
Countries: Benin, Burkina Faso, Côte d'Ivoire, Ghana, and
Mozambique; Africa NA

TC measure

Title: Competitive African Cashew Value Chains for Pro-
Poor Growth (ACi)

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List of abbreviations

ACA	<i>African Cashew Alliance</i>
ACi	<i>African Cashew Initiative</i>
BMGF	<i>Bill and Melinda Gates Foundation</i>
BMZ	<i>German Federal Ministry for Economic Cooperation and Development</i>
CAADP	<i>Comprehensive Africa Agriculture Development Programme</i>
CCA	<i>Cashew and Cotton Board of Ivory Coast</i>
CSO	<i>Civil Society Organization</i>
EU	<i>European Union</i>
FMS	<i>FairMatch Support</i>
GAP	<i>Good Agricultural Practice</i>
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</i>
IDH	<i>Sustainable Trade Initiative</i>
MDG	<i>Millennium Development Goals</i>
MT	<i>Metric Ton</i>
NGO	Non-governmental organization
PROFIAB	Promotion des Filières Agricoles et de la Biodiversité
SEWOH	Special Initiative OneWorld – No Hunger
SMART	<i>Specific, measureable, achievable, relevant and, time-bound</i> Quality criteria for the formulation of indicators.
TNS	<i>TechnoServe</i>

1. Description and assessment of the project design

1.1 Framework conditions

West African cashew producing countries have great potential in order to profit from a currently rising demand on world markets. However, even though geographic characteristics hold competitive advantages both for cashew production as well as for processing, these potentials are rarely used: Poor efficiency within the cashew value chain hinders the development of the sectors' market potential as well as its impact on poverty reduction and its contribution to improved food and nutrition security.

When the African Cashew initiative (ACi) began in the year 2009, about 1.5 million African smallholder farmers produced roughly 38 % of the world's cashew raw nuts, but Africa represented only 3 % of cashew shelling and 3 % of cashew consumption. Cashews, typically harvested during the so-called "hungry season", help rural poor households diversify their incomes to manage the period of food insecurity. On average, farmers earned US-\$ 120 – 450 per year from cashews, which made about 20 to 50 % of farmers' cash income. 72 % of these farmers were poor, living in rural deprived areas. Most of them were fragmented and disconnected from markets, and had poor production practices, along with a lack of access to training, finance, and inputs such as improved planting materials. Governments in most West African countries had not prioritized the crop as an additional income source or profitable business venture but had formally rather planted cashew trees as a forest species in order to prevent soil erosion. As a result, technical training for cashew growers in good agricultural practices (GAP), harvest, and post-harvest handlings were rarely integrated in government extension services. Similarly, finance, infrastructure, and skills for research and multiplication of improved planting material were insufficient and remain so. Hence, even though African producers contributed more than one third of the world's cashew production, productivity lagged far behind major competing countries: 250 – 430 kg/ ha in African countries compared to as much as 1,000 – 1,200 kg/ ha in India, Vietnam or Brazil. However, evidence from a cashew development program in Ghana showed that potential to close the yield gap is strong. Ghanaian farmers using improved planting material were able to reach yields of more than 800 kg/ha¹.

Apart from challenges in production, the processing industry in Africa also faces some challenges. It is still a young industry and processing factories cannot use long-term experiences. Processors have to build up their business from scratch. They face challenges and comparative disadvantages as to processing techniques, equipment, human resource

¹ In comparison to 413 kg/ ha in Benin, 234 kg/ ha in Burkina Faso and 416 kg/ ha in Côte d'Ivoire as (October 2014),

management and cost structures, as well as constraints in working capital and equity. Linkages of processors to suppliers of raw nuts and to buyers of kernels are yet insufficient. As a result, most of the regionally produced cashew nuts are processed in Asian countries or Brazil, where processing costs of one metric ton (MT) lie only around US\$ 250 in comparison to currently US\$ 350 to 600 (cp. OLAM International 2015) in West Africa.

Further up the value chain, relationships between traders and producers were weak and did not typically create knowledge transfer on quality and marketing issues, as private sector actors – also including processors and exporters – were unorganized in 2009. The lack of stable business relationships led to high transaction costs and increased the risk of doing business. It also contributed to low levels of farmer cooperation and organisation, allowing middlemen to play intermediary roles and capture margin. Today, the different private sector actors have now just started to work together. Strong industry associations and coalitions of these actors have, however, not yet evolved. If representations exist, they often work in isolation.

Even though West African and also Mozambican productivity both in regard to production and processing lacks far behind the major competing countries and comparative advantages seem to lie elsewhere, there is increasing interest of national and international investors in the cashew sector in Africa, also increasing local governments attention. This is basically due to stagnating and/ or decreasing yield levels in Brazil, India, and Vietnam, while, on the demand side, consumption for cashews is still increasing by approximately 10 % per annum, especially in Asia, Europe, and the USA. Today, in order to keep global supply and demand in balance and thus stable prices, African cashew-producing countries would need to increase their current production levels by 20 % by the year 2019 (cp. Jim Fitzpatrick 2014 “Cashew Club Presentation to the ACi Core Partners Meeting”). Hence, despite the formally expressed challenges, the strong growth potential and connected private sector attention continues to represent an opportunity, not only for smallholders to develop an additional income source and improve their food and nutrition security but for national economic growth through cashew sector development, especially processing. This presents a major chance for Africa to tap into international markets, but it also requires access to the right technologies, better knowledge transfer, and sustainable supply chain linkages.

Launched in 2009, the ACi uses a structured value chain approach, targeting the described gaps in the supply linkage from market to production in order to support producers, public and private advisory services and service providers, national professional organizations, exchange forums, as well as regional networks in order to become more competitive on global cashew markets.

1.2 Project's strategic approach

The ACi was launched in 2009 with a broad-based multi-stakeholder partnership approach. The initiative is mainly financed by the *German Federal Ministry for Economic Cooperation and Development* (BMZ) and the *Bill & Melinda Gates Foundation* (BMGF), together contributing almost EUR 39,000,000² in the first and second phase of the program. The *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) GmbH is the lead implementer and works closely with its implementing partners: FairMatch Support (FMS), a Dutch-based non-governmental organization (NGO) working on sustainable supply chain linkages, and the US-based NGO TechnoServe (TNS), providing technical assistance to local processors. Private and public entities are core partners, qualified with a contribution of US\$ 1,000,000 in cash or in-kind services towards the initiative's objectives per each project phase. Today there are 13 core partners being part of the project's management committee. An additional 60 private and public sector partners continue to complement the ACi's activities.

Since the beginning, it is the aim of the ACi to increase and consolidate the competitiveness of the cashew value chain and its contribution to poverty reduction in the selected African countries Benin, Burkina Faso, Côte d'Ivoire, Ghana and Mozambique.

Main target groups are smallholder producers, processors, buyers, government institutions and their different national and regional platforms and associations.

In order to achieve this aim, the ACi adopted an integrated, market-led approach that focused on local, regional, and international private sector companies, public sector actors who influence policy and extension services, and research in the sector. It intervenes in four areas:

- (i) production (improving yields, management practices, and business skills);
- (ii) processing (building capacity, knowledge transfer, and investments in technology);
- (iii) supply chain linkages (reducing information gap and strengthening producer-buyer relationships); and
- (iv) sector organization (policy development, industry advocacy, and public-private dialogue and coalition).

² BMZ funded EUR 13,800,000 (1st phase EUR 6,400,000; 2nd phase EUR 7,400,000); BMGF contributed EUR 25,170,000 (1st phase EUR 18,512,000; 2nd phase 6,660,000). Kraft Foods also contributed EUR 739,000 in the 1st phase.

The program is organized in two phases: The first phase ran from 2009 to 2012 and focused primarily on direct interventions (in coordination with implementing partners) to improve productivity, build processor capacity, and develop supply chain linkages. Thereby, it also built the understanding and capacities required for the program changes in the second phase. Phase two (01/2013 – 04/2016; BMZ budget of EUR 14,060,000³), subject to this evaluation, utilized the same partners under a revised format, with the majority of funding deployed through a matching fund program.

The matching fund program allows public and private partners to apply for a cost sharing and technical assistance of the ACi for the two topics (i) improvement of value chain linkages and (ii) research on improved planting material. Applicants for the funds are only eligible to apply when they meet certain criteria, e. g. applications must always be made by at least two entities and need to show evidence of making annual cash contributions (including membership fees) to the *African Cashew Alliance (ACA)* or any registered national platform or association operating in the cashew sector and affiliated to ACA. The matching fund projects (endowed with additional contributions from partners of so far EUR 5,071,370) leverage contributions from processors, farmer-based organizations and buyers and/ or retailers, as well as public research and extension institutions. Direct beneficiaries are cashew farmers, farmer-based organizations and processors, with governments, buyers and retailers expected to benefit indirectly. Thereby the ACi aims to further enhance private sector cooperation along the supply chain. The use of the matching fund instrument in building sustainable supply chain linkages allowed the ACi to leverage funds for farmer trainings being organized by private sector actors, while simultaneously creating meaningful interaction and lasting links between major actors in the supply chain.

Another major inflection point in the second phase and heart of the ACi's capacity development strategy was the establishment of a master trainer program. The program creates a pool of experts with a profound understanding of the entire value chain. Furthermore, it transitioned the staff's role from technical advisors to coaches for stakeholder partners.

