

ETHIOPIA

Agricultural value chain in Oromia

AID 9374



Coffee workers

Agricultural value chain in Oromia (AID 9374)
Evaluation report

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EXECUTIVE SUMMARY

Introduction

The project *Agricultural value chains in Oromia- Aid n. 9374* has been among the overriding actions envisaged in the National and Regional Agricultural Development Plan and in the Italy-Ethiopia Cooperation Agreement. The main target of the project has been the upgrade of traditional crops in the Bale region: the durum wheat and the Harennna forest wild coffee.

The project funding envisaged a 1.700.000 grant by the Cooperation Department of the Italian Ministry of Foreign Affairs and International Cooperation. The grant was made of two budget lines:

- budget-line A, € 1.335.000, for realization, supply and field activities in 6 *woreda* of Bale zone, supporting regional partners and research by the *Oromia agricultural research institute*;
- budget-line B, € 365.000, for the Italian technical support, carried out by the Italian Agronomical Overseas Institute.

The intergovernmental agreement between Ethiopia and Italy was signed 18/01/2010. The activities started 18/04/2011 and were to be completed within 18 months. The end date of the project was then postponed to 30/04/2016.

Analysis of the project

Relevance and quality of the Logical framework. The project is properly embedded in the Ethiopian economy development policies and the Italian Cooperation's strategies. The strengths of the project are: a) the alignment of the project strategy with the agricultural development policies and the valorization of the Oromia's institutions contribution; b) the acquaintance of the Italian experts with the local partners that allowed exploiting the already existing knowledge and skills in agricultural research and extension; c) the participation of local institutions into the project formulation.

The weak points of the project are: a) the lack of an in depth analysis of the local value chain and of the legal and economic framework of the context; b) the partial involvement of the private sector in the identification of the project and the lack of collaboration with others initiatives promoting the wild coffee and seeds value chains; c) the limited funds assigned to the coffee value chain, when compared to the funds destined to the durum wheat value chain, and especially to its manufacturing and commercialization – although it should be mentioned that in Ethiopia the exchange and sale of the agricultural produces is regulated by the State so that it is very difficult to influence it from outside.

Efficiency: The execution of the project was decoupled from its management this latter assigned to BoFED, OARI and the OAI. Such approach created gaps and obstacles resulting in delays and

monitoring problems. Particularly, the execution of the project along the decentralized approach ensured ownership and local participation although it suffered from: i) lack of details in the documents and the balance sheet; ii) weak coordination of the local partners; iii) operational hurdles related to the Ethiopian financial and administrative lengthy procedures.

Effectiveness: In the 2014-15 season, the **durum wheat** rural cooperatives increased the cultivated area to 7,434 Ha with an estimated crop of ab. 130.000 q.; the **Hareenna forest wild coffee** grower sold 4,500 q. of dried coffee to a leading Italian company while smaller amounts of the produce were purchased by small coffee roasting outfits thank to *Slow Food Foundation*.

Durum wheat: The introduction of the durum wheat in the area is a double boost for the local agriculture. Not only does the durum wheat contribute to the agricultural diversification, but it also strengthens and improves the local crops thanks to the genetic characteristic of this species, a more rust and drought resistant wheat than bread wheat and thus more suitable for cultivation in the Bale zone mid-altitude areas. The improvement of the produce in the area would be more durable and deeper were it possible to produce seed with elite standard characteristics. Such target was not reached due to the limited seed multipliers' surveillance performed by the SARC and the lack of a reliable quality tracking system.

Coffee: The location of the Hareenna forest wild coffee farming site in the protected area of the Mount Bale Park, that makes it impossible for the coffee cultivation to expand beyond its present boundaries, resulted in the project concentrating on the upgrading of the manufacturing and the commercialization by the local cooperatives and cooperative unions.

Impact: Durum wheat. Thanks to the project, the durum wheat value chain has been upgraded: new perspectives have been opened in terms of price setting and supply control by the farmers.

Coffee. The same cannot be said of the Hareenna forest wild coffee part of the project which has had a more limited effect on the produce value chain due to various reasons. Firstly, the project reached just part of the coffee farmers. Secondly, the project improved collection and post-harvest steps (drying, hulling, storage and market access) although it did not affect the relations between the coffee farmers and the buyers in the stages that precede the commercialization of the harvest, also due to the binding trade regulations. Such collaboration would have improved the offer reliability, thus making it more affordable for the purchasers to manage the product quality. It appears that the project overlooked some key points for the integration of the value chain: i) the set-up of an independent produce analysis service; ii) the recognition of the specificity of the produce with the

issue of a certificate equivalent to the European Protected Designation of Origin; *iii*) the participation of coffee growers to marketing events.

Sustainability. The project has strengthened the farmers' commitment to quality and has bolstered the capacity of the cooperatives and cooperatives unions in the commercialization of the harvest. The income of the farmers and the financial reserves of the cooperatives have increased, in line with the project target. The incomplete set up of the value chain of the durum wheat and of the Hareenna forest wild coffee have reduced the farmers commitment to quality, a key factor for the produce sustainability.

To conclude, the project has contributed to the strengthening of the farmers' production capacities and to the increase of their income, but, due also to its limited budget, it has not cut into some structural issues related to the functioning of the value chains, issues that weight on the final consumer choice. It is advisable for the further recently financed initiatives to attach more importance to such topics.

Conclusions, recommendations and lessons learnt

Conclusions

1. Coherently with its targets, the project carried on and widened the support to the ABRDP to the research and promotion of agricultural innovation in Oromia (OARI-SARC) and to *Slow Food* in their effort of improving the *durum wheat* and the *Hareenna forest wild coffee* production in the Bale zone. It also strengthened the *durum wheat* and the *Hareenna forest wild coffee* value chain 'commitment to quality.
2. Although, the logical framework of the project mirrored its strategy, the majority of the indicators targets were not numerically defined a fact that did hamper the project monitoring and reporting.
3. The lack of an analytic approach to tackle each of the value chain elements, orientation to achieve immediate results and the strong regulation of the farm products trade in Ethiopia limited the mobilization of those resources bound to ease a more structured approach to the value chain integration. The harvest commercialization and manufacturing were particularly biased mainly due to external constraints.
4. The support to the farmers' budget enhanced the farmers' capacities and skills and those of their local partners as well thanks to the direct delivery of innovative upgraded technology into the already existing structure. The strict regulatory system of the Ethiopian public

sector, in the administrative - financial field, resulted in delays that further built up due to the separation of the project's decision centers (Addis Ababa and Florence) from the local partners.

5. The project was flexibly managed and was carried out with a collaborative attitude. The participation was stronger in the durum wheat sector due to the more structured organization of the producers (the cooperatives).
6. The buildings, the equipment and the other materials supplied by the project strengthened the operative capacities of the farmers, of the cooperatives and of their partners - also enhancing the commercialization.
7. The exchanges of experiences were favoured by collective meetings and visits to the production sites stimulated the farmers to commit to the product quality. The involvement of the industries, of the middlemen and of the providers of the goods would have made such outcome deeper and systematic.
8. The fact that all and sundry seeds providers flooded the informal market damaged the project pro-quality commitment: by selling uncontrolled seeds they caused the fall off in quality of the produce destined both for the internal and for the international market.
9. The harvest promotion activities due to strengthen the bonds between supply and demand established profitable relations between the growers and the buyers albeit they did not cut into the quality of the produce because of the incomplete structuring of the value chains.
10. The lack of independent, quality driven laboratories was a further weighted down the commitment to quality and to the building of a standard crop tracking system, as SARC laboratory is influenced by this center research mandate and involvement in durum wheat inputs supply.
11. The project did not cut into the value chain's coordination mechanism that, together with the market regulatory system, would have goaded the farmers towards a stronger recently commitment to quality.
12. The proposed harvest based credit schemes, albeit the involvement of the *Rural and urban savings and credit cooperatives* (RUSACCO), did not work properly. The insufficient specific competence of the *Oromia cooperative bank* also limited the credit granting to the farmers.

Recommendations and main lessons learnt

1. The forecast continuation projects should be based on detailed analyses of the value chains, in order to tackle the needs of each link of the chain and to strengthen the whole of the value chain.
2. The continuation projects have to include logical framework indicators with numerical target values for the evaluation of the outcomes. Targets should encompass the evaluation in terms both of quality and quantity of the produce that reaches the final consumers. The monitoring should comprise the systematization of the indicators template and the drafting of an annual report. These are both foreseen in the Intergovernmental Cooperation Agreement, but are missing in this case.
3. The continuation projects should be realized together with other initiatives in similar or identical sectors (for example those financed by the USAID) in order to systematically complete the structuring of the value chains – also without disregarding the analysis of the commercialization laws and regulations for crops and food in Ethiopia.
4. The continuation projects should mobilize a skillful manager with project management capacities that should coordinate the partners to focus toward time and administrative and financial procedures sparing.
5. The cooperative organization in the Bale/*woreda* area should provide training courses on management to the directors of the cooperatives/unions of cooperatives.
6. The continuation projects should also envisage training and technical assistance to the farm machinery fleet in order to enhance the functionality of combine harvesters.
7. The continuation projects should focus on the training and the sensitization of all of the participants (industries, middlemen, goods and services providers) on such topics as the value chains, the quality and traceability of the produce in order to realize a standard produce.
8. The continuation project should make it a rule for select quality seed companies to pass seeds to a few agricultural contractors, also in the form of cooperatives union, these latter on their part to guarantee strict surveillance over the conformity of seeds to predetermined standards.
9. The continuation project should promote the involvement of the purchasers in the provision of technical assistance and produce control services to the farmers in order to identify and remove non conformity causes.

10. The continuation project should support the value chains' stakeholders in the creation of an independent with international standard compliant (ISO 17025) market oriented produce analysis service. Such service could also make use of the SARC and the *Ethiopia commodity exchange* (ECX) laboratories once their management autonomy is assured.
11. The continuation project should assist the MoARD/BOARD, together with the delegates of the value chains and the coordination outfits as the *Wheat forum*, the *Pasta alliance*, and the Association of the coffee growers, in the drafting of the value chain standards. Such standards should be adopted also for the formulation of the development strategies and of for the market self-regulation.
12. The continuation projects should be inserted in the frame of other initiatives (for example the *Agriculture growth program*) in the promotion of produce based credit and in the carrying out the sensitization of the suitable financial institutions, provided with agriculture credit expertise, in order to make them capable of using the credit reinsurance mechanisms.

