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# Agriculture Growth Program – Agribusiness and Market Development (AGP-AMDe)

## QUARTERLY REPORT

### January-March 2013



AGRICULTURAL GROWTH PROGRAM- AGRIBUSINESS AND MARKET  
DEVELOPMENT (AGP-AMDE) PROJECT  
USAID/ETHIOPIA  
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## List of Acronyms

ACDI/VOCA	Agricultural Cooperatives Development International/Volunteer Oversees Cooperatives Association
AFCA	African Fine Coffees Association
AGP	Agricultural Growth Program
AGP-AMDe	Agricultural Growth Program-Agribusiness and Market Development
AGP-LMD	Agricultural Growth Program-Livestock Market Development
AMSAP	Advance Maize Seed Application Program
APS	Annual Program Statement
ARCs	Agricultural Research Centers
ATA	Agricultural Transformation Agency
B2B	Business to Business
BCC	Behavior Change and Communication
BDS	Business Development Services
BH	Bako Hybrid
BoA	Bureau of Agriculture
BoARD	Bureau of Agriculture and Rural Development
BP	Business Plan
CA	Cooperative Agency
CAADP	Comprehensive African Agricultural Development Program
CBE	Commercial Bank of Ethiopia
CBO	Cooperative Bank of Oromiya
CEO	Chief Executive Officer
CIG	Common Interest Groups
CLU	Central Liquoring Unit
CN	Concept Note
CLU	Central Liquoring Unit
COP	Chief of Party
CQI	Coffee Quality Institute
CSA	Central Statistics Authority
DAs	Development Agents
DCA	Development Credit Authority
DRRW	Durable Rust Resistance in Wheat
EAB	Ethiopian Apiculture Board
EAGC	East African Grain Council
EBA	Ethiopian Beekeepers Association
ECX	Ethiopian Commodity Exchange
ECEA	Ethiopia Coffee Export Association
ECEI	Ethiopian Coffee Export Initiative
ECGPEA	Ethiopian Coffee Growers, Producers and Exporters Association
EFC	Ethiopian Fine Coffees
EHBPEA	Ethiopian Honey and Beeswax Producers and Exporters Association
EIAR	Ethiopian Institute of Agricultural Research
EMA	Ethiopian Millers association
EPOSPEA	Ethiopian Pulses, Oil Seeds and Spices Processors and Exporters Association
EU	European Union
FCA	Federal Cooperative Agency

FCUs	Farmer Cooperative Unions
FOB	Free on Board
FOG	Fixed Obligation Grant (FOG)
FtF	Feed the Future
GAP	Good Agricultural Practices
GAIN	Global Alliance for Improved Nutrition
GFTS	Gulf Food and Trade Show
GoE	Government of Ethiopia
GTP	Growth Transformation Plan
HARC	Humera Agricultural Research Center
HIV/AIDS	Human Immune Deficiency Virus/Acquired Immune Deficiency Syndrome
HQ	Head Quarter
IEE	Initial Environmental Examination
JARC	Jimma Agricultural Research Center
JRIS	Joint Review and Implementation Support
KFBPMFCU	Kaffa Forest Bees Product Marketing Farmers Cooperatives Union
Kg	Kilograms
LC	Letter of Credit
M&E	Monitoring and Evaluation
MFI	Micro Finance Institutions
MOA/CLU	Ministry of Agriculture/Cropping and Livestock Husbandry
MOFED	Ministry of Finance and Economic Development
MOT	Ministry of Trade
MOU	Memorandum of Understanding
MSP	Multi-Stakeholders Platform
MTs	Metric Tons
NBE	National Bank of Ethiopia
NCA	National Coffee Association
NGOs	Non-Governmental Organizations
OARD	Office of Agriculture and Rural Development
P4P	Purchase for Progress
PCs	Primary Cooperatives
PEPFAR	President's Emergency Plan for AIDS Relief
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PFS	Partners in Food Solutions
PHH	Post Harvest Handling
PLC	Private Limited Company
PLWHA	People Living With HIV/AIDS
PMP	Performance Monitoring Plan
Qtl	Quintal
RCB	Regional Cooperative Bureau
SCAA	Specialty Coffee Association of America
SACCO	Saving and Credit Cooperative
SHF	Smallholder Farmer
SMEs	Small and Medium Enterprises
SMFM	Sell More for More
SNNPR	Southern Nation Nationality and Peoples Region
SSRWE	Sustainable Support for Rural Women Entrepreneurs
TMF	Tigray Marketing Federation

TOH	Taste of Harvest
TOT	Training of Trainers
VC	Value Chain
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USG	United States Government
WFP	World Food Programme

## Executive Summary

Agricultural Growth Program – Agribusiness and Market Development (AGP-AMDe) is one of the flagship projects under USAID's Feed the Future (FTF) Strategy for Ethiopia and is USAID's contribution to the government of Ethiopia's (GoE) Agricultural Growth Program (AGP). AGP supports the Comprehensive African Agricultural Development Program (CAADP) framework by strengthening agricultural productivity and markets in the high productivity regions: Amhara, Oromia, Southern Nations, Nationalities, and People's Region (SNNPR) and Tigray.

AGP-AMDe contributes to four of the Ethiopian government's strategic objectives: food self-sufficiency, economic growth, improving livelihoods of smallholder farmers and building agricultural capacity. AGP-AMDe works to sustainably reduce poverty by improving the productivity and competitiveness of value chains that increase income for rural households. AGP-AMDe target value chains are sesame, coffee, honey, chickpeas, maize and wheat. With the objective of enhancing the competitiveness of select value chains, AGP-AMDe provides technical assistance to increase productivity, enhance marketing and develop agribusiness support services. AGP-AMDe assists in promoting and marketing of new and improved seed varieties through collaboration with research centers, seed enterprises, farmer cooperative unions (FCUs) and other stakeholders. AGP-AMDe promotes international and domestic market linkages and development of value-added value chain products while building the capacity of FCUs and agro processors. Additionally, AGP-AMDe facilitates the improvement and development of additional support services such as access to finance and the enabling environment. Lastly, AGP-AMDe has an innovation and demonstration fund which promotes investments in innovative approaches to value chain development and agricultural technologies.

Highlights of activities and results achieved during the January to March 2013 quarter include the following:

### **Component 1: Improving Value Chain Competitiveness**

AGP-AMDe worked closely with key stakeholders, including ATA and GoE, on the design of fertilizer blending plants with four FCUs. AGP-AMDe assisted the production and marketing of improved seed varieties through collaboration with research centers, seed enterprises, FCUs and other stakeholders. AGP-AMDe continued promotional and marketing of value chain products at international trade fairs while facilitating domestic and export market linkages and agro-processing. Key activities performed and results achieved in the reporting period are summarized below for each value chain and components of the project.

**Export Marketing** – AGP-AMDe showcased sesame, chickpea, honey and coffee at international trade fairs including the Gulfood Trade Show in Dubai February 25 – 28. Over 4,200 companies from all over the world participated in the trade show. Meetings were facilitated on sesame products with four Saudi Arabian and one Turkey based buyers with Ethiopian suppliers for gulling and tahini products destined for Middle East, Europe and U.S. markets.

**Sesame** – AGP-AMDe facilitated 1,226 MT in sales valued at \$2.2 million during the reporting period. \$74,268 in bank loans were disbursed to four FCUs through the direct assistance of the project and \$482,744 is pending final loan processing and disbursement to three FCUs. The construction of four sesame warehouses is over 70% complete and will add 20,000 MT of storage capacity. Construction will be finalized in the next quarter in time to decrease post-harvest losses in the next crop season. The innovation grants given to sesame FCUs have enabled FCUs to use the grants as collateral to access bank loans amounting to more than \$600, 000. Approximately 212 new full-time jobs were created through the warehouse construction.

**Chickpea** – During the quarter, AGP-AMDe conducted joint field assessments with ATA for three FCUs – Becho Woliso, Lume Adama and Tsehay - to ensure the preparation and collection of

chickpea harvest. The project also supported Tsehay FCU with a rolling grant to purchase seed from seed multipliers. The FCU collected 2,409 quintals of kubuli variety chickpea seed for the coming crop season. The contract agreement was signed on February 15, 2013 between Guts Agro Industry and Becho Woliso FCU for the purchase and sale of 500 quintals of chickpea for Birr 990 per quintal. Additional purchase of chickpea by Guts Agro Industry is expected in the near future since this food processor has an annual purchase plan up to 1,800 MT of kabuli chickpea as an input for different types of food preparation for both domestic and export markets.

**Coffee** – AGP-AMDe focused on the production and marketing of coffee during this quarter. Grants were developed for the production of 3.8 million seedlings with three primary cooperatives on a cost-share basis. The initiative will have a positive impact on the production, productivity and quality of coffee in the project areas ensuring longer term, sustainable supply of quality coffee. The Taste of Harvest (TOH) in Ethiopia resulted in a total of 1,765 MT of premium coffees (98 containers). Coffee stakeholders received more than \$10 million in revenue from these sales, twice the price of the world market. AGP-AMDe co-sponsored the showcasing of Ethiopian Fine Coffees (EFC) to international market places through participation and promotion in international events and tradeshows that enhance the image of Ethiopian coffee as a high quality product and worthy of high sales prices. In summary, sales at premium price amounting to \$14 million was achieved through the combined efforts of the project and other stakeholders benefiting a significant numbers of actors along the value chain.

**Honey** – AGP-AMDe continued its support to EU accreditation, training and market linkages. Support and training was given to honey FCUs and processors on the export of honey and beeswax. Beza Mar Agro Industry was linked to Kaffa FCU and signed an MOU for the purchase of the volume of honey that will be collected in April and May of this year (the minimum purchase agreement is 60 MT). As a result of the project support in renewing EU accreditation, 40 MT of honey was exported to EU member countries valued at \$136,000 in the quarter, benefiting approximately 400 smallholder bee keepers.

**Maize** – AGP-AMDe, in partnership with ATA, FCA and Technoserve, played a prominent role in market linkages with the World Food Programme (WFP) for maize FCUs and member cooperatives. The project also assisted maize FCUs in accessing financial resources to collect maize from primary cooperatives and member smallholder farmers. Three FCUs accessed bank loans amounting over Birr 20 million from Commercial Bank of Ethiopia (CBE) and Cooperative Bank of Oromiya (CBO) to collect maize from members through buying contracts and used them as a guarantee. Through the combined efforts of the project and other stakeholders, 7 FCUs in Oromiya, Amhara and SNNPR regions were able to sell 2,407 MT of maize to WFP for \$719,484. The benefits from the sales directly impact the seven FCUs and indirectly impact 45 primary cooperatives and approximately 16,000 smallholder farmers.

**Wheat** – The objective of AGP-AMDe for the wheat value chain remains focused on replacing the large quantity of imports that are required to meet the increasing demand for wheat-based products in Ethiopia. Accordingly, AGP-AMDe facilitate market linkages between FCUs and local processors, which resulted in sales volume of 2,850 MT valued at USD 1.03 million, benefiting about 14,250 small holder farmers in the project areas.

### **Component 2: Improving Access to Finance**

The AGP-AMDe team continued to support 7 FCUs in the maize value chain, 5 FCUs in the sesame value chain, 1 FCU in the wheat value chain, 1 FCU in the coffee value chain and 2 FCUs in the chickpea value chain in obtaining working capital and needed financing. As a result, the total amount of loans requested increased to \$36.7 million. Of this amount, \$13.8 million in loans were approved and \$5.9 million in loans were disbursed.

### **Component 3: Improving the Enabling Environment of Selected Value Chains**

AGP-AMDe continued working closely with ATA on policy initiatives and, in particular, developed a policy proposal that requests the GoE to reactivate the Ministry of Trade mandate to regulate Ethiopia’s warehouse receipts system. The project also facilitated the development and signing of an MOU with the Ethiopian Commodity Exchange (ECX) to improve efficiency, traceability and sustainability for smallholder farmers.

**Component 4: Stimulating Increased Innovation**

Based on AGP-AMDe’s fixed obligation grant (FOG) agreement with Becho Woliso, Tsehay and Lume Adama FCUs for the purchase of improved chickpea seed, the project assisted exportable kabuli variety seed multiplication and certification, benefiting more than 3,400 smallholder farmers. Grant agreements were signed with 5 FCUs, Ethiopian Pulses, Oil Seeds and Spices Processors and Exporters Association (EPOSPEA) and ECX.

**Cross Cutting Issues**

**Gender** - Gender is integrated throughout AGP-AMDe components and value chain activities. AGP-AMDe increased the visibility of women in business through several public events: a Women Business Leaders Breakfast on March 29, 2013 with 43 women business leaders representing approximately 30 organizations; and an International Women’s Day celebration with USAID and partners on March 8, 2013 with over 80 participants representing 25 organizations. AGP-AMDe continued to increase gender sensitization across value chains through facilitation and training in Tigray, and helped ensure that two women out of six local jurors were selected for the test of Harvest (TOH) coffee cupping competition.

**Behavior Change Communication (BCC) & Information Communication Technology (ICT) -**

Through BCC activities, AGP-AMDe empowers individuals and groups to adopt appropriate behaviors that will increase overall project outcomes and ultimately improve their quality of life. During this quarter, AGP-AMDe conducted a barrier analysis by surveying 180 farmers and holding 10 focus group discussions, supporting nutrition and gender strategies. AGP-AMDe ICT team developed the strategy, design, and first phase layout of the AGP Knowledge Management Portal. This portal will provide information, a public calendar, graphics, and interactive maps for the entire AGP network.

**Nutrition** - Nutrition activities are integrated across value chains and components in order to make nutrition marketable. Working with the value chain will result in more creative and sustainable solutions to reaching nutrition outcomes than changing the nature of the value chain to reach the desired nutrition outcomes. During this quarter, AGP-AMDe began development a nutrition Sell More Four More (SMFM) training module; and carried out pilot data collection on barrier analysis and Focus group Discussions (FGDs) among farmers in Amhara in order to determine the cost of the minimally nutritious diet per person.

**Budgetary Spending**

During this quarter, the following expenditures occurred detailed by component and value chain.

Per Component		Per Value Chain	
Component 1	72%	Sesame	23%
Component 2	3%	Honey	15%
Component 3	3%	Chickpea	8%
Component 4	22%	Coffee	33%
		Maize	6%
		Wheat	15%

## Results Performance Tracking

AGP-AMDe made progress in achieving intended results during this quarter, some of which are considered priority indicators. Twenty out of 27 indicators are regularly monitored and reported on quarterly. The achievements of this quarter include the following priority indicators:

- a) 528 jobs created
- b) \$1,048,429 farm gate sales
- c) \$22 million exports

On investment and policies, the quantitative result does not show change from last quarter, however there was significant progress towards results through a rigorous grants process that is expected to leverage investment and critical steps on the targeted policy change in collaboration with partners.

The following indicator performance table depicts the results achieved during the quarter and the life of project to date.

## AGP-AMDe Indicator Performance Tracking Table (January 2013 - March 2013)

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011- Sept 2012)	Year 1 Results (April 2011- Sept 2012)	Year 2 plan (Oct 2012- Sep 2013)	Year 2 (Oct-Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results
<b>Goal: Poverty and Hunger Reduced</b>											
<b>Impact Indicators - Program Objective Level</b>											
1	Number of jobs attributed to FTF implementation	Wheat	#	0	4	532	55	0	55		
		Maize		0	3	414	-	0			
		Coffee			0	300	-	0			
		Sesame			21	324	212	528	740		
		Chickpea		150	0	272	-	0			
		Honey			2	200	-	0			
		<b>Total</b>		<b>150</b>	<b>30</b>	<b>2,042</b>	<b>267</b>	<b>528</b>	<b>795</b>	<b>39</b>	<b>825</b>
<b>IR 1: Improved Competitiveness of Selected Value Chains</b>											
2	Number of beneficiaries supported by AGP-AMDe assisted value chains	Wheat	#	38,997	1,724	64,976	5,061	39,822	44,883		
		Maize		39,997	274	66,976	836	2,211	3,047		
		Coffee		17,049	2,377	24,992	327	35,513	35,840		
		Sesame		14,996	1,304	22,993	1220	43,708	44,928		
		Chickpea			3,784	20,249	2267	3,738	6,005		
		Honey		2,799	1,914	14,497	171	1,748	1,919		
		Others (Inputs, BDS, Gender, etc.)						639	639		
<b>Total</b>	<b>113,839</b>	<b>11,377</b>	<b>214,683</b>	<b>9882</b>	<b>127,379</b>	<b>137,261</b>	<b>64</b>	<b>148,638</b>			
3	Value of incremental sales (collected at farm-level) attributed to FTF implementation	Wheat	USD	412,401	361,607	15,087,294	-	124,000	124,000		
		Maize		1,529,527		4,391,669	53,333	711,939	765,272		
		Coffee		19,677	4,474,800	2,400,000	734,249		734,249		
		Sesame		9,251		13,751,000	2,786,723	3,292,000	2,830,431		
		Chickpea		61,733		436,500	-	130,092	130,092		
		Honey			36,660	54,817	112,704	74,853	187,557		
		<b>Total</b>		<b>2,032,588</b>	<b>4,873,067</b>	<b>36,121,280</b>	<b>3,687,009</b>	<b>1,040,884</b>	<b>4,727,893</b>	<b>13</b>	<b>9,600,960</b>

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011- Sept 2012)	Year 1 Results (April 2011- Sept 2012)	Year 2 plan (Oct 2012- Sep 2013)	Year 2 (Oct- Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results
4	Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	Wheat	#	10	11		39	18	57		
		Maize		7	7		9	7	16		
		Coffee		9	12		2	35	37		
		Sesame		10	19		9	100	109		
		Chickpea		3	3		5	4	9		
		Honey		4	4		15	25	40		
		Others (Inputs, BDS, Gender, etc.		0	0			90	90		
		<b>Total</b>				<b>43</b>	<b>56</b>	<b>118</b>	<b>79</b>	<b>279</b>	<b>358</b>
5	Number of private enterprises, producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations that applied new technologies or management practices as a result of USG assistance	Wheat	#	7	11	13	6		6		
		Maize			7	16	2		2		
		Coffee			4	10	0		0		
		Sesame		15	5	13	11		11		
		Chickpea		3	8	7	2		2		
		Honey		8	7	11	16		16		
		<b>Total</b>				<b>33</b>	<b>42</b>	<b>70</b>	<b>37</b>		<b>37</b>
6	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training and other capacity building	Wheat	#	183	140	6,200	595	373	968		
		Maize		183	212	4,960	838	80	918		
		Coffee		45	156	3,720	419	207	626		
		Sesame		450	223	4,960	162	112	274		
		Chickpea		500	472	2,480	135	40	175		
		Honey		540	338	2,480	717	601	1,318		
		Others (Inputs, BDS, Gender, etc.					0	639	639		
		<b>Total</b>				<b>1,901</b>	<b>1,541</b>	<b>24,800</b>	<b>2,866</b>	<b>2,052.00</b>	<b>4,918</b>

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011- Sept 2012)	Year 1 Results (April 2011- Sept 2012)	Year 2 plan (Oct 2012- Sep 2013)	Year 2 (Oct- Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results
7	Value of exports of targeted agricultural commodities as a result of USG assistance	Wheat	USD	0			0	0	0		
		Maize		0			0	0	0		
		Coffee		0	4,474,800	8,010,000	0	10,679,823	10,679,823		
		Sesame				11,528,000	1,672,225	9,866,320	11,538,545		
		Chickpea		7,324,219		1,030,141	0	0	0		
		Honey		0		400,000	10400	136,000	146,400		
		<b>Total</b>		<b>7,324,219</b>	<b>4,474,800</b>	<b>20,968,141</b>	<b>1,682,625</b>	<b>20,682,143</b>	<b>22,364,768</b>	<b>107</b>	<b>26,839,568</b>
8	Total increase in installed storage capacity	Wheat	Cubic meter			10,368	0		0		
		Maize				41,472	0		0		
		Coffee					0		0		
		Sesame				20,736	20735		20,735		
		Chickpea				10,368	0		0		
		Honey					0		0		
		<b>Total</b>		<b>0</b>	<b>0</b>	<b>82,944</b>	<b>20,735</b>		<b>20,735</b>	<b>25</b>	<b>20,735</b>
9	Volume of processed products	Wheat	MT		900	26,660	0	886	886		
		Maize				3,265	0	2,407	2,407		
		Coffee		200	621.5	2,670	280	1,765	2,045		
		Sesame				32,165	4718	5,266	9,984		
		Chickpea				8,297	0	36	36		
		Honey			12	148	21	60	81		
		<b>Total</b>		<b>200</b>	<b>1,534</b>	<b>73,205</b>	<b>5,019</b>	<b>10,420</b>	<b>15,439</b>	<b>21</b>	<b>16,972</b>

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<b>IR 2: Improved Access to Finance</b>											
10	Value of Agricultural and Rural Loans		USD	1,500,000		12,004,638	5,544,548	1,110,650	6,655,198	55	6,655,198
11	Number of MSMEs receiving USG assistance to access bank loans	Wheat	#	13	11		1	1	2		
		Maize		10	7		0	2	2		
		Coffee		5	4		0		0		
		Sesame		5	5		4	1	5		
		Chickpea		3	3		0		0		
		Honey		5	7		0		0		
		<b>Total</b>		<b>41</b>	<b>37</b>	<b>44</b>	<b>7</b>	<b>4</b>	<b>11</b>		
12	Number of MSMEs receiving business development services from USG assisted sources		#	37	42	60	25	92	117	195	159
13	Total number of clients (households and/or microenterprises) benefitting from financial services provided through USG assisted financial intermediaries, including non-financial institutions or actors		#	1500	1480	13,800	0	4	4	0.03	1,484
14	Number of new financial products and services developed and introduced as a result of AGP-AMDe intervention		#	2	3	2	0	1	4		

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011- Sept 2012)	Year 1 Results (April 2011- Sept 2012)	Year 2 plan (Oct 2012- Sep 2013)	Year 2 (Oct- Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results
<b>IR 3: Improved the Enabling Environment of Selected Value Chains</b>											
15	Numbers of Policies/Regulations/Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: Stage 1: Analyzed Stage 2: Drafted and presented for public/stakeholder consultation Stage 3: Presented for legislation/decreed Stage 4: Passed/approved Stage 5: Passed for which implementation has begun		#	1	3	2	2		2		
<b>IR 4: Stimulate Increased Innovation and Investment</b>											
16	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation		USD	-		8,250,000	632,658	0	632,658		632,658
17	Number of public-private partnerships formed as a result of USG assistance		#	10	18	25	6	0	6	24	24

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011-Sept 2012)	Year 1 Results (April 2011-Sept 2012)	Year 2 plan (Oct 2012-Sep 2013)	Year 2 (Oct-Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results	
18	Number of firms receiving USG assistance to invest in improved technologies	Wheat	#			12	0		0			
		Maize				12	0		0			
		Coffee				8	0		0			
		Sesame			5	8	4		4			
		Chickpea			3	3	4	3		3		
		Honey			8		20	0		0		
		<b>Total</b>			<b>11</b>	<b>8</b>	<b>64</b>	<b>7</b>		<b>7</b>		<b>15</b>
19	Number of farmers and other who have applied new technologies or management practices as a result of USG assistance	Wheat	#		0	4020	0		0			
		Maize			0	1,900	0		0			
		Coffee			0	699	0		0			
		Sesame			0	507	0		0			
		Chickpea				3697	4600	2,170	0	2,170		
		Honey				0	7497	0		0		
		<b>Total</b>				<b>3,697</b>	<b>19,223</b>	<b>2,170</b>		<b>2,170</b>		<b>5,867</b>
20	Number of technologies or management practices in one of the following phases of development in Phase I: under research as a result of USG assistance; in Phase II: under field testing as a result of USG assistance; in Phase III: made available for transfer as a result of USG assistance		#	6		18	16		16	89	16	

No.	Performance Indicators	Value Chain Commodity	Unit	Year 1 Target (April 2011-Sept 2012)	Year 1 Results (April 2011-Sept 2012)	Year 2 plan (Oct 2012-Sep 2013)	Year 2 (Oct-Dec 2012) Actual Results	Year 2 (Jan - March 2013) Actual Results	Year 2 Actual Results (Oct 2012 - March 2013)	% results of Y2	Year to date results
21	Number of new private parties offering services (tillage, spraying, weeding)	Wheat	#		0	3	0		0		
		Maize			0	4	0		0		
		Coffee			0	2	0		0		
		Sesame			0	4	0		0		
		Chickpea			3	3	0		0		
		Honey			0	8	0		0		
		<b>Total</b>				<b>3</b>	<b>24</b>	<b>0</b>		<b>0</b>	

## Key Events Undertaken (January – March 2013)

Date	Name of Event	Location, Venue	Sector	Organizing body	
				Responsible staff	Contact address
2-3 Jan. 2013	Coffee Seedling Production and Nursery Management Training	Jimma	Coffee	Coffee Value Chain Officer	ateshome@acdivocaeth.org Tel: +251-911-658496
8 Jan. 2013	FCU-Ambo MPFCU, MOU signing	Ambo	Wheat	AGP-AMDe	zyilma@acdivocaeth.org Tel: +251-911-406476
8 Jan. 2013	Grant Orientation Session	Addis Ababa	All	AGP-AMDe Grant team	apavlovic@acdivocaeth.org Tel: +251-11-662-0685
9 Jan. 2013	Grant Orientation Session	Adama	All	AGP-AMDe Grant team	abelachew@acdivocaeth.org Tel: +251-11-662-0685
10 Jan. 2013	Grant Orientation Session	Bahir Dar	All	AGP-AMDe Grant team	aayanaw@acdivocaeth.org Tel: +251-58-226-6770
11 Jan. 2013	Grant Orientation Session	Mekele	All	AGP-AMDe Grant team	gdesta@acdivocaeth.org Tel: +251-34-441-2783
14 Jan. 2013	Grant Orientation Session	Hawassa	All	AGP-AMDe Grant team	aemiru@acdivocaeth.org Tel: +251-46-220-5583
10-11 Jan. 2013	PHH technical capacity training	Lume Adama FCU/Nazareth	Chickpea	AGP-AMDe Chickpea VC Specialist and Oromia PHH officer	mteref@acdivocaeth.org Tel: +251-911-671541
11-12 Jan. 2013	Gender sensitive value chain training	Alamata	Wheat	AGP-AMDe Gender Specialist	yhailu@acdivocaeth.org Tel: +251-911-239481
15 Jan. 2013	MSP-Honey	Bahir Dar	Honey	AGP-AMDe Honey value chain officer	habate@acdivocaeth.org Tel: +251-58-226-6770
15-16 Jan. 2013	Agricultural Finance Enabling Environment Forum	Addis Ababa	Policy	AGP-AMDe Senior Policy TL	mtadesse@acdivocaeth.org Tel: +251-11-662-0685
15-18 Jan. 2013	Sell More for More training	Bonga Kaffa union	Coffee	AGP-AMDe coffee VC & Rural finance	kmesfin@acdivocaeth.org Tel: +251-911-033748
15–18 Jan. 2013	Sell More for More training	Alamata	Wheat	AGP-AMDe wheat value chain officer	bdarge@acdivocaeth.org Tel: +251-34-441-2783
21 Jan. 2013	MSP	Bishoftu	Chickpea	AGP-AMDe chickpea value chain officer	edemissie@acdivocaeth.org Tel: +251-11-662-0685

