



ANNEX X

of the Commission decision on the AAP 2017 for Ethiopia

**Action document for EU-Coffee Action for Ethiopia**

1. Title/basic act/ CRIS number	EU-Coffee Action for Ethiopia (EU-CAfE) CRIS number: FED/2017/038-977 Financed under 11 <sup>th</sup> European Development Fund			
2. Zone benefiting from the action/location	Country: Ethiopia Action shall be carried in the Regions of Oromia, Southern Nations Nationalities and Peoples, and Amhara. Project teams will be based in the premises of Ethiopian Coffee and Tea Development and Marketing Authority (Addis Ababa), Oromia Coffee and Tea Authority (Addis Ababa), Southern Nations Nationalities Peoples (SNNP) Coffee and Tea Authority (Hawassa) and, Amhara Bureau of Agriculture (Bahir Dar).			
3. Programming	National Indicative Programme (NIP) for Ethiopia 2014 to 2020			
4. Sector of concentration/ thematic area	<b>Focal Sector 1: Sustainable Agriculture and Food Security</b> -With overall objective to contribute to sustainable growth in the agricultural sector and to improve the food and nutrition security situation of vulnerable population groups.			
5. Amounts concerned	Total estimated cost: EUR 15,000,000 Total amount of EU 11 <sup>th</sup> EDF contribution: EUR 15,000,000			
6. Aid modality(ies) /implementation modality(ies)	<b>Aid Modality:</b> Project Modality: <b>Implementation Modality:</b> Indirect management through the Federal Democratic Republic of Ethiopia			
7. DAC code(s)	31120-Agricultural Development			
8. Markers (from CRIS DAC form)	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
9. Global Public Goods and Challenges (GPGC) thematic flagships	Food and Nutrition Security and Sustainable Agriculture and Fisheries			
10.SDGs	Main SDG: Goal 2. Secondary SDG: Goal 5 and Goal 8.			

## **SUMMARY**

Coffee is Ethiopia's most important export product accounting on average for some 30% of total exports. It provides a source of livelihood for over 4.5 million smallholder farmers and creates job opportunities for 15 to 20 million of the economically active population, a meaningful proportion being women<sup>1</sup>, and the project intends to create additional jobs for women and the youth. As coffee is grown under shade, it contributes more to the protection of natural resources than any other production system and as such the project will also contribute to climate change mitigation. The project will also contribute to resilience of smallholder farmers as coffee is less affected by sub-optimal rains as compared to annual crop production. Coffee is produced in most parts of the Oromia and SNNP regions and with a lesser magnitude but significant expansion potential in the Amhara region.

The average productivity in Ethiopia is 0.7 tonnes/ha while the total production in the 2014/2015 season was 420,000 tonnes.

Institutional factors limiting coffee's development include: (1) a regulatory framework that increases transaction costs and creates impediments to operate a coffee-related business; (2) an inadequate delivery of coffee extension services, research outputs, and research-extension linkages; (3) inadequate coordination and responsiveness of research institutions to stakeholders' needs; (4) a fragmented institutional set-up, and weak stakeholders involvement; (5) limited farmers access to input credit services; and (6) weak value chain development.

With EU support, the Government has prepared a coffee sector development strategy, which revises the public support service structures and recommends strengthening the institutional framework to bring about consistent growth in volume and quality of exportable coffee. The government has set ambitious targets over the next five years to increase annual coffee production at million tonnes with a yield of 1.1 tonnes/ha from the current annual production level of 0.42 million tonnes with a yield of 0.7 tonnes/ha.

This action will improve coffee production and productivity, product quality and market integration for improved livelihoods of coffee growers, processors, and traders in line with current EU priorities of job creation, women and youth empowerment and enhancing resilience. Interventions include:

- Improving research backstopping, extension services and small farmers' capacity building;
- Improving smallholders' access to high quality inputs, technologies and credit;
- Increasing capacity for processing and marketing high quality coffees;
- Increasing the number of youth and women having jobs along the coffee value chains;
- Enhancing the contribution of coffee production system to sustainable environmental management to avert factors of climate change, and
- Increase the public-private actors' dialogue to address distortions and issues affecting productivity attainment of high quality coffee and better return for the smallholders coffee farmers

Supporting the sector to become more productive and market oriented will foster sustainable production system that will mitigate the impact of climate change and will enhance investment in processing and value addition, all key to creating job opportunities and enhanced system resilience.

## **1. CONTEXT**

### **1.1 Agriculture sector context**

Ethiopia covers an area of 110 million hectares and is a predominantly agricultural economy, with diverse agro-ecological zones and a population of over 95 million, of which 83% live in rural areas. Agriculture is largely rain-fed and 95% of the outputs are produced by smallholder farmers whose holding sizes range between 0.5-1.5 hectares.

Despite its agricultural potential, available water resources, considerable biodiversity and varied ecosystems and climates, the country has witnessed slow growth of staple food and high value exportable crops mainly due to low on-farm productivity which, in turn, is caused by poor access to

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<sup>1</sup> Annual Agriculture Sample Survey Report of the Central Statistical Authority's 2014/15

market, finance, inputs, services and technologies as well as weak organizational capacity of smallholder farmers to produce at better costs and to receive better return for their crop.

Exportable crops such as coffee follow the same low productivity and quality pattern and therefore the marginal income earned by farmers is not enough for them to invest in more environmentally sustainable production systems and to compensate for low food production and nutritional needs. Low productivity is also compounded by climate change, as almost 50% of the growing area of coffee worldwide is already affected by climate variability and its impacts.

Despite that, Ethiopian coffee production has doubled in the last forty years with about 420,000 tons produced today being the first coffee producing country in Africa and the fifth worldwide. Greater share of the production increase have come from increased acreage of coffee.

Grown on an estimated 560,000 hectares in 5 regions, coffee is an important commodity for the economy generating USD\$780 million worth of export (2014/15). Coffee is also socially important since 95% is produced by about 4.7 million smallholder farmers and its value chain generates a large volume of direct and indirect employment, the numerous coffee shops being the most visible since coffee is also widely home consumed (2.6 Kg per capita).

Despite playing a significant role at all levels, women's ownership and control over coffee resources is very limited. In parallel, less and less youth are attracted to coffee production due to its low profitability beside access to land.

Quality control and certification at all level of the smallholders' production and of the value addition is weak depriving them of additional income and opportunity to integrate to the agro-industry and more profitable distribution systems such as the ones under fair-trade geographical labels.

From the 1970's onward, support from a number of development partners, including the EU brought significant change in coffee research, extension, access to seedlings of improved varieties, better agronomic practices and conservation and proper utilization of forest coffees. Unfortunately, due to a lack of a single dedicated institutional set-up to guide the sector's development, support has remained fragmented and uncoordinated, limiting impact.

## **1.2 Public Policy Assessment and EU Policy Framework**

The **Ethiopian policy framework** governing the sector is articulated around having all agricultural growth and transformation as a key objective for poverty reduction, job creation and sustainable use of the land.

At macro level, agriculture policies are included in the Growth and Transformation Plan (GTP I and II) whose vision is to reach a middle-income country status by 2025 by registering annual average growth rates of 11% and by giving industrial growth, especially the manufacturing sector including agro-industry, a prominent role in bringing about a shift in the structure of the economy. One of the strategic directions for the agricultural sector development is to increase the production of high value crops, including coffee focusing on smallholders and emerging commercial farming

Using the Comprehensive Africa Agriculture Development Program (CAADP) Compact process as a foundation, the Agricultural Sector Policy and Investment Framework (PIF), 2010-2020 has been defined with four strategic objectives: SO1 Productivity and production, SO2 Rural commercialization, SO3 To reduce degradation and improve productivity of natural resources and SO4 To achieve universal food security and protect vulnerable households from natural disasters.

Under Agricultural Sector Policy and Investment Framework\_first strategic objective, the aim has been to strengthen the agricultural extension service, strong linkage of research and extension, improving access to inputs and financial services, enhancing participation of women, developing demand-driven technologies, and enhancing the market orientation of production systems.

Under Agricultural Sector Policy and Investment Framework\_second strategic objective, Ethiopia is committed to strengthen the participation of the private sector in economic development by guaranteeing stability and transparency in the country's trade policy, creating incentives for private businesses, and improving the transparency of Ethiopia's land tenure system. Making the link with the

first objective, efficient and effective agricultural marketing systems will be promoted, linking smallholders with commercial farmers in out-growers' schemes, facilitating rural women and youth's access to technology, extension services, credits and inputs.

Altogether, the Agricultural Sector Policy and Investment Framework investments should achieve increased agricultural productivity, job creation, and a more sustainable use of natural resources and it should enhance the resilience of rural population to climate change.

Specific policies that also influence the development of the coffee commodity sector include:

To address the institutional drawbacks the government has recently established an autonomous Ethiopian Coffee and Tea Development and Marketing Authority, ECTDMA, (hereafter the Coffee Authority). The Coffee Authority is mandated to lead the entire coffee value chain and is considered to represent a significant development over the earlier fragmented institutional set-up in the coffee sector.

