



USAID
FROM THE AMERICAN PEOPLE



CNFA

Commercial Farm Service Center-Scale Up Support Program (CFSC-SUSP)



First Quarterly Report
Leader with Associate Award No.: AID-663-LA-15-00001

(January 01, 2015 – March 31, 2015)

Submitted to USAID/Ethiopia
April 30, 2015

Disclaimer- The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development of the United States Government.

Commercial Farm Service Center - Scale Up Support Program

(CFSC-SUSP)

First Quarterly Report

January 01, 2015 – March 31, 2015

Table of Contents

EXECUTIVE SUMMARY 3

PROGRAM OBJECTIVES 4

START-UP AND MOBILIZATION 5

 STAFFING: 5

 OFFICE LEASE: 7

 ASSET PROCUREMENT: 7

 PROGRAM DELIVERABLES TO USAID: 7

PROGRAM IMPLEMENTATION: 8

 IR 1: IMPROVED CAPACITY OF ATA TO ESTABLISH UP TO 20 FARM SERVICE CENTERS.. 8

 IR 1.2 INCREASED CAPACITY OF ATA TO CASCADE CAPACITY TO FSCs 8

 1.2.5: *Technical Support to FSC Agronomists and Veterinarians*..... 8

 IR 1.3 INCREASED CAPACITY OF ATA IN COMMUNICATIONS, BRANDING AND MARKING 8

 1.3.2: *Support ATA in Implementing Uniform Branding and Marking* 8

 IR 2: INCREASED COMPETITIVENESS OF EGAA AGRICULTURAL INPUT SUPPLIERS PLC 9

 IR 2.1: INCREASED CAPACITY OF EGAA AS A SUSTAINABLY PROFITABLE, COMMERCIAL ENTERPRISE 9

 2.1.1: *Provide Capacity Building Services* 9

 IR 3: MONITORING & EVALUATION AND LEARNING 9

4. CROSS CUTTING ISSUES 10

 4.3. PARTNERSHIPS AND COLLABORATION 10

ANNEX I: CFSC-SUSP AND ATA MEETING MINUTES..ERROR! BOOKMARK NOT DEFINED.

Acronyms

ATA	Agricultural Transformation Agency
CBO	Cooperative Bank of Oromia
CFSC-SUSP	Commercial Farm Service Center- Scale Up Support Program
CFSP	Commercial Farmer Service Program
COP	Chief of Party
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
EGAA	EGAA Agricultural Input Suppliers PLC
F2F	Farmer to Farmer Program
FARA	Fixed Amount Reimbursable Agreement
FSC	Farm Service Center
GOE	Government of Ethiopia
ILRI	International Livestock Research Institute
IR	Intermediate Result
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
SNNPR	Southern National Nationalities Peoples Region
USAID	United States Agency for International Development

Executive Summary

Over a three year implementation period, the Commercial Farm Service Center-Scale Up Support Program (CFSC-SUSP) will provide technical assistance to the Agricultural Transformation Agency (ATA) to establish 20 Farm Service Centers (FSCs) in the Oromia, SNNPR, Tigray and Amhara regions in Ethiopia. The primary goal of CFSC-SUSP is to improve the availability of branded high quality agricultural inputs, efficient technologies and market information to smallholder farmers. Through the creation of these FSCs, the program aims to increase agricultural productivity of over 160,000 smallholder farmers.

During the first quarter reporting period major emphasis was given to project start-up activities. The project successfully moved into its office, on boarded key personnel and technical staff and established relationships with implementing partners and key industry stake holders. The program also submitted its key deliverables for the first quarter including the annual Work Plan, Performance Management Plan (PMP), Branding and Marking Plan and a categorical exclusion request for the Environmental Mitigation and Monitoring Plan (EMMP).

CFSC-SUSP has been actively presenting on the FSC model and approach at various venues. The program led a Lessons Learned Workshop on the previous Commercial Farm Service Program (CFSP) to ATA senior management staff. This workshop lead to a four day series of meetings with ATA to identify leverage points between the FSCs and other ATA interventions. In addition, the CFSC-SUSP team presented at a half day consultative workshop organized by the International Livestock Research Institute, ILRI-GIZ Feed Seed Project, on CNFA's FSC and CFSP achievements and lessons learned.

CFSC-SUSP assisted EGAA Agricultural Inputs Suppliers Plc. with the procurement of agrochemicals from Syngenta worth \$254,016 to meet the inventory needs of the existing FSCs. The shipment is expected to arrive in Ethiopia in July/August 2015. CFSC-SUSP also assisted EGAA in registering and receiving certification from the Ethiopian Veterinary Drug Regulatory Authority. CFSC-SUSP also facilitated USAID's Development Credit Authority (DCA) facility to EGAA's member through Oromia Cooperative Bank so that FSCs can continually support refill inventories and working capital needs for smooth business operations.

Program Objectives

The Commercial Farm Service Program (CFSP) was a two year , USAID-funded, CNFA implemented pilot project that created six retail Farm Service Centers (FSCs) supported by an apex wholesale organization, the EGAA Agricultural Input Suppliers PLC (EGAA). This input supply network generated over \$3.2 million in sales of seeds, feed, small-scale farm tools and implements, veterinary drugs and plant protection products in about one year of operation, and to date has reached nearly 30,000 smallholder farmers who adopted new technologies and over 3,000 smallholder farmers through trainings and demonstrations.