Date	Name of Event	Location, Venue	Sector	Organizing body	
				Responsible staff	Contact address
22-23 Jan. 2013	Agricultural value chain finance training	Adama	Access to finance	AGP-AMDe Rural Finance service promoter	zteklu@acdivocaeth.org Tel: +251-911-173411
26-28 Jan. 2013	PHH handling training	Hashenge/ mychew	Wheat	Tigray wheat VC specialist PHH officer	htadele@acdivocaeth.org Tel: +251-92-188-5712
25-27 Jan. 2013	Post harvest handling, semi-processing and quality measuring training	Tigray- Alamata	Honey	AGP-AMDe Regional HVC Officer	fendalew@acdivocaeth.org Tel: +251-34-441-2783
28-31 Jan. 2013	Sell More for More training for Edget seed producer and marketing union	Butajira	Wheat	SNNPR AGP-AMDe wheat VC officer and BDS officer	awoldemichael@acdivocaeth.org Tel: +2519-92-445-7376
29 Jan. 2013	MSP	Hawassa	Honey	AGP-AMDe Honey VC officer	Eassefa@acdivocaeth.org Tel: +251-911-098-570
30 Jan. – 1 Feb. 2013	Maize Cleaning Machine Training	TBD	Maize	AGP-AMDe Maize Value Chain Specialist	yagonafir@acdivocaeth.org Tel: +251-11-662-0685
30 Jan. – 1 Feb. 2013	Sell More for More training	Alamata , 2nd Round	Wheat	AGP-AMDe RBDS officer	aambachew@acdivocaeth.org Tel: +251-914-72-3623
1 Feb. -10 Mar. 2013	Honey Cascading training	TBD	Honey	AGP-AMDe Honey Value Chain Specialist	mashagrie@acdivocaeth.org Tel: +251-11-662-0685
5-6 Feb. 2013	Entrepreneurship, Export Marketing and Trade Show training	A.A. Beshale Hotel	Sesame	AGP-AMDe Sesame Value Chain Specialist	treda@acdivocaeth.org Tel: +251-91-203-7092
12-13 Feb. 2013	Agricultural equipment leasing training	Addis Ababa	Access to Finance	AGP-AMDe Rural Finance service promoter	zteklu@acdivocaeth.org Tel: +251-911-173-411
12-13 Feb. 2013	Post Harvest handling and grading technical capacity training	Nazareth	Wheat	OromiaPhh officer and wheat vc officer	kkebede@acdivocaeth.org Tel: +251-911-203-832
15-17 Feb. 2013	Training to improve grading, sorting, and storage management to FCU incl. DA's	S/Humera	Sesame	Tigray PHH officer and sesame VC officer	htadele@acdivocaeth.org Tel: +251-92-188-5712
19 Feb. 2013	MSP meeting for Oromia	Bishoftu	Honey	AGP-AMDe Regional Honey Officer	aamaldegn@acdivocaeth.org Tel: +251+11-662-0685
19 Feb. 2013	ToT training on Soil Sampling Techniques	19 Feb. 2013, Debrezeit Research Center	Inputs	AGP-AMDe Input Supply Team	ameherka@acdivocaeth.org Tel: +251-11-662-0685
20-21 Feb. 2013	Market Intelligence Workshop	Addis Ababa	Coffee	CQI Kimberly Easson, Daniel	danielh@bootcoffee.com kimberlyeasson@me.com

Date	Name of Event	Location, Venue	Sector	Organizing body	
				Responsible staff	Contact address
20-23 Feb. 2013	Sell More for More training for Godofo FCU	Bonga	Wheat	SNNPR AGP-AMDe wheat VC officer and BDS officer	awoldemichael@acdivocaeth.org Tel: +251-924-457-376
20-23 Feb.2013	Sale More For More training	Bonga	Honey	AGP-AMDe Honey VC officer	Eassefa@acdivocaeth.org Tel:+251-911-098-570
21 Feb. 2013	MSP	Bahir Dar	Wheat	AGP-AMDe Wheat Value Chain Officer	tderso@acdivocaeth.org Tel: +251-58226-6770
22 Feb. 2013	Coffee Strategy meeting	Addis Ababa	Coffee	CQI/AGP-AMDe coffee team	csanchez@coffeeinstitute.org Tel: +001-646-727-4678
22-23 Feb.2013	TOT on soil sampling and ISFM for Soil Lab. Technician	Hawassa	Inputs	AGP-AMDe Input Market & Farm Technology Specialist	stafesse@acdivocaeth.org Tel: +251-911-732-688
23 Feb. 2013	ToT on Soil Sampling Techniques	TBD	Inputs	AGP-AMDe Input Supply Team	ameherka@acdivocaeth.org Tel: +251-11-662-0685
24-28 Feb. 2013	SMFM on leadership & marketing Dev. 1 <sup>st</sup> phase	Tigray, Alamata	Honey	AGP-AMDe Honey VC Officer	fendalew@acdivocaeth.org Tel: +251-34-441-2783
26 Feb. 2013	TOT on soil sampling and ISFM for Soil Lab. Technician	TBD	Inputs	AGP-AMDe Input Supply Team	ameherka@acdivocaeth.org Tel: +251-11-662-0685
28 Feb. 2013	Wheat flour fortification workshop	Addis Ababa	Wheat	AGP-AMDe Wheat VC officer & Finance	zyilma@acdivocaeth.org Tel: +251-911-406476
4-7 Mar. 2013	Market and business plan preparation	Wukro, Tigray	Marketing, Finance and Sesame	AGP-AMDe Sr. Ag Marketing Specialist, Rural Financial Services Promoter, Sesame VC Specialist	gbেকে@acdivocaeth.org gbেকে@acdivocaeth.org treda@acdivocaeth.org Tel: +251-91-035-7329, 91-176-1151, 91-203-7092
4-7 Mar. 2013	Sesame Agricultural Marketing	Wukro, Tigray	Sesame	AGP-AMDe Sesame VC Officer	lgebreselama@acdivocaeth.org Tel: +251-34-441-2783
6-8 Mar. 2013	Post harvest Handling and grading technical capacity building training	Mekeb FCU, B/Dar	Maize	Amhara PHH & Maize VC officers	gaginche@acdivocaeth.org Tel: +251-91-804-8779
7-9 Mar.2013	Training on Business Management, Product Knowledge & Agricultural Inputs Marketing	Hawassa	Inputs	AGP-AMDe Input Market & Farm Technology Specialist	stafesse@acdivocaeth.org Tel: +251-911-732688
11-13 Mar. 2013	SMFM on Bookkeeping & Business Management Dev	Tigray, Alamata (2nd round)	Honey	AGP-AMDe Honey VC Officer	fendalew@acdivocaeth.org Tel: +251-34-441-2783
12-15 Mar. 2013	Sell More for More Training for Raya Wakena Union	Bokoji	Wheat	AGP-AMDe Wheat VC Officer	dkejela@acdivocaeth.org Tel: +251-11-662-0685

Date	Name of Event	Location, Venue	Sector	Organizing body	
				Responsible staff	Contact address
15-16 Mar. 2013	Experience sharing visit in Tigray by Amhara Region	Tigray-Wukero, Adigrat & Mekelle	Honey	AGP-AMDe Regional HVC Officer	fendalew@acdivocaeth.org Tel: +251-34-441-2783
16-17 Mar. 2013	TOT on soil sampling and ISFM for Zonal & Woreda Agricultural experts	Wolkite	Inputs	AGP-AMDe Input Market & Farm Technology Specialist	stafesse@acdivocaeth.org Tel: +251-911-732688
20-22 Mar. 2013	PHH training	E/shewa D/berhan	Wheat	Amhara PHH and wheat VC officers	kkebede@acdivocaeth.org, Tel: +251-911-203-832
21-23 Mar. 2013	Coffee seedling production and nursery management training	Dilla	Coffee	AGP-AMDe Regional coffee VC	kmesfin@acdivocaeth.org Tel: +251-911-033748
27 Mar. 2013	National MSP	Addis Ababa	Honey	AGP-AMDe Honey VC Specialist	mashagrie@acdivocaeth.org Tel: +251-11-662-0685
25-28 Mar. 2013	SMFM on Leadership and Management	Jimma	Coffee	AGP-AMDe Coffee VC Officer	ateshome@acdivocaeth.org Tel: +251-911-658496
26-28 Mar. 2013	Product knowledge/ Business Management and Marketing	Mekelle, Tigray	Input	AGP-AMDe Input Supply Team	ameherka@acdivocaeth.org Tel: +251-11-662-0685
28-30 Mar. 2013	Training	Agaro (Jimma Zone)	Honey	AGP-AMDe Regional Honey Officer	aamaldegn@acdivocaeth.org Tel: +251-11-662-0685
29 Mar. 2013	Women Business Leaders Breakfast "Women Lead Business Succeed"	Addis Ababa, Radisson Blu	Gender	AGP-AMDe Sr Gender Specialist	yhailu@acdivocaeth.org Tel: +251-11-662-0685
Jan-March 2013	SMFM	Various	Maize	AGP-AMDe BDS Specialist	slegesse@acdivocaeth.org
Jan-March 2013	Food Safety Quality for Export - Honey, Sesame and Coffee		BDS	2020DC	jim@2020dc.com
Jan-March 2013	Export Marketing and Trade Show Training		BDS	2020DC	jim@2020dc.com

## Participation in Externally Organized (Co-Organized Forums Jan.- March 2013)

Date	Name of Event	Location	Sector	Organizing body
3 Jan. 2013	Workshop on seed demand assessment in formal seed sector organized by ATA	Addis Ababa	Inputs	ATA
15-16 Jan.	Agricultural Finance Enabling Environment Forum	Addis Ababa	Access to Finance/Enabling Environment	ATA
31 Jan.	Second ECX National Cooperative Forum	Addis Ababa	All Value Chains	ECX
14-16 Feb.2013	10th Africa Fine Coffee Association	Uganda	Coffee	AFCA
25-28 Feb. 2013	Gulf Food Trade Show	Dubai	Sesame, Chickpea and Honey	Dubai World Trade Center
3-7 Mar. 2013	13th African Seed Traders Association (AFSTA) Conference		Coffee	
8 Mar. 2013	Co-organized International Women's Day with USAID and partners	National Archive and Library, Addis Ababa	Gender	USAID and partners
14 Mar. 2013	Maize Sector Strategy Review Workshop	Addis Ababa	Maize	ATA
14-15 Mar. 2013	PHH & Input Handling	Debre Zeit	Wheat	ATA and FCA delivered by PHH specialist
21 Mar. 2013	National Coffee Association Conference	San Francisco, U.S.A	Coffee VC	CQI Willem Booth, Kimberly Easson

## Upcoming Events (April – June 2013)

Planned Date	Name of Event	Location, Venue	Sector	Organizing body	
				Responsible staff	Contact address
24-30 May 2013	SMFM management training for FCA staff	AA	Crosscutting	Sr. BDS specialist	slegesse@acdivocaeth.org
9-12 April 2013	SMFM management training for Haragu union member cooperatives	Bedele	Maize	BDS and rural finance officers	ourgessa@acdivocaeth.org
15 – 18 April 2013, 1-4 June 2013	SMFM management training for chafe buluk member cooperatives	Shambu	Wheat/Maize	BDS and rural finance officers	ourgessa@acdivocaeth.org
25 May – 8 June 2013	SMFM part II training ( record keeping and business skill management) for Limu Inarea /Oromiya FCU	Jimma	Coffee	BDS and rural finance officers	ourgessa@acdivocaeth.org
21-26 April 2013	SMFM management training for Oromiya coffee union member cooperatives	Oromia coffee union	Coffee	BDS and rural finance officers	ourgessa@acdivocaeth.org
27-29 May 2013	Training for lead farmers on input application and use	Worabe	Wheat VC	SNNPR AGP-AMDe wheat VC officer	awoldemichael@acdivocaeth.org Tel: +251924-457376
5-7 June 2-13	Training for lead farmers on input application and use	Wolkite	Wheat VC	SNNPR AGP-AMDe wheat VC officer	E-mail: awoldemichael@acdivocaeth.org , Tel: +251924-457376
13-15 May 2013	Training for lead farmers on input application and use	Yirgacheffe/ Yirgalem	Coffee VC	Reg.CoffeeVC, regional Manager &PP Specia.	E-mail: kmesifin@acdivocaeth.org,
26-28 April 2012	Training for lead farmers on input application and use	S/humera (Humera Tahtayady,	Sesame VC	Tigray Sesame VC &PHH Officers	E-mail: htadele@acdivocaeth.org, Tel.0921885712
22-24 May 2013	Training for lead farmers on input application and use	Dansha Aurora/ Stegede	Sesame	Tigray Sesame VC &PHH Officers	E-mail: htadele@acdivocaeth.org, Tel.0921885712
15-17 June 2013	Training for lead farmers on input application and use	Mychew?en damohoni,Al amata,Ofla	Wheat VC	Tigray Sesame VC &PHH Officers	E-mail: htadele@acdivocaeth.org, Tel.0921885712
20-27 May 2013	Training of trainers in SMFM module	Tigray-Ofela ,Endamohoni&Welkayt Woredas	Honey VC	AGP-AMDe Regional Post Harvest & Warehouse Mangt. Officer	Tel-0921885712
1-3 May 2013	Training for lead farmers on input application and use	Merkeb & StehayFCU, @B/Dar	Maize & C/pea	Amhara Sesame VC & PHH officers	E-mail: gagniche@acdivocaeth.org, Tel: +251-918048779
17-19 May 2013	Training for lead farmers on input application and use	Metema & Selam Union@Gonder	Sesame VC	Amhara Sesame VC & PHH officers	gagniche@acdivocaeth.org, Tel: +251-911-239481
25-27 April, 2013	Training for lead farmers on input application and use	Damot & Gozamen/F/ Selam	Wheat and Maize	Amhara Whrat &Maize VC & PHH Officers	E-mail: gagniche@acdivocaeth.org, Tel: +251-918048779

1 Apr. 2013	AMSAP introductory workshop	AA	One	Yohannes Agonafir	MoA, USAID, DuPont pioneer, Regional agriculture biro, AGP-AMD
2 Apr. 2013	MSP	Mekelle	Honey VC	Regional team, EAB, GRAD, (Solomon Reda, Fikre Endalew)	Solomon Reda Tel-0914724687; Fikre Endalew E-mail: E-mail: fendalew@acdivocaeth.org
4-5 April 2013	SNNPR Regional introductory workshop & training	Hosana	One	Birhanu Asfaw	Regional Agriculture biro, Regional extension, RCB, Zonal offices, woreda extension, DuPont pioneer, AGP AMD
9-10 April 2013	Oromiya Regional introductory workshop & training	Jima	One	Regional manager	Regional Agriculture biro, Regional extension, RCB, Zonal offices, woreda extension, DuPont pioneer, AGP AMD
12 Apr. 2013	SCAA Exhibition Conference in Boston	Boston	Coffee VC	CQI Willem Booth, Kimberly Easson AGP-AMDe VC Manager	E-mail: willemboot@me.com, E-mail: kimberlyeasson@me.com
17-18 April 2013	Amara Regional introductory workshop & training	Bahir Dar	One	Teferi Wondale	Regional Agriculture biro, Regional extension, RCB, Zonal offices, woreda extension, DuPont pioneer, AGP AMD
28-Apr-13	Regional wheat multi stakeholder platform meeting	Wolkite	Wheat VC	SNNPR AGP-AMDe wheat VC officer	E-mail: awoldemichael@acdivocaeth.org, Tel: +251924-457376
TBD, April 2013	Capacity building of key stakeholders	Fiche	Honey	AGP-AMDe Honey Specialist	E-mail: aamaldegn@acdivocaeth.org
16-19 May 2013	Low land wheat demo training	Nekemte	Wheat VC	AGP-AMDe WVC Team	E-mail: dkajela@acdivocaeth.org, Tel: +251-911-315624
15-22 May 2013	SMFM management training for Yem tehaber union	Saja	Maize	SNNPR BDS officer	E-mail: awoldemichael@acdivocaeth.org, Tel: +251924-457376
TBD, May 2013	SMFM training of trainers in BAP relevant to honey VC and cascading the skills to SHF facilitated	TBD	HVC	AGP-AMDe Honey Specialist	E-mail: mashagrie@acdivocaeth.org
1 <sup>st</sup> week June 2013	MSP meeting	Bahir Dar		Yohannes Agonafir	All stakeholders
June 2013	Exporters Trip to Japan	AA AMDe office	Sesame VC	Vanessa, Bemnet & Jim	0930 012727, 0911 511353, 425 882 2793
17-Jun-13	National MSP	Debre Zeit	Chickpea		E-mail: mterrefe@acdivocaeth.org, Tel: +251-911-671541, wondimagegn@gmail.com, Tel: +251-918-779850

May, date TBD	SMFM training of trainers in BAP relevant to honey VC and cascading the skills to SHF facilitated	TBD	Honey		
TBD, June 2013	Training to grantees	TBD	Grant	Addis grant team	
TBD	Training of trainers in BAP relevant to honey VC ( like product handling, basic processing, quality measuring, warehouse management, etc.) and cascading the skills to SHF facilitated	Bonga	Honey Value Chain	GebreyesGabito	Kaffa Honey FCU, Bench Maji Coffee FCU, CIGs working on Honey Marketing
TBD	Training of Trainers in SMFM post-harvest handling module (negotiation, pricing, promotion, creating linkages, relationship management, etc.) delivered and skills cascaded	Mizan	Honey Value Chain	Getahun Tekle	Bench Maji Coffee FCU, Zozo PC, KFBPMFCU and CIG leaders
3- 7 June 2013	Technical training for SACCO and RUSACCO				
17-28 June2013	Building the Capacity of MFIs to Increase Financial Service Delivery to Smallholder Farmers				
18 April -3 May 2013	Assessment of Working Capital Funding Performance				
Jun-13	Training in business and technical aspects of fertilizer distribution, marketing and use delivered to 20 FCUs through BDS providers	TBD (in 4 AGP Regions)	AGRO-INPUT	AGP-AMDe Input Specialists	ameherka@acdivocaeth.org
Jun-13	Study tour to Kenya for selected/qualified FCU staff to see input marketing by agro dealers	Nairobi, Kenya	AGRO-INPUT	AGP-AMDe Input Specialists	ameherka@acdivocaeth.org
Jun-13	Technical training provided for soil and seed laboratory staff to ensure seed and fertilizer quality	TBD (in 4 AGP Regions)	AGRO-INPUT	AGP-AMDe Input Specialists	ameherka@acdivocaeth.org



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## SUCCESS STORY

### Chickpea: From Production to Processing

Based on the principles of value chain intervention approach, the project's assistance extends to marketing, agro-processing and value adding activities. Hence, AGP-AMDe has created a market linkage between Becho Wolliso Farmer Cooperative Union (FCU) and an agro- processor, Guts Agro Industry.

The contract agreement between Guts Agro Industry and Becho Wolliso FCU, signed on February 15<sup>th</sup>, 2013, is for the purchase of 500 quintals of chickpea at birr 990 per quintal. Additional purchase of chickpea by Gut Agro Industry is expected in the near future as they have a purchase plan of up to 1,800 MT of Kabuli chickpea as an input for the different types of food preparation both for domestic and export market.

“We are benefiting from the project in multi dimensions” Ato Mulugeta, General Manager of Guts Agro Industry stated.

“The assistance provided to the small holder farmers, cooperatives and FCUs enables the company to access quality and sufficient supply of raw materials (chick pea). In addition, the project is capacitating us to operate at full capacity”, Ato Mulugeta added.



Becho Wolliso FCU is among the major clientele of AGP-AMDe and has been receiving technical and financial assistance from the project. Chickpea, one of the major produce of the member farmers in the area, is one of the target value chain commodities of the project. Certified and improved variety known as Kabuli was provided for member smallholder farmers through the AGP-AMDe Innovative Grants program of the project during the production year 2011/12. This, along with other technical assistance of the project and other stakeholders has resulted in increased production and improved quality of the product.



## Merkeb Union Highlights the Impact of AGP-AMDe Trainings

AGP-AMDe has facilitated continuous post-harvest handling and warehouse management trainings resulting in the direct training of eight FCUs comprising 192 trainees (145 male and 47 female). Upon their own initiative FCU trainees have then taken their new skills and trained primary cooperative members.

Merkeb Farmer Cooperative Union has 96 member primary cooperatives with 159,287 farmer members. Based on its establishment objective, it gives various benefits to its member primary cooperatives and member farmers. Their main activity however, is marketing of grains. But, upon undertaking marketing of grains, it has faced many grain quality problems. This leads to significant amounts of income loss.

Merkeb previously had no concept of grain quality, grading and quality equipment application before participating in AGP-AMDe post-harvest handling and warehouse management trainings.

“Because of this problem, one of our member primary cooperative had lost 97 qt of grain rejected from ECX. This means 77,600 birr (USD \$4311) was lost because of quality problems. In addition, due to this lack of knowledge, quality equipment that was donated by a NGO was left in storage for two years without any function and knowledge by the employees,” Ato Girum Tesema Marketing Expert of Merkeb Union said.

Due to participating in AGP-AMDe post-harvest handling and warehouse trainings, Merkeb Union has increased competitiveness in the agricultural industry and is now utilizing this quality assessment equipment. This training helped facilitate a contract with WFP that required high levels of maize quality.

According to Ato Geremew Muche (Marketing Head at Merkeb Union) and Girum, “Unlike the deteriorated 97 quintals of rejected grain, 213 quintals of grain from Gonji Cooperative, a primary cooperative of Merkeb Union, was rerouted to ECX for export rather than for sale in the domestic market after quality analysis was performed. Because of this, ECX accepted the grain by the same grade assessment by that which was made by union employees. Thus 170,400 ETB or USD\$9,466 was prevented from being lost and hence maximized their income.”



AGP-AMDe trained Girum Tesema of Merkeb Union trains primary cooperative members how to test the quality of maize.



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## SUCCESS STORY

### Maize Forward Purchase Contract Financing

After a through credit review process, six of the seven loan applications submitted to CBO and CBE were approved totaling Birr 2,070,557 (\$112,400). With the financing in play, the FCUs ramped up the collection of maize from their farmers in January 2013.

WFP had negotiated the purchase price separately with each FCU following their standard protocols, after adjusting the price multiple times as the Amhara white maize crop was slow in maturing. Finally, the purchase price was locked in three days before maize began to come into the FCU warehouses. Demand from traders began to drive the price up, but there was no price adjusting mechanism in the WPF contracts and there was not enough margin build in to cover the spot market changes.

During the negotiations with WFP, the FCU had included in their cost calculations cleaning, bagging, fumigation and transit, but not interest cost on borrowed funds, salaries for warehouse labor, post-harvest weight loss during storage, and an unanticipated second fumigation due to the extended storage time. As a result, the FCUs barely broke even realizing only 5 birr per quintal profit.

As the spot price increased, more farmers and their primary cooperatives elected to sell to traders at the higher price. As the end of the post-harvest season nears, 5,000 MT of maize out of the anticipated 15,000MT the WFP had contracted for has been delivered to WFP from three of the FCUs in SNNP. Those unions received Birr 987,223 (\$53,560) in loan financing, which was 54 percent of the amount of financing they had applied for.

One FCU in SNNP decided to use their own funds for purchasing from farmers. In Amhara, out of the Birr 3,269,394 in loans applied for to CBE and the Birr 855,556 approved, no loans were disbursed. The reported reasons were that one FCU used its own funds, another had a tax issues to clear, and the third was in default on an earlier loan, which disqualified them from receiving a new loan. They would have had to pay CBE Birr 400,000 to receive a new loan of Birr 555,556. One FCU in Oromia received a loan of Birr 285,556, 21 percent of what they applied for.

The objective of the WFP Purchase for Progress (P4P) program for the 2012 crop season was to facilitate the contractual delivery of at least 16,000 MT of maize from FCUs to P4P by June 2013. Seven FCUs agreed in 2012 to deliver 16,000 MT of quality maize over a span of eight successive weeks starting in March 2013, of which approximately 2,272MT has been purchased by WFP thus far with additional deliveries in process to reach an expected 5,000 MT. WFP also made the commitment to transport the maize from the FCUs and member PCs to their warehouses.

Over a year in planning, AGP-AMDe working closely with ATA and WFP provided technical assistance to seven FCUs dealing in maize to meet the 2012 maize harvest season. Business plans were developed leading to completion of seven loan applications totaling Birr 6,235,926 (USD 338,540), which were submitted to Commercial Bank of Ethiopia (CBE) and Cooperative Bank of Oromia (CBO) for credit assessment. AGP-AMDe's access to finance team worked closely with the banks to explain the forward purchase mechanism, which rely on the FCU's capacity to collect maize

from member small holder farmers on time and in the quality and quantity required in the WFP contract.

Valuable lessons were learned along the way in terms of prior planning and bank documentation required. Some of the loans are still being disbursed; one FCU realized they had sufficient working capital without borrowing. Advanced planning for the next crop cycle are already underway by AGP-AMDe with the FCUs to anticipate the deadlines for bank loan approvals before the harvest season begins.

This piloting of the WFP forward purchase agreement mechanism directly supports AGP AMDe's vision for the maize value chain, which is to double farm yields and reduce inefficiencies in downstream handling, processing and marketing in order to reduce per unit costs and increase farm profitability among others. This goal underpins project interventions to mitigate challenges that impede the full unleashing of the opportunities maize production holds as a source of job creation and income generation for the small holder farmers in the country.



## ECX Commits to Trade Traceable Coffee

The U.S. government, through the United States Agency for International Development (USAID), signed a Memorandum of Understanding (MoU) with the Ethiopia Commodity Exchange (ECX) to collaborate on increasing quality and traceable coffee on January 31, 2013. Under this agreement, USAID’s Agricultural Growth Program-Agriculture Market Development Project (AGP-AMDe) will collaborate with ECX to improve the ability of sellers and buyers to track the origin of coffee through electronic coding and marking systems, certify labs and coffee quality graders, increase the number of coffee farmer cooperatives and improve ECX warehouse efficiency.

These joint efforts are expected to improve the integrity and marketability of the coffee trading system in Ethiopia.

*“We are extremely happy to see the renewal of our cooperation with the Ethiopia Commodities Exchange,” says Mr. Dennis Weller, Mission Director, USAID Ethiopia. “We believe in the ECX mission to be a structured trading platform for buyers and sellers that address the fundamentals of commodity transactions: quality, quantity, payment and delivery.”*



According to the ECX CEO, Anteneh Assefa, “This MoU demonstrates our commitment to enable smallholder farmers to reap the benefits of their produce by enhancing their direct participation in ECX’s trading system.”

The U.S. government was among the first donors to support ECX, which commenced in April of 2008. USAID funded four technical advisors and supported the coffee Direct Specialty Trade (DST) program linking smallholder farmers with international buyers, supported the establishment of the Warehouse Receipt System (WRS) and provided warehouse equipment. In further and continuous support, USAID signed the new agreement with Ethiopian Commodity Exchange (ECX).



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FROM THE AMERICAN PEOPLE

## SUCCESS STORY

### All the Buzz: A New Generation of Women Beekeepers

Ethiopia is a country dominated by smallholder agriculture. With 85 percent of the population employed in agriculture, and an average plot size just over an acre, land constraints pose a severe problem.

One clear opportunity to this dilemma is engaging landless and land-constrained Ethiopians in activities that require little land. Beekeeping meets this criterion perfectly, and provides an added bonus: increasing the income of women.

