ANNUAL REPORT

2017-18
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREWORD FROM THE CHIEF EXECUTIVE OFFICER</td>
<td>4</td>
</tr>
<tr>
<td>BACKGROUND TO ETHIOPIAN AGRICULTURE</td>
<td>6</td>
</tr>
<tr>
<td>ABOUT THE AGRICULTURAL TRANSFORMATION AGENCY</td>
<td>8</td>
</tr>
<tr>
<td>STUDIES PROVIDED</td>
<td>10</td>
</tr>
<tr>
<td>IMPLEMENTATION SUPPORT</td>
<td>12</td>
</tr>
<tr>
<td>LINKAGES &amp; COORDINATION</td>
<td>14</td>
</tr>
<tr>
<td>PROJECTS</td>
<td>16</td>
</tr>
<tr>
<td>- Detailed Performance of Production &amp; Productivity projects</td>
<td>18</td>
</tr>
<tr>
<td>- Detailed performance from Agribusiness &amp; Markets projects</td>
<td>26</td>
</tr>
<tr>
<td>- Agricultural Commercialization Clusters</td>
<td>34</td>
</tr>
<tr>
<td>- Oromia Region</td>
<td>36</td>
</tr>
<tr>
<td>- Amhara Region</td>
<td>38</td>
</tr>
<tr>
<td>- SNNP Region</td>
<td>40</td>
</tr>
<tr>
<td>- Tigray Region</td>
<td>42</td>
</tr>
<tr>
<td>WAY FORWARD</td>
<td>44</td>
</tr>
<tr>
<td>PARTNERS</td>
<td>46</td>
</tr>
</tbody>
</table>
FOREWORD FROM THE CHIEF EXECUTIVE OFFICER

Khalid Bomba

For millennia, agriculture has proven to be the backbone of Ethiopia’s economy with traditional practices that have been handed down through generations still practiced in many parts of the country today. While Ethiopia’s vast natural resources, human capital, and biodiversity offer considerable potential, smallholder farmers are particularly vulnerable. Climate change and erratic weather conditions constantly put their livelihoods at risk. The questions of sustainability and inclusivity occupy higher priorities than ever before in order to ensure that recent gains become permanent and that the benefits of development are shared equally among the country’s diverse population.

Over the last year, the Agricultural Transformation Agency (ATA) has enhanced its initial activities related to increasing the production and productivity of strategic crop commodities by bolstering its capacity to support the downstream or market components of agricultural value chains and expanded its work in the livestock sector. It also made a more concerted effort to encourage and facilitate private sector involvement across the broader agricultural sector. In support of the Transformation Agenda engaged on systemic issues, the ATA launched a Delivery Unit at the Ministry of Agriculture to provide more direct technical and problem-solving support to prioritized interventions.

The ATA is also well underway in establishing the Agricultural Commercialization Clusters (ACC) Initiative, which is owned and implemented in large part by the Regional Bureaus of Agriculture. Focusing on priority commodities in high-potential areas, the ACC integrates initiatives on the ground along specific value chains in order to make a greater impact. Over the last year, the ACC demonstrated successful innovations in improved seed and better agronomic practices, created stronger linkages between different implementing partners and, strengthened the Regional Transformation Councils and Value Chain Alliances, that coordinate and govern the overall Initiative.

The ATA's achievements rely heavily on the positive relationships and contributions of our implementing partners. We work closely with governmental, non-governmental, and private sector actors, and benefit from the critical thought partnership and financial support of our development partners. The strong links with our partners and our shared commitment to the transformation of Ethiopian agriculture makes us confident that the remaining two years of GTP II will be as fruitful as, if not more than, the first three years.

Khalid Bomba
Agriculture plays an important role in Ethiopia's political, economic and social development. It forms one of the largest components of the Ethiopian economy, contributing 34% of the country's gross domestic product (GDP) and 71% of employment. Crop production makes up 72% percent of the total agricultural GDP, whereas livestock accounts for 20% and other areas contribute 8.6%. Cereals (such as wheat, maize, tef, sorghum, and millet), comprise the biggest share of crop production as principal staples. 32 million tons of grains were produced by smallholder farmers in the 2009 EFY season alone. In addition, vegetables, fruits, root crops, pulses, oilseeds, and spices are grown widely.

Ethiopia also has the largest livestock population in Africa with an estimated 60 million cattle, 61 million sheep and goats, 57 million poultry, and a combined 12 million donkeys, horses, mules, and camels. Honey production is practiced extensively: Ethiopia is the biggest honey producer in Africa and the 10th largest producer globally.

Agricultural products remain the largest contributor to export earnings, accounting for over 75% of total export earnings. In 2009 EFY alone the sector generated 2.18 billion USD in exports. Coffee, sesame, fruits, vegetables, and leather are among Ethiopia’s top exports. Although many commodities (such as pulses, oilseeds, meat, and live animals) are exported in raw form or with minimal processing, the advent of carefully planned Integrated Agro-Industrial Parks means that Ethiopia will soon earn considerably more from value-added products.

Despite its enormous potential, the Ethiopian agriculture sector remains constrained by certain challenges. Of the 36 million hectares of agricultural land, only 13 million hectares (around 35%) is cultivated at present. Over 90% of farmers are smallholders cultivating one hectare or less of land. Farming techniques have changed little over the centuries, yielding low outputs and making farmers vulnerable to the effects of unpredictable weather patterns.

A robust agricultural performance leads to more than just food security and well-being for Ethiopian farmers, it also impacts the growth of other sectors of the economy, such as industry and manufacturing. Consequently, the GoE has dedicated much of its attention over the last two decades to address issues of productivity and sustainability and reorienting farmers away from subsistence agriculture. To this end, the second Growth and Transformation Plan (GTP II) set broad targets for agricultural and rural transformation that include increasing crop and livestock production and productivity, promoting natural resource conservation and utilization, ensuring food security and disaster prevention and preparedness.

The results of these efforts are evident. Recent policy reforms, agricultural investments, and public service provisions have boosted agricultural production and productivity, leading to the sector’s average 8% growth in the past decade. According to the Ministry of Agriculture (MoA) report, about 10 - 12% of the total land under production currently uses traditional and modern irrigation schemes. With regard to yields, CSA (2009 EFY) ratifies consistent upward trajectory for key staple crops over the last five years (2005-2009 EFY), resulting a national average productivity increment of 20.1% for maize, 20.7% for tef, 26.8% for wheat, and 20.7% for barley to which ATAs impactful role is obvious through its production enhancement initiatives and projects in the four regions of Ethiopia (Amhara, Oromia, SNNP and Tigray).