The Commercial Farm Service Center-Scale Up Support Program (CFSC-SUSP) is a three year, USAID-funded, CNFA implemented program providing technical assistance to Ethiopia's Agricultural Transformation Agency (ATA) in rolling out the FSC model to four regions in Ethiopia under a Fixed Amount Reimbursement Agreement (FARA) between ATA and USAID. CFSC-SUSP supports the USAID Forward initiative through strengthening partner country capacities to improve aid effectiveness and sustainability, while contributing to USAID/FtF and Government of Ethiopia (GOE) priority areas of increasing smallholder farmers' productivity through improved access to inputs and agronomic and veterinary services.

CFSC-SUSP supports ATA to establish FSCs in regional trading hubs and commercialization clusters. The geographic scope of the ATA's FSC activity includes the four regions of Ethiopia: Oromia (scaling up), Amhara, Southern National Nationalities Peoples Region (SNNPR) and Tigray (expansion).

The overarching goal of CFSC-SUSP is to improve the availability to and use by smallholder farmers of safe, high-quality agricultural inputs in the four regions of Ethiopia. Improved availability of agricultural inputs is vital to increasing smallholder farmers' productivity, incomes, and food security.

Program interventions designed to achieve these objectives include the following Intermediate Results (IRs):

IR 1: Improved Capacity of ATA to Establish up to 20 new FSCs

IR 2: Increased Competitiveness of EGAA Agricultural Input Suppliers PLC

IR 3: Improved ATA Monitoring, Evaluation and Learning

IR1 interventions focus on establishing up to 20 new FSCs to serve more than 160,000 smallholders access to quality agricultural inputs, and new technological innovations (that will be demonstrated on plots). The distinguishing feature of the new FSCs is the provision of business development services with built in knowledge innovations and disseminations to smallholders. IR1 interventions are anticipated to create more than 160 off farm jobs.

IR2 interventions consist of strengthening EGAA agricultural input suppliers PLC to ensure continuous availability of quality and reasonably priced inventories at FSCs and the establishment of a business development service (BDS) provider network. The purpose of the BDS network is to ensure consistent availability of services in the market since EGAA may not be able to answer all services demand of the FSCs.

IR3 interventions involve the monitoring and evaluation of IR1 and IR2 activities, and subsequently reporting on knowledge learned to disseminate to stakeholders. The development hypothesis will be tested through evidence based approaches. IR3 activities largely track the impact of FSCs on smallholder incomes. One of the performance indicators to measure FSCs impact on smallholders is value of incremental sales at the farm level. CFSC-SUSP will conduct a baseline survey to determine the baseline and forecast future value of incremental sales at the farm level.

Activity: Start-up and Mobilization

The first quarter of implementation (January 1- March 31, 2015) was characterized by a number of project start-up activities including the mobilization of key personnel and technical staff, establishing relationships among implementing partners and key industry stakeholders, moving into an office space, procurement of major equipment, facilitation of CNFA registration in Ethiopia and opening a new project bank account. The process of establishing linkages with stakeholders began with the first CFSC-SUSP meeting held on January 15, 2015 with USAID's Economic Growth (EG) and Office of Acquisition and Assistance (OAA) team. In this initial meeting, USAID clarified details about the expected results and deliverables including the PMP, annual Work Plan, Marking and Branding plan, environmental compliance, and the relationship between CNFA and ATA. Key outcomes of this meeting included:

- Ensuring Work Plan tasks/activities align well with ATA's FARA milestones and budget;
- Indicating profitability of FSCs through PMP indicators and targets to ensure that FSCs are on a sustainable track record before the end of the program in December 2017; and
 - CFSC-SUSP should create a system to keep records of FSCs financial systems to monitor their profitability
- Develop strong relationships with ATA to make sure that the program is a successful and unique partnership model. CSFP-SUSP was tasked to support ATA in milestones and budget development to speed-up the FARA agreement processes. CFSC-SUSP has been continually supportive in the development and refinement of the FARA milestones and budget since January 2015, which resulted in the successful submission of draft milestones and budget in February 2015. ATA is expecting the FARA agreement to be signed by USAID in late April 2015.

Another key development of this quarter was CFSC-SUSP's discussions with ATA on its partnership and long-term engagement plans. As an entry point to the partnership, CFSC-SUSP delivered a half day Lessons Learned Workshop to ATA senior program leaders focusing on the business model and concept of FSCs and how CNFA implemented the previous CFSP program. Additionally, CFSC-SUSP shared major lessons learned and results of CFSP. One key takeaway of the lessons learned workshop was a one-on-one discussion with ATA senior leaders to foster an in-depth understanding of the FSC business model, the FSC concept, and capitalize on ATA's strategic interventions with FSCs. Subsequent to this takeaway, during the week of January 26, 2015, CFSC-SUSP conducted a four day series of meetings with ATA's Directors from various departments to identify leverage points between the establishment of FSCs and other ATA interventions. ATA and CFSC-SUSP teams will look into areas of optimum leverage points from other ATA activities that could be integrated into the FSCs in the next quarter. Detailed meeting notes of these discussions are attached in Annex I.

This quarter also had significant progress in rapid mobilization and submission of deliverables, recruitment of staff, key procurements, and office set-up.

Staffing:

Mobilization of Key Personnel: In the first quarter, CNFA mobilized the program's Key Personnel, Dr. Waktola Muleta, Chief of Party, and Mr. Nega Berecha, Deputy Chief of Party.

Both the COP and DCOP actively recruited for the CFSC-SUSP team. A few positions have been intentionally left open until the exact scope of work and status of the position can be more precisely determined, particularly the Capacity Building Specialist Position. The team felt that the skills of this position are dispersed across multiple existing personnel and as such the relevance of this position may not be important at this stage. Should future program interventions require the necessity of this position,

CFSC-SUSP will fill the position. The employment of an Environmental Compliance Specialist has also been delayed until CFSC-SUSP clarifies whether it is under categorical exclusion, since the project plays capacity building and technical advisory roles to ATA. CFSC-SUSP plans to submit a waiver to USAID requesting for categorical exclusion in the next quarter.

