



International Coffee Organization
Organización Internacional del Café
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Projects/Common Fund

Executive Board/
International Coffee Council
19 – 23 May 2008
London, England

**Integrated agriculture diversification
development programme (IADDP)
for commodity cultivation, processing,
marketing, and livestock farming**

Project proposal

Background

1. This document has been submitted by the Profix Group of Companies with the support of the Coffee Association of Malawi (CAMAL), and contains a summary of a project proposal to address a number of identified poverty alleviation concerns that can contribute to the attainment of the Millennium Development Goals (MDGs) in Malawi.
2. The proposal has been circulated to the Virtual Screening Committee (VSC) for assessment and will be considered by the Executive Board in May 2008. A copy of the full project proposal is available upon request from the Secretariat.

Action

The Executive Board is requested to consider this proposal together with the recommendations of the VSC and, if appropriate, to recommend approval by the Council.

PROJECT SUMMARY

Project title:	Integrated agriculture diversification development programme (IADDP) for commodity cultivation, processing, marketing, and livestock farming
Duration:	3 years
Location:	The project is located approximately 450 kilometres north of Lilongwe, Malawi, in the Traditional Authority (TA) Mwankhunikira Area, Rumphi District, Northern Malawi.
Nature of the project:	The project is aimed at acquiring arable land in Northern Malawi, defined as “At least 1,800 hectares of contiguous appropriate land, suitable for diverse cultivation of coffee, paprika and livestock/dairy pasture, with access to sufficient annual runoff from a river basin, which can be secured and stored in reservoirs for water supply and irrigation, both gravity and drip-fed”.
Estimated total cost:	US\$7,962,415.25 (excluding provision for supervision or contingencies)
Financing sought from Fund:	US\$3,314,815.25 (excluding contingencies and supervision, monitoring and evaluation)
Form of financing sought from the Fund:	Grant
Co-financing:	No co-financing is sought at the moment
Counterpart contributions:	The current counterpart contribution is US\$4,935,369.78, of which US\$4,647,600.00 is the acquisition of the land, and the balance the cost of the survey. We are considering an additional US\$287,769.78, the current value of the Kanengo warehouse.
Project Executing Agency (PEA):	Prefix Financial Strategies/Prefix Group

Supervisory body:	<p>The Common Fund for Commodities (CFC) recommends project applications for funding through the International Commodity Bodies (ICBs), some of which are listed below:</p> <p>Coffee – International Coffee Organization (ICO)</p> <p>Paprika – FAO Intergovernmental Group on Citrus Fruits</p> <p>Cattle and Dairy Products – FAO Intergovernmental Group on Meat</p> <p>Commodities – UNCTAD Integrated Programme for Commodities and International Institute for Sustainable Development (IISD)</p> <p>Irrigation – International Water Management Institute (IWMI)</p>
Estimated starting date:	2008
Brief description:	<p>Malawi is a landlocked Least Developed Country (LDC) with a population of 13 million people, growing at around 2% per year with approximately 90% of the population living in rural areas. Agriculture plays an overwhelmingly important role in the economy, accounting for 39% of GDP, 85% of the labour force and 83% of foreign exchange earnings, while contributing about 64 percent of the total income of the rural poor.</p> <p>Since 1994, Malawi has developed at least five overlapping policy and strategy documents in which food security and agricultural development are acknowledged as crucial in moving the country out of poverty.</p> <p>Subsequent to the procurement of machinery and equipment as planned in the project, the land will be cleared and contoured, and infrastructure such as roads, dams and reservoirs and irrigation developed, to prepare for the irrigation, cultivation, harvesting and processing of 500 hectares of coffee, 100 hectares of paprika, and 200 hectares for livestock/dairy pasturage. An additional 200 hectares will be prepared for crop rotation.</p> <p>The integration strategy is achieved by developing a single, common place of operations, with common equipment, infrastructure and facilities, in a specific geographical area, for a specific community, with a representative, mutual, collective, and collaborative focus, with customary and</p>

traditional community representation, through the partnership with the Traditional Authority and his chiefs.

The strategy will allow economies of scale in integrated mechanization, processing, quality, marketing, export and trade facilitation, financial intermediation, asset accumulation, and business development elements as a single value chain into the more traditional cultivation and production focus, while being conscious of the environment.

**Summary of cost by category of expenditure of the project
Integrated agriculture diversification development programme (IADDP)
for commodity cultivation, processing, marketing, and livestock farming
(in US\$)**

Category	Project component	Total cost	CFC contribution	%
1	Land survey and acquisition	4,647,600.00	0.00	58.37%
2	Vehicles, machinery and equipment	1,580,342.00	1,580,342.00	19.85%
3	Civil works	591,331.13	591,331.13	7.43%
4	Materials and supplies	550,934.00	550,934.00	6.92%
5	Personnel	111,452.13	111,452.13	1.40%
6	Technical assistance and consultancy	109,750.00	109,750.00	1.38%
7	Duty travel	120,346.00	120,346.00	1.51%
8	Dissemination and training	58,000.00	58,000.00	0.73%
9	Operational costs	192,660.00	192,660.00	2.42%
PEA Sub-total		7,962,415.25	3,314,815.25	100.00%
10	Supervision, monitoring and evaluation (estimated @ 5%)	398,120.76		
11	Contingencies @ 5%	398,120.76		
Total Project		8,758,656.78	3,314,815.25	