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Over the last year the Ethiopian Agricultural Transformation Agency (ATA) continued to expand and enhance its efforts to improve the livelihoods of smallholder farmers, ensuring food security, and strengthening agriculture to act as an engine for overall economic growth. By the end of the current five-year planning period, the sector will have undergone significant transformation, with solutions implemented to address some of its most important bottlenecks, modern processes and practices embedded across its systems, and substantial steps taken towards broad commercialization.

The ATA is also completing several initiatives that are having material impact in the lives of farmers and the sector as a whole. The Ethiopian Soil Information System (EthioSIS), which uses pioneering technology to map the soil of the entire country, is informing new fertilizer recommendations, driving productivity and income for farmers across Ethiopia. The Ethiopian Agribusiness Accelerator Platform (EAAP) creates an innovative model for business development and incubation of enterprises that are transforming the country's apiculture value chain. These are just two of the many innovations which the ATA has introduced to Ethiopia's agriculture sector.

While successfully concluding and handing over some of our flagship initiatives, the ATA is also leading the scaling up of the Agricultural Commercialization Clusters (ACC) initiative at full speed. The ACC is integrating the systemic solutions developed by the ATA and other

institutions with emerging business processes of farmers producing ten strategic commodities across 300 woredas. Embedding improved farming practices and facilitating access to national and international markets, the program aims to double the income of nearly 5 million farmers within five years.

These and all other interventions designed, implemented and handed over by the ATA have sustainability and inclusiveness at their core. Our initiatives are bringing about agricultural transformation while addressing climate change and providing employment and development opportunities to women and youth across Ethiopia.

Our achievements over the last nine years would not have been possible without the commitment and support of a wide range of implementing partners – institutions from the public and private sectors, NGOs and universities who are working hand-in-hand with the ATA to change the lives of farmers and the country. Our development partners provide us with indispensable thought-partnership and resourcing. The remarkable development of the sector that we have experienced during GTP II is the outcome of strong linkages and a shared commitment to transforming Ethiopian agriculture. We are confident that even more will be possible as we move forward.

Khalid Bomba
Chief Executive Officer



BACKGROUND ON THE ETHIOPIAN AGRICULTURE

About 80% of Ethiopia's population of 100 million live in rural areas. Agriculture is the dominant sector in the economy, accounting to 35% of Gross Domestic Product (GDP), 65% of employment, and over 80% of the country's export values (World Bank Report, 2019; Central Statistics Agency, 2017/18). According to the annual report of the Central Statistics Agency (CSA, 2017/18), in the 2010 Ethiopian fiscal year (EFY), over 306 million quintals of crops, including cereals (87%), pulses (9.7%) and oil seeds (2.8%) were produced across 12.67 million hectares of cultivated land. The production of vegetables was 7.4 million quintals, contributing about 2% of the total crop production. In addition, Ethiopia has the largest livestock population in the African continent.

Endowed with abundant natural resources, Ethiopia has one of the most diverse agro-ecological configurations in the world. With 74.3 million hectares of arable land spread over 18 major agro-ecological zones at altitudes ranging from 148 meters to 4,620 meters above sea level, the country's diversity makes it suitable for growing over 100 types of crops.

However, Ethiopia is not currently realizing its full agricultural potential as subsistence-oriented low-output farming is still dominant in the sector. Sub-optimal agronomic practices constrain the ability of farmers to improve yields, and over 97% of cultivation is rain-fed, making the sector highly vulnerable to challenging weather patterns. The country has also not yet realized its agro-processing capacity although there is significant room for gains in the value Ethiopia can get from its agricultural produce as processed products fetch more value than raw goods.

Addressing low productivity and value-addition issues could lead Ethiopia to reaping more from the same resources, with agriculture becoming a driver of broad economic and human development. The sector is at the center of a number of strategies designed and implemented by the Government of Ethiopia (GoE) with the goals of accelerating growth, reducing poverty, enhancing sustainability and inclusiveness, and eliminating the country's dependence on overseas development aid. These efforts have led to significant development over the past years. In the past nine years from 2001-2010 E.C. total crop production has increased by 79%, including an 85% increase in cereals, 52% in pulses and 30% in oil seeds. Between 2009-2010 E.C. alone, grain crop production increased by 5.4% (CSA Annual Report, 2001-2010). Productivity is also on the rise, with yield averages across 46 commodities increasing by 31% between 2000-2010 E.C..

The growth of agriculture has positively impacted Ethiopia's Human Development Index (HDI), with the sector's contribution to GDP currently at an all-time high of ETB 600.9 billion. According to data from the World Bank, increased income has led to the decrease of undernourishment prevalence from 37.2% in 2007 to 20.6% in 2017 and rise of literacy rate from 39.9% in 2007 to 51.7% in 2017.

