



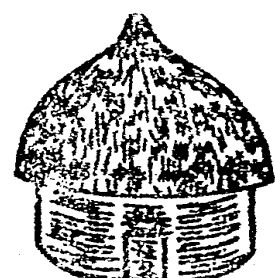
INCLUSIVE AND SUSTAINABLE VALUE CHAIN DEVELOPMENT IN OROMIA AND SOUTHERN NATIONS, NATIONALITIES, AND PEOPLES' REGIONS

PROJECT GLOBAL PLAN OF ACTION

Ministry of Agriculture

Food and Agriculture Organization of the United Nations

Italian Agency for Development Cooperation



Executive Summary

The agro-industrial development strategy of the Government of Ethiopia (GoE) envisages the creation of Integrated Agro Industrial Parks (IAIPs) as one of the key mechanisms for attracting foreign investment, improving the competitiveness of businesses through the exploitation of economies of scales agglomeration and contributing to the structural transformation of the economy.

Agro-industry development will also contribute to the modernization of the agricultural sector through the creation of a demand for quality raw materials in predetermined quantities and time. Finally, new economic opportunities for small and medium-sized agro-industrial enterprises will be created. During the GTP-1 an agro-industry strategy was developed and, in 2014, four Agro Industries Growth corridors (AIGCs) were selected to pilot IAIPs in Amhara, Oromia, SNNP, and Tigray regions.

The IAIPs initiative is a core component of the strategy to achieve the targets set in the GTP-2 for the period 2015-2020. The IAIPs are a form of territorial development that will allow smallholder farmers to shift to more productive and commercially oriented farming practices by providing reliable market outlets and access to critical support functions (finances, inputs, etc.).

The proposed initiative is a three year program with 30 million euro fund from the Italian Agency for Development Cooperation (AICS) that aims at developing selected strategic agricultural value chains in the Agro-Commodity Procurement Zones (ACPZs) of two IAIPs, located respectively in Oromia and SNNP regions. The commodities (Soft Wheat, *Durum* Wheat and Tomato in Oromia, Avocado and Pineapple in SNNP) have been prioritized by in consultation with MoA, Regional authorities of Oromia and SNNP, and with AICS.

Target beneficiaries and partners of the proposed project include value chain actors (producers' organizations, agricultural research centres, SMEs, input and service providers, traders). In addition, the GoE will benefit from FAO's technical assistance and collaboration during implementation of activities.

The project will address systemic constraints that hinder the increase in production and productivity and the marketing of selected products in the ACPZs of the two IAIPs. It will do so with a methodology to ensure gender inclusiveness, nutrition-sensitive agriculture and sustainable use of natural resources. Decent rural employment creation will be a key aspect of the project.

The initiative will be structured along six Components/Outputs:

- 1) development of capacities of public and private actors along the selected value chains;
- 2) development of agro-infrastructure and rural connectivity with a special focus on the link between agro-production and agro-processing;
- 3) improvement of access to credit and financial services;
- 4) integration of gender and youth aspects into value chain development;
- 5) increase of production and productivity with specific attention to nutrition-sensitive agriculture; and
- 6) sustainable management of natural resources.

Overall, the actions undertaken will contribute to the creation of five efficient, effective, inclusive and sustainable agricultural value chains, oriented toward the satisfaction of the requirements of the existing and potential market demand. This in turn will constitute an enabling factor for the establishment of the two pilot IAIPs, where the agro-manufacturing enterprises will be located.

The proposed project will build on lessons learned by FAO through the projects “Technical Support for the Implementation of an Integrated Agro-Industrial Park (IAIP) in Ethiopia” and “Comprehensive Development Framework and Investment Plan preparation for the Agro-Commodities Procurement Zones (ACPZs) of the four pilot Integrated Agro-Industrial Parks (IAIPs) in Ethiopia”. Furthermore, the project will benefit from AICS’s experience and lessons learned from project “Inclusive and Sustainable Value Chain Development in Oromia – ISVCDO”.

Finally, the project will promote layering and clustering with ongoing development projects related to the IAIP initiative, enhancement of agricultural production and productivity, value chain development and financial inclusion, gender- and nutrition-sensitive agriculture, and sustainable management of natural resources.

Contents

Acronyms & abbreviation.....	5
I. Background	7
1.1 Goal, strategy, objective and target areas	7
1.2 Project Implementation Modalities.....	9
1.2.1 Main implementing partners and coordination with the Donor	9
1.2.2 General Contractors	9
1.2.3 External Coordination.....	10
1.3 Project beneficiaries	10
II. Project Budget: Contribution of the Parties	11
2.1. Budget per component (as per the Project Document)	11
2.2. Contribution of the two Government Parties.....	12
2.3. Administrative arrangements	14
III. Preparatory and Project Launching Steps	16
3.1. Preliminary Activities	16
3.2 Preparation of the Global and Annual (Federal and Regional) Plans of Action.....	17
3.3 Approval of the Global Plan of Action and the Annual Plan of Action by the Federal Project Steering Committee (FPSC).	18
3.4 Preliminary Steps for the Disbursement of the First Loan Installment.	19
3.5 Inception Phase of the Project.....	20
Regional Planning.....	20
3.6 Regional Steering Committees, Launching Workshop and Starting of the Project Activities.....	22
IV. Detailed Description of the Project Components	23
Component 1- Development and capacity building.....	23
Component 2- Strengthening of infrastructures, machineries and instruments.....	37
Component 3- Access to credit and innovative financial products.....	42
Component 4- Gender.....	46
Component 5- Nutrition.....	51
Component 6- Sustainable management of natural resources	55
Promotion activities of the pasta produced using Ethiopian chefs and demonstrations at fairs or other events.....	57
5.3. Chronogram of the Action – 3 Years.....	58
5.4 Project proposal for budget allocations.....	70
5.5 Project deliverables milestones.....	75
Annex I. Proposed Salary Payment Scheme for the Human Resources of Federal and Regional PCUs and other Implementing Partners.....	87
Annex II. List, Address and Contacts of the Institutions Interviewed in.....	92
May-July 2019	92
Annex III. List of Partner Research Centers and Their Major Needs.....	93

Acronyms & abbreviation

ACC	Agricultural Commercialization Cluster
ATARC	Adami Tulu Agricultural Research Center
AGP	Agricultural Growth Project
AICS	Agenzia Italiana per la Cooperazione allo Sviluppo- Italian Agency for Development Cooperation
ARC	Agricultural Research Center
ATA	Agricultural Transformation Agency
AVCPO	Agricultural Value Chains Project in Oromia
BoANR	Bureau of Agriculture and Natural Resources
BoFEC	Bureau of Finance and Economic Cooperation
BoWCYA	Bureau of Women, Children and Youth Affairs
CIHEAM Bari	Centre International de Hautes Etudes Agronomiques Méditerranéennes of Bari
CIMMYT	International Maize and Wheat Improvement Center
CPO	Cooperative Promotion Office of Woreda
DAs	Development Agents
DSM	Direct Seed Marketing
DW	<i>Durum</i> Wheat
DZARC	Debre Zeit Agricultural Research Center
EGS	Early Generation Seed
EIAR	Ethiopian Institute of Agricultural Research
FAO	Food and Agriculture Organization of the United Nations
FTC	Farmers' Training Center
GIZ	German Federal Enterprise for International Cooperation
GoE	Government of the Federal Democratic Republic of Ethiopia
GoI	Government of the Italian Republic
GTP	Growth and Transformation Plan
HARC	Hawassa Agricultural Research Center
HEW	Health Extension Worker
IA	Implementing Agreement
IAIP	Integrated Agro-Industrial Parks
ICARDA	International Center for Agriculture Research in the Dry Areas
IP	Implementing Partners
ISSD	Integrated Seed System Development
ISVCDO	Inclusive and Sustainable Value Chain Development in Oromia
MAECI	Italian Ministry of Foreign Affairs and International Cooperation
MARC	Melkassa Agricultural Research Center
MoA	Ministry of Agriculture
MoF	Ministry of Finance
NBE	National Bank of Ethiopia

NGO	Non-Governmental Organization
OARI	Oromia Agricultural Research Institute
OCPA	Oromia Cooperative Promotion Agency
OSA	Oromia Special Bank Account in Birr
OSE	Oromia Seed Enterprise
PC	Primary Cooperatives
PD	Project Document
PIC	Person in Charge
PoA	Plan of Action
PSC	Project Steering Committee
QDS	Quality Declared Seed
RTC	Rural Transformation Center
SA	Special Bank Account in Euro
SARC	Sinana Agricultural Research Centre
ToT	Training of Trainers
USAID	United States Agency for International Development
VAT	Value Added Tax
VC	Value Chain
WHO	World Health Organization
WoANR	Woreda office of Agriculture and Natural Resources
WoFEC	Woreda office of Finance and Economic Cooperation
ZCPO	Zonal Cooperative Promotion Office

I. Background

1.1 Goal, strategy, objective and target areas

The project “**Technical support to inclusive and sustainable value chain development in Oromia and SNNP regions**” is an Italian funded initiative based on the Implementing Agreement (IA) between the Italian Republic (hereinafter referred to as Government of Italy – GoI) and the Federal Democratic Republic of Ethiopia (hereinafter referred to as Government of Ethiopia – GoE) signed on June 22, 2018.

Goal

This initiative aims to contribute to the modernization of agriculture and the development of the agro-industrial sector in Ethiopia by sustainably improving the productivity and the quality standards of selected agricultural value chains in Oromia and Southern Nations, Nationalities, and Peoples' Region (SNNPR).

The initiative targets **strategic agricultural value chains** in the Agro-Commodities Procurement Zones of two Integrated Agro-Industrial Parks (Bulbula in Oromia and Yergalem in SNNPR). The selected agricultural value chains are Durum Wheat, Soft Wheat and Processing Tomato in Oromia, Avocado and Pineapple in SNNPR.

The specific objective of the project is to increase the economic productivity and the quality of the five selected agricultural value chains in Oromia and SNNPR, through the enhancement of key actors and infrastructures that will lead towards value addition.

Strategy

The project will address systemic constraints that hinder the increase in production and productivity and the marketing of selected products in the ACPZs of the two IAIPs, as well as improve the link between agro-production and agro-processing. It will do so with a methodology to ensure gender inclusiveness, nutrition-sensitive agriculture and sustainable use of natural resources. Decent rural employment creation will also be a key aspect of the project.

The Project is characterized by strong local ownership and a multi-stakeholder and holistic approach. The Ethiopian institutional counterpart is the Ministry of Agriculture (MoA), which will be responsible for carrying out the activities together with the Bureaus of Agriculture and Natural Resources (BoANRs) of the two regions. In addition, the federal and regional agricultural research institutes, financial institutions, agricultural cooperatives and unions, and agro-industrial enterprises will be involved in the project as partners and/or beneficiaries. The activities will also be coordinated with the Bureaus of Health, Industry, Women, Youth, and Environment at the regional level.

The activities focus on the IAIP supply zones (ACPZs) in the administrative zones of Bale, Arsi, East Shewa and West Arsi (wheat, processing tomato) and Sidama and Gedeo (pineapple and avocado). These areas are served by a widespread network of Rural

Transformation Centers (RTCs), consisting of network of cooperatives and companies, which collect and carry out the first transformation of raw materials and act as a link between producers and companies located in the IAIP.

The intervention districts (woredas) had been identified based on the following major criteria:

1. Agro-ecological characteristics and land suitability for the selected agricultural value chains;
2. Accessibility and potential establishment of productive clusters;
3. The presence of farmer cooperatives and companies interested in the supply chains of interest;
4. Relevant projects in the field of irrigation infrastructure development for fruit and vegetables;
5. Accessibility to the target IAIP facilities (namely to Bulbula in Oromia and Yirgalem in SNNPR).

The initiative has been structured along six Components/Outputs:

1. Development of capacities of public and private actors along the value chains;
2. Development of agro-infrastructure and rural connectivity with a special focus on the link between agro-production and agro-processing;
3. Improvement of access to credit and financial services;
4. Integration of gender and youth aspects into value chain development;
5. Increase of production and productivity with specific attention to nutrition-sensitive agriculture; and
6. Sustainable management of natural resources.

Objectives and target areas

The objective of the project is to increase the economic productivity and the quality of avocado and pineapple in SNNPR (Gedeo and Sidama zones) and wheat and tomato (Arsi, Bale, West Arsi, East Shewa).

The intervention aims to strengthen the key institutions and actors involved in the selected value chains and to support the cooperatives and their member farmers in the implementation of enhanced cropping and post-harvest practices in a gender and nutrition-sensitive perspective. The value adding of local products to meet the market requirement mainly the demands of the enterprises and companies operating in the IAIPs is on the heart of the project.

The present Action Plan has been prepared according to the provisions of article 5.5 of the Implementing Agreement, and it represents the general overview of the project. The plan of activities and schedule of budget expenditures are detailed in the body of this document.

1.2 Project Implementation Modalities

The following paragraphs present in brief the modalities which will be applied for the project implementation.

1.2.1 Main implementing partners and coordination with the Donor

The Ethiopian counterpart responsible for the general implementation of the project is the MoA, which has specialized departments in the various areas of intervention of the Project (Extension Directorate, Input and Marketing Directorate, Mechanization Directorate, Horticulture Directorate, Federal Cooperative Agency, Natural Resource Department, Gender Directorate, Nutrition Case Team, Rural Financing Case Team).

The MoA will work in close coordination with all partners (BoANR of the two regions, research institutes, ATA) and in synergy with the other regional offices (Bureau of Industry, Bureau of Health, Bureau of Women, Bureau of Youth, Bureau of Environment). The MoA, as well as the BoANRs at the regional level, have a consolidated partnership with FAO and the Italian Agency for Development Cooperation (AICS), as well as with a great number of the research centers. These institutions are well established in the areas of intervention and they contribute with a wide knowledge of the social context and of the specific problems related to agricultural production in the various sectors. At implementation level, the Project Coordination Units, with technical assistance of FAO and AICS will be dedicated to the correct identification of the activities in the region, to their realization and their monitoring.

FAO will have the responsibility to provide specialized Technical Assistance (TA) to federal and regional institutions and to other actors in the supply chains on specific sector aspects and their relative monitoring.

AICS will provide feedback on the documents produced by the counterparts (MoA, BoANR, PCU). The Donor will also participating in federal and regional Steering Committee meetings, missions to monitor the progress of activities, providing strategic guidance on proper implementation of the project.

The Second Federal Project Steering Committee (FPSC) (cf. par 3.3 below) recommended to link the results of the previous project AICS-funded project *“Inclusive and Sustainable Value Chain Development in Oromia”* (ISVCDO) to the current one. In fact, the previous ISVCDO project (expected to phase out in March 2020) is characterized by ongoing activities which overlap in terms of technicality and geographical coverage (e.g. the same Oromia Zones). The FPSC strongly encouraged to capitalize on what has been achieved and learnt during the implementation of ISVCDO, instead of starting afresh, also in terms of inclusion of already experienced partners (cf. next paragraph 1.2.2 for contracting modalities).

1.2.2 General Contractors

The second Federal Project Steering Committee (cf. par 3.3 below) recommended to assign selected activities or project components to general contractors with appropriate expertise in the related fields, in order to increase the chance of success of the intervention. The rationale of this implementation modality is to ensure an efficient and effective implementation

process of the project. When selecting general contractors or service providers, reference shall be made to the Implementation Agreement (*Article 9.4 and Annex B – Ethical Clauses and General Principles for Procurement and Execution of Contracts*) for all procurement of goods, works and for hiring Service Providers.

FAO will provide the necessary technical support to MoA and BoANRs to identify technical specification of service to be provided, and of equipment and infrastructures that will be procured - taking advantage of its worldwide, but also specific, expertise—.....

In case activities or components are assigned to contractors, the role of the MoA and of the BoANR will be to ensure a close follow up of the contract implementation. In addition, all the public institutions of the project will be also accountable for the closer follow up of the procurement process.

1.2.3 External Coordination

The Second FPSC (par 3.3 below), following a request from AICS, proposed to strengthen the coordination among development partners active in the field of agricultural modernization and agro-industrial development interventions. Close coordination will be in particular ensured with the EU flagship programme PROSEAD, where several partners (EU, EIB, GIZ, AFD, IFAD, ATA, AfDB, UNIDO) are involved in the implementation of multiple project interventions¹. The PROSEAD overall goal is to support Ethiopia's efforts to speed up economic transformation through agro-industrial development. AICS will be responsible for the institutional and technical coordination with PROSEAD partners and other potential ones.

1.3 Project beneficiaries

The direct beneficiaries to be supported by the intervention will be as per table 1, which is also showing the expected indirect beneficiaries.

Table 1. Direct and Indirect Beneficiaries of ISVCDO-SNNPR Project

Commodity	Zones	Direct Beneficiaries	Indirect Beneficiaries
Durum Wheat	Arsi, West Arsi, Bale, East Shewa	80,000	1,700,000
Soft Wheat	Arsi, West Arsi, Bale, East Shewa	520,000	
Processing Tomato	Arsi, West Arsi, East Shewa	114,000	
Avocado	Sidama, Gedeo	300,000	1,000,000
Pineapple	Sidama, Gedeo	10,000	

¹ Namely: infrastructure, access to finance, commodity supply, employability, coordination.

II. Project Budget: Contribution of the Parties

2.1. Budget per component (as per the Project Document)

The cost plan reflects the real project needs according to each component. The soft loan will cover the implementation of the six components of the project following the indications on the Project document.

- The estimated total cost for Component 1 ***“development of capacities of public and private actors along the value chains”*** is 7,320,000 Euro.

The budget will be allocated to organize training activities for selected value chain actors and government bodies (e.g. through FTC, TVET), to strengthen the production and distribution of quality inputs (seeds, seedlings, fertilizers, etc.) and to promote study tours, exchange visits and awareness-raising trips. ***This financial chapter also includes the expenses related to the local staff of the federal PCU (coordinator, administrative/accounting) and regional PCUs (regional coordinator, administrative/accounting, gender expert) estimated for 36 months and the expenses for equipment of their offices.*** The total amount allocated for the three PCUs, in the last version of the budget calculations which has been proposed to the Second FPSC (cf. par 3.3 below) has been increased from 450.000 Euro to 732.000 Euro to accommodate expenditures for operational costs of the PCUS and their partners (cf. par 5.4, Project proposal for budget allocations).

- The estimated total cost for Component 2, ***“development of agro-infrastructure and rural connectivity”***, is 16,830,000 Euro. The budget will mainly be spent to cover the costs of agro-infrastructures, rural infrastructure (e.g. greenhouses, storage facilities, roads, bridges, etc.), the supply of equipment and machinery for cooperatives and technical-scientific equipment for research centres. ***The purchase of agro-infrastructures and equipment for cooperative unions and enterprises will be realized through cost-sharing mechanisms to better realize ownership and to maximize the use of available funds.***

A total of 8,188,750 Euro will be used for the procurement, construction, or the rehabilitation of agro-infrastructures identified in the first phase of the project managed by cooperatives and unions) that will act as primary aggregation points of the products in the five selected value chains. The supply ***of equipment and machinery (pre - and post-harvesting***, for example silos, dryers, small agricultural machinery, laboratory tools for unions and research centres, etc.) will be realized with a total of 4,819,100 Euro, which will serve to strengthen capacities of value chain actors (including cooperatives) and research centres. In order to facilitate the activities of research institutes (ATARC, DZARC, MARC, SARC, HARC, KARC), it is planned to purchase three 4 * 4 vehicles for ATARC, KARC/DZARC and HARC/SARI and 12 motorcycles. A total of 3,430,000 Euro will be used ***for the rehabilitation of secondary roads and other rural infrastructure works*** aimed at improving the handling of products in selected areas. The remaining 200,000 Euro will be allocated to activities (to be elaborated more in details) for developing ICT systems for information dissemination along the value chains.

During the Second FPSC (cf. par 3.3 above) the project coordination team have proposed for a procurement of vehicles for the Federal and Regional PCUs, but the PSC committee has rejected the proposal. These vehicles shall be provided by the MoA and the respective Regional BoANR, since the IA provides that the Government of Ethiopia will contribute “with human, financial and logistic resources necessary for the execution of the Programme activities”².

- The estimated total cost for Component 3 ***“improvement of access to credit and financial services”*** is 1,850,000 Euro that will be used for credit access activities. In particular, 500,000 euro will be used for the operation of sector platforms, 550,000 euro for the support of selected financial institutions and 1,100,000 euro to cover start-up costs (sensitization, computerization, etc.) and for the promotion of innovative insurance and credit schemes.
- The estimated total cost for Component 4 ***“integration of gender and youth aspects into value chain development”*** is 1,500,000 Euro that will be used for activities aimed at gender inclusion. In particular, 500,000 Euro will be used to cover training costs to promote women's participation in cooperatives and about 1,000,000 Euro will be allocated for the establishment of pre-cooperative groups / women's cooperatives (procurement of equipment, construction of small-scale facilities, tutoring and assistance expenses, awareness raising, creation of support services for women, etc.).
- The estimated total cost for Component 5 ***“increase of production and productivity with specific attention to nutrition-sensitive agriculture”*** is 1,000,000 Euros that will be used for improving nutritional conditions of direct beneficiaries and their households. In particular, the budget will be used for the capacity building of institutions responsible for training on nutrition (DA, HEW), and for the creation of home gardens and for the creation of groups of women who will be involved in their management.
- The estimated total cost for Component 6 ***“sustainable management of natural resources”*** is 1,500,000 Euros. The budget will be used for the creation and strengthening of participatory natural resources management groups and cooperatives (training, awareness raising, etc.) and for the strengthening of production schemes of local seeds and promotion of their final products (awareness raising, trainings, etc.).

2.2. Contribution of the two Government Parties

The Ethiopian government, through the then Ministry of Finance and Economic Cooperation (MoFEC), now Ministry of Finance (MoF), will receive a contribution from the Italian Government as a Soft Loan of 30 Million Euro from Cassa Depositi e Prestiti S.p.a, at the conditions defined in the Technical and Financial Agreements. These funds will be allocated to the Ministry of Agriculture (MoA), according to the modalities defined in the on-granting agreement with the MoF (cf. Par. 3.2 below).

² Art. 3.2 of the Implementing Agreement, cit.

The Ministry of Agriculture will then allocate the funds based on the Global and Annual Operational Plans to the main implementing bodies of the project. These ones are the BoANR of Oromia and SNNP regions, the federal research institutes (Ethiopian Institute of Agricultural Research-general support; Debre Zeit Agricultural Research Centre – *Durum* Wheat; Kulumsa Agricultural Research Centre - Soft Wheat; Melkassa Agricultural Research Centre - Tomato) and regional (Oromia Agricultural Research Institute -and Southern Agricultural Research Institute -general support; Sinana Agricultural Research Centre – both Wheat species; Adami Tulu Agricultural Research Centre - Tomato; Hawassa Agricultural Research Centre - Avocado and Pineapple), other actors for specific activities (e.g. ATA, financial institutions, etc.).

The MoA will also allocate resources (under component 1) to ensure effective execution and coordination of activities at both the federal and regional levels. A **Federal Project Coordination Unit (FPCU)** composed of a Project Coordinator and a Finance Administrator ensures the overall coordination; downwards, coordination will be under the executive responsibility of two **Regional Project Coordination Units (RPCUs)** one for Oromia and another one for SNNPR, to be composed by a **Project Coordinator**, a **Gender and Nutrition Expert** and a **Finance Administrator**, respectively.

