



# TRADE HEALTH EDUCATION AND MACROFINANCE PROGRAMME



# FATAN

A FEDERATION OF  
AGRICULTURAL  
COOPERATIVES





## BACKGROUND

The International Institute for Local Development (IILD) has comprehensively investigated the impacts and results of many aid projects in emerging economies and has concluded that for poverty alleviation to occur there must be a long term, self-sustaining programme to provide a holistic and strategic development path.

International Institute for Local Development (IILD) will utilize its flagship programme, the Trade Health Education and Microfinance Programme (THEMP), and will establish Fatan as an initiative under the auspices of THEMP.

Fatan will be a fully registered legal entity and function as a member-owned confederation of agricultural cooperatives, with registered subsidiaries including Fatan Finance (credit, savings, investment and insurance), Fatan Logistics (storage and transportation), Fatan Agribusiness (input supply, value addition, extension and retailing), Fatan Trading (matchmaking and export), Fatan Women, and other groups as appropriate.

The subsidiaries will be established and organized under the Principal Operating Unit (POU) of Fatan, which will act as the custodian of the activities of all participating cooperatives. The operations of Fatan subsidiaries will be stratified by states, market centers and then cooperatives.

The POU will function with an executive committee, a board of directors and a supervisory board and will prescribe operational procedures for its members including the qualifying process and criteria for commercial contracts, and prepare the cooperatives in readiness to work with the subsidiaries.

# FATAN SUMMARY

- A** A multi-state initiative to facilitate market inclusion for smallholders in local market hubs.
- B** Cooperatives Organisation and Capacity Development (COCD) to help agricultural cooperatives attain defined standards and qualify for enlistment into Fatan
- C** Coordinated input supply, produce aggregation, provision of financial services and purchase orders for participating cooperatives.
- D** Chain upgrading, including value addition, matchmaking and export under the Fatan Franchise
- E** Initial proof-of-concept pilot programme established and operating for one year and expanding to critical mass of a federation of cooperatives under Fatan
- F** Member cooperatives will access revolving credit instruments to fulfill qualified purchase agreements and to catalyze and facilitate sector and value chain development in selected value chains.
- G** Qualified creditworthy cooperative constituents and smallholder beneficiaries with sustainable production of standardized quality that improve livelihoods at the rural community household level
- H** Transparency and accountability with “no-objection” policy by POU for each qualified nominated contract presented by member cooperatives or by THEMP marketing efforts.
- I** Strong linkages between public sector, private sector and academia with representation on Board of Directors of Fatan
- J** Qualified transactions will generate positive cashflow, including income for participating cooperative members, as well as administrative costs for Fatan, with risk premiums returning to the capital fund special account over time
- K** Long term, self-sufficient, autonomous agency with adequate reserves to support research and development
- L** Strategic alliances and partnerships through multilateral donor organisations and international embassies with selected relevant programmes and organizations
- M** International codes and standards registration with affiliation and accreditation respecting supply chain and multinational corporation purchasing practices.



FATAN will facilitate the provision of purchase orders to qualifying cooperatives at the local market centers, whose production outputs will supply regional Fatan-established Value Addition Centers.

# FATAN OBJECTIVES

- A** Facilitate private sector development in the agriculture sector through a structured business model that brings smallholder farmers directly into the supply chain
- B** Expand the economic base of beneficiary households and their communities through achievement of critical mass in the agriculture cooperative model operations
- C** Enhance participating market hubs competitiveness through the facilitation and fulfillment of inclusive commercial transactions assigned to Fatan members and comprehensive value chains
- D** Impact rural village households and their standard of living through a sustainable inclusive business proposition
- E** Reduce poverty at scale by creating incomes and jobs from new opportunities in pro-poor agriculture sectors
- F** Improve the production capacity of local member cooperatives to promote, manage and improve their human, economic and natural resources
- G** Provide a viable platform for financial resources to fund development initiatives, including those initiated by Fatan and undertaken by THEMP
- H** Over time, broaden the opportunities for further collaboration and integration and potential partnerships with established markets
- I** Promote innovative trade activities based upon evolving market demand and climate change adaptation between African Union republics and beyond
- J** Promote the well-being and self-esteem of recipient entities.



## PROGRAMME DETAILS

Fatan as a legal entity, will exist and operate under a central institutional arrangement coordinated by IILD. It will utilize cutting edge technology, capacity development, input supply, innovative financing, and market facilitation to catalyse sector and agricultural value chain development, thereby improving smallholder incomes.

