AGRICULTURE GROWTH PROGRAM – LIVESTOCK MARKET DEVELOPMENT PROJECT

Expanding Livestock Markets for the Small-Holder Producers

QUARTERLY REPORT FOR
JANUARY-MARCH 2013
(SECOND QUARTER OF PROJECT IMPLEMENTATION)

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ACRONYMS

AALF	All African Leather Fair
ACSI	Amhara Credit and Saving Institution
AGP	Agricultural Growth Program
AI	Artificial Insemination
APHRD	Animal and Plant Health Regulatory Directorate
B2B	Business to Business
CAADP	Comprehensive African Agriculture Development Program
CBA	Cost Benefit Analysis
CFSP	Community Farm Service Project
COMTRADE	United Nations Commodity Trade Statistics Database
COP	Chief of Party
CSA	Central Statistics Authority
CSA	Charities and Service Association
DCOP	Deputy Chief of Party
DCSI	Debub Credit and Saving Institution
EDDP	Ethiopian Dairy Development Program
EDPPA	Ethiopian Dairy Producers and Processors Associations
EFIA	Ethiopian Feed Industry Association
ELIA	Ethiopian Leather Industry Association
ELTA	Ethiopian Livestock Traders Association
EMDTI	Ethiopian Meat and Dairy Technology Institute
EMMP	Environmental Mitigation and Monitoring Plan
EMPEA	Ethiopian Meat Processors and Exporters Association
EMPP	Environment Monitoring and Mitigation Plan
EMPPA	Ethiopian Milk Producers and Processors Association
ERR	Environmental Review Report
ESAP	Ethiopia Society of Animal Production
ESDM	Environmentally Sound Design Management
ETB	Ethiopian Birr
EVA	Ethiopian Veterinary Association
FAO	Food and Agriculture Organization (UN)
FAOSTAT	United Nations Food and Agriculture Organization Statistics Database
FBO	Farmer-Based Organization
FCA	Federal Cooperative Agency
FEED	Feed Enhancement for Ethiopian Development
FTF	Feed the Future
GEMS	Global Environmental Management Support
GFDRE	Government of the Federal Democratic Republic of Ethiopia
GRAD	Graduation Resilience to Achieve Sustainable Development
HABP	Household Asset Building Program
HIV	Human Immunodeficiency Virus
HSL	Hide, Skin and Leather
ICT	Information and Communication Technologies
IIE	Institute for International Education
IIRR	International Institute of Rural Reconstruction
ILRI	International Livestock Research Institute
IMC	International Medical Corps
JAA	J.E. Austin and Associates
LIDI	Leather Industry Development Institute
LMD	Livestock Market Development
LVC	Livestock Value Chain
M&E	Monitoring and Evaluation

MFI	Micro Finance Institution
MOA	Ministry of Agriculture
MoFED	Ministry of Finance and Economic Development
MSP	Multi-Stakeholder Platform
NAHDIC	National Animal Health and Disease Investigation Centre
NGLEE	Nutrition Global Learning Exchange and Evidence
NVI	National Veterinary Institute
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PIF	Policy and Investment Framework
PLHIV	People Living with the Human Immunodeficiency Virus (HIV)
PLWHA	People Living With HIV/AIDS
PMP	Performance Measurement Plan
PRIME	Pastoral Resilience Improvement Marketing Expansion
PSNP	Productive Safety Net Program
R&D	Research and Development
SANAS	South African National Accreditation System
SME	Small and Medium Enterprise
SNNPR	Southern Nation, Nationalities and Peoples Region
SNV	Netherlands Development Organization
SWOT	Strength, Weakness Opportunity and Threat
USAID	United States Agency for International Development
VAT	Value Added Tax
WAD	Women Affairs Department

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BACKGROUND

USAID-Ethiopia's Agricultural Growth Program-Livestock Market Development project is a five-year project implemented as part of the U.S. Government's Feed the Future (FTF) Initiative. This investment, in concert with the crop value chain program (AGP-AMDe), serves as part of USAID's contribution to the Government of Ethiopia's Agricultural Growth Program (AGP). The AGP's goal "to end poverty and enhance growth" aligns with FTF's goal to "sustainably reduce poverty and hunger." The Project aims to foster growth and reduce poverty through improving the productivity and competitiveness of selected livestock value chains: meat/live animals, hides/skins/leather and dairy. Program operations will take place in AGP-targeted woredas of Tigray, Amhara, Oromia and SNNPR, in order to effectively reach large numbers of smallholder producers. In addition, the Project will use and build upon local organizations' experience and extensive professional and social networks throughout these four regions.

AGP-Livestock Market Development project will address USAID's Strategic Objective of improving smallholder incomes and nutritional status through the achievement of three key USAID intermediate results, involving five program components. The project will apply a holistic value chain development approach to ensure that the program transforms the targeted value chains from infancy to maturity. This will self-propel value chains, capable of taking ownership of their own future development, by addressing systemic bottlenecks and facilitating value chain participants' own engagement and investment.

IR1: Increase productivity and competitiveness of selected livestock value chains

- Component 1: Moving from analytics to strategy to learning
- Component 2: Improve the productivity and competiveness of livestock value chains
- Component 3: Spur investment and innovation

IR2: Improve the enabling environment for livestock value chains

- Component 4: Improve the enabling environment of livestock value chains

IR3: Improve quality and diversity of household diet through intake of livestock products

- Component 5: Enhance the nutritional status of rural households

Integrated into these components are the crosscutting objectives of engaging people living with HIV/AIDS, gender equity, promotion of ICT solutions, environmental mitigation and natural resource management.

To achieve AGP-LMD objectives, the CNFA consortium will focus development resources on creating improved, efficient flow of quality livestock and dairy and related services through the value chain, resulting in the ability of the system to more competitively compete in local and export markets.

- Key themes driving AGP-Livestock Market Development Project approach will include:
- Market development
- Increased productivity and efficiency throughout the livestock value chain
- Private sector focus and investment
- Smallholder impact
- Gender mainstreaming
- Environmental conservation

- ICT

The project runs from September 17, 2012 to September 30, 2017, and is being implemented by CNFA, supported by JE Austin Associates, IICD, IIE, SNV, IMC, and seven national implementing partners. The Project is under implementation in four regional states – Oromia, Amhara, Tigray, and SNNP. Each will be run by a Regional Coordinator, supported by Addis Ababa based office headed by the program COP.
This report is the second quarterly performance report of the project, six months into program start-up and implementation.

OVERVIEW

The second quarter (January 1, 2013 – March 31, 2013) of AGP-Livestock Market Development (AGP-LMD) Project implementation focused on analytics of the selected value chains which informed the strategy development process for the three value chains, dairy, meat & live animal, and hides, skins, leather value chains. To this end AGP-LMD project undertook a value chain analysis and end market analysis.
The findings were presented and discussed with stakeholders in each region (Amhara, Oromia, Tigray and SNNPR).

Regional MSPs organized to validate the findings of the value chain analysis

During the period under review, AGP-LMD organized four Multi Stakeholder Platforms (MSPs) in the four regions (Amhara, Oromia, Tigray and SNNPR) for two days (March 6-9) to validate the findings of the value chain analysis. The LMD project team prepared and presented power point presentations on the challenges and opportunities related to policy that hinder the functioning and growth of the three value chains.

Oromia Region MSP on March 6-7, 2013 was held at Nexus Hotel, Addis Ababa.

The composition of the regional MSP participants included representatives from different government institutions (BOA, Regional, Livestock Agencies, Cooperative and Marketing promotion etc.) Universities, NGOs, private sector operators (input suppliers, producers, processors, traders etc.), cooperatives and unions, project implementing partners, and research institutions.

After detailed discussions on the challenges and opportunities of the value chains, the stakeholders identified the priority areas which served as the basis for identifying the following five strategic intervention pillars: (i) Facilitate and empower stakeholders for policy reform and advocacy (ii) Capacity building for public and private stakeholders (iii) Institutional coordination among stakeholders (iv) Applied research for development (v) Linkage creation with other partners. The five strategic pillars will guide the development of the detailed activities to be implemented by the project for coming 18 months.

Regional AGP Technical Committee meeting

As a follow up to the regional Multi Stakeholder Platform (MSPs) that were organized earlier, AGP-LMD together with the regional implementing partners organized one-day, region-specific AGP Technical Committee meetings to discuss the draft 18 months' work plan. The respective regional AGP coordinators or their rep-

resentatives chaired the meetings. The purpose of these meetings were to align and harmonize the AGP-LMD plans with that of AGP as well as solicit the support and buy-in from the regional government bureaus.

AGP-LMD explained to the participants the whole process that led to the development of the work plans starting from the project kick of events through the value chain analysis, the consultation process that followed culminating in the development of the regional plans.

Dr. Amlaku Asres, Amhara Region BOA Head, Dr. Yirgalem G. Meskel, USAID COR, Ato Ambachew Mekonnen, ORDA, and Marc Steen, Chief of Party, AGP-LMD and Dr. Assegid Shiferaw, Amhara Region Coordinator at the Amhara Region MSP, in Bahr Dar.

INTERMEDIATE RESULT 1: INCREASED PRODUCTIVITY AND COMPETITIVENESS OF SELECTED LIVESTOCK VALUE CHAINS FOR THE BENFITS OF SMALL-HOLDERS

Component 1: Moving From Analytics To Strategy To Learning

Livestock development projects that utilize a value chain approach are relatively new in Ethiopia, particularly for meat & live animal and hide, skins, and leather value chains. LMD Component 1 addresses this issue by focusing on analytics during the first six months of the project which are then used to develop a customized strategy specifically for Ethiopia's dairy, meat & live animal, and hides, skins, leather value chains.

Value Chain Analysis

The LMD team collected information at the woreda-level in the four project regions (Amhara, Oromia, Tigray, SNNPR) during the second quarter. This effort was led by JE Austin, and was supported by Precise Consulting International, BCaD, and TREG as well as LMD staff. The LMD value chain analyses were conducted by diverse teams that include specialists from each of the three value chains, business development and farm organization specialists, and specialists that focus on the project's cross-cutting issues: gender, finance, and environment. Value chain analysis teams worked with regional AGP offices and the Woredas' Agricultural and Rural Development Offices to organize the field visits. They administered a detailed questionnaire in multiple areas of each region, which allowed the analysis to capture differences with a region and between regions, while maintaining a consistent data collection methodology. In most instances, the specialists from each field team conducted individual meetings instead of having multiple team members in the same meetings. Each evening the team members provided a team-level briefing and the designated team leader compiled the data and redirected team members as needed.

The value chain analysis evaluated every step of a products' flow from raw material production to the ultimate end-user, with the objective of delivering maximum value for the end user for the least possible total cost. For example, the milk production of an Ethiopian dairy cow was compared to productivity levels from other countries to identify this area as a key opportunity to improved productivity in the sector (Table X).

Country	Yield (KG)
Republic of South Korea	9,616
Israel	9,583
United States of America	9,118
Sweden	8,152
Denmark	8,131
Algeria	1,320
Morocco	1,102
Egypt	997
Table Angola	482
Sudan	378
Ethiopia	**270**
Nigeria	240
Bangladesh	206
Tanzania	174

A Value Chain Analyses Report for each of the three value chains was then finalized and submitted to USAID on March 31, 2013. These reports include the following information:

- Market information for the sector
- Map of value chain from production to consumption
- Analysis of gaps, constraints and opportunities along the value chain
- Identification of weaknesses and cross-cutting issues, especially those associated with the depth of a value chain such as services

- Identification of the possible intervention areas that the project will implement for the coming 5 years

End Market Analysis

LMD conducted both domestic and international end market analyses during the 2nd Quarter. These analyses will help the actors understand the *Channels* into which they can compete; the *Context* and capabilities of their value chain and what they can bring to market; the potential *Customers* for their products and what might be the best approach to reach them; the *Competitors* against whom they will compete; and the strategic *Choices* necessary to be successful in the target market.

