Evaluation Summary

International Labour Office

Evaluation Unit

Edible oil value chain enhancement in Ethiopia
Mid-Term Evaluation of the Joint Programme

Quick Facts

Countries: *Ethiopia*

Mid-Term: *March 2012*

Mode of Evaluation: *Independent*

Administrative Office: *CO-Addis Ababa, EMP/SEED*

Evaluation Management: *MDG Achievement Fund*

Evaluation Team: *Vincent Lefebvre*

Project Code: *ETH/10/50/UND – USD 3,000,000*

UNIDO:	**1,156,724 (lead)**
ILO:	**782,170**
FAO:	**1,061,012**

The Executive Summary of the Joint Evaluation Report

The recently drafted Agro-Industry Sector Master Plan in which the edible oil is clearly earmarked as a priority sector for development resulted in the elaboration in 2008 of a MDG-f joint program which objective was to enhance the edible oil sector in the country by improving the supply system of raw materials, improving the oil seeds processing efficiency and access to markets of relevant stakeholders. The programme is being implemented by UNIDO as the lead agency, FAO and ILO together with a series of national counterparts which include the Ministry of Industry as the lead governmental institution, the Ministry of Agriculture, Ministry of Labour & Social Affairs as well as their regional and *woreda* level representatives.

The programme was initiated in January 2010 for a 3 years' duration. By late 2011, this mid-term review took place.

The objectives of the review were to provide key decision makers relevant independent information about the implementation rate and performance of the joint programme in relation to the planned outcomes and relevant Millennium Development Goals (Goal 1 – poverty reduction, Goal 3 – gender equity improvement, Goal 7 sustainable development).

The evaluator used a series of direct & indirect data acquisition methods ranging from documentary review to focus groups and individual interviews.

Main Findings & Conclusions

The programme design reflects the Governmental and UN priorities, in particular those included in the Plan for Accelerated and Sustained Development to End Poverty and the Agricultural Development Led

Industrialisation. The programme is geographically limited to 2 regions (several *woredas* only) and limiting itself to only 2 promising and overlooked oil seeds (niger seed and linseed). Both seeds are low productivity crops which are actually often considered as fallow crops by farmers. By focussing on the entire value chain, the programme adopted a holistic approach in which each component implemented by the agencies will be effective if the others are implemented in the same way. The programme is contributing to MDG1 (poverty reduction) by supporting farmers to enhance their productivity, MDG3 (women empowerment) as nearly half of small-holder beneficiaries are female household heads, and accessorily MDG7 (sustainable environment) by promoting sustainable and environmentally friendly land husbandry techniques and reducing urban pollution. The monitoring framework was straightforward (SMART indicators) but some elements were no longer relevant as have become their corresponding activities.

Although the joint programme design was an internal UN process, it was built on the Government long awaited Agro-Industry Master Plan. Government insisted on a simple design with few UN agencies involved, validated the joint programme design and was instrumental in the selection of the regions where the JP would operate. The programme start-up was negatively affected by several factors: parliamentary elections 6 months after JP signature, the splitting of the lead ministry into the Ministries of Trade and Industry, a 2 months payment delay to effectively initiate the activities and a design flaw observed immediately at the start of the implementation (lack of improved oil seeds in the country required to implement the FAO component – improved seeds distribution -). This situation resulted in FAO switching to locally selected seeds but lead to a slowdown of the programme overall implementation rate. The 2nd budget tranche out of 3 (3 years programme) was therefore disbursed with delays.

One person per agency was assigned to each agency; in addition, UNIDO contracted 2 cluster Development Agents who have a pivotal role in the sector clustering process. FAO relies nearly entirely on the regional offices of the Ministry of Agriculture for its component execution which has the advantage of enhancing ownership but resulted in serious monitoring issues partly because of too many programme officers (4) successively in charge of FAO's component. The reporting issues by the regional offices of agriculture have prevented the extension and deepening of FAO's technical assistance to the target beneficiaries; ILO uses a mix of direct execution and contracting consultants but makes little use of its partners' human resources.

Several kinds of working groups were created – National Steering Committee, Programme Management Committee, and Cluster Groups – but the twice monthly inter-agency technical meetings are the most significant resolving issues, creating linkages between stakeholders or coordinating the actions of the agencies. The JP has a Coordination Unit but the Coordinator shares 2 functions (coordination function and UNIDO's focal point), which results in very high workloads, no programme advocacy & communication strategy, and little time to effectively oversee the overall JP implementation process but focussing more on UNIDO's component. Still, the programme's clear design, effective attribution of activities has not required a lot of coordination efforts between agencies. In addition, the lead Governmental counterpart (Ministry of Industry) is fully committed in this joint programme and willing to solve issues whenever required (e.g. taking the role as a facilitator for the attribution of land to PLCs within both regions and monitoring closely JP progress).

With regards to producers' productivity and competitiveness enhancement, FAO modified its intervention approach due to the unavailability of improved seeds: it supported farmers with locally selected seeds with some success and in parallel initiated a short timed breeding process to provide by the end of the joint programme improved seeds as per original project document. Still the original JP duration is too short for the breeding process to be completed (hence the need for a programme extension). The original seed fund handed over to the farmers unions was not conclusive (little money spent) because of the unavailability of improved seeds.