The growth of the agricultural sector over the past decade has also been a major contributor to the significant reduction in the rates of poverty seen in the country. The proportion of the population living below the poverty line dropped to 22% in 2009 EFY from 39% in 1999 EFY. Additionally, a steady increase in the production and productivity of crops and livestock are improving the food security and incomes of the nearly 12 million smallholder farming families. Encouraging improvements in the sector notwithstanding, shifting smallholder farmers from subsistence-based production towards market-based production remains the biggest and most important aspect of agricultural transformation. For long-term success, this shift must be done while simultaneously bolstering resilience toward climate change and ensuring environmental sustainability. By facilitating the accelerated and inclusive growth of agriculture, the sector will make a major contribution towards Ethiopia’s goal of reaching middle-income country status by 2017 EFY.
The ATA was established as a result of a two-year diagnostic study of the agriculture sector, led by the Ministry of Agriculture and facilitated by the Bill & Melinda Gates Foundation in 2009. The study found that traditional approaches taken to sectoral change were too narrow, with many projects and programs only focusing on selected aspects, leading to disconnected interventions that did not address the root causes of the problems. The study also highlighted the challenge of limited implementation capacity in the form of the mindsets and skills needed to undertake large-scale initiatives at the federal and regional levels. As a guide, the study identified learnings from other transformation initiatives around the world, such as in South Korea, Taiwan, and Malaysia. A key component of their success was a dedicated unit focused on a key economic sector, with strong management and support from government leaders that served as a catalyst for transformational change.

Based on these recommendations, contextualized to Ethiopia, the Council of Ministers passed Regulation No. 198/2003, in December 2003 EFY, which established the ATA as a dedicated unit to support agricultural transformation. As part of the refinement of the ATA’s mandate at the beginning of GTPII, Regulation No. 380/2008, passed in March 2008 EFY, provides additional guidance on the ATA’s scope of work.

The ATA’s four strategic mandate areas, as articulated in these two Regulations, guide the organization’s engagement with stakeholders and its activities with respect to its two primary areas of focus: the Transformation Agenda, which is owned largely by MoA and its affiliate institutions, and is aimed at addressing the systemic bottlenecks in the agricultural sector, and; the Agricultural Commercialization Cluster (ACC) Initiative, which is owned mainly by regional governments and RBoAs, and is aimed at commercializing smallholder farmers in strategic commodities and high potential geographies across the country.

The Transformation Agenda was launched during the GTP I as a means of prioritizing the most important interventions that could address the root causes of the systemic issues in the agricultural sector. Based on the learnings from this period, the scope and orientation of the Transformation Agenda in GTPII was expanded in order to provide greater support to the livestock sector and include focused attention on markets, agri-business, and the private sector. In total, the Transformation Agenda during GTP II encompasses 49 deliverables and 181 sub-deliverables across the thematic pillars of Crop and Livestock Production & Productivity, Agri-business & Markets, and cross-cutting issues. Overall, the focus has shifted from an emphasis solely on increasing production and productivity to enhancing the downstream or market components of crop and livestock value chains.

The concept of the Agricultural Commercialization Clusters (ACC) Initiative was also introduced during GTP I as a mechanism to integrate Transformation Agenda interventions along value chains for specific geographies and commodities. The ACC initiative contains clearly defined geographic clusters specializing in priority commodities. The ACC supports regions to maximize production and productivity while integrating commercialization activities in order to move smallholder farmers away from a subsistence model and to improve their livelihoods.

The following sections outline the ATA’s performance in 2010 EFY) across the four strategic goals outlined above: Analytical Studies, Implementation Support, Linkages & Coordination and Direct Project Implementation.
One of the mandates of ATA is to identify systemic constraints of agricultural development, through conducting studies and recommending solutions. In 2010 EFY, the ATA conducted a total of 36 analytical studies in the areas of Policy, Strategy, Business case & market analysis, Project design, planning and implementation, and Internal Operations. Of these studies, 23 are have been or are under implementation. (10 are already implemented while the other 13 are being under implementation.) Examples of studies undertaken by the ATA include:

**National Seed policy**
Elements of Ethiopia’s seed policy are spread across in a number of national development policies, strategies, and plans. As such, there has not been a comprehensive document that shows the Government’s ‘declaration of intent’ for the development of the seed industry. After completing a review of international best practices - both from the region and globally - in developing a national seed policy and identifying elements of good national policy, a National Seed Policy text has been drafted with the guidance of the Ministry of Agriculture (MoA). The National Seed Policy text that has been validated by stakeholders has been presented to the MoA management. Once the draft National Seed Policy text is approved by the MoA management, it will be submitted to the Council of Ministers for approval and adoption.

**National Market Information System**
Development and implementation of modern National Market Information System (NMIS) for agriculture is one of the priority Transformation Agenda Deliverables (TAD). Through the TAD consultation process, the ATA has closely engaged with the Ministry of Trade (MoT) and Regional Bureaus to identify bottlenecks associated with NMIS. The ATA in collaboration with MoT, Federal Cooperatives Agency (FCA), partners, and stakeholders undertook a diagnostic study of domestic and international best cases that resulted in designing key implementation modalities for the NMIS pilot and provided outputs to support technical design and implementation.

**National Agricultural Storage Strategy**
GTP II plans and ongoing initiatives at national and regional levels target increases in storage capacity. However, there was no overarching national strategy to drive this expansion of modern agricultural storage for commercial trade purposes during GTP II and beyond. The ATA together with its partners undertook a broad-based approach to developing a National Agricultural Storage Strategy. The key steps followed in developing the strategy were: understanding the current initiatives in storage and associated challenges, assessing the storage requirements for prioritized crops, doing a cost-benefit analysis of deploying different storage models and understanding the enabling factors that would ensure successful implementation of proposed models by learning from other countries’ best practices.