Concerning the FPCU, the Steering Committee meeting of 11 December 2019 (cf. below, par. 3.3) endorsed the proposal brought up by the MoA, to add two human resources to the FPCU. The first one, a full time M&E expert, to be seconded by FAO, and the second one, a full time Procurement Specialist, whose cost shall be from the budget allocated for the PCUs³.

Following the request expressed during the second steering committee meeting, FAO committed to assign to the Federal PCU one M&E specialist during the period covered by the duration of its project GCP/ETH/095/ITA, Technical support to inclusive and sustainable value chain development in Oromia and SNNPR”. The additional cost related to field missions (transport, DSA) will be covered by the soft loan project. The compliance related to FAO / UN regulation in terms of security clearance and travel authorization will be discussed later between the MoA and FAO.

Concerning the Procurement Specialist, although the highest governing body has accepted the option, it requires Art. 5.4 of the Implementing Agreement (IA)⁴ to be amended. Moreover, **this** amendment of Art 5.4 of the IA requires to activate the diplomatic channel via exchange of Note Verbale documents⁵, which requires immediate action by the MoA and the MoF.

³ Cf. above, par. 5.4 “*Project proposal for budget allocations*”, in particular the budget line “*PCU costs, other Implementing Partners Human Resources and operational costs*”.

⁴ “*Implementing Agreement between the Government of the Italian Republic and the Government of the Federal Democratic Republic of Ethiopia*”, signed on the 22nd of June, 2018.

⁵ Art. 16 of the Implementing Agreement, cit. “*The Parties may amend this agreement, at any time, by means of exchange of Verbal Notes between the Parties. The amendment shall come into force on the date of the Verbal Note*”.

Concerning Regional PCUs, the Steering Committee recommended to complete the selection of Oromia PCU staff as soon as possible.

2.3. Administrative arrangements

Allocations for the human resources at federal and regional levels detailed in the above paragraph are necessary to sustain the work of PCUs. The MoA established the payment scheme for the staff of the PCUs (**Annex 1**), based on existing payment scales used by the MoA for the implementation of other interventions funded by International Donors or Development Agencies (e.g. Agricultural Growth Program II). This approach will guarantee alignment to other Governmental Projects in the Agricultural Sector and also ensures sustainability of the initiative. The payment scheme was presented and endorsed during the Federal Project Steering Committee meeting of 11 December 2019 (cf. below, par.3.3).

Related to the proposal of adding a Procurement Specialist to the FPCU (cf. par 2.2 above) the MoA will have to submit a detailed financial plan to the PSC members, explaining that the allocated budget line for PCU costs can cover the expenditures of one additional human resource.

Per diem rates to be followed by all the project Implementing Partners (IPs) mentioned in this document in case of field trips in Ethiopia that require an overnight stay shall be those established by the MoF communication or directive dated 21st January 2019, specifically:

- The per diem payment modality of the MoF will be used for officials and experts in non-research implementing partners (i.e. 300 birr per day at wereda level and 450 birr per day at zone level).
- The same MoF communication will apply for higher and highest officials or government appointees at federal and regional levels during their travels within the country;
- For farmers, representatives of youth and women groups, and kebele leaders participating on project activities such as for trainings, exchange visits and monitoring missions outside of their community, the rate is 125;
- The rate of 125 birr per day will also apply to civil society organization and NGO members, when invited to the same activities.

Per diem payment guidelines or directives of research institutions shall apply for researchers of the six target centres and research directors of the three institutes (EIAR, OARI and SARI), in case of field trips in Ethiopia that require an overnight stay.

Additional responsibilities and workload will be compensated by allowances, attributed to the project designated Focal Persons in the respective Research Centres, Zones, and other implementing institution. The value for each might vary depending on the specific workload and budget allocations for that institution, upon proposal by the Project Steering Committees, and will last for precise period of assignment for project coordination and reporting. The

specific Focal Persons will be identified from all concerned Implementing Partners during the Regional Workshops in the two regions - Oromia and SNNPR.

III. Preparatory and Project Launching Steps

3.1. Preliminary Activities

Consultations with beneficiaries and potential partners

In May and June 2019, intensive consultations (**Annex II, III and IV**) have been organized to meet key stakeholders at national and regional levels. Main outcomes of these consultations included better understanding of the potential project beneficiaries, their specific needs in terms of capacity building and logistics and identification of geographic areas (woredas, PCs and Unions) of high interest for the objectives of the project.

In addition, further meetings with technical and financial partners, public and private institutions provided reliable information on:

- potential implementing partners per each of the project components;
- list of investment needs by partners;
- proposals of best models developed by different agencies in areas of capacity building, donation of equipment and infrastructures, suitable financial models, gender initiatives, nutrition sensitive projects and natural resources management interventions; and
- possible synergies to be created with similar development partners across the target zones, research centers and value chains.

These consultations enabled to draft the present PoAs (Global and Annual) with provisional budget allocation for the six project components, the value chains and will contribute to the completion of the two Regional PoAs.

Preparation of the ToRs of the PCUs staff (Federal and Regional Level)

The ToRs of relevant project staff to be assigned/recruited for the PCUs by the MoA and the Regional BoANR have been prepared by AICS, in close consultation with the MoA.

ToRs for Federal PCU staff will be published in two newspapers (one in English and one in Amharic), while the Regions may directly assign internal experts, whenever and only if the proposed human resources are able to fulfill the requirements detailed in their ToRs. The activity is on-going and it is expected to be completed before the end of October 2019.

AICS shall approve in writing the selected or proposed candidate, both by the MoA and Regional Bureaus.

3.2 Preparation of the Global and Annual (Federal and Regional) Plans of Action

With the technical assistance of FAO and AICS Addis Ababa, the MoA and Oromia and SNNPR BoANRs will formulate their Plan of Action, based on the contents of the project document. Federal and Regional Plans of Action will be submitted to the approval of the respective Project Steering Committees (PSCs).

FAO will formulate a technical proposal for the allocation of resources among value chains, the two regions and the project components, to be subsequently approved by the MoA and endorsed by AICS in writing. This proposal will be based on the project document and on the findings of the field missions conducted in the two Regions and in Addis Abeba in May and June 2019. Regional Plans of Action will be presented to Federal Steering Committee for approval and preparation of the national launching workshop. For each subsequent year, the two regional PCUs, with the technical assistance of AICS Addis Ababa office and FAO, will formulate their respective regional PoA that will be submitted to the approval of the regional PSCs. They will then be assembled by the Federal PCU with the technical assistance of AICS Addis Ababa office and FAO, in a single annual document covering the entire Project (PoA) and submitted to the Federal PSC for validation. This process will be required for the accreditation for the subsequent tranches or budget disbursements.

Coordination and monitoring:

Technical-financial reports will be produced as per **Table 2**, using the formats that will be created to guarantee an efficient, effective and time-bound Project Monitoring and Reporting (PMR) System:

Table 2. Project Reporting Milestones

A	Monthly technical and financial reports from the bodies responsible for carrying out the activities (ministries departments, BoANRs, research centres, financial institutions, cooperatives) to the regional and federal PCUs;
B	Quarterly technical and financial reports for coordination and evaluation meetings prepared by the regional and federal PCUs
C	Semi-annual technical and financial reports prepared by the regional PCUs submitted to the regional SCs
D	Semi-annual technical and financial reports prepared by the Federal PCU submitted to the federal SC
E	Semi-annual technical and financial reports sent by the MoA to AICS Addis Ababa, according to the Implementing Agreement and the financial agreement that regulates the project
F	Annual technical and financial reports sent by the MoA, audited by the Office of the Federal Auditor General (OFAG) Ethiopia, and addressed to AICS Addis Ababa, pursuant to the Implementing Agreement and the financial agreement that regulates the project

G	Final technical and financial report sent by the MoA, audited by the Office of the Federal Auditor General (OFAG) Ethiopia, and addressed to AICS Addis Ababa, pursuant to the Implementing Agreement and the financial agreement that regulates the project
---	--

The overall progress and coordination of activities at Federal and Regional levels will be evaluated through quarterly meetings, to be attended by the respective PCUs, FAO, AICS and other relevant value chain actors involved in the project implementation.

Regarding Procurement activities, local authorities and project partners shall follow national rules and the World Bank Procurement Guideline as specified in the Project Implementing Agreement.

3.3 Approval of the Global Plan of Action and the Annual Plan of Action by the Federal Project Steering Committee (FPSC).

The Ministry of Agriculture called the Federal Project Steering Committee in September 2019. The First FPSC meeting was held on the 6th of September. In that meeting a first introduction (narrative and financial) of the project was given to the members. The FPSC also approved the ToRs of the Steering Committee, and approved the ToRs of the National Project Coordinator (NPC) and for the National Project Finance Administrator (NPFA) who will constitute the Federal Project Coordination Unit.

On 11 December, a second FPSC meeting was held to discuss on several agenda items. Among the most relevant ones, there was the approval of this Federal Plan of Action (Global and Annual). The last updated version⁶ of the PoA has integrated all the recommendations of the second FPSC meeting.

Major decisions made by the Second FPSC meeting were the following:

- To complete as soon as possible the recruitment of Human resources of Federal and Regional PCUs (cf. above, par. 2.2);
- To make a proposal for an amendment of the Implementing Agreement clause (art. 6.3), reducing the spent/allocated ratio for the disbursement of the second and third instalment;
- To prepare a financial proposal in order to recruit one Procurement Specialist for the FPCU (cf. above, par. 2.3), also using the advantage of the amendment of the IA as described above;
- FAO shall give a feedback to the request of the FPSC of assigning one M&E specialist to the Federal PCU on a permanent basis (cf. above, par. 2.2);
- The Federal Ministry of Agriculture and the two Regional bureaus shall cover the vehicle arrangement to the PCU's functions. Official communication will be made with two Regions (cf. above, par 2.1);

⁶ The one which is being read by the reader.

- To harmonize salaries of the PCUs with the paying scales of the projects currently implemented by the MoA (cf. Annex 1);
- On the EU PROSEAD interventions, a concept note/ToR shall be produced to improve coordination of the ISVCDO-NNPR project with IAIPs programmes, to be accomplished ASAP (cf. par 1.2.3 and 3.6);
- Aligning project plan and activities with the regular programming of partner institutions (Research, MoA, Bureaus, FCA, etc); on the same line, the regional plans of action will be more specific compared to this global one concerning identified activities, which will be also part of the monitoring and evaluation matrix (cf. par 3.5);
- To capitalize on what has been achieved and learnt during the implementation of the AICS-funded ISVCDO project, instead of starting afresh, also in terms of inclusion of already experienced partners;
- To support or establish a research platform to better coordinate the EIAR-OARI-SARI interventions within the implementation framework;
- To focus in the PoAs on impactful interventions rather than too much scattering project resources and to identify relevant interventions starting from the demand side of the target value chains; i.e. the plan shall be revisited in terms of including numbers (targeted farmers, tons of production, hectares, etc.) based on the need of the market created by IAIPs (cf. par 3.5);
- To assign some selected activities or project components to general contractors with appropriate expertise in related fields, and ensure efficient implementation; reference shall be made to Article 9.4 and *Annex B – Ethical Clauses and General Principles for Procurement and Execution of Contracts of the Implementing Agreement* (cf par 1.2.2 above);
- To stimulate the engagement of private extension service provision, and more in general of the private sector (e.g. in terms of contract farming and other available options – cf. Component 1, activity 1.5 and 1.6 below);
- To report on job creation contribution from the project PoA, on a yearly basis (cf. Component 1, activity 1.5 and 1.6 below).

The MoA will invite the Regional BoANRs of Oromia and SNNP to call for the respective Regional Project Steering Committees (RPSCs), advising to officially appoint their members and observers. The Regional Steering Committees will be called after the Regional Consultations are conducted (cf. par. 3.5) and the Regional Plans of Action are drafted for their approval by the RPSC (cf. par. 3.6).

3.4 Preliminary Steps for the Disbursement of the First Loan Installment.

Once the Annual and Global Plans of Action are formally approved by the FPSC, a request for the disbursement of the first tranche of the loan shall be submitted by the MoF to Cassa Depositi e Prestiti in Rome, based on the conditions provided in the implementing agreement (art 6.3), which states that:

In order to obtain the first loan instalment of 10,000,000 euro (ten million euro), the following pre-conditions must be fulfilled:

- Formal approval of the Global Operational Plan and Annual Operational Plan, [...]. The documents shall include a disbursement plan of the Loan,
- The signature of an on-granting agreement between MoF and MoA, with the endorsement of AICS Addis Abeba⁷; and
- Written evidence shall be produced by the MoA that key supporting staff at Federal and Regional Levels are under recruitment (cf. Par 3.1, preliminary activities);

3.5 Inception Phase of the Project. Regional Planning

The volume of information collected during the consultations meetings in the regions and in Addis Ababa needs to be consolidated and framed into the project general implementation strategy. Additional assessments of targets groups in terms of institutional, technical, organizational and financial capacities are required to ensure sustainability and greater impact of the current project activities.

A number of field missions is being conducted in each target Zone, with the objective of refining the data collected and better plan the intervention in collaboration with the direct beneficiaries and target groups. The exercise will have the following specific objectives:

- a. Select the most appropriate beneficiaries and intervention (type and size) for the project support;
- b. Assist the beneficiaries to formulate new targets for upgrading their mission (or their businesses) looking at their role into the selected value chains with focus on the project objectives framework;
- c. Review the needs expressed during the previous field missions and i) frame them into viable micro projects / business plans for business oriented groups; and ii) quantify the needs in respect to targets set by different groups (looking at their upgraded mission and business and market requirements)

The FPCS recommended on 11 December 2019 (cf. par 3.3) that project planning and implementation activities shall align to the regular programmes of partner institutions (Research Institutes, MoA, Bureaus, FCA, etc.). On the same occasion, the FPSC requested the project team of the FPCU to focus on impactful interventions, rather than scattering project resources. This holds especially true on the investment component, focus should be on larger, innovative, and showcasing infrastructure.

Finally, the FPSC requested to reorient relevant interventions starting from the demand side of the target value chains. A value chain approach should start shaping the project intervention looking at required quantity and quality of raw materials demanded, in the case of ISVCDO-SNNPR, by the agro-industries in the target IAIPs and beyond.

⁷ The on-granting agreement signature was replaced by a declaration of the MoF sent to the Embassy of Italy on September 24th, 2019. In this letter, the MoF declares that there is no on-granting agreement signature previewed as a procedural requirement between MoF and MoA, being the latter one a direct budgetary institution.

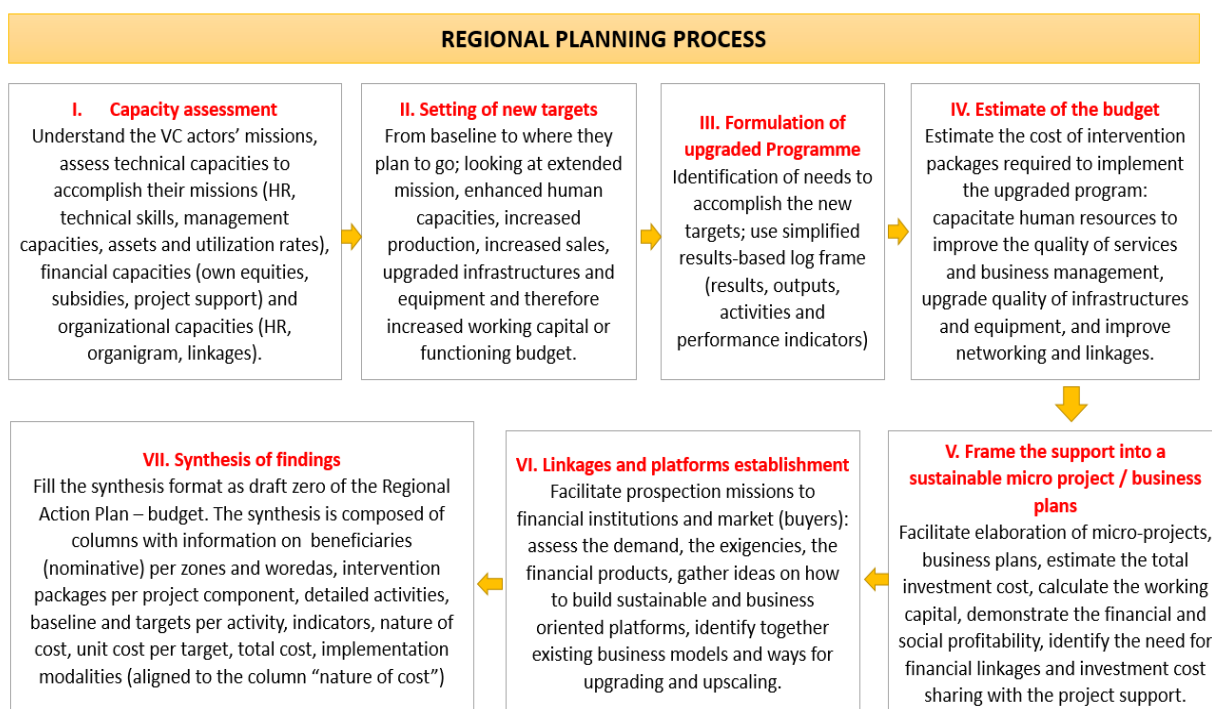


Figure 1. Regional Planning Process

The expected outputs of the two Regional Planning sessions are:

- Setting of targets / assumptions for VC development; align this exercise with the needs expressed by the private sector actors,
- Profiling of target groups likely to be future beneficiaries of the project;
- Formulation of business plan for business-oriented target groups (Seed Enterprises, Cooperatives Unions, SMEs);
- Formulation of capacity enhancement programmes for public service providers and development agencies (MoA, Regional BoANR and Zonal BoANR, Development Agencies, Research Centers);
- Upgrade Research Centers' programmes to align their contribution to the project objectives;
- Estimate investment needs (infrastructures and equipment) for each category of actors;
- Estimate working capital needs for business-oriented groups but also public and private institutions likely to be part of the project;
- Organize consultation meetings with financial institutions and draft models for building sustainable linkages;
- Facilitate formulation of capacity building programmes for public institutions, including required support to research institutes and universities;
- Facilitate formulation of capacity building programmes for farmers and model farmers;
- Draft the structure of platforms (existing and new ones);
- Draft a model for sustainable clusters' establishment;

- Draft an inclusive plan of action for implementation of the gender, nutrition and natural resources management components.

Once the regional planning sessions are completed, the Regional Annual PoAs (Oromia and SNNPR) will be updated under the technical assistance of FAO and in coordination with AICS and the MoA.

In this phase, the team members of the regional PCU will be hired or appointed by the respective BoANRs in consultation with MoA, following the ToRs prepared by AICS and FAO.

3.6 Regional Steering Committees, Launching Workshop and Starting of the Project Activities.

Information and data gathered in the regional workshops will enable the preparation of the two Regional Annual Plans of Action, to be submitted to and approved by the Regional Steering Committees.

Once approved, one **Launching Workshop** will be organized in Addis Ababa, and activities as per chapters 4 below will officially start. The Workshop is strategically crucial to introduce the project objectives, the main expected outputs, create awareness and commitment amongst involved Implementing Partners, Stakeholders, and the Private Sector. In particular, the event will focus on the findings of the two regional workshops, in terms of existing gaps of each value chain and the intervention strategy to address the challenges.

During the Federal Steering Committee meeting of the 11 December 2019 (cf. par. 3.3), it was decided that the launching workshop will be conducted on the same date of the launching of the EU flagship programme PROSEAD, whose goal is to support Ethiopia's efforts to speed up economic transformation through agro-industrial development. The common launching event is also in line with the recommendation of the Ministry of Finance given to all development actors to ensure that effective coordination among interventions is in place.

The date of the launching workshop is tentatively scheduled for the middle of February 2020.

IV. Detailed Description of the Project Components

The detailed description of the activities and expected results for the six project components are presented below.

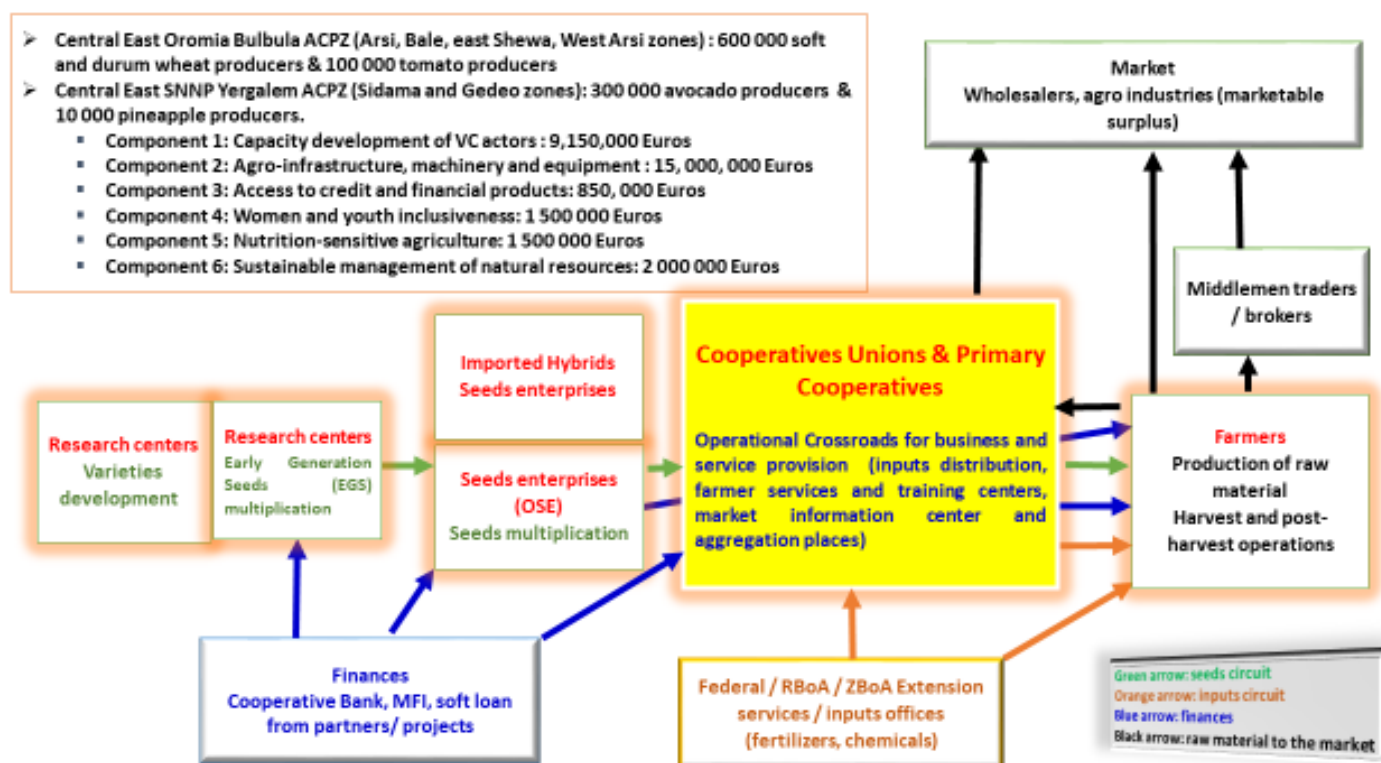


Figure 2. Project intervention components and main value chain actors involved in the initiative.

Component 1- Development and capacity building

Expected result 1: the capacities of the actors at different nodes of the selected agricultural value chains are improved

Various interventions undergone by the project in **Capacity Building** of different actors⁸ are tailored per value chain, taking into account their specificities and differences (see Figure 3, Figure 4, Annex V and Annex VI for more details on the steps of the value chains, actors, functions and project interventions). Table 3 shows the main skill development logic of the project.

