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Продовольственная и
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Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

JOINT MEETING OF THE THIRTY-FIFTH SESSION OF THE INTERGOVERNMENTAL GROUP ON HARD FIBRES AND THE THIRTY-SEVENTH SESSION OF THE INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBRES

Pasay City, Philippines, 20 October – 22 October 2009

COMMODITY DEVELOPMENT ACTIVITIES: COMMON FUND FOR COMMODITIES (CFC) PROJECTS ON HARD FIBRES

I. INTRODUCTION

1. The Intergovernmental Group on Hard Fibres is a designated International Commodity Body (ICB) under the rules of the Common Fund for Commodities (CFC). In this role, the Group is responsible for sponsoring hard fibre projects for funding by the CFC and for supervising and reporting on the progress of projects under implementation. The Intergovernmental Group on Jute, Kenaf and Allied Fibres does not have a similar responsibility.

2. This document provides information on the status of hard fibre projects sponsored by the Group as of 31 July 2009. Additional information that becomes available will be provided to the Joint Meeting. As a summary,

- five projects have been operationally completed since the last Joint Meeting in February 2007;
- one project (a fast track) is scheduled for implementation in September 2009;
- one project (a fast track) may be considered by the Group for possible endorsement; and
- one new pipeline project proposal has emerged since the last Joint Meeting.

3. In addition to reviewing progress and the lessons that can be drawn from completed projects, the Meeting may wish to consider other matters:

- measures to stimulate new project concepts and proposals, in line with the Group's Development Strategy (CCP: HF 04/4 – JU 04/4 (Revised));
- understanding the Group's mechanism for endorsing projects; and
- intersessional arrangements for reviewing proposals that seek endorsement from the Group.

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4. The Meeting might also wish to consider the possible financing of commodity development activities from sources other than the CFC.

II. PROJECTS UNDER IMPLEMENTATION

A. PRELIMINARY FEASIBILITY EVALUATION FOR UTILIZATION OF SISAL LIQUID WASTE (JUICE) FOR THE PRODUCTION OF PESTICIDES AND VETERINARY DRUGS [CFC/FIGHF/30]

5. The objective of this fast track project is to respond to several research-based queries raised by the CFC in their evaluation of the fuller project "Utilization of Sisal Juice for the Production of Pesticides and Veterinary Drugs" and to pave the way for its eventual approval.

6. The fuller project, which was previously endorsed by the Group, aimed to promote the said products using the liquid waste of sisal. However, before handing approval, the CFC requested an assessment of the technical, economic and commercial viability of sisal juice to control pests in agriculture and parasites in horses and cattle, and its viability in replacing pesticides known to be dangerous to humans, plants, animals and the environment. The project is expected to significantly improve human and animal health in the poor regions of northeastern Brazil as well as producing socio-economic benefits to the rural population.

7. The total cost of the fast track is US\$168 200, of which the CFC is to provide US\$112 100. Implementation is planned for September 2009 and will be carried out by the Natural Fibres Association of the State of Bahia (SINDIFIBRAS) and Secretariat of Science, Technology and Innovation of the State of Bahia (SECTI), both of Brazil.

III. PROJECTS COMING TO COMPLETION OR RECENTLY COMPLETED

A. CLEANER INTEGRAL UTILIZATION OF SISAL WASTE FOR BIOGAS AND BIO FERTILISERS [CFC/FIGHF/13 - MTF /URT/127/CFC]

8. The objective of this project was to establish the technical and economic viability of the production of gas and fertiliser from sisal waste. Project activities included the construction of a pilot demonstration facility to produce biogas, which will be used to produce electricity and the formulation of a national strategy for sound and pro-environmental utilization of sisal gas for energy production. Utilization of waste from bio-gas for the production of fertiliser has also been evaluated. Although implementation is widely considered to have been successful with project objectives met, formal reporting of the project's merits has not been forthcoming.

B. SISAL DEVELOPMENT: SISAL FIBRE REPLACING ASBESTOS IN CEMENT COMPOSITES [CFC/FIGHF/15 - MTF /BRA/068/CFC]

9. This project sought to determine at a pilot level the technical and economic viability of the use of sisal fibres in the production of construction materials as a potential replacement of asbestos in the building industry. Activities focused on establishing the technical parameters of various mixes of sisal fibres and cement to meet the minimum performance criteria set by the regulatory authorities. The results from the pilot research are expected to pave the way for a 'phase II' project. A recent FAO supervisory mission concluded that while sisal based products would be able to compete technically (only for internal applications), evidence for the commercial viability of sisal as an asbestos replacement appears less conclusive.