**Mechanization Service Center Pilot Project Design**
The Mechanization Service Center (MSC) enhancement analytical case was initiated to design the approach for the pilot project to create independent agricultural mechanization centers which provide mechanization services to smallholder farmers on a fee basis. The analysis revealed options to reduce the risks for service providers, identified funding options reated to leasing and undertook a preliminary cost benefit analysis on the various types of machines available for land preparation, planting, harvesting, and threshing. The recommendation included the initial design for ten MSCs across the country which provide not only fee based services to farmer but also training to machine operators, maintenance of the machines themselves and spare parts.

**Agricultural One Stop Shop project scale up**
A study of two current ATA led projects Commercial Farm Services Centers (FSC) and Direct Seed Marketing (DSM) was undertaken to determine how these concepts could be integrated into an idea that can be scaled up across the country. This led to the design of the Agricultural One Stop Shop project which enhances the existing Commercial Farm Services Centers project and creates a feeder chain from the Direct Seed Marketing agents. This integrated approach will enhance service delivery to smallholder farmers, create greater efficiency and ensure sustainability. The design of the project also integrates other ATA led projects such as the Input Voucher System (IVS) and the 8028 Farmer Hotline.
Supporting implementation partners to enhance their capacity to execute interventions effectively has always been central to the ATA’s way of working. This year, the ATA enhanced its previous model by introducing the Delivery Unit concept, which embeds a team of ATA experts at the Ministry of Agriculture to directly provide problem solving, technical support, capacity building and performance management for the Transformation Agenda. This was found to increase the sense of ownership and accountability of intervention owners at all levels. It also allows for closer tracking and monitoring of the progress of each intervention.

As a result of this implementation support, the Transformation Agenda sub-deliverables supported by the Delivery Unit improved their performance from 27% on track in 2009 EFY to 56% in 2010 EFY. Additionally, in a survey undertaken of MoA staff, the support of the Delivery Unit was rated at a level of 3.4 out of 4 in its first year of operations. Details of some support functions provided are outlined below.

Planning and execution effectiveness: Based on the agreed interventions (or sub-deliverables) in the Transformation Agenda, the Delivery Unit assisted teams in the MoA, the Federal Cooperative Agency (FCA) and the Ethiopian Institute for Agricultural Research (EIAR) to develop robust annual work plans, budgets, and targets. The Delivery Unit organizes planning workshops and the planning process, provides training and planning templates, and also ensures visibility of senior leadership on the plan. When the Delivery Unit initiated its activities only 32% of sub-deliverables were integrated into overall annual plans and budgets of the Ministry. With the assistance of the DU, 85% of sub-deliverables were planned and budgeted as part of the Ministry’s overall structure in the past year.

Tracking, reporting & escalation: The Delivery Unit reinforced the use of reporting and tracking tools, processes and systems to monitor the progress of Transformation Agenda sub-deliverables. To achieve this, the team has supported sub-deliverable implementers and owners in monthly and quarterly report preparation. Additional support is provided on analysis, quality control and close follow up in order to proactively escalated sub-deliverable design or implementation issues to senior officials for direction and guidance.

Technical support and problem-solving:

The Delivery Unit provides technical support across a wide range of systemic areas: seed and fertilizer supply and distribution, soil health and fertility, mechanization, research, cooperatives, watershed and agro-forestry, and land use planning and administration. It also supports crosscutting areas like gender and climate. Activities undertaken in this area include:

- Developing key documents - strategies, directives, concept notes, implementation documents, regulations, technical guidelines, policies, proclamations, standards, and manuals. Ex. Fertilizer standard document
- Establishing and facilitating linkages - platforms, steering committees, technical units, forums and associations. Ex. Multi-stakeholder platforms established to reviewed and consulted on current arrangements for Watershed and Agroforestry across multiple institutions.
- Problem-solving - Research, testing, problem-solving, analysis, need assessment, audits. Specific examples include a report on Analytical Support to Enhance Implementation Effectiveness of Agriculture Development Sector, especially MoA middle management, analysis of key challenges and possible interventions in the Rural Job Opportunity Creation sector, case studies on irrigation institutional set-up, and feasibility analysis for distribution of small bags of fertilizer
- Capacity building - conducting training, leading workshops, organizing experience sharing visits. Ex. Two pieces of training provided for 258 actors on Fertilizer Supply Chain at the national and regional level and 996 Development Agents (Das) have got theoretical and practical training on agricultural mechanization technologies operation and maintenance.
- Other - budget/resource mobilization, project proposals, facilitating endorsement of strategies, participating in discussions and working groups, organizing consultative meetings.
One of the key mandate areas given to the ATA by regulation is to provide support in creating linkages and coordinating activities among partners. It is important to recognize that the ATA is not mandated to undertake this activity across the entire agriculture sector, which is the responsibility of the Ministry of Agriculture. Instead, the ATA focuses this mandated responsibility in the two specific aspects of the agriculture sector for which it has been given responsibility: the Transformation Agenda and the Agricultural Commercialization Cluster (ACC) Initiative.

In these two areas, the ATA aims to ensure that interventions are harmonized, executed smoothly, and duplication of efforts is avoided. For the Transformation Agenda, the ATA staffed Delivery Unit, located within the MoA and other key partners, provides program management and integrate activities. For the ACC, the ATA has established a team within the HQ of the ATA focused on ACC Strategy and Coordination. More importantly, the primary focus of the ATAs Regional Offices resides in working directly with the Regional Bureaus of Agriculture to create the necessary linkages and coordination at the implementation level.

Beyond these overarching responsibilities, the ATA has also actively supported the integration of stakeholders related within all of the projects which the organization is responsible for implementing directly. For example, within the Production & Productivity vertical, the Integrated Shallow Groundwater Mapping project has created a platform for integrating the activities of irrigation equipment suppliers, producers, wholesalers, retailers and service providers. It has also facilitated financing by linking MFIs with these same value chain actors. Finally, the ATA has facilitated market linkages between primary cooperatives and unions (who serve as aggregators of farmers’ produce) and potential buyers of irrigation products.

Within the Agri-business & Markets vertical, the work of the Market Development team in cooperation with the Ministry of Trade (MoT) to promote Ethiopian agricultural produce internationally serves as a good example of the ATAs coordination role. In addition to MoT, the Ministry of Foreign Affairs was engaged, as were numerous private companies trading in livestock, coffee, tef, spices, pulses, and oilseeds. The team supported these companies to successfully showcase their products at international trade shows in Germany and the United Arab Emirates, and led B2B meetings in Israel.