Sector advocacy also increased in phase two, as the ACi concentrated its organizational, technical, and financial support to build and strengthen regional and national associations. This process was done jointly with national public institutions, thus stimulating a private-

³ BMZ offer originally indicated financing of EUR 9,370,000 € in September 2012. Due to a more favourable exchange rate, BMZ financed budget increased to EUR 10,060,000 in July 2014. In October 2014 the budget increased to EUR 14,060,000 due to EUR 4,000,000 additional funds of BMZ. In consequence, the target of outcome indicator 1 was changed from 330,000 to 430,000 farmers.

public dialogue. Institutional sustainability arose from the inclusion of national agencies and governments in the decision making process and the alignment of objectives across a broad base of industry stakeholders.

Results logic

The aim of the ACi is to increase and consolidate the competitiveness of the cashew value chain and its contribution to poverty reduction in the selected ACi countries. The corresponding indicators measure:

- *Indicator 1:* 430,000 farmers⁴ qualified by trainings (30 % women). Accumulative additional net income created: \$-US 80,000,000 based on 330,000 trained farmers (Basis: 0 in 2010; Target: \$-US 80,000,000, 430,000 farmers).
- *Indicator 2:* 15 matching grant fund supported cashew processors source 50 % of their raw nuts directly with farmers and farmer groups (Basis: 0 – 40 % in 2012; target: 50 %).
- *Indicator 3:* The share of locally processed raw nuts reaches an average of 30 % in the five ACi countries (Basis: 9.6 % in 2011; target 30%).
- *Indicator 4:* In the frame of the matching fund, 20,000 ha are replaced with improved planting material or existing plantations are grafted, and 13,000 ha are improved by top-working with improved planting material (Basis: 0 in 2012; target 20,000 ha replaced and 13,000 ha improved).

The objectives system is considered logical and consistent and the module objective formulated at outcome level. However, part of outcome indicator one and indicator four are activity indicators and therewith indicators at output level.

System boundary

The system boundary of the program cannot be clearly defined as activities in the five different ACi countries are embedded in the respective strategies within each country. The ACi measures are always implemented in cooperation and alignment with other national and/or international strategies and programs that are complementing or reinforcing the ACi's activities, e. g. other GIZ programs, such as "Promotion of Agriculture (PROAGRI)" (PN 2013.2073.8) in Benin, the "Agricultural Development Program (PDA)" (PN 2011.2047.6) in Burkina Faso or "Promotion des Filières Agricoles et de la Biodiversité (PROFIAB)" (PN 2012.2513.5) in Côte d'Ivoire. In consequence, the ACi's impact is – on the one hand side –

⁴ This number was agreed upon with BMZ due to additional funds (EUR 4,000,000) granted in October 2014. These changes were not included in the latest results model (cp. annex 3), which still indicates 330,000 farmers.

clearly affecting the agricultural sector in general and the cashew sector in particular outside its own system boundaries. On the other hand, activities from other development partners or private sector actors do also affect the ACi within its boundaries.

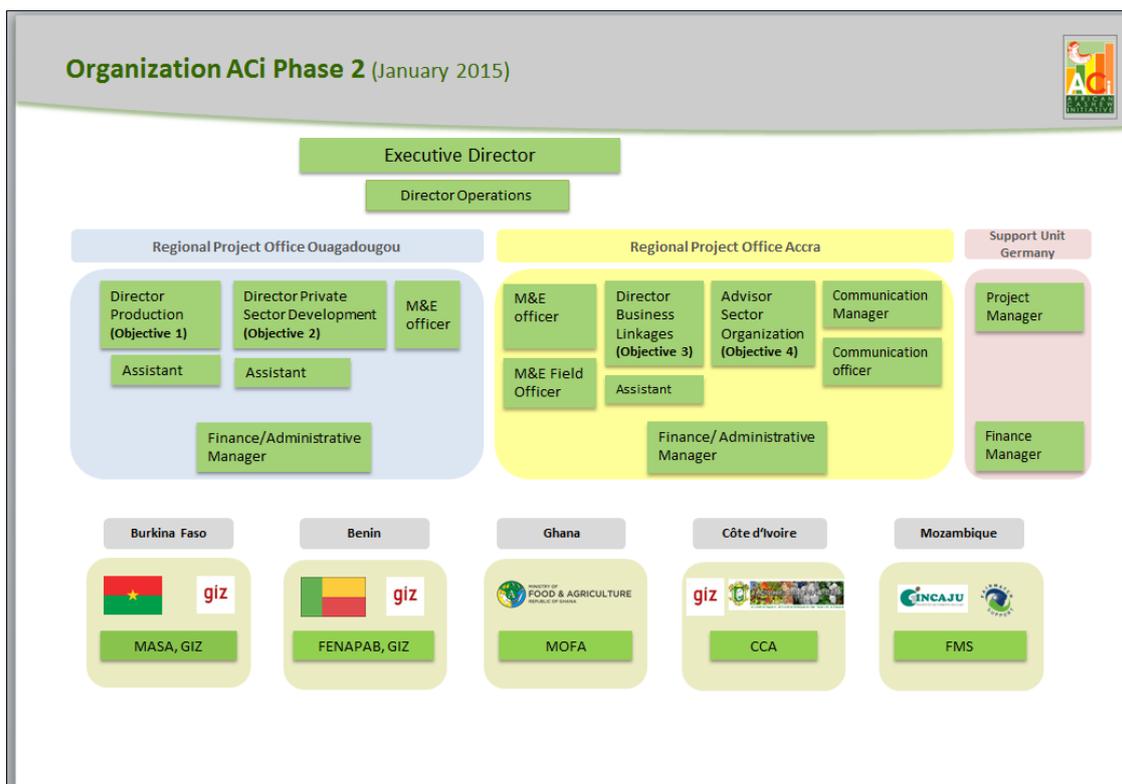
The ACi also works in close synergies with other development projects in the cashew sector – such as World Banks “Projet d'Appui au Secteur de l'Agriculture de Côte d'Ivoire” (PSAC) or UNIDO interventions in Côte d'Ivoire. Often the ACi is consulted by emerging projects from the United States Department of Agriculture, the World Bank, the International Finance Institution, or other donors.

Use of instruments

The use of instruments is coherent with the program's objectives as well as with the allocation to different components; their use is both transparent and consistent. The instruments used within the program include international long-term experts (AMA), regional experts, national personnel (NP), independent consultants (both long- and short-term), material assets as well as financing operations.

The ACi operates from two regional offices located in Accra, Ghana (with the international executive director, four national and one international professional) and Ouagadougou, Burkina Faso (with the international director operations, two regional experts, two national and one international professional) and is supported by a project manager (100%) and a finance manager (50%) in Eschborn. The management team is gender balanced as it consists of six male and six female GIZ employees.

Figure 1: Organization ACi Phase 2



While the executive director is rather working on political level responsible for overall coordination, networking with core partners and co-financing partners, including acquisition of new funding, each member of the core team is responsible for one of the four areas of activity of the conceptual structure of the program. The program employs several experts for cross-cutting issues: a communication manager and a communication officer are effectively working on the program’s public relations and internal communication support. Three officers for monitoring and evaluation ensure data quality and availability. An expert based in Eschborn, Germany, does the financial monitoring. In the first and partly the second phase, the project financed a CIM communication specialist within the ACA. As of now, ACA has filled the position using own funds.

Two long-term consultants – one based in the USA, one in Ghana – with both private and public sector experience that became consistent analytical and communication resources, assist the core management team. These consultants also facilitated core partner, steering committee, learning and team meetings to bridge communication gaps with private and public partners. This proved extremely effective, especially in building capacities and confidence within the ACi team and with partners. It also succeeded in contributing a manageable level of in-house monitoring, thus helping build internal accountability and

performance measurement. ACi continues to use specific management support for market updates, review loops, and organizational review.

Also, ACi hires an industry expert for monthly updates on cashew markets insights, which gives the management team orientation on major shifts and draws their attention on potentially required adjustments of project operations. Additionally, the program recruited practitioners with extensive experience in supporting agricultural value chain development and promotion, as well as the right skill mix for managing private-public sector dialogue and interests. The private companies inserted entrepreneurial skills, innovation, and managerial capacities into the evolving, complex governance. The core partners' participation in both steering the project and committing \$-US 1,000,000 cash or in-kind contributions was a new model for public-private participation.

The ACi's capacity development strategy includes the master training program (120 master trainers) to sustainably strengthen the potential and competitiveness of the public and private partner institutions and targeted transfer of know-how in the sector. Additionally, training and know-how exchange strengthened capacities of producers (358,874), processors (20 receiving technical assistance), trainers (1,020) and staff of partner organizations (more than 1,000). The program also proactively promoted national, regional and international young professionals through internships for students (more than 50 interns and/ or students in the second phase).

Risks

One of the risks for the ACi is related to the matching fund projects, as they are determined by market demand. Half of the budget provided by the BMGF is earmarked for activities realized under the matching fund. The projects implemented with this instrument depend on the engagement of private and public partners. However, due to suitable communication and networking strategies, the core partners of the ACi have made intensive use of the matching fund in the second phase as they perceived the instrument as appropriate to implement small projects which deal with specific issues related to their factories, buying transactions, etc. The ACi uses part of the matching funding in the form of technical expertise with experienced technical assistance service providers. The advisory staff of the ACi continuously coaches these businesses and technical service providers.

Another risk for the ACi is the strong fluctuations in the cashew markets. If cashew prices and demand take a markedly negative trend or other competitors improve their comparative advantages, this affects African farmers, but particularly the young processing industry. The partners' willingness to invest and the availability of financing for processors in the ACi

countries strongly depend on market trends. This applies as well to the eagerness of producers to invest their time and other resources in growing cashews, but overall to a much lesser extent. However, the ACi continuously carries out in-depth market analysis in order to anticipate risks and adapts its strategies to the overall developments.

Performance of privately owned medium-scale processors that recently started is another risk factor. Their business growth depends strongly on individual learning capacities and behaviours, which are not under the project's control, but are mitigated by guided technical assistance.