Acronyms and abbreviations

ABRDP	Arsi and Bale Rural Development Project		
slm	Sul livello del mare	asl	Above sea level
AGP	Agriculture Growth Program		
AI	Accordo Intergovernmental Agreement	IA	Intergovernmental Agreement
AOMAO	Agricultural Output Marketing Agency of Oromia,		
BL	Budget Line		
BoARD	Regional Bureau of Agriculture and Rural Development of Oromia		
BoFED	Regional bureau of finance and economic development of Oromia		
CPO	Cooperative Promotion Offices		
CRA-QCE	Consiglio per la Ricerca Agricola -	ARC-QCE	Agricultural Research Council
DISTA	Dipartimento Scienze e Tecnologie Agro-ambientali	DAET	Department of Agro-Environmental Technology
FAO	Food and Agriculture Organization		
FSFB	Fondazione Slow Food per la biodiversità	SFFB	Slow Food Foundation for Biodiversity
GTP	Growth and Transformation Plan		
Ha	Ettaro	He	Hectare
IAO	Istituto Agronomico per l'Oltremare (Firenze)	OAI	Overseas Agronomic Institute
ICARDA	International Center for Agriculture Research in Dry Areas		
MAECI/D GCS	Ministero degli affari esteri and of International Cooperation/ DGCS	MFAIC/I DCA	-Italian Development Cooperation Department
MAECI	Ministero degli affari esteri e della cooperazione internazionale	MFAIC	Ministry of Foreign Affairs and International Cooperation
MDG	Millenium development goal		
MoARD	Ministry of agriculture and rural development	MoANR	M. of agriculture and natural resources
MoFED	Ministry of finance and economic development of Ethiopia		
OARI	Oromia Agricultural Research Institute		
OCPB	Oromia Cooperative Promotion Bureau		
OECD/DA C	Organization for Economic Cooperation and Development – Donor activities Committee		
ONG	Organizzazione non governativa	NGO	Non-governmental organization
PASDEP	Plan for accelerated and sustainable development to end poverty		
PIC	Person in charge		
PID	Project implementation document		
PIF	Agriculture sector policy and investment framework		
PIL	Prodotto interno lordo	GDP	Gross Domestic Product
PSC	Project steering committee		
RUSACCO	Rural and urban savings and credit cooperatives		
q	Quintale	q	Quintal
QDS	Quality declared seed		
SAR	Semi annual report		
SARC	Sinana agricultural research center		
SPS	Società produttori sementi	SPC	Seeds Production Company
SWOT	Strengths – weaknesses – opportunities – threats		
UTL	Unità tecnica locale (Addis Abeba)	LTU	Local Technical Unit (Addis Abeba)
USAID	United States Agency for International Dev.		
WoARD	Woreda office of agriculture and rural development		
WoFED	Woreda office of finance and economic development		

PART “A”

Framework and context

A.1 The agricultural context

Oromia is the widest of the eight regional subdivisions of Ethiopia (fig. 1). With its 284,538 km², it spans over about ¼ of Ethiopia (1,126,829 km²). Adana (Nazareth) is its capital city, but its main administrative institutions are mainly located in Addis Ababa.

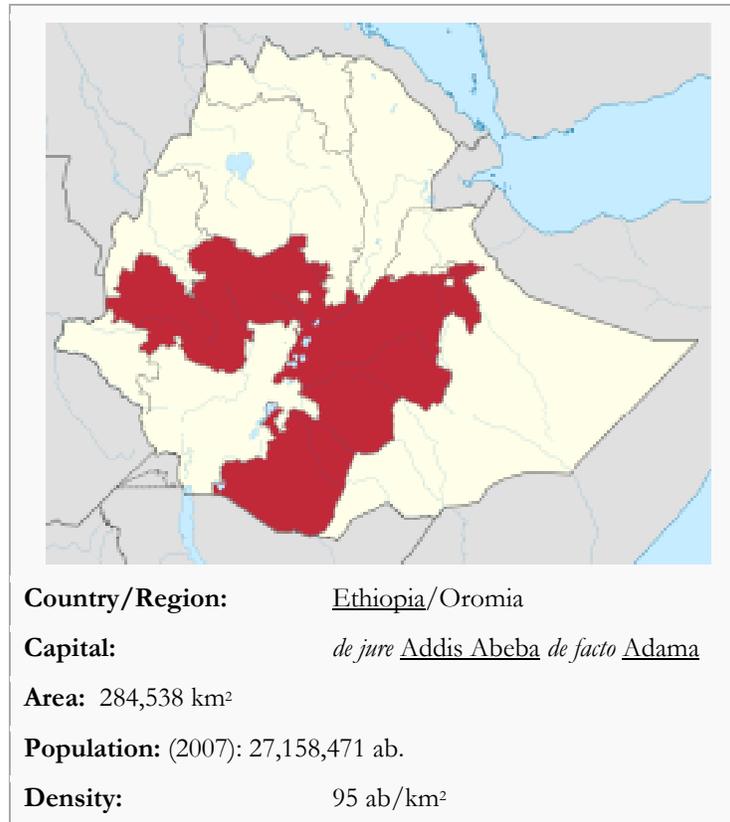


Plate 1. Oromia region

In Ethiopia there are about 700 industrial mills and 20 pasta manufacturing plants, half of which are located in Oromia. With an annual pasta output of ab. 50,000 t (2014), the Oromia pasta production covers ab. 20/30% of the production of Ethiopia as a whole (150,000 t). Such production however does not meet the pasta needs of Ethiopia. In 2014, for example, 30,000 t of pasta were imported. While pasta is absorbed into the local market, Oromia *Arabica* coffee, the main source for foreign exchange in the region, is mainly exported. It grows between 1,400 and 2,000 asl in usually smaller than 1 ha plots. 2/3 of the national coffee production is grown in Oromia. The farm land in Oromia region is subdivided in small family owned plots



Plate 2. Administrative regions and zones of Ethiopia

A.2 Agriculture in the Oromia region

Agriculture is the economic pivot of the Oromia region and the main livelihood and income source for about 90% of its population. The cultivation of grain is concentrated in the valleys and plans above 1,500 asl in a temperate climate, variable rainfall intensity zone. The agricultural produce is not locally consumed in full as part of it reaches the national market.

The annual coffee production in Ethiopia varies between 200,000 and 300,000 t depending on the weather. Of such production, more than a half comes from Oromia and generates about USD 300,000 m (see plate 3).

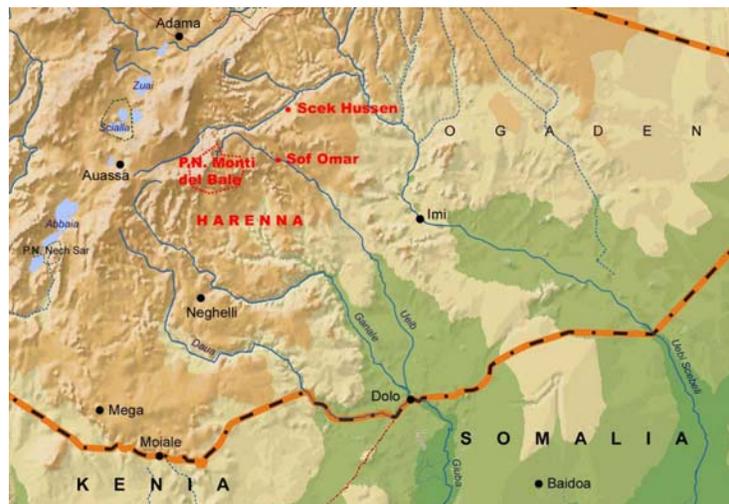


Plate 3. Bale orography

A.3 Agricultural policy and strategy in Ethiopia

The project *Agricultural value chain in Oromia* met the set into the National agricultural development plan priorities:

- The *Plan for accelerated and sustained development to end poverty programme* (PASFEP).
- The *Joint government – donor rural economic development & food security group*, presided by the *Ministry of Agriculture and Rural Development* (MoARD), now *Ministry of agriculture and natural resources* (MoANR)
- The *Arsi and Bale rural development project* (ABRDP) completed in 2008.
- The *Ethio-Italian cooperation framework 2008-2011*, signed 21/4/2009, that mobilizes the funds earmarked for the strengthening of the Oromia produce.
- The project “*Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through private and public partnership*”, started by the UNIDO (2016), funded by the Italian Cooperation, Illy caffè and the Ernesto Illy Foundation.

A.4 The value chains: reference model

The value chain model allows a more efficient approach to the production of a good, or the provision of a service, that meets the needs both of the stakeholders and the consumers. The value chains in hand encompass two distinct phases:

- a) production, transformation and commercialization of the produce;
- b) sale from the producer to the final consumer (bar local sale).

The basic aspects of the agricultural value chain (more properly “agriculture and food value chain”) are listed below (pl. 4).

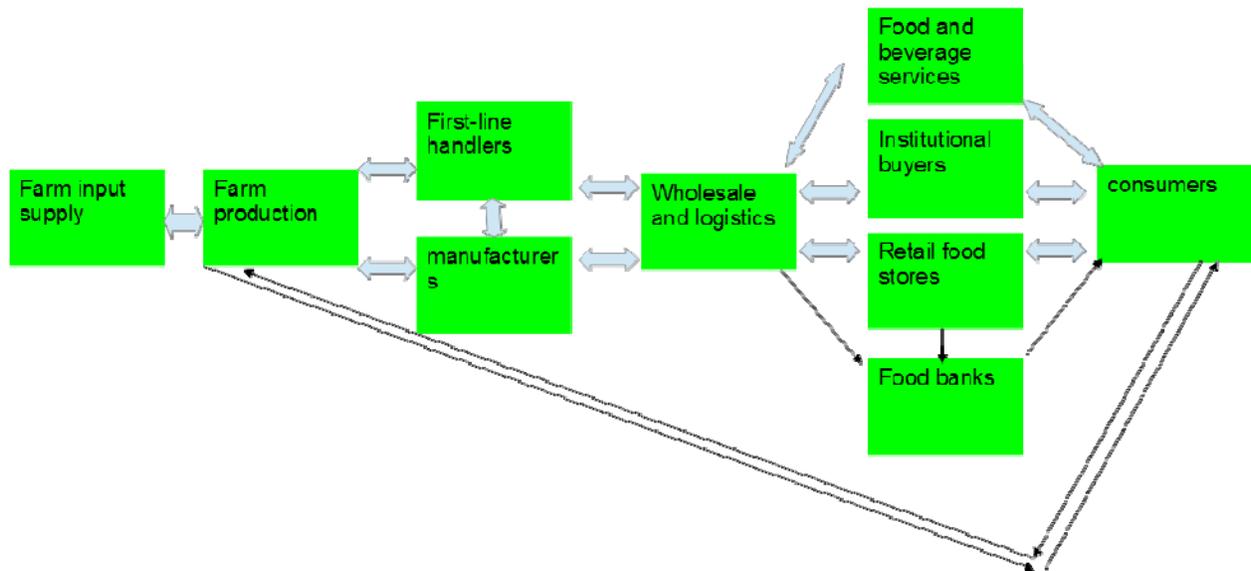


Plate 4. Agriculture and food chain

The following plate (pl. n. 5) shows the main hurdles relating the transformation of the traditional food safety oriented production into a commercial consumer satisfaction oriented production.

Hurdles to the value chain strengthening					
Kind of risk / hurdle	Finance	Offer	Demand	Environment improvement / strategic regulations	Competition by other centers / innovation initiatives
Opportunities	Ability to stimulate investors	Companies ecosystem accessible to investments	Companies goods and services request by the market	Trade environment	Experience sharing with other initiatives Reorientation of project / development investments Cooperation with other innovation centers
Response approach	Involvement of investors in steering bodies Consultation with financial institutions	Partners participation to investment identification Connection with opportunities of financing	Financing adapted to the demand opportunities / market development	Collaboration with regulatory authorities in sourcing information and formulation of regulations	Coordination with other initiatives in the same sector Stimulating the participation of stakeholders and authorities in market development

Plate 5. Hurdles to the value chain strengthening

The involvement of all of the stakeholders allows the prompt and wide-spread dissemination of the upgrades also ensuring the much needed flexibility to the chain during the transition phases. The value chain strengthening involves the goods and services providers as well thus particularly

contributing to i) the channeling and spreading of the productive resources and above all ii) the reworking and dissemination of information and technology with a streamlining, consumer satisfaction and market oriented effect on the farmers' work.