Work was also undertaken by the team to attract considerable FDI to Ethiopia in agro-processing. This has entailed close coordination with EIC and IPDC, as well as international malting companies Boortmalt and Malteries Soufflet to bring the deal to fruition. The malting companies to be established within the coming year are expected to contribute to an increase in the volume of malt available for breweries, and in foreign currency savings by reducing malt imports.
One of the ATA’s four strategic goals mandated by regulation is the direct implementation of projects. During 2010 EFY, the ATA led the implementation of 20 projects. Of these, 12 were within the Production & Productivity vertical, whereas seven were in the Agribusiness & Markets vertical. The final project is the overall Agricultural Commercialization Cluster (ACC) Initiative which serves as a platform for the integration of many projects and interventions implemented by ATA and other partners.
DETAILED PERFORMANCE OF PRODUCTION & PRODUCTIVITY PROJECTS

The Production & Productivity Projects vertical in 2010 EFY focused on five thematic areas: strengthening systems for agricultural inputs (seed, fertilizer, and agro-chemicals), enhancing the research system, soil health and fertility, household irrigation and livestock. Additionally, a series of demonstrations were carried out to validate innovative technologies relevant for farmers in ACC areas. There was also a greater emphasis on mainstreaming cross-cutting issues such as environmental sustainability and inclusion of women and youth in the planning and implementation of interventions. Mainstreaming was particularly effective in the Energy Efficient and Water Saving Technologies component of the Integrated Shallow Ground Water Irrigation Development project, Cooperative Based Seed Production and Commercial Farm Services projects.

Hassen Jarso: Malt Barley Farmer in Arsi Zone

The Arsi zone highlands in Oromia are known for wheat and barley production, due to the favorable weather, fertile soil and adequate rainfall. Recently, smallholder farmers in the area have begun to produce malt barley which has a relatively higher market value than other kinds of barley as malting factories buy it at good prices.

However, the timely, convenient and affordable supply of high-quality seeds remains a challenge for smallholder farmers in the area, as it does in many parts of Ethiopia. The country’s formal seed production system focuses on very few crops and varieties; it is also marred by problems of quality due to inappropriate production, storage, and transportation services. Many varieties of seed with superior traits released through the formal system are not widely disseminated.

Hassen Jarso, a farmer and father of seven children has long faced these difficulties in getting high-quality seed. Hassen cultivates barley, fava bean, and peas on his three hectares of land in Enkelo Wabe woreda of the Arsi zone.

“In the past, I used seeds from my own produce or bought them from someone in the neighborhood,” Hassen says, “The results from these kinds of seed sources were unsatisfactory.”

The ATAs Cooperative-Based Seed Production (CBSP) project aims to address these problems by working with farmers’ cooperative unions (FCUs) and primary cooperatives (PCs) to capacitate them to produce and distribute improved seed. Galema FCU, encompassing 22 seed producer cooperatives with more than 1,480 smallholder farmer members combined, is one FCU supported by the CBSP project to produce, process and disseminate high-quality seed to farmers in four woredas of Arsi zone.

Through this relationship, Hassen benefits by receiving a quality seed at affordable prices from the nearby Union. He also sells his produce to the Union through his membership in Burkitu Primary Cooperative at a higher price than he would receive at the market.

“Previously, with low-quality seed, I would produce 20-25 quintals of barley per hectare, but now with the quality seed and training that the ATA is providing us, I produce nearly double that amount” stated Hassen, “Last year, with the ‘Ebony’ variety of seed, I harvested 46 quintals of barley from one hectare.” With the extra income from his sales, Hassan has built a new house with a roof of corrugated iron sheet, a rarity in his area of which he is very proud. These new developments have motivated almost all farmers in his area to work hard and produce more, according to Hassen.

The CBSP project also provides technical and financial support to participating PCs and FCUs. To Galema FCU, the ATA provided financial support of 9.1 million ETB while the union contributed a matching fund of close to three million ETB for the establishment of a modern seed processing plant. The ATA has also provided training for 1,032 PC member smallholders on seed production techniques and post-harvest management, as well as marketing, business, and cooperative leadership skills.
ENHANCING RESEARCH CAPACITY

The Tef Improvement Project (TIP) is a joint initiative of the ATA and EIAR. The project aimed at enhancing tef productivity and production while reducing vulnerability to climate change, and thereby contributing to food and nutrition security in Ethiopia. The project involved as its central tenet capacity development of the national Tef Research Program as a means to improve its efficacy in research for variety development and for facilitating the expansion of tef production in non-traditional tef growing areas and irrigated based farming systems. The key deliverables stipulated in the agreement included Variety development including crop management and mechanization, bio-physical and socio-economic characterization for expansion of tef production, and human and physical capacity building of the National Research Program. As part of the capacity building component of the project, one seed lab and office complex building is under its final stage for completion. This office and lab complex is the first of its kind in Ethiopia and will be the largest dedicated laboratory for Tef research in the world.

HOUSEHOLD IRRIGATION

In the Integrated Shallow Groundwater Irrigation Development project (ISGWID) during 2010 EFY, 45,364 km² of farmland was mapped and found to contain 4.7 billion cubic meters of water at a depth of less than 30 meters, a level at which household level water lifting technologies can be used. This volume of water is sufficient to irrigate 1.7 million hectares of land and benefit 365,300 farming households in Tigray, Amhara, and Benishangul Gumuz regions. Since the inception of the project in 2009 EFY, 98,856 km² of land has been mapped and found to contain 8.3 billion cubic meters of water which can irrigate 1.89 million hectares of land and benefit 826,989 households. By the end of 2011 EFY, the total amount of land expected to be mapped will total over 200,000 km² benefiting well over 1.5 million households.

As part of the project in 2010 EFY, 72,095 hectares were cultivated in 21 woredas under household irrigation (HHI) to produce 38,971 metric tons of high-value crops for which market linkages have also been created. In the coming years, the area of land under irrigation in this project is expected to expand rapidly using the maps that will be finalized in 2011 EFY.
SOIL HEALTH AND FERTILITY

During 2010 EFY, the Ethiopian Soil Information System (EthoSIS) project achieved significant success by completing collection and laboratory analysis of over 80,000 soil samples from 748 woredas so far. In addition, more than 35,000 soil samples were collected from confluence points (intersections of each degree of latitude and longitude in the country). With the goal of helping policymakers, experts, and farmers make better-informed fertilizer advisory services applications, the project has analyzed the soil fertility status of all of Ethiopia’s agricultural soils and produced soil fertility and fertilizer recommendation atlases for four regions and one city administration to date.

