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President's report

Proposed grant under the regional window to the Lake Victoria Fisheries Organization for the Project on Promoting Sustainable Technologies and Marketing Strategies to Increase Incomes and Reduce Food Losses in Small Fish Systems

Note to Executive Board representatives

Focal points:

Technical questions:

Thouraya Triki

Director
Sustainable Production, Markets and
Institutions Division
Tel.: +39 06 5459 2178
e-mail: t.triki@ifad.org

Richard Abila

Senior Global Technical Specialist
Fisheries and Aquaculture
Sustainable Production, Markets and
Institutions Division
Tel.: +39 06 5459 2865
e-mail: r.abila@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra

Chief
Institutional Governance and
Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 11.

I. Background and compliance with IFAD Policy for Grant Financing

1. The grant is presented under strategic priority area 1 for grants in the Eleventh Replenishment of IFAD's Resources (IFAD11) on production for food security, nutrition and income generation. The aim is to increase poor rural people's productive capacity in order to improve their food and nutrition security, and generate income in agricultural and non-agricultural rural activities. Specifically, it will promote the generation of and access to technical innovations for small-scale producers involved in fisheries to enable them to increase productivity, quality and nutritional value; and the sustainable management of natural resources.
2. The proposed project contributes to the objectives of the IFAD Policy for Grant Financing (2019-2021),¹ by promoting uptake of knowledge and innovation for enhanced impact and sustainability. The project is aligned with the objectives of IFAD's Strategic Framework 2016-2025 (increasing rural people's productive capacities and market participation, and strengthening sustainability) and to the IFAD Nutrition Action Plan. It also supports the objectives of IFAD's Private Sector Engagement Strategy (2019-2024) by involving the private sector in developing and piloting technologies addressing small-scale fisheries production problems. The project contributes to the following IFAD11 commitments: 2.2 (focus on the poorest and most vulnerable), 3.3 (mainstreaming nutrition, gender, youth and climate) and 3.6 (pilot diversified products tailored to different country circumstances). It contributes to Sustainable Development Goals (SDGs) linked to IFAD results as follows: SDG 14 (conserve and sustainably use the oceans, seas and marine resources for sustainable development), SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality). It responds to IFAD's key corporate priorities, including: (i) sustainable environment, by promoting green energy for fish harvesting and preservation; (ii) gender empowerment, through women's participation in the small fish value chain; (iii) nutrition, through food-loss-reducing technologies and innovative value added products; (iv) poverty focus, through increased incomes for artisanal fishers and post-harvest actors. Fisheries is a key sector for rural economic growth and food security in targeted countries, highlighting the relevance of the grant to their national development priorities.
3. The recipient, the Lake Victoria Fisheries Organization (LVFO),² was identified through competitive selection via a publicly advertised open call for proposals guided by IFAD's process for competitive selection of grant recipients. The grant attracted much interest and received a high number of proposals. The qualifying bids were evaluated in a transparent process using IFAD's methodology and criteria of technical competence, institutional capacity, scaling-up potential and sustainability; value for money and cofinancing potential. LVFO was selected as the institution that attained the highest overall score.

II. The proposed project

4. The overall goal of the project is to achieve improved, inclusive and sustainable livelihoods and nutritious diets for rural communities dependent on small fish in Lake Victoria. The development objective is to reduce food losses, improve incomes

¹ See EB 2015/114/R.2/Rev.1.

² LVFO (<https://www.lvfo.org/>) is a specialized inter-governmental institution of the East African Community (EAC) mandated to coordinate the management and development of fisheries and aquaculture resources in the EAC region.

and nutrition from small fish systems. The specific objectives are to: (i) promote green technologies for fishing, fish processing and preservation to ensure sustainable resources, environmental safety and improved livelihoods; (ii) support marketing innovations to increase incomes and nutrition benefits from small fish; and (iii) generate and disseminate knowledge for sustainable small fish systems and policy. This project will develop, pilot, transfer and promote viable sustainable technologies (principally solar-based) and innovative marketing strategies in fisheries. It targets three countries in East Africa sharing Lake Victoria – Kenya, Uganda and United Republic of Tanzania. Despite their importance for incomes and nutrition of low-income groups, small fish value chains are low in development prioritization, consequently they suffer high post-harvest losses, ranging from 30 to 50 per cent of production. Up to 70 per cent of small fish species from the lake is sold off at a lower price as animal feed because it is neglected and of low quality. This denies low-income consumers the nutritional benefits of this food source. Kerosene fuel lamps are commonly used in harvesting small fish species, an environmentally unsustainable practice contributing to carbon emission and health risks. This project will pilot and promote sustainable fishing methods and fish preservation using solar technology to replace kerosene lamps and improved fish drying techniques to reduce post-harvest losses. It will focus on the production of high-quality value added products from small fish species and incorporation of marketing strategies to make such products appealing to high-value markets.