As the second phase of the Growth and Transformation Plan (GTP II) nears its conclusion by the end of EFY 2012, the agricultural sector will have achieved substantial improvements in productivity, quality and competitiveness. In the coming years, the agriculture sector is expected to continue supporting the country's goal to sustain economic growth, eradicate poverty and reach middle-income status by 2017 E.C..

INTRODUCTION TO THE AGRICULTURAL TRANSFORMATION AGENCY

The Ethiopian Agricultural Transformation Agency (ATA) is the outcome of an extensive diagnostic study of Ethiopia’s agriculture sector led by the Ministry of Agriculture (MoA) and facilitated by the Bill & Melinda Gates Foundation in 2009. The study found that traditional approaches taken to change the sector were too narrow, with many projects and programs only focusing on selected aspects and leading to disconnected interventions that did not address the root causes of problems. One key finding of the study, based on the experience of other countries in East and Southeast Asia in the 1960s to 1980s, was the need to establish a dedicated organization to help catalyze and drive accelerated agricultural development.

Based on these recommendations, in December 2010 (2003 EFY) the Council of Ministers in Ethiopia passed Regulation 198/2003 establishing the Agricultural Transformation Agency (ATA) as the Secretariat to an Agricultural Transformation Council chaired by the Prime Minister. The ATA began operations in 2004 EFY as a time-bound organization that aims to fulfill its mandate within a 25-30-year lifespan. Within this timeframe, the ATA is expected to work with partners to catalyze transformation, help build capacity in critical areas, and institutionalize key interventions, bringing about sustainable change. The ATA was not created to replace existing agricultural actors and interventions, but rather to enhance the capability of key stakeholders to achieve agricultural transformation. As part of the refinement of the ATA’s mandate at the beginning of GTP II, Regulation No. 380/2008, passed in March 2008 EFY, provided 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 Agricultural 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 Clusters (ACC) program, which is owned mainly by regional governments and regional bureaus of agriculture (BoAs), and is aimed at commercializing smallholder farmers in strategic commodities and high-potential geographies across the country.

The Agricultural Transformation Agenda was launched during GTP I as a means of prioritizing the most important interventions that could address the root causes of systemic issues in the agriculture sector. Based on the learnings from this period, the scope and orientation of the Transformation Agenda in GTP II was expanded to provide greater support to the livestock sector and broaden focus to include markets, agri-business and the private sector. In total, the Transformation Agenda encompasses 49 deliverables and 181 sub deliverables across four thematic pillars: Crop and Livestock Production & Productivity, Agribusiness & Markets,

ATA MISSION

To catalyze the transformation of the agriculture sector by addressing system constraints and developing sustainable value chains.

ATA VISION

By 2017 EFY, the ATA supports the transformation of Ethiopia’s smallholder farmers into commercialized actors with greater incomes, inclusiveness, resilience, and sustainability, contributing to Ethiopia’s achievement of middle-income country status.

ATA MANDATE

These regulations articulate **four** strategic goals for the Agricultural Transformation Agency:

Identify systemic constraints of agricultural development, through **conducting studies**, and recommend solutions in order to ensure sustainability and structural transformation

Support the implementation of recommended solutions

Support the establishment of **strong linkages** among agricultural and related institutions and projects in order to ensure the effectiveness of agricultural development activities

Manage and lead the implementation of specific solutions as **projects**.

ATA VALUES

INNOVATIVE

We search for and generate transformational ideas and technologies that catalyze change

EVIDENCE BASED

Our decisions and actions are driven by data, analysis, evaluation and learning

FOCUSED

We work on a limited set of priorities that best use resources, reduce complexity, and maximize impact

COLLABORATIVE

We closely engage diverse colleagues and partners to decide, act and learn together

IMPACT DRIVEN

We strive to transform the lives of smallholder farmers by understanding and addressing their evolving priorities

Environmental Sustainability and Inclusive Growth and Enhancing Implementation Capacity. The concept of the Agricultural Commercialization Clusters (ACC) program was also introduced at the beginning of GTP II as a mechanism to integrate Transformation Agenda interventions along value chains for specific geographies and commodities. The ACC encompasses clearly defined geographic clusters specializing in priority commodities, and supports regions to maximize production and productivity while integrating commercialization activities to move smallholder farmers from subsistence production to greater commercialization and market orientation, thereby improving their livelihoods.