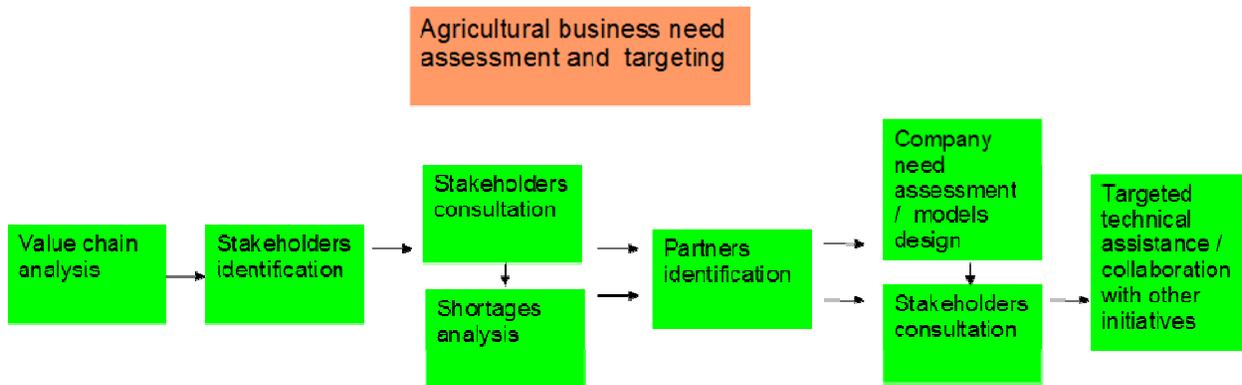


Plate 6. Agricultural value chains commercial companies and services strengthening

PART “B”

The project: Agricultural value chain in Oromia (AID 9374)

B.1 Project formulation

The project *Agricultural value chains in Oromia* - Aid n. 9374 sets itself into the the *Ethio-Italian Cooperation Framework 2009-2011*, signed by the Italian Cooperation and the Ethiopian MoFED 21/4/2010. The *Framework* had been conceived by the Local Technical Unit (LTU) of the Italian Embassy in Addis Ababa and the Oromia BoFED on the basis of the evaluation report of the second phase (2003-2007) of a previous agricultural project named *Arsi and Bale Rural Development Project* (ABRDP). The project *Agricultural value chains in Oromia*, coded AID 9374, was approved by the Direction Committee of the Italian Development Cooperation Department (MFAIC/IDCD) 16/12/2009 with Resolution 151 and was given a € 1.700.000 grant.

B.2 The *Intergovernmental Agreement* and the *Project Implementation Document*

The *Intergovernmental Agreement* (IA) between Ethiopia and Italy for the financing of the project *Agricultural value chains in Oromia* (AID 9374) was signed 18/1/2010. Annex A of the *Agreement* contains the *Project implementation document* (PID) that analyzes the project context, the strategy, the targets (paragraph 2.1), the indicators and the expected results (par. 2.3) together with the project execution modalities. It also provides guidance to the monitoring and evaluation activities. The Logic frame is to be found in par. 1.3 of the *Funding proposal* drawn by the IAO, and source for the PID, annexed to the Funding agreement. The project started 18/04/2011. 11/05/2012 a prorogation was asked to 30/04/2014 and, again, to 30/05/2015. 31/03/2015 the BoFED asked for a further time extension to 30/10/2015. 13/11/2015 a new deadline was then set to 30/04/2016 under request of the BoFED.

B.2.1 *Targets and Expected results*

Such were the Targets, the Expected Results and the Project Indicators that were shown in the Logic framework (see annex 3) and in Sections 2.1 and 2.3 of the PID:

General Target: contribute to the reduction of poverty and to the promotion of development in the Oromia region by an intervention in the agricultural sector (*Millennium development goal* n.1 target n.1).

Specific Target: increase the rentability of the Bale’s traditional produce and particularly the durum wheat and the Harennna forest wild coffee through the bolstering of specialized agricultural outfits

and the support to the farmers associations with the aim of upgrading the produce's quality and the produce commercialization.

Expected Results

Durum wheat Value Chain

1. The regional check and research system strengthened and geared towards the new challenges of seeds certification and valorization of the durum.
2. The district agricultural institutions' (WoARD) dissemination capabilities regarding the new advancements in technology strengthened together with their sustain to the cooperatives system;
3. First and second level durum production and seeds multiplication cooperatives for the industry coordinated.
4. The business relationships among the cooperatives and the transformation industries improved by the adoption of futures contracts.

Harena forest wild coffee Value Chain

1. Harena forest wild coffee producers association founded and strengthened, its product internationally recognised and exported.
2. Districtual Agriculture and Rural Development's (WoARD) capabilities strengthened.
3. Harena coffee cooperatives' capabilities strengthened and upgraded with the adoption of quality protocols and environment sustainable management.

B.2.2 The Ethiopian participants in the value chains

The activities were assigned to the participants in the value chains (sects. 3.1 and 3.3 of the PID).

National institutions partners in the project:

- *Ministry of finance and economic development of Ethiopia (MoFED);*
- *National bank of Ethiopia.*

Regional institutions:

- *Regional Bureau of Finance and Economic Development of Oromia (BoFED);*
- *Regional Bureau of Agriculture and Rural Development of Oromia (BoARD);*
- *Oromia agricultural research institute (OARI), with its Bale branch (Sinana agricultural research center, SARC);*
- *Oromia cooperative promotion bureau (OCPB) through the outfit in Bale and the woreda;*
- *Oromia trade and market development bureau OMTDB).*

The national, locally acting institutions:

- The *Woreda* institutions – Agricultural institutions (*Woreda office of Agriculture and Rural Development, WoARD*) and Financial institutions (*Woreda office of Finance and Economic Development, WoFED*), and Cooperatives Organization (*Cooperatives promotion office, CPO*).

B.2.3 Durum wheat and Coffee Cooperatives

The agricultural cooperatives selected were 15 for the Durum and 12 for the Coffee, all based in Bale. Such cooperatives are active in 5 *woreda* for the durum and in 1 for the coffee. The cooperatives adhere to the cooperatives union (3 for the durum and 1 for the coffee).

B.2.4 Ethiopian Participants in the Project

The *Project steering committee* was made up of one member selected from the MoFED, one from the BoARD and one from the Local Technical Unit (LTU) of the Italian Cooperation. The BoBEF, being the main executive agency, it was in charge for the activities in Ethiopia (Component A). The MFAIC/IDCD appointed an Italian expert that coordinated the contribution of the Overseas Agronomic Institute (OAI) to the project. On their part the OAI were helped by a Regional consultant that assisted the local partners and monitored their activities. The agricultural team coordinated the technical assistance that was made up of the local partners' delegates and of the OAI. The OAI assured the Technical assistance (Component B).

To perform the activities two Annual Operative Plans were drawn up. The BoFED led the continuative monitoring activities together with the OAI and the local regional institutions. At the inception of the project two outfits were created the *Project steering committee* and the *Agricultural team*, the *Person in charge* (PIC) was appointed together with the Italian expert (OAI), and the Regional Consultant at the OARI. The end of the project envisaged the participation of the Ethiopian partners' delegates at a Milan Expo conference in July 2015 and the organization of a Workshop in October 2015.

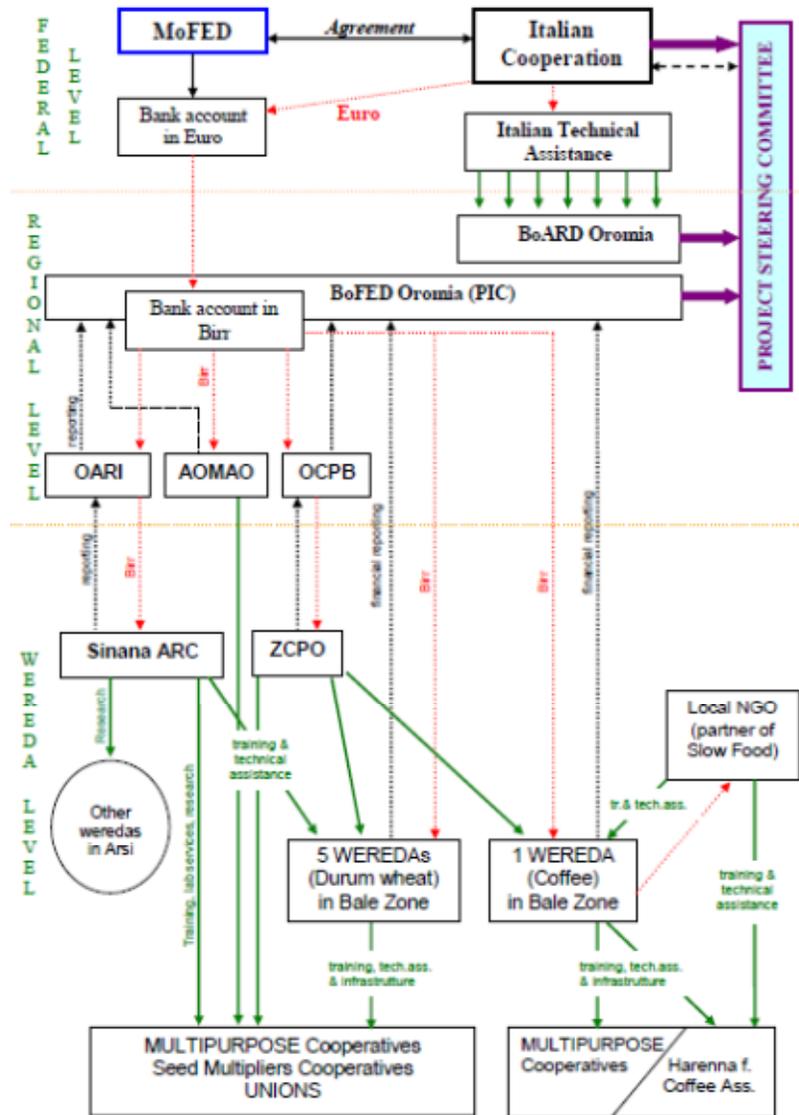


Plate 7. Management of the project

B.3 The project components and the performing of the activities

To widen the offer of their produce and ease their access to the market, the project fostered the strengthening of the small farmers cooperatives.

The Italian Cooperation awarded € 1.700.000, broken into two parts, A and B:

	1° year	2° year	Total
Part A	€ 1.209.000	€ 126.000	€ 1.335.000
Part B	€ 284.600	€ 80.400	€ 365.000
Total	€1.493.600	€206.400	€1.700.000

Plate 1. The budget of the project

B.3.1 Component A: project implementation in 6 Woreda (AID 9374/01/3)

The project Part A (ex art. 3.1 of the IA) had a € 1.335.000 budget. In Annex n. 5 of the *Project implementation document* the foreseen expenses were itemized for the two value chains. The supply of the materials and equipment was also itemized. As a whole the project funding envisaged € 1.227.000, that is 80% of the total figure of Part A and 72% of the project in all.

Such were the items:

Durum Value Chain

A. Research and technical assistance

B. Organization of the producers

C. Technical assistance to the farmers

D. Produce contracts with the industries

Harena Forest Coffee Value Chain

A. Organization of the producers

B. Training of the producers

C. Storage of the crops

B.3.2 Component B: Technical assistance (AID 9374/02/4)

The project Part B had a € 365.000 budget, directly managed by the MFA/IDCA, destined to the Technical assistance of the OAI in Florence.

