

EVALUATION

EVALUATION OF THE AGRICULTURE, RURAL DEVELOPMENT AND FOREST SECTOR PROGRAMMES IN AFRICA

Country Report Ethiopia

(Final version)

Christine Verheijden



Lead Company



Sub-contractor

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Contact: EVA-11@formin.fi

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Acronyms and Abbreviations

ACSI	Amhara Credit and Saving Institution's
AGP	Agricultural Growth Programme
ARARI	Amhara Agricultural Research institute
ARDF	Agriculture, Rural Development and Forest
ATA	Agricultural Transformation Agency
AU	Africa Union
AWEA	Amhara Women Enterprises Association
BoA	Bureau of Agriculture
BoFEC	Bureau of Finance and Economic Cooperation
BoTIMD	Bureau of Trade Industry and Market Development
CCOs	Cross-cutting objectives
COSACUs	Cooperatives' Savings and Credit Unions
COWASH	Community-led Accelerated Water, Sanitation and Hygiene Project
CPA	Cooperative Promotion Agency
CRGE	Climate-Resilient Green Economy Strategy
CSO	civil society organisation
CWA	Consolidated Wash Account
DA	Development Agent
DAG	Development Assistance Group
DGGE	Donor Group on Gender Equality
DPP	Development Policy Programme
EMERTA	Ethiopians Motivating Enterprises to Rise Trade & Agrobusiness
EU	European Union
FAO	Food and Agriculture Organisation
FAV	Finnish added value
FFD	Finnish Agro-agency for Food and Forest Development
FFS	Farmer Field School
FHH	Female Headed Households
FLC	Local Fund for Cooperation
FNRRTC	Fogera National Rice Research & Training Centre
GAP	Good Agricultural Practice
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEQIP	General Education Quality Improvement Programme
GIZ	German Society for International Cooperation
GSE	Geological Survey of Ethiopia
GTK	Geological Survey of Finland
GTP	Growth and Transformation Plan
HDI	Human Development Index
HICE	Household Income Consumption and Expenditure
HRBA	Human Rights-Based Approach
ICI	Institutional Cooperation Instrument
INDC	Intended Nationally Determined Contribution
IQQO	Oromia Agricultural Research Institute
LIFT	Land Investment for Transformation
LUKE	Natural Resources Institute Finland
MFA	Ministry for Foreign Affairs of Finland
MoA	Ministry of Agriculture
MSMEs	Micro, Small and Medium-Scale Enterprises

MTR	Mid-Term Review
NGO	Non-Governmental Organisation
NPC	National Planning Commission
NRRI	National Rice Research Institute
NVR	National Voluntary Review
PPP	Public-Private Partnership
PROSEAD	Promotion of Sustainable Ethiopian Agro-industrial Development
PWD	People with Disabilities
REDFS	Rural Economic Development and Food Security (Sector Working Group)
REILA	Responsible and Innovative Land Administration Project
SACCO	Saving & Credit Cooperatives
SDG	Sustainable Development Goal
SMEs	Small and medium-sized enterprises
SNE	Special-needs education
SNV	Netherlands Development Organisation
SSA	Sub-Saharan Africa
SVB	Supervisory Board
TA	Technical Assistance
TOC	Theory of Change
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
VC	Value Chain
WY	Women and Youth
WYLF	Women and Youth Loan Fund

Key Findings, Conclusions and Recommendations

Findings	Conclusions	Recommendations
<p>EQ 1: How can Finnish co-operation efforts best contribute to the achievement of the SDGs - as well as other relevant international agreements - through ARDF sectors making optimal use of its comparative advantages?</p>		
<p>Finding 1. The objectives of the three ARDF projects that Finland has been supporting in Ethiopia in the framework of subsequent country programmes do well relate to and fit into the relevant SDGs</p> <p>Finding 2. The objectives of the three ARDF projects that Finland has been supporting in Ethiopia in the framework of subsequent country programmes do well reflect the potential comparative advantage Finland could provide in the sector.</p> <p>Finding 3. Finland’s highest comparative advantage in ARDF has been in land administration.</p> <p>Finding 4. Lessons learned from financial mechanisms seem to provide a potential niche for Finland’s cooperation efforts.</p> <p>Finding 5. Ensuring complementarity of programmes in Amhara has provided a good opportunity to address the nexus approach in sustainable development and to reinforce Finland’s contribution to the SDGs.</p> <p>Finding 6. Some scope exists for Finland’s cooperation efforts to contribute to achieving SDGs related to ARDF, not least through cooperation in the framework of climate funding programmes.</p>	<p>Conclusion 1. Finland has succeeded in establishing itself as a trusted development partner of Amhara regional government which constitutes a basis for further strengthening ARDF in this region. (This conclusion is based on Context 12, Finding 1, Finding 2, Finding 3 and Finding 5 and is the basis for Recommendation 1).</p> <p>Conclusion 2. Finland has not yet sufficiently made use of the possible synergies that exist between its own interventions and those of other development partners. (This conclusion is based on Finding 4 and Finding 6 and is the basis for Recommendation 1).</p>	<p>Recommendation 1. Given its recognized role in ARDF, Finland should focus on its strengths of building partnerships and synergies with various type of actors in order to support the GoE in the transformation towards inclusive agricultural development. (This recommendation is based on Conclusion 1 and Conclusion 2).</p>
<p>EQ 2: Under what conditions can a value chain approach increase finance and investment in sustainable forestry and agriculture - while benefiting final beneficiaries in a sustainable way?</p>		
<p>Finding 7. Initial results from VCs are promising and valuable experiences could be gained</p>	<p>Conclusion 3. AgroBIG II has succeeded in articulating well a comprehensive value chain approach through an analysis of relevant actors along the value chain to strengthen the</p>	<p>Recommendation 2. In its support to the VCA, Finnish support should prioritise strengthening identified weak</p>

Finding 8. While some steps have already been taken to enhance value chains, not all conditions are yet in place to increase finance and investment for agribusiness.

Finding 9. Improvement of infrastructure is an additional condition required to develop or strengthen agribusiness and VC development

Finding 10. The selection of suitable commodities for VC development has been based on experience and studies that reflected an appropriate set of criteria, also with the idea of attracting and increasing the involvement of women and youth.

Finding 11. Assessing every chain in the VC is important to understand strengths and challenges of each actor.

Finding 12. Enhancing access to financial services has been an important element to develop or strengthen agribusiness and VC development. The Women and Youth Fund (WYLF) appears to be a good example of a useful instrument for engaging women and youth

Finding 13. Due care needs to be taken to clearly distinguish requirements for grants and loans to avoid potential conflicts and tensions between grant and loan receivers.

Finding 14. The financial services offered have brought about additional positive effects.

Finding 15. Capacity building has provided opportunities to develop or strengthen agribusiness and VC development, by improving the capabilities to seize market opportunities.

Finding 16. The experiences and lessons gained by different UN organisations working on various topics in VC development, such as capacity building of farmers and facilitation of market access (FAO), financing and saving systems (IFAD), industrial development (UNIDO), and climate change mitigation and adaptation (UNDP) could provide interesting learning opportunities for AgroBIG.

conditions under which smallholders can scale up their businesses. (This conclusion is based on Finding 7, Finding 10, Finding 11, Finding 12, Finding 14 and Finding 15 and is the basis for Recommendation 2.)

Conclusion 4. There are, however, still some pending conditions that AgroBIG II needs to address in order to increase finance and investment opportunities for smallholder farmers to scale up their businesses. (This conclusion is based on Finding 8, Finding 9, Finding 13 and Finding 16 and is the basis for Recommendation 2).

links in the chain. (This recommendation is based on Conclusion 3 and Conclusion 4.)

EQ 3: How can cross-cutting objectives and HRBA be successfully integrated and implemented in such a way that they support achievement of the Finnish development cooperation objectives and objectives of the ARDF interventions?		
<p>Finding 17. The cross-cutting objectives of the Finnish Development Policy have guided the development of the project interventions; however, further clear guidance, e.g. guidelines, is still somehow missing.</p> <p>Finding 18. Given the inclusion of a gender perspective in most activities and the inclusion of specific activities to attract women and youth, there is evidence that AgroBIG II is making efforts to mainstream gender, rather than treating gender equality as a separate objective. (see also Context 21)</p> <p>Finding 19. However, there is room for improvement to become more gender transformative.</p> <p>Finding 20. Project documentation highlights that due attention is being paid to environmental impact and climate sustainability, however, the field visits assert that, in practice, attention is still somewhat rather limited.</p> <p>Finding 21. The evaluation team’s assessment of AgroBIG II is that it can be classified as human rights sensitive, which corresponds to the assessment made in the programme document.</p> <p>Finding 22. While the programme’s rights-based approach is somewhat weakened by the absence of an appropriate grievance redress mechanism for the beneficiaries, some options exist to further improve integration and implementation of CCOs and HRBA.</p>	<p>Conclusion 5. AgroBIG II has been relatively successful when it comes to the inclusion of cross-cutting objectives. (This conclusion is based on Finding 17, Finding 18, Finding 21 and Finding 22 and is the basis for Recommendation 3.)</p> <p>Conclusion 6. Some areas, like the inclusion of cross-cutting objectives in order to be more gender-, HBRA-, and climate-sensitive, still deserve more attention (This conclusion is based on Finding 19 and Finding 20, and is the basis for Recommendation 3).</p>	<p>Recommendation 3. Guidelines and tools on how to incorporate and monitor CCOs and how to implement a HRBA should be further developed by the MFA. This would facilitate the integration of CCOs and HRBA by project staff throughout implementation. (This recommendation is based on Conclusion 5, Conclusion 6, Context 15 and Finding 22).</p>
EQ 4: What are key success factors for achievement of ‘reduced poverty and inequality’, in particular in terms of benefits for women, vulnerable groups, and small and medium-size farmers?		
<p>Finding 23. AgroBIG’s approach for poverty reduction is mainly based on the Ethiopian GTP and uses the same indicators for measuring progress.</p> <p>Finding 24. The good practices and key success factors of social inclusion and gender related activities that could contribute to reducing poverty and inequality emerging from the example of ARDF support to Ethiopia are: facilitating access to income opportunities for the most vulnerable groups, such as the female-headed households, and for women and youth funds to help them engaging in financial services, and a focus on unemployed youth to help setting up agribusiness.</p>	<p>Conclusion 7. AgroBIG’s attention to social inclusion and gender equality related activities present good practices and key success factors that can contribute to reducing poverty and inequality. (This conclusion is based on Finding 23, Finding 24 and Finding 26 and is the basis for Recommendation 4.)</p>	<p>Recommendation 4. Clear definitions on poverty and inequality should be included in the Project Documents as well as which strategies have been identified to implement and how to measure/monitor the progress on the reduction of poverty and inequality (This recommendation is based on Conclusion 7 and Finding 23.)</p>

Finding 25. The premise for achieving the expected outcomes is targeting farming households by facilitating access to finance and strengthening the capacities of VC actors.

Finding 26. Solid baseline studies, indicators and analyses from a social and gender perspective have provided the basis for measuring contribution towards achieving results in the reduction of poverty and inequality. However, they have only partially been linked to GoE objectives and SDGs.

EQ. 5: How can investment in sustainable land use and land management be made inclusive of smallholder and community needs while being attractive to responsible investors at the same time?

Finding 27. Ethiopia still lacks some important conditions for scaling-up private finance and investment for sustainable land use, among others the involvement of the private sector which remains a challenge.

Finding 28. More private sector engagement seems to be required to ensure AgroBIG II’s sustainability; however, it lacks strategies and guidance on how to do this best.

Finding 29. Limited capacity of the cooperatives and missing capital severely has hindered them to provide services to their members and enhance bargaining power and business management, albeit with notable exceptions.

Finding 30. Collaboration between AgroBIG and Finnish-funded private sector interventions, such as Finnfund, can create more opportunities and strengthen outcomes of ARDF support.

Finding 31. Private sector engagement through contract farming can help creating new economic opportunities for small-holder farmers and jobs.

Finding 32. Agro-industrial parks are a key strategy for Ethiopia’s economic development; however, their role as catalyst for the growth of agrobusiness and economic growth is yet to be proven.

Conclusion 8. While Ethiopia is promoting agro-industrial parks, the country still lacks important conditions for scaling-up private finance and investment for sustainable land use. This will continue negatively affecting further (inclusive) investment in ARDF. (This conclusion is based on Finding 27 and Finding 32 and is the basis for Recommendation 5).

Conclusion 9. Some private sector investments in ARDF witness that there is scope for engagement, and inclusive development, provided the right (and inclusive) activities are chosen and well managed. (This conclusion is based on Finding 28, Finding 30 and Finding 31 and is the basis for Recommendation 5).

Conclusion 10. In its region, AgroBIG II has supported Ethiopia to improve the conditions for scaling up private finance and making investment inclusive. Strong primary cooperatives and farmers associations can play an important role in this (This conclusion is based on Finding 29 and is the basis for Recommendation 5).

Recommendation 5. In its support to scaling-up private finance and inclusive investments, Finnish support should prioritise the strengthening of the identified weak links in the process. (This recommendation is based on Conclusion 8, Conclusion 9 and Conclusion 10 and Context 14.)

EQ 6: Which implementation approaches are most appropriate - in terms of scale, modality, instrument, channel and/or implementing organisations in future?		
<p>Finding 33. Finnish support to the ARDF sector in Ethiopia has mainly applied a project-based approach, mainly through bilateral cooperation. However, based on their comparative advantages, some other aid modalities have been used as well, but no support was provided to regional level programmes, e.g. at the Horn of Africa level.</p> <p>Finding 34. Multilateral organisations and international CSOs in the ARDF sector basically apply a mix of aid angles.</p> <p>Finding 35. Across all implementation approaches, methodologies, scopes and strategies achievement of results has at best been mixed though seem to be promising and contributing to valuable experiences.</p> <p>Finding 36. Mapping of other relevant actors in the region during the design of the programme revealed interesting information to ensure coordination and collaboration.</p> <p>Finding 37. Four different Finnish aid modalities are contributing to common goals in rural development in the Amhara region from different but complementary angles.</p> <p>Finding 38. Coordination of programme components boost positive developments.</p>	<p>Conclusion 11. Finnish support to ARDF in the country through bilateral aid seems to be a reasonably appropriate modality, though the way of involvement of the private sector requires still some attention. Other aid modalities can work as well and the government capacity reasonable solid, including regional government. (This conclusion is based on Finding 33, Finding 34, Finding 35, Finding 37 and Finding 38 and is the basis for Recommendation 6).</p> <p>Conclusion 12. Mapping of actors in the project area allows insight on which implementation approaches are most relevant, this includes also types of aid modalities. (This conclusion is based on Finding 36 and is the basis for Recommendation 6).</p>	<p>Recommendation 6. MFA, in coordination with AgroBIG II, should start developing a sustainability strategy that will ensure the continuity of the investments in the long run in a sustainable and transparent way; the mapping of actors, including private sector actors and government agencies, in and beyond the project area would allow insights on the appropriateness of approaches and modalities. (This recommendation is based on Conclusion 11 and Conclusion 12.)</p>
EQ 7: What type of monitoring and evaluation system is most appropriate for outcome monitoring of Finnish projects in the context of wider support for achievement of SDGs?		
<p>Finding 39. AgroBIG's results-based M&E system can be considered a reasonably good example for outcome monitoring of Finnish ARDF projects in support of SDGs; however, some adjustments are required.</p> <p>Finding 40. SDG-based results frameworks could provide a good M&E system for monitoring the achievements of SDGs.</p>	<p>Conclusion 13. AgroBIG's results-based M&E system is relevant for outcome monitoring of Finnish projects supporting the achievement of SDGs, but it would require some adjustments to serve as a good practice. (This conclusion is based on Finding 39 and Finding 40 and is the basis for Recommendation 7).</p>	<p>Recommendation 7. The functionality and workability of the current M&E systems should be analysed and suggestions of improvement of the system for measuring and reporting to specific SDGs on a more frequent base, as well as other relevant functions should be provided. (This recommendation is based on Conclusion 13)</p>

EQ 8: How have the lessons learned from the donors/development partners and development organizations been taken into account or implemented at project level and what kind of approaches do the organizations have for future challenges in the sector?		
<p>Finding 41. The FFS concept adopted by AgroBIG II is the main promising lesson taken on board.</p> <p>Finding 42. Inter-sectoral coordination mechanisms at Addis level provide a good platform for the development community to share and learn from each other regarding good practices, challenges, etc., and such mechanisms are non-existent at regional level.</p> <p>Finding 43. Coordination between stakeholders relevant for ARDF at regional level is still in its infancy.</p>	<p>Conclusion 14. Finnish ARDF support has, to a fair extent, taken on board lessons from its own support, but rather disregarded lessons from elsewhere. (This conclusion is based on Finding 41, Finding 42 and Finding 43 and is the basis for Recommendation 8).</p>	<p>Recommendation 8.</p> <p>Stakeholders involved in ARDF support should develop a more efficient approach to benefit more than in the past from the numerous lessons that can be learnt from experience both in the country and at regional level. (This recommendation is based on Conclusion 14.)</p>
EQ 9: How can 'Finnish added value' in the ARDF sector be realised (e.g. through access to Finnish markets and expertise or to Finland's experience in creating a favourable business environment)?		
<p>Finding 44. The evaluation came across little evidence on realisation of Finnish added value, neither in the sample projects, nor in interviews. The projects have made extensive use of Finnish expertise. In principle, access to Finnish markets could be promoted through strengthening respective companies in the supported value chains, but none of the projects has come to that stage.</p> <p>Finding 45. Focus on Finnish added value may reduce the number of relevant choices for MFA in supporting ARD. As a relatively small donor, MFA is likely to achieve more and better results in joint operations with other development partners, instead of concentrating on its separate identity and visibility. This may be an adequate way to materialize Finnish added value.</p>	<p>Conclusion 15. Finnish added value materialised to some extent through the niche of working through the local government of Amhara. (This conclusion is based on Finding 44 and Finding 45 and is the basis for Recommendation 9).</p>	<p>Recommendation 9. Future projects and interventions should take opportunities for business partnerships into consideration more seriously, right from the planning process onwards. Similarly, opportunities for Finfund investments might be better explored, in particular with regard to complementing bilateral cooperation projects. (This recommendation is based on Conclusion 15.)</p>

1 Introduction

1.1 Purpose and scope of the report

This report is an intermediary output under the evaluation of programmes in the Agriculture, Rural Development and Forest (ARDF) sectors in Africa, for the Ministry for Foreign Affairs of Finland (MFA). The evaluation is based, primarily, on eight selected bilateral ARDF programmes, implemented in Kenya, Tanzania, Zambia, Mozambique and Ethiopia between 2009 and 2018. This report deals with the programme in Ethiopia.