Atlases were handed over to the local governments in Tigray, SNNP, Amhara, Harari, and Dire Dawa administration, with other atlases currently under production for Oromia, Benishangul-Gumuz, Gambella, Afar, and Ethio-Somali regional governments. Moreover, effective stakeholder engagement helped to bring about a common understanding of the soil fertility status maps and woreda-based fertilizer recommendations produced for 61% of the country’s land mass by the project to date.

LIVESTOCK

The livestock sector is a relatively new area of work at the ATA. Nevertheless, during 2010, three broad areas of engagement were constituted. First, the ATA took the assignment from the Ministry of Agriculture to serve as an implementing partner in the Livestock and Fisheries Sector Development Project designed by the World Bank. Second, the ATA has taken the lead in developing an apiculture project aimed at bringing transformational initiatives that are developed in AGP II programs at the federal level and stretch closer to the smallholder beekeepers, the private sectors, cooperatives and other key actors in the apiculture subsector. Finally, the ATA supported the MoA in undertaking a series of diagnostic studies which are aimed at designing future high impact projects. This includes a Foot and Mouth Disease Control Strategy, a Veterinary Services Delivery Strategy focusing on pastoral areas and five livestock breeding strategies. The ATA also undertook an assessment and mapping of the marketing infrastructure for major livestock and fishery commodities and identified priority interventions for increasing domestic and international markets both in terms of the number of buyers and efficiency.
Projects within the agricultural inputs sub-sector have been a mainstay within the ATA’s portfolio of projects since GTPI. Two projects, in particular, have made significant gains during the 2010 EFY.

The Cooperative-Based Seed Production (CBSP)

The availability of improved seeds in sufficient amounts is currently a challenge for smallholder farmers in most parts of Ethiopia. To address this challenge, the ATA and partner organizations started the Cooperative-Based Seed Production (CBSP) project to fill specific gaps in seed supply through localized production and distribution, so that farmers can meet their seed production and marketing needs across diverse agro-ecologies.

The CBSP project which enhances the capacity of cooperatives to produce higher volumes of improved seed for farmers targets 14 seed producing cooperatives. In this regard, seven office buildings, eleven seed storage warehouses, eight seed labs, one diffused light store, one lath house, and three seed processing plants were constructed during 2010 EFY. Overall, 14 seed producing cooperative unions produced a combined 55,432 quintals of certified seed that was distributed to farmers in the current planting season. The volume of seed produced and distributed by CBSPs is expected to ultimately reach about 220,000 quintals of various crops, benefiting an estimated 1.3 million farmers of which 30% are women.

Direct Seed Marketing (DSM)

For years, the formal seed distribution and marketing mechanism in Ethiopia has been centralized and dominated by public institutions. These institutions plan and forecast seed demand from the information they obtain through the local level agricultural offices. This information was used to determine the quantities of seeds to be produced and distributed. ATA in collaboration with its partners introduced Direct Seed Marketing (DSM) modality to create an alternative marketing mechanism whereby seed companies (public, private and unions) distribute and market their products and services directly to the end users via their own marketing agents (cooperatives, private and own agents and outlets). The project aims to create an efficient seed marketing system that ensures smallholder farmers’ access to improved seeds in a competitive manner, thereby enhancing their production and productivity, and ultimately their income.

In 2010 the DSM increased its scope to 244 woredas up from 132 the year before. To date, 627 marketing agents have been certified by the Regional Input Regulatory Authorities. In the 2010 EFY planting season, participating seed producers supplied 450,000 quintals of seed to farmers in DSM woredas, a figure that comprises more than 60% share of the overall national seed supply this year. The lessons from this project will provide input to the next higher level of expansion of similar services to wider geographies across the four regions in which it currently operates.
In 2010 EFY, the Agribusiness & Markets pillar was focused on the thematic areas of developing domestic and international markets, harnessing ICTs for agriculture, improving financial services for rural communities, piloting innovative storage solutions and boosting the capacity of micro, small, and medium enterprises (MSMEs).

The ATA's Input Voucher System project began in 2007 EFY to facilitate access to inputs for smallholder farmers. The system engages MFIs and local RuSACCOs to qualify farmers for input finance and issue cash or credit vouchers that can be used to redeem inputs at nearby cooperative stores. In 2015, an electronic version, or e-Voucher, was developed to address the challenges of the paper-based voucher. About three years ago, W/ro Ayale started to use the e-Voucher to get farming inputs from the nearby Cooperative store which has access for loans to purchase agricultural inputs. She learned the importance of using improved seed and appropriate fertilizer by observing the experiences of other farmers and listening to experts’ advice, but accessing these inputs at a nearby location has made a big difference. In addition, she no longer has to worry about not producing enough crops to cover the expenses she incurs in the planting season. W/ro Ayal produces maize, wheat, niger seed, and finger millet during the Meher season.

Since she began using the e-Voucher to purchase agricultural inputs from the nearby Cooperative store, W/ro Ayale has seen better yields from her crops. For instance, she produced 30 quintals maize in last year, compared to her previous average 15 to 20 quintals production. Like W/ro Ayal most farmers in the woreda are using the e-Voucher to more efficiently access inputs to increase their yields.

The e-Voucher is currently operational in three pilot woredas in Amhara. Participating farmers are given NFC tags to attach to their ID cards, which can be tagged by trained agents at rural financial institutions and cooperatives. Each NFC tag contains a unique set of information about the farmer and their transactions in purchasing improved seed and fertilizer. More than 70,000 farmers are using this system in the pilot woredas and inputs worth 668 million ETB have been sold through the system thus far.
IMPROVING FINANCIAL SERVICES FOR RURAL COMMUNITIES

With regard to financial services for smallholders, the Input Voucher Sales System (IVS) project, which was developed and piloted in six woredas in Amhara in 2006 EFY to facilitate access to inputs for farmers, was expanded to 457 woredas and utilized by 5.7 million farmers by the end of 2010 EFY. The system designates rural financial institutions, including microfinance institutions and Rural Saving and Credit Cooperatives (RuSACCos) to qualify farmers for loans, and issue credit or cash vouchers that can be exchanged for inputs at local cooperatives. The manual IVS was automated (e-Voucher) and piloted in three woredas in Amhara and two woredas in Tigray in 2008 EFY. By the end of 2010 EFY 187 thousand eVoucher transactions completed by 130,420 farmers and expanded to pilots in both Oromia and SNNP.

