Evaluation Summary

International Labour Office

Evaluation Unit

Pro-poor horticulture value chains in Upper Egypt – Mid-term Joint Evaluation

Quick Facts

Countries: *Egypt*

Mid-Term Evaluation: *Jan 2012*

Mode of Evaluation: *Independent*

ILO Administrative responsibility: *CO-Addis Ababa*

Technical Area: *EMP/SEED*

Evaluation Management: MDG Spanish Funds

Evaluation Team: *Patrik Willot*

Project Code: *EGY/11/50/UND*

Donor: Spanish MDG Funds *US$ 7,500,000*

ILO: 1,005,800

UNDP: 3,246,561

UNIFEM: 725,888

UNIDO: 2,521,455

Unallocated: 296

Keywords: *sustainable development, income generation activities, value-chains*

Executive Summary of the Report

According to the JPD: “Egypt’s recent economic growth has not sufficiently been pro-poor. Rather, poverty has expanded, especially in rural Upper Egypt which is facing two mutually reinforcing problems; one that has to do with the overall efficiency of the value chain, and the other one has to do with the marginalization of the majority of small landholders. The purpose of the programme is to promote viable equitable partnerships between small farmers and private sector investors in efficient pro-poor horticulture value chains in three locations in the poorest Upper Egyptian Governorates. This shall be accomplished upon achieving the following outcomes (in 3 components):

1. Small farmers and agricultural workers are more equitably integrated into domestic and international value/supply chains of horticultural products through enhanced efficiency, productivity and viable business partnerships with private sector investors.

2. Entrepreneurial forms of organization established by small farmers.

3. Policy and regulatory changes to promote pro-poor private sector-based growth in Upper Egypt's horticultural sector identified and discussed with the GOE.”

Situation at time of MTE:

Component 1: Training activities have predominated in terms of activities. While some success has been demonstrated in contracts with private sector (Makro, PepsiCo, negotiations with others) it is difficult to assess the IMPACT of the JP on the target group of beneficiaries because 1) severe delays in the implementation of the JP hence in tracking impact (itself lagging due to the agricultural cycles); 2) indicators (OVI) of the JPD are not in full use in the M&E reports; and 3) the target group of beneficiaries (even more so for the gender issue) is difficult to trace.

Component 2: the selected 6 Farmer Associations (FA) and related Post Harvest Centers (PHC) are satisfied and well advised by the JP through its Cairo staff and staff in the 3 field offices. There has been one company established ("Goodies") to act as demonstration for smaller farmers to join in and 3 outlets for direct marketing have been opened. Clarification on the business model has to be done with MoT&I to avoid conflict. The model of private companies and their relation as demonstration effect on poorer farmers has to be well explained in order to get the right vision and support from GoE. Meanwhile, the feasibility studies of the value chains for each FA/PHC have not yet been finalized.

Horticulture in Upper Egypt is and has been an important recognized necessity for decades. The GOE and several development partners have engaged in trying to develop value chains for products to be delivered to final markets, inside or outside Egypt.

As described in the baseline survey1 (whose results were available almost 1.5 years after official start of the JP), several large scale projects funded by several Development Partners are under way. Given the thrust of the GOE to develop "integrated" Model Villages and given the recommendations of the baseline survey, the task for the JP to develop effectively and efficiently horticulture in Upper Egypt requires still a series of measures and actions. It also requires a re-focusing of the scope and activities/budget allocations of the JP.

As the popular saying goes, "a chain is only as solid as its weakest element". In Marketing, along a value chain extending from raw materials to finished product finally delivered to the final end-user, there are many factors possibly hindering the solidity of the chain. Horticulture in Upper Egypt, while clearly being at the same time a real potential and a necessity to reduce severe poverty, does not escape to that rule. The identification and laying-out of the bottlenecks in the value chain have not yet fully materialized. This needs to be done in order to refocus activities that will impact the value chain.