Generally, institutional development lies beyond the project's direct control. Especially the ACA, as an independent industry body, determines its own growth model, and can therefore choose different foci and modalities. Similarly, the national governments determine their priorities, and can change their cashew strategy and support mechanism into various ways – supporting a balanced industry growth, or biased towards one of the actors. With the close interaction with private and public actors and an intensive capacity development approach, the ACi lowers the institutional risks that therefore do not endanger the projects' success at current state.

Assessment of OECD/ DAC markers used

Trade development as well as rural development and food security are both principal objectives of the ACi and crucial to its implementation. Therefore, the ACi was assigned to the TD-2 and LE-2 marker. In regard to trade, the ACi supports public and private stakeholders in the analysis and development of trade strategies, export promotion, the creation of an enabling environment for trade, increasing foreign direct investment and improving the climate for investment. The program promotes dialogue between policymakers and the business community. Furthermore, it carries out trainings in export-oriented areas of industry and strengthens the export orientation and international competitiveness of SMEs. It supports the development and implementation of marketing strategies, market analysis and tapping of international markets, consultancy on international standards, sector specific regulations and laws as well as quality control. ACi also promotes businesses, agricultural enterprises, and public and private institutions, in order to increase the potential value of exports by raising quality or introducing further processing and by developing economic processes along the cashew value chain using integrated multi-level approaches to improve processing and marketing chains. Due to its activities and its assignment to the CRS code 31162, the chosen marker is fully justified.

In regard to rural development and food security the ACi supports the partner-country governments in designing and implementing a pro-development policy that creates enabling frameworks for sustainable rural development and food and nutrition security. In the economic sector, advisory services and financial support are provided to help create enabling frameworks for private-sector development; private-sector actors are supported in creating productive and remunerated employment in compliance with the ILO core labor standards, including employment outside of the agricultural sector. Additionally, service-oriented institutions for rural areas are promoted, especially in the fields of financial services, consultancy services and marketing. The chosen marker LE-2 is fully justified.

The project uses the marker GG-1, indicating that gender equality is a significant objective but not one of the principal reasons for undertaking the development measure. This is reasonable as the main objective of the project is poverty reduction, highlighting marginalized women as particularly vulnerable. Cashew production has a high potential of fostering the strengths and skills of women in particular. 90% of primary cashew processing is done by women. The cashew industry traditionally relies on the participation of both men and women in production and processing. However, work input, decision making power, and share of profits are not equally distributed among men and women along the cashew value chain. ACi has carried out internal gender capacity building in terms of a gender survey in order to improve project staff's, processing manager's, and extension agents' understanding of the current situation of men and women in the cashew sector. ACi's gender-specific goals include a) the provision of equal representation and participation of men and women in the African cashew value chain and b) a greater influence on decisions for women in the four specific spheres: household, community, farm, and processing enterprises. Gender-specific targets were defined in the area of i) production (30 % of participants in trainings are female) and ii) processing (70 % of workers newly employed in processing are women), both of which were achieved successfully. The measure is therefore generating a perceptible positive impact on gender equality justifying the chosen marker.

In regard to environmental issues, cashew trees grow in savannah type regions vulnerable to drought and tolerate a wide range of moisture levels and soil types. By promoting the cashew value chain, ACi contributes to protecting and enhancing dryland ecosystems and remedying existing environmental damage in West Africa and Mozambique, making a significant contribution to the objectives of the Convention to Combat Desertification. The marker DES-1 is therefore fully justified. Generally, environmental protection and resource conservation is a significant objective even if it is not in itself crucial to the implementation of the ACi (justifying the marker UR-1). Cashew production is generally associated with no or very little use of

pesticides, fungicides or fertilizer and farming systems are optimized in regard to their environmental sustainability through the application of GAP. As cashew trees are fairly drought resistant, they may be seen as a secure source of income for small-scale farmers even in the face of climate change. Different to other food crops threatened by the effects of climate change, for cashew production it is rather expected to provide an opportunity to expand and replace other cash crops such as cocoa and to “buffer” climate change effects on food crops. ACi is hence significantly contributing to the adaptation to climate change, even if it is not primarily designed to do so. The ACi does also make some contribution to reducing or limiting greenhouse gas emissions through the planting of new trees and the maintenance of existing plantations even though mitigation is not a primary objective. The marker KLA-1 is justified. KLM-0 should therefore be adjusted to KLM-1.

Participatory development/ good governance as well as the conservation of biodiversity and the sustainable use of its components, are significant objectives, but are not in itself crucial to the implementation of the measure. Therefore the chosen markers of PD/GG-1 and BTR-1 are justified. ACi enables individuals or groups at different levels of the cashew value chain to participate in decision-making processes that affect their lives and share in the benefits of activities. In regard to biodiversity the program contributes to the sustainable management of ecosystems, species and genetic resources through in-situ conservation as well as the integration of biodiversity concerns with recipient countries' development objectives and economic decision-making processes.

In regard to poverty reduction, which is one of the primary aims of the program, the ACi focuses on self-help-oriented measures involving measures that cooperate directly with target groups and that target poor sections of the population in particular. The chosen marker of AO-SHA is justified.

The project does neither support program-based approaches (application of PBA-0 correct), nor is it targeted to peace and security (application of KR-0 correct).

1.3 Presentation of the basis for assessing the OECD-DAC criteria

The following overview compares outcome and output indicators, evaluates whether indicators are specific, measureable, achievable, relevant and, time-bound (SMART) and gives recommendations in regard to specification if necessary. Their achievement will be documented in chapter 3.3.

Table 1: Comparison of outcome and output indicators and quality control

Indicators (outcome level):	Indicators (output level)	Comments
i) PRODUCTION		
<p>Indicator 1: 430,000 farmers qualified by trainings (30 % women).</p> <p>Accumulative additional net income created: \$-US 80 million based on 330.000 trained farmers.</p>	<p>Indicator 1a: 20.000 ha rejuvenated by using improved planting material</p> <p>Indicator 1b: 75% of producers applying good agricultural practices (beginning 37%)</p> <p>Indicator 1c: 97.370 direct business</p>	<p>SMART ✓</p> <p>The first part of the outcome indicator 1 is an activity indicator that could be placed at output level. However the gender dimension of the overall indicator can also be measured in the number of trained farmers.</p> <p>The second part of this indicator is the core of the indicator as it is assumed that farmers' income increase due to ACi trainings.</p> <p>SMART ✓</p> <p>SMART ✓</p> <p>Output indicator 1a assumes that productivity increases after rejuvenated planting material is used which then leads to increased income of the cashew farmer (outcome) and reduced poverty (aim).</p> <p>SMART ☺</p> <p>Output indicator 1b assumes that applying GAP will sustainably increase productivity (cp. indicator 1a).</p> <p>For similar indicators in the next phase the evaluation team recommends to further define the term "producers" in order to distinguish between cashew farmers in general and cashew farmers impacted by the program's activities. It also recommends specifying the phrase "applying good agricultural practices" as it doesn't give information on whether the application of only one GAP measure is sufficient or whether all trained measures should be applied.</p>

	<p>linkages between producers and processors.</p> <p>Indicator 1d: 5 research institutions provide improved planting material through matching funds.</p>	<p>SMART ✓</p> <p>Output indicator 1c assumes that competitiveness of the value chain increases through established business linkages between farmers and processors, as it leaves out middleman capturing margin and increases farmers' income and ability for long-term business planning.</p> <p>The evaluation team does however recommend to insert a verb into the indicator, e. g. "business linkages (..) <i>are established</i>".</p> <p>SMART ✓</p> <p>Compare comments on output indicator 1a. The indicator further assumes that business linkages between different sector actors are improved through working together in a matching funded project.</p>
ii) PROCESSING		
<p>Indicator 2: 15 matching grant fund supported cashew processors source 50 % of their raw nuts directly with farmers and farmer groups.</p>	<p>Indicator 2a: 50 cashew producers and processors plus other service providers are trained and linked up through master training program.</p>	<p>SMART ✓</p> <p>In regard to hypotheses compare to comments on output indicator 1c and 1d.</p> <p>SMART ☞</p> <p>Output indicator 2a assumes that the master trainer program will improve relationships between value chain actors further up the value chain and improve knowledge on quality and marketing issues.</p> <p>In regard to the indicators formulation, the evaluation team recommends to either define or eliminate the term "linked up".</p>

	<p>Indicator 2b: 250 national farmer associations exchange and express the interest of the sector.</p> <p>Indicator 2c: 97.370 direct business relationships between producers, processors and buyers.</p>	<p>SMART ☺</p> <p>Output indicator 2b assumes that the higher the organizational level of farmers the better their bargaining position the higher their benefit within the cashew sector.</p> <p>However, the indicator needs to be reformulated as it is difficult to measure and unspecific. Currently, it measures the number of farmer-based organizations involved in matching fund projects (counted in reports of the matching fund partners. This should be clearly stated.</p> <p>SMART ✓</p> <p>In regard to hypotheses compare to comments on output indicator 1c and 1d.</p> <p>The evaluation team does however recommend to insert a verb into the indicator, e. g. "direct business relationships (..) <i>are established</i>".</p>
iii) BUSINESS LINKAGES		
<p>Indicator 3: The share of locally processed raw nuts reaches an average of 30% in the five ACi countries.</p>	<p>Indicator 3a: Notably through the Matching Fund international and national stakeholders exchange and establish business linkages: 15 Matching fund projects.</p>	<p>SMART ✓</p> <p>The indicator assumes that the higher the local added value the higher the economic benefits both for individual stakeholders within the sector (income increase, poverty reduction) as well as for the sector itself and the whole region.</p> <p>However, outcome indicator 3 might be exchanged with outcome indicator 2 as it is clearly focused on processing while outcome indicator 2 is rather focused on business linkages.</p> <p>SMART ✓</p> <p>Due to the previously explained criteria for applications for the matching fund, the indicator assumes that matching fund projects will improve business linkages between different stakeholders of the cashew value chain and strengthen relevant associations.</p>

