



***Growing Hope: Towards Resilient,  
Transformative, and Inclusive Food Systems in  
Northern Nicaragua with Smallholder Farmers,  
Women, and Youth on the Driving Seat***



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## Project overview

### Project Information

<b>1.1 Project Name</b>	“Growing Hope: Towards Resilient, Transformative, and Inclusive Food Systems in Northern Nicaragua with Smallholder Farmers, Women, and Youth on the Driving Seat”
<b>1.2 Country</b>	Nicaragua
<b>1.3 Producer Organization (PO)</b>	Cooperativa de Servicios Múltiples “20 de Abril” RL
<b>1.4 Supervising Entity</b>	United Nations World Food Programme (WFP)
<b>1.5 Primary PO Contact(s)</b>	Name: Dorlamg Martínez Chavarría Title: PO Manager, Agricultural Engineer Email: Udc@cooperativa20deabril.coop
<b>1.6 Primary SE Contact(s)</b>	Name: Giorgia Testolin Title: Representative and Country Director Email: Giorgia.testolin@wfp.org
<b>1.7 Total GAFSP Grant Funding Requested</b>	Amount Requested: US\$ 2,800,000
<b>1.8 Estimated project start and end date (mm/yy – mm/yy):</b>	01/2024 – 12/2027

### Project Development Objective (PDO).

The PO “20 de Abril” has achieved important progress in recent years, positioning itself in international markets with organic coffee production, and working with WFP to access the institutional market provided by school feeding, the largest national social protection programme. Yet, the global crisis generated new challenges, limiting its reach, and hindering the attainment of its full potential. In this context, the project’s objective is to enhance the food security and resilience of smallholder farmers in a sustainable manner in Estelí, Jinotega, Nueva Segovia, and Madriz, including in municipalities of the Dry Corridor, through the strengthening of beans and coffee productive systems, access to markets, and capacity building of the farmers’ organization. While the project responds to the impacts of the crisis, it goes beyond the immediate response horizon, seeking to implement long-term solutions and systemic changes to improve livelihoods.

## Context

### Overview of agricultural and food security situation

Despite the development progress achieved over the past decades, Nicaragua continues to face significant challenges for ensuring the food security of its vulnerable population and remains the second poorest country in the Latin America and Caribbean region (LAC) with the lowest GDP per capita<sup>1</sup>. According to the *State of Food and Nutrition Security World Report*, 1.2 million people are undernourished, making it the fifth country with the highest level of undernourishment in the region. The report also showed that 34% of the people could not afford a healthy diet.<sup>2</sup> The global situation, including the food, fertilizers, and fuel crisis has further strained the situation. Yearly inflation hit a record level of 12% by the end of 2022<sup>3</sup>, after 15 years of single digit rate, and food inflation reaching 16% - the second highest in Central America - the cost of the basic basket currently stands at USD 524, 17% higher than in 2021.<sup>4</sup> This has reduced the purchasing power of the Nicaraguan people, particularly in rural areas, including the Dry Corridor, where income is the lowest and poverty is the highest – 65% of the poor and 80% of the extreme poor people live in rural areas.<sup>5</sup> As a result, farmers earning the minimum salary can only cover 25% of the basic basket. This is aggravating climate change vulnerabilities, particularly in the departments targeted for this intervention (Madriz, Nueva Segovia, and Jinotega) where the agroclimatic, land degradation, and socioeconomic conditions have already resulted in chronic malnutrition rates of 28–30%, above the national average (18%)The proposed project tackles these issues by helping the cooperative and its members increase the availability, access, and consumption of food, while enhancing access to high-value markets with better incomes to meet rural families’ basic needs.

### Impact of the Global Crisis on Agriculture and Livelihoods, including for PO “20 de Abril”

The cost of fertilizers and fuel – essential inputs for farmers and cooperatives – has been increasing, reaching new heights following the outbreak of conflict in Ukraine. Specifically, by November 2022, the price of urea, the most common fertilizer used in Nicaragua, increased by a staggering 65% year on year. For PO “20 de Abril”, granulate fertilizers augmented even further, by 200% in the areas targeted by the project, while other agrochemicals increased by 20%. This surge in prices occurred between June and September 2022, at a critical time in the agricultural cycle, when farmers needed inputs for planting, therefore negatively impacting production. As many farmers of the PO practice traditional agriculture on areas of less than 1.8 ha in isolated regions, with limited productive infrastructure and technology, these sharp increases in cost reduced their production area by 25%.<sup>6</sup> The impact was worse for women farmers,

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<sup>1</sup> World Bank. (n.d.). Nicaragua country page. Retrieved from <https://data.worldbank.org/country/NI>

<sup>2</sup> FAO, IFAD, UNICEF, WFP and WHO. 2022. The State of Food Security and Nutrition in the World 2022. Retrieved from <https://doi.org/10.4060/cc0639en>

<sup>3</sup> INIDE. (n.d.). INIDE informa sobre el comportamiento del Índice de Precios al Consumidor (IPC). <https://www.inide.gob.ni/Home/ipc>

<sup>4</sup> INIDE. (n.d.). INIDE informa sobre el valor de la canasta básica. Retrieved from: <https://www.inide.gob.ni/Home/canasta>

<sup>5</sup> INIDE. 2014. Nicaragua living standards measurement survey 2014. Retrieved from: <https://www.ilo.org/surveydata/index.php/catalog/1618/study-description>.

<sup>6</sup> Data provided by Producer Organization “20 de Abril” based on their records.

who have less access to land (only 18% of rural women own land), and their contribution remains unrecognized. Women farmers represent only 7% of those formally employed in primary production.<sup>7</sup>

Pressured by the economic stress and limited resources, with borrower interest rates rising from 14% to 24%, the PO had to reduce its services to its members in 2022, particularly in terms of access to credit, support in production, and the aggregation for commercialization. These services fell by 10% in the case of coffee and 30% in the case of beans.<sup>8</sup> The PO managed to continue to operate thanks to its institutionalization, long-standing experience working with its members, and its capacity to withstand crises. Yet, this situation constrained its ability to extend its services to its membership, posing risks for their food security. This has also hindered the potential for further development that lies with these two crops, which have ample market opportunities in Nicaragua and globally.

Considering the sector's potential for poverty reduction in Nicaragua, the proposed project will contribute to address the impacts of the crisis with targeted investments designed to support recovery while adapting the cooperative's model to ensure its sustainability in this challenging financial environment. According to a World Bank study conducted in Nicaragua, the agricultural sector is an important engine for growth, providing food, nutrition, jobs, and export earnings. Extensive evidence indicates that investing in agriculture makes sense, if these interventions adequately target smallholder farmers and their organizations, fostering their capacities and allowing them to benefit from these market opportunities.<sup>9</sup> The project will contribute to this aim by helping smallholder farmers strengthen bean and organic coffee production systems, making them more climate resilient, and enhancing access to a wider range of markets to benefit from inclusive value chains that are capable of sustaining rural livelihoods.

## Overview of the Cooperative

### Demographics

Membership for PO "20 de Abril" includes 5,934 farmers (2,146 women and 3,788 men), with 20% youth and 7% indigenous people. The broader network of the PO includes 39,000 people, including the households of members and people with jobs along the agricultural cycle of the PO (almost 10,000 women and men are employed as additional workforce for productive and commercial activities). PO members live in 234 communities, across 20 municipalities and 4 departments of northern Nicaragua (Nueva Segovia, Jinotega, Madriz y Estelí), areas within and bordering the Dry Corridor, a region considered to be one of the most susceptible to climate variability in the world, with entrenched agroclimatic and socioeconomic vulnerabilities. These farmers have small productive units, with 75% of members cultivating plots of less than 6 acres, principally for coffee, beans, staple grains, and small vegetable gardens. Most of them practice rainfed, traditional agriculture, with low levels of technification and lack of access to credit, differentiated markets, agricultural services, and inputs, unless supported by the PO. They are prone to food insecurity, and have limited access to basic services such as potable water, energy, dignified housing, and education. Over 50% of PO members have not completed their basic education.<sup>10</sup>

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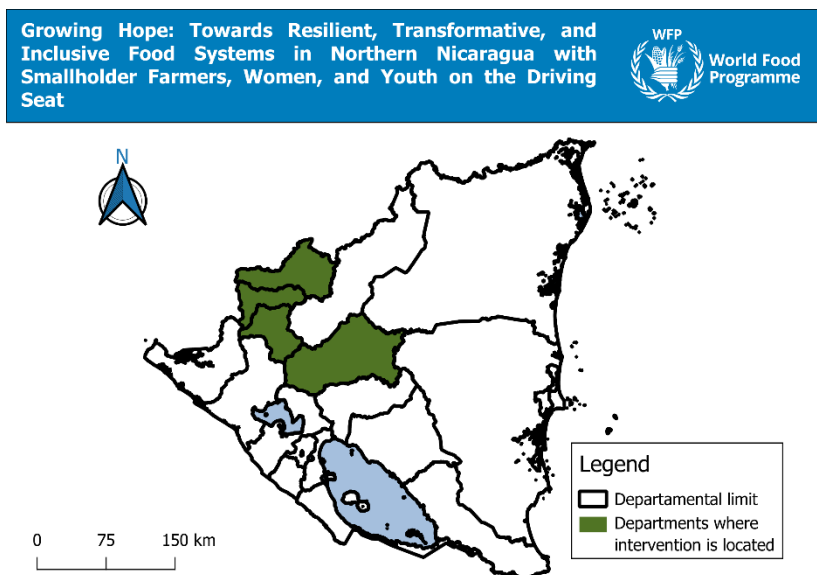
<sup>7</sup> World Bank. 2015. Agriculture in Nicaragua: performance, challenges, and options. Retrieved from: <https://documents1.worldbank.org/curated/en/532131485440242670/pdf/102989-WP-P152101-Box394848B-OUO-9.pdf>

<sup>8</sup> Data provided by Producer Organization "20 de Abril" based on their records.

<sup>9</sup> World Bank. 2015. Agriculture in Nicaragua: performance, challenges, and options. Retrieved from: <https://documents1.worldbank.org/curated/en/532131485440242670/pdf/102989-WP-P152101-Box394848B-OUO-9.pdf>

<sup>10</sup> Data provided by Producer Organization "20 de Abril" based on their records.

### Map of area of intervention



Women farmers’ participation tends to be comparatively low to that of men, as they face greater challenges. Two WFP gender studies completed with 20 farmer organizations in 2022<sup>11</sup> confirmed that women lag in access to resources, land, assets, services, credit, inputs, and technical assistance for their production and commercialization. Recognizing this, the PO “20 de Abril” is working on tackling the low participation of women and on finding ways of improving its services for women farmers. Together with a specialized partner, it is revising its gender policy to empower more women farmers and ensure their equal access to resources. In keeping with this commitment to address the marginalization of women and indigenous people, while the direct project beneficiaries include more men (by virtue of PO membership), this project includes support for the implementation and diffusion of the gender strategy and specific targeted actions to support women’s livelihoods. The project will also place special emphasis on young people across its activities, in line with the PO’s goal of increasing the participation of youth. This is necessary to address the generational gap in rural areas. Although youth currently account for only 20% of the membership, the PO aims to increase this to 30% over the next five years by recruiting more young people as members.

Department	# of municipalities	men	women	total	youth	Indigenous people	Communities
Nueva Segovia	9	1620	896	2516	545	14	102
Madriz	3	504	247	751	153	24	45
Jinotega	5	1611	979	2590	490	410	82
Estelí	3	53	24	77	19	10	5
<b>Totals</b>	<b>20</b>	<b>3788</b>	<b>2146</b>	<b>5934</b>	<b>1207</b>	<b>458</b>	<b>234</b>

<sup>11</sup> Orozco et. al. 2022. Felicidad y empoderamiento de mujeres productoras agrícolas atendidas por el PMA Nicaragua (internal document); and Silva C.A. et. al. 2022. Informe de Consultoría “Evidencias el Empoderamiento Económico de las mujeres y su contribución directa a los sistemas alimentarios sostenibles y la seguridad alimentaria y nutricional” (not available online)

## Experience & Project Background

The project will scale up successful and tested experiences of the PO within the organic coffee and beans value chains. At the same time, this proposal is informed by the three decades of experience that the PO has since it started operations; and it takes stock of rigorous evidence and analysis, generated through studies, evaluations, and assessments conducted over the past years, which produced rich primary and secondary data. These include: two gender studies conducted by WFP, with participation of PO “20 de Abril”; one comprehensive study of Nicaragua’s beans supply chain completed in 2022;<sup>12</sup> one evaluation conducted by WFP of a project implemented with the PO “20 de Abril”;<sup>13</sup> and the findings of a mid-term review of a Dry Corridor project that targeted smallholder farmers, implemented by WFP and the European Union (EU).<sup>14</sup>

The most recent proof of concept contemplated in this GAFSP proposal, is a project which targeted 20 farmers and their families from the “20 de Abril” cooperative (400 people), supporting their transition to organic coffee production. This project, “Supporting Smallholder Coffee Farmers of Nicaragua’s Dry Corridor 2020-2023” was designed and launched with the American Nicaraguan Foundation (ANF) but has been implemented and financed independently by the PO. At the same time, this builds on a project funded by Greater Impact Foundation and Food for the Poor since 2017. Though small in scale, this project implemented by the PO provides evidence that the transformation towards organic coffee production can be successfully undertaken in Quilali, Nueva Segovia (one of the municipalities contemplated in this proposal) and generates increases in income for farmers when connected with national and international markets. There is potential to replicate and scale these activities with more farmers, who can transition towards organic coffee, benefiting from a secure market, since the PO has already established strong commercial relations with eight buyers in the United States, Canada, and Europe. Similar to the current project, this initiative helped renovate land for coffee production, providing seedlings, nurseries, and other agricultural inputs, improving capacity to process coffee, and providing training in business and harvest management; it further used agroforestry techniques to combine enhanced organic coffee and bean production.

Though not active or recently closed, another project financed by IFAD and CABI (USD 480,000), also generates evidence of the success of the model and the cooperative’s capacity to implement it, as it supported 184 coffee farmers of the “20 de Abril”, including 80 who produced organic coffee (“Territorial Approach against Climate Change, Adaptation Measures and Reduction of Vulnerabilities in the Region of Las Segovias-Nicaragua 2016-2018”). Consultations with the cooperative indicated that in 2023 project beneficiaries which have adopted this production and commercialization model are no longer reliant on cooperation funds for production. Benefitting from similar activities described above, these smallholder farmers have been able to secure greater returns from marketing higher value organic coffee production, ensuring their capacity to meet their basic needs and independently secure continued production.

