PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC12805

Project Name	Burundi Coffee Sector Competitiveness Support Project (P151869)
Region	AFRICA
Country	Burundi
Sector(s)	Crops (35%), Agro-industry, marketing, and trade (30%), Agricultural extension and research (20%), Public administration- Agricultur e, fishing and forestry (10%), General finance sector (5%)
Theme(s)	Rural services and infrastructure (30%), Export development and competitiveness (30%), Rural policies and institutions (25%), Other environment and natural resources management (15%)
Lending Instrument	Investment Project Financing
Project ID	P151869
Borrower(s)	Ministry of Agriculture and Livestock
Implementing Agency	INTERCAFE
Environmental Category	B-Partial Assessment
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Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Burundi is a post-conflict, landlocked, small country with an estimated population in 2013 of nearly 10.20 million increasing at a rate of 3 percent annually. After more than 13 years of conflict, Burundi is now showing positive signs of economic recovery. Over the last 5 years, the annual GDP growth in Burundi has consistently remained around 4%. Despite these positive signs, the country is unlikely to meet the Millennium Development Goals 2015: (a) the human capital base is weak due to limited access to social services; (b) a large majority of youths are under-employed because of lack of opportunities; (c) less than 3 percent of the population has access to electricity; (d) 52 per cent of children under five are chronically malnourished; and (e) 67 percent of Burundians are living below the poverty line. Poverty is overwhelmingly rural and most of the

country’s poor are small-scale farmers. These data explain why Burundi finds itself at the bottom of the list of countries for most development indicators. According to the Human Development Index, Burundi is ranked 178 out of 186 countries .

2. Following substantial improvement in security and peace consolidation, the Government focused its resources to expand basic social services in the country and initiated the modernization of existing economic infrastructure and institutions. The Government launched also key reforms addressing improved governance, public finance management system, business environment and investment climate, etc., which led to the country achieving considerable progress towards macro-economic stabilization. These efforts have been recognized by the World Bank which in its reports “Ease of Doing Business”, ranked Burundi as one of the world’s top economic reformers for streamlining business and attracting foreign investment. Nonetheless, Burundi has still to address major challenges in terms of good governance, vulnerability to external shocks, diversifying the economy, and generating productive employment for its largely young population.

3. The Government of Burundi’s second Poverty Reduction Strategy Paper (PRSP II, 2012-2015) and the joint International Finance Corporation (IFC)-World Bank Business Plan have identified potential growth sectors. The focus is rightly put on modernizing the agricultural sector since it accounts for nearly 41 percent of the GDP and about 90 percent of current labor force. Burundi’s main traditional export crop - coffee has been identified as a key sub-sector with high growth potential which can contribute to achieving the results of the PRSP - Pillar II “Transforming Burundi’s economy to generate sustainable, job-creating growth”. Other sub-sectors with potential growth identified are tea, cotton and cinchona. Furthermore, as part of it PRSP, the Government plans to support corps diversification by promoting nontraditional agricultural exports, including horticultural products, essential oils, medicinal plants, avocados, and macadamia nuts.

Sectoral and Institutional Context

4. Burundi has all of the factors which make agricultural investment essential. The sector plays a key role in economic growth, poverty reduction, food security and employment. It contributes most to gross domestic product, using 90 per cent of Burundi’s labor force and earning 90 percent of export revenues - primarily from coffee production, which constitutes the key source of income for more than 600,000 rural households (about 30 percent of the population). Despite the country's dependence on the primary sector, agriculture has not been modernized and continues to depend essentially on subsistence agriculture (1.2 million rural households) using unreliable and inefficient technology. Over the past decade the growth rate of agricultural production (2 percent) has been less than the growth rate of the population (3.0 percent); which aggravates the country’s food security situation.

