

INDEPENDENT EVALUATION UNIT
OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

INDEPENDENT TERMINAL EVALUATION

Improving the sustainability and inclusiveness of the Ethiopian
coffee value chain through private and public partnership

UNIDO project ID: 130144



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The Evaluation Team hopes that the findings, conclusions and recommendations will contribute to the successful completion of the Project and to the continuous improvement of similar projects in other countries.

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Abbreviations and acronyms

| Acronym | Definition |
|-------------|---|
| ADLI | Agricultural Development Led Industrialization |
| AGP | Agricultural Growth Program |
| AICS | Agenzia Italiana Cooperazione allo Sviluppo |
| BYFCU | Burka Yadot Farmers' Cooperative Union |
| COOPI | Cooperazione Internazionale – COOPI, International NGO |
| CPO | Cooperative Promotion Office |
| CTC | Coffee Training Centre |
| ECEA | Ethiopian Coffee Exporters' Association |
| ECRA | Ethiopian Coffee Roasters' Association |
| ECX | Ethiopia Commodity Exchange |
| ECTA | Ethiopian Coffee and Tea Authority |
| EQ | Evaluation Question |
| EU | European Union |
| EUD | European Union Delegation |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GoE | Government of the Federal Democratic Republic of Ethiopia |
| GTP | Growth and Transformation Plan |
| HQ | Head Quarters |
| ISID | Inclusive and Sustainable Industrial Development |
| M&E | Monitoring and Evaluation |
| MoI | Ministry of Industry |
| MoT | Ministry of Trade |
| MoU | Memorandum of Understanding |
| NECC | National Export Coordinating Committee |
| NGO | Non-Governmental Organization |
| OCF | Organized Coffee Forum |
| OECD | Organisation for Economic Co-operation and Development |
| PAD | Project Approval Date |
| PCP | Program for Country Partnership |
| PCU | Project Coordinating Unit |
| PPP | Public Private Partnership |
| PSC | Project Steering Committee |
| SCFCU | Sidama Coffee Farmers' Cooperative Union |
| TechnoServe | NGO working in the coffee sector |
| ToR | Terms of reference |
| UNIDO | United Nations Industrial Development Organization |

Glossary of evaluation-related terms

| Term | Definition |
|---------------------------------------|--|
| Baseline | The situation, prior to an intervention, against which progress can be assessed. |
| Effect | Intended or unintended change due directly or indirectly to an intervention. |
| Effectiveness | The extent to which the development intervention's objectives were achieved, or are expected to be achieved. |
| Efficiency | A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results. |
| Impact | Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention. |
| Indicator | Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention. |
| Lessons learned | Generalizations based on evaluation experiences that abstract from the specific circumstances to broader situations. |
| Logframe (logical framework approach) | Management tool used to facilitate the planning, implementation and evaluation of an intervention. It involves identifying strategic elements (activities, outputs, outcome, and impact) and their causal relationships, indicators, and assumptions that may affect success or failure. Based on RBM (results-based management) principles. |
| Outcome | The likely or achieved (short-term and/or medium-term) effects of an intervention's outputs. |
| Outputs | The products, capital goods and services which result from an intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes. |
| Relevance | The extent to which the objectives of an intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies. |
| Risks | Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives. |
| Sustainability | The continuation of benefits from an intervention, after the development assistance has been completed. |
| Target groups | The specific individuals or organizations for whose benefit an intervention is undertaken. |

Executive summary

This independent terminal evaluation assessed the entire intervention from the project's start in December 2014 to its completion in August 2022. Overall performance was reviewed against the standard evaluation criteria of relevance, coherence, efficiency, effectiveness, progress to impact and sustainability. In addition to assessing overall results, the evaluation also aimed at identifying recommendations to inform and strengthen UNIDO's future interventions.

The **main objective** of the project was *"to increase the income of smallholder farmers deriving from sustainable production, processing and marketing of the Ethiopian coffee"*. It provided continuity to previous Italian Development Cooperation Agency (AICS) interventions in the coffee sector in Ethiopia, represented by the recently re-established Ethiopian Coffee and Tea Authority (ECTA). Illycaffé, which is a private and well-known coffee maker in Italy, was a partner in this project, bringing its experience and know-how to the Coffee Training Centre. The project had a total budget of around Euro 3.5 million.

Key evaluation findings

Relevance and coherence. The intervention bears a strong pertinence to the needs and priorities of coffee farmers, cooperatives, and ECTA. The project is aligned with the coffee sector reform in the country, through its support to ECTA and a focus dedicated to the improvement of primary and secondary processing of coffee, enhancing coffee quality, marketing, exports and farmers' incomes. It is also fully aligned with UNIDO mandate and Program for Country Partnership (PCP) in Ethiopia.

Effectiveness.

Component 1. Coordination. The project contributed to establishing better contacts between ECTA and international coffee players. However, the project supported platforms, mechanisms or capacities for sector coordination only to a very limited extent. Overall, the internal and external sector coordination remained weak and was not significantly addressed and reinforced.

Component 2. Coffee Training Centre (CTC). The CTC was inspired and designed with the technical guidance of illycaffé as a modern, well-designed and equipped institution to provide trainings, promote visibility and project an image of excellence of the Ethiopian coffee. The partnership with illycaffé was the driving force to increase coffee quality, promote valuable linkages between Ethiopian coffee producers and processors with international coffee importers and markets, and advocate an international recognition of Ethiopian coffee. It took the project a long time to set up the CTC which had only been inaugurated recently, after nearly seven years of project implementation. The Center's sustainability was supported by a preliminary business plan, the institutional set-up whereby ECTA has full ownership and commitment, and a preliminary market assessment of demand for specialized courses on coffee. In addition, the contractual agreement with the private sector to support CTC management was also intended to strengthen sustainability. However, at this stage important risks need to be taken into account as CTC's sustainability is not secured and the Centre needs to adjust its offer to match demand for coffee skills development in the market. The consolidation of the results will require further accompaniment in the medium term.

Component 3. Improving quality and production in targeted areas. This component dedicated to support production and quality in Delo Mena (Hareenna Forest sundried coffee) and Aleta Wondo (garden coffee with primary processing through wet mills), targeting a total of 28,000 farmers, 21 cooperative and 2 unions. A group of 408 beneficiaries were directly trained

by the project. The Training of Trainers reached approximately 3,000 farmers in Delo Mena and 7,400 in Aleta Wondo. The intervention proved particularly effective in improving primary coffee processing and increasing coffee quality in both areas. The trainings led to the appreciation and partial adoption of improved production, harvesting and processing practices by the coffee farmers and associations. The project also contributed to strengthen cooperatives and unions' capacities and supported marketing activities. However, marketing results will need additional efforts to materialize, while production in Aleta Wondo will need more time before producing tangible effects in yields as it was very limited in scope. This component successfully tested a comprehensive approach to improve revenues of small-scale coffee farmers and their associations, with an emphasis on quality. The intervention promoted an environmentally friendly approach for coffee processing, with mitigation mechanisms for wet mills residual waters.

Component 4. Recognition of the Ethiopian coffee. This component had a strong relevance to project goals and priorities of the coffee sector stakeholders, and proved useful to and appreciated by beneficiaries, including ECTA, the Ethiopian Coffee Roasters' Association (ECRA) and coffee producers. The approach however was rather activity oriented, and did not embrace a structured communication strategy and plan. The Monitoring and Evaluation (M&E) system did not track the effects in terms of visibility and recognition. Although several business contacts were likely to be maintained after the project completion, no specific sustainable arrangement and capacities was set up to pursue marketing and visibility after the end of the project.

Efficiency. Overall the project was implemented in an efficient manner, particularly for the delivery of component 2 and 3. The implementation challenges included the planned short project duration and a limited budget disbursed in several instalments. The intervention was driven by a performing, proactive and effective management, closely associated with AICS and ECTA, which dealt effectively with administrative constraints and challenges caused by the COVID pandemic and the national security crisis, showing a considerable level of flexibility and adaptation. Notwithstanding efforts significant delays did occur, particularly for the setup of CTC. As a result, the project implementation was planned for three years, but in fact lasted seven years. The steering committee met only once to discuss of operational issues and the project was mainly guided by the continuous interactions amongst the project management team, the donor and the national counterpart. The project lacked an inclusive governance mechanism that could voice priorities of beneficiary farmers' associations. The project implementation was largely activity and output driven, with limited attention to outcomes.

Sustainability and opportunities for upscaling. Sustainability was mainly driven by market demand for high-quality coffee and ECTA ownership. The evaluation evidences how various arrangements were in place to ensure sustainability; nevertheless, important gaps could not be addressed given the limited project size, scope and timeline. The scaling up of the project will require establishing mechanisms to support changes in the absence of an external intervention. This will include a) extension mechanisms to change the mind-sets of farmers and cooperatives and their adoption of improved practices for enhancing quality and yields; b) improved access to finance and reduced risks for farmers and cooperatives; and c) adequate capacities and mechanisms at meso and macro level. Another pre-requisite for upscaling is the need to address changes at institutions and contributing to dialogue and reforms.

Cross-cutting priorities. The monitoring system established gender disaggregated indicators. Design and implementation however gave limited attention to gender mainstreaming. The project missed opportunities to address the gender imbalance, the limited opportunities for women in coffee production and processing and their need for empowerment across the coffee value chain. The evaluation evidences opportunities to further support inclusiveness and governance across the coffee value chain in Ethiopia, although the task presents significant challenges related to the considerable political and economic agendas linked to this value chain.

The project, given its focus on small scale and traditional coffee production and processing, did not produce significant negative impacts on the environment. Rather the evaluation points to a number of environmentally friendly practices supporting the sustainable management of natural resources (i.e. composting, a contribution to a circular economy).

Progress to impact. Some impact has emerged from component 3 supporting the coffee value chain in Delo Mena and in Aleta Wondo. The impact is largely related to the improvement of coffee quality, affecting positively revenues of the farmers, cooperatives and unions. Support to an increased production has been more limited in scope and more time will be required to change farmers' mind-sets and to produce significant changes in coffee yields. Opportunities for future impacts are also identified with the set-up of the CTC, once the results are consolidated and sustainability issues addressed.

Conclusions

The project managed to accomplish good achievements with a relatively small budget disbursed in multiple small instalments. The most distinguished achievement was the CTC resulting from illycaffè partnership, the high sense of ownership and commitment by ECTA, a remarkable approach in working with farmers and cooperatives and a particularly committed project management team. CTC is a good output with a strong potential, but needs strengthened to deliver market-oriented skills training, convey image of excellence for the Ethiopian coffee, and generate benefits for ECTA and the coffee value chain in the country. The evaluation evidences the need to strengthen sustainability of the results achieved so far, inclusiveness, a stronger attention to outcomes, and positioning the intervention at a more strategic level. The project was implemented through innovative and flexible arrangements, including sub-contracting arrangements with specialized private operators to implement activities on the ground. The evaluation has the following conclusions:

- C.1** The relatively small project provided a significant impulse to the national effort to improve the quality of Ethiopian coffee and its recognition in international markets.
- C.2** The partnership with illycaffè is a distinguished feature that should inspire future cooperation for value chain support as it brought in illycaffè's well-established reputation in the coffee international market and high-level expertise in quality, production, marketing, skills development and ethical work with farmers.
- C.3** The project design put forward a smart strategy, but needed clearer definition of results and their measurability, and integration of the components.
- C.4** The project achieved a tangible impact on coffee quality and farmers' income; the small intervention had a limited comparative advantage in supporting changes in agricultural practices in Aleta Wondo.
- C.5** The pilot experiences with farmers and cooperatives on the ground needs to be supported by stronger mechanisms for results measurement, which will help upscaling efforts.
- C.6** The project management team was effective and committed and applied an adaptive management approach;
- C.7** There is scope to reinforce project governance, strategic guidance and result orientation;
- C.8** The CTC represents an innovative approach for skill development and a showcase supporting an image of excellence for the Ethiopian coffee;
- C.9** Additional efforts are needed to support sector coordination, gender mainstreaming and inclusiveness through the coffee value chain
- C.10** All results achieved by the project need additional efforts to ensure sustainability.

Recommendations

- R.1** A follow up intervention should be considered by AICS, ECTA and UNIDO aiming at consolidating the project’s achievements, strengthening sustainability and upscaling results.
- R.2** Strengthen the Coffee Training Center to ensure its financial sustainability in the long term
- R.3** Improve the quality of future project design by clearly defining expected outcomes and their measurement and the integration of project components.
- R.4** For future pilot projects, establish mechanisms for upscaling pilot interventions at project design and during implementation.
- R.5** Gender mainstreaming interventions should be clearly defined at project design and implemented during implementation of future projects dealing with coffee value chain, taking into account the role women play in this value chain.

Table 1: Project Ratings

| Evaluation criteria | Rating |
|--------------------------------|---------------|
| Impact | 4 |
| Project design | 3 |
| Overall design | 3 |
| Logframe | 3 |
| Project performance | |
| Relevance | 6 |
| Coherence | 6 |
| Effectiveness | 4 |
| Efficiency | 4 |
| Sustainability of benefits | 3 |
| Cross-cutting | |
| Gender | 4 |
| M&E and design | 3 |
| Results-based Management | 4 |
| Performance of partners | |
| UNIDO | 5 |
| National counterparts and ECTA | 5 |
| Donor: AICS | 5 |
| Overall assessment | 4 |

Table 1 summarizes the evaluation ratings according to UNIDO evaluation guidelines and instructions for rating (see Annex 7). Scores vary between 1 (minimum) and 6 (maximum). The range 1 to 3 is defined as “unsatisfactory” and the range 3 to 6 as “satisfactory”.

1. Introduction

1.1 Evaluation objective and scope

The purpose of the evaluation is to independently assess the project “*Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership*” financed by the of Italian Agency for Development Cooperation (AICS) and implemented by UNIDO with a partnership with illycaffè and the Ethiopian Coffee and Tea Authority (ECTA) as National Counterpart. The evaluation aims to help improve performance and results of ongoing and future programmes and projects, with two specific objectives:

1. Assess the project performance in terms of relevance, effectiveness, efficiency, sustainability, coherence and progress to impact
2. Develop a series of findings, lessons and recommendations for enhancing the design of new and implementation of ongoing projects by UNIDO

1.2 Scope of the evaluation

The temporal scope of the terminal evaluation embraces the entire duration of the project, from its official implementation start date (16.12.2014) to its planned end date (June 2022)¹. The evaluation will also consider events and context which may have shaped the project before start-up, including the design phase.

The geographic scope includes coffee producing and processing areas in Ethiopia, with specific focus on the clusters of Aleta Wondo and Delo Mena (see intervention area map, figure 1).

The intervention legal scope is defined by:

- a) The Agreement (Memorandum of Understanding, MoU) signed between the Donor (Italian Agency for Development Cooperation - AICS) and UNIDO (executing agency)
- b) The project Document signed between the Government of Ethiopia and UNIDO;
- c) Subcontracts (including the subcontract with COOPI, TNS, Service Providers like communication companies, architectural and design services, as well as the Coffee Training Centre training advisor)

The thematic scope covers the whole coffee value chain and its stakeholders in Ethiopia.

1.3 Overview of the context

The birthplace of coffee, Ethiopia is home to some of the finest coffees in the world and is currently the top African coffee exporter and ranked sixth in the global market. The sector provides incomes to some 15 million people engaging approximately 85 percent of the total labour force. Coffee is also the principal product for export and foreign currency earner. Notwithstanding its importance the productivity and the quality of Ethiopian coffee remain far below their potential. Low production levels, poor quality, and a lack of marketing are some of the challenges depressing returns to farmers and reducing foreign exchange earnings. Additional challenges include institutional capacities, extension services, research and coordination of the sector

Since 2015 the sector has undergone a profound reform process, with the liberalization (“de-commoditization”) of the coffee market; in 2017 the EU contributed to the formulation of a new strategy for the coffee sector. The Ethiopian Coffee and Tea Authority (ECTA) has been

¹ A request for a No Cost Extension has been submitted, to extend the project duration up to August 2022 (Source: UNIDO Project Team)

implementing various coffee production, processing, and marketing activities to enhance the sustainability of the national economy.

International partners, including the Italian Cooperation, EU and GIZ provided over the past decade their support to the coffee sector. Since 2020 COVID 19 pandemic has posed as a challenge to the livelihoods of coffee small-scale producers.

1.4 Overview of the project

1.4.1 Synopsis

The project “*Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership*” intends to provide continuity to previous Italian Cooperation interventions in favour of the coffee sector, setting up a new cooperation venture between Ethiopia, represented by the recently re-established Ethiopian Coffee and Tea Authority (ECTA) and AICS. UNIDO was selected by both Cooperation partners as the executing agency, in view of its specialization and specific expertise with value chain development and long-standing support to Ethiopia. Table 2 below summarizes key project data.

