

Ethiopia

Improvement Plan

Thematic window: Development and the Private Sector

Programme Title: Edible Oil Value Chain Enhancement

Ethiopia - Private Sector Development: “Edible Oil Value Chain Enhancement Joint Programme” Improvement Plan

Evaluation Recommendation No. 1 (a) (General)

It is imperative to grant the JP a 6 months extension (or more if allowed, provided funds are still available): this will allow FAO to cover an additional cropping cycle from sowing to harvesting time and oversee the distribution of high yield seeds to unions and processors; it will enable ILO and UNIDO to plan in a more prospective manner consolidation of sector’s clustering and in particular the common processors facilities: numerous incremental steps are still required (see paragraph above). If land was granted today, it might be possible to plan within 3-6 months the introduction of the loan request to the banks (if processors can cover the 30% financial contribution), the construction of the basic processor’s infrastructure within 9 months together with the transfer of the processors’ existing machinery and arrival of imported machinery by 12 months. This would leave just 6 months to test the new industrial process, just in time with the January harvest.

Response from the Joint Programme Management
Accepted

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
1(a).1. Prepare and submit the necessary documentation for an extension to MDG-F Secretariat	ASAP	JPC		
1(a).2.				
1(a).3.				

Evaluation Recommendation No. 2 (b) (General)

A PMC meeting should be convened asap⁴⁸ to review the existing activities and adapt them to the new realities: unavailability of improved seeds, focus on clustering and common facilities; only achievable results should be considered and several activities could be deleted like HACCP, international marketing, PPP). Several activities should be considered low priority (marketing: labelling, branding, packaging) and funds released if priority results are achieved. This would free up resources for consolidation and scaling up whenever appropriate. This would require a successful coordination of implementation so that the 70% threshold is reached at the same time by all 3 agencies; if necessary, some financial resources from tranche 2 could be swapped between agencies to avoid further delays by either of the agencies.

Response from the Joint Programme Management
Accepted, the PMC has already been conducted on 28 March, 2012.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status

2(b).1. Follow-up meeting to the PMC to prepare and have approved the annual work plans by the PMC	Mid April, 2012	JPC, ILO & FAO Project Officers, MOI		
2(b).2.				
2(b).3.				

Evaluation Recommendation No. 3 (c) (General)

An exit strategy should be devised based on the appropriation of the results by Government: it is clear that the clustering process will not be completed by the end of the programme; the JP can only lay the foundations of this process. It will be up to MOI, MOARD, MOSLA, FEMSEDA (or their regional representations) to pursue this approach through networking. While there is no doubt that MOI will be on top of the process, there has been so far little involvement of the other 3 entities as decision makers. They should be empowered as well through more interaction with their UN counterparts. A task force composed of representatives of these organisations could also be suggested; its purpose would be to discuss on the follow-up when the JP is closed in June 2013. They could liaise and anticipate allocating resources during the 2013/2014 fiscal planning to consolidate the JP achievements.

Response from the Joint Programme Management

Accepted. It is proposed to continue the quarterly PMC meetings after the end of the project and to include FEMSEDA as well as private sector representatives to form the task force.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
3(c).1. Review the TOR for the PMC to include the missing actors as members and mandate the Task Force to continue beyond the scope of the project	Next PMC	JPC, ILO & FAO Project Officers, MOI		
3(c).2. Discuss and agree on the roles and responsibilities of an extended PMC / Task Force	Next PMC	PMC		
3(c).3.				

Evaluation Recommendation No. 4 (d) (General)

As the clustering approach is new, it will be necessary to document the methodology so that other sector might benefit from this experience if successful; a consultant should be contracted in 2013 to review the JP achievements, its shortcomings, etc.

Response from the Joint Programme Management

Accepted. This activity is already planned for by UNIDO HQs and has already been commenced in 2012.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
4(d).1.				

