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Invertir en la población rural

Propuesta de aceptación de fondos suplementarios de la Fundación Rockefeller

Nota para los representantes en la Junta Ejecutiva

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Junta Ejecutiva — 118º período de sesiones
Roma, 21 y 22 de septiembre de 2016

Para **aprobación**

Recomendación de aprobación

Se invita a la Junta Ejecutiva a que autorice al Presidente a negociar y concluir un acuerdo con la Fundación Rockefeller para la provisión de fondos suplementarios con los que respaldar las actividades de fomento de las cadenas de valor en el marco del Programa de Desarrollo de las Cadenas de Valor en curso de ejecución en Nigeria, según la recomendación que figura en el párrafo 9.

Propuesta de aceptación de fondos suplementarios de la Fundación Rockefeller

I. Antecedentes

1. Se invita a la Junta Ejecutiva a tomar nota de que el FIDA se propone obtener una contribución de fondos suplementarios de la Fundación Rockefeller, una organización filantrópica sin fines de lucro con sede en Nueva York. A tal fin, el Presidente solicita a la Junta Ejecutiva que lo autorice a negociar y concluir un acuerdo para la provisión de fondos suplementarios, que se ajustará sustancialmente a los términos y condiciones expuestos en el apéndice I del presente documento.
2. El FIDA ha solicitado a la Fundación Rockefeller fondos suplementarios por valor de USD 1 500 000 durante 3 años para prestar asistencia técnica específica a los pequeños productores de yuca en el estado de Ogun (Nigeria), con el objetivo de incorporarlos a la cadena de suministro de la fécula de yuca de Nigeria Breweries PLC (NBPLC), la filial local de Heineken.
3. Tras haber identificado una oportunidad de mercado para los pequeños productores de yuca en el estado de Ogun, el FIDA se propone apoyar la ejecución de las actividades de extensión y asistencia técnica en colaboración con los asociados de la cadena de valor, a fin de promover una oportunidad de comercialización sostenible y de orientación empresarial destinada a los pequeños agricultores. Esta asistencia se ajusta a los objetivos y las entregas del Programa de Desarrollo de las Cadenas de Valor que se encuentra en ejecución en Nigeria y recibe apoyo del FIDA.
4. La meta general del programa es ayudar a reunir y capacitar a los productores locales de yuca y a vincularlos con una fábrica asociada de fécula, Psaltry International Company Ltd. (PIL), que opera en el estado de Oyo y abastece de fécula de yuca a NBPLC. Debido a la falta de suministro de materia prima, esta fábrica no logra satisfacer toda la demanda de su cliente NBPLC. Mediante este programa se ayudará a dicha fábrica a colmar este déficit y, al mismo tiempo, se aumentarán los ingresos de los pequeños productores de yuca gracias a la adopción de un enfoque sostenible y orientado al mercado. El comprador final, NBPLC, está intentando entablar esta asociación dado que necesita obtener un suministro suficiente de fécula de yuca elaborada, de origen local, para que su cervecería local funcione a plena capacidad. La Fundación Rockefeller está interesada en esta colaboración dada su prioridad estratégica de reducir las pérdidas posteriores a las cosechas en las cadenas de valor de la yuca en Nigeria. Los asociados han elaborado conjuntamente la nota conceptual adjunta para poner de relieve las actividades y los resultados que se prevé obtener con esta colaboración. A nivel local, el FIDA ha aplicado toda la diligencia debida en relación con los asociados del sector privado que participan en esta asociación.

5. El FIDA y la Fundación Rockefeller han elegido a la Cooperativa Europea para el Desarrollo Rural (EUCORD) como el principal asociado en la ejecución de este proyecto, siempre que cumpla los requisitos del FIDA relativos a la debida diligencia para los receptores de las donaciones, de conformidad con la Política del FIDA relativa a la financiación mediante donaciones. La EUCORD, una organización sin fines de lucro con sede en Bruselas, ha colaborado en numerosas ocasiones con NBPLc para fomentar su cadena de suministro de la yuca en Nigeria, y la Fundación Rockefeller la recomendó al FIDA como asociado en la ejecución para esta colaboración. En el marco de esta iniciativa, el FIDA y la EUCORD trabajarán con 3 000 pequeños agricultores que cultivan unas 3 000 hectáreas de tierra a fin de suministrar 60 000 toneladas de yuca (el déficit de demanda determinado) a PIL. Estos agricultores ya participan activamente en el Programa de Desarrollo de las Cadenas de Valor y recibirán servicios específicos de extensión y asistencia técnica para satisfacer la demanda de PIL y NBPLc.
6. La Junta Ejecutiva es el órgano competente para decidir si se acepta administrar fondos suplementarios, y las condiciones y restricciones conexas. La Junta decidió delegar en el Presidente una parte de esta facultad, concretamente la de recibir y administrar donaciones de cualquier fuente para financiar proyectos del FIDA en curso, así como de Estados miembros para financiar estudios y actividades de asistencia técnica a corto plazo relacionadas con las operaciones del FIDA, en condiciones análogas a las consignadas, respectivamente, en los documentos EB 1986/28/R.47 y EB 1987/30/R.28. Dado que la Fundación Rockefeller no es un Estado miembro del FIDA y que la contribución de fondos suplementarios propuesta no financiará directamente la ejecución del Programa de Desarrollo de las Cadenas de Valor, aunque respaldará el logro de sus objetivos, se invita a la Junta Ejecutiva a que autorice al Presidente a negociar y concluir con la Fundación un acuerdo para la provisión de fondos suplementarios.
7. Se aplicará un principio de recuperación total de los costos (el 7 %, además de la retención de intereses), y los costos indirectos se sufragarán mediante estos honorarios de gestión.
8. El acuerdo firmado se presentará a la Junta Ejecutiva, a título informativo, en un período de sesiones posterior.

