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AGRICULTURAL GROWTH PROGRAM - AGRIBUSINESS AND MARKET DEVELOPMENT (AMDe) PROJECT

USAID TASK ORDER AID #663-TO-11-0003

QUARTERLY REPORT

JULY 1, 2011 – SEPTEMBER 30, 2011

October 31, 2011

Submitted by ACDI/VOCA to Contracting Officer's Technical Representative Mr. Tewodros Yeshiwork,
USAID Ethiopia

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DISCLAIMER

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

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ACRONYMS

AGP	Agricultural Growth Program
AGP-AMDe	Agricultural Growth Program – Agribusiness and Market Development
ATA	Agriculture Transformation Agency
CAADP	Comprehensive Africa Agriculture Growth Program
CIDA	Canadian International Development Agency
COP	Chief of Party
COTR	Contracting Officer’s Technical Representative
CQI	Coffee Quality Institute
DCOP	Deputy Chief of Party
ECX	Ethiopian Commodity Exchange
EIAR	Ethiopian Institute of Agricultural Research
FtF	Feed the Future initiative
GoE	Government of Ethiopia
IFDC	International Fertilizer Development Center
IFPRI	International Food Policy Research Institute
JMA	John Mellor & Associates
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoT	Ministry of Trade
SNNPR	Southern Nations, Nationalities and People's Region
SOW	Scope of Work
TC	Technical Committee of the AGP Steering Committee
USAID	United States Agency for International Development
VCE	Value Chain Expansion

EXECUTIVE SUMMARY

Agriculture is crucial to Ethiopia's economy and efforts to reduce poverty. Nearly 90 percent of poor people in Ethiopia rely on agriculture for their livelihoods. Moreover, agriculture accounts for nearly half of national gross domestic product and 90 percent of foreign exchange earnings (World Bank). Fortunately, the potential for agricultural growth in Ethiopia is significant because of abundant water resources, fertile land areas and available labor.

The Agricultural Growth Program – Agribusiness and Market Development (AGP-AMDe) program is part of the United States Agency for International Development's (USAID's) Feed the Future (FtF) initiative, which harmonizes regional hunger and poverty-fighting efforts in countries with chronic food insecurity and insufficient production of staple crops. It also furthers USAID's commitment under the umbrella Agricultural Growth Program (AGP) to work with the Government of Ethiopia (GoE), the World Bank and other donors to strengthen agricultural productivity and markets in the high rainfall areas of Amhara, Oromia, Southern Nations, Nationalities and People's Region (SNNPR) and Tigray.

Program activities will support the Comprehensive African Agricultural Development Program (CAADP) framework and broader efforts of key African institutions to increase investments in agriculture and promote regional trade and integration.

OVERVIEW

ACDI/VOCA is pleased to present the second quarterly report for the AGP-AMDe Project, a cost plus fixed fee completion type task order issued by the USAID. The project is being implemented by prime contractor ACDI/VOCA and its consortium partners. The effective start date of the task order was May 2, 2011, and this quarterly report covers the period from July 1, 2011 through September 30, 2011. At the request of USAID and the AGP Technical Committee (TC), the project's name was changed from Value Chain Expansion (VCE) to Agribusiness and Market Development (AMDe) and will therefore be referred to as AMDe henceforth.

The AGP-AMDe project is part of USAID's commitment to join and leverage the World Bank-led AGP and support an Ethiopian, country-led initiative for agricultural growth emerging from the CAADP process. In Ethiopia, USAID has joined the GoE, the World Bank (as lead donor), and other donors in developing the AGP, aimed at increasing agricultural growth in high-growth potential, high-rainfall areas of Ethiopia. The AGP consists of three components: (1) agricultural production and commercialization; (2) small scale rural infrastructure development and management; and (3) learning and evaluation.

The main objective of AGP-AMDe is ending poverty and enhancing growth. The goal of the project is to sustainably reduce poverty and hunger by improving the productivity and competitiveness of value chains that offer job and income opportunities for rural households. The project goal aligns with the overarching FtF goal, "to sustainably reduce poverty and hunger."