5. The farms in Burundi are highly fragmented with an average size of less than 0.5 hectare and the pressure on the land is increasing due to demographic pressure . The farming systems are determined by weather cycles and organized around multiple crops to reduce risk. A comparison of crop yields in the country with those in neighboring regions shows that Burundi’s agriculture faces major productivity challenges. For example, over the period last years the growth rate in cereal productivity in the East African Community (EAC region) increased by 3.13 percent while it declined by 0.08 in Burundi. Various interlinked factors contribute to the low agriculture productivity in Burundi, for instance: degradation of natural ecosystems and declining soil fertility, low use of improved inputs (quality seeds, fertilizers, pesticides, etc.), low use of modern technologies, inadequate access to agriculture extension services, poor physical infrastructure

affecting market access and access to improved inputs, limited access to credit, marketing constraints and post-harvest losses among others. With the continued fragmentation and scarcity of agricultural land, future growth in agricultural production can only be generated from intensification and productivity gains. In addition, only market-oriented agriculture will allow rural households an adequate livelihood from their small plots, abundant labor, and relatively ample water resources.

6. Burundi's agricultural sector policy is articulated in its national agricultural strategy document adopted in 2008. The latter is based on the priorities identified in the country's basic strategic documents, primarily Outlook 2025 and the Poverty Reduction Strategy Papers (PRSPs). Furthermore, with the support of the Comprehensive Africa Agriculture Development Program (CAADP), the Government of Burundi put forward a National Agricultural Investment Plan (NAIP), covering the period 2012-2017, which was fully integrated with the PRSP II. A top priority sub-sector identified within the NAIP for investment is coffee which plays a strategic role in the national economy as a source of foreign exchange earnings and incomes for a large number of rural households. The Burundi coffee value chain presents considerable potential for growth. Its impact extends to several other sectors through backward and forward linkages (inputs, processing, transport, financial services, and taxes) and therefore plays a key role in the country for jobs creation, food security and poverty reduction.

7. The NAIP main focus are on: (a) the increase in crop and livestock production by raising productivity and ensuring optimal management of soil and water resources; and (b) the strengthening of human resources capacities of national institutions and farmers organizations. Other important elements of the NAIP address common issues such as land tenure and natural resources preservation, the development of infrastructure and measures related to agribusiness promotion and market access, including an improved investment climate and access to rural finance. For the coffee sub-sector, the focus is on increasing productivity associated with actions to promote quality, such as rejuvenating orchards, periodic field maintenance, farmers' organization and restructuring and/or modernizing washing facilities through privatization and a niche marketing strategy.

8. The NAIP is structured around four major programs as follows: (a) Sustainable growth in production and food security; (b) Professional training of farmers and promotion of innovation; (c) Development of value chains and agribusiness; and (d) Institution-building for public bodies. The NAIP is also promoting partnership between the public and private sectors in implementing its programs and achieving its objectives. This proposed project is particularly the type of financing which would be shared between the state and private operators, producers and investors. While the private sector is encouraged to increase investment in productive, industrial and marketing activities, the state needs to establish an environment favorable to the development of the sector. Efforts are being undertaken in this direction, for the coffee value chain – private operators are encouraged to be involved at several levels, notably at those of export, curing and de-pulping stations and roasting. Such initiative should be further promoted and expanded to establish sustainable public-private partnerships.

9. The coffee sector: Coffee production is mostly a smallholder based activity with around 122 million coffee trees and a production area of 70,000 hectares . The species grown is mainly the Arabica, though some Robusta is also planted. The average production of coffee cherries is estimated at about 164,800 tons and around 20,000 tons of green coffee - of which about 70-80 percent are fully washed. Average coffee cherries production per tree is about 1kg which is far

below the yields of 2.5 to 3.0kg observed in other coffee growing areas; for instance in Asia and Latin America. Registered production of green coffee in Burundi in 1990/91 was 33,912 tons while observed figure in 2011/12 was about 15,000 tons. The highest pick was registered in 1994/95 with 40,985 tons. The cyclical swing of seasons sometimes leaves the country with very limited quantities to export (5,673 tons in 2003/4).