In parallel, this project builds on an ongoing initiative titled “Boosting Rural and Rurban Economy in Times of Crisis and Beyond” (BOOST) (2018-2023), implemented with funding from the EU, in partnership with WFP. With a EUR 15 million contribution, this project supports twenty POs, including “20 de Abril”, by

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<sup>12</sup> CIAT. 2023. Resumen Cadena de Valor para Compras Públicas de Frijol en Nicaragua (internal document)

<sup>13</sup> Caballero K.B. *et al.* 2022. Evaluación Intermedia del Proyecto BOOST desde agosto 2018 hasta junio 2021 en las zonas de Nueva Segovia, Madriz, Estelí, Matagalpa, Jinotega y la RACCN. Informe de Evaluación Descentralizada. Retrieved form: [https://docs.wfp.org/api/documents/WFP-0000138855/download/?\\_ga=2.248027271.1233783137.1683414582-1091496986.1655472391](https://docs.wfp.org/api/documents/WFP-0000138855/download/?_ga=2.248027271.1233783137.1683414582-1091496986.1655472391)

<sup>14</sup> Jenin L. 2022. Result Oriented Monitoring Mission (internal document)

strengthening their productive capacities and integration into staple grains value chains. At the same time, BOOST supports the national school feeding programme through the delivery of meals to 182,000 children, seeking to link smallholder farmers' food production with this institutional market. Thus far, the "20 de Abril" has been able to sell 161 MT of maize and beans through WFP's competitive procurement process, generating USD 117,640.<sup>15</sup> In 2021, a mid-term evaluation of the project confirmed that it has contributed to improving food security and highlighted the benefits of linking local food production with the stable demand generated by the school feeding programme. To take the results to the next level, it recommended to bring this to a larger scale, further expanding market access. The evaluation also found that the women's economic empowerment strategy, implemented in the project, was crucial to address the gender gap. Finally, it recommended to strengthen climate resilience to mitigate the climate change impacts on food production.

The current project builds on the recommendations of the evaluation and lessons learned of these past projects, bringing them together under a single concept that integrates the climate-smart production, while expanding access to institutional, national, and global markets. With GAFSP's support, "20 de Abril" will be able to scale up these activities, allowing more farmers to transition to the production of organic and certified coffee, while linking the beans' production to differentiated markets. Additionally, the project was informed by the results of a comprehensive study of the supply chain of beans in Nicaragua, which provided recommendations to maximize the POs' potential, including the need to strengthen their aggregation capacities. The components described below align with these recommendations and findings. For further information on projects with relevant activities to be scaled up, please see Annex II.

## Project Description

### Beneficiaries

Through the activities implemented under the three components of the proposal, this project will result in enhanced capacity of "20 de Abril", benefiting almost 6,000 farmers members and generating overall impact for up to 39,000 people (indirect beneficiaries), including the farmers. Importantly, the project is expected to yield several results, including some with transformative potential. For example, 600 farmers will be able to transition towards the production of organic and fair-trade coffee, accessing international markets that pay a differential price by the end of the project. This represents a six-fold increase from the 80 members who currently produce coffee with these certifications. The PO, in turn, will be able to double their sales volumes in the case of beans and increase by 20-30% in the case of beans, thanks to the larger number of farmers producing organic coffee and beans. In parallel, the project will allow the PO to establish stable and structured linkages to institutional markets for the commercialization of beans, leveraging this demand to provide income opportunities to more farmers. This virtuous circle is key for ensuring financial sustainability, a crucial factor for overcoming the current and future crisis, as well as for sustainable growth. At the same time, the project will increase the extension of land cultivated under practices that protect the environment, with at least 430 new manzanas restored and another 430

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<sup>15</sup> Information provided by the PO based on their records



maintained. Through agroforestry and sustainable practices, the project will contribute towards biodiversity preservation, soil and water conservation, reduction of chemical usage, and carbon sequestration, thus supporting environmental sustainability.

Aside from activities which strengthen the PO’s organizational capacities – thereby benefitting its overall membership – the following table lists activities which provide a subset of the membership with direct tailored benefits:

Component 1 Activity 1	27 PO staff members receive training in cooperative governance, business administration, and accountability
	3,000 PO members receive training on gender policy
	2,400 inactive PO members receive training on benefits and opportunities with cooperative
Component 1 Activity 2	600 producers supported with timely PO coffee purchase
	1,200 producers support with timely PO bean purchase
Component 2 Activity 2	Up to 600 producers supported with new or maintained manzanas for coffee production
	Up to 2,200 producers supported with maintained manzanas for bean production
	40 coffee producers supported with filter installation
	50 women producers supported with gender sensitive initiatives
Component 2 Activity 3	600 coffee producers receive specialized production & certification training
	3,000 bean producers receive specialized training for crop diseases and post-harvest management
	3,600 PO members receive food security & nutrition education sensitization

## Components Overview

Through its three components and building on the evidence described above, this project adopts an integrated food system’s approach, investing strategically in key areas along the value chain, from production to transformation and commercialization, tackling current bottlenecks and leveraging existing opportunities to improve livelihoods. These components are designed to i) strengthen the institutional capacities of the cooperative, ii) scale up production for more resilient smallholder farmers’ output, and iii) facilitate better access to a wider range of differential markets. The participation of women will be ensured across all components, in line with the priorities in the PO’s strategic plan. The activities will also pay special attention to the engagement of youth to increase their involvement in the PO’s governance and operations, necessary for an eventual transition from older to younger generations for long-term continuity of activities.

The overall distribution of the budget has been modified in line with GAFSP recommendations, reflecting a consolidation of workshops and review of their cost in order to facilitate implementation. The new plans represent an average of 1 field level workshop per facilitator per month, manageable within the PO’s capacity and designed to support participants’ participation and retention by ensuring small workshops within their local communities. Savings from such modifications have been redistributed to correct and update estimated costs to support members’ production of beans and coffee.

<b>Component</b>	<b>Amount</b>
<i>Promote gender-sensitive governance, commercialization, and export capacities of the “20 de Abril” Cooperative</i>	785,380
<i>Scale up the beans and organic coffee production of women and men farmers to boost productivity and improve their livelihoods</i>	1,781,120
<i>Empower smallholder farmers to tap into national and international markets with strong participation of women</i>	233,500
<b>Total</b>	<b>2,800,000</b>

Component 1

**Promote gender-sensitive governance, commercialization, and export capacities of the “20 de Abril” Cooperative (USD 785,380)**

Component 1 seeks to strengthen the institutional capacities of the PO in key areas, which “20 de Abril” has identified as crucial for the success of the project and for their long-term development. These include governance and administration; gender equality; their aggregation capacity; financial sustainability; and support in the certification and traceability systems, required by international markets. Some of the main cost categories of this component include technical assistance, trainings, and workshops. Other cost components include the creation of a revolving fund (financial service), investments to reduce post-harvest losses, and digital investments to ensure traceability.

**Activity 1: Strengthening the cooperative structure, model & gender inclusion**

**Cooperative structure, model, and gender inclusion:** The global food crisis and its impact on the supply chains of food systems have represented a challenge for cooperatives, with many of them facing difficulties to maintain their operations. To this end, this project will provide technical assistance and training to strengthen the functioning of the cooperative, with a focus on business administration, accountability, and governance. The activities will incentivize active participation of young members, seeking to create a network of young promoters, who can act as advocates with their peers. The goal is to ensure that the capacities generated by the project reach the future generations that will be at the forefront of operation in the years to come. As part of this activities, the PO will also sensitize its members on the increased benefits of working in association (focusing on members currently inactive). Furthermore, this activity will focus on boosting technical capacities for tackling gender issues and promoting women’s empowerment, since a 2021 diagnostic reported gaps in this area. Therefore, this project is planning workshops to implement and disseminate a newly designed gender equality policy – details available in *Project Impact Section (sub-section women and girls’ empowerment)*. This seeks to increase women’s participation and leadership within the organization, as well as to ensure its capacity to deliver inclusive and equitable services, strengthening women’s engagement along value chains. The two gender studies that WFP completed in 2022 have also generated evidence on the factors that contribute to the empowerment of female farmers in the targeted areas. These findings will be leveraged to inform the activities for better results.

Activity 1	unit cost	target	budget
Workshops for cooperative staff (training of trainers) to strengthen their capacities in governance, business and administration and accountability, as well as to help implement and deliver on its gender policy and gender oriented services <b>Participants:</b> 27 PO staff members	750 <sup>16</sup>	12 workshops	9,000
Workshops for cooperative membership to raise their awareness, understanding and acceptance of the gender policy and gender-oriented services <b>Participants:</b> 3,000 PO members; <sup>17</sup> 30 ppl/session (1 session/person)	317 <sup>18</sup>	100 workshops	31,700
Awareness raising and sensitization of members to cooperative philosophy and new benefits and opportunities <b>Participants:</b> 2,400 PO members; <sup>19</sup> 30 ppl/session (1 session/person)	317 <sup>20</sup>	80 sessions	25,360

## Activity 2: Support to expand aggregation capacity

**Aggregation capacity:** Among the cooperative functions most affected by the current crisis is its capacity to aggregate members' output (via purchase) to sell it to formal markets and avoid the disadvantageous terms that intermediaries offer directly to smallholder farmers at gate. Evidenced by a 2022 WFP study on the bean value chain in Nicaragua indicates that this is a crucial area in need of strengthening. Therefore, this project seeks to foster the PO's aggregation capacity through the creation of a revolving fund, to anticipate purchases from smallholder farmers, encouraging them to maintain production. A complementary investment will be made to strengthen post-harvest management, reducing potential losses through storage, transport, and handling. The Cooperative has previously collaborated with WFP and other institutions for the development of rules and procedures for the provision of credit through a revolving fund (see example Annex IV), and these will be reviewed and adjusted for the purposes of this tool and in a way to guarantee long-term sustainability, ensuring its replenishment through the sales to new markets. In other words, this will serve as working capital, providing sustainable solutions for aggregation, one of the main bottlenecks affecting POs in Nicaragua.

Activity	unit cost	target	budget
Creation and capitalization of a revolving fund to strengthen the cooperative's aggregation capacity for coffee (paying producers in advance to support their continued production capacity) <b>Participants:</b> Procurement from 150 producers each year (8.6 quintals coffee each), rotating participants each year as funds are revolved for a total of 600 beneficiaries (all targeted coffee producers by this project)	180 per quintal coffee (oro)	1,300 quintals	234,000

<sup>16</sup> Represents cost of Quilali level workshop, includes transport, printing, writing materials, catering and rental of venue/tables/chairs. See Technical Sheet in Annex IV

<sup>17</sup> To cover remaining 2,934 members, PO will leverage ongoing gender policy related activities as part of its contributions to the project

<sup>18</sup> Represents cost of community level workshop, includes transport, printing, writing materials and catering. See Annex IV

<sup>19</sup> Focusing on members not already active and receiving support for beans/coffee production.

Creation and capitalization of a revolving fund to strengthen the cooperative's aggregation capacity for beans (paying producers in advance to support their continued production capacity) <b>Participants:</b> Procurement from 300 producers each year (8.3 quintals each), rotating participants each year as funds are revolved for a total of 1,200 beneficiaries (the cooperative will look for additional funding to procure similar quantities to the remaining 1,800 beneficiaries supported in bean production by this project)	62 per quintal	2,500 quintals	155,000
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### Activity 3: Assistance to enable product certifications and digital traceability

**Certifications and digital traceability:** The PO has identified higher potential earnings when selling certified products, including for export markets, which have non-tariff barriers (e.g. deforestation free products are expected to become the only legal imports to the EU). Therefore, this project will provide specialized technical support to strengthen the capacities of its technical staff on all dimensions linked to the production and commercialization of certified organic products. While the PO has been creating capacities among its technical team, scaling up organic and certified production will require greater extensionist capacity with more staff to assist farmers. This will ensure that the PO acquires and maintains the necessary know-how for a growing production volume. Moreover, to boost sales opportunities, a digital traceability system spanning production at origin, aggregation and transformation processes will be designed and rolled out. This is crucial for scaling up the PO's existing commercial relations and selling greater volumes to its clients in the United States, Canada, and Europe.

Activity	unit cost	target	budget
Strengthen cooperative capacity in organic coffee process from production to certification as well as coffee marketing (trainers and extension support capacity during transition)	416.67 monthly fee <sup>20</sup>	9 extensionists (4 yrs)	180,000
Digital Traceability System <sup>21</sup> : ITC diagnostic (honorarium and service fee for evaluation of hardware, software, capacity)	5,000	1 diagnostic	5,000
Digital Traceability System <sup>23</sup> : Producer module (honorarium and service fee for data collection, certifications, georeferencing)	20,000	1 module	20,000
Digital Traceability System <sup>23</sup> : Aggregation & Industrial module (honorarium and fee for registration of storage and transformation)	15,000	1 module	15,000
Digital Traceability System <sup>23</sup> : Estimated costs for installation of additional networks, mobility costs during 2 year intervention	10,320	1 licensed system	10,320

### Activity 4: Development of financial and partnership strategy

<sup>20</sup> PO will cover complementary costs of extensionists (e.g. social insurance, transport) to enable them to deliver assistance to beneficiary producers, as part of its contribution to the project

<sup>21</sup> Represents costs quoted by specialized consultant company. For further details, see Annex IV

**Financial and Partnership strategy:** with a view to long term sustainability, this project will also support the development and implementation of a strategy for financial sustainability. This is in line with the PO’s Strategic Plan 2023-2027, which has set this as a priority to strengthen its capacity to cope with crises and enable further growth. This activity will include an initial diagnosis of its financial, economic, accounting and administrative situation through a financial audit designed to improve its processes. It will also include analysis of productive activities to identify areas of improvement for more efficiency. It will support the implementation of actions to strengthen the administrative, accounting and credit systems, aligning them with a sustainability plan. Support will be provided to map possible alliances with private sector and new market opportunities with higher earnings potential (link to component 3), and review the operating model of the cooperative, with a view to maximize economic returns and risk management.

Activity	unit cost	target	budget
Diagnosis of the financial, economic, accounting and administrative situation of the cooperative through a financial audit to improve processes	30,000	1 diagnosis/audit	30,000
Financial and profitability analysis of the cooperative's productive activities to identify areas of improvement for better efficiency of actions	25,000	1 financial / profitability analysis	25,000
Strengthening administrative, accounting and credit systems for production	30,000	1 improved PO system	30,000
Mapping of private sector actors interested in participating in the economic activities of the cooperative	15,000	1 mapping of actors	15,000

## Component 2

### **Scale up the beans and organic coffee production of women and men farmers to boost productivity and improve their livelihoods (USD 1,781,120)**

While the first component is setting the underpinning conditions within the PO for the attainment of the project objectives, this one focuses on scaling up productivity and production. The PO has already taken the first steps in organic coffee, currently working with 80 farmers. This project will expand this and bring new farmers towards this market. At the same time, it will boost the production of beans, a staple product in the Nicaraguan diet, recognizing that this will continue to be an important source of income, diversifying their economic opportunities and allowing them to better cope with the current crisis. As such, this component will support the productivity, livelihoods, and food security of smallholder farmers, especially women. In doing so, it will implement agroforestry measures with technical assistance for diagnostics and investment plans, seasonal agricultural inputs, minor equipment (e.g. coffee pulper machines), trainings, certification services, and the design or adaptation of more equitable services for women members and youth.

