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COMMITTEE ON COMMODITY PROBLEMS

Sixty-ninth Session

Rome, 28–30 May 2012

REPORT ON PRODUCT AND MARKET DEVELOPMENT ACTIVITIES INCLUDING THOSE IN COLLABORATION WITH THE COMMON FUND FOR COMMODITIES

I. INTRODUCTION

1. This document reports on commodity development activities undertaken by FAO since the Sixty-eighth Session of the CCP. These activities include those for the Common Fund for Commodities (CFC) (details on CFC projects are provided in Annex I) as well as FAO activities undertaken together with other international organizations (IOs) on the *All ACP Agricultural Commodities Programme (AAACP)*, sponsored and financed by the European Union.

II. RECENT DEVELOPMENTS REGARDING COOPERATION BETWEEN FAO AND CFC IN PROJECT FORMULATION, IMPLEMENTATION AND SUPERVISION

2. As the only financing institution with a strict commodity focus, CFC supports product-specific development projects in production, processing and marketing. CFC works through International Commodity Bodies (ICBs), including FAO's Intergovernmental Groups (IGGs) and its Committee on Fisheries, to generate and develop project proposals and, once approved by the CFC Executive Board, to supervise their implementation. An agreement between the two organizations allows FAO to also act as project executing agency as well.

3. Between April 2011 and April 2012, 41 projects under the aegis of FAO-ICBs and valued at over USD127 million have been operational with 12 reaching completion during this period. A further two projects, valued at over USD2 million, have received initial approval from CFC and are waiting to become operational. Ten more projects, worth about USD21 million, are currently in the pipeline for consideration by CFC.

4. For those projects which are currently under implementation or which have been completed after April 2012, 21 have been in Africa with a total value of USD62 million; 11 in Latin America and the Caribbean, valued at USD40 million; and eight projects in Asia, valued at USD25 million.

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5. The review and development of project proposals, as well as the supervision of over 40 on-going projects including input at their inception and termination, represent a considerable workload on FAO staff. The per diem contributions CFC provides since 2007 for staff time spent on project missions and in the project reporting process has led to full recognition of FAO's input. However, the expansion of the number of projects could be limited by the availability of the Organization's staff resources. Furthermore, the review of the IGG being considered by the CCP may have implications for the ICBs at FAO, which approve and support CFC projects.

6. In line with the recommendations contained in FAO's Immediate Plan of Action, the Secretariat has renewed its efforts to enhance existing collaboration with the CFC and other ICBs. These efforts, which aim at placing the CCP/IGGs and its partners at the centre of an international commodity development agenda, include regular informal exchanges as well as participation in, or joint organization of, formal meetings where market development strategies, related policy issues and inter-agency cooperation matters are at the centre of discussion.

III. ALL ACP AGRICULTURAL COMMODITIES PROGRAMME (AAACP)

7. The AAACP, funded by the European Union (EUR45 million), was launched in September 2007 and ended in December 2011. The aim of the four-year programme, which was implemented in collaboration with UNCTAD, the International Trade Centre (ITC), the World Bank and the CFC, was to strengthen capacities of ACP stakeholders to develop and implement sustainable commodity strategies in ACP countries.

8. FAO has made considerable achievements in all four result areas. Some of the main activities that have taken place include:

- Under result area 1 – *Development of effective commodity strategies and implementation plans*: FAO, in collaboration with its programme partner ITC, has contributed to the development of strategies for the cassava sector in Guyana and Zambia; coffee in Cameroon; and fruits and vegetables in Samoa. To support this process, FAO has commissioned a number of papers published under the AAACP paper series, and contributed to the capacity building of ministry staff through policy workshops and roundtables.
- Under result area 2 – *Access to and use of markets, production factors and services*: FAO has provided capacity building in agribusiness skills and management to a number of cooperatives in selected countries in each ACP region. The objective of this training was to ensure that the programme's core stakeholder, smallholders, can engage effectively in developing and implementing value chain strategies. Countries involved in the training included: in West Africa: Burkina Faso, Senegal and Sierra Leone; in Central Africa: Cameroon; in East and Southern Africa: Kenya and Zambia; in the Caribbean: Guyana, Jamaica, Saint Vincent and the Grenadines; in the Pacific: Fiji, Samoa and Vanuatu. On the production side, FAO has trained 4 220 farmer field school facilitators and 66 320 farmers in good agricultural practices and integrated pest management in the cotton-cereal farming systems of Benin, Burkina Faso and Mali.
- Under result area 3 – *Market-based instruments to reduce producers' income vulnerability*: FAO has convened a number of round tables to discuss current and alternative finance and risk management needs for cereals input markets in West Africa (Burkina Faso, Mali and Senegal). In East and Southern Africa, supply chain finance and risk management analyses and design of customized financial tools for the cassava sector in Malawi and Zambia were finalized. Regional consultations, in collaboration with regional organizations such as the Eastern Africa Grain Council (EAGC), have also taken place with a view to identifying solutions to market risks associated with maize trade policies in the East Africa Region. In the Caribbean, an assessment of existing formal and informal risk management mechanisms with a view to identifying alternative risk management tools was carried out. In the Pacific, a needs appraisal took place to identify alternatives and mechanisms that could improve the provision of credit and risk management services to fruit and vegetable producers.