Table 2 Project Synopsis

| | |
|---|---|
| Project title | Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership |
| UNIDO ID | 130144 |
| Thematic Area | Poverty reduction through productive activities |
| Country | Ethiopia |
| Project donor | Italian Development Cooperation Agency (AICS) |
| Project Approval date (PAD) | 1 September 2014 |
| Actual project start date (First PAD issuance date) | 16 December 2014 |
| Project implementation start date | June 2016 |
| Expected implementation end date | 31 May 2022 |
| Project duration | Planned: 3 years Actual: 7 years (66 months) |
| Implementing agency | UNIDO |
| Government coordinating agency | Ministry of Industry, Ethiopian Coffee and Tea Authority |
| Executing Partners | illycaffé S.p.A. and Ernesto Illy Foundation |
| Donor Funding at start up (EUR) | 3,540,800 |
| illycaffé Input (in kind) (EUR) | 100,000 |
| Total funding (EUR) (Including support costs) | 4,101,104 |
| Mid-term review date | May-August 2020 |

(Source: Project document and evaluation terms of reference)

1.4.2 Project goals and Result Chain

The **main objective** of the project is to increase the income of smallholder farmers deriving from sustainable production, processing and marketing of the Ethiopian coffee.

The intervention logic foresees four main **results** (or **project components**)², in addition to the inception phase and project management component, to achieve the project main objective:

1. Component 1: The coordination among the coffee value chain actors is improved
2. Component 2: The volume of roasted exported coffee is increased.
3. Component 3: The quality of exported coffee is increased.
4. Component 4: The quality of the Ethiopian coffee is internationally recognized

The intervention logic foresees two main outcomes:

- 1) The actors of the coffee value chain will operate in a coordinated manner and direct their efforts to the general interest of the country, resulting in an increased sustainability and inclusiveness of the smallholder farmers.
- 2) The project will contribute to increased value addition of exported Ethiopian coffee thus reducing the bulk sales of raw coffee as well as improving the international recognition of its quality.

The following table summarizes the presentation of project results (outputs, components) as defined by the project document (2014), and the improved logical framework (2019) and the evaluation terms of reference (2021).

Table 3: Project Results definition (Project document, evaluation terms of reference and improved logical framework – 2019 version)

| Project outputs (Prodoc, 2015) | Project Components (Evaluation Terms of Reference) | Output definition (improved logical framework 2019) |
|---|---|--|
| 0. Baseline Study and Action Plan from the inception phase validated by stakeholders. | | 1. Inception phase, project management and coordination |
| 1. The coordination among the coffee value chain actors is improved | Component 1: The coordination among the coffee value chain actors is improved | 2. The coordination among the coffee value chain actors is improved |
| 2. The volume of roasted exported coffee is increased. | Component 2: The volume of roasted exported coffee is increased. | 3. Technical assistance is provided to ECTA to improve coffee value addition in Ethiopia |
| 3. The quality of exported coffee is increased. | Component 3: The quality of exported coffee is increased. Component 4: The quality of the Ethiopian coffee is internationally recognized | 4. The quality and volume of coffee produced by target Cooperatives is increased |

Sources: Prodoc, Evaluation terms of reference and Progress Report (2021), (Logframe)

The project document logical framework was elaborated in 2015 when the project was developed and was revised later during the implementation. Based on the revised logical framework, the Theory of Change (TOC) has been reconstructed by the evaluation team (see Annex 4) to build a common understanding of the logic underlying the project and identifying key factors contributing to the expected transformation process.

² This evaluation will refer to the 4 outputs also as “Project Components” or “results”. In consideration of the evolution of the logical framework and the changing definitions of the outputs, the evaluation will adopt as the basis for the assessment, the definition of outputs defined by the Terms of References

1.4.3 Intervention area

The third Component is implemented in two main production areas, one supporting the Hareenna forest coffee value chain situated in Delo Mena (Oromia Region) and the second, located in Aleta Wondo (Sidama Region). The other Components, providing support to Coordination, to set up of the Coffee Training Centre and the recognition of Ethiopian coffee are based in Addis Ababa.

The geographical distribution of the project is summarized in figure 1.

Figure 1: Project intervention area



Source: evaluation terms of reference

1.4.4 Project budget and financial breakdown by result

The Project was initially endowed with a budget of 2,799,236 Euro. The financial envelop was increased during implementation, reaching a total allocation of 3,540,800 Euro (see table 4 below)

Table 4: Project budget allocation and expenditure by component

| Project outputs | Total allocation (ProDoc) | |
|--|---------------------------|-------------|
| | Euro | % |
| Output 0: Inception Phase, project management and coordination | 972,400 | 27% |
| Output 1: Coffee Value Chain Coordination | 359,600 | 10% |
| Output 2: Volume of roasted exported coffee | 697,000 | 20% |
| Output 3: Increase Quality of Coffee | 674,400 | 19% |
| Output 4: International Recognition Coffee | 837,400 | 24% |
| Total | 3,540,800 | 100% |

Source: Project document and UNIDO Project Management ERP database as of 5 May 2021

1.5 Methodology and limitations of the evaluation

The evaluation uses contribution analysis and the theory of change approach applying mixed qualitative and quantitative methods to collect data. The evaluation was structured along 7 main questions, aligned to OECD evaluation criteria and informed by the evaluation priorities, as evidenced by the terms of reference. Each question was specified by sub-questions, indicators, sources and data collection tools. Findings have been supported by data triangulation, ensuring a sound evidence-base.

Data collection included the following sources:

- Documentary review, from 50 documents (see list of documents consulted in Annex 2)
- Visit to ECTA and the Coffee Training Centre
- Interviews with 60 project stakeholders and beneficiaries (see list in Annex 3);
- Questionnaires were developed for key stakeholder groups.
- Organization of 3 Focus Group Discussions with members of associations ³
- Video Conferences with 15 respondents
- Review of Project monitoring system and data on indicators
- Review of the existing external assessments (meta-evaluation), including Mid-Term Review (UNIDO, 2020) and Impact Assessment Study (COOPI, 2021)

In consideration of the political and security crisis affecting the Country, the evaluation team was not allowed to travel to Delo Mena and Aleta Wondo to gather primary data on the third component. The main source for the assessment of this result has been the very recent Impact assessment, carried out by COOPI in July 2021; data collection was complemented by the review of key documents (contracts, reports, monitoring data, project mid-term review, pictures) and phone interviews with project stakeholders, including beneficiary cooperatives, unions, woreda officials, COOPI and Technoserve management, UNIDO project staff and AICS officials. The evaluation team reviewed as well monitoring data and recent studies on the Ethiopian coffee value chain. Quality and amount of data was adequate for the assessment of the Component, particularly in view of the detailed and accurate data collection and analysis made under the Impact Assessment study.

1.6 Limitations of the evaluation and mitigation measures

COVID 19 restrictions did not impair significantly the process of data collection. The following points summarize key challenges met by the evaluation team and the mitigation measures adopted:

Table 5 Project budget allocation and expenditure by component

| Challenging factors | Mitigation measures |
|---|--|
| Covid and restrictions limiting access to stakeholders | <ul style="list-style-type: none"> • Face to face meetings were organized in Addis Ababa with stakeholders, always adopting Covid precautionary measures • Distant calls were used with stakeholders whenever there was no possibility to organize face to face meetings |
| Security access did not allow access to coffee production areas | <ul style="list-style-type: none"> • The evaluation adopted an alternative interview plan, based on distance calls • The assessment of the third Component relied significantly on detailed and reliable data gathered by the Impact assessment study (July 2021, COOPI) and the Project Mid Term Review |

³ Phone interviews with the Focus Groups

| Challenging factors | Mitigation measures |
|---|---|
| Several versions of the logical frameworks and not clear definition of project outputs | <ul style="list-style-type: none"> The evaluation team, in coordination with the project team, choose the definition of the 4 components adopted by the evaluation terms of reference provided by the project management team, as they reflect more closely the activities implemented under each component. |
| Results are repeatedly described across the different annual reports, without clear clarification whether a result was achieved during the reporting period or previously | <ul style="list-style-type: none"> Review of all annual reports to discern when specific activities were implemented Triangulation of information from documentary sources with interviews and other sources |
| Limited measurability and lack of measurements of outcomes did not allow to clearly attribute observed changes to project activities (particularly for activities implemented in Aleta Wondo) | <ul style="list-style-type: none"> At times the contribution analysis was not possible, for lack of reliable data (for example for the contributions to farmers' income in Aleta Wondo). In such cases the evaluation made qualitative assessment and estimated the likeliness of project contributions. |
| Number of beneficiaries for each group of activities was not clearly defined | <ul style="list-style-type: none"> The evaluation crosschecked beneficiaries for key groups of activities, trying to discern whether data referred to farmers and or households. Measurements from the Impact assessment study proved very helpful |

Source: Project evaluation team, December 2021

2. Evaluation questions and findings

2.1 EQ 1 – Project Strategy

EQ 1 Project Strategy; To what extent project design and strategy support stakeholders' priorities? Are the quality of design and strategy conducive to support the achievement of project goals and results? To what extent the project design maintains its relevance in light of changed circumstances? How strong is stakeholders' commitment and ownership? How design and strategy should be adjusted accordingly to be on track to achieve expected results?

2.1.1 Relevance

To which extent is the project relevant to Ethiopia National Priorities, to Italian Cooperation priorities, to UNIDO approach and to coffee value chain stakeholders?

Relevance to Ethiopia National Priorities; The intervention design bears full pertinence to 2014/15 Ethiopia national priorities,⁴ with its alignment to the Growth and Transformation Plan and, for the agricultural sector, to the priorities outlined by the Agricultural Development Led Industrialization (ADLI) including for supporting coffee sector industrialization with processing and value addition. During the project implementation the coffee sector assisted to important changes at macro level including the definition of a sector strategy supported by the EU that led to the setup of the ECTA (2015) and sector reforms (2017) which brought transformational

⁴ GTP, 2010/11 – 2014/15.

changes to the coffee marketing system.^{5 6} The intervention maintained full relevance to the evolving priorities and it was well-aligned with the EU strategy (promoting coffee quality and de-commoditization) and to the reform goals, with a vision of a vertical integration of the coffee value chain. The institutional support component and the setup of a Coffee Training Centre are results in line with ECTA priorities. The relevance of the intervention was reinforced *en cours de route* with the adjustment of expected outputs and the cancellation of the output related to the setup of a Coffee Forum.

Italian Cooperation priorities for Ethiopia ⁷ address Italy “*firm commitment to support the Ethiopian Government in achieving the Growth and Transformation Plan II*”.⁸ The project maintains as well a strong orientation towards AICS priority (2017-2019 framework) to foster agricultural modernization and agro-industrial development.⁹ The Italian Cooperation strategy seeks to establish development partnerships across those value chains where Italy has built a reputation of excellence, including coffee, leather, tomato and wheat, supporting industrialization and employment.

The implementation of the project has positively contributed to strengthen the Cooperation ties between Ethiopia and Italy.¹⁰

Relevance to beneficiaries’ needs and priorities; The project matches the needs and priorities of coffee farmers, processors and exporters, as evidenced by the interviews with sector stakeholders and beneficiaries in Aleta Wondo and Delo Mena.¹¹

The project is fully coherent with the local needs and priorities as perceived by people and reported by local authorities’ representatives at all levels.

Box 1 – Excerpts from interviews with project beneficiaries

Compared with other projects in the woreda the approach of this project is different. It involved all the actors in the value chain which include the private farmers, cooperatives, union and up to the export level. It has done a lot of awareness creation starting from the bottom” (representative of Burka Yadot Coffee Farmers’ Cooperative Union)

- *“Beneficiaries appreciated that the intervention targets coffee production, as green coffee represents the main livelihood in Delo Mena and, at least, a key component of the livelihoods in Aleta Wondo”¹²*
- *With the training provided mothers and fathers have increased their productivity using compost also where previously there was no training provided and lack of knowledge exists”. (Focus Group with project beneficiaries from Aleta Wondo)*

⁵ Proclamations No. 1050/2017 and No. 1051/2017

⁶ Ethiopian coffee marketing reforms and smallholder coffee producers, A socio-legal empowerment lens, Alban Mas Aparisi IIED, 2021

⁷ , Cooperation priorities are stipulated by the “Ethio-Italian Cooperation Framework” (2017 -2019), signed on September 15, 2017

⁸ Growth and Transformation Plan II (GTP II) (2015/16-2019/20)

⁹ Sources: i) Interview with AICS officials, ii) interview with UNIDO team, iii) Project mid term review

¹⁰ Finding supported by evaluation interviews with AICS

¹¹ A strong relevance to end beneficiaries and coffee farmers (particularly for the activities foreseen under output 4) has been evidenced as well by the Mid Term Evaluation report (2019) and by COOPI Impact Assessment Study.

¹² Impact assessment of the project “*Improving the Sustainability and Inclusiveness of Ethiopian Coffee Value Chain through Private and Public Partnership*” COOPI, July 2021

Relevance to UNIDO priorities and PCP Ethiopia; Within UNIDO “Inclusive and Sustainable Industrial Development” (ISID) vision, Ethiopia has been selected as pilot for a Programme for Country Partnership (PCP) with the aim of bringing together development partners, UN agencies, development finance institutions and the private sector - under the ownership of the national Government - to help achieve the goals set out in the country’s Industrial Development Strategy and Growth and Transformation Plan (GTP).

The project was designed and implemented within the Programme for Country Partnership (PCP) and is well aligned to the ongoing development activities implemented under the framework of the UNIDO PCP without duplication of effort, rather aiming at scaling up and the promotion of the private-public sectors dialogue. This public-private partnership aims at bringing together investors and specialists in support of the country’s progress towards the GTP II objectives.¹³

The project’ document and project progress reports do not make explicit references to the PCP Ethiopia and how and to what extent the PCP has affected the performance and results of the project.

Also, the PCP (2015 – 2019) document does not explain how the partnership and the multi-stakeholders’ approach would enhance the achievement of results expected for the coffee sector.

PCP annual report (2019) does not list specific PCP’ activities focusing on the coffee sector and does not report whether and how the PCP framework supported coffee sector expected results.

The terminal evaluation of the PCP¹⁴ recognizes the relevance of the coffee sector to the ISID but does not evidence a value added of the PCP to achieve results expected for the coffee sector.

The project mid-term evaluation points that the project was designed within the PCP / ISID framework; however it does not evidence in its findings to what extent the PCP framework supported project goals and results.

This evaluation analysis of results¹⁵ shows that notwithstanding a strategic partnership with the ECTA, the project had a limited incidence in the support to stakeholders’ coordination at macro level and limited strategic contributions to sector reforms, suggesting that the PCP framework has not been so far instrumental to contribute to significant changes for the coffee sector.

These findings support the conclusion of a strong relevance of the PCP Ethiopia for inclusive and sustainable development and a high pertinence to the coffee sector priorities. Also, the PCP Ethiopia shows a potential value added to support macro level coordination and reforms for the coffee sector. However so far, the partnership has been exploited only to a limited extent to leverage changes for the sector and the evaluation did not found evidence of the PCP contributing to specific results and goals for the project. In the future, the evaluation evidences opportunities of the PCP framework to contribute to changes, including to a stronger private sector engagement, investments and inclusive access to finance, dialogue and reforms.

The project shows a strong internal coherence with the process of coffee sector reform in Ethiopia. To a lesser extent the project supported coordination, synergies and complementarities with other donors’ projects, with limited contributions to a first result initially designed to support stakeholders’ coordination. On the other hand external coherence was significantly

¹³ UNIDO selected references and Project Annual Progress Report (2020)

¹⁴ Independent Terminal Evaluation of the Programme for Country Partnership in Ethiopia (2015-2019) Vienna 2020

¹⁵ See section 3.2 below, assessment of the effectiveness criterion

promoted through the project and illycaffé work to improve quality at smallholder and cooperative levels and with the establishment of the CTC.

2.1.2 Quality of design and strategy

To what extent project design was aligned to project formulation best practices and supported by an adequate participation of the coffee value chain stakeholders?

The project document provides a broad picture with limited specification of the new intervention. Improved definition and specification were brought with the inception phase and during implementation. Merits of the design include:

- A strategy meant to tackle relevant and critical challenges of the coffee value chain
- The project strategy is in line with the new trend of coffee marketing in Ethiopia, bypassing the commodified ECX market.¹⁶
- The Theory of change is simple and likely to work, particularly when supported by a favourable reform and institutional and policy context.¹⁷ The implicit Theory of Change (see ToC reconstruction in Annex 4) implied that supporting sector coordination, production and quality and setting up a training centre the intervention will contribute to increase the income of smallholder farmers (project goal).
- Formulation seizes a particularly favourable context for the coffee value chain in Ethiopia, including for the EU working on a national coffee sector strategy, the setting up of the ECTA and the reform of the coffee sector, with the emergence of new marketing opportunities for producers and providing an accrued scope for working on quality and de-commoditization of coffee.
- The formulation seized the opportunity of the partnership with illycaffé to convey the firm's unique know-how of coffee value chain, including quality, traceability, sustainability and marketing. This partnership is the most distinguished feature of the project design, making this initiative a unique pilot in coffee value chain development across development cooperation.
- The broad definition of results allows for flexibility and adjustments during implementation

Aspects of project design which needed additional attention are:

1. The design was ambitious compared with budget and timeline. This finding is aligned to the assessment of the mid-term review *"The project is assessed to be quite ambitious to tackle coordination, establishing a centre of excellence, implementing business plans, a roasting plant, innovation, working in multiple and different locations with different sub-contractors and different processes per location all with a budget of EUR 4 million over 3 years"*¹⁸
2. Insufficient definition of the results at outcome level, with lack of specification and measurability. The definition of the cause – effect relationship of the intervention logic appears insufficient, as the design does not make an attempt to quantify the improvement induced by the project results and to what extent these changes may affect farmers' income.
3. Limited synergies are foreseen across the four components, and the project design appears as an aggregation of relevant but not sufficiently related changes, with

¹⁶ Impact assessment of the project *"Improving the Sustainability and Inclusiveness of Ethiopian Coffee Value Chain through Private and Public Partnership"* COOPI, July 2021

¹⁷ Unfortunately, adverse contextual factors emerged during the project life, including the pandemic and a national crisis affecting also coffee producing regions.