Such were the items:

- *Italian experts (journeys to Ethiopia included)*
- *Project technical assistance*
- *Technical and scientific institutions*
- *Monitoring missions*
- *Local staff*
- *Equipment purchase (4x4 car included)*
- *Operative costs in Ethiopia*

Slow Food provided the training and sent technical assistance experts for the coffee growers.

PART “C”

The evaluation

The evaluation activity envisaged:

1. *Desk analysis;*
2. *Inception Report;*
3. *Surveys and interviews in Ethiopia;*
4. *Data analysis;*
5. *Evaluation report;*
6. *Projects results presentation to the MFAIC/IDC and in Addis Ababa.*

C.1 The desk analysis

October to November 2015, the *desk analysis* was performed of the by the MAIC/IDC and the LTU listed documents and of the interviews with the OAI members.

C.2 The inception report

The desk analysis was preliminary to the *Inception report* and to the planning of the surveys and the participatory inquiries. Annex 4 carries the *Evaluation matrix of the project* with answers and the indicators estimated values.

C.3 The mission in Oromia and the participatory inquiry

The mission in Ethiopia took place from 28th November to 17th December 2015. In Annex 1 the visited sites and organizations are listed, together with the chronogram and the contacts. After meeting with the Italian Embassy’s LTU staff in Addis Ababa and the Oromia authorities, the team carried out the participatory inquiry and interviewed the authorities and the project partners in n. 5 *woreda* (durum) and n. 1 *woreda* (coffee) of Bale. They met the delegates of n. 7 cooperatives of the durum producers and of n. 6 of the Hareenna forest wild coffee producers and the delegates of n. 3 cooperative unions for the durum and n. 1 cooperative unions for the Hareenna forest wild coffee.

The inquiry envisaged the following activities (see Photographs in annex 10):

<i>Meetings and interviews</i>	<i>Authorities</i>	<i>Durum</i>	<i>Hareenna Forest Wild Coffee</i>	<i>Project Partners</i>	<i>Further surveys</i>	<i>Total</i>
Italy				3		3
Addis Ababa	3	2	1	2	2	10
Bale zone	3				1	4
Woreda (5+1 = 6)	3	3 coop. unions	1 coop. union	2	1	10
Kebele		9 cooperatives	6 cooperatives		7	21
Total	9	14	8	7	18	48

Table 2: Activities realized during the enquiry

- During the visit to the administrative offices in the area, to the agricultural offices and the Bale cooperatives and to the 6 durum wheat *woreda* it was noticed that some motorcycles, n. 7 bicycles destined for the *development agents*, n. 5 safes, destined for the cooperatives, were still in store there.
- During the stay at the SARC of Sinana the seeds storage room and the durum testing laboratory were visited; the presence was ascertained of: n. 2 pick-ups, 1 land cruiser, the tractor, the laboratory quipment, the office equipment and the office supplies.
- In Addis Ababa (LTU/OARI), a 4*4 car.
- During the visit to the durum wheat producers cooperatives/cooperatives unions' sites n. 10 sheds were surveyed for the preservation of the durum (cooperatives/cooperatives unions: Sambitu, Salka, Dureti Tulu, Walta'e Barisa, Agarfa, Ali Kajawa, Meliyu Barka, Ebisa, Oda Roba, Dire Gudo) and n. 2 sheds for the seed cleaners (Agarfa, Oda Roba), furthermore the presence was ascertained of the safes in the cooperatives' offices and of the bicycles used by the *development agents*. During the visit to the coffee producers cooperatives/cooperatives unions' sites n. 3 sheds were visited for the preservation of the Hareenna forest wild coffee (cooperatives: Chiri, Magnete, Irba) the presence was ascertained of a motorcycle and of the bicycles used by the *development agents*.

C.4 The data analysis

The collected data from the interviews were entered in an *Excel* file (see annex 8) either in a semi structured form or in a free form, depending on the source from where they were drawn *focus groups* or individual interviews.

C.5 The evaluation report

The with the MFAIC/IDCA's directives compliant Evaluation Report drawing started right after the return of the expert from Ethiopia. The qualitative and quantitative analysis and the comparison with the project indicators allowed to address the questions of the evaluation matrix (see Annex 4), structured on the basis of the n. 5 OECD/DAC standards: 1. *Relevance*, 2. *Efficacy*, 3. *Effectiveness*, 4. *Impact*, 5. *Sustainability*.

C.6 The workshop

The evaluation report was presented at the IX Department IDCA *workshop* on 04/06/016. After the collection of the feedbacks, the fine print of the Evaluation Report, in its English translation, was finally submitted.

PART “D”

Project analysis

The present project evaluation was made along the 5 OECD/DAC standards (relevance, efficiency, effectiveness, impact, sustainability) and crossing issues.

D.1 Relevance and quality of the Logic framework

D.1.1 Relevance

The project agreed with the national economic development policies (PASDEP and GTP) and particularly with the in the PIF and AGP listed MoARD’s agricultural sector priorities: embracing the value chain approach in order to trigger a sustainable growth of the produce and the strengthening of the market outlet. Such approach appears to be perfectly in line with a previous already mentioned wider MAEIC/IDCA project, the 2005-2006’s ABRDP, again with the OAI as a partner, that envisaged the OARI/SARC strengthening (durum analysis laboratory, varietal research and deliver of the upgraded seeds to the farmers, training and assistance to farmers in the durum cultivation in the Bale area) also with the involvement of the *Slow Food Foundation* for the Hareenna forest wild coffee (supply of nets, drying beds, biological certification, hand picking and drying on the nets, selection, shelling and packing into sacks, building up of relations between the producers cooperatives and the Italian exporters.

The project identification was hampered by:

- a) The lack of detailed studies regarding the durum and coffee value chains (and the seeds value chain), that checked a more to the point project identification. The documentation collected was, instead, devoted to the partners’ selection and to the project definition this latter drawn together with the partners. The present project formulation has therefore favoured the widening and the bolstering of the ABRDP’s activities (the previous project) without an analysis of the value chains due to sort out the critical points of the production and above all of the ensuing commercialization.
- b) This is also due to the hurdles to the farm products trade, nationally, a situation clearly mentioned in the former project evaluation report.

- c) Notwithstanding the interviews and meetings with the Ethiopian institutions delegates in Addis Abeba, there was not a direct involvement of the producers during in the project identification. They, instead, were given inputs without passing through a much needed needs assessment phase.
- d) The financial budget and the technical capacities mobilized for the execution of a project, whose aims of value chain strengthening were by all means helpful and ambitious, were too modest as a whole.

On the basis of such preliminary remarks, these were the strong and weak points in the identification of the project:

Strong points:

- a) the matching of the project strategy with the agricultural development policies and the valorization of the capacities of the Oromia's institutions;
- b) the familiarity of the non-local participants with the local partners, the valorization of previous initiatives and the widening of the already started activities;
- c) the involvement of the local partners (public institutions) in the project formulation;
- d) the decoupling of the technical and administrative management from the project execution site.

Weak points:

- a) the identification of the project activities without an in depth analysis of the value chains and the scant attention paid to the local regulations and macroeconomic frame laws. Both these activities could have been done at the start of the implementation phase of the project;
- b) the limited involvement of the private sector in the project identification and the lack of integration with the activities supporting the durum, coffee and seeds value chains;
- c) the scant support given to the coffee value chain, in comparison with that given to the durum value chain, and the also insufficient support given to the commercialization/transformation phases, in comparison with that given to the farming phase.

The lack of a “standard value chain” - due to the scaling up of the previous ABRDP approach - caused the project strategy to be oriented more towards the bolstering of those activities that the ABRDP project had already carried out in the agricultural research and in the extension, instead of being geared towards the adoption of an integrated value chains centered approach and therefore to the upgrading of the coordination and checks mechanisms of the value chains that would have resulted in the upgrade of the production and of its commercialization.

On the basis of such remarks, these were the strong and weak points in the project document (PID):

Strong points:

- a). the valorisation of the competencies and of the skills of the OARI/SARC, of the extension services of the Bale area and of the n. 6 *woreda* involved in the project, and of cooperatives/cooperatives unions that provide services to the farmers;
- b). the valorization of the collaboration mechanisms between the local institutions and the farmers;
- c). the availability of upgraded by the SARC selected durum varieties;
- d). the collaboration relationship between *Slow Food* and the Italian coffee exporters;
- e). the adoption of quality and premium based sale contracts putting cooperatives and companies in close contact.

Weak points:

- a). the lack of identification of the value chains standards and the limited involvement of the private partners (middlemen, mechanization services providers, transport companies, sale promotion agencies – in absence of associations representing them -);
- b). the lack of a diversified approach to the two distinct phases of the production and the multiplication of the basic and commercial durum wheat seeds and therefore the absence of seeds companies in the project at the project identification time; Oromia seed enterprise having entered in the durum wheat seed multiplication only recently;
- c). the lack of identification of the traceability mechanisms (produce specifications/produce traceability handbooks, technical guidance from the purchaser to the producers, independent analysis/certification services of the agricultural produce);
- d). the insufficient valorization of the agricultural credit offer based on future crops;
- e). the insufficient collaboration with the commercialization promotion services of the agricultural produce due to limited financial resources devoted to the technical post-harvest assistance phase.

The foreseen mechanism centred on the collaboration between the Ethiopian institutions and the OAI/*Slow Food* that should have strengthened the involvement of the Italian technical assistance and the project monitoring found the following hitches:

- a). the limited expertise of the OAI in the agri-economic and company management sectors;
- b). the limited resources invested in the project by *Slow Food* for the coffee commercialization – not indicated in the project budget beforehand;
- c). the time matching between the upgrade and the delivery of technology was poor. The adoption, for instance, of poor farming mechanization systems (mixture of different lots) and the small size

of the electric grid in the country stood in the way of producing seeds on a large scale that would actually require a more evolved technology than that used for the agricultural produce.

By valorizing the local initiative and therefore the beneficiaries' skills and by stimulating the decision making of the local institutions and partners in Ethiopia, the project met the Paris Declaration on aid effectiveness.

D.1.2 Quality of the logic framework

The project logic framework (see Annex 3) was complete and detailed from a quality point of view. It was not from a quantitative point of view. The project general target pointed to the bettering of the life conditions of the Oromia population and, specifically, to the increase in profitability of the traditional produces. Despite the project's title of *Agricultural value chains in Oromia*, and the central role played by the local value chains themselves, the logic framework scarcely dealt with the structuring of the value chains.

The specific target indicators were correctly stated as i) the effects of the durum and coffee value chains strengthening on the population welfare and ii) the possibility to extend the acquired capacities to strengthen other agricultural value chains.

The key performance indicators were nevertheless poorly presented with just a single numerical value: the amount of durum sold by the cooperatives/cooperatives unions. The other indicators, although referred to basic elements for the evaluation of the performance of the project (e.g. the sale price matched with the produce's quality), due to their poor definition, were insufficient or not sufficiently clear in order to measure the progress of the project towards the expected results. Furthermore they were based on internal or external unidentified sources and are therefore unsuitable for an objective monitoring activity.

D.2 Efficiency

D.2.1 Management and monitoring

As Fig. 7 shows the SARC and the local authorities (i.e. the *woreda* in the Bale area) operated in close contact with the beneficiaries (farmers, cooperatives and cooperatives unions), channeling the technical contributions of the local and international partners. Such operational approach put the Ethiopian institutions in close contact with the beneficiaries of the project in the Oromia. Yet the concentration of the project activities on the side of the production determined the greater part of the activities to be carried out by the SARC and by the Bale agricultural authorities and by the n. 6 *woreda* (technical assistance).

