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April 17, 2015

**UNDP Country Office**  
**Addis Ababa**

**Subject: Submission of ATA 3<sup>rd</sup> Quarter EFY 2007 Progress Report**

The Ethiopian Agricultural Transformation Agency has been implementing the Comprehensive Enhancing National Capacity for Agricultural Growth and Transformation program financed by UNDP and other Development Partners.

Accordingly, enclosed herewith please find the progress narrative report on all UNDP, BMGF and DFATD financed outputs for the third quarter of EFY 2007 (January 8, 2015 – April 7, 2015).

Sincerely,



Mirafe Gebriel Marcos  
Chief of Staff and Senior Director – Special Projects

**CC: Ministry of Finance and Economic Development**  
**Addis Ababa**

**Enhancing National Capacity for Agricultural Growth and Transformation**  
**Reporting Period: January 8, 2015 – April 7, 2015 (Q3 EFY 2007)**

<b>PROGRAM NO.</b>	0072756
<b>SUB-PROGRAM TITLE</b>	Enhancing National Capacity for Agricultural Growth and Transformation
<b>IMPLEMENTING INSTITUTION</b>	Ethiopian Agricultural Transformation Agency
<b>TOTAL PROGRAM BUDGET EFY 2007</b>	USD US\$ 8,049,536

**BACKGROUND**

The Growth and Transformation Plan and the donor-supported Policy and Investment Framework of the CAADP reaffirm agricultural development as an essential priority for Ethiopia's poverty reduction, economic growth, and human and social development. While there has been impressive progress over the last decade, the agriculture sector still faces substantial challenges, calling for stronger implementation support and effective performance management to pursue the objective of Ethiopia's agricultural development. Recognizing this, the Government of Ethiopia has established the Ethiopian Agricultural Transformation Agency (ATA) with the mandate to identify systemic constraints to agricultural growth, design solutions that will help achieve sustained structural transformation, and support the coordination and integration of agricultural development efforts among various institutions. The overall objective of the Enhancing National Capacity for Agricultural Growth and Transformation project is to contribute to increased agricultural productivity and commercialization in a sustainable manner. This is to be achieved through the creation of a favorable policy environment and facilitation of additional knowledge and investment in the sector.

Development of the agriculture sector of Ethiopia is a partnership between the government, development partners, the private sector, and others. Improving the lives of farming families and their communities requires activities that address key bottlenecks from farm to market. This project addresses the need for: 1) farmers to obtain the right inputs at the right time; 2) cooperatives to address the needs of their members, including storing increased outputs, marketing on commission, and providing credit for adoption of new technologies; and 3) the private sector to invest in agricultural development. Taken together, these activities seek to create an enabling environment through policy change, capacity/capability building, and establishing context-specific processes that support a sustainable, market-oriented approach to agricultural development. This project blends the power of the private sector with the needs of smallholder farmers, with a particular focus on gender, promotion of sustainable agronomic practices, and constant attention to increasing the incomes of the men and women who engage in farming practices.

**OVERALL OBJECTIVES**

- **Output 1:** Selected agricultural/pastoral producers have received services, technologies and knowledge - **(UNDP Core)**
- **Output 2:** Institutional capacity of the ATA supported to enable the institution to carry out its mandate - **(BMGF Non-Core)**
- **Output 4:** Institutional and technical solutions that overcome marketing bottlenecks across the value chains of selected products formulated and their implementation supported **(UNDP Core)**
- **Output 7:** Strengthen capacity of the private sector in seed production and marketing to effectively grow and scale operations **(DFATD Non-Core)**

- **Output 8:** Specific and high value agricultural investment opportunities identified - **(DFATD Non-Core)**
- **Output 9:** System of input financing for smallholder farmers scaled-up and functioning effectively and sustainably using improved delivery technology for voucher distribution - **(DFATD Non-Core)**
- **Output 10:** Improved organizational storage capacity at cooperatives (primary and unions) - **(DFATD Non-Core)**
- **Output 11:** Commission based output marketing system developed for cooperatives - **(DFATD Non-Core)**
- **Output 12:**<sup>1</sup> Provide comprehensive capacity building support to selected farmer cooperative unions and members - **(DFATD Non-Core)**

<sup>1</sup>Please note that in the AWP&B, Output 12 was wrongly put as “Improved system for output marketing of key commodity crops” which needed to be changed. Accordingly, the change has been communicated to UNDP via email.

