

## EXECUTIVE SUMMARY OF THE ANNUAL REPORT 2015

AgroBIG is making progress towards achieving its objectives of contributing to poverty reduction through agriculture based economic growth. AgroBIG is a bilateral agricultural programme between the Governments of Ethiopia and Finland. The project is an innovative results-driven agricultural intervention using the value chain approach to develop smallholder agriculture in part of Tana Beles Growth corridor within the Amhara Region in the North Western part of Ethiopia.

This results-oriented Annual Report incorporates the major findings of the Annual Results Survey which was conducted in November and December 2015 and the progress reports obtained from the woredas and respective implementing agencies. This report focuses on the major results obtained during the reporting period and the progress that the project has made towards achieving its objectives during the year.

### MAJOR ACHIEVEMENTS OBTAINED DURING THE YEAR

In terms of achieving the program objectives, AgroBIG has shown progress in almost all the logframe indicators as summarized below.

**Household asset index** values of both consumption and production asset in the programme woredas has risen. **Consumption asset index** has increased 5 % from 2.1 in the baseline to 2.2 in the annual results survey and **production asset index** has increased for 7% from 2.9 to 3.1. Similarly, the **average annual household income** has increased in both woredas. These results directly show that the economy of the small holder farmer in the programme area is progressing from year to year.

**Volume and value of agricultural production** has shown remarkable increment from the baseline values. The volume of onion and potato production have increased by 45% and 40% respectively, similarly the value of onion production has increased by 99% in Fogera and 57% in Mecha. The value of potato production has also increased by 78% in Mecha woreda. There is no potato production in Fogera.

**Yield of agricultural production** has also shown increment: onion yields have increased by 9% in Fogera and 10% in Mecha, while the potato yield has increased by 20% in Mecha.

As AgroBIG has been working in creating market linkage and legalizing illegal brokers, farmers are now getting reasonable prices for their products. The **average farm gate price** of onion has increased from 350 ETB to 645 ETB in Fogera and from 261 ETB to 716 ETB in Mecha. Similarly for potato it has increased from 100 ETB to 335 ETB.

As a result of various trainings and demonstrations of different technologies provided for farmers, **on farm post-harvest losses** have decreased for both value chains: for onions it has reduced by 8% in Fogera and 40 % in Mecha, while for potatoes it has decreased by 53% in Mecha.

As a result of AgroBIG intervention in the onion, potato and rice **value chains**, significant achievements have been achieved: farmers are able to produce certified, packed and labeled onion seeds to the market for the first time. The capacity of Adet Agricultural Research center in producing mini tuber potato seed production has been doubled. Community based rice seed multiplication and marketing groups are organized and farmers producing disease and cold resistant rice seed varieties.

In order to increase market efficiency for the value chains, AgroBIG supported Bureau of Trade Industry and Market Development (BoTIMD) to establish a **web based integrated market information system** in the region. Training has been provided to various stakeholders on the system, and as a result of this intervention, value chain actors will have easy access to real time market information.

**Youth groups in agribusiness are established and strengthened.** Agrochemical sprayer groups have been organized, qualified and are now providing service to farmers on commercial basis in Mecha and Fogera.

AgroBIG has been supporting the **formation of farmer clusters**. As a result of support on rice cluster formation, farmers apply Good Agronomic Practices (GAP) and use inputs. Cluster formation makes it simple to organize field days and demonstrations of post-harvest technologies. Plant Quarantine Agency can inspect the seed production on the field and in laboratory, and certify seed as local best seed within the woreda. The demand for rice seed by farmers in Fogera is high and being addressed.

With the support of AgroBIG, **contract marketing** has been performed between onion and potato producer cooperatives and ETFRUIT. As a result **of improved market linkages**, good practices have been adopted, such as selling through cooperatives. Illegal brokers have been legalized and price has been stabilized. Farmers are communicating with Woreda Office of Trade (WoTT) to link with traders and other buyers before harvest. Most importantly, the level of trust between producers and cooperatives/union has improved.

To provide **access to finance** for value chain actors, AgroBIG has provided grant contributions of a total of 26 million birr to 166 projects supporting various new investments of a total value of 45 million in efficient value chains. This money has been channeled through three specifically established grant funds:

**The Innovation, Demonstration and Research Fund** is giving opportunities mainly for research institutions to actively participate in providing solutions to improving yields and fighting plant diseases.

**The Value Chain Fund** supports especially the capacity of agricultural primary cooperatives to invest in improving their services to members. The provision of water pumps, crop spraying equipment, farm processing equipment, improved crop transport and central collection centers benefit member farmers in their efforts to produce more and better quality onions, potatoes, rice and maize.

**The Matching Grant Fund** has provided substantial grant support for high quality processing of rice and potatoes and facilities for input supply and improved marketing of maize and horticultural crops.

AgroBIG's support in **Inclusive Finance** has the purpose of improving financial services to poor and unbanked rural population:

A **Loan Fund** has been established with ACSI with the purpose of providing loans to cooperatives for crop trading. A **Family Financial Literacy** Programme, with a gender orientation to enhance women's participation in financial decision making, has been initiated to educate farmer families in sound financial planning and proper use of financial services and loans. Initiatives to activate mobile banking services, through a system named **M-birr**, in the rural areas aim at giving access to modern financial services even from remote villages without the need to travel long distances to the nearest bank branch. For improving financing to crop trading, AgroBIG has initiated a **Community Warehouse Receipt Scheme for Rice**, which is the first of its kind in Ethiopia. A practical and innovative cooperative based system has been designed, which will allow cooperatives to be the central point in the warehousing, processing and marketing of paddy rice. Member farmers are expected benefit from more efficient services and earn a 20-30% price increment.

**Budget utilization** has improved during the year. The adjusted implementation budget for 2015 was 60,8 million birr, while the utilization during 2015 was 57,3 million birr. This means a utilization rate of 94 %. There were two audits conducted during the reporting period, one internal audit by BoFED and one external audit by KPMG commissioned by the MFA.

## LOOKING FORWARD

Many improvements have been introduced by AgroBIG to strengthen the onion, potato, rice and maize value chains, which has resulted in increased yields and better and more attractive products that are receiving higher price on the market. With many value chain actors having benefitted directly from improved value chain operations, AgroBIG has been able to work successfully towards meeting the Programme Purpose, which is *to establish efficient and profitable value chains of selected crops/products benefitting the involved actors and stakeholders along the chain (farmers, processing industries, traders and buyers).*

The improvements seen along the selected value chains have impacted positively on farmer households who are getting increased income from the sale of their produce, in the Programme area. AgroBIG has therefore made significant progress towards meeting the Development Objective which is *to contribute to poverty reduction through agriculture based economic growth in the Programme area.*

Looking ahead, AgroBIG has built capacity in many institutions, organizations and well as in individuals. Technical know-how and skills in agronomy and agricultural practices have increased. A seed system is in place. Infrastructures with a focus on improving marketing conditions have been put in place. Finance for value chain intervention is available through three specific grant funds and one loan fund.

By taking an integrated approach to these tools for the further development and improvement of value chains, existing ones as well as possible new ones, AgroBIG is now in a very good position to move forward, scale up and even expand to new areas and commodities.