10. Despite the current low and declining productivity level of the coffee sector in Burundi, it continues to play a vital role in the country’s economy and represents the main industry and export product – accounting for up to 80 percent of the foreign currency earnings. During the harvest of raw and green coffee, the sector plays also a key role in stimulating the rural economy. The associated industry (de-pulping and washing stations) and traders inject an important sum of cash into rural areas which increases spending in purchase of goods for rural households, manufactured products, payment of social expenses, and reimbursement of credit. Furthermore, the construction of washing stations in rural areas led to a modest first stage of industrialization, off-farm jobs for local labor during the coffee campaign and, most importantly, the development of rural access roads to the washing stations which are also used for other purposes.

11. The coffee industry was one of the priority sectors targeted for deregulation reforms and privatization in the structural adjustment program (initiated in 1986) that aimed to limit the state’s involvement in the productive sector. Due to the civil war and subsequent recovery challenges, this process (sector reform and privatization of state entities: OCIBU, SODECO and washing stations) experienced some delays. But it subsequently led to positive developments, among others: (a) the establishment of a new regulatory body (ARFIC) and an inter-professional association (INTERCAFE); and (b) an effective deregulation of de-pulping and export through the construction of new washing stations by private investors and SOGESTALs .

12. Today, the government is eager to complete the process of privatization which consists of a 3rd phase (some 77 washing stations and a mill firm) – although different actors of the value chain have different ideas about how this should be carried out. For instance, coffee farmer associations are determined to take part in the privatization and the emergence of these associations adds a politico-socio-economic dimension to the on-going reform process. Even if some of the competing interest groups are small, their diverse political, regional and even ethnic backgrounds prompt the coffee reform to be a central peace-building focus for Burundi. Important to note that a recent Poverty and Social Impact Assessment (PSIA) concluded that the earlier privatization (Phases I and II) had mostly a positive impact on the incomes and welfare of affected coffee producers.

13. While several steps have been taken toward improving the performance of the Burundi coffee sector, it is currently experiencing serious instability and decline which cannot be explained by chance or climatic conditions alone. Some of the causes behind this situation: (a) Persistence of structural deficiencies, such as inefficiencies in the governance of the value chain. The institutions and the actors involved in the value chain are facing several constraints (incomplete reform and privatization process, lack of technical and managerial capacity for emerging farmers’ association, non-transparent pricing mechanisms, etc.) that hamper their operations and, consequently, limit the development of the coffee sector in Burundi; (b) Low productivity due to insufficient technical and financial support to farmers. Lack of investments in productivity enhancing technologies following the liberalization of the market resulted in low and highly fluctuating productions, poor maintenance and degradation of the orchards, low input application as well as pest and disease problems, etc.; (c) Limited competitiveness with a decrease in quantity and quality caused by the aging of orchards at

the farm level (28 percent are more than 30 years old and 62 percent are between 9 and 30 years), limited technical know-how moving downstream the chain to support quality improvements (milling, tasting, etc.); and inefficient marketing structures for promoting the Burundi brand; and (d) Primary production has also not kept pace with the expansion of processing capacity, leading to a situation in which all raw materials are competitively sought with little price differentiation. Many washing stations have experienced low profitability due to high operational costs (partly related to capacity underutilization) and management limitations.

14. Under such circumstances it will be extremely difficult for Burundian coffee producers to be able to compete with the world coffee industry (or even maintain their competitiveness at the regional level). The resulting economic and social consequences are severe for Burundi. Despite these weaknesses, the coffee value chain in Burundi is not entirely without its strengths and therefore presents some advantages which justify transformative investments in reversing current trends: (a) climate and altitude to produce specialty Arabica coffee that attracts premium world market prices; (b) opening of the sector to private investors; (c) local producers interested and experienced in growing coffee; (d) emerging farmer associations and private-led governance structures; (e) well-established processing infrastructure - washing stations and dry milling capacity to support increased production of high quality coffee; (f) increasing worldwide consumption with an average annual growth rate of 1.9 percent during the last 50 years and a high demand for specialty coffee in developed markets ; and (g) in term of the macro-economic situation of the country, Burundi is heavily depending on coffee export proceeds that failure is not an option. Also, since coffee is a perennial and the land is already tied to it for the lifecycle of the tree, it is not readily easy to convert and diversify the production base.