⁸For the sake of clarity and accessibility, the project team has simplified the value chain map, acknowledging that some interactions and dynamics are not reflected in the picture.

Table 3. Training modules and scheme

#	Type of training	Trainer/Facilitator	Co-trainer (if applicable)	Trainee/Beneficiary	Training topics
1	Enhancement of Research Capacity	Expert Selected by FAO (e.g. Clust-ER)	FAO	EIAR, SARI, OARI, ATARC, [...]	Accelerated technology generation and dissemination, structuring value chain development, innovative agricultural R&D approaches,
2	Seed, seedling and other propagules multiplication and dissemination	MoA, FAO, SARC, KARC, DZARC, HARC, ATARC, MARC, EHPEA	Seed Enterprises, Seed Labs, Private Representative	BoANR, Unions, Seed Coops, Model Farmers FTC-FSC- Nursery managers, DAs	Variety maintenance, nursery management, accelerated EGS multiplication, field management (clustering, roughing, inspection, grafting, etc), seed and seedling marketing (promotion, labelling, pricing, etc), certification systems, and advances in warehouse management.
3	Dissemination of improved Good Agricultural Practices (GAP)	SARC, KARC, DZARC, HARC, ATARC, MARC	FAO	BoANR, Unions, PCs, Model Farmers FTC, FSC, Nursery managers, DAs	Innovative methods of input supply, productivity enhancement (e.g field clustering, recommended input application), protection, harvesting, post-harvest handling and storage.
4	Supporting Agricultural Mechanization Provisions and Use	MoA, KARC	GIZ	Private service providers, Coop Unions, BoANR, PCs, Model Farmers	Farm machinery management, operations, advances in farm machinery use for enhancing productivity and quality, etc
5	Standard-based quality management	Expert Selected by FAO (e.g. Clust-ER)	FAO	EIAR, SARI, OARI, MoA, BoANR	Quality control, grades and standard development, certification and food safety
6	Dissemination of Post-Harvest Practices	EIAR, SARI, OARI,	Clust-ER	BoANR, OCPA, Unions, PCs, Warehouse managers	Packaging and transportation, Storage and warehouse management
7	Agricultural Product Marketing	FAO and the 6 Target Research Centers	MDA or Trade Office, private representatives	BoANR, CPA, Unions, PCs, etc	Promotion, linkages, value addition, quality parameter selection for negotiation, pricing, competition, market information, contract arrangement, etc
8	Enhancement of Cooperative governance and business management skills	Expert Selected by FAO (e.g. Clust-ER)	FCA,	CPO, Unions and PCs,	Cooperative marketing and commercialization, business planning capacity, aggregation and delivery system, warehouse management, financial

					management (cost accounting, monitoring, auditing, access to credit, internal capitalization); marketing (bargaining power, autonomy, contract agreement, pricing and promotion).
9	Promoting Private Sector Engagement	Expert Selected by FAO (e.g. Clust-ER)	FAO	EIAR, SARI, OARI, MDA, BoANR, ATA	Targeting based on territory, how to form functional platforms, establishing win-win linkages, facilitate incentives and enabling facilities (credit, regulations, etc).

Activity 1.1 Training of the value chain actors (e.g. small producers through FTCs, model farmers, managers of producer organizations) and government agencies (e.g. extension workers through TVETs, MoA, CPA)

The MoA, with FAO support, will review and update the curricula of extension workers (in collaboration with the BoANR of the two regions) and the educational material used in the TVET to specialize local actors - in particular at regional level. All extension services and regional experts (BoANR, Cooperative Promotion Office, and Market Development Agencies) will be trained and their capacities and logistics strengthened - following a Training of Trainers (ToT) approach.

FAO and MoA will identify areas for improvement of extension services programs to adapt to the needs of growing market-oriented production. MoA and regional bureaus will benefit from different training in business planning, cooperatives support, linkages development, contract farming, market information, value chain project design and implementation. Improved agri-input delivery systems such as the establishment of the FSC in strategic locations will be supported and piloted.

Researchers and staff of the research centres will also be trained in recent innovations on promoting value chain development through study trips abroad where similar projects are developed on Wheat, Tomato, Avocado and Pineapple value chains. The objective is to enhance value addition through agricultural R&D innovations across/along these value chains (production, harvesting, post harvesting and storage, agro processing). For instance, innovative areas include certification and quality control mechanisms, food safety systems and standards implementation, technology and product, phyto-pathogen propagation and other undesirable quality traits risk reduction, dissemination through farmers' training.

Once curricula and modules will be improved and ToTs completed, under the coordination of the MoA-BoANR and with the technical assistance of the FAO, training activities will be implemented by relevant authorities and agencies to benefit target smallholder producers in the four selected value chains. This activity will also be carried out thanks to the

strengthening of the capacity of the Farmers' Training Centres located in the two Agro-Commodity Procurement Zones. FAO and MoA through regional and zonal BoANRs will be responsible for identifying and supporting **model farmers** (small- and large-scale farmers engaged in commercial production) to expand the adoption and use of good practices and provide examples of market access and commercial links between producers and other actors in the value chains.

The MoA, BoANR, FCA and the CPAs will promote and conduct training programs to strengthen the capacities of agricultural cooperatives in selected value chains (in particular, managers of selected producer cooperatives, on issues such as value chain approach (vertical and horizontal integration) and clustering, where the role of ATA will be crucial (specific project on ACC expected from the ATA). In addition, training activities will be carried out on management and business planning, and marketing of raw agricultural products.

FAO in its role of technical assistance will ensure that the training approaches to be adopted are adding substantial value to the existing training system. Additionally, FAO will ensure that the project training strategy includes technical support, coaching, accompaniment of beneficiaries and linkages to access to capital (**strong linkage between component 1, component 2 and component 3 of the intervention**).

At cooperatives/unions level, the following major interventions will be developed:

- Investment needs for enhancing commercialization capacity and post-harvest management;
- Training on quality control at warehouse level, awareness on standards, contract farming principles and practices and certification and food safety;
- Training on cooperative management, entrepreneurship skills and agro-processing;
- Facilitate establishment of commodity-specific platforms;
- Establishment of FSC for selected cooperatives unions and primary cooperatives;
- Capacity building for the zonal and woreda offices (running cost for BoANR, Cooperative Promotion Office, and Market Development Agencies).

Commodity-based sub-activities:

Avocado and Pineapple Value Chains: The project will facilitate the establishment or rehabilitation of Farm Service Centres (FSCs) for the new Fruit and Vegetable Producers Cooperative Union in SNNPR. Besides upgrading selected FTCs in the main avocado and pineapple producing zones, technical support will be provided to address the most common constraints such as: (i) sourcing, promotion and distribution of improved varieties (since majority of the varieties are local cultivars); (ii) harvesting techniques (manually shaking the trees and branches); (iii) post-harvest management; (iv) market linkage and lack of a platform to create dialogue.

Establishment and strengthening of fruit nurseries for the continuous supply of the planting materials (avocado grafts and pineapple suckers) is one of the crucial interventions. In addition to the poor quality of the current cultivars, the number of trees/plants per unit area in the target zones is low compared to the high demand of fruits by the nearby markets, both in the Yirgalem IAIP and Hawassa town.

Specific value chain studies prepared by FAO and the recent field missions carried out in May-June 2019 (cf. Annex II, III and IV), showed that both value chains are constrained by: the lack of uniformity in fruit supply (arrival of fruits of different maturity groups), poor quality of fruits due to harvesting practices (mainly avocado), improper storage and transportation containers – normally sacks instead of crates—and the lack of standardized storage at producers' level. These challenges will be addressed and tackled with tailored interventions that will be clarified during the inception phase (cf. Par 3.5).

Wheat (soft and durum) value chains⁹: KARC, SARC and DZARC will provide technical trainings to farmers, cooperatives and the extension officers in the areas of improved production techniques, seed multiplication, and post-harvest handling of grains. KARC researchers and their facilities (Mechanization Centre) will be used in particular for training of extension workers and private mechanization service providers on agricultural machinery adjustments and their operations, based on the crop type and geographical locations. Practical demonstrations will be conducted at field level in FTCs and/or at the model farmers' plots. The three Research Centres will eventually partner with the purpose of providing on-going training and advisory services for wheat producers and the relevant public offices.

The target research centres will be supported to promote Integrated Methods for wheat production systems to reduce rust pressure or disease outbreaks in the wheat-belt areas of the Arsi and Bale zones. Moreover, in collaboration with MoA, BoANR, FAO, the research centres will also work on an innovative techniques to develop an Early Warning System.

DZARC and SARC, building on their existing experiences on *durum* wheat value chain development¹⁰, will be supported for providing high level technical assistance to the farmers, cooperatives, extension experts on increasing production and productivity, timely aggregation, quality analysis and proper marketing of the *durum* wheat produce to pasta processors – to ultimately reduce the ever increasing import of grain and pasta products. All the productivity enhancement initiatives of research centres will be well coordinated with the ACC agenda of the MoA and the ATA.

⁹ *Durum* and Soft Wheat are two different species, requiring different agro-ecologies and practices. Although sometimes the produce of the two species (grains) may be supplied by agro-processing industries alternatively, they are generally channeled through two separate value chains: the first one for pasta (*Durum* Wheat) and the second one for baked products (flour, bread, cakes, biscuits for Soft Wheat). Thus the approach applied to intervene in the two value chains will not be identical, even if sometimes direct and indirect actors may partially overlap.

¹⁰ Project Inclusive and Sustainable Value Chain Development in Oromia (ISVCDO) was a major contributor to the *durum* wheat research improvements.

The centres will benefit from exposure to advanced seed and grain lab facilities through study tours. Furthermore, their experts will receive training in lab techniques and field level technicalities.

The 13 cooperative unions and their member PCs will be trained by BoANR, FAO, KARC, DZARC and SARC on the aforementioned topics and other specific subjects related to the particular value chain and exact sites of intervention.

Tomato Value Chain: FTCs in areas with high potential for tomato production will be strengthened in their operational capacity. Demonstration activities on horticultural technologies will be established and promoted within and outside the FTCs. Extension workers will be trained on advanced tomato production systems, tomato seed and seedling production, transplanting, irrigation and water management, harvesting and integrated pest management.

Dedicated capacity will be created to both MARC and ATARC for them to subsequently provide technical trainings on tomato varieties for processing for the whole value chain actors, following a cascaded ToT approach.

Research centers, in collaboration with agro-input suppliers, FAO, Oromia BoANR, the Ethiopian Horticulture Producers and Exporters' Association (EHPEA) will be in close partnership in terms of training primary cooperatives in agronomic practises, input utilization, post-harvest handling techniques, cold chain management and contractual agreements between tomato producers and processors.

Meki Batu Union and its member PCs will be trained by BoANR, MARC and ATARC on the aforementioned topics and the other challenges as found necessary.

Business management skill enhancement: separate training sessions will focus on the following topics i) business planning capacity and risk management; ii) aggregation and delivery of agricultural produce, transport, facilities management, equipment and supplies; iii) financial management (cost accounting, monitoring, auditing, access to credit, internal capitalization); iv) quality control procedures and safety; v) marketing, contractual agreement, pricing and promotion.

Activity 1.2 Strengthening seed and seedling production/propagation and high quality agro-input production and supply

The BoANRs, research institutes and FAO will jointly work towards strengthening production of seeds and quality propagation materials for the local groups (nurseries, cooperatives and seed enterprises) and individual producers. The MoA and the BoANRs will play a fundamental role in facilitating investments in the production of quality agro-inputs (seeds, vegetative propagating materials, seedlings, etc.).

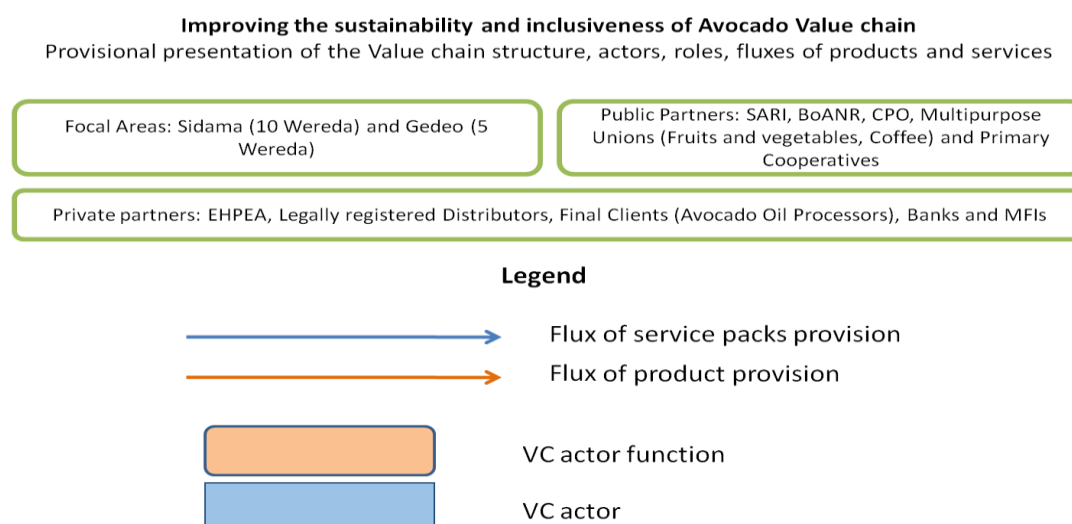
Through consultations, it was found that one of the challenges on the seed supply system is the continuous availability of Early Generation Seeds - EGS (breeder, pre-basic, and basic seed classes). Most of the research centres will be supported by the project to enhance the multiplication and delivery of early generation seeds. Depending on specific needs, the capacity of Research Centers will be improved technically in order to enable them to assist, cooperatives, unions, public seed enterprises and small micro enterprises in the formulation and implementation of their business plans. Relevant researchers and research directors will identify required human resources, critical logistic, critical infrastructures, equipment, and working capital needs to ensure establishment of such “micro-projects”.

Seed enterprises will be identified and strengthened to ensure improved supply of varieties both in quality and quantity. Particularly, nurseries will be upgraded in order to enhance the production and distribution of planting materials. Nurseries could potentially be managed by youth and women groups or cooperatives. The feasibility of these management options will be explored and critically analyzed during the project inception phase, starting from the Regional Planning sessions (cf. Par 3.5).

Consultations with MoA will be undertaken to evaluate the impact of monopoly of agro inputs distribution by public services; options for the private sector to play their part to improve the input distribution channels and ultimately the whole sector will be explored, bearing in mind that several legal proposals are being screened at different lawmakers’ levels (e.g. seed proclamation, contract farming proclamation).

Commodity-based sub-activities:

Avocado Value Chain (see Figure 3): Staff and managers of nurseries will be capacitated in different areas of management (soft and hard skills) such as: water management, grafting techniques, equipment utilization, transplanting, protection, root pruning and hygiene. SARI and HARC will support nurseries with quality planting materials, trainings, demonstrations and experience sharing at other technical institutions and enterprise.



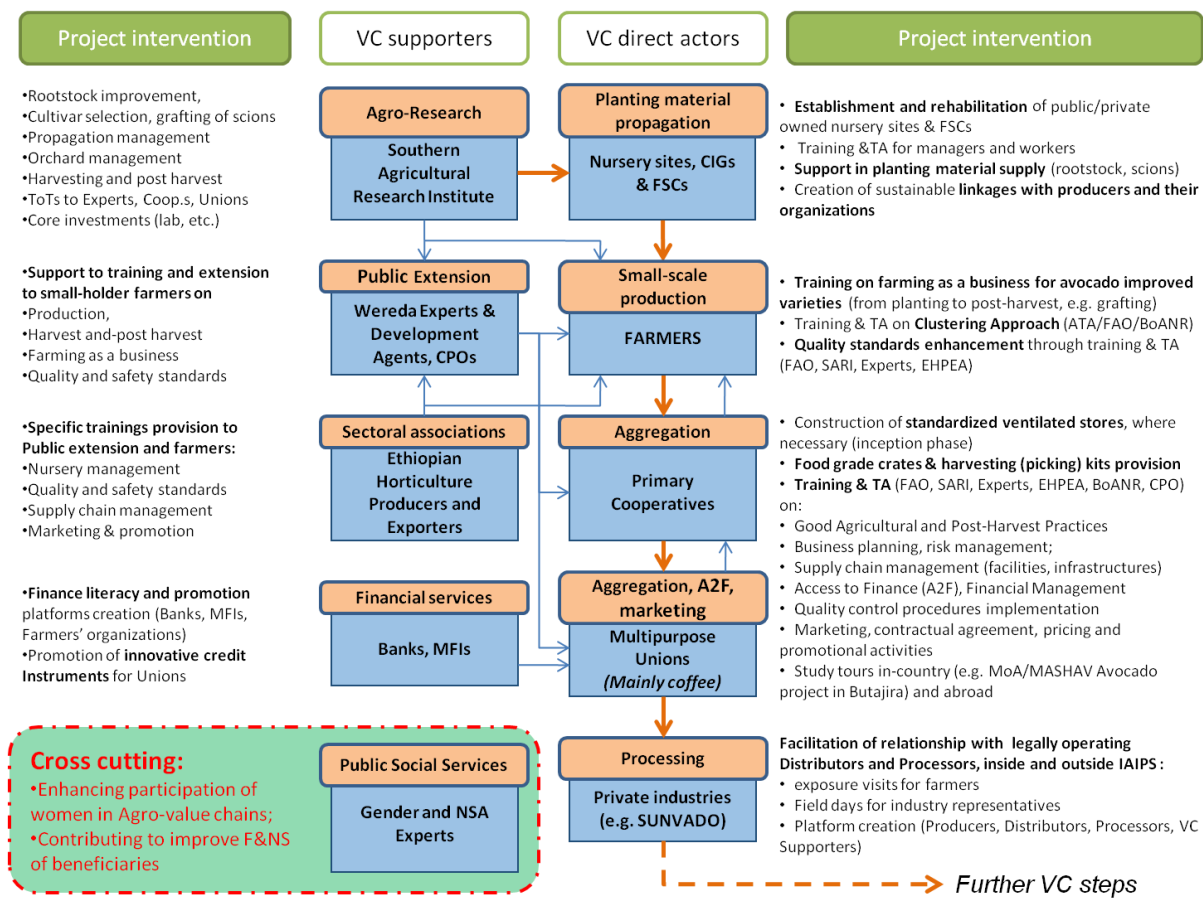


Figure 3. The Value Chains of Avocado in target areas (source, interviews - May-June 2019)

Pineapple Value Chain: Pineapple nurseries will be identified and supported. Trainings will be delivered to nurseries in input utilization, irrigation water management, selection of suckers, disease protection, etc. SARI/HARC will collaborate with Jimma Agricultural Research Center (JARC) for the supply of better yielding, disease-resistant and suitable varieties for the growing agro-industry demand (higher juice content, appealing pineapple cuts during processing, etc.).

Wheat Value Chain (see figure 4): Seed production is a crucial factor for the success of the development of both soft and *durum* wheat value chains. Capacity building activities will focus on improved agricultural practices such as application of recommended rates and timing of fertilizers, row planting, farm clustering, weeding, disease surveillance, harvesting technologies, post-harvest storage and grain handling practices against storage pests.

Improving the sustainability and inclusiveness of Durum and Soft Wheat Value chains

Provisional presentation of the Value chain structure, actors, roles, fluxes of products and services

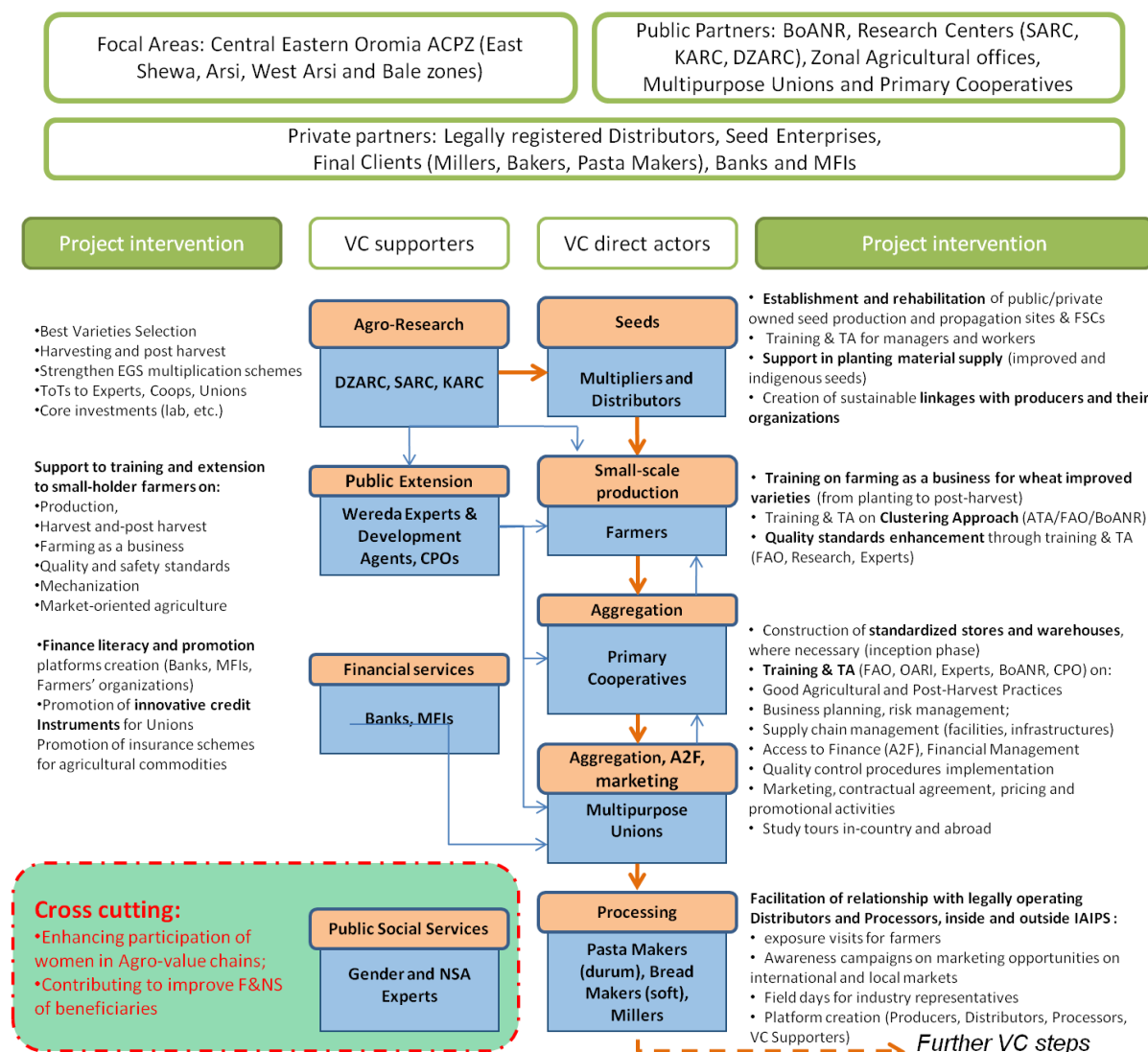


Figure 4. The Value Chains of Wheat (Soft and Durum) in target areas (source, interviews - May-June 2019)

The whole efforts of strengthening the multiplication schemes of early generation seeds (breeder, pre-basic and basic seed) will be addressed in the following ways:

Maintenance breeding: varietal maintenance and breeder seed multiplication are under the exclusive mandate of research centres that released the variety. The three target research centres, KARC, DZARC and SARC, are also engaged in the production of the subsequent seed classes (pre-basic and basic) promoting registered varieties and contributing to their fast delivery into the production system. However, this segment of the value chain activity, supply of EGS was identified as one of the strategic bottlenecks during the implementation of AICS-funded projects in Central-Eastern Oromia (ISVCDO - from 2011 – to date). To guarantee the delivery of huge batches of wheat grains to the processing industries with the required quality characteristics, the production chain needs to be rigorous from the starting

point with quality controls along the entire process, including consistency of seed production and propagation.