#### PARTNERS

**Canadian Department of Foreign Affairs, Trade and Development (DFATD)** - Funder  
**United Nations Development Program** - Fund Administrator  
**Ethiopian Agricultural Transformation Agency (ATA)** - Implementing Organization  
**IDEO.org** - Developer of tef row planter prototype under Output 1  
**ACDI-VOCA** - Implementing Partner for Community Warehouse Receipt concept  
**Canadian Cooperatives Association (CCA)** - Implementing Partner for Output 11: Commission Based Output Marketing system developed for cooperatives based output marketing  
**Federal Cooperative Agency (FCA)** - Implementing Partner for Output 10 on strengthening cooperatives audit system  
**Amhara Credit and Saving Institution (ACSI)** – Implementing Partner under Output 9: Input Sales Voucher System (IVS)  
**Mekele University and Bahir Dar University** – Implementing Partners under Output 7: Strengthen capacity of private sector in seed production and marketing to effectively grow and scale operations

#### BENEFICIARIES

- Ethiopian Smallholder Farmers
- Agricultural Primary Cooperatives and Cooperative Unions
- Microfinance Institutions
- Ministry of Agriculture
- Regional Bureaus of Agriculture
- Ethiopian Agricultural Transformation Agency
- Federal Cooperative Agency
- Mekele University
- Bahir Dar University

#### IMPLEMENTATION PROGRESS

**Output 1: Selected agricultural/pastoral producers have received services, technologies and knowledge (UNDP Core)**  
 Support the introduction and adoption of appropriate technologies & techniques in selected agricultural sectors  
 Develop innovative business models for technology deployment

The following major activities were accomplished in the reporting quarter:

- The study for a thresher business model has been finalized and the dissemination of the results will ensue shortly. Further studies have started by building on the results of the business model to engage potential operators.
- The ATA has facilitated linkages and capacitated technology manufactures. Training has been provided to operators at the federal and regional level on post-harvest technologies such as threshers, maize shellers and hand-held harvesters.

**Output 2: Institutional capacity of ATA supported to enable the institution to carry out its mandate - (BMGF Non-Core)**

**Capacity strengthening of the ATA**

- **Salary costs:** Salary costs went to support senior leadership, specifically the ATA's Chief Executive Officer and the Chief of Staff and Senior Director for Special Projects.
- **Other Costs:** In the last quarter, BMGF-UNDP expenditures covered a variety of organizational costs, mostly tied to regional trainings, conferences, and workshops, as well as coordination of activities across ATA program teams. Program teams that received most of these funds include: Seeds, Technology Access & Adoption, Research & Extension, Livestock and Wheat Value Chains, especially as they were coordinated by the field implementation team. Emphasis in this report is given to selected deliverables on which a larger proportion of the grant was spent.

**Progress Against Selected Deliverables for the reporting period**

**Implement Rural Financial Services (RFS) Strategy**

**Context:** Access to finance is critical to strengthening each element of the agricultural value chain. For example, a farmer's access to credit is a major determinant of the adoption and sustained use of productivity-enhancing inputs, such as fertilizer, improved seeds, and crop protecting chemicals. While access to finance in Ethiopia has improved over the last five years, it remains low relative to comparable countries, and is especially low in rural areas. Access to finance in Ethiopia's rural areas is characterized by limited access to input credit, insufficient incentive to save in formal institutions and unavailability of risk mitigation mechanisms like insurance. In order to address these issues, the ATA has developed a comprehensive Rural Financial Services (RFS) strategy, parts of which are already being implemented.

**Major Progress:** Major progress in terms of the input voucher system includes 12 million ETB worth of vouchers issued by ACSI to 11,000 farmers in Amhara for the irrigation season. In total, 168,000 farmers have been reached through this system during Meher and irrigation seasons. New ACSI satellite branches have mobilized 30 million ETB in savings from 22,400 farmers in pilot woredas. One thousand experts in 81 woredas have received Training of Trainers to cascade down to the 3,000 new employees in 800 new ACSI satellite branches. Kick-off workshops were conducted in SNNP and Tigray for zonal and woreda officials and an additional 300 experts in Tigray were trained on the input voucher system.