15. Against this background, the proposed World Bank project is supporting the Burundi Government in implementing its PRSP II and NAIP's programs - enhancing the productivity and competitiveness of the coffee value chain. The proposed project is aligned with the ECCAC regional strategy for the development of the coffee sector. It builds on ongoing operations by the World Bank in the country such as PRODEMA (Agriculture and Livestock Modernization Project) and PAZDOC (Sustainable Landscape Coffee Project) . It benefits from the coffee sector reforms and privatization supported by the World Bank and other development partners (AfD, EU, USAID, etc.). It is also complementing on-going operations by IFAD focusing on food security, namely the Agricultural Intensification and Value Enhancing Support Project (development of marshlands, increase the productivity and yields of rice and other food crops, access to quality inputs and seed, etc.), and the Value Chain Development Program (promotion of rice and milk and six other secondary value chains).

Relationship to CAS

16. The proposed support project is aligned with the Country Assistance Strategy (CAS) for Burundi for FY13-16 that aims to support Burundi's development as an "increasingly stable, competitive and diversified economy with enhanced opportunities for productive employment and improved standards of living". Within the CAS framework, the proposed project supports the first strategic objective of increasing competitiveness to achieve inclusive growth and reduce poverty.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

17. The project development objective (PDO) is to increase sustainable coffee production and

enhance coffee quality, for the benefit of smallholders. This will contribute to: (a) improving the sector productivity and competitiveness; and (b) the country's strategic goals of poverty reduction and enhanced exports revenues.

Key Results (From PCN)

18. At PDO level, the key results expected from this project are as follow: (a) Increased coffee production at the country level at project-end through the combined effect of application of good agricultural practices and rejuvenated/renewed plantations; (b) Higher coffee quality demonstrated by an increase in the share of coffee sold with price premiums on export; and (c) Enhanced farmers' share of the net FOB price on coffee exports.

19. It is estimated that approximately 200,000 small-scale farmers (from a total of roughly 600,000 coffee growers at the national level) will directly benefit from the project planned activities. These are mostly composed of hillside farmers with less than 1 hectare of land, who cultivate an average of 150-250 coffee trees as an integral part of their livelihoods.

III. Preliminary Description

Concept Description

20. Burundi is a small player in international coffee markets and is operating in an environment of aggressive competitors. The area where the best results may be realized in terms of the sector productivity and competitiveness is not only limited to production increase, but most importantly, quality improvement along the value chain and a focus on the lucrative specialty coffee markets. Such efforts would certainly allow differentiating the country's products and also provide a better buffer for the inevitable periods of low prices. However, the business principle driving improvements needs to be that quality starts at the farm level and can be maintained only through proper processing and storage.

21. In this respect, the proposed project will operate through multiple interventions, along different segments of the coffee value chain, to address productivity and quality bottlenecks and to open new market opportunities to Burundi– the specialty coffee markets. The proposed project would reinforce the private sector role in leading and structuring the sector, namely the coffee producers and the industry. More specifically, the following key areas of the value chain will be addressed: (a) Governing structure of the value chain and institutional strengthening; (b) increasing production and productivity; (c) improving quality and market access. A particular focus would be put on greater organization and integration of smallholders into the chain and on more equitable sharing of the benefits from improved quality and market access.

22. Component 1 – Institutional strengthening and value chain governance: An essential property of the chain is its governance structure, which determines to a considerable extent how resources and gains are allocated and flow within the chain. In the case of Burundi, this structure is developing but constrained by lack of capacity to implement concerted specific sector policies; weak coordination; limited information exchange and non-transparent price mechanisms. The project will support streamlining the governance structure of the sector by: (a) reviewing and adapting the current intuitional framework to improve its level of effectiveness and efficiency with a particular focus on transparency in the decision-making process and on quality and pricing mechanism; (b) upgrading the capacities of existing institutions/organizations overseeing the sector; and (c) improving the dialogue among the key public and private actors of the chain to arrive at a

consensus on solving value chain bottlenecks.

