28 September on sustainable coffee projects. This was a valuable opportunity for the ICO to develop cooperation with the UNDP. To do so, the Secretariat would need information about national strategies for the coffee sector in ICO Member countries. Countries without strategic plans could be assisted in preparing plans.

25. The Chairman invited all Members to look at the activities and services offered by the UNDP and to inform the ICO about their national development plans and strategies for coffee and sustainability, so that the ICO could liaise with the UNDP on possible future cooperation.

Item 6. International Coffee Genome Network (ICGN)

26. The Committee noted that in November 2010, the ICO had circulated document ED-2105/10 requesting Members, in consultation with their research institutions and coffee sectors, to send the Executive Director a.i. all relevant data and research on the coffee genome, together with their views on proposals already submitted to the ICO and suggestions for donors to implement this type of initiative. The Executive Director a.i. introduced document PJ-14/11 Rev. 1 containing responses received from Colombia, CIRAD (France), Costa Rica, Ecuador, Haiti and PROMECAFE. Documents received from Ecuador with information on germplasm in Arabica and Robusta coffee were available in Spanish.

27. The representatives of the ICGN were not able to be present on this occasion but proposed to invite an ICO representative to participate at the ICGN meeting from 14 to 18 January 2012 in San Diego, California to discuss the type of proposal that could be prepared and provide updates on progress on the sequencing of the coffee genome.

28. The Committee took note of this information and of document PJ-14/11 Rev. 1. The Committee invited Members who had not yet responded to document ED-2105/10 to do so as soon as possible, and to send the ICO information about research on the coffee genome, germplasm collections and similar initiatives in their countries, as well as suggestions on how best to develop a long-term programme.

Item 7. Other business

29. The Committee noted that the Council would consider the composition of the Committees for 2011/12 at its 107th Session this week, following which the Committee would appoint a Chairman and Vice-Chairman for 2011/12 from among the designated Members at its first meeting in March 2012.

Item 8. Date of next meeting

30. The Committee noted that its next meeting would take place in London at the time of the 108th Council Session from 5 to 9 March 2012.