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FORMULATION OF SUSTAINABLE AGRICULTURE DEVELOPMENT PROJECT IN SURINAME

January 2019

SDGs:



Country: Suriname

Project Symbol: TCP/SUR/3601

FAO Contribution: 220 000 USD

Duration: 1 February 2017 – 31 January 2019

Contact Info: FAO Representation in Suriname, residing in Trinidad and Tobago
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Implementing Partner

Ministry of Agriculture, Animal Husbandry and Fisheries.

Beneficiaries

Small-scale farmers; Entrepreneurs; Ministry of Agriculture, Animal Husbandry and Fisheries; Ministry of Health; Ministry of Trade; National body for food safety and sanitary and phytosanitary coordination; Civil society organizations and associations; The Centre for Agricultural Research in Suriname (CELOS); University of Suriname.

Country Programming Framework (CPF)

SO4 – Enable inclusive and efficient agricultural and food systems.

SP2 - Make agriculture, forestry and fisheries more productive and sustainable.

FAO's Regional Initiative 2 for Latin America and the Caribbean – Family farming and inclusive food systems for sustainable rural development.

CPF (2016-19): (i) Food and nutrition security; (ii) Food safety, quality and certification systems; and iii) Value chain development for strengthening food systems.



BACKGROUND

Agriculture is key to Suriname, the smallest independent country in South America. The sector employs around 8 percent of the total labour force, and a sharp decline in large-scale agricultural production, combined with falling competitiveness, has contributed to a severe economic recession. The agriculture and food trade balance is quickly widening as a result of the recent decline in international markets/prices for the country's main exports, i.e. oil, gold, aluminium, and the Government is facing serious economic and political challenges to increase employment, reform the public sector and improve socioeconomic living conditions for the population. Agriculture is a priority area for the Government, but limited land resources (less than 10 percent of the land is suitable for agriculture) and water management issues risk constraining the future development of the sector.

Within this context, through the Suriname-European Union National Indicative Programme (NIP), the European Commission allocated USD 15 million (EUR 13 million) for the Suriname Agriculture Market Access Project (SAMAP). The SAMAP would focus on enhancing the output, competitiveness and safe production of selected crops by creating an enabling environment and enhancing the capacities of the private sector and institutions. The Government of Suriname requested FAO support for the Ministry of Agriculture, Animal Husbandry and Fisheries on the full design, development and formulation of the necessary project design documents and budget for the approval of the SAMAP.

IMPACT

The SAMAP project, which was prepared with the support of this Technical Cooperation Programme (TCP) project, will promote the diversification of the agriculture sector, strengthen capacity in the public and private sectors and help to ensure food safety and compliance with international sanitary and phytosanitary requirements. Sustainable, competitive and increased production of non-traditional products for both domestic and export markets was the focus, especially for small-scale farmers. Working closely with counterparts from the planning department of the Ministry of Agriculture, Animal Husbandry and Fisheries, including through on-the-job training, national capacity and skills in project preparation were improved.

The project design documents, including a fully costed budget and economic and financial analysis, were prepared and submitted to the European Commission, in compliance with European Union quality requirements. With the support of FAO's Project and Programme Review Committee (PPRC), the proposal was successfully negotiated, a Contribution Agreement with the European Union was approved and signed in December 2017 and a Project Agreement was signed between FAO and the Government.

ACHIEVEMENT OF RESULTS

A project design team and task force were established, comprised of a team leader, value chain and food safety experts, an agronomist, sociologist and economist, a trade and markets officer from the Subregional Office for the Caribbean (SLC) and Assistant FAO Representative (AFAOR) for Suriname, as well as a specialist in institutions, who worked closely with officials from various ministries, farmer cooperatives, civil society, and academia, and which contributed to the successful preparation of the full project design and submission of documents for the SAMAP. One mission was carried out to confirm the key elements of the concept note, and two subsequent missions focused on the preparation and review of project design documents, including the detailed logical framework, indicator set, baseline and annual targets, project monitoring methodology, budget and economic and financial analysis.