4(d).2.				
4(d).3.				
<p>Evaluation Recommendation No. 5 (e) (FAO) FAO needs to revise the LOAs signed with the unions and the Regional Agricultural: the contracts need to be more specific in terms of work plan and what is actually expected in practice from both entities. In short, they should be tailored.</p>				
<p>Response from the Joint Programme Management Accepted and key actions planned.</p>				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
5(e).1. Revise LOAs	April 7-18, 2012	Hailu Teka and Beyene Mammo (Oromia BOA focal person).		
5(e).2. Revise LOAs	April 19 - 28, 2012	Hailu Teka and Abyot Belay (Amhara BOA focal person).		
5(e).3.				
<p>Evaluation Recommendation No. 6 (f) (FAO) FAO needs to accompany more closely its counterparts; so far, very weak reporting was observed and the actual implementation of activities varied widely according to the local context for both the Agricultural Bureaus and unions while at the same time, FAO did request reports and make field visits from its HQ. This monitoring is not enough: close proximity is necessary to effectively monitor and react immediately in light of the actual circumstances. It is suggested that FAO follows the same method as UNIDO did: contracting 2 focal points who should advise both entities on how best to carry out the LOAs (including explaining the reporting procedures). A task attributed to these focal points would be to help Agricultural Bureaus on the best approach to integrating the JP achievements so that they are empowered of the results and support the sector's stakeholders in completing the clustering process. Another task would be to facilitate the integration of JP activities into the woredas' work plans in order to avoid overburdening the local agricultural officers and development agents as has been observed so far. The revision of the LOAs should include for the unions the redefinition of the seed fund which has been little used although provisions should be made for early 2013 when certified seeds could be made available from multiplication farmers and the ESE.</p>				
<p>Response from the Joint Programme Management Accepted and key actions planned.</p>				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
6(f).1. Recruit 2 focal persons	Until mid-May, 2012	Hailu Teka, FAO Management, MOA		Job Description approved by the FSE Officer.

		and BOAs.		Administrative procedures (such as advertising, etc.) to be completed with FAO Admin.
6(f).2. LOAs with Unions to be redefined	Until April 30, 2012	Hailu Teka with the four unions.	New LOAs will be signed soon for another budget allocation.	LOAs being written.
6(f).3.				
Evaluation Recommendation No. 7 (g) (FAO) In order to consolidate the initial results on oil seed production (voluntary farmers willing to grow selected local seeds), FAO should test new confidence building measures that might attract additional farmers into growing oil seeds, like contract farming, voucher systems, crop insurance.				
Response from the Joint Programme Management Accepted and key actions planned.				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
7(g).1. Pilot-test establishment of the three agribusiness systems (contract farming, etc)	April – June 2012.	SNV and FAO Focal persons in the two regions.	Implementation of the system establishment in selected two Unions in the two regions by SNV.	Review stage completed and now time for pilot-test.
7(g).2.				
7(g).3.				
Evaluation Recommendation No. 8 (h) (FAO) In general terms, FAO's priority should be consolidation of results: make provisions for the 'extension package' so that 1st season farmers will grow again oil seeds in June 2012 and do not abandon the crops; they should constitute the primary target for 2013 certified seeds distribution; FAO should make sure that their 2011 production is being sold at market price, preferably through unions with agreements with the PLC or individual processors involved in the JP. Expanding to other areas should not be a priority. The JP is a pilot initiative.				
Response from the Joint Programme Management Accepted and key actions planned.				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
8(h).1. New LOA with BOAs to consolidate activities so far	Until mid-May, 2012.	Hailu Teka, FAO Management, BOAs		LOA will be finalised soon.

		and MOA.		
8(h).2. Continuous extension education and follow up at farm level.	Until end of December 2012	FAO, MOA, BOAs and new Focal persons of FAO.	Regional BOAs were doing the work but need support by FAO. Focal persons expected to enhance this activity.	As noted during MTE, there has been provision of Extension Package but needs consolidation.
8(h).3.				
<p>Evaluation Recommendation No. 9 (i) (FAO) FAO should support additional activities that create awareness among primary cooperatives' members on oil seeds in the unions areas of intervention: focal points should work closely at woreda level with development agents to divulge oil seeds improved land husbandry (use of fertilizer, weeding, harvesting & storage techniques); 'farmer's day' events and exchange visits should be multiplied to create more awareness among potentially interested farmers.</p>				
<p>Response from the Joint Programme Management Accepted and key actions planned.</p>				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
9(i).1. New LOA with BOAs to consolidate agronomic practices through continuous extension education and follow up at farm level (9.1 above)		FAO, MOA and regional BOAs.		
9(i).2. Recruit new FAO Focal Persons as mentioned above on 6.1.	Until mid-May	Hailu Teka, FAO Management, MOA and BOAs.		
9(i).3.				
<p>Evaluation Recommendation No. 10 (j) (FAO) Now that several unions have agreements on oil seeds supply to processors, the lack of working capital might become an issue. FAO should address this issue – possibly in cooperation with ILO -, should it become critical for the JP achievements.</p>				
<p>Response from the Joint Programme Management Accepted and key actions planned.</p>				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status

10(j).1. Reallocate budget so that Unions get additional funds for working capital	Until April 30, 2012.	Hailu Teka (FAO management to approve)		Budget reallocation done. Comments, approval awaited.
10(j).2.				
10(j).3.				

