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President's report on a proposed grant under
the country-specific grants window to the
Republic of Cameroon for the Aquaculture
Entrepreneurship Promotion Project

Note to Executive Board representatives

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For: Approval

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Abbreviations and acronyms

MINEPIA	Ministry of Livestock, Fisheries and Animal Industries
PDDAC	Sustainable Aquaculture Development Plan for Cameroon
PPEA	Aquaculture Entrepreneurship Promotion Project

Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the country-specific grants window to the Republic of Cameroon for the Aquaculture Entrepreneurship Promotion Project, as contained in paragraph 5.

President's report on a proposed grant under the country-specific grants window to the Republic of Cameroon for the Aquaculture Entrepreneurship Promotion Project

Part I – Introduction

1. This report recommends the provision of an IFAD grant in the amount of US\$1,000,000 under the country-specific grants window to the Republic of Cameroon for the Aquaculture Entrepreneurship Promotion Project (PPEA). The grant proposal document is contained in the annex to this report.
2. The goal of IFAD grants is to significantly broaden and add value to the support provided to smallholder farming and rural transformation, thereby contributing to rural poverty eradication, sustainable agricultural development, and global food security and nutrition. In order to achieve these goals, IFAD grants should adhere to three basic principles: (i) make a significant contribution to a global, regional or national public good related to IFAD's mandate; (ii) focus on interventions where grant financing has clear added value and a comparative advantage over regular loans; and (iii) not be used as a substitute for resources from IFAD's administrative budget.
3. The objectives of IFAD grant financing are to: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; (iii) enhance advocacy and policy engagement; and (iv) generate and share knowledge for development impact. Rural poor people and their organizations should be squarely positioned at the centre of each grant submission to fulfill IFAD's mandate to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience.
4. The proposed programme is in line with the goal and objectives of IFAD grant financing, as stated in the IFAD grant policy. The project will contribute to achieving IFAD's overarching goal of enabling rural women and men to improve their incomes and food security. It also responds to another IFAD strategic objective, to ensure that poor rural women and men have enhanced and sustainable access to natural resources by testing and disseminating improved agricultural techniques and effective support services.

Part II – Recommendation

5. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Aquaculture Entrepreneurship Promotion Project, shall provide a grant not exceeding one million United States dollars (US\$1,000,000) to the Republic of Cameroon, in support of a three-year project and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze
President

Aquaculture Entrepreneurship Promotion Project

I. Background

1. The livestock and fisheries subsector, which contributes 0.4 per cent of GDP growth in the primary sector, includes artisanal marine and inland fishing, industrial fishing and aquaculture.
2. Artisanal fish production has remained virtually unchanged since 2008 in the absence of adequate technical training for artisanal fishers, sufficient technical equipment and qualified personnel, and access by fishers to financing to purchase high performing equipment. Annual production figures are 93,000 tonnes for artisanal fishing and 75,000 tonnes for inland fishing.
3. Annual industrial fishing production has remained steady at around 8,000 tonnes since 2009 and is under threat from unauthorized foreign fishing vessels operating within territorial waters.
4. Domestic demand for fish products estimated at 400,000 tonnes per annum cannot be met by capture fisheries production, which together with aquaculture production, amounts to an estimated cumulative 180,000 tonnes.
5. The deficit in supply is covered in part by imports of more than 212,200 tonnes, which posted an increase of 30 per cent in 2011.
6. In view of the foregoing, aquaculture is not only a sustainable alternative to cover the fish deficit but also a source of job creation and additional income for rural people.

II. Rationale and relevance to IFAD

7. Despite the country's water potential and the implementation of a number of activities nationwide in recent years, aquaculture in Cameroon remains embryonic in the face of technical and institutional constraints, as well as a development policy advocating subsistence fish farming over competitive, profitable and environmentally-friendly commercial operations.
8. The country is able to meet just half of local demand for fish, and the contribution of aquaculture is less than 0.1 per cent. To reduce the trade deficit caused by massive imports of fish products, domestic production needs to be improved significantly to cover both domestic demand and generate a surplus for export. Reversing the current trend calls for new strategies, including promoting profitable occupations in aquaculture.
9. Current potential and capacity suggest that inland aquaculture production could be increased by more than 50 per cent to cover 5 per cent of local needs, as per the Sustainable Aquaculture Development Plan for Cameroon (PDDAC) of 2009. This would require private-sector involvement, promotion of small fish farming enterprises and the removal of institutional and technical constraints.
10. In view of the foregoing, the Ministry of Livestock, Fisheries and Animal Industries (MINEPIA) has requested technical and financial support from IFAD to pilot the funding of individual and collective private initiatives in fish farming, in order to assess their contribution to meeting local demand and creating job opportunities in rural and peri-urban areas. The pilot operation to be carried out with IFAD assistance will, in the long term, enable useful lessons to be drawn in terms of scaling up by preparing and implementing a more substantial investment project with the participation of several donors providing sector funding.