	<p>Indicator 3b: 7 international buyers in the Matching Fund.</p>	<p>In terms of formulation of the indicator it is recommended to delete the first sentence and only formulate “15 matching fund projects are implemented in line with the funds’ criteria”.</p> <p>SMART ✓</p> <p>Output indicator 3b assumes that international competitiveness as well as investment volume into the sector increases due to the presence of international buyers in the matching fund.</p> <p>The evaluation team does recommend inserting a verb, e. g. “7 international buyers are taking part in implemented matching fund projects”.</p>
SECTOR ORGANIZATION		
<p>Indicator 4: In the frame of the matching fund:</p> <ul style="list-style-type: none"> • 20.000 ha replaced with improved planting material. • 13.000 ha improved by top-working with improved material. 	<p>Indicator 4a: 5 public institutions have developed strategies relevant for the cashew sector in the ACi countries.</p>	<p>SMART ☹</p> <p>Outcome indicator 4 is formulated as an output indicator and the usage of improved planting material is rather considered to be an output in the area of production than an outcome in the area of sector organization.</p> <p>In the next phase an indicator on regional sectoral exchange could be used on outcome level. Organization of conferences, fairs etc. as well as the provision of sector information could be used for indicator formulation on output level.</p> <p>SMART ☹</p> <p>Output indicator 4a assumes that developed strategies relevant for the cashew sector improve its competitiveness.</p> <p>Due to the formulation of the indicator it is formally unclear whether the development of strategies is linked to ACi activities ergo whether ACi participated in their development or whether the development is outside the program’s scope.</p>

Except for some minor recommendations on specification most indicators meet the SMART criteria.

In regard to the four areas of intervention, criteria for impact is whether the ACi did contribute to an improved quality and quantity of cashews within the ACi's countries on the one hand side and whether it did achieve to become an established and recognized player within the African cashew sector, facilitating exchange between different stakeholders. Thereby, the ACi would considerably contribute to poverty reduction and to achieving several overarching and cross-cutting issues, such as the Millennium Development Goals (MDG) etc.

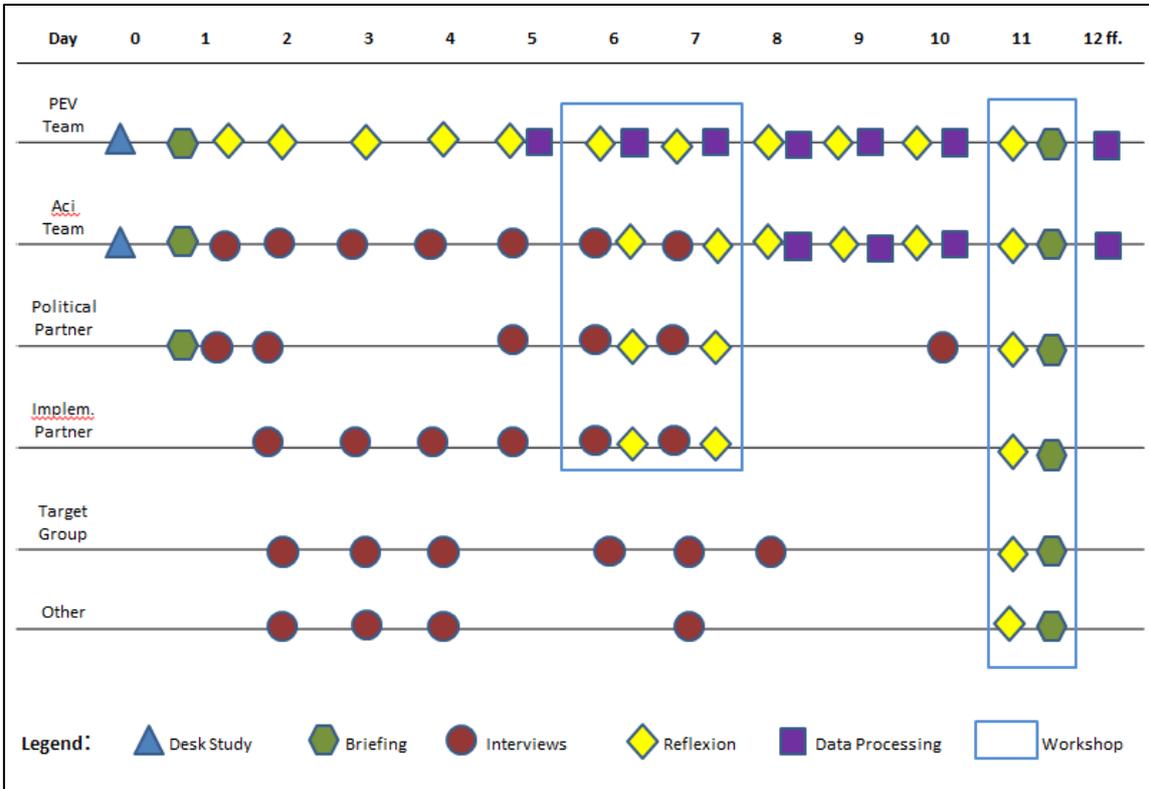
2. Presentation of data sources, data quality and evaluation methods used

2.1 Evaluation design

This evaluation looks into the second phase (01/2013 – 04/2016) of the ACi. As for some of the stakeholders interviewed the distinction between different phases is not of relevance, statements cannot always be clearly assigned to certain phases.

Within the preparation of the evaluation and during its course, the following evaluation design was chosen (cp. figure 1).

Figure 2: Evaluation Design



The evaluation team consisted of five persons:

- Dr Dieter Nill, Head of Mission, Head of Sector Project Sustainable Agriculture, Department for Rural Development and Agriculture at GIZ Head Office;
- Julia Reimers, GIZ Planning Officer for Agricultural Policy and Rural Economic Development, Department for Rural Development and Agriculture at GIZ Head Office;
- Yao Adingra, Associated Expert at African-Caribbean-Pacific (ACP) Secretariat, Brussels;
- Ariane Kresse, GIZ Advisor, Department for Key Account Management and Co-Financing at GIZ Head Office.

Depending on country and interviewed stakeholder, interviews were carried out in English, French or German. Due to the regional nature of the project and its implementation structure in five different countries, the evaluation team split up into two groups: While the first group carried out interviews in Côte d'Ivoire, which is the main African cashew producer, the second group carried out interviews in Ghana, where ACi head office and important stakeholders like ACA are located. Both groups joined in Côte d'Ivoire during the middle of the evaluation mission in order to meet up with the ACi team and selected implementing and political partners. Even though the other three countries (Burkina Faso, Mozambique, and Benin) have not been visited during the evaluation mission, their inclusion in this report is assured through the desk study of documents and interviews with the ACi staff and relevant stakeholders present during the debriefing workshop.

Generally, the evaluation took place on the basis of recognized evaluation methods (desk study of documents, single and group interviews with representatives of partner institutions, target groups, other private sector actors and stakeholders, etc.). Recommendations of GIZ internal practical guides for evaluations were respected.

Due to the large number of quality documents a lot of work was done by desk research in advance of the evaluation mission. Written information was validated in form of qualified interviews during the mission. Field visits of implementation sites and interviews of target groups completed the picture.

Interviews were carried out with almost all core partners of the project (cp. annex five "ACi's map of actors" and annex two "project evaluation schedule"). Political partners were interviewed previous to all other stakeholders in order to ensure compliance with partners' strategies and programs. The selection of interview partners covered all types of partners i.e.

political, private sector, producers, implementers and coordinated with the ACi previous to the evaluation mission. All the four areas of intervention within all target regions of the ACi are reflected in the evaluation report present. Representatives of major implementing partners i.e. FairMatch Support, were present during the main course of the mission and involved in the joint develop of a strategy for the follow-up project (ACi III).

2.2. Data sources and quality

The quality of all available documents was outstanding. All documents officially required for the project evaluation were made available electronically prior to or during the mission. The following table gives a brief overview on the number and nature of documents received:

Table 2: Overview of documents received prior to or during the mission

Data Source	Method	Quantity	Themes
Program Documents i. Project reports & project evaluations ii. Project proposals iii. Concept notes iv. Reviews v. Meeting documentation and presentations (French and English) vi. Organigram vii. Climate Evaluation viii. Gender Analysis ix. Actors Map x. Sensitivity and Multifactor analysis	Desk Study	40 Documents i. 14 Documents ii. 1 Document iii. 3 Document iv. 1 Document v. 18 Documents vi. 1 Document vii. 1 Document viii. 1 Document ix. 1 Document x. 1 Document	All criteria to be investigated for the impact evaluation (DAC-criteria and success factors), factors for the design of the follow-up phase of the project
Publishing Materials	Desk Study	6 Documents	
Other Materials	Desk Study	2 Documents	
Documents of the German Development Cooperation	Desk Study	2 Documents	
Documents of the Political Partner	Desk Study	2 Documents	
Documents of Regional and International Partners	Desk Study	1 Document	

Due to the different sources of financing, the quality of all documents was good, as – apart from progress reports to BMZ – ACi is additionally accountable to private sector partners

contributing to the program's funds as well as to BMGF, being the largest co-financing institution. The quality of data received allowed for a comparative, systematic, and structured analysis of implementation results which was regularly reflected and completed through interviews with the management board and other staff members as well as implementing partners.

The high quality of the project documents is based on a refined and thorough monitoring system, which systematically documents activities and results in qualitative and quantitative terms and also assesses economic benefits.