Automating the credit voucher system, while facing challenges, has registered some points of progress. MFI CEOs were briefed on procuring and developing an automated solution to voucher sales. An MoU was signed between ACSI and the Amhara regional government for low-volume roll out

of e-vouchers in 2015; other regions are expected to participate in 2016. A technical service provider was selected from five bidding companies.

The financial literacy campaign has also progressed well, with full broadcast of TV and radio programs in Amharic, Tigrigna and Oromiffa. Moreover, 100,000 brochures and flyers were distributed in input voucher system woredas in Amhara and Tigray. Financial literacy has been integrated into the trainings provided to a total of 1,300 experts in Amhara and Tigray. A validation workshop was also conducted on the baseline assessment of existing rural financial literacy initiatives.

Toward the establishment of an apex body, a scoping mission was successfully undertaken and stakeholders held a workshop to agree on major steps forward. Data collection for SACCOs and unions has been done for the four regions, as well as a SACCO mapping using GIS. The final draft of the strategic review document is also available and under review.

A catastrophic risk insurance provision report was finalized and its findings were syndicated with financial sector stakeholders. A consortium of external stakeholders and experts (including WFP, ICT University of Twente, Swiss Re, Kifiya, and the Bureau of Meteorology) has aligned on this issue. The consortium is working to develop an approach to micro-insurance that uses satellite technology to design insurance products and make payouts based on a pre-agreed threshold. This system will provide micro-insurance to inputs provided through credit in the Amhara woreda regions that will pilot input vouchers in 2015. Work is also underway with WFP's P4P initiative to pilot Weather Index Insurance in SNNP.

#### **Develop national capacity to use biotechnology tools**

**Context:** According to the Food and Agriculture Organization, biotechnology is defined as biological tools and techniques that help to speed up crop genetic improvement and multiplication, thereby enhancing the quantity and quality of crop products. Biotechnology offers great potential to address specific bottlenecks to increasing agricultural production. Traditional approaches to agriculture struggle to keep pace with growing demand by farmers for better varieties of seed; by consumers for increased quantity and quality of food; by industries for increased quantity and quality of raw materials; and by the government for increased contribution to the national economy. Transformation of the agriculture sector requires consideration of the latest technologies, including non-transgenic and transgenic (GMO) techniques.

Ethiopia has the potential to become a center of biotechnology development and application in Africa. It has all the right ingredients to develop its own biotechnology sector, including the presence of a great wealth of crop biodiversity, the availability of qualified scientists and already established laboratories. It could also leverage the expansion of biotechnology degree programs in tertiary education, strong conventional plant breeding, flourishing textile and manufacturing industries, strong government support, and strong interest from donors. Many countries in the developing world have already benefited from crops produced by biotechnology, including the GMO crops of insect-resistant Bt cotton and Bt maize, and herbicide-resistant soybean.

However, Ethiopia lags far behind in biotechnology, even by the standards of neighboring countries. There are several major systemic bottlenecks, including the lack of a well-articulated, forward-looking strategy that clearly defines how the government seeks to enable biotechnology to make effective contributions to agricultural growth. In addition, many stakeholders comment that the current

legislation restrains the development, adoption and application of biotechnology in the country.

**Major Progress:** The biosafety proclamation has been revised twice by a committee of experts from the Ministry of Environment and Forest (MoEF), MoA and EIAR. After the first revision, a public hearing was conducted that provided input to the second revision. A revised proclamation was presented to the Environmental Protection Standing Committee in the Parliament for approval. However, as a result of the mismatch between the document revised at the committee level and the one presented to the Parliament by MoEF, committee members have been unable to reach an agreement on the final document.