¹⁸ Source: Project Mid-Term Review (2019)

insufficient specification of results. Design focus is on outputs and activities rather than outcomes, limiting the opportunity for a more strategic approach to the sector

4. Need for an accrued attention to sustainability issues particularly for changes related to capacity development, equipment supplies and the setup of the Coffee Training Centre
5. Need to adjust the private sector approach, as project support included free handouts of equipment and services. These project contributions, although useful and well appreciated by beneficiaries, may privilege targeted groups, with the risk of favouring unfair competition across producers and cooperatives.
6. Project governance mechanisms design did not allow a more inclusive participation of stakeholders
7. Monitoring system needed more attention to measurability and setting a monitoring framework with sound baseline and target values
8. Crosscutting priorities of gender and inclusiveness are not addressed by the design

Project formulation was based on consultation with Ministry of Agriculture and Ministry of Trade. ECTA was not involved as by the time of design the Agency was not yet established. The consultation with small scale farmers and their associations was developed during the inception phase.

Management, budget and staffing arrangements foreseen by the project document, appear adequate to support implementation. The lack of result specification and measurability at outcome level enfeebled the project capacity to develop result-oriented management tools supporting project performances and effectiveness, while keeping an eye on strategic changes supported by the intervention.

2.2 EQ 2 – Effectiveness

EQ 2 Progress toward results (effectiveness); To what extent have the expected results and objectives of the project been achieved thus far? What have been barriers to achieving the objectives?

Overview

The analysis of effectiveness assesses the capacity of the project to contribute to expected results. This section is structured according to the 4 key changes addressed by the project:

- Improved coordination (corresponding to Output 1)
- Set up of a Coffee Training Centre (Output 2)
- Improvement of the volume of production and of quality of Ethiopian Coffee (output 3)
- Improved recognition of Ethiopian Coffee (output 4)

The project logical framework includes two additional outputs which will not be covered by the assessment as they are not project results:

Output 0 – Inception phase: this is a project phase and not an expected change

Output 5 – Evaluation; This output is a management tool supporting accountability and learning

2.2.1 Component 1: The coordination among the coffee value chain actors is improved

To what extent the project contributed to an increased coordination within the coffee value chain, with strengthened capacities for Ethiopian Coffee and Tea Authority (ECTA).

Although specific project activities may have positively contributed to improve interactions across stakeholders, nevertheless the project did not develop a strategic approach to strengthen

sector coordination. The project has been working on relevant albeit marginal aspects of internal and external coordination. Overall coffee sector coordination needs yet to be strengthened¹⁹ and has not been significantly reinforced by the project.²⁰ The project did not support platforms, mechanisms or capacities for sector coordination. Specific activities have contributed to establish better contacts between ECTA and international coffee players.

The first project component appears as a contribution to ECTA capacity development rather than a coffee sector coordination result. The project established a privileged partnership with ECTA, providing dialogue and technical assistance support at management level, establishing a close and strategic relationship with ECTA Director during the early years of functioning of the institution.

This may be defined as a “process approach” promoting specific activities aimed at strengthening the young institution. The project did not support however direct mechanisms to strengthen sector internal and external coordination.

The setup of a new coordination platform, the Organized Coffee Forum, foreseen by the project document, lost its pertinence with the creation of the ECTA and the establishment of a National Export Coordinating Committee (NECK) in 2017. (see context box 2 below). The project, in consideration of a narrow scope and of lack of explicit national demand, was not involved and did not provide direct support to the NECK and the coffee reform.²¹

Box 2 Coffee reform and National Coordination Mechanisms

In 2017, the Government launched a consultation process to re-assess and reform the national coffee marketing system. A National Export Coordinating Committee (NECK), a body directly under the authority of the Prime Minister’s Office, led the process.²² The NECK set up a committee, led by the ECTA, which included the Ministry of Agriculture, the Ministry of Trade, various ECX bodies, and representatives from regional governments, research centres and all relevant private sector players. Cooperatives and unions were part of the process.²³ The committee shortlisted 11 reform points, which the ECTA then presented to the Prime Minister. Two major reform areas transpired: first, cutting the number of middlemen in the value chain; and, second, restoring traceability through the so-called ‘vertical integration’ — a reform point that featured prominently in the EU Delegation report. Next, the ECTA prepared a draft bill in consultation with regional governments in coffee producing areas.²⁴ In 2017, the coffee marketing system was amended through Proclamations No. 1050/2017 and No. 1051/2017.²⁵

2.2.2 Component 2: Technical assistance is provided to ECTA to improve coffee value addition in Ethiopia

2.3.0 To which extent project support to CTC contributed to set up sustainable mechanisms and services for training, strengthening capacities across the coffee value chain.

¹⁹ Finding based on interviews with the Project team and other stakeholders and Partners supporting the coffee sector

²⁰ Finding based on the review of progress reports, analysis of the monitoring systems and several interviews with the Project team

²¹ Source: Interview with the Project Team (December 2021), review of project annual reports and of the mid-term evaluation report

²² Cramer & Sender, 2019

²³ Ibidem

²⁴ Ibidem

²⁵ Ethiopian coffee marketing reforms and smallholder coffee producers, A socio-legal empowerment lens, Alban Mas Aparisi IIED, 2021

With the CTC the project established a modern, well-designed and fully equipped space for meetings and trainings, supporting visibility and promoting an image of excellence for the Ethiopian coffee. The partnership with illycaffé constitutes the principal asset and key strength of the CTC. By the end of 2021 the result of sustainable mechanisms and services for training, strengthening capacities and improving coffee quality was not yet achieved.

The result aims at establishing a centre of excellence for coffee training with contributions to the improvement of quality and recognition of Ethiopian Coffee. The Centre establishes within the ECTA a space dedicated to meetings and promotion of the Ethiopian coffee. The CTC specifically aims to promote value addition within the coffee value chain, supporting the gradual shift from green coffee to roasted coffee production and export.

CTC' planned courses will include (but will not limited to): green coffee evaluation and selection, cupping, roasting, packaging, brewing and barista. ²⁶ The CTC offers one classroom and three laboratories (sensorial laboratory, industrial process laboratory and brewing laboratory). The planned capacity is 25 students for a three-month course. Equipment includes modern machineries for roasting, laboratory analysis and brewing. The CTC is located at the ground floor of the Ethiopian Coffee and Tea Development Authority (ECTA) building in an area of about 460m². ²⁷

For this result the Project achieved to complete preparatory studies, organizational arrangements, renovation works, procurement and installation of equipment and the setup of management mechanisms to get the Coffee Training Centre started. A curriculum has been developed. ²⁸ Staff has been trained to facilitate modules ²⁹. A sustainability and business plan was produced in 2020 by a consulting company. The CTC was recently inaugurated (July 2021). The project mid-term evaluation (2019) evidenced how the setup of the CTC has been affected by significant delays, largely caused by COVID and how this *"may jeopardise the project ability to provide the service as planned"*. ³⁰

ECTA has been fully engaged to the implementation of the CTC, showing ownership and a high degree of commitment, including for the allocation of space, the management support, attribution of staff and contributing to plans for its future.³¹ The CTC is highly appreciated by ECTA as an important asset that may enhance ECTA image and project an image of quality and excellence for the coffee value chain in Ethiopia. The CTC is defined by ECTA as *"unique"* and *"one of the best results of the project"*. ³² The evaluation evidences opportunity for a stronger integration of the Centre to ECTA, as suggested by the observation that the CTC is not yet visible in ECTA webpage.

Preliminary steps have been taken to link the CTC with coffee sector stakeholders, including Regional Authorities and Universities, with an ambition to strengthen ties with all value chain actors. ³³ However there is no evidence yet of a full articulation and synergies being established with other training providers. Some players interviewed by the evaluation feel that the initial

²⁶ UNIDO 130144 Annual Progress report, March – October 2021

²⁷ Located in the "Bunna ena Shai" Building in Addis Ababa

²⁸ *"A curriculum has also been prepared and approved for the CTC. We want to give a three-month training for cupping as ECTA using the formal TVET institutions with Diploma and Degree incorporating the Barista training"* (source: evaluation interview with ECTA management)

²⁹ *"We also went as a team of seven people from the ECTA to Italy to receive training on Cupping for Barista and also on coffee anatomy. We have received training of trainers"* (source: evaluation interview with ECTA management)

³⁰ mid-term review of the UNIDO project 130144, September 2020

³¹ *"ECTA commitment was translated into facilitation of staff and facilitation of working space for the training center that was having 2000 square feet with 13 rooms"* (source: evaluation interview with ECTA management)

³² Evaluation Team interview with ECTA and CTC management;

³³ Evaluation Team interview with ECTA and CTC management;

participatory approach has been weakened along the way and they feel currently “side lined” from the CTC.

360 applicants have already been registered for future courses, and a team of 10-12 external trainers has been identified. Curricula developed with the support of illycaffè have been validated by Dilla University for a bachelor degree. First trainings have been delivered over the last quarter of 2021. ³⁴

The conception of the Centre, with its design, equipment and course preparation, did benefit of the contributions of illycaffè, who provided, during both formulation and implementation phases, its considerable experience in coffee and coffee skills development. The partnership with illycaffè constitutes the principal asset and key strength of the CTC, beyond the setup of a modern, well-designed and fully equipped physical space for meetings and trainings. ³⁵

A contractual partnership of ECTA and a private sector firm has been set up for the Centre management. ³⁶ Quality, performance, effectiveness and sustainability of this partnership need yet to be tested. The initial plan to set the CTC as an autonomous institution is pending for an ad hoc legislative framework.

The Centre has the opportunity to evolve into a landmark of visibility and excellence for ECTA and the Ethiopian coffee. The evaluation evidences as well an opportunity for the CTC to contribute to leverage an inclusive dialogue for the coffee sector and building of synergies across partners.

Few initial activities have already been started, but the Centre is far from being a consolidated result and should rather be considered at its inception phase; key elements supporting its operation and sustainability need yet to be put into place, including:

- The new CTC sustainability and business plan³⁷ provides detailed specifications of the project, with a breakdown of the offer for technical training courses and projection of costs and revenues; projections foresee a staff of 19 persons to be employed with monthly salary of about USD 8477, and USD 101,727 annually. However the study does not provide a detailed market assessment, supporting with evidence the hypothesis of a sustained demand and the market willingness to pay fees ranging between 800 USD and 1700 USD per course, with a demand ranging from 178 participants (Year 1) to over 500 participants (year 4). Without such evidence the financial projections provided by the plan should be considered as a preliminary estimation, not sufficient to support the financial sustainability of a Centre with costs estimated at 170,000 USD per year.
- ECTA states that the CTC does not involve duplication of efforts. ³⁸ The Centre needs however to be better linked to and articulated with existing coffee sector skills development offer (including for instance with Jimma University, Mizan College, Dilla University, Aramaya University, Co. Qua company, the Knowledge Academy) and coffee laboratories in Ethiopia. The sustainability and business plan do not provide details for this articulation
- Similarly the CTC should establish operational linkages with sectors of the value chain originating demands for skills development

³⁴ Evaluation Team Interview with ECTA management

³⁵ This finding reflects views of interviewed stakeholders and the assessment of the evaluation team

³⁶ UNIDO 130144 Annual Progress report, March – October 2021 and interviews with project staff. The CTC service provider has also been interviewed by the evaluation (December 2021)

³⁷ Coffee Training Centre sustainability and business plan, September 2020, Public Private Partnership Project with illycaffè S.p.A. and Ernesto Illy Foundation

³⁸ “There is no duplication of effort. There are two universities working on coffee that include Jimma and Dilla where they give training on theory. They do not provide capping training. There is no legal entity which is certified” (source: evaluation interview with ECTA management)

- The delivery of training courses needs to be accompanied and supported over a period of a few years, building sustainable management, financial and marketing mechanisms, assessing costs and benefits of the CTC; strategic guidance need to be supported over a period of several years in order to develop mindsets necessary to operate a centre of excellence for coffee.
- Legal status of the CTC as autonomous unit needs yet to be established, with independent bank account
- Nature and content of a public and private partnership need to be assessed and supported
- Governance mechanisms should also be tested and broadened to private sector and Universities (The project mid-term evaluation (2020) evidenced the need to strengthen the capacities of the advisory board)
- A strong M&E system with adequate quality standards and control mechanisms need to be as well established for the Centre
- Twinning and partnerships with international coffee training centres could also become helpful
- The result stands a bit isolated within the project and needs to be better linked to other project activities and to the overall process of sector reform and improvement of the coffee value chain (for with a quantified the demand for capacity development by targeted cooperatives and Unions)

Several risks, including some of institutional and political nature, may affect the development of the Centre and the capacity of achieving its goals. These need to be adequately appraised and mitigated. Such risks may include a very high staff turnover (at management and technical level), political changes, shift of priorities and financial interests. These risks may affect the capacity of the centre to deliver training of excellence while affecting benefit distribution, governance, transparency and accountability.

The evaluation highlights a risk for the CTC to undermine, through unfair competition, other initiatives led by the private sector to support quality and skills development for Ethiopian coffee.

³⁹

A continued support of *illycaffè*, with direct linkages with public and private stakeholders, is seen as desirable by several respondents. AICS is preparing, in partnership with UNIDO and ECTA a new intervention with a component dedicated to the consolidation of the Coffee Training Centre.

Box 3: Note about the name and the and design of the component

Output 2 is formulated by the project as: “*Technical assistance is provided to ECTA to improve coffee value addition in Ethiopia*”. The name does not express adequately what the Component is about, limiting transparency and result-orientation. As a good practice it is recommended that the formulation of each result should clearly and directly express the specific change that is expected. The project should also build a measurement system, based on outcomes, indicators, baselines and target values, to track progress toward the outcome and the goal. In this specific case the Component could have been treated as a separate small project, with its own goal (expressing sustainable benefits expected from the CTC) and expected results, related for instance to the hardware (infrastructure and equipment), financial mechanism, staffing, the software (curricula), capacities, legislative framework, market linkages, quality standards et cetera

³⁹ The rationale for considering this risk is provided by evidence of an existing offer developed in Addis Ababa by private sector actors, for skills development, similar to the one proposed by the CTC , including for instance courses for barista and cupping.

2.2.3. Component 3: The quality and volume of coffee produced by target Cooperatives is increased;

To what extent the quality of coffee produced by targeted Cooperatives has improved and volumes of coffee produced increased?

2.2.3.1 Overview of the Component

The project dedicated this component to support production and quality, targeting two Unions: a) the Sidama Coffee Farmers' Cooperative Union (SCFCU) in Aleta Wondo, (support provided to 9 Cooperatives producing "garden coffee" processed by wet mills) and b) Burka Yadot Cooperative Farmers' Union (BYFCU) producing forest coffee in the Harena forest in Delo Mena, and 12 of their affiliated primary cooperatives. The Component aimed at improving agronomic practices and coffee processing techniques, increasing the revenues of smallholder farmers. Activities were structured in three groups:

1. Training for farmers on improved agricultural and harvesting practices;
2. Support to the cooperatives in improving primary coffee processing (washing and sun-drying), coffee management (e.g.: storage), and improve services to affiliated farmers;
3. Support to the unions in improving secondary coffee processing (hulling and cleaning) and marketing/exporting activities, and improve services delivered to affiliated cooperatives.

The intervention aimed at empowering the farmers and their associations to produce quality coffee, enabling them to harvest and process a coffee that can be graded above grade III and reach the export markets.

2.2.3.2 Improvement of quality;

The intervention achieved a tangible and significant upgrade of coffee quality in the two locations. ⁴⁰ Data show a remarkable improvement of coffee grades in targeted cooperative, with a marked increase of coffee graded as grade I and II. ⁴¹ This can be attributed to a number of factors, among which proper harvesting and processing played a key role. The following table summarizes the evolution of coffee grades for 4 cooperatives in Aleta Wondo.