The seed quality at the beginning of the multiplication cycles (i.e. breeder seed) must then be supported to meet the highest quality requirements. In this sense, a continuously evolving methodology for conserving the purity and vigour of the original breeder's seed stock will be implemented. Proper protocols for released varieties maintenance breeding will be defined and implemented at the three centres under the guidance identified responsible researchers, who will join a dedicated experience-sharing study tour in Italy. The study will comprise lab methodologies for purity testing and field protocols for recurrent testing and selection of spikes/ear-to-row/small plots/, etc.

Pre-basic and basic seed production: the target research centers (KARC, SARC and DZARC) will continuously multiply adequate seeds of selected varieties on their fields, to avail convenient stocks of basic seeds of the varieties already identified for bread and pasta making and adapted to the different locations. During the first crop season, existing basic seed stocks of selected varieties at each center and certified seeds (C1) from Oromia Seed Enterprise (OSE) will be utilized.

Certification system: the FAO Quality Declared Seed system (QDS), Direct Seed Marketing (DSM), and Community-Based Seed Production practices promoted by ISSD and ATA, will be further scaled up by the three research centers and selected farmers' cooperatives. The QDS is less demanding on government resources than other more developed seed quality certification systems, but nevertheless is adequate to provide good quality seed both within countries and in international trade.

SARC, DZARC and OSE will capitalize on the already started partnership with private seed companies such as CGS Sementi S.p.a for knowledge and germplasm exchanges for strengthening the supply of high quality wheat varieties.

Tomato Value Chain¹¹:

Potential partnership with the Ethiopian Horticulture Producer and Exporters' Association (EHPEA) will be considered by the project intervention¹² in terms of supporting the establishment of tomato nurseries and other Good Agricultural Practices - GAPs (at private and at cooperative levels), to eventually ensure sustainable supply of planting materials to the farmers.

Seed production and multiplication: seed cooperatives and farmer groups will receive trainings from MARC, ATARC and the EHPEA on high quality seed, seedling production and transplanting techniques, and nursery establishment and seedling marketing. DAs and experts of the woreda BoANR, in collaboration with FAO technical team, will provide the follow up trainings for the target group.

Activity 1.3 Study trips, exchange visits and awareness raising campaigns

FAO in collaboration with the BoANRs, CPA, and Research Centers will organize series of study tours, in order to allow producers and extension service providers to visit manufacturing or industrial facilities located inside or nearby the Yergalem and Bulbula IAIP facilities, in other parts of the country, or abroad. This will help the beneficiaries or participants to enrich their technical and cultural baggage, as well as to replicate or inspire from the techniques and technologies observed.

Additional exchange visits will be organized in the form of short term trainings on platform management, facilitation skills, quality control and certification, contract farming frameworks and processing techniques. Separate exposures could also be organized for cooperatives leaders and researchers in order to reinforce their understanding of technology utilization, clusters development and creation of sustainable linkages.

For the study tour abroad, representatives from key implementing partners will be invited to Emilia-Romagna and other potential Regions of Italy, to capitalize on their long-standing experience in agricultural value chains development, agro-industrialization, clustering approach, research technologies, laboratory innovations, and establishment of permanent or functional platforms among chain practitioners.

Activity 1.4 Strengthening research centres and connections between research centres, private agro-input providers, producers and extension services

For promoting demand-driven research undertakings, specific technical support will be provided to research centers to review their current technology transfer approach and technical assistance provision to value chain actors.

Research center directors and relevant researchers will analyze their actual contribution to the four value chains and identify areas where they can upgrade their intervention and maximize the benefit of research recommendations. The analysis will cover all the aspects of the VCs:

¹¹ For tomato and pineapple Value Chain Schemes see Annex V and Annex VI

¹² Meki Batu Union is an historical member of the Association.

- assessment of services offered in terms of variety development, training, technology development along the value chains (production, harvesting, post-harvest management, agro processing, quality control, certification, new product development, early generation seed multiplication;
- reduce the risks of propagation of phyto-pathologies and other undesirable quality traits through the introduction or recommendation of modern propagation techniques;
- assets inventory (existing capacity and utilization rate or status), existing human resources and public / project budget allocations and identification of related critical bottlenecks.

The project will work to strengthen the technical capabilities of EIAR, OARI and SARI to provide innovative technical assistance to the final beneficiaries. It intends to upgrade research contributions to cover the whole segments of the value chains from the production to the agro-industries following as already mentioned under **Activity 1.1** above.

For the pineapple and avocado value chains, Jimma Agricultural Research Centre (JARC) will work through a formal partnership with SARI and HARC, to provide pineapple planting materials (suckers) and improved avocado cultivars suitable for processing purposes.

At higher level, the Second FPSC meeting (cf. par. 3.3 above) recommended the establishment of platform to better coordinate the EIAR-OARI-SARI interventions within the implementation framework.

Activity 1.5 Promote technologies to stimulate youth employment and support for rural entrepreneurship

FAO in collaboration with relevant project partners will support youth entrepreneurship through incubators of small agribusiness activities, such as the organization of one-stop services for seed, small-scale agricultural machineries, agro-chemicals, packaging materials, etc, to be identified during the inception phase (**cf. above par 3.5**).

The project, identifying the appropriate institutional support at regional level, will facilitate the production of simple post-harvest technologies (in particular, through the creation of pre-cooperatives and strengthening of groups) to stimulate youth employment at the rural level in the selected areas and sectors.

Financial support will be provided through subsidies on critical small equipment while the beneficiaries will cover the operational cost either through their own capital or through soft credits. For efficient implementation of this sub-component, FAO will provide technical assistance to formulate bankable small business plans. Consultations will continue with local authorities to facilitate land acquisition and official registration of the youth group and their businesses.

The FPSC meeting on the 11 December 2019 (cf. par. 3.3 above), recommended to focus on activities that could stimulate the engagement of private extension, and more in general of the private sector (e.g. in terms of contract farming and other available options – cf. Component 1, activity 1.5 below). It was also recommended to report on job creation contribution from the project PoA, on a yearly basis. These recommendations hold true also for the activity 1.6 described in the next paragraph.

Activity 1.6 Promoting integrated and inclusive models of value chain and creation of dialogue platforms between actors of the value chains

FAO will work, in collaboration with specialized agencies and development partners, to create or strengthen linkages between research centers, private agro-input providers (seeds, agro-chemicals, tools/equipment, etc.), producers, and public service providers in order to expand the integrated approach already in place by the ATA for some priority value chains for the Agricultural Commercialization Clusters (ACC).

The on-going **Wheat Stakeholders** Platforms, the **Wheat Alliance in Oromia** and the **Avocado Alliance in the SNNPR** will be further strengthened and will be taken as a model to create similar dialogue platforms to connect producers, agro-industries, distributors and consumers and contributing to the inclusive and sustainable development of the selected value chains.

Whenever feasible, having in mind the on-going uncertainty on favourable related policy development, contract farming and business-to-business arrangements will be explored, to ensure a constant flow of quality agricultural raw materials from smallholder producers and their cooperatives to existing supply areas and to the Integrated Agro-Industrial Parks.

The MoA, the Oromia Market Development Agency (and similar line offices in SNNPR), ATA, and FAO will play a significant roles for the establishment and proper implementation of the contract farming frameworks. The technical support from ERR will be required to build strong alliance between actors for general competitiveness of the selected value chains and enhancing the role of the private sector on basis of territorial development approach.

In terms of private sector engagements, the project will commit to facilitate the connection between commercial farmers and small-scale farmers, in addition to supporting commercial farmers to benefit from the wide range of infrastructures that the ACPZ encompasses.

Stakeholders' consultation rounds showed the potential to link farmers' organizations to companies, which plan for investing in commercial farms with tight links to out-grower schemes, encompassing the installation of export and organic standard processing technologies. Other potential private investors have been identified, and the activity is on-going, thanks to the cooperation with other development partners (UNIDO, Regional Industrial Parks Development Corporations of Oromia and SNNPR).

Expected outputs of this activities are: Horizontal and vertical platforms established along the value chains (platforms for producers, platforms for traders, platforms for financial

institutions dealing with agribusinesses, platforms for agro industries). These platforms will be created through events that will gather all the relevant stakeholders in a specific sub-sector with activities including B2B and field visits to the Integrated Agro-Industrial Parks.

Activity 1.7 Promote product's quality standards and strengthen certification and control mechanisms

Establishing grades and standards is found to be one of the drawbacks of most domestic agricultural products. The ISVCDO-SNNPR project with the technical support of FAO will promote the introduction and adoption of products quality standards appropriate to the selected value chains according to the requirements of the processing industries (physical appearance - shape, size, degree of ripeness, colour; or chemical composition - sugar content, juice volume, protein content, etc.). All the target research centres, universities and higher education institutions and certification bodies will receive targeted support to establish certification system and control mechanisms. The BoANR will be supported by the FAO in the training of government bodies and actors of the value chains on the appropriate use of quality standards, to be applied to agricultural production aimed at agro-industrial processing.

Expected output of this activity is the creation of a quality analysis and certification system which will be applied during cropping season and post-harvest phases by mandated institutions (ARCs, XXX,). The implementation by these institutions of the promoted standards and certification systems will create a favourable environment for price negotiations based on quality, thus improving the overall relationship of different value chain direct and support actors (ARCs, PCs, Unions, Aggregators, and Processors) by increasing mutual trust.

FAO in collaboration with project partners, ICARDA and ISSD will capitalize on the technical expertise on initiatives such as the Quality Declared Seed System (QDS cf. Activity 1.1). These guidelines/protocols are aimed at assisting small-scale farmers, seed production specialist, field agronomists and agricultural extension service providers in the production of quality seed. The system provides an alternative for seed quality assurance, particularly designed for countries with limited resources, which is less demanding than full seed quality control systems, but yet guarantees a satisfactory level of seed quality. It has proved to be particularly useful for those working in the field of emergency seed supply and as a source of practical information on seed standards for a range of crop species.

Component 2- Strengthening of infrastructures, machineries and instruments

Expected result 2: the infrastructures and investments necessary to the development of the selected agricultural value chains are realized: Various interventions on Agro-infrastructure establishment or strengthening, tailored per value chain and taking into account specificities and differences will be undertaken (see Figure 2, Figure. 3, Annex V and Annex VI for more details on the value chains steps, actors, functions and project interventions).

As a general remark, investments under this component are crucial to the overall success of the action previewed in this operational plan, budget wise, but also in terms of achievement of results and outcomes. This said, it is of primary importance to ensure that an efficient and effective procurement machine is put in place and becomes quickly operational. For this reason, given the complexity of procurement, especially for large-scale investments or high-tech equipment, opening calls for service provision for institutions with proven expertise in procurement management is going to be explored. Calls for service provision proposals shall be performed according to World Bank's guidelines and procedures, as stated by art. 9.4 of the Project Implementing Agreement.

Activity 2.1 Building / rehabilitating agro-infrastructures and improving the equipment of cooperatives and major research centres

Investment needs in terms of infrastructure and machineries were identified during the field missions and consultations conducted in Oromia and SNNPR (**cf. Annex III and IV**). The MoA and BoANR will be responsible for the overall coordination of agro-infrastructure construction and/or rehabilitation necessary for the development of the target value chains in Oromia and SNNPR. Particular attention will be paid to infrastructures that will be critical in linking agro-production with agro-processing such as silos and warehouses.

BoANR together with regional CPOs will work to strengthen and improve the equipment and machinery of farmers' cooperatives and their unions (as listed in the above paragraph and in **Annex II**). Similarly, research institutes and centers will strive to fulfil the requests of the respective centres in terms of mobility, laboratory and field equipment.

As discussed with zonal offices and selected cooperative unions, the main equipment needs are those detailed in **Annex III and IV**. Items listed in the mentioned annexes and in following paragraphs should not be intended as compulsory, definitive and exhaustive, in terms of procurement. The inception phase (see par. 3.5) will clarify in detail the viability and feasibility of investments, thus reducing the list of selected interventions only to those that are characterized by a potentially high return, and a high impact opportunity of multiplication/scaling up.

Commodity based interventions:

Soft Wheat Value Chain: KARC is known as a center of excellence for wheat nationwide. It is essential to strengthen its lab facilities for wheat disease screening. Additionally,

interventions will target the Centre's needs in terms of green houses, grain quality analysis for soft wheat, and EGS multiplication.

In the same zone, the then Asella Seed Laboratory and now named Oromia Agricultural Inputs Regulatory Authority – Asella Branch, provides seed control and certification services such as field and store inspection, sample collection during harvesting, lab analysis (seed germination, purity, moisture and health) and provision of certificate to Arsi, Bale and East Shewa zones. The Authority has also a respective facility in West Arsi (Shashemene). With the renewed mandate, this authority is also responsible for: inspection and follow up of other agricultural inputs and machineries; and quality control of different agricultural products.

The KARC, SARC, OSE, four unions, four PCs and two private seed producers, and DSM (direct seed marketing PCs/groups) are the main beneficiaries or customers for the Asella and Shashemene facilities. Investment needs of the Asella and Shashemene laboratory facilities include, among others, field vehicles to both Asella and Shashemene Branches to monitor the above listed customers, grain quality testing facilities, backup generator and other equipment and tools in order to effectively execute its mandates (**cf. Annex III**).

Didea, Galema and Hetossa are important unions for the soft wheat value chain component with larger number of primary cooperatives in the potential woredas (Digeluna Tijo, Hetossa, Lode Hetossa, Tiyo, Robe, Munesa, Lemuna Bilbilo, Hokolo Wabe, Shirka) of Arsi zone. Some of them already have large warehouses for wheat storage. However, specific needs of each of the three, assessed in May-June 2019, have been so far evaluated (**Annex IV**). The investment needs of their member PCs in the woredas are: storage for seed and grain aggregation, sacks, sewing machine, weighing balance, moisture tester and small carts.

Durum Wheat Value Chain: Based on the existing experiences, DZARC and SARC will be supported for strengthening the *durum* wheat variety development, EGS supply, grain production by farmers' cooperatives and marketing to the pasta processors.

DZARC is responsible for covering four woredas (Lume, Gimbichu, Ade'a and Liben) in the East Shewa zone while SARC is covering eight woredas (Agarfa, Sinana, Gassera, Goro, Ginir, Gololcha, Goba and Dinsho) in Bale zone and two other woredas (Adaba and Dodolla) in West Arsi zone. Standard store for seed, cold stores, green house, row planter, plot harvester, and laboratory equipment (for grain and seed analysis) are some of the needs described by DZARC and SARC (**Annex III**).

The major unions to receive investment support from the project in East Shewa are Lume and Erer while that of Bale zone are Siko Mendo, Agarfa Kajawa, Oda Roba and Dire (**Annex IV**). Investment needs of their member PCs in the woredas is storage for seed and grain aggregation, sacks, sewing machine, weighing balance, moisture taster and small carts.

Identified cooperative unions in West Arsi zone (Utta Wayu, Raya Wakana, Gedeb Asasa, Raya Kajawa) and the wheat potential woredas (Gedeb Asasa, Dodolla, Arsi Negelle, Adaba, Shashemene, Heben Arsi, and Kofele) are technically suitable for both soft wheat and *durum* wheat value chains. Technical assistance for the four is under the mandate of KARC in Arsi,

SARC in Bale and DZARC in East Shewa. Specific needs of each union in West Arsi zone are detailed in Annex IV.

Tomato Value Chain: Melkassa Agricultural Research Center (MARC) and Adami Tulu Agricultural Research Center (ATARC) will be supported on cold storage, laboratory and field equipment, and green house construction (cf. **Annex III**). The target high potential woredas are Dugda, Bora, Ziway Dugda, Adami Tulu, Jido-Kombolcha, Fentale and Boset in East Shewa zones. The only potential cooperative union targeted for the benefit of all its member PCs is Meki Batu, which expressed officially, with letter dated August 5th, 2019, the need of support in establishing a processing tomato plant in Bulbula IAIP. Collection centers or cold chain facility, plastic crates and transportation facilities are the investments needs to be evaluated during the inception phase (see par. 3.5) for the tomato producing PCs in the Rift Valley areas.

Avocado and Pineapple Value Chains: SARI and HARC will be supported in terms of field and laboratory level facilities for strengthening the cultivar improvement and supply, multiplication of the planting materials, aggregation and proper marketing of the final harvest to the processing factories. The specific needs submitted by HARC are listed in Annex III.

For Sidama zone, the following are the avocado potential woredas: Dale, Shebedino, Aleta Wondo, Wondo Genet, Wonsho, Aleta Chuko, Dara, Habe Lalida, Bensa, and Bona. Besides, the woredas such as Dara, Aleta Chuko, and Aleta Wondo have good production potential for pineapple production. The newly established Sidama Dona Farmers' Cooperative Union and its about 15 members proposed investments (cf. **Annex IV**) will be accorded if in line with the findings and outputs of the inception phase Workshop to be conducted in September in Hawassa (cf. par 3.5) Whereas, for Gedeo zone, Dilla Zuria and Dilla town, Wenago, Kochere, Yirga Chefe and Gedeb woredas are the major producers of both avocado and pineapple.

Largely, investment needs are for the construction of: ventilated temporary storage facilities at cooperative and union level, union's office. Procurement needs are mainly for: fruit picking kits, weighing balance or machine, food-grade plastic crates, and trucks for immediate transportation of fresh fruits from aggregation centers or stores to the processing areas.

Additional needs are for the establishment or upgrading of four nursery sites at Dale, Wensho, Yirgalem, Shebedino (for Sidama) and four others at Dilla Zuria, Wenago, Kochere, and Gedeb (for Gedeo); The establishment of one Farm Service Center (FSC) was requested by the Sidama Dona union; and upgrading selected FTCs in the main avocado and pineapple producing areas of both Sidama and Gedeo zones are also expected to be part of the investment areas (**Annex VII** for FSCs, FTCs, PCSs).

As mentioned above, project interventions under Activity 2.1 are so far based on requests of potential partner. These requests will be positively confirmed only if the inception phase findings (cf. Par 3.5) will confirm their feasibility in terms of return of investment.

Activity 2.2 Developing rural and market infrastructure.

In coordination with other government bodies, the MoA and BoANR will be responsible for the construction of rural infrastructure (roads, bridges) and market infrastructures, aimed at improving the aggregation and transportation of agricultural produce from the supply areas to processing industries. Separate assessment will be conducted for the specific intervention needs in some of the remoter woredas of the two regions, during the inception phase (cf. Par 3.5).

Activity 2.3 Facilitate the diffusion of agricultural technologies and machinery

Agricultural technology plays a critical in increasing production and quality of crops. In the target ACPZs, there is a need for expanding agricultural mechanization services (e.g. planting, threshing, harvesting, etc.) and post-harvest technologies at aggregation level (cold storage, warehouses, silos, etc.). The expansion of availability and affordability of these services will have a remarkable impact on the prioritized value chains.

The project will facilitate and coordinate linkages between service providers and core value chain actors to make technology available and accessible, especially to smallholder producers in rural areas. Also, technology transfer and producer-research-private sector linkages will be promoted.

The MoA and BoANR, with the technical support of FAO will disseminate small pre-harvest and post-harvest agricultural technologies and machinery that maximize production and reduce losses. Procurement will take place through match in grants and cost-sharing arrangements with producers' organizations of farmers' cooperatives.

Activity 2.4 Develop information systems and disseminate market information.

Access to knowledge and information is fundamental to enhance the competitiveness in each of the four selected agricultural value chains. To facilitate sharing of information on good practises and technologies, and to improve linkages between producers, buyers, research institutions, Information Communication Technologies and other means of communication (radio projects, road shows, extension bulletins and leaflets, etc.) will be promoted by the project.

The development of Market Information System (MIS), supported by lab facilities, will provide quick quality analysis of the harvest quality before supplying to aggregators or processors. The activity will be supported by the project and its partners, including ATA, capitalizing on the Agency's experience in the creation of the farmers' hotline for agricultural production. For the realization of significant interventions, an environmental and socio-economic impact assessment will be carried out.

Nota bene

Any equipment or any infrastructure should be donated following clear directives and feasibility forecasts showing that beneficiaries are strongly business-oriented with clear break-even objectives that will ensure the return on the investment.

Particularly, facilities, infrastructures or other items will be provided under the condition that a viable micro project around the contribution is formulated.

Experts will be recruited to assist project beneficiaries to elaborate viable business plans/micro projects which demonstrate how the facility will be utilized, maintained and made profitable for sustainability purposes.

Target beneficiaries should be able to present: i) their plan for acquisition of capital to cover the operational costs; ii) their human capacities to manage the micro project for which the facility is provided.

Regional Planning sessions (cf. Par. 3.5) will be the platform where the majority of data will be collected for further analysis on the proposals.

Areas where the beneficiaries are not able to fit these requirements will constitute the entry points for the project intervention.

Component 3- Access to credit and innovative financial products

Expected result 3: access to credit and financial products for the value chains actors has improved:

Target groups will be assisted to produce viable bankable micro projects/business plans during the project inception phase. Most of the financial request will be directed towards increasing their starting capital. Profitability of micro projects should be demonstrated and the duration for credit recovery realistically indicated. The credit intervention will be developed according to the context, varying from commercial credits, soft loans, and smart-subsidized credits.

In parallel, models for collaterals should be explored under this component, in form of warehouse receipts schemes, or in-writing agreements, engaging involved parties at once (e.g.. a formal order to purchase the production under a contract farming system, an advance of inputs to farmers to secure the supply, an advance of cash to marketing groups to increase volume of aggregated production, solidarity groups to cover mutual collaterals).

Commodity Collateralized Financing (CCF) instruments have been tested in Ethiopia for Maize in cooperation between the Ministry of Trade and Industry and the Export Commodity Exchange (ECX)¹³. These experiments can be capitalized and will indicate potential opportunities for ISVCDO-SNNPR project (Activity 3.2 below).

Finally, innovative insurance schemes will be explored, piloted and promoted.

Expected outcomes of these activities will be: operational platforms for exchange between clients and service providers will nurture business development and business transactions between linked actors. Financial literacy of actors along the value chains will be improved leading to increased businesses able to access finance in a sustainable and fair manner. Moreover, models of insurance schemes are developed and insurance is accessible for farmers, as well as for agricultural cooperatives and agricultural cooperatives' unions. Finally, volume of credits and purchasing power is increased along the five value chains, leading to modernization of agricultural practises, mechanization and aggregation modalities.

Activities 3.1 Set up of sector platforms for the exchange of information between value chains actors and financial intermediaries.

Improved and inclusive access to finance for investment by value chain actors is paramount. Finance for inputs and agricultural machines is capital for producers and cooperatives and could be provided by existing Micro Finance Institutions (MFIs) and leasing companies.

Against this background, the MoA at federal level and the Regional BoANRs of Oromia and SNNPR, with the technical support of FAO and AICS, will be responsible for the

¹³International Finance Corporation. Addis Ababa, 2019.

establishment of sector platforms (**Figure 5**) for the exchange of information between value chains actors and financial intermediaries.