Traditional gender roles in Ethiopia maintain that women are in charge of activities that are in close proximity to the home, while men tend the farm. Thus, the Ethiopian Government together with USAID-funded Agricultural Growth Program-Agribusiness and Market Development (AGP-AMDe) is working to increase the number of women involved in honey production.



To achieve this, the Ethiopian government through their Agricultural Growth Program (AGP) is promoting the creation of Common Interest Groups (CIGs) such as Seni Mariam. Originally a women's savings and credit group of 12, Seni Mariam was transformed by the Ethiopian Government into a beekeeping group of 14 women dedicated to increasing their incomes and thus the lives of their families.

On March 15, 2013 AGP-AMDe invited members of Seni Mariam and other beekeeper groups to an experience-sharing field visit where they learned from experienced beekeepers and visited a honey processing plant. Participants learned about the yield gains possible by transitioning from traditional beehives to modern box beehives, quality standards, and marketing strategies. AGP-AMDe facilitated linkages between Seni Mariam with two other CIGs with Zembaba Farmer Cooperative Union (FCU). Zembaba marketed and sold the CIGs' honey, resulting in \$2,030 in sales.

Zembaba FCU realizes the benefit of increasing their women membership and participation and has a woman from one of their primary cooperatives on their Board of Directors.

"Twenty-five percent of our beekeepers are women and this number only continues to grow. Therefore, having a woman on our Board of Directors was a clear choice to keep our member's needs aligned with Zembaba FCU," Sintayehu Mengistie, General Manager of Zembaba FCU commented. "Women beekeepers are preferable to male beekeepers due to their proximity to the home, their relentless energy, and their dedication. Beekeeping offers an easy revenue source to rural women and with the help of AGP-AMDe we've been able to teach women how to increase the production and quality of their honey, and therefore their incomes."



## Ethiopian Fine Coffees Launches to International Audiences

AGP-AMDe launched Ethiopia's legacy as the birthplace of coffee through attendance at two coffee tradeshows, development of a coffee catalogue and a new website, [www.ethiopianfinecoffees.com](http://www.ethiopianfinecoffees.com). Ethiopian Fine Coffees is a collaborative partnership which links producers, exporters and international buyers of Ethiopian coffees, promotes coffee lots and enhances the quality and delivery of these coffees. This new initiative brings together the Ethiopia Coffee Exporters Association, Ethiopia Coffee Growers and Exporters Association, Ethiopian Commodities Exchange, Ministry of Trade and USAID's Agribusiness and Market Development program.

Under the theme of "Strengthening the Legacy," Ethiopia's coffees were presented to buyers at the African Fine Coffees Association (AFCA) show in Kampala, Uganda from February 12-14, 2013 and the annual conference of the National Coffee Association (NCA) in San Francisco, California from March 21-23, 2013. The NCA show attendees make up the majority of volume traders, roasters and brands in North America. In total, the two shows had over 1,000 attendees. Coffee sampling and cupping enabled attendees to taste Ethiopia's diverse offerings, from a variety of regions. The objective of these conferences was to promote Ethiopian coffee on the international market.

At the NCA event, EFC networked with 150 attendees, who reacted positively to the presence of Ethiopian Fine Coffees. Key outcomes included direct conversations about EFC with more than 50 buyers, samplings distributed to more than 100 convention visitors, and cupping and tasting sessions with 20 of the top buyers. At the AFCA show, the Ethiopian Fine Coffees booth was recognized with the award for 'best booth' in the exhibit hall.

The Ethiopian Fine Coffees Catalogue brings together information about available lots of coffee for the 2012/2013 harvest. These coffees go through a rigorous selection and qualification process, and are linked with promotional materials and other identifying information to facilitate sales at premium prices.



## Component I – Improving Value Chain Competitiveness

### Overview of Export Marketing (Coffee, Chickpea, Sesame and Honey Value Chains)

In order to increase the positive economic impact on families and communities of Ethiopia, AGP-AMDe promotes international market access to chickpea, sesame, honey and coffee.

Ethiopia ranks as the sixth largest global producer of chickpeas and the tenth largest exporter of chickpeas with nearly 285,000 MT produced and 50,000 MT exported. Due to Ethiopian chickpea's smaller size and color, a variety of niche markets have the potential to be explored. This includes utilization as a snack, production of gluten-free flour and less perishable hummus.

Ethiopian sesame is a globally traded product with annual production of about 4 million MT worldwide. Ethiopia is the fifth in production and second largest exporter next to India. In 2010/11 Ethiopia exported 218,105 MT of sesame and sales amount to \$300,656,000. Sesame production and export volume is substantially increasing as seen in the 2012/13 fiscal year, during which sales of \$436,754,000 were reported through an export amount of 331,187 MT. Major export destinations include the following: China, 59% (214,844 MT for \$279,396,000); Israel, 11% (37,358 MT for \$49,977,000); Turkey, 5% (19,459 MT for \$24,592,000); and Jordan, 4% (14,460 MT for \$19,579,000). This year's local and international market price for sesame increased significantly, drawing greater attention to the sesame value chain. Organic sesame and value-added sesame products rank highest in terms of market demand. Ethiopian sesame is traditionally organic so obtaining organic certification for the international market should be relatively easy.

Ethiopia is among the leading countries in global production of honey and beeswax and has the largest honeybee colonies in Africa. Ethiopia is one of five African countries that fulfill the European Union's stringent requirements for honey and beeswax. With its strong comparative advantage in the production and export of honey products, Ethiopia has great potential for growth. Currently out of an estimated production potential of 500,000 tons, only about 53,000 tons of honey (10.6%) is being produced annually. Similarly, only 5,000 tons of beeswax or about 10% of 50,000 tons of the potential is being produced.

### Areas of Marketing Intervention

In an effort to stimulate exports of chickpea, sesame and honey, AGP-AMDe conducted a market assessment highlighting four areas of intervention.

1. Product readiness – assistance in developing final, marketable products including quality and packaging issues. Assistance includes recommendations on equipment necessary to meet market demands for purity, size, color and sanitation standards for each product.
2. Exporter readiness – assistance to exporters, and when appropriate, producers and farmer-owned cooperatives and cooperative unions, in export market development, management, logistics and customer service.
3. Marketing - facilitate face-to-face meetings with potential buyers in targeted markets and when possible coordinate these efforts with tradeshow.
4. Identification of niche market opportunities –facilitate market linkages with potential buyers who have been identified as niches in targeted markets.

### Coffee Value Chain

#### Overview

As a main source of foreign exchange for Ethiopia and a major livelihood for more than 15 percent of the population, coffee is the backbone of the Ethiopian economy. Despite its enormous potential, the sector is not fully developed. AGP-AMDe's goal in the coffee value chain is to improve productivity, quality, marketing and capacity. Significant marketing activities have and will continue to

take place worldwide to promote Ethiopian coffee. These activities, along with quality improvement at the farm level and post-harvest handling training result in quality coffees sold at premium prices.

The Taste of Harvest (TOH) in Ethiopia resulted in total of 1,765 MT of premium coffees (98 containers) sold at more than double the world price. Coffee stakeholders gained more than \$10 million in revenue from sales.

As part of the promotion strategy, the Ethiopia Coffee Export Initiative (ECEI) provided a two-day intelligence workshop in Addis. The workshop gathered more than 90 participants. The participants included the following: ECEA, ECGPEA, FCUs, Banks, ECX, MOA/CLU and international coffee buyers. The workshop identified significant drawbacks of coffee exports from Ethiopia and a coffee strategy plan was initiated.

In close coordination with private exporters the Taste of Harvest team created a joint cupping effort to identify TOH winning coffees and a Cupping Quality Platform to promote ECEI. The team gathered and organized information on producers and their farms for the coffees selected for the ECEI. A group of consultants and volunteers conducted quality improvement trainings in Jima, Oromia, Yirgacheffe, Sidama, Keffa, Limu Inara, Agra, and Bench Maji.



### Summary of Key Results - Coffee Value Chain

- Ethiopian suppliers received training and exposure to the international market place. For some suppliers this was their first time to interact with international buyers, creating a better understanding of how to establish and maintain international business relationships.
- 1,765 MT or 98 containers were exported, as a result of the Taste of Harvest (TOH) in Ethiopia.
- More than \$10 million estimated value of sales
- More than \$5 million in incremental sales resulting from premium prices
- 170 participants during the two-day workshop. The participants represented the following organizations: ECEA, ECGPEA, FCUs, Banks, ECX, MOA/CLU, and some international coffee buyers in Addis. The main industry reps were: the CEO of ECX, the president of ECEA, and AFCA representative in Ethiopia.
- 50 participants from the Ethiopian coffee sector participated in AFCA, including representatives from the government of Ethiopia (8), NGOs supporting the coffee industry (10), growers or grower's organizations (12), and exporters (20).
- Ethiopian Fine Coffees established more than 150 networking connections at the National Coffee Association (NCA) in San Francisco, California.



AGP-AMDe hosted coffee cupping for the public at ECX for one week in January

### Key Activities and Successes – Coffee Value Chain

2020 Development Company LLC ("2020DC") provided technical support in developing agricultural export markets for Ethiopian producers focused on three products: chickpeas, honey and sesame. Working to support ACDI/VOCA's USAID/Ethiopia Agricultural Growth Program-Agribusiness and

Market Development (AGP-AMDe) project, this scope of work focused on preparing and building capacity for Ethiopian exporters to connect with potential international buyers at the Gulfood Show Dubai 2013 (“Gulfood”) and investors at the Global Ag Investment Forum in Abu Dhabi (Global Agricultural Investment).

Coffee processing at a selected coffee primary cooperative in AGP woreda



Gulfood is an annual trade and sourcing platform for connecting exporters with buyers from the Middle East, Africa and South Asia. Global Agricultural Investment Forum, hosted by 2020DC partner High Quest Partners is the most well-attended agriculture investment series in the world, hosting more than 2,500 attendees since 2000; the event in Abu Dhabi hosted more than 200 investors mostly from the Gulf region.

2020DC consultants traveled to Dubai for the week of February 25 through 28 to support the Ethiopian exporters and the ACIDI/VOCA team in attending the Gulfood show. This included setting up meetings, accompanying exporters to meetings, mentoring exporters in their interactions with buyers, recommending events at the show for exporters to attend and providing other general guidance in connecting and establishing relationships with exporters.

### Annual Conference of the African Fine Coffees Association (AFCA)

In support of the Ministry of Trade coordination committee, AGP-AMDe organized the booth presence for Ethiopian Fine Coffees, printed materials, coffee cupping samples, meetings with buyers, and sponsored the participation of 9 out of the 50 Ethiopian participants. The Ethiopia delegation included representatives from the government of Ethiopia (8), NGOs supporting the coffee industry (10), growers or grower’s organizations (12), and exporters (20).

The EFC delegation was awarded the prize for best booth at the show, recognizing the new “Strengthening the Legacy” promotional campaign.

The co-sponsors of the booth included the Ministry of Trade, Ethiopian Coffee Exchange (ECX), the Ethiopian Coffee Exporters Association (ECEA) and the Ethiopian Coffee Growers, Producers and Exporters Association (ECGPEA). Some of the market linkages with buyers from the US and Australia are listed below:

Company	Buyer	Country	Origin
Bottle	Steven Vicks	USA	CFU Limu Inaria
Single Origin Roasters	Wendy Dejoung	Australia	Mulega Washed Guji
Klacht Coffee	Mike Perry	USA	Guji Coffee Exporter
AlistarSequeiraUgacof		Uganda	Mulege PLC
Volcafe	Matthew Darks	USA	Yukro Cooperative

### Coffee Value Chain Analysis

Ethiopian Specialty Coffee sector has significant potential. The marketing and business facilitation program has been accelerated starting year 2 and will include coops and medium sized farmers. This will result in over \$50 million in value of incremental sales in year 2 of export coffee and \$150 million in year 3 with significant increases in subsequent years. Applied new technologies or

management practices are key to the value-added processing methods and varieties to move the specialty coffee sector forward. Private producers and coops that sell direct will have an immediate benefit on the quality and quantity of specialty coffees. However, this will require a comprehensive training of extension agents, coops and researchers in best practices to increase quality and quantity of coffee produced and a traceability system.

### **Opportunities**

The coffee value chain holds promising potential that can increase benefits for the small holder farmers which constitute the bulk of the industry, including:

- 400 million in value of incremental sales by the increase in marketing, promotion and business facilitation by the end of the program
- Number of hectares under improved technologies or management practices to increase production and processing (sourcing) of quality coffee. This includes extensive field training and tracking of all coffees. New technologies such as semi-washed and honey coffees will be included.
- Increase the number of jobs, particularly with women
- Improve enabling environment coffee issues which may include coffee tours to other producing countries and ideas for restructuring the Ethiopia coffee sector

National strategy to seize these opportunities include, ultimately, modernizing Ethiopian coffee standards more accurately to reflect coffee regions, provide traceability, improve producing and processing methods to improve quality, and identify a market based on flavor profiles. This will be achieved through working with ECX, CLU and exporter's association on the deliberate task of reviewing current grading standards to align with other internationally recognized specialty coffee standards. This is consistent with the goal of achieving 50% of all Ethiopian coffees to be sold at specialty prices within 8 years.

### **Constraints**

There are still many challenges in the coffee value chain that AGP-AMDe has identified. A national and regional emphasis to produce coffee to specialty coffee standards, including production and processing modifications to achieve these ends, requires collaboration of all value chain members and donors over the next 5-8 years.

Some of the challenges are described below:

- Inter-institutional collaboration. These include: 1) Ministry of Agriculture: Extension and Export including the Central Liquoring Unit (CLU) and extension services and research station; 2) Ministry of Trade: Ethiopia Commodity Exchange (ECX); 3) Ethiopia Coffee Exporters Association (ECEA) and; cooperatives and licensed farmers.
- Lack of sustainable supply of quality coffee
- Traceability to the farm level
- Poor extension services in specialty coffee regions
- Low productivity
- High post-harvest loss and inconsistency in quality of produce
- Lack of proper market information and promotion
- Poor value added initiatives

## List of Taste of Harvest lots sold, March 2013

List of Taste of Harvest lots sold						
Lot No.	Company name	Bags (60Kg)	Mt Tons (1000Kg)	Containers (300 bgs/cont)	Average premium price sold USD2,75/pound	C Market price USD 1.40/pound
1	Coffee plantation Dev. nterprise	1600	96	5.3		
2	Testi coffee export plc	300	18	1.0		
3	Kechew Terara coop	320	19.2	1.1		
4	Weleensu coop	320	19.2	1.1		
5	Tencho coop	320	19.2	1.1		
6	Welka coop	320	19.2	1.1		
7	Michiti coop	210	12.6	0.7		
8	Nano chala coop	300	18	1.0		
9	lelesa Hara coop	300	18	1.0		
10	Yukro coop	320	19.2	1.1		
11	Chiri coop	100	6	0.3		
12	Rohobot mata coop	106	6.36	0.3		
13	Burka Bondiyo coop	55	3.3	0.2		
14	Hunda Oli MPC	150	9	0.5		
15	Duramina coop	300	18	1.0		
16	Biftu Gudina coop	300	18	1.0		
17	Banko gotiti	320	19.2	1.1		
18	Banko tatu coop	320	19.2	1.1		
19	Nardos coffee export	60	3.6	0.2		
20	Guji coffee export	1200	72	4.0		
21	Adulina coffee export PLC	650	39	2.2		
22	Mulege coffee export PLC	1650	99	5.5		
23	Green coffee plantation Agri Industry	1000	60	3.3		
24	Hailesilasia Ambaye coffee exp.	2400	144	8.0		
25	BNT Industrial PLC	2400	144	8.0		
26	GMT Industrial PLC	600	36	2.0		
27	Oromia FCU	9600	576	32.0		
28	Ibrahim Hussein coffee Exporter	1800	108	6.0		
29	Tega Tulacoffee plantation	1200	72	4.0		
30	Berhan Agricultural & commercial	300	18	1.0		
31	Mormora coffee pl. dev	600	36	2.0		
<b>Total</b>		<b>29,421</b>	<b>1,765.3</b>	<b>98.1</b>	<b>10,679,823</b>	<b>5,398,165</b>

## Coffee Value Chain Activity Tracker

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-Mar 2013 Actual	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar				
<b>IR 1: Improve the Competitiveness of Coffee VC</b>														
<b>Sub IR 1.1: Volume and value of marketed value chain surpluses increased as a result of improved end-market competitiveness and trade</b>														
<b>OP 1.1.1: Marketing Systems and Practices Improved</b>														
Work with ECX on establishing traceability systems: GEO system platform and new indexed grading system (continuing into Year 3)	# systems established	2		Country-wide								In process		
Build capacity of local entity to sustainably manage cupping caravans, based on the Taste of Harvest model (continuing into Year 3)	# local entities capacitated	1		Country-wide								In process		Designing the capacity building program for OECEA and ECEGPA to manage this process
SMFM business training module delivered to TOT on negotiation, pricing, promotion, creating linkages, relationship management, etc.	# trainers trained	150		Oromia SNNPR								65	484	Working to enhance the capacity of the associations to manage this task
Cascade SMFM training to farmers and operators	# of farmers and operators	750		Oromia SNNPR										
Facilitate market linkages to support inclusion of CIGs, women and youth group aggregators	# CIG members	200		Oromia SNNPR								36	36	Training conducted for wet and dry mills operators
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>														
Assist FCUs to obtain permanent trading seats in ECX	# FCUs	2	TBD	AA										
Support participation in international trade shows for key stakeholders, SCAA in Boston for specialty coffees	# firms attending shows	8	TBD	Oromia SNNPR										

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-Mar 2013 Actual	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>													
<b>OP 1.2.2: Post-Harvest Losses Reduced and Farm Income Opportunities Expanded Through Mechanization</b>													
Provide financial assistance on cost-share basis to establish dry mill facilities	# partners receiving support	3		Oromia SNNPR								Ongoing	Proposal being processed
Establish cupping labs in strategic locations to support processing investments	# cupping labs	3		Oromia SNNPR								Ongoing	Proposal being processed
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>													
Multi-stakeholder meeting facilitated once a year in each region to update stakeholders on project progress and ensure B2B connections	# MSPs	2		Oromia SNNPR									
<b>Sub IR 1.4: Yields of targeted crops increased</b>													
<b>OP 1.4.1: Reliable Access to Improved Seed Expanded - Provide TA to EIAR and Regional ARCs</b>													
Regional research centers capacitated through provision of irrigation systems, seed lab, etc., to ensure sufficient production of basic seed	# ARCs supported	1		Jimma ARC								Ongoing	Assisted JRC to complete grant application to bring capacity to achieve this tasks
<b>OP 1.4.2: Support Production of Improved Seedlings Required for Increased Coffee Plantation</b>													
Develop a strategy with Jimma ARC, key stakeholders and producer associations on seedling renewal/replacement	# strategies	1		Jimma ARC								Ongoing	Proposal submitted, and processed
Implement seedling distribution and planting strategy to introduce new seedlings (continuing into Years 3, 4 and 5)	# seedlings introduced	10,000,000		Oromia SNNPR								Ongoing	Ongoing process

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-Mar 2013 Actual	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
<b>Sub IR 1.5: Increased volume of targeted crops meeting accepted international market requirements</b>													
Facilitate Taste of Harvest competition in coordination with ECX and other industry stakeholders	# competition	1		Oromia SNNPR								1	Completed successfully
Facilitate cupping caravan with local partners and ensure sustainable local ownership of the activity	# caravans	1		Oromia SNNPR									
Certify ECX labs to improve Q grader training	# labs	5		Oromia SNNPR									Preparation complete, activity to be carried out in 4th quarter
Conduct Q grader training courses using the Q grader system	# trainees	15		Oromia SNNPR									Preparation complete, activity to be carried out in 4th quarter

## Sesame Value Chain

### Overview

A goal of AGP-AMDe is to increase supply of high quality sesame to the international market through technically assisting FCUs, PCs and smallholder farmers in production and good agronomic practices, post-harvest handling and market linkages. The sesame production of Ethiopia in the year 2012/13 was not as expected due to shortage and excess of rain during the production period, especially in the major sesame growing areas. The estimated loss attributable to the erratic rainfall distribution is about 19 percent according to a CSA report. At a global level, the top two sesame producing countries, India and China, have a shortfall of about 200,000 MT (Sesame Seed Market Report). Due to these reasons, this year's sesame price was high at local and international markets and local sesame producers and exporters were able to take advantage of the situation through timely buying and selling considering the international market trend.

### Summary of Key Results – Sesame Value Chain

A sesame task force was organized with ATA, AGP-AMDe, Federal Cooperatives Agency (FCA) and Agriterra to assist three FCUs from Amhara woredas to enter in export markets by providing sesame market information, linkage with buyers and facilitating sales for 5,646MT and value of 9.8 million USD.

Four sesame warehouse construction sites were supervised and visited by Federal, Regional and Zonal Cooperative Agencies, USAID and HITEK and recommendations and support were given at each site. The construction has progressed as follows:

- Setit Humera site – The second payment (29%) of \$108,926 was released to the FCU as per the report of the project consultant HITEK and 85% of the work is complete and scheduled to finalize the first week of May 2013.
- Dansha site - The 29% second payment of \$99,949 was transferred to the account of the FCU, based on the report of the project consultant HITEK that 65% of the work is complete and scheduled to finalize in the second week of May 2013.
- Abrehajira site - \$99,949 (29%) of the second payment was transferred based on the report of the project consultant HITEK that 50% of the work is complete and scheduled to finalize by the end of June 2013.
- Metema site - The second payment (29%) of \$103,298 was released to the FCU as per the report of the project consultant HITEK that 45% of the work is complete and scheduled to finalize construction by the end of 2013.

Further follow up and supervision with all stakeholders, especially with the respective FCUs, will proceed and all measures and support will be effective.



*Setit Humera ware house construction site visited by the VC officer*

The associated bank loans to cost-share the construction of the warehouses continued and the following occurred for each FCU:

- Dansha Aurora FCU - has received the 50% of the loan (\$74,628)
- Setit Humera FCU – The negotiation for a \$163,389 loan is at the final stage and will be signed on April 3, 2013
- Metema and Selam FCUs – All required documents and the guarantee from the Amhara Regional State Cooperative Agency were submitted to CBE Gonder Branch and the agreement for a loan of \$154,947 and \$164,398 respectively will be signed between the respective FCU officials and CBE on April 4, 2013.

AGP-AMDe, in collaboration with zonal and woreda AGP officials, MoA, FCUs and HARC, identified PCs and commercial farms for sesame seed multiplication. 3 Commercial farmers and 1 PC from two AGP woredas were selected. Basic orientation was delivered on the importance of improved and certified seed and all preparations, technical support and monitoring will be delivered on 130 hectares which will be used for certified sesame seed multiplication.

Thirteen (11 in Tigray and 2 in Amhara) demonstration sites for micronutrient fertilizer and new improved sesame seed variety trails were selected from five sesame AGP woredas in thirteen kebeles in cooperation with input staff, and training was also given to 19 participants in soil sampling techniques.

Sesame Value Chain experts from ATA and Precise Consult International discussed the sector opportunities, challenges and way forward to increase production and productivity by helping sesame producers to improve their livelihood and increase the export market.

### Training

Training was delivered by subcontractor 2020DC to 59 participants from four AGP woreda FCUs, Federal and Regional CA, MOT, Associations and private enterprises on the following:

- The definition of Entrepreneur and Entrepreneurship
- How to analyze on entrepreneur to determine the strength and weakness
- How to enter in to export market and consider the major issues
- Major points you should focus and consider before you conclude a sells contract and open Letter of Credit
- How to arrange, facilitate and participate in trade shows

Agricultural Marketing focused in knowledge and skills in basic marketing concepts, formulation of marketing strategy and how to enter and operate in the export market as well in developing bankable business plans. The training was given in Wukro/Tigray from March 4-7, 2013 to 62 participants from FCU managers and marketing staff, AGP FP, Regional and Zonal CA, marketing experts from Bureau and Zonal OARD, DAs and experts from SACCOs.



*Group discussion and practical works at sesame warehouse*



A training was delivered for 15 participants on seed, fertilizer and chemical application, business management and marketing to input experts of the project to sesame experts in Mekelle/Tigray from March 26-28, 2013.

Training on post-harvest management was delivered in Humera in January 2013 and the purpose was to train selected DAs, purchasers, store keepers, chair persons and woreda CA supervisors in the following:

- Principles of Good Agricultural Practices (GAP)
- Main reasons for sesame post-harvest loss and solutions
- Warehouse and stored grain management
- Sampling, sorting and grading techniques

There were 50 participants from 4 sesame AGP woredas of 4 FCUs and 24 PCs that participated as TOT so that the knowledge could be used for cascading in the SMFM program.

### Key Activities and Successes – Sesame Value Chain

The project supported market linkage and facilitated sale for three FCUs from Amhara AGP Woredas have entered in to export business getting access to finance for sesame purchase from their member PCs through the guarantee of the Regional Cooperative agency and the export result is as follows:

- **Tsehay FCU** – Exported 228 MT at a cost of \$376,200 and profited \$42,722 and distributed dividend of \$120 MT for each SHF as per their delivered quantity
- **Metema FCU** – Exported 400 MT of sesame at a cost of \$696,000 and profited \$66,083
- **Selam FCU** – Exported 638 MT of sesame at a cost of \$1,110,120 and the profit figure is forthcoming

FCU	Sold /MT	Selling price USD/MT FOB	Total Cost in USD	Profit in USD
Tsehay	228	1,650	376,200	42,722.22
Metema	400	1,740	696,000	66,083.27
Selam	638	1,740	1,110,120	NA
<b>Total</b>	<b>1,266</b>	<b>1,723.79</b>	<b>2,182,320</b>	<b>108,805.49</b>

The Management and Board Members of the FCUs as well the Federal and Regional CA's and other partners like the financial institutions have developed experience and confidence in the export market, which will help them to develop good relationship with their member PCs and SHFs for the sesame supply in the coming crop season.



Trucks with sesame seeds ready to go to loading port for export market



Ethiopian Fine Coffees booth at the Gulf Food Trade Show in Dubai, United Arab Emirates

### Dubai Gulf Food Show

The Gulf Food Show was organized from Feb. 25-28, 2013 in Dubai, where there were about 4,200 companies from around the world, as well as AGP-AMDe staff and five sponsored organizations from Tigray: BOARD, EPOSPEA, TMF and Becho Woliso and Zembaba FCUs. There was a B2B luncheon organized for exporters to meet and learn from international buyers. One of the largest international honey buyers, met by the delegation at the Gulfood Show, is planning a follow-up visit to Ethiopia to begin establishing sourcing arrangements. Further leads were developed for sesame and chickpea buyers. A full list of buyers contacted to promote Ethiopian food products can be found in the attachments. The show this year was considered a preliminary effort, and recommendations for 2014 were discussed with the participants and industry partners to begin implementation in the coming year.



Discussions with four Saudi Arabians and one Turkish sesame buyers indicated issues with purchasing sesame from Ethiopia such as the following:

- The price is high compared to the other sesame producing countries
- Buyers are interested to deal in LCs rather than cash against documents
- Defaults because of the current price increase
- The purchase and delivery of ECX system is exposed to quality problems
- Need of Sortex cleaning machines with color sorter for best quality sesame delivery

If such problems are resolved in the future, buyers are interested to purchase sesame from Ethiopia, even from new suppliers, as their demand is high.

