

MULTILATERAL INVESTMENT FUND

Suriname SU-M1021
MIF Delegation of Authority to Country Offices
Plan of Operations

1. GENERAL INFORMATION

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|----|-----------------------------|---|
| A. | <i>Project Title</i> | Support for income generation opportunities for Indigenous and Maroon women in the tropical rainforest of Suriname through pepper production, processing and marketing. |
| B. | <i>Project No. (TC#)</i> | SU-M1021 |
| C. | <i>Executing Agency</i> | <i>Amazon Conservation Team (ACT-Suriname)</i> |
| D. | <i>Target Beneficiaries</i> | Direct Beneficiaries: 80 female heads of households Indirect Beneficiaries: approx. 400 individuals, which include dependents of 80 direct beneficiaries and approximately 20-25 other persons in the villages that engage in some activity in the supply chain community members) |
| E. | <i>Sources of Funding</i> | Total Cost: \$300,000 MIF Contribution: \$150,000 (50%) Counterpart Resources: \$150,000 (50% cash, 50% in-kind) |
| F. | <i>Objectives</i> | (i) The objective at the results level is to develop a collective model for production and sale of hot pepper products to buyers in the capital city to support sustainable livelihoods for women in three Suriname's remote communities (Kwamalasamutu, Matawaaai and Pelelu Tepu). (ii) The objective at the impact level is to increase the crop-income of participating women producers of hot pepper. |
| G. | <i>Execution Timetable</i> | The project will be executed in 21 months The period for Disbursement will be 24 months |

2. BACKGROUND AND JUSTIFICATION

Problem Summary

- 2.1** According to the Suriname Census of 2012¹, 8.9% (37,065) of the interior population live across the district of Sipaliwini (only); of which 21,704 are Maroon² people and 3,489 are classified as

¹ Table F2, page 22. http://unstats.un.org/unsd/demographic/sources/census/2010_PHC/Suriname/SUR-Census2012-vol1.pdf

² Maroon (non-indigenous) tribal people (Cottica, Aukaner, Paramaka, Matawai, Kwinti, Saramaka and Tapanahony Aukaner). Maroons are the descendants of escaped slaves who fought themselves free from slavery and established viable, autonomous communities along the major rivers of Suriname's rainforest interior in the 17th and 18th century and have maintained a distinct culture based primarily upon amalgamation of African and Amerindian traditions. Maroons consider themselves and are

MULTILATERAL INVESTMENT FUND

Indigenous³ people. The Sipaliwini district covers approximately 80% of the total land area of Suriname (approximately 130,566 km²)⁴. The ratio of population to land mass in this district is 0.3% which is the lowest in the country. Both the IDB Country Strategy and the national 2004 Census, estimate that there are about 250 villages in the country's interior districts of Brokopondo, Marowijne and Sipaliwini) which "range from small family communities of 50 in the cases of indigenous peoples to large Maroon communities of up to 7,000"persons⁵. The options for microenterprise development, as well as employment opportunities are limited, as these districts are remote and dispersed, and can only be reached by 2-4 hours travel by river and airplane from the furthest communities.

2.2 Most Indigenous and Maroon households have lived sustainably within their environment, relying primarily on fishing and subsistence farming⁶. The low level of productivity in subsistence farming and lack of economic opportunities in the interior usually means that men (heads of household, and usually the income providers) leave their agricultural communities to seek informal employment in extractive industries (mining) which is the main economic activity in the interior, leaving their families in the villages for extended periods of time. It is estimated that at any given time there are between 20,000-25,000⁷ informal or quasi-informal miners in Suriname. These miners include Brazilian *Garimpeiros*, Maroons, and Amerindians. Increasingly, traditional community structures in villages in the interior are affected by the informal mining activity, as men find the sector lucrative compared with more traditional livelihoods. "Women are particularly affected as they remain in larger numbers in the villages, and have primary responsibility for obtaining water for household consumption and local production, and frequently require access to forest resources for local entrepreneurial activities"⁸. **The attrition of male heads of households has a negative socio-economic impact when women are left behind without a stable income.**

2.3 The map included as Figure 1 clearly shows the vast geographical area of Suriname's sparsely populated interior --- Marowijne, Brokopondo and in particular, Sipaliwini, and the remote location of key communities.

perceived to be culturally distinct from other sectors of Surinamese society and regulate themselves according to their own laws and customs.

Cluster Competitiveness Improvement Plan (IDBDOCS: 38238993, page 7)

³ Amerindian or Indigenous tribes (Kali'na, Lokono, Wayana and Trio)

⁴ <http://www.caricomstats.org/Files/Publications/NCR%20Reports/Suriname.pdf>

⁵ Country Strategy: Assessment on Indigenous and Maroon Peoples (IDBDOCS # 36379267)

⁶ Cluster Competitiveness Improvement Plan (IDBDOCS: 38238993 page 22)

⁷ <http://www.ddiglobal.org/login/resources/challenges-to-sustainable-ssm-developments-in-suriname.pdf>

⁸ Country Strategy: Gender Note (IDBDOCS: 36379235, page 6)