23. More specifically, the institutional architecture for coffee sector management that the project would support strengthening comprises: (a) INTERCAFE -- a stakeholder-driven coordinating body that has the mandate for most sector management decisions; (b) ARFIC-- a public regulatory authority that ensures that the basic “rules of the game” for managing the sector are adequately defined, transparently implemented, and where necessary, enforced by Government authority. This intervention will aim also at upgrading the capacities of ARFIC to provide quality, inspection and certification services to the coffee industry. The project will support both the modernization of existing labs in line with international standards (and possibly their expansion within the producing regions) and developing ARFIC human resources capacities for managing regulatory areas and for coffee testing; (c) CNAC-- a coffee grower organization largely represented in all coffee growing region; and (d) other stakeholder organizations for each of the main sector constituencies, to provide representation into the INTERCAFE’s collective decision making on sector management. This architecture is broadly similar to successful agriculture value chain management elsewhere in Sub-Saharan Africa and many other producing countries as well, with strong public-private sector participation.

24. The project will also support increased consultations among the chain stakeholders; for instance, through regular forums to: (a) discuss the various problems and constraints of the sector within a “value chain approach”; (b) elaborate (or update) a comprehensive strategy for the coffee sector aiming at the general interest of the sector; (c) find harmonized and shared solutions to the various challenges facing the sector; (d) eliminate or minimize potential conflicts among the various actors in view of the general and common interest; and eventually (e) coordinating donors, government and private sector investments to avoid overlap, scale-up impacts, etc.

25. Furthermore, under this component the project will support the development of a Data Base on the sector which would provide reliable data on the number of producers, number of trees, production, quality, washing stations performance and other ecological and socio-economic factors. This Data Base to be initially placed within ARFIC and linked to INTERCAFE, can be further expanded to include a formal GI S module that can capture more of the agro-ecological variables such as soil types, water sources and other variables that affect coffee quality. This investment will constitute an important tool for the value chain actors in terms of planning, monitoring and evaluation of their activities and return on investments. It can also be used as an export promotion tool (see component 3 below).

26. Component 2 – Support to increased production and productivity: Under this component the project will support investments aimed at increasing production and productivity with a focus on: (a) the adoption of good agricultural practices - sustainable land management, planting trees, nutrition and fertilizer management, pests and diseases control, pruning, rejuvenation (25 percent of existing trees), harvesting, quality assessment and improvement, etc.; (b) improving production technology and soil fertility; (c) the dissemination of improved varieties to renew old plantations (20 percent of existing trees); (d) supporting specific research topics (coffee under shade, variety improvement and germplasm enhancement, etc.); and (e) a support fund to facilitate access to inputs.

27. In addition special emphasis will be on: (a) linking coffee growers to national agricultural research bodies and extension services (public and private) and promoting a two-way flow of

information between these entities; (b) expanding the tested models for productivity enhancement implemented as part of the PRODEMA project (community based mechanisms); (c) disseminating sustainable water and land management (SWLM) best practices and more diversified plantations, with fruit trees, inter-cropping with food crops, etc.; and (d) encouraging south-south exchange for coffee production, for instance, with coffee growing countries including Rwanda, Ethiopia and Colombia. This exchange will aim at various learning programs: production techniques, extension methodologies, coffee under shade, etc., and will build on cooperation already established between the PAZDOC project (Sustainable Landscape Coffee Project – GEF) and Columbia coffee growers.

28. For the implementation of the productivity investments, the proposed project will make use of INTERCAFE's current contractual system provision for extension services and supply of inputs, and extend these to a larger share of coffee farmers as well as to coffee-specific agronomic and processing research. INTERCAFE has a cess revenue mechanism already in place to finance such activities but, at current levels of national coffee production, the cess revenues only permit activities at a modest scale.