Table 6 Grading of green beans for selected cooperatives in Aleta Wondo (2019 – 2021)

| Cooperative | Grade | 2019 | 2020 | 2021 |
|--------------------|-------|------|------|------|
| Gebericho Killa | I | 23% | 0% | - |
| | II | 77% | 66% | - |
| | III | 0% | 13% | - |
| | IV | 0% | 21% | - |
| Wotu na Bolutuma | I | 88% | 35% | 90% |
| | II | 12% | 65% | 10% |
| Hondoba na Borboro | I | 44% | 8% | 67% |
| | II | 37% | 82% | 19% |
| | III | 19% | 10% | 14% |
| Dobe na Wolicho | I | 20% | 53% | 82% |
| | II | 80% | 47% | 18% |

Source: Impact Assessment, Coopi, 2021

⁴⁰ Source: Project Annual Progress Report, 2021

⁴¹ For instance Hondoba na Borboro and Dobe na Wolicho cooperatives are producing 70 and 80% Grade I coffee.

In Delo Mena the quality of the forest coffee was enhanced by appropriate harvesting techniques and overall improved drying and hulling system. 12 Coffee Drying Centres were equipped with drying beds and one temporary storage per cooperative was set up. The BYFCU Union hulling station was maintained, enhanced, and made fully functional, improving secondary processing for 128 farmers from 8 cooperatives. Coffee produced and hulled reached Grade III during the first phase (with 4.320 Kg exported), and Grade II during the second phase (with 21 Tons exported). Grade II was never obtained before by any coffee produced in the woreda. In Delo Mena the hand-sorting process offered by BYFCU to the cooperatives is an important factor contributing to reach a good grading, as high as I or II. ⁴²

In Aleta Wondo renovation works for fifteen wet mills (out of 60 wet mills existing) were undertaken at three cooperatives sites following an audit for sustainability standards. Works included the renovation for the coffee pulping engine, water pumps and other materials. A technical survey for renovation of additional three wet mills was performed. At processing stations, a Vetiver wetland was constructed to support the green turn of wet milling process. The repair of aged Aagard machines, which tended to break many beans during the processing, was one of the factors contributing to achieve the enhancement of coffee quality.

An extremely positive feedback on the coffee quality was provided by cupping results and buyers' feedback. ⁴³

While the project in Dela Wondo had to start the process of quality improvement, in Aleta Wondo the process of quality has been pursued over recent years and farmers were well convinced about the need to improve quality. ⁴⁴

2.2.3.3 Support to production and capacity development;

Data on household production gathered by the project impact assessment are not conclusive, as suggested by production figures of table 7 below. Yearly differences in production are not significant and could be attributed to physiological variations of coffee production eventually related to a number of external variables, including precipitations, pests and diseases, farmers labour availability, COVID restriction on farmers work et cetera.

Table 7 Average production trends (kg of coffee per household) in Aleta Wondo

| Year | 2019 | 2020 | 2021 |
|----------------------------------|-------|-------|-------|
| Household Production (Kg per HH) | 1,702 | 1,965 | 1,950 |
| Yearly difference | - | 15% | -1% |

Source: Impact Assessment, COOPI, 2021

The impact assessment study points to *“a good level of agronomic management was assessed during the interviews with the farmers who declared to have started best practices since few years”*.⁴⁵ Training packages were devised and delivered to the communities on harvesting and post-harvesting best practices, using a “Farm college” approach. The training was delivered to small groups, focusing on topics concerning agronomy best practices (rejuvenation, composting, coffee planting, weeding, nutrition and soil erosion control). Governmental offices supported training and extension services provision and provided technical support to processors, such as regular refreshment training in wet processing. Three Input Provision Centres were established

⁴² Impact Assessment study, COOPI, 2021

⁴³ Impact Assessment study, COOPI, 2021

⁴⁴ Impact Assessment study, COOPI, 2021

⁴⁵ Impact Assessment, COOPI, 2021

to provide low-cost tools for farmers, and a nursery distributed approximately 150.000 coffee seedlings and 105.000 shade trees.

The extension mechanisms supported to build capacities of farmers involved project staff, woreda officials and local experts, mechanisms for training local trainers and on “natural” divulgation mechanisms, as farmers field schools. The approach favours a certain sustainability as some of these mechanisms are likely to be maintained after the end of the external support. Nevertheless, these methods are not anchored on institutional mechanisms of support to farmers and are largely project driven. The upscaling of project results will need either reliance on follow up projects or the building of sustainable capacities for promotion of extension techniques and coffee quality.⁴⁶

Quality of technical assistance to farmers and cooperatives was very high. The project impact assessment reports how “*trainings, on-site support, and technical assistance were rendered with high professionalism by COOPI staff and zonal and woreda experts, achieving a high degree of satisfaction amongst beneficiaries and stakeholders (408 direct beneficiaries)*”.⁴⁷

The work with demonstration farms is likely to contribute to strengthen awareness and capacities for the targeted group and the adoption of the techniques by a certain number of beneficiaries through trickle down effects.⁴⁸ However, the effort is not sufficient to achieve transformational changes for farmers, which imply change of mindsets which can be achieved only through longer term continued efforts.

Box 4 – Project simplified assumptions about farmers priorities

The project works on the assumption that once farmers will have a first-hand confirmation of positive production results on the demonstration farms, they are likely to adopt the techniques in their own fields. Such assumption is based on a simplified understanding of farmers needs and priorities. Adoption rates of proposed techniques will not depend primarily on the evidence of accrued production, but by additional considerations that farmers and their households will make about the proposed techniques, including how these may affect family labour and the capacity of the household to attend different cores of their farming system (which only partially relies on coffee). Adoption will depend as well on the level of risks assessed by the farmers. Overall small farmers priorities, particularly amongst the poorest section, are not only driven by income maximization (as assumed by the project) but also, and importantly, on goals of minimizing risks, of securing sufficient food for the family, diversifying activities and providing an optimum return to farm labour for each member of the household. These aspects should be followed up in detail by M&E systems

Source: evaluator’ assessment

Capacity development had the merit of associating private sector service providers (i.e. Co. Qua company) specialized in coffee value chain capacity development, a feature contributing to sustainability and considered as a good practice by this evaluation.

⁴⁶ EU action “Project Caffé” includes a large component dedicated to strengthen national coffee extension mechanisms

⁴⁷ Impact assessment of the project “*Improving the Sustainability and Inclusiveness of Ethiopian Coffee Value Chain through Private and Public Partnership*” COOPI, July 2021

⁴⁸ The Impact assessment reports “*The compliance of farmers with the improved agronomic practices was not measured, though most of the farmers during the focus group discussions mentioned to practice almost all the suggested techniques*”.

2.2.3.4 Support to Cooperatives and Unions' management and service provision;

The Component contributed to improved management capacities, through the delivery of trainings to Unions and Cooperatives leaders, managers and technical staff;⁴⁹ Technical packages were developed with the support of a specialized private sector service provider (CoQua) and agreed with BYFCU and its Cooperatives. Trainings were relevant to the needs and interviewed beneficiaries manifested appreciation. Outcomes were followed by the project, with no measurement of enhancement of skills and improvement of service provision. Limited information is available about outstanding gaps. The project report⁵⁰ for instance recognizes that Burka Yadot Farmers' Cooperative Union as recently established *"still needs support in building financial and management capacity of its leaders, as well as Technical Assistance in developing and implementing a business plan"*.

Some activities in support of Unions could not be completed according to plans, as a study to improve financial access; the feasibility study for a pilot roasting plant was completed⁵¹ but Members of the Union have not yet endorsed its implementation; some study tours had to be cancelled due to Covid restrictions.

2.2.3.5 Farmers' coverage and M&E system;

Project reports state for this component a total of 25,000 beneficiary farmers in Aleta Wondo and 2,900 beneficiary households in Delo Mena.⁵² Consistency of figures on beneficiaries need however to be strengthened, bringing additional clarity on the scope of the intervention and the extent of benefits induced by the project. The evaluation understanding is that the figure of 27,900 beneficiaries in both areas refers only to the members of the cooperatives (beneficiaries of activities targeting primary processing) and unions (beneficiaries of secondary processing and marketing support). Farmers' training targeted:

- 7400 farmers in Aleta Wondo, organised in 129 focal farmers training groups and implementing each one demonstration plot. 11 Trainers were recruited, who visited 6,400 farms.⁵³
- In Delo Mena the project prepared 13 trainer supervisors and 145 trainers (8-day training course).⁵⁴ Each trainer was expected to train 25 to 30 farmers, reaching a total of 1811 farmers in year 1 and 1220 with a refreshment training in year 2.

⁴⁹ Some of the training sessions are provided in large group settings (i.e. stock management, financial management), while others are provided to individual cooperatives (cooperative management and sustainability standards).

46 cooperative managerial staff from three Phase II cooperatives received training on cooperative management. The training focused on applying principles of sound and sustainable management to their organizations and their wet mill operations. 12 cooperative leaders, as well as staff members of three Phase II cooperatives and seven experts from the Aleta Wondo Woreda Cooperative Promotion Office, were trained in stock management using various worksheets and templates developed by the project. 12 cooperative leaders and staff, as well as six woreda cooperative promotion experts were trained in financial management, with a special emphasis on timely expense settlement and financial statement preparation. The team also delivered a gender mainstreaming training for 79 people (75 male & 4 female), which included leaders and employees from all six Phase I & II clients. (Source: project annual report)

⁵⁰ Annual Project Report, 2021

⁵¹ "According to the project team analysis together with marketing expertise provided by illycaffé technician, the roasting plant represented "a great opportunity for the Sidama Coffee Farmers' Cooperative Union to be the first pioneer in establishing roasting facility among the coffee cooperative unions operating in Ethiopia".

⁵² Figures from the project annual progress report, 2021

⁵³ "In the selected six kebele UNIDO provided a full agronomy training for an Average of 3730 in the first year and UNIDO provided a refreshment training for the same number of farmers in the second year which is about 7460 farmers received a training" Source: Project communication to the evaluation Team, January 2022

⁵⁴ Trainers comprised: (a) 100 farmers' leaders selected from the Farmers Cooperatives (87 male and 13 female) and (b) 45 people from the woreda Task Force and Kebele development agents. Source: Project communication to the evaluation Team (January 2022)

The impact assessment ⁵⁵ identified the coverage for trainings, on-site support, and technical assistance to “408 direct beneficiaries with a very relevant number of people indirectly benefiting from the spreading of the knowledge of an improved quality coffee production system”. Also “Groups selected as connect with activities and outputs under several points of view, making a hard exercise to use them as key of the effective coverage of a single action” ⁵⁶

For Delo Mena the impact assessment specifies that “activities targeting the coffee farmers and the consolidation of the brand ‘Haremma coffee’ were only reaching a part of the targeted beneficiaries (378, i.e. 11% of the target)”

The Impact assessment study suggest as well that no clear figures are available for the coverage in Aleta Wondo, indicating that “coverage has to be determined after the completion of the activities”.⁵⁷ The lack of clear figures about targets and outcomes allows for a potentially misleading narrative, limiting measurability, result orientation and the possibility to apply cost-benefit analysis to these experiences.

The pilot nature of the intervention⁵⁸ calls for a much more robust M&E system, with precise definition and measurement of number of beneficiaries (disaggregated by type of outputs), with quantification of the different outcomes for each group of services, supported by a detailed cost-benefit analysis. Such upgraded M&E system would contribute to increase the granularity of the social and economic assessment of the activities and build evidence-based lessons for upscaling and replicating the experience.

The impact assessment subcontracted to COOPI in 2021 is considered by this evaluation as a good practice, in consideration of the detailed economic analysis at level of outcomes and impacts. However the impact study could not address information gaps related to the lack of baselines and measurement of incomes. The impact study analysis builds therefore on farmers’ self-assessment of income changes, a method with inherent limitations and not accurate enough to seize outcomes of different group of activities, discerning project contributions from the external factors. Also, the analysis of farmer’s costs revenues does not take into account how shift in labour patterns may affect farmer’ cost and the overall effects on farmer activities and revenues.

2.2.3.6 Support to marketing;

Activities related to strengthening Unions’ marketing were relevant and useful, but need expansion and consolidation to achieve marketing outcomes. BYFCU website is still rudimentary with very limited frequentation; marketing strategies for Aleta Wondo need to be yet defined; for the Haremma forest coffee while it is ascertained an important potential in international markets, additional efforts are required to achieve a recognition by specialized niche markets and establish capacities to access to these markets.

Impacts on farmers revenues and incomes; Overall efforts produced tangible and positive effects on farmers income. The analysis is developed in section 7 of the analysis of effectiveness (contribution to long term changes).

⁵⁵ COOPI (2021)

⁵⁶ Ibidem

⁵⁷ “Procurement, the installation of pulper machines and pumps and related trainings. These activities will benefit many of the members of two targeted cooperatives. Although trainings on quality improvement were properly delivered to Gebericho Killa cooperative, producers of natural coffee do not equally share the benefits of the project with producers of washed coffee, due to the nature itself of the production in an area where the washed coffee is dominating the market and gaining better prices” Source: Impact Assessment Report, 2021

⁵⁸ The evaluation interviews with UNIDO, AICS and ECTA confirms the pilot nature of the component

2.2.3.7 Technology packages and innovation;

Improved practices and technology supported by the project in Aleta Wondo and Delo Mena were well adapted to farmers needs and capacities and to the context of the two areas. It is noted that the project did not introduce new extension practices, rather applied techniques and approaches already tested and consolidated over recent years in the Region. The metallic beds promoted to dry coffee in Delo Mena represent an on-the-shelf technology, well tested in the coffee sector for small scale farmers in East Africa over the past decade. Similarly, extension techniques and agronomic practices promoted in Aleta Wondo, have been well tested and applied by other projects.⁵⁹

Sustainability; Sustainability is supported mainly by the financial incentives that unions, cooperatives and farmers derive from the improvement of quality. The analysis of sustainability (see section 2.4) evidences however that several dimensions of sustainability need yet to be reinforced. Sustainability gaps include the project donation of equipment, inputs and services that in absence of a project may not be accessible to farmers and cooperatives. Examples are metal beds for coffee drying, the project subsidized distribution of inputs (seedlings), project payment for repairs of pumps and improvement of wet mills. Also the project payment of the BYCFU export license renewal, although is an appreciated support, does not work in favour of sustainability.

Strategy and approach; The approach to the component favoured effectiveness and efficiency, with significant opportunities for long term impacts on farmers income and livelihoods. The component, featuring a very contained financial envelop, is rated with a highly satisfactory cost benefit ratio and very positive financial and economic returns for unit of investment.

The impact assessment study shows how estimated benefits derived from farmers income clearly outweigh project costs (see box 5 below).

Box 5 Cost effectiveness analysis

“The project is highly efficient in terms of managing a limited budget and reaching its targets. The annual increase of the coffee income per farmer (3,590 ETB/year or 90.90 EUR – at July 1, 2020 exchange rate) is more than double if compared to the amount spent per beneficiary (137,002.86 EUR for 3,378 farmers). The increase in coffee income is due to the export of quality coffee, as it will be detailed under the section EQ.6 Impact. The project has invested approximately 40,55 EUR per beneficiary per year (considering the no-cost extension). If one considers only the effectively covered beneficiaries (378 people, 63 households with an average of 6 components), the cost increases to 362.44 EUR per beneficiary/year. In this case, within the following 4 years, the income increase as effect of the project will still pay back this kind of ‘impact investment’ granted to the beneficiaries, provided that the assessed trend remains stable.

In Aleta Wondo, the amount allocated per beneficiary was 5 EUR (44,258 EUR for 8,770 farmers without considering the procurement of pumps and Aagard pulper machines initially not included in the contract). This allowed to deliver various trainings in collaboration with the local experts from the woreda, as well as to distribute ten metal drying beds to one cooperative”.

SOURCE: Impact Assessment Study, Coopi, 2021

Activities of the Component were implemented through subcontracts between UNIDO and two International NGOs, COOPI (Delo Mena) and Technoserve (Aleta Wondo), already active in the areas supporting coffee. The arrangement proved to be both effective and remarkably efficient.

⁵⁹ Including for instance the Project for the Jimma Forest and previous activities implemented by COOPI and Technoserve

The evaluation shows a largely successful implementation of the pilot, scoring very satisfactorily for criteria of relevance, efficiency, effectiveness and impact. The pilot approach proved successful however a number of aspects need further consideration and strengthening, in order to shift from a pilot to a larger scale implementation (see section 2.5 for analysis of upscaling).

The component needs to strengthen its linkages with other project components and build bridges with the meso and macro-levels, promoting mechanisms and reforms which would make it possible to upscale the approaches tested at local level.

2.2.4 Component 4: The quality and sustainability of the Ethiopian coffee is recognized in international markets

To which extent the project managed to enhance recognition in international markets of Ethiopian coffee?

Under this Component the project implemented several activities supporting visibility and recognition of Ethiopian coffee in the international arena. These included participation to international events:

1. Participation of ECTA and ECRA officials to Milano Coffee festival, ⁶⁰
2. Participation of ECTA Director and Marketing Director to the to the African Fine Coffee Conference & Exhibition ⁶¹
3. Participation to Gulfood, world's largest annual food, beverage and hospitality exhibition (ECTA Director and Marketing officer) ⁶²
4. Participation to African Fine Coffees Association (AFCA) Conference) (ECTA Director and ECTA Tea and Spices Directorate Director) ⁶³

These efforts contributed to significantly improve ECTA and Ethiopian coffee exposure in the international arena. Additional activities supported meetings with international buyers, selected also for their willingness to pay for quality. Private sector operators who partnered with the project include illycaffè (main project partner and key sector advisor), Belco, Corsini, ARC, Galani Coffee, Caffé San Domenico, Arfasa General Trading PLC, Origini Caffé, Stumptown Coffee Roasters, Slow Food. Several of these operators manifested interest to purchase Harennna wild coffee. ⁶⁴

The development of a brand strategy, initially planned by the project document, was not followed as it was supported by Japan International Cooperation Agency (JICA).