Recognizing obstacles for women farmers, the Government has taken various steps to increase women's access to productive resources. The policies have attempted to expand the provision of agricultural extension and credit services to women farmers, however despite some progress, the gap between female and male farmers access to services continues.

Under the Agriculture Transformation Agenda, Ethiopia has set ambitious goals for the transformation of the agriculture sector, with private sector partners expected to play an increasing role in the Transformation Agenda. The private sector participation will become even more critical in the years to come, as Ethiopian agriculture strives to move from subsistence based, low-input/low-output farming, to one that is more market-oriented and integrated into the global food system. This will ensure that interventions are more efficiently executed and ultimately financially sustainable.

Part of the transformation agenda, a new extension service strategy has been launched in March 2017 premised on the integration of extension service between government and private sector actors in order to be market-orientated and demand driven along value chain development, while respecting specific agro-ecological constraints and promoting sustainable practices.

Ethiopia has also legislation in place to promote the role of farmers' organizations, cooperatives and saving cooperative organization (SACCO) in the transformation of agriculture.

Also in line with the transformation agenda and addressing specific coffee marketing bottlenecks, new directives are in the making that will encourage vertical integration with direct marketing of quality certified coffee by individual and farmer groups. This new directive is essential to ensure that smallholder producers earn better returns for premium coffee produced instead of the current flat price farm gate coffee purchase system which is a disincentive for quality and productivity gain. The project is expected to capitalize on supporting farmers to take full advantage of such new directive.

Finally, outlined in the Climate Resilient Green Economy Strategy (CRGE)<sup>2</sup>, conservation and sustainable utilization of watersheds, biodiversity, and other natural resources will be promoted by ensuring the full participation of and fair benefits to, the community although one of the Agricultural Sector Policy and Investment Framework strategy is the expansion of irrigated agriculture.

Overall, the existing policies and strategies have contributed to surpass the Comprehensive Africa Agriculture Development Program target allocation of 10% of the national annual budget to this agriculture sector and, mostly its contribution of 6% to the yearly GDP growth rate; although this is below the targets set by the government to tackle poverty and hunger.

In term of **EU policy**, this support is fully in line with the EU Agenda for Change and the new European Consensus on Development<sup>3</sup> as it embraces EU's priorities of sustainable growth/job creation (with focus on women and youth). The project also integrates the recommendations from the

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<sup>2</sup> Ethiopia's Climate Resilient Green Economy Strategy: The path to sustainable development, Environmental Protection Authority, 2011.

<sup>3</sup> Proposal for a new European Consensus on Development, Strasbourg, 22.11.2016; COM(2016) 740 final

EC Joint staff working document “Gender equality and women's empowerment transforming the lives of girls and women through the EU external relations 2016-2020” as well as the Council Conclusions on the Gender Action Plan 2016-2020<sup>4</sup>.

At Ethiopia level, the project is in line with the EU+ Joint Programming process and fits within focal sector I in the NIP 2014-2020 “Sustainable agriculture and food security” supporting Ethiopia’s progress in sustainable and inclusive socio-economic development by raising competitiveness and increasing both public and private investment for rapid economic growth, enhancing food security, reducing malnutrition, fostering resilience of vulnerable people to climate change induced shocks and achieving sustainable agricultural transformation and growth.

### 1.3 Stakeholder analysis

#### 1.3.1 *Direct beneficiaries producers of high quality coffee*

- *Smallholder coffee producers*: selected for their potential for change and suitability as model farmers will be targeted among the different categories of smallholder producers, ensuring inclusion of women, landless youth, other vulnerable coffee farmers and small commercial producers.
- *Coffee associations*: Since the project will not deal with individual farmers directly, the coffee associations and other organized farmers groups will be the entry point to reach the beneficiaries. These associations will also benefit from organisational capacity building measures enabling them to directly sell high quality coffees to the market.

#### 1.3.2 *Primary stakeholders in the coffee value chain*

- *The Ethiopian Coffee & Tea Development and Marketing Authority ("The Coffee Authority")*<sup>5</sup>: Its objectives are strengthening the extension service and establishing a quality-based marketing system. Stakeholders expect that the authority will contribute to the sector's development and provide clear institutional arrangements, which were hitherto lacking. **The Coffee Authority will be the lead applicant institution coordinating the proposed intervention to be implemented by the regional co-applicant bodies described below:**
- *Oromia Coffee and Tea Authority*<sup>6</sup> is the autonomous body mandated to lead the development of the regional coffee sector in Oromia region,
- *SNNPR Coffee, Tea and Spices Authority*<sup>7</sup> is the autonomous body mandated to lead the development of the regional coffee sector in the SNNPR region,
- *Amhara Regional Bureau of Agriculture*: is the lead agricultural institution in Amhara region,
- *Ethiopian Institute of Agricultural Research (EIAR)*: Under this institute, Jimma Agricultural Research Centre (JARC) and its dedicated sub centres will handle the research component. This institution has limited resources to carry out basic scientific research on coffee, validate, disseminate and interact with organized farmers. Research backstopping is going to change to a considerable extent in this project, as it is going to provide continuous monitoring, timely interventions and feedback.

#### 1.3.3 *Secondary stakeholders contributing to the project sustainability*

- *Private sector partners among which*: a) Buyers/roasters of high quality coffees in the world are going to benefit directly from the availability of traceable as well as Geographically Indicated lots; b) Local coffee beans buyers affiliated to the organisation of high quality coffee certification and providers of training on quality coffee and specific extension services; c) Finance institutions and financial services present at all level of the coffee value chain including micro-finance institutions will be linked to farmers groups organized along demonstration plots to produce micro lots for direct marketing.

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<sup>4</sup> The thematic priorities of the EU Gender Action Plan for Ethiopia 2016-2020 are not yet ready as the gender analysis has to be finalized first.

<sup>5</sup> Established by proclamation number 364/2015

<sup>6</sup> Established by proclamation number 194/2015.

<sup>7</sup> Established by proclamation number 128/2015.

- *Coffee production and marketing cooperatives and cooperative unions*<sup>8</sup>: Currently these account for 10-15% of all coffee exports. The selection of high potential growing woredas where any one of these unions is operating will improve the quality of coffee they are receiving and will have a significant demonstration effect.
- *Primary market suppliers*<sup>9</sup>: Until an anticipated new regulation is ratified by the parliament, the current marketing system does not allow vertical integration. These suppliers are thus the ones able to buy coffee from farmers at primary marketing centres, to bulk coffee into lots and deliver the same to the Ethiopian Agricultural Commodities Warehousing Service Enterprise's (EACWSE) quality test laboratories where coffees are graded, and transported to the Enterprise's nearby warehouse for storage until traded. These suppliers will have better opportunities to buy and consolidate high quality coffees.
- *Regional women affairs bureaus in Oromia, SNNP and Amhara*: The bureau is responsible for supporting women to access technology, extension services, inputs and financial services. The Gender Directorate within the Ministry of Agriculture and Natural Resources is also in charge of gender mainstreaming in all the national agriculture programmes. A gender mainstreaming manual has been developed in that regard.
- *Women association and Civil Society Organizations active on women issues*: being close to the communities, they can help in sensitising women and facilitate their participation

Other important stakeholders will be:

- *Agricultural Transformation Agency (ATA)*<sup>10</sup>: ATA will focus on speciality coffees in Oromia and SNNP making use of its two flagship programmes: the Ethiopian Soil Information System (EthioSIS) and the Agricultural Commercialization Clusters (ACCs).
- *Ethiopia Commodity Exchange (ECX)*; Established in 2008 and mandated to serve as a trading floor for coffee along different grades of certified lots. It will benefit indirectly from enhanced availability of good quality traceable coffees. The possibility of farmers' organisation trading directly high quality micro lots at the auction should increase the role of Ethiopia Commodity Exchange.
- *Ethiopian Coffee Exporters Association* will gain indirect benefits as more volume of high quality-high value and traceable coffee becomes available on the market.
- *Development partners engaged in coffee sector development*: Development partners supporting coffee sector development including USAID, UNIDO, JICA, Technoserve, GIZ, the Neumann Foundation and others will partake of the synergy and cooperation that the intervention will promote. The Coffee Authority and partner institutions can benefit broadly from partnerships with these non-state actors with proven track records in coffee sector development, as the programme should also take on board the best extension service delivery practices of such non-state actors.