MULTILATERAL INVESTMENT FUND

Figure 1



- 2.4 In Indigenous and Maroon communities in Suriname's interior women have limited opportunities for microenterprise development and employment as these communities are very small and remote, located many hours or days journey from viable employment opportunities and markets in the main urban centers on the coast. Women in these communities need to engage in income-generating activities to cover household expenses, and the **Amazon Conservation Team (ACT-Suriname)** in **has been working with communities on a very limited scale to test hot pepper cultivation and**

⁹ <http://vlir-iuc.uvs.edu/smnr/images/fotos/suriname.jpg>

MULTILATERAL INVESTMENT FUND

processing as a potential source of income. The need to create an attractive livelihood for women is crucial and pepper production, which builds Maroon and Indigenous cultures and traditional knowledge, presents an opportunity for income generation. With ACT- Suriname's support, there has been some progress in organizing approximately 30 women living in villages within two of the targeted districts (Pelegu Tepu and Matawaai), in hot pepper production for sale to buyers in the capital city Paramaribo. These products are familiar to the women producers as cultivation and processing are based on local and cultural knowledge and traditions. However the sustainability of supply to buyers in urban centers has proved challenging, as production levels are very small (no more than 5kg per week on average) and systems for quality assurance in terms of fulfilling quality and volume requirements of buyers are weak or non-existent.

- 2.5 Currently 20 indigenous women in Pelegu Tepu (one of the targeted communities in the District of Sipaliwini) deliver pepper to the collective processing facility, the pepper house; the pepper house pays the women based on the amount of product (in kilos) that they deliver and then processes and packages the peppers. The processed pepper either smoked or sun dried is packaged as a cultural product (in small bottles) and branded as preferred by locals, while a portion of the sun dried peppers is sold in bulk to an exporter in Paramaribo. In addition, 10 women from the Matawaai community, currently process and package peppers in a co-operative structure for sale via the same channels. ACT- Suriname, having developed relationships within the interior communities over the past decade, travels to the communities on a regular basis and collects the processed pepper to be sold through the established channels in Paramaribo. ACT then brings back the proceeds from the sale to Matawaai farm and the Pelegu Tepu pepper house for distribution to producers.
- 2.6 **However, the production levels from these villages represent a fraction of the potential market.** ACT – Suriname has tested the market and established two channels for retail and bulk sales (Healy¹⁰ and Sigma Ingredients¹¹), the project is structured to build capacity to increase supply, and by extension, increase income-generating opportunities to additional communities. Pepper is a staple food in the Caribbean diet; the pepper from the interior is completely organic and is suitable for transport to the capital as it is lighter than other traditional products (like Brazil nuts), and has a longer shelf life.
- 2.7 **The project proposes an intervention to expand the pilot tested by Amazon Conservation Team Suriname** by engaging a larger group of an additional 80 women from villages in 3 targeted communities, in pepper production. In addition, the project seeks to build technical as well as business skills, and to better organize producers to cultivate process and sell a higher volume of peppers through both established and additional channels. ACT-Suriname's pilot efforts to support pepper production to date have been implemented on an ad hoc basis. Current pepper production levels are too low to sustain livelihoods, and represent a fraction of the volume demanded by

¹⁰ Healy (entrepreneur) belonging to a commercial renowned family in Suriname) is willing support expansion of bottled pepper products which will be marketed as cultural products from the interior of Suriname. The entrepreneur is well known in the interior communities and will through the proposed project guide the producers in understanding the monetary economy and the importance of agreements. This product is meant to promote the Matawai area, and the traditional production process and culture, tell the story of the people and how these earnings contribute to their livelihoods.

¹¹ Sigma Ingredients is interested in a more commercial oriented supply of peppers potentially for export if traceability systems and other required food safety practices can be implemented. This market channel can provide opportunities for larger volumes of production

MULTILATERAL INVESTMENT FUND

existing buyers. Individual microenterprises or very small collectives face high transaction costs in the supply of products to buyers in the capital city. In addition, given the small size of local communities, viable domestic sales opportunities are not available, so that full time participation in this small pilot model is not feasible economically. As a result, women must then engage in other activities to support their families. **However, with an expansion of the model, including investment in coordinated production and transport logistics, training in the adoption of required food safety standards, collective organization of producers as well as enhanced branding and strategic placement of the product with buyers in Paramaribo, the pilot can sustain existing producers and engage additional participants.** MIF financing of these investments in technical and business skills development, will create new opportunities for livelihoods that are based on sustainable practices and cultural knowledge of the targeted beneficiaries.

- 2.8 Communities are supportive of women earning an income, however to help mitigate any possible friction within traditional social structures in the targeted the communities, a collective model will be established to support production of each local group of producers. Based on the Duke University recommended approach, the project proposes to establish a collective model that will facilitate commercial opportunities that cannot be accessed by individual or very small groups of producers.
- 2.9 The 30 women currently producing peppers are organized in 2 collective models, the Maroons from Matawaai numbering approximately 10 are organized in a co-operative structure engaged in both cultivation and processing, whereas in Pelelu Tepu, the 20 female producers are focused on cultivation, and processing is done by a community owned and operated pepper house (processing facility for smoke and sun drying of peppers, as well as bottling for retail). Each model is different in structure and reflects social norms and traditions of the participating villages. However the principles of collectives, specifically a group acting in a coordinated fashion to plan, cultivate, produce and sell peppers to reduce transaction costs, manage disputes and provide a single identifiable point of contact for transactions within the supply chain, are embedded in these structures. The involvement of an additional 80 women from villages in the 3 targeted communities will also be organized in collective structures. However, the structure adopted by each group will be built on existing traditions and social norms for organization within the corresponding village community. The support provided through the project for development of the collective models will focus not on the imposition of a structure but on the embedding of principles of effective collective models within a locally defined and accepted organization model. These universal principles for example, will include communication norms and processes, planning systems, systems for distribution of proceeds, co-ordination of planting, harvest and processing with other clusters of pepper producers, dispute resolution and governance.
- 2.10 ACT¹² will continue working as an intermediary throughout the project until the producers “are in a position to sustainably manage the relationship”¹³. The training built into the design of the project will help provide the “producer(s) with the skills and capabilities to cultivate and commercialize