The end-market analysis (EMA) are a key component of designing a competitiveness strategy that creates a roadmap for accessing domestic, regional and global markets. LMD conducted International End Market Analyses in the countries listed in the table below. These countries were selected based on their past or future potential market activities with Ethiopia in the selected sectors.

Country	Primary Sector Analyzed
Italy	Leather
Egypt	Meat & Live Animals
Democratic Republic of Congo	Meat & Live Animals
Angola	Meat & Live Animals
Kenya	Leather
United Arab Emirates	Meat & Live Animals
Turkey	Leather

The EMA teams were comprised of a combination of LMD value chain team members, Government of Ethiopia representatives, and staff from partner organizations including Precise, BCaD, and JE Austin.

The end market analysis visit to the United Arab Emirates was conducted to coincide with the Gulf Food Show on February 25 - 28. LMD staff and Government of Ethiopia officials highlighted Ethiopian meat products at this event and showed the USAID-funded AGP-LMD project video at the Food Fair. The participants were very surprised to see the video of Ethiopian cattle and were impressed with their quality and quantity.

LMD established preliminary contacts for three new markets as a result of the Gulf Food Fair. These include two UAE-based companies that want to import vacuum-packed beef (Federal foods and farm Fresh) and Iranian buyers. The Iranian buyers and LMD agreed to invite the Iranian Veterinary Office to visit Ethiopian export abattoirs as a first step to establishing this new market relationship. For the vacuum-packed beef opportunity, LMD staff will follow-up with Abergele and Ashraf abattoirs, which already have vacuum-packing equipment, to introduce them to these new potential markets.

LMD submitted End Market Analyses Reports to USAID on April 7 for each of the three value chains.

Livestock Market Development Project identifies opportunities for value-added meat exports

Ethiopia has traditionally exported beef cattle to Egypt in the form of live animals. In 2011/12, 21,417 cattle were sold in Egypt, valued at 12.25 million USD. However within the last 7 months only 2927 cattle were exported to Egypt, at a value of 1.67 million USD. In recent years, cattle prices have been rising in Ethiopia, making it less viable to sell live cattle to several export markets, including Egypt. Further compounding the problem are several regulatory and logistical issues that further raise the transaction cost for live animals. These include an Ethiopian export restriction on cattle that weigh less than 320 kg, long quarantine periods, insufficient transport options for live animals, and even cumbersome banking requirements for importers.

The USAID-funded Livestock Market Development (LMD) project recently visited Egypt where it met with importers to discuss this issue. While live animal market issues will take time to improve, LMD was pleased to learn that there is an immediate opportunity for Ethiopia to export chilled beef cuts to Egypt for approximately 6 USD per kilo. The largest global beef exporters, Australia and Brazil, sell frozen beef cuts to Egypt but LMD learned that the chilled, or fresh, beef market is underserved in many Middle Eastern countries, including Egypt. Egyptians are familiar with Ethiopian beef and express a preference for the lean animals produced in the Ethiopian pastoral areas, which are then finished in feedlots in the Oromia region near Adama.

The LMD project's objective is to increase the productivity and competitiveness of Ethiopia's livestock value chains. Exporting chilled beef cuts represents a new market opportunity in which the Ethiopian beef industry can effectively compete.

Strategy

With the "Analytics Phase" of LMD successfully completed, LMD swiftly moved to the "Strategy Phase." LMD conducted multi-stakeholder platform (MSP) meetings in all four project regions in March, 2013 where LMD validated the analysis findings with the regional stakeholders and then conducted detailed discussions on the identified constraints. These constraints were then prioritized at each MSP within each value chain. On the second day of the MSP, sector-experts and leaders developed strategic interventions to address the constraints.

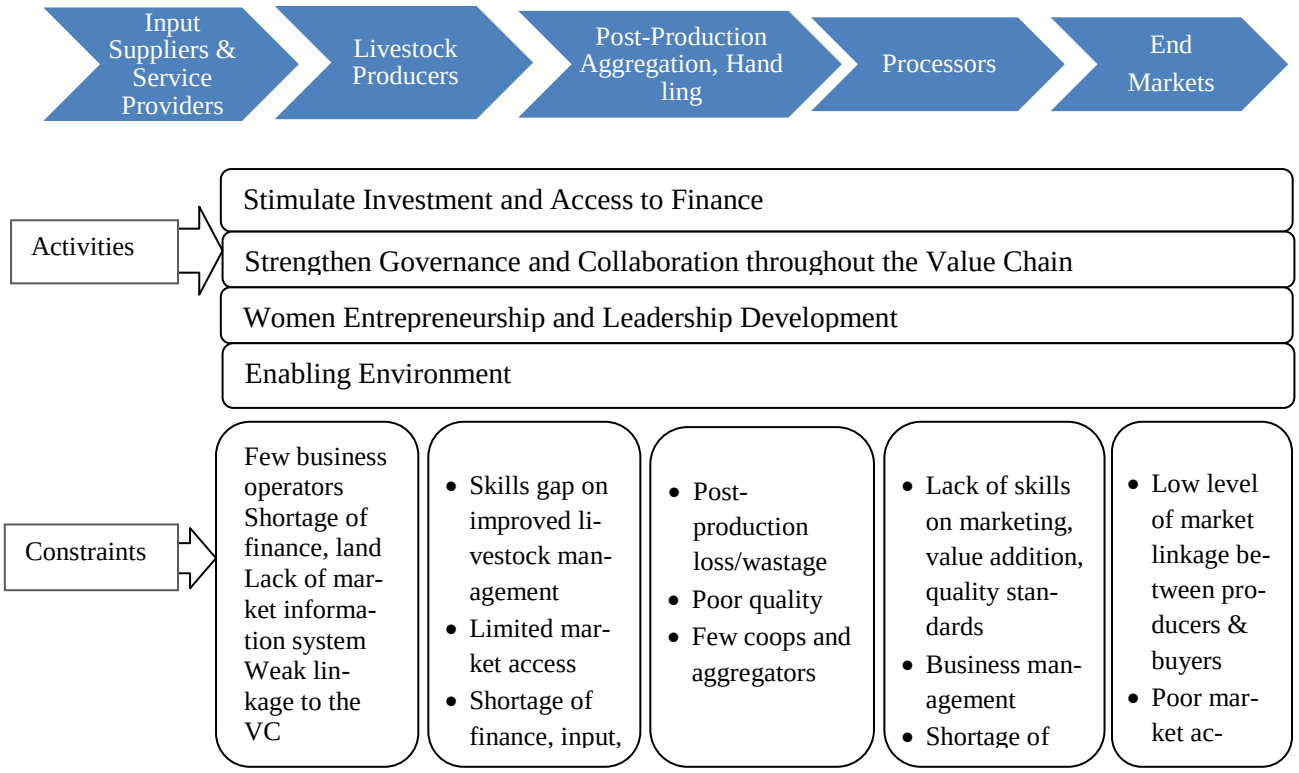
LMD compiled the outcomes from each MSP and was surprised to learn the following:

1. Constraints and proposed strategic interventions did NOT significantly vary by value chain, nor by region,
2. The priority placed on each constraint DID VARY by value chain and region.

Therefore, LMD was able to devise a project strategy that is built on 10 strategic pillars for IR2, 5 strategic pillars for IR2, and 6 strategic pillars for IR3. While each strategic pillar is generally implemented with ***different value chain actors*** in the dairy value chain, versus the meat & live animal value chain, and hide, skin, leather, ***all of the value chains will benefit from the same type of interventions***. Implementing partner organizations then worked with LMD to develop an 18-month work plan for each region where they were able to emphasize the relative importance of each strategy in their respective region.

AGP-LMD staff and participants counting votes, after MSP participants of the priority setting and strategy meeting in Amhara Region have prioritized proposed interventions for their region. (Bahr Dar.)

Figure 1: Component 2 - Improving Productivity and Competitiveness of Livestock Value Chains



LMD submitted the LMD Strategy and LMD Work Plan to USAID on March 31 and April 9, 2013 respectively. The LMD work plan also included the LMD Learning Plan. The Learning Plan provides a detailed structure and implementation plan by which LMD will promote and also document learning.

LMD has now completed the analytics and strategy phases of the project, and will implement the strategy and learning plan for the life of the project to successfully complete Component 1.

COMPONENT 2: IMPROVE THE PRODUCTIVITY AND COMPETITIVENESS OF SELECTED VALUE CHAINS

DAIRY VALUE CHAIN

The LMD dairy value chain team planned and initiated several activities during the 2nd Quarter that will improve the productivity and competitiveness of the dairy value chain. These activities are described in this section of the quarterly report and also in the IR1: Component 3 section of this report (financing).

Ethiopia Livestock Market Development (LMD) Project Launches Commercialization Plan with Project Mercy Dairy Farm

LMD launched a new partnership with the Project Mercy Dairy Farm that will commercialize the farm's activities and provide farm services to nearby rural households. Project Mercy, Inc. is an international not-for-profit relief and development agency that developed a dairy farm on 350 acres of land in ChaCha, Ethiopia. The farm uses artificial insemination to crossbreed local cattle with highly productive American Jersey dairy cattle. The resulting crossbred cattle have the potential to be resistant to local diseases and are already producing six times more milk than the local cows.

Crossbred dairy cattle at project mercy produce six times more milk than local breeds.

Project Mercy and LMD will now work together to develop commercial services that will enable rural households in the ChaCha region to begin producing milk for both their family and for commercial sales. The partnership will provide needy rural households with a crossbred heifer, access to the necessary farm inputs such as feed, and access to a market for their milk. A local dairy processor has agreed to purchase the milk from the new farmers and to return part of the milk sales to Project Mercy to pay for the heifer and services over time. This will enable Project Mercy to continue to produce crossbred heifers for other needy families in the area while simultaneously bringing these families into the commercial dairy market. The LMD project will provide training and technical assistance to Project Mercy to help them develop the commercialization plan and will facilitate market linkages for both inputs and milk. In addition, LMD will educate the households on the importance of milk consumption for children's growth and other activities that will improve the nutrition of vulnerable people.

The LMD dairy team has also identified the "middle of the value chain" actors that it will initially focus on in order to make substantial and lasting improvements in Ethiopia's dairy value chain. These dairy processing businesses are listed in the table below.

Dairy Processers	Location	Year of Establishment	Daily Processing Capacity, (liters)	Attained Average Capacity, (liters)
Ada'a Dairy Cooperative	Debre Zeit	1998	15 000	3 000
Almi Tikus Wetet (Almi Fresh Milk)	Hawassa	2005	4 000	3 000
Ruth and Hirut Dairy Farm	Chacha	2008	4 000	1 500
Zemen Milk	Mekelle	2010	2 000	Not working
Life Milk Processing Enterprise	Sululuta	2007	1 500	1 500
Jantekel Dairy Union (Facil Milk)	Gonder	2007	1 200	300
Mojo Milk	Mojjo	2011	NA	1 000
Sellale dairy cooperative union	Oromia	2009	10 000	Under construction
Biftuberga milk marketing processing union	Oromia	2008	3600	2500
Arsi dairy union	Oromia	2006	NA	NA
Yetnora dairy cooperatives and unions	Amhara	2001	2 500	700
Hiwot union	Amahara	2006	NA	NA
Humera	Tigray	2010	1 500	Not working
NA = not available: currently both unions involved in milk collection				

Other LMD Dairy Sector Activities during the quarter included:

Business or Association	Scope for Joint Activities (MOU to be developed)
Mama Dairy Sebeta Agro Industries	Dairy Board Development, product diversification, milk collection centers, stimulating demand for dairy products
Dairy Breeder Association	Private Artificial Insemination Services, etc.
S & S Dairy and Feed lot	Business Plan Assistance, Linkages to Financial Services

DAIRY INDUSTRY UPDATE: Netherlands Company to Supply Heifers to Ethiopia

Van der Ploeg International BV, a Netherlands-based company, opened a letter of credit (LC) at the Commercial Bank of Ethiopia (CBE) in mid-February, after winning a tender floated by the Agriculture Growth Project (AGP) to supply pregnant heifers based on a February 24, 2013 report by Addis Fortune. Van der Ploeg International BV will supply 300 Holstein heifers as part of AGP's efforts to improve dairy productivity in Ethiopia. AGP also received bids for bulls, bovine semen and breeding-related hormones but none of the bids were successful and new auctions will be organized in the future for these products.