The report is based on a desk review of relevant documentation (see references) and on a country visit between 3rd and 9th of February 2019. The mission schedule is presented in Annex I, while Annex II lists the persons met and interviewed. In addition, the report also takes other Finnish support to the sector into consideration, such as through multilateral initiatives and other aid modalities, as well as private sector investments or initiatives.

The report summarizes the main findings of the country review and mission in a concise form providing the relevant evidence that will feed into the overall evaluation, notably in the final report.

First, the report briefly describes the country context in which the evaluation takes place (Chapter 2 Context Analysis). It presents the relevant developments, issues and trends in the sector against which future Finnish support will be evaluated, in a forward-looking perspective.

The core part of the report is concerned with the main Evaluation Questions (Chapter 3 Findings), presenting key findings for each of the evaluation questions, with some concrete examples from the projects. An attempt is made to focus on a limited number of key findings per question (and the relevant evidence) that are relevant to the overall analysis. Chapter 4 presents the conclusions from the country analysis and chapter 5 provides tentative recommendations, both for the global analysis and country-specific, as relevant.

Overview of project sample

This report focuses on the Programme for Agro-Business Induced Growth in the Amhara National Regional State (Second Phase) – AgroBIG II.

In addition, the report also takes other Finnish support to the sector into consideration, such as the Improving the Food Security of Ethiopia: Assessment of Carbonate Resources for Acid Soil Amendment and Balanced Application of Lime and Fertilizer, shortly the LIME projects and further those through multilateral initiatives and other aid modalities, as well as private sector investments or initiatives.

1.2 Approach, methodology and limitations

The conceptual and methodological framework for the evaluation is outlined in the Terms of Reference of the assignment attached to the main evaluation report. A key element is the evaluation matrix, which provides further guidance on how to address the main evaluation questions. The evaluation matrix also makes explicit the assessment of the HRBA and cross-cutting objectives.

As a result of the evaluation's future-oriented focus, weight has been placed on careful and practical formulation of conclusions and recommendations. The conclusions are substantiated by findings, whether they are directly related to the Programmes, or stemming from assessments and perceptions of stakeholders.

The Ethiopia report is based on a desk review of relevant documentation, interviews with the MFA in Helsinki and a country mission carried out from Sunday 3rd February until Saturday 9th February 2019. The mission schedule is presented in Annex I, while Annex II lists the persons met and interviewed.

At the beginning of the field mission, the evaluation team held a briefing meeting at the Finnish Embassy as well as some interviews with key stakeholders in Addis Ababa. The rest of the mission was carried out in the Amhara Region, i.e. in the AgroBIG II project area. In total, almost 30 meetings with different stakeholders took place through group interviews, focus group discussions or individual interviews. At the end of the mission, the evaluation team convened a session with the AgroBIG II project team, which was followed up by a wrapping-up workshop with the AgroBIG II Supervisory Board (SVB). The objective of both exercises was to collect additional information on some pending questions, mostly related to project management issues on one side, and, on the other, to test our preliminary conclusions with the SVB and project team. For the SVB workshop, some statements on specific issues that needed to be verified or suggested as recommendations had been developed in order to stimulate a discussion among the group. A debriefing/wrap-up session by Skype took place with the Finish Embassy during which the evaluation team presented its initial findings, conclusions and recommendations. After the field work, the team strengthened the analysis with additional desk review and stakeholder interviews.

One limitation to the assessment of AgroBIG II was the lack of project reports covering the last six months of project implementation. The last approved project report provided to the evaluation team by AgroBIG PSU covered the period July-September 2018. Therefore, actual implementation progress was reported in one formally approved quarterly report only. However, the fact that the programme is ongoing allowed the evaluation team to meet a considerable number of relevant stakeholders, which compensated for the lack of documentary sources on the activities.

2 Context Analysis

Ethiopia is one of the poorest countries in the world, but it has set itself the target of becoming a lower middle-income country by 2025. The roadmap to reach this goal is set out in the five-year Growth and Transformation Plan II (GTP) 2015/2016-2019/20 (MFA, 2016a; National Planning Commission, 2016). It suggests significant investment in food security, energy, transport, and quality basic services. Agro-based industrialisation will be accelerated, and the role of the private sector expanded across all economic sectors. GTP II is also framed in the context of the country's ambitious plans for sustainable green growth, as expressed in its Climate-Resilient Green Economy Strategy (CRGE) and its Intended Nationally Determined Contribution (INDC) (Federal Democratic Republic of Ethiopia, 2011, 2015). (The CRGE strategy is initiated to build a green economy that will help realise Ethiopia's ambition of reaching middle-income status before 2025. The initiative follows a sectoral approach and has identified and prioritized more than 60 initiatives, which could help the country achieve its development goals while limiting 2030 GHG emissions to around today's 150 Mt CO₂e – around 250 Mt CO₂e less than estimated under a conventional development path.)

Context 1. Over the past decade, Ethiopia has pursued pro-poor policies within global development frameworks, with considerable achievements in economic growth, social development and environmental management.

The Agenda 2030 has been embedded in the GTP II and the 2017 Voluntary National Review confirmed progress towards the SDG goals although identifying a number of challenges (National Planning Commission, 2017). The year 2016 was marked with political unrest when the GoE declared a six-month state of emergency in the country. The appointment of Prime Minister Abiy Ahmed in April 2018 has set the country on a path of new transformation. On the other hand, Ethiopia is often considered to play an important role in the unstable region of the Horn of Africa. It currently hosts more than 900,000 registered refugees (UNHCR, 2019). The country also plays an important role in the Inter-Governmental Authority on Development (IGAD), by chairing this Horn of Africa regional initiative; it also hosts the African Union.

Over the last decade, Ethiopia has continued to register relatively high growth, with annual average real Gross Domestic Product (GDP) growth rate of 10.8% since 2004/05. The public sector-led development strategy, with its focus on heavy investment in infrastructure, has underpinned this strong economic growth (AfDB, 2016), but has been associated with increasing public debts (Public and publicly guaranteed external debts stocks increased from USD 2,829 million in 2008 to USD 21,801 million in 2016. The IMF in 2017 assessed the risk of Debt distress as high.). Future growth will depend on increased private investment and domestic resource mobilisation (SDG 8). While national development strategies used to be mainly based on agriculture, the GTP II seeks to redirect investment into higher productivity sectors like manufacturing.

Ethiopia's key development indicators are recapitulated in Table 1. While progress has taken place in several aspects, Ethiopia's ranks 173 out of 188 nations on the human development index (HDI) (UNDP, 2018), and the GDP/per capita of USD 873 (2017) was still far below the Sub-Saharan Africa (SSA) average of USD 1 577. The average annual growth between 2004 and 2017 was 10.6%, and the forecasts for 2018 and 2019 are 8.5% and 8.3%, respectively, which is about twice the SSA average. The country made impressive progress on poverty reduction (SDG 1). Poverty rates (based on the USD1.90/day in 2011 purchasing power parity terms) declined from 55.3 % in 2000 to 33.5% in 2011 and further to 26.7% in 2015. According to the 2015-2016 Household Consumption Expenditure Survey, the positive trends are stronger in urban areas, which mirrors the recent market developments (Central Statistical Agency, 2016). However, inequity is increasingly becoming an issue: between 2011 and 2015, the income of the bottom 40% has increased at a lower speed and the bottom 10% have become poorer. However, inequity is increasingly becoming an issue. Over the evaluation period, the total population has grown by 23%, Two thirds of the population are employed in agriculture.

Table 1. Key data on Ethiopia

	Unit	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population	million	85,4	87,7	90	92,4	94,9	97,4	99,9	102	105	108
Rural population	% of total	83,10	82,70	82,30	81,80	81,40	81,00	80,50	80,10	79,60	
Life expectancy	years	60,40	61,30	62,20	63,10	63,90	64,60	65,20	65,60	66,00	66,40
HDI	Index		0.412		0.430		0.451	0.457	0.457	0.463	
Prevalence of undernourished	% of population	33,70	32,10	30,70	29,00	26,90	24,70	22,80	21,40		
Aid per capita	USD	44,80	39,40	38,80	35,10	40,90	36,80	32,40	39,80		
Food production index		1228	138	139	147	150	158	169	162		
Forest area of land	%	12,40	12,30	12,30	12,40	12,40	12,50	12,50			
Arable land total	%	13,90	14,60	15,20	15,30	15,10	15,10	15,10			
Fertilize consumption	Kg/ha of arable land	17,70	21,80	20,80	30,60	18,70	26,20	18,50			
Food imports	% of merchandise	10,9	11,0	14,8	10,3	12,1	8,2	10,6	8,4		
Employment in agriculture	% of total	78,7	77,2	75,2	74,9	72,7	71,4	69,9	69,0	68,2	

Sources: World Bank, UNDP, SOFI 2018, gapminder.org.

Context 2. Some of the main causes of poverty in Ethiopia include poor agricultural conditions, military conflicts with neighbouring countries and high-priced goods in world markets (Gomez, 2017).

However, understanding poverty in the Ethiopian context also needs to consider its multidimensional characteristics which go beyond mere income and food provision. Such characteristics includes aspects of human capabilities, assets and activities necessary for sustainable livelihoods. A sustainable livelihood is one that can “cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, without undermining the natural resource base” (Carney, 1998). The most vulnerable segments of the Ethiopian population include: (1) the rural land-less, (2) small holders with a limited size of land, (3) drought victims as a result of shortage of rainfall, (4) female-headed households, (5) the urban unemployed in particular, and the urban poor in general and (6) street children.

According the Human Development Report 2018, the proportion of poor people (based on the national poverty line) decreased from 46% to 24%, from 48% to 26% and from 33% to 15% nationally, for rural areas and for urban areas, respectively, from 1995-2015. However, while poverty has decreased remarkably in general, the rate of decrease in recent years is slower in rural areas and stronger decreases have occurred in urban areas; the gap between rural and urban poverty is still large. Poverty decreased in all regions and the gap among them is also getting narrower (UNDP, 2018).

Ethiopia’s vulnerability to climate extremes is high due to its high dependency on agriculture. Over the past years, Ethiopia has been hit by a series of climate shocks; for example, the droughts caused by the 2015-2016. Effective joint responses by the Government of Ethiopia and the international partners averted a major humanitarian catastrophe (Reliefweb, 2016).

2.1 ARDF in the country

Context 3. Agriculture is the mainstay of the economy. Exports rely almost entirely on agricultural commodities such as coffee, seeds, pulses and livestock.

The GTP II provides a detailed description of the policy and strategy for rural development and agricultural transformation of the country over a period of five years (2015/16-2019/20). In line with this direction, the agricultural transformation and rural development include, among others, conservation and use of forest and wildlife resources, food security, water use and small-scale irrigation, monitoring events affecting agricultural development and early warning system, promoting agricultural development, and establishing and providing agriculture and rural technology training. Enabling the youth and women in rural areas to benefit from agricultural development is another strategic direction to be pursued during the GTP II period. While national development strategies used to be mainly based on agriculture, the GTP II seeks to redirect investment into higher productivity sectors like manufacturing (National Planning Commission, 2016). When it comes to the ARDF sector, production is still characterised by subsistence farming while the main agricultural and most rural populations are not linked to commercial value chains. At the same time, Ethiopia is well placed to produce competitively a number of crops such as oilseeds and cotton, and horticultural crops such as fruits and vegetables.

Context 4. One of the main challenges is the poor linkages within the value chains, for example, high percentage of waste in these perishable goods (AgroBIG II, 2018c).

In the highlands, crop production systems are predominant, and smallholder farmers are weakly integrated into markets, have limited access to finance and modern agricultural technology, and are vulnerable to drought, environmental degradation and other hazards. While the main livelihood systems in the lowlands include pastoralism, agro-pastoralism and ex-pastoralism.

In arid and semi-arid areas of the country, medium term and long-term livelihood improvement and alternative income generating activities are the complementary strategic direction in the current strategic plan (GTP II). The policy gives due consideration to put in place the mechanisms and systems necessary to implement the strategic directions, realize the objectives and achieve the targets set in the development plan of agriculture and rural transformation. (National Planning Commission, 2016).

According to Baye for centuries, the country had been affected very little by external factors like market, new inventions and techniques. And there was no specialization of production as farming has never been considered as a business enterprise. Little has been done to mechanize and commercialize and transform Ethiopian peasant agriculture. But more recently, in addition to the agricultural extension package, the government is trying to introduce an appropriate agricultural policy that would transform Ethiopian rural economy and thereby reduce rural poverty. (Baye, 2017)

Context 5. Over the last decade, Ethiopia's agriculture sector has grown at 7.6% per annum, mainly driven by expansion of the land under cultivation and agricultural intensification, with an estimated total factor productivity growth of 2.3% per annum.

The use of modern inputs has doubled, driven by high government spending in the agriculture sector, including agricultural extension, but also by an improved road network, higher rural education levels, and favourable international and local price incentives. Despite these achievements, the country is still a net importer of grains. Although it improves, agricultural productivity remains low due to land degradation, poor water management, limited use of technology, pre-and post-harvest losses (estimated at 10-15%), and an underdeveloped marketing system. (IFAD, 2016).

The agricultural extension system plays an important role to transform smallholder subsistence agriculture to commercial agricultural production system, which is realized through facilitating the adoption and utilization of improved agronomic practice and modern agricultural technologies. The extension system serves farmers throughout the country with the TA provided by approximately 21 development agents per 10,000 farmers.

Nevertheless, the total number and ratios of development agents per 10,000 farmers is higher in the areas which are believed to have high agricultural growth potential (National Planning Commission, 2016).

Context 6. The population growth leads to increased demand for agricultural land and fuel-wood, people vastly encroached into forest area, resulting in a high rate of deforestation and resulted climate change, loss of biodiversity and ecosystem services.

The main drivers behind Ethiopia's environmental degradation include the high population growth, high urbanisation rates as well as rapid economic growth, largely driven by agricultural production, infrastructure expansion and increasing energy demand. On the other hand, this environmental degradation remains a major problem in Ethiopia and a key challenge to food security, community livelihood and sustainable development. Countries like Ethiopia, where the lives of many rural communities are directly related to natural resources, natural resources mean everything. In Ethiopia, people heavily rely on traditional sources of energy such as fuel wood, charcoal, animal dung, and crop residues. Traditional sources of energy accounts for about 94% of total energy demand; while the share of modern sources (mainly Petroleum and electricity) is just 6% of the total demand. These biomass fuels are burnt using smoky and inefficient traditional stoves with very poor combustion in unventilated kitchens producing a high concentration of dangerous pollutants. This leads to the death of many people especially women, children and elderly are the most at risk (Tajebe, L., 2017).

Context 7. The CRGE, 2011, is probably the major fundamental initiative in environmental protection adapted recently. It is aligned to the GTP (CGIAR, 2018) and is designed with a vision of achieving a middle-income status by year 2025. It attempts to systematically combine attaining sustainable economic growth, with combating adverse impacts of climate change.

Accordingly, it set three complimentary objectives of; a) fostering economic development and growth, b) ensuring abatement and avoidance of future emissions, i.e., transition to a green economy and c) improving resilience to climate change. (Tajebe, L., 2017)

Context 8. Another important initiative towards future challenges and treats of environmental degradation, climate change and loss of biodiversity and ecosystem services is the Proclamation No. 1065/2018, the most recent law/legislation governing the forestry sector in Ethiopia.

The proclamation issues the recognition of the important role that the forest sector plays in addressing the adverse effects of climate change and sustainable forest development, conservation and utilization that play a crucial role to halt environmental, social and economic problems caused by the high level of forest degradation in the country. It also acknowledges a decisive role that forest development, conservation and utilization has in preventing soil erosion, desertification and loss of biodiversity, the crucial role that the forest sector has in balancing the demand and supply of forest products, sustaining agricultural productivity and thereby ensuring food security has been underlined in the proclamation.

Based on their environmental, social and economic significance, the proclamation has classified forests into productive, protected and exclusively protected forests, as well as in major sub-sectors, namely state forest, private forest, association forest and community forest developments including the clarification of their rights and obligations of these sectors engaged in forest development and utilization. The provisions give enormous support that would enhance the engagement of private sector in forest development, based on a series of conditions (Federal Negarit Gazeta, 2018).

Amhara, the area of the AgroBIG project, has one of the agro-ecological zones defined by the GoE, the Tana Beles growth corridor, which is situated in Amhara and Benishangul-Gumuz Regions. The catchment areas have been identified as one of the sites to develop large scale irrigation infrastructure to boost economic growth and reduce poverty by harnessing the so far underutilised water resources of the two rivers (Mccartney, Alemayehu, Shiferaw, & Awlacheu, 2010).

Context 9. The Amhara region has adopted a set of strategic priorities in the context of GTP II for the years 2015/2016-2019/20.

These include: (1) Increase production capacity and efficiency to reach the economy’s production possibility frontier through rapidly improving quality, productivity and competitiveness of productive sectors i.e. agriculture and manufacturing, (2) Enhance the transformation of private sectors to enable them to become a capable development force, and (3) Promote women and youth empowerment, ensure their effective participation in the development and democratization process and enable them equally benefit from the outcomes of development (AgroBIG II, 2018c).

2.2 The donor landscape in support of ARDF in the country

Ethiopia is one of the largest recipients of aid, receiving 4244 mUSD of ODA in 2016, of which 425 mUSD targeted the production sector (OECD, 2018). According to the Ministry of Foreign Affairs of Finland, Ethiopia is the country's second largest recipient of development assistance after Afghanistan (MFA, 2018). In 2016, ODA from Finland to Ethiopia represented 23 mUSD, with 10m USD committed to the production sector (OECD, 2019).

Table 2. Official development aid to Ethiopia (commitments)

	Unit	2009	2010	2011	2012	2013	2014	2015	2016	2017
ODA received total	mUSD	3 824	3 455	3 496	3 243	3 886	3 584	3 236	4 074	4 117
Finland ODA received	mUSD	33,05	46,88	39,22	9,56	37,78	16,94	19,31	23,59	23,91
Finland ODA from total	%	0.86%	1,36%	1,12%	0.29%	0.97%	0.47%	0.60%	0.58%	0.58%
ODA to AF total	mUSD	70,54	156,58	124,62	210,19	292,13	195,18	329,79	201,44	222,03
ODA to AF total	%	1,84	4,53	3,56	6,48	7,52	5,45	10,19	4,95	5,39
Finland ODA to AF	mUSD	0.25	12,79	0.22	0.25	0.66	0.51	0.91	10,46	
Finland ODA to AF from total	%	0.35%	8,17%	0.18%	0.12%	0.23%	0.26%	0.28%	5,19%	

Source: OECD <https://stats.oecd.org/Index.aspx?DataSetCode=DACSECTOR#>

Ethiopia has more than 30 Development Partners, including non-traditional donors like India, Turkey and China. The aid coordination framework consists of Sector, Technical and Thematic Working Groups, the Development Assistance Group (DAG) and the Effective Development Cooperation Task Force (EDCTF) (AfDB, 2015). Aid coordination challenges include different donors’ conditionality requirements and the growing presence of non-traditional donors in Ethiopia, such as China, Turkey and India (AfDB, 2015). Regarding ARDF specifically, a Rural Economic Development and Food Security Sector Working Group (REDFS SWG) was established in 2008 to support the development of the agriculture sector in Ethiopia. It is jointly led by the Government of Ethiopia, the Ethiopian Ministry of Agriculture & Livestock Resources, and supported by development partners active in the sector.