Expert suggestions for revising the proclamation were also given by the members of the Ethiopian Chapter of the Open Forum on Agricultural Biotechnology (OFAB) representing EIAR, MoEF, ATA, Addis Ababa University, CGIAR Centers and other organizations. The second revised proclamation that allows contained research (defined as both laboratory and confined field trails) was discussed at the Standing Committee for Environmental Protection in the Parliament. Although an agreement was reached by the committee, this could not be tabled to the Parliament for passage because of the request by MoEF to require a license from companies that import advanced materials.

Human capacity building activities are also underway to increase the national capacity to use biotechnology tools in the areas of tissue culture for mass production of clean planting materials and advanced biotechnology techniques. Two researchers from the Amhara Regional State were trained on commercial tissue culture lab management and in vitro propagation in Kenya. They will manage the Dessie Commercial scale tissue culture lab that is nearing completion. When fully functional, this lab will produce clean planting materials for around two million high-value crops a year. This will supplement clean planting material production by the various small-scale labs in the country, as well as the Mekele based private commercial scale tissue culture lab.

#### **Achieving climate smart agricultural transformation**

**Context:** Rain-fed agriculture is the primary driver of the Ethiopian economy. As a result, the variable impacts of climate change, such as unpredictable rains, droughts, and floods, often weigh heavily on smallholder farmers and their production. Furthermore, ongoing environmental degradation caused by issues such as over-tillage and overgrazing is reducing topsoil depth and fertility, particularly among the 60% of Ethiopians living in highland areas. At present, soil erosion in Ethiopia is 1.5 to 2 billion tons, and 35 tons per hectare per year. Long-term productivity losses due to soil erosion alone are predicted to reduce annual agricultural GDP by up to 3%. Addressing these and other climate-related issues, including greenhouse gas emissions (particularly from livestock) is essential to transforming the country's agriculture sector and preparing farmers for future environmental changes.

**Major Progress:** In line with Ethiopia's Climate Resilient Green Economy (CRGE) Strategy, the ATA is working to integrate climate smart agriculture within the Agricultural Transformation Agenda. As part of this, the Agency has been focusing on (a) promoting the adoption of climate smart technologies and practices through the reorientation of key agricultural systems, such as extension, research, and input supply; and, (b) the enhanced understanding and gradual adoption of climate smart technologies and practices by actors along selected value chains. Some of the associated progress and challenges include:

Progress relating to reorienting agricultural systems towards climate smart agriculture, as detailed below.

- **Advisory services:** the transformation agenda includes several initiatives to promote advisory services that consider climate issues:
  - (a) *Promoting the use of climate information in advisory services:* procurement of automatic weather stations (to generate downscaled climate information) and consultancy services to develop an ICT based communication and feedback system is underway;
  - (b) *Building FTC capacity:* a pilot activity that intends to test innovative approaches to upgrade 50 FTCs in 4 regions into model institutions that demonstrate and train on climate smart technologies and practices is being launched; and
  - (c) *Integrating soil fertility management and double cropping into agricultural advisory services:* A study is underway to scope out issues related to promoting soil health issues within the extension system as a basis for further discussion on how to promote more sustainable farming.
- **Research:** ATA is working with EIAR to build the capacity of the Debre Zeit Tef Breeding Center to address drought resistant, short maturing varieties, in addition to yield enhancing varieties of tef. Development of the program has taken some time, but it is now ready for launch.
- **Input Supply:** Support on distribution of blended fertilizers (that contribute to reduced GHG emissions), as well as investigating options for integrating pulses into Community Based Seed Production for multi-cropping and crop rotation. Work is also underway on innovative service models for mechanization of post-harvest activities, which will reduce post-harvest losses.

There is also progress toward adopting climate smart technologies and practices along key value chains.

- **Agricultural Commercialization Clusters:** An internal ATA study is being conducted to identify optimal climate smart and gender related interventions to be integrated into the ACC Project.
- **Greening Value Chains:** Studies are under procurement to develop greener value chains for maize and dairy, as well as studies to develop methods and capacity for measuring agricultural greenhouse gases and the contribution of rural finance to the climate smart agenda.