¹² Based on ACT's core mandate, the EA will be involved throughout the project and, if needed, after project end.

¹³ Basic Principles and Guidelines for High Impact Interventions in Agro Food Value Chains, Duke University
<http://services.iadb.org/mifdoc/website/publications/39cab4fd-703a-464d-86c0-69cb8613b32e.pdf>

MULTILATERAL INVESTMENT FUND

products that meet the demands of their target market”¹⁴. The collectives to be established will build on the current experience from Pelelu Tepu and Matawaai; the proposed project is meant to strengthen the current collaboration amongst producers in these communities and expand the model in other less organized pepper producing communities. The design of the project focuses on fostering collaboration between community members, as well as interactions with other actors (intermediary, buyers, and training providers) to improve performance of the supply chain as a whole. In addition, the men in the communities would also be involved in transport and branding activities of the project. The role of ACT-Suriname as a trusted partner with in depth knowledge of the interior communities in Suriname, and their reputation and experience of transporting pepper products and returning sales proceeds to producers in the initial pilot is an important factor in the proposed intervention.

2.11 The central problem to be addressed through the proposed project is the low levels of production and corresponding high transaction costs of pepper production by remote communities as realized in the pilot project. The underlying causes of this problem can be classified as follows:

- (i) **Economies of Scale**: The pilot project involved only thirty producers in two communities and was implemented on an intermittent basis. As a result, the producers were unable to reach a level of production to generate sufficient income to attract women to undertake this activity on a full-time basis, and pepper production has therefore remained an ad hoc, part-time activity. While urban buyers, , have expressed their interest to ACT-Suriname, the communities involved are currently only producing a fraction of what is needed to make this a sustainable livelihood for the communities involved. The proposed project expects that with a more coordinated approach and collective effort, the women should be able to reach the desired level of production. The proposed project would support the strengthening of a collective and coordinated model so that the quality and quantity of production can be improved. For each community, a sustainable value chain will be created, linking community collectives to Paramaribo points of sale for culturally branded and bulk pepper products. The proposed project will focus on a higher degree of coordinated support, utilizing a collective model and the consolidation of a consistently high quality supply that can be transported at a lower cost to urban buyers.
- (ii) **Logistics Costs**: The production levels in the pilot were not large enough to offset transportation costs by river or air from the interior to buyers in the capital city. ACT – Suriname has been transporting the pepper products as they regularly travel into the interior bringing in goods and taking out products for sale on behalf of the communities they serve. In the proposed project, ACT Suriname will continue to provide transportation for pepper products, and it is expected that as the project advances, increased production will lower the relative costs of transportation and logistics.
- (iii) **Low Yields**: Yields are low due to lack of investment in cultivation and processing practices, including selection of plant materials and soil conservation. Currently, production is affected by depletion of soil fertility after two to three years of cultivation, as “subsistence agriculture

¹⁴ Idem

MULTILATERAL INVESTMENT FUND

is based on the slash-and-burn technique”¹⁵. Pests, like leaf cutter ants, also harm production. This project will finance training in cultivation and processing practices to improve product yield and retain the branding as organic produce. ACT Suriname have secured partnerships with Newman’s Own Foundation¹⁶ and the Ministerie van Landbouw, Veeteelt en Visserij (LVV¹⁷), these organizations committed to support the communities participating in the project via provision of training in soil conservation and cultivation strategies of small scale pepper production to improve yield.

- (iv) **Lack of a clear organizational model for producers:** Based on the lack of employment opportunities, and limited markets to support microenterprise development in the interior; there are few opportunities for the targeted communities to improve or exercise business skills. Currently, women produce the pepper on an ad hoc basis, mainly when they require income and not based on demand from buyers. The model will provide business training (focusing on simplified bookkeeping, finance, marketing and management skills) to improve the business orientation of producers. Additionally, the collective model will be based on the organization of producers, using trust lines common in the communities. By building on traditional social organizations utilized in the pilot, the proposed intervention will address the development of leadership skills required to implement a sustainable collective model for the project intervention. The project will also train the communities involved in understanding contracts and ensuring that they are organized to fulfil contractual requirements of buyers.