Activities embraced by this component appear to maintain a strong relevance, proved useful and very appreciated by beneficiaries, including ECTA, ECRA and coffee producers. Overall these activities reflect the project team commitment and positive performances.

The impact assessment study (2021) recognizes that the effort made are useful how these represent only the beginning of a significantly wider and longer effort to achieve an adequate recognition of the Harennna coffee in the international markets *"The results achieved so far are particularly valuable to establish [for the Harennna area] a new specialty coffee, which requires decades as well as a network of international and national stakeholders acting at several level before the coffee can hit a niche-market and consolidate its presence amongst consumer"* ⁶⁵

⁶⁰ Milan, 18-23 May 2018

⁶¹ Kigali, 11-16 February 2019

⁶² Dubai, 17-22 February 2019

⁶³ Mombasa, 11-14 February 2020

⁶⁴ Source. Project Progress Report, 2021

⁶⁵ Impact assessment of the project "improving the Sustainability and Inclusiveness of Ethiopian Coffee Value Chain through Private and Public Partnership" COOPI, July 2020.

The approach however is rather activity oriented, not embracing a structured communication strategy and plan. The M&E system does not track the effects in terms of visibility and recognition. Although several business contacts are likely to be maintained after the end of the intervention, no specific sustainable arrangement and capacities have been set up to pursue marketing and visibility after the end of the project.

2.2.5 Contributions to crosscutting priorities

To which extent the project made contributions to crosscutting priorities related to gender, inclusiveness and a sustainable environment?

2.2.5.1 Contributions to gender equality and women empowerment

The project document provides very few considerations about gender issues and no provision are made to support gender mainstreaming and women empowerment across the expected results. ⁶⁶ Also the mid-term evaluation recognizes that “the project was not designed to have women empowerment as a core feature” ⁶⁷.

The intervention did not define a gender strategy and did not measure baseline values and targets to track outcomes related to women empowerment across the coffee value chain. The project approach however sought consistently a gender balance in project activities, particularly in trainings, supporting gender equity at activity level. Gender sensitization training were also carried out. ⁶⁸ The monitoring system established gender disaggregated indicators, pointing for instance that out of the 3,730 farmers that attended training in Delo Mena, 40 % were women, and indicator of an inclusive participation of women. 2021 Annual progress report provides only one reference of activities targeting women (the gender sensitization training).

The impact assessment study (2021) reached a similar conclusion for the Component supporting quality and production in Aleta Wondo and Delo Mena: “*Within the project proposal, the evaluator was not able to find a clear-cut strategy for gender mainstreaming. The measures adopted appears to be top-down: women presence must be imposed in the cooperatives and union. The participation of women in coffee production is already de facto established as coffee is a household affair, but a higher degree of involvement on decision making must pass through specific actions targeting women empowerment. For instance, as some of the activities are made by women, such as hand-sorting, tackling specifically their role in the value-chain, certifying their capacities to properly reject defected beans, supporting the creation of a cooperative of sorters, publicly promoting the importance of their capacities to reach a higher coffee grade, bargaining for a minimum price per kg, etc. could represent a set of activities to be planned in relation to gender mainstreaming*”.

The project missed opportunities to address the gender imbalance and limited opportunities for women in coffee production and processing, evidenced by sector literature, ⁶⁹ through a proactive support to women and their empowerment across the coffee value chain.

⁶⁶ The finding reflects the evaluation analysis and assessment of the project document.

⁶⁷ Source: Project Mid-term evaluation, 2020; the finding is supported by the evaluation analysis of project documents as well as interview with stakeholders.

⁶⁸ The team delivered a gender mainstreaming training for 79 people (75 male & 4 female), which included leaders and employees from all six Phase I & II clients in Aleta Wondo. The goal of the gender mainstreaming training is to support leaders to sensitize and mobilize women in the community to join cooperatives and ultimately increase the number of female members and to nominate women for leadership positions during elections at the members' general assembly. (source: Annual Progress Report, 2021)

⁶⁹ “A large 2014 survey (Dereje et al., 2016) found that women make decisions on the management of coffee plots in 3.5% of cases, compared to 47% for men. Joint decision-making accounts for 48% of cases. Women also manage smaller plots, with poorer soil quality, and have less access to inputs. Surveying 120 coffee farms within a production area, Gashaw, Habteyesus and Nedjo (2017) found that men and women participate in all coffee production activities, but women do most of the work in raising coffee seedlings (48.5%) and coffee picking (50.7%).

2.2.5.2 Contributions to inclusiveness

Inclusiveness is a dimension explicitly addressed by the title of the project. However, this priority has been only partially pursued by design and implementation; project documents refer to inclusiveness only in the title and ⁷⁰ do not make any reference to specific mechanisms to strengthen inclusiveness through the coffee value chain. It should be noted however that targeted farmers producers have an income close to the poverty line ⁷¹ and the intervention in both areas can be considered as a contribution to strengthening the “inclusiveness” of the coffee value chain.

It is important to note how the project strategy is intended as a contribution to “verticalize” the value chain, linking throughout the market demand, the international buyer, the National Institution, to Unions and the Cooperatives. Supporting an improved access to market and quality, the project contributed to curb the coffee paradox ⁷² improving farmers’ access to a fair price for their product.

The project first component provided an opportunity for reinforce the governance of the coffee sector through the set-up of participatory and inclusive coordination mechanisms. However, sector coordination was only marginally pursued by the intervention (see analysis of Effectiveness, Output 1). The assistance provided to both BYCFU and SIDAMA Unions and to targeted cooperatives in Delo Mena and Aleta Wondo has positively contributed to improved management and better governance of these organizations.

The evaluation evidence opportunities to further support inclusiveness and governance across the coffee value chain in Ethiopia, although the task presents significant challenges related to the sensitiveness and considerable political and economic agendas linked to this value chain.

2.2.5.3 Contributions to the sustainable management of natural resources

The project, in consideration of its focus on small scale coffee production and processing, did not produce significant negative impacts on the environment. Rather a number of positive contributions to the sustainable management of natural resources have been evidenced:

- The project supported traditional coffee growing techniques, contributing to biodiversity conservation. In this sense is emblematic the support to the Harena coffee in Delo Mena where farmers can grow coffee and make a living while contributing to conservation efforts. The shelter from canopies provides a valuable habitat for indigenous animals, as well as preventing topsoil erosion and removing the need for chemical fertilizers. ⁷³
- All the agronomic practices promoted by the project are environmentally sustainable and contain water contamination (at coffee washing station level).
- Production is de facto organic in both Delo Mena and Aleta Wondo, with no application of pesticides and fertilizers.
- The project piloted a system based on Vetiver grass to mitigate the risk of water eutrophication due to the fermentation and the removal of mucilage and coffee pulp from the

This bias is even more apparent in processing activities such as the cleaning and sorting of coffee” Source: Ethiopian coffee marketing reforms and smallholder coffee producers, A socio-legal empowerment lens, Alban Mas Aparisi, IIED, UKAID, 2021

⁷⁰ Including: i) project document, ii) annual reports, iii) project monitoring system and iv) COOPI evaluation of impact assessment.

⁷¹ The average daily income in USD (exchange rate 1 ETB=42,44 USD) for the coffee farmers of Dolo Mena is 3 USD/day, while in Aleta is 2,17 USD/day. Both farmers are above the international poverty line (1,9 USD PPP) (Source: Imacp assessment study, COOPI, 2021)

⁷² In spite of the boom in coffee consumption worldwide, farmers in coffee producing Countries are subject to increasingly lower prices. This situation is referred to as “the coffee paradox” and affects the livelihoods of millions of coffee farmers.

⁷³ <https://www.sustainablebusiness toolkit.com/environmental-impact-coffee-trade>

red cherries. The evaluation did not find information about performances and outcomes of the system

- Support to local nurseries and provision of seedlings to farmers 150,000 of coffee and 105,000 of shade trees contributes to a positive impact on the environment.

The impact assessment study (2021) goes a step forward, suggesting for the follow up of Hareenna coffee a “green economy approach” where “*environmental sustainability can be a lens through which the future of the project can be interpreted*”. The paradigm sees a green approach as a “selling point” including through the support to a road map to organic certification. The recommendation is fully endorsed by this evaluation.

The processing of coffee cherries generates important volumes of waste material in the form of pulp, residual matter, and parchment. Coffee production waste can however be recycled including through composting of husks mixed with farm animal manure to use as organic fertilizer in farming practices. This practice is particularly relevant for garden coffee farming practiced in Aleta Wondo, as evidenced by extracts of interviews with project beneficiaries: ⁷⁴

Box 6 Excerpts of farmers interviews about support to composting

With the training provided mothers and fathers have increased their productivity using compost also where previously there was no training provided and lack of knowledge exists. (Focus Group with beneficiaries in Aleta Wondo)

In some of the places related with the productivity of coffee the preparation of compost has been improved that led to the improvement of the quality of coffee. (interview notes with Office Head, Cooperative Promotion, Aleta Wondo)

2.2.6 Contributions to long term changes

To what extent the project contributes to its specific objectives of increased income for smallholder coffee farmers?

Over the past two years the quality of Ethiopian Coffee has increased very significantly, as the amount of coffee with grades 1, 2 and 3 passed from a 30% of the total (2018) to 57% (2021). ⁷⁵ Overall production of coffee in Ethiopia is also significantly expanding and exports over the past 5 months scored an historical record of 0.5 billion dollar. ⁷⁶

Project work contributed to this very positive trend, as the intervention has been successful in its goal of improving incomes for small-scale farmers through a significant enhancement of the quality of the coffee in the two regions of Delo Mena and Aleta Wondo.

The close and continued support to ECTA, although largely activity oriented, may have influenced changes in institutional approach and choices. To which extent this may have contributed to the important enhancement of production and quality registered in Ethiopia over last few years? The evaluation did not find evidence supporting the attribution of sector improvements to project efforts, but it is plausible that the project had some indirect positive contributions toward the recent national trends in favour of quality and sector reform.

The intervention contributed to significantly improve earnings from coffee in Delo Mena for a limited group of farmers who achieved to improve coffee to an export standard (grades I and II).

⁷⁴ Sources: Evaluation interview notes with focus group in Aleta Wondo and with the Office Head of the cooperative promotion office.

⁷⁵ Communication to the evaluation Team from ECTA, December 2021.

⁷⁶ Communication to the evaluation Team from ECTA, December 2021.

⁷⁷ In Aleta Wondo data gathered by the impact assessment study (see table 8 below) shows a sharp increase in quality and in cooperatives incomes, although this is likely to be the concurring effect of pre-existing efforts, external variables and project contributions (particularly through the improvement of wet mills). Absence of baselines and the lack of a direct measurement of project outcomes does not allow to define to what extent observed changes can be attributed to the project.

There is no evidence yet of impacts related to increased yields; changes in production volume will require additional efforts over a longer timeline.

The evidence of such impact is provided by:

- **Tangible proofs of quality improvement**, quality being an effective proxy indicator for farmers' income, with a strong correlation linking quality with income. For instance, in Delo Mena the cooperative that reached 90% of graded I beans during 2021 production is also recording a sharp increase in the average income of its members equals to 235% when compared to the income of the previous year ⁷⁸
- **Farmers' income self-assessment**, an analysis developed by COOPI impact evaluation, showing how the *"joint sale of improved quality coffee and traditional picked and dried cherries, brought an average yearly increase of 7,6% of income across sampled farmers"*. ⁷⁹

Table 8 three years trend of average income for Aleta Wondo cooperatives ⁸⁰ (values in ETB)

| Cooperative | Type of processing | 2019 | 2020 | % variation | 2021 | % variation |
|--------------------|--------------------|--------|--------|-------------|--------|-------------|
| Gebericho Killa | Natural | 9,828 | 16,148 | 64 % | 21,069 | 30% |
| Wotu na Bolutuma | Washed | 3,406 | 8,684 | 155 % | 20,411 | 235% |
| Hondoba na Borboro | Washed | 4,381 | 15,074 | 344 % | 16,407 | 9% |
| Dobe na Wolicho | Washed | 14,743 | 38,068 | 158 % | 65,672 | 73% |

Source: Impact assessment study, Coopi 2021

Data show across the 4 cooperatives a consistent trend of increasing incomes, that can be largely attributed to an improvement of quality (coffee grades). However, the impact assessment found challenging the task of attribution of observed changes to project efforts *"In the absence of a specific data collection or baseline values, it is deemed impossible to determine the real impact of the activities over this trend. At least, it is reasonable to assume that actions undertaken were able to reinforce on-going dynamics"* and: *"it is a complex exercise to disentangle the various aspects that can have contributed to the enhancement of the production and income in the Aleta Wondo area"*

In Delo Mena, the impact is well defined and clearly attributable to the project efforts. Nevertheless, benefits in Delo Mena are still contained to a limited volume of coffee and a restricted number of farmers. Data produced by COOPI impact assessment study show how the ratio of "quality coffee" versus "non-quality coffee" in Delo Mena is 1:5. Considering that quality coffee accounts for about 25% of farmers total yearly income, it is desirable that a higher quota of the production will be managed under the improved "quality" system and channelled to export to maximize the impact on the beneficiaries. Currently exports represent only 11% of the production in Delo Mena.

The situation is quite different in Aleta Wondo as the coffee sector in Sidama made considerable progress over recent years, farmers were fully convinced about the importance to improve

⁷⁷ Source: Impact assessment study, COOPI; 2021

⁷⁸ Source: Impact assessment, COOPI; 2021

⁷⁹ Ibidem

⁸⁰ data are based on self-reported income data gathered from farmers).

quality and orient their production toward exports, with a strong Union (SCFU) is in place with the capacity to handle export operations and to promote both certification of the coffee and marketing abroad.⁸¹

An important issue restraining some farmers income observed in Aleta Wondo was the low profitability of the sundried coffee and the fact that the cooperative involved in such production still lags behind in terms of getting out of poverty.⁸² Sundried coffee must find a way to excellence or else shift to washed coffee system of processing.

The evaluation evidences important opportunities to scale up these benefits, through follow up work (see analysis of upscaling in section 2.5 below). The impact assessment study reports that *“the achieved impact is considered only a fraction of the potential [income] increase that farmers could get if the activities promoted by the project will be brought forward”*.

Changes in production could not be attributed to the project and the evaluation did not gather evidence that the project achieved sustainable changes in yields. Support to improved agronomic practices has been much more limited in scope and more time will be required to change farmers mindsets and to produce significant changes in coffee yields. It should also be considered that rejuvenation of plantations and changing shade trees assets is a process that may require several years, and can only be partially achieved within the timeline of a project.

Opportunities for future impacts are also identified with the setup of the Coffee Training Centre, once the result will be consolidated and the important pending sustainability issues will be addressed. This component converges with the principal project paradigm, the imperative to improve quality and recognition of Ethiopian coffee, as a key strategy to improve lives for the million of smallholder farmers dependent on coffee.

The other two project components, support to coordination and to the recognition of Ethiopian coffee, have been activity oriented, with limited likeliness to contribute indirectly to long and medium-term changes. Opportunities may arise particularly from the business relations supported by the project and by international clients accrued interests for the Hareenna forest coffee.

No negative impact is recorded in relation with project activities in both areas

2.3 EQ 3 – Efficiency

EQ 3 Project Implementation and Adaptive Management (Efficiency)

Has the project been implemented efficiently, cost-effectively, and been able to adapt to any changing conditions thus far? How has the COVID19 pandemic effected the project implementation so far and what should be done to overcome these effects? To what extent are project-level monitoring and evaluation systems, reporting, and communications supporting the project implementation?

2.3.1 Financial performances and value for money

The project was endowed with a total financial envelop of 4,101,104 Eur, of which 3,540,800 Eur, attributed to 11 budget lines, an additional 13 % as support cost and 100,000 as in-kind

⁸¹ Source: Impact assessment study, COOPI 2021

⁸²Quantitative data reported in this section are drawn from the Impact assessment study (COOPI, 2021) supported by converging evidence of document analysis and the interview carried out by the evaluation team

contribution from illycaffè.⁸³ Tables 9 and 10 show respectively budget allocations and expenditures by budget line and by output. The project duration was initially set at 3 years (2015 – 2017), matching the 3 -year programming period for the Italian Cooperation; the timeline was extended during implementation up to December 2021, accumulating a total duration of almost 7 years (March 2015 to December 2021).⁸⁴ Financial resources were released through two grants and a total of 5 instalments.