Ethiopia currently is in its second five-year development plan - Growth and Transformation Plan II 2015 – 2020. Agriculture and rural transformation remain a key pillar of GTP II. The major agriculture and rural transformation targets of GTP II are increasing crop and livestock production and productivity, promoting natural resource conservation and utilisation, ensuring food security and disaster prevention and preparedness (AfDB, 2015). In line with the GTP II, most donors have streamlined their interventions with Government’s priorities.

Context 10. Both multi- and bilateral organisations support the ARDF sector in Ethiopia, with more specific focus on the agriculture than the forest sector, as the latter continues to play a minor role. And donors have placed greater emphasis on production, trade, and private sector development in the agriculture sector.

The main donors for ARDF are:

AfDB has remained engaged in agriculture but become more selective after the recommendations of a joint evaluation undertaken in 2009 by the AfDB and the International Fund for Agriculture Development (IFAD). Until 2016, main projects in agriculture were on Drought Resilience and Sustainable Livelihoods. In the new country strategy (2016-2020), the AfDB moved more to infrastructure and economic governance as main pillars guiding the with (indirect) linkages to agriculture: i.e. infrastructure to support value chains, transport to link agricultural producers to markets and international, economic governance benefitting agro-industrial parks (AfDB, 2015). The Bank supports the Government's path of green growth by focusing on the agriculture, forestry, transport and renewable energy sectors. In addition to mainstreaming green and inclusive growth, the country strategy crosscuts gender equality (AfDB, 2015).

The **World Bank** is a strong supporter of Ethiopia's development, primarily through its International Development Assistance (IDA) (World Bank, 2017). Over the years, the World Bank has placed renewed emphasis on achieving improved agricultural productivity and commercialization and its country framework has been firmly anchored in the government's Growth and Transformation Plan (GTP I & II). Over the past years, the World Bank has looked to integrate the sustainable management of forests more fully into development decisions (World Bank, 2016) with the International Finance Corporation (IFC), for instance, considering forestry in the new country framework 2018-2022 (World Bank, 2018). Cross-cutting themes have been gender and climate change. The World Bank leads on the nation-wide multi-donor funded Agricultural Growth Programme (AGP II). The overall budget for 2016-2021 is 350 million USD, of which 90 million USD is allocated to Amhara region.

The **EU** has been supporting Ethiopia in the implementation of its development strategy, notably in the areas of food security and agriculture. The cycle of 2014-2020 focuses on sustainable agriculture and food security, mainly targeting vulnerable population groups. Under the previous cycle from 2009-2013, the EU's focus was on rural development and food security. In recent years, the EU has increased the focus in areas related to job creation, industrial and agro-industrial parks, export and trade promotion and private sector development (EC, n.d.; 2019).

The **UN**, in the latest Development Assistance Framework (UNDAF) 2016-2020, focused on a transformed robust and inclusive growth in agricultural production and productivity and Increased commercialisation of the agricultural sector, Implement and monitor priority climate change mitigation and adaptation actions and sustain-able resource management. (UN, n.d.)

- **FAO** has three priority areas in the latest country programming framework (2016-2020): 1) Crop production, productivity and commercialization 2) Livestock and fisheries production, productivity and commercialization 3) Sustainable natural resource management and livelihood resilience to threats and disaster (FAO, 2017). The latter priority area also includes forests. Over the years, FAO has put more focus on commercialization and value chains, new focus on fisheries, more focus on resilience and less on disaster risk reduction and safety net programs (FAO, 2011).
- The **IFAD** - the UN agency specialized in rural development – focuses its investments in Ethiopia on food insecure areas of the country, focussing on the poorest communities. They are intended to benefit particularly women and young people. The IFAD country programme has two main objectives: 1) improved resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; 2) expanded linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology. (IFAD, n.d). An evaluation of its country strategy and programme in 2015 recommended IFAD to narrow its focus on small-scale irrigation, rural finance and pastoral community development and to mainstream climate change and sustainable land, water and natural resource management (IOE, 2015).
- The **UNDP's** support for Ethiopia's agriculture development programme has focused on supporting key innovative interventions as well as help meet the needs of smallholder farmers. UNDP's support has focused on building the capacity of national institutions. For instance, UNDP has helped to set

up the Ethiopian Commodities Exchange (ECX) and the Agricultural Transformation Agency (ATA). The programme improves access to farm inputs, credit facilities, storage facilities, adoption of new technologies and marketing. UNDP has also been supporting the government to develop and mainstream gender into its climate smart agriculture strategy (UNDP, n.d).

- **USAID** – has been put more emphasis on “productive Ethiopia” (as opposed to the region of food insecure and pastoral Ethiopia) in its country strategy 2011-2019. Its aim is to “demonstrate the potential of market-based agricultural development to reduce poverty and promote sustainable livelihoods for chronically food insecure households” (p.23) and has three objectives for agriculture: 1) improve agricultural performance through value chain development, 2) increase livelihood transition opportunities in vulnerable areas, 3) improve private sector competitiveness which centres on establishing the required “enabling environment” to fully promote and sustain economic growth (USAID, 2011).

Other major bilateral donors include DFID (UK), Germany, the Netherlands, Canada. Finland’s support to ARDF.

2.3 Finland’s support of ARDF

2.3.1 Country strategies

Context 11. Finland’s development cooperation in Ethiopia during the evaluation period falls under two country strategies, Country Strategy (CS) for Development Cooperation in 2014 – 2017 (MFA 2014) and 2016–2019 (MFA 2017).

During the CS 2014-2017, Finnish support was diversified from water and sanitation and education, to include agricultural growth and rural economic development. From then on, Finland has concentrated on these three sectors. They are expected to be impact areas where Finland can make a difference through policy dialogue, financial contribution and expertise (MFA 2017). Water sector support had expanded into a comprehensive programme, including land management and related growth-related interventions.

Context 12. According to a recent evaluation of Finland’s 2008 – 2015 country strategy (MFA 2016c), programme is well focused and characterized by a long-term commitment in chosen sectors, and it has produced good results to ‘punch above its weight’.

The Evaluation considered the country strategy as coherent because of its clear geographical focus on limited number of regions, and good balance between project interventions and policy development. The evaluation recommended that Finland should continue working in the present sectors and persist with its existing projects.

Context 13. Both CSs strongly emphasize rights-based approach to development (HRBA), reduction of inequality by inclusion of persons with disabilities (PwDs) and including women, girls and vulnerable groups in the development process so that they also benefit of the results.

Reduction of inequality is to be strongly promoted; e.g. specific measures are to be taken so that landless people will also benefit as a result of the bilateral Agro-BIG programme that targets small-holder farmers in the Amhara region. Poverty reduction is an overarching goal of all the chosen country development results and Finland finances programmes which target poverty reduction at the grassroots level, including small holders (MFA 2017).

Context 14. In line with the 2016 DPP, more emphasis is placed on private sector development and economic cooperation in the 2016 – 2019 CS (Team Finland instruments, and private sector aid instruments Finnpartnership, BEAM and Finnfund).

All operations included in the CS 2016 – 2019 were expected to be based on results-based management, and policy dialogue in sector working groups was to be strengthened based on dedicated plans. Finnish participation in the policy dialogue and sector coordination is to ensure synergies between bilateral and multilateral interventions and expected to contribute to Ethiopian policies.

Context 15. Environmental sustainability and climate resilience have featured in both CSs.

Finland is expected to promote climate sustainability through preventing unsustainable use of natural resources as well as increasing environmental awareness. For instance, the watershed management project has decreased land degradation and desertification, and hence directly contributed to climate resilience of its beneficiaries (MFA 2014). Identified risks include the effects of population growth and the preparedness for environmental shocks.

Context 16. The CSs focus on Finnish bilateral cooperation, but in addition to bilateral cooperation, other aid modalities are used based on their comparative advantages.

These include humanitarian assistance, support for CSOs, institutional cooperation and private sector support instruments. Multilateral institutions, some of which also receive core funding, operate in the same impact areas as Finland, including the European Development Fund, the World Bank, the African Development Bank, UNICEF, IFAD, UNDP and UN Women. Linkages between bilateral cooperation are to be identified to strengthen synergies (MFA 2017).

2.3.2 ARDF in country strategies

Context 17. The objectives of both CSs are expected to contribute to Ethiopia’s country development goals, Growth and Transformation Plan I (GTP I) and GTP II, respectively. Finland’s support is to address the challenge of food security and extreme poverty, which stems from the dependence on rain-fed agriculture and weak value chains in the agricultural sector.

The approach is to support inclusive green economic growth by linking production to markets, which is in line with Finland’s development policy in the agricultural sector (MFA 2014). In addition, economic growth strategy is agriculture-based and the majority of Ethiopians earn their living from agriculture, but the sector is not fully taking advantage of its potential. Large proportion of Ethiopia’s total external assistance has continued to be humanitarian and food aid. This, combined with rapid population growth, is seen as a factor which increases unemployment, internal tensions and pressures on the use of natural resources, which were already vulnerable to exogenous environmental shocks, such as droughts, resulting in food insecurity in a largely rain-fed agricultural system.

More specifically, Finland’s overall objectives in the CS 2014 – 2017 are to contribute to: 1) Poverty reduction at small-holder farmer level through support to agriculture based economic growth; and 2) Improved rural land tenure security and sustainable management of natural resource in order to improve livelihoods and economic wellbeing of the rural population. The ARDF support falls under the CS development result 1 which is “Accelerated and sustained agricultural growth and rural development secured”. Objectives within this result areas are to “contribute to poverty reduction at small-holder farmer level through support to agriculture based economic growth” and “improved rural land tenure security and sustainable management of natural resource in order to improve livelihoods and economic wellbeing of the rural population”.

In the current CS 2016 – 2019, the support to ARDF is a continuation of the support provided during the earlier CS. It is more specified and falls under the impact area 1: By 2025 people in rural Ethiopia are empowered to enjoy sustainable growth and decent livelihoods.

Context 18. Two outcomes are expected: 1) *Agriculture provides a decent and sustainable livelihood to people in the rural Amhara Regional State. This is to be achieved through increasing agricultural productivity in selected crops, developing value chains; a stronger commercial orientation in the*

agricultural sector and that SMEs and decent jobs are created and sustained (outputs); and 2) *People in rural Ethiopia have land tenure security and are empowered to participatory land use management in order to reduce land degradation.*

Expected outputs are an equitable and transparent land administration system is established and rural land administration and land use planning capacity is increased in the Amhara and Benishangul-Gumuz regional states.

Context 19. Support is to respond to the challenge that in the Amhara regional state, small farm sizes have led to the impoverishment of farmers.

Poor farmers cannot afford to make the investments and they would need to earn more income from their farms. They need support not only to raise the productivity of their lands, but also to produce to achievable markets the right types of products at the right time. Support for farmers must therefore comprise the whole value chains of different agricultural products, addressing a number of gaps in the supported value chains (MFA 2017). In addition, long production chains, and the low level of technology and poor standard of business knowledge hamper the functioning of the market. The level of agricultural business development services and technical assistance in the public and private sectors is low in all the value chains. Services mainly rely on government service provision which is not geared towards value chain development. Investment in the introduction and development of new technologies is modest, and private and public financial institutions have limited financial tools to invest in new technologies.

The justification for support regarding land tenure is justified by the potential for it to be developed. The CS states that, although all land in Ethiopia is state-owned, farmers have significant user rights to their lands. Farmlands can be inherited or rented, and user rights bought from other farmers, and the statutory law makes no difference between men in women regarding land rights. Land can be registered jointly in the names of husband and wife, and female-headed households can have permanent user rights to land as well. The proper registration of farmlands in the names of the users can help to avoid conflicts over user rights. The CS further explains, that government's view is that insecurity over land tenure is one factor deterring smallholder investments in soil fertility. The lack of investment in soil and water conservation adversely affects soil productivity and so negatively impacts the livelihood of farmers. Population growth means that the sizes of inherited farmlands are getting smaller, which further adds to pressures to over intensive farming. Ethiopia's goal is to have all farmland registered under a so-called second level certification system. For the time being the number of parcels registered under this system is still modest, but GTP II has set the target of issuing second level certificates to more than 50% of the estimated total number of parcels in highland regions.

The CS 2016 – 2019 introduces in its logic model also assumptions linked to the first outcome related to farmers willingness to invest in farmlands; sufficient market potential within the value chain and approval of the value chains by the regional authorities; level of support for private sector development and empowerment maintained; and level of climate resilience and climate variability.

Support focuses on the Amhara Region, on the Tana and Beles Growth Corridor, situated in Amhara and Benishangul-Gumuz Regions which is in line with the geographical concentration of Finnish development cooperation. Funding plan for land administration together with agriculture and agri-business was 31% of Finland's development cooperation funding in Ethiopia in the CS 2016 - 2019.

2.3.3 Finland's involvement in ARDF in Ethiopia

Ethiopia is one of the long-term partner countries in Finland's development cooperation since the 1960s. Finland's Country Strategy in Ethiopia is aligned with the GTP II and addresses the population's needs for basic services and livelihood in selected impact areas (rural economic development, water sanitation and hygiene, and education) in particular (MFA, 2016a), which contributes to a strong commitment on the Ethiopian side.

Context 20. The main instruments used are the bilateral programmes/projects Agro-Business Induced Growth in the Amhara National Regional State (Agro-BIG) and Responsible and Innovative Land Administration in Ethiopia (REILA).

Currently, Finland's ARDF support in Ethiopia fall under the first of three impact areas - sustainable rural growth and decent livelihoods. In addition to AgroBIG II which has already been introduced in section 1.1, the support includes the Responsible and Innovative Land Management Project (REILA; 2017–2021). Finland's total support to the intervention since phase I amounts to 22,5 mEUR, and support for phase II only amounts to EUR 7.1 million (MFA, 2017).

Both of them focus on the Amhara region; while AgroBIG II has an exclusive focus on the Amhara region, the REILA II programme covers also Benishangul Gumuz region, and provides TA support to the national level.

The LIME project, which supported research and capacity building of a research institute in Oromia region, also had a national scope; it provided support for the implementation of the GTP II and linked-up the agriculture and mineral sectors, supporting geological resource sector development by promoting the production of farm lime to the private sector.

Context 21. In the ARDF sectors Finland is to take active part in the coordination meetings of the DAG Sustainable Land Management Committee, and especially emphasize the gender aspect and the need for transparency and extensive information sharing with beneficiaries.

Gender, transparency and information sharing are important aspects for sustainable land management. The participation in this committee could be a strategic step for ensuring the attention to these aspects.

2.3.4 ARDF support projects included in the evaluation

The first phase of the Programme for Agro-Business Induced Growth in the Amhara National Regional State – AgroBIG, was implemented from 2013 through to June 2017 and AgroBIG II continued implementation the same year. The total budget of AgroBIG Phase II is EUR 10.34 million of which the MFA finances EUR 9.4 million. The GoE contributes 10% or EUR 0.94 million, which consists of both cash and in-kind contributions. The programme's expected Impact is that *“Agricultural provides decent and sustainable livelihood to people in rural Amhara regional state”* (AgroBIG II, 2018c).

The Programme Document describes the Theory of Change (ToC) of how the intervention would reach its Impact, as follows: *“Food production in high potential agricultural areas enables diversified production abounding both in quantity and quality. This creates possibilities to add value at all stages of agricultural value chains and strengthen food security. Targeted support in stages where the value adding potential is biggest will enhance the profitability and viability of respective actors. This will help the production to meet the market and increase the income levels of value chain actors. It will strengthen the availability, accessibility, and affordability of food to the consumers. Economically viable and profitable enterprises in value chains will be able to create job opportunities. By supporting and setting targets for vulnerable women and youth, both men and women, these groups can seize job opportunities and through them, improve their livelihoods and status in a sustainable manner. Their food security will be improved”*.

At the Outcome-level, AgroBIG II is expected to *“add value at various levels of selected agricultural value chains to increase incomes and create jobs for farming households and other VC actors, with a particular emphasis on women and youth”*. Two main Outputs support the achievement of the Outcome: Output 1: *“Value chain actors' access to finance and financial services is improved and sustainability of their enterprises and business initiatives is strengthened”*, and Output 2: *“Capacities of value chain actors are strengthened to improve their capability to seize market opportunities in a profitable and sustainable way”*

Additionally, from 2014 until 2018, Finland supported the two phases of the Improving the Food Security of Ethiopia: Assessment of Carbonate Resources for Acid Soil Amendment and Balanced Application of Lime and Fertilizer in Oromia Region project, shortly the LIME projects.

3 Findings

3.1 Finnish co-operation efforts in ARDF and their broader contributions

EQ1: How can Finnish co-operation efforts best contribute to the achievement of the SDGs – as well as other relevant international agreements – through ARDF sectors making optimal use of its comparative advantages?

Part 1: Finland’s comparative advantage

Finding 1. The objectives of the three ARDF projects that Finland has been supporting in Ethiopia in the framework of subsequent country programmes do well relate to and fit into the relevant SDGs

Based on project documentation (AgroBIG 2017), AgroBIG contributes to the attainment of the SDG 1 (*no poverty*), SDG 2 (*zero hunger*), SDG 5 (*gender equality*), SDG 8 (*decent work and economic growth*), and SDG 12 (*responsible consumption and production*). The readiness to pilot renewable energy solutions with solar panels for operating water pumps in irrigated fields, observed during the field mission, can be interpreted as AgroBIG II’s commitment to contribute to more SDGs, such as SDG 7 (*affordable and clean energy*).

REILA, through its continued activities intends to support the achievement of the following SDGs/ targets: SDG 1 (*no poverty*), SDG 2 (*no hunger*), through SDG targets 1.4 and 2.3; SDG 5 (*gender equality*), through targets 5.1 and 5.5; SDG 13 (*climate action*), through SDG target 13.3; and SDG 15 (*life on land*), through SDG targets 15.1, 15.2, 15.3, 15.4 and 15.5).

The LIME project focused on research on the use of lime as fertilizers and conditioner in order to improve crop yields of acidic soil in Ethiopia. The project’s objective was to increase productivity of agricultural land, through increasing knowledge of balanced usage of fertilizers, which increases food security - SDG 2, and the improvement of the land contribute to achievement of SDG 15.