Working closely with USAID and the GoE-led, multi-donor supported umbrella AGP program, this AGP-AMDe project focuses on four components:

- 1) Improving the competitiveness of selected value chains
- 2) Improving access to finance
- 3) Improving the enabling environment of selected value chains
- 4) Stimulating upgrades and investment through innovation and demonstration funds.

IMPLEMENTATION TEAM

ACDI/VOCA is the prime contractor and lead organization of the implementation team, and will assume the technical lead on the value chain and financial services components (components 1 and 2) while participating in and overseeing components 3 and 4. We have assembled a consortium with diverse skills and broad experience to deliver results across AGP-AMDe, as follows:

- International Fertilizer Development Center (IFDC), with extensive experience in the development of commercial agro-input systems
- John Mellor & Associates (JMA) to assist with the enabling environment component and provides technical assistance on agriculture policy reform
- Booz Allen Hamilton to apply USAID's MicroCLIR approach to develop a foundation for a reform roadmap and to capitalize on strategic opportunities for enabling environment
- Danya to provide a strategic communications plan, which will guide AGP-AMDe's use of communication tactics to increase behavior change, adopt technology, facilitate learning, and increase overall project outcomes
- Kimetrica to bring its ki-projects™ platform to strengthen the monitoring and evaluation system as well as conduct the baseline, mid-term and endline surveys
- Coffee Quality Institute (CQI) with targeted technical support to development of the coffee value chain
- Crown Agents to provide demand-driven technical assistance to improve transport and logistical efficiency

VALUE CHAIN ASSESSMENTS

The World Bank previously conducted value chain analyses for five high-potential value chains (coffee, honey, maize, wheat and sesame) across the AGP geographic focus areas (83 woredas in four regions). During this reporting period, the AGP-AMDe project conducted further assessments of the pre-selected value chains to determine which have the most promising potential for increased investment, productivity, sales, jobs and income. Assessment findings will be vetted with AGP counterparts through meetings held with the AGP Regional Stakeholders meetings on October 11, 2011 and the AGP TC on October 14, 2011. The value chains were selected based on the following criteria:

- Market potential
- Productivity and income potential for small farmers
- Balance between commodities (e.g., a mix of rain fed and irrigated commodities, staple and cash commodities)
- Availability of resources for the commodity
- Gender implications

Following the four AGP Regional Stakeholder meetings and the national AGP TC meeting, where the AMDe team will vet proposed strategies and interventions, the ACDI/VOCA team intends to:

- Complete a comprehensive and detailed work plan with specific actions, timelines, assigned roles and responsibilities by October 31, 2011

- Continue the final hiring of long-term staff based on the value chains and project interventions selected
- Begin working intensely on immediate, low-risk, high result interventions in collaboration with implementing partners

To prepare for the value chain assessment field work, the AMDe value chain technical team participated in a value chain training delivered by ACDI/VOCA Senior Value Chain Specialist Olaf Kula the week of September 19-23, 2011. This training session also included presentations by firms within the AMDe value chains, providing an opportunity for staff and field consultants to hear about the actual constraints and opportunities encountered by these stakeholders. During the week of the training, the AMDe value chain technical team also conducted value chain assessment planning and brainstorming so that teams were ready to deploy by September 29th to begin value chain assessment field work, including interviews, key actor stakeholder meetings and hosting AGP committee meetings at the regional and national levels.

During the first three weeks of October, the AMDe team will continue field value chain assessments, hold AGP regional meetings with value chain assessment teams, conduct interviews with key actors identified in the value chains and begin populating the work plan with specific activities to capitalize on opportunities in the value chains. ACDI/VOCA subcontractors IFDC, CQI, JMA and Crown Agents will collaboratively participate in these assessments.

ADMINISTRATION AND PLANNING

The AGP-AMDe team has continued to make progress since the inception of the project on May 2, 2011, and will maintain its efforts to ramp up in the coming quarter. Key personnel and consultants were recruited to conduct the value chain assessments, and some services were provided by independent contractors.