Key activities focused on the development of project components, including a results framework with SMART outcomes and outputs, indicators, targets and their baselines, an institutional framework, financing plan and other technical details required by the European Union, such as monitoring and evaluation, knowledge management and information dissemination, and a Quality Assurance Review.

IMPLEMENTATION OF WORK PLAN

All project activities were successfully implemented within the allocated budget of USD 220 000. Three missions were carried out: during the first mission, the draft project design was reviewed with stakeholders at an initial preparation workshop to solicit feedback, establish contact group with representatives from various institutions and stakeholders, visit farmers, commercial producers and processors.



During the second mission, a final preparation workshop presented programme areas to key and primary stakeholders for validation. Visits to various farmer groups, cooperatives, women's groups, private sector producers, processors and exporters, various public sector, research and teaching institutions, commercial banks and government departments were carried out. The team leader and economist from the project team were also involved in the negotiations with the European Union Delegation in the third mission.

Political and economic risks were identified and actively managed by involving the Government and a wide range of stakeholders in project activities. Key assumptions on inflation and exchange rate depreciation, which underlie the design of the SAMAP project, were reasonable, and an incremental cost-benefit analysis was carried out for various production and processing models. This helped ensure that the incentives and potential investments for farmers and farmer groups in the SAMAP would be considered attractive and reasonable to potential beneficiaries.

FOLLOW-UP FOR GOVERNMENT ATTENTION

The SAMAP was successfully approved and funded by the European Union thanks to the project design and preparation of documents supported by this project. The future of the ongoing project relies on the promotion and financial support of the business plans envisioned for project implementation. Therefore, it is recommended that the Government support activities that can help ensure matching grants, technology and finance and market access are facilitated. In terms of food safety, innovative financial tools are needed in order to support laboratories and inspection services so that international standards and requirements will be adhered to.

Low capacity of government officials, farmers, private sector actors and in key institutions, such as extension service providers and the Ministry of Health Central Laboratory, may pose a risk to the continued implementation of the SAMAP. Therefore, further support to strengthen and develop capacity is recommended.

SUSTAINABILITY

1. Capacity development

The SAMAP project promotes the Sustainable Framework for Value Chain Development, including a training course for stakeholders, and strengthens the current extension methodology, with specific a focus on: (a) building capacities in farm business management and marketing; (b) strengthening associations and organisations; and (c) improving food processing and handling, such as Good Agriculture Practices (GAP), Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP) training and certification. As regards food safety, the project is also developing priority food safety standards, will establish a certification body to support conformity assessment against food safety standards, help modernize food safety laboratory business models and support studies and protocols to ensure a solid foundation for the creation of a robust Suriname food safety standard setting system.

2. Gender equality

Throughout the implementation of the current project, both men and women were equally involved in consultations current and potential constraints and opportunities. National workshops included a women's civil society organization, and women's groups were interviewed during implementation.

The SAMAP project also includes the following elements to ensure the sustainability of its gender-related activities: the identification of the needs and interests of women farmers in financial services and capacity building; the identification of needs and interests of women entrepreneurs in value chain development of selected agricultural products; capacity building on leadership skills and women's empowerment, improvement of processing techniques aligned with market requirements and identification of markets; the involvement of men in gender awareness activities or training sessions on women's economic empowerment and entrepreneurship.

3. Environmental sustainability

Environmental and social risks were identified in the project documents for the SAMAP, with appropriate measures proposed, including adherence to the FAO environmental and social risk framework.

4. Human Rights-based Approach (HRBA) – in particular Right to Food and Decent Work

In designing the SAMAP, entrepreneurship opportunities for rural youth and women, as well as the consideration of safe labour conditions, were taken into account (e.g. considerations were made for financial support to enhance technical and vocational training in agribusiness and for the preparation of business plans). To support cooperatives and farmer groups, various aspects of the shift towards more mechanised production and ways to ensure occupational safety were also taken into consideration.