One of the major challenges of the recruitment process was finding qualified candidates for the Environmental Compliance and Monitoring and Evaluation Specialist positions. It was difficult to find an environmental compliance candidate who could meet the job description and qualification requirements for the position with adequate experience in agro-chemicals (insecticides, fungicides, rodenticides, herbicides, etc.), veterinary drugs, seeds and understanding of the input supply chain. The major issue with the Monitoring and Evaluation position was the lack of experienced candidates. As this position will be play an advisory role to ATA's senior staff, it is essential to have a candidate who has advanced skills and experience at a senior level. The team expects to have both positions filled by May 2015.

Summary of Recruitment Status

Designation/Position	Name	Start Date	Remarks
Chief of Party*	Dr. Waktola Wakgari	January 1, 2015	
Deputy Chief of Party*	Nega Berecha	January 1, 2015	
Business Management Specialist	Tesfaye Dinssa	January 26, 2015	
Agronomy and Inputs specialist	Hailu Gudeta	January 26, 2015	
Finance Officer	Asfaw Mesfin	January 27, 2015	
Driver and Facility Clerk	Mesfin Yembo	January 12, 2015	Resigned on April 1, 2015
Maid and Office Cleaner	Abebech Walelegne	February 2, 2015	
Marketing, Branding and communication specialist	Lydia Assefa	February 9, 2015	
Human Resources and Administration Manager	Geleta Fantaw	March 3, 2015	
Receptionist/Secretary	TBD		Next Quarter
Environmental Compliance Specialist	TBD		Next Quarter
Monitoring and Evaluation Specialist	TBD		Next Quarter
Driver and Facility Clerk (in lieu of Mesfin Yembo)	TBD		Next Quarter
Driver	TBD		Next Quarter
* = Key Personnel			

Key Challenges

The one challenge the program faced during this reporting period was in regard to the recruitment of Environmental Compliance Specialist. It was learnt during the recruitment process that there is a gross mismatch between the budgeted salary for this position and the current market price for specialists in this area. The program is negotiating with two potential candidates to fill this position early in the next quarter.

Office Lease:

On March 29, CFSC-SUSP moved into its new long-term office from its old office located on CMC Road. The new project office is located along Bole Road, Sintayehu Belay Building 4th Floor. It was necessary to change offices in order to be proximate to ATA. This move will maximize collaboration and coordination between the two partners. In the early part of Quarter 2, CFSC-SUSP will complete the office move-in process by installing partitions, adding communication tools, and securing access codes for doors.

Asset Procurement:

Procurement of office equipment and supplies began on time and is on schedule. CFSC-SUSP completed major procurements including receiving USAID approval for the project vehicle and heavy duty printer/copier. Equipment and supplies were prioritized in order to get the project fully functioning as quickly as possible, which required expediting internet, phone systems, and some miscellaneous office supplies. In the next quarter, CFSC-SUSP will develop pre-selected vendor lists to systematize procurements of frequently used items and supplies such as office supplies, car rentals, airline ticket purchases, etc.

Program Deliverables to USAID:

Annual Work Plan Drafted and Submitted: The initial draft work plan was submitted on schedule in January 2015. After receiving comments from USAID and ATA, CFSC-SUSP re-submitted its final draft work plan and is awaiting approval. The team expects to receive approval for the Year 1 Work Plan in Quarter 2.

Performance Management Plan (PMP) Drafted and Submitted: While the PMP was expected to be approved by mid-March, the need for some clarification on indicator targets has delayed this goal. Moreover, USAID clarified that the responsibility of the overall M&E functions falls with CNFA. Further, CNFA is designated to be responsible for data collection, analysis, and reporting to USAID on behalf of ATA concerning ATA's CFSP implementation benchmark. CFSC-SUSP will provide a thorough response regarding the current results framework against the framework existing in the proposal in order to reflect the reality of the project's concept and nuances. Hence, a revised results framework has been incorporated in the PMP. The final draft of the PMP is expected to be approved early next quarter. Immediately after the PMP is approved and with the new M&E employee on board in Quarter 2, CFSC-SUSP will embark on the development of M&E systems, procedures, and protocols for effective and quality implementation of the PMP.

Branding and Marking Plan: On February 17, 2015, CFSC-SUSP submitted its Branding and Marking Plan to USAID. USAID/Ethiopia reviewed and provided extensive comments on the draft plan. The comments and feedback were incorporated and re-submitted to USAID on February 28, 2015 for final approval.

Program Marketing and Outreach Materials Prepared: Two types of initial communication materials were prepared ahead of schedule. A one-pager and factsheet were developed to introduce the project to stakeholders and potential collaborators. Additional materials such as a project brochure are still under development pending approval of the program's PMP and Branding and Marking Plan.

Environmental Management and Mitigation Plan (EMMP) Categorical Exclusion Waiver Prepared: This activity was originally slated for the end of February 2015. However, due to the nature of CFSC-SUSP being more of a technical and advisory service to ATA, CFSC-SUSP started a discussion with the Mission's Environmental Officer for clarification on necessary environmental compliance. Based on the discussion and agreement of the Mission's acting environmental advisor, CFSC-SUSP is seeking exemption by waiver and is waiting for approval for categorical exclusion.