STUDIES CONDUCTED

As part of the ATA's mandate to identify systemic bottlenecks in agricultural development and recommend solutions, a total of 70 analytical studies were conducted in 2011 EFY. Multiple teams were involved in the development of these studies, including Analytics, and Evaluation & Learning. The studies conducted by ATA covered policy, market analysis, organizational effectiveness and project design, planning and implementation. Examples of major studies undertaken include:

Livestock and fisheries sector development project analytics case

The Livestock and Fisheries Sector Development project aims to increase productivity and commercialization of producers and processors in selected value chains. In 2011EFY, the ATA conducted studies on commodity prioritization in 58 project woredas of 6 regions (Amhara, Oromia, SNNPR, Tigray, Benishangul Gumuz and Gambella). Livestock data was collected, analyzed and livestock commodity prioritized for the establishment of woreda production clusters. The study identified 54 livestock marketing units and 31 processing units, and an end-to-end value chain map was developed for four livestock commodities at national and regional levels.

Agriculture sector investment prioritization analytics case

Ethiopia aims for agriculture to be a key contributor to economic growth. For the sector to leap to that stage and significantly impact and boost the development of other areas of activity, significant focus and investment will be required on specific and critical areas with

the potential to bring about catalytic impact. At the request of the Ministry of Agriculture, the ATA developed an Agriculture Investment Prioritization document, identifying a shortlist of critical investment areas, their expected outcomes and a detailed, six-year investment operational plan. The study aims to help mobilize funds, to monitor and evaluate progress for the sector and the country towards economic development.

Food & beverages processing and auxiliary industry strategy

Despite recent growth, the agro-food processing industry is still far from mature in Ethiopia, and the Government sees the untapped and lucrative sector as a catalyst to structural transformation and employment creation opportunities to the country's rapidly growing youth population. To support the industry's development, the ATA, together with the Ethiopian Investment Commission, has conducted a study on its major bottlenecks. Results showed that the lack of a strong supporting ecosystem such as a food grade packaging industry and cold chain infrastructure, limited institutional capacity to coordinate efforts to remove growth constraints, and multiple actors with diverse priorities and thinly spread resources were leading to fragmented results in attracting investment in food & beverages manufacturing. A diagnostic of high-level bottlenecks identified suitable policies, regulations and incentives to support the development of the industry. A value chain analysis identified Ethiopia's opportunities and competitive advantages pointing to strategic value chains to focus on. Finally, a strategy to engage and attract investors and implementation plans for all recommendations were developed for the relevant government and industry organizations.



IMPLEMENTATION SUPPORT

Enabling partners to help drive the sector's transformation is one of the pivotal ways through which the ATA delivers on its mission. The Implementation Support vertical focuses on program and project management and problem-solving support, capacity building and technical support to implementing partners and an evaluation and learning component. Key functions within this aspect of the ATA's work include:

ATA Delivery Unit (DU) at MoA is a team strategically placed within the Ministry of Agriculture to provide planning, technical and tracking support to state ministers and directorates working on deliverables and sub-deliverables of the Agricultural Transformation Agenda owned by the Ministry. The Delivery Unit helps coordinate annual planning, including annual and quarterly targets, budgets, risks and mitigations for all the MoA's sub-deliverables.

Through the strong guidance of the MoA leadership and the support of the Delivery Unit, 99% of the Transformation Agenda Deliverables' (TAD) targets were embedded in the 2011 plans of TAD-owning organizations. In 2011 EFY, the performance of the TADs was tracked by the DU and regularly reviewed by the leadership of the Ministry of Agriculture; 85% of Transformation Agenda sub-deliverables supported by the Delivery Unit were on track or completed by the end of the fiscal year. The Delivery Unit also conducted training and

capacity building sessions, including on the Transformation Agenda to implementers of TADs and on DU working modality.

Evaluation and Learning is another area of focus of the Implementation Support vertical. In 2011, 18 Evaluation and Learning studies were successfully conducted, enhancing efficiency and enabling the scaling up of projects. They included baseline studies on the Ethiopian Agribusiness Accelerator Platform (EAAP) and the Integrated Apiculture Value Chain project, midterm evaluations on the Input Voucher System (IVS) and Cooperative Based Seed Production, and final evaluation studies of the Cooperative Capacity Building and Tef Improvement projects. The completed studies were handed over to partners to guide scaling up efforts and inform the design of similar initiatives in the future.

The ATA also works to increase production and productivity, enhance resilience and adaptation to climate change, and benefit women and youth as **crosscutting initiatives** embedded across its interventions. In 2011, 12 projects mainstreamed crosscutting issues and benefited about 800,000 women farmers, of which 344,970 were trained in financial literacy and 327,616 received better access to inputs. In addition, climate smart agriculture (CSA) technologies were introduced to 2,031 farmers, 103 development agents (DAs) and 146 agricultural experts. The distribution of 13,000 quintals of short-maturing, drought- and pest-resistant pulse seeds to targetted farmers was also facilitated.