## Programme Details

Fatan will be launched in one or more proof-of-concept pilot locations and over time will expand to more than one hundred municipalities in an initial thirteen states in Nigeria.

The Fatan cooperatives federation will aim to become a permanent representative of smallholder farmers and other agricultural actors, binding these in a large, coherent, institutionally sound structure that can present bigger and better markets, negotiate favorable terms of trade and initiate and manage beneficial collaborative arrangements locally, nationally and globally.

Fatan will pursue a strategy of Cooperatives Organisation and Capacity Development (COCD), focusing on facilitation of input provision and other supply side activities as well as the identification and engagement of off-take markets. COCD entails organizing the identified cooperatives into creditworthy groups, instituting their charters and facilitating their formal registration. Cooperatives will be enlisted into Fatan when they achieve the defined standards. Fatan will also facilitate the provision of inputs including extension and financial services, bridging the gap for financial institutions to work with the constituents and also providing credit, savings and insurance through its special purpose subsidiaries, while maintaining a data base and a private credit bureau with transaction histories and nature and quantity of demand.

Under the guidance of and collaboration with THEMP and strict compliance with performance codes, Fatan members will meet standardized production parameters, thus ensuring quality and quantity norms stipulated in nominated purchase and sale agreements.





Fatan members will access financial instruments and credit that includes interest-free, revolving working capital loans to cooperatives against approved nominated purchase orders from Fatan. To facilitate marketing, Fatan will undertake extensive global match-making and national and international firm-farm linkages. The Fatan Programme Operating Unit (POU) will facilitate the provision of purchase orders to qualifying cooperatives at the local market centers, whose production outputs will supply regional Fatan-established Value Addition Centers, which will be set up in the mold of special economic or free trade zones for secondary value addition and export under the Fatan franchise.

The Fatan POU will be liable for fulfillment and compliance respecting nominated purchase orders. In this regard, the POU will issue no-objection status to qualified purchase orders and the associated cooperatives respecting fulfillment.

The Fatan POU will receive, retain and manage data and information about each of the cooperative's production, sales, quality, variety, production calendar, capacities, prices, etc., and facilitate and institute standard procedures for produce aggregation, certification and primary value addition at the centers. It will continually find end users for the value chains of interest locally and globally, establishing (and helping smallholders achieve) requirements in terms of quantity, quality, frequency, derivatives, etc.

The POU will negotiate bulk supply of agricultural inputs and equipment (for production as well as value addition) with prequalified and aggregated suppliers, service providers and manufacturers, for onward transmission to local cooperatives as necessary. The POU will also provide purchase orders under its agreements with participating cooperatives. These agreements will form the basis for the provision of credit and the establishment of contracts, plans, and other arrangements with the different stakeholders, including end users, partner development organizations, producers, investors, governments, etc.

Transparency and accountability are to be guiding attributes of Fatan and sustainable ways of prioritizing and setting enforceable standards for transactional and financial information, are to be institutionalized. A very large communication campaign is to accompany the intervention in order to establish a culture of good faith and goodwill.



## Structure


Fatan will be a duly registered not-for-profit legal entity structured to govern multiple agriculture cooperatives and to administer the operations of its federation. Income for Fatan cooperatives will derive from revenue generated from the execution and fulfillment of Nominated Commercial Contracts, sourcing raw materials, processing value addition, packaging and delivering specified volumes and qualities.

The Fatan POU will establish protocols of due diligence and credit analysis in order to screen and qualify the business models and propositions presented to Fatan from potential commercial partners.



## National Value-addition Centers

Following extensive global match-making and national and international firm-farm linkages, Fatan will establish regional value-addition centers in the mold of export processing zones or other special economic zones. These will receive aggregated produce from empowered cooperatives for secondary value addition and export under the Fatan franchise.

A young green plant with several leaves is growing out of a stack of gold coins. The coins are stacked in a way that forms a small pot. The background is a soft, out-of-focus light blue and white. The text is overlaid on the right side of the image.

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## Partners

Potential partners will be enlisted along the disciplines of value chain partners, development partners, government collaborators and service providers. Fatan will not rely on long term donor funding. Donors could contribute to the capital fund or such funds as are deemed necessary for the project preparatory stages, following the detailed design, but the bulk of the funding for its continued operation will come from transaction cashflows and investments generated by Fatan's own investment arm, including private funds seeking (modest) profit and impact investments.





FATAN

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Kindly visit our website [www.iildev.org](http://www.iildev.org) OR send us an email [info@iildev.org](mailto:info@iildev.org)  
for more information about our programmes and events

