ETHIOPIA

Agricultural value chain in Oromia

AID 9374

Forest wild coffee
PROJECT AID 9374
Agricultural value chain in Oromia

EVALUATION SUMMARY REPORT

This document synthesizes the results of the *ex-post* independent evaluation of the project Agricultural value chain in Oromia - Ethiopia (AID 9374) funded by the Italian Ministry of Foreign Affairs and International Cooperation/ Directorate General for Development Co-operation (MAECI/DGCS). The full text is available in the Final Evaluation Report with its annexes.

The evaluation service was tendered by the DGCS – Office IX in 2014 and the contract, awarded to CESECO INTERNATIONAL s.r.l., was signed on September 2015.

Mr. Giorgio V. Brandolini, agronomist expert, drew the Evaluation Report, here summarized, with the assistance during the site visits of the local expert Mr. Raya Abagodu.

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1. 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 Harenna forest wild coffee.

The project funding envisaged a 1.700.000 grant by the Cooperation Department (DGCS) 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 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.

The evaluation activity envisaged the following phases described in the Evaluation Report:

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.

The Evaluation mission in Ethiopia was carried out in December 2015. The Evaluation 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 Harenna forest wild coffee producers and the delegates of n. 3 cooperative unions for the durum and n. 1 cooperative union for the Harenna forest wild coffee.

The inquiry envisaged the following activities listed in the table here below:
2. General Objective, Specific Objectives and the Expected Results

The General and Specific Objectives and the Expected Results of the project are here listed as follows:

**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 Harenna 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.

**Harenna forest wild coffee Value Chain**

1. Harenna 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. Harenna coffee cooperatives’ capabilities strengthened and upgraded with the adoption of quality protocols and environment sustainable management.

3. **The 5 OECD/DAC criteria**

The evaluation was made along the 5 OECD/DAC criteria: relevance, efficiency, effectiveness, impact, sustainability and crossing issues.

*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 valorisation 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 durum wheat, 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 Regional bureau of finance and economic development of Oromia (BoFED), Oromia Agricultural Research Institute (OARI) and the *Istituto Agronomico per l'Oltremare*- Florence (OAI). Such approach created gaps and obstacles resulting in delays and monitoring problems. Particularly, the execution of the project 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 *Harenna 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 dry lowlands. 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 Harenna 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 Harenna 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 did not affect the relations between the coffee farmers and the buyers in the stages that precede the commercialization of the harvest. 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 Harenna 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.

4. **The Analysis of the project**

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. 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.

5. **Summary 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 with a synthetic judgment numerically expressed: Very Good: 10; Good: 8; Sufficient: 6; Insufficient: 4.

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<th>Evaluation chart: Durum value chain (average: 8)</th>
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<th>Evaluation chart: Harenna forest wild coffee value chain (average: 7,6)</th>
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6. Conclusions, recommendations and lessons learned

6.1 Conclusions

1. Coherently with its targets, the project carried on and widened the support to the “Arsi and Bale Rural Development Project” (ABRDP) to the research and promotion of agricultural innovation in Oromia, OARI and “Sinana agricultural research center” (SARC), and to Slow Food in their effort of improving the durum wheat and the Harenna forest wild coffee production in the Bale zone. It also strengthened the durum wheat and the Harenna 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 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 centres (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 equipments 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.

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 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.

6.2 Recommendations and main lessons learned

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 skilful manager with project management capacities that should coordinate the partners in a focused 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.

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