Table 3. SDG Targets included in MFA’s Policy Priority Area 4 TOC and linked with the three ARDF projects

MFA Policy Priority Area 4 Food Security and Access to Water and Energy Have Improved, and Natural Resources Are Used Sustainably		Target	Addressed by ARDF projects
OUTCOME 1 Food and Nutrition Security People have improved possibilities to produce and access safe, nutritious, and adequate food (SDG2, T1)		2.1	AgroBIG II / REILA II / LIME
OUTPUTS	1. Sustainable and climate-smart agricultural production increased among smallholder farmers, with special attention paid to women (SDG2, T4)	2.4	AgroBIG II
	2. Smallholder farmers and local communities have secure access to land (SDG1, T4; SDG2, T3)	1.4	AgroBIG II / REILA II
		2.3	AgroBIG II / REILA II
3. Increased jobs opportunities and participation in fair and functional value chains by smallholder farmers and SMEs	Targets to consider (*): 2.3,	AgroBIG II / REILA II	

MFA Policy Priority Area 4 Food Security and Access to Water and Energy Have Improved, and Natural Resources Are Used Sustainably		Target	Addressed by ARDF projects
		4.4, 8.3, 8.5 <i>* Note that MFA has not defined a corresponding SDG Target for some of the Outputs in its Policy Priority Area 4 ToC. For those, the evaluation proposes a Target to be considered.</i>	AgroBIG II
	4. Improved food quality, safety and local food systems	Targets to consider: 2.1, 2.4	AgroBIG II
OUTCOME 4 Forests and Natural Resources People benefit increasingly from sustainable management and use of renewable natural resources and ecosystems, such as forests and water bodies		Targets to consider: 15.1-15.5 15.7-15.9	REILA II ---
OUTPUTS	1. Forests, watersheds and biodiversity increasingly under conservation and/or participatory, sustainable, and integrated management (SDG15, T1)	15.1	REILA II
	2. Improved value chains and access to markets by small-holder producers and SMEs	Targets to consider: 2.3, 9.3	AgroBIG II
	3. Improved forest and land resource data that is accessible to all stakeholders	Targets to consider: (15.9), 17.18	---
	4. More secure land tenure, promoting rights of indigenous peoples and local communities (SDG1, T4; SDG2, T3)	1.4	AgroBIG II / REILA II
2.3		AgroBIG II / REILA II	

Source: Project documentation and MFA Policy Priority Area 4 Theory of Change (MFA, 2017).

The three SDG that emerge as the most frequent ones between the three ARDF projects is SDG 2 – *no poverty*, while the following SDGS appear only in one of the three projects, namely SDGs 7 – *affordable and clean energy*; SDG 8 – *decent work and economic growth*; and SDG 12 – *responsible consumption and production*; and SDG 13 – *climate action*.

Finding 2. The objectives of the three ARDF projects that Finland has been supporting in Ethiopia in the framework of subsequent country programmes do well reflect the potential comparative advantage Finland could provide in the sector.

Finland’s country strategy in Ethiopia (2016-2019; but extended to 2020) is consistent with the priority areas of the Finnish Development Cooperation Policy; Finland provides support for rural economic development contributing to the creation of jobs, livelihood opportunities and well-being, including food security and the sustainable use of natural resources (see Context 11).

The current development cooperation in Ethiopia is divided into three impact areas of which the first one focuses on sustainable rural growth and decent livelihoods, the second on clean water and health, and the third one on education. In the education sector, the main programme, the General Education Quality Improvement programme (GEQIP), contributes to improved learning across Ethiopia. GEQIP is a sizable

sector programme hosted by the World Bank and financed by a group of development partners. While Finland's contribution is approximately EUR 20 million, the overall budget of GEQIP is USD 550 million (MFA, 2016a). In the big picture, Finland has been able to influence the education sector in Ethiopia more than the ARDF sector given its participation in a national-level intervention, according to MFA sources.

Finding 3. Finland's comparative advantage in ARDF has been best in land administration.

Finland's contribution to Amhara's regional development is well-known; positive results have been achieved by REILA II as well as AgroBIG I, as confirmed by both MFA sources and a number of other stakeholders in Amhara. Overall, Finland's influence on the land administration sector - through the REILA II programme - has been remarkable. REILA II helped create national information system and second level land registration system, for example, which are both currently in use at national level. This programme is managed by the Rural Development Advisor from KEO 20 and at Addis Ababa Embassy by the Advisor of National Resources.

At the same time, AgroBIG II has been the only bilateral agriculture programme of Finland in the country. The intervention might have local importance, but it is evident that Finland cannot be considered a lead donor in the agriculture sector in Ethiopia if judged based on its bilateral project portfolio. At the time of the field mission, the Embassy did not predicted upscaling its involvement in the policy dialogue and coordination in the agricultural sector considerably. Nevertheless, limiting activities to Amhara does not automatically constitute a challenge for Finland's leverage in Ethiopia, as focused activities and synergies with interventions in the same area have shown interesting opportunities to producing tangible benefits through a regional approach.

Finding 4. Lessons learned from financial mechanisms seem to provide a potential niche for Finland's cooperation efforts.

MFA has engaged in discussions on whether AgroBIG II could include some specific added value to the agriculture community or the donor group in general, which could constitute a niche for Finland's support. For now, there is no clarity on such ideas, but the MTR of May 2019 was expected to have a deeper look into this question. The Embassy considers the lessons learnt from the financing mechanisms (five different finance windows, three grant and two loan windows) used in AgroBIG as relevant for future support. Similarly, when looking at the opportunities for AgroBIG in the longer term, the MFA is exploring various options, and mapping out other related programmes and aid modalities for potential synergies.

Finding 5. Ensuring complementarity of programmes in Amhara has provided a good opportunity to address the nexus approach in sustainable development and to reinforce Finland's contribution to the SDGs.

The current set-up, whereby two bilateral programmes (AgroBIG II and REILA II) operate in the same area, provides an interesting opportunity to learn lessons in terms of addressing nexuses in sustainable development. Globally, the nexus approach has been applied most frequently to understand the interdependencies between food, water and energy (Liu et al., 2018). In this case, REILA, on the one hand, ensures that farmers obtain access to secure land tenure, while AgroBIG II's financing mechanisms (which also target women) require collateral for a loan, such as a land certificate. Using the certificate, farmers (both men and women) can scale up their agricultural production which contributes to reduced poverty (SDG1) and food security (SDG2). Land rights are addressed under several SDGs of which the main ones are SDG1 (No poverty; SDG Indicator 1.4.2 Proportion of total adult population with secure tenure rights to land, with legally recognized documentation and who perceive their rights to land as secure, by sex and by type of tenure) and SDG5 (Gender Equality; SDG Indicator 5.a.1 (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure). Therefore, one could argue that the REILA-AgroBIG II collaboration potentially achieves results at least in three SDGs (1, 2 and 5) at the same time. Additional links also exist with at least SDG 8 (Decent work and economic growth). In this sense, focusing efforts on a

specific geographical area can constitute a comparative advantage from synergies between interventions. (see also Context 9)

The current Country Strategy will be extended to cover also 2020, and the formulation of a new strategy will start in the second half of 2019. Preparations have started with a political-economic analysis and self-evaluation. These analyses do not focus on the agricultural sector only, but on the entire political-economic environment in the areas that are of interest to Finland; they will be finalised before the end of 2019.

Part 2: International agreements

Finding 6. Some scope exists for Finland's cooperation efforts to contribute to achieving SDGs related to ARDF, not least through cooperation in the framework of climate funding programmes.

When it comes to other international agreements related to ARDF sector in Ethiopia, the most relevant ones are those related to a) climate change, b) biodiversity, c) wetlands, d) protection of endangered and migratory species, as well as e) pollutants. Ethiopia has ratified (or signed) the following treaties (InforMEA, 2019):

- A. Climate change: United Nations Framework Convention on Climate Change – UNFCCC (1994), and its related issues of the Kyoto Protocol (2005) and the Paris Agreement (2017);
- B. Biodiversity: Convention on Biological Diversity – CBD (1994), covering the Cartagena Protocol on Biosafety (2003), and the Nagoya Protocol Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (2012);
- C. Wetlands: Ethiopia did not sign the Ramsar Convention on Wetlands of International Importance;
- D. Protection of endangered and migratory species: Convention on International Trade in Endangered Species of Wild Fauna and Flora – CITES (1989), including the Convention on Migratory Species (2010). However, it seems Ethiopia only signed the Lusaka Agreement in support of the CITES (1995);
- E. Pollutants, Rotterdam Convention on the international trade of certain hazardous chemicals (2003).

Regarding ideas or actions related to the Paris Agreement, the Embassy indicated that they are exploring the climate funding programmes that could possibly be supported; however, at the time of the field mission, this research, being part of the Embassy's self-evaluation, was not yet at a very advance stage. At the time of the evaluation's field mission, there was no cooperation or intentions to extend collaboration with other multilateral organisations or entities, such as the Green Climate Fund (GCF), the Food and Agriculture Organisation (FAO), or the African Union (AU). In relation to this a GCF-finances project is being implemented in Ethiopia, the '*Responding to the Increasing Risk of Drought: Building Gender-responsive Resilience of the Most Vulnerable Communities*', with a nation-wide coverage but the East part of the country being the priority area (Green Climate Fund, 2019).

3.2 The role of a value chain approach to increase finance and investment in sustainable forestry and agriculture

EQ2: Under what conditions can a value chain approach increase finance and investment in sustainable forestry and agriculture- while benefiting final beneficiaries in a sustainable way?

Performance of the VC approach

Finding 7. Initial results from VCs are promising and valuable experiences could be gained.

AgroBIG II is still in a rather early stage of implementation; after the inception phases ended in February 2018, it took time before actual implementation of activities started. Contract farming, the Farmer Field Schools (FFS) and the poultry VC activities started in the second half of 2018. This is a relatively short time

for value chain development, and therefore it is only sensible for the evaluation to look at the four VCs AgroBIG I already worked on, namely onion, potato, maize and rice. The field mission was too short to carry out in-depth analysis of these VC commodities, whether the VC approach has worked for all four commodities, and why it did or did not.

Based on discussions with several key stakeholders, including implementing partners, however, it seems that initial results from these VCs are promising and there are valuable experiences. AgroBIG II has been developed based on these lessons learned from AgroBIG I. It would be useful if the MTR of May 2019 could do a mapping of these VCs and identify eventual bottlenecks, or points for improvements. Although perhaps too early, the same exercise could possibly be done for the new VCs.

Main conditions required for value chain development in Amhara

Finding 8. While some steps have already been taken to enhance value chains, not all conditions are yet in place to increase finance and investment for agribusiness.

The main conditions that need to be in place to develop pro-poor agribusiness in Amhara region include skills and capacities of farmers and extension workers on good agronomic practices, as well as the ability of primary cooperatives and cooperative unions to provide services to their members. Farmers also need access to inputs (improved seeds, seed multiplication capacity, and appropriate agrochemicals), finance, and adequate facilities for post-harvest handling, primary processing and storing of agricultural products (see Context 4). Availability of proper farming land with adequate soil fertility and forest cover in the landscape also play an essential role. Market availability and access including formal linkages between farmers and other value chain actors as well as transport facilities are among other critical factors in VC development. Finally, given the vital role of women in agriculture in Ethiopia, they need to be empowered to have the ability to influence decision-making at household, community and cooperative level (AgroBIG II, 2018c).

Some necessary conditions required for the stimulation of agribusiness are already in place in Amhara. Agriculture is the dominant sector in the economy of the region (53% of the gross domestic product), and the climatic conditions are relatively favourable for developing the industry. The presence of important inland water bodies such as the Lake Tana has allowed the region to build several irrigation schemes to allow for rotation of crops throughout the year and to mitigate the risk of adverse climatic events such as droughts. The 7,000ha Koga Irrigation scheme is one of the government investments in AgroBIG project area. Given these enabling factors, Amhara is a food surplus area on the scale of Ethiopia (AgroBIG II, 2018c).

Finding 9. Improvement of infrastructure is an additional condition required to develop or strengthen agribusiness and VC development.

Phase I of AgroBIG supported the construction of infrastructure such as storage facilities, warehouses and market places, while this type of activities is in much smaller scale in Phase II. The purpose was to create necessary conditions for strengthening local agricultural value chains. It seems that some of these buildings have not yet been utilised for their intended purposes, due to the lack of or limited facilities; e.g. according to Programme staff, a market hall built by AgroBIG I has been abandoned and is in the process of degradation. Programme staff and cooperative members speculated that one of the main reasons for the abandonment of the hall is that the terminal market should have been owned either by a cooperative, farmers group or another relevant actor within the VC, but not by a government office (Bureau of Trade, Industry and Market Development) as has been the case. The case of the agro-industrial park in Amhara is similar, i.e. it has no water, no electricity and it is without equal and good quality facilities.

AgroBIG value chains

Finding 10. The selection of suitable commodities for VC development has been based on experience and studies that reflected an appropriate set of criteria, also with the idea of attracting and increasing the involvement of women and youth.

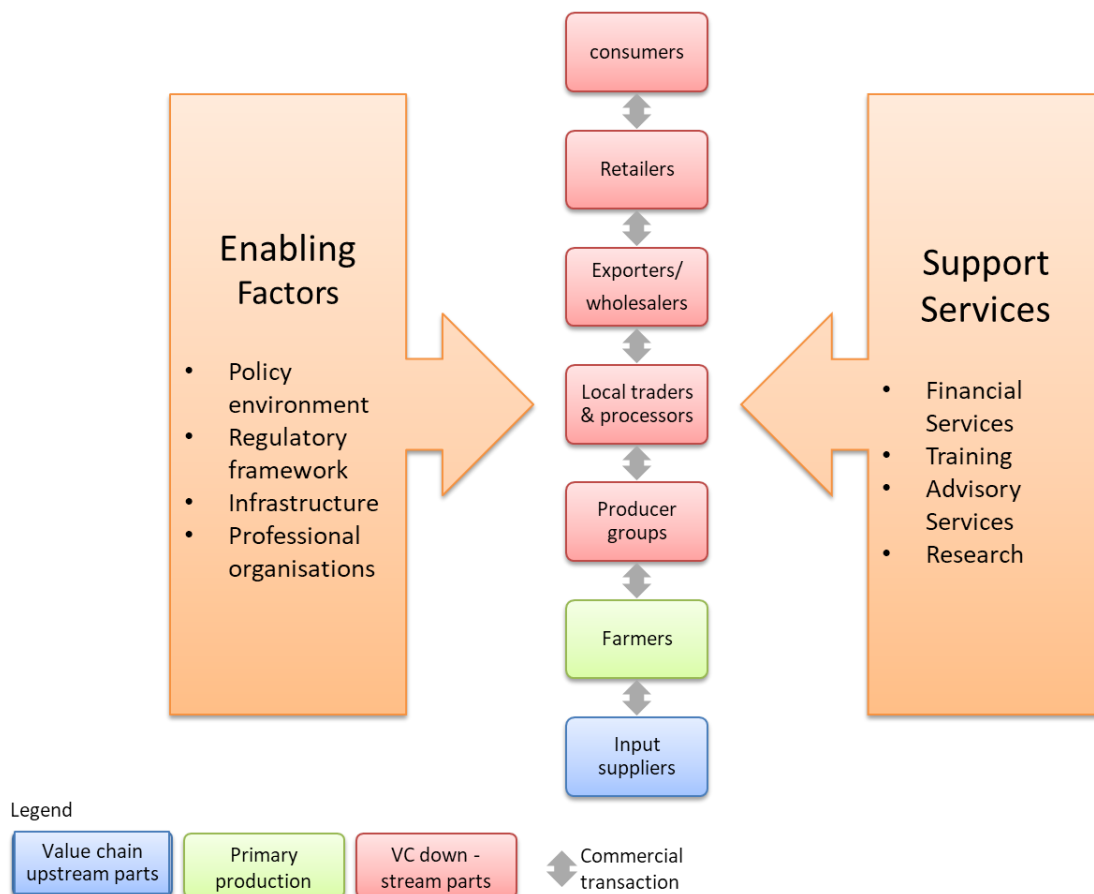
AgroBIG I worked with four value chains (VCs). The commodities onion and potato were selected to pilot the development of the VC approach given their potential to be scaled up by improving irrigation practices and by linking the activity with other initiatives for agricultural development in the area. The other two, maize and rice, were selected based on unmet market potential, environmental considerations, the inclusion of socially disadvantaged groups, linkages with irrigation development, and complementarities with other on-going activities in the programme area (AgroBIG, 2017).

AgroBIG II continued with these four VCs, and four more were added based on respective studies, namely tomato, dairy milk, sheep and goat fattening and production of eggs and poultry meat. Some of these have been selected to attract and increase the involvement of women and youth in the project given the low number of female beneficiaries in AgroBIG I (e.g. women's participation at 12-19% in events targeted for public entities and 10-13% in private sector events) (AgroBIG, 2017). The potential for creating jobs and enhance social inclusion, the attractiveness of the area for service providers and commodity buyers, as well as farmer readiness for (semi)-commercialisation were other criteria for the selection of priority VCs in Phase II (AgroBIG II, 2018c).

Finding 11. Assessing every chain in the VC is important to understand strengths and challenges of each actor.

The AgroBIG II Programme Document illustrates a schema of a generic value chain that emphasises the terms 'downstream' and 'upstream' as key components the concept (AgroBIG II, 2018c) (see Figure 1). AgroBIG II support is based on an analysis of the constraints and opportunities that the different actors face along the VC. Besides, the project is tailored to the policy and economic environment of Ethiopia in the framework of the GTP II. One of the strategic pillars of the GTP II is to increase production capacity and efficiency by improving quality productivity and competitiveness of productive sectors, agriculture and manufacturing. AgroBIG II contributes directly to this national and regional priority, in which a VC approach for selected clusters is developed to provide increased income for farmers, cooperatives, processors, traders and private service providers (National Planning Commission, 2016).

Figure 1. Schema of a generic value chain used in AgroBIG II



Source: (AgroBIG II, 2018c)

Financial services to support value chains

Finding 12. Enhancing access to financial services has been an important element to develop or strengthen agribusiness and VC development. The Women and Youth Fund (WYLF) appears to be a good example of a useful instrument for engaging women and youth

Under Output 1, which deals with access to finance and financial services, AgroBIG II currently has established three grant funds and two loan funds, with the objective to strengthen the financial solidity and solvency of cooperatives as well as enterprises of women and youth groups by providing an opportunity for cooperatives as well as women and youth groups to address working capital needs of their businesses (AgroBIG II, 2018c). Annex 3 provides an overview of the financial services offered by AgroBIG II and their current status. Interviews with several beneficiaries confirmed the importance of the finance services for them and their agribusiness, especial for women and youth (see next finding). However, there is uncertainty about the benefit of having different types of funding, loans and grants, as this is bringing some tension and the problem needs to be resolved. The MTR will hopefully bring more guidance in this.