There is a large demand for improved dairy genetics in Ethiopia, although improved dairy breeds and cross bred dairy heifers or cows are not widely available. While imported pregnant heifers represent the fastest way for Ethiopia to improve its dairy breeds, 300 heifers will have only a modest impact on the country's dairy production, while the widespread use of improved semen represents a higher impact potential for the national dairy sector.

Dairy Plans for the Next Quarter:

Strategy 2: Strengthen Input Suppliers & Service Providers

- Identify BSP's & technical trainers for TOT activity for
- Conduct Coordinating meeting with regional bureaus of agriculture

Strategy 3: Improved livestock management

- Adapt training modules
- Identify technical trainers
- Identify participants for training

Strategy 4: Improve Post-Production Relationships, Efficiencies and Quality

- Identify dairy processors interested in developing embedded services
- Provide technical support to dairy processors for the development of embedded services
- Identify graduates/producers from PSNP-GRAD, HABP and PRIME to link to processors and market opportunities

Strategy 5: Improve number, quality and functionality of businesses in the middle of the VC

- Assess needs of selected dairy processors

Strategy 6: Market expansion – domestic & international

- Identify local trade fair opportunities & businesses to benefit from participation

Strategy 9: Women entrepreneurship and leadership development

- Identify women entrepreneurs
- Conduct capacity needs assessment
- Adapt training modules

Strategy 10: Stimulate investments and access to finance throughout the VC

- Assist businesses to prepare for investment
- Attend and facilitate participation of businesses in international forums/road shows
- Conduct business plan training
- Link value chain businesses, including service providers, with credit providers

Gender in MLA Value Chain: LMD staff estimate that less than 10% of all participants in the MLA value chain are women. Two examples of women who are participating in the MLA value chain include:

F & F Feedlot and Dairy is owned by three individuals, two of whom are women. This business operates a feedlot and is developing plans to expand the feedlot and add dairy production.

Butchers in the Dangle Woreda are primarily women. LMD staff were surprised to meet women butchers but learned that they have been operating very successfully in that woreda.

MEAT/LIVE ANIMALS VALUE CHAIN

The MLA value chain team conducted several activities during the second quarter that will improve the productivity and competitiveness of the MLA value chains. Some of the activities stemmed from the international end market assessments that were conducted during the quarter. The AGP-LMD team made important contacts for new market opportunities and followed up with these contacts upon their return to Ethiopia. The AGP-LMD team met a live animal importer in Egypt who was interested in importing live animals (cattle) from Ethiopia but the importer did not know where to source the cattle. The LMD team offered to help connect him to an Ethiopian exporter and then facilitated a meeting between the Egyptian importer and an Ethiopian exporter. **As a result, Moges Assefa sold 1910 cattle to El-Hiab trading in March 2013 for a total contract price of USD 1,033,880,** or USD 541 per head. The current price range for live cattle exports is USD 500 to USD 600 per animal. AGP-LMD staff is also following up with three companies that import chilled meat, including one Iranian buyer and two UAE buyers.

AGP-LMD also initiated activities with the businesses and associations listed below during the quarter.

Business or Association	Scope for Joint Activities (MOU to be developed)
Esrael Degefu Feedlot & Abattoir	Business Plan Assistance, Linkages to Financial Services and/or investment facilitation to develop a new modern Export abattoir near Modjo. Also to facilitate market linkages for live animal (beef) export
Ethiopian Animal Feed Industry Association	Expansion of feed production services to improve feed quality and quantity
Ethiopian Meat Processors and Exporters Association	Market access & linkages between abattoirs & export markets through improved certifications (SOP, HACCP, etc.), grading standards and other quality control parameters Market facilitation & linkages between producers and abattoirs
Ethiopian Livestock Traders Association	Market linkages between live animals exporters and export markets
Zealanda	Market development for meat by-products (bones)

The LMD MLA team has also identified the "middle of the value chain" actors that it will initially focus on in order to make substantial and lasting improvements in Ethiopia's meat and live animal value chain. These middle of the value chain businesses are listed in the table below.

Location	Company name	Year established	Capacity (no. of animals)	Description
Mojo, Ormia	Mojo Modern export abattoir	2000	2500	Slaughter shoats and export carcasses. Red offals are also exported.
Mojo, Oromia	Organic export abattoir	2008	2000	Slaughter shoats for export.
Mojo, Oromia	Luna export abattoir	2003	2000	Slaughter shoats for export. Slaughter cattle for chilled meat to domestic market, mainly in Addis.
Mekele, Tigay	Abergelle export abattoir	2008	400 cattle and 1,500 shoats	Has modern equipment with capacity for meat fabrication, freezing, and packing.
Bahirdar, Amhara	Ashraf export abattoir	2010	500 cattle and 1,500 shoats	Has modern facilities for processing cattle meat and also has a capacity to process shoat

Location	Company name	Year established	Capacity (no. of animals)	Description
				meat
A/A	Shag Import Export		5000 cattle	Feedlot operator
Adama	TewodrosTeshome Import Export		3,000	Feedlot operator
Adama	AtoMoges Haile			Live animal exporter
Adama	AtokederFeto			Feedlot operator
Adama	MogesAssesfaImpo.Expo		1,000	Feedlot operator Also has secured land for establishing abattoir. However the place is currently used as a holding area for sheep and goats destined for live export.
Adama	AtoBezabeh Amedberehan		500	Feedlot operator
Adama	AtoSiyum Balcha		1000	Feedlot operator has secured land for forage production
Adama	Israel Degefa Feedlot Operator & Exporter		5,000	Feedlot operator and live animal exporter. Currently secured about 5 ha of land to establish an abattoir in Mojo area
Adama	Ato Abu Dekebo		1500	Feedlot operator

MEAT/LIVE ANIMALS PLANS FOR NEXT QUARTER:

Strategy 2: Strengthen Input Suppliers & Service Providers

- Identify BSP's & technical trainers for TOT activity for
- Conduct Coordinating meeting with regional bureaus of agriculture

Strategy 3: Improved livestock management

- Adapt training modules
- Identify technical trainers
- Identify participants for training

Ethiopian Leather Industry Association Hosts All African Leather Fair

Leather is one of the eight priority sectors outlined by the Government of Ethiopia in its Growth and Transformation Plan; therefore it was no surprise that Prime Minister Hailemariam opened the All African Leather Fair held in Addis Ababa on Feb 20 – 22, 2013. The five year Growth and Transformation Plan aspires to generate half a billion dollars in leather industry export revenue for Ethiopia but the Prime Minister warned that "we must get our act together" after only $112 million was generated in the first two years, and the revenue in the first half of the third year (2012/3) is $57.4 million according to the Ministry of Trade.

While the Prime Minister points to training, technology and more manufacturing of leather products as appropriate solutions, other industry leaders have indicated that the April 2012 legislation that levied a 150% tax on semi-processed leather (crust) has also caused problems with liquidity and working capital.

Strategy 4: Improve Post-Production Relationships, Efficiencies and Quality

- Identify dairy processors interested in developing embedded services

- Provide technical support to abattoirs and feedlots for the development of embedded services
- Identify graduates/producers from PSNP-GRAD, HABP and PRIME to link to processors and market opportunities

Strategy 5: Improve number, quality and functionality of businesses in the middle of the VC

- Assess needs of selected abattoirs and feedlots

Strategy 6: Market expansion – domestic & international

- Participate in African Livestock Exhibition and Congress, Addis Ababa, Ethiopia, May 16-18, 2013

Strategy 9: Women entrepreneurship and leadership development

- Identify women entrepreneurs
- Conduct capacity needs assessment
- Adapt training modules

Strategy 10: Stimulate investments and access to finance throughout the VC

- Assist businesses to prepare for investment
- Attend and facilitate participation of businesses in international forums/road shows
- Conduct business plan training
- Link value chain businesses, including service providers, with credit providers

HIDES, SKIN, AND LEATHER (HSL) VALUE CHAIN

The HSL value chain team conducted activities at the All African Leather Fair (AALF) during the second quarter. The LMD team met with tanneries, chemical suppliers, leather-product manufacturers, and international buyers. As a result, LMD learned that there is a serious liquidity problem in the leather sector that has resulted in backlogged payments to Ethiopian livestock producers, often aged longer than 90 days. The liquidity problem began in 2012 when tanneries could no longer export crust leather due to new government taxes regulation and attempted to begin producing finished leather. Producing finished leather necessitated that the tanneries begin to import a range of chemicals used to finish the leather. The import process required that the tanneries pay for the chemicals four months prior to having access to the chemicals. Therefore, in addition to adding a new major expense to tanneries, the tanneries required additional working capital to pay in advance for these chemicals and to hold inventory for a longer period while conducting further processing. Hide and skin prices also increased dramatically during this period. In addition, the tanneries attempted to develop new markets for finished, versus partially finished leather. This chain of events has left many of the tanneries in a weakened financial condition that has resulted in their delaying payments to suppliers and also to eventually reducing processing volumes.

Companies such as Pittards that were already manufacturing finished leather have been largely insulated from this problem. However, of out Ethiopia's 27 tanneries, less than five (5) of them have been manufacturing primarily finished leather products for more than one year. Bonded warehouses for leather-related chemicals are being developed in Ethiopia and will at least partially alleviate this problem by reducing the period of prepayment for chemicals from 4 months to 1 month. However, there will likely be an adjustment period in which the volumes and mix of leather-related chemicals carried by the bonded warehouses will need to adjust to tanneries' specific needs in order for the warehouses to be an effective solution.

LMD will meet with financial institutions to determine whether there is an appropriate intervention for LMD in relation to this problem. LMD recognizes that supply chain management, financial controls, and marketing assistance may be of assistance to tanneries during this crisis, and will determine if tanneries are interested in this assistance. LMD also recognizes that tanneries that have been processing leather for longer than one year, such as Pittards, are actually favorably affected by this scenario since they are among a small number of tanneries that have resources to pay livestock producers for skins and hides.

LMD also initiated activities in the hides, skin, and leather sector with the following partners.

Business or Association	Scope for Joint Activities
Ethiopian Hide & Skin Supplier Association	Market linkages and facilitation between producers and tanneries including addressing quality issues
EIFFCOS	Market linkages between manufacturers and end users including access to new technology
Ethiopian Leather Industry Association	Improve access to export markets including developing an export strategy and forming the Ethiopian Leather council
Crystal Tannery	Expansion assistance – access to finance & new technology

The LMD HSL team has also identified the "middle of the value chain" actors that it will initially focus on in order to make substantial and lasting improvements in Ethiopia's hide, skin and leather value chain. These HSL businesses are listed in the table below.