The decoupling was realized of the management outfits (BoFED, OARI e OAI) from the executive outfits (the other partners and the institutions in the area of Bale and of the *woreda*) and of their activities. Such approach contributed to dilate the project duration also hampering the project monitoring.

The following were the main contextual critical issues that dilated the project duration:

- i) the drawing up of the agreements among the Ethiopian partners delayed the project start by 18 months: from the agreement January 2010 to the mobilization of the technical assistance April 2011;
- ii) the laboriousness of the authorization procedures for the bank accounts opening in Ethiopia and for the funding transfers among the Ethiopian partners;
- iii) the lengthiness of the tendering procedures in Ethiopia;
- iv) the lag between the action plans and the much dilated chronograms, also due to the farm season requirements.

Such delays weighted on the project timing resulting in the delivering of some implements (seed cleaners, tractor, safes) much after the date initially set for the project conclusion. These criticalities, as already stated, caused the project conclusion to be postponed four times: 1° 30/04/2014, 2° 30/05/2015, 3° 30/10/2015 and 4° 30/04/2016, with such a delay that made the project to be completed a whole 3,5 years later than envisaged (from 1,5 year to 5 years).

D.2.2 *Execution of the activities*

The local activities were performed valorizing the research and extension services' technical skills and the familiarity of such services with the farmers. Thanks to such inputs, the project enjoyed an efficiency boost: not only did it contribute to increase the competences of the farmers, but it also bolstered their capacity to work locally. It was therefore possible to deliver new technical skills and endowments to the farmers and their cooperatives in a more targeted and intensive way than before the project. The activities were overall realized by valorizing the in the OARI-SARC already developed knowledges, orienting the external contributions towards their strengthening, also avoiding duplications and pre-existent patterns. However, the supply of the materials suffered from the time dilatation and the seasonal issues, as already said.

The organization of the activities on the spot – farming, (demonstration fields) training and technical assistance – availed itself of the clout and the coordination capacities of the usually highly educated delegates of the producers cooperatives.

The coordination between the Ethiopian and the international partners in the project was efficient: the OAI channeled the specialist competencies in order to strengthen the SARC in the research sector, also widening the range of the skills made available for the farmers by the local extensionists. *Slow Food* contributed to the delivery of new technical skills to the producers (fruit trees pruning training) and to ease the relations with the foreign purchasers, supporting the project with its own financial resources.

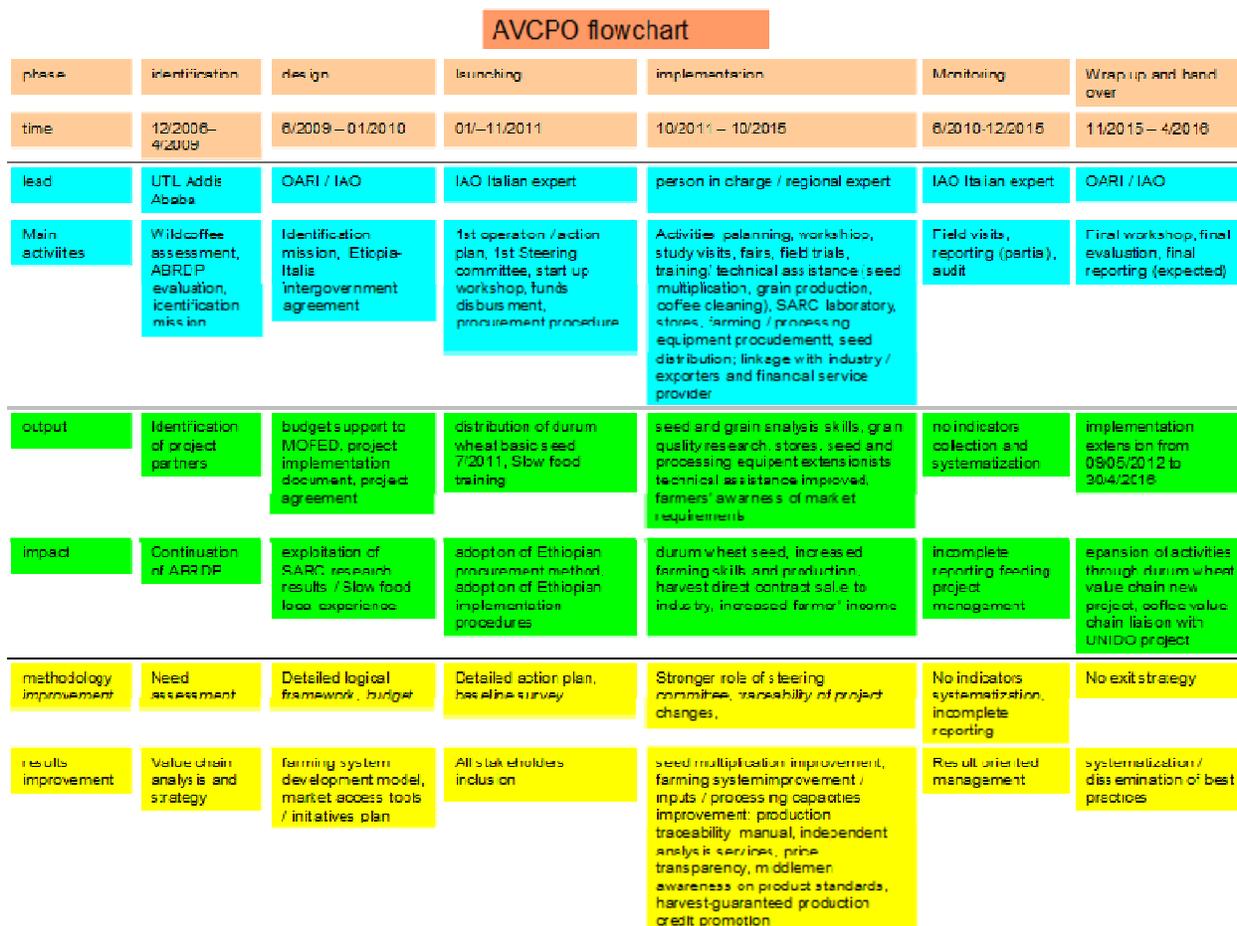


Fig. 8. Project activities flux

The awareness was raised of some pasta industry delegates, some Addis Ababa restaurant owners and the coffee exporters about the production of a quality driven produce.

D.2.3 Resources management

The implementation of the activities lagged behind the project timeline due to delays occurred in the funding transfers in Ethiopia and even more so in the lengthy purchasing procedures. The decoupling of the management from the execution made the delays to further escalate. When visiting the project's site, the entrusted to the Italians part of the project had been completed (closed

30/10/2015) not so was the Ethiopian component where 30/04/2016, the cut-off date for the invoicing, 150.000 euros were yet to be spent. Such a result is by all means positive when the fact is taken into consideration that the project had been running for 5 years instead of the originally devised 1,5 years. The project budget was inadequate to deeply cut into all of the value chains' rings (particularly those regarding the produce commercialization) and to reach all of the set targets.

D.3 Effectiveness

The durum cooperatives farmers expanded the cultivated area to 7,434 Ha in 2014-2015 with a produce of 130,000 q. It must be said yet that such figure also encompasses the produce of some cooperatives not involved in the project (they were 12 instead of the 2 foreseen in the Gololcha *woreda*) and of the Gasera district farmers, assisted by the SARC as well, but not partners in the project. From a qualitative point of view, such produce was not always up to the expectations, showing there had been weaker links in the value chains. As a matter of fact, the pasta industries and the coffee exporters involved in the project mainly draw the product from middlemen instead directly from the producers, as their delegates said during the survey, following the swift increase in the offer of durum wheat.

The durum and coffee value chain structuring is incomplete and has yet to be streamlined either because the project focused mainly on the production side or because it failed to take into consideration some input conditioning factors and the final destination of the produce. 2014-2015, the coffee producers sold 4,500 q dried coffee to a well-known Italian company and succeeded also in less important transactions to small coffee roasters thanks to the *Slow Food* Harena forest wild coffee certification. Despite the assistance provided by the project for their emancipation in the coffee manufacturing, they still availed themselves of private manufacturing plants and of the middlemen. Figs 9 and 10 show the durum and coffee value chains.

D.3.1 *Durum wheat:* In this area the durum farming is undergoing an ever increasing mechanization process (there are quite a few harvesting services available by combine harvester) and aims at elevated produce standards thanks also to the dry season coinciding with the grain sinking phase. The favourable climate contributes as well to the produce diversification by alternating or substituting rust (*Puccinia graminisi*, *P. Tritici*, *P. striatiformis*) and drought prone wheat with the more suitable for lowland farming and drought resilient durum. The training and the technical assistance provided by the public agricultural research and extension services upgraded the farmers' technical capabilities and contributed to the enhancement and upgrade of the durum produce in the more

suitable areas (lowlands). Furthermore, the ever more wide-spreading of the rust disease in the bread wheat farming, made the producers to switch to the durum that is more resilient to the locally widely present rust strains.