However, several stakeholders, including programme staff and local government emphasises the usefulness of one of the funds established by AgroBIG II, the Women and Youth Loan Fund (WYLF) for engaging women and youth, and ensuring that both more disadvantaged groups obtain preferential access to financial services. The requirement is that 80% of the loan capital is allocated to women applicants, and the remaining 20% for youth groups. All applicants need to be members of Savings and Credit Cooperatives (SACCOs) located in the districts where AgroBIG operates at the time of releasing the loan. Evidence (Annex 3) shows that an affirmative action rule was applied by awarding more loans from the WYLF to women.

Finding 13. Due care needs to be taken to clearly distinguish requirements for grants and loans to avoid potential conflicts and tensions between grant and loan receivers.

During the field mission, the evaluation team discovered that all grant application processes had been put on hold in February 2019. The decision had been based on a request of the regional government to discontinue the grant modality in its present form and to shift the priority almost exclusively to loan-based support modalities. The programme would still consider the allocation of grants in some specific cases, but only when the applicant can propose an extraordinary innovation or another exceptional justification for support.

According to the SVB, the recent discussion on the suspension of the grant modality stems from a concern that providing grants to one applicant for a similar activity for which another applicant has requested a loan might further exacerbate unequal situations among farmers. It is noticed from discussions with stakeholders that especially in a conflict sensitive area as the Amhara region, the conflicts among beneficiaries from different ethnic groups can sometimes intensify the situation. Accusations had been made on corruption at woreda and kebele level around the fact that grants and loans have to be taken seriously. The performance audit of March 2019 will have a primer review on this and the MTR of May 2019 will include an external analysis on the pros and cons of a grant vs loan modality and to possibly revise the budget allocation across the different financing windows.

Finding 14. The financial services offered have brought about additional positive effects.

Both project documents and interviews among the beneficiaries during the field visits clearly indicate that prioritising women as loan recipients has encouraged rural women to join SACCOs. Another positive step is that many of the SACCOs that have received AgroBIG funds have hired permanent staff to manage the savings and credit operations. The COSACUs equally used the loan fund to attract more SACCOs as members of the unions, making COSACUs' capacity stronger to extend their services for more members.

Other support to value chain actors

Finding 15. Capacity building has provided opportunities to develop or strengthen agribusiness and VC development, by improving the capabilities to seize market opportunities.

Under Output 2, the focus is on strengthening capacities of VC actors, including cooperatives and unions, to improve their capability to seize market opportunities. The activities for reaching the expected results are, according to interviews with programme staff:

- Facilitating business and market linkages and promoting public-private dialogue.
- Improving business and farm management skills for VC actors and service providers, including for example a Memorandum of Understanding (MoU) with the Netherlands Development Organisation (SNV) for coordination on the FFS approach.
- Formation, training and mentoring of women and youth groups, including landless youth and People with Disabilities (PWDs), in agriculture-related income-generating opportunities, and enhancing women's entrepreneurship skills through training.
- Providing technical support to cooperatives to improve member services, bargaining power and business management, such as enhancing capacities of marketing cooperative unions or the construction of a horticulture retail market shed.

Many beneficiaries, smallholder farmers, women and youth as well as the cooperatives experience positive results of the training sessions they received and they indicate that they are able now to run a business, and earn a living out of this, which otherwise would not had been possible (women and youth beneficiaries during an interview). The same applies to the cooperatives which has been affirmed by beneficiaries who are all members of the cooperatives, a condition for receiving a loan or grant.

Moreover, according to Programme staff, AgroBIG II is delivering market information to the producers and cooperatives on a daily basis, while, during Phase I, this only happened once a week. This change has been perceived as a positive development in the project.

Role of UN organisations in value chain development

Finding 16. The experiences and lessons gained by different UN organisations working on various topics in VC development, such as capacity building of farmers and facilitation of market access (FAO), financing and saving systems (IFAD), industrial development (UNIDO), and climate change mitigation and adaptation (UNDP) could provide interesting learning opportunities for AgroBIG.

Relevant multilateral organisations on VC development in Ethiopia include the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agriculture Development (IFAD), the United Nations Industrial Development Organization (UNIDO), and United Nations Development Program (UNDP) (see Context 10). Given that UN organisations are supposed to work as one, each organisation has adopted a different priority area in the overall approach to stimulate VC development in Ethiopia. FAO focuses on increasing the production capacity of farmers, for example by working with the communities to improve the shelf life of agricultural products. They also facilitate market access for certain selected commodities such as honey and cactus-based products. IFAD is working with saving systems, e.g. (CO)SACCOs, which they identify as good practices. Furthermore, they also work with local banks in order to de-risk their work.

Additionally, IFAD initiated an innovative impact fund, the ABC (Agri-Business Capital) Fund, bringing together the private sector and the little middlemen. The Fund also provides support in the development of the business plan and how to build credit and sustainability. Linking up with IFAD could provide potential synergies for AgroBIG II.

UNIDO's role is to strengthen industrial development, while UNDP deals with climate change mitigation and adaptation in the context of agriculture. However, the links between UNIDO and UNDP on one side and the Finnish Embassy at the other side, are not yet well defined and more opportunities exist with other UN organisations to support value chain development in Ethiopia, such as the agriculture research institutes, e.g. the International Centre of Insect Physiology and Ecology (ICIPE), and the International Council for Research in Agroforestry (ICRAF). Furthermore, the Embassy addressed contacts for cooperation with a local research institute of the Bahir Dar University (based on discussions with various stakeholders), which could become a partner for the AgroBIG programme in the future.

ICIPE did some work in the Amhara region, among others, on stemborer and striga infestation since 2013, and its current plans include the introduction of Integrated Pest Management (IPM) for chickpea and maize pest in Ethiopia. ICRAF's projects in Ethiopia could be of great interest for synergies with AgroBIG, such as the 'Provision of Adequate Tree Seed Portfolio in Ethiopia (PATSP0) project, which will support efforts for afforestation and reforestation to enhance the productivity and resilience of forest landscape restoration in Ethiopia.

3.3 Integrating cross-cutting objectives and HRBA

EQ3: How can cross-cutting objectives and HRBA be successfully integrated and implemented, in such a way that they support achievement of the Finnish development cooperation objectives and objectives of the projects?

Finding 17. The cross-cutting objectives of the Finnish Development Policy have guided the development of the project interventions; however, further clear guidance, e.g. guidelines, is still somehow missing.

Cross-cutting objectives and HRBA found their way into the various Finnish Development Policies since 2007, and into the current Theory of Change for Development Policy Priority 4 - although no systematic reference to HRBA is made. Guidance on how to integrate these themes and objectives has only partly been developed and is hardly accessible to those charged with applying these concepts in cooperation projects. The evaluation found that this is, to some extent, compensated by the relevant knowledge and experience of project staff in implementation.

The chapter of the programme document dedicated to cross-cutting objectives (CCOs) (3.2.1.4) is in line with MFA's DPP 2016-2019; the CCOs are defined as gender equality, reduction of inequalities and climate sustainability. In addition, the document states that the programme is a human-rights sensitive intervention by addressing the issue of right to food and decent work (see Context 11).

Gender equality

Finding 18. Given the inclusion of a gender perspective in most activities and the inclusion of specific activities to attract women and youth, there is evidence that AgroBIG II is making efforts to mainstream gender, rather than treating gender equality as a separate objective. (see also Context 20)

Positive factors that contribute to this finding include:

- Prioritisation of women, landless women, and young women and men as a beneficiary group given the fact that opportunities for women and young people are among the criteria of selection of supported value chains (AgroBIG II, 2018c).
- Availability of a specific financing window (Women and Youth Loan Fund, WYLF, see Finding 12) where women are given priority and the conditions are defined so that women have a realistic chance of being awarded a loan. Interviews with programme staff and beneficiaries of WYLF showed that women have benefitted from the Fund and that there have been no issues in recovering the loans to the revolving fund. Discussions with beneficiaries further revealed that the WYLF is rated as very positive because it offers them better life opportunities and contributes to the economic empowerment of women (AgroBIG II, 2018c). The AgroBIG I's MTR suggested already to consider, to the extent possible, extra incentives (e.g. specific funds) targeting women; for strengthening the integration of gender equality as a cross-cutting issue (FCG International, 2015).
- Women applicants receive preferential treatment when applying for a grant (e.g. 50% in-kind contribution for the medium-size investment grant fund and 100% in-kind contribution for micro and small-size grants), although all donations have been suspended until further notice as discussed earlier in the report (AgroBIG II, 2018c).
- The inclusion of Annex 13. Social Vulnerability and Gender Analysis in the programme document, which provides relevant and concise information on gender equality-related issues in Ethiopia and specifically in the context of the programme (AgroBIG II, 2018c).
- A Phase I gender equality study on onion and potato, which are value chains that continue being supported by AgroBIG II (Lenesil, 2014).

- Specific mention of women (and youth) in the expected outcome and in the TOC of the programme and integration of gender equality aspects in the programme's results framework (e.g. disaggregation of data by gender). The programme staff was able to generate updated figures on the number of male and female beneficiaries during the field visit, which indicates that the system is being implemented as planned (AgroBIG II, 2018c).
- Gender analysis as part of AgroBIG II Baseline Survey (AgroBIG II, 2019).
- Inclusion of the Bureau of Women's and Children's Affairs to the programme steering committee (AgroBIG II, 2018c).
- A separate Inclusion Strategy that defines general and specific gender equality-related activities (AgroBIG II, 2018b).

Finding 19. However, there is room for improvement to become more gender transformative.

During the field mission, the evaluation team did observe aspects that leave room for improvement in terms of women's participation. For example, it appears that only few female members sit on the boards of the cooperatives. All stakeholders acknowledged that traditional gender roles persist in the programme area and that changing them is a slow process. Lack of awareness and attitude problems towards gender equality can be one of the main challenges. Even among AgroBIG II staff and implementing partners, including duty bearers, there seems to be a perception that it is sufficient to only train men who would automatically pass the information on to women. At the same time, the actions mentioned above suggest that AgroBIG II is integrating gender equality in most of its activities.

Climate sustainability

Finding 20. Project documentation highlights that due attention is being paid to environmental impact and climate sustainability, however, the field visits assert that, in practice, attention is still somewhat limited.

The DPP 2016-2019 does not specify how programmes are expected to integrate climate sustainability in their design (see Context 15). The 2012 Manual for Bilateral Programmes (MFA, 2012) mentions that Finland uses a climate sustainability tool for assessing and preventing climate change and the risks posed by natural disasters caused by climate change. As the link provided in the text is no longer valid, the evaluation team assumes that the tool included comparable main elements that are included in the 2018 version of the Manual, i.e. the consideration of disaster risk due to extreme climatic events, climate sustainability, capacity building and empowerment of the beneficiaries, as well as definition of Rio marker on Climate Change mitigation (relevant only for OECD reporting) (MFA, 2018).

The Annex 14 in the final report of AgroBIG II programme document provides an assessment of environmental impact and climate sustainability. The section acknowledges the role of the programme in strengthening the resilience of the beneficiaries in the face of environmental and climate-related risks and hazards. The Annex reflects the elements that the Manual for Bilateral Programmes requires in the design phase of new interventions, e.g. that relevant national policies and future weather patterns in Amhara are discussed. Issues are translated to the specific context of AgroBIG II. Similarly, the potential adverse impacts of the programme to the environment are identified, which are mainly agrochemicals and invasive, alien plant species. One of the programme indicators is also '*change in awareness level of beneficiaries towards environmental sustainability*', and it was measured in the Phase II Baseline Survey.

The programme document also mentions that loans and grants will not be allocated to environmentally harmful practices. (AgroBIG II, 2018c)

Interviews with project staff revealed that until now they had only been able to focus on this COO in a marginal way, due to the many other activities and, therefore, in a certain sense, lack of time

Human Rights-Based Approach (HRBA)

Finding 21. The evaluation team’s assessment of AgroBIG II is that it can be classified as human rights sensitive, which corresponds to the assessment made in the programme document.

This is based on our comparison of the programme against a framework that defines the level of inclusion of HRBA as human rights blind, sensitive, progressive, and transformative (MFA, 2015) (see also Context 13). Elements that support HRBA in AgroBIG II include:

- Analysis of stakeholders from the perspective of rights-holders and duty bearers, and a discussion of the multiple roles of other actors, as well as an overview of human rights issues in the sector (AgroBIG II, 2018c).
- Human rights aspects are acknowledged as part of the programme’s risk assessment and, for each main stakeholder group, their rights, responsibilities and interests are defined (AgroBIG II, 2018c).
- The Annex 12 in the final report Assessment of Social Inclusion and Responsibility discusses the issues relevant to AgroBIG II from a rights-based angle, such as a risk of child labour in agriculture and transparency of programme operations (AgroBIG II, 2018c).

The findings of this comparison were cross-checked during interviews as well as on desk-review of project documentation and affirmed.

Finding 22. While the programme’s rights-based approach is somewhat weakened by the absence of an appropriate grievance redress mechanism for the beneficiaries, some options exist to further improve integration and implementation of CCOs and HRBA.

AgroBIG II governance structure includes an SVB but no programme-wide Steering Committee (SC). At the same time, the Bureau of Finance and Economic Cooperation (BoFEC) has a dual role; it is at the same time the lead implementing agency of the programme and acts as a member of the programme’s highest-level decision-making body. According to the MFA’s Manual for Bilateral Programmes, large interventions should have both the Supervisory Board and Steering Committee to avoid conflict of interest in the programme governance structure (MFA, 2012, 2018).

However, based on some first learnings on AgroBIG II the evaluation team identified some propitious strategies for successfully integrating and implementing CCOs and HBRA. These are:

- Make more use of the specific targeting of youth in the programme, and start awareness raising regarding gender equality issues with this group;
- Strike for a better gender balance in extension workers/staff in the project.

3.4 Key success factors for reducing poverty and inequality

EQ4: What are key success factors for achievement of ‘reduced poverty and inequality’, in particular in terms of benefits for women, vulnerable groups, and small and medium-size farmers?

Poverty, gender inequality and economic inequality (SDG1, SDG 5 and SDG 10) are inextricably linked with each other. To effectively reduce poverty and inequality, it is important to address both the economic and the social dimensions; balanced economic strategies and social policies are needed. (see Context 1 and Context 2)

Finding 23. AgroBIG’s approach for poverty reduction is mainly based on the Ethiopian GTP and uses the same indicators for measuring progress.

The PD does not provide a definition of poverty; it does, however, refer to the link to GTP II of which one of its strategic pillars is to increase production capacity and efficiency to reach the economy’s productive

possible frontier through improving quality, productivity and competitiveness of productive sectors, including the agriculture sector (see also Context 17 and Context 18). The indicator for measuring poverty reduction in the project is the same as in the GTP, namely: Poverty head count, % of rural population (baseline as per National Planning Commission - NPC, target as per GTP II).

The PD likewise did not provide a definition for inequality but provided a meaning for it. This seems to cause some differences in interpretation or understanding. Project documentation (AgroBIG 2018) refers to the reduction of inequality through the inclusion of vulnerable groups (women, landless youth and PWD), while the SVB interprets inequality mainly in economic terms as interviews highlighted. AgroBIG II has not included an indicator for inequality in its M&E Framework, because, according project staff, the GoE does not have an indicator for inequality either.

Finding 24. The good practices and key success factors of social inclusion and gender related activities that could contribute to reducing poverty and inequality emerging from the example of ARDF support to Ethiopia are: facilitating access to income opportunities for the most vulnerable groups, such as the female-headed households, and for women and youth funds to help them engaging in financial services, and a focus on unemployed youth to help setting up agribusiness.

Among the good practices or success factors of the AgroBIG II the following can be highlighted:

- The construction of market shades for Female-Headed Households (FHH) allow the women to improve their livelihoods, as they normally are left out of many economic opportunities;
- The WYLF and eventually other types of loans/grants; with specifically low interest rates thanks to subsidised support of the project;
- The focus on unemployed youth without access to land, and support allowing them to set up small agribusiness, either alone or in groups/CIGs, improves food security and increases income and jobs.

Finding 25. The premise for achieving the expected outcomes is targeting farming households by facilitating access to finance and strengthening the capacities of VC actors.

AgroBIG II Theory of Change (ToC) is designed to contribute to the outcome “*Value is added at various levels of selected agricultural value chains to increase incomes and create jobs for farming households and other VC actors, with a particular emphasis on women and youth*”. In order to reach this outcome, two expected outputs are defined “*value chain actors’ access to finance and financial services needs to be improved and the sustainability of their enterprises and business initiatives to be strengthened*” and “*capacities of value chain actors need to be strengthened to improve their capability to seize market opportunities in a profitable and sustainable way*” (AgroBIG II, 2018c). The premise for this is that by targeting directly farming households by facilitating access to finance and strengthening the capacities of the VC actors, agriculture can improve livelihoods, reduce poverty and, therefore, inequalities as well (see also Context 19).

Finding 26. Solid baseline studies, indicators and analyses from a social and gender perspective have provided the basis for measuring contribution towards achieving results in the reduction of poverty and inequality. However, they have only partially been linked to GoE objectives and SDGs.

The Phase II programme document does not provide a definition as such on what is understood by poverty or poverty reduction; rather, the concept is translated into indicators and other elements as part of the results framework (e.g. *Poverty headcount, % of rural population (baseline as per the National Planning Commission (NPC), target as per GTP II)*). The programme baseline and the M&E system are both linked to the national framework of GoE, the GTP II (National Planning Commission, 2016). However, according to AgroBIG II staff, GoE does not have an indicator for inequality and, as a consequence, AgroBIG II has not included such indicator in its M&E Framework either. Based on the discussions during the field visit, SVB interprets inequality mainly in economic terms, although project documentation (AgroBIG 2018) refers to

the reduction of inequality through the inclusion of vulnerable groups (women, landless youth and PWD). (See Finding 24).

The evaluation team observes that AgroBIG II has analysed the specific issues related to inequalities in Amhara of which one example is provided in its Annex 12 “Assessment of Social Inclusion and Responsibility of the programme document” (AgroBIG II, 2018c). Similarly, the Baseline Study discusses the role of women, youth and PWD in agribusiness (AgroBIG II, 2019).

3.5 Inclusiveness and attractiveness of sustainable land use and land management

EQ5: How can investment in sustainable land use and land management be made inclusive of smallholder and community needs while being attractive to (responsible) investors at the same time?

Finding 27. Ethiopia still lacks some important conditions for scaling-up private finance and investment for sustainable land use, among others the involvement of the private sector which remains a challenge.

There is a growing interest and need to scale up private finance and investment for sustainable land use in Ethiopia (see Context 10). However, some factors related to the lack of inclusion of smallholders, such as weak land titles, transparency and tracing commodities across the agricultural value chain, as well as limited access to finance are hindering the engagement of the private sector. The obstacles are even higher for vulnerable groups such as women and youth. To respond to this challenge, AgroBIG II has the ambition to support the inclusion of smallholders to a variety of value chains, through the creation of Micro, Small and Medium-Scale Enterprises (MSMEs) (Output 2) that would be catalysed using financial services (Output 1). In the project area, agricultural markets are generally weakly developed, and linkages between farmers and other VC actors remains informal (AgroBIG II, 2018c).