#### **Activity 1: Diagnosis of Productive Needs (with gender and youth analysis)**

**Diagnosis of Productive Needs (with gender and youth analysis):** at the start of the project, the PO will carry out a diagnosis to understand the gaps that need to be addressed to establish the required production capacity to generate a viable scale of output for economic returns in selected markets (organic coffee and beans). This diagnosis will review the need for agricultural inputs, basic equipment, capacity, effective and equitable services to design individualized investment plans. Special attention will be dedicated to women’s needs to ensure participation from female farmers in both the value chains of beans and organic coffee. Similarly, it will particularly focus on understanding the need of young members to retain and increase the participation of youth in productive activities, as they will be the ones to take over current generations.

Activity	unit cost	target	budget
Baseline / gender-sensitive diagnosis with coffee and bean producers for the development of differentiated investment plans, with special attention to youth’s needs – Consultants honoraria, survey design and validation, data systematization	4,500	3 consultants	16,300
Baseline / gender-sensitive diagnosis : Focal groups	250	6 focal groups	1,500
Baseline / gender-sensitive diagnosis: Individual Interviews	6	530 interviews	3,180
Baseline / gender-sensitive diagnosis: Presentation of the Results, Final Document and dissemination	600	20 events <sup>22</sup>	12,550
Baseline / gender-sensitive diagnosis: logistics costs (transport, gas, food, accommodation)	5,070	1 diagnosis <sup>23</sup>	5,070

## Activity 2: Individualized resilience and nutrition investment plans for smallholder farmers

**Implementation of individualized resilience and production investment plans for farmers:** These individualized investment plans will be designed according to the farmers’ needs, with a view to strengthen their production and promote resilience to climate change. Investments will cover the establishment of new coffee planting areas, as well as maintenance and rehabilitation of plots to produce organic coffee and beans, increasing the production to respond to the demand of already identified markets. The combination of such crops offers co-benefits enabling better incomes while advancing climate smart techniques. The production of organic coffee under an agroforestry model will require reforestation, the management of soil, water, and wastewater, as well as the refurbishment and provision of small equipment to promote regenerative agriculture and sustained fertility. Reforestation activities will prioritize fruit, citrus and Musaceae trees, which provide better shade to support simultaneous production of beans and coffee crops. This will also yield nutritious fresh foods currently lacking in local diets. All activities will be implemented in line with plans for environmental management, currently in development, and will be complemented by specific initiatives to help women overcome barriers to their participation.

<sup>22</sup> In addition to 20 events, this line covers the preparation of the final document (USD 300) and the preparation of the results (USD 250), please refer to Annex IV for further details

<sup>23</sup> Represents logistics costs for overall diagnosis, baseline. For breakdown, please refer to Annex IV

Members which do not currently have a filtering system for waste waters and which experience the highest level of pollution will be prioritized for Environmental Management Plan investments, including the construction of 40 filtering systems. Finally, a portion of funding for investment plans will be made available to gender-differentiated initiatives designed to help women overcome systemic barriers to economic equity.

Activity	unit cost	target	budget
Planned maintenance and production activities for existing coffee areas per <i>manzana</i> <sup>24</sup> (reforestation, coffee renovation, soil and water management, tools)	750	430 manzanas	322,500
Planned investment and production activities for establishment of new coffee areas per <i>manzana</i> (agricultural inputs, soil preparation, etc)	1,135	430 manzanas	488,050
Planned investment for support for bean production per <i>manzana</i> (agricultural inputs, etc)	232	2,200 manzanas	510,400
Implementation of Environmental Management Plans with the construction of filters for the management of coffee pulp and waste waters (e.g. inputs and labour costs) <b>Participants:</b> 40 producers most affected by contamination which have no filter systems	2,500	40 filter systems	100,000
Implementation of targeted gender-differentiated investment plans to increase women's participation in organic coffee and bean production <b>Participants:</b> 50 women producers benefitting from initiatives designed to help overcome barriers to participation in economic activity	2,000	50 initiatives	100,000

### Activity 3: Training support for producers

**Training for producers:** Differentiated training will be offered to cooperative members on best practices to grow and increase yields for beans and certified organic coffee, allowing them to meet the conditions required by these specialized markets. These are expected to focus on pest and disease management without pesticides, post-harvest management, organic crop management including wet stage processing, etc. This will include the transformation of pulp as an organic fertilizer, thus replacing potentially harmful chemical usage, generating environmental benefits. Young members will be encouraged to join training activities, particularly those linked to the sustainable management of natural resources, with the aim of increasing awareness and equipping them with concrete solutions and practices that can be replicated to protect the environment. Additionally, households will participate in nutrition education activities that will promote dietary diversity and healthy eating habits using production resulting from fruit trees used for reforestation. The impact of these targeted education activities will be reinforced by a tailored social behavioral change strategy, designed in collaboration with the community and implemented throughout the project.

Activity	unit cost	target	budget
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<sup>24</sup> 1 manzana = 0.7 hectare (7,000 square meters)

Training and technical assistance to coffee producers (certification criteria and wet stage processing) <b>Participants:</b> 600 producers; <sup>25</sup> 30 ppl/session (2 sessions/person/yr)	317	100 workshops	31,700
Workshops for training and technical assistance to bean producers (post-harvest management, pest/disease control) <b>Participants:</b> 3,000 producers; <sup>26</sup> 30 ppl/session (2 sessions/person)	317	100 workshops	31,700
Information and educational sessions on nutrition and diet diversification - recipes, etc. This will also include working sessions with technical staff of the PO to strengthen their capacities <b>Participants:</b> 3,600 PO members assisted for coffee/bean production (participant can be member's partner if more involved in household's food security decisions), 1 session/person	376 <sup>27</sup>	120 sessions	45,170
Social Behavioral Change Strategy (SBCC) for nutrition: Consultations at the cooperative and field level	10,000	1 consultation process	10,000
SBCC for nutrition: Design and definition of the strategy	15,000	1 SBCC strategy	15,000
SBCC for nutrition: Strategy implementation plan	15,000	1 plan	15,000
SBCC for nutrition: Support for behavior change activities	30,000	Dissemination throughout project	30,000

#### Activity 4: Certification of coffee plantations

**Certification of coffee plantations:** To expand the number of farmers selling organic coffee, the project will facilitate the certification of their plantations, contracting a specialized firm, which will award labels ranging from organic, fair trade, and rainforest alliance. The PO has experience working with these three certifications and has already conducted these processes for part of its membership.

Activity	unit cost	target	budget
Contracting specialized company for fair trade certification <sup>28</sup>	3,667	4 years	14,668
Contracting specialized company for organic certification <sup>30</sup>	2,750	4 years	11,000
Contracting specialized company for rainforest alliance certification <sup>30</sup>	4,324	4 years	17,296
Subtotal (rounded)			43,000

### Component 3

<sup>25</sup> Coverage to increase over time: 150 producers (year 1), 300 producers (year 2), 450 producers (year 3), 600 producers (year 4).

<sup>26</sup> 750 producers to be covered every year, rotating yearly to reach all 3,000 targeted producers

<sup>27</sup> Represents cost of community level workshop, with additional allocation for food demonstrations. See Annex IV

<sup>28</sup> Certification fees charged by specialized company, includes annual membership, inspection, report preparation. See Annex IV



## Empower smallholder farmers to tap into national and international markets with strong participation of women (USD 239,000)

To ensure access to higher value markets, this component will support linkages with improved market opportunities for smallholder farmers. This component's main cost elements will focus on trainings, workshops, exchanges, meetings, participation in fairs, administrative support, and technical assistance.

### Activity 1: Link with institutional markets

**Institutional markets (school feeding):** Recognizing the potential of institutional markets as a stable opportunity, this project will support the necessary measures to ensure this represent a viable option for PO members. The national school feeding programme reaches 1.2 million children with daily meals meaning it can serve as a large market opportunity should the PO become a regular supplier of staple grains. The PO has already developed experience selling their production to school feeding through WFP in recent years. With this project, the PO aims to scale the sales, possibly also accessing the largest national buyer, ENABAS. To do so, the project will work on strengthening quality controls of bean production. WFP's advocacy efforts with national entities, focusing on the positive externalities of linking local procurement from smallholder farmers to national programmes, will help strengthen their positioning.

Activity	unit cost	target	budget
Work sessions/activities to promote link with school feeding: advocacy/positioning with ENABAS, MINED, MEFCCA. <b>Participants:</b> 30 ppl/workshop	2,000 <sup>29</sup>	20 workshops	40,000

### Activity 2: Exploration of export markets

**Export markets:** the PO has achieved important progress unlocking international markets for their organic coffee production with eight stable buyers, located in Europe, the United States, and Canada, who have expressed interest in expanding their commercial relations with the PO. Yet, the PO currently does not hold an exporting license, which slows down processes and results in additional costs. The project will seek to provide administrative support for the PO to export their productions directly. Moreover, the PO will explore opportunities for the identification of other international buyers by participating at 7 fairs over the course of the project. Other opportunities include targeted markets for their bean production, including those already channeled through the foreign representation of neighboring countries. Indeed, such alliances can be negotiated based on stable demands driving historical trade flows between Nicaragua and El Salvador and Costa Rica among others. The project will seek to transform intermediaries, who currently approach individual producers at farm gate, into formal and beneficial markets. Exploration of such markets will be delivered in line with its new gender policy, to support women equitably, as well as youth (please refer to Annex IV for more details on budget breakdown).

Activity	unit cost	target	budget
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<sup>29</sup> Represents cost of Managua level workshop, includes transport and accommodation for traveling Cooperative members, event space rental, audio-visual support, printing, writing materials and catering. See Technical Sheet in Annex IV

Export license for cooperative (covers all of its members) – Personnel Capacity Strengthening (Specialized Consultant Honorarium for preparation of application + Sessions)	2,200 <sup>30</sup>	1 license	10,000
Export license for cooperative (covers all of its members) – Administrative & Logistics Costs	2,300 <sup>31</sup>	1 license	2,300
Specialized fair participation for identification of US buyers <b>Participants:</b> 2 PO members	6,205 <sup>32</sup>	4 fairs/events	24,820
Specialized fair participation for identification of EU buyers <b>Participants:</b> 2 PO members	9,540 <sup>31</sup>	2 fairs/events	19,080
Specialized fair participation for identification of regional buyers <b>Participants:</b> 2 PO members	6,080 <sup>31</sup>	1 fair/event	6,080

### Activity 3: Support for brand positioning in markets

**Brand positioning in local markets:** Finally, the project will strengthen the cooperative’s capacity in commercialization, marketing, branding, and the positioning of coffee and beans as differentiated certified products. To do so, it will cover investments in specialized inputs and expertise for the development and implementation of the PO’s marketing strategy. After strengthening the PO’s brand and visibility, the project will also leverage WFP’s relationship with private sector buyers and retailers, such as Walmart, promoting negotiation rounds in line with the cooperative’s increasing market power and its capacity to cover local demand. WFP has already successfully connected six farmer organizations to Walmart, which currently supplies beans for regional markets. It will thus support the PO “20 de Abril” in establishing this link as well. Particular attention will be paid to the inclusion of women farmers in securing market access, leveraging specific activities to increase their participation. These activities will also include participation of young PO members, thus strengthening their skills in on this front and ensuring that they can support the PO commercial and positioning efforts in the longer-term.

Activity	unit cost	target	budget
Commercialization, Marketing, Branding and positioning strategy for coffee and beans: PO’s staff needs	10,762 <sup>33</sup>	1 salaried professional	43,047
Commercialization, Marketing, Branding and positioning strategy for coffee and beans: inputs and expertise for the implementation of the strategy and development of specialized products	15,989 <sup>34</sup>	commercialization strategy	63,954
Work sessions and negotiation rounds with supermarkets and additional mapped private sector actors along the value chain <b>Participants:</b> 30 ppl/workshop	2,000 <sup>35</sup>	16 sessions	32,000

<sup>30</sup> Represents overall honoraria and capacity strengthening costs, please refer to Annex IV for further detail.

<sup>31</sup> Represents overall administrative and logistics costs to obtain export license. Please see Annex IV for further detail

<sup>32</sup> Represents overall cost of participation for PO members, including registration, travel, accommodation and sustenance. See Annex IV

<sup>33</sup> Represents yearly salary of one marketing and commercialization professional, inclusive of all mandatory fees. See Annex IV

<sup>34</sup> Represents yearly cost of inputs and external expertise for the implementation of the commercialization and marketing strategy. Development of specialized products features webpage and digital outreach materials including packaging, video and radio spots including diffusion costs, acquisition of brand licenses. For more details, see Technical Sheet in Annex IV

<sup>35</sup> Represents cost of Managua level workshop, includes transport and accommodation for traveling Cooperative members, event space rental, audio-visual support, printing, writing materials and catering. For more details, see Annex IV

## Project Impact

### On cooperative's functioning

This project is taking a comprehensive approach to strengthening the operation and functioning of the PO "20 de Abril". It will provide technical assistance and help review PO processes to ensure it is geared to meet the needs of its members as they adapt their production techniques and operational capacities. In doing so, this assistance will target the PO's capacity to obtain accreditation and award certification of organic production, while ensuring its output can offer digitized traceability assurances for the consumer. This project will also provide broader assistance on PO's governance, business administration and fiduciary management, as well as actions for gender inclusion and equitable services to members. These will be critical investments to ensure the PO is able to capitalize on the new market opportunities, increased revenue for members, and partnerships enabled by the shift in its production model, something which will also increase the resilience of its operations and its members. Furthermore, the project will also invest in the creation of a revolving fund to secure and improve the cooperative's aggregation capacity, and thereby contribute to enhancing the services it provides to members through a robust operation. Enhancing and safeguarding this capacity is a critical component in strengthening the PO's capacity to respond to current and future crises by sustaining its operations. To ensure the lasting impact of this project on the farmers and PO's resilience, these efforts are combined with investments to increase the productive capacity of its members through agricultural inputs and adapted agroforestry practices designed to increase their adaptation to the effects of climate change. As a result of the project, the farmer members of the PO will have enhanced productive, human, and social capital, as well as better incomes from access to differential markets to improve their resilience to future crises.

### On members' food security and nutrition

This project will contribute towards the food security of the targeted populations by enhancing the availability of, access to, and consumption of food, while incentivizing dietary diversity through greater nutritional awareness and agroforestry systems. This will not only have a direct impact on the farmers targeted but will also benefit their families. Specifically, the project will contribute to the following:

- **Food availability:** it will strengthen farmers' bean production, the main source of vegetable protein in the Nicaraguan diet. Beans also have high iron content, and are frequently consumed by farmers, as this represents a more economically accessible alternative to meat products. According to WFP's 2022 field monitoring exercise, smallholder farmers only consume animal protein two times per week, while beans are consumed daily. With the support of the GAFSP, "20 de Abril" will boost productive capacities, contributing towards greater availability of beans for consumption and commercialization. This will help mitigate the impacts of the global crisis, which has reduced their production, thus threatening their food reserves and compromising their food consumption, particularly during the lean season (April to August), the period between the main harvests.
- **Food access:** in Nicaragua, lack of access to food is the main driver of hunger and this is linked with low incomes, structural poverty, limited access to financial resources, and lack of nutrition education,

resulting in poor food choices.<sup>36</sup> The project will contribute towards smallholder farmers' food access by improving incomes through sales to formal markets, generating greater financial capacity to meet their needs. As a *cash crop*, the commercialization of coffee is known to have a higher value than staple crops. The Po "20 de Abril" will commercialize the coffee production of its members with two or three certifications (Fair Trade, Rainforest Alliance, and Organic). This will contribute towards higher returns, as the farmers will benefit from a premium. Furthermore, coffee will complement the production of beans. While there are two to three harvests of beans during one agricultural cycle (August, December, March), coffee is only harvested once during the same period (October - February). By combining these two crops, the farmers will have diversified sources of income, reducing the periods without harvest or food reserves. Importantly, this will also reduce dependency on a single crop and risks associated with crop failures and market fluctuations.