29. Component 3 – Support to improved quality and market access: The management of quality in the coffee value chain is the most immediate instrument growers can use to improve their upgrading opportunities and it is a critical element of the current trend toward coffee differentiation. Furthermore, it is specifically vital in Burundi where the existence of "potato taste", a strong off-flavor resulting from the interaction between agro-climatic conditions and antestia bug infiltration, is endemic . Currently, cherries washing stations have only limited capacity to evaluate their coffee and do not have the experience or the cupping infrastructure to evaluate their production. In this respect, the project will promote quality enhancement activities along the value chain which would require changes in the field, at the washing station and at the dry mill. Applying good agricultural practices, flotation of cherries at the washing stations reception, meticulous hand sorting during pre-drying and several other technical improvements are needed before Burundi can be recognized as a reliable supplier of coffee specialty markets. Under this component, the project will build on successes of recently closed USAID project in the country and will in particular support the following investments:

Sub-component 3.1- Improving quality:

30. Developing cupping capacity: A main focus of this activity will be on educating all value chains actors on quality and cupping and establishing cupping labs in main producing areas. This will be achieved by: (a) selecting a number of "leader" coffee washing stations to serve as an initial focus for specialty coffee value chain development and as models for other stations to learn from; and (b) the selection of a set of second tier washing stations to serve as "training hubs" aimed at maximizing the dissemination of production, processing and marketing best practices that will help in improving the quality and market access throughout all coffee producing regions in Burundi.

31. Improving washing stations technical, operational and managerial capacities: Under this sub-component, assistance will be provided to the managerial staff of the washing stations to develop and implement customized Quality Improvement Plans (QIPs), including infrastructure improvement, best practices and Quality Control (QC) systems. The production and processing of high quality coffees requires sound technical and business management skills and systems. Currently the management (and governance) capacity of most private and cooperatively owned washing stations needs improvement. This element is critical to obtaining the highest returns,

continued access to financing and sustainability. Furthermore, selected strategic supplier certification programs offer substantial price premiums to growers but require the implementation of detailed and transparent financial reporting systems. In the particular cases of cooperatives where the governance can be problematic, it is also important to maintain a fully transparent financial management system to ensure cooperative cohesion.

32. For highly performing washing stations, traceability systems from the plantations to the destination market may be introduced. Such systems will enable buyers and sellers to track each lot from the time it enters the washing station (or even the field) until it is delivered to its final destination. This feature is also an essential element that distinguishes specialty coffee production from the production of standard grade coffee. The ITC component described below (parag. 34) will be integral to the development of the coffee traceability system and to using this system to its full potential.

33. Improving existing processing infrastructure to meet environmental concerns: As pulping coffee can be the source of significant environmental problems (pollution of water table and the soil surrounding the washing stations, etc.), the project proposes integrating environmental mitigation measures in existing (and new) washing stations. These investments (water treatment and recycling) can lead to substantial cost reduction of production (reduction of water quantities used for de-pulping) and, most importantly, responsible environmental stewardship is not only a best practice, but is an obligation for certification to several preferred supplier programs such as the Neumann Kaffee Gruppe (NKG) and the Starbucks' C.A.F.E. Practices Program.

34. Developing an information technology and communication system specific to the sector: Wireless internet access is now available in much of Burundi, presenting an exciting opportunity for washing stations to broaden their horizon in terms of technology access, learning opportunities and direct communications with buyers. The Data Base described in parag. 25 above can also be expanded to track and report on key performance characteristics of all washing stations for purposes of monitoring and planning and assessing the impacts of investments in quality improvement. Similarly, the Data Base can serve as an important tool for export promotion, accessible to buyers interested in visiting and buying Burundi's coffee. Hot-links to individual washing stations sites will allow buyers to download fact sheets, learn about the coffee characteristics, and communicate directly with the stations that interest them most. From a basic training point of view, access to the internet by washing stations staff will be a powerful tool for the dissemination of training materials across the country. Other countries, particularly in Latin America and more recently in Rwanda have benefited greatly from the development of information and communications technologies. Burundi will be no different in this regard.