The average yearly budget allocation over the 7-year implementation was 505,708 €. Main expenditures items have been equipment (557,826 €), international expertise and coordination (919,418. €), national staff (€ 282,972.10 €) and contractual services (1,281,024 €). The analysis of budget and expenditures per budget line (table 9) allows for the following considerations:

- A remarkable flexibility and skilled financial management allowed to extend the timeline from 3 to 7 years, without increasing the budget allocation
- A relatively steady flow of resources over the 7 years, with yearly allocations ranging from 230,000 Eur (Year 1) to over 1 M Eur in year 2.
- The budget structure does not allow to discern the detail of expenditures per component;
- Expenditures for International Experts have been 30% less than planned. Savings allowed to significantly increase the amount allocated to equipment (from 145,000 Eur to 557,000 Eur) and subcontracts (from 800,000 Eur to 1,281,000 Eur)⁸⁵ showing a tendency to save on management and international staff cost.

Overall the pattern of expenditures suggests a discerned management, with attention to maximise expenditures for supply and services, directly benefitting targeted stakeholders, while saving on international staff and studies.

Table 9 Project budget allocation and expenditure by budget line

| project document | | | inception report | | grants | | Total expenditures (over 7 years project) |
|--------------------|------------------------|---------------------|--|--|------------------------------------|------------------|--|
| Budget line | description | total cost (prodoc) | inception total per budget line per year | inception total amount planned for 3 years as per prodoc | 2000002895 | 2000003635 | |
| 11-00 | International Experts | 1,356,000 | 276,000 | 828,000 | € 454,538.80 | € 464,880.00 | € 919,418.80 |
| 82-00 | Evaluation | 60,000 | 30,000 | 90,000 | already included in Budget line 11 | | |
| 17-00 | National experts | 660,800 | 98,000 | 294,000 | € 138,249.64 | € 144,722.46 | € 282,972.10 |
| 15-00 | Project travel | 35,000 | 20,000 | 60,000 | € 34,366.35 | € 41,673.48 | € 76,039.83 |
| 16-00 | UNIDO staff travel | 25,000 | 20,000 | 60,000 | € 36,480.19 | € 17,499.52 | € 53,979.71 |
| 21-00 | Subcontracts | 800,000 | 350,000 | 1,050,000 | € 379,565.05 | € 901,459.77 | € 1,281,024.82 |
| 30-00 | Training | 315,000 | 60,000 | 180,000 | € 42,842.77 | € 75,990.03 | € 118,832.80 |
| 43-00 | Premises rent | | | | € 29,024.83 | -€ 420.72 | € 28,604.11 |
| 45-00 | Equipment | 145,000 | 145,000 | 435,000 | € 154,695.82 | € 403,130.25 | € 557,826.07 |
| 51-00 | Miscellaneous | 144,000 | 30,000 | 90,000 | € 51,755.48 | € 52,257.58 | € 104,013.06 |
| TOTAL | | 3,540,800 | 1,029,000 | 3,087,000 | 1,321,519 | 2,101,192 | 3,422,711 |
| | Support cost (13%) | 460,304 | | | | | |
| | illycaffè contribution | 100,000 | | | | | |
| GRAND TOTAL | | 4,101,104 | | | | | |

Source: UNIDO Project Management

⁸³ Source: project document

⁸⁴ A new no-cost extension request has been submitted in December 2021 to protract the project duration up to May 2022

⁸⁵ Including investments for studies and consultancies

The analysis of budget and expenditures per output (table 10) provides the following indications:

- The largest financial envelop was dedicated to field work in Aleta Wondo and in Delo Mena (subcontracts with COOPI and Technoserve), representing 43% of the total budget. The amount for this component appears modest in comparison with the results achieved in coffee quality and farmers' income and in relation to the number of targeted beneficiaries and quantity of activities delivered
- Output 0 is the second output for importance of expenditures (32% of the total). It should be noted that under this item are included management expenditures over a period of 7 years, with a yearly average of 148,000 Eur, a reasonable amount in consideration of the size and the complexity of the project, showing a certain restraint of UNIDO team in management costs.
- A significant downsizing of Output 4 (Recognition of Ethiopian Coffee) from a planned 837,00 to Eur to 70,000 Eur, a mere 2% of total expenditures and less than 10% of the amount initially foreseen ⁸⁶
- Also Output 1 (Coordination) was reduced, from 359,000 Eur to about half the initial amount, 180,000 Eur
- The CTC (Output 2) absorbed 548,000 Eur of the grant, close to the amount initially planned (697,000 Eur). Additional resources were leveraged into this output, including contributions from illycaffè and significant commitments from ECTA.

Table 10 Project budget allocation and expenditure by component

| Project outputs | Total allocation (ProDoc) | | Total expenditure (05.05.2021) | |
|---|---------------------------|-------------|--------------------------------|-------------|
| | Euro | % | Euro | % |
| Output 0: Inception Phase | 972,400 | 27% | 1,040,127.18 | 32% |
| Output 1: Coffee Value Chain Coordination | 359,600 | 10% | 180,089.25 | 5% |
| Output 2: Volume of roasted exported coffee (CTC setup) | 697,000 | 20% | 548,366.57 | 17% |
| Output 3: Increase Quality of Coffee | 674,400 | 19% | 1,411,286.92 | 43% |
| Output 4: International Recognition Coffee | 837,400 | 24% | 70,217.11 | 2% |
| Output 5: Evaluation | 0 | 0% | 27,446.88 | 1% |
| Total | 3,540,800 | 100% | 3,277,533.91 | 100% |

Source: Project document and UNIDO Project Management ERP database as of May 2022

The intervention, in consideration of its contained financial envelop (3.5 million EUR) and the significant achievements, particularly for the Components 3 (setup of the CTC) and 4 (improvement of coffee production and quality in Delo Mena and Aleta Wondo), represents good value for money for Cooperation partners and end beneficiaries. ⁸⁷ Overall the delivery for outputs 1, 2, 3 and 4 is scored as satisfactory or very satisfactory for the efficiency criterion, reflecting the contained cost-benefit ratio.

A similar conclusion was reached by the Impact assessment study, pointing to satisfactory returns to the investment per farmer, ranging from 362 EUR in Delo Mena to 5 EUR in Aleta

⁸⁶ Component 4 was significantly downsized as the development of a brand strategy, initially planned by the project document, was not implemented as this result was supported by JICA.

⁸⁷ This finding is supported by the analysis of project delivery particularly for outputs 2 and 3. A perception of good value for money is confirmed by beneficiaries' perception expressed by stakeholders during interviews. Similar findings were produced by the mid-term evaluation (2019) and the Impact assessment study (COOPI, 2021).

Wondo.⁸⁸ The cost benefit analysis applied to Component 3 showed how benefits reaped by farmers, over a period of few years, surpass project costs.

2.3.1 Management, coordination and governance

Positive performances should be attributed primarily to an efficient, proactive and dedicated project management team, with a management approach based on continued consultation, coordination and follow up with key stakeholders. Relationship of the Project Team with counterparts, Donor and implementers have been consistently good, a finding confirmed by stakeholders manifesting their appreciation with the quality of project management, dialogue and coordination⁸⁹.

UNIDO project implementation unit included a Project Manager, a Junior Professional Officer, a National Project Coordinator, and an Administrative Assistant. The unit was supported by UNIDO Regional Office secretary and by a dedicated driver.⁹⁰ UNIDO management performances were strengthened by the Regional office, with the Representative actively liaising with the Donor, with National Authorities and with Implementing Partners.

Management and coordination costs over a period of seven years appear considerably contained, the result of efficient UNIDO management performances and a well calculated resource sharing with other projects and activities within UNIDO.⁹¹

Project governance was supported mainly by the regular meetings between AICS, UNIDO and ECTA, an arrangement which was adequate to maintain a harmonised vision amongst the three main partners, contribute to ECTA ownership and address technical and financial issues arising along the way. The Technical Steering Committee met only once (December 2019)⁹² covering logistical and contractual issues at operational level.

The project did not set up a broader participatory governance mechanism to meet regularly to provide a voice in the project also to coffee growers, to private sectors and implementing NGOs. Such platform would have been helpful to empower value chain stakeholders, including farmers and women, strengthen the inclusiveness of the intervention, and support a better linkage between the components at macro and institutional level and activities on the ground in Delo Mena and in Aleta Wondo.

Management and governance needed an accrued attention at strategic level, building synergies across Components, linking the macro level with the results on the ground and focusing on outcomes and impacts. The remarkable coordination with ECTA, supported by the well

⁸⁸ “The project is highly efficient in terms of managing a limited budget and reaching its targets. The annual increase of the coffee income per farmer (3.590 ETB/year or 90,90 EUR – at July 1, 2020 exchange rate) is more than double if compared to the amount spent per beneficiary (137.002,86 EUR for 3.378 farmers). The project has invested approximately 40,55 EUR per beneficiary per year (considering the no-cost extension). If one considers only the effectively covered beneficiaries (378 people, 63 households with an average of 6 components), the cost increases to 362,44 EUR per beneficiary/year. In this case, within the following 4 years, the income increase as effect of the project will still pay back this kind of ‘impact investment’ granted to the beneficiaries, provided that the assessed trend remains stable”.

In Aleta Wondo, the amount allocated per beneficiary was 5 EUR (44.258 EUR for 8.770 farmers without considering the procurement of pumps and Aagard pulper machines initially not included in the contract). This allowed to deliver various trainings in collaboration with the local experts from the woreda, as well as to distribute ten metal drying beds to one cooperative.

⁸⁹ Stakeholders’ interview notes, December 2021

⁹⁰ Source: Project progress report, October 2021

⁹¹ Including sharing resources with Project “Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry”

⁹² Source: review of project annual progress reports; the finding is supported by interviews with ECTA, UNIDO management team and AICS

appreciated partnership with *illycaffè*, could have leveraged a stronger policy dialogue supporting coffee sector reforms and strengthening coordination.

Significant challenges were met to manage the operations on the ground in Aleta Wondo ad Delo Mena. In Aleta Wondo support to logistics needed to be strengthened. *“The area is too far apart from Delo Mena (12 hours trip) to make feasible to coordinate both interventions without two separate offices and supportive staff. The involvement of the woreda and their follow-up coupled with the commitment of the Delo Mena staff mitigated the challenges and the general results obtained in the ground outweighed the difficulties experienced”*.⁹³

COOPI team, from the field coordinator to the head of program, overcome several challenges related to the remoteness of the areas, the pandemic in 2020, and the differences of intercultural contexts of the various actors.⁹⁴

2.3.2 Result orientation, monitoring, reporting and lesson learning

The intervention has been focused on the delivery of activities and outputs, with lack or insufficient attention to their convergence toward results at outcome level:

- Output 1 is an aggregation of different and relevant activities with insufficient attention to how these contribute to sector coordination quality and coordination performances
- Output 2 is an example of efficient delivery of the Coffee Training Centre, recently completed. The intervention needs a detailed planning of outcomes and a management of the Centre based on performances and results (both financial and technical)
- Output 3 made a considerable effort to track changes of coffee quality and farmers’ incomes. The Component however needed additional attention to the measurement of the results of the different groups of efforts (i.e. promotion of agronomic practices and farmers’ knowledge, introduction of sun drying beds, renovation of wet mills, improved capacities of cooperatives) seizing the outcomes of each. Baseline measurements were needed, as well as a direct measurement and analysis of costs and benefits for farmers.
- Output 4 was also activity oriented with limited attention to the measurement of outcomes related to visibility and recognition of Ethiopian coffee.

Monitoring and reporting need as well to be strengthened with an accrued focus on outcomes. Annual reports are properly structured and are adequately detailed, but lack of result orientation at outcome level. The strategic analysis of project effects could be developed considerably.

The project established satisfactory mechanisms of lesson learning, including a mid-term evaluation (2019) and the impact assessment study implemented by COOPI (2021) for the Component supporting coffee production and quality in Delo Mena and Aleta Wondo. Lesson learning needs to be reinforced at a strategic level (achievement of outcomes and impacts) and support the development of a participatory and bottom-up feedback from pilot experiences on the ground (i.e. Aleta Wondo and Delo Mena) with national priorities and sector’ reform.

Monitoring and lesson learning need to be strengthened as well for the coffee sector and ECTA, developing better tools to coordinate, supervise and support the coffee sector, aiming at improving its performances.⁹⁵

⁹³ Impact Assessment Study, COOPI; 2021

⁹⁴ *Ibidem*

⁹⁵ It is noted that the EU project on Coffee includes an M&E Component, but the gap and demand for sector M&E is important and additional support is required. Finding supported by the evaluation interview with ECTA management (December 2021).

2.3.3 Partnerships

The most distinguished feature of the project, differentiating it from several other interventions supporting the coffee sector, is the partnership established by the Project and UNIDO with illycaffé, with the wealth of vision, ethical approach⁹⁶, knowledge, contacts and strong international reputation that the Company brought along. There was a consensus amongst interviewed beneficiaries in a very positive contribution of illycaffé to the project, with the hope that this may be pursued in the future. illycaffé brought the experience and know-how to setup the CTC. This partnership is evidenced by this evaluation as a best practice for international cooperation, showing how a partnership with a large private sector company may serve as key driver in a cooperation effort, providing a positive impulse to quality, performances and a private sector perspective to the value chain development effort.

Additional alliances were instrumental to boost project performances and effectiveness and are worth evidencing in the context of this evaluation:

- The subcontracting arrangements with COOPI and Technoserve to deliver the component in Delo Mena and Aleta Wondo. The arrangement improved significantly the implementation, compared to what could have done UNIDO mobilizing its own staff. As the impact assessment study put it *“proposals were found particularly competitive both financially and technically. In fact, the interventions were able to consolidate the main milestones with limited investments and to largely achieve the core of the targets in a cost-effective way.”* COOPI constant and visible presence in the field was appreciated by all stakeholders.
- Service provision with a private sector provider was also engaged by COOPI as a strategy to support capacity development in targeted areas. The selected operator (Co.Qua) is specialized with a well-established record in the coffee sector and support to Unions and Cooperatives. This arrangement is also brought as an example of an effective and innovative mechanism to support a value chain development cooperation venture.
- For the management of the CTC the project supported a service contract between ECTA and a consultancy company (Dereja)⁹⁷ to support management and training service provision, promoting CTC membership campaign, organizing events and promoting a coffee culture in Ethiopia

2.3.4 Adjustments to Covid and to security crisis

The Project has been impacted by the outbreak of the Covid 19 pandemic and this has created remarkable delays in the supplying of equipment both in field operation and in the establishment of the Coffee Training Center.⁹⁸ In 2020 the participation to some events had to be cancelled. Covid 19 increased difficulties and risks for coffee farmers and cooperatives, affecting as well national and international markets. Notwithstanding the challenges, UNIDO, supported by AICS and in coordination with ECTA, adopted a flexible management approach and the project although slowed down, managed to move ahead.

Sub-contracting arrangements with COOPI and Technoserve increased substantially the project capacity to provide continuity in its grassroots support to farmers, cooperatives and Unions.

A key measure supporting flexibility and adaptation is the no-cost extension of the project timeline. Additional mitigation measures included the delivery of trainings in a remote modality.

Overall the project adjusted well to the challenges of the pandemic and the deterioration of the security. An additional important factor favoring flexibility and adaptation has been the project

⁹⁶ For the seventh year in a row, illycaffé won ETHISPHERE's "World Most Ethical Companies" prize.

⁹⁷ (<https://www.dereja.com>).

⁹⁸ Source: Project Progress Annual Report, 2021

team proactive approach and stakeholders' commitment. The setup of a comprehensive risk mitigation strategy would have been desirable to strengthen a systematic approach to achieve an increased resilience to the external factors.

2.3.5 Communication and visibility

The project established a positive reputation amongst coffee sector national and international stakeholders. Key factors that contributed to the positive image are the commitment and networking of UNIDO management, the uniqueness of the partnership established with illycaffé, the positive results achieved on coffee quality and the setup of the CTC. The visibility benefitted as well AICS, ECTA and illycaffé.

The project leveraged only to a very limited extent policy dialogue and support to reforms, building on its earned visibility and positive reputation in the coffee sector.

2.4 EQ 4 – Sustainability

EQ 4 Sustainability

What are the risks that are likely to affect the continuation of project results? Has the project put in place a mechanism to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments, frameworks or processes)?

The analysis of sustainability for the different Components, summarized in the table 10 below, evidences that the project has been actively supporting sustainability. The main sustainability driver has been the project reliance on the market for its recognition of better coffee grades with higher prices, providing financial incentives for changes at level of farmers and their associations.

At local level sustainability is strengthened as well by the ownership of beneficiary cooperatives and unions. Additional sustainability mechanisms promoted in Delo Mena and Aleta Wondo, is the participatory capacity building, with trainings delivered by project staff, woreda and zonal experts and private professionals, empowering both trainers and trainees.

Local trickle-down mechanisms are based on pilot farms and farmer to farmer extension.