- **Dietary diversity:** finally, besides strengthening food access and availability, the project will contribute to greater dietary diversity, as smallholder farmers will practice agroforestry-based production, integrating the cultivation of coffee with a variety of tree species (fruits, citrus) to produce the right amount of shade for their coffee beans. In doing, this will bring a range of benefits for the environment, along with opportunities for the consumption of nutritious products, high in vitamins. WFP monitoring of ongoing projects with POs in recent years confirm its positive impact on diets, with the dietary diversity of smallholder farmers of participating POs increased by 20% from 2019 to 2021.<sup>37</sup> At the same time, the project will promote greater awareness of the importance of a balanced diet through nutrition sensitive activities and trainings for the entire PO membership, promoting social behavioral change.

Even though the project does not have a specific component on nutrition, it incorporates a series of nutrition-sensitive actions that will contribute towards this thematic area in the immediate and medium-term. In the short run, it will enable the consumption of beans, an important source of protein, with high content of micronutrients, including iron, potassium, and vitamins A, B, and C, which bring ample health benefits and contribute towards the nutritional needs of the targeted populations. Supporting the consumption of iron is important to tackle anaemia. Although Nicaragua has made important progress, this affected 10.5% of children under 5 in the last national report.<sup>38</sup>

At the same time, the project will encourage better nutritional practices and greater dietary diversity, tackling some of major nutritional challenge in Nicaragua. To achieve this, the project will build on the activities outlined in component 2 to incentivize the consumption of fruits to increase the intake of essential micronutrients with specific nutrition education sessions for beneficiary households. Nicaragua has one of the lowest rates of fruit consumption in the region, falling significantly below the recommended daily values. WFP will also support the PO to design a strategy that promotes social and behavioral change, seeking to lead to a shift in nutrition choices over the course of the four years of implementation. The strategy will use channels and messages that resonate with local populations to ensure their engagement. It will promote nutrition education, aligned to local production and cultural preferences of the regions, and will communicate the importance of healthy, balanced diets. The strategy will also emphasize the importance of personal hygiene as prerequisites for proper food utilization. To ensure the implementation of these actions, the project will strengthen the technical staff's capacities and nutrition knowledge, enabling them to share this with their membership.

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<sup>36</sup> General Directorate of Rural Development and Forestry. 2009. *Política de Seguridad y Soberanía Alimentaria y Nutricional desde el Sector Público Agropecuario y Rural*. Retrieved from <https://extranet.who.int/nutrition/gina/sites/default/files/NIC%20Pol%C3%ADtica%20SSAN%20Sector%20Agropec.pdf>.

<sup>37</sup> Data collected by WFP through its monitoring system in the framework of its projects with smallholder farmers.

<sup>38</sup> INIDE and Ministry of Health. 2014. Encuesta Nicaragüense de Demografía y Salud 2011–2012.

Retrieved from: [http://www.inide.gob.ni/endesa/Endesa11\\_12/HTML/endesa11/assets/common/downloads/InformePreliminar.pdf](http://www.inide.gob.ni/endesa/Endesa11_12/HTML/endesa11/assets/common/downloads/InformePreliminar.pdf).

Finally, by linking the bean production of the PO with the school feeding programme, the project will also contribute towards the nutrition of boys and girls across Nicaragua. While they are not direct beneficiaries, this is part of the project's spillover effects and represents an important contribution towards food security in the country. Contributing towards the supply of beans in schools will help ensure that children have nutritious daily meals, incentivizing their access to education and creating the conditions for them to learn.

## On women and girls' empowerment

Despite progress towards gender equality in Nicaragua, inequalities persist in the agricultural and rural sectors, where traditional gender roles are deeply engrained in the fabric of society. While women farmers perform agricultural work that support the household economy, they are not recognized as agricultural workers. Nicaragua is also the country with the highest rates of teenage pregnancy (25%) in the region.<sup>39</sup> Aware of this, the PO underwent a gender diagnosis in 2021, in partnership with the organization Equal Origins. This revealed that while there was good participation of women in management structures, there were still gaps in the implementation of an adequate gender policy, low membership of female farmers, and a need for more inclusive services tailored to the needs of women. Overall, the PO ranked lower than the average in rural Nicaragua. As a result, it made a commitment to promote women's empowerment, incorporating a strong gender lens in its 2023-2027 Strategic Plan. In particular, the plan aims to promote gender-sensitive governance and respond to women's needs across all structures, bodies, and activities.

In line with these goals, the project has a strong focus on promoting women's empowerment. This will be achieved through the implementation of a Women's Economic Empowerment Strategy, an initiative developed by WFP, with the support of Global Affairs Canada (GAC) and in consultation with 8 POs and 200 female farmers in 2016 and rolled out thereafter, currently under implementation in 30 organizations. This strategy provides targeted support to female farmers through a package of activities tailored to their needs, alongside other actions that aim to create more enabling environments. The strategy was recognized as a successful way of empowering women by the mid-term evaluation conducted by WFP of the BOOST project. Similarly, the gender studies conducted by WFP in 2022 found that the women with a higher level of empowerment had participated in the strategy.

The activities that the PO will carry out under the framework of this strategy include:

- **Creation of women's empowerment groups and networks:** the PO will establish women's empowerment groups, creating networks and social capital, allowing women to work better together to represent their interests and needs, as well as to influence in decision-making processes.
- **Training on various topics specifically for the women participating in the project.** While the specific topics will be defined in consultation with the women, they may include themes such as production, financial education, credit management, and business plans. The content will be designed with adapted and inclusive methodologies, since some of the participants have limited literacy levels. Additionally, through its technical team and gender promoters, the PO will implement specific activities on gender identity, healthy masculinities, and human rights from a gender perspective, working with both, women and men to promote awareness. This will include promoting awareness of women's sexual and reproductive rights, as well as gender-based violence, as these important topics

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<sup>39</sup> Plan International. N.d. Nicaragua: Un trabajo incansable para acabar con el embarazo adolescente y fomentar el empleo juvenil. Available at: <https://plan-international.es/nicaragua-acabar-embarazo-adolescente>

are at the root of the problem and affect women's empowerment, wellbeing, and development opportunities. The PO will explore partnerships with specialized organizations to address these issues.

- **Facilitate access to assets, equipment, inputs, and credit for female farmers.** A specific fund will be created for female farmers to provide these inputs in the form of credit at differentiated repayments terms and more beneficial rates, granting 50% of the value when the women repay on time. The co-investments by the participants will contribute to financial sustainability and prevent dependency, while significantly alleviating the economic pressure by offering more affordable and accessible conditions. This project allocates a specific budget line to support access to this credit by up to 50 targeted women, supporting them to meet their specific needs to overcome the barriers to a sustainable livelihood.
- **Strengthening the capacities of the PO to create an enabling environment.** The project will include a series of actions aimed at strengthening the understanding, knowledge, and technical capacities of the PO technicians on how to advance gender equality and introduce a gender-lens in their activities. By increasing their proficiency level, technical staff will be better prepared to deliver adequate services with a gender approach, ensuring that they are inclusive and allow for greater female integration.
- **Implementation of the gender policy.** The PO is currently in the process of adjusting and finalizing its gender policy, which will be launched in 2023. The project will contribute towards the integration of the gender policy, a critical precondition for ensuring that all the above gender-sensitive activities are institutionalized. Along with the launch of the gender policy, the PO will create a gender commission, integrated by both, women and men, who will be responsible for following up on its implementation and who will monitor the progress achieved. With GAFSP support, the PO will ensure the dissemination of the policy and its implementation strategy through meetings, workshops and trainings for everyone.

## On climate adaptation/mitigation

This project will support “20 de Abril” and its members in their transition towards a greener production model, one which places climate change adaptation and sustainable resource management at the heart of their operation. Indeed, the cooperative targets a specific market: organic coffee. To successfully access this higher value market opportunity, producers will need to adhere to practices in line with certification requirements. These ban the use of environmentally harmful techniques, ensuring they are instead replaced by agroforestry practices and nature-based adaptation solutions to favor crop yields. Among these measures are the transformation coffee pulp into organic fertilizers, and reforestation to ensure adequate shading to maximize coffee and bean production while supporting enhanced water management.

Furthermore, all activities designed to support the transition of the cooperative and smallholder farmers will be implemented in line with plans for environmental management. As such, with an intervention designed to help smallholder farmers shift away from environmentally harmful practices towards regenerative agriculture and climate change adaptation measures, this project has the potential to generate larger scale change by generating demand from more smallholder farmers to adopt this model. Such adaptation is fundamental in and around the Dry Corridor where the project will operate to address the persistent and worsening development challenges of this region acutely affected by climate change.

The practices promoted by the project will help restore degraded natural assets, revamp natural resources, and contribute towards the eco-system, while contributing towards biodiversity. This will generate synergies with other ongoing initiatives in the Dry Corridor, particularly a WFP-implemented project that promotes climate resilience and a potential project by the Adaptation Fund (currently under consideration by the Fund).

## Alignment with national plans

The activities are strongly aligned with Nicaragua's overall development strategy, which highlights the role of agriculture in promoting economic opportunities and poverty reduction. The National Plan for Poverty Reduction and Human Development (2022-2026) includes a specific pillar on agricultural production, called "More and Better Production: Developing the Agroindustry and Healthy Consumption". Under this pillar, the goal is to increase the national food production, particularly of smallholder farmers, focusing on a set of crops, including beans and coffee. It also promotes sustainable, inclusive, and resilient food value chains, with strong participation of smallholder farmers and calls for investments to increase international competitiveness, access to markets and agroexports. The activities will contribute towards these goals, as they will empower smallholder farmers, boost production, enhance access to markets.

These project activities will also contribute towards ten policy objectives that the country currently has on food security, agricultural production, rural development, and climate change. These include: i) Productivity Policy; ii) Research and Innovation Productive Policy; iii) Climate Change Policy; iv) Forestry Policy; v) Agroindustry Policy; vi) Policy for the Promotion of Security in the Countryside; vii) Food Security and Sovereignty Policy; viii) Commercial Policy; and ix) Finance and Investment Policy; and x) National Strategy for the Increase of Productivity of Bean Cultivation. The project will particularly support the implementation of the Food Security Policy, which aims to ensure the availability of sufficient, safe, nutritious food at fair prices for producers and consumers. Similarly, it will contribute towards resilient livelihoods and sound management of natural resources, as set in the climate change policy by promoting agroforestry systems, introducing organic production. Finally, the activities are in direct concomitance with the General Law of Cooperativism, which regulates the activity of producer organizations.

## Institutional Arrangements

### Implementation Arrangement (Producer Organization – WFP)

The implementation arrangements for this project will be guided by a field agreement, which WFP and the PO already have in place, as it was prepared, and signed at the start of an ongoing project, funded by the European Union. At the beginning of the current intervention, the agreement will be revised to ensure that it is adjusted to the project and will be extended to cover the entire duration of the GAFSP project. This agreement details the responsibilities, commitments, and overall rules regulating the partnership and will serve to provide the regulatory and legal framework underpinning the collaboration between the PO and WFP.

To guide the implementation and provide adequate supervision and support, a Project Management Unit will be established between PO management and relevant WFP staff, holding the responsibility for the

day-to-day management of the project, including monitoring, reporting and oversight as well as coordination with authorities as needed. Meetings will be organized on an as needed basis, with a minimum of once a month to address any issues arising throughout implementation.

WFP, in line with the terms and conditions established by GAFSP, will focus its role as the supervising entity, receiving and managing funds before these are transferred to “20 de Abril”, according to annual operational plans which will be negotiated and signed between both organizations (under WFP regulations). These plans will define the activities to be implemented and corresponding budgets, in line with the proposal and technical level meetings between the cooperative and WFP. Once approved, WFP authorizes and proceeds with partial disbursements to the PO against deliverables, thereby limiting risks of under-execution, aiming to ensure effectiveness in budget management and achievement of project results.

Implementation of this project with PO “20 de Abril” will be subject to WFP rules and procedures, including trustee responsibilities, procurement and its Environmental and Social Sustainability Framework. Thus, while the PO will carry out contracting and procurement processes, such procedures will be completed under WFP’s regulations. To ensure that these are adequately followed, WFP’s Country Office developed an operational manual for the PO, which provides clear guidance and advice on procedures such as procurement, contracting, accountability and reporting. In addition to the manual, The PO will receive regular training, following good practices and lessons learned from previous project that WFP and the PO have jointly implemented. WFP will also provide technical assistance and oversight over the cooperative’s processes throughout the duration of the project, ensuring they meet WFP standards for accountability. The cooperative will prepare financial reports and present these to WFP, together with technical progress reports, drafted based on the outputs or deliverables agreed upon between the parties and ensuring reporting every 6 months as per GAFSP standards. In this sphere, WFP will also provide regular assistance as needed to ensure appropriate oversight and capacity strengthening for the cooperative. This ongoing support will also help strengthen the project management capacities of the PO, contributing to their capacity building.

Upon mutual agreement, beyond its technical assistance in ensuring adequate reports to GAFSP, WFP will use its standing in food markets to support links to national programmes, and negotiations with other partners including the private sector. Finally, WFP also directly leverage its own experience in key areas of expertise to implement the following activities, ensuring knowledge transfer to the PO and its members:

- Component 1, Activity 4: Implementation, analysis, and improvement of financial sustainability strategy
- Component 2, Activity 3: Development and implementation of a tailored nutrition social behavioral change strategy
- Component 3, Activity 1: Work sessions, exchanges and activities to promote the link with school meals: advocacy and positioning with ENABAS, MINED, MEFCCA, and all relevant institutions

### Additional partnerships

To ensure the successful completion of targets, as well as the sustainability of the intervention and its results beyond the duration of the project, this initiative will leverage existing and new partners, both



those of WFP and the cooperative. These range from private businesses and financial institutions to other civil society organizations, as well as Government entities.

Under component 1, “20 de Abril” is already receiving assistance from “Equal Origins”, a civil society organization seeking to improve gender equality and women’s empowerment. The cooperative will also leverage the expertise of other partners, including in the sub-market of organic coffee, to support its continued scale up to a sustainable cooperative model. These include civil society organizations, such as CafeNica, but also Government institutions such as the Ministry of the Family Economy (MEFCCA for its acronym in Spanish), responsible for the cooperative sector, and other national institutions that support reforestation. Both Cafenica, and the federation of unions “Beneficios Secos” will also be important partners in the development of traceability functions for effective commercialization in targeted markets. As for the financial inclusion and the durable management of its revolving fund (mechanism required to guarantee the PO’s aggregation capacity and its service to members), “20 de Abril” will seek support from its financial service partner LaFise.

