

Programme Document/ Executive Summary

Background

The Agro-business-Induced Economic Growth (Agro-BIG) Programme, Ethiopia is an Agricultural Development programme using the Value Chain Approach to develop selected agricultural value chains in the part of Tana Beles Growth Corridor that falls within Amhara National Regional State in north-western Ethiopia.

Agro-processing is one of the priorities in the Growth and Transformation Plan of Ethiopia. Irrigation development is also strongly supported and GoE contributes substantially to agricultural research. The geographically differentiated strategy for different agro-ecological zones has been the driving force to create Growth Corridors in Ethiopia, the first of which is the Tana Beles Growth Corridor situated in Amhara and Benishangul-Gumuz Regions.

The Government of Finland (GoF) support to Ethiopia is geographically concentrated around the Tana and Beles sub-basins in Amhara and Benishangul Gumuz Regions. It is thus much aligned with the Growth Corridor. The thematic areas of support include water supply, sanitation and hygiene, watershed development and land administration. The Agro-BIG programme has been initiated to strengthen the economic growth in the same geographical area, complementing the other initiatives by directly focusing on agricultural growth through agri-business development. The starting point in the Amhara part of the Growth Corridor is the Tana Zuria sub-basin Development Zone. This area is developing large scale irrigation schemes. Most of the Growth Corridor has high potential for agricultural development and value addition of agricultural produce.

A number of other Value Chain Development programmes and projects are also implemented in Amhara Region. Agro-BIG has been designed to be complementary to these. The Programme will initially be implemented in two priority Woredas, Fogera and Mecha and will gradually expand to Libo Kemkem, Gonder Zuria, Dembiya and North and South Achefer Woredas.

The Agro-BIG Programme will use the Value Chain approach. The idea is to address the value chain constraints of specific selected agricultural commodities. A **Value Chain Analysis** will be made for each selected value chain. Such Analyses will, among others, map out the actors and stakeholders and their relations, identify their constraints and needs, identify potentials and prospects for value chain development and suggest Programme interventions.

The level of agricultural business development service and technical assistance in public and private sector is generally low in all agricultural value chains in the country. Investment in new technologies is low and the private and public financial institutions have limited relevant products to offer.

Actors and stakeholders

The categories of actors and stakeholders include: Input suppliers, direct service providers (including both private and frontline Government agencies (Kebele; Woreda), farming communities and their cooperatives (which among others also serve as input suppliers) and other farmer's organisations including Irrigation Water User's Associations, farm labourers, traders (including brokers, wholesalers and retailers and exporters), transporters, processors, consumers, research centres, Government structures with support functions at Region and Woreda levels and policy makers.

The key implementing agencies of the Programme are: Bureau of Finance and Economic Development (BoFED), Bureau of Industry and Urban Development (BoIUD), Bureau of Trade and Transport (BoTT), Bureau of Technical and Vocational Education and Training (BoTVET) and the Bureau of Agriculture (BoA) of the Amhara Region and the offices and institutions linked to them (including the Small and Micro Enterprise Promotion Agency (SME) under BoTVET and the Cooperative Promotion Agency under BoA).

Overall objective and purpose of the programme

The overall objective of the Programme is *to contribute to poverty reduction through agriculture based economic growth* in the Programme area.

The purpose of the Programme 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 activities designed to address the purpose of the Agro-BIG are grouped into three vertical components:

- **Component 1: Value Chain Development**
- **Component 2: Service Delivery Development**
- **Component 3: Access to Funds and Financial Services**

Component 1 can be regarded as the core component with the other two being supporting components.

A Human Rights Based Approach addressing also cross cutting issues

The Programme implementation is based on a **value chain approach** with strong attention to donor coordination and complementarities. Within the focus of the programme on establishing efficient and profitable value chains, the Programme pays attention to the aspects highlighted by the Human Rights Based Approach, where they are considered applicable. Particularly, emphasis will be on ‘do no harm’, referring to non-discrimination in all programme activities. Within the framework of the Human Rights Based Approach and the focus of the programme on value chain development, the programme will in the first place address the needs of those groups, which are directly involved in the value chains or who could become involved, namely women and youth. During this pilot phase some specific activities directed to the needs of the disabled people will be tested and during the second phase widened to be part of the programme, if they are assessed to be successful. Furthermore, the programme implementation will be characterised by (i) non-discrimination, (ii) participation, (iii) openness and transparency and (iv) responsibility and accountability.

Cross cutting issues include (i) **gender**, (ii) **support to the most vulnerable for enhanced equality** and (iii) **environmentally sustainable development and adaptation to the climate change**. Effective approaches aimed at inclusion of disadvantaged groups, including women and youth, will not only require **mainstreaming** of cross cutting issues but also **targeted actions aimed at meeting the specific needs of these groups**.

Two value chains have been chosen to pilot the development of the approach to Value Chain Development. These are the onion and potato value chains. Both commodities are suitable for irrigation and therefore link well with other current initiatives for agricultural development in the area. The programme is expected to gradually include other value chains. The selection of additional value chains will be based upon a number of selection criteria including unmet market potential, environmental considerations, inclusion of socially disadvantaged groups, linkages with irrigation development and complementarities with other on-going activities in the Programme area. Informal networks, the **Value Chain Platforms**, will constitute a core mechanism for secured participation of a wide range of stakeholders.

Organisation

Programme funds will be channelled through BoFED to the Woredas and also to the other implementing agencies, i.e. to BoIUD, BoTT, BoTVET/SME and BoA and to offices and institutions linked to them as well as to the micro-finance institutions. Funding will be availed through an application process guided by the Value Chain Action Plans.

The Agro-BIG Supervisory Board will be the strategic decision-making and oversight body of the Agro-BIG programme. It includes high level representation of various structures of the Government of

Ethiopia and also representatives of the private sector. The Government of Finland will be represented in the Supervisory Board by a representative from the Embassy of Finland and/or MFA. **An Agro-BIG Regional Technical Committee** will ensure that the Programme is implemented, results achieved and funds managed efficiently and effectively. It also provides technical support to the Programme. **Woreda Steering Committees** will be set up in the Programme Woredas chaired by the respective Woreda Administrator. **A Woreda Technical Committee** provides technical support to the Woreda Steering Committee in each Woreda.

The Programme Support Unit under BoFED will be led by a Programme Director appointed by BoFED. It will consist of two parts; The Programme Director's office and the Technical Advisory Services.

Timetable

The duration of the Agro-BIG pilot phase will be 3 years including the inception period. After two years the Programme will initiate development of a plan for an additional four-year programme period. An external evaluation will be conducted during the third year of the pilot phase to assess the results and the possibilities for a continuation of the Programme.

Budget

The GoF grant for the three years is EUR 9.3 million, and the GoE contribution is ETB 25.08 million.