BOOSTING THE CAPACITY OF MSMES

Meanwhile, the Ethiopian Agribusiness Acceleration Platform (EAAP) has continued to test the acceleration and incubation concept with a focus on the honey and wax value chain. Launched in 2010 EFY to build a high-quality, sustainable supply chain for partners across the honey value chain and create a market-driven, business-building model for participant entrepreneurs, the EAAP currently supports seven companies, including the largest exporter of honey in the country, Beza Mar. The platform has engaged 2,000 beekeepers through contract farming arrangements and set up a training partnership with Entrepreneurship Development Center to facilitate professionalization of SMEs in the honey and wax value chain. Most notably, the EAAP has been supporting Beza Mar to double its export volume by establishing a direct sourcing arrangement with beekeepers.
HARNESSING ICTS FOR AGRICULTURE

Work has also been underway on ICT platforms that support agricultural development. The ATA developed the 8028 Farmer Hotline to streamline the provision of tailored, real-time information directly to smallholder farmers by using the Interactive Voice Response/Short Message service (IVR/ SMS) system. In 2010 EFY, the system was refined, improved and expanded to include a broader range of information, add a survey feature, and launch a Helpdesk for more customized support. Additionally, the project team has used the system to proactively broadcast alerts on best practices to farmers and receive feedback from farmers and Development Agents (DAs). The current number of registered users has surpassed 36 million people.

Another ICT platform, the Agricultural Investment Mapping (AIM) tool, has been established to assist in mapping agriculture and livestock investment activities at a spatially disaggregated level, in order to support & improve investment planning and collaboration among various partners across the agricultural sector. In 2010 EFY, the AIM project collected and uploaded 116 projects from 24 development partners and 17 government institutions. A total of 240 major projects with a total investment of $6 billion USD have now been mapped through AIM. The project team is also in the process of visualizing the results from the most recent data collection and formally launching the tool with the MoALR and various key stakeholders.

COOPERATIVE STORAGE PILOT PROJECT

The Cooperative Storage Pilot project started in 2008 EFY and contains three main project objectives. The first objective is the construction of prefabricated k-span warehouse facilities for four farmer cooperative unions and 40 PCs in Amhara, Oromia, Tigray and the SNNP regions. The 4 warehouses with capacity of 3000 metric tons were built at union level and 40 warehouses in primary level cooperatives with 500 metric ton storage capacity. The second objective is the provision of capacity building for effective warehouse operation and management for the four unions and 40 PCs where new storage facilities are established. The third objective was to secure community contribution to ensure ownership of the storage facilities and their operation and management. As of 2010 EFY, all 44 storage facilities have been fully constructed with some minor repairs remaining in a few. Handover of the warehouses in Tigray has been conducted and a similar handover of the facilities in the other three regions is expected in 2011 EFY.
DEVELOPING DOMESTIC AND INTERNATIONAL MARKETS

Significant work was done to address systemic issues around market development while simultaneously working directly with MSMEs to enable them to become active market players. This has included supporting the development of key quality standards for five horticultural crops (tomato, onion, avocados, mangoes, and banana), four oil crops (niger seed (Noug), sunflower, groundnut, and sesame), malt barley, honey, and beeswax. These commodities were prioritized jointly with the Ministry of Trade. Old standards were revised and new ones formulated and harmonized with international ones. This was important in enabling commodities to be competitive domestically and internationally, as well as guiding farmers on the quality standards demanded by markets. To ensure that these standards are adhered to, training manuals were developed for key partners like the Ministry of Trade, the Ministry of Agriculture, federal and regional Cooperative Promotion Agencies and regional agriculture and trade bureaus.

Governance structures and market management models (including gender sensitization of market centers) were developed for different market centers and piloted at one wholesale market in Addis Ababa. This began with a diagnostic study of existing market centers that actively engaged federal and regional stakeholders from Ethiopia’s four major regions. Reviewing six international case studies on ownership, governance, and management of market centers, they were able to draw lessons and contextualize them to Ethiopia’s conditions. The proposed market center management models were validated through regional workshops.

The implementation design for the Akaki Horticulture Terminal Market was finalized during the year through stakeholder and market analysis to identify horticulture market value chain inefficiencies. The stakeholders, including the Akaki sub-city, Bureau of Trade, various government bodies, and cooperatives, took part in a workshop to formulate a market mission and create alignment between key actors like government and market users. The Market Development team participated in an international experience sharing visit to India in order to have a better understanding of horticulture market design.

Another achievement was attracting and converting Foreign Direct Investment (FDI) in a strategic and systematic manner. The ATA’s efforts in this regard led to the conversion of two major global agribusiness investments in 2010. The France-based Malteries Soufflet and Belgian company Boortmalt both signed agreements with the Ethiopian Investment Commission and the Industrial Park Development Corporation to establish barley malting plants within one year. The malting factories established by these global giants will require a combined investment of $110 million USD in Ethiopia, which will significantly boost the agribusiness landscape in Ethiopia and improve the livelihood of nearly 100,000 smallholder farmers through contract farming arrangements.

Jointly with the Ministry of Trade, the Ministry of Foreign Affairs, and various export associations, the ATA facilitated the participation of more than 100 Ethiopian companies in the Gulfood trade show in Dubai, which resulted in $53 million USD in sales orders on the spot. Similarly, ATA supported 25 Ethiopian companies to attend the Biofach organic foods trade show in Germany, which resulted in a sale contract of $2.6 million USD. Furthermore, the ATA undertook a mission to Israel for B2B meetings and experience sharing in sesame value addition and processing.
The Agricultural Commercialization Clusters (ACC) Initiative was developed as an approach to integrate geographically targeted interventions to ensure rapid, sustainable and inclusive development for prioritized agricultural commodity value chains. The ACC is modeled on similar experiences in countries from Latin America, Asia and Africa used successfully to drive agricultural transformation and rural industrialization. The design of the ACC is aimed at increasing incomes of farming households, improving accesses to domestic and international markets, increasing agro-processing and value addition and creating off-farm employment opportunities. Its ultimate goal is integrating agriculture, agro-processing, and industry in a geographically tailored manner.