These platforms will aim at creating mutual understanding between clients and service providers; the expected result of this activity is an increase in the use of credit instruments and their release from Banks or MFIs in favour of clients (project beneficiaries or partners) in the target areas. A set of indicators will track the progress of this activity together with activity 3.2 (e.g. n. of platforms and meetings held; n. of contracts signed between clients and providers; total amounts of credit disbursed; average per client; reduction of interest rate.

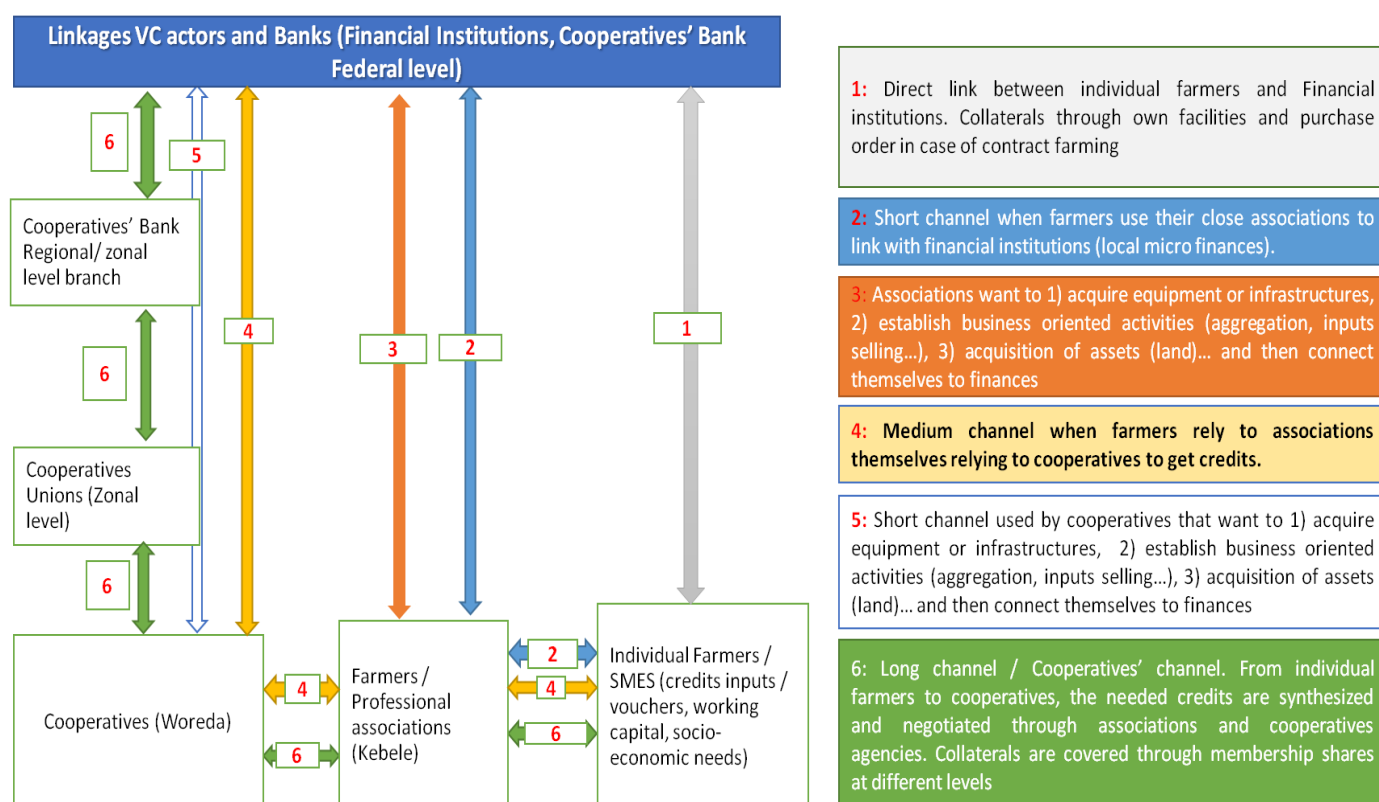


Figure 5. Typical financial linkages, from farmer to lender.

The availability of collaterals will be one of the main topics for dialogue. Particularly for women, as limited ownership of assets and the need to obtain the husband's consent to present land as collateral poses an additional barrier to access formal finance institutions such as banks. In addition, the platform's role will also be reducing farmers' sense of inadequateness to approach financial institutions due to limited education.

An improvement in financial literacy of beneficiaries is expected, resulting in better understanding of services provided by Banks (e.g. CBO, CBE, Awash) and Micro-Finance Institutions (e.g. Oromia Micro-Finance, Omo Micro-Finance or Sidama MFI), the credit solutions they offer (e.g. collaterals, vouchers for inputs, leasing) and the eligibility criteria for SMEs, Primary Cooperatives and Cooperative Unions.

Activity 3.2 Provide technical assistance to financial institutions and value chains actors (cooperatives and manufacturing companies) for the implementation of new financial products (leasing, commodity collateralised financing, indexed insurance).

FAO, in collaboration with BoANR, will provide technical assistance for the design and implementation of new financial products and will ensure the monitoring of operations. Close coordination with the International Finance Corporation will be under the responsibility of FAO and AICS, to feed results of the Multi-Donor Initiative - Access to Finance Component, into the ISVCDO-SNNPR project especially relating to the Commodity Collateralized Financing (CCF), the Collateral Registry of Ethiopia and the Leasing sub-projects of the MDI.

Pilot tests based on the progresses of MDI will be identified, planned and implemented - also involving private sector actors whenever possible - to empower Implementing Partners (e.g. Cooperative Unions) on access to credit.

In particular, Implementing Partners, who have in plan to increase their working capital availability on a seasonal basis, will be involved in soft and hard support for testing the CCF. The activity will be designed and implemented together with those players currently at the core of the CCF instrument (ECX, MoTI, EIC, IFC), to test the scheme for longer-lasting commodities (namely Soft Wheat and *Durum* Wheat). Based on tailored need identification, the activity could be sided by a contribution to improve the warehousing infrastructure quality of grain storages owned or used at any title by the Implementing Partner, which will be covered by component n. 2 of the project.

Leasing schemes will also be promoted and tested. The key benefit of leasing is the access to business provided to those that do not have a significant asset base. By developing leasing, smaller scale entrepreneurs can become more economically active by enabling access to finance and, subsequently, access to income-producing assets. Additionally, leasing offers an important advantage in unstable business environments, particularly with relation to weak creditors' rights and collateral laws.

Other financial instruments (e.g. vouchers for inputs, immovable/movable property collaterals) will be identified by AICS and FAO; their suitability for project Implementing Partners will be evaluated in order to be proposed for the next planning exercise. The project team will facilitate the linkages between value chain actors and MFIs/Insurance companies to implement appropriate models for the development of sustainable financial/insurance schemes. Implantation modalities will emerge from extensive discussions and dialogue with the parties.

Activity 3.3 Supporting the implementation of agricultural insurance schemes (e.g. weather index-based insurance schemes).

Part of the start-up costs of the indexed insurance schemes will be supported by the project on the basis of calls for tender issued by the Regional Steering Committees and evaluations of the insurance companies' proposals by the Steering Committee themselves.

Agricultural micro-insurance schemes will be tested through facilitating contract agreements with a buyer company (food processor or exporter) who will commit to purchase clustered production of selected agro-commodities targeted by the project. The project will cover the awareness creation trainings and the start-up cost of insurances (premiums) for reducing the risk for both the insurance companies and the farmers or their cooperatives. Part of the start-up costs of the indexed insurance schemes will be supported by the project on the basis of calls for tender and evaluation and selection of the Insurance Companies by Regional Steering Committees.

Yield-based insurance could be one of the promoted products. The basic character of the yield index approach is that it sets up, for each area, an independent chance-system entirely dependent on the annual average yields of the crop in that area and avoids altogether any reference to individuals or groups of individuals. The yield index approach obviates the main difficulties of the 'individual farm based approach'. It does not require ascertaining the crop-outputs of individual farmers. All that it needs is estimates of average annual yields of the crop over an area. Being objectively determined, they are much less open to dispute and much less liable to moral hazard.

Among potential insurance schemes to be identified in the first phase of the project, this activity will be linked to component 6, activity 6.2, to increase the rate of success of pilot clustered productions of pulse crop varieties as rotational options in the cereal mono-cropping system of Arsi and Bale areas, to enhance the sustainable management soil fertility. Besides, the same intervention has a potential implication to the component n. 5 of the project in promoting the introduction of pulse crops for the household diet diversity.

The project could facilitate contractual arrangement between unions/PCs and private sector actors such as ACOS PLC (Pedon Group), which has ample experience of such partnerships. This partnership would include the creation of insurance schemes to guarantee companies and the producer in case the contract may end up with default.

Component 4- Gender

Expected result 4: The role of women in selected value chains has improved:

The Government of Ethiopia is determined to promote gender equality and women's empowerment. Its commitment is explicit in the Federal Constitution (1995), in the National Policy on Women (1993), the National Action Plan for Gender Equality 2006-2010 and the Ethiopian Women's Development Package and by being a signatory of relevant international legal instruments and frameworks on the subject.

According to the MoA guidelines, gender mainstreaming is an approach or strategy, which ensures that: (i) all development efforts are geared towards addressing the experiences, needs and priorities of both men and women at all levels (ii) Developed outcomes benefit women and men equally (iii) Gender disparities are not continued or made worse.

Central-Eastern Oromia and Eastern SNNPR are characterized by a remarkable ethnic and religious diversity, implying a multiplicity of patrimonial and customary laws, social norms and practices and religious beliefs. The degree to which the above policies translate into practices, depends significantly on the level of individuals' adherence to informal institutions and social norms refusing or accepting gender equality.

Overall, gender inequality in the two target ACPZs is a major challenge for women to fully participate and benefit from development endeavours in the agricultural sector.

During the inception phase of the project, senior specialists in gender will be recruited to develop the Plan of Action of this component. Preliminary activities will consist in assessing the gender socio-economic inclusiveness situation per Zones and Woredas, identifying entry points in terms of beneficiaries and critical constraints and finally develop a realistic project based on the list of activities proposed into the project document.

Activities will start by preliminary baseline survey on gender situation: gaps will be assessed together with opportunities, to increase women's role in the value chain interventions.

This activity will be coordinated and managed by the respective BoANR Gender & Nutrition Experts (cf. Par 2.2), with FAO technical assistance to be provided through contracts with a specialized Service Provider. Activities will target the cooperatives involved in the selected value chains. The baseline survey will investigate the following:

- (i) gender analysis of target communities, including gender-based value chain analysis (of Durum and Soft Wheat, Tomato, Pineapple and Avocado): women and men roles and responsibilities, their different benefits, opportunities, needs, constraints and challenges along the value chains; economic opportunities arising along the value chains, as well as women and men capacity to access them; and factors contributing to reduce gender inequalities in the value chains (connection with nutrition component activities);

- (ii) mapping and effectiveness of existing of formal and informal women groups in the area (or in close areas);
- (iii) analysis of main barriers to women's participation to collective action;
- (iv) state of the art of gender mainstreaming in cooperative and other relevant government offices at woreda and kebele level, and assessment of related training needs;
- (v) mapping of training needs and professional training providers on gender issues and women's collective action.

FAO, under Italian-funded project "Technical Support for the Implementation of an Integrated Agro-Industrial Park (IAIP) in Ethiopia", conducted value chain analyses of tomato and wheat (soft and *durum*) in Central-Eastern Oromia. The methodology of the studies included tools such as the FAO Gender-Sensitive Value Chain Framework and a Gender-Sensitive Map of the Wheat Value Chain. Additionally the documents contain dedicated sections on gender-based constraints at each node of the value chains for both commodities. FAO's findings will serve as a cornerstone for the baseline survey.

Survey tools will be developed and will include individual and group interviews to community leaders, women and other household members. Regional and zonal cooperatives agencies and entrepreneurship offices will facilitate the implementation of the activity. Tools, methodology and work plan will be agreed with FAO and BoANR staff at regional level.

Activity 4.1 Promoting the participation of women in cooperatives (pre-cooperative groups, cooperatives, unions).

The MoA-BoANR and FAO will be responsible for promoting the increase in the number of women (at least 30% of the total) in cooperatives. In addition, they will support women who are already members of cooperatives to improve their management skills and capacities and to promote an active work attitude.

On the basis of the results of the baseline, which will also gather information on the presence of informal groups in the different woredas, training and capacity building activities will be selected and carried out by the gender experts recruited at regional level with support by FAO.,

Women groups will be created and supported with the purpose of acquiring confidence and basic skills to join cooperatives. Capacity building activities will be implemented in order to enable women to obtain the tools to build on their existing abilities, to improve their understanding of benefits and challenges of collective action and to facilitate their access to credit and other fund raising mechanisms established by government for a purpose of collective action (saving and credit, group business...)

Activity 4.2 Improving female cooperative members' leadership skills and competences

The BoANR Gender & Nutrition Experts, with assistance from FAO, will support women members of the cooperatives to improve their skills and competences in order to obtain managerial roles and promote an active work attitude.

Trainings in each woreda will be organized targeting women members of cooperatives and will address specific topics such as: functional literacy, self-confidence, autonomy, financial, business and technical skills and other critical issues as emerged from the baseline survey described in the activity 4.1.

The training will be provided by relevant public institutions or private professional organisations or individuals, in close collaboration with Gender Experts at zonal level to ensure ownership of the action. An efficient training should be accompanied by a plan of action to apply the training topics.

Some of the training sessions, especially the ones on functional literacy, self-confidence, autonomy and inclusion, will also include male members of cooperatives. Including men in gender mainstreaming programming is key for them to gain full awareness on women's participation in business and in management positions.

One critical issue that could emerge from the baseline survey is conflict prevention and mitigation. In this case, a FAO approach called Dimitra Clubs can be capitalized. Dimitra Clubs are dialogue groups for topic discussions and share among members, in which issues like conflict, gender based violence, women's role are debated. Set up in several sub-Saharan African countries, these clubs have been a successful practice¹⁴. The dynamics of the Dimitra Clubs help women and men to become aware of gender inequalities and take action to address them, especially regarding roles and responsibilities in households and the community. The clubs help to give everyone a voice, especially women, thus improving their self-confidence. This process helps them to become more involved in collective bodies, expressing themselves and taking on leadership roles.

Activities 4.3 Establish and support cooperatives and pre-cooperative groups of women and young people specialized in the processing and marketing of products.

BoANR, with the technical support of FAO, will work to create and support pre-cooperative groups and women's cooperatives specialized in processing and marketing of products. Technical support will consist in business planning, coaching in establishing of management structures, procurement, and financial management, linkages with suppliers and market, capitalization of the SME.

Capacity building activities will be implemented targeting selected formal and informal women and youth groups in the project areas. Such activities will enable women and youths to acquire the basic tools to build on their existing activities (as relevant), to improve their understanding of benefits and challenges of collective action and to facilitate their access to credit and other fund raising mechanisms.

The activities will also support the establishment of linkages between formal and informal women groups and cooperatives.

¹⁴ Any reference??

Activities 4.4 Training government services and cooperatives' leaders on gender based constraints and women and youth inclusiveness.

The BoANR, in collaboration with FAO, will train institutions (at federal and regional level) and cooperatives managers on gender perspective and on the social and economic positive impact given by the active participation of women.

This training 'objective is to mainstream gender perspective and to enhance the inclusion of women in cooperative life as active and participative members. The training will allow women and men to understand the role played by a more effective gender equality and it will contribute to acquire knowledge necessary for advancing gender equality in daily lives and work environment.

The training will be attended by at least five members per each cooperative (approximately 210 people), including women that have management or administrative roles in cooperatives. The training will be delivered by Experts of zonal and woreda BoANR, cooperatives promotion agencies and women organizations, after delivery of ToTs by the BoANR Gender & Nutrition Experts, in collaboration with FAO.

Training modules (one for each zone) will be delivered to the staff of cooperative and other public offices at regional, zonal and woreda levels. The training will provide a comprehensive coverage of the practical, technical and analytical aspects of gender mainstreaming and as such included presentations, group works and discussions. The training will be attended by at least 40 participants (two for each woreda) from zonal BoANR, CPO, and zonal and woreda offices of women and children affairs. The training will be provided by relevant public or private professional organisations selected among project institutional partners with specific expertise on gender mainstreaming and local professional organisations.

Additionally, the modules shall include the institutional framework for gender equality, with reference to gender equality in the Ethiopian Constitution, Agenda 2030, CEDAW¹⁵, the Declaration "2015 Year of women's empowerment and development towards Africa's Agenda 2063", the AU Gender Strategy 2018, the Voluntary Guidelines on the Responsible Governance of Tenure of Land.

Activity 4.5 Disseminating productive time-saving technologies specifically designed for women.

Heavy work burden, early pregnancies, harmful traditional practices and harassment expose women to a number of challenges that may hamper their effective involvement in productive activities. The heavy workload involved in reproductive and productive tasks and the prevailing societal expectations confine rural women to the homestead.

¹⁵The Convention on the Elimination of all Forms of Discrimination Against Women

FAO will facilitate the spread of technologies designed to reduce the workload of women (for example, water filters, solar-powered stoves or biogas, etc.). Labour-saving technologies that have income-generating potential will promote more equitable gender roles and responsibilities by attracting men to undertake domestic tasks which can become profitable.

The baseline survey will inform on the technology and practices that are best suited for the contexts. This activity must facilitate women's participation in design, planning, siting, construction, operation, maintenance, management and monitoring the newly introduced technologies. It is essential to ensure that they have real choices and that technologies and services are successfully adopted and sustained. Training sessions and/or other forms of knowledge transfer will be held at times and locations that are convenient for women so that their participation is not restricted.

Component 5- Nutrition

Expected result 5: diet diversification has increased within the target communities.

During the inception phase, senior specialist in gender and nutrition will be recruited to develop the component during the regional planning workshops (cf. Par 3.5). Preliminary activities will consist in assessing the situation per zones and woredas, identifying entry points in terms of beneficiaries and critical constraints and finally develop a realistic project based on the proposed activities of the project document.

Regarding this important component, the project will intervene in synergy with the institutional actors at different levels of the government structure – regional, zonal and woreda levels. The Development Agents (DAs) under the Bureau in charge of nutrition issues and the Health Extension Workers (HEWs) will have a fundamental role in promoting nutrition sensitive activities.

The activities will focus on awareness raising and improving household diets through:

- i) nutritional education¹⁶ of local communities (men and women) in all intervention areas;
- ii) research of appropriate strategies¹⁷ to diversify the diet (by resorting to markets or diversifying the local production);
- iii) diversifying production through demonstration plots, and promotion and monitoring of home gardens;
- iv) promoting appropriate technologies to process food products;
- v) cooking demonstrations;
- vi) the promotion of fresh and processed food products among cooperatives;
- vii) Strengthening the capacities of development agents at community level.

Women will play a fundamental role in this component as major household actors. They will receive specific trainings aimed at improving nutritional habits and steer their households toward a diversified diet. Activities will start with a baseline survey on the nutritional status and a KAP assessment¹⁸ of target beneficiaries in the selected communities.

Baseline survey on consumption patterns and diet diversification of project target communities will be conducted by BoANR Gender & Nutrition Experts, in coordination with FAO. The activity will include some preparatory steps such as: survey team constitution and definition of roles, preparation of questionnaire according to FAO methodology of WDDS and its adaptation to the local survey context, definition of the sample (size and sampling frame), recruitment and training of local enumerators. Data collection will be carried out

¹⁶ Nutritional education will include financial training to help beneficiaries budget their additional income to include more nutritious foods.

¹⁷ The strategy will take into consideration possible barriers and food taboos.

¹⁸ Knowledge, Attitude and Practices (KAP) survey provides access to quantitative and qualitative information. The survey will inform the design of nutrition education programs.

according to a fieldwork plan. The survey team will be responsible for data entering, analysis and reporting. The report will include background, methodology and key results.

The baseline activity will be organized by BoANR and FAO local project team in cooperation with a FAO international expert. The tools will be developed in consultation with the service provider. Enumerators for data collection will be identified in collaboration with the respective Woreda Health Office (WHO) and other relevant partner institutions. Parallel to the baseline survey, rapid assessment on dietary patterns of the communities and identification of nutritional gaps will be carried out in order to start planning agricultural interventions.

The activity will be carried out by local project team supported by the international expert. Tools, methodology and work plan will be agreed with FAO and BoANR coordination teams.

Activities 5.1 Strengthening extension service capacities about nutrition aspects and linkages between different institutions involved (MoA, MoH, civil society, social protection projects, DAs and HEWs).

Based on the project and training modules tailored to the locality needs, the BoANR will conduct training activities to strengthen the capacities of DAs and HEWs in view of fostering links between the various involved institutions.

FAO in consultation with the service provider and the regional bureaus will ensure the quality of the training modules, the methodologies and the qualification of trainers.

Positive awareness at extension workers and community levels will be improved with regards to homestead gardening and agricultural production for improved dietary diversity. Based on the knowledge and skill gained, target beneficiaries will diversify production and consumption of agricultural commodities as a source of food and income.

The EU-funded SURE (Sustainable Under nutrition Reduction in Ethiopia¹⁹) initiative is a flagship program in the aspect of strengthening extension service capacities about nutrition. Furthermore good lesson learnt under SURE could be capitalized in the aspect of coordinating different actors such as DAs, HEWs, MoA and MoH.

Activities 5.2 Creating or supporting women's groups for the management of demonstration gardens for fruit and vegetables and promoting home gardens cultivation and practices

BoANR and FAO will support the establishment of fruit and vegetables (nutrient dense types) demonstration gardens and will promote irrigated home gardens, managed by local women's groups. Relevant examples and successful models already developed will be followed. Linkages of production generated through kitchen gardens will be facilitated for commercialization.

¹⁹ Any reference?

Activities 5.3 Carrying out awareness campaigns targeting rural communities on the linkages among agriculture/nutrition/health

The project will focus on awareness raising campaigns for the whole community (men and women), and promoting consumers' awareness on quality products and their nutritional values. Nutrition information campaign will raise awareness about nutritious food choices, healthy diet and the link between poor sanitation/hygiene and malnutrition. The campaign may also involve school children, the school community and parents. The facilitators of the community conversations will encourage participants to transmit their learning to other community members (secondary target audience), thereby scaling the effects of the intervention.

Nutrition sensitive agriculture training will be organized in the project intervention zones aiming at enhancing the knowledge and skills of DAs and HEWs on nutrition-sensitive agriculture and food-nutrition security at community levels.

Activity 5.4 Promoting knowledge among various institutions (including the private sectors) on nutrition sensitive agriculture

The MoA and BoANR will be responsible for promoting awareness and education on nutrition through the media (television, radio, newspapers, etc.) at the local level. This training will involve DAs, HEWs and it will help to effectively promote agricultural practices that can maximize the nutritional benefits to the involved communities. The training will be provided by relevant departments, external experts or other relevant Institutions identified by the project. In addition, in order to ensure the operational capacity of woreda offices, the project will provide means of transport (i.e. bicycle and motorbikes) according to the needs identified in each woreda.

Activities 5.5 Promoting culinary demonstrations and the introduction of food processing techniques at household level (fruit, vegetables, pulses) to increase nutritional value of food

The BoANR, research centers and FAO will organize culinary demonstration activities and promote of local food processing techniques aim to increase food's nutritional value and healthiness during storage.