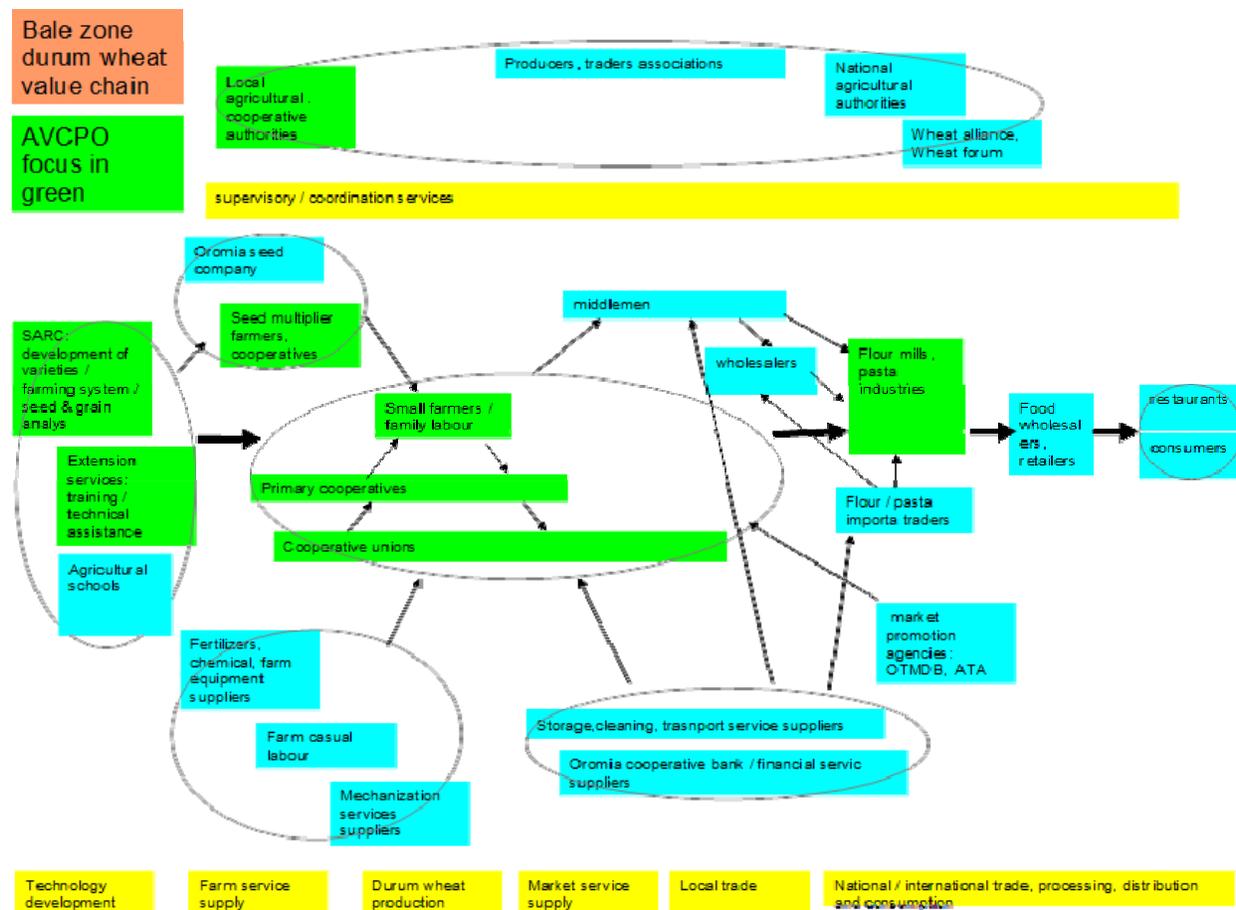


Fig. 9. Durum value chains in the Bale area

D.3.1.1 *Durum wheat upgraded seed production.* The seed characteristics are essential for producing a pasta manufacturers are satisfied of, i.e. a durum compliant with the product standards. The project tried to steer the produce in such direction, upgrading the inputs provision and the management and commercialization of the produce. To this end it bolstered the endowments to the project's participants and the SARC varietal research programs (quality driven selecting methods for the wheat, experimental tests carried out by the farmers on the spot), and it strengthened the basic seeds production and the seeds and wheat laboratory analysis – thus carrying on the action of the ABRDP. Such approach, though, led to the production of small, heterogeneous seeds, sometimes, even provided with low germination grades. This poor result is to be ascribed to the lack of a standard that should have been imposed on the farmers by the seeds company: each and every farmer in fact

acted in their own way in the destined to the market seeds production (rouging, drying) due to the limited availability of official seed standard.

The soft supervision over each and every multiplier by the SARC and above all the lack of a safe quality supervision system taking into consideration the required quality standards (produce disciplinary, produce standard) caused the durum seeds standards to be missed.

D.3.1.2 *Durum wheat cultivation and commercialization.* The lots of durum harvested in each of the many ab. 5 ha plots - the average plot in the area - were by all means heterogeneous from a quality point of view due both to the heterogeneity of the seeds and of the farming techniques. Unlike other parts of the country, in the Bale area an agriculture mechanization process is ongoing that reduces the human and animal labour. The substitution of the manual sowing techniques (broadcast, drill) with machine sowing entails a more regular distribution of the seeds on the ground, and therefore a more efficient use of such input (1.3-1.5 q/Ha instead of 2.0 q/Ha).

The farmers training was provided with reference to the traditional low capital workforce based farming system, without taking into consideration the opportunities provided by mechanization. The higher productivity measured in the Gololcha was to be attributed to the physical characteristics of the cultivated land and to the climate (uplands, hot and dry climate). In such climate conditions, the productivity was comparable to that of the wheat: the durum wheat, however is sold at prices ab. 10-20% higher. Farmers of the Sinana, Agarfa and Goro *woreda* chose to cultivate durum because wheat there had been rust stricken resulting in a up to 50% decrease of the produce. Taking into account that the durum yeald is 20-30% smaller than that of the wheat, the higher price of the former offsets the smaller yield in a varied way.

The project allowed the cooperatives unions to contact the *Oromia cooperative bank* of which many of them were already clients. This institution has a consolidated experience in the provision to farmers of credit based on the future crops. Its involvement in the project was effective but just limited to a few contracts. The project favoured the signing of durum sale agreements directly between the cooperatives/cooperatives unions and the pasta manufacturers in order to cut middlemen' costs and to boost the farmers profits. This supply contract arrangement is taken as the first experience in the Oromia region. Particularly, the durum sale agreements envisaged quality based premiums: durum protein rich lots were about 30% dearer. Following the surge of the grain price due to the government ban on import – that made less convenient for the pasta manufacturers to increase the pasta quality in order to prevent the consumer price from soaring – the farmers sold their produce at

better conditions to the middlemen that purchase and then mix the different grain lots without paying attention to their quality.

D.3.1.3 *Durum value chain structuring.* The cooperatives and cooperatives unions upgrade (capacities development and contacts with pasta manufacturers, building of store rooms) was an important outcome of the project, also taking into account that the durum produce on the whole is too big a matter for the small farmers to individually deal with. On the one hand, the manufacturers request the supply of minimal lots so that the crops need to be stored. On the other, to meet the requirements of the manufacturers – quality stability of the produce, homogeneity of lots – it is necessary for all farmers to foster homogeneous production processes, which cannot be implemented unless a surveillance mechanism is set in. The project endowed the SARC laboratory with new equipment and wheat quality testing capacities. The SARC developed a production model and assisted the farmers – by *woreda* enhancement services – on its adoption. The SARC laboratory, as well as the seeds testing laboratory, provide scientific food safety based and not market oriented tests. To end up, the structuring of the durum value chain is still to be completed and the commitment to quality was only partially reached.

D.3.2 *Hareenna forest wild coffee.*

The farming area lies in the *Bale Mountains National Park*. The area is subject to environmental restrictions (ban on clearing of trees, on farming enhancement, on the use of chemicals) that freezes the expansion of farming in the area. However, the low concentration of man-made plants crop density and the favourable environmental conditions, a good phytosanitary standard for the coffee plantations, help in breeding a wholesome and easily workable produce. In such context, the profit increase of the farmers households hangs on the upgrade of the pruning skills and on the care provided to harvesting, drying, selecting and washing the whole ripe grains or on the economy diversification based on wild produce but wood collecting (fruits, honey, medicinal plants). For the Hareenna forest wild coffee value chain see fig. 10.

D.3.2.1 *Coffee production and commercialization.* The project assisted the *Burka Yadot coffee cooperatives union* in the proceedings for the granting of the export licence from the government and in setting up an office in Addis Ababa during the coffee sale season. The project focused on the produce quality upgrade in the post-harvest phase and in the bolstering of the commercial capabilities of the cooperatives/cooperatives unions making them up to incorporate the whole yield and providing the

Burka Yadot union with a dry coffee processor or huller and selection machine before the packing into sacks.

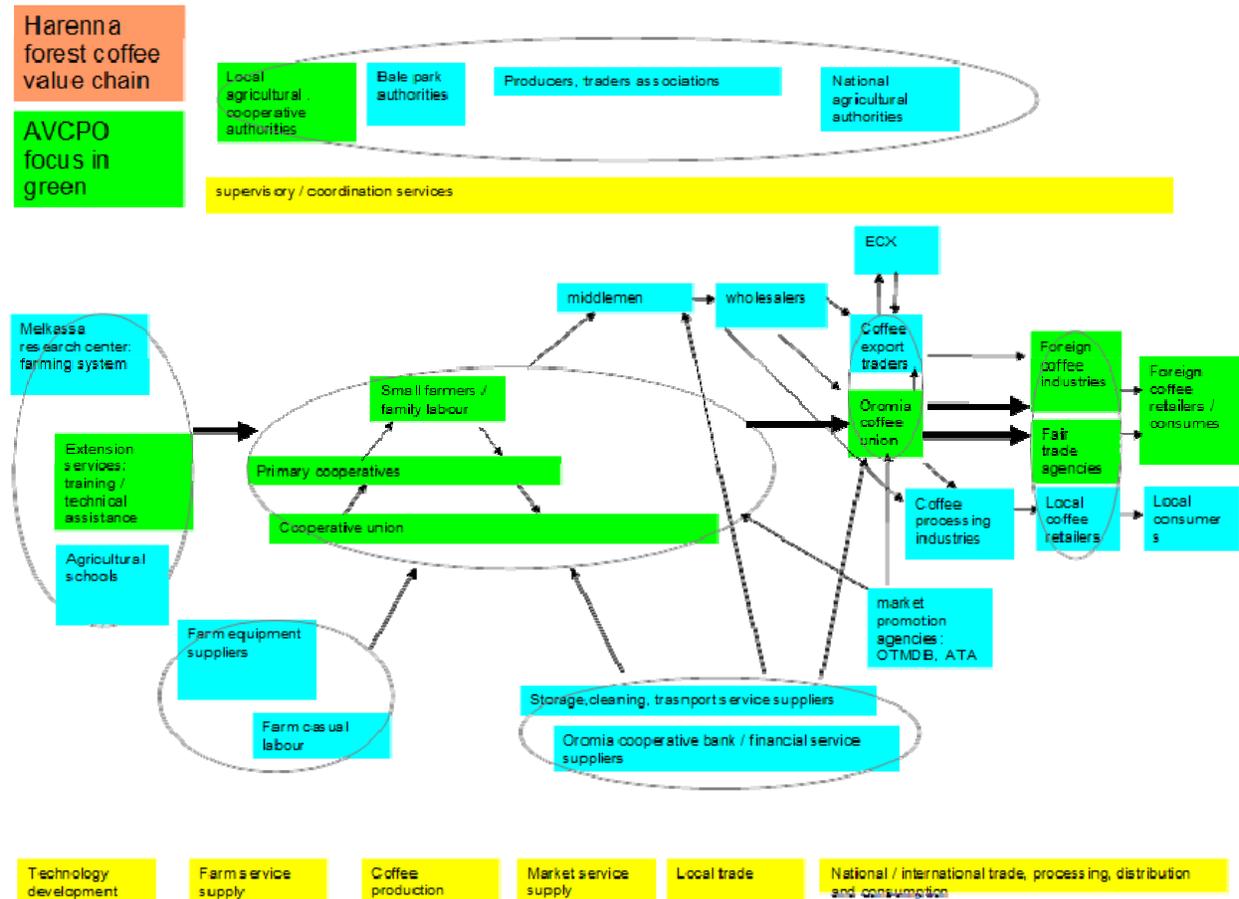


Fig. 10. Hareenna forest wild coffee value chain

Overall, the coffee characteristics improved. In the *Ethiopia commodity Exchange (ECX)*, that regulates the export market, the Hareenna forest wild coffee scores from 2 to 6 (1 being the highest score and 10 the lowest) that is in the range of exportable products. When the evaluation was made, the *Burka Yadot union* supplied hulling machine had not been installed yet. The produce finishing had been therefore entrusted to external services in Dollo Mena, the district’s city capital. The incorporation of all the coffee produce accomplished by the cooperatives allowed the Hareenna forest wild coffee to be sold to the *Oromia coffee union* of Addis Ababa that also took charge of the processing and final selection before the sale/export. At the same time, thanks to *Slow food*, the *Burka Yadot union* contacted some Italian coffee roasting companies interested in the promotion of the Hareenna forest wild coffee as a traditional local produce. The sale price was based on the ECX national classification system (without the Protected Designation of Origin certification). When the working and intermediation costs suffered from the *Oromia coffee union* were deducted – taking also into

account the losses suffered by the lots – the producers got about the 50% of the coffee export price of the equivalent grade.

D.3.2.2 *Coffee value chain structuring.* The international trade of the Ethiopian coffee requires an export license from the ECX that also establishes the reference price of the coffee on the base of a classification system (now on the mend with a reduction from 10 to 6 categories). The strengthening of the producers cooperatives of the Hareenna forest allowed them to be inserted in the export market although not yet to get a Protected Designation of Origin certification. The international trade actually requires more resources both for the produce surveillance (implementation of mandatory produce standards and traceability systems) and for the promotion of sales to consumers. The former action is being presently carried out by *Slow Food*. During the project, in fact, *Slow Food* did not focus on the specific target of the project promotion but more on the establishment of contacts among the producers and some importers and on a generic form of promotion.

