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President's report on a proposed grant under the global/regional grant window to the International Institute of Tropical Agriculture (a CGIAR Research Centre) for the Aquaculture Assessments and Value Chain Pilot Project to Improve Fish Supply, Employment and Nutrition in Angola and the Democratic Republic of the Congo

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for proposed the grant under the global and regional grants as contained in paragraph 11.

President's report on a proposed grant under the global/regional grant window to the International Institute of Tropical Agriculture (a CGIAR Research Centre) for the Aquaculture Assessments and Value Chain Pilot Project to Improve Fish Supply, Employment and Nutrition in Angola and the Democratic Republic of the Congo

1. Background and Compliance with IFAD Policy for Grant Financing

1. Background. Aquaculture is the fastest growing form of food production globally and widely recognized as a critically important source of fish for food and nutrition security. Sustainable aquaculture is needed in Angola and the Democratic Republic of the Congo to meet future demand for fish for food, income and nutrition. However, the foundation of knowledge and skills in both countries, following many years of conflict, is insufficient to plan and implement aquaculture development programmes: though there is now renewed interest in aquaculture, growth is limited. The project will therefore support both countries in developing sustainable aquaculture systems
2. Compliance with IFAD Policy for Grant Financing. The proposed project is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015)¹ as it will support the development, testing and adoption of pro-poor technology and policy approaches with the potential to be scaled up for greater development outcomes and impact. The International Institute of Tropical Agriculture (IITA) will lead implementation, in partnership with WorldFish and national agricultural research systems (NARS) as part of local institutional strengthening. Since policymakers and extension staff are key target groups, the project design incorporates advocacy and policy engagement along with scaling up. The project initiatives aim to increase production from smallholder and larger-scale fish farms alike; and to improve the regulatory capacity for the development of environmentally sustainable, nutrition-sensitive and climate smart aquaculture sectors.
3. WorldFish is the only research centre of the Consultative Group on International Agricultural Research (CGIAR) with the capacity, in terms of staff, equipment and expertise, to undertake this type of research work in Africa. While other research institutions with the requisite capacity do exist, they have neither the relevant expertise nor presence in Africa. However, WorldFish has no presence in the project area. Therefore, in line with CGIAR reforms promoting collaboration among CGIAR centres whereby one centre hosts another where the hosted centre has no field presence in the project area, IITA was selected as the grant recipient to ensure economy, efficiency and effectiveness in project implementation since it has an office in the Democratic Republic of the Congo, which also serves Angola.

¹ See EB 2015/114/R.2/Rev.1.

II. The proposed project

4. The goal is to improve food and nutrition security and reduce poverty while managing natural resources sustainably. The objectives are to:
 - (i) Increase production from smallholder and larger-scale fish farms alike; and
 - (ii) Improve public sector regulatory capacity in managing aquaculture development.
5. The target group will comprise 10,000 households, including 2,000 headed by women and 5,000 unemployed young people; 30 NARS technical staff/policymakers; 50 staff of NGOs; five private sector value chain actors; 500 women fish traders; and three fish farmers' associations.
6. Project implementation will span three years and comprise the following components/outputs. The activities to be implemented are listed under each output.

Access to high-quality aquaculture inputs (fish seed and feed) improved by:

- (i) Assessing the capacity of existing and potential hatcheries and providing training, equipment and high-quality broodstock;
- (ii) Conducting scoping studies on current and potential feed businesses and facilitating private sector feed mills investments;
- (iii) Surveying species/strain currently in use; and
- (iv) Developing and piloting genetic management and genetic improvement strategies.

Access to knowledge, extension and financial services for fish farms improved by:

- (i) Establishing innovation platforms and technical working groups on aquaculture constraints;
- (ii) Surveying current management practices and designing and implementing training modules;
- (iii) Supporting aquaculture groups through training in production and value addition; and
- (iv) Surveying financial needs and facilitating access to financial services.