Evaluation Recommendation No. 11 (k) (FAO)

So far, the JP seems to have overlooked the primary cooperatives as an important stakeholder. For the time being, their actual value is very small because unions bypass them altogether. The situation might change when farmers will be able to supply the unions; FAO should address this issue in 2012 with activities related to storage / warehouses for unions and primary cooperatives; ILO should coordinate with FAO on how best to support primary cooperatives with its core expertise (e.g. book-keeping, capacity building trainings). BDS providers could be subcontracted to train primary cooperatives most proactive leaders in several key areas (awareness raising [in marketing / advantage of selling to unions], issue of quality standards, business plan development, bookkeeping) and make provisions for small material to weight agricultural product, small office furniture, etc. while FAO will support/upgrade cooperatives' warehouses.

Response from the Joint Programme Management Accepted and key actions planned.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
11(k).1. More training, mentoring and budget support in 2012	Through 2012 and during the extension period in 2013.	Hailu Teka, New Focal Persons at region and ILO.		Regional Cooperative Agencies will soon come into action for continuous training of primary cooperatives and unions. Hiring Focal Persons is on process to be advertised soon.
11(k).2.				
11(k).3.				

Evaluation Recommendation No. 12 (l) (ILO)

ILO should monitor closely the PLC loan request as soon as the land area has been granted and possibly anticipate financial capacity issues among the Bahir Dar PLC members; interviews at REMSEDA and among Bahir Dar PLC members indicated that the processing plant estimate might be too high to support for some members. This situation should be clarified and the project amended if necessary (e.g. downscaling it) so as not to lose precious time when the PLC goes ahead with the loan request. REMSEDA and BOLSA should work more closely with the PLC if it is to prepare a business plan and contract staff to run the processing plant.

**Response from the Joint Programme Management
Accepted and key actions planned.**

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
12(l).1. Technical assistance will be provided to produce bankable proposal and will remain involved throughout the loan application process	On-going activity but will immediately materialize once the land for the PLCs or Common Facility Center (CFCs) is secured	Shumet Chanie, Board, CDAs		
12(l).2. BOLSAs have started their participation by providing inputs on the new architectural designs of the Cluster and PLCs (CFCs) and will continue their support as the construction work begins	Starting from the construction work of the Clusters and CFCs	Shumet Chanie, BOLSAs, Board, CDAs		
12(l).3. REMSEDAs will avail their all-round technical support to the CFC	Starting from mid May	Shumet Chanie, Board, REMSEDAs, CDAs		

Evaluation Recommendation No. 13 (m) (ILO)

ILO should work with both the association and PLC to throw light on the differences of aims of both entities. One way to improve the situation could be for the association to start operationalizing its strategic plan and inclusively the provision of activities to widen its membership base as a way to detach itself from the PLC. Additionally, it is unlikely that the association will be operational with just the annual memberships fees; it is imperative that the association finds new sources of funding (through donors) as a way to promote the sector.

**Response from the Joint Programme Management
Accepted and key actions planned.**

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
13(m).1. A one day workshop will be organized at Adama and Bahir Dar that shall deliberate on enhancing the understanding of the Boards and members of the two association on the distinctions & roles of associations and CFCs	First week of May	Shumet Chanie, CDAs		

13(m).2. Provide financial resources to the two associations for hiring of full time managers so as to lead the implementation of their respective strategic plans (including membership promotion & resource mobilization)	Mid to End of April	Shumet Chanie		
13(m).3.				

Evaluation Recommendation No. 14 (n) (ILO)

The interviews of key stakeholders on the reasons why the utilisation rate of oil presses is under their nominal capacity, showed that there is no consensus whether it is due to a lack of seeds on the market or of working capital. In any case, when oil seeds will become available, the lack of working capital will become a more pressing issue for the processors. Will be able to press more oil seeds for a longer period in the year (less seasonality). ILO should review the situation and possibly make provisions on how best to address this issue (Ethiopian Development Bank, micro-finance organisations, commercial banks, etc.).