5. The target group is composed of at least 6,000 direct beneficiaries in the Lake Victoria small fish value chain, including artisanal fishers, fish processors and traders. The project will ensure a focus on poverty, vulnerability, gender and youth. At the fishing level, the main intervention will be to promote access to sustainable fishing technologies; in particular, it will enable at least 3,000 fishers, mostly male, who currently use fishing methods based on kerosene fuel lamps to adopt solar-based lighting for catching fish. The aim is not to increase fishing effort, but to ensure that fishers can increase their profit margins by using solar power, which is cheaper in the long term and non-damaging to health and the environment. This intervention will involve the participation of the private sector to demonstrate an effective solar lighting model and a sustainable financing mechanism to enable small-scale fishers to access the technology. At the post-harvest level, the project will target 3,000 women – who will constitute 50 per cent of project beneficiaries – with improved technologies for fish preservation, value addition and marketing strategies to access higher value markets. At least 40 per cent of beneficiaries at both production and post-harvest levels will be young people. Indirect beneficiaries include fish consumers of better quality fish and various providers of technologies and services.
6. The project will be implemented over three years and will have the following three components: (i) promoting sustainable technologies and marketing strategies for small fish; (ii) knowledge management and policy interventions for sustainable small fish systems (iii) project management and monitoring and evaluation (M&E).

III. Expected outcomes/outputs

7. The project is expected to have the following outcomes and outputs: (i) solar technologies and methods developed for fishing, processing and preserving small fish species; (ii) poor people involved in small fish value chain adopt resilient technologies and improved marketing practices; (iii) increased incomes for fishers, fish processors and marketers from improved technologies and practices; (iv) improved nutrition for poor households from consumption of small fish; (v) knowledge developed and disseminated for sustainable small fish systems; and (vi) project effectively managed, monitored and evaluated.

IV. Implementation arrangements

8. The recipient, LVFO, is the implementing organization and will establish:
 (i) a project steering committee (PSC) comprising: directors of fisheries research, and directors of fisheries management from the three riparian countries and the LVFO Secretariat management and departmental heads (i.e. the executive secretary; deputy executive secretary, director of fisheries management and development, director, fisheries resources monitoring and research; director, finance and administration; and a knowledge management officer). The PSC will guide project implementation, including review and monitoring of project activities. It will also be responsible for reviewing the overall policy and strategic direction of the project, monitoring the overall performance and coordination among the different components, and will provide guidance as appropriate. The PSC will approve annual budgets and will meet at least twice yearly. A project coordination unit (PCU) at the LVFO Secretariat will ensure overall project supervision, including planning and coordination, monitoring and reporting, evaluation, exchange of best practices and lessons learned, including on gender, communication and visibility. The unit will act as the PSC secretariat (for the preparation, organization and follow-up of meetings). The proposed composition of the PCU is: a project coordinator; a knowledge management, monitoring and evaluation officer (with and economics and business and development background); and an assistant accountant/ administrator. IFAD will provide supervision and oversight functions, which will be specified in the grant agreement between IFAD and the recipient.
9. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative project costs and financing

10. The total cost of the project is US\$2,000,000, of which IFAD will contribute US\$1,500,000 and LVFO and partners³ will contribute US\$500,000 in the form of a cash contribution. A breakdown of budget by components and financier is provided below.

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

<i>Components</i>	<i>IFAD</i>	<i>LVFO, TAFIRI, NaFiRRI and KMFRI</i>	<i>Total</i>
1. Promoting sustainable technologies and marketing strategies for small fish	1 075 100	240 000	1 315 100
2. Knowledge management and policy interventions on sustainable small fish systems	125 200	260 000	385 200
3. Project management and M&E	194 700		194 700
Indirect costs	105 000		105 000
Total	1 500 000	500 000	2 000 000

³ LVFO partners to cofinance the project are: NaFiRRI: National Fisheries Resources Research Institute (Uganda); TAFIRI: Tanzania Fisheries Research Institute; and KMFRI: Kenya Marine and Fisheries Research Institute.