#### **1.4 Problem analysis and priority areas for support**

As an export product internationally recognized, coffee should attract more private sector investment at local level and should provide a better income for the farmers though this is not happening and the key reasons are:

**1.4.1 Low productivity on farm and the absence of incentive to produce quality:** After more than 40 years of coffee research, technology transfer and input support programmes, it has only been possible to raise average productivity from 0.3 to 0.7 tonnes/ha despite the existence of technologies in Ethiopia able to produce up to 1.5 tonnes/ha<sup>11</sup>. Instead, most of the coffee producing zones have fallen

<sup>8</sup> Important cooperative unions include Oromia, Limmu Enareya and, Chercher Oda Bultum (in Oromia); Yirgacheffe, Sidama, Bench Maji, Wolayita Damota and Kafa (in SNNPR, and the latter for forest coffee). The most important one however is the Oromia Coffee Cooperative Union, which accounted for more than 50% of all cooperatives' direct exports.

<sup>9</sup> These are intermediaries who represent the first layer of coffee buyers at the local level and empowered by the coffee quality and transaction council of ministers Regulation no. 602/2008.

<sup>10</sup> Is established in 2010 by Council of Ministers Regulation No. 198/2010 as the Secretariat of an Agricultural Transformation Council chaired by the Prime Minister to improve the enabling environment for fast agricultural growth with mandates focussing on introducing new technologies and approaches that can address systemic bottlenecks; and improve coordination and implementation capacity to effectively execute agreed upon solutions.

<sup>11</sup> Only with the Sidama and Yirgacheffe coffee variety, farmers have been able to yield above 0.75 tonnes/ha

back to 0.5-0.7 tonnes/ha<sup>12</sup> which is below economic viability level in a land-constrained context. The main reasons being:

- Coffee extension services do not fully integrated Best Agricultural Practices (BAPs) with the result that only one fifth of all farmers prune their coffee trees, only a quarter are using seedlings of improved varieties and do mulching, and only less than 10% adequately fertilize coffee plots with properly processed composts<sup>13</sup>. Poor handling of the coffee berries once harvested is also prevalent.
- The low rate of adoption of the solutions offered by the extension services due to the limited coffee outreach of Government services and the absence of alternatives, such as extension services provided by farmers' groups/associations or by private sector value chain actors
- The poor integration to the coffee value chain and access to markets.
- Poorly managed agro-ecologic factors such as: a) soil nutrient deficiencies caused by poor soil fertility management and improper watershed management practices in coffee farms (leading to surface erosion and loss of soil moisture and fertile top soil); b) not controlled coffee diseases such as the coffee leaf rust and others; c) improper pruning and stumping techniques compounded by poor access to appropriate technologies including weeding, pruning and stumping tools;
- Limited farmers' capacity to access finance and to invest in equipment, better yielding coffee varieties and inputs due to poor access to market and un-favourable return for the coffee crop<sup>14</sup>

The project will capitalize on the recently adopted extension strategy<sup>15</sup> which will increase the provision of extension services, to individual as well as to farmers organisations, and will target improving the capacity of farmers organisations and support informal farmers groups to evolve into formal entities that will be able to transact business and to address the capacity needs of its members.

**1.4.2 Weak aggregation and organisation of the farmers:** Despite the adoption of a supportive legislation, weak organization of the farmers is a major constraint, leaving the farmers passive and fragmented in accessing better terms of sales for their crop and purchase of inputs; in accessing finance; in accessing reliable extension services; and in securing a voice in sector development coordination platforms for a greater defence of their interest. Therefore, the organization of coffee farmers into collective action groups and capacitating their organisations is essential.

**1.4.3 Farmers' poor access to market and unfair price transmission:** Except for the small fraction of farmers participating to "appellation of origin" and "fair trade" certification scheme contributing to about 5% of the total coffee exported from Ethiopia, most of the farmers have poor access to market and have little reward for their coffee beans. The main factors for that are:

- a) Administrative hurdles for commercial farm-based out-grower schemes to operate and difficulty to conduct export trade and financial transactions in producing areas,
- b) Negative effects of the coffee buying system of farm-gate flat prices not rewarding farmers for improved quality so as to enhance reliability of production and consistency of supply.
- c) The control of market by private sector intermediary traders that purchase the harvest and who represent the first layer of coffee buyers at the local level<sup>16</sup>.
- e) Poor access to market information at farm level of the value chain for the different qualities of coffee graded in the different coffee producing areas.

As a result: a) intermediaries collect volumes at lowest grade price and make their benefit in grading and selling at Ethiopia Commodity Exchange trading floor getting better prices for the high quality coffee purchased from farmers; b) farmers do not invest and c) the Ethiopia Commodity Exchange has limited impact in altering the coffee price dynamics since transmission of international pricing is influenced by intermediaries and less by farmers despite progress in market transparency,<sup>17</sup>

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<sup>12</sup> However IFPRI survey, *ibid.* 2015:7-8, points at an average productivity of 0.3-0.4 tones/ha, that is less than 1 kg of cherries per tree.

<sup>13</sup> IFPRI 2015, *ibid.*, p. 7

<sup>14</sup> Farmer's return is only 5 to 10% of the final price to the consumer?? hence limited amounts of fresh cherries sold to both cooperatives and private wet mill operators

<sup>15</sup> Agricultural Extension Strategy of Ethiopia, MoANR, 2017

<sup>16</sup> The intermediaries are empowered by the coffee quality and transaction council of ministers Regulation no. 602/2008

<sup>17</sup> IFPRI WP 76, 2015:14-15.

As demonstrated by the farmers operating under certification or by the farmers receiving premium prices for washed coffee instead of sun dried coffee berries; quality price incentive and transparent supply arrangements have a direct impact on coffee quality and productivity.

Therefore, the project will capitalize on success stories of farmers producing and selling quality coffees at higher prices such as when cooperatives subcontract dry milling directly, do grading and engage in direct export (bypassing cooperative unions). The project will also focus addressing structural factors preventing a better return for farmers such as the upscaling, the traceability, and the differentiation of high quality coffees through Geographic Indications to the level of the farmer. Finally, the project will take advantage on the anticipated new directive allowing direct participation of farmers to auctions, direct trade and vertical integration.

**1.4.4 Limited outreach of coffee traceability and differentiation of high quality coffees:** There cannot be high quality coffee in the marketplace without distinction of its unique flavour profile and tracing back that flavour profile to a specific microclimate, genetic materials and specific farmers' knowledge<sup>18</sup>. As shown above, prioritizing export volumes, non-differentiated commodity coffees lose most of their potential quality and value even if they are properly sorted and graded. Ethiopian coffee occupies a privileged place in high quality niche markets thanks to its diverse offer of distinctive and complex flavour profiles but since only 5%<sup>19</sup> is exported under certifications<sup>20</sup> there is considerable room for increasing the production volumes of high quality coffee in total exports.

The project will promote the outreach of trading system for traceable and Geographically Indicated quality at local level as part of the new reform and directive that encourages direct coffee trade by producer communities and Ethiopia Commodity Exchange digital platform.

**1.4.5 Weak coffee sector coordination and dialogue platforms:** Although considerable common grounds prevail for cooperation between public bodies, private operators, international development partners that are supporting the Ethiopian coffee sector; it did not happen and, thus, the important investments that have been made during the last three decades have not achieved the expected results. The main reasons for poor performance have been: (1) inappropriate incentives built into the regulatory framework which create market distortion and prevent value addition and higher incomes for farmers; (2) slow growth of direct trading due to weak farmers organizations, insufficient coffee specialized extension services and research, lack of incentives for farmers and infrastructural bottlenecks; (3) poor coordination among interventions supported by development partners and weak collaborative frameworks that diluted the impact of such funds; (4) failure of donor funded projects in promoting stakeholder ownership, which undermined sustainability and impact of such projects; (5) failure of coffee policies and projects from addressing cross cutting issues including gender equity, youth involvement, food and nutrition security, health, and climate change, and 6) failure to deal with externalities such as international price volatility.

All the above is underlining the fact that coordination platform between government and development partners have not been efficient and that farmers-public-private dialogue platforms are not strong enough to handle the negative incentives due to strong government regulated transactions and contradictory interests for the private sector to perform and farmers to transform.

The project will take advantage of the new government priority to transform Agriculture to facilitate coordination and dialogue in order to build up trust among stakeholders in addressing structural issues affecting the coffee sector, governance issues such as unfair practices and public spending/aid disbursement inefficiencies including developing some means to compensate for negative externalities.

**1.4.6 Inadequate Research and Research-Extension linkages:** Understaffing, poorly equipped laboratories, budget constraints, weak linkages with extension, insufficient multiplication technology

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<sup>18</sup> Including knowledge on cropping system and processing methods

<sup>19</sup> Overall sustainable certification labels accounted for 3% of export sales in 2012-13 (Technoserve 2014:2). According to the Ministry of Trade only 2% of coffee transactions through 2006 and 2013 are Fair Trade certified (IFPRI WP 66, 2014:9). The current size of sustainable coffee markets is around 20% globally.