Finding 28. More private sector engagement seems to be required to ensure AgroBIG II’s sustainability; however, it lacks strategies and guidance on how to do this best.

Interviews with stakeholders, including SVB members, recall evidences from other project interventions and recognise that the private sector is needed as a key player in smallholder agriculture and rural development, offering opportunities for the creation of employment and wealth in rural areas. This is due to their contribution in promoting access to markets, undertaking innovations, providing essential services - including technical assistance, training and rural finance - and supplying inputs which have been proven to be complementary and critical to the services provided by government agencies, NGOs and civil society organizations. General agreement is also that private sector involvement is also very important for ensuring the sustainability of the interventions. However, the issue of how best to apply inclusive approaches, putting smallholder farmers at the same level as the private sector actor, is yet unresolved. Strategy and guidance for this process still seem required.

Finding 29. Limited capacity of the cooperatives and missing capital severely has hindered them to provide services to their members and enhance bargaining power and business management, albeit with notable exceptions.

The primary cooperatives and farmer associations have inadequate capacity to properly manage their role and they lack financial means. The loan fund and capacity building activities by AgroBIG II are expected to strengthen the capacities of the cooperatives to provide member services and enhance bargaining power and business management.

Such capacity development is very much needed as cooperatives in Ethiopia are commonly recognised as having weak leadership and management capacity (A. Tefera, Bijman, & Slingerland, 2016). Already the AgroBIG I MTR found that more time and effort are needed to build their skills (Spilsbury, White, & Olana, 2015). The evaluation team found during the field visit that, through access to capital, some Cooperative

Savings and Credit Unions (COSACUs) and Credit and Savings Cooperatives (SACCOs) have been able to attract and serve more members, and with increased clientship, they have been able to employ more permanent staff and improve the services that they provide.

The relationship between AgroBIG II and EthioChicken

Finding 30. Collaboration between AgroBIG and Finnish-funded private sector interventions, such as Finnfund, can create more opportunities and strengthen outcomes of ARDF support.

EthioChicken, a private company also operating in Amhara region, is one of Finnfund's flagship investees since 2016 with an investment of EUR 10 million. The main business of EthioChicken is to produce one-day-old chicks in poultry farms, which are sold to agents who are usually women and men under 30 years old. They raise the chicks to approximately 45 days old and then sell the animals to families who grow the chicken and produce eggs for their own use and for sale in local markets. EthioChicken provides support in all stages of the value chain, and each agent is supported by a local veterinary trained by EthioChicken (EthioChicken collaborates with the Veterinary Service of Ethiopia in a Public-Private Partnership (PPP) to improve poultry production and benefit smallholder farmers and strengthening veterinary services (OIEVideo, 2018)). The company also offers a full package of materials required to initiate the activity, including the chicks, feed, and vaccines. The agents apply for funding from a local financial institution if they need credit to scale up their businesses (Finnfund, 2019; Spratt, Lawlor, Hilton, & Mikkolainen, 2018).

It was found, during the field visit, that while AgroBIG II and EthioChicken are operating in the same region and both are MFA-funded interventions, collaboration is in its infancy. AgroBIG's poultry VC started end of 2018 as a new commodity, and it uses chicken that are acquired from EthioChicken agents. EthioChicken could transfer knowledge and provide capacity building to AgroBIG II staff and government extension workers on the poultry value chain, once EthioChicken has expanded its capacity in the Amhara region. REILA II recently (Feb 2019) facilitated access to new land to EthioChicken for this expansion.

Finally, EthioChicken can serve as an example on how to establish a socially and environmentally responsible agribusiness in Ethiopia. Two recent evaluations confirm the company's practices of socially and environmentally sustainable business, i.e. Global GAP certified and complies with standards that are beyond Ethiopian legislation (IDinsight, 2018; Spratt et al., 2018). AgroBIG II, on the other hand, could provide access to credit (loans) for setting up poultry farms by EthioChicken agents, provided they are members of the cooperatives and are women or youth.

The relationship between AgroBIG II and KogaVeg

Finding 31. Private sector engagement through contract farming can help creating new economic opportunities for small-holder farmers and jobs.

The role of AgroBIG II is to support small businesses and to help them link with the agro-industrial parks. The KogaVeg pilot provides good experiences of private sector engagement in the context of AgroBIG II. KogaVeg Agricultural Plc was established in 2014 in the Koga irrigation site, the Koga Irrigation and Watershed Management project (Birilie, 2019). KogaVeg is linked to an international company called FairFruit, and engages smallholders in a contract farming arrangement through an out-grower scheme for the production of sugar snap peas (Durabilis, 2018). The contract farmers receive capacity building by the company. KogaVeg is a beneficiary of AgroBIG II's Value Chain Facility Fund for the construction of two sanitary blocks, shower and toilet facilities for the farm workers on the farms to acquire the minimum criteria of Global GAP standards for farmers producing vegetable to the European market. These sanitary blocks are managed and used by 43 farmers (of which three women) partnering with KogaVeg. Besides, KogaVeg hires local girls for harvesting the peas as well as for packing the products, thereby providing jobs for the youth. The company has also received support from the Finnish Agro-agency for Food and Forest Development (FFD), through Koga Fruits and Vegetable Marketing Union, to develop horticultural production in one of the woredas of the AgroBIG programme region (Mecha district) (AgroBIG II, 2018a). The scale of the pilot is local and limited to one site; however, it is a useful trial from which AgroBIG implementers can draw valuable lessons and which allows piloting collaboration between a bilateral programme and a private

company that is committed to international sustainability standards. The SVB acknowledged that the role of AgroBIG II is to support the small businesses and to help them link with the agro-industrial parks. The KogaVeg pilot provides good experiences for this.

Agro-industrial parks financed by the EU

Finding 32. Agro-industrial parks are a key strategy for Ethiopia’s economic development; however, their role as catalyst for the growth of agrobusiness and economic growth is yet to be proven.

One of the key strategies for the fast-tracking of industrialisation in Ethiopia is the establishment of Industrial Parks under the “Made in Africa Initiative”, a project driven by the United Nations Industrial Development Organisation (UNIDO) (Made in Africa Initiative, 2019). Ethiopia became one of the early starters of the initiative that aims at making Africa become the next manufacturing hub for global markets (UNDP Ethiopia, 2018).

Agro-industrial parks financed by the EU and some smaller financiers, including the GoE, are one of the outcomes of this initiative. The EU has a considerable portfolio in Ethiopia, but in the Amhara region, it specifically focuses on agro-industrial development, worth 45 mEUR (European Union, 2018). The programme supports the building of environmentally-friendly agro-industrial parks in four regions - Oromia, the Southern Region, Amhara and Tigray. It will also work with farmers to increase supplies of quality raw materials needed by food manufacturers in these parks, train unemployed women and youth in related jobs and provide microfinance and small grants to create opportunities for small agri-food businesses. The four agro-industrial parks are projected to generate more than 160,000 direct jobs, and, in the long term, each agro-industrial park is supposed to provide 100.000 jobs. For this project, the EU has partnered with the GoE, the African Development Bank (AfDB), the German GIZ, UNIDO, and some financial institutions (European Commission, 2019).

The idea of agro-industrial parks as a catalyst for the growth of agribusiness is not without considerable challenges. The participants to the wrap-up session with AgroBIG II SVB members brought up the fact that to have enough products to be processed in the agro-industrial parks, small companies at district level need to be able to scale up their production. In addition, smallholder farmers should be supported to provide partly processed products for the agro-industrial parks which would, in turn, attract more large-scale manufacturers.

3.6 Appropriateness of implementation approaches

EQ6: Which implementation approaches are most appropriate - in terms of scale, modality/ instrument, channel and/or implementing organisations in future?

Finding 33. Finnish support to the ARDF sector in Ethiopia has mainly applied a project-based approach, mainly through bilateral cooperation. However, based on their comparative advantages, some other aid modalities have been used as well, but no support was provided to regional level programmes, e.g. at the Horn of Africa level.

Under the country development result “agricultural growth and rural development”, two modalities are used: the bilateral project (AgroBIG) and the bilateral project linked to a sector flagship programme (REILA) through alignment and partial joint financing. The Finnish bilateral project provides TA and the sector flagship programme investment funds and implementation staff.

In principle, Finland has agreed to the Paris, Accra and Busan principles to channel, as far as possible, financial support via the country’s national systems. For the AgroBIG programme this takes place through the regional office of the respective ministry, the BoFEC.

Neither the desk review nor the field mission revealed any evidence of a regional programme supported by Finland, e.g. in the Horn of Africa. However, the Horn of Africa Regional Environment Centre and Network - HoA-REC&N, set up in 2006 has been working towards strengthening and advocating for sustainable

development and environmental governance across the Horn of Africa, and it has been working to promote cooperation and knowledge exchange between organisations with environmental expertise, including NGO's, CBO's, research institutions and universities from Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan and Sudan in order to promote environmental conservation and natural resource management. They have implemented several climate change related projects.

Finding 34. Multilateral organisations and international CSOs in the ARDF sector basically apply a mix of aid angles.

Instruments differ from one development partner to another, as a result of strategic choices, history, and available resources and capacities (financial, human and organisations). In the framework of the Climate-Resilient Green Economy (CRGE) Strategy, the 'Making agriculture part of the solution to climate change – Building capacities for Agriculture Mitigation' - MICCA and UNREDD programs of FAO are supporting Ethiopia in its efforts to improve internal capacity on greenhouse gas (GHG) inventories for the Agriculture, Forestry and Other Land Use (AFOLU) sector.

The MICCA programme included earmarked by Finnish funding (6.2 mEUR from 2010 to 2016), Finland being the first donor of this innovative programme. The programme developed an interesting tool, Communities of Practice (CoP), which was planned as a means of building capacity, sharing knowledge, and creating an online community of practitioners interested in MICCA-related topics. It appears that activities piloted by MICCA are being scaled up, although their sustainability seems uncertain.

Challenges in scaling up promising pilots were frequently referred to by interviewees in FAO. Nonetheless, a well-conceived earmarked support, with appropriate timing and operational framework can bring about significant results. For example, some interviewees considered that MICCA laid the groundwork for the FAO's climate change strategy.

Finding 35. Across all implementation approaches, methodologies, scopes and strategies achievement of results has at best been mixed though seem to be promising and contributing to valuable experiences.

Although still preliminary, both programmes, AgroBIG II and REILA II, until now, have achieved positive results. They are complementary and have managed creating synergies when collaborating with each other. The recent MTR will reveal more details on how well these approaches, methodologies, scopes and strategies adopted have led to expected results, and what will be likelihood they will do so in the future. The field mission in this ARDF evaluation revealed promising results.

Finding 36. Mapping of other relevant actors in the region during the design of the programme revealed interesting information to ensure coordination and collaboration.

The mapping of other relevant actors financed by other development partners carried out in the design phase of AgroBIG II identified some of the actors as particularly essential partners for coordination and collaboration, among which the AGP II led by the World Bank. The programmes overlap in three districts, but only one value chain is common between the two, which is maize. AGP II supports chickpeas, sesame, coffee, wheat, honey, and livestock (AgroBIG II, 2018c).

Other differences between the two projects is that AgroBIG aims to address private sector development, while AGP II is heavily supporting public sectors and is more investment oriented, e.g. irrigation schemes, FTC construction and rural roads. Some woredas targeted by AgroBIG II but not AGP II, such as Mecha and Fogera which have actually complained that they do not benefit from infrastructure support while neighbouring woredas, supported by AGP II, do.

Finding 37. Four different Finnish aid modalities are contributing to common goals in rural development in the Amhara region from different but complementary angles.

Collaboration with other MFA funded projects strengthens complementary, for example between AgroBIG II and REILA II or AgroBIG II and GTK/LUKE. The same applies for Finnish-funded programmes, such as

Finnfund (EthioChicken) and FFD (cooperatives) (Based on discussions with stakeholders). In this sense, AgroBIG II is building an interesting case where several Finnish-funded programmes are contributing to common goals:

- The Responsible and Innovative Land Administration in Ethiopia (REILA II), another bilateral programme, is allowing households to obtain land certificates and, therefore, collateral for loans (MFA, 2017).
- The project Improving the Food Security of Ethiopia: Assessment of Carbonate Rock Resources for Acid Soil Amendment Balanced Application of Lime and Fertilizers (LIME) in Oromia Region, financed under the Institutional Cooperation Instrument (ICI), has accumulated experience on liming of farmland and related technologies (GTK, LUKE, GSE, & IQQO, 2015).
- The FFD, a Finnish CSO, is supporting three producer cooperatives in the woredas in which AgroBIG II is operating. (AgroBIG II. (2018c). Similar to AgroBIG II, FFD targets cooperatives as their primary beneficiary group; however, in this aid modality there is no involvement of local government, as the cooperation is directly between the CSO and the cooperatives.
- EthioChicken, a Finnfund investee, is currently expanding fast in the scale of whole Ethiopia, including Amhara (Finnfund, 2019). It coordinates its activities closely with the regional government to deliver the services (IDinsight, 2018).

The bilateral programmes, AgroBIG II and REILA II, implement their interventions in close cooperation with the regional government.

With the assistance of REILA II, the AgroBIG II Programme could study the possibilities of land lease arrangements and group land access for landless people willing to engage in farming. It could also advocate women's right to land. In the Oromia region, the GTK/LUKE project on soil improvement has tested small-scale artisanal mining close to the producers to reduce the high cost of transportation of limestone. AgroBIG II is very interested in introducing lime to the farmers in the project area, as in some parts of the Koga area the soils are very acid, as lime applications increase productivity.

Finding 38. Coordination of programme components boost positive developments.

The field visit demonstrated cases where several AgroBIG programme activities had built on each other resulting in positive developments. One example refers to , a lead farmer who contracted someone to drill a well in the middle of flat farmland, which usually would remain unused during the dry season. With the possibility to irrigate the soil during periods of water scarcity, the farmer had engaged with neighbouring farmers to expand the irrigation area for crop rotation throughout the year. In other locations, many farmers also were interested in wells for irrigation, which had created an opportunity for a young man to develop a business that provides well-digging services. For him to be able to become an entrepreneur, he had completed a professional training course in a local educational institute with financial support from AgroBIG I. At the time of the field visit, he was employing six people in his business. The other example is another young man, who also had the opportunity of a professional training through AgroBIG I's support, and had set up a group business together with four more young men, that consists of providing a sprinkler service, applying agrochemicals to the land while taking into account all necessary health and safety measures. In this manner, the local farmers would not spray the chemicals without any protective clothing. The possibility of alternating in a group also allows not to get in touch with these chemicals every day.

3.7 M&E in the context of wider support for achievement of SDGs

EQ7: What type of monitoring and evaluation system is most appropriate for outcome monitoring of Finnish projects in the context of wider support for achievement of SDGs?

Finding 39. AgroBIG’s results-based M&E system can be considered a reasonably good example for outcome monitoring of Finnish ARDF projects in support of SDGs; however, some adjustments are required.

The Finnish Policy Priority Area 4: *Natural Resources* caters to SDG 1 (*no poverty*), SDG 2 (*zero hunger*), SDG 5 (*gender equality*), SDG 6 (*clean water and sanitation*), SDG 7 (*affordable and clean energy*), SDG 9 (*industry, innovation and infrastructure*), SDG 12 (*responsible consumption and production*), SDG 13 (*climate action*), and SDG 15 (*life on land*). Connecting the AgroBIG II results framework with GTP II has linked it up with the country systems and the global SDGs. Ethiopia has presented its National Voluntary Review (NVR) report on implementation of the SDGs - focusing on the six sets of sustainable development goals - for the 2017 in-depth review of SDGs. It includes Goals 1, 2, 3, 5, 9 and 14 (National Planning Commission, 2017).

There is overall consistency between the Country Strategy, the Policy Priority Area 4 Theory of Change (TOC), and AgroBIG II objectives. For instance, the current Country Strategy reflects some of the outcomes of AgroBIG phase I, and clearly explains the change of focus in the second phase. This includes paying more attention to encouraging stronger involvement of women and girls and other vulnerable groups through specific activities, as well as addressing environmental sustainability and adaptation to climate change.

The programme contributes directly to “*Output 2. Improved value chains and access to markets by small-holder producers and SMEs*” of the TOC (MFA, 2017a).

Through results-based monitoring the collection and analyses of information is supposed to highlight outcomes, which makes possible to compare how well the programme is being implemented against expected results. For this M&E system some key features are needed which AgroBIG II has taken care of, for instance its results framework and the baseline survey, which has been carried out during the inception phase. Both are region-specific and can be considered comprehensive and well-developed given the logical flow between its different components and relevant outcome-level indicators. However, it lacks some essential outcome indicators, such as reduction of inequality and private sector engagement. Additionally, disaggregated data is only collected for some indicators, while this could be done for most indicators. It is further observed that Quarterly Reports do not present progress on some key result indicators, which are only be reported on an annual basis.

Finding 40. SDG-based results frameworks could provide a good M&E system for monitoring ARDF contribution to achievement of SDGs.

Based on project documentation (AgroBIG 2017), AgroBIG contributes to the attainment of the SDG 1 (*no poverty*), SDG 2 (*zero hunger*), SDG 5 (*gender equality*), SDG 8 (*decent work and economic growth*), and SDG 12 (*responsible consumption and production*). The readiness to pilot renewable energy solutions with solar panels for operating water pumps in irrigated fields, observed during the field mission, can be interpreted as AgroBIG II’s commitment to contribute to more SDGs, such as SDG 7 (*affordable and clean energy*).

It would be further interesting to link AgroBIG II monitoring and results reporting to specific SDG indicators, as a kind of pilot and learning practice that contributes to facilitating and simplifying the NVRs. This would mean applying an SDG based results framework (OECD, 2016). There are already some experiences of organisations applying this M&E system, among other IFAD. An additional advantage of focusing on SDG indicators would be that indicators from other SDGs that are also relevant to the project could be added, e.g. indicator 4.1.1. *Proportion of children and young people: (a) in grades 2/3; (b) at the*

end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex.

3.8 Lessons learned and implemented, and approaches to tackle challenges in the sector

EQ8: How have the lessons learned from the donors/development partners and development organizations been taken into account or implemented at project level and what kind of approaches do the organizations have for future challenges in the sector?

Finding 41. The FFS concept adopted by AgroBIG II is the main promising lesson taken on board.

AgroBIG II has adopted from SNV the Farmer Field School (FFS) concept. The FFS is an informal group of 30 farmers that regularly meet to learn from demonstration plots on the field of four lead farmers. (See Finding 7 and Finding 15).

AgroBIG intends to coordinate the implementation of FFS schemes in four districts, and is planning to support a total of 60 FFS (30 existing and 30 new) (AgroBIG II, 2018).