It was fortunate that ACDI/VOCA had ongoing activities in Ethiopia with existing office space and administrative staff that the new AGP-AMDe team could depend on prior to the official opening of new AGP-AMDe offices in Addis Ababa. This expedited mobilization to a great extent. The AGP-AMDe team intends to open its Addis Ababa office on or about October 1, 2011. Additionally, Chief of Party (COP) Tim Durgan solidified and signed leases for office spaces in Hawassa, Mekele and Bahar Dar. The AMDe project intends to use most of the vehicles and the office furnishings handed over by Fintrac at the regional offices. The majority of office furniture handed over will be used in the regional offices and a furniture usage and distribution plan is being created. The team is also developing a vehicle use and distribution plan for submission to USAID. After analysis, it may be necessary to procure new vehicles and furniture for the AMDe offices in Addis Ababa, but some savings are expected from these budgeted items.

Key personnel Deputy Chief of Party (DCOP) Teshome Kebede was officially approved and hired on July 3, 2011. Recruitment of key value chain specialists, senior gender specialist, rural finance staff and other support staff such as grants officers continued and many have been submitted to USAID for approval and/or approved by USAID during this quarter. Additional candidates have been interviewed and short-listed for key positions in all regions. Through our standard recruitment process, these new candidates will be reviewed and interviewed by the COP and DCOP for final selection. The AGP-AMDe management team intends to complete the remainder of recruitment within the next reporting period.

The following chart summarizes the submissions of long- and short-term staff to USAID within this quarter:

Table 1: AGP-AMDe Staff Approval Tracker for July 1-September 30, 2011

AGP-AMDe Staff Approval Tracker for July 1-September 30, 2011							
Candidate Name	Position Title	Date Submitted to USAID	Personnel Type	Nationality	USAID Approval Status	USAID Response Date	
1 Teshome Redie	DCOP	5/26/2011	Long-term	Ethiopian	Approved	7/3/2011	
2 Bick Riley	Country Representative	7/5/2011	Long-term	US	Approved	10/21/2011	
3 Abiy Alemu	ICT Officer	7/5/2011	Long-term	Ethiopian	Approved	10/21/2011	
4 Almaz Abebe	Finance Director	7/5/2011	Long-term	Ethiopian	Approved	10/21/2011	
5 Misganaw Bogale	Accountant	7/5/2011	Long-term	Ethiopian	Approved	10/21/2011	
6 Misrak Hailu	Admin Assistant	7/5/2011	Long-term	Ethiopian	Approved	10/21/2011	
7 Monique Tamrat	Procurement Specialist	7/5/2011	Long-term	Ethiopian	Approved	10/21/2011	
8 Fiker Assefa	Operations Manager	7/7/2011	Long-term	Ethiopian	Pending		
9 Solomon Abadi	Driver	7/7/2011	Long-term	Ethiopian	Pending		

