

A Collaborative Model between AAAID and IFAD towards Sustainable Agriculture

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Summary

The collaborative effort between the Arab Authority for Agricultural Investment and Development (AAAID) as an investment institution and the International Fund for Agricultural Development (IFAD) as a development institution was highlighted as a model for sustainable agriculture.

The aim of such partnership is to achieve goals of both organizations and to maximize their achievements. The end beneficiaries for such a joint venture is the agricultural communities in the countries of common membership.

AAAID and IFAD adopted a unique model of complementary effort as AAAID undertakes the investment part while IFAD is concerned with the development part of projects implemented in Lebanon, Morocco and Yemen. The mechanism of such joint venture, progress made, expected impact and achievements were described in this article.

Keywords: IFAD; AAAID; Development; Investment.

1-Introduction

Agricultural development is considered as essential tool for poverty alleviation in rural community. Governments, communities and other agencies are responsible to assure agricultural sustainability. However, a collaborative effort between the developmental agencies and investment institutions, may provide a constructive model for assuring sustainability. In this case farmers are considered as a component of the investment projects and use their products in the processing chain. Such joint venture was established between IFAD (International Fund for Agricultural Development) as an international developmental agency and AAAID (Arab Authority for Agricultural Investment and Development) as an investment institution. The background of this joint venture, projects involved and achievements are described in this article.

2-Partnership between Developmental Agencies and Investment Institutions

There are certain goals for international development agencies that deal with public sector. The primary role of these agencies (such as IFAD) is to implement certain programs targeting small holders, farmers and households. The output of these programs is to alleviate poverty and to improve way of life and income. To sustain the activities after completing these programs is usually a challenge facing international agencies. i.e. how could these international agencies assure sustainability of the achievements made. A certain joint venture between developmental agencies and investment institutions may be a proper model for sustaining these activities. In these case; Investment institution such as (AAAID) is establishing investment projects using the outputs resulted from IFAD programs beneficiaries. Here, these investment projects would have, developmental

and investment goals. To achieve the investment goals, the project should support the developmental activities and provide certain services to support poor communities.

3-IFAD as a Developmental Agency

IFAD is a specialized agency of the United Nations dedicated to eradicating rural poverty in developing countries. Seventy-five per cent of the world's poorest people, 800 million women, children and men, live in rural areas and depend on agriculture and related activities for their livelihoods. (IFAD, 2005).

IFAD's activities are guided by the Strategic Framework for IFAD 2002-2006; Enabling the Rural Poor to overcome their poverty. The framework of the three strategic objectives are to:

- Strengthen the capacity of the rural poor and their organizations.
- Improve equitable access to productive natural resources and technologies.
- Increase access by the poor to financial services and markets.

Underlying these strategic objectives is IFAD's belief that rural poor people must be empowered to lead their own development if poverty is to be eradicated. Poor people, in IFAD programs have a role in developing and strengthen their own organizations so they can advance their own interests and dismantle the obstacles that prevent many of them from creating better lives for themselves. Poor people also share the decisions and policies that affect their lives.

Through loans and grants, IFAD works with governments to develop and finance programs and projects that enable rural poor people to overcome poverty themselves.

IFAD tackles poverty not only as a lender, but also as an advocate for rural poor people. Its multilateral base provides a natural global platform to discuss important policy issues that influence the lives of rural poor people as well as to draw attentions to the centrality of rural development to meeting the Millennium Development Goals.

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4-AAAID as an Investment Authority

The Arab Authority for Agricultural Investment and Development is an independent financial institution with legal entity (AAAID, 2005). The objectives and mandate of AAAID is discussed as follows:

- Development of agricultural resources in member states, with emphasis on the production of the maximum possible amounts of food products.
- Increasing the exchange of agricultural products and inputs between member states.

The Means for achieving the objectives are:

- Investment in all forms of agricultural production, including plant production, animal production, agricultural processing, and related activities.
- Implementation of projects and other activities required for, or complementary to, its investment and development activity, including necessary infrastructure projects, in accordance with established commercial methods and financial safety requirements.
- Conducting project research and studies and contributing in providing necessary funding thereto.
- Cooperation with international, regional, and national organizations and institutions engaged with the scope of investment and development.