In order to enhance the capacity and product quality of processors, UNIDO is in the process of providing cleaning equipment to farmers' unions so that processors purchase higher quality seeds; improved process was observed after trainings sessions and resulted in a productivity increase. Additional support (basic laboratory equipment) is being planned for the processors organised as a PLC but it remains to be seen whether the PLC will be operational by the end of the programme. ILO has remarkably succeeded in a very short time frame to organise the processors in associations and some of them into a Private Limited Company, provided to processors OSH trainings and created linkages between the credit sector and the processors.

With barely 12 months of effective implementation and another 12 months remaining, the joint programme results remain fragile, requiring consolidation. This is the case for farmers which were exposed during 1 cropping season only to oil seed improved land husbandry techniques, unions which only signed PLC agreements and have not yet been effectively engaged into oil seed trading with processors or the processors themselves who still awaiting the land attribution process to be completed. Several types of actions should be considered in order to strengthen the results and make the programme more sustainable, through more Governmental involvement as an exit strategy; e.g. FAO integrating its component activities into the regional and *woreda* agricultural offices work plans or ILO involving more its partners into the implementation of its component. The processors' associations are quite new with a year's existence and one way to strengthen them would be to accompany the operationalization of their strategic plan. The PLCs remain virtual and it is too early to discuss their effective existence as the common land for basic refining has not yet been attributed to the processors. The agencies involved in the JP have been resourceful and innovative by overcoming the issue of lack of improved seeds and adopting the sector clustering approach through common facilities; while these are risky solutions, they have the full support of the Government of Ethiopia, should there be additional (legal, technical) constraints. This is an encouraging factor for success.

In general: a 6 month extension is required to enable FAO to cover an additional cropping cycle and oversee the distribution of high yield seeds to unions and processors and, ILO and UNIDO to consolidate the results of the clustering process (including the provision of common facilities).

Recommendations & Lessons Learned

A major PMC meeting should be planned to review the PRODOC and adapt it to the new realities of the programme; in particular the unavailability of seeds and the focus on clustering and common facilities; several activities should be reconsidered or becoming low priority: e.g. HACCP, international marketing, PPP, labelling, packaging, branding. Newly available financial resources should be allocated for consolidation and scaling up whenever appropriate. This would require timely coordination efforts so that the 70% threshold is reached by all 3 agencies at approximately the same time.

An exit strategy should be elaborated as soon as possible taking into account the governmental counterparts interest in the intervention: indeed, it is unlikely that the clustering process will be completed by the end of the programme; additional efforts will be required, possibly from the Government's side. A task force made up of representatives of the Government should be put in place to discuss the planning processes and discuss what might be necessary after the end of the programme to achieve its objectives.

For FAO: the agency needs to accompany more efficiently its counterparts by contracting 2 local focal points. Their mission would be to facilitate the local execution of FAO's activities but also to integrate wherever feasible the activities into the work plan of their counterparts (e.g. Ministry of Agriculture); testing of new confidence building measures (contract farming, voucher systems, crop insurance) are necessary to attract additional farmers into edible oil seeds cropping. The consolidation of the results should come in the form of an extension package available to farmers who already grew oil seeds in 2011 so that they are encouraged to grow the oil seeds the next season. The agency should raise awareness on oil seeds among primary cooperatives members with exchange visits, farmers' day events so that they are enticed to work more closely with unions and *woreda* development agents (divulging improved land husbandry techniques). FAO in cooperation with ILO should address the lack of working capital and capacity for primary cooperatives (storage, awareness raising on selling to unions & marketing activities, basic equipment / small implements, etc.) and wherever relevant involve Business Development Services providers.

For ILO: close monitoring of the PLC loan request should be carried out once the land area has been granted. The financial capacity of the PLC members should be clarified and the project amended (down-scaled) if necessary so that the loan process can be initiated as soon as possible. A business plan for the PLC will be necessary and require support (in association with BOLSA and REMSEDA). More efforts should be devoted to differentiate both the associations and PLCs and an emphasis be put on the association though the operationalization of its strategic plan and widening its membership basis. With new agreements signed between unions and the PLC or individual processors, the lack of working capital of the processors might become an issue if they want to use their equipment at nominal capacity or over a longer period after harvest time. ILO should involve more its (regional) partners in the implementation of the programme e.g. by preparing together the actual delivery of activities, as an exit strategy. This role might be supported by the CDAs. OSH training should be scaled up once the PLC becomes operational.

For UNIDO: the Coordinator together with the Ministry Of Industry should devote resources on unlocking the land issue so that the programme can go ahead with the physical installation of the processors on common premises. With a basic refinery construction under way, the PLC members will be able to comply with new food regulations; still, many (non-member) processors are not supported by the programme. The association should bring value (e.g. representation, advisory role) to all those processors and the joint programme assess how they could comply with the regulations (low cost technical solutions) and/or accompany their process of change (become suppliers, engage in new activities, become specialised). So far, no advocacy and communication plan has been effectively initiated. This should be addressed all the more so as visibility is a key element for Governmental empowerment and ownership.