AGP-AMDe Staff Approval Tracker for July 1-September 30, 2011							
	Candidate Name	Position Title	Date Submitted to USAID	Personnel Type	Nationality	USAID Approval Status	USAID Response Date
10	Johannes Agonafir	Sr. Value Chain Spec	7/18/2011	Long-term	Ethiopian	Approved	8/1/2011
11	Yewubdar Kassa	Sr. Gender Specialist	7/18/2011	Long-term	Ethiopian	Approved	8/1/2011
12	Cynthia Steen	STTA	8/22/2011	Short-term	US	Approved	8/24/2011
13	Mengesha Seyoum	Ag Policy Team Leader	8/22/2011	Long-term	Ethiopian	Pending	
14	John Madigan	Project Coordinator	8/22/2011	HQ Support	US	Approved	8/24/2011
15	Alex Rutto	M&E Specialist	8/22/2011	Short-term	TCN	Approved	8/24/2011
16	Olaf Kula	VC Assessment Team Leader	8/14/2011	Short-term	US	Approved	9/9/2011
17	Richard Slacum	VC STTA	8/22/2011	Short-term	US	Approved	8/24/2011
18	Frank O'Brien	VC STTA	8/22/2011	Short-term	TCN	Approved	8/24/2011
19	Admassu Belachew	Grants Officer	9/6/2011	Long-term	Ethiopian	Approved	9/19/2011
20	Alehegn Debasu	Grants Officer	9/6/2011	Long-term	Ethiopian	Approved	9/19/2011
21	Amsalu Abate	Regional Manager – Oromia	9/6/2011	Long-term	Ethiopian	Approved	9/19/2011
22	Zelalem Teklewold	M&E Coordinator	9/6/2011	Long-term	Ethiopian	Approved	9/19/2011
23	Maura Brazill	Sr. Rural Finance Specialist STTA	9/8/2011	Short-term	US	Approved	9/19/2011
24	John Leary	Workshop Facilitator	9/8/2011	Short-term	US	Approved	9/19/2011
25	Irene Karimi	Sr. Rural Finance Specialist STTA	9/25/2011	Short-term	TCN	Approved	10/3/2011
26	Mulufird Ashagrie	Value Chain Specialist	9/25/2011	Long-term	Ethiopian	Approved	10/7/2011
27	Berhanu Wodajo	Grants Officer	9/25/2011	Long-term	Ethiopian	Approved	10/7/2011
28	Cherinet Zewde	M&E Officer	9/25/2011	Long-term	Ethiopian	Approved	10/7/2011
29	Mengistu Bessir	Sr. Biz Dev Specialist	9/25/2011	Long-term	Ethiopian	Approved	10/7/2011
30	Zegeye Teklu	Rural Finance Training Specialist	9/25/2011	Long-term	Ethiopian	Approved	10/7/2011

STRATEGIC PLANNING AND COLLABORATION MEETINGS

MEETING WITH AGRICULTURE TRANSFORMATION AGENCY (ATA) ON JULY 14, 2011

The AMDe COP initiated an introduction of the programs that are within the AGP framework to the Agriculture Transformation Agency (ATA). Dialogue focused on the primary project areas of value chains and policy whereby ATA has identified rice, maize, wheat, teff and pulses as targeted value chains. Policy initiatives will focus on seed law, input supply and marketing and addressing policy bottlenecks at the federal and regional levels. Given that AMDe is charged with a similar policy mandate within the AGP, it was agreed that joint collaboration must ensue to avoid duplication and possibly conserve resources within our respective projects.

AGP TECHNICAL COMMITTEE MEETING ON JULY 20, 2011

The AMDe project was introduced by the COP to the AGP TC at the Ministry of Agriculture offices. This introduction was delayed for approximately three weeks due to scheduling problems within the Ministry of Agriculture (MoA). During the meeting, the COP presented the short-term planning process to the TC members in order to initiate the collaborative planning and implementing process of AMDe within the general AGP structure. The COP delivered a power point presentation of the status of the AMDe project related to start-up progress to date and the AMDe two-stage approach for the value chain assessments and the work planning process that would commence in early September. The final deliverable will be the work plan covering the period from November 1, 2011 through June 2012.

Specific points which were offered by the TC members include the following:

- The value chain assessment should determine if all 83 woredas will be covered by the AMDe program, based on the preselected five value chains. It was noted that the 83 woredas also involve the forthcoming Livestock Growth Program (LGP), which is also integrated within AGP.
- The AGP has a strong focus on gender and youth issues. It was stressed that these same crosscutting issues, along with others, are of high importance, given the high participation level of women in rural agriculture and the problems faced by the landless youth.
- TC members represented by ATA expressed concern about the possible overlap in policy agendas within AGP. It was agreed that AMDe and ATA will jointly address this concern, especially related to seed and input policies, once AMDe is fully functional and the policy subcontractors are on board.
- It was suggested that AMDe and the World Bank (along with AGP) meet and discuss coordination of monitoring and evaluation (M&E). The Contracting Officer's Technical Representative (COTR) will coordinate and identify the M&E person from AGP
- It was agreed that AMDe should participate in the Technical Committees at the national, regional and woreda levels. Chairman Keberu will confirm if participation on the steering committee levels at regional levels will be necessary. It was confirmed that AMDe can be a member of the Agricultural and Rural Development Partners Linkages Advisory Councils (ARDPLACS).