Program Implementation:

IR 1: IMPROVED CAPACITY OF ATA TO ESTABLISH UP TO 20 FARM SERVICE CENTERS

IR 1.2 INCREASED CAPACITY OF ATA TO CASCADE CAPACITY TO FSCs

1.2.5: TECHNICAL SUPPORT TO FSC AGRONOMISTS AND VETERINARIANS

During Q1, CFSC-SUSP reviewed reference materials from various sources including publications from regional agricultural research institutions, the Ethiopian Agricultural Research Institute and the Ethiopian Agricultural Resources Portal. The goal of these reviews is to update modules utilized during the CFSP for the purpose of providing various trainings and for farm demonstrations under the CFSC-SUSP activities. These modules include Integrated Pest Management (IPM), Basic Pesticide Applicators, Improved Crop Production Techniques, and Improved Livestock Husbandry Training Manuals.

IR 1.3 INCREASED CAPACITY OF ATA IN COMMUNICATIONS, BRANDING AND MARKING

1.3.2: SUPPORT ATA IN IMPLEMENTING UNIFORM BRANDING AND MARKING

In line with CFSC-SUSP's plan to support ATA in branding and marking FSCs, CFSC-SUSP has developed and submitted a Branding and Marking Plan. CFSC-SUSP developed the branding and marking plan in accordance with ADS 303.3.6.3.f and 22 CFR 226.91 and Feed the Future's Graphic and Naming Standards Manual.

Once the Branding and Marking Plan is approved, the Branding, Marking and Communications Specialist will provide ATA with toolkits to guide ATA on how to support FSCs apply uniform branding and marking. This ultimately will enable ATA to promote program visibility, enhance business traffic, create brand recognition from local FSCs customers, and generate more awareness towards the FSC model at local and international levels.

Major Activity Implementation Plan for the Next Quarter

- Conduct Project Launch Workshop
- Grants Management Assessments and Systems Development
- Integrate FSC Grants Management in ATA's Data Tracking Database
- Development of Grants Module
- Organize Grants Management Train the Trainers Trainings

IR 2: INCREASED COMPETITIVENESS OF EGAA AGRICULTURAL INPUT SUPPLIERS PLC

IR 2.1: INCREASED CAPACITY OF EGAA AS A SUSTAINABLY PROFITABLE, COMMERCIAL ENTERPRISE

ACTIVITY 2.1.1: PROVIDE CAPACITY BUILDING SERVICES

CFSC-SUSP facilitated a bridge grant in the amount of \$44,000 to EGAA to cover technical and administrative costs of the company until the company generates revenue and develops positive cash flows through the importation of agricultural inputs. EGAA is now connected with Syngenta to procure **Ridomil Gold, Agro-chemical** (fungicide for horticultural crops) \$254,016 to meet the inventory orders of the six FSCs established under CFSP. EGAA recently collected price pro formas from Syngenta. The CFSC-SUSP Business Management Specialist is currently facilitating payment terms, Cash against Document (CAD), through the Oromia Cooperative Bank. EGAA has completed all the procedures and documentation requirements with the Ethiopian Ministry of Agriculture. The first batch of inputs procurement is anticipated to arrive in Ethiopia in July/August 2015. This breakthrough builds both EGAA's confidence while demonstrating market opportunities for other multinational companies operating in Ethiopia to start business engagement with EGAA.

During this quarter, CFSC-SUSP provided technical assistance to EGAA including facilitation of its registration and certification with the Ethiopian Veterinary Drug Regulatory Authority. With the new certification, EGAA can now engage in importation of veterinary drugs and conducting vet business.

CFSC-SUSP facilitated USAID's Development Credit Authority (DCA) facility to EGAA's member from Oromia Cooperative Bank so that FSCs can continually support refill inventories and working capital needs for smooth business operations. Bishoftu FSC received an overdraft facility in the amount of ETB Five Million (USD 250,000). CFSC-SUSP also finalized a term-loan of ETB Three Million (USD 150,000) to Shashemen arm Service Center.

Major Activity Implementation Plan for Next Quarter

- Provide Capacity Building Services;
- Provide Business Development Services; and
- Market Linkages with Local and International Input Suppliers.

IR 3: MONITORING & EVALUATION AND LEARNING

During this reporting period, CFSC-SUSP worked on contractual deliverables and built internal monitoring and evaluation systems to measure progress made in reaching overall development objectives. CFSC-SUSP values knowledge and learning to feed evidence based policy design and program management. The program laid the basic foundation to incorporate the culture of monitoring, evaluation, and learning into its program while persistently following USAID's requirements.

CFSC-SUSP deliberated a series of brainstorming sessions with the program's technical staff, validated ideas generated during the brainstorm sessions with secondary resources, statistical sources, and external professional advisors to come up with targets and baselines for the five USAID FTF performance

indicators applicable to the program. The absence of baseline data limits the ability of CFSC-SUSP to forecast accurate future targets; however, CFSC-SUSP has made considerable efforts to rely on assumptions available in practice from the previous CFSP program and determined reasonable Life of Project targets. These targets are subject to changes based on CFSC-SUSP's anticipated baseline survey results and in line with feedback that results from real world project implementation. In consideration of these facts and underlying assumptions, CFSC-SUSP submitted five relevant performance indicators to USAID on January 31, 2015.

This reporting period also marks completion of the submission of key contractual deliverables to USAID. The program developed a comprehensive PMP describing the processes that it will use to track performance indicators throughout the life of the project. CFSC-SUSP designed a unique M&E approach which attempts to mainstream M&E in the entire project system such that all the technical staff share responsibilities and are part of the broader M&E systems.

Major Activity Implementation Plan for Next Quarter

- Design M&E systems, procedures and protocol;
- Provide M&E training to staff and stakeholders to acquaint them with CFSC-SUSP M&E approaches.