2.12 The proposed project is innovative in the context of Suriname. Traditionally, the interior districts of Suriname have been seen as providers of raw materials via mining and other extractive industries that constitute primary sources of employment for men. However, Suriname is considered to be “one of the greenest nations on the planet with more than 90% of its land covered in natural forest”¹⁸ and its biodiversity includes “50 rare and endemic plant species and several endangered species of plants and animals”¹⁹. To date, the Indigenous and Maroon communities living in the interior have “lived sustainably within their environment, relying primarily on fishing and subsistence farming”²⁰. While Suriname is rich in its biodiversity, it is mainly recognized as a provider of raw natural resources (gold, bauxite and oil) as they are the main drivers of the economy accounting for 90%²¹ of all exports. Against this context, the project innovation is twofold; firstly it supports the production and sale of a processed product from female producers in interior communities to buyers in the urban centers, as opposed to the primary economic model of large scale extraction of raw or primary products. Secondly the development of collective models that merge universal principals of collective organization with traditional social and organizational structures indigenous to the targeted communities represents an innovative approach of blending business practice with social traditions. This approach will also leverage and build on cultural

¹⁵ Country Strategy: Gender Note (IDBDOCS: 36379235, page 6)

¹⁶ Newman’s Own Foundation is an independent, private foundation formed in 2005 by Paul Newman. Newman’s Own Foundation continues a philanthropic mission by making grants to nonprofit organizations that help transform lives and nourish the common good. <http://newmansownfoundation.org/>

¹⁷ Ministry of Agriculture, Animal Husbandry and Fisheries

¹⁸ Country Strategy: Environment Sector Note (IDBDOCS: 36379282, page 1)

¹⁹ Ibid

²⁰ Compete Caribbean: Cluster Competitiveness Improvement Plan (IDBDOCS: 38238993, page 22)

²¹ http://www.gov.sr/media/288454/investerings_gids_suriname_aug2010.pdf

MULTILATERAL INVESTMENT FUND

practices and knowledge in pepper production and will support the engagement of a broader base of producers by establishing collective models based on traditional social organization in the interior communities

2.13 Beneficiaries:

- 2.14** The targeted beneficiaries of this project are approximately 80 Indigenous and Maroon women from 3 targeted communities in the interior of Suriname who will be engaged in producing peppers and pepper products for sale, initially through two established market channels (i.e. retail sale of bottled products and bulk sales of sundried peppers) in Paramaribo. Indirect beneficiaries are conservatively estimated at 400 persons, dependents of the women participating in the project as well as approximately 25 persons from participating villages who may engage in transport, packaging or business management support. The project aims to provide sustainable alternative income to women in the interior and their families. According to the Country Strategy Gender Note, communities in the interior are portrayed as the most vulnerable and high-risk segments of the population, particularly female headed households. “Among the indigenous population aged 15-64, the percentage of men and women employed are 32.6% and 13.9%, respectively; among the Maroon population from the same age group, the percentages of employed men and women are 23.4% and 14%, respectively”²².
- 2.15** The project is consistent with the Country Strategy’s key priorities in that it supports the development of more sustainable agribusiness opportunities and addresses gender equity issues in the isolated communities of Suriname’s interior. The development objectives of improving social equity and alleviating poverty in Suriname requires that populations in remote communities are able to engage in sustainable and commercially viable livelihoods, which due to their location, small scale production, and high transportation costs, necessitates a collective model of organization. Rural communities in Suriname face challenges in accessing opportunities for microenterprise development and sustainable livelihoods. The project intervention is therefore consistent with the areas for focus in terms of both sector, gender and geographic targeting that are broadly defined in the Country Strategy.
- 2.16** The proposed intervention builds on studies and lessons learned distilled by the Multilateral Investment Fund as follows:
- (i) The proposed intervention is broadly consistent with recommendations for high impact interventions in agro production²³ including (i) focus on a single crop (peppers in a specific value chain (ii) a market has already been established and tested through the pilot (iii) the producers will receive capacity-building for management of the collective model allowing for an exit of Amazon Conservation Team Suriname from day-to-day production operations (iv) training in both production and processing to improve quality and yields and formal adoption of basic systems in food safety and traceability (v) inclusion of basic business training and systems.

²² Country Strategy: Gender Note (IDBDOCS: 36379235, page 5)

²³ Basic Principles and Guidelines for High Impact Interventions in Agro Food Value Chains, Duke University
<http://services.iadb.org/mifdoc/website/publications/39cab4fd-703a-464d-86c0-69cb8613b32e.pdf>

MULTILATERAL INVESTMENT FUND

- (ii) Given that the project is based on organic production methods and cultural knowledge of people that interact and depend on the ecosystem, the issues of environmental sustainability are in part addressed, while the targeting of women and the incorporation of traditional structures of organization in villages will address social sustainability. Economic sustainability is largely reliant on increasing the volume and consistency of supply to existing tested channels which is the primary focus of the intervention proposed.
- (iii) Further lessons learned in sustainable agribusiness development in the context of the Caribbean²⁴ are also reflected in the proposed design; including (i) need for record keeping (ii) social collaboration (iii) nontoxic production processes, and (iv) diversification of income streams (the project proposes sale of both retail products as well as bulk processed pepper).

2.17 Past experience has illustrated the social and logistic complexities, risks and costs of implementation of projects with remote communities in the interior, which are exacerbated by communication challenges, limited road infrastructure and the necessity of localized knowledge of local traditions and structures. While MIF's reputation, knowledge assets and network will help ACT-Suriname and the 3 communities in question, the experience, field presence and trust that have been developed by ACT-Suriname in the targeted communities of the interior will significantly mitigate both costs and risks of the project.