<sup>20</sup> Origin, social (Fair Trade, Coffee Direct), environmental (Bird Friendly, Rainforest Alliance) and organic (US National Organic Program, BIO, Japanese Agricultural Standards),

and limited collaboration at the national and international levels, have prevented the Ethiopian coffee research system from taking full advantage of the country's wealth of genetic materials and fully respond to stakeholders<sup>21</sup> and market demands. To address these problems, the Government is considering to upgrade the Jimma Agricultural Research Centre-JARC from a research centre to a full-fledged national coffee, tea and spices research institute and to raise its annual budget.

The project will capitalise on the existing research capacity and competencies to allocate funding to key activities such as use of GIS data, validation of Best Agricultural Practices and Best Processing Practices, applied research to alleviate main constraints to productivity and quality in intervention areas. The project' contribution will hence facilitate the anticipated transformation of the research system to deliver better.

The support to research should be result-based rewarding achievements against agreed indicators and focussing on linkages between research, farmer's needs, international market expectations and extension services gaps to be integrated in the Best Practices System and the network of model farmers and demonstration plots.

**1.4.7 Declining natural resource protection:** In Ethiopia, compared to any other production system, coffee contributes to ecosystem sustainability and biodiversity and mitigates climate change impact and reduces GHG emissions since coffee growing requires restoring and maintaining the tree cover and adequate soil cover. However, the poor return from coffee growing has led some farmers to shift to other cash crops, such as "khat", with short term economic advantages but long term negative environmental consequences.

The project will take advantage of the definition of adapted extension service curricula and extension service outreach systems to include message and training on sustainable practices as well as community control of negative practices. Moreover, it will contribute to sustaining forest coffee systems that represent high level ecological equilibrium and are unique to Ethiopia. Indirectly, better return from coffee will contribute to reduce the shift to crops having negative environmental consequences.

**1.4.8 Institutional capacity limitations:** One of the main causes of institutional underperformance is the lack of technical capacity particularly in planning and management of public finance, making use of good quality statistics, market information, and extension and certification services available to all. The knowledge of the "project cycle management" and the need to analyse and manage projects in a timely and accountable way<sup>22</sup> has also been problematic.

Therefore, the project will also be an opportunity to improve the capacity of the different institutions and strategic stakeholders involved in implementation.

**1.4.9 Gender inequality in the agriculture sector:** Agriculture is a major area of occupation for women and the highest recruiter. In spite of the centrality of their contribution, women are disadvantaged and their contribution is often less valued. Women's work in agriculture ranges from farmers, on their own right, to unpaid and paid workers on family farms, other farms and agricultural enterprises. In the coffee sector, women make important contributions in coffee production, processing and businesses (from petty trading to exporting) arenas, particularly in nursery management, harvesting, processing and in making sound use of coffee earnings (reinvesting in families and business expansion or making in-kind coffee savings for food, schooling and health expenditures). However, due to patriarchal and local cultural norms and values, women have limited access to intervention projects, specialized training, microcredit services, extension services, new technologies, business opportunities and property rights. Marketing and decision making over the household priorities and revenues is more often considered as the role of the head of the house, which largely happens to be men, undermining married women's possibility to access agriculture related

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<sup>21</sup> Such technologies as efficient fertilizers, cropping systems, release of improved varieties, validation of Best Agricultural Practices, and Best Processing (Harvest and Post-Harvest) Practices, support to extension.

<sup>22</sup> Including accountability through farmers' group participation in monitoring and decision-making

opportunities. Single women (with or without children) are more likely to be landless, as women tend to gain access to land by virtue of marriage. They also face more challenges in getting access to agriculture inputs than men do.

Government policies have attempted to expand the provision of agricultural extension and credit services to women farmers. Despite progress, there is still gap between female and male farmers. Collection of gender and sex disaggregated data such as access to extension services, credit, inputs, or women in responsibility position is still a general challenge. To respond to that, the Gender Directorate of the Ministry of Agriculture has developed a Gender Mainstreaming Manual guiding, among others, collection of gender and sex disaggregated information at all levels in the sector and has made its application compulsory to its regional services by signing a Memorandum of Understanding with the Regions.

Therefore, the project will use this manual and gender accountability mechanism to promote specific women empowering measures at all levels.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk (H/M/L)	Mitigating measures
Weak implementation capacity (poor management capabilities and insufficient specialized staff)	H	Anticipate arrangements to help with key competencies (organizational, management and M&E provisions; international cooperation for M&E and specialized research), Technical Assistance on technical, procedural, financial and procurement matters, conducting prior system audit, provision of training packages on EDF and grant procedures, prior approval of grant contracts, ex-ante approvals and annual, mid-term and final expenditure verifications (details in Annex),
Weak extension services for coffee (limited specialization of extension workers)	M	Promote training to create specialized coffee extension workers. Engage local authorities and former extension service staff Engage organizations with proven extension experience <sup>23</sup> Associate agencies like the ATA having demonstrated competencies and clear market promotion vision and strategies;
Demographic pressure will continuously decrease coffee holding sizes	H	Improve coffee productivity alongside food and nutrition security; improve access to land by organized youth and women groups, and associate with institutions working to strengthen property rights, Include family planning message in project Extension service
Poor governance of the commodity sector – Unfair commercial practices and Government reluctance to open the space for private sector.		Engage in policy dialogue with the different stakeholders in the dialogue platform, Capitalize on the new positive measures the government is taking such as vertical integration and direct trade.
Lack of interest of the rural youth to engage in coffee production	H	Introduce especially designed initiatives to attract youth to follow intensive training on coffee farming and entrepreneurship Introduce innovative solutions <sup>24</sup> along coffee value chain.
Inappropriate incentives to promote women participation	M	Introduce especially designed initiatives to effectively improve women's skills and managerial opportunities in coffee businesses <sup>25</sup>
Lack of transparency related to procurements	M	Appropriate transparency mechanisms will be developed and spelt out during signing of the grant contract; Large procurements under a separate contract
Drought spell and food crises due to climate change,	M	Include food and nutrition security activities along stumping and new plantings <sup>26</sup>

<sup>23</sup> Examples are Technoserve, Neumann Foundation, and GIZ.

<sup>24</sup> Use of social media, IT solutions, education system (curriculum review)

<sup>25</sup> Project shall run parallel focus groups and women's groups as much as needed to facilitate access to resources and technology adoption

<sup>26</sup> Planting of beans, vegetables, maize, squash and other short cycle food crops, border plantings of harvestable hardwood, Non-Timber Forest Products (NTFPs) for enhanced income, promoting diversification of production systems and valuing of local (agro)-biodiversity and traditional knowledge

environmental impact and biodiversity		Promote mitigation and remedial agro-ecological measures introducing appropriate Best Agricultural Practices <sup>27</sup> , support forest coffee conservation and restoration
Volatile coffee price in the international markets and significant competition from other coffee producing countries	H	Focus interventions on achieving continuous gains in productivity and fast progress in quality improvement; Focus on Ethiopia's relative advantage of supplying diverse flavour profile coffees to high end markets, Promote in coordination and dialogue platforms different options (public-private) of mechanism to compensate for international price fall and carry out policy dialogue
<p><b>Assumptions</b>-Key assumptions for the EU-CAfE to deliver the expected results are:</p> <ul style="list-style-type: none"> <li>• The establishment of the Coffee Authority with a clear mandate to improve the enabling environment of the coffee industry and the political will to actively pursue the objectives and policy framework of the 'Coffee Sector Development Strategy for Ethiopia' will provide proper guidance;</li> <li>• Full ownership, implementation and follow-up of interventions provided by Oromia and SNNP regional governments, coffee authorities and Amhara bureau of agriculture, state agencies working on coffee, central statistical agency, research institutions, extension service, trading authorities and related agencies;</li> <li>• Presence of implementation partners receiving strong technical assistance support and required procedures and grant management and the drive to make a difference in coffee sector, changing the way interventions are done with a focus on coffee productivity and quality, market orientation, participatory intervention methods and collaborative stakeholders' networks.</li> <li>• Ongoing Government's measures that improve sector's performance'</li> <li>• A technical assistance support that accompany and guide the implementation (operational and financial) by the different implementing partners</li> </ul>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

***Institutional development:*** While developing the “Coffee Sector Development Strategy for Ethiopia” that also resulted in the establishment of the 'Ethiopian Coffee and Tea Development and Marketing Authority' various lessons are drawn from other coffee producing countries:

***Institutional arrangements for improving accountability, evidence based policy making, quality planning, implementation, supervision and evaluation is needed.*** The coffee sector statistics on which most analysis and planning are based are derived from export data and projections in which domestic consumption, illegal trading and smuggling are usually underreported. Without comprehensive coffee farms census and farmers registers, 5-year national coffee surveys and annual sector statistics, planning becomes more of a top-down exercise than an orderly stakeholders' interaction based on high quality analysis and a chain of conscious decisions and commitments. Baseline targets and priorities, monitoring and evaluation systems are rather weak, therefore stakeholders' accountability and good timing of interventions is always lacking.