### Sesame Value Chain Analysis

The worldwide sesame production of 2012/13 was less compared to the previous year, especially in India and China as well in some parts of Africa, such as Ethiopia, which are the major sesame producers in the world. As India's and China's short fall was significant, most of the big international buyers gave their attention to African countries like Sudan, Ethiopia, Burkina Faso and Nigeria.

Because of the market situation, there was substantial price advantage to those producers and exporters who were considering the volatile market situation and acting timely in buying and selling. Locally, the initial purchasing price was around \$108 per MT and selling price was around \$1,400 per MT FOB port of Djibouti or Sudan and later on it has reached \$191 per MT and \$2,050 per MT FOB respectively.

While others are considering the advantage of the volatile market price, they committed themselves to a contractual agreement without having stock and could not buy and sell, because the local



market price was higher to their selling price, and because of this there are substantial defaults in the export trade. This shows that the producers and exporters should assess and know the production, market demand and price indication status of the major sesame producing and importing countries, to avoid default and loss credibility by the International buyers.

*The Ethiopian Fine Coffees delegation holds discussions on sesame import and hulling with a Turkish company in Dubai, U.A.E during the Gulfood Show 2013.*

## Sesame Activity Tracker

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct-Dec 2012 Actual	Jan-March 2013 Actual
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar		
<b>IR 1: Improve the Competitiveness of Sesame VC</b>												
<b>Sub IR 1.1 Volume and value of marketed value chains surpluses increased</b>												
<b>Op 1.1.1 Marketing systems and practices improved</b>												
Training of trainers in SMFM business training module delivered (negotiation, pricing, promotion, creating linkages, relationship management, etc.) to be cascaded to FCU leaders and business operators	# trainers trained	120		Tigray, Amhara and Oromia								
Cascading SMFM to farmers and operators	# of farmers and operators	2,400		Tigray, Amhara and Oromia								
Facilitate market linkages to support inclusion of CIGs, women and youth group aggregators	# CIG groups	250		Tigray, Amhara and Oromia							In process	
Capacitate EPOSPEA to sustainably and self-sufficiently manage promotion of oils seeds and pulses through technical assistance	TBD	1		AA							In process	
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>												
Assist FCUs to obtain permanent trading seats in ECX	# FCUs	4		AA								
<b>OP 1.1.3: Promote Export Market Linkages</b>												
Facilitate marketing agreements among FCUs, TMF, private sesame processors and exporters and producers, for increased export market performance	# agreements developed	4		Tigray								3
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>												
<b>OP 1.2.2: Post-Harvest Losses Reduced and Farm Income Opportunities Expanded Through Mechanization</b>												
Training of trainers in post-harvest handling module delivered (product handling, basic processing, quality measuring, warehouse management, etc.) to be cascaded to SHF	# trainers trained	40		Tigray Amhara								23

Commercial storage capacity increased through cost-shared investments in strategic locations (continuing into year 3)	Cubic Meters	49,140		Tigray Amhara								In process	In process
Post-harvest and value addition equipment introduced at Federation, FCU, primary and CIG level	# FCUs adopting	5		Tigray Amhara								In process	
Facilitate investments in leasing business to promote mechanization	# tractors	26		Tigray								In process	In process
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>													
Multi-stakeholder meeting facilitated twice a year in each region to update on project progress and ensure B2B connections	# MSPs	6		2 pe region									
<b>Sub IR 1.3: Higher smallholder incomes from selected commodities per unit of land</b>													
<b>OP 1.3.1: The Volume of Marketed Sesame Increased</b>													
Adoption of new technologies facilitated (in coordination with AGP and input activities - please see input GANTT)	hectares under improved technologies	500		Tigray Amhara								In process	
<b>Sub IR 1.4: Yields of targeted crops increased</b>													
<b>OP 1.4.1: Reliable Access to Improved Seed and Improved Technology/Inputs Expanded</b>													
Regional research centers capacitated through provision of irrigation systems, seed lab, etc., to ensure sufficient production of basic seed	# ARCs supported	1		Tigray									In process
Seed producer FCUs/cooperatives capacitated to manage input business units (continuing into year 3)	# FCUs/co-ops assisted	4		Tigray amhara									In process

## Honey Value Chain

### Overview

AGP-AMDe's strategy for the honey value chain is to upgrade quality and quantity of honey production to meet demand for high quality table honey for domestic and international markets as well as promote other honey byproducts. In order to achieve this, AGP-AMDe, along with major stakeholders, works on quality and productivity improvement, promotion and market linkages. The major achievements to date in the honey value chain are the ApiExpo Africa 2012 held in Addis Ababa, EU accreditation, training and capacity building and specific market linkages. The project led the organization of ApiExpo Africa 2012 and the event created a major shift in the sector in terms of market linkage creation, sector promotion, product and technology improvements and technology introduction to smallholders. As a result of the project support to EAB and MOA, Ethiopia's



*Aleka Alem Abrha's honey products for sale*

accreditation to export honey to the EU for 2013 was renewed and the country exported 40 MT of honey during this quarter, supported market linkages and technical support by the project.

### Summary of Key Results – Honey Value Chain

- **Training and Capacity Building:** Training of trainers was delivered to 123 smallholders, government experts and FCU members and leaders on honey production, processing and marketing of which trainings were delivered to 195 smallholders. A cross-regional visit was organized for 27 major value chain actors from Amhara region to Tigray region.
- **Market Linkage and Sales:** In this quarter intensive support was given to the honey FCUs and processors by 2020DC on capacitating them to export honey and beeswax. Beza Mar Agro Industry was linked to Kaffa FCU and they signed a MOU for the purchase of the volume of honey the union is able to collect in April and May of this year (the minimum purchase agreement is 60 MT). As a result of our support 40 MT of honey was exported to the EU member countries in the past quarter.

### Key Activities and Successes

#### **Training & capacity building**

Training was provided to 22 key stakeholders on leadership and management modules including finance, membership development for FCUs and best agriculture practices in Bonga town in the fourth week of February, 2013. The training covered four different modules of SMFM approach; Leadership, Marketing, Record Keeping and Business Development.

Participants included the board members of Kaffa Forest Bees Product Marketing Farmers Cooperatives Union (KFBPMFCU) and executive committee members from four primary cooperatives of the union. At the end of the



*WiroDasash Mekonen, one of the trainees from South Bench woreda of SNNPRR, is replacing her traditional hives by a Kenyan Top Bar hive after the training.*

training participants were given additional practical coaching on business plan development, improving leadership quality, record keeping and managing conflicts within the members.

Training was given on bee management and honey marketing to two honey producer woredas (Goma and Gera) in Jimma Zone between 28 and 30 March, 2013. The participants were beekeepers, CIGs, coops and DAs. The total number of participants was 36 of which 16 were female (44%). The table below shows the details of the participants.

Woreda	CIG	Coop	Farmer	DA	Expert	Total
Gera	1	5	3	4	2	15
Goma	3	9	3	3	3	21
<b>Total</b>	<b>4</b>	<b>14</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>36</b>



Management and honey marketing training

The ApiExpo 2013 was one of the major capacity building activities of AGP-AMDe along with field visits to selected woredas of Oromia region. After the ApiExpo, many beekeepers increased their beehive numbers, expanded their apiaries and transferred their bee colonies from traditional to frame hives. For instance W/roMerima Abafogi, Abey Demeke and Getachew Alemu have significantly increased the number of frame beehives: Merima Bee from 16 beehives to 20, Getachew and Abey from 60 to 80 beehives. All are harvesting an average of 25 kg from each hive.

To increase the quality of honey in the region, trainings were delivered on best agricultural practices such as post-harvest handling, semi-processing of honey and beeswax and quality control to 25 beekeeping cooperative members and woreda experts from three woredas as shown in the following table.

Woreda	Participants			Sex		Total participants
	Coop. members	Private	Gov. staff (Experts)	M	F	
Ofela	12	-	2	7	7	14
Endamohoni	6	-	2	6	2	8
Welkayt	-	1	2	3	-	3
<b>Total</b>	<b>18</b>	<b>1</b>	<b>6</b>	<b>16</b>	<b>9</b>	<b>25</b>

At the closing of the training, participants were informed on how to cascade the skill that they have developed from this training to their cooperative members, family members, neighbors and other interested groups particularly for these organized youth and women who are engaged in honey production or who want to be engaged in honey production and finally all participants pledged to cascade the skill in their respective woredas. To date, participants have cascaded training to 195 beekeepers of which 64 were female as shown in the table below.

Woreda	No of trainees		
	M	F	Total
Ofela	74	58	132
Endamohoni	50	6	56
Welkayt	7	-	7
<b>Total</b>	<b>131</b>	<b>64</b>	<b>195</b>



*Aleka Alem Abrha's honey production site*

As indicated on the picture below, Ato Tsehaye Melese, a beekeeping technician at Selam Tabia (Welkayt woreda), is seen cascading the skill that he obtained on post-harvest handling and semi-processing training to seven (7) beekeepers in his area.

In order to be more reliable on the accomplishment and also to know how much the training has benefited the end users, the monitoring and evaluation team conducted random assessments in Endamohoni and Ofela

woredas and almost all respondents informed the team that the skill that they adopted from the trainers has helped them to add value to their product and this would enable them to make their business more profitable by selling semi-processed honey and beeswax in the future.

### **SMFM Training**

In order to strengthen the capacity of cooperatives, the M3 assessment was conducted on six primary cooperatives engaged in honey production and the gaps requiring further training were identified. Based on the identified gaps, 40 primary cooperative leaders were trained for eight days focusing on gender-integrated cooperative leadership, marketing development, bookkeeping and business management. The methodology used on the training as it is indicated in the picture is mainly focused on group discussion.

A couple examples of results based on capacity building and training. Lemlem cooperative leader in Menkera area is in the process of upgrading its beekeeping business by acquiring a Birr 18,000 loan from microfinance institutions. Another cooperative leader from Embahizba began is leading a messaging campaign to convince unemployed young people in his region to start beekeeping and to organize themselves into a group.

While modern beekeepers are blooming significantly, the challenge remains in the availability, quality and price of modern beekeeping equipment. Some of the equipment is not available in the market and those available are costly and of poor quality.

### **Cross-visits**

A group of 27 FCU and coop members, CIG leaders and government staff from 3 zones and 6 AGP woredas of Amhara Region made a two-day experience-sharing visit to COMEL, Dimma (see the picture below) and Selam primary cooperative. Visitors showed an interest in selling their product to COMEL, and COMEL will send its expert to observe and evaluate the quality of honey produced in the region. Therefore, this experience-sharing visit is expected to create an opportunity to form market linkages between the two regions in the coming quarter.

### **Market Linkages**

Technical assistance was given to Kaffa Forest Bees Product Marketing Farmers Cooperatives Union (KFBPMFCU) on facilitating honey marketing by creating market linkages with different buyers. A sales agreement was signed with two different traders living in Hawassa who are engaged in honey marketing and a total of 150 kg of honey was sold for \$458. This sale represents the first round of agreements and will continue in the coming months.

Similarly, AGP-AMDe, together with regional marketing and cooperatives promotion office, facilitated the participation of coops in a trade fair in Hawassa. The participants sold 583 kg honey for Birr 37,885 to local consumers and exhibition participants. In addition, Butto Bee's product

marketing primary cooperative and Uffa CIG sold 1,500kg and 1,205 kg of honey for Birr 54,000 and 42,175, respectively. In general, through project support of the union, Buttobees product marketing PC and Uffa Bees CIG sold a total of 3,438 kg of honey for Birr 142,310. These coops and FCUs are preparing their stores and collection equipment in order to purchase honey from their members in the coming quarter. AGP-AMDe also facilitated the sales agreement between Beza Mar Agro Industry PLC and Kaffa Forest Bee's Marketing FCU for the sale of honey. The sales agreement, for a minimum of 60 MT of pure honey initially and the total amount they collect, was signed between Beza Agro Industry and KFBPMFCU.

Until recently, most of the honey producers were selling their honey directly to individual traders, but now after a long period of price negotiation, selling to Hashenge Union has commenced. This strengthens the union and creates a sustainable market for the producers. As it is indicated in the picture, Ato Chaniye Girma, a beekeeper from Ofela woreda, is selling his 1.3 quintals of honey to the union. Until now the union has bought 13 quintals of honey from the producers.

### **Honey Value Chain Analysis**

The past quarter was characterized globally by the fact that honey bees around the world are facing an uncertain future. Parasites and other maladies are causing a loss of brain activity of honey bees that ultimately contributes to low honey production level. This is an opportunity for countries such as Ethiopia which have high potential for organic honey and where the impact of diseases are not visible.

#### **Opportunities**

- The number of coops, groups and private operators has been increasing over time and this gives rise to the level of production, value addition and investment attraction in honey.
- Because of intensive application of chemicals and colony collapse disorder globally, the demand for Ethiopian natural honey on international market is increasing.
- The main value chain actors, such as associations and the government, collaborate now more than ever. This is a good opportunity to leverage synergy and efficient use of resources.

#### **Constraints**

- Due to the escalation of honey prices domestically, honey processors and exporters are not in a position to get a reasonable price that could help them compete in the world market.
- In Ofla woreda in Tigray, there are apiaries owned by some groups and coops and the productivity of communally owned apiaries compared with privately owned apiaries is found to be very low. This implies that the market linkage AGP-AMDe facilitates between these coops and the FCUs is challenged in ensuring sustainability.
- The price of improved beekeeping equipment and packaging materials is increasing significantly and this hampers the production of honey and has a negative impact on the production of quality honey.

## Honey Value Chain Activity Tracker

Activity Description	Indicators and Unit of Measure	Phy target	Budget	Location	Oct	Nov	Dec	Jan	Feb	Mar	Oct.-Dec Actual	Jan. – Mar. Actual	Reason for variation	
<b>IR 1: Improve the Competitiveness of Honey VC</b>														
<b>Sub IR 1.1: Volume and value of marketed value chain production increased as a result of improved end-market competitiveness and trade</b>														
<b>OP 1.1.1: Marketing Systems and Practices Improved</b>														
Ensure EU accreditation renewal for the export of honey to member countries is renewed and organic and Fair Trade certification process started with major honey processors and exporters based on yearly contribution phase-out strategy	# certifications	1		All regions									In process	
SMFM training of trainers in BAP relevant to honey VC ( like product handling, basic processing, quality measuring, warehouse management, etc.) and cascading the skills to SHF facilitated	# trainers trained	80		All 4 regions									123	
Cascade SMFM to farmers and operators	# of trainees	800		All 4 regions									195	
Facilitate market linkages to support inclusion of CIGs, women and youth group aggregators	# CIG members	600		All 4 regions								In process	278	
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>														
Build on success of ApiExpo and facilitate sales agreements between buyers in identified export markets, exporters, and cooperatives/FCUs	Volume of sale in MT	200		All 4 regions									40	
Investments in processing and collection centers, linkages to training by research institutes	# partners	9		All 4 regions									In process	
Facilitate direct links from FCUs/cooperatives/farmers to domestic processors and support embedded services by the latter	# contracts	4		All 4 regions							4		3	
Support key stakeholder participation in international trade shows - like ApiModa, the London Honey Show, etc.	# stakeholders supported	8		All 4 regions									1	
<b>OP 1.2.1: Cooperatives/FCUs, Private Agribusinesses Assisted to Transform</b>														
Capacity building of key stakeholders through training in leadership and management modules including finance, membership development for FCUs, BBP)	# of VC leaders trained	80		All 4 regions										
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>														

Multi-stakeholder meeting facilitated bi-annually in each region to update stakeholders on project progress and ensure B2B connections	# MSPs	5		One in each region/year & in Addis									4	
<b>OP 1.4.1: Reliable Access to Improved Hives Expanded</b>														
Facilitate the sale/distribution of frame and intermediary hives and accessories from four cooperatives/three private input providers to smallholder beekeepers (females, males, and youth) on commercial basis	# co-ops and private input providers participating	7		All 4 regions										
Support the establishment of centers to enhance queen rearing and colony multiplication in collaboration with selected institutions	# centers created	4		All 4 regions										
<b>OP 1.4.2: Competitive Supply Created</b>														
Provide TA to printing enterprise and packaging material producer to improve packaging and labeling of honey for international exports	# companies promoted	2		AA										
Testing lab accredited to undertake international level parameter testing	# labs accredited	1		AA										
Capacitate two research centers with investments in lab technologies and training linkages to industry stakeholders	# labs supported	2		Amhara and Oromia									1	

## Chickpea Value chain

### Overview

The goal of AGP-AMDe in the chickpea value chain is to expand improved production and quality to meet the growing domestic and export market demands. The strategies designed to achieve these targets include creating partnerships with stakeholders and partners, including ARCs, ATA, BoA, MoT as well as seed enterprises and regional CPA. The specific objectives of the project include: enhancing production of chickpea; availability and access to improved seed varieties; improve downstream handling, processing and marketing; and enhancing access to finance for FCUs in AGP areas.



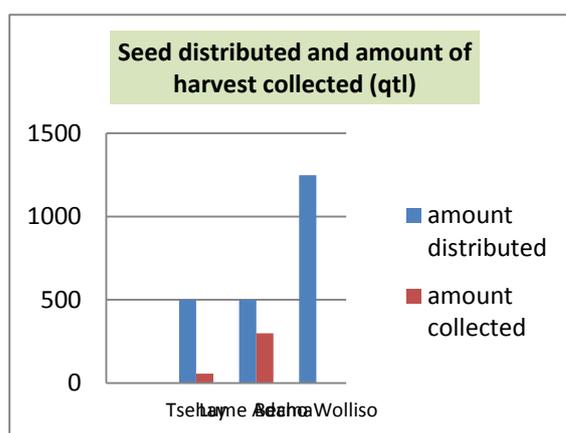
Chickpea, along with sesame and honey, was a focus VC at the Gulfood Show 2013

### Summary of Key Results

- During this quarter, AGP-AMDe conducted joint field assessments with ATA in the FCUs of Becho Woliso, Lume Adama and Tsehay to ensure the preparation and collection of chickpea harvest.
- Tsehay FCU has purchased 2,210 quintals of desi variety chickpea for Birr 950 per quintal, totaling Birr 2,099,500 from 8 primary cooperatives within 3 woredas. In April, AGP-AMDe will meet with Tsehay to facilitate their access to local buyers and processors.
- Chickpea marketing began with MOUs with Guts Agro-Industry, and continued with samples sent to Pakistani-based buyer as well as US-based buyer.

### Key Activities and Successes

- AGP-AMDe conducted multi-stakeholders platforms at Debre Zeit in Oromia to link producers, processors and traders to participants from the private sector who are involved in the processing of chickpea.
- Guts Agro Industry presented best practices in chickpea value addition – how and what foods they prepare from chickpea as well as processors' demands in terms of quality standards including moisture content, weed, pest, maximum allowable foreign materials content, pesticide residue, etc. That created a unique opportunity for chickpea farmers and facilitators in the meeting who had never had similar experience discussing face to face with the industry's end market.
- Final payments on Innovation Grants have been facilitated through intensive follow up by the chickpea team to the three FCUs of Becho Woliso, Tsehay and Lume Adama.
- Relevant data on chickpea exporters during the 2011/12 and 2012/13 marketing season has been identified and collected with the value and volume exported from MoT.
- Selection of chickpea exporters to develop detailed product promotion plans are being assessed and selected.



### Analysis of the Chickpea Value Chain

### Opportunities

- Immense demand for the product in the domestic market
- Huge potential and possibility to penetrate the international market
- Strong support from government, donor agencies and NGOs
- Existence of agro-processors like Guts Agro Industry which will ensure sustainable market for the product
- Increasing number of chickpea exporters seeking adequate supply to sustainably work in the export market.

### Constraints

- Improved Kabuli variety of chickpea seed were provided to FCUs and their members through the project assistance with the assumption that the same amount of grain will be recollected from each farmer after the harvest to be distributed to other smallholder farmers for the next crop season
- Lack of access to finance among smallholder farmers to make use of modern agricultural inputs
- Insufficient storage capacity at the PC level for all FCUs
- Infestation of crop pest and diseases in Lume and Becho areas

### Partners and Interventions in Chickpea Value Chain

Partners	Location (Woreda, Region)	Interventions during the quarter	Target Completion Date
Debre Zeit RC	Debre Zeit, Oromia	Support improved seed production– irrigation and seed lab	June 2013
Lume Adama	Lume, Oromia	Capacity building, seed production and export linkages	June 2013 - ongoing
Tsehay FCU	Dembia, Amhara	Cost share in the construction of a 2,000 MT warehouse, grain purchasing from PCs and local and export market linkages	May 2013 - ongoing
Becho Woliso	Woliso, Amhara	Cost share in the construction of a 5,000 MT warehouse, grain purchasing from PCs and local and export market linkages	May 2013 - ongoing
Guts Agro Industries	Hawassa, SNNPR	Support through cost share arrangements to expand their food processing capacities to increase the processor's chickpea demand	April 2013

## Chickpea Activity Tracker

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct 2012- March 2013	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar				
<b>IR 1: Improve the Competitiveness of Chickpea VC</b>														
<b>Sub IR 1.1: Volume and value of marketed value chain surpluses increased as a result of improved end-market competitiveness and trade</b>														
ToT in SMFM business training module delivered (negotiation, pricing, promotion, creating linkages, relationship management, etc.) to be cascaded to FCU and business leaders	# trainers trained	80		Amhara Oromia										Planned for the fourth quarter along with BDS
Cascading SMFM to farmers and operators	# of farmers and operators trained	300												To be done along BDS
Facilitate market linkages to support inclusion of CIGs, women and youth group aggregators	# CIG members	250		Amhara Oromia								In process		
Capacitate EPOSPEA to sustainably manage promotion of oils seeds and pulses through technical assistance		1		AA								In process		Proposal for grant has been submitted and currently under review , planned to be executed in the coming quarter
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>														
FCUs assisted to make contractual agreement and increase volume of sales	# FCUs linked with buyers	4		AA								1	1	done b/n Becho Woliso and Guts Agro industry . Tsehay is waiting for Export market and linkage is underway . For Lume, linkage for the 399 qtl grain is also underway at the domestic market and to be done in 1 Q4

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct 2012- March 2013	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
Assist FCUs to obtain permanent trading seats in ECX	# FCUs linked with buyers	3											Not assisted as there is no chickpea trade in the ECX
Support participation in international trade shows for key stakeholders	# partners participating	1									1	1	
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>													
<b>OP 1.2.2: Post-Harvest Losses Reduced and Farm Income Opportunities Expanded Through Mechanization</b>													
Training of Trainers in post-harvest handling module delivered (product handling, basic processing, quality measuring, warehouse management, etc.) and cascaded to smallholder farmers	# trainers trained	50									23	61	For Amhara it has been already done (for Metema and Tsehay FCUs) during the 1st quarter
Commercial storage capacity increased through cost-shared investments in strategic locations for Tsehay FCU (continuing into year 3)	Storage capacity in MT	24,570									2500	2500	Ongoing process (construction of WH for Tsehay is expected to start in Q4) already submitted BP and needed doc
Post-harvest and value addition equipment introduced at FCU, primary and CIG level	# FCUs adopting	2									In process		on going process
Grading equipment for Chickpea (Moisture tester, Sample drawer bag Trier, Riffle type Sample divider, Gram Scale with poly scoop and Hand Sieves with bottom pan)	# FCUs adopting	1											In process (to be done in Q3)
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>													
Multi-stakeholder meeting facilitated twice a year in each region to update on project progress and ensure B2B connections	# MSPs	4									1	1	Next MSP will be conducted during Mid June

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct 2012- March 2013	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
<b>Sub IR 1.3: Higher smaller incomes from selected commodities per unit of land</b>													
<b>OPP 1.3.1: The Volume of Marketed Chickpea Increased</b>													
Adoption of new technologies facilitated (in coordination with AGP and input activities - please see input GANTT)	hectares under improved technologies	4,600										1085	All the three FCUs of Becho Woliso, Tsehay and Lume have received and distributed 2249 qtl rolling grant seed and sown in 4424 ha of land in 2012/13 cropping season. Except for Lume, where only grain is produced, Becho and Tsehay will re-distribute 1748qtl C2 seed to 3200 new beneficiaries in 2013/2014 prod year. but for Lume, from the 500qtl seed only 399.6qtl grain has been produced (ready for sale to re-purchase seed for the new farmer beneficiaries.)
Completion of BPs with key FCU partners to improve access to finance and increase purchasing capacity	# FCUs accessing financing	3									1	1	Complete for Tsehay FCU
<b>Sub IR 1.4: Yields of targeted crops increased</b>													
<b>OP 1.4.1: Reliable Access to Improved Seed Expanded</b>													
Regional research centers capacitated through provision of irrigation systems, seed labs, etc., to ensure sufficient production of basic seed	# of ARCs supported	1											Ongoing process and to be completed in Q3
Seed producer FCUs/cooperatives capacitated to manage input business units	# FCUs/co-ops assisted	3									In process		Ongoing process and to be completed in Q3

## Maize Value Chain

### Overview

AGP-AMDe's vision for the maize value chain is to double farm yields and reduce inefficiencies in downstream handling, processing and marketing in order to reduce per unit costs and increase farm profitability among others. The project has been working on increasing production and marketing of maize in collaboration with major actors and stakeholders in order to achieve this vision. AGP-AMDe has partnered with DuPont Pioneer to increase availability and use of a new hybrid maize variety. This demonstration program is scheduled for three years and is planned for 16 woredas in AGP regions. The plan works with 20 selected lead farmers with an outreach to more than 35,000 households and is envisaged to reach 50% increase in yields and 20% increase in income.



*SNNPR – Advanced Maize Seed Adoption Program in collaboration with DuPont Pioneer*

AGP-AMDe, in partnership with ATA, FCA and Technoserve, has played a prominent role in creating market linkages between the World Food Programme (WFP) and maize FCUs and member cooperatives. Through the combined efforts of the project and other stakeholders, seven FCUs in Oromia, Amhara and SNNPR regions will sell maize in the amount of \$8.5 million to WFP once delivery is completed. WFP has a plan to double and triple the amount of maize to purchase in the coming years ensuring a reliable and sustainable market for maize. In addition, the project continued its capacity building and training to FCUs, cooperatives and smallholder farmers in order to guarantee a sustainable supply of quality maize. The project also assisted FCUs in accessing finance for maize collection from primary cooperatives and member smallholder farmers.



*Sidama Elto FCU supplies maize to WFP*

cooperatives and member smallholder farmers.

### Summary of Key Results

- Four FCUs sold 2,407 MT of maize to WFP amounting to \$719,500. The sales benefit the FCUs and their member primary cooperatives by facilitating the entry into a formal market channel and impact approximately 2,407 smallholder farmers.
- During this quarter, post-harvest handling training and coaching was delivered for cleaning of white maize at FCUs and PC level. The training helped farmers to supply maize above the quality required by the contract agreement with WFP. The majority of FCUs supplied a 93% purity level or higher while the commitment was 92%.
- Two FCUs received bank loans amounting to \$701,667 to collect maize from members by using the market linkage to WFP as a guarantee. The project also supported maize FCUs in developing bankable business plans for financing warehouses and cleaning machines.