- Under result area 4 – *Complementarities and synergies between IOs, EU and ACP actors*:
FAO, under all of the result areas, had worked in continuous collaboration with all of the technical agencies involved in the AAACP.

9. The Programme was extended from 40 to 52 months and ended in December 2011. Funding allocated to FAO also increased from EUR 6.5 million to almost EUR 9.2 million. More detailed information about the AAACP and its activities are available under the FAO-EU Partnership website (<http://www.fao.org/europeanunion/eu-partnership-home/en>).

IV. CONCLUSIONS

10. Delegates may wish to comment on the commodity development activities of the Secretariat. In particular, the Committee may wish to reflect on resource limitations faced in meeting obligations to the CFC, as well as likely implications of IGG reform for CFC related activities.

Annex Table

Title	Total Budget	of which CFC Grant	Location of Projects Activities	PEA	Project Status (implementation start/end date or stage of formulation)	
1. Projects under implementation or completed since the last CCP (June 2010)						
IGG on Bananas and Tropical Fruits: Increased production of vegetables and herbs through the use of protracted agriculture in the Caribbean	2 645 000	2 010 000	Haiti, Jamaica, Trinidad and Tobago	Caribbean Agricultural Research and Development Institute (CARDI)	Mar-10	Feb-13
IGG on Bananas and Tropical Fruits: Extension of the Ponsomtenga Delicio Fruit and Vegetable Processing Unit	1 322 000	1 322 000	Burkina Faso	BERCI International	Mar-08	Jan-12
IGG on Bananas and Tropical Fruits: Development and Piloting of Horticultural Outgrower Schemes for the Export Market in Eastern and Southern Africa	5 600 000	1 740 000	Zimbabwe, Tanzania	Rift Valley Juice Limited (RVJL)	Aug-07	Jul-11
IGG on Bananas and Tropical Fruits: Promotion of Export of Organic Bananas from Ethiopia and Sudan	2 500 000	2 000 000	Ethiopia, Sudan	Bioersivity International	Jan-07	Dec-11
IGG on Bananas and Tropical Fruits: Promoting production and marketing of organic bananas in Asia	2 280 000	1 400 000	China	Institute of Fruit Research	Sep-10	Aug-13
IGG on Bananas and Tropical Fruits: Diversification Programme for Vegetable Export Development in Ethiopia and Sudan	2 500 000	2 000 000	Ethiopia, Sudan	Ethiopian Horticultural Producers and Exporters Association (EHPEA)	Jul-06	Jul-11

IGG on Bananas and Tropical Fruits: Medicinal Plants and Herbal Products in Eastern Himalayas	2 000 000	1 681 515	Bangladesh, Bhutan, Nepal	International Centre for Integrated Mountain Development (ICIMOD)	Apr-06	Oct-12
IGG on Bananas and Tropical Fruits: Regional Cashew Improvements Network for Eastern and Southern Africa	3 194 344	2 794 344	Ethiopia, Kenya, Madagascar, Malawi, Mozambique, Tanzania	Naliendele Agricultural Research Institute (NARI)	Jun-06	May-10
IGG on Bananas and Tropical Fruits: Diversification of Agriculture through the Production of Export Fruits	3 731 212	1 729 956	Guatemala and Mexico	Instituto para el Desarrollo Economico Regional (IDEAR)	Jun-04	Oct-10
IGG on Bananas and Tropical Fruits: Proposal for Pilot Project on Processing Fruit and Vegetable Chips Using Vacuum Oil-bath Dehydration Technology	1 608 000	868 600	China, Tanzania	Nanjing Institute of Comprehensive Utilization for Wild Plants (NJCUIP)	May-10	Jun-13
IGG on Tea: Development, Production and Trade of Organic Tea	3 518 101	1 766 100	China, India	International Federation of Organic Agriculture Movements (IFOAM)	Jun-06	Sep-11
IGG on Tea: Capacity Building And Re-Juvenation Of Tea Smallholdings	1 994 630	1 843 030	Bangladesh, Indonesia	Indonesian Tea Board	Mar-10	Mar-13
IGG on Citrus: Improving Production of Citrus Planting Material in the Caribbean Basin	6 611 820	1 523 849	Cuba, Caribbean Region	Inter American Citrus Network (IACNET)	May-03	Jul-11