Response from the Joint Programme Management Accepted and key actions planned.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
14(n).1. Train processors on financial literacy	May-June	Shumet Chanie, CDAs		
14(n).2. Train selected Commercial Banks on processes related to loan review and with a case on the edible oil sector	May-June	Shumet Chanie		
14(n).3. Organize roundtable discussion forums of Processors and commercial banks	This forum will meet periodically and the next will be on May and September.	Shumet Chanie, CDAs		

Evaluation Recommendation No. 15 (o) (ILO)

In general terms, interviews showed that several regional institutions (inclusive BOLSA & REMSEDA) were interested in taking a more active role in the JP; e.g. involve them more in the actual preparation of activities delivery (not just planning) with ILO's PO in Addis Ababa and through the regional CDAs as their delivery capacity might be still limited at this point. This could be an opportunity for ILO to devise an exit strategy, progressively delegating tasks to these institutions and enabling them to incorporate the JP achievements for further actions and or support when the JP is closed.

Response from the Joint Programme Management

Accepted and key actions planned.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
15(o).1. As per the action plan BOLSAs will enter into a service contract to provide enterprise level OSH related technical assistance to Processors	Starting from early April the programme will run intensively for at least three months and then will be handled with the regular programme of BOLSAs	Shumet Chanie, BOLSAs	The TOR is finalized with the consent of BOLSAs and the contract will be signed early April.	
15(o).2. Missions to discuss and agree on areas of interventions for FEMSEDA & REMSEDAs	Last week of April for Addis Ababa & Oromia and first week of May for Amhara	Shumet Chanie, FEMSEDA and REMSEDAs		
15(o).3. Capacitate FEMSEDA and REMSEDAs in their interventions		Shumet Chanie, FEMSEDA and REMSEDAs		

Evaluation Recommendation No. 16 (p) (ILO)

ILO has initiated OSH activities with the initial study. So far, the OSH management will be proposed to the processors but as the clustering process proceeds, it might be necessary to propose the OSH management system to the PLCs as well.

Response from the Joint Programme Management

Accepted and key actions planned.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
16(p).1. BOLSAs will keep-up their technical assistance to the CFCs or PLCs during the life of the project and with their regular work programme afterwards	Starting from the beginning of the construction work	Shumet Chanie, BOARD, BOLSAs	At this stage, BOLSAs and ILO hired OSH consultant have made excellent contributions to	

			improve the architectural designs of the CFCs and the Cluster	
16(p).2.				
16(p).3.				
<p>Evaluation Recommendation No. 17 (q) (UNIDO) So far, the PLC still remains an empty shell: processors won't invest into the company unless they have a common facility that will bring leverage and economies of scale; UNIDO as the lead UN agency through its Coordinator should devote resources together with MOI to unlock the land allocation issue: speed up the plant area study, have it submitted to the appropriate authorities - accompany the process of submission & approval -</p>				
<p>Response from the Joint Programme Management Accepted for Bahir Dar, already solved for Adama. This is a critical issue for Bahir Dar and UNIDO together with MOI is fully concentrating on solving this as soon as possible.</p>				
Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
17(q).1. JP Team to prepare background with justifications based on competitiveness grounds as to why there should be one industrial zone in Bahir Dar and not two or three zones spread out	ASAP	JPC, CDA, ILO Project Officer		
17(q).2. Present findings to MOI for decision making	ASAP	JPC, CDA, ILO Project Officer		
17(q).3. A mission to Amhara Region including HE Ato Tadesse shall follow for discussion and decision making with the Regional Government	ASAP	JPC, CDA, ILO Project Officer		
<p>Evaluation Recommendation No. 18 (r) (UNIDO) Through the provision of common lands for a refinery, the processors should be able to comply with the new regulations on food oil. Still many other processors located outside of the regional capitals are not supported; in the meantime, the associations should enlarge their membership base as a way to differentiate itself from the PLC; in that case, many small isolated processors could become members, as long as the associations do bring added value. UNIDO should study together with the universities the feasibility of designing low capacity cookers that could be assembled locally; should that be economically feasible, provisions should be made to design, test units and possibly train local craftsmen.</p>				

Response from the Joint Programme Management

Accepted. This is already an ongoing activity. On January 28th UNIDO conducted a workshop together with the Ethiopian Society of Mechanical Engineers (ESME) and the Association of Owners of Edible Oil Mills of Addis Ababa and Suburbs (AOEMAAS) on *Local Design & Manufacturing of Edible Vegetable Oil Refining Machinery & Equipment*, which included participants from the Edible Oil Processors Associations from Addis Ababa, Adama & Bahir Dar, Engineers from Addis Ababa, Adama & Bahir Dar Universities, Electro-mechanical Engineering Workshops & Manufacturers and Stakeholders from government offices and the private sector.