2.18 Furthermore, the proposed intervention directly complements the current MIF portfolio in Suriname SU-M1015, SU-M1017 and SU-M1018 all of which respond to the need to create and support opportunities for communities in the interior to engage in sustainable livelihoods. In addition, MIF is in initial discussions to develop a new operation²⁵ concurrently which will support the extension of microfinance and financial literacy skills to communities in the interior and coastline that are currently underserved. The women in the targeted communities could benefit from the training and financial products that will be offered in this potential microfinance project, as further detailed in 4.3 (f) (iii) below.

3. EXECUTING AGENCY

3.1 In 1996, ethnobotanist Dr. Mark Plotkin and conservationist Liliana Madrigal founded the Amazon Conservation Team (ACT) based on a unique and novel strategy: biocultural conservation. At that time, the dominant environmental conservation model entailed creating protected areas that displaced local communities. In contrast, ACT has always operated under the conviction that the viability of Amazonian ecosystems and the integrity of traditional cultures are interdependent aspects of an integrated whole. ACT's mission is to partners with indigenous people to protect the rainforest.

3.2 ACT has found that the most effective way to preserve these forests is to support indigenous communities in protecting their traditional lands and cultures. Indigenous lands account for much of the best-conserved rainforest in South America, these lands constitute roughly a quarter of the Amazon region, and indigenous people characteristically demonstrate a strong conservation ethos when their traditional values and cultures are respected and preserved. Over the past 19 years, ACT

²⁴ Strengthening Sustainable Agriculture in the Caribbean, Nidhi Tandon edited by Anabella Palacios rg/wp-content/uploads/2015/02/Strengthening_Sustainable_Agriculture_in-the-Caribbean_web.pdf

²⁵ SU-M1020

MULTILATERAL INVESTMENT FUND

has worked with more than 30 indigenous tribes to map and lay the essential groundwork for the protection of more than 70 million acres of ancestral Amazon rainforest. By teaching these tribes to use GPS devices and Geographic Information System (GIS) data to record information about territorial boundaries, natural and cultural resources, and sites of spiritual significance, ACT have enabled them to combine ancestral knowledge with 21st century technology to produce ethnographic maps essential for modern land management and protection. Moreover, ACT instituted the first indigenous park guard training courses in the northeast Amazon—thus far enabling over 27 additional park guards to provide critical, on-the-ground forest protection.

- 3.3 Amazon Conservation Team-Suriname**, established in 2002, works in partnership with local Indigenous and Maroon communities in the interior of Suriname to protect and preserve the ecosystems and biodiversity, as well as traditional culture. ACT- Suriname's scope encompasses the interior forested region of southern Suriname, which is populated by both Indigenous and Maroon communities. ACT-Suriname has a team of 10 officers and an additional 55 field staff from 4 Indigenous villages, and is also supported by the ACT team in Arlington (VA) in the United States of America. ACT has done work with communities in the Amazon in Colombia, Brazil and Suriname and successfully completed a large-scale participatory ethnographic mapping under the IDB project ATN/JF-10343-SU in Suriname. Since 2007, ACT- Suriname has been involved in piloting the production of peppers for sale in the country's capital; this pilot is now being proposed as a basis for scaling to ensure that the required quality and volumes of production are reached for sustainability. Without MIF support for required capacity building, branding and expansion, as well as the development of a collective organization for contract management, the project will not be able to achieve scale and sustainability.
- 3.4** During the course of the project implementation, ACT-Suriname will be partnering with UNDP-SGP, FAO and Weyerhaeuser Family Foundation as well as with the Ministry of Agriculture, and Regional Development and where possible SFOB. ACT-Suriname will take the lead to recruit women from the targeted communities. The Weyerhaeuser Family Foundation will assist in providing counterpart financing. Newman's Own foundation and Ministerie van Landbouw, Veeteelt en Visserij (LVV²⁶), (as noted in 2.10 (iii) above) will provide training agriculture and in soil conservation strategies.

4. PROJECT OBJECTIVES AND DESCRIPTION

4.1 Objectives

- (a) At the impact level, it is expected that 6 months after program completion: (i) at least 80 targeted women producers demonstrate positive income growth as a result of their participation in pepper production and (ii) 100 targeted women producers (farms) are employed in the supply chain one year after program participation (CRF 330201). In terms of systemic impact, it is expected that the market for pepper products from Suriname's interior communities is expanded through the proposed MIF intervention (CRF 450600).
- (b) At the results level this project will implement a value chain and collective model for production and sale of hot pepper products for buyers in the capital city. The key targeted results for this

²⁶ Ministry of Agriculture, Animal Husbandry and Fisheries

MULTILATERAL INVESTMENT FUND

program include: (i) 80 women producers/ (farms) with links to strategic business partners in the pepper value chain (CRF 230200); (ii) 80 women producers/ (farms) that have adopted new agricultural practices and related technologies such as soil conservation strategies and food safety (CRF 230100); (iii) 50% increase in volume of pepper production meeting required standards for sale within the supply chain; (iv) at least 3 new buyers are included in the supply chain (v) collective organizations are established and strengthened in each participating village to co-ordinate and manage quality of supply to buyers, resolve disputes and distribute proceeds to producers allowing for an eventual exit of Amazon Conservation Team Suriname as the key broker.