C. PILOT FACILITY FOR EFFICIENT COIR PROCESSING AND QUALITY CONTROL [CFC/FIGHF/24 - MTF /SRL/051/CFC]

10. The objective of the project was to undertake operational research and development for improved fibre extraction techniques and for the development of standards to be used for quality control practices. A pilot facility was set up to demonstrate optimal processing practices that can be adopted by the small-scale fibre processing units, which typically dominate the sector. Improved production (increased quantities and higher quality) were matched with improvements in the working conditions and production environment, ultimately resulting in higher levels of profitability at the bottom-end of the coir production chain. Preliminary results appear promising. FAO will attend the dissemination workshop, scheduled for September 2009.

D. INTERNATIONAL SYMPOSIUM ON NATURAL FIBRES (IN SUPPORT OF THE INTERNATIONAL YEAR OF NATURAL FIBRES 2009) [CFC/FIGHF/28FT]

11. This fast track project financed an international symposium on natural fibres that took place at FAO Headquarters in Rome, on 20 October 2008. The symposium acted as a “lead-up” activity for the International Year of Natural Fibres (IYNF) by generating and sharing information on the economic, social and environmental significance of natural fibres. A key design of the symposium was to promote natural fibres as members of a family, all contributing to food security and poverty alleviation of farmers, all as environmentally sound commodities. The symposium also attempted to build alliances among proponents of the various individual natural fibres, and the furthering of plans for the IYNF. A major output of the project consisted of the symposium proceedings, which *inter alia* illustrated the significance of natural fibres and prospects for the future, including constraints to prosperity in the natural fibre industries and actions that might be needed to overcome those constraints.

E. AUDIOVISUAL PROJECT FOR THE IYNF

12. This fast track project financed the production of a video that raises awareness of the IYNF goals. The short video (7 minutes) explains the importance of natural fibers to the world economy, and in particular to the people who depend on them for their survival. The video can be uploaded on the internet, shown at public events and scientific meetings worldwide, and distributed on DVD or other media to decision makers in key positions of influence on world economic policy. By presenting the case for natural fibers in a concise yet effective manner, the video contributed to positive public perceptions of natural fibers, and installed in the public agenda the need for supporting the goals of the IYNF.

IV. ACTIVE PIPELINE AND NEW PROJECT PROPOSALS

A. GROWING TOGETHER: FUTURE FORUM 2020 (A SUPPLY CHAIN COLLABORATION OF THE HARD FIBERS GROUP) [CFC/FIGHF/31FT]

13. This fast track project proposal seeks to establish a “Future Forum 2020” for the hard fibre sector. The main objective of which is to implement a sustainable mechanism to strengthen the creation and sharing of knowledge, that will facilitate strategy development, for all stakeholders in hard fibre sectors, with particular emphasis on the producing developing countries. The fast track project also aims to increase the competitiveness of the commodity; promote international cooperation, address the vulnerability of exports and to raise the profile of commodities.

14. The total cost of this 16 month project is US\$158 350, of which a US\$107 350 grant is being sought from the CFC. The project executing agency is the International Natural Fibers Organization (INFO) based in the Netherlands.

15. The proposal was presented to the Group's Bureau (the intersessional mechanism for approving project proposals for submission to the CFC – ref. CCP: HF 00/7 - JU 00/7 on rules of procedure of the IGG on Hard Fibres) for endorsement after having already been submitted to the CFC. The First Vice-chairperson, acting on behalf of the Bureau, rejected the proposal on the grounds that: “setting up the INFO as a separate new organization would be superfluous, as the objectives of the INFO can be easily achieved by FAO with proper funding and the full weight of their Organization behind the realization of projects. Setting up a new international organization would also reduce the role of FAO...seeking a common platform for all natural fibres interests”.

16. The Group may wish to suggest revisions to the proposal or reconsider it for endorsement. The proposal will be made available to delegates under CCP: HF 09/CRS.1.

B. COIRBOARD MANUFACTURE [CFC/FIGHF/29PPF]

17. The project proposal has been developed using funds from the CFC's Project Preparation Facility (PPF) with the Philippine NGO Equal Margins Mindanao Inc (EMMI) as the lead institution. The objective of the PPF was to develop a full feasibility study to explore the prospects of the setting up of a coirboard manufacturing plant, based on the concepts and technologies developed in the earlier completed CFC project Coir-based Building and Packaging Materials. However, in spite of requests from the CFC to the project proponents, the Secretariat has not received a copy of the detailed proposal.

V. FUTURE PROJECT WORK

18. The Meeting may wish to review any additional project profiles on hard fibres submitted for its consideration. Such proposals should reach the Secretariat well in advance of the Meeting.