4. CROSS CUTTING ISSUES

ACTIVITY 4.3: PARTNERSHIPS AND COLLABORATION

During this quarter, CFSC-SUSP continued relationships and partnership building with stakeholders that could potentially play synergistic roles for the implementation of CFSC-SUSP. An example of CFSC-SUSP establishing relationships is the effort made to leverage the International Livestock Research Institute, ILRI-GIZ Feed Seed Project. ILRI-GIZ Feed Seed Project organized a half day consultative workshop on March 11, 2015. The goal of this workshop was to seek opportunities to expand market outlets of commercial and private sector forage seed producing enterprises through FSCs.

Additionally, during the ILRI-GIZ workshop, CFSC-SUSP's Agronomy and Input Specialist, Mr. Hailu Gudeta, delivered a PowerPoint presentation about CNFA's FSC business model and concepts, and CFSP achievements and lessons learned to workshop participants.

Major Activity Implementation Plan for Next Quarter

- Gender assessment and development of gender integration plan or model;
- Support ATA in the development and training provisions of environmental compliance materials.

Key Challenges

One of the major challenges of the CFSC-SUSP project is the cumbersome process of registering CNFA in Ethiopia with the Civil Society and Charities (CSA). The delayed registration process might affect the smooth implementation of CFSC-SUSP from a legal standpoint. Until the registration process is finalized, the program's regional operations may be limited. CFSC-SUSP is working with the USAID Mission and ATA to explore ways of operating, within the latitude of ATA's Government to Government coverage, while formal registration is being processed.

In the meantime, CNFA is in preparation to re-submit its application package to the Ethiopian Embassy in Washington D.C. to register as a non-profit organization in Ethiopia. This follows a failed attempt by CNFA to register its other active project in Ethiopia, the USAID funded Agricultural Growth Program-Livestock Market Development in January 2015. CNFA is piecing together the application package in consultation with the Ethiopian Embassy's NGO registration desk officer. The application package will be submitted to the Ethiopian Embassy in Washington D.C in late April 2015.

Annex I: CFSC-SUSP and ATA Meeting Minutes

Commercial Farm Service Project (CFSP)

CNFA Consultation with ATA Senior Directors, Directors and Team Leaders

Introduction

CNFA is a Washington D.C. based international non-profit, non-governmental organization that works to stimulate economic growth and improve livelihoods in the developing world. CNFA recently implemented the USAID-funded Commercial Farm Service Program (CFSP), a two year pilot program in the Oromia region that aimed to improve agricultural inputs through the development of Commercial Farm Service Centers. These are retail shops that supply a range of agriculture inputs (seed, fertilizer, feed, chemicals, small-scale farm implements, etc.), farm services (extension, veterinary, plant protection, etc.), market information, and links to buyers. Modeled like a pharmacy or drug store, it is a one stop shop for farmers to obtain all their farm inputs and service needs. CNFA created six retail Farm Service Centers (FSC) supported by an apex wholesale organization, the EGAA Agricultural Input Suppliers PLC (EGAA). To date, the project has impacted over 30,000 smallholder farmers through sales and over 1,500 smallholder farmers through trainings and demonstrations.

Building on the success of the pilot project, USAID has funded an additional project that is designed to scale up the CFSC model through ATA in partnership with CNFA. The scale up will be a three-year \$4 million dollar project. During phase two ATA will work closely with CNFA to establish at least twenty-four (24) new commercially oriented CFSCs across Ethiopia's four regions: Oromia, Amhara, SNNPR and Tigray.

To align the project with existing ATA initiatives and integrate the program with the cluster approach by identifying major touch points, the project management team from CNFA will be led by the Chief of Party Dr. Waktola Wakgari (wmuleta@cnfaethiopia.org) and the Deputy Chief of Party Nega Berecha (nberecha@cnfa.org). Both have had extensive discussions with different ATA directors, senior directors and the team leader. This note provides a brief description of the teams and identified key touch points of the project.

Consultation Timeline with ATA Directors, Senior Directors and Team Leaders 26 – 29 January, 2015

		Time					
		9:00 – 9:30	9:30 – 10:00	10:00- 10:30	10:30- 11:00	11:00 -11:30	11:30 -12:00
Monday Jan 26		Dr. Yitbarek Yitbarek Semeane Director of Seed Team		Dr. Workneh Ayalew Director of Livestock Team		Dr. Berga Lemaga Director of Research and Extension Team	
Tuesday Jan 27				Dr. Seife Ayele Director of Technology Access and Adoption		Dr. Marco Marco Quinones Senior director and Advisor to the CEO	
Wednesday Jan 28		Shaan Mavani Team leader, Core Analytics & Techane Adugna Cluster Coordinator		Lakech Micheal Senior Director for Cross Cutting Issues & Dr. Wagayehu Bekele Director of Climate & Environment team		Dr. Rufiel Fassil Director of Strategic planning and Performance Management	
Thursday Jan 29		Seyoum Getachew Director of HHI		Dr. Fekadu Tilahun Director of Input out put marketing and Coops		Elias Nuri Team Leader, ICT Program	

I. Seeds Team – Direct Seed Marketing

Meeting with: Yitbarek Semeane (Yitbarek.Semeane@ata.gov.et)- Seed Team Director
Robel Getachew (Robel.Getachew@ata.gov.et)- Associate

Direct seed marketing (DSM) program is designed because there is a wide range of inefficiencies and bottlenecks in Ethiopia’s seed distribution system, which limits farmers’ ability to access high quality seed. Some of the obstacles to growth include: limited technical and infrastructure capacity of cooperatives to market seed effectively; limited alternatives for farmers to access seed beyond cooperatives; long supply chains; mismatch between effective demand and supply; and limited inspection capacity during seed distribution.