- 4.2 MIF technical co-operation financing will be invested in developing a sustainable model of production, which is largely based on the recommended approach advocated by Duke University for structuring interventions in agro food value chains, as outlined in a recent MIF publication²⁷. The objective of the intervention is to develop a sustainable business model utilizing a trusted and experienced non-profit partner (Amazon Conservation Team Suriname), to engage a larger group of women in interior communities of Suriname in the supply of pepper products to high value markets in Paramaribo.
- 4.3 The model will seek to build capacity for higher levels of volume and quality of pepper products that will lower unit transaction costs and create full time income generating opportunities for an additional 80 women producers through the following:
- i. (a) Engaging a larger group of producers led by ACT-Suriname, an organization that has built relationships with the targeted communities in Suriname's interior
 - ii. (b) Investment in training to improve cultivation and processing practices which will improve the yield and quality of processed peppers.
 - iii. (c) Branding of bottled peppers for the retail market as an authentic ethnic and cultural product of Suriname, and forging additional market linkages with buyers of both bottled and dried peppers in the capital city.
 - iv. (d) Micro business training in records management, cash management and co-ordination of logistics to lower unit transportation costs.
 - v. (e) Organization of a collective organization in villages, built on traditional social structures and traditions, to manage and co-ordinate production, transportation, sales, dispute resolution and distribution of sales proceeds.
 - vi. (f) Establish linkages between producers and access to microfinancing which may be required for working capital and small scale investments at the community level. It must be noted that although the proposed project does not explicitly address access to credit for producers, the participants need for additional working capital or purchase of small implements/equipment can be supported as follows:
 - vii. (i) As production volumes and sales increase, producers will have higher levels of cash flows from production to finance working capital

²⁷ Basic Principles and Guidelines for High Impact Interventions in Agro Food Value Chains, Duke University
<http://services.iadb.org/mifdoc/website/publications/39cab4fd-703a-464d-86c0-69cb8613b32e.pdf>

MULTILATERAL INVESTMENT FUND

(ii) Although there are at least 3 microfinance providers in Suriname, these organizations currently have limited coverage outside of the main urban centers. However ACT – Suriname as a trusted partner could broker specific credit facilities between producer groups and existing lenders in the capital, playing an important intermediary role.

(iii) In recognition of the gaps in access to finance by persons living in Suriname's interior, the MIF is in discussions to develop a technical co-operation²⁸ with a local financial institution GODO, to extend financial training and services to unserved villages in the interior, working through a network of NGOs that have presence in these areas and have developed trusted relationships with the communities. GODO can therefore serve as a potential partner to provide any microfinance support to producers in this project, even in advance of a specific MIF operation, working through ACT Suriname.

- 4.4 The ACT-Suriname will, over the course of the project, act as an interim consolidator and channel, linking groups of 80+²⁹ female producers with buyers in the capital city. Over the course of the project, ACT-Suriname will focus on the co-ordination of production planning, training and implementation of standards, delivery of business skills training to small holder farmers, branding and placement of product with viable buyers and co-ordination of transportation to facilitate some economies of scale and reduction in transaction costs, thereby piloting and embedding skills for establishment of a sustainable business model. The co-ordination of production with targeted communities will facilitate commercial opportunities that cannot be accessed by individual or very small groups of producers.

The project will be structured as follows:

- 4.5 **Component 1: Improving Yield and Standards of Processed Peppers** The objective of this component will be to implement food safety requirements and a traceability system for bottled and bulk dried peppers. Activities to be conducted under this component will include: (i) training and implementation support for improving food safety requirements in harvesting, processing, packaging and storage of peppers (ii) design and implementation of a practical traceability system; (iii) training and implementation support for adoption of agricultural practices to improve soil fertility, pest control and sustainability in cultivation, (iv) design and implementation of a system for quality and quantity control of processed pepper. Component 1 activities will also include the development of a baseline study which will monitor the household income,³⁰ as well as the quality and quantity of pepper produced. ACT-Suriname will partner with the National Bureau of Standards and Food Handling Requirements to develop the required standards and implement delivery of technical/agricultural training to the established collectives.
- 4.6 The producers in the communities will be required to participate in the training interventions provided under this component before they can participate in the supply chain. The training will provide the small holder farmers with the knowledge and skills to ensure crop and plot maintenance and will help them improve the yield and quality of peppers cultivated.

²⁸ SU-M1020

²⁹ 30 existing producers and 80 additional producers targeted in this project

³⁰ ATN/ME-13406-SU has already completed a Baseline study which contains a part on social indicators that can be used for this project for the communities of Pelelu Tepu and Kwamalasamutu.