19. In conceiving new proposals, delegates are requested to review the CFC's Project Manual (see http://www.common-fund.org/data/content/CFC-Manual_projects.pdf) to ensure that all criteria for CFC approval are met prior to committing resources. To assist in this process, Page 11 of the manual lists project attributes that disqualify proposals from CFC financing:

- concentrate on general training or extension services;
- financing of events, conferences, meetings etc. and travel of other institutions or individuals;
- translation of documents or publications of other institutions or individuals;
- entail disproportionate overhead and administrative costs;
- have institution building or strengthening research capacity as their main objective;
- deliver results which will not be sustained beyond the life of the project;
- consist of basic research, i.e. research which will not yield applicable results at the end of the project;
- concentrate on research which does not effectively benefit poorer commodity dependent producers;
- require large-scale investments;
- consist of general marketing studies;
- duplicate previous, current or planned work elsewhere;
- form part of the core work of an ICB or other participating institution;
- cover countries which are not members of the Fund, unless the expenditure related to these countries is wholly funded from sources other than the CFC;
- concentrate predominantly on the production of food for domestic consumption, except for least developed countries; or
- concentrate on generic promotion of commodities.

20. The Secretariat deems this ‘counter checklist’ a useful way of ensuring relevancy and consistency in project design

VI. OTHER MATTERS RELATING TO CFC COMMODITY DEVELOPMENT WORK WITH THE IGG

A. MEASURES TO STIMULATE NEW PROJECT CONCEPTS AND PROPOSALS

20. Delegates are aware from the last Joint Meeting that under its second five-year action plan, the CFC has established priority areas where it believes it would have comparative advantage and maximum impact. As a reminder, these include: (i) supply chain efficiency and competitiveness; (ii) diversification and value addition; and (iii) market access and market development. It was mentioned that projects that pursue these indicative themes not only enhance the predictability of CFC financing, but also improve the overall consistency of CFC-financed projects and may support the mobilization of donor funds for the goal of commodity driven development.

21. In response, the last Joint Meeting recommended the following priority areas for fibre project development:

- The utilization of fibres and waste material in alternative applications, including the provision of technical information aiming at facilitating the adoption of new processes.
- The development of processes and/or equipment that result in an increase in the efficiency of fibre extraction, processing and manufacturing and thus in the productivity and profitability of the sector.
- The improvement of disease resistant and more highly productive plant varieties by means of biotechnology or conventional technology.

22. The Secretariat is concerned about the virtual absence of new proposals that seek CFC funding. In light of this, the Meeting may wish to reconsider or suggest changes to the above priorities, or to explore other ways to increase the stream of new project concepts and proposals. To assist this process, the Group is reminded that a review of the Commodity Development Strategy, stemming from the preceding consultation, is also on the Agenda of the Joint Meeting.

B. RULES AND MECHANISMS FOR ENDORSING CFC FUNDED PROJECTS

23. The guiding principles by which the IGG on Hard Fibres endorses and supervises projects are contained in the Group’s Development Strategy (CCP: HF 04/4 – JU 04/4 (Revised)) and the inter-sessional mechanism for approving project proposals for submission to the CFC is defined in the Group’s Rules of Procedure (CCP: HF 00/7 - JU 00/7).

24. At its last session, while stating that the existing Development Strategy did not need revision, the Group noted that global events could move quickly, and it requested that the strategy be kept on its agenda for consideration at the next Joint Meeting of the Groups.

25. The inter-sessional mechanism for approving project proposals for submission to the CFC has come into question regarding its fairness and composition in recent months. The precise modalities are set out in the Group’s ‘Rules of Procedure and Terms of Reference’ (CCP: HF 00/7 – JU 00/7). It is important that delegates are cognisant of the provisions laid out in the document, especially the intersessional arrangements for matters pertaining to the CFC.

26. Any amendment to the Group’s Rules of Procedure governing the endorsement of CFC projects must be agreed by a two-thirds majority of the votes cast by the Group, and will require approval from the CCP.

27. Furthemore, the Group may wish to establish guidelines on the timing of project proposals submitted to the Bureau for endorsement. It is important that the Bureau has suffieicnt time to conduct their review, well ahead of CFC deadlines.

Table 1. Summary of Hard Fibres CFC Projects

Fibre	Title	Value in US\$					
		Grant from CFC	Loan from CFC	Total budget	Location project activities	Start date	Completion date
A. Projects Recently Completed or Coming to Completion							
Sisal	Cleaner Integral Utilization of Sisal Waste for Biogas and Bio fertilisers	927 712	-	1 500 812	United Republic of Tanzania	2004	2008
Sisal	Sisal Development: Sisal Fibre Replacing Asbestos in Cement Composites	672 500	-	1 362 500	Brazil	2006	2008
Coir	Pilot Facility for Efficient Coir Processing and Quality Control	480 373	-	730 765	Sri Lanka	2005	2009
All	International Symposium on Natural Fibres (In Support Of The IYNF)	30 000	-	68 500	FAO Rome	2008	2009
All	Audiovisual Project for the IYNF	23 000	-	30 759	Rome	2008	2008
B. Projects Under Implementation							
Sisal	Preliminary Feasibility Evaluation for Utilization of Sisal Liquid Waste (Juice) for the Production Of Pesticides and Veterinary Drugs	112 100	-	168 200	Brazil	2009	2010