The monitoring system comprises data on project interventions and their impact as well as sector data. In the year 2010, the ACi conducted comprehensive baseline studies in all five countries. Up to date every year, studies on yield developments are realized as a partial update of these baseline data. Public and private partners appreciate these data sets very much, as there exists no comparable source of data in none of the project's countries.

Based on the monitoring system, the ACi reports results and impacts to its core partners twice a year. The reporting includes thorough analyses of interventions, discussions with the partners on the project's strategies. If necessary, strategies are adapted in consultation with the partners.

3. Assessment of the project's development results (OECD-DAC criteria)

3.1 Summary of the assessment of the project's development results

Relevance: With its focus on increasing and consolidating the competitiveness of the cashew value chain and contributing to poverty reduction, the ACi is highly relevant for the target group. The labor-intensive cashew sector allows for additional income from production and processing. The ACi's activities comply with relevant strategies, as the increase of income and employment is part of national development strategies in all five ACi countries. On supra-national level, the ACi contributes to almost all pillars of the Comprehensive Africa Agriculture Development Programme (CAADP).

Effectiveness: As the program was not yet fully completed during the course of the evaluation, final statements in regard to the achievement of the project's objective cannot be made at the current state. However, most indicators are fulfilled or expected to be fulfilled until the end of the project. The increase of the share of locally processed raw nuts, however, will most likely not be achieved due to yet insufficient competitiveness of the young processing industry and political frame conditions that are adapted poorly to regional and international market dynamics. No unintended negative results were perceived.

Overarching development results (impact): Due to the projects intervention, net additional income per average assisted farmer increased by \$-US 120 per annum and approximately 5,800 new jobs have been created in the processing industry, especially for women. The ACi has developed important global, regional and national business information (intelligence), which is constantly shared with all stakeholders. The activities massively increased visibility and focus on the cashew sector through public relations and insertion in national strategies. The ACi's activities contribute to the achievement of several Millennium Development Goals.

Efficiency: The overall efficiency with regard to the use of its resources and the coordination with other donors/ projects is considered to be very high. In addition to the BMZ and BMGF funds, the ACi was able to attract a massive amount of co-financing which – when looking at farmers' income increases – has been turned into a fund leverage ratio of 1:8.5. Synergies and task sharing with bilateral programs were established.

Sustainability: The program is considered to operate highly sustainable as productivity and production effects will be maintained and further increase in the mid-term. Created business relationships are expected to exist beyond project duration. Capacities of producers, processors, trainers, and staff of partner organizations have been strengthened and lasting expertise and ownership in the cashew value-chain and in project implementation know-how has been created within national and regional public, private and CSO structure.

3.2 Assessment of relevance

The ACi is highly relevant both for its target group as well as for the sector. Generally, the cashew sector is specifically relevant for poverty reduction as it employs mostly small-scale farmers in deprived rural areas, out of which 22 % are women. It is a labour intensive sector which – due to its high employment potential both for skilled as well as unskilled labour – allows for additional income from production (e. g. for farmers, family labour, female farm workers) and processing (e. g. in the areas of transport, storage, processing). Due to the previously described growth of demand of 10 % per annum, the cashew sector is expected to develop further and attract additional private sector investments; especially as yield gaps allow for productivity increases while production in major competing countries (especially Brazil, Vietnam and India) is slowly decreasing or even stagnating. ACi has national as well as continental relevance as the five countries it is implementing in account for 70 % of African cashew production. Between 26 to 62 % of all estimated cashew producers in these countries are trained by the ACi or its partners, representing 40 % of all cashew producing farmers in Africa.

The ACi’s compliance with relevant strategies is very good as the increase of income and employment is part of national development strategies in all five ACi countries. During the programs duration, Côte d’Ivoire, Ghana, and Mozambique have developed sector specific cashew strategies that aim to promote productivity, in-country processing, and sector organization along value chain. Burkina Faso and Benin also recognize cashew as a “potential” but have not yet fully formalized national cashew strategies.

On supra-national level, ACi contributes to almost all pillars of the Comprehensive Africa Agriculture Development Programme (CAADP): Improving rural infrastructure and trade-related capacities for market access (pillar 2), increasing food supply, reducing hunger, and improving responses to food emergency crises (pillar 3), and improving agriculture research, technology dissemination and adoption (pillar 4). The ACi also promotes the BMZ strategies on rural development and its contribution to food security, sustainable agriculture, private sector development, as well as gender equality in German development policy.

The strategic orientation of the project addresses changes in its framework conditions flexibly in coordination with its partners. The ACi contributed to governments starting to see the economic and social potential of the cashew sector and took over responsibility for its development and coordination by degrees. The ACi supported national actors in fulfilling that role (cp. fourth area of activity). This change in framework conditions allowed the ACi to shift from creation and/ or support of institutions (e.g. ACA) during the first phase of the ACi to intensive collaboration with the now existing institutions. In consequence, today the ACi is demand-driven, consequently listening to partners needs and adjusting the agenda to those requirements. This has changed the mind-set and way of collaboration and can also be considered as a sustainable exit strategy.

Criterion	Assessment dimensions	Rating
Relevance	The project sets out to address a core development problem faced by the target group.	4
	The project is in harmony with the relevant strategies.	4
Overall rating of relevance		16

Owing to this number of points, the relevance criterion is given the rating very successful.

3.3 Assessment of effectiveness

The quality of the indicators was described in chapter 1.3 and will not be further discussed in the following. The subsequent reviews allow for a comparison of the indicators and their current state of achievement. As the program was not yet fully completed during the course of the evaluation, final statements in regard to their ultimate achievement cannot be made at the current state. The ratings below consider however whether the current state is in the target corridor.

During the course of the evaluation the team did not perceive any negative results caused by the program. Due to the different financing sources and the participatory management structure, including private and public sector partners, steering decisions are strongly oriented towards the achievement of indicators.

Table 3: Current state of indicator achievement (outcome level) by the end of 2014

Indicator (outcome level):	Current state of achievement (as by end 2014)	Comment
<p>Indicator 1: 430,000 farmers qualified by trainings (30 % women).</p> <p>Accumulative additional net income created: \$-US 80 million based on 330.000 trained farmers.</p>	<ul style="list-style-type: none"> • 358,874 (22 % women) producers were fully trained (twice) by June 2015. This counting excludes: <ul style="list-style-type: none"> ○ 70,000 trained producers with extra funds of BMZ on harvest & post-harvest (as they will have their second training until 2016). ○ 56,177 farmers that have had training through Matching Fund partners on only one topic. • \$-US120 average accumulated additional net income per year per assisted average farmer. 	<p>Excluding the farmers trained with BMZ extra funds and through matching fund partners, the indicator is <u>not yet fully achieved</u>. However, the evaluation team considers it <u>most likely</u> that the number of 430,000 farmers will be <u>reached</u> by the end of the second phase.</p> <p>This makes approximately \$-US 120 million accumulated additional net income by the end of 2014. <u>The indicator is fully achieved.</u></p>
<p>Indicator 2: 15 Matching grant fund supported cashew processors source 50% of their raw nuts directly with farmers and farmer groups.</p>	<ul style="list-style-type: none"> • In total 21 contracts with processors were signed under the matching fund (plus five additional projects under the ACi umbrella with parallel funding by the Sustainable Trade Initiative (IDH). 14 concerning supply-chain linkages (including IDH), as in, June 2015 	<p><u>Indicator (over)fulfilled.</u></p>

Indicator (outcome level):	Current state of achievement (as by end 2014)	Comment
	<ul style="list-style-type: none"> 69% of raw nuts sourced directly with farmers and groups. 	<p><u>Indicator (over)fulfilled.</u></p>
<p>Indicator 3:</p> <p>The share of locally processed raw nuts reaches an average of 30 % in the five ACi countries.</p>	<ul style="list-style-type: none"> The share reached approximately 10 %. 	<p>Due to yet lacking competitiveness and politic frame conditions that are poorly adapted to regional and international market dynamics the <u>indicator will most likely not be achieved</u> by the end of phase two. The processing rate is strongly influenced by unforeseen developments on world markets (very high prices for raw nuts in 2014), low performing processing technologies, beginners' management mistakes and yet insufficient competitiveness in processing, which is partly due to unfavourable political framework conditions. All of these factors are generally out of project influence.</p>
<p>Indicator 4:</p> <p>In the frame of the matching fund:</p> <ul style="list-style-type: none"> 20,000 ha replaced with improved planting material. 13,000 ha improved by top-working with improved material. 	<ul style="list-style-type: none"> 30,392 ha improved with planting material. 620 ha improved by top-working with improved planting material. 	<p><u>Indicator (over)fulfilled.</u></p> <p><u>Indicator not yet fulfilled.</u></p> <p>During the course of the program it turned out that farmers preferred planting with new seedlings rather than top-working existing trees.</p>

Output A: Efficiency, quantity and quality of cashew production increased

Indicator (Output level):	Current state of achievement (as by end 2014)	Comment
Indicator a: 20,000 ha rejuvenated by using improved planting material	<ul style="list-style-type: none"> 30,392 ha were rejuvenated using improved planting material. 	<u>Indicator (over)fulfilled.</u>
Indicator b: 75% of producers applying good agricultural practices (beginning 37%)	<ul style="list-style-type: none"> The rate of farmers applying at least one of the three GAP ranges between 83% and 91% between the countries. 47% of the farmers even apply all three techniques on their plot (pruning, weeding, fire protection). 	Depending on the interpretation of the indicator it can be considered fulfilled, as more than 75 % of farmers apply at least one of the three GAP by the end of 2014. As the number of farmers applying all three techniques will further increase until 04.2016 the evaluation team considers the <u>indicator as fully fulfilled.</u> (cp. recommendations for indicator in table 1)
Indicator c: 97,370 direct business linkages between producers and processors.	<ul style="list-style-type: none"> 68,694, as in December 2014 (contractual agreements exists implying 68.694), plus an additional 30.000 linked under MF projects funded by IDH. 	This makes 98.694 business linkages in total . The <u>indicator is regarded as fulfilled.</u> Meant are famers who are linked directly to processors through contracts.
Indicator d: 5 research institutions provide improved planting material through MF.	<ul style="list-style-type: none"> 12 institutions, as in June 2015 	<u>Indicator (over)fulfilled.</u>