DSM aims to establish a market-based seed distribution system that enables all qualified seed producers to directly market seed to farmers through multiple outlets in a competitive manner. DSM will shorten the supply chain, improves timeliness, increase choice, and accountability of operators. After making important design adjustments based on learning from work in the 33 woredas in 2013, the DSM project was expanded to 54 woredas during the recently completed planting season of 2014. The scope of DSM was also expanded by including other crops in addition to hybrid maize. Additionally, the number of certified marketing outlets almost doubled in 2014, with an increase from 132 to 266. ATA is currently planning to expand the DSM to 150 woredas, including all ATA cluster woredas.

Key touch points with CFSC:

- **Quality Control Centers:** CFSC equipped with the right equipment can serve as seed quality testing centers to grade different seed varieties based on purity, germination, etc.. This can also help to create a quality based payment system.
- **Capacity building:** CFSC can serve as a training and capacity building center for private seed producers and marketing agents to maintain quality and standards.
- **Direct Input Marketing:** as marketing seed is a seasonal business, DSM agents can upgrade into direct input marketers (DIM) and they can supply agricultural inputs beyond seed. DIM can be created as a lighter version of CFSC by linking them with the CFSC to serve as lower level outlets of the farm service centers.

- **Storage facilities:** The current lack of storage capacity is a major challenge for direct seed marketers. Although it was one of the criteria to select certified marketing outlets, compromises were made to accommodate the challenge. To address this challenge CFSC could provide standard and quality seed storage facilities for certified DSM marketing outlets.
- **Finance:** Marketing agents have very limited financial capacity and usually maintain very limited stock. A grantee mechanism can be created in partnership with micro financing institutions to setup a contracting framework that will allow marketing agents to take inputs from CFSC on credit.

II. Livestock

Meeting with: Dr. Workneh Ayalew Workneh.Ayalew@ata.gov.et, Livestock Program Director;
Ms. Meaza Berhanu Meaza.Berhanu@ata.gov.et, Associate

Livestock is a significant contributor to economic and social development in Ethiopia at the household and national level. While livestock has not been an immediate area of focus for the Agricultural Transformation Agency in the past, the agency expects to work in the sector more broadly in the near future.

The country faces a range of opportunities and constraints in improving the productivity of its livestock population. Opportunities in cattle, large ruminants, and small ruminants are critical for household assets and the resilience of smallholder farmers, food security, and incomes.

ATA's Livestock team is currently focusing on meat and egg, poultry, dairy and apiculture, among others things, and aims to expand its work in the near future.

Key touch points with CFSC

- **Input supply:** CFSC can provide livestock commodity inputs like poultry inputs, vitamins, feed, veterinary drugs etc. By creating direct linkages with multinational companies through the Apex body, CFSC can make quality livestock inputs available at affordable prices. Establishing cold chain storage for medicine like vaccinations should also be considered.
- **Disease Diagnostic Center:** Although there are government diagnostic centers, they are oftentimes non-functional and the quality of their service is not consistent. If equipped with the necessary facility, CFSC could provide disease diagnostic services for farmers.
- **Artificial insemination:** By providing equipment and training to CFSC staff, the centers can provide artificial insemination services. While this service is highly subsidized by the government, it is still possible to design a profitable business model for artificial insemination.
- **Animal Identification and Traceability:** The livestock market development program (LMD) is currently developing a system for Animal Identification and Traceability. In this respect, CFSC can serve as an information center and hub to install identification badges at a small fee to enhance traceability.
- **Information Centers:** The national insemination center has 30,000,000 sperm samples but access is poor, mainly because lack of information. CFSC can address this problem by developing an ICT based information management system to be hosted at Commercial Farm Service Centers, allowing easy access to the availability and cost of different varieties across the country.
- **Domestic feed production:** CFSC can distribute feed pre-mix and support the domestic production of feeds.

II. Research and Extension

Dr. Berga Lemaga, Berga.Lemaga@ata.gov.et, Director, Research and Extension

Mr. Illu Alemayehu, Illu.Alemayehu@ata.gov.et, STE, Research and Extension

Ethiopia's agricultural extension system is one of the largest in the world, with over 60,000 Development Agents (DAs) working in nearly 11,000 Farmer Training Centers (FTCs) throughout the country's nine regions. The growth in this agricultural extension system has generated significant potential to reach smallholder farmers and pastoralists with the knowledge and technologies to sustainably improve the productivity of their small holder farmers.

Despite its rapid growth and potential, the agricultural extension system has faced a number of important challenges. In order to improve its effectiveness and better respond to the needs of the populations it serves, the ATA is committed to helping remove systemic bottlenecks, while exploring innovations that will improve the extension system overall.

Key touch points with CFSC:

- **Integration with regional research centers and FTCs:** During phase I of the project, CFSCs have their own demonstration plots, which is one of the selection requirements. During phase II however, the project can leverage existing demonstration plots at the FTC and also create strengthened linkages with regional research centers and FTCs.
- **Resource Centers:** Farmers can receive information and advisory support from CFSCs and peer learning opportunities can be facilitated through these centers.
- **Digital Green:** Digital green is a video based extension service system. CFSCs can be ideal places to introduce and test the concept in the country.
- **Supply quality inputs:** CFSCs will serve as outlets to supply quality inputs to increase the productivity of farmers.
- **Market information:** The centers can provide a modern ICT based market information system.
- **Access to finance/credit arrangement:** Facilitating a credit sale system in which farmers can get inputs on credit and pay after harvest. This will enhance farmer's ability to use quality inputs.
- **Gender sensitive extension:** This will promote the inclusion of women by providing selected services required by women.
- **Identify and supply labor saving technologies:** Supplying labor saving technologies which can reduce the burden of farming, particularly for women.