Demonstration plots will be created at cooperative level (all the cooperatives involved in the project) for technology transfer and vegetable production. This intervention aims to provide easy access to vegetables with high nutritional values, following recommendations obtained from the rapid assessment on dietary habits. The same approach will be encouraged at household level (home garden/kitchen garden approach) and women participation will be strongly encouraged.

This activity will include a training package on agronomic practices and post-harvesting techniques. Field days per each demonstration plot will be organized involving the

communities. Activities and trainings will be delivered by relevant project partners and external experts hired for the needs or other relevant centers identified by the project.

Nota bene

One final survey on the nutritional status of target beneficiaries in the selected communities will be organized to evaluate the impact. It will be carried out according to the same modalities used for the baseline in order to compare data and assess project impacts on the communities according to the indicators. A report will present the results of the survey, putting in evidence the project impacts on the diet diversification of the target communities. Tools, methodology and work plan will be agreed with FAO and MoA coordination team.

Component 6- Sustainable management of natural resources

Expected result 6: natural resources are managed in a participatory and sustainable way:

Activity 6.1: Creating and strengthening of local groups for participatory natural resource management and enhancement of water productivity

The MoA-BoANR, in collaboration with MoA and FAO, will be responsible for the creation of local groups for the management of water resources and irrigation (where irrigation schemes are present), aimed at irrigating fruit and vegetable crops.

The ISVCDO-SNNPR project will support partner institutions and local communities to implement and promote an integrated and participatory management of available natural resources based on the specific challenges of the geographical areas. Main interventions proposed are:

- awareness creation on the consequences of the natural resource depletion and impacts of climate change;
- promotion of integrated agricultural practices for conservation of the available natural resources (including the underground water table);
- Supporting and promoting homestead agro-forestry systems through introduction of multipurpose trees such as moringa (of the *Stenopetala* species), banana, mango, etc and linking the fruit production with proper market (linking to the IAIP facilities);
- Capacity building activities on the heavy application of agro-chemicals and its impact on health and environment (particularly in Ziway areas);
- For the Rift Valley areas, supporting all sorts of moisture conservation practices (environment rehabilitation techniques);
- Promoting Integrated Watershed Management principles and practices where the upstream areas are planting trees through practicing very selective agricultural activities such as apiculture - the wrong doing of which has resulted in declining or shrinking of Lake Ziway in East Shewa case;

Activity 6.2: Promoting climate-smart agriculture and integrated and sustainable soil and land management.

FAO in collaboration with MoA, BoANR and other relevant partners will be in charge of promoting the integrated management of soil fertility and natural resources (climate-smart agriculture) and to advance agro-forestry interventions in the selected area.

Justifying for the ecological and economic sustainability of the project, experiments on cereal-legume crop rotation will be implemented and promoted in the zones of the wheat value chain. The newly introduced pulses will be retired by national industries or exporters, and will also be tested for the easy adaptation to the prevailing farming machinery (including

combine harvesters). In other words, the wheat-belt zones of the project are already facing the undesirable consequences of the continuous mono-cropping of wheat that is resulting in the depletion of soil fertility, occurrence of resistance diseases (wheat rust), development of herbicide resistant grassy weed species, etc.

Recent consultations with the private sector actors (Ethiopian Pulses, Oilcrops and Spices Producers and Exporters Association - EPOSPEA; Agricultural Commodities Supplies - ACOS PLC), have shown great potential and comparative advantage of introducing high-yielding, export-targeting pulses varieties (e.g. dark red and creamy kidney types; *Monino* Chick Pea) in small-holder farmers' production systems. Contractual agreements will be established among farmers' cooperatives and exporters for the commercialization of these newly included pulse crops: (*Phaseolus vulgaris* spp.) and chickpea (*Cicer arietinum*). The system could also be supported by the involvement of Insurance Companies.

The potential partners could be PCs, Unions, Research Centers, BoANR, and private actors (eg. ACOS PLC). Debre Zeit, Kulumsa and Sinana Agricultural Research Centres will be involved in the intervention for providing technical support to farmer cooperatives. Pilot clustered systems will be arranged by ATA, to play on better economies of scale, bearing also in mind that cereal/cereal/pulse rotation schemes will increase productivity of the first two cycles in the long run.

Similar to the wheat dominated zones, there is also ecological and economic crisis in the central Rift Valley System where there is continuous and frequent production of tomato after tomato with heavy application of agro-chemicals for pest protection (eg. the emergence of the pesticide resistant insect *Tuta absoluta*). The BoANR in coordination with MARC and ATARC will support local partners for implementing different options of IPM, water harvesting techniques, tillage practices, irrigation water management techniques, introduction of potential alternative crops (with various types and maturity groups), and improved crop management practices.

In general, in collaboration with the local BoANR, the Research Centers and FAO, the ISVCDO-SNNPR project will support all possibilities for piloting and scaling up of Integrated Nutrient Management (INM) practices and techniques available and adapted to the specific locations of the project.

Activity 6.3: Promoting local agro-biodiversity conservation and the commercial use of local varieties of wheat.

Bioversity International - through a collaboration with FAO and the experience of the Ethiopian Biodiversity Institute in the management of community seed banks at the local level - will deal with the characterization and dissemination of the cultivation of local wheat varieties for the conservation of genetic heritage and will explore opportunities and the best commercial and technological use of products derived from wheat (pasta, biscuits, flour, etc).

These institutes will provide a solid experience to understand and study the potential of these crops varieties in marginal areas and their role in increasing community resilience.

In order to achieve the objectives for the development of the value chain of traditional *durum* wheat varieties, the following activities are proposed:

- a. The organization of groups of farmers cultivating a selection of varieties that best suit the climatic and environmental conditions of Gimbichu woreda in East Shewa and selected woredas of Arsi zone. The groups will be distributed a number of varieties varying between 3 and 4 so as to avoid the exposure to excessive climatic and monoculture risks. These groups will undertake to produce the varieties for the supply chain. Within this activity it is included capacity building for targeted households.
- b. Fine tuning of the best varieties for pasta production. The selection includes both traditional varieties as well as varieties that have been crossed with improved varieties through the crowd sourcing method.
- c. Multiplication of the seeds of the best varieties is understood as more productive varieties than as best quality truths for the production of pasta through existing cooperatives.
- d. Since not all varieties will be registered, it is proposed to use the "Community seed bank" approach of which Ethiopian Biodiversity Institute is responsible. EBI will therefore have the responsibility of forming a group of farmers to manage the community seed bank. The Ethiopian law does not prohibit the use of the product obtained from non-registered seed for commercial purposes.
- e. Verification of the characteristics of these varieties for the production of pasta through laboratory analyses and tests.
- f. Registration of varieties by the national system, in case they were not. This step is necessary to make sure that the seeds can be multiplied through the national seed companies.
- g. Development of a contract between groups of farmers with mills and producers of pasta for the transformation of the wheat into semolina and then in paste.

Promotion activities of the pasta produced using Ethiopian chefs and demonstrations at fairs or other events.

5.3. Chronogram of the Action – 3 Years

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
Component – Expected results – Plan of Activities							
Preliminary activities: Administrative finalization, preparation & approval of Plan of Action (PoA)							
1. Field mission : consult with partners about the project, identify target groups and needs for upgrading							
2. Steering committee establishment							
3. Endorsement of the Plan of Action (PoA) by the first Project steering committee (PSC). Opening the account bank							
4. Project personal establishment in the field : National Coordinator, National Finance, Regional coordinator and finance staff							
5. Review the Plan of action draft 1 st Meeting with SC: endorsement of the PoA							
6. Regional PoA drafted and endorsed by RSC							
7. Regional PoA drafted and endorsed by RSC							
8. Launching workshop at national level							
Component 1. Development of capacities of public and private actors along the value chains							
Expected result: the capacities of the actors of the selected agricultural supply chains have improved							
Activities 1.1 Training of the value chain actors (e.g. small producers through FTCs, model farmers, managers of producer organizations) and government agencies (e.g. extension workers through TVETs, MoA, CPA).							
<i>Small scale farmers and model farmers</i>							
1.1.1. Formulation of capacity building project (based on the 5 VC)							
- Review & upgrading of the existing curricula and training modules (agri practices, management, organizations,							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
marketing, clusters, linkages)							
1.1.2. Establishment of farmers training centres (FTCs) and Farmers services centers (FSC)							
1.1.3. Training / coaching in communitarian management & maintenance of facilities and equipment / management of small households stores to ensure the quality of raw material							
1.1.4. Facilitate establishment / strengthening of farmers' associations and primary cooperatives							
1.1.5. Promote training using model farmers and demo plots (FTC)							
1.1.6. Promote back and forwards linkages with inputs suppliers and market actors							
<i>Managers of Cooperatives Unions</i>							
1.1.7. Profiling / Capacity assessment of existing Cooperatives Unions - Assessment of technical, institutional and financial capacities of Unions to deliver following services : services to production, harvesting, post harvesting, sorting, grading, packaging, marketing, certification, quality control of aggregated raw material and inputs; - Assessment of existing assets and utilization rate (human resources, equipment, infrastructures, land, and existing technical and financial support, budget allocation from public subsidies or from projects...)							
1.1.8. Design an upgrading project for the Unions on principle of Business plan / micro projects development (focus on the 5 VC)							
1.1.9. Technical assistance to implement the project / business plan / micro project							
- Recruitment of services providers and consultants							
- Facilitate access to required working capital (Smart subsidies + linkages with financial institutions + mobilization of shareholders / equities)							
- Capacity building in entrepreneurship / coaching in							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
<ul style="list-style-type: none"> ○ Business planning capacity and risk management; ○ Aggregation and delivery of quality agricultural produce, ○ Management of existing facilities such as transport, equipment, and supplies; ○ Financial management (cost accounting, monitoring, auditing, access to credit, internal capitalization) ; ○ Quality control (procedures and safety); ○ Marketing, contractual agreement, pricing and promotional activities 							
<i>Public institutions / extension workers</i>							
1.1.10. Profiling / Capacity assessment of public institutions (PI) <ul style="list-style-type: none"> - Assessment of technical, institutional and financial capacities of PI to deliver following services : services to production, harvesting, post harvesting, sorting, grading, packaging, marketing, certification, quality control of aggregated raw material and inputs - Assessment of existing assets and utilization rate (human resources, equipment, infrastructures, land, and existing technical and financial support, budget allocation from public subsidies or from projects...) 							
1.1.11. Facilitate formulation of upgraded mission in regards to VC development needs ; identify the needs in terms of investments and technical support (focus on the 5 VC)							
1.1.12. Training of government bodies in value chain approach and innovative approaches towards shifting from subsistence agriculture to market oriented agriculture / Training of government officials (e.g. extension workers through TVETs, MoA, CPA)							
Activity 1.2 Strengthening seed and seedling production / propagation and high quality agro-input production							
1.2.1. Profiling: Capacity assessment of existing SE <ul style="list-style-type: none"> - Assessment of technical, institutional and financial capacities of seeds enterprises to manage the whole process for seeds production, seeds inspections, seeds harvesting and 							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
post harvesting practices, seeds certification, seeds packaging, marketing, innovations and products development, - Assessment of existing assets and utilization rate (human resources, equipment, infrastructures, land, and existing technical and financial support, budget allocation from public subsidies or from projects...)							
1.2.2. Facilitate elaboration of Business plans / micro projects for Seeds Enterprises with focus on the 5 VC							
- Identify the need for implementation of the capacity building project and business plans or micro projects: Needs in terms of human resources, equipment, infrastructures, capital, linkages enhancement...) to implement the project / Work to be reinforced by external expertise (ERR)							
1.2.3. Provide technical assistance for the implementation of the capacity building project and the business plans / micro projects							
- Recruitment of services providers and consultants							
- Capacity building in entrepreneurship							
- Allocation of additional human resources (LoA with specialized institutions to improve financial management and seeds production practices),							
- Support to SMEs for increased capacities in the production of quality agro-inputs (seeds, propagating vegetative propagating material, nurseries, etc.) / support incubation of SMEs							
- Improve access to working capital (smart subsidies + linkages with financial institutions + mobilization of shareholders or equities)/ dialogue with financial institutions							
Activities 1.3 Study trips, exchange visits and awareness raising campaigns							
1.3.1. Organize short training missions abroad for researchers / similar institutions with advanced project on the 5 VC							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
1.3.2. Short training mission abroad / visit of similar cooperatives Unions with advanced business oriented status in the 5 VC							
1.3.3. Strengthen capacities for human resources : Short training mission abroad / visit of similar seeds enterprises with advanced status in the 5 VC							
Activities 1.4 Strengthening research centres and connections between research centres, private agro-input providers, producers and extension services							
1.4.1. Profiling: Capacity assessment of Research Centres and universities contributing to the 5 VC development <ul style="list-style-type: none"> Identify services that are offered in varieties development, training, technology development along the VC [production, harvesting, post harvesting, agro processing, certification , quality control- and new products development, early generation seeds multiplication] Identify operational capacities in terms of assets (existing, capacity and utilization rate), existing human resources and public / project budget allocation 							
1.4.2. Elaborate a proposal for upgrading the research project with focus on the 5 VC / Review and improvement by external expertise (ERR)							
1.4.3. Identify the need for implementation of the project above (needs in terms of human resources, equipment, infrastructures, budget, linkages enhancement...) Work to be reinforced by external expertise (ERR)							
Identify needs for capacity building / upgraded project to <ul style="list-style-type: none"> Enhance varieties development project increase capacities for production of early generation seeds (EGS) increase capacity for services provision : how the Research centers can contribute to quality control and certification mechanisms, food safety and standards, farmers training, technology development along the VC [production, harvesting, post harvesting, agro processing], new products development, 							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
reduce the risks of propagation of phyto-pathologies and other undesirable quality traits through modern propagation techniques...							
Identify investment needs and plan for upgrading infrastructures and equipment: Support of an expert in infrastructures / <i>Work to be reinforced by external expertise (ERR)</i>							
Facilitate business plan / micro project for the EGS multiplication project: Support of an economist for business planning							
Facilitate costing of equipment and infrastructures							
1.4.4. Technical and financial support to implement the capacity building project and the business plan / micro project on EGS multiplication							
- Recruitment of services providers and consultants							
- Increase human capacities to improve services provision							
- Increase the working capital for EGS project: design and implement models for linkage of EGS component with financial institutions, soft loans, smart subsidies...							
- Technical assistance for the implementation of suitable financial model							
- Upgrade linkages between EGS project and nucleus seeds from international seeds suppliers, seeds enterprises, private agro-input providers, producers and extension services							
- Facilitate access to required working capital (Smart subsidies + linkages with financial institutions + mobilization of shareholders / equities)							
Activity 1.5 Promote technologies to stimulate youth employment and support for rural entrepreneurship							
1.5.1. Provision of equipment and any technology in support to rural entrepreneurship							
➤ Identify youth business opportunities							
➤ Design, technical specification, bill of quantities, invitation to							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Linkages with incubators							
1.5.2. Disseminating productive timesaving technologies specifically designed for women / reduce the workload of women (for example, water filters, solar-powered stoves or biogas, etc.).							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
Activity 1.6 Promoting integrated and inclusive models of value chain and creation of dialogue platforms between actors of the value chains							
1.6.1. Strengthening research centres and connections between research centres, private agro-input providers, producers and extension services							
1.6.2. Promote linkages between seeds enterprises and market actors (Research institutes, cooperatives, public and private services providers)							
1.6.3. Promote linkages between Unions and market actors (Research institutes, cooperatives, public and private services providers, wholesalers and agro industries)							
1.6.4. Facilitate linkages of farmers with financial institutions, public and private agro-input providers, extension services, research centres...							
1.6.5. Promote contract farming							
1.6.6. Promoting integrated and inclusive value chain development models through operational platforms / clusters between actors (short term technical support of ERR)							
- Create / strengthen linkages between research centers, private agro inputs dealers, producers, agro-industries, distributors and consumers and expand integrated / territorial development approach							
- Promote clusters development							
- Promote platform arrangement to ensure product's quality standards and strengthen certification and control mechanisms							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
along the value chain							
- Set up of sector platforms for the exchange of information (ICT) between value chains actors and financial intermediaries /Develop information systems and disseminate market information.							
Activity 1.7 Promote product's quality standards and strengthen certification and control mechanisms							
1.7.1. Quality standards established and communicated to VC actors							
1.7.2. Certification process and tractability measures communicated to Vc actors							
1.7.3. Government bodies trained on the matter above							
Component 2- Strengthening of infrastructures, machineries and instruments							
Expected result 2: the infrastructures and investments necessary to the development of the selected agricultural value chains are realized:							
Activity 2.1 Building / rehabilitating agro-infrastructures and improving the equipment of cooperatives and major research centres							
Research centers							
➤ Identify the needs per commodities and per groups							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Training of users (operations and maintenance)							
EGS							
➤ Identify the needs per commodities and per groups							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Training of users (operations and maintenance)							
SE							
➤ Identify the needs per commodities and per groups							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
Cooperatives Unions & cooperatives							
➤ Identify the needs per commodities and per groups							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Training of users (operations and maintenance)							
Public institutions							
➤ Identify the needs							
➤ Provision of simple equipment and any material to upgrade the logistic capacities (that which don't need long procurement process)							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Training of users (operations and maintenance)							
Activity 2.2 Developing rural and market infrastructures.							
➤ Identify the needs per commodities and per groups							
➤ Design, technical specification, bill of quantities, invitation to tenders							
➤ Equipment procurement and infrastructures establishment							
➤ Develop PPP mechanisms for exploitation and maintenance							
Activity 2.3 Facilitate the diffusion of agricultural technologies and machinery.							
➤ Design, technical specification, bill of quantities, invitation to tenders for provision of agriculture technologies and machinery							
➤ Equipment procurement and infrastructures establishment							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
➤ Training of users (operations and maintenance)							
Activity 2.4 Develop information systems and disseminate market information.							
➤ Design ICT systems for the dissemination of market information							
➤ Technical support to implement the ICT systems							
Component 3- Access to credit and innovative financial products							
Expected result 3: access to credit and financial products for the value chains actors has improved							
Assess existing initiatives and build on them							
Identify business opportunities for youth along the value chain (production, commercialization, agro processing, transport, Promote technologies to stimulate youth employment and support for rural entrepreneurship service provision (mechanization, transport, ...)							
Facilitate business plan formulation							
Facilitate implementation of the business plans							
- Linkage to finances / project / public smart subsidies or soft loans							
- Develop insurance schemes							
- Trips for exchange of experience							
- Provide technical support to establishment of incubators for SMEs							
- Entrepreneurship development							
Component 4- Gender							
Expected result: The role of women in selected value chain has improved							
4.1. Carry on baseline survey on women's participation, access gaps and opportunities to increase their role in the target cooperatives							
4.2. Design a tailored project							
4.3. Technical support for implementation of the project							
4.3.1. Promoting the participation of women in cooperatives (pre-cooperative groups, cooperatives, unions) /							
4.3.2. Creating and/or supporting women's groups in acquiring confidence and basic skills to join a cooperative /							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
promoting the increase in the number of women (at least 30% of the total) in the cooperatives / Improving female cooperative members' leadership skills and competences / Improve their management skills and capacities and to promote an active work attitude							
4.3.3. Creating and supporting women's groups specialized in any value chain segment (production, commercialization, commercialization, agro processing)							
4.3.4. Ensuring capacity building to women members of cooperatives: improve their skills and competences for being proactive and assuming leadership roles / Training cooperative leaders on the gender perspective and the social and economic impacts of women's participation							
4.3.5. Providing capacity building to the Cooperative leaders and public officers at regional, zonal, woreda and kebele level, on gender based constraints and women and youth inclusiveness, on gender mainstreaming and on the benefits deriving from women's participation to cooperatives							
4.4. Final survey to verify women's participation in the beneficiary cooperatives							
Component 5- Nutrition							
Expected result 5: diet diversification has increased within the target communities.							
Preliminary activity: Baseline survey on the nutritional status of target beneficiaries in the selected communities							
5.1. Strengthening extension service capacities about nutrition aspects and linkages between different institutions involved (MoA, MoH, civil society, social protection projectmes, DAs and HEWs).							
5.2. Creating or supporting women's groups for the management of demonstration gardens for fruit and vegetables and promoting home gardens cultivation and practices ➤ Establish demonstration plots for technology transfer and production of vegetables contributing to diet diversification ➤ Training targeting women, on vegetable conservation, processing and culinary techniques							
5.3. Sensitization campaigns on the nutrition sensitive agriculture,							

	Preliminary activities	Year 1				Year 2	Year 3
		Q1	Q2	Q3	Q4		
targeting the entire community ➤ Carrying out awareness campaigns targeting rural communities on the linkages among agriculture/nutrition/ health ➤ Promoting knowledge among various institutions (including the private sectors) on nutrition sensitive agriculture ➤ Promoting awareness and education on nutrition through the media at the local level (television, radio, newspapers, etc.)							
5.4. Promoting culinary demonstrations and the introduction of food processing techniques at household level (fruit and vegetables) to increase nutritional value of food and healthiness during storage.							
5.5. Final survey the nutritional status of target beneficiaries in the selected communities							
Component 6- Sustainable management of natural resources							
Expected result 6: natural resources are managed in a participatory and sustainable way							
6.1. Project and action plan detailed by specialists							
6.2. Creating and strengthening of local groups for participatory natural resource management and enhancement of water productivity							
6.3. Promoting climate-smart agriculture and integrated and sustainable soil and land management.							
6.4. Promoting local agro-biodiversity conservation and the commercial use of local varieties of wheat.							