- Change of name for the AMDe: Both USAID Communications Office and the AGP National TC expressed concern about the AMDe designation. It was recommended that the name should be more meaningfully descriptive to the local population and agricultural community. The Chairman recommends that alternative names for the AMDe be discussed at the next TC meeting. Some recommendations for consideration at the next meeting include: AGP Crop Value Chain (CVC) – to go along with Livestock Value Chain (LVC), Agribusiness and Market Development (AMD) project, Crop Market and Agribusiness Development (CMAD) and Crop Market and Agribusiness project (CMAP).
- Need to demonstrate how AMDe supports other AGP components: Aside from its direct participation under subcomponent 1.3 – Market and Agribusiness Development, meeting participants recommended the development of more interaction and dialogue with AGP constituents within the AGP components including Agricultural Production and Commercialization, Small Scale Rural Infrastructure Development, Program Management Monitoring and Evaluation and the crosscutting issues of gender, youth, soil and water conservation.

MEETING WITH CHIEF OPERATING OFFICER OF ECX ON JULY 21, 2011

The AMDe COP requested the meeting with the Ethiopian Commodity Exchange (ECX) to discuss their progress in coffee quality and marketing initiatives that have benefitted small producers and CQI's interventions that have contributed to positive outcomes. Additionally, meeting participants discussed the needs of ECX related to addressing technical gaps and improving marketing policies within the major value chains. Among the major needs of agribusinesses that have potential linkages to the ECX and producers are expanded, improved and certified storage facilities. These facilities should be offered to producers, traders and millers to provide safekeeping of graded commodity that meets minimum standards of ECX and could be receipted for trade and finance purposes. Requisite measures to support these initiatives would include review of the Inventory Credit Act and bolstering the warehouse regulation system.

AGP TECHNICAL COMMITTEE MEETING HELD ON JULY 28, 2011

AMDe COP Tim Durgan participated in the TC meeting in which TC members presented and discussed the AGP Annual Work Plan and Budget. Mr. Durgan stated the following concerns related to the presentations:

- The proposed soil fertility and management guidelines for extension staff and farmers: There is concern about the basis of the guidelines, in regards to a comprehensive and up-to-date mapping of soil fertility levels within the woredas and whether the guideline would address fertility related to specific crops and crop mixes/rotations. AMDe will be introducing crop varieties, improved seeds, fertilizer ingredients, and more. The question is whether the guidelines will become outdated as these technologies are adopted.
- Several producer-target interventions are scheduled as AGP extension activities with woredas. Among the activities are crop demonstrations, farmer extension group trainings and primary and union level cooperative trainings. These activities should be coordinated with the AMDe to ensure a public-private partnership approach that includes agribusinesses and service providers.
- The contribution and participation by seed and other input supply companies will build goodwill with GoE and farmers as well as sustainability for agribusinesses.
- AGP continues to have a problem with purchasing vehicles due to the freeze imposed by the GoE. A recommendation for USAID to help supply vehicles has been discussed in other meetings.

AMDe had been approached by the Agricultural Growth Team Leader about supplying a “few” vehicles from the Fintrac acquired vehicles.

MEETING WITH WORLD BANK AND USAID HELD ON JULY 31, 2011

The purpose of the meeting was to introduce AGP donors and participants to each other and to introduce the AMDe COP to the World Bank. The World Bank’s primary interest was to learn about the AMDe work planning approach and how it will be integrated with the AGP planning schedule. Attendees also discussed the World Bank’s recommendation that AMDe follow the ATA’s lead in policy areas of inputs (seed and fertilizer) and the efforts to effect change within these agro-industries and to address the business enabling environment at the federal and regional levels.