Region	Middle of the VC Actor	Value Chain
Tigray	Sheba Tannery	HSL
SNNPR	Wondmagegn Hides and Skin Trader	HSL
Oromia	Crystal Tannery	HSL
Amahara	Bahr Dar Tannery	HSL
Oromia	EIFCCOS	HSL
Oromia	Anbessa Shoe	HSL
Oromia	Peacock Shoe	HSL
Oromia	Modern Zegie	HSL

HSL PLANS FOR NEXT QUARTER:

Strategy 2: Strengthen Input Suppliers & Service Providers

- Identify BSP's & technical trainers for TOT activity for
- Conduct Coordinating meeting with regional bureaus of agriculture

Strategy 3: Improved livestock management (in relation to skins & hides)

- Adapt training modules
- Identify technical trainers
- Identify participants for training

Strategy 4: Improve Post-Production Relationships, Efficiencies and Quality

- Identify tanneries interested in developing embedded services
- Provide technical support to tanneries for the development of embedded services
- Identify graduates/producers from PSNP-GRAD, HABP and PRIME to link to tanneries, traders and market opportunities

Strategy 5: Improve number, quality and functionality of businesses in the middle of the VC

- Assess needs of selected tanneries

Strategy 6: Market expansion – domestic & international

- Participate in African Livestock Exhibition and Congress, Addis Ababa, Ethiopia, May 16-18, 2013

NBE Permits Banks to Engage in Non-Banking Businesses

New move will open up door for, previously limited, interest free banking initiatives.

The provision restricting banks from engaging directly in non-banking businesses, such as agriculture, commerce and industry, is getting a rewrite by the National Bank of Ethiopia (NBE).

The bill, meant to repeal the 1996 directive, entitled 'Limitation on Investment of Banks', now allows banks to directly engage in businesses not related to banking, provided that they do so in a joint venture or partnership agreement with their customers, through an interest free banking service.

The NBE circulated the new draft directive to all banks in the country on Thursday, March 21, 2013, for consultation. The directive has also slackened other investment restrictions "The aim of partially allowing direct non-bank investments is to broaden services provided under interest free banking, which, up till now, was restricted due to the limitation of the investment of banks directive of 1996," the president of one of the younger banks to enter into the industry told *Fortune*.

The draft directive has also lowered the amount of shares a bank can hold in an insurance company from 20pc to five percent. This change is also a way of accommodating the licensing and supervision of the insurance business proclamation ratified recently…

Excerpt From The Weekly Addis Fortune - Wednesday, March 27, 2013

Strategy 9: Women entrepreneurship and leadership development

- Identify women entrepreneurs
- Conduct capacity needs assessment
- Adapt training modules

Strategy 10: Stimulate investments and access to finance throughout the VC

- Assist businesses to prepare for investment
- Attend and facilitate participation of businesses in international forums/road shows
- Conduct business plan training
- Link value chain businesses, including service providers, with credit providers

Coordination with Supporting Institutions and Businesses

LMD activities operate in regions and value chains that are also being assisted by other programs and partners. Therefore, LMD is establishing relationships with each of these programs and partners in order to effectively coordinate activities, to benefit from lessons learned, and to avoid duplication. During the reporting period, LMD met with the organizations listed below and agreed to the following areas of cooperation.

- GRAD: LMD and GRAD shared information regarding geographic focus, areas of intervention, and opportunities for push-pull activities.
- PRIME: LMD participated in the PRIME planning workshop to align activities and plan collaboration in specific regions and species.
- AGP-AMP: AMP agreed to share its partners' list so that capable partners can benefit both USAID-funded AGP projects.
- LIVES: LMD participated in the LIVES planning workshop to align activities and plan collaboration in specific regions and species.
- FEED Project: FEED and LMD met twice during the quarter and shared information on partners and technical feed interventions. LMD informed FEED about the elements of its strategy and agreed to share the complete work plan in the coming month. The two programs will collaborate closely in the coming years.
- ILRI: ILRI and LMD both work with small ruminants in a small number of overlapping woredas. Both organizations agreed to communicate strategies, coordinate activities, and avoid duplication.
- AGP-LMD participated in the ICARDA (International Center for Agricultural Research in the Dry Areas) consultative meeting held on March 14 – 15, 2013. ICARDA is initiating a sheep development activity in one of the AGP-LMD targeted woredas, Horro, of the Oromia Region. AGP-LMD provided input to the ICARDA strategy so that AGP-LMD will complement ICARDA by developing market linkages for the sheep produced by the ICARDA beneficiaries.
- Cooperative Authority – LMD and the Cooperative Authority agreed to promote cooperative development to the benefit of livestock producers. Specific activities will need to be coordinated at the regional level.
- AGP-LMD staff met with the USAID Agricultural Fast Track Fund on March 12, 2013 to learn about this grant mechanism and to determine if there are AGP-LMD partner businesses that could benefit from this program. AGP-LMD did identify several partner businesses that could benefit and worked with them to submit applications for consideration. AGP-LMD will follow-up with this fund to determine whether they have an interest in the applications they received from AGP-LMD partners.
- Development Credit Authority (DCA): AGP-LMD met with Fasika Jiffar, SME Specialist of the DCA. The meeting was held with the objective of identifying collaboration opportunities between the two USAID projects in enabling actors in the livestock value chain access commercial loans from banks. AGP-LMD followed-up on this meeting to continue discussions with DCA regarding potential guarantee facilities that AGP-LMD can access.

COMPONENT 3: SPUR INVESTMENT AND INNOVATIONS

INVESTMENT, CREDIT AND FINANCE

National Bank of Ethiopia is in the process of enacting a directive that allows banks to directly invest in non-banking businesses (see excerpt below). It is believed that the directive will bring significant changes to the ways in which banks intermediate between savers and investors in Ethiopia. One, the directive will change how banks structure their finances and manage their liquidity. Secondly, it will enable banks to finance ventures for an ownership stake in businesses. Furthermore, banks will be able to offer interest free financial services (e.g., Islamic banking).

Implications of these to the LMD project, and specifically to the actors in the various livestock value chains is that it (1) provides them with the opportunity to approach the banks, not only as creditors but as potential investors willing to share risks for an ownership stake that promises comparably attractive returns (2) entrepreneurs that could not borrow from banks due to religious reasons (we have seen examples of this in Humera and SNNPR) will have the chance to benefit from interest free credit services of the banks.

Identified opportunities for collaboration with other funds/investors: As part of its goal of spurring new investment in the livestock sector, two equity investment funds were identified for partnership by AGP-LMD during this reporting period; namely RENEW and AGRIVEST.

AGRIVEST is an equity-financing fund set up by a consortium of First Consult (a renowned private sector consultancy company in Ethiopia) and Incluvest B.V. (a Dutch impact investment company). AGRIVEST envisages channeling equity into viable enterprises with strong potential for growth and ability to deliver triple bottom line profits (financial, social, and environmental impact).

The fund is a good fit for small agribusinesses with high growth potential and unable to source capital via banks. The partnership allows LMDP to source companies that desire to partner with an active shareholder and match the required criteria. In addition to the above-mentioned requirements, the impact fund prefers to work with businesses that generate at least 8 million in gross revenue and a capital requirement of 50,000 – 200,000 Birr.

It is believed that this type of arrangement will contribute to the growth of beneficiary companies by enabling them gain access to patient capital (less than or equal to 30% of their equity) and business development/technical services of the impact fund. Moreover, the equity contribution will help leverage additional funds from banks and other investors resulting in a domino effect and instigating higher-level project impact. RENEW is an impact investment advisory firm that organizes investments from foreign investors (angel and impact investors) and channels into promising businesses in Ethiopia. RENEW helps investors channel their impact capital into SMEs that can deliver financial, social, and in some cases environmental returns.

Impact investors usually venture to sectors traditionally viewed as high risk, and require high level of returns on their investment (>=40%). It was believed that these types of arrangements could be a good fit for livestock businesses venturing into risky upgrading and expansion investments that promise high level of returns.

Negotiations with potential partners: Follow up meetings and correspondences were held with institutions identified for partnership in LMD's investment and finance component i.e. AGRIVEST and RENEW.
In a follow up meeting, AGRIVEST expressed its willingness and desire to receive business plans of viable livestock businesses to consider supporting through it equity financing program. The ICFM is currently receiving and reviewing business plans to link with this financing opportunity.
LMD received a concept note from RENEW describing its scope of activities and requested budget. RENEW requested a grant of about USD 350, 000 to cover for transaction costs that will be incurred in connecting foreign impact investors and local SMEs. Activities proposed included, among other things, training and BDS

services to selected livestock businesses and convening and organizing foreign investors, brokering investment deals and so on.

LMD responded by saying that the requested grant amount is on the high side and that there are already identified partners (such as Precise) that will offer most of the proposed training and BDS supports to livestock businesses benefiting from LMD. However, RENEW has not came back with a re-considered offer as yet.

Identified opportunities for leverage of funds from the financial sector: The ICFM met with the resident representative of the International Finance Corporation, Mr. Adamou Labara, to identify collaboration opportunities between IFC and AGP-LMD on improving access to financing for agri-businesses in livestock value chains. IFC is setting up its projects in Ethiopia to develop new investment projects, support public-private partnerships, and mobilize direct investment to key sectors in the economy, including agribusiness and financial services.

The representative indicated that IFC is interested in lending to individual businesses looking for more than $5 million in working capital or investment capital financing. However, IFC lends in hard currency therefore it requires borrowers to be able to absorb Foreign Exchange Risk.

Recently, IFC, in conjunction with Technoserve (TA provider), has set up a revolving guarantee facility of up to $10 million with NIB bank to enable coffee cooperatives access credit. It was suggested that similar arrangements could be made for cooperatives working in the livestock value chains. It was pointed out that, if LMD can discover private banks that have adequate liquidity and are willing to lend to cooperatives in the livestock sector, IFC would be willing to partner with these banks to guarantee financing. It was further stressed that IFC can support the financing of agri-businesses in the livestock sector, if LMD can provide appropriate TA to beneficiaries and financial service providers.

The ICFM had a subsequent discussion with the president of Oromia Cooperative Bank (CBO), where the bank expresses its interest in lending to the livestock sector. Further discussions were made on the possibility of setting up a guarantee scheme akin to Technoserve's arrangement with IFC. The bank expressed its willingness to participate in similar types of schemes provided the LMD offer strong TA support to the cooperatives.

Conducted negotiations with guarantee funds: After the initial meeting between Development Credit Authority and AGP-LMD to identify collaboration opportunities, several follow-up meetings were held to work out details of how livestock businesses supported by LMD could benefit from the guarantee scheme of the Development Credit Authority (DCA).

During these meetings, the possibility of opening a standalone Loan Portfolio Guarantee for livestock was discussed and LMD was requested to present the budget required to set up such a scheme for discussion with DCA advisors and consultants. Accordingly, the ICFM prepared and presented a budget that indicates LMD target of facilitating loans to Micro, Small, and Medium Enterprises (MSMEs) and the required amount of loan guarantee and subsidy cost (on a leverage ratio of 1:10).

Total amount of subsidy cost requested by LMD amounted to $ 2.5 million for a loan guarantee package that would facilitate about $25 million in loans to MSMEs within a period of three years.
During the presentation and subsequent follow-ups, DCA representatives pointed out that it will be highly improbable that such an injection will be made during this year, while there is – already – a plan to expand existing LPG by $ 8.5 million (through a subsidy of $1.4 million) towards the end of the year, which will cover livestock in addition to other types of agri-businesses. However, it was stressed that, if LMD can show high utilisation of existing portfolio by livestock businesses, the proposal for a stand alone LPG for livestock will be presented to the mission for the next round of LPGs.

AGP-LMD has submitted the Innovation Grants Fund Manual in mid-March, 2013 and is awaiting feedback from USAID to determine the next steps needed to finalize the Innovative Grants Program.

Lessons Learned

The major lesson learnt during this reporting period is that the environment in which the banking sector is currently operating in Ethiopia is making credit guarantees very instrumental in accessing commercial loans from banks. Currently, we have a situation where private banks have been forced to hold back large sums of their mobilized savings to purchase government bonds. Moreover, banks charge very low levels of interest rate compared to the high levels of inflation in the economy. These and other reasons combined have made private banks very selective and require high levels of collateral on their loans. Businesses that find it difficult to meet lofty collateral requirements of the banks can benefit from well-designed credit guarantee schemes that mitigate and share part of the credit risk.