5.4 Project proposal for budget allocations

ISVCDO-SNNPR Budget Proposal Expenditure Schedule									
	Region	Oromia		SNNP		Total budget - 3 years (Euro)	First year budget (Euro)	Second year budget (Euro)	Third year budget (Euro)
Pillars for the budget splitting	Commodity	Wheat (Durum & Soft)	Tomato	Avocado	Pineapple				
	Zones	Arsi, Bale, West Arsi, East Shewa	East Shewa, Arsi, West Arsi	Sidama, Gedeo	Sidama, Gedeo				
	# farmers	600,000	114,000	300,000	10,000				
	% of farmers per commodity	59%	11%	29%	1%	100%			
Expected result 1: the capacity of the actors in the selected value chain has improved						7,320,000	Budget Year 1	Budget Year 2	Budget Year 3
PCU costs, other Implementing Partners Human Resources and operational costs	10.0%	431,880	80,520	212,280	7,320	732,000	244,000	244,000	244,000
Activity 1.1 Training value chain actors (small producers, model farmers, etc) and supporting institutions (MoANR departments, CPA, extension workers, etc)	30%	1,195,640	341,560	586,840	71,960	2,196,000	732,000	732,000	732,000
Activity 1.2 Strengthening seed and seedling production /propagation and high quality agro-input production	18.0%	577,384	344,936	332,104	63,176	1,317,600	439,200	439,200	439,200
Activity 1.3 Realizing short term trainings, study tours, exchange visits and awareness campaigns	5%	165,940	90,260	66,140	43,660	366,000	122,000	122,000	122,000
Activity 1.4 Strengthening research centers capacity and their link with private suppliers, producers and extension services	18.0%	777,384	144,936	382,104	13,176	1,317,600	439,200	439,200	439,200

Activity 1.5 Promoting technologies to support youth employment and rural entrepreneurship	5%	165,940	90,260	91,140	18,660	366,000	122,000	122,000	122,000
Activity 1.6 Promoting inclusive business models and creation of value chain stakeholders' platforms	2%	66,376	21,104	42,456	16,464	146,400	48,800	48,800	48,800
Activity 1.7 Promoting quality standards, strengthening of certification and quality control mechanisms	12.0%	438,256	146,624	214,736	78,784	878,400	292,800	292,800	292,800
Total	100%	3,818,800	1,260,200	1,927,800	313,200	7,320,000	2,440,000	2,440,000	2,440,000
Expected results 2: the investments required for the development of the selected value chain have been realized						16,830,000	Budget Year 1	Budget Year 2	Budget Year 3
Activity 2.1 Building / rehabilitating agro-infrastructures and improving the equipment of cooperatives and major research centres	49.0%	4,231,363	1,500,763	2,324,738	131,888	8,188,750	2,729,583	2,729,583	2,729,583
Activity 2.2 Developing rural connectivity (e.g. roads, bridges) and market infrastructures	20.0%	1,523,700	627,300	1,194,700	84,300	3,430,000	1,143,333	1,143,333	1,143,333
Activity 2.3 Disseminating of agricultural technologies and machineries (pre and post-harvesting)	29.0%	2,843,269	530,101	1,297,539	148,191	4,819,100	1,606,367	1,606,367	1,606,367
Activity 2.4 Developing ICT systems for dissemination of disseminate market information	1.0%	118,000	22,000	58,000	2,000	200,000	66,667	66,667	66,667
Purchase of vehicles	1.0%	113,369	21,137	55,723	1,922	192,150	64,050	64,050	64,050
Total	100%	8,829,701	2,701,301	4,930,701	368,301	16,830,000	5,610,000	5,610,000	5,610,000
Expected results 3: the access to financial products has improved						1,850,000	Budget Year 1	Budget Year 2	Budget Year 3

Activity 3.1 Establishing sector platforms to exchange information between actors of the value chain and financial providers	11.0%	118,000	22,000	60,000		200,000	66,667	66,667	66,667
Activity 3.2 Capacity building to financial institutions to adopt and upscale new financial products (leasing, commodity collateralized financing, index-based insurance)	30.0%	324,500	60,500	165,000		550,000	183,333	183,333	183,333
Activity 3.3 Supporting the implementation of agricultural insurance schemes (e.g. weather index-based insurance schemes)	59.0%	649,000	121,000	330,000		1,100,000	366,667	366,667	366,667
Total	100%	1,091,500	203,500	555,000		1,850,000	616,667	616,667	616,667
Expected result 4: the role of women in the selected value chains has improved						1,500,000	Budget Year 1	Budget Year 2	Budget Year 3
Activity 4.1 Enhancing women’ participation in cooperative actions (pre-cooperative groups, primary cooperatives, unions)	33.3%	295,000	55,000	150,000		500,000	150,000	150,000	150,000
Activity 4.2 Improving female cooperative members’ leadership skills and competences									
Activity 4.3 Creating and supporting women and youth pre-cooperative groups and cooperatives specialized in processing and marketing of products	66.0%	590,000	110,000	300,000		1,000,000	333,333.33	333,333.33	333,333
Activity 4.4 Training government services and cooperatives’ leaders on gender based constraints and women and youth inclusiveness						Budget on activity 1.1			
Activity 4.5 Disseminating productive time-saving technologies specifically designed for women						Budget on activity 1.5			
Total	100%	885,000	165,000	450,000		1,500,000	483,333	483,333	483,333

Expected result 5: diet diversification has increased within the target communities						1,000,000	Budget Year 1	Budget Year 2	Budget Year 3
<i>Activity 5.1 Strengthening extension services capacities in regard to nutrition aspects and linkages between different institutions involved (MoANR, MoH, civil society, social protection programmes, DAs and HEWs)</i>						Budget on activity 1.1.			
<i>Activity 5.2 Creating or supporting women's groups for the management of demonstration gardens for fruit and vegetables and promoting home gardens cultivation and practices</i>	100.0%	700,000		300,000	1,000,000	333,333	333,333	333,333	333,333
<i>Activity 5.3 Carrying out awareness campaigns targeting rural communities on the linkages among agriculture/nutrition/ health</i>									
<i>Activity 5.4 Promoting knowledge among various institutions (including the private sectors) on nutrition sensitive agriculture</i>									
<i>Activity 5.5 Promoting culinary demonstrations and the introduction of food processing techniques at household level (fruit and vegetables) to increase nutritional value of food</i>									
Total	100%	700,000		300,000	1,000,000	333,333	333,333	333,333	333,333
Expected result 6: natural resources are managed through a participatory and sustainable approach	1,500,000					1,500,000	Budget Year 1	Budget Year 2	Budget Year 3

Activity 6.1 Creating and strengthening of local groups for participatory natural resource management and enhancement of water productivity	46.0%	300,000	100,000	300,000		700,000	233,333	233,333	233,333
Activity 6.2 Promoting climate-smart agriculture and integrated and sustainable soil and land management	33.3%	395,000	250,000	60,000		500,000	166,667	166,667	166,667
Activity 6.3 Promoting local agro-biodiversity conservation and the commercial use of local varieties of wheat	20.0%	300,000	-	-	-	300,000	100,000	100,000	100,000
<i>Total</i>	100%	995,000	350,000	360,000	-	1,500,000	500,000	500,000	500,000
TOTAL	30,000,000	21,000,000		9,000 000		30,000,000	10,000,000	10,000,000	10,000,000

5.5 Project deliverables milestones

	September 2019 – December 2019	Year 1	Year 2	Year 3
Preliminary Activities	<ul style="list-style-type: none"> - National steering committee is appointed; - National coordinator is recruited; - National Finance Administrator is recruited; - Regional Coordinators for Oromia and SNNPR are appointed/recruited; - Global and Annual action plan formulated and approved by the regional and national steering committee. 			
Component 1. Development of capacities of public and private actors along the value chains	<ul style="list-style-type: none"> - List of targeted VC actors available 	<ul style="list-style-type: none"> - Projects (technical support modalities and implementation plans, costing of financial support, protocols for donations) for all target VC actors are designed - Implementing partners: service providers and consultants are recruited - All training modules are produced - Training missions abroad are organized for key value chain actors - VC actors platform established - First meeting of the Vc actors platform project - 40% of the target groups benefit from trainings following the plan of action - Evaluation report of the training impact - New project designed to upgrade the training 	<ul style="list-style-type: none"> - 80% of the target groups benefit from trainings following the plan of action - Training is upgraded 	<ul style="list-style-type: none"> - 100% of the target groups benefit from trainings following the plan of action

Activity 1.1 Training of the value chain actors and government agencies	<ul style="list-style-type: none"> - Assessment of public institutions, small producers, model farmers, cooperatives and cooperatives unions, MoA departments, CPA and extension workers capacity completed; 	<ul style="list-style-type: none"> - Existing extension training modules are reviewed and upgraded according to the 5 VCs development needs; - Model farmers identified and involved in the project; - Training modules / technical assistance project for Business plans / “micro projects” development are designed; - Plan for upgrading FTC available; - Service provider identified and recruited - Evaluation report of the training impact - New project designed to upgrade the training project - 20% of VC actors and Government bodies benefit from training on VCs - 40% of cooperatives and 100% of cooperative unions benefit from training - 20% of Business plan are under implementation and benefit from the project coaching - Each woreda disposes of 1 FTC operational 	<ul style="list-style-type: none"> - 50% of VC actors and Government bodies benefit from training on VCs - 80% of cooperatives and 100% of cooperative unions benefit from training - 50% of Business plan are under implementation and benefit from the project coaching - Each woreda disposes of 1 FTC operational 	<ul style="list-style-type: none"> - 100% of VC actors and Government bodies benefit from training on VCs - 100% of cooperatives and 100% of cooperative unions benefit from training - 100% of Business plan are under implementation and benefit from the project coaching - Each woreda disposes of 1 FTC operational
Activity 1.2 Strengthening seed and seedling production / propagation and high quality agro-input	<ul style="list-style-type: none"> - Assessment on seed enterprises capacity completed; 	<ul style="list-style-type: none"> - Each seeds enterprises is provided with a business plan or micro project to upgrade its activities; - Training modules / Technical support project for Business 	<ul style="list-style-type: none"> - 80% of Seed enterprises benefit from training in BP, project development and entrepreneurship 	<ul style="list-style-type: none"> - 100% of Seed enterprises benefit from training in BP, project development and entrepreneurship

production		plan and project development are designed; - Service provider identified and recruited (research center) - 40% of Seed enterprises benefit from training in BP, project development and entrepreneurship		
Activity 1.3 Study trips, exchange visits and awareness raising campaigns	- Research/Coop/Seed enterprises beneficiaries for training mission abroad are identified	- International partners to host missions are identified - International and internal missions defined and organized	- # Study trips organized for key VC actors (seeds enterprises, cooperatives and cooperatives unions, researchers, extensionists)	- # Study trips organized for key VC actors (seeds enterprises, cooperatives and cooperatives unions, researchers, extensionists)
Activity 1.4 Strengthening research centers and connections between research centers, private agro-input providers, producers and extension services	- Research capacity assessment is completed	- Proposal for upgrading research project is elaborated - Protocols for training and capacity building project are concluded between Research centers and value chain actors (private agro-input providers, producers and extension services) - Tools and methodology evaluated, new project and protocols designed - 50% of the protocols between Research centers and value chain actors are under implementation	- 75% of the protocols between Research centers and value chain actors are under implementation	- 100% of the protocols between Research centers and value chain actors are under implementation
Activity 1.5 Promote technologies to stimulate youth employment and support for rural entrepreneurship	-	- Business opportunities for youth identified - Required technologies to stimulate youth enterprises are identified - Business and micro projects for youth identified and formulated	- 50% of identified youth enterprises benefit from training/ coaching through incubators - Tools and methodology evaluated, new project designed	- 100% of identified youth enterprises benefit from training/ coaching through incubators

		- Protocols with specialized incubators are elaborated		
Activity 1.6 Promoting integrated and inclusive models of value chain and creation of dialogue platforms between actors of the value chains	-	<ul style="list-style-type: none"> - Partnerships between VC actors established - Platform for info sharing designed - Promotion strategy identified for improved access to credit and innovative financial products - # Horizontal Platforms are established along the value chain (platform for producers platform for traders, platform for Financial institutions dealing with agri business, platform for Agro industries) - # Vertical platform are established between actors of different VC segments - At least 20% of the horizontal platforms and 10% of vertical platforms are operational - At least 20% of expected contracts / protocols between actors (business-to-business arrangements, contract farming) are under implementation. 	<ul style="list-style-type: none"> - At least 70% of the horizontal platforms and 50% of vertical platforms are operational - At least 50% of expected contracts / protocols between actors (business-to-business arrangements, contract farming) are under implementation. 	<ul style="list-style-type: none"> - 100% of the horizontal platforms and 100% of vertical platforms are operational - At least 100% of expected contracts / protocols between actors (business-to-business arrangements, contract farming) are under implementation.
Activity 1.7 Promote product's quality standards and strengthen certification and control mechanisms	-	<ul style="list-style-type: none"> - Products quality standards for each VC commodity are established / reviewed/ communicated to Vc actors - Certification and control mechanisms / tractability system are set in place and capacity building project of actors towards these standard 	<ul style="list-style-type: none"> - 100% of government bodies involved in quality and safety product control and certification are trained - 80% market actors are informed, sensitized and trained on quality and standards 	100% market actors are informed, sensitized and trained on quality and standards

		<ul style="list-style-type: none"> is designed - 75% of government bodies involved in quality and safety product control and certification are trained - 40% market actors are informed, sensitized and trained on quality and standards 		
Component 2. Strengthening of infrastructures, machineries and instruments	<ul style="list-style-type: none"> - Infrastructures and machineries identified for VC actors 	<ul style="list-style-type: none"> - Technical specification elaborated - Design / Plans of infrastructures, bill of quantities and procurement process underway - Proposal for all target VC actors are designed - Procurement process underway for equipment and machineries - 20% of planned equipment is established and operational - Users are trained for operating and maintenance of equipment - Launching of 30% of the constructions (10% of the constructions are finalized, 20% construction undergoing) 	<ul style="list-style-type: none"> - 70% of planned equipment is established and operational - Users are trained for operating and maintenance of equipment - Launching of 50% of the constructions (40% of the constructions are finalized, 10% construction undergoing) 	<ul style="list-style-type: none"> - 100% of planned equipment is established and operational - Users are trained for operating and maintenance of equipment - 100% of construction is either undergoing or completed
Activity 2.1 Building / rehabilitating agro-infrastructures and improving the equipment of cooperatives and major research centres	<ul style="list-style-type: none"> - Needs assessment concluded 	<ul style="list-style-type: none"> - Design, technical specification of identified infrastructure - Procurement process initiated - Technical training for equipment utilization is prepared - 20% of equipment is 	<ul style="list-style-type: none"> - 70% of equipment is procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance - Constructions of 60% of 	<ul style="list-style-type: none"> - 100% of equipment is procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance - Constructions of 100% of

		<ul style="list-style-type: none"> procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance - Constructions of 10% of infrastructures start 	infrastructures started	infrastructures started
Activity 2.2 Developing rural and market infrastructures.	- Needs assessment concluded	<ul style="list-style-type: none"> - Design, technical specification of identified infrastructure - Technical training for equipment utilization is prepared - Procurement process initiated - PPP arrangement and maintenance system established and agreed on. - Constructions of 30% of market infrastructures start 	<ul style="list-style-type: none"> - Constructions of 30% of market infrastructures is completed - 70% of market infrastructures construction started 	- Constructions of 100% of market infrastructures is completed
Activity 2.3 Facilitate the diffusion of agricultural technologies and machinery.	- Needs assessment concluded	<ul style="list-style-type: none"> - Design, technical specification of identified agricultural technologies and machinery - Procurement process initiated - Technical training for equipment utilization is prepared - 20% of agricultural technologies and machinery is procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance 	<ul style="list-style-type: none"> - 60% of agricultural technologies and machinery is procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance 	<ul style="list-style-type: none"> - 100% of agricultural technologies and machinery is procured and installed - Beneficiaries of above procurement have designed operators of these equipment who are trained for use and maintenance

Activity 2.4 Develop information systems and disseminate market information.			<ul style="list-style-type: none"> - ICT systems designed for the dissemination of market information - 5 persons are trained per zone as future trainers to operate the ICT system - 60% of Vc actors use the ICT - Tools and methodology evaluated, ICT system upgraded 	<ul style="list-style-type: none"> - 100% of Vc actors use the ICT - Tools and methodology evaluated, ICT system upgraded
Component 3. Access to credit and innovative financial products	-	<ul style="list-style-type: none"> - Business opportunities for youths along the VCs are identified; - Business oriented value chain actors dispose of business plans; - Business to business models established between market actors and financial institutions; - Insurance scheme are discussed between market actors and tentative draft designed 	<ul style="list-style-type: none"> - At least 10% of the business are financed - At least 1 model of insurance scheme is under implementation - Volume of credits increased by 3 times, at least 30% of business-oriented VC actors access a credit - Evaluation report of the partnership between financial institutions and VC actors - New project designed to upgrade the linkages mechanisms 	<ul style="list-style-type: none"> - At least 30% of the business are financed - 2 model of insurance scheme is under implementation - Volume of credits increased by 3 times, at least 30% of business-oriented VC actors access a credit - Evaluation report of the partnership between financial institutions and VC actors
Activities 3.1 Set up of sector platforms for the exchange of information between value chains actors and financial intermediaries.	-	<ul style="list-style-type: none"> - Assess existing initiatives and build on them - Partnerships between Vc actors established - Assessment report on existing initiatives available; - Platform for info sharing (on financial products and conditions) is designed - Promotion strategy identified for improved access to credit and innovative financial products 		-

		- At least 1 model of insurance scheme is under implementation		
Activity 3.2 Provide technical assistance to financial institutions and value chains actors (cooperatives and manufacturing companies) for the implementation of new financial products (leasing, commodity collateralised financing, indexed insurance).	-	<ul style="list-style-type: none"> - Negotiations between financial institutions and market actors initiated (based on business plans) - Agreements on principles are achieved - Project develops mechanisms for technical support to implement the agreements - Volume of credits increased by 3 times, at least 30% of business-are financed 		
Activity 3.3 Supporting the implementation of agricultural insurance schemes (e.g. weather index-based insurance schemes).	-	- Project develops mechanisms for technical support to implement the insurance models		-
Component 4. Gender	-	<ul style="list-style-type: none"> - Service provider recruited ; - Gender situation assessed - Project elaborated and adopted by the regional and national steering committees - 20% of women leaders in cooperatives are capacitated - Business to business model established between women enterprises and financial institutions; 	- 60% of women leaders in cooperatives are capacitated	<ul style="list-style-type: none"> - 100% of women leaders in cooperatives are capacitated - Women's participation in agricultural cooperatives is increased by 30%
Activity 4.1 Promoting the participation of	- Regional gender experts recruited/appointed by BoANR	<ul style="list-style-type: none"> - Service provider on gender identified and recruited - 20 % of Target cooperatives 	- 50 % of Target cooperatives benefit from gender sensitization training	- 100 % of Target cooperatives benefit from gender sensitization training

women in cooperatives		<ul style="list-style-type: none"> benefit from gender sensitization training - 20 % of target cooperatives are assisted in the formation of gender committee to identify gender-related problems - Women's participation in cooperatives is increased by 10% 	<ul style="list-style-type: none"> - 50 % of target cooperatives are assisted in the formation of gender committee to identify gender-related problems Women's participation in cooperatives is increased by 20% 	<ul style="list-style-type: none"> - 100 % of target cooperatives are assisted in the formation of gender committee to identify gender-related problems - Women's participation in cooperatives is increased by 30%
Activity 4.2 Creating and/or supporting women's groups to join a cooperative / Improving female cooperative members' leadership skills and competences / Improve their management skills	-	<ul style="list-style-type: none"> - Gender-sensitive leadership/management trainings are designed - Support project is designed to facilitate female leaders to work regularly (community based childcare, etc.) - 20% of women leaders from coops benefit from training - 20 % of women leaders benefit from support project 	<ul style="list-style-type: none"> - 50% of women leaders from coops benefit from training - 50 % of women leaders benefit from support project 	<ul style="list-style-type: none"> - 100% of women leaders from coops benefit from training - 100 % of women leaders benefit from support project
Activity 4.3 Creating and supporting women's groups specialized in any value chain segment		<ul style="list-style-type: none"> - Target groups are identified - 40% of targeted potential groups are created - Business to business model established between women enterprises and financial institutions - Insurance and credit schemes for women are operational 	<ul style="list-style-type: none"> - 80% of targeted potential groups are created - Insurance and credit schemes for women are operational 	<ul style="list-style-type: none"> - 100% of targeted potential groups are created - Insurance and credit schemes for women are operational
Activity 4.4 Ensuring capacity building to women members of cooperatives	-	<ul style="list-style-type: none"> - Training modules on BP/project development/post-harvest/marketing are designed - 40 % of women leaders from coops benefit from training 	<ul style="list-style-type: none"> - 100 % of women leaders from coops benefit from training 	

Activity 4.5 Providing capacity building to the Cooperative leaders and public officers at regional, zonal, woreda and kebele level, on gender		<ul style="list-style-type: none"> - Training project designed for public officers - Extension service providers trained on gender sensitive agricultural practices (reduce the workload, machine utilization, etc.) - 40 % of Target cooperatives benefit from gender-sensitive extension - 40% of Public officers are trained on gender inclusion 	<ul style="list-style-type: none"> - 100 % of Target cooperatives benefit from gender-sensitive extension - 100% of Public officers are trained on gender inclusion 	
Component 5. Nutrition	Nutrition focal point from the BoANRs is recruited/appointed	<ul style="list-style-type: none"> - Service provider on nutrition is identified and recruited 		<ul style="list-style-type: none"> - Diet diversification and change observed
Activity 5.1 Strengthening extension service capacities about nutrition aspects and linkages between different institutions involved		<ul style="list-style-type: none"> - Training modules for nutrition sensitive agriculture designed and prepared - 40 % Extension service providers trained on nutrition sensitive agricultural practices (reduce pesticides, post-harvest techniques, etc.) - Previously trained extension service providers are operational 	100 % Extension service providers trained on nutrition sensitive agricultural practices (reduce pesticides, post-harvest techniques, etc.)	
Activity 5.2 Creating or supporting women's groups for the management of demonstration gardens for fruit and vegetables and promoting home gardens cultivation and practices		<ul style="list-style-type: none"> - Women's groups are identified and organized - Fruits and vegetables seeds are distributed to 50 % of identified women's groups - Nutritious fruits and vegetables are commercialized through cooperatives - Demonstrations and trainings 	<ul style="list-style-type: none"> - Fruits and vegetables seeds are distributed to 100 % of identified women's groups - Nutritious fruits and vegetables are commercialized through cooperatives - Demonstrations and trainings to other women are undertaken by the groups 	<ul style="list-style-type: none"> - Women's groups income is increased by 80 %

		<p>to other women are undertaken by the groups</p> <ul style="list-style-type: none"> - Women's groups income is increased by 20 % 	<ul style="list-style-type: none"> - Women's groups income is increased by 50 % 	
Activity 5.3 Carrying out awareness campaigns targeting rural communities on the linkages among agriculture/nutrition/health	-	<ul style="list-style-type: none"> - Baseline survey on consumption patterns and diet diversification of project target communities - Awareness project and tools designed - Target schools identified - Demonstrations and trainings linked to women's groups - Diet diversification and change observed - 30% of students from schools in target communities benefited from awareness and on plot demos. 	70% of students from schools in target communities benefited from awareness and on plot demos.	100% of students from schools in target communities benefited from awareness and on plot demos.
Activity 5.4 Promoting knowledge among various institutions (including the private sector) on nutrition sensitive agriculture		<ul style="list-style-type: none"> - Training designed by service provider - 100 % target Woreda officers are trained by service providers - Procurement for motorbikes initiated for woreda officers 	<ul style="list-style-type: none"> - Motorbikes available for woreda officers - Dissemination of trainings from woreda officers 	- Dissemination of trainings from woreda officers
Activity 5.5 Promoting culinary demonstrations and the introduction of food processing techniques at household level (fruit and vegetables) to increase nutritional	-	<ul style="list-style-type: none"> - training package on agronomic practices and post-harvesting techniques designed + Training on primary processing and conservation - project for field demonstrations (one per each plot) organized 	100% of coops have hosted the culinary demonstration + training	

value of food		- 40% of coops have hosted the culinary demonstration + training		
Component 6. Sustainable management of natural resources	-			
Activity 6.1 Creating and strengthening of local groups for participatory natural resource management and enhancement of water productivity		-	-	-
Activity 6.2 Promoting climate-smart agriculture and integrated and sustainable soil and land management.				
Activity 6.3 Promoting local agro-biodiversity conservation and the commercial use of local varieties of wheat.	- Service provider is recruited	- 900 farmers are identified - Training modules are prepared - 900 farmers benefit from training on crowdsourcing & weeding - 3 local selected varieties are distributed to the target farmers - 100 % of the farmers are trained Farmers maximized diversity in wheat cultivation	-	-

Annex I. Proposed Salary Payment Scheme for the Human Resources of Federal and Regional PCUs and other Implementing Partners

The total allocated budget as per component one for human resources is 450,000 Euro. With this budget, the project is expected to cover the salary and benefit packages of the Human resources staff both at federal and at regional level

Table 1. Payment scheme of FPCU staff members

Item	National Project Coordinator		National Project Finance Administrator		FPCU Procurement Specialist		FPCU Monitoring and Evaluation Expert
	ETB	Euro	ETB	Euro	ETB	Euro	Backed by FAO
Basic Pay	23,000	719	15,000	469	15,000	469	
Allowances*	7,000	219	6,000	188	6,000	188	
Total/month	30,000	938	21,000	656	21,000	656	
Amount/year	360,000	11,250	252,000	7,875	252,000	7,875	
Amount/36 months	1,080,000	33,750	756,000	23,625	756,000	23,625	

Table 2. Payment scheme of the Oromia PCU staff members

Item	Oromia Regional Project Coordinator		Oromia Regional Project Finance Administrator		Oromia Gender & Nutrition Expert	
	ETB	Euro	ETB	Euro	ETB	Euro
Basic Pay (97% of Federal Basic Pay)	22,310	697	14,550	455	13,000	406
Allowances*	5,000	156	3,000	94	3,000	94
Total/month	27,310	853	17,550	548	16,000	500
Amount/year	327,720	10,241	210,600	6,581	192,000	6,000
Amount/36 months	983,160	30,724	631,800	19,744	576,000	18,000

Table 3. Payment scheme of the SNNPR PCU staff members

Item	SNNP Regional Project Coordinator	SNNP Regional Project Finance Administrator	SNNP Gender & Nutrition Expert
------	-----------------------------------	---	--------------------------------

	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>
Basic Pay (97% of Federal Basic Pay)	22,310	697	14,550	455	13,000	406
Other Expenses*	5,000	156	3,000	94	3,000	94
Total/month	27,310	853	17,550	548	16,000	500
Amount/year	327,720	10,241	210,600	6,581	192,000	6,000
Amount/36 months	983,160	30,724	631,800	19,744	576,000	18,000

* Other expenses are attributed, as a monthly benefit, to the project staff members for communication (mobile) and transportation fees.