The ACC Initiative prioritizes 10 commodities (wheat, maize, sesame, malt barley, tef, tomato, onion, mango, avocado, and banana) and 252 woredas in Amhara, Oromia, SNNP, and Tigray. In each cluster, based on agro-ecological and market conditions, one of the 10 prioritized crop commodities is considered the primary crop. In addition, secondary and rotational crops are also identified to minimize mono-cropping patterns and ensure environmental sustainability. All ACC agricultural commodities are aligned and integrated within the present establishment of the four Agro-Industrial Parks (AIPs) - Bure AIP in Amhara, Bulbula AIP in Oromia, Yirgalem AIP in SNNPR and B’s’eker AIP in Tigray. Market linkage and contract farming, which facilitated contract agreements between numerous buyers (cooperatives and unions) and sellers (smallholder farmers), is an integral component of the ACC. In addition to creating linkages between the farmers and the buyers, the Initiative has organized buyers’ field visits to increase their confidence in the quality of the products.

Important ACC platforms to coordinate implementation include the Value Chain Alliances (VCAs) and Regional Transformation Councils (RTCAs). The VCAs are platforms that comprise of actors in the value chain of each commodity. In their quarterly meetings, they update each other on progress made, challenges encountered and way forwards. Some challenges that need decisions at the regional government level are scaled up to the RTC. The RTCs are councils in each ACC region headed by the Regional Presidents and bring together stakeholders in the agricultural sector, including the public sector, universities and research institutions, private sector companies, NGOs, and many regional institutes. The RTCs meet biannually and gives directions on the ACC activities while making critical decisions and addresses policy challenges faced in the agricultural sector in each region and each priority commodity.
In 2010 EFY, the Oromia ACC Initiative engaged in six priority crops: bread wheat, durum wheat, tef, malt barley, maize, and haricot bean. To boost production and productivity of these commodities, the ACC Initiative facilitated the provision of inputs: 198,710 quintals of improved seed, 1,485,548 quintals of fertilizer, and 477,857 liters of agro-chemicals were distributed to ACC woredas in 2010 EFY. Training was also provided on improved farming techniques to 2,573 DAs, 434 experts, and 1,266,355 smallholder farmers. In total, more than 763,370 hectares of land was cultivated, and 27,212,396 quintals of the priority commodities are expected to be produced in these clusters.

Major bottlenecks identified at the cluster level requiring support from the regional government were tabled at the two Regional Transformation Council (RTC) meetings for quick action and decision. During these meetings, key decisions were made in making output financing available to cooperatives, expanding the ACC concept to other woredas, rearranging fertilizer distribution amongst woredas, and developing action plans in fighting fall armyworm. The RTC also has requested the ATA to complete and deliver Oromia soil fertility and fertilizer recommendation atlas, establish an agricultural input regulatory institution and speed up implementation of livestock activities.

All of the planned Value Chain Alliance (VCA) meetings were conducted this year, while a new horticulture VCA was also established. An implementation action plan was developed and shared with all participating actors. Contract farming arrangements were made to facilitate market linkage between producers and cooperatives for a total of 4.4 million quintals of the priority commodities. Two millions quintals of these crops have been sold so far based on the contract farming agreements.
In the Amhara region during 2010 EFY, the ACC encompassed seven priority commodities: sesame, maize, bread wheat, tef, malt barley, horticulture, and apiculture. The ownership and governance structure of the Amhara ACC is among its success factors, with the AFA regional office and Regional Transformation Council (RTC) providing effective multi-stakeholder coordination and decisions on a range of issues. These include timely input distribution, cooperative support in input and output finance, region and commodity specific support (including price stabilization), prioritization of interventions and realigning focus on items that require immediate actions (such as fighting the fall armyworm infestation).

Total land cultivated as part of the initiative was 770,331 hectares, while 51,451 quintals of seed, 1,251,706 quintals of fertilizer and 133,502 liters of agrochemicals were distributed. Training was provided to 809,223 smallholder farmers, 4,799 development agents, and 1,039 subject matter specialists at kebele, woreda, zonal and regional levels on crop production enhancement technology packages and implementation approaches. Seven regional field days were conducted on sesame, maize, bread wheat, tef, and malt barley. In this region, particularly, a remarkable increase in the productivity of maize and tef was achieved.

The ACC also supported primary cooperatives and cooperative unions by addressing access to finance, storage and market linkages. Market linkage forums and contract farming training were conducted to enable farmer organizations to aggregate farmers’ produce and deliver to markets in a timely manner at competitive prices. Contract farming agreements between producers and buyers were made for 173,000 quintals of bread wheat, 55,500 quintals of sesame and 950 quintals of vegetables. A total of 16 VCA workshops were conducted for all cluster commodities, in collaboration and cost sharing with stakeholders such as Sesame Business Network (SBN) and Synergos, to identify major bottlenecks for each commodity value chain and propose solutions. Much attention was given to the timely delivery of fertilizer, seed and agrochemicals, mechanization; input and output finance; and access to output financing for unions, PCs, local traders, and commercial farmers.

<table>
<thead>
<tr>
<th>Woredas</th>
<th>Volume of Production (Q)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread Wheat</td>
<td>167,127 hectares</td>
</tr>
<tr>
<td>Malt Wheat</td>
<td>3,104 hectares</td>
</tr>
<tr>
<td>Maize</td>
<td>185,980 hectares</td>
</tr>
<tr>
<td>Tef</td>
<td>244,283 hectares</td>
</tr>
<tr>
<td>Sesame</td>
<td>6 Woredas</td>
</tr>
<tr>
<td>Total</td>
<td>12,444,270 hectares</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Woredas</th>
<th>Volume of Production (Q)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sesame</td>
<td>6 Woredas</td>
</tr>
<tr>
<td>Maize</td>
<td>10 Woredas</td>
</tr>
<tr>
<td>Malt Wheat</td>
<td>12 Woredas</td>
</tr>
<tr>
<td>Bread Wheat</td>
<td>12 Woredas</td>
</tr>
<tr>
<td>Total</td>
<td>12,444,270 hectares</td>
</tr>
</tbody>
</table>
During 2010 EFY, the ACC in SNNP engaged in five primary commodities: wheat, haricot bean, apiculture, banana, and avocado. A regional working group was established to oversee a number of activities to boost production and productivity, including supervising preparatory activities for the cropping season and supporting awareness creation. This awareness creation entailed conducting a needs assessment, training 3,410 zonal, woreda and kebele experts on a series of topics, and facilitating training for 602,616 farmers. In all cases, the number of people trained was higher than the target.