Output B: Processing of cashew nut and by-products is extended and improved

Indicator (Output level):	Current state of achievement (as by end 2014)	Comments
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Indicator (Output level):	Current state of achievement (as by end 2014)	Comments
<p>Indicator a:</p> <p>50 cashew producers and processors plus other service providers are trained and linked up through master training program.</p>	<ul style="list-style-type: none"> 58 actors of the entire value chain were trained in the 1st session (until July 2014). Another 62 will be fully trained until end of 2015 during the 2nd session of the Master Trainer Program. 	<p><u>Indicator (over)fulfilled.</u></p>
<p>Indicator b:</p> <p>250 national farmer associations exchange and express the interest of the sector.</p>	<ul style="list-style-type: none"> 201 national farmer associations exchange and express the interest of the sector. 	<p>Indicator not yet fulfilled. The evaluation team does however expect the <u>indicator to be fulfilled by the end of the second phase.</u></p>
<p>Indicator c:</p> <p>97.370 direct business relationships between producers, processors and buyers.</p>	<ul style="list-style-type: none"> 68.694, as in Dec 2014 (contractual agreements exists implying 68.694 farmers), plus an additional 30.000 linked under MF projects funded by the IDH. 	<p>This makes 98.694 business linkages in total . <u>The indicator is regarded as fulfilled.</u> Meant are famers who are linked directly to processors through contracts.</p>

There has been a great demand for technical assistance while setting up processing units. However, a targeted and stratified selection of processors based on viability criteria prevented higher drop-out rates (only one out of ten requests was selected). By the end of 2014, there were 16 processing units operational, using 57 % of their capacity. All of them passed the minimum standards. Some have also expanded their capacity, which contributes to temporarily lower use rate. The 14 units currently receiving technical assistance/ business advise in the second phase used 36 % of their capacity by the end of 2014. Currently, four of them are operational. Some of the others have avoided losses and temporarily shifted to trading, which can however be seen as a learning effect.

In addition to technical assistance there has been high demand for business development services showing increasing interest of the industry to improve their services. Another six units are currently using business plans in order to acquire financing. In regard to by-products, 43 MT were processed into cashew apple juice at the end of 2014.

Output C: Supply chain linkages are sustainably established and interlinked

Indicator (Output level):	Current state of achievement (as by June 2015)	Comments
Indicator a: Notably through the Matching Fund international and national stakeholders exchange and establish business linkages: 15 Matching Fund projects	<ul style="list-style-type: none"> 9 projects plus an additional 5 of projects that are implemented under ACi, with parallel funding of IDH 	14 projects concerning business linkages were established in total. The evaluation team expects it to become 15 by the end of the second phase and considers the <u>indicator fulfilled</u> .
Indicator b: 7 international buyers in the Matching Fund	<ul style="list-style-type: none"> 7 buyers, as in June 2014 	<u>Indicator fulfilled.</u>

Output D: Organisation of the cashew sector is strengthened

Indicator (Output level):	Current state of achievement (as by June 2015)	Comments
Indicator a: 5 public institutions have developed strategies relevant for the cashew sector in the ACi countries.	<ul style="list-style-type: none"> 5 public institutions have developed or are developing strategies relevant for the cashew sector in ACi countries. 	Institutions in all five countries were supported; however, only three countries did fully formalize (Côte d'Ivoire, Ghana and Mozambique). Burkina Faso and Benin are in the process in developing their strategies and are supported in that process. <u>Indicator fully fulfilled.</u>

In addition to the support of strategy development for the sector which is reflected in the indicator above (output D, indicator a) the ACi facilitated policy dialogue with several ministries, facilitated public-private dialogue events and organized and promoted panel discussions, research meetings, regional exchange meetings, partner visits to conferences and bilateral institutions), which also served for the strategies. The ACi particularly supported the annual ACA conferences. Together with the Cashew and Cotton Board of Ivory Coast (CCA), the International Technology Conference (SIETTA) has been carried out with ACi

support to attract investment in the sector (more than 4,500 participants from more than 25 countries). Today there is more and more awareness of key partners that they need to work together to find a common ground for sector development in the countries and sub-region.

Criterion	Assessment dimensions	Rating
Effectiveness	The project will achieve the objective agreed in the commission, in accordance with the indicators.	3
	No unintended negative results occurred or if they did, they were responded to.	4
Overall rating effectiveness		13

Owing to this number of points, the effectiveness criterion is given the rating *successful*.

3.4 Assessment of overarching development results (impact)

The ACi achieved large-scale significant impact, especially at producer and national, sub-regional, international sector-level: Due to the projects intervention a typical assisted farmer gains an additional net income of \$-US 120 per annum (the baseline income from cashew in the year 2010 is estimated at \$-US 144). The additional net income for a farming family is much higher and can be estimated around 480 \$-US for use of family labour. Due to approximately 5,800 new jobs that were created in the processing industry income could be increased (estimated monthly salary on an unskilled factory worker lies around \$-US 60), especially for women working in factories that received technical assistance (around 30 % temporarily lost due to high prices and resulting preference for trading).

The master trainers who participated in the ACi’s master training program and were delegated from their institutions introduce know-how within their organizations and countries. They are therefore causing a long-term multiplier effect in their countries of origin. By the end of the second phase 120 master trainers will have graduated. Master trainers from Senegal, Togo, Mali, Sierra Leone, and Gambia will allow spill-over effects outside the ACi countries.

Due to its vast network, consisting of stakeholders working at all levels of the cashew value chain and its activities in several countries, the ACi has developed important global, regional and national business information (intelligence) which it is constantly sharing with all stakeholders. Long-term trends of the global market are anticipated regularly and strategies are aligned accordingly and in coordination with all stakeholders involved. This is ensuring the development of sustainable and resilient development strategies for the sector.

The ACi's activities massively increased visibility and focus on the cashew sector through public relations and insertion in national strategies. Policy makers are more and more aware of the sectors potential and regional/ international private sector actors increase their activities (global cashew convention, ACi presentation at international events etc.).

Due to the project's success, the concept of matching funds could be scaled-up by setting up innovative project designs for other regional initiatives (e. g. the Competitive African Rice Initiative, CAADP or projects running under the Special Initiative OneWorld – No Hunger (SEWOH) of BMZ.

In regard to the overarching development goals, ACi contributes to several MDGs: MDG 1 (reduction / eradicate extreme poverty and hunger), MDG 3 (promotion of gender equality and empowerment of women), MDG 7 (environmental sustainability) and MDG 8 F (technology exchange and cooperation with the private sector increase availability of new technologies e.g. information, communication).

Criterion	Assessment dimensions	Rating
IMPACT	It is anticipated that the project will help achieve overarching long-term (political) objectives.	4
	The project helps achieve broad impact.	4
Overall rating impact		16

Owing to this number of points, the impact criterion is given the rating *very successful*.

3.5 Assessment of efficiency

The overall efficiency of the ACi is considered to be very high. During the second phase the program received approximately EUR 14,060,000 out of which from BMZ (EUR 7,400,000) and the BMGF (EUR 6,660,000). Additionally, the 13 core partners of the program contributed at least \$-US 1,000,000 each. Furthermore, the program was able to leverage additional funds of EUR 5,000,000 from the private and public sector through the matching fund instrument (research/ extension 50:50, business linkages 60:40). The overall matching fund budget amounts for EUR 8,481,983. Out of this, the biggest part (approximately 60 % or EUR 5,071,370) are contributed by the matching fund partners, thus representing a substantial leverage. Furthermore, the ACi attracted additional parallel funding through the IDH (EUR 1,000,000), USAID (EUR 1,000,000) and the EU/ CORAF (\$-US 500,000).

Parallel funding means that other institutions fund projects ACi approves as they are in line with the project objectives.

In comparison to the input, in average the net income for a typical farmer assisted by the ACi increased by \$-US 120 (40 million annual addition) in 2014, indicating an enormous fund leverage ratio of 1:8,5.

ACi’s regional structure and its efficiently set instruments, allows to make very flexible use of upcoming opportunities and to successfully operate in a volatile, quickly changing set-up (e.g. price fluctuations, political instability and partners’ interest). Within the different country contexts, ACi is efficiently using synergies with other bilateral programs, especially in Benin, Burkina Faso and Côte d’Ivoire.

Criterion	Assessment dimensions	Rating
Efficiency	The use of project resources is appropriate with regard to the achieved results.	4
	The opportunity of coordinating with other donors and/or projects has been explored and, if possible, implemented.	4
Overall rating efficiency		16

Owing to this number of points, the efficiency criterion is given the rating *very successful*.

3.6 Assessment of sustainability

The program is considered to operate highly sustainable. Productivity and production effects will be maintained and will further increase in the mid-term. Training and know-how exchange strengthened capacities of producers (358,874), processors (20 receiving technical assistance), master trainers (120), trainers (1,020) and staff of partner organizations (more than 1,000). Additionally, the program proactively promoted national, regional and international young professionals through internships for students who will provide experts for other institutions (phase II: more than 50 interns and students).