11. In addition, in 2009 MINEPIA developed the PDDAC, which has not yet been implemented.
12. The value added by PPEA will therefore consist of piloting the implementation of PDDAC on a small scale, in particular the objectives of creating enterprises and jobs in the various value chains. Whereas previous projects focused mainly on production, PPEA will support the promotion of enterprises in different value chain links – inputs, production, feed and commercialization. The major innovation of PPEA with respect to previous projects in the sector is to introduce the entrepreneurial dimension under a business incubator approach, in accordance with the current direction adopted for projects under IFAD's country programme in Cameroon.
13. This approach consists of selecting, within the various value chains, project promoters with experience in business start-up and development, and facilitating their access to the services of public or private service providers. Support for promoters will include: (i) assisting with developing individual or collective projects to the stage of preparing an operating plan; (ii) building technical competencies; (iii) providing financial education; (iv) facilitating learning about business management and the functions of an entrepreneur; (v) establishing the enterprise and setting up the promoter; and (vi) monitoring promoters in running the enterprise and providing technical and management advice.

III. The proposed project

14. The overall goal of the project is to promote profitable aquaculture enterprises that create jobs for sustainable aquaculture development. The project's specific objectives are to:
 - Improve access by fish farmers to training and advisory support services; and
 - To put in place an enabling strategic and organizational framework for aquaculture development.
15. The target group will comprise prospective and existing small-scale fish farmers, prioritizing young people 18 to 35 years of age promoting aquaculture microprojects, whether individually or as part of producers' organizations. In this way, 300 small aquaculture enterprises will be set up in the various value chains, 30 per cent of them managed by women and 50 per cent by young people.
16. The project will be of a three-year duration and will comprise two components:
 - Developing the supply of training and coaching/advisory assistance; and
 - Improving the strategic, organizational and policy framework for the subsector.

IV. Expected outputs

17. The project is expected to have the following outputs:
 - Increased access by fish farmers to training and coaching/advisory assistance services. Three aquaculture stations will be promoted in training/incubator organizations to train producers within the various value chains. The indicator of success will be at least 80 per cent of fish farmers trained benefiting from advisory assistance services, including in aquaculture entrepreneurship.
 - Establishment of an enabling strategic and organizational framework for aquaculture development. At least 50 per cent of actors in the value chains are expected to be satisfied with the environment and progress on activities in the sector.
 - Creation of profitable aquaculture enterprises that create jobs. Some 300 small enterprises will be established in the value chains, 30 per cent managed

by women, creating 1,500 jobs. Among these enterprises, 65 per cent will increase their gross margins by at least 50 per cent.

V. Implementation arrangements

18. The project will be implemented in the South, Littoral and Centre regions. The three MINEPIA fish farming stations located in each of these regions will anchor the activities. A partnership will be developed with the private sector, specifically with private fish farms, feed manufacturers and commercialization actors.
19. Overall responsibility for the project will lie with MINEPIA, and the Aquaculture Division will be responsible for implementation. The Aquaculture Division is a legal entity governed by public law, endowed with the assets and resources to implement operations relating to aquaculture.
20. The implementation team will be made up of staff from the stations, reinforced by extension and teaching staff under secondment or temporary assignment arrangements. Virtually all staff – station heads, technician trainers, extension officers, workers, drivers and guards – will be taken on by MINEPIA.
21. In view of the pilot nature of the operation, international technical assistance will be mobilized during the first two years of the project to assist in setting up training programmes, selecting technologies to rehabilitate the stations, conducting thematic studies, preparing round tables, etc.
22. Pursuant to IFAD guidelines, the project financial statements will be audited annually in accordance with the International Auditing Standards. The external auditors will be recruited by the coordination unit, by means of an open or restricted national or international call for tenders, and selected on the basis of quality and cost. The auditors' terms of reference will be submitted to IFAD for non objection each year.

VI. Indicative project costs and financing

23. The total cost of the project is US\$3,325,000 over three years. The contribution of the Government is US\$2,325,000 (70 per cent) and that of IFAD is US\$1,000,000 (30 per cent). A summary of the budget by component and by category of expenditure is provided in tables 1 and 2 below.

Table 1
Cost by component and financier
(in US\$)

<i>Components</i>	<i>IFAD</i>	<i>Government</i>	<i>Total</i>
Component 1:			
Developing the supply of training and advisory assistance			
1. Capacity-building in coaching	215 000	760 000	975 000
2. Training for promoters	50 000	55 000	105 000
3. Support for development of economic initiatives	350 000	595 000	945 000
Component 2:			
Improving the strategic, organizational and policy framework for the subsector			
1. Organizational framework	70 000	-	70 000
2. Strategic framework	90 000	-	90 000
3. Implementation	225 000	915 000	1 140 000
Total	1 000 000	2 325 000	3 325 000

Table 2
Cost by expenditure category and financier
(in US\$)

<i>Expenditure categories</i>	<i>IFAD</i>	<i>Government</i>	<i>Total</i>
1. Works ^a	100 000	200 000	300 000
2. Consulting ^b	395 000	245 000	640 000
3. Equipment and supplies ^c	345 000	635 000	980 000
4. Training ^d	160 000	65 000	225 000
5. Operations and services		195 000	195 000
6. Civil engineering		550 000	550 000
7. Personnel costs		435 000	435 000
Total	1 000 000	2 325 000	3 325 000

^a Works expenditures cover preparation of the pilot site.