Additionally, 1,832 large-scale demonstrations were conducted on farmers’ fields and at farmer training centers (FTCs) on new technologies and crop management techniques. These demonstrations have helped to increase production and productivity as well as farmers’ demand for inputs, particularly in wheat and haricot bean clusters. Farmers’ field days were also carried out at the woreda level at each stage of production: planting, vegetating, and fertilizer and agrochemical application.

The SNNP Regional Transformation Council, chaired by the Regional President, met twice to provide oversight, emphasizing the review of ACC efforts and the need to strengthen coordination and integration among various stakeholders. This entails capacity building and increasing awareness of cluster-based initiatives and highlights their integration with other ATA-led initiatives.

VCAs established for each commodity clarified the roles and responsibilities of each actor, created market linkages and contract agreement platforms, and evaluated each cluster’s input utilization plan and performance. The VCAs have created a viable contract farming modality to inform farmers of the level of quality required by buyers and processors. They then identified interested buyers, their demand, potential suppliers, and the amount of produce to meet that demand of buyers. Contractual agreements were made between seven buyers and ten producer unions for 225,000 quintals of wheat, 155,000 quintals of haricot bean, and 122,800 quintals of fruits.

The RTC has agreed to follow up and support private, public, and cooperative seed producers to enhance the quality and quantity of improved seed supply. The regional government provided agro-chemicals to areas affected by the widespread outbreak of Fall Army Worm. Market linkages between agro-chemical wholesalers and local suppliers tried to address problems of inconsistent prices and market information. The regional government also made credit access available to farmers for input and output marketing, which was supported with field supervision and capacity building to improve the functions of FCUs on grain marketing.
In 2010 EFY, the ACC initiative in Tigray encompassed four priority commodities (wheat, tef, sesame, and horticulture).

Two Regional Transformation Council meetings were conducted and decisions were made on timely input distribution, support to cooperatives on input and output finance, and other regional and commodity-specific kinds of support. As a result, 15 million ETB in output financing was made available to cooperatives, an action plan was developed to fight the fall armyworm, a guideline for effective input demand assessment was developed, and a survey was conducted to identify key challenges along the horticulture value chain.

Contract farming agreements were made for 139,345 quintals of the various commodities combined (66,000 quintals of wheat, 3,000 quintals of tef, 2,000 quintals of malt barley, 60,000 quintals of sesame and 18,345 quintals of horticulture). However, only 41,830 quintals (30% the agreed contract amount), valued at 72,869,000 ETB was sold. The performance of contract farming was low because some farmers refused to supply their crops through contract farming agreements as the prices were lower than their expectation. They instead stored their products for a long time until prices are higher. Furthermore, the high interference of brokers with the contract agreements, the inability of buyers to fully finance and pay on time to producers, the limited aggregation capacity of primary cooperative, unions and agro-processors are all challenges for the expansion of contract farming. This experiment highlights the need for significant education, structures and regulations related to all actors within the supply chain to ensure that an clear and efficient contracting arrangement is created between farmers and buyers.

With regard to inputs, the Tigray region faced challenges in terms of inefficient input demand assessment, shortage of early generation seed and some varieties of certified tef seed, farmers’ using lower rates of inputs than recommended, illegal cross-border input supply and lack of quarantine services. On the output side, there were challenges with the lack of cold storage for horticulture crops, transportation, and packaging materials, while weak market linkages, the presence of side sales (in violation of contracts), and the interference of brokers negatively impacted sales. The shortage of rain in the wheat clusters and the limited use of row planting for wheat and tef also posed difficulties.
Although the ATA has consistently supported both the Transformation Agenda and the Agricultural Commercialization Cluster (ACC) since the inception of both initiatives, in the past year, the ATA also reviewed its activities in order to understand how to enhance its efforts in order generate maximum impact and sustained change more broadly. Based on the GTP II Midterm Review of the performance of the Agriculture Transformation Agenda and the ACC, discussions with senior government officials on the prioritized areas for the remainder of GTP II, and feedback from the ATAs staff, the ATA has developed an updated Organizational Strategy for the remainder of GTP II. While this strategy continues most of the activities that the ATA has initiated in the first half of GTP II, it also identifies some important areas of focus and provides specific Key Performance Indicators (KPIs) that will be used by the Ministry of Agriculture, Parliament and other policy makers to gauge the performance of the organization.

Effectively and efficiently achieving the strategic goals mandated to the ATA by regulation requires strong organization-wide alignment on exactly what achievement of each goal entails as well as how these goals should be achieved. Thus ATA has clearly articulated both of these aspects by specifying the organization’s focus areas for supporting the agriculture sector and specific partners as well as the types of support the agency will provide. The ATAs Organizational Strategy for the remainder of GTP II outlines the specific strategic objectives, corresponding key performance indicators (KPIs) and targets, which the ATA aims to achieve during the final two years of GTP II.

As part of this Organizational Strategy, in 2011 EFY, the ATA will be directly implementing ~30 projects, each of which contain specific annual targets and Key Performance Indicators. In addition, with respect to the organizations mandate to develop studies related to systemic issues, at least 30 analytical studies are expected to be produced during the coming fiscal year. With respect to the mandate area related to Implementation Support, the Delivery Unit established at the MoA and other partners will be enhanced to accelerate the performance of the Deliverables and Sub-deliverables in the Transformation Agenda. Finally, the integration and coordination work related to both the Transformation Agenda and Agricultural Commercialization Cluster (ACC) Initiative are expected be accelerated in the coming year with specific KPIs attached to each.
The ATA would like to thank all of its partners, across the public sector, development community and donors, NGO and civil society as well as in the private sectors, for their continued dedication to transforming Ethiopia’s agriculture sector. All of the areas of progress outlined in this Annual Report are the result of successful collaborations and the commitment of many different institutions across the sector. Lastly, the ATA would like to acknowledge the millions of Ethiopian smallholder farmers, who work tirelessly to feed the nation. In our eyes, these farmers are not passive beneficiaries of our work but rather critical partners who must be engaged as equals in the transformation of the country’s agricultural sector and economy as a whole.