Finding 42. Inter-sectoral coordination mechanisms at Addis level provide a good platform for the development community to share and learn from each other regarding good practices, challenges, etc., and such mechanisms are non-existent at regional level.

A number of inter-sectoral coordination mechanisms exist in Ethiopia (see Context 21). Probably the most important is the well-structured Development Assistance Group (DAG), operating at Addis Ababa level with no equivalent at the regional level, which consists of 30 bilateral and multilateral development partners. Its main objective is to foster and catalyse policy dialogue and coordinate/ harmonize development partners support to the GoE for effective implementation, monitoring and evaluation of the national development plan and Sustainable Development Goals (SDGs). The current project of the DAG, "Phase V - Development Partners' Support to the Implementation of the Second Growth and Transformation Plan and Sustainable Development Goals" will end in June 2020.

The DAG Pooled Fund supports the implementation and monitoring of the aid effectiveness agenda in line with global commitments made in the Mexico High-Level Communique (2014), but also at the Busan Partnership for Effective Development Co-operation (2011) and earlier. DAG's structure includes the DAG Heads of Agency, Executive Committee (ExCom), technical working groups, sector working groups and DAG Secretariat, but also refers to their associations to one another and the interface with Government. Each year, partners and the Government come together for one to two days to review progress of the country's Growth and Transformation Plan.

Improvements regarding coordination mechanism at the level of multilateral organisations seem underway to overcome challenges related to the existence of too many fora for coordination in the past. Some have been very specific, such as the Climate Change (CC) Task Force or the Irrigation Task Force. The Finnish Embassy participates regularly in the Rural Economic Development and Food Security (REDFS) group as a member, as it is particularly interested to discuss issues related to the challenges and to the potential connected with supporting farmer groups and SMEs in Ethiopia. Finland plans to also share its experiences of including vulnerable groups in AgroBIG. The Embassy however, does not have capacity to take over any chair posts in the group or in the task forces. In 2018/9, sector group meetings have concentrated on restructuring the sectoral work.

AgroBIG II project staff cannot participate REDFS meetings which might limit to some Finland's possible contribution to the policy dialogue in that area, contrary to the water and land administration groups where the CTAs of REILA II and COWASH II can also contribute to the meetings.

Finding 43. Coordination between stakeholders relevant for ARDF at regional level is still in its infancy.

At the regional level, according to the Cooperative Promotion Agency (CPA), one of the implementing partners of the AgroBIG II, a market linkage forum has been organised with the objective of bringing together buyers and sellers, so they can introduce themselves to each other. CPA worked as facilitator / bridge builder in this. It seems to have been successful as several stakeholders consulted assert, and another forum is being scheduled for 2019.

The organisation of farmers, through farmers associations, cooperatives, etc. is recognised by several stakeholders as a good practice in terms of production, marketing and access to finance. It can reinforce the position of smallholder farmers – male and female - and give them more bargaining power at the moment of selling their produce.

3.9 'Finnish added value' in the ARDF sector

EQ9: How can 'Finnish added value' in the ARDF sector be realised (e.g. through access to Finnish markets and expertise or to Finland's experience in creating a favourable business environment)?

According to a study commissioned by MFA, Finnish added value (FAV) might be understood as something *“extra beyond the sheer volume of aid – i.e. money – and what that extra might be”*. The study specifically focused on this question and further explains that *“Finnish value-added’, likewise ‘aid effectiveness’, have to be understood as political concepts which entail many meanings and which can be used in many different ways. As such, their political usefulness varies, and their prominence may become less. For instance, while ‘effectiveness’ remains as one of the key principles guiding Finnish development policy, the concept of ‘Finnish value-added’ no longer appears in the 2012 Development Policy Programme”* (Koponen, Suoheimo, Rugumamu, Sharma, & Kanner, 2012).

Finding 44. The evaluation came across little evidence on realisation of Finnish added value, neither in the sample projects, nor in interviews. The projects have made extensive use of Finnish expertise. In principle, access to Finnish markets could be promoted through strengthening linking between respective companies in the supported value chains, but none of the projects has come to that stage.

Finland's success in Ethiopia is explained by a continues long-term focus on areas where Finland has a comparative advantage, strong country ownership and intelligent use of national systems and influence obtained by linking direct interventions to dialogue and coordination mechanisms. The embassy plays a consistently strong supportive role.

Finding 45. Focus on Finnish added value may reduce the number of relevant choices for MFA in supporting ARD. As a relatively small donor, MFA is likely to achieve more and better results in joint operations with other development partners, instead of concentrating on its separate identity and visibility. This may be an adequate way to materialize Finnish added value.

However, in principle, access to Finnish markets could be promoted through strengthening respective companies in the supported value chains, but none of the projects has come to that stage yet.

4 Conclusions

Conclusions – on the role of future Finnish support for ARDF

Conclusion 1. Finland has succeeded in establishing itself as a trusted development partner of Amhara regional government which constitutes a basis for further strengthening ARDF in this region. *(This conclusion is based on Context 12, Finding 1, Finding 2, Finding 3 and Finding 5 and is the basis for Recommendation 1).*

The bilateral programmes AgroBIG II, REILA II and COWASH III all collaborate closely with the government, and the evaluation team acknowledges that Finland enjoys local government's trust in the region. In this context, given the specific nature of the area (i.e. the presence of the Tana Beles Growth Corridor), the absence of Finland's presence in the national-level dialogue on agriculture does not constitute a significant constraint. Further, World Bank's Agricultural Growth Programme II (AGP II) which is also active in Amhara, provides opportunities for AgroBIG II to accommodate lessons and link its activities with broader interventions at the regional level that are embedded in national-level processes.

Conclusion 2. Finland has not yet sufficiently made use of the possible synergies that exist between its own interventions and those of other development partners. *(This conclusion is based on Finding 4 and Finding 6 and is the basis for Recommendation 1).*

AgroBIG II and REILA II fully support each others' objectives for stimulating the growth of small businesses and cooperatives through the provision of loans and land titles that can be used as collateral for obtaining credit. These interventions could further be complemented by other interventions such as FFD (NGO cooperation) that works on smallholder forestry and the experiences of the GTK-LUKE (ICI instrument) which experimented on the application of lime and fertilisers in agricultural fields. AgroBIG II could explore the possibilities to make lime available for farmers as this is currently not the case. These encouraging synergies and experiences between the bilateral, NGO, and ICI instruments, provide opportunities to better define specific forms of collaboration and articulate how complementarities translate into benefits for farmers. Further, in spite of a relatively comprehensive mapping of other initiatives in the region by AgroBIG II during its inception phase, there are untapped opportunities for collaboration with other programmes, such as World Bank's AGP II.

Conclusion - on application of the value chain approach

Conclusion 3. AgroBIG II has succeeded in articulating well a comprehensive value chain approach through an analysis of relevant actors along the value chain to strengthen the conditions under which smallholders can scale up their businesses. *(This conclusion is based on Finding 7, Finding 10, Finding 11, Finding 12, Finding 14 and Finding 15 and is the basis for Recommendation 2.)*

AgroBIG II's focus on providing access to finance, making sure that the smallholders' agricultural yields are increased, and that they obtain access to markets are among the main building blocks of implementing an inclusive value chain project. Special attention has been given to attract and increase the involvement of women and youth in the project by selected target activities and the establishment of the Women and Youth Loan Fund (WYLF). AgroBIG II has also correctly moved away from a focus on infrastructure development that was one characteristics of AgroBIG I.

Conclusion 4. There are, however, still some pending conditions that AgroBIG II needs to address in order to increase finance and investment opportunities for smallholder farmers to scale up their businesses. *(This conclusion is based on Finding 8, Finding 9, Finding 13 and Finding 16 and is the basis for Recommendation 2).*

Farmers also need access to inputs (improved seeds, seed multiplication capacity, and appropriate agrochemicals), electricity and water, finance, and adequate facilities for post-harvest handling, primary processing and storing of agricultural products .. Availability of proper farming land with adequate soil fertility and forest cover in the landscape also play an essential role. Finance services should be offered under the same conditions and avoiding potential tensions to small holder farmers. Additionally, the provided infrastructures should be of good quality and adjusted to the needs of the beneficiaries.

Conclusion - on the integration of cross-cutting objectives in ARDF interventions

Conclusion 5. AgroBIG II has been relatively successful when it comes to the inclusion of cross-cutting objectives. *(This conclusion is based on Finding 17, Finding 18, Finding 21 and Finding 22 and is the basis for Recommendation 3.)*

Regarding gender equality, AgroBIG II can be classified as “gender-mainstreaming” and, in terms of HRBA, as “HRBA-sensitive”, and the programme also pays attention to climate change issues. Alingment of the cross-cutting objectives with the national policy framework is contributing to this.

Challenges exist in prevailing traditional power structures either between men and women or between smallholders and authorities, which are characterised by social and cultural norms and which are slow to change. A shortcoming in AgroBIG II’s HRBA approach is the lack of an appropriate grievance redress mechanism for the programme stakeholders.

Conclusion 6. Some areas, like the inclusion of cross-cutting objectives in order to be more gender-, HBRA-, and climate-sensitive, still deserve more attention *(This conclusion is based on Finding 19 and Finding 20, and is the basis for Recommendation 3)*

Traditional gender roles persist and do not change that easy. There is still a lack of participation of women in the boards of the cooperatives or in training sessions. Lack of awareness and attitude problems towards gender equality can be one of the main challenges. Even among AgroBIG II staff and implementing partners, including duty bearers.

The limited attention to climate sustainability needs also to be improved and requires more awareness among duty bearers and project staff. (see Context 7 and Context 8)

Conclusion - on success factors for reduction of poverty and inequality

Conclusion 7. AgroBIG’s attention to social inclusion and gender equality related activities present good practices and key succes factors that can contribute to reducing poverty and inequality. *(This conclusion is based on Finding 23, Finding 24 and Finding 26 and is the basis for Recommendation 4.)*

AgroBIG II includes several elements supporting an inclusive approach to value chain development, the WYLF fund is one example contributing to this, as well as capacity building of VC actors. The programme baseline and the M&E systems contribute to necessary monitoring and adjustment in this regard.

Conclusion - on inclusive investment in ARDF development

Conclusion 8. While Ethiopia is promoting agro-industrial parks, the country still lacks important conditions for scaling-up private finance and investment for sustainable land use. This will continue negatively affecting further (inclusive) investment in ARDF. *(This conclusion is based on Finding 27 and Finding 32 and is the basis for Recommendation 5).*

Several factors are hindering the readiness of smallholder farmers to enter this process, e.g. weak land titles, transparency, limited access to finance, all hindering the engagement of the private sector. The obstacles are even higher for vulnerable groups such as women and youth. In addition to the financial services offered by

AgroBIG II support should be provided for the inclusion of smallholders to a variety of value chains, and agricultural markets need to be strengthened.

Conclusion 9. Some private sector investments in ARDF witness that there is scope for engagement, and inclusive development, provided the right (and inclusive) activities are chosen and well managed. *(This conclusion is based on Finding 28, Finding 30 and Finding 31 and is the basis for Recommendation 5).*

Strategies and guidance are needed for facilitating the engagement of private sector actors, they can contribute to create or facilitate de linkages to markets or the creation of jobs, e.g. Koga, the creation of jobs. Every link, actor, of the chain is important in order to ensure sustainability.

Conclusion 10. In its region, AgroBIG II has supported Ethiopia to improve the conditions for scaling up private finance and making investment inclusive. Strong primary cooperatives and farmers associations can play an important role in this *(This conclusion is based on Finding 29 and is the basis for Recommendation 5).*

The growing interest for attracting private investment is a momentum to create an enabling environment for this. AgroBIG II by improving its linkages with relevant companies in the region can play a facilitating role in the creation of more economic opportunities and jobs, through private sector engagement and capacity building for relevant stakeholders.

Cooperatives need capacity building for providing services to their members, representing them in price setting, through negotiations, towards potential buyers and improving their business management.

Conclusion - on implementation approaches and aid modalities

Conclusion 11. Finnish support to ARDF in the country through bilateral aid seems to be a reasonably appropriate modality, though the way of involvement of the private sector requires still some attention. Other aid modalities can work as well and the government capacity reasonable solid, including regional government. *(This conclusion is based on Finding 33, 0, Finding 35, Finding 37 and Finding 38 and is the basis for Recommendation 6).*

Although there is some criticism and concern on the overwhelming control from the government-led aid coordination, the bilateral aid modality seems appropriate for focusing on smallholder farmers and making it possible to achieve poverty reduction.

Conclusion 12. Mapping of actors in the project area allows insight on which implementation approaches are most relevant, this includes also types of aid modalities. *(This conclusion is based on Finding 36 and is the basis for Recommendation 6).*

This mapping can identify promising opportunities for coordination, collaboration and synergy, which can boost positive development. Strengths include a combination of aid modalities and complementarities.

Conclusion - on the functionality of monitoring and evaluation systems

Conclusion 13. AgroBIG's results-based M&E system is relevant for outcome monitoring of Finnish projects supporting the achievement of SDGs, but it would require some adjustments to serve as a good practice. *(This conclusion is based on Finding 39 and Finding 40 and is the basis for Recommendation 7).*

It reflects a logical flow between AgroBIG II, MFA Country Strategy and GTP II results frameworks, and it contributes directly to MFA's Priority Area 4 Theory of Change. However, some essential outcome indicators, such as reduction of inequality and private sector engagement, could improve the system. Additionally, disaggregated data collection could be done for most indicators, instead of only a few.

Improvements further could include an SDG-based results framework which facilitates the linking of monitoring and results reporting to specific SDG indicators. As well as more regular measuring and

reporting of key results and outcome indicators, which would improve the effectiveness of the monitoring system.

Conclusion - on lessons learning from other organisations

Conclusion 14. **Finnish ARDF support has, to a fair extent, taken on board lessons from its own support, but rather disregarded lessons from elsewhere.** *(This conclusion is based on Finding 41, Finding 42 and Finding 43 and is the basis for Recommendation 8).*

The Finnish Embassy participates regularly in the REDFS group. However, its engagement in this groups is not as intense as in the education sector, for example; experiences and lessons that could be learned from different UN organisations working on VC development e.g. have not yet trickled down to AgroBIG II. At regional level the coordination focuses on other aspects seizing market opportunities among relevant regional stakeholders and operators.

Conclusion - on the realisation of Finnish added value in the sector

Conclusion 15. **Finnish added value materialised to some extent through the niche of working through the local government of Amhara.** *(This conclusion is based on Finding 44 and Finding 45 and is the basis for Recommendation 9).*

Finland, either explicitly or implicitly, has provided added value through the application of a wide range of ways of supporting Ethiopia, which led to a fairly good complementarity in support, that could still be further enhanced through more intensive collaboration in all types of support. In this regard, current and future opportunities with Finnfund investments Finnpartnership, and BEAM could further be strengthened and explored, in particular in complement to bilateral cooperation projects.

5 Recommendations

Recommendation – on the role of future Finish support for ARDF

Recommendation 1. Given its recognized role in ARDF, Finland should focus on its strengths of building partnerships and synergies with various type of actors in order to support the GoE in the transformation towards inclusive agricultural development. (This recommendation is based on Conclusion 1 and Conclusion 2).

To successfully implement this recommendation, blended funding should continue, collaboration between AgroBIG and REILA II should be strengthened and continuation of both programmes for a third period should be considered, as this type of intervention requires longer-term support.

Recommendation – on application of the value chain approach

Recommendation 2. In its support to the VCA, Finnish support should prioritise strengthening identified weak links in the chain. (This recommendation is based on Conclusion 3 and Conclusion 4.)

This refers primarily to empowering different VC actors, and exploring the possibilities for adding value to the VC, e.g. by including the private sector actor or including processing before selling. For VC commodities still lacking a proper analysis and market study, these should be carried out in the short-term. It is further recommended to include a gender focus in these VC analyses. Based on the results, adjustments should be made to the approach, which may vary from withdrawal of certain VCs to adjusting the focus or the designed activity, e.g. ways to overcome the existing shortage of fertilizers and/or other inputs for agriculture. Additionally, the decision related to the situation of the grants, i.e. the pending conditions concerning the continuation or modifications in loans and grants, should be made soon and disseminated.

Recommendation – on the integration of cross-cutting objectives in ARDF interventions

Recommendation 3. Guidelines and tools on how to incorporate and monitor CCOs and how to implement a HRBA should be further developed by the MFA. This would facilitate the integration of CCOs and HRBA by project staff throughout implementation. (This recommendation is based on Conclusion 5, Conclusion 6 and Context 15 and Finding 22)

In this context, the eventual lack of awareness of gender issues among the implementing partners, at all levels, could be overcome by awareness sessions and tailor-made training. Incorporation of a gender expert in teams, as well as gender focal points in each of the implementing partners are possible options to encourage. Further guidance on how to implement the HRBA, how to monitor, score or classify its implementation and what to do with unintended or unexpected outcomes is recommended as well. This includes the implementation of appropriate grievance redress mechanism. MFA should develop its own gender equality scoring or categorising system and develop quality mechanism in order to guarantee more systematic use of it.

Recommendation – on succes factors for reduction of poverty and inequality

Recommendation 4. Clear definitions on poverty and inequality should be included in the Project Documents as well as which strategies have been identified to implement and how to measure/monitor the progress on the reduction of poverty and inequality. (This recommendation is based on Conclusion 6 and Finding 23.)

The inclusion of clear definitions would facilitate a common understanding and would prevent discrepancies in implementation of the concepts. The best way to do this is to link the corresponding concepts to the SDGs,

where possible. A clear enabling environment for effective reduction of poverty and inequality is required, in which poverty (SDG 1) and inequality reduction (SDG5 and SDG10) go hand in hand and are given equal attention.

Recommendation – on inclusive investment in ARDF development

Recommendation 5. In its support to scaling-up private finance and inclusive investments, Finnish support should prioritise the strengthening of the identified weak links in the process. (This recommendation is based on Conclusion 8, Conclusion 9 and Conclusion 10 and Context 14.)

Support to smallholder farmers to obtain land certificates would give them more security over their land and consequently they would be more interested in investments. Strong cooperatives can provide them additional support in scaling up their business or creating spin-offs. Further REILA II could support in provision of land to private sector actors in case they are coming from elsewhere, making their engagement in this way more attractive. The MFA might promote this idea in its consultations with the government.

Recommendation – on appropriateness of cooperation approaches and modalities

Recommendation 6. MFA, in coordination with AgroBIG II, should start developing a sustainability strategy that will ensure the continuity of the investments in the long run in a sustainable and transparent way; the mapping of actors, including private sector actors and government agencies, in and beyond the project area would allow insights on the appropriateness of approaches and modalities. (This recommendation is based on Conclusion 11 and Conclusion 12.)