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Total</i>	<i>IFAD grant</i>	<i>Recipient (LVFO)</i>	<i>Cofinancier (NaFIRRI)</i>	<i>Cofinancier (TAFIRI)</i>	<i>Cofinancier (KMFRI)</i>
Consultancies	255 300	192 300	33 000	10 000	10 000	10 000
Goods, services, and inputs	987 000	857 000	130 000			
Training	409 000	148 300	197 700	21 000	21 000	21 000
Travel and allowances	67 300	21 000	38 500	2 600	2 600	2 600
Salaries and allowances	176 400	176 400				
Operating costs	105 000	105 000				
Total	2 000 000	1 500 000	399 200	33 600	33 600	33 600

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 Project on Promoting Sustainable Technologies and Marketing Strategies to Increase Incomes and Reduce Food Losses in Small Fish Systems, shall provide a grant of one million five hundred thousand United States dollars (US\$1,500,000) to the Lake Victoria Fisheries Organization for a three-year project upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Houngbo
President

Results-based logical framework

Results hierarchy	Indicators			Means of verification	Responsibility	Assumptions
	Name	Baseline	End target			
Outreach	No. of persons receiving services promoted or supported by the project	0	6000	Periodic Project Reports and Project Completion Report	LVFO & partners	<ul style="list-style-type: none"> •Funds and resources for project implementation are available to the project in time •There is commitment by Governments to address gaps in policies and standards
	Females (50%)	0	3000			
	Males (50%)	0	3000			
	Youth (40%)	0	800			
Goal <i>Contribute to improved, inclusive, nutritious and sustainable livelihoods from small fish</i>	Targeted countries prioritize small fish in their development policies for nutrition and incomes in		2	Policy documents	LVFO & partners	<ul style="list-style-type: none"> •Governments prioritize the fisheries sector and are committed to implementation
Objective <i>To reduce food losses, improve incomes and nutrition from small fish systems</i>	Percentage of households with good dietary diversity		25% increase	Periodic Project Reports and Project Completion Report	LVFO & partners	<ul style="list-style-type: none"> •Fishers, processors, entrepreneurs and consumers apply the technologies developed
Component 1: Promoting sustainable technologies and marketing strategies for small fish					LVFO & partners	
Outcome 1.1 <i>Solar technologies developed and adopted for fishing and processing/ preserving small fish in partnership with the Private Sector</i>	Percentage of beneficiaries adopting resilient technologies and practices		50% increase from baseline	<ul style="list-style-type: none"> • Scientific Papers/Publications • Project progress reports 		

Output 1.1.: <i>Solar fishing light technology promoted for fishing operations</i>	No. of fishers accessing solar fishing light technology		2,000	• Project completion report	
Output 1.2: <i>Solar drying technologies promoted for fish preservation and processing</i>	No. of women accessing improved solar drying technologies		2,000		
Outcome 1.2: Improved marketing strategies and nutrition benefits from small fish	Percentage of beneficiaries who have adopted new marketing strategies		50% increase	• Scientific Papers/Publications • Project progress reports • Project completion report	LVFO & partners
Output 1.3: <i>Increased utilization of small fish for nutrition and incomes</i>	Percentage of households who regularly include small fish in their diets		50% increase		LVFO & partners
Output 1.4: <i>New marketing strategies promoted</i>	No. of beneficiaries trained on new marketing strategies	0	2,000		
Component 2: Knowledge management and policy interventions for sustainable small fish systems				• Scientific Papers/Publications • Project progress reports • Project completion report • Study reports	
Outcome 2: Knowledge basis developed and disseminated for small fish System	No. of knowledge products and technologies developed		tbd		
Output 2.1: Information and data generated for the small fish value chain	No. of training and knowledge sharing events conducted		tbd		
Output 2.2: Policy engagement activities conducted	No. of policy forums organized	tbd	3		
Component 3: Project Management and M&E					

Output 3: <i>Project effectively managed, monitored and evaluated</i>	Baseline survey conducted		1			
	End-project studies conducted		1			
	Progress (Technical and Financial) reports produced with M&E data		6			