MULTILATERAL INVESTMENT FUND

- 4.7 The targeted results for Component 1 by project completion will include: (i) 80 women producers/(farms) trained in agricultural practices to improve, soil fertility, pest control and sustainability in cultivation to improve crop yield and quality (CRF 130100); (ii) 80 women producers/ (farms) trained in improving food safety requirements in harvesting, processing, packaging and storage of peppers (CRF 130100); (iii) a Practical Traceability System is implemented to demonstrate producers compliance with basic food safety requirements
- 4.8 **Component 2: Marketing and Branding of Organic Dry Pepper as a Cultural Product;** The objective of this component is to develop the branding of the organic dried pepper produced and bottled by the Maroon and Indigenous communities for the retail market, as well as the strategic placement of products with at least 3 additional buyers in the capital city of Paramaribo. These pepper products will be branded and marketed as a cultural product based on traditional knowledge and will include information on the producers and their communities
- 4.9 The component will contribute towards highlighting the cultures and traditional knowledge of the Maroon and Indigenous communities in the rainforest of Suriname. The marketing and branding of the processed pepper will need to reflect the difference between these cultures and tell the story of the communities. The marketing and branding will also reflect the communities' role in preserving the Amazon ecosystem and biodiversity.
- 4.10 MIF financing will be utilized to finance the following activities (i) Design of a marketing and branding campaign inclusive of a design for packaging and labelling materials (ii) Development of marketing materials (video/pamphlets etc.) to be utilized through various channels such as social media, and placement within retail outlets to assist with on selling of product to final consumers. (iii) development of a business model inclusive of a market analysis to determine pricing structure for the various products being produced by the communities.
- 4.11 The targeted results for Component 2 will include: (i) a standardized packaging and labelling requirements defined and adopted by producers and (ii) implementation of a branding and marketing campaign.
- 4.12 **Component 3: Value chain strengthening through Business Skills and Collective model:** The purpose of this component is to develop a collective action solution, including business training and organizational development that will facilitate participation of 80 women producers in 3 communities to trade bottled and dried peppers through an established supply chain with buyers in Suriname's capital city. Activities to be conducted under Component 3 will include the following: (i) business training (focusing on simplified planning, bookkeeping, and finance, marketing and management skills), (ii) design and implementation support for the development of community based organizations to co-ordinate supply of pepper products produced, and to manage transactions and resolve disputes.
- 4.13 Selected producers and community leaders will receive capacity building for management of the collective community based organizations; the model will build on traditional structures and allow women in these communities to access markets beyond the period of MIF investments. The project is expected to result in an increase in the incomes of participating households as a result of increased production of peppers that are sold through established channels. In addition the provision

MULTILATERAL INVESTMENT FUND

of training in financial and micro business management will build capacity for sustainability and growth of this commercial activity beyond the period of intervention by MIF and Amazon Conservation Team Suriname. The expected results for component 3 will include: (i) 100³¹ persons in targeted communities trained in improved business skills, and (ii) establishment of 3 collective organizations in charge of coordination of production and sale into the supply chain (iii) negotiation of at least 3 new agreements between collectives and buyers.

4.14 Component 4: Knowledge: Case Study of Maroon and Indigenous Pepper producers and lessons learned: The purpose of this component is to develop a knowledge product that will contribute to a MIF-wide gap related to working with indigenous communities who live in environments, especially women whose roles are determined by their cultural values and norms

4.15 To address this objective, a case study will be prepared to assess and distill key lessons learned through the planned intervention, focusing on concrete practices that contribute to the sustainable participation of small holder farmers in supply chains and the socioeconomic impact of linkages between indigenous micro and high-value agricultural chains for niche products. Specifically the Case Study will contribute to reducing the following knowledge gaps: i) how can small-scale women producers be effectively and sustainably integrated into a value chain? ii) what is the socio-economic impact (education, health, income, nutrition) of small-scale women producers when they are integrated into high-value agricultural chains?

4.16 In addition a project fact sheet will be prepared and updated through the life of the project.

5 BUDGET

5.1 The summary costs of the proposed project are presented in the following summary table:

| Cost Elements | MIF | Counterpart | Total |
|--|------------|--------------------|--------------|
| Component 1 | \$28,500 | \$38,000 | \$66,500 |
| Component 2 | \$25,000 | \$38,000 | \$63,000 |
| Component 3 | \$43,000 | \$40,000 | \$83,000 |
| Component 4 | \$10,000 | \$7,000 | \$17,000 |
| Technical Co-ordination and Project Administration | \$27,000 | \$27,000 | \$54,000 |
| Final Evaluation | \$6,000 | 0 | \$6,000 |
| Ex-post reviews | \$8,000 | 0 | \$8,000 |
| | | | |
| Contingencies | \$2,500 | 0 | \$2,500 |
| Total | \$150,000 | \$150,000 | \$300,000 |

All figures are expressed in US dollars

³¹ Of the 100 persons targeted to participate in business training 80 will be the targeted direct beneficiaries (female pepper growers and producers) and an additional 20 will be other members of the community that may be involved in the collective organization or in transportation, packaging/logistics for expanded production.

MULTILATERAL INVESTMENT FUND

- 5.2 Sources of Funding:** The total cost is budgeted as US\$300,000, of which MIF will contribute US\$150,000 (50%) in non-reimbursable technical co-operation funds. The Executing Agency commits to make the remaining funds, US\$150,000 (50%) available as counterpart resources, of which US \$75,000 will be provided in cash, and US \$75,000 will be provided in kind. The Executing Agency commits to provide all counterpart resources either directly and/or by mobilizing other stakeholder/partner agency contributions. A detailed budget is presented in Annex II.
- 5.3 Disbursements:** the review of supporting documentation for disbursements will be conducted **ex-post** and on a **quarterly** basis.