***Research-extension linkage needs to be reinforced.*** Coffee research has to achieve a high level of coordination and cooperation with extension services. This can be best achieved by sharing a common vision about how to address the main constraints affecting productivity and quality at every step of the coffee value chain taking into account the ever-growing international market requirements. Basic and applied research has to be strongly linked with a Best Practice System (BPS) that validates recommendations to improve coffee productivity and quality. The Best Practice System interconnects extension service and a network of model farmers working in the ground.

***Quality grading system and marketing institutions needs to be reformed to serve smallholder farmers interest and country export goal.*** A country like Ethiopia with a diverse offering of high quality coffees has adopted a commodity-led institutional model. Washed coffees were considered of superior quality while naturals were downgraded to lower quality products. About 30% of total exports are washed coffees while only some 4 % get any type of certification label (almost all certified coffees are washed, traceable and direct trade exports). The grading system for coffee in Ethiopia needs a complete overhaul. The newly reviewed system simplifies the grading and narrows down the number

<sup>27</sup> Including Optimize shade trees, contour crops, moisture retention and soil management agronomy, water harvesting technologies, drought resistant varieties, organic production, and native forest races and associated (agro)-biodiversity.

of grades. With this new system, the Ethiopia Commodity Exchange expects to increase the size and cut down the number of tradable lots, while increasing their prices. However the opposite looks more likely: less volume achieving true specialty grading and lower prices for formal high quality grades. On the other hand, the Ethiopia Commodity Exchange is implementing a new digital trading platform and traceability system which may amend some of the already mentioned problems. Recent government moves towards allowing a marketing system that promotes vertical integration is an opportunity to be strengthened.

### 3.2 Complementarity, synergy and donor coordination

There are a number of complementary programme and projects that the project could synergise with.

Market based projects: **a)** The "Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance"<sup>28</sup> has made important contributions on the marketing side, particularly exports promotion, and certifying of laboratories and coffee graders' competencies. **b)** Technoserve has been active in building up processing capacity among cooperatives, improving access to bank loans and, recently, providing extension services in limited coffee growing areas. This includes in Oromia Region the integration of primary cooperatives with the Oromia Coffee Farmers' Cooperative Union integrating supply chain model for high quality washed coffees; **c)** Under a UNIDO initiative, Illy café, Hans Neumann Foundation, and Ernesto Illy Foundation signed a MoU to carry out a project<sup>29</sup> aiming at supporting farmers access to new technologies that will improve their income with increase production of coffee and quality as per international standards in high quality potential woredas; **d)** The Centre for the Promotion of Imports (CBI Netherlands) has initiated an export development-coaching programme in Ethiopia to support attainment of export targets; **e)** The French Embassy to Ethiopia and the African Union has a support program on Trade Capacity Enhancement (PRCC) which intends to promote the institutionalization of Geographic Indications for selected tradeable agricultural products including coffee; **f)** the Austrian Development Agency is supporting a project that intends to improve smallholder farmers livelihoods by increasing productivity and value addition.

Government owned: **g)** The Agricultural Growth Project-II (AGP-II) is a donor funded government programme that operates in selected high growth potential woredas and supports farmers to increase productivity and commercialization; **h)** ATA is planning to carry out four coffee focused Agricultural Commercialization Clusters in Oromia and SNNP regions and has started an initiative that enhances smallholder farmers' access to specialty coffee markets via cooperatives and commercial farm out grower schemes to orient smallholder agriculture towards commercialization,

Finally, on strengthening agro-ecology in coffee production system, **i)** the Japanese International Cooperation Agency (JICA) **j)** GIZ-Germany and **k)** UNIDO are supporting sustainable coffee development schemes in selected forested and semi-forested coffee growing areas besides supporting the introduction of cluster and supply certification.

### 3.3 Cross-cutting issues

**Gender:** This project will consider all its interventions with a gender lens to ensure gender equality and include specific initiatives to increase women's participation and access to coffee business opportunities, in order to reinforce women empowerment. Different groups of women will be considered: single women (with or without children), and married women, who face different kinds of constraints and have different needs to be taken into account in the project interventions.

**Youth:** A great proportion of coffee farmers are ageing. New generations of coffee families are not interested in taking over coffee fields as businesses due to the ever shrinking holding size and persisting low yields. Rural education in Ethiopia has capacity limitations in terms of providing good quality education and creating social expectations for business and job opportunities in rural areas. This project will initiate Coffee Camps for youth in priority areas, an already proven approach in Colombia. The basic idea is to provide high quality skills and facilitate high value added coffee business start-ups through Information Technology (IT) platforms, social interaction and tailor-made incentives.

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<sup>28</sup> The ACIDI-VOCA is a development organization that implemented the USAID-supported 'Coffee Development Program'

<sup>29</sup> "Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private-Public Partnership"

**Environmental issues and climate change:** The economy of Ethiopia depends on agriculture, and mostly crop production depends on seasonal rainfall. The government aims at creating a resilient green economy and sustainable agriculture, able to mitigate the impact of climate change. In Ethiopia, coffee farming systems are almost entirely shaded, which contribute to important environmental services (water and carbon capture, buffer to climate change, high biodiversity carrying capacity). The viability of coffee production will depend to a great extent on preventive and mitigating measures like shade-tree management, release of drought tolerant varieties, enhanced Best Agricultural Practices to improve watershed management, water capture, soil conservation, moisture retention, and integrated pest and disease management which are focus areas for the intervention.<sup>30</sup> Additionally, subgroups of highly experienced farmers managing a climate station and directly linked to research institutions will be engaged. Moreover, enhanced protection and maintenance and sustainable use of forest coffee systems will be pursued. The program will also facilitate promotion of sundried natural coffees to withstand the increasing tendency of reliance on washed coffees which have also significant polluting impact.

**Food security and nutrition:** Some coffee growing areas in Ethiopia are food deficit, vulnerable and nutritionally disadvantaged. This intervention will attempt to create synergies between food and coffee cropping interactions, particularly among subsistence farmers, improving productivity, quality and marketing of both types of products. By creating synergies with AGP-II, the programme will support the promotion of nutrition sensitive crop technologies (high quality nutritionally dense crop seeds, improved agronomic practices and postharvest management and marketing options).

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 2: "End hunger, achieve food security and improved nutrition and promote sustainable agriculture" but also promotes progress towards Goal 5. "Achieve gender equality and empower all women and girls" and Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

**Objectives:** In line with the GTP-II objectives which emphasize productivity increases, quality enhancements, better farmers' market access and increased foreign exchange earnings, the objectives of the EU-CAfE project are:

**Overall Objective:** *"To sustainably increase incomes among Ethiopian smallholder coffee growers and processors "*.

**Specific Objective (SO) 1:** *"Capacitated private –public actors are able to provide, through farmers' organisations, an efficient extension service and input support adapted to all coffee farmers' needs and to evolving international certification requirements, including promotion of organic and climate friendly techniques"*

**Specific Objective (SO) 2:** *"Coffee strategies are implemented and governance / distortion issues addressed by functional self-funded sector coordination and dialogue platforms gathering all stakeholders including coffee farmers' representatives."*

The following outputs will contribute to SO1:

- Output 1 (R1). Improved extension services and farmers' (women and men) capacities based on Best Practice Systems, and skills to enhance productivity, quality and processing in intervention woredas in Oromia, SNNPR and Amhara Regions
- Output 2 (R2). Improved smallholder farmers' access, including women and youth, to high quality inputs, technologies

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<sup>30</sup> Due to unsuitable bioclimatic conditions, Arabica coffee wild genetic resource areas may be depleted from 38 to 90%, by 2080. Davis, AP, et al. 2012;7(11). "The impact of climate change on indigenous Arabica coffee (*Coffea arabica*): predicting future trends and identifying priorities."

- Output 3 (R3). Processing and grading capabilities to market high quality coffees as well as broad based market information are available to all coffee farmers
- Output 4 (R4). Innovative solutions and technologies from coffee research contributing to high yield and high quality Ethiopian coffee are integrated.

The outputs below will contribute to SO 2

- Output 5 (R5). Strategic public-private stakeholders in coffee sector are capacitated and the initial functioning of coordination and dialogue platforms facilitated.
- Output 6 (R6). Federal and regional coffee authorities planning and coffee sector management capacities are strengthened.

#### **4.2 Main Activities**

Contributing to O1, the main intervention will be:

- a) establish trust-based farmers' groups or selection of existing farmer association to act as farmer field school model, taking into account women's needs, as the basic level of extension services;
- b) develop training and re-training curricula, establishing basic competencies requirement and systems for a three-layered extension service (farmer trainer; development agent or facilitator; and master trainer/senior agronomist)
- c) on curricula, use the Best Practice System designed as a continuous quality improvement system, formulated on modern coffee sciences and Ethiopian farmers' traditional knowledge on coffee, as validated by farmers groups with strong focus on organic, environmentally, and climate friendly Best Agricultural Practices;
- d) provide equipment, services and input for the above;
- e) backstop regional governments to develop coffee specialized skills of extension staff for the intervention and beyond with the private sector playing a clearly defined role;
- f) establish gender baseline and strategy to promote gender in all activities beside other cross cutting themes on family planning and nutrition.