Investment, Credit and Finance Plans for Next Quarter:

- Training and awareness raising for financial institutions
- Link livestock businesses to equity investors
- Assist value chain actors in preparing and upgrading business plans
- Organize regional investment forums
- Conduct business plan training for value chain actors
- Link value chain actors with financial institutions
- Encourage financial relationships among value chain actors

INTERMEDIATE RESULT 2: IMPROVED ENABLING ENVIRONMENT FOR LIVESTOCK VALUE CHAINS

COMPONENT 4: IMPROVE THE ENABLING ENVIRONMENT OF LIVESTOCK VALUE CHAINS

Improvements in the enabling environment of the functioning of the three Value chains is critically important to meeting the aggregate targets of AGP-LMD by enhancing private sector participation, investment, competitiveness and trade in the value chains. Sound investment climates benefit society as a whole, not just businesses. In a more favorable business environment, opportunities and incentives are expected to increase for firms and entrepreneurs to invest and thus contribute to employment generation, income growth and poverty reduction.

In order to realize the objectives stated above, AGP-LMD continued its engagements with Ministries of Agriculture, Trade and Industry during the reporting period. In addition LMD was also engaged with the Regional Bureaus of Agriculture, Livestock Agencies and AGP Coordination offices in the four regions of its operations-Amhara, Oromia, SNNPR and Tigray.

Engagement with Ministry of Trade

AGP-LMD Chief of Party Marc Steen, Deputy Girma Kassa and Mr. Mohamed Abdinoor from USAID met with State Minister of Trade Yacob Yala on February 27, 2013. The meeting was aimed at introducing the AGP-LMD project to the State Minister and discusses ways and means of working together as well as establishing institutional linkages, which will pave the way for enhanced collaboration. The COP briefed the State Minister on the objective of the project, the types of activities to be implemented and the results expected. The COP also gave an overview of the startup activities, the value chain analysis, end market, domestic market and enabling environment analysis conducted in the last few months.

State Minister Yacob also discussed his point of view on the on going restructuring that is taking place in the livestock sector and possible areas of collaboration with his Ministry. According to State Minister Yacob, the current restructuring is about refocusing the activities in the livestock sector rather than bringing a fundamental change. It is also aims at c enhancing inter-agency linkages and coordination. Accordingly, Ministry of Trade (MoT) will be responsible for trade of live animals as well as leather, hides and skins. A new Directorate has already been established under his office to spearhead the trading activities. The new State Ministry that is being established under Ministry of Agriculture (MoA) will be dedicated to extension support and regulatory services for animal production. The Meat and Dairy Technology Institute (EMDTI), currently under MoA, will be moved to Ministry of Industry and will primarily be devoted to promoting new technology and science as well as building the capacity of the actors in the sector.

The restructuring will provide opportunities but also challenges to AGP-LMD. The likely outcome of the structuring, which is underway at the moment, implies LMD will be dealing with three Ministries (Agriculture, Trade and Industry) instead of one (Agriculture) as previously envisaged. This will raise lots of expectations and request for support from the various agencies of the ministries. On the other hand the restructuring will also help AGP-LMD to reach out to more stakeholders and experts in the livestock sector leading to flexibility in its operations.

In light of the new structuring and the intent of the State Ministry to develop closer relations with AGP-LMD Ato Yacob identified the following areas of collaboration:

- AGP-LMD's assistance to strengthen market intelligence and market information for improving domestic trade and expanding export of livestock
- AGP-LMD's support in piloting traceability of live animals and meat, at least in one livestock wereda using traditional identification method as a basis but introducing new technology in the foreseeable future.

- Collaboration with AGP-LMD on interventions on livestock feed improvement to enhance livestock productivity.

AGP-LMD Participates in Policy Workshops to Discuss Draft Proclamations

Following the invitation by State Minister of Trade, Ato Yacob Yala, three senior staffs of AGP- LMD Dr Belay Demissie, Mr Tewodros Yilma and Dr Kassa Bayou participated in a national workshop organized by Ministries of Trade and Industry on February 28/2013. The workshop was dedicated to discuss two-draft proclamations to improve the marketing system of hides and skins as well as live animal trade. The proclamations when enacted are expected to introduce standardization in feedlot and abattoir operations. They are also expected to bring new licensing procedures to enhance professionalism in the sector and cut back informal and unregulated trading activities. The workshop was chaired jointly by H.E Yacob Yala and Taddessie Haile, State Ministers of Trade and Industry (MoT) and (MoI) respectively and was attended by participants from the sector associations, experts, tannery owners, manufacturers, hide and skin collectors, suppliers and live animal traders.

The workshop deliberated at length on the draft proclamation circulated to all participants. LMD staff provided inputs to fine tune the draft proclamations from various angles including production, processing and marketing. The contributions of AGP-LMD staff were acknowledged and appreciated by the State Ministers as being professional and exemplary. Finally the state Ministers requested AGP-LMD to continue providing technical assistance to finalize the draft proclamations. Two senior staffs of MOT and MOI are assigned to work closely with AGP-LMD.

Ato Yacob also raised traceability (from the plate to the farm), which is becoming a critical issue as a result of the horsemeat scandal in Europe. He emphasized that importance of traceability if Ethiopia is to achieve competitiveness in the international markets.

AGP-LMD becomes a member of the Policy Support Unit Established in MoA

During the reporting period, the DCOP, Senior Policy Advisor and the Animal Health Senior Advisor participated in a joint consultative meeting with heads of Animal and Plant Health (APHRD), Extension, Meat and Dairy Technology (MDI)-Directorates of Ministry of Agriculture (MoA). The meeting was dedicated to identifying policy and capacity building issues that LMD and the Directorates can jointly undertake with the aim of strengthening the institutional capacities of the MoA. The LMD team was briefed about the new structural reform within MoA towards establishing a State Ministry of Livestock. Development. The discussion resulted in identification of a number of policy and capacity building issues related to the two Directorates such as Phased privatization of the animal health services, drug store management by the private sector, Community Animal Health (CAHWs)- to be targeted in remote and pastoral areas but not encouraged in the high land areas where we have ample professional on the market and support to Livestock Policy- Hub.

Challenges of Vet pharmacy owners in Amhara Region

Veterinary pharmacy owners are bitter in their response and mentioned that farmers complain of poverty and the tax revenues regarding pharmacies have increased so much. Service tax (what they called *Ya-gelgelot* in Amharic) has gone up from 300 Br several years back to 3500 Br now and main revenue *(Ye-fregeber*) from 2000Br to 19,000 Birr.

Somali Region's determination in recognizing CAHWs' role to improve the animal health situation

Privatization of veterinary health service started 15 years ago in the region. Community animal health has good support from the Regional Government and the system works very well. Save the Children UK, Southern East Range Land Project (SERP) and Ministry of Agriculture gave CAHW training. The number of veterinary pharmacies has in increased from 1 in 1997 to 36 in 2012. Number of veterinarians working in Somali Region has gone down from 25 to 18, the number of veterinary assistants has increased from 52 to 131 and number of animal health technicians or CAHWs is currently 669. The annual sale of veterinary pharmacies is 55,239,316 Br. Since the price of livestock has gone up, livestock owners don't mind spending on the health of their animals. (Source: Andy Cattley of PLI) All this is because of the recognition of the role CAHWs play by the Regional Government.

Furthermore AGP-LMD was invited to be a member of the new Policy Support Unit being established within the Ministry of Agriculture. The AGP-LMD accepted the invitation and agreed to work with the members of the Policy Support Unit. Joining the Unit will provide a very good opportunity for influencing policy-making process as well strengthening institutional capacities.

AGP-LMD Participates in Inception FAO 's inception Workshop of a new Project
The project's two senior advisors (Policy and Animal Health) participated in a half-day project inception meeting organized by FAO. FAO's Technical Support project is a new project designed by FAO in collaboration with MOA to support the AGP program in the areas of livestock and IPM. It is $1.5 million USD project sourced from GAFSP and planned to say for the coming four years. The implementing arrangement follows the AGP program implementation structure by involving partners like Regional Bureaus of Agriculture and federal MOA. The two major components of the support project are: IPM and forage development in target AGP woredas and selected watersheds, which are not yet identified.

The support program is targeting the capacity building aspects of the forage development and also will be engaged in animal health and nutrition policy issues. The policy issues identified includes analysis of past and present government policies and strategies of the livestock sector, review of the on-going development assistance in support of the livestock sector and provide support to policy and strategy formulation eg: strategy document on feed resources and improvement. It is believed, these activities have direct linkage with activities of LMD enabling environment component that needs further discussion and coordination with the new FAO project to avoid duplication of efforts and create synergy.

Business Enabling Environment Analysis

During the reporting period the two consulting companies, that conducted the BEE assessments PRECISE and BCaD, submitted their draft reports on diary, Hide and skin and meat and live animal value chains. The three draft reports were circulated internally for review and feedbacks; they were also shared with J Austin for their review and inclusion in to the value chain analysis documents. The preliminary findings and recommendations of the studies were presented at the regional validation workshops for further comment and feedback. The technical comments gathered from stakeholders have been compiled and submitted back to the study firms for their final incorporation and revision of the draft reports. The revised and final reports are will be submitted soon and shared to other stakeholders as part of the value chain analysis documents. It is envisaged that the findings of the studies will provide the evidence and instruments for policy engagement leading to reforms and amendments in regulations and administrative procedures to enhance the competitiveness of the livestock sector in Ethiopia. The reports will be summarized in short policy briefs and shared to all MSP members at federal and regional levels and other interested stakeholders.

LMD Fosters Cross-Learning between Sister Projects
Based on its strategy of learning and adopting best practices, AGP-LMD organized a learning session with Francis Chabari, CoP of Kenya Dry Lands Livestock Development Project (KDLDP) who was in Addis Ababa for the IGAD Drought Resilience Workshop. In his presentation Francis shared his program's experience on market accessibility, value addition, livestock access to finance, livestock productivity and policy dialogue. The discussions that followed with LMD staff were very important in highlighting some of the lessons from the project particularly provision of animal health services using CHAWS, fodder production and sales, access to community finance using ICT, value addition and women centered income generating activities. Francis had also one to one discussion with LMD's ICT team, Nutrition, Finance and Business Advisor. KDLDP staff also played vital supporting role in facilitating the visit of the End market Analysis in Kenya.

Enabling Policy Environment Plans for Next Quarter:

- Organize Stakeholders meeting to discuss supply constrains to Abattoirs and Live Animal Exporters
- Collaborate in the organization of the All Africa Livestock trade and Congress
- Identify stakeholders and policy champions for the MSPs
- Organize regional and federal MSPs

- Organize Learning Visit to Kenya
- Develop a Scope of Work and commission an assessment on Capacity Building
- Provide technical assistance for finalization of draft proclamations

Pro-poor Value chain

The government jointly with different development partners has formulated and implementing pro-poor policies and strategies particularly focused on the youth and women as primary targets to benefit from programs and projects. According to the Federal Democratic Republic of Ethiopia, Growth and Transformation Plan Annual Progress Report for F.Y. 2011/12 (Draft), Ministry of Finance and Economic Development February 2013, the allocation of government expenditure has a priority focus on the growth-enhancing pro-poor sectors of agriculture development, food security, water, education, health, road, and rural electrification programs. In 2010/11 and in 2011/12, government expenditure allocated to these sectors accounted for about 66 % and 70.4 % of the total government expenditure respectively.