Sub-component 3.2- Marketing and promoting the Burundi Coffee brand:

35. Burundi must learn to market its coffee to the new consumers and also minimize the risk and uncertainties associated with coffee production, processing and marketing. In addition to the investments made on increasing production and productivity, profiling of coffee quality for more focused marketing, upgrading t he processing infrastructure, etc., this component of the project will support investments in: (a) building a recognizable image for Burundi's coffee, including, a country logo, brochures, standardized washing station fact sheets, coffee maps and other information that may be useful to coffee markets; (b) developing a reliable coffee industry intelligence and forecasting system; (c) establishing direct sales relationships with roasters and buyers; and (d)

introducing other innovative promotional activities such as buyer tours, certifications strategies, competitions such as the “cup of excellence”, and many other features that will place Burundi’s coffees in some of the very best markets in the world. These activities will focus on cultivating appropriate contacts and potential coffee relationships in North America, Europe, Japan and other emerging markets such as China and Russia.

36. This component of the program will require the full coordination of investments and activities at multiple levels, including growers, washing stations, mills and other supporting institutions. A key player in this process will be INTERCAFE which would be reinforced to take a lead role in coordinating these activities and promoting the Burundi coffee brand.

37. International Finance Corporation (IFC): The IFC Advisory Services Department has been supporting the 3rd phase of the coffee sector privatization. A main focus of IFC assistance was to advice on financing options for the coffee growers to buy shares of washing stations and to develop a target list of experienced international investors in the coffee sector who may be interested in the opportunity offered by the privatization. Further support will be sought from IFC, in particular for developing industry partnership and linkages with potential international specialty coffee buyers.

38. Component 4 – Program coordination, monitoring and knowledge management: This component will facilitate: (a) administrative, technical, and financial management of the program; (b) coordination among all institutional partners to ensure efficient flow of information and support to all value chain actors, in particular the small coffee growers; (c) effective contractual arrangements with key implementing partners (INTERCAFE, CNAC, ARFIC, etc.) and other private sector operators; (d) monitoring and evaluation of the performance and the financial, environmental, and social impact of the program; and (e) development of communication activities to publicize and disseminate the project results, best practices and success stories.

39. Inclusion of youth and women: This population already active in the coffee value chain (trees maintenance, harvesting, grading, etc.) will be systematically considered in all project’s interventions. In line with the PRSP-2 and the National Gender Policy, a special focus will be given to promoting increased youth employment (both women and men) in all segments of the value chain by involving them in technical and entrepreneurial training programs and other planned developments actions. The project will aim at a target of 50 percent of youth and women directly benefiting from the project supported activities.

40. Project costs: The indicative cost for the Coffee Competitiveness Support Project is US $50.00 million. The proposed Bank-financed support would cost about US$45.00 million. It is expected that the beneficiaries (INTERCAFE, ARFIC and CNAC) will contribute up to US$5.00 million. Furthermore, a GEF project is being considered for potential co-financing of selected productivity enhancement activities (PAZDOC: Sustainable Landscape Coffee Project - US$ 4.2 million). Finally, USAID and the French Development Agency (AfD) are preparing parallel financing for the sector with a focus on productivity and trade issues. The exact amount for this financing is not yet defined, but is expected to be made available in the 2015 fiscal year. Coordination with these projects is foreseen to ensure complementarities and cost effectiveness.

41. Categories of expenditures: For all project’s components, there will be various categories of expenditures including: (a) civil and rural works – case of upgrading the processing infrastructure

(CWSs); (b) materials and equipment; (c) technical assistance and studies; (d) training and information; (e) support fund; (f) provision of services; and (i) operation and maintenance.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	✕		
Natural Habitats OP/BP 4.04			✕
Forests OP/BP 4.36			✕
Pest Management OP 4.09	✕		
Physical Cultural Resources OP/BP 4.11			✕
Indigenous Peoples OP/BP 4.10			✕
Involuntary Resettlement OP/BP 4.12			✕
Safety of Dams OP/BP 4.37		✕	
Projects on International Waterways OP/BP 7.50		✕	
Projects in Disputed Areas OP/BP 7.60		✕	

V. Financing (in USD Million)

Total Project Cost:	72.25	Total Bank Financing:	55.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
IDA Grant	55.00
LOCAL BENEFICIARIES	17.25
Total	72.25

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