^b Consulting expenditures include studies and technical assistance.

^c Equipment and supplies expenditures include inputs.

^d Training expenditures include workshops and seminars.

Results-based logical framework

Descriptive summary	Objectively verifiable indicators	Means of verification	Assumptions/Risks
Goal Sustainably improve food security, living conditions and incomes for fish farmers in Cameroon	<ul style="list-style-type: none"> ▪ The asset accumulation index has increased at least 30% for at least 50% of beneficiaries ▪ At least 50% of beneficiary households report a reduction in the lean period 	Baseline surveys Impact assessment	Consistent national policies, complementarities and synergies with other partners
Development objective Promote profitable aquaculture enterprises that create jobs	<ul style="list-style-type: none"> ▪ 300 small aquaculture enterprises, including 30% managed by women, are established in the value chains concerned and create at least 1,500 jobs ▪ 65% of enterprises report an increase of at least 50% in their gross margins 	Annual monitoring reports Final evaluation	Enabling environment for creating aquaculture enterprises Efficient and effective project management
Component 1 – Developing the supply of training and advisory assistance			
Expected output. Access by fish farmers to training and advisory assistance services is improved	<ul style="list-style-type: none"> ▪ 3 aquaculture centres are promoted in incubation structures and provide training in the value chains of interest ▪ 80% of fish farmers trained benefiting from advisory assistance services, including in aquaculture entrepreneurship 	Case studies Impact assessment	Ownership and interest by training centres Training infrastructure equipped and operating Availability of raw materials Capacity of technicians and effectiveness of coaching and advisory assistance
Output 1. Training capacities of three aquaculture centres are strengthened	<ul style="list-style-type: none"> ▪ 1 training curriculum for aquaculture entrepreneurs is developed ▪ Training and reception infrastructure at Yaoundé centre is rehabilitated and equipped ▪ 1 demonstration/training unit is developed at Yaoundé centre for larvae and fingerling production ▪ 1 demonstration/training unit is developed at Yaoundé centre for fish feed production based on local products 	Monitoring and supervision mission Consulting report	
Output 2. Technical and entrepreneurial capacities of fish farmers are improved	<ul style="list-style-type: none"> ▪ 4 short-term training sessions are held each year by Yaoundé and Ebolowa centres ▪ At least 300 fish farmers, including 30% women, are trained and supported 	Supervision Roster of cohorts	
Output 3. Production of fingerlings, feed and food fish is optimized	<ul style="list-style-type: none"> ▪ 3 technical/economic manuals are developed and disseminated for fingerling production, feed production and food fish production ▪ 9 private fingerling production units promoted ▪ 3 aquaculture cooperatives with 30 members promoted and set up on a pilot basis at a site developed in Ebolowa ▪ 50% of PDDAC annual production target is achieved 	Accreditation of cooperatives Works contract Monitoring mission	
Output 4. A coaching and advisory assistance system is set up to ensure the viability and profitability of fish farming enterprises	<ul style="list-style-type: none"> ▪ 10 aquaculture technicians trained in hatchery, nursery and food fish production and management ▪ 1 extension team of 5 technicians set up ▪ 50% of beneficiaries trained obtain credit from microfinance institutions and have market access 	Decision creating coaching arrangements Beneficiary surveys	

Component 2 – Organizational and policy framework for the subsector			
Expected output. An enabling strategic and organizational framework for aquaculture development	<ul style="list-style-type: none"> At least 50% of actors in the value chains concerned are satisfied with the environment and progress made on activities 	Satisfaction survey	Producer involvement in organizational diagnostics Interest of technical and financial partners
Output 1. An organizational framework for aquaculture development is promoted	<ul style="list-style-type: none"> Directory of subsector actors is developed Organizational structuring and capacity-building plan is available 	Audit of file on actors	
Output 2. A document to provide guidance, advocacy alignment and mobilization of technical and financial partners is prepared	<ul style="list-style-type: none"> PDDAC is revised, updated and includes costed project factsheets A round table is held for technical and financial partners in the aquaculture sector 	PDDAC quality assurance	
Component 3 – Coordination and management			
Coordination and monitoring of project activities is effective	<ul style="list-style-type: none"> 1 skeleton management unit installed in Yaoundé An aquaculture data collection and processing system is set up 	Workplan and budget Database analysis	