Contributing to O2, main activities will be:

- a) diffuse research innovations such as on Best Practices System and genetic improvement;
- b) improve access to efficient inputs with particular attention to women;
- c) support investment on farm and off-farms to add value to high quality coffees and better access to high value added and speciality export markets including coffees from a pilot GI areas with special attention to women; and
- d) establish an efficient monitoring and evaluation system, built into the extension service itself through collection and analysis of sex and age disaggregated data, sound baseline indicators, modern Information Technology and software capabilities, as well as representation of farmer groups at woreda level and third party auditing, real-time assessment and early warning system;

Contributing to O3, the main activities will be:

- a) promote/integrate value added coffee supply chains through organized groups, farmers' associations, cooperatives, including female farmers, commercial farm based out-grower schemes, and cluster-like arrangements to reach top end markets;
- b) improve awareness and management skills of farmers' groups, including women, to develop local high quality coffee, to apply traceability norms by piloting, with full community engagement, GI in selected coffee areas to support Ethiopia shift its focus from the Trade-Mark approach, to pre-grade and to consolidate lots of same quality and GI origins and to obtain certification including high quality micro lots to meet demand from high value export markets;
- c) improve access to high value-added export markets through direct export trading mechanisms of Geographically Indicated and other traceable coffees by involving cooperatives and commercial farm-based out-grower schemes through a well-defined Public-Private-Partnership schemes.

Contributing to O4, the main activities will be:

- a) integrate a Research and Development agenda at all level;

- b) develop a Best Practices System for high quality coffee (Best Agricultural Practices and Best Processing (Harvest and Post-Harvest) Practices manuals) in collaboration with the Coffee Authority and ATA;
- c) develop a comprehensive long term genetic improvement strategy promoting a sustainable use of coffee genetic resources and their habitats protection, enhanced agro-biodiversity and natural resource preservation, maintenance and sustainable use of forest coffee systems and other coffee profiles, by establishing Geographic Indications through participatory research frameworks, and farmers' active engagement and delineate coffees for targeted niche markets;
- d) improve the supply of high quality disease tolerant/resistant cultivar seeds and seedlings for the intervention and beyond through establishing a system to provide early generation seeds and providing technical backstopping to organized pre-basic, basic and certified seed producers as well as seedling nurseries.

Contributing to O5, the main activities will be:

- a) support the initial functioning of coordination and dialogue platforms between public and private actors including
- b) expand the possibilities to conduct specific studies needed to improve detail knowledge of the value chain; its potential to increase job; and on emerging issues affecting its overall productivity and marketing;
- c) set up web based Ethiopian coffee statistics and creation of a coffee web page for enhanced worldwide promotion of Ethiopian coffees;

Contributing to O6, the main activities will be:

- a) guide and ensure adherence to procedural requirements of grant contract (operational and financial) during implementation;
- b) build human capacities of the lead and co-applicants through provision of training packages on grant management, EDF procedures and grant procurement rules;
- c) pilot a comprehensive Coffee Quality GIS and M&E system to assess factors affecting productivity and quality in 10 woredas (including sound baseline indicators and available regional coffee statistics), assess specific benefits and identify specific learnings for refinement and further scale-up;
- d) set up a special unit with strong planning, Information Technology system establishment and project management competencies to manage a Coffee Quality GIS and an extension management software for the intervention (real time reporting through Wi-Fi as well as mobile internet enabled communication) considering provision of climate and pest information to farmers, farmer groups and associations;
- e) establish an M&E system to ensure proper implementation of planned activities and use of financial resources.

#### **4.3 Intervention logic**

Despite the fact that former supply-based programmes (input and extension services) have not resulted in substantial yield gain and quality improvement in the past, it is expected that the integration of this support to capacitate farmers via their organisations and the integration of the private sector in the governance of this project will ensure that farmers continue to reach out market standards for quality coffee, supply consistency and derive a better income after the project ends. To ensure that:

- a) Project activities toward smallholder farmers will be conditional to the application of a better marketing and payment system rewarding the farmers for better quality coffee produced
- b) The governance of the project under the auspice of the Coffee Authority will host the regular tenure of the dialogue platform between public-private actors in order to address structural and emerging issues affecting the attainment of national objectives. This dialogue platform will be different of the project steering committee in order to prevent overcrowding the dialogue with project issues.
- c) The establishment of a link with research and innovations should ensure that high quality coffee is not only maintained but improved and that innovative way to increase the outreach and the active participation of young farmers and women in the value chain are found after the project ends.
- d) The dialogue on a decreasing rate of EU support to the functioning of the dialogue platform and the principle of non-coverage of institution recurrent cost.

The dialogue platform will be an essential place where our sector policy dialogue could influence the outcome of the project. Finally the project will develop synergies with other EU projects supporting land management, agricultural growth, job creation, nutrition, resilience, decentralisation and migration.

## 5 IMPLEMENTATION

### 5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a Financing Agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented is **60 months** from the date of entry into force of the Financing Agreement adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendments in the sense of Article 9(4) of the Annex to Regulation (EU) No 566/2014.

### 5.3 N.A.

### 5.4 Implementation modalities for an action under project modality

#### 5.4.1.1 Indirect management with the partner country

*This action with the objective of supporting coffee value chain development through improving production, productivity, quality, market integration and concern for environmentally sustainable practices for sustained betterment of livelihoods of its growers, processors and traders may be implemented in indirect management with the Federal Democratic Republic of Ethiopia in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012, applicable by virtue of Article 17 of the Regulation (EU) No 323/2015 according to the following modalities:*

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures.

Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012, applicable by virtue of Article 36 of the Regulation (EU) 323/2015 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, applicable by virtue of Article 17 of the Regulation (EU) No 323/2015], will be laid down in the Financing Agreement concluded with the partner country.

### Overview of implementation

Activity/Objective/Result, and Location	Type of financing
<b>Results/outputs 1, 2, 3, 4 and 5:</b> to improve extension services and farmers' capacities and skills to enhance productivity and quality and processing (R1); access to quality inputs and technologies (R2); enhance access to market information and processing and grading capabilities and pilot but scalable coffee GI (R3); develop, test and supply innovative solutions and technologies from coffee research including progressive delineation of Ethiopian coffees into GI (R4) and establishment of functional strategic public-private sector dialogue platform (R5) to the benefit of 28 selected coffee growing implementation woredas in three coffee growing National Regional States of Ethiopia	Action Grant (Direct Award) to the Lead Applicant ECTDMA and four co-applicants 1) Oromia Region Coffee and Tea Authority, 2) SNNPR Region Coffee, Tea and Spices Authority, 3) Amhara Region Bureau of Agriculture, and 4) Jimma Agricultural Research Centre of the Ethiopian Institute of Agricultural Research
<b>Cross-cutting among results/outputs: Technical Assistance to</b> the lead applicant and co-applicants to provide technical project implementation and financial and procurement management in	Service contracts

accordance with EU grant and procurement rules plus to carry on specific technical assignments (pilot GI system establishment and coffee web page development and interactive extension service delivery system and base-line studies)	
<b>Procurement</b> of irrigation facility equipment vehicles, motorbikes and laptop computers in support of Results 1 to 6 to benefit 28 coffee growing implementation woredas in the three selected National Regional States of Ethiopia.	Supply contracts

(a) Justification of direct grants under indirect management

The grants under indirect management may be awarded without a call for proposals to Ethiopian Coffee and Tea Development and Marketing Authority as coordinator, with four co-applications, namely 1) Oromia Region Coffee and Tea Authority, 2) SNNPR Region Coffee, Tea and Spices Authority, 3) Amhara Region Bureau of Agriculture, and 4) Jimma Agricultural Research Centre of the Ethiopian Institute of Agricultural Research.

The coordinator, ECTDMA is an Ethiopian State Authority established under Act (Council of Ministers Regulation No. 364/2015) with the mandate to promote coffee sector development along the entire value chain. As per the above indicated Act, ECTDMA is entrusted with a full mandate to develop and regulate the sector, in collaboration with sister regional authorities and relevant stakeholders. It has its own Legal Entity and bank account, can own property, enter into contracts, sue and be sued in its own name. Likewise, the co-applicant regional authorities (in Oromia and SNNPR), and the Amhara bureau of agriculture are established under the Regional Act and have their own Legal Entity and Bank Accounts. The Jimma Agricultural Research Centre of the Ethiopian Institute of Agricultural Research is established under Federal ACT that established the Ethiopian Institute of Agricultural Research.