Beyond basic pay and other expense schemes detailed above (table 1, 2 and 3), project staff will be entitled to receive a per diem contribution, if and only if travelling out of his/her duty station, as prescribed by MoF directives. Following the same directives, 450 ETB/day should be fixed for the ISVCDO-SNNPR project staff. Table 4 below proposes a hypothesis of per diem allocation, based on an estimation of days the staff member would spend on the field for project activities (i.e. implementation, monitoring, evaluation, training, events, etc.).

Table 4. Per diem schemes of the FPCU and RPCUs staff members (estimation)

Staff member	No. of staff	Per diem rate (Birr)*		Estimated total per month (birr)		Estimated total per 1 year (birr)		Estimated total per 3 year (birr)	
		<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>
National Project Coordinator	1	450	14.1	4,500	141	54,000	1,688	162,000	5,063
National Project Finance Administrator	1	450	14.1	2,250	70	27,000	844	81,000	2,531
National Project Procurement Specialist	1	450	14.1	4,500	141	54,000	1,688	162,000	5,063
Oromia Regional Project Coordinator	1	450	14.1	6,750	211	81,000	2,531	243,000	7,594
Oromia Regional Project Finance Administrator	1	450	14.1	2,250	70	27,000	844	81,000	2,531
Oromia Gender & Nutrition Expert	1	450	14.1	6,750	211	81,000	2,531	243,000	7,594
SNNPR Regional Project Coordinator	1	450	14.1	6,750	211	81,000	2,531	243,000	7,594
SNNPR Regional Project Finance Administrator	1	450	14.1	2,250	70	27,000	844	81,000	2,531

SNNPR Gender & Nutrition Expert	1	450	14.1	6,750	211	81,000	2,531	243,000	7,594
Total per diem	9			42,750	1,336	513,000	16,032	1,539,000	48,095
* Per diem allocation has been proposed in the above figures with monthly estimations for each project staff member, based on the possible amount of days spent on the field each month.									

In conclusion, the total amount of resources estimated for the 9 project staff is **266,029 Euro (8,512,928 ETB)**, including Per Diem scheme as shown in table 4. This amount shall be charged on the Budget Line “*Project Coordination Unit, Federal and Regional*”. The following table 5 shows the summary of the expenditures for all HR staff (9 staff in total).

Table 5. Total expenditure (Basic pay+allowances+per diem) of FPCU and RPCUS staff members

	Budget Line “Project Coordination Unit, Federal and Regional	ETB	Euro
A	Total Budget available	14,400,000	450,000
B	Expenditure for Basic Pay and other expenses of the FPCU and RPCUs (9 staff for three years)	6,973,920	217,935
C	Estimated Per Diem Expenditure for the FPCU and RPCUs (9 staff for three years)	1,539,000	48,094
D=B+C	Total Estimated Expenditure (Basic Pay + Allowances + estimated Per Diem) (9 staff for 3 years)	8,512,928	266,029
E=A-D	Available amount in BL “Project Coordination Unit, Federal and Regional”	5,887,072	183,971

1) Other Implementing Partners human resources related expenditures, foreseen by this proposal

The remaining **Euro 183,971 (5,887,072 ETB)** will cover related expenses as per Paragraph 2.2 of the PoA, which states: “*additional responsibilities and workload will be compensated by other expenses, attributed to the project designated Focal Persons in the respective Research Centres, Zones, and other implementing institutions*”.

In this sense, the management team of Meki Batu Cooperative Union requested the project to partially cover the costs of one human resource (one Technical Manager - See table 6 below), with official letter sent to the Donor (AICS) on the 5th of April 2019.

In terms of technical capacity and expertise, there is no concern on keeping the Meki Batu Technical Manager who has ample experience of Technical Assistance on tomato development projects in the Rift Valley areas. The manager will support the team of Meki Batu Union to jump from “service provider” to an “agro-processing” endeavor.

Similarly, the Sidama Dona Farmers' Cooperative Union met with the Donor and FAO in June 2019, providing official request for the salary payment of one General Manager (see table 6), in order to properly capacitate the newly established fruits and vegetables Union throughout the three years of project.

Table 6. Payment scheme for Meki Batu and Sidama Dona (1 staff each)

Item	Meki Batu Cooperative Union Technical Manager		Sidama Dona Cooperative Union General Manager	
	ETB	EUR@32	ETB	Euro
Basic Pay	10,540	329	10,540	329
Other expenses*	2,800	88	2800	88
Total/month	13,340	417	13,340	417
Total/12 months	160,080	5,003	160,080	5003
Total/36 months	480,240	15,008	480,240	15,008
* Other expenses are attributed, as a monthly benefit, to the project staff member for communication (mobile) and transportation fees.				

Hence, the available budget remaining for other personnel (zones, research centers, etc.) is about Euro 182,644 Euro (5,844,600 ETB - See table 7).

Table 7. Remaining amounts on the Budget line "Project Coordination Unit, Federal and Regional"

	Budget Line "Project Coordination Unit, Federal and Regional"	ETB	Euro
A	Total Budget available (after deduction of FPCU and RPCU expenditures) [three years]	5,887,072	183,971
B	Total Expenditure for 1 Technical Manager (Meki Batu) and 1 General Manager (Sidama Dona) [three years]	960,480	30,016
A-B	Available amount in BL "Project Coordination Unit, Federal and Regional"	4,926,592	153,955

Besides the above resource distributions for the salaries and benefits of the HR, the three Project Coordination Units require additional budget for proper coordination and management of this multi-location and multi-stakeholder project – as elaborated and allocated above at section 2.1 above in this document. The following table 8 shows the budget allocation for the main cost areas such as capacity building for project partners and the PCU, operational costs, exposure visits, and monitoring and evaluation activities.

Table 8. Budget sharing for operational costs for the three Project Coordination Units (Federal and Regions)

Cost particulars	Federal PCU		Oromia PCU		SNNP PCU	
	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>	<i>ETB</i>	<i>Euro</i>
Capacity building, Operational costs (fuel, maintenance, stationary, etc), Exposure visits, M&E activities	3,200,000	100,000	3,264,000	102,000	2,560,000	80,000

Annex II. List, Address and Contacts of the Institutions Interviewed in May-July 2019

Institution	Location	Contact Person	Contact address of the key person	Meeting date
Federal Ministry of Agriculture and Natural Resources	Addis Ababa	Sani Redi, Abddulsemed, Atlaw	redisani67@gmail.com	Quite often
Oromia BoANR	Addis Ababa	Dhaba Debele, Gadissa, Dawit, Ephrem Terefe	913034732	
Agricultural Transformation Agency (ATA)	Addis Ababa	ACC		
Ethiopian Bakers Association	Addis Ababa	Hussen	911658598	
Ethiopian Pulse, Oils, and Spices Producers Exporters Association	Addis Ababa	Assefa Yohannes	914703334, epospea@gmail.com	
Ethiopian Horticulture Producers Exporters Association	Addis Ababa	Tewodros Zewdie and Yohannes Abebe	911255673, tewodz1@yahoo.com	28-6-2019
GIZ – Green Innovation Centre	Addis Ababa	Dr. Karl, Dr. Tadesse	kmikaiser@yahoo.de, tadesseyfb@yahoo.com	24-6-2019
Bioersity International	Addis Ababa	Dr. Carlo Fada		
Omega Farms PLC	Addis Ababa	Daniel Gad	911244989, powerium.daniel@gmail.com	
ACOS PLC (Pedon group)	Addis Ababa	Kassahun	911212117, kassahun@acosnet.it	27-6-2019
International Finance Corporation (IFC)	Addis Ababa	Awetash, Daniel, Bisrat	930003751	1/7/2019
Ethiopian Institute for Agricultural Research (ELAR)	Addis Ababa	Dr. Taye Tadesse	947676357, tayabo@gmail.com	3/7/2019
East Shewa Zone BoANR	East Shewa	Kebebush Yemane	913038070	
DebreZeit Agricultural Research Centre	East Shewa	Wasihun Legesse	923975859, wasihun1@yahoo.com	
Melkasa Agricultural Research Centre	East Shewa	Tesfa Benalefew, Jibicho Bude	912688864, tesfa25@gmail	
Adami Tulu Agricultural Research	East Shewa	Meheretu Fufa, Urgaya	911530715, miheretufufag@gmail.com	
Meki-Batu Union	East Shewa	Kumessa Gudina	911856065,	
LumeAdama Union	East Shewa	Shemsia	918898490	
Regional Industrial Park Development Corporation	East Shewa	Kefyalew Tulu	966783650	
Arsi Zone BoANR	Arsi	Ababu Wako, Mustefa,	911016199, 926633780 mustefaf@gmail.com	23-5-2019
Arsi Cooperative Promotion Office	Arsi	Abdulahi	912260660	23-5-2019
Kulumsa Agricultural Research Centre	Arsi	Dr. Wogayehu	912098223	23-5-2019
Asella Seed Laboratory Centre	Arsi	Belay Kassa, Borru Ayana	920080899,	23-5-2019
Galema Union	Arsi	Abdurahaman	911030518	23-5-2019
Bale Zone BoANR	Bale	Gebre Urgesso, Alemeshet, Fiseha Shiferaw	910764341, 910793321 alemeshut30@gmail.com	24-5-2019
Bale Cooperative Promotion Office	Bale	Dereje Ere, Tadele Regassa	930508209, tadele.regassa@yahoo.com	24-5-2019
Sinana Agricultural Research center	Bale	Mohammed Berisso, Adamu Zeleke	949297653, 984901975 mbaris2008@gmail.com	24-5-2019
Oromia Seed Enterprise	Bale	Etefa Fufa (Arsi Branch)	911017950	23-5-2019
Siko Mendo Union	Bale	Mitiku	912065910	24-5-2019
West Arsi Zone BoANR	West Arsi	Berisso	913333468	11/6/2019
West Arsi Zone Cooperative	West Arsi	Engida Ashenafi	911030215, ashenafi21ashagre@gmail.com	11/7/2019
UttaWayu Union	West Arsi	Muktar Adem	913449164, muktadem@gmail.com	11/6/2019
Raya Wakana Union	West Arsi	Adem Aman	973589323	11/6/2019
SNNP BoANR	Hawassa	Tilahun Kebede, Zenebe	935408643, tilabeto@yahoo.com	12/6/2019
Sidama Zone BoANR	Hawassa	Leta Legesse, Abiy Mekonnen	914302674	12/6/2019
Sidama Zone Cooperative	Hawassa	Shimelis Hatisso	916651322	12/6/2019
OMO Micro-Finance	Hawassa	Tsegaye Petros	916748239	12/6/2019
Southern Agricultural Research Centre (SARI)	Hawassa	Dr. Atenafua	945223886	
Regional Industrial Park development Corporation	Yirgalem	Biru Wolde	930108367, biruwolde2@gmail.com	14-6-2019
Sunvado PLC	Yirgalem	Abel		14-6-2019
Aroma Food Stuff PLC	Hawassa	Bereket G/Medihin	911710471	12/6/2019
SNNPR Trade and Market Bureau	Hawassa	Esayas Shewane	919116512	12/6/2019
Gedeo Zone Cooperative Office	Gedeo-Dilla	Zenebe Kebede	911055021	13-6-2019
Gedeo Zone BoANR	Gedeo-Dilla	Selamawit Yared	91086198, selamiyeyared@gmail.com	13-6-2019
Cooperative Bank of Oromia (CBO)	Addis Ababa	Gutema Dibaba	911871623, gutemadibaba@yahoo.com	22-7-2019
Agricultural Transformation Agency (ATA)	Addis Ababa	Hailemekot T/Giorgis (Finance)	930098202, hailemekot2003@yahoo.com	22-7-2019
Federal Ministry of Agriculture and Natural Resources	Addis Ababa	Keberu Belayneh, Nigatu Bogale, Wale, Kassahun (for PCU & Administration)	902877514 keberu.belayneh@yahoo.com, nigatu_bogale@yahoo.com	24-7-2019
Oromia Insurance Company	Addis Ababa	Melkachew Temesgen	913734287, melkachewtemesgen@gmail.com	
GIZ – Avocado Value Chain & Mechanization	Addis Ababa	Solomon Mengesha, Dr. Tatek Woldu	solomon.mengesha@giz.de, tatek.woldu@giz.de	1/7/2019

Annex III. List of Partner Research Centers and Their Major Needs

The needs expressed in the following table are the result of individual interviews or focus group discussions conducted jointly by AICS and FAO in May and June 2019, in preparation of the Global and Annual Plans of Action (PoA)

Research Center	Zone	Critical need to be considered by the Project
DebreZeit Agricultural Research Centre	East Shewa	Capacity building, Laboratory maintenance, Cold store, Office facilities, Plot planter, Plot harvester, Combine harvester, field vehicle.....
Melkasa Agricultural Research Centre	East Shewa	Capacity building, Quality Laboratory and Storage, Greenhouse, Cold Room, Drip Irrigation, Incubator, Freezer Reagents, Laboratory oven Grinding mills, Desiccators, Calibration equipment, Moisture meters, Table germinators, Growth chamber, Motorbikes, Crates, Sensitive Balance and tomato germplasm from other sources.
AdamiTullu Agricultural Research Centre	East Shewa	Promotion and further multiplication of selected processing tomato varieties, Irrigation facility, Upgrading and supporting missing parts of the quality lab, biotech lab and green house.....
Kulumsa Agricultural Research Centre	Arsi	Seed laboratory facilities, laboratory and farm implements namely precision planter, 4 points reversible moldboard plow, power harrow, slasher, chopper, Bailer, Plot planter and harvester, Viken broadcaster, Chemical sprayer, Grain analysis tools, Field Moisture Tester, Mechanical Seed Divider, Germinating Bowels, Germinator/chamber, and Big sized bowels, dough LAB to test water absorption, mix time (Mixograph), small Baking machine, Tunnel house for wheat rust screening, and Seed store.
Seed Laboratory Centre	Arsi	Field vehicle for partners and customer monitoring, Training for the experts in the lab techniques and field level technicalities, Generator, Exposure visits to advanced seed lab facilities, laboratory equipment and agricultural tools.
Sinana Agricultural Research Centre	Bale	Standard store for seed, green house, row planter, plot harvester, lab facility (for grain and seed analysis). Capacity building on laboratory techniques, Short term trainings on platform management, facilitation skills, quality control and certification.
Southern Agricultural research Centre (Hawassa Research Center)	Sidama	Avocado and pineapple quality analysis laboratory, greenhouses and Screen houses, Upgrading tissue culture laboratory, Irrigation facilities, Tractor, Trailer, Disc harrow, Field vehicle, and Office Facilities. Training on Grafting techniques for agricultural experts in Sidama and Gedio Zone, Training on post-harvest, processing and value addition, Experience sharing of improved variety development techniques, training on planting material multiplication techniques.....
EIAR		Quality Research Lab
OARI		Food Science Lab
SARI		

Annex IV. List of Major Needs of Partner Cooperative Unions

The needs expressed in the following table are the result of individual interviews or focus group discussions conducted jointly by AICS and FAO in May and June 2019, in preparation of the Global and Annual Plans of Action (PoA).

Coop Union	Zone	Critical gaps to be considered by the project
Meki-Batu Union	East Shewa	Tomato processing plant, cold chain facility (pack house and cold trucks)
LumeAdama Union	East Shewa	Warehouse construction to 80,000 quintals capacity
Erer Union	East Shewa	(...)
SikoMendo Union	Bale	Grain analyzer, tractor, combiner, row planters, Bailer, tractor-mounted sprayer.
AgarfaKajawa Union	Bale	Seed processing facility with generator, row planters, Bailer, tractor, tractor-mounted sprayer
OdaRoba Union	Bale	Tractor, row planters, Bailer, tractor-mounted sprayer
Dire Union	Bale	grain analyzer, tractor, combiner, row planters, bailer, tractor-mounted sprayer
Galema Union	Arsi	Seed store, grain analyzer, row planters, Bailer, tractor-mounted sprayer
Hetossa Union	Arsi	tractor, row planters, Bailer, tractor-mounted sprayer, seed processing facility with generator
Didea Union	Arsi	seed processing facility with generator, row planters, Bailer, tractor, tractor-mounted sprayer, seed store
UttaWayu Union	West Arsi	lab facility for the bakery and pasta line, row planters, Bailer, tractor-mounted sprayer
Raya Wakana Union	West Arsi	store, row planters, Bailer, tractor-mounted sprayer
GedebAsasa Union	West Arsi	store, office, seed processing facility with backup generator, row planters, Bailer, tractor, tractor-mounted sprayer
Raya Kajawa Union	West Arsi	seed processing facility with backup generator, row planters, Bailer, tractor, tractor-mounted sprayer
	East Shewa	Silo system to be managed by one of the potential union or a private enterprise
Sidama Dona	Sidama	Standard store, office construction, office equipment, aggregation stores at PC levels, weighing balance, trucks for fruit transportation, and freezers.

Annex V. Pineapple Value Chain

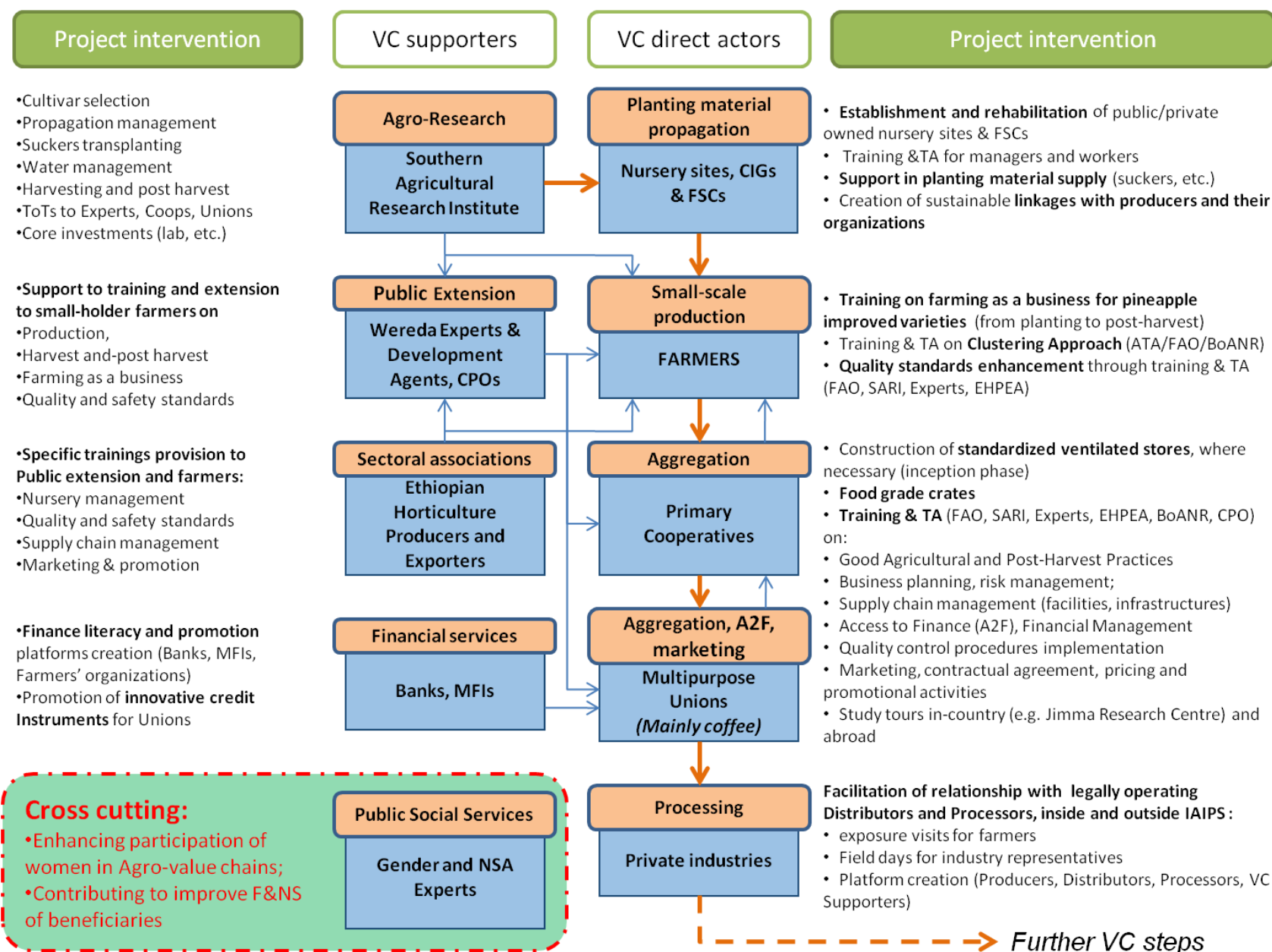
Improving the sustainability and inclusiveness of Pineapple Value chain

Provisional presentation of the Value chain structure, actors, roles, fluxes of products and services

Focal Areas: Eastern SNNPR (Sidama and Gedeo Zones)

Public Partners: SARI, BoANR, CPO, Multipurpose Unions (Fruits and vegetables, Coffee) and Primary Cooperatives

Private partners: EHPEA, Legally registered Distributors, Final Clients (Pineapple Juice Processors), Banks and MFIs



Annex VI. Processing Tomato Value Chain

Improving the sustainability and inclusiveness of Tomato Value chain

Provisional presentation of the Value chain structure, actors, roles, fluxes of products and services

Focal Areas: Central Eastern Oromia ACPZ
(East Shewa, Arsi, West Arsi and Bale
zones)

Public Partners: BoANR, Research Centers (MARC, KARC, ATARC),
Zonal Agricultural offices, Multipurpose Unions and Primary
Cooperatives

Private partners: Hybrid Seeds Business Companies, EHPEA, Legally registered Distributors, Final Clients (Large size
tomato traders, Tomato agro processors, Ethiopian Airlines), Banks and MFIs