The attention given by the government, to the poor, has attracted the interest of development partners including USAID who have been investing on safety net programs of the Government of Ethiopia for about a decade now. Starting from the end of 2002 the safety net program of the government has facilitated and graduated about half a million poor household members.
AGP-LMD is working on Pro-Poor value chain with the intention of supporting the priorities of the government to up lift the safety net graduates that have built assets by linking them to markets to sell their surplus production. The beneficiaries are the households selected among the graduates of the Productive Safety Net Program of the government. In this regard, LMD has given due attention to this segment of the poor people living in the food insecure areas and developed a push pull strategy that will be implemented soon in collaboration with other projects of USAID such as PRIME and GRAD.

The push side will be the responsibilities of HABP, GRAD and PRIME, which are working on increasing production at individual livestock smallholder level. The role of LMD will be continuous discussion with these organizations and linking the small holders with buyers when their livestock products increase. To this end, LMD will be working with same actors, in the middle of the VC, with PRIME for the purpose of pulling products to the market from the livestock small holders. On the other hand with GRAD, LMD will expand its corridors to the safety net woredas and pull the products that the small holders are producing. It will also work in the same way with HABP to reach to the PSNP graduates. HABP is a government program that works with the PSNP graduates and non-graduates by providing technical and financial assistance.

Pro-poor Lessons Learned

The lessons learned during the period under review were the importance of networking to access information on any type of activity. The case in point was that the previous relation established with the safety net programs made it easier to discuss and access documents that have been used as an input for the push pull strategy development.

Pro-poor Plans for Next Quarter

IR2 –Strategy 1

- Organize quarterly "Push-Pull" coordination and progress monitoring meetings
- Organize quarterly MSPs per region in collaboration with "Push-Pull" partners

IR1 and IR2

- Share livestock value chain analysis, end market and enabling environment analysis

INTERMEDIATE RESULT 3: IMPROVED QUALITY AND DIVERSITY OF HOUSEHOLDS DIET THROUGH INTAKE OF LIVESTOCK PRODUCTS

COMPONENT 5: ENHANCE THE NUTRITIONAL STATUS OF RURAL HOUSEHOLDS

During the reporting period, AGP-LMD nutrition team carried out an assessment of the capacity of the Project's regional implementing partners in areas of nutrition and HIV/AIDS. The findings identified Relief Society of Tigray (REST) and Organization for Rehabilitation and Development in Amhara (ORDA) as having extensive experience on nutrition social behavioral change (SBC); Self-help Africa also has nutrition SBC experience in mung beans promotion, though not on Infant and Young Child Feeding (IYCF) or dietary diversification promotion; HUNDEE does not have experience in nutrition SBC, but does have experience in SBC activities on harmful traditional practice (HTP) mitigation.

All partners have experience on HIV/AIDS, at least as a cross cutting issue, though the degree of interventions varied from partner to partner. REST and ORDA have considerable experience in implementing HIV/AIDS related programs. However HUNDEE and Self-Help Africa have limited experience and capacity in HIV/AIDS related programs as compared to REST and ORDA.

The assessment report, including findings and recommendations, was prepared and shared with assessed regional implementing partners.

Based on the identified gaps, AGP-LMD staff will provide the required technical support such as providing formal and on the job training (through supportive supervision) to the partners in nutrition and HIV/AIDS and will follow-up for the attainment of the recommended points by the implementing partners during field visits. A nutrition and HIV/AIDS preliminary assessment in ten AGP-LMD deep investment woredas to collect data on nutrition and HIV/AIDS and assess the PLHIV capacity was carried out.

The AGP-LMD also revised the nutrition and HIV/AIDS indicators and work plan.

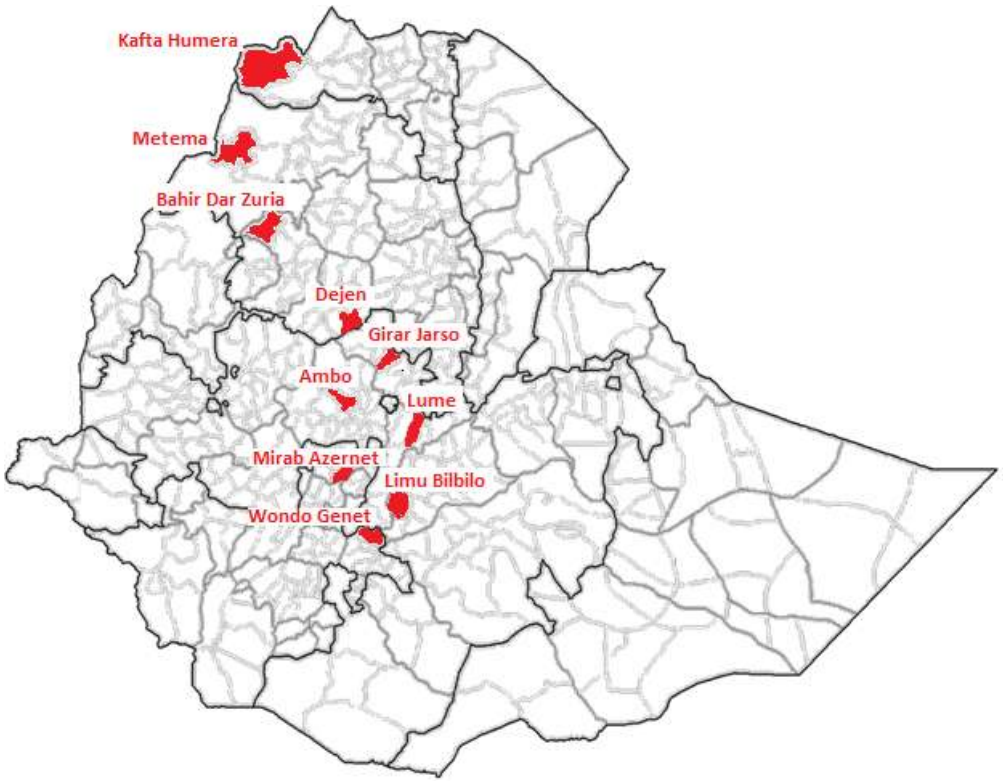
Nutrition and HIV assessment

Additionally, a preliminary nutrition and HIV/AIDS assessment was conducted in the AGP-LMD deep investment woredas of Oromia, SNNP, Amhara and Tigray regions from February 25th to March 22nd, 2013. The objective of the assessment was to collect background secondary data on nutrition and HIV/AIDS and to use the assessment findings as an input for designing of the upcoming nutrition and HIV/AIDS analytics methodology and the components implementation strategy.

The data will be used to identify stakeholders working on the nutrition and HIV/AIDS in the target regions and woredas for further collaboration with them as well. In all regions, agriculture bureaus, health bureaus and offices working on networking of HIV/AIDS were visited during the assessment.

At woreda level, the assessment was conducted in the AGP-LMD ten deep investment woredas; namely, Mirab Azernet and Wondo Genet woredas of SNNPR; Ambo, Lume, Limu Bilbilo and Girar Jariso woredas of Oromia region; Metema, Dejen and Bahir Dar Zuria woredas of Amhara region; and Humera woreda of Tigray region. In addition to the woreda agriculture and health offices, people living with HIV (PLHIV) associations were visited in each woreda to assess their experiences and capacities except Lume woreda, where there is no PLHIV association.

Fig. 2: Map of the ten deep investment woredas with nutrition and HIV/AIDS preliminary assessment



Hence, two PLHIV associations were identified and assessed in Metema and Limu Bilbilo woredas, four PLHV associations in Bahir Dar Zuria woreda, and one PLHIV association in each of the other woredas. The assessment result will be used as a tool to identify their experiences and capacity in terms of HIV/AIDS mitigation responses before starting work on economic strengthening activities with PLHIV associations.

The data collection includes demographic data of the target woredas; result of anthropometric/IYCF/livestock preservation and storage assessments if they are conducted in the region or target woredas; list of stakeholders implementing nutrition or HIV/AIDS in the target regions and woredas; and the health (focusing on nutrition and HIV/AIDS) and agriculture (focusing on livestock) related background information of the woredas. The assessment served as an opportunity to introduce the nutrition and HIV components of AGP-LMD to the major government stakeholders, HIV/AIDS networks and association in the target regions and woredas.
Gaps were identified in the original nutrition and HIV/AIDS indicators. Identified gaps were lack of harmonized nutrition impact indicator with other Feed the Future (FtF) partners, repetition of the two outcome indicators which are dietary diversification verses livestock consumption but livestock consumption is one of the variables of dietary diversification, lack of measurable indicator for pregnant and lactating mothers and lack of HIV/AIDS indicators.

The indicators also included some non-feasible indicators for the context of rural Ethiopia. The non-feasible indicators in the Ethiopia context were Project processed food consumption. Therefore, revision was made on Performance Monitoring Plan (PMP) indicators by harmonizing the impact indicator with ENGINE stunting indicator and standardizing some of indicators.

The AGP-LMD staff participated in a one-day workshop that was organized by the FMoH to review the preliminary results developed using the PROFILES[1] model and the draft national nutrition advocacy plan. FMoH presented the preliminary nutrition results, which were developed using the PROFILES model; the draft national nutrition advocacy plan, which was set based on the PROFILE result; and costing need and preliminary approach of costing for national nutrition program (NNP) to the participant partners. Finally, participants including AGP-LMD provided inputs on the presented subjects.

AGP-LMD collaborated with the HIV/AIDS Prevention and Control Office (HAPCO) and networks for people living with HIV (NEP+) and met the offices to introduce the objectives of the AGP-LMD project, and discuss on the possibility of collaboration and networking with other organizations implementing similar programs. HAPCO confirmed to working with AGP-LMD program in the development of the national economic strengthening guidelines for PLHIV.

Participating in the PLHIV economic strengthening guideline development process will allow the program to get an opportunity of gaining experiences and skills through exchanges of experiences on different HIV/AIDS related issues among different partners working on HIV/AIDS in general and with economic strengthening portfolio in particular.

It may also create room to introduce AGP-LMD HIV/AIDS component to large implementers that are involved in HIV/AIDS impact mitigation across the country. In addition, NEP+ provided profiles of PLWHA associations that exist in the country. This data was used as an input for the preliminary PLHIV assessment, which was conducted in March.

AGP-LMD has begun collaboration with the other Feed the Future (FtF) partners such as Empowering the New Generations to Improve Nutrition and Economic Opportunity (ENGINE), Agri-business Marketing Development (AMDe) and GRAD to work on better collaboration and avoid activity overlaps in the same areas. AGP-LMD is a member of the FtF nutrition technical working group. AGP-LMD met ENGINE and AMDe bilaterally to discuss on the nutrition and HIV/AIDS activities, which has been implemented by each of the projects following the recommendation, gained during the nutrition pathway2 presentation, which was conducted at the USAID office in January 2013.

In order to avoid geographic overlap of activities between ENGINE and AMDe, which have been, implementing in the AGP woredas. AGP-LMD will not collect data for the same variables in this woreda. It was learnt that ENGINE has been collecting data on anthropometric and IYCF knowledge attitude and practice (KAP) in Wondo Genet woreda, which is one of the ten deep investment woredas of AGP-LMD. Hence, AGP-LMD will not collect data for the same variables in this woreda; instead it will use ENGINE's data as the baseline. In addition, ENGINE shared the drafted cooking demonstration standard operating procedure (SOP) with AGP-LMD; AGP-LMD will contextualize it for the target woredas and use this SOP for cooking demonstrations. The lesson was learnt that although ENGINE is present in all AGP woredas in the country, there are kebeles where certain SBC activities have not been implemented by ENGINE. It was agreed that ENGINE would provide the list of their SBC activities in operational kebeles in the target woredas and the list of agriculture extension workers (AEWs) trained by ENGINE in those woredas. AMDe had a plan to target PLHIVs in its crop value chain activities and to incorporate nutrition SBC in the project.