IGG on Hides and Skins: (FAST TRACK) Leather Products Design Workshop “Seizing Comparative Advantages in Leather Products Market Penetration Mechanism”	82 041	75 772	Ethiopia	The Common Market for Eastern and Southern Africa/Leather and Leather Products Institute (COMESA/LLPI)	Jul-09	May-10
IGG on Hard Fibres: (FAST TRACK) Preliminary Feasibility Evaluation for Utilization of Sisal Liquid Waste (juice) for the Production of Pesticides and Veterinary Drugs	168 200	112 100	Brazil	Natural Fibres Association of the State of Bahia (SINDIFIBRAS) and Secretariat of Science, Technology and Innovation of the State of Bahia (SECTI), Brazil.	Sep-09	Sep-10
COFI:FT: Production and Marketing of Value-Added Fishery Products in Eastern and Southern Africa	544 005	378 525	Kenya, Tanzania, Uganda	COMESA and Lake Victoria Fisheries Organization	Feb-02	Jul-10
COFI:FT: Improving Marketing Efficiency of Artisanal Fishermen in Central America, Mexico and the Caribbean	1 621 310	1 020 160	Cuba, Honduras, Mexico	Infopesca	Jun-06	Mar-11
COFI:FT: Diversification and Marketing of Value-Added Fishery Products in Guinea and Mauritania	1 117 800	621 300	Guinea, Mauritania	Infopeche	Nov-07	Mar-13
COFI:FT: Organic Aquaculture in Myanmar, Thailand and Malaysia	1 401 875	835 217	Thailand, Malaysia, Myanmar	Infofish	Mar-07	Mar-11
COFI:FT: Improving Marketing Efficiency of the Small-Scale Fisheries Sector in Mozambique and Angola	1 157 200	694 705	Angola, Mozambique	Infosa	Feb-08	Apr-11

COFI:FT: Technical Assistance for the Upgrading of Small-Scale Fisheries and their Integration in International Trade	1 483 158	860 000	Djibouti, Morocco, Yemen	Infosamak	Jun-08	Apr-13
COFI:FT: Enhancing Market Access of Amazonian Aquaculture and Fisheries Products	3 060 705	1 643 055	Brazil, Colombia, Peru	Infopesca	Sep-10	Sep-13
COFI:FT: Promotion of Processing and Marketing of Freshwater Fish Products	1 498 331	901 574	Bangladesh, India, Indonesia, Sri Lanka and Pakistan	Infofish	Feb-11	Apr-13
IGG on Oilseeds, Oils and Fats: Control of Coconut Lethal Yellowing Disease	4 773 000	2 457 000	Jamaica, Mexico, Honduras	Coconut Industry Board, Jamaica	Oct-05	June -12
IGG on Oilseeds, Oils and Fats: Production of Oleaginous Plants and Commercialization of Natural Vegetable Oils as Substitutes for Diesel Fuel for Public transport in Peru and Honduras	5 677 400	1 865 900	Peru, Honduras	German Society for International Cooperation (GIZ)	Apr-07	Mar-13
IGG on Oilseeds, Oils and Fats: Creation of a Pilot Demonstration Plant and Training to Improve Olive Oil Quality in Latin America	2 137 078	1 653 950	Argentina	BERCI International	May-09	Apr-13
IGG on Oilseeds, Oils and Fats: Improving the Income Generating Potential of the Oil Palm in the West and Central African region	4 656 040	2 886 040	Cameroon, Nigeria	UNIDO	Mar-10	Feb-14