Even though the project succeeded in promoting a certain number of changes, with positive effects on coffee quality and farmers' income, often mechanism are not in place for such changes to be replicated or upscaled to other farmers or cooperatives in the absence of a project. Some concrete examples:

- A key contribution to the improvement of the quality of sun-dried coffee has been the distribution of metal drying beds, substituting traditional wooden / bamboo benches. However these contraptions are very expensive, particularly for poor small-scale farmers working with sun dried coffee. The project promoted the technology donating the beds but did not introduce mechanisms for cooperatives or farmers to gain a sustainable access to these tools.
- The project repaired damaged wet-mills for targeted cooperatives, demonstrating that the investment would reflect very positively on the quality of the coffee. However, the intervention did not build mechanisms that may lead farmers and cooperatives to invest themselves in the renovation of the wet-mills.
- Several agronomic practices were promoted by the project (with support of woreda officials and trained teams of trainers), aimed at rejuvenating trees and improving yields and quality of coffee at harvest. However only few and partial mechanisms have been established to upgrade capacities of coffee extension, in the absence of an external support.

The reason why the project could not establish such sustainable mechanisms is intuitive: the setup of such mechanisms is way beyond the scope of a small project component, directly supporting very few farmers in Delo Mena (67 households) and 12 cooperatives in Aleta Wondo, with a budget envelop of approximately 1,4 million Eur.

Also, the project did not achieve to support dialogue and results at meso and macro level that may contribute to upscale tested technologies at a wider scale.

However, it is important to point how the project contributed to a progressive shift of mindsets amongst coffee institutions, associations, famers and private sector operators, supporting the paradigm that quality coffee is the corner stone from which will depend the transformation of the coffee value chain in Ethiopia and the improvement of coffee farmers livelihoods.

This is a transformational change that contributes positively to long terms impacts.

At institutional level sustainability builds on the ownership by the newly established ECTA.

Sustainability aspects have been addressed for the setting up of the CTC, including for ECTA ownership, the shaping up of the partnership with the private sector for the management of the Centre, the endorsement of the training programmes by national Universities and the building up of a preliminary business plan.

However, the recently opened CTC needs yet to address key sustainability gaps and the significant risks evidenced in the analysis of effectiveness (section 2.2, component 3). Particularly for the dimensions of political, institutional, financial and market sustainability.

The following table summarizes main sustainability strengths and challenges related to the project outputs.

Table 11 Sustainability for project results

| Output | Strengths and opportunities | Sustainability Challenges |
|---|---|--|
| 1. Strengthening ECTA / Improved coordination | <ul style="list-style-type: none"> • Coordination mechanisms are fully owned by ECTA and supported by the Agency budget | <ul style="list-style-type: none"> • Very limited project contributions to internal and external coordination mechanisms and their sustainability |
| 2. Strengthening ECTA / CTC | <ul style="list-style-type: none"> • Business plan outlines a preliminary projection of revenues and costs for the CTC • Follow up project in preparation aims to consolidate CTC and support sustainability • Technology introduced in the CTC is modern and at the same time well adapted to training needs and market requirements | <ul style="list-style-type: none"> • CTC is very recently started and depends significantly for external support. The concept, governance and financial sustainability need yet to be established |
| 3. Improved quality and production for targeted cooperatives in Delo Mena and Aleta Wondo | <ul style="list-style-type: none"> • Project support strengthens revenues and income for targeted unions, cooperatives and farmers, supporting financial and market sustainability for the different typologies of coffee • Organizational sustainability is in place thanks to the setup of two viable unions and well-established local cooperatives • Local institutions were properly involved and capacitated | <ul style="list-style-type: none"> • The capacity development (for farmers and organizations) is largely project driven • Donation of equipment and subsidized provision of inputs does not favour sustainability and the upscaling of the experience • Need for continued support (change of farmers mindsets, definition of marketing strategies for BYFCU) |

| Output | Strengths and opportunities | Sustainability Challenges |
|--------------------------------------|--|--|
| | <ul style="list-style-type: none"> • Project used existing mechanisms (nurseries and IPC) to supply seedlings and inputs to farmers • Linking Unions with Co. Qua for capacity building, for future support based on service fee • Trainings were delivered jointly by COOPI staff, woreda and zonal experts as well as private sector professionals, promoting a sound network and empowering both trainers (through ToT) and trainees. • the project has involved and brought working together local government experts, the private sector, and international NGO in promoting the stakeholders' engagement in quality coffee production. • Technology supported with the project is well adapted to know-how and skills of beneficiaries • For the donated equipment cooperatives agreed to cover needs for manpower and maintenance | <ul style="list-style-type: none"> • Lack of a clearly defined exit strategy • BYFCU financial and market sustainability needs yet to be reinforced and accompanied. • Need for expansion of Harena coffee demand in international markets • Processing units have been maintained / upgraded and repaired by the project,⁹⁹ with beneficiaries' contributions. In absence of the project there is the risk that malfunctioning equipment may be left unrepaired. |
| 4. Improved visibility and marketing | <ul style="list-style-type: none"> • Significant enhancement of quality strengthens the marketability of coffee | <ul style="list-style-type: none"> • Very limited functionality of BYFCU web page (fb) |

Source: Evaluation Team Assessment

By December 2021 an exit strategy has not yet been devised to support future sustainability of the activities supported by the intervention.

2.5 EQ 5 - Upscaling

EQ 5 Upscaling; Are the project's successful aspects being transferred to appropriate parties, potential future beneficiaries, and others who could learn from the project and potentially replicate and/or scale it in the future? To what extent the project current approach could be up-scaled to other value chains?

The evaluation evidences how the results achieved on a pilot scale in Delo Mena and in Aleta Wondo provide significant opportunities for the scaling up the benefits related to the improvement of the Ethiopian coffee quality and its recognition in international markets. Upscaling could also impact at a larger scale on coffee farmers' revenues and livelihoods.

However upscaling needs to be supported by the establishment of sustainable mechanisms to:

- Continue awareness building to establish a mindset for coffee quality at all levels
- Promote dialogue, coordination, partners' harmonisation and support to reforms
- Reinforce national capacities for sector guidance, service provision and sector monitoring

⁹⁹ Improvements were done at the hulling stations, also from the infrastructural point of view (fencing, extension of the pipe for husks disposal, maintenance of the generator, request for an electric transformer). In Aleta Wondo the project purchased two Agard III machines and related pumps Source: Impact assessment, COOPI

- Support specialized and performing coffee extension mechanisms, to promote improved and sustainable agronomic practices and coffee plants rejuvenation. This is a massive long-term effort, involving transformational changes in national systems, institutions and mindsets.
- Diffusion of innovation and technology, with improved opportunities for youth and women
- Increased access to finance for coffee farmers households, women, youth and cooperatives
- Increase empowerment of women and youth across the coffee value chain
- Continue support to capacity to building and sensitization of Cooperatives and Unions
- Promotion of sustainable mechanisms for marketing

2.6 EQ 6 – Lessons learnt

EQ 6 Lessons learnt

What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project so far?

The following lessons have been marked by the evaluation, in consideration of their importance and level of priority, to inform future cooperation actions:

1. illycaffé partnership is spearheading a new approach to development cooperation and support to the coffee value chain
2. Subcontracting arrangements between UNIDO and International NGOs may significantly enhance effectiveness and performance in delivery, particularly in difficult and sensitive contexts;
3. Pilot actions need to be systematically supported by economic analysis, measurement of outcomes and the assessment of impacts;
4. A small and successful project has the capacity to leverage changes and dialogue at national level. This potential needs to be exploited.
5. The private sector may play an important role for capacity development;
6. Future interventions should provide additional design and implementation attention to priorities of gender empowerment and inclusive support through the coffee value chain. Monitoring, evaluation and reporting should follow up these priorities.

3. Overarching assessment and rating table

Evaluation Ratings

The following table summarizes the evaluation ratings according to UNIDO evaluation guidelines and instructions for rating (see Annex 7) . Scores vary between 1 (minimum) and 6 (maximum). The range 1 to 3 is defined as “unsatisfactory” and the range 3 to 6 as “satisfactory”.

Table 12 Summary of the evaluation ratings

| # | Evaluation criteria | Summary assessment | Rating |
|----------|----------------------------|---|----------|
| A | Impact | Improvement in quality reflected positively in revenues for cooperatives and farmers in Delo Mena and Aleta Wondo, with considerable margin for future improvement. The limited scope and timeline did not allow to achieve transformational changes needed for increasing significantly coffee yields; the project and the partnership with illycaffé contributed to increase attention to quality and external markets. Limited evidence of impacts at macro and meso levels. | 4 |
| B | Project design | Project design implemented in two phases (project document and inception phase), with additional contributions with studies during implementation. Valuable strategic choices supported the setup of the intervention but design would have benefitted of improved quality of the formulation (B1) and of the logical framework (B2) | 3 |
| 1 | Overall design | Overall the project adopted smart strategic choices that contributed to its effectiveness; key merits include the partnership with illycaffé, the vision for the setting of the CTC, the effective approach for Aleta Wondo and Delo Mena, and the close partnership with ECTA, accompanying the key priorities of the new reform. Additional efforts were needed to integrate the different components, to strengthen the operational plan and sustainability for the CTC; need to specify sustainable arrangements at local level; also, the design should have supported a more strategic approach, including for output 1 and 4 and the leverage of policy dialogue, sector coordination and contribution to reforms; | 3 |
| 2 | Logframe | The evaluation evidences the scope to significantly improve the specification of results and the measurement of outcomes and impacts. the initial Logframe did benefit of several adjustments, but never reached a satisfactory quality for the definition of the project result chain | 3 |
| C | Project performance | | |
| 1 | Relevance and coherence | Strong pertinence to coffee farmers, cooperatives, Unions and ECTA needs and priorities. Full alignment with GTP II and with Ethio-Italian Cooperation priorities. Coherence with UNIDO mandate and PCP Ethiopia | 6 |
| 2 | Effectiveness | Coordination: non-satisfactory as no outcome for improved coordination has been recorded CTC: good setup with promising opportunities; however, the result in not yet consolidated as a sustainable flow of benefits is not yet in place Support to quality in Aleta Wondo and Delo Mena: very satisfactory (with however limited effectiveness in yields improvements (Recognition of Ethiopian coffee: partial, activity oriented, Moderately Satisfactory | 4 |
| 3 | Efficiency | Overall the project performed very satisfactorily, notwithstanding some important delays, particularly for the CTC. The intervention represented good value for money (particularly components 2 and 3). Management quality proved to be outstanding. Governance by the Steering Committee has been very limited, lacking of inclusive mechanisms of participation. The very positive team performances deserved a score of 5 or higher. Nevertheless, the evaluation assesses that a score of 4 reflects better the need to strengthen governance and management mechanisms, reinforce result orientation and a more strategic guidance to the intervention | 4 |

| # | Evaluation criteria | Summary assessment | Rating |
|----------|---------------------------------------|--|----------|
| 4 | Sustainability of benefits | Various arrangements in place to promote sustainability. Sustainability mainly driven by market incentives for coffee quality and ECTA ownership. The evaluation evidences important sustainability gaps, which could not be addressed in consideration of the limited size, scope and timeline of the project. This is limiting the opportunities to scale up in absence of an external support | 3 |
| D | Cross-cutting | | |
| 1 | Gender, inclusiveness and environment | The intervention adopted gender disaggregated monitoring and gender sensitization activities for cooperatives. Limited attention to gender in design and implementation. Gender was not mainstreamed in project interventions, with ample opportunities to strengthen women empowerment. The project featured an environmentally friendly approach. Inclusiveness was addressed by the project title but lacked of attention in design and implementation. | 4 |
| 2 | M&E and design implementation | Best practices applied for evaluation and lesson learning. Scope for considerable improvement of the monitoring system (specification of outcomes, definition of targets and baselines, measurement of changes at outcome level, measurement of farmers costs and revenues) | 4 |
| 3 | Results-based Management | Overall attention at activity and output level, with limited focus on outcomes (coordination, CTC, recognition of Ethiopian coffee). In Delo Mena and Aleta Wondo the project tracked comprehensively changes in quality but additional measurements were needed for a contribution analysis, assessing costs and benefits of the different practices and technologies promoted by the intervention | 4 |
| E | Performance of partners | | |
| 1 | UNIDO | Outstanding commitment, proactive and flexible management, continuous dialogue and consensus building, decentralization, subcontracting arrangements. It would have needed strategic guidance, attention on outcomes and sustainability issues. Opportunities for policy dialogue, support to harmonisation and reform not fully exploited. | 5 |
| 2 | National counterparts | Strong commitment and ownership by ECTA. Scope for a better integration between the micro and the macro levels and providing a better space for contributions to dialogue and coordination to the project | 5 |
| 3 | AICS | Fully committed and very close follow up. Good flexibility. Support to a follow up phase. Scope for the improvement of the design and a more strategic positioning of its cooperation efforts | 5 |
| F | Overall assessment | The project achieved a lot with a contained financial envelop. Most distinguished features have been illycaffé partnership, the privileged dialogue with ECTA, a remarkable approach for farmers and cooperatives and a particularly committed project team. The project deserved to contribute more to changes at macro level and build bridges between field work and institutional support. The evaluation evidences scope for strengthening sustainability, inclusiveness and more attention to outcomes and strategic guidance. CTC is a remarkable output with a strong potential, which needs to be transformed into a sustainable flow of benefits in terms of skills, dialogue and image of the Ethiopian Coffee, with benefits for AICS and ECTA. | 4 |

Source: Assessment by the Evaluation Team

4. Conclusions and recommendations

4.1 Conclusions

C.1 The relatively small project provided a significant impulse to the national effort for the improvement of the quality of Ethiopian coffee and its recognition in international markets. The intervention, with a budget of EUR 3.5 million, contributed to the goals set by the Ethiopian Government's National Coffee Development and Quality improvement Strategy (2016 – 2022). The project contributed to increase at national and at local level the awareness about the importance of improving quality and enhanced the recognition of Ethiopian coffee in international market and with buyers. The project, notwithstanding its small size, could have operated at a more strategic level, contributing to sector dialogue, strategies, reforms, coordination and harmonization of players (see also C10).

C.2 The Partnership with illycaffé is a distinguished feature that should inspire future cooperation for value chain support. The main driving force guiding the project contributions to quality and exports has been the partnership with illycaffé. This alliance marked the difference from other interventions supporting the coffee value chain. The partnership brought in illycaffé well-established reputation in the coffee international milieu and high-level expertise in quality, production, marketing and skills development. illycaffé is also a world leading company reputed for its ethical work with farmers. The Coffee Training Centre was inspired and designed with the technical guidance of illycaffé. The partnership evidenced how a cooperation project can be significantly strengthened through a well-devised collaboration with a strong and ethical private partner, well anchored in the targeted value chain.

C.3 The project put forward a smart strategy, but project design needed a clear definition of results, their measurability and integration of all the components. Positive design features include a pronged approach at macro, meso and micro level, the set-up of effective partnerships with illycaffé, AICS, UNIDO, COOPI, Technoserve and private sector providers for the CTC. The intervention benefitted from a privileged setup, working closely with the newly re-established ECTA management. The intervention gave continuity to the Italian Cooperation long standing support to the coffee value chain in Ethiopia. Design aspects that deserved to be further improved include: a) a confusing intervention logic, lacking of clear definition of results and specification of outcomes; results were missing of baseline and target values; b) a better assessment of the offer and the demand for skills development within the coffee value chain (an important pre-requisite for the CTC); c) a stronger integration of the four components, which worked in relative compartmentalization, with few interactions and synergies across themselves; particularly weak were mechanisms bridging the pilot on the ground with the other Components; d) formulation should have supported the design of mechanisms to capitalize on project valuable position within ECTA and the partnership with illycaffé to promote dialogue and support reforms; e) mechanisms to strengthen inclusiveness and women empowerment; and f) a focus on activities and outputs instead of outcomes.

C.4 A tangible impact on coffee quality and farmers' income. The most remarkable result of the project was a significant improvement of coffee quality and farmers' income in the targeted areas. The project established two pilots in Aleta Wondo and in Delo Mena, with subcontracting arrangements supporting sun dried coffee from forest areas in Oromia (Delo Mena) and washed coffee produced in gardens in Sidamo (Aleta Wondo). The Project targeted a total of two Unions, 21 cooperatives and approximately 29,000 coffee farmers.

Direct assistance to farmers was however much more limited, with direct support provided to 408 beneficiaries and indirect training (farmer to farmer schools) to approximately 7,400 farmers in Aleta Wondo and 3,000 in Delo Mena. Support embraced appropriate extension packages, rejuvenation of trees, improved management practices, improved techniques for primary processing (drying and wet washing) and secondary processing. Capacities of Cooperatives and Unions were strengthened for management, service delivery and marketing. Significant changes in quality and in farmers' incomes were observed in both areas. In Delo Mena quality changes could be attributed directly to project activities. The attribution of observed changes to project activities proved more challenging in Aleta Wondo, as changes were influenced by other variables, including pre-existing efforts supporting coffee quality and exports.