Market access for aquaculture products improved by:

- (i) Conducting market surveys to understand linkages and opportunities for value chain upgrading;
- (ii) Identifying opportunities to develop processing/wholesale/retail small and medium-sized enterprises; and
- (iii) Identifying suitable pro-poor aquaculture product options, test and promote their adoption.

Capacity of public and private sector organizations to plan and manage aquaculture development increased by:

- (i) Assessing the capacity of public and private sector organizations and providing training and technical assistance; and
- (ii) Developing new/revised aquaculture development plans.

III. Expected outcomes/outputs

7. The expected project outcomes are as follows:
 - (i) The introduction of environmentally sustainable aquaculture technologies;
 - (ii) The improvement of access to quality fish seed, rejuvenation of hatcheries and enhancement of fish breeding capacity and fish stocks;
 - (iii) The development of fish feeds and pond feeding systems; and
 - (iv) The creation of new employment opportunities for women, men and young people.

IV. Implementation arrangements

8. IITA as grant recipient is responsible to IFAD for both fiduciary and technical reporting, and will lead the development of fish feed based on local resources. WorldFish as a grant subrecipient will provide technical support. The project will be implemented in partnership with local NGOs involved in the promotion of aquaculture (the Food Self-sufficiency and Biodiversity Group and the Muresha Agriculture Innovation Centre), IITA Agripreneurs and relevant regulatory authorities and private sector partners.
9. There are no deviations from the standard procedures for financial reporting and audits. IITA will ensure that:
 - (i) The entire project implementation period, including the 2 per cent cost-sharing percentage, is covered by audit and semi-annual unaudited statements of expenditure with supporting transaction lists submitted to IFAD within 45 days of the end of the reporting period;
 - (ii) Its institutional accounts are audited annually in accordance with International Standards of Audit and IFAD financial guidelines, a copy of its audited financial statements is submitted to IFAD within six months after the end of each fiscal year, and a final audit report is submitted to IFAD before the closing date; and
 - (iii) The annual audit report submitted to IFAD will cover both IFAD funds and any cofinancing, and consolidate expenditures incurred by subgrantees, which will be accountable for the use of subgrant funds and subject to normal audit oversight.

V. Indicative project costs and financing

10. The total project budget is US\$2.9 million, covered by an IFAD grant in the amount of US\$2.4 million and US\$500,000 in in-kind cofinancing from IITA and WorldFish, comprising staff time, equipment, office space and other facilities.

Table 1
Costs by component and financier
 (Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Cofinancing</i>	<i>Total</i>
Access to high-quality inputs improved	886	250	1 136
Access to knowledge improved	264	50	314
Market access improved	789	100	889
Regulatory capacity for aquaculture development increased	461	100	561
Total	2 400	500	2 900

Table 2
Costs by expenditure category and financier
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancing</i>	<i>Total</i>
Salaries and allowances	720	100	820
Consultancies	168		168
Equipment and materials	240		240
Operating costs	168		168
Goods, services and inputs	240		240
Travel and allowances	240	100	340
Training	240	175	415
Workshops	163	25	188
Subtotal	2 179	400	2 579
Management fee (8 per cent of total budget)	173	100	273
2 per cent cost-sharing percentage	48		48
Total	2 400	500	2 900

VI. Recommendation

11. 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 Assessments and Value Chain Pilot Project for Improving Fish Supply, Employment and Nutrition in Angola and the Democratic Republic of the Congo, shall provide a grant of two million four hundred thousand United States dollars (US\$2,400,000) to the International Institute of Tropical Agriculture for three years 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