II. Recomendación

9. Se invita a la Junta Ejecutiva a que autorice al Presidente a negociar y concluir acuerdos con la Fundación Rockefeller para la provisión de fondos suplementarios con los que respaldar el Programa de Desarrollo de las Cadenas de Valor en curso de ejecución en Nigeria, que se ajustarán sustancialmente a los términos y condiciones expuestos en el anexo I de este documento.

Annotated project proposal

Connecting Smallholder Cassava Producers to Sustainable & Productive Value Chains in Nigeria

Key objectives and Activities The International Fund for Agricultural Development (IFAD) aims to productively and sustainably connect 3,000 smallholder cassava farmers in Ogun State (one of the six benefiting IFAD-assisted VCDP states) to Psaltry International Company Ltd (PIL) in the adjacent Oyo State, whereby they will become needed raw material suppliers to enable the mill to meet the full demand of its buyer, Nigeria Breweries Plc (NBPLc). Since 2012 PIL has been a supply chain partner of NBPLc providing processed cassava starch for its brewery in Lagos. However due to shortage of raw material supply the mill has been unable to meet the buyers' full demand. At the request of NBPLc, dialogue began with IFAD to explore how to leverage the IFAD-financed Value Chain Development Programme (VCDP) to help aggregate, train and connect local cassava farmers to the mill and bridge the supply gap, but at the same time use the platform of the mill to increase farmers' income.

Overall, PIL is a woman-owned medium scale cassava processing factory which was established in 2005 with over 200,000mt of installed capacity per annum. While PIL is maintaining a strong out-growers scheme of about 3,000 farmers, this number of farmers can only supply 50% of its market demand. PIL needs additional 3,000 farmers to operate at full capacity and meet the demand of its main buyer, and seeks additional partners and resources to achieve this wider farmer engagement. At the same time IFAD/VCDP is working with cassava farmers along the value chain in Nigeria. Consistent with a value chain/market demand project, IFAD/VCDP seeks dedicated private sector extension services to effectively expand the number of farmers within the VCDP targeted Ogun state to become suppliers to PIL.

IFAD, working with implementing partner European Cooperative for Rural Development (EUCORD), a Brussels-based non-profit organization with extensive experience working in the cassava value-chain in Nigeria, will work with 3,000 small farmers cultivating about 3,000 hectares of land to supply 60,000 metric tons to PIL (the identified demand gap). These farmers, already actively engaged in the VCDP, would need to maintain an average productivity level of 30 metric tons per hectare to meet the demand. To meet this objective EUCORD in close coordination with IFAD and VCDP staff will undertake the following key activities:

- Increase the out-growers base from 3,000 to 6,000 with strong technical/extension support to achieve productivity potential of up to 30mt/ha. i.e. IFAD through VCDP to establish additional 3,000 farmers and link them to PIL.
- Establish mini-bulk farms and establish learning infrastructure on farm management and productivity.
- Liaise with government and/or communities to secure the lands for mini-bulk farms with a use right of not less than 10 years. The land will be put into cassava production by women and youth from the same communities.
- Provide basic agricultural infrastructure like water boreholes, access road and culverts to the farms to facilitate produce removal from the field. Develop farmlands where appropriate, consistent with VCDP model, provide extension services, provide initial revolving cashless credit as matching grant to the farmer groups to strengthen the producer groups.
- Establish youth mechanization entrepreneurs and spray-team entrepreneurs to handle land preparation operations, agro-chemical spraying and produce haulage businesses.

Specific activities to be undertaken are:

A. Develop additional supply stream of cassava roots:

- Mobilize, establish and strengthen 1,000 farmers as pilot in 2017 and additional of 2,000 farmers in 2018, with strong agronomic and business orientation and link them to PIL
- Broker partnership relationship between PIL and the farmers to create sustainable production and supply of cassava roots
- Manage the farmer-PIL relationship to ensure the parties meet their obligations. Continue with PIL's confidence/integrity building approach. Provide trust and confidence training biannually with farmers to sustain the relationship
- Provide technical assistance to farmers to meet factory needs. The use of a local NGO will be pursued.