C.5 Pilot experiences on the ground need to be backed by stronger mechanisms for results measurement and upscaling. Activities supporting coffee quality and yields in Delo Mena and Aleta Wondo were established primarily as pilots, testing packages of improved practices while seeking opportunities for upscaling. Although both pilots were supported by an M&E system and a noteworthy impact assessment study, replicability and upscaling needed an attention to cost benefit analysis for the different results, measurement of outcomes and, importantly, the definition of sustainable mechanisms that would allow replication in absence of external support. Changes in coffee farming practices need to consider the whole farming system and labour availability of the household. Also, successful pilots need to be articulated with a national dialogue platform to support changes at macro level.

C.6 An effective and committed project management team; A committed and efficient management by UNIDO was one of the key features underlying the success of the intervention. The management model applied to this project was considered as a good practice. The project team was actively supported by UNIDO Representative in Ethiopia who contributed with sector know-how, networking, donor coordination and policy dialogue. The project featured a proactive hands-on management, adequate level of subsidiarity, integration of the different layers of management, outstanding team work and, above all, a noticeable commitment of the people involved. Distinguished management features included subcontracts with International NGOs present on the ground, that increased significantly the efficiency and effectiveness of delivery in Aleta Wondo and in Delo Mena. Although the implementation was challenged by the release of several installments during project duration, limiting the capacity to establish longer term commitments, financial management proved to be efficient, assuring continuity of activities. Performances were nevertheless noticeably slowed down by COVID and the national security crisis. Delays particularly affected the timeline for the setup of the CTC.

C.7 Scope to reinforce governance, strategic guidance and result orientation. Implementation and management needed to be supported by a broader and consistent mechanisms of governance, dialogue and strategic guidance. Implementation, reporting and monitoring attention was focused on an efficient delivery, but would need an increased attention to results at outcome level.

C.8 The CTC represents an innovative approach for skill development and a showcase for the Ethiopian Coffee; the Centre's set-up was highly appreciated by project stakeholders at national level. The CTC offers a considerable potential for a showcase of Ethiopian coffee, projecting an image of excellence, hosting high-level meetings, contribute to skills development efforts with a state-of-the-art training facility, providing an effective location for dialogue and events. The Centre, recently inaugurated, will require in the medium term additional external support to ensure sustainability and generate benefits to different actors in the coffee value chain. The design would have benefitted from a more

comprehensive market analysis of the coffee sector demand and offer for skills development, taking into account existing services provided by public and private sector entities.

C.9 There were room to increase the effectiveness of the institutional development components. The project, in consideration of its strategic position within the ECTA and a timeline parallel to the coffee sector reform, had the opportunity to contribute to significant results of institutional development and to the reform process. Components 1 and 4 supported relevant and well appreciated activities. However, the institutional support had a limited scope and was largely oriented at delivering activities rather than achieving results. The project played a minor role in strengthening coffee sector coordination (Output 1) and did not contribute directly to the reform process. The significant potential to leverage policy dialogue was only marginally exploited. Nevertheless, the very close partnership with ECTA management may have influenced directly or indirectly ECTA strategic guidance of the coffee sector, contributing to prioritizing efforts to de-commoditize coffee and prioritize coffee quality. The project and illycaffé supported valuable linkages with international fora and coffee importers and contributed significantly to the recognition of Ethiopian Coffee.

C.10 The project only partially exploited its significant potential to support gender empowerment and inclusiveness in the coffee value chain. These priorities were not addressed by project design and were not mainstreamed during the project implementation. On the other hand, the project had a positive contribution toward natural resources management and an environmentally friendly approach to the coffee value chain. With its support to Harena Forest coffee, the project positively contributed to conservation and biodiversity goals.

C.11 All the results from the project need additional efforts for consolidation and sustainability.

4.2 Recommendations

R.1 A follow up intervention should be considered by AICS, ECTA and UNIDO aiming at consolidating the project's achievements, strengthening sustainability and upscaling results.

Recommendation addressed to UNIDO in consultation with AICS, ECTA

AICS, ECTA and UNIDO should capitalize on the positive achievements of this project to follow up and consolidate results that need further strengthening. Specific propositions include:

- **Continue the best practices:** Best practices to be followed up include the partnership with illycaffé; a three-pronged approach at macro, meso and micro levels; focusing on improving coffee quality and its recognition in international markets; the close coordination amongst key players (UNIDO, AICS and ECTA); a committed management team; delivering value for money and the establishment of effective partnerships with the private sector.
- **A more strategic positioning of follow up cooperation efforts:** The follow up should aim to position Italian AICS, illycaffé partnership and UNIDO at a more strategic level, targeting policy dialogue at macro level and institutional development at meso level. The alliance with illycaffé represented a unique value added and should be continued, focusing on supporting quality and marketing of the Ethiopian coffee. The partnership should contribute to consolidate a flow of sustainable benefits.

- **Coffee production, processing and marketing support at grassroots level;** Future efforts should pursue grassroots support with similar mechanisms, consolidating results for targeted groups related to quality and marketing, with a focus on sustainability.
 - The formulation of a follow up phase should consider the limited comparative advantage of a project in supporting production and increased yields.¹⁰⁰
 - Efforts on the ground should be linked with changes at national level;
 - The operational recommendations made by the impact study assessment (COOPI 2021) maintains their full relevance and should be followed up.¹⁰¹

R.2 Strengthen the Coffee Training Centre to ensure its financial sustainability in the long term

Recommendation addressed to UNIDO in consultation with AICS, and ECTA

The following set of propositions are dedicated to the CTC future development:

- i. The strengthening of CTC should build on a comprehensive assessment of market demand for skill development in the coffee sector in Ethiopia, avoiding undermining existing private sector efforts, competition and overlapping.
- ii. One option to optimize the potential of the CTC is to have it co-managed at the beginning by Italian Cooperation and/or illycaffè.
- iii. Additional market assessment should provide evidence of a sustained demand and the market willingness to pay estimated fees ranging between 800 USD and 1700 USD per course, with a demand ranging from 178 participants (year 1) to over 500 participants (year 4).
- iv. An operational plan for the Centre needs to specifically link the CTC with existing coffee sector skills development providers, including the Jimma University, Mizan College, Dilla University, Aramaya University, Co. Qua company, the Knowledge Academy and coffee laboratories in Ethiopia.
- v. The CTC should establish operational linkages with other actors in the coffee value chain that have demands for skills development
- vi. The delivery of training courses needs to be accompanied and supported over a period of a few years, building sustainable management, financial and marketing mechanisms, assessing costs and benefits of the CTC; strategic guidance need to be supported over an adequate period of time in order to develop mind-sets necessary to operate a centre of excellence for coffee.
- vii. Legal status of the CTC as an independent institution should be established, with its own bank account
- viii. Governance structure of the Centre should also be tested and broadened to include private sector and universities
- ix. A strong M&E system with adequate quality standards and control mechanism need to be established for the Centre
- x. Capacities of the advisory board need as well to be strengthened
- xi. Twinning and partnerships with international coffee training centres should be established

¹⁰⁰ Production support will need a long timeline, adequate resources and sustainable extension mechanisms; Changes of production practices should be considered as transformational changes that can be achieved in the medium / long term.

¹⁰¹ Including a) follow up efforts to define marketing strategies for the Haremma coffee and market expansion should be pursued to strengthen coverage and impact for the Haremma Forest and sun-dried coffee, b) Strengthen partnerships with Co.Qua and other private sector service providers and c) track unions and cooperatives service provisions, support governance and transparency, building trust with Members. Changes for production should tackle the household farming system and labour availability as a whole. Evidence-based findings from pilot experiences on the ground should be used to promote dialogue and changes at national level

R.3 Improve the quality of future project design by clearly defining expected outcomes and their measurement and the integration of project components.

Recommendation addressed to UNIDO

Project design (from formulation to inception phase, and during implementation) should reinforce the following features:

- a. Shift from activity to result orientation, especially at outcome level
- b. Expected results (outputs, outcomes and impact) should be clearly defined, their measurement specified, and the cause-effect linkages between expected results should be logical.
- c. Define baseline and target values, results measurement and build a strong M&E system (particularly for pilot interventions in the field)
- d. Project components should be designed to demonstrate their complementarity and integration.
- e. Factors affecting sustainability issues (e.g. access to finance, extension mechanisms, capacity development, CTC, marketing mechanisms) should be addressed or linked up to other projects in the country.
- f. Develop risk assessment and mitigation measures
- g. Project governance mechanisms should be clearly defined at project design or during inception phase and implemented.
- h. Mainstream inclusiveness and women empowerment across project components
- i. Project steering mechanism should not be limited to key partners, but include additional players for instance: representatives of beneficiary cooperatives and unions, women groups active in the coffee value chain, financial institutions, woreda officials, Civil Society Organisations, private sector service providers, ECRA and skills development players.

R.4 Establish mechanisms for upscaling pilot interventions at project design and during implementation for future projects. Pilot experiences with farmers and cooperatives should be supported by a strong M&E system, with detailed financial, economic, social and environmental analysis, measurements of outcomes and analysis of the effects of new practices on farmers labour, revenues and incomes. This will help upscaling efforts.

Recommendation addressed to UNIDO

In order to build evidence-based findings to support upscaling, pilot interventions should be equipped with stronger M&E system, including:

- a. Definition of baselines for expected changes
- b. Full measurement of outcomes
- c. Clear definition of targets and number beneficiaries of each group of deliverables
- d. Financial, economic, social and environmental analysis
- e. Analysis of household farming system (disaggregated by gender and age groups) and incomes and how proposed changes may affect family labour and revenues
- f. Contribution analysis, discerning effects of project from other variables

R.5 Gender mainstreaming interventions should be clearly defined at project design and implemented during implementation of future projects dealing with coffee value chains, taking into account the role women play in processing coffee.

Recommendation addressed to UNIDO

Future interventions should provide additional design and implementation attention to priorities of gender empowerment and inclusive support through the coffee value chain. Monitoring, evaluation and reporting should follow up these priorities.

ANNEXES

- Annex 1 Evaluation Terms of Reference (Link as below)
- Annex 2 List of documentation reviewed
- Annex 3 List of stakeholders consulted
- Annex 4 Project Theory of Change

ANNEX 1 - Evaluation Terms of reference (link)

Link to TOR: [https://www.unido.org/sites/default/files/files/2021-09/TOR_ETH-130144-150201 TE-2021 0.pdf](https://www.unido.org/sites/default/files/files/2021-09/TOR_ETH-130144-150201_TE-2021_0.pdf)

Annex 2 - List of documentation reviewed

| Selected Bibliography |
|---|
| 1. Memorandum of Understanding signed (AICS nd UNIDO) |
| 2. Coffee Training Center business and sustainability plan, September 2020 |
| 3. Technoserve reports (February 2018, November 2019, May 2019) |
| 4. COOPI, Aleta Wondo final report July 2021 |
| 5. Terms of reference (subcontract for improving coffee quality) ù |
| 6. Terms Of Reference (Subcontract For Improving Coffee Quality (Aleta Wondo Woreda, Sidama Zone, Snnp Region) |
| 7. COOPI, Training report, Farmer-to-Farmer training at CDC and Private farm level |
| 8. COOPI, report for For the Facilitation of Mid-Term Project Monitoring and Evaluations Review Meeting & Visit – February 2021 |
| 9. COOPI, god practice form (July 2021) |
| 10. Gov't Terminal evaluation Report of COOPI(UNIDO Project |
| 11. COOPI Harena Coffee Product description |
| 12. COOPI Report of learning workshop of BYFCU and 12 affiliated cooperative members, July 2021 |
| 13. COOPI training report for Provide on-site support and technical assistance for keeping operational the 12 CDCs and on Moisture meter utilization, December 2020 |
| 14. COOPI training report, Provision of training to 12 targeted Cooperatives and BYCU managerial staff and Board members on Preliminary quality control and Marketing and price risks November 2020 |
| 15. COOPI GPS location and map of Coffee Drying Centers (CDCs) of 12 cooperatives based in Dolo Mena Woreda, Bale Zone, Oromia Region, June 2021 |
| 16. COOPI Profiling Template for Data collection, Bale |
| 17. Cherry coffee collecting format at CDC level |
| 18. Coffee Harvesting and Marketing chain |
| 19. Summary of factors affecting the quality of green coffee |
| 20. Traceability plan and check list |
| 21. Ethiopia - TOR Coffee Quality Delo Mena 2020 |
| 22. Coffee Project newsletters (1,2,3 and 4) |
| 23. Coffee brochure |
| 24. UNIDO presentation of coffee project, March 2019 |
| 25. ECTA brand guidelines (2018) |
| 26. ECTA final brand strategy (2018) |
| 27. Brand development of Ethiopian Coffee and Tea Authority/ Interim report |
| 28. ECTA logo |
| 29. Justification for no cost extension till 31 December 2020 |
| 30. No cost extension 31 December 2020- 30 June 2021 |
| 31. Letter of approval of no cost extension |
| 32. No cost extension 30 June 2021- 31 December 2021 |
| 33. UNIDO Coffee project Annual report 2016 |

Selected Bibliography

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| 34. UNIDO Coffee project Annual report 2017 |
| 35. UNIDO Coffee project Annual report 2018 |
| 36. UNIDO Coffee project Annual report 2019 |
| 37. UNIDO Coffee project Annual report 2020 |
| 38. UNIDO Coffee project Annual report 2021 |
| 39. BURQA YADOT business plan (September 2017) |
| 40. SCFCU Business Plan (2017) |
| 41. Feasibility study for coffee roasting facility establishment and assessment of capacity at SCFCU |
| 42. Ethiopia Coffee Value Chain Expert Report July 2015 |
| 43. Inception Report Coffee Project_2016 |
| 44. UnidoCoffee_final evaluation Field Activities |
| 45. UnidoCoffee COOPI final evaluation 2021 |
| 46. Mid term review coffee value chain (November 2020) |
| 47. Prodoc Ethiopia coffee fin june 2014 |
| 48. Logical framework of UNIDO coffee project (2015) |
| 49. Logical framework of UNIDO coffee project (2019) |

Annex 3 - List of stakeholders interviewed

| Organization | Type of interview | | Interview status | | Notes |
|--|------------------------------------|-------------|------------------|---------|-------|
| | Individual | Group (FGD) | Fully completed | Pending | |
| Aurelia Calabro' | UNIDO representative | | ✓ | | ✓ |
| Andrea de Marco | Project Manager | | ✓ | | ✓ |
| Chiara Scaraggi | Project Co-ordinator Coffee | | ✓ | | ✓ |
| Harry Beachcroft-Shaw | M&E Advisor | | ✓ | | ✓ |
| Vittoria Curreri | Project finance and administration | | ✓ | | ✓ |
| LIGDI, Fitsum | Sectorial expert | | ✓ | | ✓ |
| Andrea Limiroli | AICS | | ✓ | | ✓ |
| Matteo Baraldo | AICS | | ✓ | | ✓ |
| Pierpaolo Bergamini | AICS | | ✓ | | ✓ |
| Luca | Illicaffé | | ✓ | | ✓ |
| Matteo Baraldo | Impact evaluation | | ✓ | | ✓ |
| ECTA Dr Adugna | Director general | | ✓ | | ✓ |
| ECTA | Marketing Director | | ✓ | | ✓ |
| Sidama Coffee Farmers UNION | Deputy Manager | | ✓ | | ✓ |
| Ethiopian Coffee Roasters Association | President | | ✓ | | ✓ |
| Ethiopian Women in Coffee | Member | | ✓ | | ✓ |
| Ethiopian Coffee Exporters Association | President | | ✓ | | ✓ |
| Beneficiaries in Aleta Wondo | | Farmers | ✓ | | ✓ |
| COOPI | Field staff | | ✓ | | ✓ |
| Habubi Coffee Farmers' Co-operative, Delo Mena | Chairman | | ✓ | | ✓ |

| Organization | Type of interview | | Interview status | | Notes |
|---|------------------------|-------------|------------------|---------|-------|
| | Individual | Group (FGD) | Fully completed | Pending | |
| Beneficiaries in Delo Mena | | Farmers | ✓ | | ✓ |
| Magnate Coffee Farmers' Cooperative, Delo Mena | Manager | | ✓ | | ✓ |
| Bekelecha/Mekenisa Cooperative, Delo Mena | Chairperson | | ✓ | | ✓ |
| Dereja | Project manager | | ✓ | | ✓ |
| TECHNOSERVE | Coffee Project Manager | | ✓ | | ✓ |
| COOPI | Project Manager | | ✓ | | ✓ |
| Agriculture Bureau, Delo Mena | Deputy Bureau Head | | ✓ | | ✓ |
| Cooperative Promotion Office, Delo Mena | Office head | | ✓ | | ✓ |
| Burka Yadot Coffee Union | Planning Expert | | ✓ | | ✓ |
| Agriculture Bureau, Aleta Wondo | Coffee Quality Expert | | ✓ | | ✓ |
| Cooperative Promotion Office, Aleta Wondo | Office head | | ✓ | | ✓ |
| Non-beneficiaries in Aleta Wondo | | Farmers | ✓ | | ✓ |
| Titira Multi-Purpose Cooperative | Chairman | | ✓ | | ✓ |
| Humecho Wahino Cooperative | Accountant | | ✓ | | ✓ |
| Wondona Berboda Service Cooperative Multi-Purpose | Chairman | | ✓ | | ✓ |

Annex 4 - Project Theory of Change