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To improve food and nutrition security, reduced poverty and sustainable NRM	<ul style="list-style-type: none"> • 10% increase in employment in both aquaculture value chains • 20% increase in Average aquaculture-related income • 10% increase in Per capita availability of fish in target communities • Increased dietary diversity in target communities 	<ul style="list-style-type: none"> - Project impact assessment report - National statistics - Unicef reports 	Continued political stability across the main project sites Conducive policy and economic environment for aquaculture development.
Objectives	Increased production from small-holder and large-scale fish farms and improved regulatory public sector capacity for aquaculture development.	<ul style="list-style-type: none"> • 50% increase in aquaculture production in target communities • Reduction in environmental impacts from aquaculture • Inclusive legal and institutional frameworks for aquaculture development in place 	<ul style="list-style-type: none"> - Project impact assessment report - LCA studies - Aquaculture policy documents 	
OUTPUTS Output 1: Access to high quality aquaculture inputs Improved	<ul style="list-style-type: none"> • Assessment of potential capacity of hatcheries • Training hatchery operators • Equipment supply • Sourcing, high-quality brood-stock • Scoping study on current and potential feed businesses in project areas • Survey species/strain in current use, • Develop and pilot genetic management and genetic improvement strategies 	<ul style="list-style-type: none"> • 2 reports on the potential of hatcheries prepared • 4 hatchery staff trained A report on current fish feed businesses prepared • A report on current fish strains in production • A genetic improvement strategy developed • A genetic management plan developed and piloted. 	<ul style="list-style-type: none"> - Project quarterly and annual reports 	private-sector investors willing to invest in aquaculture-related businesses Regulatory and management authorities receive sufficient financial support from Governments

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<p>Output 2: Access to knowledge, extension and financial services for fish farms improved</p>	<ul style="list-style-type: none"> - Establishment of IPs and technical working groups for aquaculture development • Survey current management practices, • Training needs assessment, • Design and implement training programmes • Develop training modules and train trainers • Support existing and new IYA aquaculture groups • Survey finance requirements for value chain actors • Development of relevant financial instruments for aquaculture values chain actors; • training of farmers on financial instruments developed; 	<ul style="list-style-type: none"> • 2 IPs established • A report on current aquaculture management systems prepared • Report on training needs assessment • 1 training module prepared and implemented • 2 0000 farmers (50% women) trained in BMP • 3 New IITA Youth groups established • 2 existing IITA Youth groups established • 5 Youth Groups trained • A report on financial requirements of aquaculture value chain • Development of aquaculture financial instruments and promotion • Training 2 000 farmers on financial instruments 	<ul style="list-style-type: none"> - Project quarterly and annual reports - BMP training manuals - Training database - Finance Institution records 	
<p>Output 3: Market access for aquaculture products improved</p>	<ul style="list-style-type: none"> • market surveys to identify opportunities for value chain upgrading • Identify opportunities for development of SMEs • Develop pro-poor aquaculture product options, • test market pro-poor products for adoption 	<ul style="list-style-type: none"> • 1 Report on the constraints and opportunities to upgrade the the aquaculture value chain • A report detailing op[opportunities for establishment of SME processing /whole sale/retail along the Aquaculture Value chain • Three pro-poor aquaculture-based products developed At least 1 pro-poor market product adopted by target groups 	<ul style="list-style-type: none"> - Project quarterly and annual reports - Market assessment reports 	
<p>Output 4: Capacity of public and private sector organizations to manage aquaculture development increased</p>	<ul style="list-style-type: none"> • Assess capacity of private sector organizations in participating in value chain • Assess the production and regulation capacity of the public sector of the aquaculture sector • Training of producer organizations in production and management • Technical assistance to actors along the aquaculture value chain • Development of new/ revised aquaculture development plans • Studies to establish the link between climate change and aquaculture development 	<ul style="list-style-type: none"> • 1 report on the capacity of private sector in aquaculture production • 1 report on the capacity of the public sector in the regulation of the aquaculture sector • 8 producer groups trained • 2 technical assistance missions/year fielded to Angola • 2 aquaculture development plans prepared and implemented. • Climate-smart aquaculture development policy recommendations. 	<ul style="list-style-type: none"> - project quarterly and annual reports - Innovation platform reports - Aquaculture policies 	