6 MECHANISMS FOR PROJECT EXECUTION

- 6.1 Execution and Disbursement Periods.** The project will be executed in 21 months and will be disbursed in 24 months. The planned project execution timeline is presented in Annex III.
- 6.2 Program Implementation Readiness.** The institutional assessment (Diagnostic Needs Assessment) presented in Annex VI indicates that the Executing Agency has adequate capacity to implement the project.
- 6.3 Disbursements by Results:** Project disbursements will be contingent upon verification of the achievement of milestones. These milestones will be verified using their means of verification, which will be agreed upon between the Executing Agency and the MIF. Achievement of milestones does not exempt the Executing Agency from the responsibility of reaching the logical framework indicators and project's objectives. According to the Performance and Risk-based Project Management approach, project disbursement amounts will be based on the project's liquidity needs, for a maximum period of 6 months. These needs must be agreed upon between the MIF and the Executing Agency and will reflect the activities and costs scheduled in the annual planning exercise. The first disbursement will be contingent on reaching Milestone 0 (conditions prior). Subsequent disbursements will be issued as long as the following two conditions are met: i) MIF has verified that milestones have been achieved, as agreed to in the annual plan; and ii) that the Executing Agency has justified 80% of all cumulative advances.
- 6.4 Procurement:** For the procurement of goods and contracting of consulting services, the Executing Agency will apply the IDB Policies (GN-2349-9 y GN-2350-9). Given that the Diagnostic of Executing Agency Needs (DNA) generated a **high level of need/risk** classification, the project team has determined, as stipulated in Appendix 4 of the IDB Policies, the Executing Agency which belongs to the private sector, will use the private sector procurement methods specified in Annex I of the Operational Guidelines for Technical Cooperation Projects (OP-639). In addition, the review of procurement and contracting processes for the project will be conducted **ex-post** and on a **quarterly** basis, **with the initial 3 procurements being reviewed on an ex ante basis**, as indicated in the draft procurement plan (Annex IV). With project resources, the IDB/MIF will contract consultancy services to support and train the Executing Agency in procurement areas that require further strengthening as identified through the DNA

MULTILATERAL INVESTMENT FUND

- 6.5 Before project contracting and procurement begins, the Executing Agency must submit the project Procurement Plan for the IDB/MIFs approval which should be updated annually and when there are changes in the methods or goods or services to be procured. A draft *Procurement Plan* is presented in Annex IV.

7. MONITORING AND EVALUATION

- 7.1 **Supervision:** Operational supervision and disbursement responsibility will reside with an appointed officer of the MIF and the Suriname Country Office (CCB/CSU).
- 7.2 **Project Status Reports:** The Executing Agency will be responsible for presenting Project Status Reports (PSRs) to the MIF within thirty (30) days after the end of each semester, or more frequently as determined by the MIF by providing at least sixty (60) days advance notice to the Executing Agency. The PSR will contain information on the progress of project execution, achievement of milestones, and completion of project objectives as stated in the logical framework and other operational planning tools. The PSR will also describe issues encountered during execution and outline possible solutions. Within ninety (90) days after the end of the execution term, the Executing Agency will submit to the MIF a Final Project Status Report (Final PSR) which will highlight results achieved, project sustainability, evaluation findings, and lessons learned.
- 7.3 **Evaluation:** Project results will be assessed via an independent final evaluation. At the conclusion of this project an independent consultant, contracted by the IDB and financed from the MIF contribution to the project will undertake a Final Evaluation. The evaluation will focus on the extent to which project objectives and targeted results, as outlined in the logical framework have been attained and the underlying factors that enabled or impeded project implementation. The consultant will be required to distill key lessons learned as well as recommendations for similar initiatives in the future by the Executing Agency, the MIF and other project stakeholders in Suriname, and the wider region.
- 7.4 **Financial Management:** The Executing Agency will establish and will be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB/MIF. Given that the Diagnostic of Executing Agency Needs (DNA) generated a **high level of need/risk** in financial management, the review of supporting documentation for disbursements will be conducted **ex-post** and on a **quarterly** basis. With project resources, the IDB/MIF will contract consultancy services to support and train the Executing Agency in financial management areas that require further strengthening as identified through the DNA.
- 7.5 The IDB will contract independent auditors to carry out the ex-post reviews of procurement processes and of supporting documentation for disbursements. Ex-post reviews will include an analysis of the Financial Statements that the EA should prepare annually as part of its financial management. The costs associated with this contract will be financed with the MIF contribution resources according to IDB procedures.
- 7.6 During project execution, the frequency of ex-post reviews for procurement processes and supporting documentation for disbursements, as well as the need for additional financial reports can

MULTILATERAL INVESTMENT FUND

be modified by the MIF based on the results of the ex-post review reports conducted by external auditors during the project execution.

8. KNOWLEDGE-SHARING AND DISSEMINATION STRATEGY

- 8.1 Due to the limited financial and technical scope of the project, knowledge-sharing and dissemination activities have been embedded in Component 4. In this regard, details of the knowledge products are included in the preceding description of Component 4 – Knowledge Dissemination and Communication.

9. APPROVAL

- 9.1 This project is recommended and approved for financing under the MIF Program of Delegation of Authority (MIF/GN-62-7).