Where component 2 seeks to improve members’ production capacity, the cooperative will leverage support for agricultural inputs and expertise from Disagro and Formunica, private sector organizations, as well as financial services of partners Prodel, Proexport and LaFise for production (credit) and commercialization.

Component 3 will also leverage CafeNica’s considerable expertise in the commercialization of coffee at national and international levels, while WFP’s partnerships with ENABAS (the country’s institutional procurement arm for the national school feeding programme) and Walmart will help secure both public and private market opportunities for diversified sources of income for cooperative members. Similarly, taking advantage of existing trade flows, WFP is exploring collaborations with Embassies and Commerce Chambers of neighbouring countries, to facilitate the integration of “20 de Abril” within markets.

### Design and consultation process

This project was developed by the PO “20 de Abril” and its members. The first consultations and working sessions were conducted in February. These were coordinated with the core members of the Board of Directors to understand their needs and priorities, as well as the impact of the global crisis on their operations. The sessions were organized virtually and included participation of WFP’s technical team specialized on smallholder farmer support, partnerships, and field offices. WFP introduced GAFSP’s objectives and the 7th call for proposals. The PO was fully briefed on the upcoming steps and requirements under phases 1 and 2. All guidelines were shared in Spanish to inform the discussion. This was followed by a brainstorming session on the existing initiatives that could be scaled-up with high impact for the membership. Follow up calls were set up to jointly work on the expression of interest, period during which the PO also had its separate consultations with its members. The PO shared the ideas and discussed with the Board and Delegates during an extraordinary meeting, held in April. The project proposal was well received by the members, as it builds on previous projects and responds to the needs of the territories.

By mid-April, a working session between the PO and WFP was held in Quilalí, at the PO’s central office, to co-create the full project document. The objectives, activities, budget, implementation arrangements, sustainability, and gender considerations were discussed at length. This was guided by the following initial questions that triggered the discussion: i) has the PO suffered the impacts of the global crisis? If so, how has this affected the PO and its members?; ii) what are recent experiences/activities/projects that could be brought to scale that could help address these challenges and could contribute towards the food

security of its membership?; iii) what are the structural problems that the PO is facing, if any?; iv) how do you think these could be solved?; v) what are the areas where the PO would require support to strengthen its own capacities? The session was facilitated by a WFP staff but led by the PO. Whiteboards and flipcharts were used to gather the input. The PO also presented its own documents, including its strategic plan, its gender diagnosis, its workbooks with calculations and costs, as well as its historical records with data on production and productivity. This allowed for adjustments to the ideas originally proposed and the final design.

The PO took this initial layout back to its members. Consultative sessions were carried out with the Delegates in the different territories where the PO works, reaching 200 people, including Delegates, female and male farmers, and other PO employees. During these sessions, those consulted were invited to provide comments. The proposal was also presented for feedback at an extraordinary session of the Assembly, at the beginning of May. The participants expressed agreement with the content, which they deemed relevant for the current context, and aligned with their priorities. WFP reviewed the proposal, providing suggestions for improvements and submission to GAFSP.

For the project document stage, WFP shared GAFSP instructions for modifications to the PO and collaborated on making the necessary adjustments with respect to additional details on implementation arrangements between the PO and WFP, further budget development including the justification of unit costs, revision of the results framework with inclusion of outcome indicators, clarifications to beneficiary selection for each sub-activity, reduction of the number of workshops allowing for simplified execution and a redistribution of budgets, and provision of further details on the development of procedures for the revolving fund.

## Risk Management

The PO has identified four main risks, alongside with possible mitigation actions. These include:

1. **Adverse weather conditions** (drought, hurricanes, etc.). Rainfall deficit could pose a problem for the crops, especially regarding pest infection due to poor plant development. To mitigate this risk, the PO will work with its members and specialists on mitigation measures for both crops, such as the use of intercropping trees, management of the recommended percentage of shade, use of adapted seeds, and water management solutions. The PO is also currently piloting a micro-insurance scheme, which could help transfer risk, as pay-outs would reimburse farmers, allowing them to finance new production.
2. **Little openness on the part of partners to link institutional purchases with the PO.** To minimize this risk, WFP will continue to work with the Ministry of Education and other institutions to advocate for the advantages of linking producers to school feeding, having already achieved good progress and identified political will to advance this in the future. WFP also has extensive experience in local and regional procurement (Local and Regional Food Procurement Policy), which can help inform processes to make them more accessible to POs and maximize development gains.
3. **A new COVID-19 outbreak and/or other unexpected events affect mobility.** The PO has identified alternative operational mechanisms, which were tested during the previous crises. WFP and the PO will jointly work on a business continuity plan to facilitate the continuation of the project activities, adapting the implementation strategy in a manner that does not compromise the safety and integrity of the people, in line with WFP's protection policy and the principle of do no harm.
4. **Migration of smallholder farmers.** WFP will work with "20 de Abril" to identify suitable candidates for integration into the project, establishing selection criteria to select producers who will remain in the area and, if possible, share their experiences with other local producers.

## Annex I – Results Framework

Indicators <sup>[1]</sup>	Unit of measurement	Baseline <sup>[2]</sup>	Original end-of-project target	Data sources (Data collection instruments)
<b>Project level: Contribute to improving the resilience and food security of targeted producers of the “20 de Abril” Cooperative in Nicaragua</b>				
Food consumption score	Households	98% Acceptable <sup>40</sup> 2% Borderline 0% Poor	Reduced prevalence of households with poor food consumption compared to the pre-assistance baseline value	Producer-level survey
Livelihood coping strategies for food security	Households	3.46 Overall <sup>41</sup> 2.82 Men 4.30 Women	Reduced proportion of households applying crisis and emergency strategies compared to pre-assistance baseline value	
<b>Project level: Improve producers' capacities to address the food crisis through strengthened coffee and bean production systems and improved access to markets.</b>				
Consumption-based coping strategies index	Average Index	3.46 Overall <sup>42</sup> 2.82 Men 4.30 Women	Reduced average rCSI compared to pre-assistance baseline value	Producer-level survey

<sup>[1]</sup> GAFSP M&E Plan (2022) requires results framework indicators to include cross-cutting indicators (i.e., climate resilience, gender, and nutrition) applicable to the project.

<sup>[2]</sup> If this is unknown, write TBD (to be determined).

<sup>40</sup> Available data is drawn from a larger sample size of producers drawn from additional cooperatives and in other areas of the country with whom WFP has already been working in the past. The actual baseline to be measured with PO “20 de Abril” at the beginning of the project is expected to show lower food security scores – these will be replaced when baseline is collected.

<sup>41</sup> Ibid

<sup>42</sup> Ibid

Indicators <sup>[1]</sup>	Unit of measurement	Baseline <sup>[2]</sup>	Original end-of-project target	Data sources (Data collection instruments)
(GAFSP #1) Number of people receiving direct benefits (person) Disaggregation: Of which, number of females	Number of people	0 (0 female)	7,200 <sup>43</sup> (40% female)	Record of people assisted
<b>Component 1<sup>[3]</sup>: Promote gender-sensitive governance, commercialization, and export capacities of the “20 de Abril” Cooperative</b>				
<b>Outcome Indicator 2.1 – Improved institutions: Institutional capacity of supported organizations measured by capacity index (to be defined by project)</b>	Number of POs with Improved Index	0 <sup>44</sup>	1 PO with Improved index compared to pre-assistance baseline value	Producer-organization level survey
(GAFSP #10) Persons receiving capacity development support (person)	Persons, disaggregated by gender	0 (0 female)	3,027 (40% female)	Record of trained persons
Number of traceability systems developed	Unit	0	1	Cooperative “20 de Abril” records
Number of financial sustainability strategies developed	Unit	0	1	Cooperative “20 de Abril” records
<b>Outcome: Agricultural Production sold on domestic markets</b>	%	77.78% (beans)	Increased % value over baseline	Change in % of production supported farmers sell to formal local markets via cooperative
Members’ production procured by the cooperative	%	22.22% (beans) 30.91% (coffee)	Increased % value over baseline	Change in % of production supported farmers sell to cooperative
(GAFSP # 8) Farmers that are supported in accessing improved marketing opportunities	Persons, disaggregated by gender	0 (0 female)	600 coffee producers 1,200 bean producers (40% female)	Record of delivery of funds (payroll)

<sup>43</sup> Depending on overlap between producer support workshops and nutrition education sessions.

<sup>[3]</sup> Please identify indicators that can represent the causal links in the results chain that bridge the gap between the status and the objectives (desired high-level indicator). Ideally, under each component, there is at least one outcome indicator and correspondent output indicator(s).

<sup>44</sup> Index has not yet been applied and will be inserted with collection of baseline data.

Indicators <sup>[1]</sup>	Unit of measurement	Baseline <sup>[2]</sup>	Original end-of-project target	Data sources (Data collection instruments)
<b>Component 2: Scale up the beans and organic coffee production of female and male farmers to boost productivity and improve their livelihoods</b>				
<b>Outcome: Agricultural productivity, calculated as a measure of crop production weight (in kg or tons) per area of land under cultivation (in hectares).</b>	<b>Weight (kg or tons)/area (ha)</b>	<b>1,170kg/ha (beans) 1,461kg/ha (coffee)</b>	Improved average compared to pre-assistance baseline value	Producer-level survey
Number of diagnostics of production requirements carried out	Unit	0	530 <sup>45</sup>	Cooperative "20 de Abril" records
(GAFSP #3) Number of smallholders producers/processors receiving productivity enhancement support (farmer)	Persons, disaggregated by gender	0 (0 female)	600 coffee producers <sup>46</sup> 2,200 bean producers <sup>39</sup> (40% female)	Cooperative "20 de Abril" records
<b>Outcome: Improve producers' capacities to address the food crisis through strengthened coffee, bean production and enhanced nutrition education</b>	Average Index	3.46 Overall <sup>47</sup> 2.82 Men 4.30 Women	Reduced average rCSI compared to pre-assistance baseline value	Producer-level survey
(GAFSP #12) Persons who have received improved nutrition services and products, gender disaggregated	Persons, disaggregated by gender	0 (0 female)	3,600 (40% female)	Cooperative "20 de Abril" records
Number of waste water filter systems installed	Unit	0	40	Cooperative "20 de Abril" records
Number of certified organic coffee farms	Unit	0	600	Cooperative "20 de Abril" records

<sup>45</sup> Represents 9% of PO membership for a representative sample

<sup>46</sup> Assuming PO investments focus on 1 manzana per participating producer

<sup>47</sup> Available data is drawn from a larger sample size of producers drawn from additional cooperatives and in other areas of the country with whom WFP has already been working in the past. The actual baseline to be measured with PO "20 de Abril" at the beginning of the project is expected to show lower food security scores – these will be replaced when baseline is collected.

Indicators <sup>[1]</sup>	Unit of measurement	Baseline <sup>[2]</sup>	Original end-of-project target	Data sources (Data collection instruments)
(GAFSP Cross Cutting #13) Farmers receiving inputs or service on climate resilient or sustainable agriculture practices  - Of which, female farmers  - Of which, number of farmers adopting technologies or practices received	Persons, disaggregated by gender	0  (0 female)	600 coffee producers  2,200 bean producers  (40% female)	Record of assisted persons
(GAFSP Cross Cutting #14) Agricultural/land area where climate resilient or sustainable agriculture are implemented	Area	0	3,060 manzanas	Cooperative “20 de Abril” records
(GAFSP Cross Cutting #15) Agribusiness companies/enterprises/POs adopting climate resilient or sustainable agriculture interventions in their operations	Number of PO	0	1	Cooperative “20 de Abril” records
<b>Outcome – GAFSP Tier 2.1 Outcome indicator: Improved rural livelihoods and entrepreneurship.</b>	#8. Direct employment provided (full-time equivalent)  Disaggregation: which jobs are provided to women	0	13  (40% women)	Cooperative “20 de Abril” records
<b>Component 3: Empower smallholder farmers to tap into national and international markets with strong participation of women</b>				
<b>Outcome: Percentage of agricultural production sold on domestic and regional markets (%)</b>	<b>Percentage</b>	77.78%  (beans)	<b>10% of increase over baseline</b>	Cooperative “20 de Abril” records  Change in % of production supported farmers sell to formal local markets via cooperative

Indicators <sup>[1]</sup>	Unit of measurement	Baseline <sup>[2]</sup>	Original end-of-project target	Data sources (Data collection instruments)
Members' production procured by the cooperative sold on international markets	%	20.68% (coffee)	Increased % value over baseline	Change in % of production supported farmers sell to formal international markets via cooperative
Number of metric tons of food sold to formal markets	MT	0	Improved compared to pre-assistance baseline value	Cooperative "20 de Abril" records
Number of export licenses issued	Unit	0	1	Cooperative "20 de Abril" records
Number of negotiation rounds established	Unit	0	36	Cooperative "20 de Abril" records





## Annex II – Information on projects with activities to be scaled up

<b>Table A. If the activity to be scaled up is part of an existing or recently closed project, please provide the following information:</b>	
2.9.1 Associated Project name	<i>Boosting Rural and Urban Economy in Times of Crisis and Beyond” (BOOST) (2018-2023)</i>
2.9.2 Country(-ies) of implementation	Nicaragua
2.9.3 Grant size (US\$)	EUR 15 million
2.9.4 Financing entity(-ies) (e.g., SE, Government, bilateral aid organization, CSOs, international organization)	European Union
2.9.5 Project status	<input checked="" type="checkbox"/> Under Implementation <input type="checkbox"/> Closed - Specify closing date:
2.9.6 Project objective	<p>The overarching objective of this project is to mitigate the impacts of the 2018 crisis on food production and consumption in targeted areas of the country. To do so, it seeks to promote sustainable and resilient agri-food systems, with three main expected results:</p> <ul style="list-style-type: none"> <li>i) Prioritized value chains are strengthened, mainly grain production, with focus on the economic empowerment of women in targeted rural areas.</li> <li>ii) Market access is increased for the smallholder farmers related to the School Meals programme.</li> <li>iii) Economic and climate resilience of rural families is enhanced in targeted areas.</li> </ul>
2.9.7 Project document checklist to be submitted	<input checked="" type="checkbox"/> Project Design/Appraisal Document <input checked="" type="checkbox"/> Most recent implementation status/progress or closing report