#### **Output 4: Institutional and technical solutions that overcome marketing bottlenecks across the value chains of selected products formulated and their implementation supported**

##### **Support development of market oriented agricultural value chains for selected agricultural crops**

- In the reporting quarter, a meeting was organized with concerned stakeholders in the SNNP region in order to create awareness about concepts and procedures of contract farming. In total, 37 participants took part in the meeting, representing regional and zonal market and cooperative offices and farmers' cooperative unions.
- An inventory of Ethiopian contract farming experiences has been conducted and best practices as well as related challenges to contract farming have been compiled. The team will use the lessons drawn for better implementation of the activities in future.
- To enhance awareness of regional stakeholders on the concept of contract farming, as well as to develop a contract farming platform model, discussions were held with

several maize, coffee, chickpea, tef, wheat and barley cluster stakeholders in the Oromia region.

- Standard contract farming “contract templates” have been developed to be used as a reference for all contracts to be entered into in the future.

#### **Output 7: Strengthen capacity of private sector in seed production and marketing to effectively grow and scale operations**

##### **Support implementation of Quality Declared Seed (QDS) system for Community-based Seed Production**

- In the reporting quarter, a retreat was organized to develop a quality declared seed (QDS) directive by engaging relevant stakeholders.
- Accordingly, a draft QDS directive and standard for 35 crops were developed by a taskforce consisting of partners from regional and federal public institutions.
- Experts both from federal and regional seed regulatory offices traveled to India for an experience sharing visit on seed certification. In total, 10 relevant experts went on the visit from December 1-8, 2015.
- A memorandum of understanding was developed and signed by four regional and federal certification authorities aiming to harmonize inspection and testing procedures.

##### **Increase in number of operationally and financially independent CBSPs**

- A retreat has been organized in Adama to develop seed production manuals.
- Six crop-specific, adult-friendly seed production and post-harvest handling manuals were developed in Amharic language.
- The manuals were reviewed and enriched by adult education experts and translated into Oromiffa to fit the regional context as well as to be more users friendly.
- The manuals will be used to train targeted female and male farmers in the Oromia and Amhara regions.
- In the reporting period, 30% matching resources were mobilized from each CBSP targeted as a sub-grantee. These targeted CBSPs have secured land for seed store construction from their respective kebele administration. The design work for seed storage was completed and the bidding process to award a qualified contractor is now underway.
- The construction of two seed processing shades has been completed in the Amhara region. In addition, ground balance and seed moisture testing equipment was procured and delivered to those targeted CBSPs in the Amhara region.
- To strengthen the CBSPs in Amhara and Oromia, a contractual agreement was entered into with the Motor and Engineering Company of Ethiopia (MOENCO) for the procurement of two tractors, one for each region.
- To reduce the work burden of women farmers, provision of tractor and other machinery services will be provided to women farmers with discounted fee.

#### **Output 8: Specific and high value agricultural investment opportunities identified**

- The national target for domestic sourcing of wheat in 2014/15 (2007 E.C.) has been set at 250,000 MT. EGTE has so far managed to source more than 75,000MT of wheat from domestic markets, which amounts to 30% of the annual national target. Although, there

is still a considerable gap in meeting the national target, considering performances in the past two years - where EGTE's achievement remained about 5% of similar annual targets -the 30% achievement is encouraging.

EGTE's success of aggregating a much larger volume comes from better branch coordination and partly addressing the major difficulties from previous years' experiences. Initial analysis indicates the following as major success factors:

- EGTE started purchase early in the marketing season: unlike previous years' last minute purchases, EGTE made early preparations and started timely purchasing with the marketing season.
- Prices offered were responsive and attractive to market: EGTE has managed to make market responsive adjustments and carefully increase prices without upsetting the market.
- EGTE has become a convenient demand sink: EGTE has made itself a convenient demand sink for all types of sellers, with stores at strategic locations; accepting smaller or larger volumes of wheat from farmers and aggregators alike, and making swift payments.
- Aggregated wheat from all kinds of buyers: EGTE has opened doors for all kinds of buyers, from smallholder farmers to assemblers, unions, aggregators and traders. It has also embraced various sales mechanisms, whether it is a forward delivery contract or spot market selling. This has significantly increased the volume of wheat supplied to its branches.
- There might be a significant increase in wheat production and attractive market prices associated with the increase in marketed surplus, although this needs further analysis.
- Market signals on the Government's intention and preparation for local wheat purchase were communicated to farmers and other stakeholders through various media and consultative workshops well before the marketing season began.