MEETING WITH PEPSICO AND USAID ON AUGUST 22, 2011

USAID organized an introductory meeting with PepsiCo and the AGP-AMDe COP to discuss PepsiCo’s plan for development of chickpea production and marketing opportunities for chickpea products. Mr. Daniel Gadd of Omega Farms participated as a local investor who intends to produce seed for the chickpea initiative. PepsiCo’s plan is to develop smallholder and production models which will enable farmers to capture new markets and opportunities through improved production practices, such as irrigation and improved seed varieties. Long-term market opportunities include linkages to the World Food Program, domestic and export buyers and a raw product for processing firms. The two test locations have been established with the objective of doubling yields for smallholder producers. PepsiCo is seeking AMDe’s collaboration and assistance in development of a seed multiplication program for the Kabuli variety which is suitable for humus; selection of small scale irrigation equipment for the test site; development of a business model for chickpea marketing and processing; and possible support for investment in processing. USAID has recommended a joint effort with ATA, PepsiCo and AMDe.

AGP TECHNICAL COMMITTEE MEETING, AUGUST 24, 2011

The AMDe COP updated the TC on the commencement of the value chain assessment and the submission of the work plan at the end of October. A World Bank representative recommended that AMDe circulate the final work plan to the TC members. The MoA will need to determine how AGP may need to expand with the anticipation that more donors will likely participate in the future. Expansion may entail either intensifying activities within the woredas or increasing the number of woredas. ATA reported that they have supported the training of 100 seed inspectors which should increase the output of certified seed.

MEETING WITH WINROCK INTERNATIONAL ON SEPTEMBER 22, 2011

ACDI/VOCA’s Country Representative and the AMDe COP met with representatives David Norman and Daniel Fantaye of Winrock International for an introduction to their newly awarded USAID contract for the Farmer to Farmer program. Winrock’s value chains will be livestock and honey. It was agreed that assistance within the honey value chain under AMDe would be an effective integration of resources. It was agreed that further correspondence would be helpful to formulate a plan of action between ACDI/VOCA and Winrock within this sector. Winrock sent information on volunteer success stories in the honey value chain and recommended several volunteer candidates with international experience in honey value chains.

Additionally, several AMDe staff and subcontractor staff held meetings to gather information and discuss potential partnerships. Participants included the following:

- Government bodies such as the MoA and Ministry of Trade (MoT)
- Donor agencies and nongovernmental organizations (NGOs) including Dutch Assistance, Canadian International Development Agency (CIDA), Land O’Lakes

- Research institutions such as the International Food Policy Research Institute (IFPRI) and the Ethiopian Institute of Agricultural Research (EIAR)
- Private sector actors such as Pioneer Seed, Women Enterprise Association and Ethiopian Seed Association

QUARTERLY BUDGET

Contractor Name ACDI/VOCA
Job Code: J802A
Country of implementation: Ethiopia
Contract and Task #: Prime Contract: AID-623-I-10-00001

Line Item	Total Budget	Previous Costs (May - June)	Current Quarter (July - Sept)	Total Costs Inception to Date	Remaining Funds
Salaries and Wages and Fringe Benefits	\$ 8,608,234	\$ 47,149	\$ 160,200	\$ 207,348	\$ 8,400,886
Subcontracts	\$ 17,103,982	\$ -	\$ 28,677	\$ 28,677	\$ 17,075,305
Sub-grants	\$ 14,200,000	\$ -	\$ -	\$ -	\$ 14,200,000
Other Direct Costs	\$ 3,788,536	\$ 33,617	\$ 153,764	\$ 187,380	\$ 3,601,156
Indirect Costs	\$ 4,214,901	\$ 27,460	\$ 106,748	\$ 134,208	\$ 4,080,693
Total Estimated Cost	\$ 47,915,653	\$ 108,225	\$ 449,388	\$ 557,613	\$ 47,358,040
Earned Fixed Fee (up to the ceiling amount)	\$ 1,969,783	\$ 5,411	\$ 22,469	\$ 27,881	\$ 1,941,902
Total Estimated Cost plus Fee	\$49,885,436	\$ 113,637	\$ 471,857	\$ 585,494	\$ 49,299,942