## Annex III – Projects Budget Tables with Co-Financing

Component	Activity	Amount (US\$)	Other Funding
Component 1: <b>Promote gender-sensitive governance, commercialization, and export capacities of the “20 de Abril” Cooperative</b>	Activity 1: <b>Strengthening the cooperative structure, model &amp; gender inclusion</b>	66,060	31,700 (PO to use other sources to cover gender trainings for rest of membership)
	Activity 2: <b>Support to expand aggregation capacity</b>	389,000	232,500 (PO to use other sources to aggregate/procure from remaining 1,800 bean producers)
	Activity 3: <b>Assistance to enable product certifications and digital traceability</b>	230,530	PO to cover transport and complementary costs for extensionists (amount undefined)
	Activity 4: <b>Development of financial and Partnership strategy</b>	100,000	
Component 2: <b>Scale up the beans and organic coffee production of female and male farmers to boost productivity and improve their livelihoods</b>	Activity 1: <b>Diagnosis of Productive Needs (with gender and youth analysis)</b>	38,600	
	Activity 2: <b>Individualized resilience and nutrition investment plans for smallholder farmers</b>	1,515,275	
	Activity 3: <b>Training support for producers</b>	178,571	
	Activity 4: <b>Certification of coffee plantations</b>	42,964	
Component 3: <b>Empower smallholder farmers to tap into national and international markets with strong participation of women</b>	Activity 1: <b>Link with institutional markets</b>	40,000	
	Activity 2: <b>Exploration of export markets</b>	60,000	
	Activity 3: <b>Support for brand positioning in markets</b>	139,000	
<b>TOTAL COST FOR ALL COMPONENTS</b>		<b>2,800,000</b>	

## Annex IV – Technical Sheets & Further Details on Cost Components

### Technical Sheet – Detailed Costs of Workshops/Sessions by Location

Activity	Description	Quantity	Unitary Cost	Total U\$
Training in rural communities	Snack	32	2	64
	Lunch	32	5.5	176
	Brochures	30	0.55	16.5
	Flip Charts	30	0.16	4.8
	Markers	6	0.82	4.92
	Tape	1	0.96	0.96
	Colored cardstock	3	0.82	2.46
	Transport	30	1.4	42
	Contingency fund	1	5.36	5.36
<b>Total</b>				<b>\$317.00</b>
Activity	Description	Quantity	Unitary Cost	Total U\$
Trainings in urban areas	Snack	32	2	64
	Lunch	32	6	192
	Snack (afternoon)	32	6	192
	Brochures	30	0.55	16.5
	Flip Charts	30	0.16	4.8
	Markers	6	0.82	4.92
	Tape	1	0.96	0.96
	Colored cardstock	3	0.82	2.46
	Transport	30	4.1	123
	Venue	1	41	41
	Chairs and table (rent)	30	1.77	53.1
	Audio visual equipment (rent)	1	50	50
	Contingency fund	1	5.26	5.26
	<b>Total</b>			
Activity	Description	Quantity	Unitary Cost	Total U\$
Working sessions in Managua	Snack	30	3.85	115.5
	Lunch	30	17.6	528
	Dinner	4	17.6	70.4
	Snack (afternoon)	30	3.85	115.5
	Coffee and water	30	2.75	82.5
	Brochures	30	0.55	16.5
	Flip Charts	32	0.16	5.12
	Markers	10	0.82	8.2
	Tape	1	0.96	0.96
	Colored cardstock	5	0.82	4.1
	Transport	1	280	280
	Venue	1	200	200
	Audio visual equipment (rent)	1	110	110
	Contingency fund	1	100	100
	Lodging	4	90.78	363.12
<b>Total</b>				<b>\$2,000</b>

## Coffee Traceability Software

Cooperativa 20 de Abril

Developer: Cafenica R.L.

### 1. Diagnostic

It refers to the initial assessment of technological and infrastructural aspects that are critical to the success of the application. The purpose of this diagnostic is to ensure that the existing infrastructure is compatible with the application to be developed and to determine if previous or parallel upgrades or upgrades are required.

- a. **ICT Infrastructure (Information and Communication Technologies):** This part involves evaluating the existing technological infrastructure in the locations **where** the application will be deployed. You can perform an analysis of the following elements:
  - **Hardware:** What kind of devices and servers are available? Where will the app be hosted?
  - **Software:** What operating systems and applications are used?
  - **Networking:** How is the local network configured? Is the current configuration sufficient to support proper application performance?
  - **Security:** What security measures are in place? What controls will need to be implemented?
- b. **Internet Access:** Assessing the quality and availability of the internet connection in the locations where the app will be used is essential. This includes:
  - **Connection speed:** What is the upload and download speed of the connection?
  - **Stability:** Is the internet connection constant or does it suffer frequent interruptions?
  - **Service Provider:** Who is the Internet Service Provider?

A solid diagnosis will help determine if the existing internet connection is sufficient for the app to work and if solutions need to be sought to improve it.

- c. **Equipment:** This section refers to the assessment of the infrastructure and equipment required for data logging. The aim is to identify what technologies and equipment are currently in use or if new equipment needs to be acquired.
- d. **Connections and linkages with other software:** In this part of the diagnostics, it's important to identify who and what the application will connect to. This could include:
  - Integrations with accounting and credit systems.
  - Level of accuracy of calculations
  - Synchronization Frequency
  - Error correction procedures, for example: something was recorded with an error in traceability and it was already recorded in accounting, how will the correction be made?

## 2. Associate Module

It is proposed to include the following sections for the associate module:

**General Associate Data:** This section refers to the collection of basic information about the associate, which may be a coffee farmer or a related entity. It should include fields such as:

- Associate's name.
- ID number.
- Address and geographic location.
- Contact information (phone, email).
- Family composition data.

The purpose of this section is to have a complete profile of the associate to keep an organized record.

**b. Farm Data and Certifications:** Details related to the associate's coffee farm and any certifications they may have are collected here. This may include:

- Size of the farm, Geographical location of the farm.
- Types of certifications (e.g., Rainforest Alliance, Fair Trade, organic, etc.).
- Certification numbers and expiration dates, certifiers' cards

The purpose is to record the information necessary to ensure that coffee production complies with the regulations and standards required for certifications and to trace the origin of the beans.

### **Georeferencing Data with Farm Polygons:**

In this section, the georeferencing of the associate's farm is carried out using polygons with geographical coordinates. This makes it possible to map and clearly delimit the location of the farm on a geographical map.

This is essential for European Union regulations, as it allows you to accurately identify where the coffee beans come from and how they are distributed on the farm, as well as whether they are in reserve areas or in areas of deforestation.

**c. Technical Support:** This section is responsible for recording the support interactions provided to the partner. It may include:

- Record of technician visits.
- Details of the trainings given.
- Harvest estimates.
- Pest and disease records.
- Recommendations and actions taken.

Of course, I can explain each of the modules and sections proposed for the Collection module and the Industrial Plant module in the context of your coffee traceability application:

## 3. Collection Module:

- **Management of Collection Centers:** In this section, the different collection centers where the coffee of the associates is collected are registered and managed.

- **Coffee Reception:** This is where information about the receipt of coffee at the collection centers (collection receipt) is recorded.
- **Inventory Management:** This section is responsible for keeping track of the coffee inventory in the collection centers. Information about current stock can be included.
- **Coffee Shipments:** Here coffee shipments from the collection centers to other locations, such as the industrial plant or third parties that carry out the export process, are recorded.

#### 4. Industrial Plant Module:

**Coffee Reception:** This section records the receipt of coffee in the industrial plant, which comes from collection centers or other sources. Details similar to those of the Collection module can be recorded, such as the date of receipt, the amount of coffee received, and the source.

- Pesa (Referral) Receipts:** This involves recording the pesa receipts associated with coffee shipments received at the industrial plant. Details about the exact weight of the coffee received can be included.
- Management of Locations within the Industrial Plant (Yards, Warehouses):** This section keeps track of the locations within the industrial plant where the coffee is stored. This can include drying yards, storage warehouses, etc.
- Coffee Transfers:** Internal coffee transfers within the industrial plant are recorded here. This could include moving coffee between different locations or yards for processes such as drying, storage, and threshing.
- Threshing Order:** This section involves the management of coffee threshing orders. Order details such as the amount of coffee to be threshed, the expected threshing date, and any specific processing requirements are recorded.
- Threshing Result:** After threshing, the result of this process is recorded. This includes details about the quality of the threshed coffee, weight, and yield.
- Gold Coffee Dispatch:** This section records the gold coffee dispatch process, i.e., coffee processed and ready for sale. Details about the destination, quantity, dispatch date, and associated documents can be included.

<b>Investment</b>	
<i>Activity or Module</i>	<i>(expressed in U.S. dollars)</i>
<i>Diagnosis</i>	5,000.00
<i>Associate</i>	20,000.00
<i>Stockpiling and Industrial Plant</i>	15,000.00
<b>Total</b>	<b>40,000.00</b>

Matagalpa, Sept. 13. Aug 2023

## Technical Sheet – Baseline and Diagnosis of Productive needs

Activity	Description	Unit	Quantity	Unitary Cost	Total	
Baseline	Consultant Fees	consultant	3.00	4,500.00	13,500.00	
	Survey Design	surveys	1.00	500.00	500.00	
	Survey Validation	event	1.00	500.00	500.00	
	Focal groups	focal group	6.00	250.00	1,500.00	
	Survey implementation	surveys	530.00	6.00	3,180.00	
	Data processing	consultant	3.00	600.00	1,800.00	
	Presentation of Results	event	1.00	250.00	250.00	
	Delivery of Final Baseline Document	document	1.00	300.00	300.00	
	Logistics costs	transport		12.00	150.00	1,800.00
		food costs		90.00	8.00	720.00
		lodging		12.00	40.00	480.00
		fuel		258.75	8.00	2,070.00
	Socialization of baseline results with project beneficiaries	Events	20.00	600.00	12,000.00	
<b>Sub Total</b>					<b>38,600.00</b>	

## Technical Sheet – Establishment of 1 new Manzana for Coffee Production

Activity	REQUIREMENTS FOR THE ESTABLISHMENT OF A COFFEE MZ			
	Quantity	U/M	Unitary Cost (USD)	Total Cost
<b>1. Establecimiento de semillero</b>				
1.1. 6x8 Poly Bags (7 Packs)	7.00	Bolsa	2.2	15.4
1.2. Seeds	4.00	Lbs	4	16
1.3. Seed bank establishment	6.00	D/H	5.55	
1.4. Seed establishment	1.00	D/H	5.55	
1.5. Maintenance of the seedbed	25.00	D/H	5.55	
<b>Sub total</b>				<b>31.40</b>
<b>2 Establishment of nurseries</b>				
2.1 Substrate Preparation	3.00	D/H	5.55	16.65
2.2 Bag filling	6.00	D/H	5.55	33.30
2.3 Stern transplant	4.00	D/H	5.55	
2.4 Protec & Maintain. Nursery	15.00	D/H	5.55	83.25
Subtotal				<b>133.20</b>
<b>3. Nurseries inputs</b>				
3.1 Fungicides	2.00	Lts	4	8.32
3.2. Insecticides	2.00	Lts	4	8.00
3.4 Cal	1.00	Kgs	3	70.00
3.5 Biofertilizer	1.00	qq	4	4.16
3.6. Organic Fertilization	3.00	Kgs	4	12.00
<b>Subtotal</b>				<b>102.48</b>
<b>4. Land preparation</b>				
4.1 Land Preparation	4.00	D/H	5.55	
4.2. Removal of old plants, cleansing and shade selection	7.00	D/H	5.55	
4.3. Layout and contour lines	4.00	D/H	5.5	22
4.4. Ahoyado	10.00	D/H	5.55	55.5
<b>Subtotal</b>				<b>77.50</b>
<b>5. Planting</b>				
5.1. Sowing	6.00	D/H	5.55	33.30
5.2. Weed Control	5.00	D/H	5.55	
<b>Subtotal</b>				<b>33.30</b>
<b>6. Pest and Disease Control</b>				
6.1. Fungicides	1.00	Lts	4.16	4.16
6.2. Insecticides	1.00	Lts	4.16	4.16
6.3. Labor	3.00	D/H	5.55	
<b>Subtotal</b>				<b>8.32</b>
<b>7. Chemical Fertilization</b>				
7.1. Bocachi	35.00	qq	8.33	291.55
7.2. Lombri humus	35.00	qq	9.72	340.20
7.3. Labor	15.00	D/H	5.55	83.25
<b>Subtotal</b>				<b>715.00</b>
<b>6. Shade regulation</b>				
6.1. Pruning Shade Plants	6	D/H	5.55	33.30
<b>Total</b>				<b>1,134.50</b>



## Technical Sheet – Maintenance of 1 existing Manzana for Coffee Production

Activity	REQUIREMENTS FOR THE MAINTENANCE OF A COFFEE MZ			
	Quantity	U/M	UNIT COST IN US	TOTAL COST
<b>4.Preparation of the coffee plantation</b>				
4.1.Land preparation	6.00	D/H	5.55	
4.2. Cleansing and shade selection	4.00	D/H	5.55	22.2
<b>Subtotal</b>				<b>22.20</b>
<b>6. Pest and Disease Control</b>				
6.1..Fungicides	12.00	Lts	4.16	49.92
6.2. Insecticides	2.00	Lts	12	24.00
6.3.Labor	3.00	D/H	5.55	
<b>Subtotal</b>				<b>73.92</b>
<b>7.Organic Fertilization</b>				
7.1. Bocashi	72.00	qq	8.33	599.76
7.2. Lombri humus	40.00	qq	9.72	
7.3. orin de lombriz	12.00	Lts	2.77	
7.3. Labor	6.00	D/H	5.55	33.30
<b>Subtotal</b>				<b>633.06</b>
<b>6. Shade regulation</b>				
6.1. Pruning Shade Plants	6	D/H	5.55	11.55
6.2 . Musaceae Leaf	3	D/H	5.55	8.55
<b>Subtotal</b>				<b>20.1</b>
<b>Total Cost</b>				<b>749.28</b>

## Technical Sheet – Maintenance of 1 existing Manzana for Bean Production

Description	Product	Quantity	U/M	Unitary Cost	Total input	Total Labor	Total Service	Total
<b>Pre-Planting</b>								
Preparation	Labor	5	D/H	7	-	34		
Herbicide Application	Glyphosate Root Out	2	Lt	7	15	-		15
	Herbicide 2-4D	1	Lt	5	5			5
	Labor	2	D/H	7		14		
					<b>19</b>	<b>48</b>		<b>19</b>
<b>Planting</b>								
Buy seeds	Inta bio apante	80	pounds	0.9063	73	-		73
Seed treatment	Sokon	1	bottle	6.6500	7			7
Planting	Labor	8	D/H	6.8700	-	55		
Fertilizers	Soil Fertilizer 12-30-10	2	Quintal	39.9400	80	-		80
Fertilizers	Labor	2	D/H	6.8700	-	14		
					<b>159</b>	<b>69</b>		<b>159</b>
<b>Agronomic management</b>								
Fungicide	Rumba 100 cc	1	100 cc	9.1700	9	-		9
Fungicide	Labor	2	D/H	6.8700	-	14		
Foliar Fertilizer	Mo-enzyme	1	100 cc	5.3100	5			5
Foliar Fertilizer	Labor	2	D/H	6.8700		14		
Insecticide		1	bottle	8.7900	9	-		9
Insecticide	Labor	2	D/H	6.8700	-	14		
Herbicide Application		2	Lt	5.7500	12	-		12
Herbicide Application	Labor	2	D/H	6.8700	-	14		
Herbicide	Dupla	1	250 cc	6.5700	7	-		7
Herbicide Application	Labor	1	D/H	6.8700	-	7		
Fertilizers	NR- bean	1	Lt	8.5100	9	-		9
	Fattener 11-06-44	1	kg	3.5000	4			4
Foliar Application	Labor	2	D/H	6.8700	-	14		
					<b>53</b>	<b>76</b>		<b>53</b>
<b>Harvesting</b>								
Harvesting	Labor	12	D/H	6.8700	-	82		
					-	<b>82</b>		-
credit U\$ 232,0040 - 90 days	Interests	90	Days	13.9200	-	-	14	
					-	-	<b>14</b>	-
					<b>232</b>	<b>275</b>	<b>14</b>	<b>232</b>