5. Technological sustainability

Although the current project did not introduce any technologies, financial support to introduce various types of production and processing technologies are envisioned for the SAMAP.

6. Economic sustainability

Funds were mobilized from the European Union, which represented a significant increase in support for the FAO country office with respect to recent years. During the preparation of the project documents for the SAMAP, an ex-ante financial and economic analysis and an incremental cost-benefit analysis for the production of selected crops were carried out. An average Net Present Value (NPV)/beneficiary of USD 864 was estimated for individual investment sub-projects and USD 6 008 for group investment sub-projects. The average Internal Rate of Return (IRR) is 13 percent for individual investments and 20 percent for group investments, with a cost-benefit ratio of around or above 1.05. Sensitivity to changes in costs and revenues is somewhat high, with sub-projects estimated at having a 5 percent increase in costs, or 5 percent decrease in revenues, before having a negative NPV.



ACHIEVEMENT OF RESULTS - LOGICAL FRAMEWORK

Expected Impact	Sustained agricultural development for poverty alleviation and inclusive, resilient and low-emission growth and employment		
Outcome	Project document prepared for Suriname's Sustainable Agriculture Development, ready for EU funding and FAO implementation, aimed at: a) increase the capacity of the private sector to produce and export marketable non-traditional products in a sustainable and competitive manner b) strengthen the capacity of the private and public sector to ensure food safety and compliance with international sanitary and phyto-sanitary requirements		
	Indicators	Target	Achieved
	Funds mobilized for Suriname's Agriculture Development	13 million EUR	Yes
	Number of implementing partners identified for collaborating to the SADP	3	Yes
	Number of contacts established with local financial institutions and/or other nationally and donor-funded programmes that may be able to provide financing to farmers and entrepreneurs based on submission of bankable projects and business plans	3	Yes
Output 1			
	Project design document prepared and submitted respecting the FAO and EU quality requirements and deadline		
	Indicators	Target	Achieved
	Project design document respecting FAO and EU quality requirements and submitted on time	N/A	Yes
Baseline	N/A		
Comments	The project design document was prepared over the course of 2017, reviewed internally by FAO and negotiated with the European Union Delegation, both in Suriname (for the technical and political sections), as well as with the Delegation in Barbados (for the contracts and finance section). The Contribution Agreement between the European Union and FAO was approved and signed in December 2017, as was the Project Agreement between FAO and the Government. Follow-up action is being taken through the current implementation of SAMAP (GCP/SUR/003/EC).		
Activity 1.1			
	Project design team to be constituted		
	Achieved	Yes	
	Comments	Fully achieved. A team consisting of a value chain expert, a food safety expert, an agronomist, a sociologist, an economist and an institutions specialist was assembled. The team included the trade and markets officer from SLC and the AFAOR for Suriname.	
Activity 1.2			
	Project design mission (s) to be conducted		
	Achieved	Yes	
	Comments	Fully achieved. Three missions were undertaken: a preparation mission to confirm the main elements of the European Union concept note in February 2017, a pre-appraisal mission in March-April 2017 and, following the preparation of the draft project document, a negotiation mission in October 2017.	
Activity 1.3			
	Project design document fully budgeted to be prepared		
	Achieved	Yes	
	Comments	Fully achieved. The project design document, including a fully costed budget, and an economic and finance analysis, was prepared and reviewed by the FAO PPRC, as well as by the European Union.	
Activity 1.4			
	Potential partners identified and approached		
	Achieved	Yes	
	Comments	Fully achieved. The design team met with government partners, as well as private sector and civil society partners, including farmers' organizations and cooperatives. A detailed list of potential partners is available (please see the list of documents produced during the project).	

Outreach, Marketing and Reporting Unit (PSRR)
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