### Key Activities and Successes

The major activities of this quarter were centered on maize output financing, purchases, post-harvest improved practices and delivery schedule execution. The key stakeholders involved during this quarter were the FCUs from the three main maize regions, ATA, WFP and CBE. A significant success in this quarter was ensuring the availability of white maize and applying for output financing

from CBE and CBO. However there were some minor issues in supply of quality maize in that to date SNNPR region produced 75% of the delivery plan. It was documented that the suppliers faced a steep learning curve working with an organized, large-scale volume buyer for the first time. However, the project intends to improve this next year through increased capacity building and learning from experience. Several other complications were recognized from the supplier perspective is as follows:

- Late quality inspection of the third party
- Delay in money transfer from the bank
- Late output financing approval
- Insufficient output financing to purchase as per the contract agreement

Other complications documented from the buyer side are as follows:

- FCUs did not meet initially meet quality standards as per the contract
- FCUs were not communicating as per the written contract agreement
- Revision of FCU delivery plans were not officially communicated

The project will continue the role of facilitating the marketing activities between the two parties to establish smooth relationship for mutual benefits. Output financing from CBE was secured through project assistance and the WFP maize purchase contract agreement. CBE committed to give loans to the FCUs based on the guarantee floor price. Many of the FCUs were able to get output financing loans for approximately 70% of the loan requirement to deliver the agreed amount of maize. However, a few had historical issues requiring resolution at the upcoming General Assembly.

### **Maize Value Chain Analysis**

Hybrid maize seed supply is currently less than 30%. The majority of smallholder farmers are using Open Pollinated varieties and yield per hectare is below world average. In few maize growing areas where hybrid seeds and other farm inputs like fertilizers are utilized with proper application, the yield is higher than world average. Hence, it can be concluded that a key constraint to productivity are insufficient supply of hybrid seeds and inefficient fertilizer application.



There exists a challenge in commercializing maize and moving maize from an informal to a formal market due to a limited capacity of warehouses, shortage and/or low capacity of seed cleaning facilities and lack of working capital. The FCUs are currently lacking strong negotiation skill, marketing capacity and operational efficiency

## Maize Value Chain Activity Tracker

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-March 2013 Actual	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar				
<b>IR 1: Improve the Competitiveness of Maize VC</b>														
<b>Sub IR 1.1: Volume and value of marketed value chain surpluses increased as a result of improved end-market competitiveness and trade</b>														
<b>OP 1.1.1: Marketing Systems and Practices Improved</b>														
ToT in SMFM business training module delivered to be cascaded to smallholder farmers	# trainers trained	160		Oromia SNNPR Amhara								35	35	
Cascade SMFM to farmers and operators	# of farmers and operators	850		Oromia SNNPR Amhara										
Facilitate establishment of EAGC Ethiopia chapter	# members	30	TBD	AA										
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>														
Assist FCUs to obtain permanent trading seats in ECX	# FCUs	4		AA								In process		
Facilitate forward purchasing contracts and delivery to spec from WFP and other processors with CBE financing	quantity of maize sold in MT	20,000		Amhara Oromia SNNPR								In process		
ToT in PHH module delivered (product handling, basic processing, quality measuring, warehouse management, etc.) to be cascaded to smallholder	# trainers trained	120		Amhara Oromia SNNPR								39	196	
<b>OP 1.1.4: Promote Export Linkages</b>														
Identify potential markets and buyers of maize within East Africa in coordination with EAGC	# regional market linkages	8		AA										The plan is for the next quarter
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>														
<b>OP 1.2.2: Post-Harvest Losses Reduced and Farm Income Opportunities Expanded Through Mechanization</b>														
Commercial and input storage capacity increased through cost-share investments in strategic locations (continuing into Year 3)	increase in capacity - # MT	30,000		Amhara Oromia SNNPR								In process		The grant process is in progress

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-March 2013 Actual	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
Post-harvest and value addition equipment introduced at FCU, primary and CIG level	# FCUs adopting	7		Amhara Oromia SNNPR							In process		The grant process is in progress. Cleaning facilities and quality equipment are planned with the WH grant.
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>													
Multi-stakeholder meeting facilitated twice a year in each region to update stakeholders on project progress and ensure B2B connections	# MSPs	6		Twice in each region/year								1	
<b>OP 1.2.4: Value Addition through Agro-Processing Expanded</b>													
Leverage research centers to introduce new high value maize varieties suitable for agro-processing (sweet corn, corn oil seed, protein maize, etc.)	# varieties	2		Oromia							In process		
<b>Sub IR 1.3: Higher smallholder incomes from selected commodities per unit of land</b>													
New technologies adopted as result of project interventions such as improved seed varieties, harvesting equipment, etc.	# hectares under improved technologies	1600		Amhara Oromia SNNPR								1	This activity is on improved planting materials and not yet supported in seed technology. AMSAP may result something at the end of this year. If BH661 implemented it might contribute same but end of this crop season.

Activity Description	Indicator and Unit of Measure	National Target			Planned months of implementation						Jan-March 2013 Actual	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar				
<b>Sub IR 1.4: Yields of targeted crops increased</b>														
<b>OP 1.4.1: Reliable Access to Improved Seed Expanded</b>														
Regional research centers capacitated through provision of irrigation systems and seed lab to ensure sufficient production of basic seed	# of ARCs supported	1		Oromia								In process		Reviewing of the concept notes and proposals is underway .
<b>OP 1.4.2: Improved Distribution of Inputs and Farm Technology</b>														
Partnering with DuPont-Pioneer to disseminate pure planting materials to smallholder farmers	# smallholders with access to hybrid seed	32,000		Amhara Oromia SNNPR										This partnership agreement is completed; progress will continue and will have additional reporting in the next quarter. The agreement was delayed.
Seed producer FCUs/cooperatives capacitated to manage input business units (continuing into Year 3)	# FCUs/PCS assisted	5		Amhara Oromia SNNPR										

## Wheat Value Chain

### Overview

Wheat is one of the key staple foods with fast growing demand in Africa. In 2010, African countries spent more than \$2.5 billion on importing 32 million tons of wheat grain. The growth in consumption is fueled by income growth and urbanization and associated dietary changes. Currently, wheat accounts for about 30% of cereal calories and 15% of food calories. Soaring international food and energy prices and the resulting volatility in markets is alarming and has made the region highly vulnerable to global market and supply shocks.

Ethiopia is the largest wheat producer of Sub Saharan African countries. The estimate of wheat production for the year 2011/12 is 3.17 million MT which is grown on 1.49 million hectares of land (CSA 2011/12). It is estimated that between 2001 and 2008, total national production volumes increased by almost 50 percent. However, average yields per hectare at approximately 20 -21 quintals per hectare remain low by international standards. Wheat is produced by about 4.3 million smallholder farmers across the country and remains at a household subsistence level.



The objective of AGP-AMDe for the wheat value chain remains focused on replacing the large quantity of imports that are required to meet the increasing demand for wheat based products in Ethiopia. The strategy is primarily centered on stimulating the utilization of improved inputs and increasing market linkages of cooperatives and agribusinesses within the value chain. This strategy is aligned with the GOE's directive to prioritize the reduction of wheat imports by increasing on farm productivity through improved input delivery systems, availability of improved seeds, warehousing and logistics, access to credit and agronomy services.

### Summary of Key Results

- AGP-AMDe facilitated sales of 1,800 MT of wheat between FCUs in Oromia region with Ambo Multipurpose FCU and a written contractual agreement has been signed. In total, 1,975 MT of wheat was purchased from smallholder farmers by unions of which 593 MT was marketed to wheat flour processors in Oromia region.
- In SNNPR, market linkage assistance was given to Melik and Edget FCUs and as a result 850 MT of wheat was sold to a flourmill and wholesale trader. An agreement was signed between Melik FCU and Zeyetun Sheh Heyeredin flour mill factory for the purchase of 2,000 MT of wheat grain in the coming six months. Other linkages were for a buyer named Kedija Flourmill Factory for birr 670 per 100 kg and a wholesaler trader named Gragne Qoricha for 630 per 100 kg of wheat.

### **Key Activities and Successes**

USAID- AGP AMDe organized and facilitated a one-day workshop on wheat food fortification held in Addis Ababa on 28th of February 2013. The objective of the workshop was to create awareness and promote wheat flour fortification and processing requirements for processors, which will result in a source of nutritious food but also an area of investment opportunities in value addition and job creation. The participants included processors, Ethiopian Millers Association (EMA), Save the Children – ENGINE, Global Alliance for improved Nutrition (GAIN), Alliance for Africa for Improved Food Processing (AAIFP), ATA, Partners in Food Solutions (PFS) from General Mills, Ministry of Trade, Agro-Private mechanization service providers and AGP-LMD. The meeting participants identified challenges with market linkages and designed solutions to strengthen linkages and negotiating practices. Participants established agreements to implement strategies between various actors in the wheat value chain.

### **Analysis**

#### **Opportunities**

- Favorable agro ecology
- Ever growing demand for wheat and wheat products in domestic and international markets
- Strong support from government and donor agencies
- Support in research and development
- Newly introduced low-land variety which has promising potential to boost the production of wheat using the ample unutilized fertile land resources in the low land areas of the country

#### **Constraints**

Ethiopia meets its domestic wheat demand by importing and supplying it to domestic processors at subsidized prices. At times, this subsidy creates an imbalance in the market as the imported wheat is offered at a lesser price than locally produced wheat serving disincentive to local producers. Additional challenges include the following:

- Low access to credit and poor infrastructure
- Low level of modern agricultural input utilization
- Poor organizational and business skills of the smallholder farmers
- Low level of private and public relationships

## Wheat Value Chain Activity Tracker

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Jan-March 2013 Actual	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	March				
<b>IR 1: Improve the Competitiveness of Selected VCs - Wheat</b>														
<b>Sub IR 1.1: Volume and value of marketed value chain surpluses increased as a result of improved end-market competitiveness and trade</b>														
<b>OP 1.1.1: Marketing Systems and Practices Improved</b>														
ToTs in SMFM business training module delivered (negotiation, pricing, promotion, creating linkages, relationship management, etc.) to be cascaded to FCU and business operators	# trainers trained	120		All 4 regions								139	139	
Cascading SMFM to farmers and operators		4,050		All 4 regions										
Facilitate market linkages to support inclusion of CIGs, women and youth groups with FCUs or mills	# CIG members	600		All 4 regions								In process	In process	
<b>OP 1.1.2: Specific and Effective Market Linkages Created</b>														
FCUs assisted to make contractual agreements with millers, traders and consumer associations, and volume of sales increased	# FCUs linked with buyers	8		All 4 regions								10	10	
<b>OP 1.1.3: Value Addition Including Production of Nutritional Foods to Expand Demand for Wheat Supported</b>														
Support millers diversifying their production through introduction of fortification based on BPs (continuing into year 3)	# processors supported	2		TBD										
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>														
<b>OP 1.2.1: Post Harvest Losses Reduced and Farm Income Opportunities Expanded Through Mechanization</b>														
Training in post harvest handling												62	62	
Commercial and input storage capacity increased through cost-shared investments in strategic locations (continuing into year 3)	increase in capacity - MT	12,000		Oromia SNNPR										
Post-harvest and value addition equipment introduced at FCU, primary and CIG level	# FCUs adopting	9		All 4 regions										
Facilitate supply of combine harvesters in key production regions of Oromia (Arsie Bale) - continuing into year 3	# combines supported	7		Oromia										

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Jan-March 2013 Actual	Total YTD	Reasons for variation	
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	March				
<b>OP 1.2.3: Collaboration Between Stakeholders Facilitated and Established</b>														
Multi-stakeholder meeting facilitated twice a year in each region to update stakeholders on project progress and facilitate B2B connections, including banks	# MSPs	2		One in each region/year								1	1	
<b>Sub IR 1.3: Higher smallholder incomes from selected commodities per unit of land</b>														
<b>OP: 1.3.1: Volume of Marketed Wheat Increased</b>														
Adoption of new technologies facilitated (training in coordination with AGP and input activities - please see input Gantt)	# hectares under improved technologies	2,010		All 4 regions								In process	In process	
<b>Sub IR 1.4: Yields of targeted crops increased</b>														
<b>OP 1.4.1: Reliable Access to Improved Seed Expanded</b>														
Regional research centers capacitated through provision of irrigation systems, seed labs, etc., to ensure sufficient production of basic seed	# ARCs assisted	2		Oromia										
<b>OP 1.4.2: Improved Distribution of Inputs and Farm Technology</b>														
Seed producer/multiplier FCUs/cooperatives capacitated to manage input business units (continuing into year 3)	# FCUs/co-ops assisted	7		All 4 regions										

## Promotion of Input Supply

### Key Results

- Collected, analyzed and reported on the mineral fertilizer demonstrations
- Conducted training of trainers on soil sampling techniques
- Strengthened the development of agri-input production and distribution systems
- Assessed the Ethiopian seed sector and future scope for value chain crops
- Supported to the establishment of fertilizer blending facilities

### Key Activities and Successes

#### **Training of Trainers (ToT) - Soil Sampling**

A ToT was delivered to 182 total participants on the following:

- Soil fertility issues and fertilizer use in the AGP-AMDe regions
- Soil sampling techniques for site and crop-specific fertilizer
- Survey of soil testing laboratories to determine their capabilities of conducting soil and fertilizer analyses

A full report entitled “Training of Trainers on Soil Sampling Techniques for Site- and Crop-Specific Fertilizer Recommendations within the AGP-AMDe Project Sites in Ethiopia” is attached separately.

#### **Survey of Soil Testing Laboratories**

The regional labs in Ethiopia have the capacity to perform routine soil analysis including determination of soil texture, pH, electrical conductivity (EC), organic carbon, total nitrogen, available phosphorus, and cation exchange capacity (CEC) analyses. However, with the exception of the Debre Zeit Soil Testing Lab, all the other regional labs, presently, lack the capacity to do micronutrient analysis due to non-functional or uninstalled basic equipment (Atomic Absorption Spectrometer (AAS)) for such analysis.

The private soil-testing lab, Horticoop Ethiopia located at Debre Zeit, is a fully equipped soil-testing laboratory with high-tech state of the art instruments operating under local and international experts. The laboratory offers various analytical services, which are carried out using a state of the art inductively-coupled plasma spectrometer (ICP). The lab has the capability to do all soil macro-, secondary- and micro-nutrient, with a current capacity of 200 samples a day. Additionally, they have the capability to conduct soil texture analyses, and organic carbon determination. Their charges per sample are as follows: Complete nutrient analysis (all nutrients) – 750 ETB (~\$40.62); soil textural analyses – 45 ETB (~\$2.44), organic carbon determination 100 ETB (~\$5.40) and lime requirement - 55 ETB (\$3.00).

Unfortunately, none of the labs have the capacity, in terms of personnel and appropriate reagents, to conduct fertilizer analyses. Therefore, to complement the efforts of the Fertilizer Blending Plants, the personnel of the soil testing labs will require training on fertilizer analysis.

#### **Fertilizer Blending Facilities**

During this quarter, the project team continued to work with four FCUs which will establish blending facilities. Activities have included the following:

- modification and finalization of the FCU budgets for the concept notes submitted to the AGP-AMDe project Innovation Fund
- meetings and site visits to Enderta and Becho Woliso FCU's to assess site locations along with the appointed civil engineer

- draft of bill of quantities needed by the FCU's for the civil works, foundation, slab, etc.
- continued planning with ATA on the demonstrations for the blends
- continued discussions with prospective suppliers on the technical specifications of the blending equipment and building
- planning for the study tour/trip for the four FCU managers to visit several blending sites in East/Southern Africa; Zambia, Malawi and Mozambique being among the countries which have well managed blending facilities.



### **2012 Demonstration results**

In 2012, a trial was initiated to determine if mineral fertilizer supplements (primarily micronutrients) to diammonium phosphate (DAP) and urea fertilizers commonly used in Ethiopia could substantially improve yields. DAP and urea supply nitrogen (N) and phosphorus (P), the two most limiting nutrients to plant growth in Ethiopia and indeed elsewhere.

Two compounds that had been previously donated by Cameron Chemicals (USA) were tested: Canadian Corn mix for use on cereals (wheat, maize, and sesame), containing zinc (Zn), sulfur (S), manganese (Mn) and boron (B), and Peanut Cotton Soybean mix, appropriate for legumes (in the case of Ethiopia, chickpea), containing Zn, Mn, B, S, copper (Cu) and iron (Fe). These compounds were added to the standard DAP and urea fertilizer recommendations. In addition, the Ethiopian government requested that we test as well a compound fertilizer, Yara Mila Actyva, which they were evaluating at various sites, containing in addition to N and P found in DAP and urea, S, potassium (K) and small quantities of magnesium (Mg) and Zn. A control plot (no fertilizer) was also included.

These fertilizer combinations were successfully tested at demonstration sites on wheat (47 sites), sesame (13 sites) maize (11 sites) and chickpea (4 sites) in Oromia, SNNPRR, Amhara, and Tigray provinces. The fertilizers applied in each treatment are shown in Table I. The elements Cu, Mn, and Fe in the micronutrient blends are not believed to contribute to yields, as they appear to be present in adequate quantities according to soil analytical values. Individual site yield and soil analytical data are shown in Appendix I. The treatments at each site were replicated twice, and yields reflect the average site yield.



Nutrients added in each treatment. P and K denote total element and not  $P_2O_5$  and  $K_2O$ .

**Nutrients added in each treatment. P and K denote total element and not P<sub>2</sub>O<sub>5</sub> and K<sub>2</sub>O**

Crop	Treatment	-----Nutrients applied, kg ha <sup>-1</sup> -----									
		N	P	K	S	Mg	Zn	B	Cu	Mn	Fe
Wheat	T1 Control	0	0.0	0	0	0	0	0	0	0	0
	T2 Conventional	64	20.7	0	0	0	0	0	0	0	0
	T3 Conventional+micros	65	20.7	0	2.0	0	3.6	0.4	0	0.6	0
	T4 Yara Mila Actyva	64	12.2	11.6	8.4	2.4	0.8	0	0	0	0
Sesame	T1 Control	0	0.0	0	0	0	0	0	0	0	0
	T2 Conventional	41	20.7	0	0	0	0	0	0	0	0
	T3 Conventional+micros	42	20.7	0	2.0	0	3.6	0.4	0	0.6	0
	T4 Yara Mila Actyva	41	7.8	7.5	5.4	1.5	0.5	0	0	0	0
Maize	T1 Control	0	0	0	0	0	0	0	0	0	0
	T2 Conventional	110	20.7	0	0	0	0	0	0	0	0
	T3 Conventional+micros	111	20.7	0	2.0	0	3.6	0.4	0	0.6	0
	T4 Yara Mila Actyva	110	20.9	19.9	14.4	4.1	1.4	0	0	0	0
Chickpea	T1 Control	0	0.0	0	0	0	0	0	0	0	0
	T2 Conventional	18	20.7	0	0	0	0	0	0	0	0
	T3 Conventional+micros	18	20.7	0	1.2	0	0.8	0.1	0.2	3.2	0.6

This table shows yield response for each crop and region for the applied treatments. Overall, the best-performing treatments was DAP/urea+micronutrients. The effect of the micronutrients can be - determined by comparing DAP/urea (treatment 2) to DAP/urea+micronutrients(treatment 3). Of the 75 sites, the treatment that included micronutrients out-yielded the DAP<sup>1</sup> and DAP/urea treatments at 58 sites, whereas the DAP or DAP/urea treatments yielded higher at only 12 sites.

Yara Mila Actyva gave no consistent yield increase or decrease over the DAP/urea treatment. As expected, DAP and urea gave generally solid yield increases over the control (T2 vs. T1), verifying well-known responses to N and P.

**Crop response in various regions to fertilizer treatments**

Region	Crop	-----Yield, kg ha <sup>-1</sup> -----				% Yield Increase due to		
		Control	DAP/urea	DAP/urea +micronutr	Yara Mila Actyva	DAP/urea	Micronutr.	Yara Mila Actyva
		T1	T2	T3	T4	T2 vs. T1	T3 vs. T2	T4 vs. T2
Oromia	Wheat	2740	3600	3840	3920	31%	7%	9%
SNNPR	Wheat	1740	3420	4210	3230	97%	23%	-6%
Tigray	Wheat	2060	4210	4420	4240	104%	5%	1%
Amhara	Wheat	1110	2280	2430	2260	105%	7%	-1%
Tigray	Sesame	460	640	680	650	39%	6%	2%
Amhara	Sesame	180	500	590	530	178%	18%	6%
SNNPR	Maize	2440	6720	7270	6540	175%	8%	-3%
Amhara	Maize	2410	4910	5000	4830	104%	2%	-2%
Oromia, SNNPR	Chickpea	1100	1310	1450	N/A	19%	11%	N/A

Soil analytical results are summarized in Table 3. Probable deficiencies in a high percentage of soils are noted for P, S, Zn, and B. Nitrogen is generally deficient in cereal crops, though standard soil tests are not predictive of N deficiencies.

<sup>1</sup> No urea was applied to chickpea, which is a legume that has the ability to fix its own N

**Percentage of soils falling into deficient or marginal fertility status for various analyses (75 soils)**

<b>Soil Parameter</b>	<b>Status</b>	<b>Guide</b>	<b>% of soils</b>
Soil pH	Deficient	<5.2	3%
(water)	Marginal	5.2-5.8	31%
P	Deficient	<10	55%
ppm	Marginal	10-20	16%
K	Deficient	<60	3%
ppm	Marginal	60-120	8%
Mg	Deficient	<8% sat'n	0%
% saturation	Marginal	8-10%	0%
S	Deficient	<10	36%
ppm	Marginal	10-20	59%
Zn	Deficient	<1	36%
ppm	Marginal	1-2	47%
B	Deficient	<0.5	59%
ppm	Marginal	0.5-0.8	21%
Cu	Deficient	<1	5%
ppm	Marginal	1-2	13%
Mn	Deficient	<60	0%
ppm	Marginal	60-100	0%
Fe	Deficient	<60	1%
ppm	Marginal	60-80	7%

The consistent but variable positive response to micronutrients is primarily an indication that Zn and B or a combination of the two are lacking. The elements Cu, Mn, and Fe in the micronutrient blends are not believed to contribute to yields, as they appear to be present in adequate quantities according to soil analytical values.

## Input Supply Activity Tracker

Activity Description	Indicators and Unit of Measure	Annual Target	Location					Planned Implementation Months						Jan-Mar 2013	Total YTD	Reason for Variation	
			Oromia	SNNPR	Amhara	Tigray	Federal	Oct.	Nov.	Dec.	Jan	Feb	Mar				
<b>IR 1: Improve the Competitiveness of Selected VCs - Input</b>																	
<b>Sub IR 1.4: Yields of targeted crops increased</b>																	
<b>OP 1.4.1: Reliable Access to Improved Seed Expanded</b>																	
Extend support to 5 selected centers of excellence under EIAR to promote higher quality and increased output of breeder seed (plus 5 satellite centers TBD)	# centers of excellence, satellite centers	10	5	2	1	2										In process	The remaining will be done and finalized next quarter with the Grant Team
Sustainable Seed Multiplication Supply System for VC crops designed and tested	# of seed multiplying entities	20	6	2	8	4									In Process		
Yield potential of commercial hybrid maize seed demonstrated in partnership with commercial seed companies using blended fertilizers and fertilizer deep placement	# demo sites	12	3	3	6										In process		To be completed in next quarter with the planting season
<b>OP 1.4.2: Effective Input Supply Created</b>																	
Complete assessment on agricultural inputs supply system in cooperatives, targeting 15 FCUs	# assessments	1						1							2	2	One more assessment was completed on seed
Conduct training on Agro-Business	# participants	60	15	15	15	15									47	47	78% of the training completed .We will train more people to achieve the target next quarter
Study tour to Kenya for selected/qualified FCU and agro-dealer staff to see input marketing by agro dealers	# participants	*40/9	2	2	2	2	1								In process	In process	Identification of participants was done and people will be sent next quarter
<b>OP 1.4.3: Increased Technical Response to Blended Mineral Fertilizer for VC Crops Increased</b>																	
Conduct ToT on soil sampling techniques and interpretation of soil analysis results to soil lab technicians	# soil lab technicians	155	50	40	40	25									125	125	80% of the training completed but the remaining participants will be taking the training through those TOT trainers.

Activity Description	Indicators and Unit of Measure	Annual Target	Location					Planned Implementation Months					Jan-Mar 2013	Total YTD	Reason for Variation	
			Oromia	SNNPR	Amhara	Tigray	Federal	Oct.	Nov.	Dec.	Jan	Feb				Mar
DA, FCU and private agro-dealer staff trained on soil sampling techniques and in interpretation of soil analysis results	# DA, FCU and Pvt AD staff	800	258	206	206	130								In process	In process	This is to be made by those who took the TOT in the last Quarter
Soil sampling of selected demo sites to stimulate demand for blended fertilizers completed	# demo sites	400	140	70	130	60								In process	In process	Only 100 will be taken from the identified 100 demo sites as ATA is working intensively on soil sampling activities.
Fertilizer blends for targeted VC crops finalized for demonstration in 2013 in consultation with ATA and informed by 2012 results	# blends	4	1	1	1	1								In process	In process	This is work in progress as the season starts and extends until the 4 plants will be established. 2012 demo results shared with ATA and other partners.
Blended fertilizer management recommendations for targeted VC crops demonstrated by FCUs to stimulate demand for blended fertilizers	# recommendations made	8	2	2	2	2								In process	In process	Detailed activities are planned for next quarter
Technical response for selected VC crops demonstrations determined and mapped to inform formulation of blended fertilizers by blending facilities	# demos	100	30	20	30	20								In process	In process	The selection of demo sites and importation of micro nutrient fertilizers is in progress and will continue next quarter
<b>IR 4: Stimulate Increased Innovation and Investment</b>																
<b>Sub IR 4.2: Adoption of new and/or innovative services, technologies and practices by value chain actors, including women will be increased</b>																
<b>OP 4.2.1: Fertilizer Blending Implemented</b>																
Selection of FCUs or private sector stakeholders for piloting of blending facilities, one in each region	# FCUs	4	1	1	1	1								4	4	Technical support given to FCUs
Complete marketing and business plan for blending enterprise at each selected stakeholder, plan infrastructure and machinery requirements and determine capital investments	# plans	4	1	1	1	1								4	4	It is underway and continues next quarter

## Post-Harvest Handling

### Overview

The improvement and application of post-harvest handling best practices in Ethiopia is one of the major interventions of AGP-AMDe under component I. The project interventions address reducing post-harvest losses which is estimated 10-20% of the total production depending on the crops and region. Upgrading quality as well as enhancing food safety are also important post-harvest management priorities. With this general principle, AGP-AMDe has focused on selecting appropriate partner FCUs and private enterprises, build the technical capacity of selected partners and introduce post-harvest technologies. In line with this intervention, the project has initiated and in some cases continued conducting technical post-harvest trainings, practical demonstrations and introduction of post-harvest technologies such as harvesters, cleaning machines, shellers and grading equipment in order to bring practical results/outputs on the reduction of post-harvest losses.

### Summary of Key Results

269 trainees, including board members, grain purchasers, store keepers, zonal cooperative marketing experts, participants from Zonal Trade & Industry Bureau, regional marketing centers, milling factories, private and public grain enterprises, received intensive post-harvest handling training on 4 value chains (wheat, maize, chickpea and sesame). Of the trainings delivered, the following is the percentage allocated per value chain: wheat 58.4 %, sesame 18.6%, maize 14.4% and chickpea 8.6%. Wheat has the highest allocated focus in this quarter due to the wheat initiative program planned and organized by ATA in collaboration with FCA.