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[1] PROFILE is evidence based computerized tool, which uses the recent, and specific country data to project the economic and health consequences of inadequately addressing a country's nutrition problem over a defined time period and to support nutrition advocacy.

[2] Nutrition path way was designed to see the positive and negative effect of the FtF partners towards the local households nutritional status and provide recommendation to each of the partners based on the gap. AGP-LMD participated and contributed in all of nutrition path way meeting

AGP/LMD and AMDe will collaborate further to avoid any PLHIV beneficiary overlap, although the geographic overlap will remain. It was also agreed to collaborate on the nutrition SBC messages and strategies to harmonize messages and avoid duplication. Since the SBC activities needs a comprehensive channel with corresponding messages, working in the same woreda will not cause difficulties as long as the messages are similar and the channel is different. AGP/LMD has discussed with ENGINE and harmonized the component five-impact level indicators with ENGINE's indicator.

A team from AGP-LMD participated in the joint FtF nutrition field visit which was organized by USAID, ENGINE, GRAD &Agri-business Marketing Development (AMDe) from March 12-14, 2013. The team visited complementary food demonstration supported by GRAD in Arsi Negele woreda of Oromia region; AMDe supported farmer cooperatives (one of the potential cooperative working on crop processing in collaboration with Guts Agro Processing plant) and Guts Agro Processing plant in Sidama Elito woreda of SNNPR; and ENGINE's nutrition activities at Gedeb woreda of SNNPR. Lessons including the effectiveness of incorporating complementary food demonstration were learned from this field visit. AGP-LMD will look a way to incorporate the complementary food demonstration in the intended care group model.

AGP-LMD participated in the quarterly FtF workshop, which was organized by USAID on March 19, 2013. The main objective of this FtF workshop was to leverage existing microfinance and agriculture projects to include nutrition activities.

At this workshop, AGP-LMD presented its nutrition objective, indicators and activities. The group appreciated the revised nutrition indicators for the AGP-LMD project and recommended some action points, including conducting nutrition-focused value chain assessment sharing expertise between FtF projects and AGP-LMD to undertake SBC and training activities together for more efficiency. It was also recommended that AGP-LMD undertake hygiene and sanitation activities, as better hygiene is a crucial component of both the quality of milk production and nutrition.
AGP-LMD learnt from ENGINE's presentation of baseline survey results that high product potential woredas identified with high stunting rate. This indicates woredas with high product potentials are not guaranteed for nutritional status in the absence of positive nutritional behavior.

Nutrition and HIV Component Plans for Next Quarter:

- Conduct anthropometric, IYCF KAP, dietary diversity and barrier analysis surveys in the AGP-LMD ten deep investment woredas.
- Conduct preservation and storage assessment in the ten deep investment woredas
- Provide training to the regional partners and involve them in the data collection of surveys.
- Design plan to link nutrition component with component two of AGP-LMD for productivity improvement.
- Review national and global economic strengthening documents and strategies and develop AGP-LMD Economic Strategy operational guideline
- Conduct Economic Strengthening baseline assessment for PLHIVs.
- Conduct validation workshop
- Develop economic strengthening strategy for assessed PLHIV
- Prepare income generating grant manual for PLHIVs
- Identify HIV/AIDS affected households to be linked to market opportunities and income generating activities (IGA)
- Commence engaging selected targets into ES activities
- Commence linking HIV-affected people to markets, jobs and skills training opportunities along with LVC
- Commence developing business plan for targets
- Establish economic strategy Committees and Technical Advisory group
- Identify and mobilize Economic strengthening volunteers
- Commence implementing Income Generating Activities (IGAs) within livestock value chain
- Commence identifying available IGAs options within livestock value chain

- Commence mapping existed care groups.
- Network with HIV/AIDS institutions including Networks of HIV Positives (NEP+)
- Develop methodology for nutrition monitoring

CROSS-CUTTING ACTIVITIES

Gender Mainstreaming

AGP-LMD project plan has been formulated and its implementation strategy refined with due consideration that both sexes benefit from all the intervention activities. The gender section of the project works to ensure that the disadvantaged section of the community, women, are proportionally involved in the project activities and share from the opportunity and benefit. This is mainly done through sex disaggregated planning, implementation, monitoring and impact assessment activities.

Gender assessment: During the reporting period, AGP-LMD has prepared data collection tools and checklists for field Assessment in collaboration with TREG consult. Field visits were conducted to collect data and meet the potential stakeholders identified during the field study. A gender assessment field report has been compiled for the four regions and given as input for the strategic planning of LMD and also as input for gender integration in the Value Chain Analysis and planning.

A draft Gender Equity Strategy has also been developed and submitted during the reporting period. Relationship building activities with USAID and CIDA supported programs and projects working on Gender have been done. This helps LMD to share experience, information, and establish network to work together.

Lessons learned
Clients wanted to get service at any cost, which is not bad but to give our service in a planned manner and effectively we have to identify our clients and their needs and work with them in organized manner to bring good results

Gender Plans for Next Quarter:

- Get feedback, finalize and implement the Gender Equity Strategy
- Work with the different advisors and managers to develop entry points into different livestock value chains that are appropriate for women and to adopt training modules and other technical assistance delivery mechanisms to the needs of women and women's groups;
- Adopt training modules and other technical assistance delivery mechanisms to the needs of women's groups;
- Provide and/or oversee/facilitate training to women's groups in business skills development, access to finance and other technical areas as needed.

Natural Resource Management and Environment

Natural resource and environmental issues are considered crucial to AGP-LMD's activities at all stages. Mitigation measures for activities that have potential negative impact on the social, physical and biological environment will be planned ahead with their effectiveness monitored regularly.

It is a responsibility that all stakeholders involved in the project intervention give due attention to proper management of the environment and reduced impact on climate change. In addition, the project provides due attention proper use, amelioration and protection of resources to ensure sustainable production systems.

To this end, LMD has prepared submitted to USAID-Ethiopia the "Environmental Review Report (ERR) and Environmental Mitigation and Monitoring Plan (EMMP) document. A Terms of Reference (ToR) for finalization of livestock Pesticides Evaluation Report and Safer Use Action Plan (PERSUAP) has also been prepared and submitted to USAID-Ethiopia by LMD.
To ensure compliance, ALMD has included an Environmental Compliance section to the AGP-LMD Grant Manual.

And a draft contract form to be used for agreement in PERSUAP study has been prepared.

Lessons learned

Among the lessons learned were the need to work on simple and easily adaptable waste management methods. Some value chain actors are facing problems waste disposal problems. Urban farms, in particular, are challenged in applying safe disposal of their solid wastes. Thus introducing waste-to-energy methods such as biogas technology will mitigate the problem. Moreover, peri-urban farms can also use dung and urine to build soil fertility and organic pesticides.

There is widespread lack of awareness on the environmental management issues among some value chain actors. It needs serious awareness and sensitization events to bring attitudinal change in the sector.

NRM and Environment Plans for Next Quarter

- Conduct Environmental Reviews for project activities and develop EMMPs for high environment risk activities
- Implement EMMP
- Develop the PURSUAP for HSL, MLA and dairy VCs
- Review training and other documents on their impact and mitigation
- Introduction and training on multipurpose forage species; practicing soil and water conservation measures and proper farming methods
- Training on management of solid waste

ICT

AGP-LMD recognizes that, the value chain actors have limited market information and access and low access to and adoption of technologies/practices. Moreover, the limited rural finance and business management skills coupled with low level of development of ICT infrastructures and skills has resulted in the forgoing of the value business would have added to the performance. Taking these limitations as an opportunity, the AGP-LMD project considers ICT as a cross cutting issue that will enhance performance and revenues of the selected value chains.

The AGP-LMD ICT team started off identifying the value chain actors and how information flowed in the process. Gaps, limitations were identified as well as opportunities for ICT in bridging that gap. The team conducted continuous meetings with value chain managers and attended validation workshops in Addis Ababa, Mekele and Bahir Dar with value chain actors, implementing partners; regional government representatives, research centers, subject matter academicians and other stakeholders to clearly identify, prioritize constraints and possible solutions with strategic approaches.

Based on information gathered, the ICT team produced ToR (Terms of Reference) to hire DOT Ethiopia, IICD's local implementing partner, for base line study on the current status of ICT facilities and services, market information dissemination mechanisms, ICT awareness among value chain actors, and key information sources at regional and national levels.

During strategy development session in the presence of value chain actors, strategy developers and experts from gender, ICT, natural resource and environment and finance different subject matter

Among the major constraints brought out during various discussions included lack of market information, lack of awareness among value chain actors on gender mentoring, and limited rural finance and business management skills. The LMD views these constraints as an opportunity and will provide the following solutions including: adopting/developing and expanding LMIS (Livestock Market Information System) via web based and mobile SMS service to all AGP-LMD woredas, introducing mobile banking in the livestock sector and

IVR (Interactive Voice Response system). The ICT has also identified the use and dissemination of mass media (TV, radio, video and audio productions) to create and enhance awareness creation on best practices. Accordingly, adopting/developing and expanding LMIS (Livestock Market Information System) via web based and mobile SMS service, mobile banking on pre pilot phase, video productions are included in the 18 months planning, implementation and monitoring and evaluation process.

The ICT team also held discussions with MDTI staffs on the existing Livestock Market Information System to assess technical and financial background, gaps and limitations, and identifying possible sustainable strategies.

The outcomes from the discussion provide ideas on who developed the system; how data is collected and entered into it, how quality data entry is assured, how the system is managed and who is doing what.

Lessons learned

The importance of identifying key agents at several levels within the project including government, value chain actors etc. in order to involving all actors, as far as possible, in the change process will ensure success in this field.

There is increasing demand for Market Information Systems and other ICT tools for improving productivity, quality, and consumption and exporting capacity.

Awareness creating at sector level on how ICT tools can fill gaps by providing coaching on various ICT - based systems and providing strong IT support system is crucial.

Barriers to adoption of new technologies due to mistrust and poor access on the one hand and unavailability of tailor made livestock market information systems, trainings, awareness creation activities on the one hand have contributed to the existence huge market information gap in the sector.

ICT Plans for Next Quarter

In the coming three months, the ICT team will carry out the following activities in line with the framework of the project

- Work on completion of proposal approval for the ICT assessment
- Kick-off, follow-ups, supervision and finalization for ICT assessment for selected ten woredas in four regions, Tigre, Amhara, Oromia and SNNP.
- Organize meetings with stakeholders to assess possible collaborations in upgrading and expanding Livestock market information system in 10 AGP –LMD deep investment woredas.
- Based on the feedback from the baseline study, identify opportunities and recommendation of implementing digital training platforms at regional level (e.g. Mobile learning, e-learning.)
- Organize study tours and possible collaborations to learn experiences on mobile banking from similar projects in Kenya, Namibia, etc.

PERFORMANCE MONITORING AND EVALUATION

Baseline Survey

A baseline survey was conducted in the four project regions where LMD will implement its activities. The survey is designed to collect a comprehensive primary quantitative data from livestock middle level value chain market participants including dairy and livestock cooperatives, livestock input suppliers, meat and dairy processors, tanneries, veterinary drug shops, livestock and livestock product exporters.

The survey focused on collecting data related to production capacity of processors and cooperatives, sales volume and value of livestock and livestock products, number of contracts between various livestock operators, leadership and membership composition of cooperatives. Types of members' services rendered by livestock processing plants, and types of products in feed processors as well as processing plants and cooperatives were investigated. The survey also looked at MFIs loan portfolio in livestock credit, volume of milk marketing through cooperatives. The survey was specifically designed to capture baseline values for the project indicators that needed baseline data.

In addition, data from the baseline will inform the project to identify and make inventory of middle level actors/processors that are involved in the three livestock value chains (dairy, meat and live animals and hide, skin, & leather in the target woredas.