Key actions	Time frame	Person responsible	Follow-up	
18(r).1. Formation of Task Force for followup of Workshop and continuation of activities	Done	JPC		
18(r).2. Conduct Studies & Designs for local design of vegetable oil refining machinery & equipment	End of June 2012	ESME		
18(r).3. Establishment of linkages between Oil producers, Designers & manufactures	End of September 2012	JPC, CDAs		
18(r).4. Prototyping & manufacturing	Continuous	JPC & ESME		

Evaluation Recommendation No. 19 (s) (UNIDO)

The Coordinator should allocate some time with other agencies to discuss a communication and advocacy plan; as the coordination unit has little expertise, this activity could be subcontracted either to an external service provider or possibly make use of communication departments within other UN agencies with a strong communication policy (e.g. UNDP, UNICEF, WFP).

Response from the Joint Programme Management

Accepted. Brochure on JP interventions published by UNIDO HQs, success stories of the intervention published on UNIDO website and also in local newspaper – FORTUNE, and communication and advocacy activities are now budgeted and included in JP Workplan.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
19(s).1. JP team to come up with an Advocacy and Communication Action Plans	Next PMC	JPC, ILO and FAO Project Officers		
19(s).2.				
19(s).3.				

Evaluation Recommendation No. 20 (t) (UNIDO)

In the current framework, middlemen are excluded from the clustering process; still traders / brokers can add value in the sector: they are flexible [they buy from farmers on the spot while unions are more bureaucratic, not necessarily open all the time], they know the market prices and can react swiftly to price changes. Their activities are not transparent, some can fix prices and their products lack quality standards. Still, the vast

majority of farmers rely on them; eliminating the middlemen altogether will result in chaos. As the clustering process will bring more transparency and equity in the value chain, middlemen will have to adapt and UNIDO should accompany this process; a code of conduct / a compact could be drafted; its endorsement by middlemen could enable them to sell to members of the oil seeds association.

Response from the Joint Programme Management

Accepted. Similar to No. 18 (r) above, this activity is already ongoing. Two Workshops on Market Linkages have been conducted in Adama on 29 February, 2012 and in Bahir Dar on 13 March, 2012 for the facilitation of backward linkages of Oilseeds Suppliers, such as Farmers Cooperative Unions, Traders & Brokers and Oil Producers organized in Clusters & PLCs. Middle men have also participated in these Workshops and they have been brought as major actors, facilitators & contributors in the sector. Agreements have also been reached on commissions to be paid to the middlemen, which would be highly beneficial to all actors in the chain.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
20(t).1. Conduct trainings for middlemen on Value Chain Development & beneficial market linkages	May, 2012	CDAs		
20(t).2. Assist in the formation of Middlemen Committees in Adama & Bahir Dar	June, 2012	CDAs		
20(t).3. Signing of MOU between Oilseeds Suppliers, Middlemen & Oil Producers	September, 2012	CDAs		

Evaluation Recommendation No. 21 (u) (UNIDO)

As with FAOs' focal points, CDAs should support BOLSA, REMSEDA, MOI, on the best approach to integrating the JP achievements so that they are empowered of the results and support the sector's stakeholders in completing the clustering process – to be combined with recommendation 'o'.

Response from the Joint Programme Management

Accepted. CDAs will liaise with BOLSA and REMSEDA and involve them in the project implementation.

Key actions	Time frame	Person responsible	Follow-up	
			Comments	Status
21(u).1. ILO, CDAs together with MOI (if necessary) to establish ways of cooperation with BOLSA and REMSEDA	Next PMC	ILO Project Officer, CDAs, MOI		
21(u).2. BOLSA and REMSEDA to appoint focal points in both region	Next PMC	BOLSA, REMSEDA		
21(u).3. CDAs, BOLSA and REMSEDA to agree on	Next PMC	CDAs, BOLSA,		



MDG ACHIEVEMENT FUND

the way forward (weekly meetings, areas of collaboration, etc.)		REMSEDA		
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