The other work achievement in post-harvest management for this quarter is through the 7 FCU partnerships with WFP. As per the delivery schedule agreement, the maize quality reached up to 96.5 percent sound grain which is higher than the contract requirement of 92 percent. The excellent quality was reached through post-harvest handling training, technical support and close supervision.

## Business Development Service

### Overview

Business development services (BDS) includes services that improve the performance of enterprises, access to markets, access to financial services, technical support and enhanced agribusiness environments. These support services include technical training, information on and access to inputs and markets, equipment leasing, legal services and more.

The AGP-AMDe project applies the Sell More For More (SMFM) training as one of its major capacity building approaches to enhance cooperatives and other private sector development. SMFM is a participatory and result-oriented training approach whereby cooperatives and their members create specific strategies to increase the quantity of their marketing output (“sell more”) and meet high quality standards to earn higher prices (“for more”). SMFM increases producers’ incomes by improving post-harvest handling and executing effective market-oriented business plans. The approach consists of trainings on agriculture (input application and post-harvest handling and storage), cooperative leadership, marketing, recordkeeping and operations. The SMFM training leads to specific, actionable items such as the development of a business plan or membership attraction and retention plan with assistance from the trainer. SMFM is delivered through a cascade training approach such that trainers (ToTs) are trained first, and they, in turn, train a wider base of farmers.

### Summary of Key Results

In this quarter, SMFM management training was delivered to 49 member primary cooperatives which are members of 10 FCUs. The training includes four modules (leadership, marketing, recordkeeping and business planning). 319 cooperative leaders and staff participated in the trainings. The trainings contribute to improving cooperatives capacity to establish and fulfill buyer contracts through an increase in quality and quantity of products. SMFM trainings also significantly contribute to improve cooperatives ability to develop business plans and secure financing and credit for expansion of their operations. The following table brings all the different trainings that are reflected under each value chain in a summary.

#### SMFM Management Trainings

Region	Value Chain	# of FCUs	# PCs	# of participants		
				Male	Female	Total
Amhara	Wheat	2	4	37	2	39
	<b>Sub total</b>		<b>4</b>	<b>37</b>	<b>2</b>	<b>39</b>
SNNPRR	Wheat	1	5	30	1	31
	Coffee	1	5	27	1	28
	Honey	1	5	21	2	23
	Maize	1	5	32	3	35
	<b>Sub total</b>		<b>20</b>	<b>110</b>	<b>7</b>	<b>117</b>
Oromia	Wheat	1	5	32	16	48
	Coffee	1	4	26	10	36
	<b>Sub total</b>		<b>9</b>	<b>58</b>	<b>26</b>	<b>84</b>
Tigray	Wheat	2	8	29	10	39
	Honey		8	23	17	40
	<b>Sub total</b>		<b>16</b>	<b>53</b>	<b>26</b>	<b>79</b>
<b>Grand Total</b>		<b>10</b>	<b>49</b>	<b>258</b>	<b>61</b>	<b>319</b>

#### Other trainings and workshops

All technical trainings that are directly related to value chains and components are captured under respective section. Therefore, this section captures trainings that cut across different components and value chains.

- AGP-AMDe conducted export marketing and trade show training for two days in Addis Ababa. There were 59 participants from FCUs, private exporters, Ministry of Trade, Federal and Regional cooperative agencies. The training course covered Entrepreneurship 101, Export 101, Export 102 and Tradeshow 101.
- A one day training on Food Safety and Quality was provided to 15 participants who export honey, sesame and coffee. Participants were from unions/coops, private companies and MoT.

Participation of AGP-AMDe in other forums/workshops also significantly contribute to the objective of the project. AGP-AMDe staff participated in the ECX annual cooperatives workshop. This forum was conducted in Addis Ababa in collaboration with AGP-AMDe. The purpose of the forum was to enhance cooperatives participation in the ECX marketing platform. During the forum, ECX officially declared the arrangement of 30 seats for cooperatives. In attachment to this forum, a MoU was signed between USAID and ECX to collaborate on increasing the quality, traceability and marketing of coffee. Under this agreement, USAID's Agricultural Growth Program-Agriculture Market Development Project (AGP-AMDe) will collaborate with ECX to improve the ability of sellers and buyers to track the origin of coffee through electronic coding and marking, certify labs and coffee quality graders, increase the number of farmers' cooperatives and improve ECX warehouse efficiency.

## Component 2 - Improving Access to Agricultural Finance and Investment

### Overview

AGP-AMDe aims to bring private investment into the six value chains through a variety of innovation avenues that included using financial intermediaries. The focus to date has been on leveraging innovation grants for financing for value-added production, processing and quality improvements. The strategic objective is to facilitate changes in the enabling environment, stimulate industry investments, improve bankability of agricultural stakeholders to promote increased trade and efficient and innovative provision of services to smallholder farmers with a focus on gender inclusion.

AGP-AMDe continued supporting and building the financial management capacity of FCUs in the maize, sesame and chickpea value chains in preparing loan applications for working capital and project investment financing. The project is also enhancing the value chain financing system, which is at the core of the capacity building program. To date, technical assistance has been provided to 16 FCUs in developing business plans which led to the preparation of loan applications for working capital and warehouse investment financing. The loan applications were submitted to CBE and CBO, depending on the region, for the bank's credit assessment. As a result, 15 of the 16 applications, totaling \$13.8 million, were approved and over \$5.9 million has been disbursed to date. The team carried out mini assessments of the beneficiary's financial management gaps to help adjust capacity building programs and address what the beneficiaries' lack including technical training, implementation assistance and monitoring activities.



### Summary of Key Results

AGP-AMDe continued to providing technical assistance for accessing funding to 16 FCUs: 7 maize FCUs, 5 sesame FCUs, 1 wheat FCU, 1 coffee FCU and 2 chickpea FCUs for working capital and project financing requirements. The funding requirements were for current crop cycle working capital and longer term project investment financing. As the result the total amount of loan requested has gone up to \$36.7 million, from this amount, approved loans were \$13.8 million and loans disbursed reduced were \$5.9 million. The project is expecting another \$1 million in output financing to be disbursed to the FCUs in the next month or two.

One of the major reasons for the big difference between loans approved and loans disbursed (\$7.9 million or 57%) is due to the late approval of loans by banks making it too late for FCUs to purchase grains from their members. In some cases, these delays resulted in the FCUs receiving the working capital funds after the peak grain purchasing season. Member farmers often chose to sell for immediate cash to traders rather than wait for FCUs to have funds to purchase their grain. In many cases, the amount of the loan requested exceeded the equivalent market price for the grain at the time the loan was approved or the bank's assessment of the capacity of the FCU to purchase the quantity projected. In one case the FCU decided they had enough cash to make the purchases without the loan; in another the FCU had a tax issue that needed to be settled; and one FCU had a default they needed to clear with the bank. To address this and other working capital loan facility issues, AGP-AMDe team has already started collecting financial information from 40 FCUs the project is supporting with technical assistance and designing interventions for next harvest season. The project is developing a timing schedule that will include timing on when the loan applications need to be completed and submitted to financial

institutions for their credit appraisal. Other interventions for next harvest season will also be taken into consideration in lining up the final loan approval process.

The project also delivered two major value chain financing training programs in order to deepen value chain financing knowledge. The training included 27 FCUs, 11 financial institutions, 3 financial intermediaries and 6 other value chain actors on the topic of crop cycle financing and equipment leasing. During the quarter, mini-financial management capacity assessments were conducted with 6 SACCOs and 12 primary cooperatives to prepare them for downstream financing delivery. The project also continued to tailor capacity building with each partner FCU by focusing on the issues they want to address and the project broadened outreach to financial institutions interested in expanding their agricultural value chain financing by linking them to FCUs.

### Loan Pipeline as of March 2013

FCUs	Value Chain	Region	Financial Institution	Type of Loan	Loan Requested	Loan Approved	Loan Disbursed
SIDAMA ELTO	Maize	SNNP	CBE	Working Capital	600,000	401,667	401,667
ADMAS	Maize	SNNP	CBE	Working Capital	527,778	300,000	300,000
Licha hadi	Maize	SNNP	CBE	Working Capital	485,957	227,778	-
Edget Seed Union	Wheat	SNNP	CBE	Working Capital	537,634	277,778	277,778
GOZAMIN	Maize	AMHARA	CBE	Working Capital	1,241,855	300,000	-
DAMOT	Maize	AMHARA	CBE	Working Capital	1,338,722	-	-
MERKEB	Maize	AMHARA	CBE	Working Capital	688,817	555,556	-
GIBE DEDESA	Maize	OROMIA	CBE	Working Capital	1,352,797	285,556	285,556
LIMUENARIA	Coffee	OROMIA	CBO	Working Capital	2,222,222	555,556	555,556
BECHO WOLISO	Chickpea	OROMIA	CBO	Working Capital	1,666,667	500,000	500,000
LUME ADAMA	Chickpea	OROMIA	CBO	Working Capital		388,889	388,889
TIGRAY							
MARKETING FEDERATION	Sesame	TIGRAY	CBE	Working Capital	25,000,000	8,944,444	3,075,257
DANSHA AWRORA	Sesame	TIGRAY	CBE	Warehouse	262,409	262,409	131,205
SETIT HUMERA	Sesame	TIGRAY	CBE	Warehouse	262,409	262,409	
SELAM	Sesame	TIGRAY	CBE	Warehouse	262,409	262,409	
METEMA	Sesame	TIGRAY	CBE	Warehouse	262,409	262,409	
<b>Total</b>					<b>36,712,085</b>	<b>13,786,858</b>	<b>5,915,906</b>
						38%	16%

### Key Activities and Successes

In the current quarter, AGP-AMDe access to finance team has delivered 90 participants attended two trainings for FCUs, Financial Institutions, Financial Intermediaries and other actors in the agricultural value chain. The team also conducted a financial management capacity assessment on 6 SACCOs and 12 primary cooperatives. In addition, continued its focus on supporting FCUs in maize, sesame and chickpea value chains in obtaining loan facility for working capital and project financing.

### Agricultural Value Chain Financing Training

AGP-AMDe conducted a successful two-day agricultural value chain finance training in Adama, January 22-23 2013 for 40 participants from CBE, CBO, Federal and Regional cooperative Agencies and farmer cooperative members. The training included an overview of the Government's strategy in value chain financing of agriculture and the current enabling environment. The training aimed at stimulating interest in lending opportunities and forging collaborative networking on specific deals. So far, over 30 loan applications are now in the pipeline with financial institutions.

To improve access to finance for input and output and investment for cooperatives and agro dealers, AGP-AMDe is helping agriculture stakeholders develop business plans and loan applications for crop cycle working capital and investment financing in equipment. On the supply side, AGP-AMDe is delivering training and development of credit facilities to financial institution loan officers in joint sessions with other stakeholders to improve understanding of the risks in agricultural lending and best practices for addressing those risks.

*AGP-AMDe helps facilitate the Agricultural Finance Enabling Environment Forum in Addis.*



CBE provided two presentations of their agricultural credit experiences and on their strategy for expanding agricultural lending in the regions, which stimulated discussions and sharing of experiences. Many questions regarding the CBE's loan application requirements were addressed. A significant outcome was the sharing of internal loan approval deliberations on crop cycle working capital loans to seven maize aggregating FCUs supported by forward purchase contracts issued by the World Food Program. Piloting of this credit risk mitigation mechanism for the first time in Ethiopia has been a joint initiative of WFP, ATA and AGP-AMDe over the past year. The regional CBE branches managing the FCU relationship are responsible for evaluating the credit risk individually, but did not have a procedure for joint deliberations on this new form of credit security. The AMDe training sessions provided just that opportunity for dialogue within different CBE senior loan officers from the regions and helped to clear the way forward for the remaining FCU working capital loans to be approved and disbursed.

### **Agricultural Equipment Leasing Training**

AGP-AMDe Access to Finance team had also organized a two day Agricultural Equipment Leasing Training in Addis Ababa, February 12-13 that was attended by 49 participants from FCUs, banks, microfinance institutions, leasing intermediaries, federal and regional cooperative agencies, USAID, and partner organizations as shown in the table below.

Building on the project assessment of the demand for Agricultural Equipment and the need for financing, the Access to Finance team developed the training program to introduce leasing as alternative agricultural financing mechanisms to selected FCUs and other value chain actors of selected commodities. The two day training was attended by 49 participants as detailed in the table below.

Organizations	Number of Participants					
	Addis	Oromia	Amhara	SNNPR	Tigray	Total
Farmer Cooperative Unions (FCUs)		12	5	3	3	23
Banks	5					5
Microfinance Institutions	3		1			4
Leading Intermediaries	3					3
Federal/Regional Cooperative Agencies				1	2	3
USAID	1					1
Other Partner Organizations	3					3
AGP-AMDe Staff	4	1	1	1		7
<b>Total</b>	<b>19</b>	<b>12</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>49</b>

Agricultural equipment leasing is increasingly thought as a specialized form of equipment financing that is just emerging on the Ethiopian financial sector scene. Leasing offers FCUs and other equipment operators, to obtain the long term use of equipment or machinery by paying a monthly fee instead of having to take out a bank loan to purchase the equipment with up to 50% upfront contribution. It fosters economic development and job creation, by providing access to financing to smallholder farmers that often cannot access other forms of financing. With this benefit in mind, the team structured the broad based training that included the leasing environment (locally as well as internationally), technical description of leasing products, as well as leasing expansion programs currently running and in the design stage. The training focused on:

- Introduce and expand an understanding of the benefits of agricultural equipment leasing to FCUs, farmers and other agricultural operators in all four regions
- Promote increased agricultural mechanization of farming and use of post-harvest processing equipment as a way to reduce post-harvest crop loss and thus increase the value of grains produced.
- Expand and understanding and performance of DCA guarantee scheme support for the agricultural equipment leasing programs at several commercial banks
- Forged relationship between leasing intermediaries, banks and FCUs to expand the understanding and use of equipment leasing services

The training program included presentations from various organizations, group discussions and a site visit to Agricultural Equipment Mechanization and Technical Services PLC. The presentations included the promotion and delivery of leasing service in agriculture sector. The training group also went on a field visit that provided an opportunity to have a better understanding of the demand and supply for agricultural equipment both for the representatives of the farmer’s unions as well as the managers of the mechanization business.

Trainees were shown variety of agricultural machineries as well as implements that the company has imported recently in its effort to meet the needs of smallholder farmers that also included its service and maintenance capacity with an assurance of adequate provisions that will be made should the FCUs decided to either buy or lease machines from them.

As the result of the training and visit to Agricultural Mechanization & Technical Services, the outcomes included the following:

- Number of participants have expressed interest in getting into the provision of leasing business
- Participants especially the FCUs are interested to conduct the training to a wider participants in their region
- Tigray Cooperative Promotion Agency has expressed its commitment to promote the leasing business to its members who have not participated in the training
- Cooperative Bank of Oromia and John Deere Financial have agreed to collaborate in helping CBO set up leasing product as part of its product diversification.



- Bank of Abyssinia has expressed interest in presenting a proposal to add leasing as part of the bank's product range expansion.
- Agricultural Mechanization & Technical Services has thanked the program for creating the linkage they have been looking for in addition to its commitment to expand its services to FCUs that have participated in the training program.
- FCUs have shown interest in acquiring equipment from Agricultural Mechanization.

### ***Stimulating increased investment***

Though AGP-AMDe aims to bring private investment into the six value chains through a variety of avenues including using financial intermediaries, it has so far focused on leveraging Innovation Grants.

1. **Investment in agricultural equipment leasing service:** Access to Finance team is working with USAID DCA Leasing program to promote utilization of the existing leasing program to expand mechanization in the agricultural sector and support small holders in the woredas where AGP-AMDe is engaged. In doing so, currently the project is supporting Tigray Marketing Federation to access the DCA guarantee program with a partner financial institution. The total anticipated investment close to \$1 million.
2. **Investment in financial inclusion program:** taking advantage of the recent Mobil Banking directives issued by National Bank of Ethiopia, the project is working with an IT technology firm that plan to bring an investment of up to \$10 million. The technology platform will provide financial institutions the capacity to expand their services to farmers in rural areas closer to their village.
3. **Agricultural Investment through financial intermediary:** AGP-AMDe is in the process of forming a relationship with an investment broker, RENEW, to source \$2-4 million investment in AGP-AMDe value chains.

### ***Promoting Foreign Direct Investment***

Foreign direct investment is one of the most important sources of agricultural investment. To have a better understanding of the agricultural investment environment, AGP-AMDe sent the Team Leader to attend the Global Agricultural Investment Conference in Abu Dabi held in 25<sup>th</sup> to 27<sup>th</sup> February. The conference offered comprehensive overview of agriculture investment opportunities, risks and return profiles across all major global production regions, as well as strategies for diversified agricultural portfolios including regional variation, private equity, and liquid investments. Concurrent track sessions highlight the surrounding themes of Agricultural venture capital and technology, water opportunities, and protein plays in livestock and dairy, global fisheries and aquaculture. The conference was attended by investors from wide spectrum including sovereign wealth managers, industry experts and government agricultural policy advisors. Though the conference has given the team the opportunity to share the investment opportunities in Ethiopia that was lacking, he came back with the following observations to attract foreign investment in Ethiopian agriculture sector:

- Agricultural industry experts and investment houses shared their knowledge of global agricultural investment trends, opportunities and challenges. Policy makers also shared challenges of global food security and their strategy in mitigating these challenges. The shared knowledge informs investors and policy makers the opportunities and challenges of investing in agriculture in different part of the world and helping adjust future strategies and consider things they never thought possible. For example, the project team has been asked to send short summary of agricultural investment opportunities and investment incentives that the government of Ethiopia has put in place.
- Most institutional investors have no plan to invest in Sub-Saharan African countries in the short term for reasons highlighted above in addition to the mismatch between their investment strategy and the type of investment required in most African countries.

- African countries need to continue addressing the risks and challenges highlighted in the conference, as well as put in place investment marketing strategy to attract investors especially sovereign funds with large sums of money to invest and regional food security issue to address.
- Many presentations highlighted trends in global agricultural investment and trade; opportunities and challenges that are useful for agricultural actors including policy makers.

### **Analysis**

The Access to Finance team has been delivering through capacity building and technical support as well as supporting in the development of business plans and linking FCUs with Financial Institutions. The team continues to see the challenges that have been identified in previous quarters.

- The capacity of FCUs needs to be strengthened to meet lenders' business management requirements. In part, this stems from FCUs being non-profit organizations and the cooperative governance structure, which requires the approval of the general membership for most borrowing and major business decisions, which is a slow and uncertain process. For example, the FCUs in Sesame value chain (Selam and Metema) needed to amend their MOU to increase borrowing capacity. However, this took months as it needed to be approved by the general assembly that required inviting thousands of members.
- Without stronger financial management capacity, most FCUs are not able to invest in mechanized services or hire necessary workers.
- Banks do not have clear knowledge about farmer cooperatives and the farming system in general. As a result they require excessive collateral, sometimes exceeding 1.8 times the amount of the loan. In addition, private commercial banks have liquidity limitations on the amount of loan-able funds they can use to meet the demand in the agricultural sector.
- Decisions on the type and quality of fertilizer to buy and the requirements at the FCU level should be better coordinated. Currently, government extension workers aggregate the requirements, often by increasing the prior year's consumption to maintain growth in fertilizer distributed. The Regional Governments are then responsible for arranging the fertilizer purchases with the Ministry of Agriculture. The FCUs are required to distribute the amount of fertilizer they are allocated, but are frequently left with excess supplies beyond what their farmer members are willing to purchase through their primaries.

In addition to leveraging AMDe Innovation Grants with loans from commercial banks AGP-AMDe is working on innovative alternatives that would introduce angel investment capital into the range of financing products available in the market and renew strategies. Renew Strategies is international angel investment firms operating in Ethiopia and targeting the commercial agricultural sector in SMEs. Their creative methodology for linking international social investors with commercial developing markets agro-entrepreneurs shows great promise for addressing the access to capital gaps. Next quarter, the project expects to conclude one or two partnership agreements that will significantly leverage new entrepreneurial investment in agribusiness.

In addition to the regular technical support that the team gives to partner FCUs and other agricultural actors, there are six major activities that we will be engaged in during the next quarter:

### ***Technical Training for SACCOs and RUSACCOs***

As part of our new approach to delivering capacity building support to Agricultural Value Chain Actors, we will be delivering a technical training to selected SACCO union managers, Zonal SACCO experts, regional SACCO experts, our own rural finance promoters and CBO staff. These trainees along with our rural finance team will implement the skills and techniques they are thought in the training session. The topics that will be covered in the training session to address the capacity gap identified during the assessment include:

- Record Keeping: Recognition of income and expense, financial statement preparation and auditing
- Financial management and Analysis: Cash flow forecasting,
- Saving Mobilization: Membership penetration, increasing saving
- General Risk: Setting credit policy, portfolio management, collection and asset recovery

### ***Building the Capacity of MFIs to Increase Financial Service Delivery to Smallholder Farmers***

MFIs play a critical role in delivering saving and credit extension services to smallholder farmers. However, most of the MFIs continue to face challenges raising adequate loanable funds, which are hindering them from delivering the efficient services demanded by the farmers. Using the same approach that we are applying to the SACCOs, we will be carrying out an assessment of MFI capacity gaps with the aim of addressing their challenges in delivering services.

### ***Support for the Development of Business Plans***

A number of FCUs are being successful in their applications to access innovation funds from AGP-AMDe. Most of the projects that are being approved for grants also include a loan application to a bank. The project will continue our technical support to current and additional FCUs in developing bankable business plans and facilitating their loan application process.

### ***Community Warehouse Receipt System***

AGP-AMDe has taken on responsibility for implementing a Community Warehouse Receipt System in four AGP woredas. The team is leading this implementation activity in close collaborations with ATA. The project is expected to run for at least 12 months; currently we are at an early planning stage. The following activities are expected to be performed during the next quarter:

- Location Identification - carryout a survey and assessment to identify capable FCUs, PCs commodities by region based on the organizations' institutional and management capabilities
- Model Refinement –collaborate closely with the ATA CWRS team and provide feedback based on our assessments of the potential regional implementers capabilities and other information we obtain in order to refine the pilot CWRS model to ensure it reflects what is most likely to work.

### ***Develop Detailed Activities for Agricultural Investment Deal Sourcing***

AGP-AMDe has an approval from USAID to work with an international development finance investment broker to bring private investment into the value chains AGP-AMDe is working on. The primary investees are likely to be lead firms and processors in value chains that have the organizational and management strength to perform to the standards the international investors will required. The following activities will be carried out in the next quarter:

- Draft pipeline of potential investment transactions will be created
- Investment training will be prepared for internal staff of AGP-AMDe
- Opportunity profiles and term sheets will be prepared for qualifying investments.

## Access to Finance Activity Tracker

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct 2012- March 2013	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
<b>Sub IR 2.1: Perceived risks of lending will be understood and mitigated</b>													
<b>OP 2.1.1: Value and Number of Agricultural and Rural Loans Extended to FCUs and MSMEs Receiving USG Assistance to Access Bank Loans</b>													
Conduct training for partner banks on agricultural value chain financing (risk assessment, leasing, forward contracting), including target branch credit managers	# trainees	40									41	41	
Conduct training for partner MFIs, RuSACCOs and SACCO unions on mobilizing savings, cash flow analysis, risk analysis and risk management of agricultural lending process	# trainees	200									49	49	
Produce SWOT report on industry constraints and opportunities based on trainings for banks, MFIs, SACCOs and disseminate industry wide	# reports	1											Assessment was done and final document will be compiled in June
Deliver SMFM finance component, to FCUs and producer associations to strengthen their understanding of financial management, industry and ability to produce bankable BPs (delivery depending on the seasonality of crop)	# trainees (VCs combined)	860									363	363	
Awareness raising workshop on crop insurance to reduce agriculture risks and uncertainty resulting in facilitating crop insurance business opportunities with FCUs	# participants	100										0	

Activity Description	Indicators and Unit of Measure	National Target			Planned months of implementation						Oct 2012- March 2013	Total YTD	Reasons for variation
		Phy	Budget	Locations	Oct	Nov	Dec	Jan	Feb	Mar			
<b>Sub IR 2.2: Financial institutions will have expanded their lending to selected value chains</b>													
<b>OP 2.2.1: Amount of Loans to VC Actors as a Result of AGP Facilitation</b>													
Assist cooperatives, FCUs and exporters in development of business plans and facilitate linkage to financial service providers to access short and midterm finance and investment	# BPs	30									7	26	
Assist cooperatives, FCUs and exporters in negotiating loan terms with financial service providers to access short and midterm finance	# loans facilitated	20									2	14	
Assist cooperatives, FCUs and exporters in increasing investments with investment funds	# investments facilitated	4									In process		
<b>Sub IR 2.3: Financial institutions will offer value chain actors an array of new products tailored to their cash-flow realities and needs</b>													
<b>OP 2.3.1: Number of New Financial Products and Services Developed and Introduced as a Result of AGP-AMDe Intervention</b>													
Assist CBO to expand branch outreach in AGP woredas to work with different SACCOs unions in the selected areas	# branches expanded	5									2	2	
Assist selected MFIs to expand their outreach	# outreaches	3									1	1	
Facilitate pilot warehouse receipt systems for selected FCUs, and leverage ECX platform where possible	# FCUs	2									4	4	
Pilot crop insurance schemes with selected FCUs	# FCUs	2										0	

## Component 3 - Improving the Enabling Environment

### Overview

One of AGP-AMDe's goals is to increase the rate of private sector participation, trade and investment in the selected value chains. AGP-AMDe's approach for improving the enabling environment is to focus on a small number of changes that will have an immediate and significant impact in support of the Growth and Transformation Plan (GTP) targets for agricultural growth. In this quarter, AGP-AMDe completed the following major activities:

- facilitated MOU between ECX and USAID Ethiopia on areas of collaboration between ECX and AGP-made
- organized (jointly with the MoA and ATA) a forum on agricultural finance enabling environment issues in Ethiopia and developed agricultural finance policy brief
- developed a policy proposal (together with ATA) to strengthen the Ministry of Trade's involvement in regulating Ethiopia's Warehouse Receipt for purpose of implementing ATA designated a community warehouse receipt pilot project
- drafted a concept note for Ethiopia's policy makers visit to selected coffee producing countries
- commenced work policy proposal for regulatory framework for a third party warehouse and grading system
- initiated a study on transport connectivity sought to address domestic transport and considers whether the cost of transport, in the key value chains, is a constraint

### Summary of Key Results

- Developed policy proposal together with ATA to strengthen the Ministry of Trade's Involvement in regulating Ethiopia's Warehouse Receipt for purpose of implementing ATA designated a Community Warehouse Receipt Pilot Project.
- Appointment of a Government committee to delineate an institutional structure for bringing about the major institutional changes in the coffee sub-sector essential to meeting the growth targets.
- Diagnosed that the rate of return to fertilizer use by farmers was reduced by one-third by poor practices.
- Diagnosed that farmers would use one-third more fertilizer if they were able to access credit.
- Provided, at the request of Agricultural Inputs Marketing Directorate of MoA set of 12 principles drawn from research -based review of international best prices for implementation of national agricultural finance systems.
- Built capacity in agricultural finance by collaborating with key partners to hold a major forum on a national agricultural finance institution.
- Diagnosed from field studies that farmer's wives were not participating in decision making about modern farm practices, unlike their past participation in the traditional context, because of lack of access to information about modern practices
- Survey 31 Farmer Cooperative Unions (FCUs), which informed preliminary analysis on the status of domestic transport connectivity, costs, and choke points in Ethiopia.
- Bringing competition and expanded coverage to fertilizer distribution. Met at the regional level with respect to licensing of private traders; provision of a focus group analysis that showed the private grain traders are ready to go with fertilizer distribution. The activity occurred in Addis Ababa and market towns in Oromia Region. The outcome is a step closer to opening marketing fertilizer to private grain traders.
- At the Agricultural Finance Forum in January 2013 presenting the facts about attitude towards women on repayment of loans (very favorable) as a basis for ensuring their participation in administrative structures at the Kebele level; delineating what those administrative structures would look like; encouraging widespread discussion among stakeholders of this issue; documenting through focus groups that women do not have

access to the technical knowledge necessary to preserving their traditional position in family decision making about farming practices, ; discussed with government of how to inform such decisions. Bring change in institutional structures to return farmers wives to the traditional role of activity participation in decisions about farming and to institute a finance structure that includes farm women in decision-making roles, given their sterling reputation amongst lenders as for reliable than men in repaying agricultural loans.