5-Complementarities Between IFAD and AAAID

IFAD and AAAID have some similarities in their objectives and others are complementarities. IFAD is targeting poor rural sector through certain programs. AAAID is also similar (According to its developmental mandate) to IFAD by transferring proven agricultural technologies to small holders to increase farms productivity. In fact both organizations are aiming to alleviate poverty and improve income through targeting the rural poor.

On the other hand, the complementary between IFAD as an international development agency and AAAID as a regional investment institution could also assure the sustainability of respective development programs. AAAID by including the results of IFAD developmental programs as a component of its investment projects would sustain the achievements reached by IFAD programs.

6-Partnership Building

IFAD and AAAID signed a cooperation agreement in 24 November, 2000. This agreement established the framework for collaboration between the two organizations.

AAAID assigned IFAD to supervise a fund directed to rural poor in Palestine. AAAID also adopted IFAD projects listed below and transferred these projects into investment projects. To maintain the relation between the two organizations and to maximize the output, higher administrations of both organizations and experts exchanged visits, attending

joint meetings, and organizing joint field visits to IFAD financed projects. There are continuous contacts to follow-up what both organizations had achieved from their joint projects.

7-Collaborative Examples

7-1 Livestock and Dairy Sector Development in Lebanon:

Concept of the Project: IFAD, OPEC fund and the Government of Lebanon had designed and funded a developmental project. The project starting in 1992 has a long term goals to improve livestock sector through providing extension and veterinary services, build up cattle population, improve roughage production and range management and provide credits to small farmers. Part of the project aimed to establish five milk collecting centers (MCC) in the Bekaa area. The MCC's were successful in the improvement of cattle management, and consequently improve milk production in the small farmers flocks. However, the project towards its end was looking to an investment agency to take over and to insure the sustainability of the project and its achievements.

Complementarities: To maintain the achievements reached by the developmental project, IFAD approached AAAID in year 2002. It was agreed that the viability of the MCC's can not be maintained without being part of the following chain: milk production (farmer's flocks), milk collection (cooperatives and private collectors), handling and quality control (MCC's) and milk processing plant (Figure 1). AAAID found that such integrated project falls within its mandate and include both developmental and investment aspects. This project assures the sustainability of achievements reached by IFAD project.

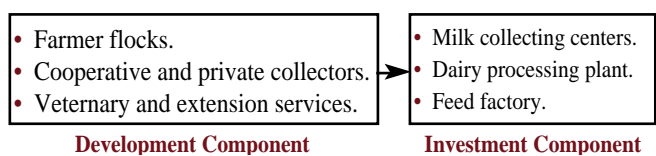


Figure 1. Development and Investment Components of the Dairy Project in Lebanon.

Expected impact:

- Insuring collecting milk from farmers beside providing them with extension and veterinary services would have a positive effect on cattle management of the small holders.
- An increase in cattle number and consequently milk production is expected.

Progress made:

- AAAID funded a feasibility study for an integrated dairy project consisting the MCC's and satellite farms.
- A joint venture established between AAAID and Liban Lait company (A private sector dairy processing

company) to be part of the integrated project.

- An investment decision is expected to be taken within year 2007.

7-2 Rangeland, Small Ruminant Development and Lamb Meat Sector Development in Morocco.

Project and Concept: IFAD implemented a project in the eastern region of Morocco during 1991-2001. The project was funded by IFAD, ADB, ADF and the Government of Morocco. The project aimed to develop livestock and range land sector and consequently improve the income of around 62 thousands targeted farmers. The second phase of the project aimed to support the cooperatives, develop the natural resources, support the veterinary services and small enterprises. The project covers 2-3 million hectar in Bouarfa and Tendirara of the Figuig Governorate and other areas in Oujda Governorate. The project also established water pumps and tanks for animal use, used a soft tolerente plants, improved livestock and performed gender training. The main improvement of the project was on livestock especially sheep through increasing the number and productivity. To sustain this improvement, the project should be part of an investment project. IFAD had approached AAAID to adopt such investment project.

Complementarities: In year 2003, IFAD approached AAAID on this project. AAAID through a joint mission with IFAD to the project site reached a conclusion on having an investment project there. The idea is to have an integrated project starting from the farmers being the main suppliers of lambs (Developmental part). Other components include slaughter house, meat processing plant and other supportive components (Investment part) (Figure 2).