(b) The recourse to an award of a grant without a call for proposals is justified because:

In accordance with the administrative structures of the Federal Government of Ethiopia, ECTDMA is responsible for the development and implementation of coffee related policies and strategies at the national level including the coordination and supervision of the regional co-applicant authorities. To lead the development of the coffee sector, the federal and regional authorities are entrusted by law with the powers and duties that include policy and strategy formulation and implementation, international relations, extension service delivery, capacity building, certification and marketing, and regulatory responsibilities. These authorities and the third co-applicant, the Amhara Bureau of Agriculture are the only mandated public bodies with de facto monopoly as regards coffee sector development, at the federal and respective region levels. At the federal and regional levels stakeholders' platforms with membership drawn from growers, suppliers, exporters, professionals and NGOs are formed to support the sector's development and recently a higher level decision was reached by the Prime Minister's office to upgrade these platforms to advisory councils.

(c) The following mitigating measures to reduce the fiduciary risks are included in the action:

- 1) **Initial systems audit** of the lead and co-applicants through a Framework contract prior to signing of grant contract;
- 2) **Package of training** to be provided as a component of the service contract and MoFEC/NAO colleagues to grant beneficiaries on operational and financial management of EU grants at the initial phase of implementation. Such training will also continue to be offered once the TA team is in place.
- 3) **Prior approvals and ex-ante controls:** the Commission will control ex ante all the grants and procurements described under 5.4.1.1
- 4) **Technical Assistance service contract:** a fulltime Technical Assistance team composed of experts with different skill sets will be deployed for the whole project duration to support the lead applicant as well as the co-applicants. The TA tasks shall cover both operational and financial management as well as capacity building aspects through the provision of continuous training packages to enhance the operational and financial capacities of the grant contract as well as ensure

adherence to EC grant and procurement rules and procedures as described under section 5.4.1 of the Action Document

**5) Performance monitoring, audits and reporting:**

- **Establishment of a steering committee** that meets twice a year (or more often if necessary) to assess progress in project implementation (operational and financial) and provides guidance for improvement of weaknesses;
- **Semi-annual operational and financial reporting:** The lead applicant shall submit bi-annual progress reports (operational and financial) to the EU Delegation through the contracting authority MoFEC/NAO by consolidating reports from the co-applicants.
- **Annual, mid-term and final expenditure verification and results evaluations.** Annual external expenditure verifications to be ensured jointly by the lead and co-applicants. Final external audit and result evaluation audit to be launched by the Commission through Framework contracts;
- **Opening of a separate EUR bank account** by the lead applicant to trace this specific EU funding.

**5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s responsible authorising officer may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement.

**5.6 Indicative budget**

<b>Item</b>	<b>EU Contribution EUR</b>	<b>Third party contribution (* )</b>
<b>5.4.1.1</b> Action Grant (Direct Award) to Lead Applicant ECTDMA with co-applicants: the Regional coffee and tea authorities (Oromia, SNNP) and the Amhara Bureau of Agriculture and Research	<b>10 500 000</b>	
O1: Improving extension services and farmers' (women and men) capacities based on Best Practice Systems and skills to enhance productivity, quality and processing in intervention woredas in Oromia, SNNPR and Amhara Regions of Ethiopia	3 000 000	
O2. Smallholder farmers’ access, including women and youth, to high quality inputs, technologies is improved	3 000 000	
O3. Processing and grading capabilities to market high quality coffees including coffees from pilot GI areas as well as broad based market information are available to all farmers	2 000 000	
O4. Innovative solutions and technologies from coffee research contributing to high yield and high quality including Geographically Indicated Ethiopian coffee are integrated.	1 600 000	
O5. Strategic public-private stakeholders in coffee sector are capacitated and the initial functioning of coordination and dialogue platforms facilitated.	900 000	
<b>5.4.1.1</b> TA service contract under indirect management with the contracting authority ((Supervision by NAO and ECTDMA)	<b>2 500 000</b>	
O6. Federal and regional coffee authorities planning, project implementation (financial, operational) and coffee sector management capacities are strengthened.		
<b>5.4.1.1</b> Procurement contract under indirect management with the contracting authority including provision of greenhouse, irrigation equipment, motorised farm implements, vehicles, motorbike and IT equipment	<b>1 100 000</b>	
Evaluation,	300 000	
Audits	200 000	
Communication and visibility	100 000	
Contingencies (2%)	300 000	

<b>Totals</b>	<b>15,000,000</b>	
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(\*) Third party contribution is not identified at this stage.

### **5.7 Organisational set-up and responsibilities**

The Ethiopian Ministry of Finance and Economic Cooperation/National Authorizing Office (NAO) will be the contracting authority for the two contracts, and each will be endorsed by the EU.

Following the signing of the Financing Agreement by the NAO two implementation contracts will be signed:

- a) An action grant (Direct Award) with the lead applicant covering R1 to R5 to be implemented by the three regional co-applicants and by the research institutions
- b) A technical assistance service for a cross cutting support across results/outputs (O1-O6),
- c) A supply procurement contract in support of O1-O6.

Start-up activities at the grantees' own cost will include:

- a) Set up special units and ensure adequate staffing with high level project management competencies (during project start-up);
- b) Restructure/reinforce the existing public extension service and develop coffee specialized human resources for the intervention along EU-CAfE lines (staff selection and training done by Jimma Agricultural Research Centre of the Ethiopian Institute of Agricultural Research (EIAR/JARC), ECTDMA and other pertinent institutions based on the Best Practice System (during start up and in the course of implementation);

Start-up activities supported by project will include:

- a) Generate baseline information/data by engaging independent consultants through a service contract;
- b) Initial systems audit of the lead and co applicant through a Framework contract prior to signing of grant contract;
- c) Provision of package of training to grant beneficiaries on operational and financial management of grant contracts at initial phase of project implementation through a service contract ;
- d) Develop a "special coffee productivity and quality improvement program" implementation plan with budget along EU-CAfE lines (covering components R1 to R5) to ensure post-project sustainability of actions and scaling-up to coffee growing woredas not included in this project parts;
- e) Design mechanisms that ensure transparent and equitable service delivery/allocation to direct beneficiaries with clearly spelt-out accountability mechanisms;
- f) Within the first year of project implementation develop a workable strategy to ensure post-project sustainability including sustaining the extension management software, the Ethiopian coffee web page and the web based coffee statistics appraisal system, the dedicated coffee platform, and continuous delineation of Ethiopian coffee flavour profiles using a GIS;
- g) Jimma Agricultural Research Centre-JARC to develops a thorough assessment of research backstopping (including facilities upgrade, human resource development, Information Technology and other research infrastructure for the intervention);
- h) A plan for formulation, validation and publishing of the Best Practice System manuals;

Governance of the project:

There will be a project steering committee chaired by the NAO and attended by the project primary and secondary stakeholders described in paragraph 1.3 directly concerned in the implementation of the project. The steering committee should be established at project start-up phase and should convene bi-annually

There will be a dialogue platform hosted by the Coffee Authority, chaired by the MoANR and/or ATA and extended to the participation of all public and private actors in the coffee sector.

The Delegation of the European Union will attend both venues to contributing to the governance of the project and of the sector.

Technical Assistance:

The technical assistance will be responsible to support the lead applicant and the four co-applicants in enhancing their capacities in planning, implementation, ensuring compliance with EDF procedures and regulations, proper financial and project management and, will technically be engaged with Information Technology system development (interactive coffee web page and web based coffee extension system) and GIS development. The Technical Assistance shall be hosted by the Coffee Authority and have designated counterparts in places at the start of its contract.

### 5.8 Performance monitoring and reporting

Baseline data on indicators that cannot be specified at this stage will be established during project inception phase by consultants and will be available within 6 months from project start period with a budget to be allocated under the proposed project.

The day-to-day technical and financial monitoring of the implementation phase will be a continuous process and part of the implementing partners' (lead and co-applicants) responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (semi-annual, annual, mid-term) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The contracting authority (NAO) shall closely monitor the implementation of the project and timely submission of the above indicated reports.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### 5.9 Evaluation

Having regard to the importance of the action, mid-term and final evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission in consultation with the National Authorizing Office (contracting authority).

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Item	Procurement Type	Indicative number of contracts	Indicative trimester to launch procedure	Budget
Evaluation	FWC or Services	2	Mid-term and final	EUR 300000

### 5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. It is suggested for the project to carry out annual financial and performance audits.