IV. Technology Access & Adoption

Meeting with: Dr. Seife Ayele, Seife.Ayele@ata.gov.et, Director of Technology Access & Adoption

Technology Access and Adoption is one of the ATA's crosscutting initiatives, lending support to the different ATA value chains and programs by scanning, sourcing, identifying, and aiding adoption of new and improved technologies. In consultation with the different ATA programs, the Technology Access and Adoption team has identified and prioritized two key intervention areas for 2013 and beyond; pre/post-harvest mechanization and crop-based interventions.

Because the sector has been so neglected for so long the current priority is to strengthen the basics of the system. A technology access and adoption strategy has been developed and approved, and the team is working to promote and institute these technologies through demonstration and outreach events aimed at increasing awareness among farmers, Development Agents, and other related experts.

Key touch points with CFSC:

- **Technology access through service fee arrangement:** CFSC can make available different kinds of agricultural machineries for land preparation (tractors, road bed makers), planting, weeding machinery, harvesters, combiners, threshers and storage to farmers through a service fee arrangement.
- **Small machinery supply:** CFSC can include small and affordable machineries in their inventory and supply them to farms.
- **Spare part supply and maintenance service:** With additional support from the program, CFSC can provide agricultural machinery maintenance service and spare part sales service.
- **Technology demonstration and promotion:** CFSC can serve as demonstration centers for new technologies and promote the adoption of the technologies by small holder farmers
- **Convertible agricultural machineries:** the service centers can identify and demonstrate agricultural machineries that can also provide transportation services to move commodities from farm to storage and markets.
- **Linkage with technology suppliers:** CFSC can also link farmers with technology suppliers by demonstrating different available technologies and collect available demands.

II. Meeting with Marco Quinones, Marco.Quinones@ata.gov.et, Senior director and advisor to the CEO

Working under the CEO, a team of high level agricultural experts lead by Dr. Quinones is mandated to support the extension system by building capacity and supporting the introduction of innovative technologies and knowledge in the system.

Key touch points with CFSC:

Demonstration: CFSC can be used as a center of excellence to introduce and familiarize farmers with innovative technologies.

Capacity building: Different trainings on technical issues could be delivered to farmers by using the facilities and expertise at the CFSCs.

III. Agricultural Commercialization Clusters (ACC)

Meeting with: Shaan Mavani, Shaan.Mavani@ata.gov.et, Team Leader – Analytics Team

Techane Adugna, tadugna@synergos.org, ACC coordinator

The National Framework for Agricultural Commercialization Clusters describes a strengthened value-chain approach consisting of clusters of woredas grouped into Agricultural Commercialization Clusters (ACCs) that increases the focus on commercial linkages between production, agro-processing and value addition, markets and exports. In this way, ACCs can provide a strategic platform to drive heavier integration and more effective execution of multiple, prioritized interventions across the value chain and better contribute to national goals. ACCs are specifically designated geographic areas with concentrations of producers, agribusinesses and institutions collaborating together to rapidly develop priority commodity value chains, and supported by favorable policies and public investments that facilitate and incentivize increased processing and value addition for agricultural commercialization.

Key touch points with CFSC project

- **Geographic alignment:** By creating geographic alignment with the cluster work, CFSCs can use and introduce innovative approaches to agricultural commercialization. Since the cluster program is being incorporated/aligned with the Agricultural Growth Program II and The Growth and

Transformation Plan II, it will be a good opportunity to integrate this project with national priority areas.

- **Private sector involvement:** CFSCs can also link private sector involvement with public involvement.
- **Input supply:** Geographically aligned with cluster woredas, CFSCs can make quality seed and other agronomical inputs available for priority crops unique to each specific woreda.
- **Linking with DSM:** (covered above under seed discussion)

IV. Climate and environment and Cross Cutting Initiatives (CCI)

Ms. Laketch Mikael, laketch.Mikael@ata.gov.et, Senior Director, CCI

Dr. Wagayehu Bekele, Wagayehu.Bekele@ata.gov.et; Director, Climate and Environment

The ATA cross cutting initiative focuses on issues common to multiple programs and seeks to address specific areas that are important to the long-term viability and sustainability of the value chain and systems programs. These areas include: Climate Change Adaptation & Environmental Sustainability; Gender; Technology Access & Adoption; Information and Communication Technology; and Monitoring, Learning & Evaluation.

The ATA's Climate Adaption & Environmental Sustainability Program is working closely with various government and non-governmental organizations and research institutes to improve natural resource management, rehabilitate the degraded environment, and improve the livelihood of farmers through several key interventions.

Key touch points with CFSC project

- **Supply labor saving technologies: (covered above)**
- **Natural resource management:** Provide capacity building supports through training and demonstrations to farmers on issues like soil fertility management, nutrient balance, water balance, etc.
- **Feed & seed supply:** This will provide farmers with an alternative to open grazing
- **Focus on women:** The project should be gender inclusive and provide services that are specifically needed by women, like supplying vegetable seeds.
- **Climate smart technologies:** The business plan of CFSCs should include a strategy to gradually shift to supplying renewable energy driven technologies and conservation agriculture.

V. Strategic Planning and Performance Management Unit (SPPM)

Dr. Rufael Fassil Rufael.Fassil@ata.gov.et, Director, SPPM

The Strategic Planning & Performance Management Unit focuses on supporting the planning and performance management process related to the Agricultural Transformation Agenda. The team works with the MoA's Planning and Programming Directorate to ensure that all Transformation Agenda Deliverables are integrated into the MoA's annual budget and balanced score card process. On the performance management side, this team is responsible for analyzing the data provided by program teams from Deliverable owners on progress made against agreed milestones and providing the status designation (red, yellow, green lights) in the quarterly update documents that will be presented to the MoA and the Transformation Council.