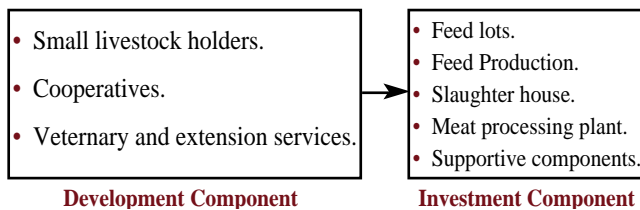


Figure 2. Development and Investment Components of the Sheep Project in Morocco.

Expected impact:

- Sustaining the development of livestock.
- Increasing lamb production and consequently farmers income.
- Create new industry in the region by having slaughter house, meat processing plant and related activities .

Progress made:

- AAAID had appointed an international consultant to conduct the feasibility study.
- Three consecutive reports were prepared by the consultant and reviewed by AAAID, IFAD and the Minis-

try of Agricultural. The feasibility study is now in its final phase and expected to be finished at the end of year 2007.

7-3 Artisanal Fishery and Fish Processing and Marketing Sector in Yemen:

Project and concept: A seven year -IFAD- initiated project aimed at improving the well-being of participating smallholders and rural communities through more productive and sustainable use of the natural resources at their disposal. The project aimed to improve the conditions of the rural households in Al-Mahara Governorate, one of Yemen's most impoverished areas due to it's remoteness and inaccessibility.

The project works towards strengthening the capacity of men and women farmers and fishermen and their communities, particularly disadvantaged groups to determine, access and use appropriate resources, technology and financial services for agriculture, fisheries and livestock development.

Complementarities:The components of IFAD projects include the following activities:

- Extension services to farmers and fishermen and rural women development.
- Supporting activities to fishermen such as identifying fish storage.
- Short loans to fishermen and small farmers.

To assure continuing the development of small fishermen, IFAD had approached AAAID to establish an investment project. Such project includes the following units: Fish from fishermen, fish receiving (Developmental part), processing, chilling and storage, smoking, ice production and byproduct processing units (Investment part) (Figure 3) Such integrated project would sustain the achievement of IFAD and confirm the development of this sector in Al-Mahara.

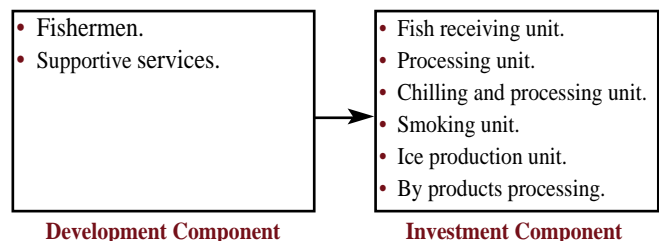


Figure 3. Development and Investment Components of the Fishery Project in Yemen.

Expected impact:

- Improve the condition of small fishermen.
- Development of the sector.
- Improve education.
- Increase income.

Progress made:

- IFAD and AAAID will jointly field a mission to the project site to evaluate the achievements made.
- AAAID and one of it's companies (The Arab Fisher-

ies Company) will accordingly study the investment opportunity.

8-Conclusions and Recommendations

- The collaboration between IFAD and AAAID could be used as a model for successful partnership to maximize the output of the developmental projects and to sustain their achievements. This model could be replicated by other organizations as well.
- It is recommended that Developmental agencies in-

volve Investment agencies from the planning stage so that they can have a solid understanding of the project.

References

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أنموذج تعاون بين الهيئة العربية للاستثمار والإنماء الزراعي والصندوق الدولي للتنمية الزراعية في مجال الزراعة المُستدامة

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الخلاصة

التعاون بين الهيئة العربية للاستثمار والإنماء الزراعي كمؤسسة استثمارية والصندوق الدولي للتنمية الزراعية كمؤسسة تنمية عُرضَ كنموذج للزراعة المُستدامة. تهدف الشراكة إلى تحقيق أهداف كلا المؤسسات وتعميم إنجازاتهما. إنَّ المُستفيد النهائي من هذا تعاون هي المُجتمعات الزراعية في البلدان ذات الاهتمام المُشترك. تبنت كل من الهيئة العربية والإيفاد نموذج غير مسبق ومُكَمَّل لبعضه البعض، حيث تتناول الهيئة العربية الجانب الاستثماري والإيفاد الجانب التنموي في كل من لبنان والمغرب واليمن. وستتطرق المقالة إلى آلية التعاون والخطوات التي تحققت والإنجازات المُتوقعة وانعكاساتها.

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