002 Key Findings:

While the JP has developed a lot of activities in a short time, several findings are keys to understand the present situation:

- PMU and Field Offices motivated & hard working
- JP staff well introduced and respected at beneficiaries level
- Overall coordination between UN agencies working, good collaboration (also with FAO or other Development partners)
- FAs and PHC acknowledge positive results of JP:
  - JP listen to their needs rather than imposing (critics to previous USAID/CARE programs)
  - JP responds quickly and is adaptable
  - JP does effectively a follow up
  - Transparency

- At farmers' level, focus groups during MTE show:
  - Training interesting, well applied and gender sensitive
  - Agricultural inputs' availability, quality & price remain a major preoccupation
  - Target Women Farmer with less than 1 feddan2 (poor have usually less, *i.e.* half a feddan3) difficult to locate, usually not in managerial post,

requires small capital for income generating activities (ducks, sewing machines, poultry, mushrooms) rather than crop growing skills (traditionally not their jobs)
- In Egypt, agricultural working women perform more and culturally more prone to work in collective activities (all together for a greenhouse, for instance)

However:

- JP too short (3 years: for changing agricultural crop calendar –some only once a year, for changing mentalities for relatively uneducated population, for transforming not-for-profit associations into commercially reliable value chain partners)
- Egypt's unstable political environment has proved difficult for the progress of the JP (4 different Ministers of Trade & Industry since January 2011, Ministry of Investment disappeared, 3 focal points in MT&I, all the Governors of Upper Egypt changed 2 times).
- Late start of JP (signed end 2009)
  - PMU Mgr hired 06/2010
  - team PMU Cairo 09/2010
  - team PMU at FA level 06/2011
  - Some activities and financing strangely programmed late e.g. any ILO activity including need assessment only in Y2
- Usual turnaround of UN agencies in terms of counterparts (3 different focal point in UNDP, new country director for UNIDO, new regional director for ILO). Difficult institutional memory because people at onset are not the same as in implementation and even then change in rapid turnover. Lack of holistic view at UN.
- While preoccupied in ensuring good coordination, Strategic and Management direction of JP hindered by lack of vision of the JP as "a value chain in itself"
- The Timing is ideal for giving the JP a « Process » vision starting with finding the critical points (training & resources) needed to ensure delivery at customer's level of agricultural crops produced or prepared from FAs and Post Harvest Centers
- So called "FAs" are not Farmers' association, they are community based associations (law 84 of year 2002 issued by the Mini. of Social Solidarity, MOSS), not for profit and composed of people doing voluntary work. Many are not farmers but they all live in a rural region.
- Agricultural program is without MoA but ways to access some inputs/services from MoA still requested by FAs. Could be possible if FAs are helped & coached by the JP
- Time/involvement requirements are targeted to people in FAs who are not paid for this and help the FAs on a voluntary basis.Right motivation is a goody incentive
- FAs don't see the need to train further in management skills and other related skills 1) if sales volumes stay low & 2) if their voluntary involvement in the association is challenged by more pressing needs
- Chicken & egg syndrome regarding low utilization of processing capacity of PHCs and need to upgrade PHCs to standards required to attract potential customers (the equipment needs are various and capital intensive *e.g.* fence anti-pest, water well, AirCo, backhouse, sales outlet, refrigerated trucks etc.). For memory, the 3 PHCs are the same (dimensions, capacity of 40 MT/day) and were "given" by the USAID program
- FAs do not have capital and therefore no working capital to enter commercial deals. Furthermore, it is not their mentality since they are Community based non for profit associations. PHCs, belonging to the FAs are in the same situation (not for profit, no working capital)
- Baseline survey not giving all the tools to measure the progress against indicators (despite design of JP & baseline survey by same source)
  - Sampling at FAs for Baseline survey not statistically valid for segmentation (too small subsample 10 &16 farmers, 12 & 7 workers). For FAs & PHCs : Capacity utilization of PHC extremely

low (between 6 and 10%) ; No working capital hinders their access to more commercial contracts.

- For PMU: Different management requirements with different UN agencies (pre-financing rules, reporting, financial systems ATLAS, regulations). Consolidation is a “nightmare”

The Triggers for making a success out of the JP are:

- Identifying the bottlenecks of the value chain. Based on the analysis of the Baseline Study, there is a need detail more the bottlenecks and the deciding management actions, JP activities and budgets to address them. For instance detailing the inputs to crops and the logistics to get to PHCs while reducing post harvest losses. This analysis has to be done for all the steps along the value chain. The evaluator is attaching a draft spreadsheet which will be developed with the PMU;

- Finalizing the feasibility studies of the PHC along the classical format (Market analysis, technical appraisal, financial statement). These feasibility studies will then serve as bankable files to tap into financing sources such as, among others, the Egyptian Social Fund for Development (SFD); and

- Reformulating the JPD into activities, resources and indicators accordingly.