## Technical Sheet – Certification Costs



**CERTIFICARA MAYACERT, S. A.**

**OF ORGANIC PRODUCTS**

**ACCREDITED TO ISO/IEC 17065**

**RUC J0310000011184**

Place and Date: Estelí, Nicaragua October 30 Aug 2022

Gentlemen: Cooperativa de servicios Multiples 20 de abril

Sincerely: Dorlang Ramon Martinez

Dear Sirs,

I am hereby sending the offer of inspection and certification services for the programs

detailed below: Organic NOP;  Organic CEE;  JAS Organic;  Registration of Inputs;  Utz Certified Good  
 Inside;  4C;  Bird Friendly;  With Woman's Hands;  SPP;  C.A.F.E. Practices, String ID:----- ;  Other:

From the project: ***Inspection of the Rainforest Alliance certification process for the coffee products group of the 20 de Abril cooperative. & Organic Certification Process***

***The costs of transportation, food and lodging are borne by the contracting company.***

CONCEPT	QUANTITY (days)	VALUE (US\$)
1. Annual Fee	---	150.00
2. Inspection Costs	7	1400.00
3. Preparation of the report	2	400.00
4. Review of reports	2	400.00
5. RA Certificate	---	500.00
6. NOP Certificate	----	350.0
7. EU Certificate	----	450.00
6. Administrative expenses	---	110.00
7. Subtotal	---	3,760.00
8. VAT		564.00
<b>TOTAL</b>	---	<b>4,324.00</b>
The total value of this quote is US\$	<b>4,324.00</b>	<b>(Four thousand three hundred and twenty-four) dollars with 00/100</b>

**Organic Crop Improvement Association International, Inc.**

1340 North Cotner Blvd  
Lincoln, NE 68505

Phone # (402) 477-2323  
Fax # (402) 477-4325  
www.ocia.org

Tax ID 52-1674086



Bill To	Account #	100263
	Affiliation	DA

**PAID**  
**08/24/2020**

NI-Coop de Servicios Multiples-100263  
20 de Abril, R.L.  
Del Parque Central 1 Cuadra al Norte  
Municipio de Quilali  
Quilali, Nueva Segovia NI

**Invoice**

Date	Invoice #
7/23/2020	85973
Terms	Due on receipt

Item	Qty	Description	Rate	Amount
Direct Assoc Cert	1	Direct Associate Certification Fee	1,500.00	1,500.00
UTZ	1	UTZ Certification	500.00	500.00
Inspection Estimate	1	Estimated Inspection Fee	550.00	550.00
Inspection Estimate	1	Estimated Inspection Fee (UTZ)	200.00	200.00
Bank Wire Transfers		To send wires to OCIA International, Inc. please use the following account information:  Bank Name: Wells Fargo Bank NA Bank Address: 1248 "O" Street Lincoln, NE 68508 U.S.A. SWIFT Code: WFBUIUS6 ABA Code: 121000248 Account Number: 757-8402138  If you have any questions or need any further information, please contact Deana McKinstry at dmckinstry@ocia.org		0.00

<b>2nd Notice</b>	<b>Invoice Total</b>	USD 2,750.00
	<b>Payments/Credits</b>	USD -2,750.00
	<b>Balance Due</b>	USD 0.00

## Technical Sheet – Export License, Honoraria-Capacity

Activity	Objective	Date	Description	U/M	Quantity	Unitary Cost	Total (U\$)	Comments		
Export License Management	Commercialize partners' production in international markets	March-July	Management of procedures before Cetrex (Export Processing Centre)	travel	3	140	420	Trips to Managua to present legal information of the Cooperative		
				breakfast	6	5	30			
				lunch	6	7	42			
				dinner	6	5	30			
			Management of procedures before DGA (General Directorate of Customs).	travel	3	140	420	Trips to Managua to present legal information of the Cooperative		
				breakfast	6	5	30			
				lunch	6	7	42			
				dinner	6	5	30			
			Management of procedures before IPSA and Marena	travel	3	140	420	Trips to Managua to present legal information of the Cooperative		
				breakfast	6	5	30			
				lunch	6	7	42			
				dinner	6	5	30			
		Export & Import License Payment	license	1	700	700	Payment of fee for issuance of export and import license.			
			breakfast	2	5	10				
			lunch	2	7	14				
			dinner	2	5	10				
<b>Subtotal</b>							<b>2,300</b>			
Capacity building for personnel to export and import	Build the capacity of the Cooperative's staff to initiate export and import processes	Aug to Dec	Training of personnel in commercial process	consultant fee	1	600	600	An expert consultant in business processes will be hired to induce the Coop staff and learn procedures.		
				snack	6	4	24			
				lunch	6	7	42			
				didactic material	6	10	60			
			Coaching in business intelligence.	consultant fee	1	600	600	An expert business intelligence consultant will be hired to train the team in marketing, risk and sales.		
				snack	6	4	24			
				lunch	6	7	42			
				didactic material	6	10	60			
			Training in Market Perspectives and Effective Negotiation	consultant fee	1	600	600	A consultant will be hired to build staff capacity in negotiations, pre-sales and market insights		
				snack	6	4	24			
				lunch	6	7	42			
				didactic material	6	10	60			
		<b>Subtotal</b>							<b>\$2,178</b>	
		<b>Contingency</b>							<b>\$22</b>	
		<b>total</b>							<b>\$4,500</b>	

## Technical Sheet – Cost of Participation at International Fairs

Activity	Description	U/M	Quantity	Unit Cost	Total (USD\$)	Observation	N° of participants
Participation in the Specialty Coffee Fair (SCAA) in the United States.	Registration for the Fair	Fair	8	250	2,000	Registration fee for two participants to each attend four fairs	2
	Purchase of Flight Ticket	Ticket	8	1,200	9,600	The general manager and a member of the board of directors or administrative staff involved in the business process participate.	2
	Hotel Reservation	Hotel	34	250	8,500	Hotel payment for 4 nights and 5 days per person for participating in specialty coffee fair in cities of the United States. (we will participate in four fairs during the project)	2
	Food cost	Meal	120	30	3,600	Three food services per day per participant (20 total days per participant in 4 fairs)	2
	Internal Transportation	Transport	8	140	1,120	Payment of fuel and driver for transportation to the Airport	2
					<b>24,820</b>		
Participation in the World of Coffee Fair in Europe	Registration for the Fair	Fair	4	200	800	Registration fee for two participants in two fairs (two fairs)	2
	Purchase of Flight Ticket	Ticket	4	2,500	10,000	The general manager and a member of the board of directors or administrative staff involved in the business process participate.	2
	Hotel Reservation	Hotel	26	200	5,200	Hotel payment for 6 nights and 7 days per person for participating in specialty coffee fair in European cities. (we will participate in four fairs during the project)	2
	Food cost	Meal	84.00	30	2,520	Three food services per day per participant (14 total days per participant at 2 fairs)	2
	Internal Transportation	Transport	4.00	140	560	Payment of fuel and driver for transportation in Quilali and to the Airport	2
					<b>9,080</b>		
Participation in the Sintercafe Fair in Costa Rica	Registration for the Fair	Fair	2	1,100	2,200	Registration fee for two participants in a fair (only one fair during the project)	2
	Purchase of Flight Ticket	Ticket	2	600	1,200	The general manager and a member of the board of directors or administrative staff involved in the business process participate.	2
	Hotel Reservation	Hotel	10	150	1,500	Hotel payment for 6 nights and 7 days per person for participating in specialty coffee fair in Costa Rican cities. (a fair will be held during the project)	2
	Food cost	Meal	30.00	30	900	Three food services per day per participant (7 total days per participant at 1 fair)	2
	Internal Transportation	Transport	2.00	140	280	Payment of fuel and driver for transportation to the Airport	2
					<b>6,080</b>		
					<b>49,980</b>		

## Technical Sheet – Commercialization & Marketing Strategy

Activity	Objective	Description	U/M	Quantity	Unit Cost	Total (U\$)	Comments	
Hiring of a professional specialist in Marketing to position the institutional image, coffee, beans and other services offered	Strengthen the Institutional image and position the products and services offered by the Coop.	Salary	Meses	48	650	31,200	The professional is in charge of image and institutional marketing	
		Bonus	Meses	4	650	2,600	End of the year bonus corresponds to salary per year worked according to Labor Code	
		Compensation	Meses	1	2,383	2,383	It corresponds to 30 days' salary for each year worked, according to the labor code	
		Social Insurance	Meses	48	140	6,708	It corresponds to 21.5% of the salary that is transferred to Social Security	
		Inatec	Meses	12	13	156	It corresponds to 2% of the salary that is transferred to Inatec	
<b>Subtotal</b>						<b>43,047</b>		
Development of a marketing strategy to relaunch the institutional image and brands of coffee and beans.	Strengthen the internal capacities and experiences of the 20 de Abril Cooperative, in this area of Digital Marketing, to get involved in the development of the promotion of the Brands and Institutional Image	Marketing Strategy	Consultancy	1	5,000	5,000	A consultant will be hired to develop the digital marketing strategy	
		Website	consultancy	1	3,500	3,500	A web page will be developed for online transactions	
		Promotional items	Brochures		500	3	1,500	partial purchases as the project is executed
			Hats		500	15	7,500	
			T-shirts		500	5	2,500	
			Awnings		4	850	3,400	
			Banner		10	250	2,500	
			Cups		500	5	2,250	
			Calendars		1,000	6	6,000	
		Posts & Videos	videos		5	1,500	7,500	short videos of successful experiences of producers and services to publish on social networks and local channels
			promotional spots		8	250	2,000	Spots in social media
		Radio advertisement	meses		12	191	2,292	
		Packaging - Coffee Brands	kg		1,501	12	18,012	Packing material will be purchased in Costa Rica and China to pack coffee and beans.
<b>Subtotal</b>						<b>63,954</b>		
<b>total</b>						<b>107,001</b>		

Technical Sheet – Example of Rules and Procedures Developed for Use of Revolving Fund (will be adjusted for this project)



*Nicaragua*



## 1. REGULATION OBJECTIVES

### 1.1 GENERAL OBJECTIVE

Ensure the proper assessment and control of the risks assumed by the Cooperative, from the moment funds are granted and until the loan has been completely paid out.

Establish the criteria, procedures and controls aimed at ensuring a sound and prudent fund administration, in the face of the risks that the Cooperative assumes in granting loans to its members.

### 1.2 SPECIFIC OBJECTIVES

- Standardize the credit allocation process, unifying the operational procedures, which help the Cooperative to achieve the goal of efficiently delivering funds.
- Disseminate concepts and knowledge necessary for the personnel involved in managing the credit allocation processes.
- Strengthen internal control to better protect the Cooperative from the risk inherent in the fund allocation processes.
- Define stipulated limits, terms, and conditions for loan allocation processes.
- Adjust credit operations considering the rules applicable to each credit's amount, terms and conditions and interest to guarantee equal rights and obligations to all members.

## 2. RULES OF CONDUCT

- The application of these regulations shall be subject to the rules of conduct set out in the credit manual (chap. V, p. No. 8)

## 3. INSTITUTIONALIZATION OF CREDIT REGULATIONS

The Credit Regulations must be distributed to all the staff of the Cooperative. Each time new provisions are incorporated into the regulation, an updated version needs to be distributed along. The annual training plan shall include at least one workshop to socialize the credit regulations; this workshop must be attended by all directors, administrators, and employees of the Cooperative. The Supervisory Board are in charge of overseeing all credit regulations stipulated in the Credit Regulations Manual.

The staff in charge of credit allocation must have a global understanding of the updated and applicable credit regulations, and therefore, there will be no justification for non-compliance, ignorance of applicable policies, limitations, procedures, and restrictions that are indicated in the Credit Regulations Manual.

Any modifications or adaptations of the procedures contemplated in the Credit Regulations Manual must be presented by the Credit Committee Board to the Board of Directors; the latter will then approve any modification or adaptation being proposed; this must be recorded in the minutes book kept by the secretary of the Management Board. All this is in accordance with article 79 of the Cooperative's statutes.

## 4. DELIVERY OF FUNDS MECHANISM

Transfers made to members can be a one-off credit disbursement or credits under current revolving credit lines.

**4.1. One-off Credit Disbursement:** It requires a submission and approval each time a member wants to access fund. When approved, the credit amount can be totally or partially disbursed to the member, depending on the characteristics of the financing structure agreed between the parts.

**4.2. Revolving Credit Line:** The credit line is approved once for a longer period of time and usually a big amount; this represents credit for a definite period and to be used at any time the member needs it. The terms and conditions for disbursement are indicated in the contract between the member and the Cooperative, and they are conditional on the fact that the amount to be

disbursed can be repaid timely. Once the debit balance has been paid off, a new disbursement can be requested, until the original approved amount has been exhausted. This type of credit usually requires the member to have collateral when applying.

## **5. RESTRICTIONS.**

The credit restrictions are set out in the Credit Regulations Manual under Chapter IX, point 2.

When allocating credit, members shall not be discriminated on the basis of political, racial, gender or religious grounds.

The activities to be financed must be monitored at all times to avoid credit allocations going to only a few members.

When allocating credits, there shall not be preference of one activity versus another. The credit allocation process must only consider the following criteria:

- a. Activity's risk, profitability, and the returns on the investment.
- b. Member's ability to repay and credit behavior.
- c. Activity's impact, aiming at resource allocation efficiency.

In the case of funds subject to specific agreements, their particular clauses are still required to adhere to the content of this section.

## **6. SPECIFIC FINANCING CONDITIONS ACCORDING TO THEIR CLASSIFICATION**

### **6.1 Agricultural**

These credits are given for the establishment and maintenance of crops, the purchase and rehabilitation of agro-industrial machinery and equipment, and other complementary investments. The credit characteristics are:

- a. Terms and conditions: the maximum credit length is 60 months, given through annual installments. The loan payment method will be defined by the cash flows of the financed activity.
- b. Interest rate: 30% per annum on balances.
- c. Commissions: As defined in the Credit Manual in Chapter IX, point 8.
- d. Special Conditions: One year of experience in the activity to finance.

### **6.2 Livestock**

These credits are intended for investment in large and small livestock, fixed investments and acquisition of livestock equipment for dairying, breeding, dual-purpose, development and fattening activities. The credit characteristics are:

- a. Term: the maximum credit length is 60 months, given through annual installments. The loan payment method will be defined by the cash flows of the financed activity.
- b. Interest rate: 30% per annum on balances.
- c. Commissions: As defined in the credit manual in Chapter IX, point 8.
- d. Special Conditions: one year of experience in the activity.