Item	Type	Indicative number of	Indicative trimester to launch
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		<b>contracts</b>	<b>procedure</b>
Audit	Service	2	An initial systems audit in the first quarter of 2018 and a final audit at the end of implementation in 2023

### 5.11 Communication and Visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contracts.

<b>Item</b>	<b>Procurement Type</b>	<b>Indicative number of contracts</b>	<b>Indicative trimester to launch procedure</b>	<b>Budget</b>
Communication & visibility	Services	1	Year 1 of project implementation	EUR 100000

**APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)<sup>31</sup> –EU-CAFe (CRIS No. FED/2017/038-977)**

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	<b>Results chain</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	1.To sustainably increase incomes among Ethiopian smallholder coffee growers and processors	1.1 Percentage change in households' coffee incomes (disaggregated by farming system, sex and age)*	1.1 Not available in organized form at this stage	1.1 Earnings derived from coffee increased by 50% over the baseline year	1.1 Result data collected through independent final project evaluation at the end of implementation 1.2 Coffee sector Performance Assessment Framework (PAF) report to the parliament	
<b>Specific objective(s): Outcome(s)</b>	1. Capacitated private –public actors are able to provide, through farmers' organisations, an efficient extension service and input support adapted to all coffee farmers' needs and to evolving international certification requirements including promotion of organic and climate friendly techniques	1.1 Percent of coffee farmers accessing extension advises and inputs that promote market demand responsive and climate friendly quality coffee production (disaggregated by sex and age),* 1.2 Change in coffee yield (Kg/ha) by participant farmers* 1.3 Percent change in quantity of coffee sold to high end markets (disaggregated by coffee types)* 1.4 Percent change in coffee value (ETB/100 kg) for participant farmers*	1.1. 5%  1.2 0.7 mt/ha  1.3 5%  1.4 To be established during inception phase	1.1.20%  1.2 1.0 mt/ha  1.3. 20%  1.4 To be established during inception phase	1.1. Result data collected through independent mid-term and final project evaluation 1.2. Result data collected through independent mid-term and final project evaluation	<ul style="list-style-type: none"> <li>• Absence of Political unrest</li> <li>• Absence of major droughts</li> <li>• International coffee market price remain stable</li> </ul>

<sup>31</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	2. National coffee sector development and marketing strategies are implemented and gaps in governance are addressed	2.1 Status of a functional stakeholders dialogue forum with its own secretariat with sub forums and the number of annual meetings held 2.2 Percentage of participating small holder farmers and private sector stakeholders that report a substantial improvement in the implementation of strategies	2.1. 0  2.2 Not available in organized form at this stage	2.1. One platform with and 3 sub-platforms  2.2 To be established during inception phase	2.1 Coffee sector Performance Assessment Framework report to the parliament 2.2. Final project evaluation	
Outputs	<b>R.1.</b> Improved extension services and farmers' (women and men) capacities based on Best Practice Systems, and skills to enhance productivity, quality and processing in intervention woredas in Oromia, SNNPR and Amhara Regions	1.1. Number of organized farmers with certified competencies on BAPs and BPPs (disaggregated by sex) 1.2. Percentage change in average coffee yield (kg/ha)* 1.3. Percentage change in coffee value (average ETB/100 kg) sold by participant farmers* 1.4. Number of upgraded coffee demonstration plots 1.5. Number of certified coffee extension workers	1.1. 0  1.2. 0.7mt/ha  1.3. Not available in organized form at this stage 1.4 0 1.5. 0	1.1. 2000  1.2. 50%  1.3. 100%  1.4. 56  1.5. 56 workers	1.1 Result data collected through mid-term and final project evaluation  1.2 Idem above  1.3 Idem above  1.4 Idem above  1.5 Idem above	<ul style="list-style-type: none"> <li>• Extension services reach farmers with effective support.</li> <li>• High quality inputs and technologies are available and will result in higher productivity</li> <li>• Farmers are interested in producing high quality coffee</li> <li>• Business environment remains positive for development of public-private partnerships</li> <li>• Current government openness to listen to advocacy will continue</li> </ul>
	<b>R.2.</b> Improved smallholder farmers' access, including women and youth, to high quality inputs and technologies	2..1. Percentage change of the average volume of biological inputs (kg/ha/ and kg/tree; (disaggregated by coffee production system and gender) 2.2. Percentage change of access to farm tools and equipment <sup>32</sup> (disaggregated by gender) 2.3. The status of microfinance products for smallholders coffee farmers (disaggregated by gender) 2.4. Number of women and youth in specialised coffee	Baseline for all indicators to be established during inception phase	Targets for all indicators to be established during inception phase	2.1 Result data collected through mid-term and final project evaluation  2.2 Idem above  2.3 Idem above  2.4 Idem above	

<sup>32</sup> Such as Pruning tools, hand saws, and sprayers. (disaggregated by coffee production system, gender and age)

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
		businesses <sup>33</sup>				
	<b>R.3.</b> Processing and grading capabilities to market high quality coffees as well as broad based market information are available to all coffee farmers	3.1. Percentage change of appropriate wet and dry processing capacity (ton/year/cooperative and/Quality Group) 3.2. Percentage change in volume of coffee directly exported as high quality lots (micro/macro)* 3.3. Percentage change in volume of coffee sold as Geographically Indicated speciality coffee*	3.1 To be established during inception phase  3.2. To be established during inception phase  3.3. 3-5% of all exported coffees  3.4. 3-5% of all exported coffees	3.1. 25%  3.2. 200%  3.3. 200%  3.4. 100%	3.1 Result data collected through mid-term and final project evaluation  3.2 Idem above  3.3 Idem above  3.4 Idem above 4.1 Annual Jimma	

<sup>33</sup> Such as Seed farms, seedling nurseries, and agro input dealers.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	<b>R.4.</b> Innovative solutions and technologies from coffee research contributing to high yield and high quality Ethiopian coffee including GI are integrated	4.1. Number of environment and gender friendly BAPs and BPPs training Manuals and Handbooks published and distributed to farmers, including female farmers, facilitators and professionals; 4.2. Number of coffee areas delineated into GI  4.3. Number of coffee production and processing quality groups with enhanced technical skills 4.4. Number of high quality improved varieties developed and supplied, 4.5. Volume of high quality seed produced and supplied to seedling nurseries (* EU RF level 2 # 7 and # 28)	4.1. 0  4.2. 0  4.3. 0 4.4 Not available in organized form at this stage 4.5. Not available in organized form at this stage	4.1. 5000  4.2. 2  4.3. 58 4.4. Target to be set during inception phase 4.5. Target to be set during inception phase	Agricultural Research Centre Report; 4.2 Result data collected through mid-term and final project evaluation 4.3 Idem above  4.4 Idem above 4.5 Idem above  5.1 Annual ECTDMA report, 5.1 Result data collected through mid-term and final project evaluation	
	<b>R.5.</b> Strategic public-private stakeholders in coffee sector are capacitated and the initial functioning of coordination and dialogue platforms facilitated.	5.1. Status of functional coffee stakeholders platform with membership of private (farmers, cooperatives, traders), public sector and development partners with sub-platforms to deal with political and technical level concerns 5.2. Status of accessible extension management software managed by coffee authority 5.3. Status of accessible web based coffee statistics management system 5.4 Status of an accessible Ethiopian coffee web page managed by coffee authority 5.5. Status of study reports that detail and sharpen knowledge of the value chain	5.1. 0  5.2. 0  5.3. 0  5.4. 0  5.5. Not available in organized form at this stage	5.1. Formed from private and public stakeholders and have met 2 times a year  5.2. Installed, tested and the staff trained  5.3. Installed, tested and the staff trained  5.4 Installed, tested and the staff trained  5.5. Studies conducted and the reports accomplished	5.2 Idem above 5.3 Idem above 5.4 Idem above 5.5 Idem above  6.1 Final Technical Assistance Engagement	

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	R.6. Federal and regional coffee authorities planning and coffee sector management capacities are strengthened	6.1. Percentage of farms geo-referenced and profiled in a GIS system (disaggregated by gender) 6.2. Number of Coffee Quality GIS maps produced 6.3. The number of Regional bureaus doing collection and analysis of gender and age disaggregated data 6.4. Status of IT system and GIS management competencies 6.5. Status of the M&E system at Federal and at each of the three regional offices.	6.1. None 6.2. None 6.3. None 6.4. None 6.5. None	6.1. 5% 6.2. 10 6.3. 3 6.4. Installed, tested and the staff trained 6.5. M&E system is introduced and the first report produced in each regional office.	Report 6.2 Result data collected through mid-term and final project evaluation 6.3. Idem above 6.4. Idem above 6.5 Idem above	

**\*Indicators, which match with the Ethiopia 11th EDF NIP**

**Appendix 3: List of Acronyms**

AGP	Agricultural Growth Program
BAP	Best Agricultural Practices
BPP	Best Processing (Harvest and Post-Harvest) Practices
EU-CAfE	European Union-Coffee Action for Ethiopia
ECTDMA	Ethiopian Coffee and Tea Development and Marketing Authority
EDF	European Development Fund
GDP	Gross Domestic Product
GIS	Geographical Information System
GoE	Government of Federal Democratic Republic of Ethiopia
GTP	Growth and Transformation Plan
JARC	Jimma Agricultural Research Centre
JICA	Japanese International Cooperation Agency
MoANR	Ministry of Agriculture and Natural Resources
MoU	Memorandum of Understanding
NAO	National Authorization Office
NEPAD	New Partnership for African Development
NOP	US National Organic Program
SNNPR	Southern Nations, Nationalities and Peoples Region