As indicated by the high usage of the matching fund instrument, ACi is demand- and partner-driven and working largely with national and regional public, private and civil society organization (CSO) structures. It thereby creates lasting expertise and ownership in cashew value-chain and in project implementation know-how.

The created business relationships throughout the supply chain are expected to exist beyond project duration. Insertion of cashew sector into strategic documents maintains political focus

in the medium- to long-term. The ACi is prompting policy makers to include relevant stakeholders in all ACi countries in the development of country strategies. The annual ACA conferences and SIETTA have become renowned industry exchange platforms and will most probably continue to do so after the ACi has come to an end. A wealth of information material on cashew is made available outside the projects structure and will also remain available in the long-term.

Criterion	Assessment dimensions	Rating
Sustainability	It is anticipated that the project's positive results will be durable.	3
	The project takes into account possible risk factors that could influence the longer-term sustainability of results.	4
Overall rating sustainability		14

Owing to this number of points, the sustainability criterion is given the rating *very successful*.

3.7 Overall rating

The evaluation team considers the program to be very successful. It is highly relevant both for the target group and partners as well as for the sector and will achieve most of its indicators by the end of its current phase. It contributes to long-term overarching development goals and reacts flexibly and efficiently to changing framework conditions. Due to a broad capacity development strategy on different stakeholder levels the project’s positive impact is expected to remain beyond its duration. Resources are used efficiently, as shown by very high leverage effects and additional funding by different donors, reflecting a high level of trust in the program’s management. Risks are currently only seen in the strong personal figure of the executive director, who is highly valued by all partners. It remains unclear, whether someone else would be able to attain as much trust from all partners involved once the position of the executive director will be changed.

Criterion	Score	Rating
1. Relevance	16	Very successful
2. Effectiveness	13	Successful
3. Impact	16	Very successful
4. Efficiency	16	Very successful
5. Sustainability	14	Very successful
Average of all criteria	15	
Overall rating of programme	Very succesful	

Owing to this number of points, the project is given an overall rating of *very successful*.

4. Key recommendations

The evaluation team recommends to complement ACi II by a follow-up project (ACi III) for a period of five years until the end of 2020 in order to allow consolidation and further extension of the results and to harmonise the duration of the project with the overall German program for large-scale value-chain promotion, of which the ACi III will be part. In particular the following recommendations are made:

i) Production: ACi is recommended to continue activities increasing productivity and innovation in production through intensified support to research, improved access of farmers to inputs, services, and capacity development measures. Additionally, the ACi should focus on the support to private service providers for these activities. Expanding production activities to one or two additional countries of interest (e. g. Sierra Leone) might be considered.

ii) Processing: In regard to processing it is recommended to strengthen research and testing on processing technology and off-farm use of by-products. The expert pool for technical assistance and business development services should be further strengthened and a practical training program for mechanics in an upcoming cashew school processing unit in Côte d'Ivoire should be supported.

iii) Supply chain linkages: The ACi is recommended to continue to strengthen business linkages, to promote market information systems and ICT tools to provide information and to analyse weaknesses in the value chain. Using the matching fund, the ACi should continue to strengthen business linkages. It is especially recommended to promote local consumption.

iv) Sector organization: ACi should continue to support local industry associations and to further support policy and strategy development and exchange in the sector at the national

and regional level and capacitate actors. The successful master training program should be continued for experts both from the ACi countries as well as for neighbouring countries. Cashew topics should be integrated into curricula from technical training schools and universities.

As Côte d'Ivoire is a strong player in the West African cashew development and other bilateral projects funded by BMZ and implemented by GIZ (PROFIAB) or by the World Bank (PSAC) are about to get involved in the cashew sector it is recommended to set up an ACi expert in Côte d'Ivoire and therewith extend office structures to a third country. It would be the task of the expert to facilitate dynamic implementation and political processes: start of PROFIAB and PSAC, inter-ministerial dialogue - advocacy, cashew school processing unit, linkage to regional level.

Generally, it is recommended to use the SEWOH and other platforms to further promote cashew as an income and climate change adaptation option in Africa and worldwide. One of the major tasks for the next phase will also be to clarify different roles for regional coordination with ACA. A change of name for clear distinction should also be thought about.

The recommendations made in the project evaluation are included in the final report and are taken into account in the program proposal for the follow-on measure. Part of them may be started already until the end of the current project ACi II.

Annexes

Annex 1 Terms of reference for the appraisal team Anlage

PROJECT EVALUATION

Terms of Reference

Promoting Competitiveness of African Cashew Farmers The African Cashew Initiative (ACi)

Project countries:	Benin, Côte d'Ivoire, Burkina Faso, Ghana and Mozambique
Project Duration:	07/2009 – 03/2019 (BMZ)
Phase 2:	01/2013 – 04/2016 (BMZ and BMGF)
Consulting period:	01.06. – 24.07.2015
Mission period:	Ghana 21.-24.06.2015 Cote d'Ivoire 21.06.-03.07.2015

General Information ACi

Context

More than 40 % of the global cashew crop is produced by about 1.5 million smallholder farmers in Africa. The vast majority of these farmers lives in rural areas and struggles to earn as little as about USD 144 per year from cashew production. A number of factors cause such low incomes including low yields, poor quality nuts, and a lack of business skills.

Cashew farmers in Africa rarely organize themselves into associations, which results in weak bargaining positions with dealers. Furthermore, the often poor quality of their cashew nuts reduces their competitive-ness on the international markets. Another weakening position is the fact that less than 10 % of Africa's raw cashews are actually processed in Africa. This leaves an opportunity for job creation, local value addition and thus poverty reduction largely untapped.

Objective

The African Cashew initiative aims at building a sustainable African Cashew Sector by increasing the competitiveness of African cashew producers and processors in Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Mozambique. The underlying goal remains to sustainably increase income for farmers and processors, as well as other actors in the cashew value chain.

The updated objective for Phase 2 is the following:

In 2016, the average additional annual net income of the 430,000 trained farmers will be at least \$110 per farmer, compared to a farmer who did not adopt cashew improvement measures. Total additional net income will be generated by the 430,000 trained farmers of \$19 Mio (2013), \$34 Mio (2014), \$47 Mio (2015 and 2016 each) – cumulatively this will total over \$100 Mio, baseline 2010.

The specific results to be achieved as a direct result of ACi-supported interventions will contribute to a broader vision for the African cashew sector in 2020: Within ten years, profitability and competitiveness of the cashew value chain in five selected countries in Sub-Saharan Africa will have been improved. Eight selected countries will be processing 60% of their total cashew nut production. 500,000 smallholders will have \$80 million in added annual income.⁵

Activities of Phase 2 are organized around the four following “forces” to achieve the project’s objectives:

- **Force 1 Production:** sustainable increase in productivity of cashew farmers.
- **Force 2 Processing:** creating a sustainable local processing industry which is globally competitive.
- **Force 3 Supply Chain Networks:** establishing stable and sustainable business relationships between producer groups, processing units and retailers.
- **Force 4 strengthening the Organisation of the Cashew Sector:** key stakeholders are organized at the national level with common goals, the processing industry is effectively represented and the various funding programs that support the sector operate in a coordinated manner.

Approach

ACi’s main objective is to increase the competitiveness of African Cashew Smallholders, Processors and other actors in the value chain and achieve a lasting reduction of poverty in the project countries. Beyond farmer direct income impact, increasing cashew processing capacity in Africa, the development of sustainable supply chain linkages and supporting a better organization and coordination of the cashew sector, are integrated in the project. Through ACi, GIZ and its implementing partners TechnoServe and FairmatchSupport provide training on technical issues, as well as business advice to farmers, processors and facilitate linkages between farmers and processors.

ACi strengthens initiatives in the cashew sector and responds to questions regarding investment and processing. ACi specifically addresses companies that process cashew nuts in Africa. The initiative advises them on their daily operations and supports them to stay well-informed about market developments, on applying for credits and other financial assistance, and on improving the technology in their factories as well as providing technical assistance in actual processing. The initiative is also working on data systems to supply farmers and processing companies with relevant market information. Moreover, ACi promotes African brands to improve the worldwide marketing of high quality African cashews. In meetings with stakeholders from along the cashew value chain, the initiative develops strategies to persuade decision-makers in the project countries to improve the business climate for cashew production and processing.

ACi has accumulated valuable experience and knowledge in the production and processing of cashew nuts and its by-products and this resource is shared with industry, notably processors and potential investors in the cashew processing sector in Africa. Through a combination of strategies, the initiative aims to raise total household incomes of 430,000 cashew farmers in the project countries to a minimum of USD 600 until 2016. ACi further aims at creating 5,500 new jobs in cashew processing factories, most of them for women.

⁵ These figures are based on the assumption that the cashew demand increases by 5% p.a.; updated figures March 2015.

Another objective is to increase the quantity of processed raw cashew nuts from 7,000 MT (2009) to 100,000 MT.

Partnership

The African Cashew initiative ACi presents a new and innovative model of broad-based multi-stakeholder partnership in development cooperation.

The ACi is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Bill & Melinda Gates Foundation (BMGF). The project builds on a broad based multi-stakeholder partnership with national and international partners from the private and public sector, who are actively involved in the promotion the cashew value chain: the African Cashew Alliance (ACA), the Cashew and Cotton Board of Ivory Coast (CCA), the Dutch-based Sustainable Trade Initiative (IDH), Mozambique's National Cashew Institute (INCAJU), International Food and Snack Buyers Intersnack and Kraft Food, the Ghanaian Ministry of Food and Agriculture (MOFA), International Buyer and Processor OLAM, the German Software Developer SAP, the Dutch-based Trade and Development Group (TDG) and USAID. The Ministries of Agriculture from Benin and Burkina Faso have committed orally to become core partners. In March 2015, Walmart has declared their interest to join ACi as Core Partner.

