

NICARAGUA

Adapting to Markets and Climate Change Project (NICADAPTA)



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ISSUES

Nicaragua is the second poorest country in Latin America. The agricultural sector accounts for 20 per cent of gross domestic product and 29.5 per cent of employment, and its performance is highly influenced by the country's vulnerability to climatic events.

Coffee production is the backbone of the rural economy in large parts of the country, with 80 per cent of high-quality beans coming from smallholder farmers. Temperatures are expected to increase on average by 1° C by 2020 and by just over 2° C by 2050, and rainfall is expected to decrease by 70-100 millimetres by 2020 and by 100-130 millimetres by 2050, which would have major impacts on Nicaragua's coffee exports and livelihoods in rural areas.

As coffee grows best in a temperature range of 18° C to 23° C, it will suffer from temperature changes and water stress due to climate change. This will affect smallholder farmers and indigenous communities by reducing the quantity produced, the quality achieved and the final price of coffee. In particular, it is expected that the 66 per cent of land located at 800 metres above sea level presently used for coffee growing will no longer be suitable in a changing climate. Coffee will have to be grown in zones located at around 1,200 metres above sea level. In addition, coffee production is affected by the temperature-sensitive rust disease, which in some years has damaged over 50 per cent of coffee plantations in the IFAD project area.

Cocoa is produced mainly in the tropical lowlands. Its production is also affected by climatic change, in particular by rust disease and excessive rains, but it has proved to adapt much better. Moreover, cocoa has a high economic potential for the country to explore in terms of productivity and price increase, as well as access to international markets.



Investing in rural people

Adaptation for
Smallholder
Agriculture
Programme

ASAP

Launched in 2012, the Adaptation for Smallholder Agriculture Programme (ASAP) channels climate and environmental finance to enable smallholder farmers who participate in IFAD projects to increase their resilience. Through ASAP, IFAD is systematically integrating climate resilience into the overall IFAD portfolio.

PROJECT SUMMARY

Total cost: US\$37.0 million

Approved IFAD loan:
US\$8.1 million

ASAP grant: US\$8.0 million

IFAD grant: US\$8.1 million

Cofinancing: Central American
Bank for Economic Integration
US\$7.0 million

Other contributions: Republic
of Nicaragua US\$3.4 million;
beneficiaries US\$2.6 million

Project period:
5 years (2014-2019)

Executing agency:
*Ministerio de Economía
Familiar, Comunitaria,
Cooperativa y Asociativa
(MEFCCA, Ministry of Family,
Community, Cooperative and
Associative Economy)*

ASAP beneficiaries: 100,000

Project objectives:
Raise the living standards
of rural families by improving
access to markets and
reducing their vulnerability
to climate change.

ACTIONS

NICADAPTA will improve incomes and quality of life for rural families – and reduce their vulnerability to the impact of climate change – by facilitating access to markets for value-added coffee and cocoa. It will introduce water efficiency and crop diversification measures such as coffee-cocoa intercropping in coffee plantations to buffer the effects of rising temperatures. The project will strengthen the availability of weather information through improved dissemination of agro-climatic information. This will be complemented by building the capacities of the relevant producer organizations and public institutions through training and the scaling up of best practices, designing policies and incentives to promote and strengthen the production and distribution of coffee and cocoa, and encouraging private-sector investment.

ASAP-supported activities of NICADAPTA are integrated with the following three components:

- **Sustainable development of coffee and cocoa productivity.** Small producer organizations will be trained to access markets and improve coffee and cocoa quality and yields through better production and business management. Investments in productive infrastructure (i.e. water storage) to improve and standardize the quality of the raw material produced will also be deployed. These activities will be developed together with sustainable water management and environmental management, and the dissemination of best practices to coffee and cocoa producers in climatically sensitive landscapes.
- **Institutional strengthening.** Services to strengthen producer organizations and public institutions will be offered in multiple areas, including production and dissemination of climate-resilient technologies and agro-climatic information with an emphasis on disease control. This will be combined with policy dialogue with the Government and cooperation agencies to promote and strengthen coffee and cocoa production, brokering and facilitating private investments.
- **Project management, planning, and monitoring and evaluation.** This component focuses on strengthening capacities in project management, monitoring and evaluation, and knowledge management within MEFCCA.

EXPECTED IMPACTS

The project will improve the competitiveness of producers' cooperatives and their members through increased productivity and the adoption of practices that adapt to climate change and changing market conditions. This, in turn, will improve revenues and living standards for rural families. It will also decrease, by at least 10 per cent, the prevalence of child malnutrition among beneficiary families. The project is expected to achieve the following impacts:

- The competitiveness of cooperatives is improved by increased productivity, adoption of practices to adapt to climate change and market access.
 - 25,000 hectares of land incorporate diversified agricultural practices to increase adaptation to climate change and reduce climate risks.
 - 20,000 families adopt good management practices and investment decisions that improve crop adaptation to climate change.
 - 20 per cent increase in average productivity of coffee and cocoa among families belonging to cooperatives or associations with investment plans in place for at least two years.
 - 1,000 water points/ponds (individual or communal) constructed to counter water stress.
- Improved institutional environment for the development of coffee and cocoa production, and capacities of producer organizations and public institutions built up.
 - 20,000 producers receive better climate services (agro-climatic and early warning information) with emphasis on pest and disease control.
 - 1,000 cooperative managers will be trained in adaptation to climate change (production and post-harvest technologies).
 - 100,000 beneficiaries will receive technical assistance and training in shade crop management, crop diversification and water management.

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