IGG on Oilseeds, Oils and Fats: Improving the Competitiveness of Small Scale Oil Palm Farmers and Production in Latin America and the Caribbean: Bridging the Yield Gap	3 847 314	1 840 794	Colombia, Ecuador, Venezuela	International Center for Tropical Agriculture/Latin American Fund for Oil Palm Innovation (CIAT-FLIPA)	Apr-10	Mar-14
IGG on Oilseeds, Oils and Fats: Development of Export-oriented Sesame Production & Processing in Burkina Faso and Mali	2 963 582	1 271 920	Burkina Faso, Mali	Royal Tropical Institute (KIT), The Netherlands	Apr-10	Mar-13
IGG on Oilseeds, Oils and Fats: (FAST TRACK) Feasibility study and business plan preparation for sesame processing in Mali and Burkina Faso	135 400	115 000	Burkina Faso, Mali	Royal Tropical Institute (KIT), The Netherlands	Apr-10	Mar-13
IGG on Oilseeds, Oils and Fats: Soybean Development in Southern and Eastern Africa	2 790 562	1 756 830	Malawi, Mozambique	International Institute of Tropical Agriculture (IITA)	Sep-11	Apr-15
IGG on Rice: Sustainable Productivity Improvement for Rice in Inland Valleys in West Africa (SPIRIVWA) – Phase 2	607 953	168 090	Burkina Faso, Côte d'Ivoire, Nigeria	Africa Rice Centre (WARDA)	Jan-07	Jun-09
IGG on Rice: Improving the Competitiveness of Rice in Central Africa	4 672 571	2 500 961	Cameroon, Chad, Central African Republic	Africa Rice Centre (WARDA)	Apr-08	Apr-12 Extended to Oct-12
IGG on Rice: Transformation of Upland to Irrigated Rice through Use of Water Harvesting in Costa Rica, Mexico and Nicaragua	2 405 300	1 409 700	Costa Rica, Mexico, Nicaragua	International Center for Tropical Agriculture (CIAT)	Sep-08	Sep-11 Extended to Oct-12

IGG on Grains: West African Sorghum Value Chain Development	2 897 000	1 527 000	Sierra Leone, Ghana	European Development Co-operative	April-06	March-11
IGG on Grains: Grain Farmers' Access to Warehouse Inventory Credit in Ethiopia and Tanzania	4 282 086	2 014 530	Ethiopia, Tanzania	AMIS International Ag. Consulting Inc.	Mar-08	Dec-12
IGG on Grains: East Africa Value Chain Development	4 055 667	1 000 000	Kenya, Tanzania, Uganda	European Co-operative for Rural Development (EUCORD)	Aug-11	Aug-15
IGG on Grains: Potato Value Chain Development in West Africa (Guinea and Senegal)	3 854 026	1 794 476	Guinea, Senegal	European Cooperative for Rural Development (EUCORD)	Jan-08	Jan-13
IGG on Grains: Cassava value chain development by supporting processing and value addition by small and medium enterprises in West Africa	2 091 556	1 600 000	Benin, Nigeria, Sierra Leone	International Institute of Tropical Agriculture (IITA)	Apr-08	Apr-11
IGG on Grains: Small Scale Cassava Processing and Vertical Integration of the Cassava Subsector in Southern and Eastern Africa – Phase II	4 561 153	2 298 370	Madagascar, Tanzania, Zambia	International Institute of Tropical Agriculture (IITA)	Feb-10	Feb-14
IGG on Grains: Increased production of root and tuber crops in the Caribbean through the introduction of improved production and marketing technologies	2 992 365	1 992 365	Barbados, Haiti, Jamaica, St. Vincent and Grenadines, Trinidad and Tobago	Caribbean Agricultural Research and Development Institute (CARDI)	Mar-10	Mar-13