Key touch points with CFSC program

- **Designing a clear results framework and M&E plan:** The program design should include a customized results indicator and monitoring and evaluation plan. *Further discussions will be held on this in the future.*
- **Integrating the CFSC M&E framework:** Aligning CFSC's M&E framework with the ATA's existing M&E system.
-
- **VI. Independent Impact Evaluation:** Conduct external impact evaluation of the program to assess its contributions to increase production and productivity of farmer **Household Irrigation (HHI)**

Mr. Seyoum Getachew, Seyoum.Getachew@ata.gov.et, Director, HHI

Despite its great promise, current irrigated agriculture is not developed in Ethiopia. Household irrigation technology distribution models in Ethiopia are unable to capture the full potential of the technology, as they either do not address all steps in the value chain, or they are very limited in scale. Improvement of pump procurement and maintenance, irrigation training, access to complementary inputs (such as seed, fertilizer, and plant protection), as well as linkage to commercial output markets are required to realize Ethiopia's full HHI ability.

The objective of the ATA's Household Irrigation Program is to support the Agricultural Growth Program in achieving its small-scale irrigation targets through promotion of household level irrigation activities. This effort is aimed primarily at household level implementation support along the value chain of household irrigation including identification of water resources and appropriate technologies in partnership with the Ministry of Agriculture, BOAs, and other implementation partners.

Key touch points with CFSC:

- **Input Information Collection/Validation:** Lack of readily available information on water lifting and saving technologies demand is a major challenge. CFSC can be used as information collection/validation centers in partnership with development agents and woreda agriculture bureaus.
- **HHI technologies and input supply:** CFSCs can serve as reliable suppliers of household technologies and other irrigation agriculture inputs. Dependent on the area focus, CFSCs can specialize in certain inputs like engine pumps, vegetable seeds and agro chemicals
- **Spare-part supply and maintenance service:** Frequent irrigation technology failures and the absence of locally available maintenance services or spare parts has seriously detracted from the development of the sector. This can be addressed by making available highly demanded spare-parts and providing maintenance services through farm service centers.
- **Provide advisory support on irrigated agriculture:** Smallholders are not getting the right training and advisory support on irrigated agriculture, and the agriculture research system offers limited attention to irrigated agriculture. CFSC can be used as information centers and to conduct demonstrations and trainings on irrigated agriculture.

VII. Markets Program

Mr. Fekadu Tilahun, Fekadu.Tilahun@ata.gov.et, Director, Markets program

The markets program is a combination of the Input Marketing Program, Output Marketing Program and Cooperatives Program.

The Input & Output Systems Programs work to identify and address key bottlenecks to provide farmers with access to quality inputs, and aims to create an efficient and competitive agricultural output marketing system that guarantees farmers access to sustainable markets while enabling them to capture an increased share of the value of production.

Drawing from successful international and local best practices, the Cooperatives Program is working closely with the Federal Cooperative Agency (FCA) and the Regional Cooperative Promotion Agency (RCPA) to strengthen the agricultural cooperative sector. Despite the perceived benefits of the cooperative model, and support from the government and development partners, Ethiopian agricultural cooperatives face a number of constraints that have limited their ability to provide core services to their members in a sustainable and scalable way.

Key touch points with CFSC:

- **Input supply: (covered above)**
- **Output marketing:** CFSC can support the creation of output marketing systems that guarantee farmer access to sustainable markets through capacity building supports, and by availing market information and contract farming (linking farms with buyers).
- **Private distribution outlets for fertilizers:** ATA is currently finalizing a fertilizer distribution optimization model that will allow private supply outlets to distribute fertilizers. When approved, CFSCs will serve as a distribution outlet to efficiently distribute fertilizers.
- **Quality standards:** CFSCs can be used to provide capacity building supports to meet market acceptable quality standards.
- **Cooperatives:** The cooperatives proclamation is currently under revision and it will give cooperatives a more business oriented structure, which can increase the inclusion of cooperative in the project.

VIII. Information communication technologies (ICT)

Mr. Elias Nure, Elias.Nure@ata.gov.et, Team Leader, ICT

The ATA ICT team is mainly tasked with two major projects. The first project is the ICT supported input tracking system, which leverages mobile technology and a web platform to monitor seed movement, and to a lesser extent seed quality, across key institutions. The availability of data on the status of input distribution in the country will allow researchers develop a better analysis, which leads to the development of sustainable policies and strategies with significant implications for the economy. For example, if we have data on input carryover, we can prevent excess loss of foreign currency by accurately calculating the level of fertilizer import.

The second program is Interactive Voice Response (IVR) and Short Message Service (SMS) Scale up Project. The IVR/SMS system aims to distribute agronomic best practices to improve the flow of information. This system would provide agronomic information to farmers in two ways: a call-in automated helpline and a push-based alert system using IVR/SMS. The system provides a range of information on all priority crops. The system will soon include a financial literacy and climate and metrological information.

Key touch points with CFSC project

- **Input tracking system:** The input tracking system can be leveraged to create an automated input distribution system that can provide real time inventory management information. A modified version of the system can also be used to link CFSC and the Apex body for inventory management and making supply orders.

- **Designing a modern automated accounting system for CFSCs:** The current accounting system installed in the six CFSCs doesn't show important information like profitability and other sales analysis. Designing a modern automated accounting system can enable the service centers to evaluate the profitability and sustainability of their business.
- **Farmers purchase and use information:** An ICT based system can be developed to track farmer's use of inputs purchased from the service centers.
- **ICT based M&E:** ICT based M&E systems can enable real time data collection to track program results and evaluate impacts
- **Website development:** Launching the project website.