### **Key Activities and Successes**

The following enabling environment activities have been undertaken during this quarter:

#### ***Signing MoU with the Ethiopia Commodity Exchange***

As part its strategic support to market institutions, AGP-AMDe has intensified its engagement with ECX in this quarter that has culminated with the signing of MOU between ECX and USAID Ethiopia on areas of collaborations between ECX and AGP-AMDe with an overall objective of improving the ECX System to better benefit smallholder farmers in Ethiopia. The MOU covers sustainable, traceable coffee, Q lab certification, advocacy for policy change for a third party warehouse and grading system, and warehouse efficiency. Implementation of activities under the MOU is expected to bring efficiency to the ECX system in general and a number of policy changes for the Ethiopian coffee industry in particular.

#### ***Coffee Institutional Structure***

AGP-AMDe diagnosed, through extensive interviews, field study, focus groups and analysis of international best practices, the critical constraint preventing implementation of measures essential to meeting the Government's sub-sector growth targets (also of AGP and AMDe.) The Ethiopian coffee sector is not growing rapidly enough to meet the GTP targets. This can be attributed to low yield per hectare, less quality improvement, expansion of land under coffee crop, export volume and value, effective organization of the scattered smallholders into cooperatives and efficiency of the coffee marketing chain as a whole. This is despite a uniquely favorable farm environment for increasing the per unit value of coffee, raise yields on existing land, and to rapidly expand the area planted. Furthermore, for many decades there have been attempts to increase quality premiums to farmers, to improve on farm technology, reduce the cost of production, organize and commercialize the smallholder coffee farmers.

Empirical evidence show that some coffee producing countries comparable to Ethiopia have been able to transform their coffee sector and benefit smallholder coffee producers. One of the key factors for the successes of these countries is their ability to put appropriate policies, legal, regulatory and institutional framework in place to enable their coffee industries to be vibrant in order to find its strategic fit within the wider market environment in general and the export destination markets in particular.

In the case of Ethiopia, it is generally understood that the prevailing environment is plagued by, among others, lack of a centralized oversight body to coordinate the coffee industry as a distinct value chain, lack of capacity and duplication of efforts, poor research capacity as well as research-extension linkage, insufficient attention to extension service for coffee per se, lack of sufficient transparency to the buyer market (such as traceability), and inefficient regulatory framework. Given the presence of at least four major agencies with conflicting interests in coffee, a new institutional structure would be beneficial. AGP-AMDe objective was to bring this need to the Government's attention by benchmarking with other significant coffee producing countries and the institutional structures which support coffee industry growth and coordination

The Ethiopian Government has tasked a committee to review the state of the current coffee institution issues covering research, extension, production, marketing and trade and come up with recommendations for improvement. The committee has six members from MOA, MoT, and Jimma Agricultural Research Center, with two members from each, and is co-chaired by MoT and MoA. Most important is the one-third representation for the research system – they are highly

knowledgeable and face the second most important problem in the system. Equally important the pressure groups whose interests are most likely to diverge from those of the government's growth and social targets were not included.

As part of AGP-AMDe strategic supports to the Ethiopian coffee industry, AGP-AMDe has been requested by the Ministry of Trade to develop a concept note for Ethiopian policy makers visit to selected coffee producing countries with an overall objective to look at policy, legal, regulatory and institutional framework in order to learn best practices for Ethiopia improve the current system governing its coffee sector. The concept note is under development and will be completed in the next quarter.

### ***Commercial Farmers Provision of a National Agricultural Finance Program to Meet the Needs of the Small***

Through AGP-AMDe focus groups, review of an extensive Ethiopian literature with substantial data support, and widespread discussion AGP-AMDe ascertained that farmers would increase fertilizer use by approximately 30% if adequate finance were provided and that existing institutions were not meeting this need. AGP-AMDe documented that meeting that need was critical to meeting the Government's GTP and the AGP and AMDe targets. The Ministry of Agriculture, recognizing this problem has tasked the Agricultural Inputs Marketing Directorate (of MoA) and ATA to study the problem and come up recommendations for addressing input financing. The Agricultural Inputs Marketing Directorate in turn requested AGP-AMDe to provide a review of international best practices. Subsequently AGP-AMDe was asked to organize a forum to provide widespread discussion of the needs for a national agricultural finance system to meet the needs of the small commercial farmer. A forum on Agricultural Finance Enabling Environment Issues in Ethiopia was held on January 15-16, 2013 in Addis Ababa attended by 60 participants from key stakeholders from the public sector and private sector. The Agricultural Finance Forum Proceedings and a policy brief that was developed following the Forum are attached to this quarterly report.

Another dimension of AGP-AMDe work on agricultural finance has looked into the need for inclusion of farmers' spouses (as most of them are not consulted by their husbands) in family decisions about farming practices and to leadership in decisions about agricultural credit in the cooperative context

AGP-AMDe focus groups that were conducted last year and reviewed in this quarter found that women had essentially no access to information on modern farming practices and so they could not play a role in family decision making about modernizing. Similarly AGP-AMDe review of literature done during this quarter showed that leading Ethiopian (same in other countries) lending agencies have a view that women are much more responsible about loan repayment than men. From this AGP-AMDe defined a two pronged strategy. Projects such as AGP-AMDe and the extension service more broadly should follow practices that ensure farm women's access to modern technical information despite the many other burdens on their time. Initiatives or activities to increase access to finance to farmers to include women in the decision-making are still limited at this point.

### ***Reactivating Ministry of Trade's Mandate to regulate a third party warehouse and grading system***

AGP-AMDe and ATA developed a policy proposal to strengthen the Ministry of Trade's involvement in regulating Ethiopia's Warehouse Receipt System for purpose of implementing ATA designated a Community Warehouse Receipt Pilot Project. ATA and AGP-AMDe jointly developed policy proposal is intended to urge the Government of Ethiopia to reactivate the Ministry of Trade's mandate to regulate Ethiopia's warehouse receipt system. ATA and AGP-AMDe recommend that the government take immediate action on developing and supporting a regulatory framework that 1) enables the implementation of a community warehouse receipt system pilot to better serve smallholder farmers; and 2) strengthens broader nationwide warehouse receipt initiatives under the WRS Proclamation No. 372/2003. AGP-AMDe believes that this policy proposal is a stepping stone

for putting in place robust regulatory framework for a third party warehouse and grading system in Ethiopia and a community warehouse receipts is one of the warehouse receipts financing mechanisms for the value chains. ATA and AGP-AMDe jointly developed policy proposal is annexed to this quarterly report.

Simultaneously, AGP-AMDe has been assessing the current warehouse receipts system operating in Ethiopia, and to make policy recommendations for reactivating the Ministry of Trade mandate to regulate a warehouse and grading system in Ethiopia with an end goal of expanding the current system that is limited to ECX. Key stakeholders in warehouse receipting such as ECX, IFC/World Bank, FCUs, Industry Experts, Ministry of Trade, Ministry of Agriculture, Federal Cooperative Agency, ATA, Ethiopian Grain Trading Enterprise, etc. were consulted resulting in the compilation of a number of key strategic objectives.

The Warehouse Receipt System (WRS) study confirmed that Ethiopia has established a strong legal basis for a WRS program and has begun pilot programs facilitated by ECX. The AGP-AMDe review team found overwhelming support from key stakeholders for reactivation of Proclamation No. 372/2003 that mandates the Ministry of Trade to regulate the WRS. The AGP-AMDe study identified a number of recommendations including review, update, and implement the Proclamation that gives mandate to Ministry of Trade to implement and regulate the WRS; create a strong licensing regulatory body; capacity development of all WRS actors and stakeholders; the Government should treat WRS as a priority and provide incentives to promote availability and access to private sector investments in warehouse receipts infrastructure; take stock of the number, quality and capacity of warehouses in surplus production areas – for strategic planning and capacity intervention; and technical, managerial, and resource requirements for implementing a warehouse and grading regulatory system at the Ministry of Trade.

### ***Creating a Competitive Fertilizer Distribution System***

AGP-AMDe diagnosed through review of literature, more detailed analysis of focus groups that were conducted last year and international best practices that the monopoly position of cooperatives in fertilizer distribution was detrimental not only to achieving the government's target for growth in fertilizer use and hence its output targets (same for AGP and AMDe) but also gradually turning cooperatives into business entities. AGP-AMDe further diagnosed that bringing the large number of efficient grain traders back into fertilizer distribution would expand coverage, accelerate the growth rate, and spotlight where the cooperatives were deficient so that remedial action could be taken to strengthen the cooperatives. The grain traders had been barred from obtaining licenses to distribute fertilizer. After considerable careful effort, in an area of political economy complexity, including building capacity, understanding and consensus built through two major conferences, the federal government stated publicly and in writing at AGP-AMDe organized conference on fertilizer value chain in June 2012 that there were not Government policy or law that prohibits private sector for engaging in fertilizer distribution. That was a major success. However, each regional government in turn has to make the same decision before traders can get licenses. In line with this, AGP-AMDe pursued discussions with federal and the regional governments this quarter with Oromia Region. It has been agreed that further follow up discussions are need to reach consensus for at least piloting in few AGP woredas before opening up at national level.

### ***Domestic Transport Study***

A domestic transport study aims to analyze whether the cost of domestic transport, in the key value chains, is a constraint and / or anti-competitive. The study identified an average cost of road freight transportation for Ethiopia as 0.35 cents/ql/km (which is ETB 3.5/ton/km). As most respondents confirmed, the availability of transport is a much larger problem than the cost of transport. Because of this many of those surveyed purchase their own trucks; albeit with financing difficult to secure.

Brokers in Ethiopia are responsible for organizing transport, however, according to the study they often add little to no value. Traders have no recourse against brokers who lack the sophistication to

arrange part-load or groupage assignments for transport. In addition, much of the Ethiopian haulage fleet is aged and unreliable. Breakdowns occur regularly and this increases transit time and can necessitate double handling / cross-decking of cargoes. It has been estimated that Ethiopia will need 2000 – 2400 new truck / trailers to satisfy requirements over the next 5 years (taking into account likely growth). If sufficient new units do not become available there is likely to be an increase in transport costs. Operators must be encouraged to invest in new rigs and we would suggest that minimum equipment standards become a pre-cursor for membership of trade associations.

The imperative is to improve operator's standards, procedures, and systems and we believe the best way to achieve this will be through the principal road transport associations. A good model for this initiative is the Kenya Transport Association. The (probably two) principal associations would require investment in their ICT systems and possibly office equipment. The transport study is in progress and will continue into next quarterly.

## **Analysis**

### **Fertilizer**

Return of private traders to distribution is essential to meeting Government's overarching targets and to diagnosing the specifics of the shortcomings of the cooperatives in fertilizer distribution. AGP-AMDe also diagnosed problems of farm level profitability of fertilizer. There is no Federal Government law that prohibits entry of private sector into fertilizer distribution. At the regional level we have acquiescence of the Oromia Trade Bureau to entry of private traders. AGP-AMDe expects a small number of traders will distribute fertilizer in Oromia region first with the objective of opening the rest of the country for the 2014 major planting season.

### **Agriculture finance**

AGP-AMDe documented the importance of lack of finance to the small commercial farmer in meeting Government targets. AGP-AMDe has assisted the Ministry of Agriculture by preparing a paper on research based international experience, and by mounting in cooperation with ATA and Ministry of Agriculture a consensus building conference on agricultural finance. In the context of international best practices we have drawn particular attention to the immense problems in ensuring prompt repayment of loans and the role of a competitive system in solving that and other problems.

AGP-AMDe has been working on identifying and addressing legal, regulatory, and institutional issues for promoting more innovative, non-traditional collateralized financial products that provide both working capital solutions and investment financing for agricultural enterprises such as equity financing, lease financing of agricultural equipment, crop insurance, value chain financing such as out-grower schemes and warehouse receipt financing. In this quarter, AGP-AMDe focused with ATA on warehouse receipt systems to include a greater variety of crops, increase the geographical spread and involve the public and private sector as well as cooperatives in warehouse receipt management by developing policy proposal (together with ATA) for reactivating Ministry of Trade mandate to regulate a third party and grading system. Once the policy proposal is acted upon by the Government, AGP-AMDe would provide technical support to MoT including drafting of directives and guidelines for regulating a third party warehouse and grading system.

### **Coffee Institutional Structure**

AGP-AMDe has documented that farmers (dominated by women performing the quality determining harvesting) are clear that they see no point in investing further in coffee as long as they cannot get a premium for the quality coffee they know how to produce. We note the presence of at least four well organized major interest groups that do not include producers and the lack of a national structure to ensure implementation of critical policies for the sector (on which everyone has agreed for many years) or to provide the finances essential to competing on global markets.

Simultaneously, AGP-AMDe has been requested by the Ministry of Trade to develop a concept note for Ethiopian policy makers visit to selected coffee producing countries with an overall objective to look at policy, legal, regulatory and institutional framework of selected coffee producing countries in order to learn good practices that could be adopted by Ethiopia in its bid to improve the current system governing its coffee sector. Once the concept note is approved by MoT and MoA, AGP-AMDe offered to organize the study tour including technical support and hold follow up conference for key policy makers with members of the study tour team and from key stakeholders of the Ethiopian coffee sector with the main them of appropriate institutional framework for the Ethiopian coffee sector.

### **Gender**

Through key interviews and focus group discussion, AGP-AMDe has emphasized three major changes for bringing women into the key decision making roles as well as returning to influence in family decisions about modernizing agriculture. First, the approach pioneered by Pioneer Seed for including women in technology demonstrations needs to be the standard. Women do not have access to modern technical knowledge essential to influence in modern agriculture. Second, at such time as an overview body is created for coffee, a minimum number of women justified entirely on economic growth grounds, need governing body representation as producers and marketers. Third, advantage needs to be taken of the universal view in financial institutions in Ethiopia (corroborated in other countries as well) that women are far more reliable for repayment of loans than men – for which we recommend that the cooperatives institute a new financial institutional structure at the Kebele level with a required minimum of one-quarter of the organizing committees to be comprised of women. Third, AGP-AMDe is pursuing on building on the engagement of women in the quality determining harvesting procedures for women to play a more forceful role in the marketing and money collecting end of the value chain. Thus, AGP-AMDe diagnosed two potentials, based entirely on economic growth criteria, for minimum quotas that will move large numbers of women into decision making roles.

## Component 4: Stimulate Innovation Grants

### Overview

The Innovation Fund is a key resource available to the AGP-AMDe project, facilitating investments in a broad range of competitiveness-enhancing activities, with specific focus placed on innovative approaches and technologies. The team works closely with other three components to identify the most appropriate sectors, collaborating partners and opportunities for innovative grants, and initiate delivery of foundation grants to establish a strong base for investments. During the quarter, the project made important strides in negotiating:

- The first batch of strategic grants such as partnerships with EIAR, CBO, TMF, FCU- participants in the WFP partnership and key private sector drivers in the honey sector.
- Over 300 concept notes for nearly \$40 million applications that have been received through APS process – graduating to proposal stage those that are assessed as priorities for responding to project’s strategic goals, and rejecting those that did not meet project’s criteria.

The Innovation and Demonstration Fund is a key resource available to the AGP-AMDe project, has been playing prominent role in achieving the goal and objectives of the project. This component of the project affects almost the entire indicators of the project so that success of this component tantamount to success of the project. The major results and positive impacts directly attributable to the grant schemes of the project among others are summarized below for each value chain.

### Coffee

The grant component of the project has been focusing on the production and marketing sides of coffee value chain. Viewed from the production side, grants for the production of 3.8 million seedlings has been under process with three primary cooperatives on cost share bases. The establishments of these seedling nursery sites are believed to alleviate the prevailing shortage of improved coffee variety seeds and seedlings. The initiative will have a positive impact on the production, productivity and quality of coffee in the project areas ensuring sustainable supply of quality coffee in the long run.

From marketing side, AGP AMDe has co-sponsored showcasing of Ethiopian Fine Coffees (EFC) to the international market places. The Taste of Harvest (TOH) in Ethiopia resulted in total of 1,765MT of premium coffees (98 containers) sold at more than double the world price. Coffee stakeholders, who realized more than USD 10 million dollars in revenue from these sales, received twice the price of the commodity market (C market). For instance, they received USD 2.75 per pound (average price) in the premium market instead of the USD 1.40 per pound in the C market. Participation in such international events will also enhance image building and facilitate understanding of the holistic concept in the value chain among stakeholders on top of the business transactions. In summary, sales at premium price amounting to more than USD 14 million has been realized through the combined efforts of the project and other stakeholders benefiting significant number of actors along the value chain.

### Chickpea

Approximately 2,500 quintals of improved seed which was provided by three FCUs(Becho Woliso, Lume Adama, and Tsehay) on cost shared basis through the grant scheme of the project is being used by farmers to produce about 45,000 quintals of kabuli grain, making improved seed available for at least 70,000 smallholder farmers in the subsequent years. On top of that, positive outcomes of the grant are listed below even though calculating and quantifying some of the impacts like gross margins, incremental sales and yield needs mini survey which the project has planned to undertake in the next quarter:

- Increased production and productivity which has resulted in increased volume and value of farm gate sales for more than 3000 small holder farmers

- Increased quality of the product and better price (the price per kg of desi variety is 8.5 while Becho Woliso FCU fetched Br 9.9 per kg for the new kabuli variety seed in the sale agreement with Guts Agro Industry).
- Increased availability of better quality seed which will have ripple effect to boost production of high quality chickpea in the entire country
- Reliable supply of better quality chickpea grain for agro processors
- Increased transaction and better profit margin for primary coops and the cooperatives union

### **Sesame**

EPOSPEA was successfully engaged to organize the International Trade Fair for oil seeds and pulses, targeting specifically chickpeas and sesame. Several potentially important marketing links emerged from this conference on which 30 international company representatives from 12 countries and 105 association members participated while B2B deal was concluded. These events are believed to have the following positive outcomes in addition to market opportunities.

- Image building and scale up profile of the country
- Created platform for discussion on major problems and challenges among key stakeholders in the sector
- Find solutions and policy directions for sectoral problems
- Better understanding and working for mutual benefits among value chain actors

Likewise, constructions of four warehouses with estimated storage capacity of 20 MT are more than 70% completed. In addition to the expected positive impacts in terms of decreased post-harvest losses and improved quality of sesame, the grant schemes already enabled the FCUs to access bank loans amounting to more than USD 600, 000 using the warehouses and assistance from the project as guarantee or collateral. Moreover, about 212 new jobs calculated to full time equivalent has been created in the process of warehouse construction.

### **Honey**

Similarly, under honey value chain, the project focused on umbrella activities such as facilitation of EU accreditation for the Ethiopian Apiculture Board (EAB) and organization of the first ever Ethiopian Api-Expo in Addis Ababa, the largest ever in Africa. These activities not only created a strong platform for increased trading, value addition, and industry links, but also provided opportunities for numerous women producers to receive exposure and learn about market opportunities and possible partnerships with other sector participants.

In addition, more than 18 kinds of modern honey equipment including honey extractor and production manual had been availed during the African Api Expo-2012 sponsored by AGP AMDe.

Ethiopia's accreditation to export honey to the EU for the year 2013 was renewed using the grant assistance from the project and the country exported 40 MT of honey to the same in the last quarter. This approximately amounts to USD 136,000 and about 400 small holders benefited

### **Increases Investment and access to finance**

The primary goal of the innovation and demonstration fund component of the project is leveraging private sector investment in order to advance the overall value chain to the next higher level of performance. The grant schemes have played an important role to realize access to finance amounting more than USD 6 million for different clients of the project.

## **Summary of key results**

### **Awarded grants**

Grant award status is explained in activity performance table below.

- Based on Fixed Obligation Grant (FOG) agreement made between Becho Woliso, Tsehay and Lume Adama FCUs for purchase of improved chickpea seed, the project has completed the payment by ensuring milestone completion for all the three FCUs.

- Follow up is underway with four sesame warehouse construction investments:
  - Dansha and Humera are progressing as expected, to be completed in mid May 2013
  - Selam and Metema are delayed due to various procedural delays and are scheduled to be completed in the 1st week of June.
- New grant agreements were made with the following grantees;
  - Becho Woliso, Tsehay and Lume Adama for chickpea improved seed multiplication, as a compliment to the first round of grants issued to three FCUs in 2012.
  - EPOSPEA for 2nd International Conference on oil seed and pulses in November 2012
  - ECX for 2nd ECX-Cooperatives forum in January 2013
  - Andode, Bufeta Gibe, and Atinago PC under Limu Inaria FCU for coffee seedling investments
  - Kaffa Forest Bee FCU for store and processing equipment investment

### ***Innovation Grant APS Concept Note Process***

- Following our Annual Program Statement (APS) announcement in November, the project has received more than 290 applications and has started processing them, including internal reviews, sending out notification letters, accepting proposals from successful concept note applicants.
- The proposal stage of the APS process officially started on March 28<sup>th</sup> and AGP-AMDe is expecting approximately 80 full proposal applications to be submitted through APS. These applicants have successfully passed project requirements during Concept Note phase reviews. The others received a letter of notification informing them that their CN was not accepted.
- Some Innovation Grant proposals that will be given priority for investment award selections are:
  - East Africa Grain Council (EAGC) for establishing regional trading platform for maize and strengthening the overall grain sector
  - 4 FCUs selected for blended fertilizer plants in coordination with ATA and AGP
  - Kiffya PLC for piloting mobile banking service
  - United Leasing for promoting leasing services in agricultural sector
  - Industry associations managing coffee, honey, sesame and chickpea value chain stakeholders
  - Several women based associations and businesses operating in honey, coffee and other commodities
  - FCUs involved in existing marketing agreements including maize to WFP

### **Key Activities and Successes**

- Key activities during January to March quarter included:
  - Managing and finalizing the APS administrative process
  - Finalizing the grants related to chickpea and sesame activities
  - Negotiating the final arrangements i.e. completed full proposal requirements, investment and cost share elements with strategic partners for investment applications that were submitted during 2012.
- Successes and lessons learned
  - The nature of the investment portfolio continues to present a challenge for potential partners i.e. the cost sharing elements, project insistence on business nature of applications, and target areas for investment is not something that industry stakeholders in Ethiopia are used to when it comes to partnering with development projects
  - The team has taken aggressive steps in making sure this is clearly communicated and necessary support provided to potential partners for structuring their applications, including regional meetings in early January to further communicate expectations and requirements for successful concept notes.

- High visibility and coordination demands of the project are also creating some delays. Case in point is grants that were awarded for chickpeas activities, which faced delays on the ground due to lack of understating about grant requirements. Sesame warehouses investments were also somewhat delayed due to high coordination requirements and multiple communications channels with grantees.
- Both cases have served as learning experiences for the project, which will in the future streamline grant document milestones and reporting templates, and ensure practical implementation assistance on the ground.

## Analysis

The investment portfolio funds are used to support innovative activities on the ground that will not only lead to adoption of new technologies but also create changes in processes and mindsets of project partners. The Innovation Grants are planned in most cases in conjunction with other project activities, including training, technical assistance as well as facilitated market linkages. Additionally, because so many initiatives are planned and executed with ATA, MoA and other important stakeholders, the Innovation Fund was not been utilized to the fullest extent during year 1 in order to support developing initiatives once they reach desired level of maturity. During this quarter, important strides were made to complete the pipeline of planed activities and come up with more realistic projections for investments that are to follow during remainder of year 2 and beyond.

Moreover, as the innovation grants are issued to be given out to the project partners there will be more progress to be reported on listed project results as it also relates to a most of priority indicators; e.g., number of jobs created, number of hectares under improved technology, value of incremental sales, volume of processed products, value of export and investment leveraged. It also fosters the quality and volume of agricultural produce to market.

## Activity Performance

The project has released \$415,358.11 to 13 partners of the project on five value chain from total awarded amount on installment basis in this quarter.

### Sesame

Grant tracker			Budget (\$)				Cost Share (\$)	Total Contribution (\$)
Grantee	Status	Purpose	Total Amount Awarded (A)	Paid (B)	Pipeline / under process	Expected (C=A-B)		
EPOSPEA	Completed	International Trade Fair coordination activities in Addis Ababa	\$33,439.00	\$33,625.81		-\$186.81	\$33,439.00	\$66,878.00
Metema FCU	In Process	Warehouse construction	\$361,543.06	\$284,069.56		\$77,473.50	\$154,947.02	\$516,490.08
Selam FCU	In Process	Warehouse construction	\$383,596.06	\$191,798.00		\$191,798.06	\$164,398.31	\$547,994.37
Setit Humera FCU	In Process	Warehouse construction	\$381,241.72	\$299,547.06		\$81,694.67	\$163,389.31	\$544,631.03
Dansha Awurora FCU	In Process	Warehouse construction	\$348,267.44	\$274,638.72		\$73,628.72	\$149,257.48	\$497,524.92
EPOSPEA	In Process	For conducting 2nd international conference	\$22,972.39	\$11,486.22	\$11,486	\$22,972.39	\$45,944.78	

### Chickpea

Grant tracker			Budget			Cost Share	Total Contribution (\$)
Grantee	Status	Purpose	Total Amount Awarded (A)	Paid (B)	Pipeline / Under process		
Becho Woliso FCU	Completed	Distribution of improved Chickpea seed to distribute to farmers on credit	\$47,815.56	\$47,815.56			\$47,815.56
Lume Adama FCU	Completed	Distribution of improved Chickpea seed to distribute to farmers on credit	\$47,815.56	\$47,815.56			\$47,815.56
Tsehay FCU	Completed	Distribution of improved Chickpea seed to distribute to farmers on credit	\$47,815.56	\$47,815.56			\$47,815.56
Becho Woliso FCU	Completed	Purchase of seed and grain	\$90,851.11	\$90,851.11		\$69,333.33	\$160,184.44
Lume Adama FCU	Development stage	Purchase of seed and grain	\$7,740.00			\$27,777.78	\$35,517.78
Tsehay FCU	Completed	Purchase of seed and grain	\$7,572.78	\$7,572.78		\$27,694.17	\$35,266.94

### Coffee

Grant tracker			Budget			Cost Share	Total Contribution (\$)
Grantee	Status	Purpose	Total Amount Awarded (A)	Paid (B)	Pipeline		
Bufeta Gibe PC	In Process	Seedling production (1,000,000)	\$49,220.56				\$34,953.78
Andode PC	In Process	Seedling production (1,000,000)	\$49,220.56				\$34,953.78
Atnago PC	In Process	Seedling production (1,000,000)	\$49,220.56				\$34,953.78
			\$147,661.67	\$0.00		\$0.00	\$147,661.67
							\$295,323.33

### Honey

Grant tracker			Budget			Cost Share (\$)	Total Contribution (\$)
Grantee	Status	Purpose	Total Amount Awarded (A)	Paid (B)	Pipeline /under process		
Ethiopian Apiculture Board	Completed	EU accreditation payment support	\$26,369.98	\$26,370.00		-\$0.02	\$26,369.98
							\$52,739.96

Grant tracker			Budget			Cost Share (\$)	Total Contribution (\$)
Grantee	Status	Purpose	Total Amount Awarded (A)	Paid (B)	Pipeline /under process		
Ethiopian Apiculture Board	Completed	ApiExpo Event launching	\$12,909.15	\$12,909.15		\$0.00	\$25,818.30
Ethiopian Apiculture Board	Completed	ApiExpo Africa 2012	\$116,000.00	\$116,000.00		\$0.00	\$232,000.00
Kaffa Forest Bee FCU	In Process	Store and equipments for processing	\$33,000.00				\$101,149.56
Ethiopian Apiculture Board	Development stage	EU accreditation payment support	\$35,575.00				\$20,050.00

### Maize

Currently, grant agreements for 7 major FCUs (who are also participating in the WFP partnership activity – Sidama Elto, Licha Hadya, Admas, Gibe, Merkeb, Gozamen, Damot) are under way to support construction of storage business units which will include cleaning and bagging capacity to improve their ability to deliver produce to any buyer as per contractual obligations.