A traceability standard based system from farms to storage rooms and from here to the purchaser is still missing together with the testing capability to be used as a means of internal control and in the contracting phase. The manufacturers have instead their own laboratories for the analysis and evaluation of the produce. The ECX's laboratories are too far from the production area, furthermore their impartiality is doubtful due to their role in the granting of export licenses, not to say that they can't provide a continuous and widespread service in reference to the traceability and the production/manufacture.

C.4 Impact

C.4.1 *Durum wheat value chain.*

The project contributed to the structuring of the value chain i) in the production phase; ii) in the commercialization/transformation of the produce phase:

- a). by strengthening the research and extension services to delivery to the farmers of technical innovations,
- b). by strengthening the cooperatives and cooperatives unions' capacities in incorporating and selling the crops and by creating direct contacts among the producers and the pasta companies.

The project put in place a quality driven process and therefore opened new perspectives in the enhancement of the durum farmed areas, in the increase of its unit selling price, in addition to favouring a greater control of the farmers over the supply (incorporation).

The increase in the produce quality was hampered by the unabated deficiencies in the inputs purchase: seeds, fertilizers, mechanization services, both in qualitative and quantitative terms; and by the extremely poor cereal market in Ethiopia that is more quantity than quality driven.

The involvement of the farmers in the seeds multiplication reached its target only partially especially as far as quality is concerned. Such poor result was mostly due to the lack of strict surveillance procedures and to the unevenness of the seeds germination. The farmers conformed to the agricultural context so feeding an informal trade that did not take into account produce standards. The limited collaboration between producers and purchaser before the crop resulted in contracts drawn just at the time of the transaction – and more in general discouraged the delivery of quality driven new advancements in technology. The project bolstered the commercial capabilities of the cooperatives/cooperatives unions, increasing the bargaining power of their members. However, it did not take into consideration: the fact that the local consumers are scarcely keen on quality; the limited transparency of the market; the aspects linked to the credit on future crops and the role played by the middlemen in making the local economy more flexible by carrying out actions of their own (for example by allocating credits to the farmers). The agricultural policy did not play a strong enough role and a positive one in such context. It is true that it allowed technology innovations to be delivered but at the same it did not ease the supply of basic seeds and fertilizer to the farmers. Furthermore, it interfered with the international trade and particularly with the encounter of offer and demand, in this way contributing to open a gulf between producers and final consumers. To conclude, the Bale durum value chain is functioning, with some deficiencies caused by the choice of the quantitative increase over the qualitative improvement.

D.4.2 *Haremma forest wild coffee value chain.*

The project contributed to the structuring of this value chain: i) in the production phase; and ii) in the commercialization/transformation of the produce phase. Such planning resulted in a partial structuring of a quality driven coffee value chain. The commercial part, though, was partly strengthened. The restrictions imposed on the *Bale Mountains National Park* territory – where the Haremma forest is located – limiting the coffee production favours the quality of the produce. *Slow Food* contributed to such effort either by delivering innovative production techniques or by promoting the coffee abroad.

The project strengthened the cooperatives/cooperative unions that store and sell the coffee on behalf of the producers. Such selling activity was based, though, on a too weak commercial positioning that make the Haremma forest wild coffee not so looked after by the consumers and only

sold in small lots at a price that does not take into consideration its specificity and quality but makes reference to the standard coffee prices listed in the ECX.

The produce quality improvement involved just part of the potential producers. At the end of the project (agricultural season 2014-2015) the commercialization of the traditional local produce (Hareenna forest wild coffee) was limited to just one container.

The collaboration between producers and purchasers in the planning, execution and surveillance of the farming is a basic element for the integration of the value chain. The project did not take into consideration many key topics for such integration to take place, as the access of the farmers to independent testing services or their participation in commercial promotion events. For such reasons the Hareenna forest wild coffee value chain structuring is yet to be considered an ongoing process.

D.4.3 *Research system, agriculture promotion and value the chain approach.* The project bolstered the SARC and the agricultural promotion system fostering the farmers' capacities and providing material resources in order to sustain the farmers in their work of boosting the production and improving its quality. It filled some gaps that limited the delivery of new advancements in technology from the public institutions to the farmers by appealing to:

- a) the key role of the public sector in agriculture development and in produce orienting with market supervision outfits, the systematic contacts between the farmers and the SARC and the extension service of the woreda/kebele;
- b) the primary cooperatives/cooperatives unions leaders' capability that pushed and guided the cooperatives members in the adoption of the SARC and *Slow Food* promoted innovations.

The project contributed to the produce innovation and to the income increase of the farmers. However, the value chains analysis, for which limited resources were earmarked either for the produce promotion, the coordination and the surveillance, was poor. Such deficiencies had negative consequences on the produce commercialization. To conclude, the project did not mobilize the agro-economic competencies, much needed for the value chain model approach, due to a pre-existent strategic food safety based orientation inherited from the ABRDP. It played a key role in the product and production innovation as well as in creating interest in durum wheat as a promising crop (pull effect).

D.5 Sustainability

The project endowed the farmers with the capacity of producing a quality driven product and bolstered the cooperatives/cooperatives unions in the produce commercialization. The farmers' income thus increased. For a great part, such economic result was biased from the too high durum prices linked to the ban on import. The participative survey revealed that the interviewed people were satisfied on the whole for the improvement of durum wheat farming and for the profits but, at the same time, it revealed that they were disappointed and put off by the problems that they had met in getting the production inputs. The limited recognition of the specificity of the Hareenna forest wild coffee by the exporters favoured the commercial arbitration of the middlemen (less care for the homogeneity of the produce, lots and crops mix of different origins) and reduced the pledge of the farmers to a quality produce.

The unfinished durum value chain structuring of the Bale area and the incipient Hareenna forest wild coffee value chain did not significantly drive the producers to invest in a quality produce. The informal market was much of an option for most of the farmers of Bale. It brought a flexibility that is in line with a short value chain approach that puts the farmers at risk due to the lack of the basic inputs. The project underrated the issues of the competition among other commercially consolidated producers, the commercial farmers on the durum side and the recognized coffee varieties (certificated coffee or organic) producers on the side of the Hareenna forest wild coffee. The lack of mobilization of specific competences in the agro-economic sector, needed for the strengthening of such value chain component, resulted in a poor connection between the input suppliers and above all in the misalignment of the value chains with the consumer demand, notwithstanding the durum wheat integration in an expanding pasta industry creates business investment opportunities and thus contributes to the project results sustainability. The result was a frail commitment to quality of the value chains (so limiting its sustainability).

D.6 Transversal aspects

D.6.1 *Gender and social inclusion.* The project did not develop a gender strategy in order to improve the women conditions at work in the value chains and their more incisive role in the cooperatives management. Substantially, the opportunities and the risks, implied by the adoption of production upgrades, made the more dynamic and less socially exposed farmers to be chosen for the project. The women participation in the project was therefore very limited.

D.6.2 *Environment*. The environmental conditions of the production area are favourable to the durum farming from the point of view of the edafology (fertile black and sandy loam soils), while this cultivation is negatively affected by climate variations (drought and therefore sowing delays). The durum value chain is environment friendly with a limited use of fertilizers and fungicides.

D.6.3 *Lifelong upgrade and replication*. The focus of the project on the enhancement of the local capabilities put in place a lifelong upgrade strategy that favours the replication of the project in a wider context. The local institutions, the SARC, the extension services, the cooperatives/cooperatives unions focused on the reaching of results in their coping with the farmers' problems and their presence on the territory. The project approach and model has been taken up by the public institutions such as the BoARD of Oromia in collaboration with ATA that established the Bale zone as *Durum wheat commercialization cluster*. New projects have been engaged in durum wheat promotion on the basis of the AVCPO experience (USAID funded EIAR implemented wheat project and Africa Development Bank funded ICARDA-EIAR implemented wheat project, etc). Further important expansion effects include the entrance of the *Oromia seed enterprise* in the durum wheat seed multiplication and of UNIDO coffee project.

D.7 Synthesis of the project analysis

The local authorities, the extension services positively carried out the field activities of the project in collaboration with the cooperatives/cooperatives unions. The completion of the project required more time and more effort than previously foreseen due to the lengthy financial and administrative procedures in Ethiopia. The bolstering of the value chains was stronger during the production phase, resulting in a quantitative increase and in a limited qualitative improvement. The techniques proposed by the project were adopted also by the farmers that were not directly involved in the project.

On the side of the value chain structuring, the project did not directly face some important issues: i) the requirements of the consumers, ii) the addresses of the agricultural policies and iii) the regulatory framework of the market that influences the choices of the farmers, their customers and the other partners. Such wider scope exceeded the project mandate, as would have required addressing agricultural policy issues. To conclude, the project contributed to the strengthening of the productive capacities of the farmers and to raise their incomes without addressing some structural problems that weighted on the consumers demands.

D.8 Evaluation charts

In the chart here below the evaluation grids are shown of the strengthening of the value chains on the basis of the 5 OECD/DAC criteria: relevancy, efficiency, efficacy, impact and sustainability, previously examined with a synthetic judgement numerically expressed: Very Good: 10; Good: 8; Sufficient: 6; Insufficient: 4.

Evaluation chart: Durum value chain (average: 8)						
<i>Score</i>	<i>Very Good</i>	<i>Good</i>	<i>Suff.</i>	<i>Insuff.</i>	<i>Scarce</i>	<i>Total</i>
Relevancy		8				6
Efficiency		8				8
Efficacy	10					10
Impact		8				8
Sustainability			6			6
Total	10	24	6			40/5=8

Evaluation chart: Harena forest wild coffee value chain (average: 7,6)						
<i>Score</i>	<i>Very Good</i>	<i>Good</i>	<i>Suff.</i>	<i>Insuff.</i>	<i>Scarce</i>	<i>Total</i>
Relevancy			6			6
Efficiency		8				8
Efficacy		8				10
Impact		8				8
Sustainability		8				8
Total		32	6			38/5=7.6

Tab 3. Evaluation chart

PART “E”

Conclusions, recommendations and lessons learned

E.1 Conclusions

The conclusions of the evaluations are as follows:

E.1.1 Methodology and project execution

1. . conforming to its targets, the project carried on and enhanced the support already provided by the ABRDP to research and agricultural divulgation of the Oromia (OARI-SARC) and *Slow Food* was enhanced the production of durum wheat in the zone of Bale and of the Harena forest wild coffee.

It also strengthened the durum and coffee value chains especially in the production phase and steered the farmers’ commitment to quality.

2. The logical framework of the project mirrored its strategy. However, many of the indicators lacked numerical determination, making it difficult to carry out an objective evaluation.

The monitoring and reporting system was weak both from a conception and from an execution point of view (the *Semi annual report* and the indicators chart were not drawn), the project activities exceeding the resources made available for data collection and reporting.

3. The lack of a beforehand detailed analysis of the value chains and the strict regulation of the local agricultural market limited the mobilization of the resources earmarked for the restructuring of the value chains themselves particularly in the manufacturing/commercialization links. A stronger coordination of the project activities with other similar strengthening initiatives would have allowed to build-up synergies in sectors of common interest (for example: USAID programs for the traceability system of the coffee and the seeds).