IGG on Grains: Enhancing Livelihood of Smallholders in Asia: Linking Smallholders Sweet Sorghum Farmers with the Bio-Ethanol Industry	3 013 610	1 997 579	India, Thailand, China	The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Mar-10	Mar-14
IGG on Grains: Wealth Creation through Integrated Development of the Potato Production and Marketing Sector in Kenya, Uganda and Ethiopia	3 857 018	2 051 123	Kenya, Uganda, Ethiopia	International Potato Centre (CIP)	Apr-09	Apr-12
IGG on Meat and Dairy Products: Strengthening the Productivity and Competitiveness of the Smallholder Dairy Sector in Lesotho and Zambia	3 335 758	1 999 303	Lesotho, Zambia	Golden Valley Agricultural Research Trust	Apr-07	Jul-11
IGG on Meat and Dairy Products: Diversification of the Caribbean Livestock Sector through the Production of Small Ruminants	4 031 000	1 428 758	Regional: Latin America	Caribbean Agricultural Research and Development Institute (CARDI)	Jun-11	May-15
IGG on Meat and Dairy Products: Improving the Productivity and Market Access of Smallholder Cattle Farmers in Mozambique and Zambia	1 800 000	1 000 000	Mozambique, Zambia	Golden Valley Research Trust	Aug-11	Aug-15
IGG on Meat and Dairy Products: Smallholder Dairy Development in Bangladesh, Myanmar and Thailand: Improving the bargaining power and sustainable livelihood of smallholder dairy farmers, through the enhancement of productivity and market access in dairy	8 832 956	2 000 000	Bangladesh, Myanmar, Thailand	FAO	2010	2015
SUB-TOTAL	135 910 127	70 451 491				

2. Projects approved by CFC and / or its Consultative Committee (CC), not started yet						
IGG on Hard Fibres: (FAST TRACK) Growing Together: Future Forum 2020 (A Supply Chain Collaboration Of The Hard Fibres Group)	148 350	97 350	To be determined	International Natural Fibres Organisation (INFO)	To be determined; duration 12 months	
IGG on Rice: Rice Sector Development in East Africa	1 951 037	1 028 858	Tanzania, Uganda	European Cooperative for Rural Development (EUCORD)	June 2012	June 2016
SUB-TOTAL	2 099 387	1 126 206				

3. Projects under consideration

IGG on Hard Fibres: Cleaner integral utilization of sisal waste for biogas and biofertilizers PHASE II	TBD	TBD	TBD	TBD	Awaiting Final Report from UNIDO & closure of Phase I
IGG on Hides and Skins: Leather and leather products diversification through product development and increased market access in East Africa	1 889 700	1 889 700	Kenya, Rwanda, Uganda, Tanzania, Ethiopia	The Common Market for Eastern and Southern Africa (COMESA)	Under formulation
IGG on Hides and Skins: (PPF) Hides and Skins Pre- Slaughter Defects Analysis and Regional Project Formulation in Selected Eastern African Countries	30 000	30 000	to be determined (Kenya, Rwanda, Sudan)	The Common Market for Eastern and Southern Africa/Leather and Leather Products Institute (COMESA/LLPI)	Under formulation
COFI:FT: Improving Access to Markets for Latin American Farmed Seafood	3 200 000	1 880 000	Argentina, Brazil and Colombia	Infopesca	Under consideration by CFC Secretariat
COFI:FT: Reduction of Post Harvest Losses and Market Diversification for Fish and Fish Products from Lake Malawi/Nyassa	2 283 965	1 798 055	Malawi, Mozambique, Tanzania	Infosa	Under consideration by CFC Secretariat
COFI:FT: Diversification and Marketing of Marine Aquacultured Cobia and other Fin Fish Culture	3 265 500	1 690 500	India, Indonesia, Maldives, Malaysia, Sri Lanka and Thailand	INFOFISH	Under formulation
COFI:FT: Improvement of Fish Processing and Marketing by Women from Fishing and Aquaculture Communities in Latin America	2 126 468	1 510 043	Ecuador, Honduras and Nicaragua	CETMAR	Under formulation
COFI:FT: Support to Women for Value-Addition and Small- Scale Fisheries Enterprise	3 047 940	1 764 130	Cote d'Ivoire and Togo	INFOPECHE	Under formulation
IGG on Rice: Rice Quality Improvement in West Africa	5 000 000	2 500 000	Mali, Nigeria	International Centre for Soil Fertility and Agricultural Development (IFDC)	Under consideration by CFC Secretariat
IGG on Rice: Market-driven Rice Intensification Through Mechanization	TBD	TBD	Sub-Saharan Africa	International Rice Research Institute (IRRI) and Africa Rice Centre (WARDA)	Under formulation
SUB-TOTAL	20 843 573	13 062 428			
GRAND TOTAL	158 853 087	84 640 125			