B. Provide technical assistance to farmers:

- Farmer mobilization, group formation, group registration, group management and vision building
- Facilitate the establishment of out-growers or contract growers or any viable form of clusters for the production and supply of cassava PIL
- Engage private extension provider to facilitate actual field implementation in a business manner
- Pre - and in-season trainings for improved agronomic practices including safe and effective use of agri inputs. Establish 2 to 3 demo farms within each bulk farms
- Farmer organization/institution building including training on record keeping 3 times a year
- Facilitate the establishment of stem multiplication farms/groups to promote the adoption of best agronomic practices amongst producers for sustainable supply of quality roots to the mill.
- Link and network producers to Nigerian Agric Insurance Company (NAIC).
- Marry the VCDP matching grant model and PIL cashless grant model to provide farmers with inputs (fertilizers, stems, herbicides and minimum land preparation) in collaboration with private input dealers using a cashless credit model
- Participate/facilitate Technical Review Meetings with PIL and farmer groups to sustain synergy amongst interested parties
- In line with IFAD reporting requirements, conduct periodic basic surveys to track performance and provide feedback to PIL for decision making.

In addition to the immediate supply chain opportunity in Ogun, the grant will also serve to lay the ground for a potential longer-term collaboration in Benue State. Building on an initial pilot investment, NBPLC is interested in scaling up its local sourcing of cassava to produce maltose, glucose and fructose for its wider beer and drinks business in Nigeria. NBPLC is currently in discussion with potential investment partners that would support an intermediary processor to invest in a processing plant to produce cassava-based maltose, glucose and fructose supplied by cassava roots from surrounding smallholder farmers. This significant investment is currently under exploratory stage, and learnings from the IFAD-Rockefeller grant will help inform how best smallholders can supply this much greater investment in the coming years.

Complementarity with IFAD-financed Value Chain Development Programme

The activities of this project will complement the IFAD loan investment of US\$74.5 million and grant of US\$500,000 to the Federal Republic of Nigeria for VCDP that is supporting improved food security and incomes of smallholder farmers, with a particular focus on young people and rural women. The Rockefeller Foundation grant will inject targeted grant support to enable the contracting of EUCORD's technical assistance services, which are an identified vital need by national and local VCDP partners to ensure success in linking farmers to the identified PIL/NBPLc market, as well as helping the programme and PIL go to scale.

Further, via the VCDP and other IFAD value chain investments in the country, the grant will create synergies with other on-going private sector partnerships. These include a current Unilever/Knorr/GIZ collaboration in Ogun state, whereby Unilever is training 2,500 VCDP cassava smallholder farmers in its Sustainable Agriculture Code, in efforts to create a pipeline of trained cassava producers to fulfill future supply needs. The Rockefeller Grant will help IFAD to leverage and expand these partnerships by identifying synergies and opportunities to take successes to scale.

Expected Results

- 3,000 farmers and their families, a total of around 18,000 people, will directly benefit from increased awareness, knowledge and capacity to grow cassava efficiently. The households will increase their income and consumption of cassava. They will also improve their access to the cassava value chain by establishing long term partnerships with private sector actors.
- The leaders of 120 PO will have more capacity to manage their organizations, as well as more access to mechanization, increased negotiating capacity with financial institutions, private sector buyers and government representatives. It is also expected that there will be a change in behavior, and that PO leaders will have a more entrepreneurial outlook and will be more respectful of engagements and contracts.
- Up to 200 young "agripreneurs" will be created from the business of mechanization and agro-chemical to provide services to PO in a sustainable manner.
- As for the private sector, PIL will benefit from increased supply of raw materials and will be able to increase production, benefitting the local population with increased employment opportunities. NBPLc will have access to more raw materials for its products and will be able, through this project, to have a proof of concept for cassava sourcing in Nigeria and subsequently scale up their investment in the sector.
- The project will become a model for other processors of cassava in Nigeria.

Project management and implementation arrangements

The IFAD country office in Abuja will support the overall activities by overseeing the grant with the implementing partner and conducting project supervision. Further, the IFAD office will also work to link the grant project to the wider value chain partnerships being brokered under VCDP with cassava farmers, and additional supply chain links and best practices coming out of the full IFAD investment portfolio in Nigeria. These include Rural Finance Institutions Building Programme and recently climate change adaptation and agribusiness support programme (CASP) focusing on rye and other cereal crops.

Timeline and budget

The total project is envisioned to be implemented over a three-year period to cover two cassava growing cycles, with a supplementary funds request of \$1.5 million over three-years to Rockefeller Foundation to support the project. The contribution shall be administered in accordance with IFAD's Financial and Administrative Regulations and Rules applicable to supplementary funds.