**Output 9: System of input financing for smallholder farmers scaled-up and functions effectively and sustainably using improved delivery technology for voucher distribution**

**Scale up implementation of the Input Sales Voucher System (IVS), pilot an automated IVS system (improved delivery platform) and inclusion of IVS system into comprehensive rural finance strategy:**

The ATA has been carrying out different activities under this output in the four major regions, the details of which are discussed below.

- **Amhara:** In partnership with the Amhara Credit and Saving Institution (ACSI), the ATA continued implementing the Input Sales Voucher System (IVS) in 5 woredas reaching 168,000 smallholder farmers. More than 92% of the 52 million ETB input loan given to smallholder farmers in the past was repaid. Currently, the ATA in partnership with ACSI is in the process of scaling up the IVS to 2.5 million smallholder farmers in 73 woredas. To do so, more than 4,000 MFI and cooperative experts were trained in the reporting quarter.
- **Tigray:** Three woredas have been selected for the implementation of the IVS to reach more than 70,000 smallholder farmers using Rural Saving and Credit Cooperatives (RuSACCOs). Training was given to 280 RuSACCO agents on the implementation of the IVS and financial management tools.

- **SNNP:** In partnership with OMO microfinance, the ATA plans to pilot the IVS in six woredas to reach more than 100,000 smallholder farmers in the main planting season. Training has been given to more than 300 microfinance institutions (MFIs) and cooperative experts.
- **Oromia:** An assessment was conducted on RuSACCOs in ten selected woredas in the region on their capacity to undertake the IVS pilot.
- **Improved delivery platform (E-voucher):** The ATA signed the contractual agreement with the winner of the bid to automate the IVS system. Subsequently, the ATA is planning to start the implementation of the pilot E-voucher system in the selected five woredas in Amhara in June 2015.
- The ATA will continue supervision and monitoring activities on the implementation of the IVS in the Amhara, SNNP and Tigray regions. In the next quarter, discussions and plans for Oromia to pilot IVS in six woredas are expected to be finalized. The ATA will also pilot the E-voucher project in June after completing the procurement of devices and User Acceptance Tests (UAT) by May 2015.
- To address gender inequality, all the trainings on the IVS in the Amhara, Tigray and SNNP regions incorporated specialized topics to make the IVS available to female farmers through both cash and credit. In addition, it creates awareness and easy enrollment of female farmers into the IVS.

#### **Output 10: Improved organizational storage capacity at cooperatives (Primary and Unions)**

A reprogramming request was made on this output with clear justification. Accordingly, new activities (i.e. a strategic grain reserve study and procurement of vehicles for seed regulatory authorities in two regions) were included. In addition, resources were reallocated to existing activities within the output (i.e. cooperatives audit system) as follows:

##### **Analytical support to Strategic Food Reserve development**

- The ATA has been undertaking work to determine the optimal size of Ethiopia's Strategic Grain Reserve. As part of this work, it has requested McKinsey to update a critical piece of optimization work done in 2012 as part of a Strategic Grain Reserve study. This strategy has addressed key questions needed to establish the Strategic Food Reserve Agency (SFRA). Building on previous work, the ATA has been asked to do additional work that includes updating the analysis that supports SFRA to shift quickly to an implementation plan. Accordingly, a consultancy company was hired and updated the analysis where necessitated by the evolving organizational or economic context.
- A meeting was organized at MoA for relevant stakeholders to discuss the following points:
  - Composition of grant and share in the reserve;
  - Forecast of disbursement volume for both food aid and price stabilization;
  - Reserve size for food aid and price stabilization; and
  - Storage technology and location of reserve.
- Higher officials from MoA and SFRA, as well as relevant people from ATA, EGTE and FCA provided their valuable input. At end of the meeting, the following next steps were agreed:
  - Select new locations using the input from ATA presentation
  - Select the types of storage technology to be built in the GTP II period

- develop annual flow of grain and cost of operation based on the selected locations and types of technology
- ATA to rerun the reserve size model by excluding and reducing some of the variables used.

