

PRODUMER Project Implementation Plan 2005-2008 FINAL VERSION

EXECUTIVE SUMMARY

The goal of the sesame production and marketing project is to improve the ability of vulnerable groups to increase their productive activities and meet their basic human needs. MEDA-NICARAGUA proposes to implement a sustainable sesame production and marketing program that will benefit at least 1,000 smallholder families, as well as producer and marketing organizations. The program will take advantage of the current sectoral conditions, working within the general policies of the Government of Nicaragua, as well as the policies of CIDA, in order to improve the income levels of the small rural producers. Through technical assistance and the use of improved cropping technology, the target is to increase sesame production yields by 20-30% before the end of the project.

The overall purpose of the project is to assist smallholder sesame producers to sustainably achieve improved livelihoods and quality of life and to create awareness of gender and environmental issues. The project will provide technical and training services that will result in:

- Improved yields of sesame, as well as resulting income
- Improved organizational capacity of production and marketing groups
- More effective and efficient marketing systems
- Better access to production financing
- Improved vertical linkages among the actors of the subsector (TQA/ Traceability)
- Greater gender equality and participation
- Improved environmental stewardship practices

The program has two complementary components that will be implemented simultaneously.

PRODUCTION AND TECHNICAL ASSISTANCE -- This component will consist of technical assistance and training in the area of production techniques, aimed at improving yields/income, providing support for organic production methodology and certification, and improving seed quality. Recognizing that mono cropping leads to high levels of income variation, and that significant fluctuations in income are as problematic as low income levels, research into alternative cropping options to help diversify and stabilize income will be explored in a series of demonstration/research sites. Building upon the efforts and successes of Phase I, PRODUMER will continue to strengthen the managerial capacity and decision-making ability of producer representative groups (PRG's), while instilling a business-oriented approach to their activities. This training will also incorporate the promotion of gender equity and sound environmental practices. Credit services and training will be provided to producers to use for production purposes. MEDA will use an innovative new software package to help monitor activities and provide valuable information on the progress of various aspects of the project.

Research into the appropriateness and feasibility of different types of irrigation systems in the dryer areas will be performed through trials and demonstration sites. Low cost irrigation methodology will be explored by partnering with other organizations with experience in this

field, and will possibly lead to recommendations for a more significant irrigation development project.

MARKETING SUPPORT AND BUSINESS TRAINING – In the first three years of PRODUMER several weaknesses in marketing structures were identified. First, it was noted that producers tend to sell individually, and miss out on benefits that can be gained by selling collectively. When producers did sell collectively, they were able to increase prices paid by 10- 25% over the local market rate (when prices were stable or rising). PRODUMER II must provide support for organized producers (or organizing them if necessary) and developing their marketing skills. In addition, support will be provided to individual producers in improving their management and marketing skills. At both the individual level, and at the institutional level, training will incorporate and reinforce the concepts of gender equity and environmental preservation.

Second, competition among exporters is fairly weak, and prices on the national level have at times been artificially below world market prices. In 2004-05, few of the traditional external buyers entered Nicaragua to purchase, and the local exporters paid \$5-7/qq below what the global market price would have permitted (as three exporters have admitted). PRODUMER II will support Nicaraguan exporters (particularly newer exporters with opportunity for growth) in developing new markets in order to create more demand for the production of small sesame producers and foment competition among exporters. Parallel to these efforts, PRODUMER II will work with producers and their representative groups in developing new marketing channels, to become less dependent on the small group of exporters.

Finally, while competition among exporters is important, producers and exporters both stand to gain from coordination and the development of mutually beneficial relationships (as needed for Total Quality Assurance/ Traceability systems). Exporters are beginning to notice the growing demand for traceability, and recognize that these systems will become increasingly important for accessing markets. Producers with the ability to meet the demands of these systems will have greater marketing opportunities.

In addition to traceability, PRODUMER II will work with exporters and producers in the development of a nationally accepted set of quality standards for sesame that will allow for more objective measures of quality. This is expected to improve transparency and permit clearer pre harvest contracts between producers and exporters, with objective measures of quality.

This sesame production and marketing initiative is a project that will work with selected sesame growers and related organizations over three years.

PRODUMER will seek out additional producer representative organizations that demonstrate a need for the development services that the project provides. The focus will be on smallholder and medium sized producers and the organizations that represent them.

PRODUMER II has three years of planned activities to accomplish the established goals. The total budget for the project is C\$2,734,082, of which C\$2,551,432 is contributed by CIDA, and C\$182,650 is a contribution from MEDA.