For the time being, MFA has not yet decided whether AgroBIG II will be granted financing for a third phase or not. The positive results achieved by the programme and its complementarities with other interventions would support the decision to continue. Transparency aspects in the governance structure should be addressed accordingly. Furthermore, AgroBIG II should be prepared for all scenarios including that no further funding will be budgeted for the project.

In this context, the MFA should consider a follow-up bilateral cooperation project on private sector-oriented forestry and agroforestry, with a light and lean decision-making structure, and flexible allocation of budget to relevant implementing organisations, in a multi-sectoral and result-oriented planning perspective. Further capacity building at county level would reinforce the ongoing devolution process. Both ICI projects and private sector financing instruments can generate useful synergy with such bilateral cooperation project.

Recommendation – on the functionality of monitoring and evaluation systems

Recommendation 7. The functionality and workability of the current M&E systems should be analysed and suggestions of improvement of the system for measuring and reporting to specific SDGs on a more frequent base, as well as other relevant functions should be provided. (This recommendation is based on Conclusion 13)

Monitoring and evaluation systems should more explicitly aim at capturing the achievements and impact of the interventions on Finnish cooperation priorities, such as people's food security and livelihoods, jobs and income – both in quantitative and qualitative terms. This requires proper definition and establishment of the baseline situation. At the same time, more attention should be given to the external communication and positive profiling of Finnish cooperation programmes in the sector.

The MTR of May 2019 could do this analysis and recommend also a set of relevant SDG indicators.

Recommendation – on lessons learning from other organisations

Recommendation 8. Stakeholders involved in ARDF support should develop a more efficient approach to benefit more than in the past from the numerous lessons that can be learnt from experience both in the country and at regional level. (This recommendation is based on Conclusion 14.)

Finnish involvement in the ARDF sector should improve on learning lessons from other interventions as well as from its own experiences.. More attention should be given to lessons learned, positive as well as negative. In order to replicate or scale-up successful practice, the analysis of relevant actors and factors should be made context specific.

Important lessons can also be learned with regard to best institutional arrangements for effective application of a poverty-environment nexus approach. With regard to models for private forest plantations, there is scope for learning from the (Finnish-funded) PFP approaches and experience in Tanzania. Stronger engagement with Agriculture Extension Services to promote agro-forestry seems desirable as well.

In addition, the Embassy could expand its engagement in the DAG - Donor Group on Gender Equality (DGGE), for sharing and learning on the specific topics of gender equality, and reduction of poverty and inequality.

Due to the limitations of AgroBIG project staff to participate in the rural development / agricultural groups, AgroBIG should explore further opportunities for sharing and learning with other agricultural projects, e.g. the World Bank's AGP II.

Recommendation – on the realisation of Finnish added value in the sector

Recommendation 9. Future projects and interventions should take opportunities for business partnerships into consideration more seriously, right from the planning process onwards. Similarly, opportunities for Finnfund investments might be better explored, in particular with regard to complementing bilateral cooperation projects. (This recommendation is based on Conclusion 15.)

In this context, Finland should see its experiences of working with the local government in Amhara as an entry point to increase commercial cooperation. The identification of trade opportunities, in the light of the new 'branch' of commercial cooperation, can bring more opportunities for business partnerships and attracting the much needed private sector actors. The possibilities for PPPs as well as other opportunities for business partnerships should be also be studied.

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Annex I: Mission calendar

Date & time	Place and Activity
Tuesday 5/2/2019	<p>@ 8:15 transport from Blue Nile hotel</p> <p>8:30 – 9:30 Bureau of Finance and Economic Cooperation (BoFEC), Amhara</p> <p>9:45 – 12:30 Joint meeting with three entities: Bureau of Agriculture Horticulture Crop production Agriculture Growth Programme (AGP-WB) Amhara Agricultural Research institute (ARARI)</p> <p>Lunch break</p> <p>14:00 – 15:30 Joint meeting with two bureaus: Bureau of Trade Industry and Market Development (BoTIMD) Bureau of Technical and Vocational Training and Enterprise Development (BoTVED)</p> <p>16:00-17:30 (at Chamber of C. office in BD center) Joint meeting with 2 entities: Women Entrepreneurs’ Association Amhara Chamber of Commerce and Sectoral Association</p>
	<p>At 19 hrs Hotel Blue Nile dinner</p>
Wednesday 6/2/2019	<p>07:30 – 08:00 drive to Robit, BDZ woreda</p> <p>08:10 – 10:30 Edget lerobit SACCO office in Robit kebele (Savings and Credit Cooperative)</p>

	FGD with WYLF beneficiaries (FGD)	
	10:30-11:00 drive to Bahir Dar	
The team will split up into two	<u>TEAM 1</u> 11:00 – 12:30 Amhara Credit and saving Institute (ACSI)	
	<u>TEAM 2</u> 11:00-12:30 Bureau of Women and Children Affairs	
	Lunch break 12:30-13:30	
The team will split up into two	<u>TEAM 1</u> 13:45-15:30 Cooperative Promotion Agency CPA	
	15:45 – 16:45 REILA project LIFT project --- Synergies btw MFA funded ARDPs	
	17:00-18:00 Agricultural Transformation Agency office (ATA)	
	<u>TEAM 2</u> 13:45-14:45 Tana Saving and Credit Cooperatives Union	
	15:00 – 16:00 Merkeb Cooperative Union	
	16:15 – 17:15 Regional Livestock agency	
	Thursday 7/2/2019	@ 7:45 departure to North Mecha woreda 8.30 – 9:00 North Mecha District council office 9:00 – 9:15 drive to Koga area 9:30 – 10:00

	<p>Chehona block, Koga irrigation area</p> <p>Extension services for vegetable producers through FFS approach (Hortilife-AgroBIG cooperation)</p> <p>10:15 – 11:45</p> <p>Chehona block, Koga</p> <p>Contract farming (KogaVEG)</p> <p>Onion seed producers (Kudmi seed cooperative)</p>
	<p>Lunch break 12:00 – 12:45</p>
	<p>13:00 – 13:30</p> <p>Koga Fruits and Vegetable Marketing Union</p> <p>13:45 – 15:15</p> <p>Ambomesk block (Koga area)</p> <p>Women who got grants during AB Phase I to establish road side kiosks to sell onions, potato and other</p> <p>15:30 – 17:00</p> <p>Merawi town, market place</p> <p>Women trading agricultural commodities in the premises funded by AgroBIG phase I</p> <p>Ref also women provided with grants and trained to prepare potato crisps and chips (beneficiaries too far to be met)</p> <p>17:00 – 17:40 Drive to Bahir Dar</p>

<p>Friday 8/2/2019</p>	<p>@ 07:30 departure to Fogera woreda</p> <p>8:30 – 09:30 Reflections with woreda sector office heads</p> <p>09:30-09:45 drive to NRRI</p> <p>09:45-11:00</p> <p>National Rice Research Institute (NRRI) & Emerta project by MEDA</p> <p>11:00 – 11:15 drive to Quhar</p> <p>11:15 – 12:30</p> <p>Cooperatives + Woreda CPA</p> <p>WRS /rice ware-house; Paddy rice marketing</p>
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	Lunch break in Woreta town 12:30-13:30
	13:30 - 13:45 drive to Shina kebele
	13:45 – 14:45 Shina Multipurpose and Shina Irrigation cooperatives’ experiences from AgroBIG support, especially during Phase I & way forward
	14:45-15:00 Drive to Ato Niguse’s site
	15:00-16:30 Discussions with Model farmer Ato Niguse Ale Youth groups supported to provide services to farmers (manual well-drilling, spraying of agro-chemicals)
	16:30 – 17:30 Return drive to Bahir Dar
Saturday 9/2/2019	8:30 – 10:00 Meet AgroBIG PSU /TA team members
	10:30 – 12:30 Wrap-up with key informants/ stakeholders
	20.00 Flight back to Addis

Annex II: People Interviewed

Last Name	First Name	Position	Institution
Academia and research			
Abate	Ermias	Director	Amhara Region Agricultural Research Institute (ARARI)
Asseffa	Alemayehu	Directorate Director	Amhara Region Agricultural Research Institute (ARARI)
Abera	Shewaye	Director	National Rice Research Institute (NRRI)
Tadesse	Tilahun	Researcher	National Rice Research Institute (NRRI)/Menonite economic Development Association (MEDA)
Getahun	Dessie	Researcher	Fogera National Rice Research & Training Centre (FNRRTC)
Zewdu	Zelalem	Researcher	Fogera National Rice Research & Training Centre (FNRRTC)
Tadesse	Tilahun	Researcher	Amhara Agricultural Research Institute (ARARI), Fogera National Rice Research & Training Centre (FNRRTC)
Civil Society			
Aderaw	Teferi	Manager	Amhara Women Enterprises Association (AWEA)
Tsige	Girma	President	Amhara Women Enterprises Association (AWEA)
Cooperatives			
Melak	Girmay	Representative	Tana Union
Abbay	Sitotaw	Representative	Merkeb Union
Yideg	Yeshiwas	Secretary	Koga Union
Meket	Tazeb	Control Committee	Koga Union
Tafere	Endalew	Manager	Koga Union
Biyazen	Degitu	Manager	Edget Lerobit Saving & Credit Cooperatives (SACCO)
Ayalew	Abera	Chairman	Edget Lerobit Saving & Credit Cooperatives (SACCO)
Melak	Girmay	Representative	Tana Union
Abbay	Sitotaw	D/Manager	Merkeb Union
Gelaw	Marew	Secretary	Worota Zuriya Irrigation Cooperative
Ayele	Gebeyaw	Farmer	Worota Zuriya Irrigation Cooperative
Admare	Desta	Chairman	Worota Zuriya Irrigation Cooperative
Belay	Mare	Chairman	Worota Zuriya Irrigation Cooperative
Agmas	Adugna (Priest)	Secretary	Kuhar Irrigation Cooperatives
Andarge	Silenat	Head	Kuhar Irrigation Cooperative
Engidaw	Nigat	Member	Kuhar Irrigation Cooperative
Ande	Simengew	Cashier	Kuhar Irrigation Cooperative

Amamas	Aemiro	Development Agent (DA)	Kuhar Irrigation Cooperative
Mesfin	Zenaw	Committee Member	Kuhar Irrigation Cooperative
Dessie	Mengistu	Secretary	Kuhar Irrigation Cooperative
Tebabal	Prist Baye	Chairman	Kuhar Irrigation Cooperative
Kifle	Kasew	Farmer	Kuhar Irrigation Cooperative
Belete	Tafete	Vice Chairman	Kuhar Irrigation Cooperative
Gizaw	Teginew	Farmer	Kuhar Irrigation Cooperative
Alelign	Ayewew	Farmer	Kuhar Irrigation Cooperative
Melke	Getachew	Farmer	Kuhar Irrigation Cooperative
Mersha	Simeneh	Purchaser	Kuhar Irrigation Cooperative
Development partners			
Davoux		Head of Rural Transformation and Resilience	Delegation of the European Union to Ethiopia
Sarah	De Smet	Project Manager for Gender Empowerment in Markets Project Empowering women and youth in horticulture	Netherlands Development Organisation (SNV) Ethiopia
Tarekegn	Wuglet	Beneficiary youth	Youth group
Teferra	Woineshet	Beneficiary youth	Youth group
Argaw	Addise	Beneficiary youth	Youth group
Agite	Birtukan	Beneficiary youth	Youth group
Atilewes	..	Beneficiary youth	Youth group
Nigus	Serkaddis	Beneficiary youth	Youth group
Alelign	Mihret	Model Farmer	Koga Irrigation Project Office
Alemu	Abebaw	Contract farmer	Koga irrigation project
Ale	Nigusie	Model Farmer	Shina Irrigation Farmer
Zemenay	Aberra	Farmer	Kuhar Kebele Residence
Abebe	Jember	Expert	Kuhar Kebele
Asmare	Ghebre	Farmer	Kuhar Kebele
Takele	Prist Abaasefu	Farmer	Kuhar Kebele
MFA			
Tadesse	Gezahegn	Advisor	MFA
Pekkola	Marjaana	Counsellor	MFA
Arto	Valjas	Desk Officer, Trade and Development	MFA

Marjanen	Jutta	Programme Officer, Ethiopia	MFA
Multilateral organisations			
Buhigwa	Godfrey	Director	Africa Union (AU)
Bateno	Kebede	Officer	Food and Agriculture Organization (FAO)
Tiruneh	Yibeltal	Team Leader	Food and Agriculture Organization (FAO)
Mengistu	Amare	Team Coordinator	Food and Agriculture Organization (FAO)
Other stakeholders			
Aysheshim	Tewabe	D/Manager	Amhara Credit & Saving Institute (ACSI)
Haile	Zerfu	Director	Responsible and Innovative Land Administration (REILA)
Tura	Birhan	LIFT Programme Expert and Coordinator	Land Investment for Transformation (LIFT) project
Aniley	Yelibe	Coordinator of LIFT Economic Empowerment Unit	Land Investment for Transformation (LIFT) project
Yinager	Mulatu	Researcher	Ethiopians Motivating To Rise Trade & Agrobusiness (EMERTA)
Private sector			
Bantegegn	Nibret	Secretary General	Chamber of Commerce
Daniel	Ulric	Managing Director	EthioChicken
Programme staff			
Reshem	Kent	Finance Advisor	AgroBIG II
Yaregal	Endalkachew	Rural Finance Advisor	AgroBIG II
Komulainen	Meeri	Chief Technical Advisor	AgroBIG II
Kuivanen	Katja	Junior Expert	AgroBIG II
Worku	Mezgebu	Monitoring and Evaluation Advisor	AgroBIG II
Fentie	Getachew	Cluster Advisor	AgroBIG II
Kebede	Ayichew	Capacity Building & Social Development Advisor	AgroBIG II
Regional government			
Mehari	Tilahun	Head	Bureau of Finance and Economic Cooperation (BoFEC)
Tebabal	Tekeba	District Bureau Head	Bureau of Agriculture (BoA)
Wondemu	Yibeltal	Department Head	Bureau of Agriculture (BoA)
Teshale	Aynalem	AB Focal person	Bureau of Agriculture (BoA)
Segahu	Habtamu	Coordinator	Bureau of Agriculture (BoA)
Afewerk	Yohanes	D/Bureau Head	Bureau of Trade, Industry & Market Development (BoTMD)
Kebede	Yashambel	Bureau Head	Bureau of Technical & Vocational Training & Enterprise Devt (BoTVED)

Sisay	Endalkachew	Focal person	Bureau of Technical & Vocational Training & Enterprise Devt (BoTVED)
Asres	Asnaku	Bureau Head	Bureau of Women and Children,s Affairs (BoWCA)
Dessalegn	Yohannes	Expert	Bureau of Women and Children,s Affairs (BoWCA)
Admasu	Fantahun	Directorate Director	Cooperatives Promotion Agency (CPA)
Yirsaw	Shitahun	Finance expert	Cooperatives Promotion Agency (CPA)
Walle	Teshome	Director	Agricultural Transformation Agency (ATA)
Dagnew	Mulatu	Expert/Representative	Livestock Agency
Adamu	Anteneh	District Administrator	North Mecha District
Simeneh	Yiheneh	Head	District Finance Office
Belayneh	..	AgroBIG Focal person	District Finance Office
Biru	Abiyot	Manager	Koga Irrigation Project Office
Genete	Degu	Head	District Trade Office
Yeshiambel	Birhanu	Head	North Mecha District Agriculture Office
Asmarech	Misikir	Head	District Bureau of Women and Children Affairs (BoWCA)
Abebaw	Yitbarek	Head	Fogera District Finance Office
Goshu	Aderajew	AB Focal person	Fogera District Cooperatives Promotion Agency (CPA)
Wondimu	Anteneh	AB Focal person	Fogera District Agriculture Office
Tesera	Abraham	Focal person	North Mecha District Trade office
Guwadde	Jember	Administrator	Fogera District Office
Mengiste	Adebabay	Head	Bureau of Trade, Industry and Market Development office
Abebaw	Yitbarek	Head	Fogera District Agriculture Office
Asfaw	Getinet	Head	Fogera District Cooperative Promotion Office
Fasikaw	Asegedech	Head	Fogera District Women & Children's Office
Alemayehu	Fantahun	Focal person	Fogera District Technical and Vocational Training and Enterprise Development office
Alitalel	Zewdu	Focal person	Fogera District Women & Children's office
Asmir	Getinet	Head	Fogera District Cooperative Promotion Office
Godge	Aderajew	Focal person	Fogera District Cooperative Promotion Office
Yalew	Sisaynew	Focal person	District Bureau of Trade, Industry and Market Development office
Balachew	Shumet	Head	Fogera District Technical and Vocational Training and Enterprise Development Office
Achenif	Chalachew	Expert	Fogera District Finance Office
Tibebu	Tsega	D/Head	Bureau of Finance and Economic Cooperation (BoFEC)
Yeneneh	Tesfahun	Management Member	Kuhar Kebele/District
Takele	Tirusew (Priest)	Manager	Kuhar Kebele

Annex III: Overview of financial services offered by AgroBIG II

Finance service	Name	Target	Total amount	Own contribution	Status
Grant	Medium-size Investment Fund	Medium-size agrobusiness investments relevant to AgroBIG VCs (SMEs).	max. grant size 50.000 EUR	--	1st Call 85 CN (26 of individual women), 2nd round 24 proposal (11 from women) Put on-hold in February 2019 (Please note that SVB decided to put on-hold the grant modalities until the approval of the MTR report. Latest information however indicates that they agreed that the medium size (SMEs) grant process, in which 9 proposals were selected, would continue and be send to BOFEC for no objection. Latest information however indicates that the SVB agreed that the medium size grant process, in which 9 proposals were selected, would continue and be sent to BOFEC for no objection.))
	Micro & Small-size Investment Grant Fund	Smallholder farmers and small enterprises (MSMEs).	max. grant size 5.000 EUR	15% matching funds	1st Call 1581 CN (under appraisal). Number of women unknown. Put on-hold in February 2019.
	Value Chain Facility Fund	Agribusinesses, farmer groups, cooperatives and public institution supporting value addition through post-harvest technologies, processing, storage, packaging, branding and marketing of agriculture commodities.			--
Loan	Women and Youth Loan Fund (WYLF)	Women, youth (male and female, age 18 – 34 years), women’s groups and youth groups.	800.000 EUR max. loan size 1700 EUR	--	484 loan takers have been in the first year of AgroBIG II, of which 80% are women.

Finance service	Name	Target	Total amount	Own contribution	Status
	Cooperative Loan Fund	Cooperatives engaged in collection, value adding and marketing of targeted crops.	900.000 EUR max. loan size 50.000 EUR	--	
	Amhara Credit and Saving Institution's (ACSI) existing revolving fund from AgroBIG I.	MSMEs and SMEs in urban and peri-urban areas.	240.000 EUR	--	

Source: Interviews with programme stakeholders and AgroBIG II Programme Document (AgroBIG II, 2018c)