**Establish and strengthen an improved cooperatives audit system**

- Following the restructuring of the cooperatives audit system at the federal and regional levels, the proposed cooperative audit structure has been approved by the Bureaus of Civil Service in Oromia and SNNP regions; both regions are also in the process of assigning the required staff as per the plan.
- A one-week training was conducted for 490 cooperatives auditors in Oromia, 70 cooperatives auditors in Tigray and 333 cooperatives auditors in SNNP regions in order to enhance their knowledge on auditing and reporting systems. Overall, 893 auditors have been trained in the three regions, of which 95 trainees are female auditors. Including the previous quarter, all exiting cooperatives auditors have received the training in the four main regions.
- The first draft of a directive delegating private cooperatives auditors to engage them on cooperative auditing has been prepared and is ready for wider consultation. Once the directive is endorsed by all regions, the private auditors can begin to engage in cooperative auditing so that the outreach of cooperative audit services in the four main regions will be increased.
- Within the reporting quarter, 177 woreda cooperative accountants received training for one week in Oromia. The purpose of the training is to support cooperatives in properly recording their business transactions so that auditors will only focus on auditing. This saves auditors time and also improves the objectivity of the report.

**Output 11: Commission based output marketing system developed for cooperatives**

**Pilot commission-based output marketing system in 10 cooperative unions and member primary cooperatives and institutionalize the system based on results from the pilot**

- A second learning trip has taken place to Uganda and Kenya with 22 participants traveling to gain greater international exposure. Representatives drawn from the FCA, Regional Cooperative Promotion Agencies (RCPAs) and selected cooperative unions participated in the visit. The participants received lessons on:
  - How commission-based output marketing works and its benefits as compared to the other model;
  - Value addition initiatives by cooperatives;
  - Determining commission rates by cooperatives in marketing farmers' produce;
  - How farmers are financed through the model; and
  - How cooperative members' livelihood has improved through the CBOM model.
- A team drawn from the FCA and the ATA has undertaken an evaluation of the CBOM pilot. The team discussed with concerned government sectors and pilot cooperatives unions and recommended a way forward. The results of the evaluation, presented at a workshop attended by all regions shows that commission has been started at the union level in most of the pilot unions, but only a few primary cooperatives have started commission. All regions have agreed to strengthen the pilot unions and primaries and scale the CBOM to other new cooperative unions.

**Output 12: Provide comprehensive capacity building support to selected farmer cooperative unions and members**

**Enable cooperatives to competently and professionally manage all internal operations and functions**

- As reported in the previous quarters, discussions have begun to align with the FCA with regard to potential application of the proposed sub-grant modality to implement this project. Accordingly, an agreement has been reached with FCA on the approach and way forward. However, this project is facing a major constraint because of pending organizational as well as cross-sectorial issues, including a delay in getting clearance on the sub-grant guideline by relevant ministries. The practice of government institutions sub-granting funds to implementing partners is not widespread; thus, a number of discussions have been held in the reporting quarter between ATA, MoFED and the MoA on how to set operational standard guidelines. In the interim, the team has received the green light to proceed by the FCA. Once approval is received by the internal Sub-granting Committee, awards will be made to winning partners and work is expected to begin on the ground in the next 2-3 weeks.

**Support for Gender Mainstreaming**

- Gender mainstreaming action plans including budgets have been prepared in all four regions. Action plans in all four regions have identified more or less similar activities according to the recommendations, and are working towards implementing some of these. Meanwhile, the MoA Women's Affairs Directorate and the ATA are developing a TOR to hire an entity to provide comprehensive capacity building support towards implementing the action plans.
- Follow up actions were taken based on the audit findings, particularly in the Amhara region. A gender training needs assessment was conducted and its findings indicated the gaps that exist on the concept of gender, gender mainstreaming and gender analysis among experts at zone and woreda levels. Five-day training was conducted to address the gaps identified, and was attended by 20 female and 73 male (total 93) participants in two rounds. Action plans were developed at the end of the training to allow monitoring and evaluating results. While a one-time training does not bring about the desired changes, the identification of follow up actions as a result of the training is expected to assist in providing on-the-job support as well as further refinement of identified action plans. In a similar manner, preparations are underway to conduct gender analysis capacity building training in SNNP and Tigray regions. (Amhara region



Gender training  
Report.docx

training report is attached for reference).