LMD designed survey instruments and supporting documents to guide survey implementation. As part of these documents, five sets of structured questionnaires were prepared for dairy, meat and live animal, hide skin and leather value chains, input/ service providers and for sector associations. These guidelines and survey instruments were then discussed and shared with regional implementing partners for effective implementation of the survey. Following these, experienced data collectors and supervisors with the required qualifications were selected. The selection of data collectors and supervisors were conducted considering the opportunity of recruiting qualified persons to ensure collection of quality data.

AGP-LMD's Regional Implementing Partners under the guidance of AGP-LMD's M&E Unit selected and recruited enumerators and supervisors in their respective Regions. AGP-provided standard selection criteria and oversight of in the selection of qualified enumerators against the stated criteria. Adequate activities were carried out to ensure the quality of data collection and processing.

Training on baseline survey for data collectors and supervisors in Amhara Region

Then each of the four implementing partners in collaboration with AGP-LMD project staff organized a two-day practical training to familiarize enumerators, supervisors and regional implementing partners' workers with the project, survey instrument, baseline line survey field manual and Questionnaires. The training encompassed explanations about the purpose and background of the AGP-LMD project, purpose of the baseline study as well as detailed training on survey questions for the different set of questionnaire. After the end of the training, the baseline survey field manual was provided to all supervisors and enumerators.

LMD's implementing partners in collaboration with AGP-LMD, organized two-day training on the baseline survey in their respective regions. The M&E team provided training to 90 enumerators, supervisors, and IPs staff on the details of the baseline survey.

Region	Date	Number of Trainees
Amhara	6-7 March 2013	24
Oromia	20-21 Feb. 2013	36
SNNPR	25-26 Feb. 2013	12
Tigray	13-14 Mar. 2013	18
Total		90

Topics covered in the two days training include:

- Brief background of the project and the rationale behind the baseline survey,
- Data collection procedures and protocol,
- Explanation of questionnaires and field manual
- Basic interviewing rules (interviewing tips, code of conduct), and
- Role model and mock exercise
- Power point presentations together with a field manual were used to facilitate and guide the training.

The field guideline was guideline to each of enumerators and supervisors to be used as reference material for definitions of key terms during data collection. The manual helped supervisors and enumerators to understand and discharge their responsibilities clearly.

After completion of the training, actual data collection commenced in all the four regions. The survey conducted mainly in the 46 AGP-LMD target Woredas located in the four regional states of Tigray, Amhara, Oromia and SNNPR.. In order not to miss important data from high value chain actors in each Region, the survey also collected baseline data from non-AGP Woredas where the concentration of middle level value chain is dense.

For example, AGP-LMD will not directly work in Addis Ababa region. But most of the large-scale processors in Addis Ababa receive inputs from production flow from AGP Woredas. Hence, to keep such market linkages contributing to the continued performance of AGP Woreda located actors; baseline survey also collected data from large cities such as Addis Ababa, Bahir Dar, Mekele, Awassa etc. To ensure collection of complete information from an adequate number of value chain actors, census survey of middle level value chain actors was conducted in the entire 46 target Weredas.

So far data collection is completed in SNNPR and Amhara and Oromia Regions and data is collected from a total of 816 actors in the three value chains. Data collection in Tigray is ongoing. While data entry is completed in SNNPR, it is ongoing in Oromia region.

Value Chain	Type of VC Actors	Amhara	Oromia	SNNPR	Total
1	Dairy	**94**	**180**	**27**	**301**
2	Meat/ live animal	**96**	**58**	**55**	
3	Hide and skin	**78**	**64**	**20**	**162**
4	Input provider	**81**	**60**	**15**	
	Total	**349**	**362**	**117**	**828**

Work Plan Preparation

One of the major activities accomplished during the reporting period was the preparation of the project 18-months work plan. The process started with a planning workshop conducted in Addis with representative of the four regional implementing partners. This was immediately followed by a project planning workshop in

which the draft work plan was presented and discussed together with implementing partners, AGP-TC: which include members from BoA, other AGP projects and the private sector. The third step was the finalization of the work planning this step was undertaken in a one day meeting presided by the regional AGP TC for which representatives from BoA,AGP-AMDe. An integral part of the development of the plans for the four regions are workshops in which findings of the strategy development are presented and enriched with comments received from the workshop participants.

The project's 18-months Work Plan has been developed based on the value chain analysis and livestock MSPs organized in the four regions with the participation of value chain actors, service/ input providers and value chain supporters including government stakeholders. The constraints and opportunities identified and strategies developed to shape the project implementation towards achieving results were used as input for the development of the work plan. A detail activity for each strategy has been identified discussed with Regional implementing partners and Regional AGP officials.

Overview of Project Accomplishment of Activities

The project's M & E team undertakes a monthly activity monitoring activity to ensure that project activities are progressing according to plan and to identify areas where corrective action can/should be taken. Accordingly, in the reporting quarter, reports have been developed for each month and reported and discussed with the management team. This section provides summary of overview of the progress made with regard to undertaking planned activities during the reporting quarter. The revised work plan of the project listed about 44 different activities to be undertaken in the reporting quarter. The following section gives brief overview of the status of accomplishment of these activities during the reporting period in each project component**:**

List of activities planned for the Quarter		**Accomplished (Yes/No)**
Component 1: Moving from Analytics to Strategy to Learning *Intervention areas: value chain analytics, gender analytics and ICT analytics*		
1.	Conduct and complete value chain analysis	Yes
2.	Conduct End market analysis	Yes
3.	Conduct ICT analytics	No (Preparatory work has started. The analytics will be completed in the 3rd quarter)
4.	Develop value chain strategies	Yes
5.	Prepare rollout plans	Yes
6.	Develop gender equity strategy	Yes
7.	Develop push pull strategy	Yes
8.	Prepare learning plan	Yes
9.	Conduct federal and Regional validation workshop with MSP	Yes
10.	Identify key individuals to be on a Consultative Panel of Experts for LGP	No
11.	Work on proposed detailed action plan for first year	Yes
12.	Identify key value chain drivers	Yes
Component 2: Improve the Productivity and Competitiveness of Livestock Value Chains *Intervention areas: Development of Lead firms, Value Chain Linkages, Capacity for Supply Response and Improved Productivity Supporting Service Markets, Establish linkage with stakeholders*		
	MEAT AND LIVE ANIMAL	
13.	Identify key value chain drivers (lead firms)	Yes
14.	Training to assist FBOs in business management	Not started (planned to be given in 3rd quarter)
15.	Develop and implement feed development strategy for LGP	Activity planned to continue until

		September
16.	Adapt CNFA agrodealer/agrovet model to Ethiopia	Activity planned to continue until September
17.	Establish linkages with APHRD and identify priority SPS interventions	Yes
18.	Establish linkages with EMDTI and develop strategy for meat technology improvements	Yes
19.	Establish linkages with PSNP-GRAD, PRIME, HABP	Yes
	DAIRY VALUE CHAIN	
20.	Identify key value chain drivers (lead firms)	Yes
	HSL VALUE CHAIN	
21.	Work on proposed detailed action plan for the first year.	Yes
22.	Identify key value chain drivers	Yes
Component 3: Spur Investment and Innovation *Intervention areas: Grants under Contracts Systems Development, Analysis and Outreach, Grant Application and Review and Innovative Financial Intervention Initiatives*		
23.	Adapt grant application form and scoring form	Yes
24.	Negotiate with potential partners (DCA/EASI/FABS/RENEW)	Yes
25.	Train local outreach partners in grant application development	No. Waiting approval of grant manual.
26.	Conduct outreach campaign identifying priority investment areas	
27.	Receive first round of grant proposals	
Component 4: Improve the Enabling Environment of Livestock Value Chains *Intervention areas: participatory analyses, identification of policy constraints and recommendations through MSPs, and support to industry associations*		
28.	Conduct value chain analyses with an enabling environment lens	Yes
29.	Collaborate with EMDTI and APHRD of MoA representatives in end market analyses/visits	Yes
30.	Support MOA and representative from the private sector participate in the Gulf Food Fair 2013	Yes
31.	Organize learning visit on value chain development for private sector and government actors to Kenya	No
32.	Establish multi-stakeholder platforms (MSPs) at regional and federal levels	Yes
33.	Facilitate quarterly MSP meetings in each region	Yes
34.	Organize policy dialogues discussing forums based on the outputs of enabling environment reports/ findings.	No
35.	Provide support to industry associations (e.g. EMPPA, EMPEA, ELTA, ELIA, EVA), including development of sustainability strategies	Yes (Initial communications started & the support is continuous process)
36.	Support establishment of Dairy Board	Yes (Initial communications started & the support will continue)
Component 5: Enhance the Nutritional Status of Rural Households *Intervention Areas: Nutrition analytics, Utilization (improve household nutrition-related behaviors), HIV/AIDS and PEPFAR wrap-around activities and Nutrition monitoring*		
37.	Overlay nutrition data on AGP woreda & VC stakeholder	Yes

	map	
38.	Review Economic Strengthening Assessment and strategies for PLWHA developed under EDDP	Yes
39.	Conduct anthropometric, IYCF KAP, dietary diversity and barrier analysis Survey	No
40.	Conduct preservation and storage assessment	No
41.	Conduct Economic Strengthening Assessment	No (Preparatory works has started)
42.	Prepare Income generating grant manual	No
43.	Networking with HIV institutions like Networks of HIV Positives (NHP+)	No
44.	Develop the methodology for nutrition monitoring	No

FINANCIAL REPORT

- Expenditure overview of the past trimester in general budget categories

ETHIOPIA AGP-LGP PROJECT ACCRUAL REPORT AS OF 03/31/2013

Budget Line Item	Total Budget Amount	Year Budget	Previous Quarter Expenditure Amount	Current Quarter Expenditure Amount	Cumulative Expenditure	Total Unliquidated Obligations
Salaries and Wages	$3,958,703	$842,355	$164,217	$147,732	$311,949	$530,406
Fringe Benefits	$1,065,578	$241,470	$30,908	$64,999	$95,908	$145,562
Consultants	$178,212	$65,780	$17,615	$43,510	$61,126	$4,654
Travel, Transportation and Perdiem	$1,279,493	$260,832	$27,338	$46,271	$73,610	$187,222
Subcontractors	$12,340,863	$3,226,283	$44,146	$91,174	$135,320	$3,090,963
Allowances	$869,665	$295,413	$86,542	$106,740	$193,282	$102,131
Equipment	$353,851	$353,851	$20,746	$195,571	$216,317	$137,534
Participant Training	$830,200	$107,281	$8,434	($62)	$8,373	$98,908
Other Direct Cost						
Program Costs	$1,949,104	$492,160	$0	$0	$0	$492,160
Facilities Rent and Related Expense	$467,494	$84,600	$36,708	$8,086	$44,795	$39,805
Vehicle Operating Costs	$775,727	$140,400	$7,118	$25,081	$32,199	$108,201
Communications	$666,063	$120,540	$5,124	$9,351	$14,476	$106,064
Supplies	$190,669	$54,900	$3,622	$10,416	$14,038	$40,862
Branding and Marking	$61,531	$17,600	$8,434	$12,336	$20,770	($3,170)
Environmental Mitigation and Monito	$276,251	$243,150	$45,382	($19,000)	$26,382	$216,768
Others	$110,265	$34,639	$4,095	$9,228	$13,323	$21,316
Indirect Cost	$4,534,112	$1,167,193	$149,535	$211,748	$361,283	$805,910
Grants Pool	$6,000,000	$1,050,000	$0	$0	$0	$1,050,000
Subcontractor Fixed Fee	$337,238	$84,041	$2,207	$331	$2,538	$81,503
CNFA Fixed Fee	$1,428,345	$348,559	$30,791	$47,811	$78,602	$269,957
Total	$37,673,364	$9,231,047	$692,963	$1,011,325	$1,704,288	$7,526,759