### Wheat

Grant agreements are under development to introduce thrashers in three FCUs (Melik, Errer and Bokra) to improve post harvest handling, and store and cleaning machinery for Edget, the biggest wheat seed producer in the South.

## Cross Cutting

### Gender

#### Overview

The cross-cutting gender component of the AGP-AMDe project aims to empower women and integrate gender mainstreaming efforts as an integral part of the different AGP-AMDe components and value chain activities. During the quarter, two gender trainings were conducted for AGP-AMDe staff and partners in Tigray, two gender events were conducted in Addis Ababa with USAID-Ethiopia partners and AGP-AMDe hosted a Women Leaders Business Breakfast event focused on the theme of increased membership and leadership and lastly developed a profile of women and youth focused activities.

#### Summary of Results

- Key commitments toward promoting women businesses and supporting women networks were agreed upon by 43 women business leaders that represented about 30 organizations at the women business leaders breakfast event. The theme of the event was “Women Lead, Business succeeds”.
- A woreda based work plan was developed to enhance change towards empowering women. 29 participants attended the AGP-AMDe training on gender sensitive agricultural value chains conducted in Alamata, South Tigray.
- Market linkages were developed for two women CIGs in Bure District of Amhara and Kokeb Beekeeping cooperative.
- Two women CIGs (Tahtay Haya and Hugum Burda) were transformed to seed producers and marketing cooperatives and agreed to produce seed starting in the next production season through the AGP-AMDE Tigray regional office.

#### Key Activities and Successes

### **Women Business Leader breakfast event on theme Women Lead, Business Succeed**

There is ample evidence that show enabling women to contribute to the economy as employees and entrepreneurs that represent a major opportunity to boost competitiveness, growth and job creation. Women empowerment determined by the interplay of multitudes of factors that include women's own aspiration and capabilities, the structure that contains the environment that surrounds and conditions their choices. With an understanding of women as power of change for their own growth, fellow women, as well as societal benefits, AGP-AMDe with the co-host Ethiopian Women Exporters Association, conducted a women business leader breakfast event on the theme -Women Lead, Business Succeeds on March 29<sup>th</sup> 2013 Addis Ababa. The objective was to promote women business leaders to grow their business and support other women entrepreneurs and employees.

The event brought 43 women leaders representing over 30 organizations, 15 from the private sector. The representation of other includes women associations, women leaders from financial sector, women from USAID and US Embassy Ethiopia. The participation of Enat Bank, recently launched private Bank that has firm mission for women empowerment was highly interesting. The event concluded with key commitments toward promoting women business and to support the network. A creative poem titled "O women" developed and shared by one of the member of the Ethiopian Women Writers Association to celebrate women strengths, innovation and the value they add to the family, business and society at large.

### **Gender sensitive value chain training**

AGP-AMDe facilitated training on integrating gender into value chains to 29 participants in Alamata, South Tigray. Representatives of woreda & zonal offices of agriculture, cooperative administration, micro-and small enterprises, Women's Affairs, cooperatives, SACCOS, Women's Associations and Common Interest Groups (CIGs) from Ofla and Endhemoni woredas.

### **AGP-AMDe Celebrates International Women's Day**

AGP-AMDe co-organized an International Women's Day event with USAID and partners on March 8, 2013 at National Archive and Library. The event had over 80 people representing 25 organizations. Key issues on women's economic empowerment were discussed in a panel with representation by the AGP-AMDe Senior Gender Specialist.

### **CIGS and Gender**

AGP-AMDe took part in the workshop and field based review focusing on Common Interest Groups (CIGs) from February 4 to 15<sup>th</sup> 2013. Field visits covered 3 regions - Oromia, SNNPR and Amhara. The results showed that a large number of CIGs (over 8,000) have been established in 3 regions. Over 5,000 Oromia; over 2700 SNNPR; and over 1150 Amhara), but about 80% of CIGs were found to be non-functional, and there is loss of membership (about 12% in Oromia) and some groups discontinued in Amhara. The number of CIGs who are engages in areas of AGP-AMDe agribusiness and markets are very limited. However, AGP-AMDe approach in terms of linking with cooperative and promoting groups to be legally registered coops so that they would have sustainable organizational growth and opportunities for business linkage as one of good example of development path for CIGs that AGP needs to pursue.



*AGP-AMDe staff meets with women's common interest groups in the field to gather data and identify opportunities for market linkages.*

AGP-AMDe efforts in integrating and anchoring feasible CIGs whose business are related to six AMDe targeted value chains,

ongoing agribusiness and marketing activities. This has taken as a positive experience by AGP-JRIS mission that reviewed the CIGs. The prominent one include AGP-AMDe's support and promotion that AGP- AMDe targeted FCUs to anchor the existing feasible CIGs to engage with AMDE value chains like in sourcing supplies, seedling production, seed multiplication and marketing, value addition, aggregation and marketing of produces.

### **Gender issues in National Extension Strategy**

AMDe contributed to the review of the draft Ethiopian Extension Strategy developed by ATA and provided comments with regards to gender issues in extension.

### **Gender in the Joint Working Group**

AGP-JRIS team in its recent visits and in the review of performance of the different components and activities of AGP noted that results towards empowerment of women are very low, far below expectation. Cognizant to that, AGP TC meeting held on 26<sup>th</sup> of March 2013 call for concerted efforts of all implementing partners to enhance their respective efforts to meaningfully mainstreaming gender and empower women into across all components and activities. Among other, AGP TC recommended inclusion of gender specialists of the respective partner organizations into the proposed Joint working group of the AGP-AMDe, ATA, CASCAPE and LMD in order to make sure that the gender issues to be included as one of key agendas of concerns and addressed meaningfully.

### **Networking and Coordination**

- AGP-AMDe participates in the gender and cooperative working group led by ATA. During this quarter the ATA group transformed to a technical advisory group. The gender advisory working group will be led by FCA.
- An interagency working group on gender in value chains has been established through the coordination of the Agri-hub Ethiopia. To that end, AGP-AMDe has become a member of the working group.

### **Analysis**

Despite the existence of different policy instruments in Ethiopia, gender equity and women empowerment still represents a formidable challenge. Despite improvement in some areas such as education, gender gaps continue to persist nationally. The Global Gender Gap Report (2012) ranks Ethiopia as 118 among 135 countries in terms of the magnitude and scope of gender-based disparities. Similarly the data shows lower women's leadership represented by 16% female and 84% male.

The following key messages emerged throughout the quarters analysis to meaningfully mainstreaming gender and empower women:

- Gender equity is relevant for increasing agricultural outputs and reducing poverty and hunger.  
Evidence indicated that if female farmers get equitable access to agricultural inputs and technologies, there will be a potential increase of agricultural yield by 20-30 percent (35% in Ethiopia). Women in Ethiopia disproportionately reach mainstream agricultural training and extensions services. Female farmers receive 5% of all extension services from 97 countries, only 15% of the world extension agents are female, only 10% of total aid for agriculture, forestry, and fishery goes to women (FAO 2010).
- Gender equity is smart development.  
Evidence from FAO 2011<sup>i</sup> indicates that closing the gender gap in the access to productive resources in developing countries would:
  - increase yields on women's farms by 20-30%
  - raise total agricultural output in developing countries by 2.5-4%
  - reduce the number of hungry people in the world by 12-17%
  - 100-150 million fewer people living in hunger

- Women Empowerment Benefits Everyone. If women are empowered to have more influence over economic decisions, they will allocate more income to food, health, education, children’s clothing and children’s nutrition. When women earn income, they reinvest up to 90% of their income into their families compared to men whose reinvestment does not exceed 40%.
- Gender equity and diversity in staff and management improves business performance and hence it is business for companies in questions.
  - Companies with 30% of women participation in their executive team get 56% more operating profits
  - Companies with at least 30% of women participation in their teams get 41% return on capital over
  - Women are 36% more profitable to their shareholders to those who does not have any
  - A mix executive team (female and male) reduce 20% the risk of bankruptcy in a company (see annex for more).
- There are evidence that barrier for success of women business among other were lack of finance, technical, managerial and financial skills.
- Collective Actions key for Women Business. Women participation in collective actions remains low. Evidence from the AGP-AMDe study shows the participation ranges from 8 to 11 %.

## Behavior Change Communication (BCC) and Information Communication Technology (ICT)

### Overview

AGP-AMDe conducts evidence-based behavior change communication (BCC) activities to support the project interventions. Through BCC activities, the project empowers individuals and groups to adopt appropriate behaviors that will increase overall project outcomes and ultimately improve their quality of life.

### Summary of Key Results

- Identified target audiences through an intensive barrier analysis survey and 10 focus group discussions. Common aspirations, for example, included prosperity, growth, and improvement in their quality of life and wealth. These motivators helped formulate an overarching theme for the BCC campaign. The theme will be used throughout the life of the AGP-AMDe project to create a consistent and recognizable look and feel to the diverse BCC messaging.
- Through the barrier analysis survey and focus group discussion, an evidence-based strategy for nutrition is being developed. Evidence-based findings will be analyzed with results in the following quarter. The results will help in the development of the nutrition specific BCC strategy.
- In line with the FCA’s efforts to achieve at least 30% membership of women in cooperatives, the integration of gender elements in the Sell More

*AGP-AMDe behavior change specialist, Konjit Yilma, holds a focus group discussion with a group of female farmers during a field trip.*



for More comprehensive gender training program will encourage cooperatives to promote women into leadership positions, increase the number of women members and also encourage women's meaningful participation (as active members).

### **Key Activities and Successes**

- A review of BCC strategy and realignment of target audience was conducted. Target audiences identified include FCU and PC leaders, potential members and leaders (men and women) and project stakeholders such as ATA, MoA and MOT. In response to this task, surveys and focus group discussions were conducted with these target groups in the Amhara region. Through these surveys and focus groups, universal motivators that encourage behavior change for the revised strategy were identified. This activity involved interviewing 180 farmers and holding 10 focus group discussions.
- Supported nutrition focus group discussions and a barrier analysis regarding the behavior around the consumption of dark, green leafy or orange vegetables with target audiences in the Amhara region. The research results will help finalize the nutrition work plan and a nutrition indicator for AGP-AMDe, created a nutrition module for the Sell More for More approach, and also help the development of a nutrition BCC strategy, refer nutrition section for details.
- Assisted in the integration of a gender strategy in the Sell More for More comprehensive training program. The goal is to increase the meaningful participation of women at all levels in cooperatives and to decrease the work burden on women in cooperative-related activities. For this purpose, a module on gender-integrated leadership is added, that emphasizes the benefits that cooperatives will achieve with the active participation of women.

## **Information Communication Technology (ICT)**

### **Overview**

The AGP-AMDe ICT strategy uses and integrates technology innovations and knowledge management activities to support the learning and distribution of information across the value chains. The AGP-AMDe ICT strategy and accompanying innovations will contribute toward attaining success in project components and activities. The ICT strategy centers around improving local ICT services and access to AGP and other stakeholder program knowledge through the development of an AGP Knowledge Portal to be launched around July 2013. The Knowledge Portal will serve as an interactive, integrated platform to share best practices and create a community of learning to advance value chain productivity, as well as increase regional and international trade and investment. The Knowledge Portal solution brings program staff, work processes, content, and ICT technology into a single solution.

### **Summary of Key Results**

#### ***Improved Access to AGP-AMDe Data***

AGP-AMDe developed a shared file server as a repository for all project data; for example, secure data, sharing of information enabled knowledge and reports between departments and staff provided in an easy-to-use manner. The file server will be the primary data repository of knowledge, giving the staff the benefits of finding all relevant data at one central location.

#### ***Developed the strategy, design, and first phase layout of the AGP Knowledge Portal***

A Knowledge Portal strategy to provide information, a public calendar, graphics, and interactive maps; for instance, of AGP program areas, activities related data is designed. Some external websites, such as the Ethiopia Commodity Exchange (ECX) marketplace, will be integrated or embedded into the portal's Market Info section. In addition to a sitemap, the Knowledge Portal will also contain a high-performance, full-featured text search engine that gives visitors a way to quickly find the information they need. The portal will incorporate social networking sites, such as Facebook and Twitter, to disseminate information and share testimonials, stories, news, and events.

## Nutrition

### Overview

One of the keys for integrating nutrition into agriculture value chains is looking for ways to make nutrition marketable. Focusing on how to leverage the selected crops for nutrition outcomes is crucial to successfully integrate nutrition with agriculture. Working with the value chain will result in more creative and sustainable solutions to reaching nutrition outcomes than changing the nature of the value chain to reach the desired nutrition outcomes.

### Summary of Results

- USAID/FtF project implementing partners established a technical working group (TWG) which will be create a conducive environment to share activities among themselves and improve performance by doing things jointly. The TWG had a joint field visit to SNNPRR and visited everyone's project activities and tried to learn lessons from one another which was finalized by providing an input and learning experiences from each other. The field trip was conducted for three days (March 12-14).
- USAID/FtF also made a decision to dedicate the last FtF coordination meeting for nutrition and agriculture and organized a workshop during the second week of March. The contribution of the TWG was very important to make the workshop fruitful. Various stakeholder both from nutrition, health and agriculture sectors participated in the workshop. Major topics that were discussed during the workshop includes:
  - National nutrition and agricultural strategies and policies that supports national nutrition goals
  - Discussion nutrition and agriculture pathway
  - Selecting appropriate nutrition indicators for FtF projects - level of indicators and setting realistic targets for indicators (e.g. reduction of stunting).
  - Discussing how FtF Social Behavior Change Communication efforts are reaching the grass-roots level.
  - Prioritizing adolescent and maternal nutrition in FtF projects.
- A working group meeting of the nutrition focal points of each USAID funded project including AMDe continued to be conducted and jointly with USAID-FtF team conducted a one day nutrition and agriculture path way workshop. The working group also presented their findings regarding agriculture-nutrition pathway to the workshop.
- Produced the first draft of nutrition training guide Sale More for More module for Home agents and Agricultural Development Agents (DAs) and the consultant is being hired to carry out the task.
- Conducted Focus Group Discussions and Barrier Analysis on selected value chains in collaboration with the nutrition director at ACDIVOCA HQ. The assessment will help in developing appropriate training and SBCC materials that are based on the reality on the ground and that is based on the community's communication style preference.

### Key Activities and Successes

#### ***Provide nutrition-sensitive agriculture training and materials***

A nutrition Sell More Four More (SMFM) training module is currently being developed. The nutrition module being developed will be integrated with the rest of SMFM training and will be cascaded to farmers and extension agents. The nutrition messages will mainly emphasize diet diversity, increased protein during first 1,000 days (pregnancy through 2 years of age), budgeting income to buy nutritious foods year round, training on best agricultural practices for year-round production (hence supplying food for household consumption). As appropriate, there will be some very basic, overall messages on breastfeeding and complementary feeding. These messages will be coordinated with ENGINE, GRAD and appropriate ministries, MoA, MoH, so that communities are hearing the same messages from several sources.

### ***Micronutrient wheat fortification of flour***

AGP-AMDe organized a one day advocacy workshop and established collaboration with GAIN, ENGINE, AAIFP, Technoserve and others who are working towards a national policy or standard on fortifying wheat flour. From fortification experience in other countries, the partners and working group agree to work on a national policy prior to starting fortification at mills or in communities as it will be more sustainable and successful. GAIN has submitted a proposed national fortification standard for wheat. Once the proposed fortification standard is approved, AGP-AMDe will work with food processing plants and wheat millers to pilot wheat flour fortification. AGP-AMDe is currently assisting wheat millers to develop business plans and select a group of interested millers to participate in piloting the fortification of wheat flour once the national standard is in place. This process will continue to be led by GAIN however AGP-AMDe identify the appropriate millers but facilitate the linkages with millers to conduct the pilots. AGP-AMDe Innovation grants will be explored to provide millers with equipment and fortificants needed to fortify the wheat flour. The participants include processors, Ethiopian Millers association (EMA), ENGINE, Global Alliance for improved Nutrition (GAIN), Alliance for Africa for Improved Food Processing (AAIFP), ATA, Partners in Food Solutions (PFS) from General Mills, MoT, agro-private mechanization service providers, AGP-LMD, etc.

### ***Identify barriers to food and nutrition security***

The nutrition team, in close collaboration of regional offices, has carried out pilot data collection on barrier analysis and Focus Group Discussions (FGDs) among farmers in Amhara region. The Amhara region was selected for the assignment due to the highest rate of stunting compared to other AGP-AMDe project implementation regions. Totally, the team interviewed 180 farmers for the Barrier Analysis and about 100 male and female farmers for FGDs from the five value chains crop and honey producers. The data is being compiled and results will be disseminated after it is analyzed at ACDIVOCA headquarters. The result will help in identifying appropriate messages and develop nutrition sensitive behavior change materials. While AGP-AMDe recognizes that to affect reduction in stunting it is important to target increased protein consumption of children under 2 years old that is not the target group that the project is directly working with. Hence, the project focuses on increased overall household diet diversity while including when appropriate messages on increased protein consumption, breastfeeding and complementary feeding.

### ***Cost of a minimally nutritious diet***

The goal of this activity is to determine the cost of the minimally nutritious diet per person based on individual interviews and focus groups of the main food preparers and market pricing. Although there could be many combinations of food to make up a minimally nutritious diet, the individual interview is used to determine the most commonly consumed foods in households in the 4 AGP-AMDe regions. The focus groups are used to confirm the results from the individual interviews and determine any missing food groups, taboos or other issue preventing consumption of certain foods. Once the minimum cost is determined it can be compared against the national average a family makes in a year, hence allowing a determination of what income (accounting for consumption of own crops) is needed for a family to meet their nutrition needs. In this connection, six staff members drawn from the head office and from the four regional offices of AGP-AMDe participate in the three day training on cost of the diet analysis training conducted by the Nutrition director of ACDIVOCA, KD Ladd, who was here from Washington to carry out this task and do the analysis in the coming future. The training was composed of theoretical sessions and practical exercise out in the field. Upon completion of all data analysis a report will be disseminated.

### ***Analysis***

Through the focus group discussions conducted with the target audiences in the Amhara region, contradictory to the behavioral assumption, the target audience mostly consumes the crops they grow and sell whatever is left. Meat is rarely consumed as domestic animals are slaughtered during holidays and special occasions. Farm inputs were identified as the farmers' major expense, and

farmers are forced to sell most of their crops and domestic animals to purchase farm inputs or pay off input debts.

## Nutrition Activity Tracker

Activity Description	Indicator and Unit of Measure	National Target				Planned months of implementation						Oct 2012-March 2013	Total YTD	
		Phy	Budget	Locations	Budget	Oct	Nov	Dec	Jan	Feb	Mar			
<b>IR 4: Improved Nutritional Status of Women and Young Children</b>														
<b>OP 1.1.3. Value Addition including production of nutritional foods to expand demand for VC commodities supported</b>														
Conduct pilot focus groups and analysis of each value chain	# of value chains	6											6	6
Collect BCC diet diversity messages from ENGINE, MoH, other NGOs	# reports	1											1	1
Select/adapt/develop appropriate nutrition-sensitive messages targeting agricultural activities	TBD	TBD											40	40
Collaborate on micronutrient fortification of flour	TBD	TBD												
Identify and update list of wheat millers who are potentially viable to fortify and create conducive environment for future partnership	# wheat millers	TBD											205	205
Create market demand for flour fortification through Innovation Fund	TBD	TBD												
Pilot micro-fortification of wheat flour through Innovation Fund	# wheat millers	2												
Provide TOT on nutrient-sensitive agriculture to home economic agents	TBD	TBD												
Coordinate with MoA and ENGINE to provide nutrition-sensitive agriculture training and materials to Home Economic Agents so as not to duplicate efforts	# home economic agents	50												
Provide market trainings	TBD	TBD												
Harmonize nutrition-sensitive agriculture messages with ENGINE	TBD	TBD												

Activity Description	Indicator and Unit of Measure	National Target				Planned months of implementation						Oct 2012-March 2013	Total YTD
		Phy	Budget	Locations	Budget	Oct	Nov	Dec	Jan	Feb	Mar		
Provide ToT on nutrition-sensitive agriculture to farmers in SMFM in each value chain	# farmers	600											
Coordinate with value chain training to include nutrition sensitive agriculture messages based on focus groups	# trainings	20 (5 per region)											
Participate in Micronutrient Working group and national nutrition coordination meetings	# meetings attended	TBD										2	2
Collaborate with existing HIV self-help groups to incorporate into value chain activities	TBD	TBD										413	413
Incorporate strategies to mitigate the effects of HIV participation in value chain activities	TBD	TBD											
Identify barriers to participation in value chains	TBD	TBD											
<b>Sub IR 1.2: Increased volume and value of commodities purchased from smallholders</b>													
<b>OP 1.2.1: Cooperatives/FCUs, private agribusinesses assisted to transform</b>													
Adapt/develop nutrition-sensitive agriculture messages to FCU training topics	TBD	TBD											
Integrate nutrition-sensitive agriculture messages into current training activities at FCUs	TBD	TBD											
Distribute posters with nutrition messages to FCUs	# of FCUs	100											

## Summary of Quarterly Budget

Line Item	Total Budget	Previous Costs	Current Quarter (Jan - Mar 2013)	Wheat	Maize	Sesame	Coffee	Honey	Chickpea	Total Costs May 2, 2011 - Mar 31, 2013	Remaining Funds
<b>Salaries and Wages and Fringe Benefits</b>	<b>\$8,608,234</b>	<b>\$2,065,490</b>	<b>\$485,238</b>	<b>\$115,211</b>	<b>\$45,574</b>	<b>\$45,765</b>	<b>\$143,910</b>	<b>\$113,406</b>	<b>\$21,372</b>	<b>\$2,550,728</b>	<b>\$6,057,506</b>
C1 - VC Competitiveness		1,824,367	450,116	107,236	42,299	42,411	133,348	105,019	19,804	\$ 2,274,483	
C2 - Access to Finance		84,165	28,653	6,584	2,565	2,491	9,195	6,617	1,200	\$ 112,818	
C3 - Enabling Environment		156,958	6,470	1,392	710	864	1,366	1,770	368	\$ 163,427	
<b>Subcontracts</b>	<b>\$17,103,982</b>	<b>\$2,095,491</b>	<b>\$575,075</b>	<b>\$27,266</b>	<b>\$14,223</b>	<b>\$38,972</b>	<b>\$407,516</b>	<b>\$52,457</b>	<b>\$34,641</b>	<b>\$2,670,565</b>	<b>\$14,433,417</b>
C1 - VC Competitiveness		1,850,866	509,824	12,570	6,613	29,869	397,012	36,868	26,892	\$ 2,360,690	
C2 - Access to Finance		85,387	2,160	467	246	301	397	568	182	\$ 87,548	
C3 - Enabling Environment		159,237	63,090	14,230	7,364	8,802	10,107	15,021	7,567	\$ 222,327	
<b>Sub-grants</b>	<b>\$14,200,000</b>	<b>\$1,075,472</b>	<b>\$525,000</b>	<b>\$0</b>	<b>\$119</b>	<b>\$417,151</b>	<b>\$14</b>	<b>\$3,843</b>	<b>\$103,874</b>	<b>\$1,600,472</b>	<b>\$12,599,528</b>
C4 - Innovation & Investment		1,075,472	525,000	-	119	417,151	14	3,843	103,874	1,600,471.55	
<b>Other Direct Costs</b>	<b>\$3,788,536</b>	<b>\$2,265,130</b>	<b>\$513,186</b>	<b>\$127,572</b>	<b>\$49,276</b>	<b>\$49,257</b>	<b>\$146,012</b>	<b>\$118,324</b>	<b>\$22,745</b>	<b>\$2,778,316</b>	<b>\$1,010,220</b>
C1 - VC Competitiveness		2,000,702	476,490	118,842	45,771	45,677	135,448	109,661	21,092	\$ 2,477,192	
C2 - Access to Finance		92,300	29,347	7,142	2,696	2,596	9,025	6,654	1,235	\$ 121,646	
C3 - Enabling Environment		172,128	7,349	1,588	809	984	1,539	2,010	419	\$ 179,477	
<b>Indirect Costs</b>	<b>\$4,214,901</b>	<b>\$1,484,687</b>	<b>\$344,456</b>	<b>\$83,760</b>	<b>\$32,723</b>	<b>\$32,783</b>	<b>\$100,023</b>	<b>\$79,947</b>	<b>\$15,220</b>	<b>\$1,829,143</b>	<b>\$2,385,758</b>
C1 - VC Competitiveness		1,311,366	319,679	77,997	30,384	30,390	92,735	74,065	14,109	\$ 1,631,046	
C2 - Access to Finance		60,498	20,010	4,735	1,815	1,755	6,286	4,578	840	\$ 80,508	
C3 - Enabling Environment		112,822	4,767	1,028	524	637	1,002	1,304	271	\$ 117,589	
<b>Total Estimated Cost (1 to 5)</b>	<b>\$47,915,653</b>	<b>\$ 8,986,268</b>	<b>\$ 2,442,955</b>	<b>\$ 353,809</b>	<b>\$ 141,915</b>	<b>\$ 583,928</b>	<b>\$ 797,474</b>	<b>\$ 367,977</b>	<b>\$ 197,851</b>	<b>\$ 11,429,223</b>	<b>\$ 36,486,430</b>
Earned Fixed Fee (up to the ceiling amount)	\$1,969,783	417,049	102,464	25,477	9,845	9,848	29,115	23,633	4,545	\$ 519,513	\$ 1,450,270
<b>Total Estimated Cost plus Fee (6+7)</b>	<b>\$49,885,436</b>	<b>\$ 9,403,318</b>	<b>\$ 2,545,419</b>	<b>\$ 379,287</b>	<b>\$ 151,761</b>	<b>\$ 593,776</b>	<b>\$ 826,589</b>	<b>\$ 391,610</b>	<b>\$ 202,396</b>	<b>\$ 11,948,736</b>	<b>\$ 37,936,700</b>