4. The support to the Ethiopian government balance sheet valorized the competencies and skills of the farmers and of the local partners (local authorities and farming organizations). By such approach, the supply of the upgraded technology agreed with the requirements of the farmers in the frame of the existing capabilities and knowledge. However, this same approach was probably responsible, at least partially, for the delays in the activities implementation to which also added the distance between the project governing bodies (Addis Ababa and Florence) and their executive local partners in the Bale area.

5. The management of the project was carried out very flexibly thanks to the positive collaborative attitude of all the participants. The participation was more intense and effective in the durum

- part of the project due to the greater management experience of the cooperatives delegates of the first value chain.
6. The buildings, the equipment and the materials supplied by the project strengthened the operative capabilities of the farmers and of the cooperatives and of their partners in accessing the market.
 7. The experiences exchanges, visits, group meetings steered the farmers toward quality. A greater involvement of industries, middlemen and providers however would have delivered more systematic results.
 8. The too high number of the seeds multipliers, acting freely, that is without undergoing surveillance and testing procedures, determined not homogeneous seeds lot to be fed into the informal market causing a quality decrease of the to the local and international market destined production.
 9. The communication activities due to ease the matching of the demand with the offer, built up profitable economic relations between the producers and the purchasers. This activity however missed the boosting target due to the incomplete structuring of the value chains in the post-harvest / market access phase.
 10. The lack of independent consumer oriented testing laboratories for the produce stood in the way of the improvement of the produce quality and of the set up and adoption of strict traceability systems.
 11. The project did not cut into the coordination mechanism of the value chain – many potential partners lacking awareness or association bodies to contribute to such approach - that, together with the one that regulates the market, play a significant role in the strengthening of the commitment to quality of the farmers.
 12. The on the future produce based credit support action with the involvement of the *Rural and urban savings and credit cooperatives* (RUSACCO) revealed itself as unfeasible. The lack of expertise allowed just a limited credit support granting to the cooperatives on the part of the *Oromia cooperative bank* - which is fully expert on matters of credit granting to farmers, less so on the future produce based credit.

E.1.2 Survey system and agricultural divulgation

13. The introduction of the SARC quality boosting research concept, contributed to the enhancement of the durum produce, making it more palatable for the pasta manufacturers.

14. The SARC produced and sold the basic durum seed at a bargain price. The lack of resources stood in the way of an enhancement of the production of the basic durum seed.
15. The SARC grains testing laboratory was geared toward research and it was not equipped for the provision of market oriented analyses.
16. The Oromia farm extension services, that are widely present in the region, positively contributed to the delivery of an upgraded technology from the research sector and the market to the farmers. They could have been involved though also in the produce traceability (a quality boosting mechanism).

E.1.3 Durum wheat value chain

17. The seeds producers made reference to the pre-existent protocol, farmer's seed system. They were not committed to quality and commercial standards. In such way, the seed informal
18. . The available productive inputs were not up to the ongoing mechanization and internationalization requirements.
19. The scant commitment to quality of the agricultural inputs providers and of the middlemen prevented the value chains integration and the support to the new farmers in the woreda. The more the competition with the wheat raged, the more interest and support was given by the durum farmers.
20. The durum production moved past the plots involved in the project and very rapidly over the mid-lowlands. The climate in such lands is characterized by a short rain season that better suits the durum than the common wheat farming. In the uplands, the durum is not outright eliminated but it is rotated with the less rust resistant wheat.
21. The relation among producers and purchaser occurred only during the transaction phase. The farmers were therefore less stimulated by the market mechanism to invest in a higher quality produce.
22. The cooperatives unions improved their commercialization skills, not quite so their produce working skills. Particularly, the seeds production requires a more technical and managerial approach than their on the social mission fulfilment based and generalist approach (general provision of services to the members).
23. The pasta market suffered from the governmental ban on grain imports. The quality-based setting and associated premium payments were challenged by other trade conveniences (e.g., blending different grade lots of product) therefore making farmers to lessen their commitment to quality.

24. The project assisted SARC laboratory is a research and not market oriented one; it is therefore less inclined to agreeing with the market demands. An independent market oriented testing system was outright absent in Ethiopia. Due to such situation, testing was very limited and when controversies over transactions arose payments are dramatically slow.
25. Some on the future produce based farm credit services were available but they were unsuitable for the durum value chain because they did not take into consideration the peculiarities of the durum value chain such as the relations between the produce fragmentation and the produce quality. Furthermore, a part from the project supported Cooperative new warehouses, adequate structures are lacking in the region.

E.1.4 Coffee value chain

26. The environmental restrictions in the Bale Mountains National Park area limited both the enhancement of the cultivated land and the employment of the produce inputs.
27. The farmers' income increase hangs therefore only on the coffee quality improvement and on the economic diversification: exploitation of the forest produce and the non-timber products such as forest honey, fruits, bamboo products.
28. The small amounts of coffee produced by each farmer required many lots to be aggregated before the hulling and final selection - usually entrusted to transformation industries thus reducing the profit margins of the farmers. The newly supported cooperative union Burka Yadot improved their commercialization skills and, although at a lesser degree, also its produce working skills. Overall this situation eats away the profits of the farmers.
29. The relations among producers and purchaser occurred only during the transaction phase. The farmers were therefore less stimulated by the market mechanism to invest in a higher quality produce.
30. The national coffee export regulatory system, that make use of the Ethiopia commodity exchange (ECX) services, is oriented towards the strengthening of the traceability system – whose viability depends on the evolution of the farm product trade regulations systems -. Such mechanism does not, however, take the recognition of specificity of the Haremma forest wild coffee for granted, possibly influencing its price that is fixed by the producers at about half the price of the generic export coffee.
31. The lack of independent market oriented testing outfits, did not help in the process of upgrading the produce and making it more marketable and suitable for exporting. The ECX laboratories are not equipped for the provision of such service and furthermore the ECX, in its

public role of market regulator, is actually in a position of conflict of interests. As a matter of fact, this situation does not help in the crucial phase of the commercialization of the produce.

32. The existing credit schemes based on the future harvest were not suitable for the requirements of the Hareenna forest coffee value chain. Such services do not take into consideration the peculiarities of this value chain such as the relations existing between the produce fragmentation and the quality of the produce the cause of production and commercial risks.
33. The Hareenna forest wild coffee promotion activity carried out by Slow Food contributed to the strengthening of the relations among the farmers and the primary foreign purchasers. The capacities of the local producers, however, did not match with the requirements in terms of quality and quantity of the foreign purchasers.

E.2 Recommendations and lessons learned

E.2.1 Project methodology and execution

1. In selecting the new projects, the UTL in Addis Ababa should make sure that such projects set themselves inside the frame of the *Agricultural value chain in Oromia*.
2. The forecast continuation projects should be based on such logical frames that include the numerical definitions. The evaluation indicators should also show whether the quality and quantity targets of the final product have been reached. The monitoring is to include the systematization of the indicators chart and the drawing up of the *semi annual reports* that had been foreseen in the cooperation agreement.
3. The continuation projects should be coordinated with other initiatives in the same sectors (for example the USAID financed projects) in order to complete the value chains structuring also on the basis of an analysis of the influence of the regulations and public directives on the main commercial proceedings in the agri-business.
4. In the continuation projects, a project management skilled manager/expert should be put in charge of the project with the aim of coordinating the partners along a strong result oriented approach and of cut down the times it takes for the administrative and financial proceedings to be carried out.
5. The cooperatives services in the Bale area/*woreda* should provide management training to the cooperatives/cooperative unions leaders.
6. The continuation projects should also envisage the training and the maintenance of the farming machines in order to upgrade the functionality of the combine harvesters with the final aim of reducing the durum heterogeneity or field level mixture.

7. The continuation projects should envisage the sensitization and the training on the job, commitment to quality and traceability of all of the participants (companies, middlemen, goods providers) in order to work to the produce standards, each according to their competence.
8. The continuation projects should phase-in the seeds companies that should contractually entrust the seeds multiplications to farmers groups, or farmer' cooperatives, in order to ensure the seeds homogeneity and their conformity to the standards.
9. The continuation projects should engage the purchasers in the provision of the technical assistance to the farmers and of the produce surveillance services in order to remove any of the heterogeneity effects.
10. The continuation projects should engage the participants of the value chains in the set-up of an independent market oriented testing matching the international standards service (ISO 17025). Such service could also resort to the SARC and the *Ethiopia commodity exchange* (ECX) that in this case should guarantee independence from the other institutional activities performed by them.
11. The continuation projects should flank the MoARD/BOARD, in collaboration with the representatives of the value chains participants, in the creation of value chain standards and in their adoption in the formulation of the development and self-regulating market strategies also using the sector's coordination outfits such as the *Wheat forum*, the *Pasta alliance* or The coffee producer association.
12. The continuation projects should coordinate their action with other programs (for example The *Agriculture growth program*) in the promotion of the on the future produce based credit envisaging the sensitization of the already granted on the produce based credit financial institutions and putting them in contact with agricultural credit re-insurance outfits.

E.2.2 Survey system and agricultural divulgation

13. The continuation projects should promote the collaboration of the SARC with Italian research centres particularly in EU financed research projects (*Framework programme, ACP science and technology programme, etc.*).
14. See n. 8. The continuation project should strengthen the *Oromia seed enterprise* – to which the SARC already provide durum basic seeds - by means of experience exchanges with the Italian seeds companies.
15. See n. 10.

16. The continuation project should envisage the training of the cooperatives delegates together with the development agents in the *kebele* in the managing, surveillance and traceability with the final aim of establishing produce standards.

E.2.3 Durum wheat value chain

17. See n. 8.

18. The continuation project should deal with the ongoing farming mechanization in order to apply a tailored approach according to the level of mechanization.

19. See n. 7.

20. The continuation project should envisage the drawing up of an agro-ecologic survey of the interested by the intervention area in order to sort out the requirements of the different farming systems and in the case of common wheat farming, reduce the engagement (for example avoiding to promote the seeds production in such areas).

21. See n. 9.

22. See n. 8.

23. See n. 8.

24. See n. 10.

25. See n. 12.

E.2.4 The coffee value chain

26. The continuation project should envisage the exchange of experiences with the coffee producers of other areas in Ethiopia and the training on the pruning techniques also involving the *Melkassa research center*.

27. The continuation project should bring to completion the installation of the coffee hulling machine with the training of the cooperatives/cooperative unions delegates and technicians on the produce manufacturing and the international standards.

28. The continuation project should help the cooperatives/cooperatives unions in the drawing up and the adoption of traceability and production manuals, also encompassing the relative training of farmers, technicians and managers.

29. The cooperatives/cooperatives unions should support the ECX in order to create a national coffee traceability system with the final aim of obtaining the geo-referencing of the collection and produce manufacturing centres.

30. The continuation project should promote the collaboration among the value chain participants in the building up of independent market oriented international standard compliant (ISO 17025)

analysis services. Such services could use the EXC laboratories in which case the EXC should keep free from its market regulation role (export licenses granting, price fixing ecc.)..31. See n. 12.

32. The continuation project, together with *Slow Food*, should favour a fair and joint trade (see the collaboration with the *Oromia coffee union* and the scheme *Fair trade*) in order to reach the full development of the population.

33. Strong commitment in management and technical skills is required on the promotion and realization of the Hareenna Forest Coffee Speciality,

34. Establishing a formal association of middlemen actors of both the coffee and durum wheat value chain so that their role can be recognized; and in the meantime avoid their unnecessary quality deterioration effects on the final produce.

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