

SUPPORT FOR THE COMPETITIVE POSITION OF CENTRAL AMERICAN COFFEES

(TC-02-08-02-3)

EXECUTIVE SUMMARY

**Direct
beneficiary and
executing agency:**

TechnoNicaragua

**Final
beneficiaries:**

The project beneficiaries include: (i) coffee producers who would participate in the pilot groups; (ii) coffee producers trained in the quality management system; (iii) local professionals and representatives of coffee cooperatives and associations trained in cupping quality coffees; (iv) coffee producers who would participate in new market mechanisms that recognize the quality of coffee through price; and (v) the coffee organizations in each of the five countries that are strengthened through project activities.

Objective:

The general project objective is to help enhance the competitiveness of the Central American coffee sector based on high quality. The purpose of the project is to: (i) develop and implement a Central American quality management system for coffee; and (ii) help develop new market mechanisms that recognize quality through price and improve producers' access to such mechanisms..

Description:

The project is divided into three components:

Component I: Development of a quality system for Central American coffee. This component will create the methodology, protocols, and standards of a quality management system to assist coffee producers in evaluating, improving, and maintaining the quality of their coffee. This system will also help coffee buyers assess product quality at each stage of the process.

Component II: Implementation of a quality management system for coffee through technical assistance and training. This component will assist coffee producers with implementing the quality system developed in component I. This component is divided into two parts: (i) the quality management system will be tested in pilot groups, placing emphasis on groups of small and medium-sized producers; and (ii) the quality management system and cupping-related elements will be shared with coffee sector institutions and enterprises and with all interested coffee producers and buyers.

Component III: Promotion of new market mechanisms for high-quality coffee. This component will help producers to target new markets both within their own countries and in other regions of the world. On the one hand, the project will help pilot groups to establish relationships and partnerships with exporters and roasters. On the other, it will support the consolidation and promotion of competitions and auctions of quality coffee in Central America.

Financing: Method: nonreimbursable (Small Enterprise Development Facility-IIIA)

Amount and source:	MIF:	US\$3,000,000
	Local contribution:	<u>US\$1,615,450</u>
	Total:	US\$4,615,450

Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months

Environmental and social review: The executing agency will be evaluating the direct and indirect positive and negative impacts of project activities, including implementation of selection methods. Protocols, quality standards, and selection criteria for producers will be developed taking into account and including environmentally-sustainable measures.

Indirectly, the project will help improve the social situation of producers and the labor force in general. The project seeks to effectively encourage the participation of coffee growers' families and women and indigenous groups in particular in all project activities. The project will not address directly the social impact of the coffee crisis in terms of job creation for permanent and seasonal workers.

The aforementioned measures will constitute the environmental and social management plan. The Committee on Environment and Social Impact (CESI) reviewed and approved the project abstract on 1 November 2002.

Special contractual conditions: As a condition precedent to the first disbursement of the contribution, the following will be required: (i) evidence that the process of selecting the project director, pursuant to the Bank's procedures in this regard, has been completed; (ii) evidence that at least two of the agreements between TechnoNicaragua and the project's partner institutions have been signed. For disbursements related to specific activities of the project in each country, in each case evidence will be required that the agreement between TechnoNicaragua and the partner institution in the country in question has been signed.

Exceptions to Bank policy: None.