### **6.3 Personal Loans**

These are loans granted to individuals to finance expenses for the acquisition of consumer goods, such as health, education, personal goods, among others, amortizable in monthly installments. The main source of income of these members comes from the economic activity they exercise; the income information must be verifiable. The credit characteristics are:

- a. Term: The term of the loan will be defined by the cash flow of the financed activity, considering a maximum credit length of 36 months, with payment modalities of monthly installments.
- b. Interest rate: 32.04% per annum on balances.
- c. Commissions: As defined in the credit manual in Chapter IX, point 8.
- d. Special Conditions: Be a public and private employee with a verifiable source of income.

#### 6.4 Commerce

These credits are meant to finance the needs of fixed or itinerant commercial activities, either to increase inventories or for fixed investments; borrowers may finance grocery stores, restaurants, or itinerant businesses. The credit characteristics are:

- a. Term: The term of the loan will be defined by the cash flow of the financed activity, considering a maximum credit length of 36 months, with payment modalities of monthly installments.
- b. Interest rate: 33% per annum on balances.
- c. Commissions: As defined in the credit manual in Chapter IX, point 8.
- d. Special Conditions: One year of experience in the activity.

#### 6.5 Housing

These credits are intended for the construction, acquisition, remodeling, repair, expansion and/or improvement of homes for family use. Their characteristics are:

- a. Term: The term of the loan will be defined by the cash flow of the financed activity, with a maximum length of 60 months. The fees are monthly.
- b. Interest rate: 28.08% per annum on balances.
- c. Commissions: As defined in the credit manual in Chapter IX, point 8.

#### 6.6 Automatic Credits

These credits are short-term and available to finance the needs of the members who, due to their credit history, are classified as A or AA members. The credit characteristics are:

- a. Maximum Amount: Up to USD 1,500.00
- b. Term: The term of the loan will be a maximum of 3 months (monthly installments)
- c. Interest Rate: 42% per annum on balances.
- d. Commissions: 2% on the amount disbursed.
- e. Special Conditions: The member's credit history must show he or she has paid at least three credits in a timely manner.

### 7. CONDITIONS APPLICABLE TO AUTOMATIC CREDIT

The provisions of article 90 (p) of the Cooperative's bylaws state that the Cooperative's CEO has the ability to grant automatic loans with funds from the Cooperative. These loans can be given to members with a good credit history. The same procedure established on the Credits Manual, Chapter XIV, must be followed. Also, the registration of each automatic credit granted will be the responsibility of the CEO's office, which must keep a record book in which the following information must be indicated:

- a. Names and surnames of the Member
- b. ID number
- c. Type of Credit
- d. Amount of credit approved in Córdoba and US dollars
- e. Economic activity to be financed
- f. Credit terms and conditions
- g. Interest rate
- h. Payment schedule

### 8. COMMUNAL BANKING

These credits are intended to finance people, preferably women of limited economic resources. The funds are given so the beneficiaries can invest in some type of business or economic activity, especially those who are going to start a micro business; or those who are subsistence-typed producers.

#### 8.1 Regulations of the Communal Bank

The policies for granting loans under the **Methodology of Communal Associations of Opportunities (CAO)** – commonly known as "**Communal Banks**" – are being developed by the Cooperative. There is a special regulation, which is an integral part of the process.

Communal banks are a financing alternative that allows poor populations access to financial services, both in urban and rural areas. The major goal of these banks is to give credit opportunities to women. The major benefits of CAOs are to grant access to credit, savings and training, as well as to strengthen group cohesion and self-esteem in women.

The loans are intended to promote the well-being, quality of life, growth and economic development of members without distinction of race, religious belief or political affiliation and, mainly, to improve their quality of life. The people eligible to these credits are women (mainly) who have limited economic resources and want to invest in some type of business or activity, considered subsistence-typed activities or a microbusiness.

The CAOs will operate in environments that are strategically defined in relation to the target areas and population. The processes (training and credit recoveries) of the CAOs will be carried out according to the decision of the members in the different branches of the Cooperative. The Credit Board will be responsible for organizing the communal groups, training them, administering the funds, and monitoring the CAOs.

#### 8.2 Organizational Structure

For the success of the communal banks, a structure quite similar to that of a company is required:

- a. Assembly of Members.
- b. Board of Directors.
- c. Credit Committee.
- d. Solidarity Groups.
- e. Group Managers.

#### 8.3 Formation of CAO

CAOs must be organized with a minimum of 8 people and a maximum of 30 people. A CAO of 8 is initially but will need to complete 12 people for the next credit cycle. A CAO must also contain a minimum of 2 solidarity groups.

#### 8.4 Formation of Groups within the CAO

Solidarity groups are made up of 3 people. Two of the three members cannot be immediate family (parents and children, siblings). In rural areas, solidarity groups can be formed with members from a second degree of consanguinity or affinity (uncles, nephews, cousins, brothers-in-law, in-laws), as long as it does not exceed 30% - rounded to the highest decimal, for example 3.4 rounded to four - of the total number of its members. The inclusion of members who are family and reside in the same home must have the approval of the Business Management Board or the CEO's Office.

#### 8.5 Gender

CAOs can only accept 20% of men in the first two credit cycles. From the third cycle onwards, one more man can be incorporated in each cycle.

### 8.6 Experience

Members who are benefited with credits must have at least 6 months to one year of proven experience in that business; verifiable evidence needs to be presented. Also, up to 25% of members in a Communal Bank who wish to start a business or have an entrepreneurship plan will be accepted, as long as they have knowledge of the business they wish to undertake. Members who start a new business must be subject to special monitoring to ensure the quality of their new ventures.

### 8.7 Proximity to businesses

Members must live in the same community or in nearby areas—maximum 3 kilometers away from the member who lives the farthest.

### 8.8 Knowledge and Cooperation

Necessarily, the members of any Communal Bank must know each other and be willing to refer each other. This criterion makes it possible to ensure that people who make up the Communal Bank and the solidarity groups know each other, are friends and neighbors who trust each other, and are willing to assume the responsibility granted by being a member of the Communal Bank.

### 8.9 Moral solvency

People will not be accepted in the groups if it is identified that they do not have good references in their community (moral solvency). The research will be conducted by the the Credit Board. Additionally, members must have a maximum of two open debts to be accepted. This will be verified through the Risk Center or through other references (social research). Also, the board will verify if the debt amounts are in accordance with the customer profile sought by the Communal Banks. The criteria to select debt amounts applicable to be part of the Communal Banks will be established by the April 20 Cooperative members.

### 8.10 Credit amounts

The credit amounts offered are established by Credit Committee and defined by certain parameters that establish how much each member can obtain. These amounts can fluctuate from a minimum of USD 100.00 to a maximum of USD 550.00. The credit terms and conditions must be the same for all members.

The loans granted by the Communal Banks are sequential and gradual, which means that the members could access a new credit for a larger amount, if they satisfactorily complied with the payment of the previous credit.

### 8.11 Payment frequency

Loans granted to micro-enterprise will follow the subsequent criteria to establish payment frequency:

- a. If they are mainly located in urban areas, it should be predominantly weekly or biweekly.
- b. If they are located in rural areas, the frequency of payment will be biweekly or monthly, considering the distances in each area.
- c. Credits for subsistence economic activities (pig farming, poultry, etc.) and small-scale agricultural activities:
  - Monthly interest payments.
  - Principal payments at maturity, according to the activity that has the longest production cycle. However, short deadlines must be sought in accordance with the gradualness of the policy.
  - The maximum credit length to be granted will be 6 months in the first three cycles and up to a maximum of eight months for the following cycles.

### 8.12 Interest Rate

An interest rate of 43% per annum is established on the balance disbursed, and a disbursement fee of 4% should be applied to any given credit. This 4% commission may be financed by the Cooperative.

### 8.13 Collateral

Credit operations will be guaranteed by all members of the CAO. The members, jointly and not divided, assume the responsibility for all member's debt. Within the CAO, the solidarity groups are in charge of ensuring social control in the fulfillment of the debt and other obligations inherent to its organization. Each Communal Bank's member undertakes the responsibility to guarantee

the rest of the group pays what it owns; thus, assuming the negative consequences when a member fails to pay. The loans granted by the Cooperative will be backed by the Communal Bank's Savings Account. In situations where a Communal Bank, after having exhausted all the necessary steps to recover the credit, fails to repay its debt, the Cooperative may decide, with the authorization of the Board of Directors, the withdrawal of the members and cancelation of the credit with the members' savings.

## **9. OTHER TYPE OF CREDITS**

### **9.1 Personal Loans to Employees**

This financial product is intended for all employees who apply for emergency loans. Its characteristics are the following:

- a. Maximum Amount: USD 1,000.00 (ONE THOUSAND DOLLARS NET), according to the borrower's ability to pay.
- b. Payment Modality: Monthly installments.
- c. Interest Rate: 18% Annual Rate on balance
- d. Terms and Conditions: Maximum Credit length of 12 months.
- e. Special Condition: Proven job stability (at least six months working)

### **9.2 Special Credits**

This product is intended for all those members who do not have loans in the Cooperative, and who have extraordinary contributions. These credits' characteristics are the following:

- a. Maximum Amount: Up to 80% of the borrower's extraordinary contribution. (Approved by the Credit Board.)
- b. Interest Rate: 18% Per Annum on balance.
- c. Commission: 2% of the amount disbursed.
- d. Special Conditions: the member must not have current debt in the Cooperative, and the request may not be less than the equivalent of USD 100.00 dollars.

### **9.3 Motorcycle Credits**

These credits are intended for the purchase and acquisition of motorcycles. Their characteristics are:

- a. Payment Frequency: Monthly, quarterly, semi-annual, or yearly
- b. Terms and conditions: Maximum credit length of 36 months.
- c. Interest Rate: 24% Per Annum on balance.
- d. Commissions: As defined in the Credit Manual in Chapter IX, point 8.
- e. Special Conditions: At least one year of job stability in the activity that will generate the income to repay the debt

### **9.4 Motorcycle Credits for Employees**

These are intended for the purchase and acquisition of motorcycles by employees of the Cooperative, who have at least six months of working for the institution. This type of credits is incentivized if the vehicle would be used by a field staff to carry out work for the cooperative. These credits' characteristics are:

- a. Terms and conditions: Maximum credit length of 60 months
- b. Payment Method: Monthly installments
- c. Interest Rate: 18% Annual on balance
- d. Commissions: As defined in the Credit Manual in Chapter IX, point 8
- e. Special Condition: The borrower must have at least six months working for the Cooperative

9.5 Credits for Seized Assets

These credits are granted to people, whether they are Cooperative’s members or not (the non-member will use a specific accounting account to be eligible), who wish to acquire assets that have been seized by the Cooperative. Preference will be given to Cooperative’s members.

- a. Term: Maximum credit length of 60 months
- b. Payment Modality: It will be defined by the cash flow of the activity that will generate the income to repay the debt
- c. Interest Rate: 18% Per Annum on balance
- d. Commissions: As defined in the Credit Manual in Chapter IX, point 8.
- e. Special Conditions: The borrower must have proven ability to pay.

10. CREDIT COMMITTEE

**According to Article 77 of the Statutes.** The Credit Committee shall be composed of three members elected by the Assembly of Delegates, who shall be elected for a period of two years.

The Credit Committee will be formed by: Coordinator, Secretary and Member. The credit manager and/or credit officer will be part of the committee with voice and without vote (as technical support).

**According to Article 78 of the Statutes.** The Credit Committee shall meet ordinarily once a week and extraordinarily, when deemed necessary; two of its members shall form a quorum and shall record their actions in a book of minutes kept for that purpose.

At each meeting held by the members of the Credit Committee and Support Committees, the respective minutes will be drawn up, and they must contain the minutes number, type of session (ordinary or extraordinary), the time and date, place, name of the members present and their position, description of the agenda of the day, details of the applications reviewed (new credits, restructured and portfolio restructuring, detailing the name of the associates, debtor and guarantor), ID number, credit purpose, type of credit to be discussed, terms and conditions, amount of the credit in Cordobas and dollars, and the number of applications approved and rejected. In the case of portfolio reorganization, the minutes must detail the amount and general law of the delinquent debtor and his guarantor. At closing, the names and signatures of the members of the Credit Committee must be recorded.

11. FUNCTIONS OF THE CREDIT COMMITTEE

**According to Article 81 of the Statutes.** The functions of the Credit Committee will be as follows:

- a. Evaluates and analyzes credit applications.
- b. Reviews files and applications of delinquent debtors and makes recommendations to improve the application, analysis, and approval procedure of a loan.
- c. Supports the recovery of debt through visits to delinquent members.
- d. Keeps record on the amount of delinquency and the costs of delinquency.
- e. Attends trainings for new members to explain the policies and procedures of the credit service.
- f. Has close knowledge of national credit policy, regulations, and procedures.
- g. Monitors compliance with the Cooperative's statutes and policies.
- h. Supports the promotion of credit among Cooperative’s members
- i. Prepare the minutes book that contain agreements taken in sessions with the details of the requests resolved.

12. SPECIAL CONDITIONS APPLICABLE TO THE RESTRUCTURING OF LOANS

<b>RESTRUCTURING SUBJECTS</b>	<b>Debts will be restructured in the following cases</b>
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Payment of your debt.	Members who pay 100% of the current interest and moratoriums accrued to date.
Warranty Enhancement.	Those Debtors in whom we may not obtain payments of the debt, but with the new contract we obtain an improvement of guarantee. In no cases will the warranty be impaired. There might be some exceptional cases.
Contract Improvement.	Those Debtors in whom we may not obtain payments to the debt, but with the new contract we obtain an improvement in the legal contract. In no case will the contract be impaired: contracts are a public deed of preference. There might be some exceptional cases.
Interest Rate	For those members who have overdue accounts in the Cooperative and there is an agreement to restructure their debt, maintaining the agreed interest rate of the granted credit. In the event that it is with another interest condition, it will be subject to discussion on the Credit Committee and should receive approval as a special condition.
Commissions	It will be charged for the amount to be restructured, which is defined in the Credit Manual in Chapter IX, point 8.

These conditions apply to all future restructurings since the adoption of this Regulation.

**RESOLUTION OF THE BOARD OF DIRECTORS:**

The Board of Directors of the Multiple Services Cooperative "April 20, R.L.", meeting in a conference room, in ordinary session \_\_\_\_\_ de October 2016, as recorded in minutes number \_\_\_\_\_, which we initialize and sign, for their disclosure and compliance.

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**Santamaria Lopez**  
**President**

\_\_\_\_\_  
**Luis Arturo Roque Jarquin**  
**Vice president**

\_\_\_\_\_  
**Rosa Adilia Joya Castillo**  
**Secretariat**

\_\_\_\_\_  
**Jayro Antonio Belly Zambrana**  
**Treasurer**

\_\_\_\_\_  
**Reyna Isabel Tinoco Leonel Moreno López**

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