- The ATA commissioned a study to assess the benefits and challenges of conservation agriculture to female farmers. The preliminary findings of the assessment have been submitted to ATA by the consultant, and the final report is expected to be submitted at the end of April. The report submission is extremely delayed as the consultant has faced personal difficulties. This report will be used by the regions to continue their support to the women led cooperatives.
- The three predominately women-led cooperatives in Amhara, Tigray and SNNP are

being supported to enhance their economic capacity through agro-processing activities. A consultant has started assessing early lessons from the three projects and is expected to provide relevant recommendations. An exit strategy is being developed whereby all three cooperatives will be handed over to the regional cooperative agencies. Going forward however, the intention is to continue capacity building programs to support cooperatives and unions.

- The process to hand over the three women-led cooperatives in Amhara, Tigray and SNNP is in progress. The implementation by SG2000 was terminated two months ago, while discussions are underway to hand the cooperatives over to the RCPAs. The FCA is currently assessing the gaps and levels of development of the cooperatives to suggest support areas for the future. After this assessment is finalized, the regional cooperatives and the ATA will identify intervention areas and continue to support the women-led cooperatives. Regional ATA offices are presently conducting follow up of cooperatives.
- The consultancy work to identify major constraints and opportunities for women and men to engage in the three Value Chains of Wheat, Maize and Tef is in progress. A first draft report has been submitted to the Gender Program team and was shared with the ATA Value Chain teams for comments before finalization.

#### MAJOR CHALLENGES

- In the 2014/15 season, EGTE set out to purchase 250,000 MT of wheat from domestic sources but aggregated only around 75,000 MT, which is far below its target. Factors that might have contributed to this could be:
  - No major improvement has been observed in the volume of marketed surplus, which over the past several years has remained less than 20% of total production (this is yet to be confirmed by CSA's upcoming crop utilization reports).
  - Late rainfall at harvest has negatively affected grain quality which has led to considerable rejection of grain during aggregation by EGTE.
- Seed facilities like cleaning machines, packaging machines and tractors are not available in the local markets.
- The study to assess the benefits and challenges of conservation agriculture to female farmers has been delayed for more than two months because of personal issues the consultant encountered.
- Though there is interest to implement recommendations of studies to female farmers, a budget shortage and getting the right technically equipped person to deliver has been a challenge.
- Automation of the voucher system has been slowed due to a lack of the proper approvals. Consequently, the project timeline will be accelerated to compensate for lost time, while the volume of the roll out will be decreased to concentrate on one region. In the meantime, a scalable automated solution will be developed for full roll out in 2016.
- The Development of the national capacity to use biotechnology tools has been a delay in finalizing the biosafety proclamation. It has been submitted to Parliament by MoEF and is awaiting passage.
- The sub-grant process for cooperative capacity building was delayed because the practice of government institutions sub-granting funds to implementing partners is not widespread; thus, discussions have been held between ATA, MoFED and the MoA on how to set operational

standards and getting the guideline approved.

#### KEY ACHIEVEMENTS

Although several of the outputs are still on-going, achievements can already be seen in a few intervention areas:

- To train targeted women and men farmers before and after planting season, a well thought out, adult friendly and easy to read training manual has been developed. The manual focuses on seed production and post-harvest handling, as well as some other agronomic activities.
- In total, 168,000 farmers have been reached through input voucher system during Meher and irrigation seasons. New ACSI satellite branches have mobilized 30 million ETB in savings from 22,400 farmers in pilot woredas.
- 30% matching resources successfully mobilized from the targeted community members and cooperatives for the implementation of community based seed production.
- The construction of two seed processing shades was completed in the Amhara region.
- Some seed facilities, like ground balance and seed moisture testers, were delivered to those targeted CBSPs in the Amhara region.
- Four regional detailed and budgeted gender mainstreaming action plans have been developed.
- Regions are making efforts towards operationalizing recommendations of the gender audit work. Implementation has begun in Amhara while the other regions are expected to follow shortly with some actions.