Results achieved so far:

Since its commencement in April 2009, ACi has trained more than 333,630 cashew farmers in Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Mozambique, which is almost 30% of all cashew farmers in Africa. About 25% of the trained farmers are women. Furthermore, the initiative has trained 2,200 cashew growing experts, who qualify as trainers in the sector. On the production side, the quality of cashews has improved significantly, which facilitated business links between smallholder cashew farmers and local processing companies. In 2016, by combining efforts with the private sector, the average additional annual net income of the 430,000 trained farmers will be at least \$110 per farmer, compared to a farmer who did not adopt cashew improvement measures. Total additional net income will be generated by the 430,000 trained farmers of \$19 Mio (2013), \$34 Mio (2014), \$47 Mio (2015 and 2016 each) – cumulatively this will total over \$100 Mio, baseline 2010. For farmer households, this resulted in a maximum income of 600 USD per year from selling raw cashew nuts alone.

At the same time, nearly 5,800 new jobs have already been created in the local processing industry, 73% for women. The accumulated wage amounts up to about 6,000,000 USD with a maximum wage of 800 USD per female worker per year. Out of the 20 ACi supported processors, 7 companies 'graduated' after the first phase of implementation. In the current second phase, 13 companies receive technical assistance to build viable businesses. Until end of 2014, cashew processing capacities have increased tremendously from 8,150 MT in 2008 to 48,200 MT 2014. Although not all capacities have been fully utilized yet, processors in Africa have raised local processing from 5 % up to 10 %.

For a sustainable support of business relations along the cashew value chain, ACi engages private and public companies for project implementation under the funding instrument of a Cashew Matching Fund. These co-funded projects work on subjects to improve quality standards, promote direct harvest selling and increase income opportunities.

Project Funding and Phases

ACi Phase 1 was from 4/2009 to 12/2012; and Phase 2 is from 01/2013 to 04/2016.

The project is based on a co-financing agreement with private and public partners, accounting for cash and in-kind contributions. The two main funders are the Bill & Melinda Gates Foundation and the German Federal Ministry for Economic Cooperation and Development (BMZ). The projects budget was a total of 39.71 mio EURO: BMZ funded 13.8 mio EURO (1st Phase 6.4 mio EURO; 2nd Phase 7.4 mio EURO); BMGF contributed 25.17 mio EURO (1st Phase 18.51 mio EURO; 2nd Phase 14.06 mio EURO). Also Kraft Foods contributed in the 1st Phase 1 mio USD cash.

Private sector contributions come from core partners (see list above).

Some Innovative Project Elements

ACi Operational Steering: ACi in collaboration with private and public sector partners created a new and innovative type of multi-stakeholder partnership in development cooperation. Together they constitute a decision-making body of so-called “Core Partners” with a commitment of a minimum of 1 million USD to the sector. Their responsibility is to decide on project activities and strategic directions. A steering committee was also composed of a larger advisory group with government and value chain actors to offer technical advice and validate intervention in the various project countries.

Cashew Matching Grant Fund: The Cashew Matching Grant Fund is a unique public private partnership model to leverage funds and to accelerate the development of the cashew industry. The fund was commissioned in September 2012 by the Bill & Melinda Gates Foundation, the Federal Ministry for Economic Cooperation and Development (BMZ) with participation by Sustainable Trade initiative (IDH). The fund leverages contributions from farmer-based organizations, processors, buyers, retailers, as well as public research institutions, to implement activities that address ACi and partner vision for a sustainable growth of the sector. Under the fund, private partners promote their interest through closer and effective supply chain linkages and also finance improved planting material distribution to farmers as part of loyalty packages. As a result, private sector partners and farmer associations establish trust-based business relationships and a sustainable cashew supply chain. Public partners also develop and distribute improved planting material to enhance cashew production and to close the yield gap. ACi facilitates the mutual learning of all Matching Fund Partners through Learning & Innovation Meetings.

Capacity Development across the sector and the West African Region: Through training of trainers, ACi develops local capacities of highly knowledgeable resource persons as trainers along the cashew value chain including policy advice and facilitating regional exchanges for learning and innovation.

Cashew Sector Organization: Through the multi-stakeholder partnership approach, ACi supported the establishment and strengthening of national and regional stakeholder platforms, which resulted in a better and joint understanding of cashew sector dynamics and allowed for effective dialogue with governments to develop enabling policies. In the long-term, through linking national and regional stakeholder platforms, these policies are harmonized across countries to facilitate cross regional business linkages.

Consultancy/ project mission

Aim of the project mission

Submitting a project evaluation report for Phase 2, with a focus on learnings from Côte d’Ivoire, and writing key elements for a proposal for Phase 3.

Tasks

The following tasks need to be fulfilled:

- Executing the project evaluation according to GIZ standard format;
- Analyzing achievement of objectives (“result-based-evaluation”) using Capacity WORKS as an underlying structural tool;
- Analyzing sustainability and exit strategies and upscaling potentials for the different intervention areas;
- Based on the analysis of the achievement of objectives, developing major strategic elements for a proposal for Phase 3 under consideration of GIZ instruments;
- Ensuring that key issues for a third phase proposal are documented, in close collaboration with an expert from the ACP secretariat;
- Evaluating other topics related to cashew like gender, climate change, food security and the sustainable reduction of poverty;
- Evaluating the project concept paper and possibly putting focus on successful lessons learnt;
- Present and discuss review results in a stakeholder workshop (in French).

Selected questions:

- Which are partners that can contribute to a successful implementation of a third phase and how should they be integrated? What specific role shall private actors (international and national ones) play?
- To what extent is cashew part of the national investment scheme in Cote d’Ivoire, the ACP secretariat, and other national schemes and how is it implemented?
- What role shall Côte d’Ivoire play in a Phase 3 of ACi, given its importance in production and sector organization? How shall country strategies be defined? How shall sector networks and organization be supported by the project?
- How can other topics related to cashew (gender, climate change/ energy efficiency and the sustainable reduction of poverty) get more attention within the project?
- What areas in the value chain shall Phase 3 focus in its implementation on?
- What capacity development measures shall be continued/ introduced in Phase 3, as part of upscaling?
- Which lessons learnt shall be further worked on or shall be shared? How should lessons learnt be framed?
- What are the possibilities for better cooperation with other GIZ projects in all of the ACi project countries –(in future all cashew producing countries in Africa and Caribbean)?
- How can development priorities and management requirements by ACP secretariat/ EU DEVCO be met in Phase 3?
- How can an Africa and Caribbean wide upscaling of ACi Phase 3 look like? What delivery instruments can be used?
- To what extent can there be further linkage/ potential co-funding with the Bill & Melinda Gates Foundation in a Phase 3? How can there key issues of linkage with food crops (as of special interest to the Foundation), e.g. with groundnuts, be further integrated into a Phase 3 implementation of ACi?

Evaluation team

The evaluation team consists of two consultants (GIZ) plus associated team members/ experts, each having the following responsibilities:

Consultant 1 (GIZ/FMB) (Dr. Dieter Nill):

- Communication/ Briefings with Executive Director
- Leading the PEV team
- Coordination of submission of the BMZ offer
- Writing and presenting results and findings

Consultant 2 (GIZ/ FMB) (Julia Reimers):

- Assessment of gender, climate, food security and poverty related aspects within the project
- Quality assessment of the project review
- Contributing results and findings, focus private sector orientation
- Writing ZAK draft/ Offer to BMZ and EU DEVCO

Consultant 3 (GIZ/ KAMCO) (Ariane Kresse):

- Assessment of gender, climate, food security and poverty related aspects within ACi
- Contributing results and findings, focus alignment with overall value chain program
- Writing project review report; Contributing ZAK draft/ Offer;

Associated expert 4 (Consultant Ghana) (Atta Agyepong):

- Assessment of cooperation and alignment in Ghana
- Contribution strategy of donor coordination

Associated expert 5 (ACP Secretariat) (Yao Adingra):

- Assessment of relevance for and alignment with ACP/ EU development priorities and PSD criteria
- Management requirements for Phase 3
- Requirements for project proposal to EU DEVCO

Associated expert 6 (PROFIAB or other bilateral project) (NN):

- Assessment of cooperation potential with bilateral program
- Country specific alignment, within Donor sector coordination
- Recommended cooperation for Phase 3

Associated expert 7 (Conseil Coton Anacarde) (Dr. Mariam Ouattara):

- Assessment of relevance and alignment with national priorities and strategies
- Synergies with other actors in the cashew sector
- Assessment of cooperation framework within Cote d'Ivoire
- Recommended cooperation framework and activity focus for Phase 3, for Cote d'Ivoire

Resource Team: ACi management, ACi head of components, FMS, TNS

Location

Côte d'Ivoire – Abidjan and Bouake (21.06.-03.07.2015)

Ghana (21.06.-24.06.2015) and then join the mission in Bouake/ Côte d'Ivoire

Inputs of other project evaluations and reports to consider:

- Case Study ACi on Global Service Delivery; Worldbank/GIZ/BMGF; Consultants: Davon Cook, Will Rogers, Atta Agyepong; April 2015

- DEVAL Report: Cashew value Chain in Burkina Faso; Review workshop on 22.05.2015 in Ouagadougou; Lead consultant Sabine Seidemann;
- Review of Matching Fund Instrument; and options for Phase 3: Consultant Johanna Moss
- Core Partner meeting and Steering Committee meeting – documentations
- Annual project reports to BMZ and to BMGF
- Newsletter 1-3
- Concept note to ACP Secretariat Developing competitive sustainable Cashew sector in Africa and the Caribbean, 12/2014
- Project proposal to CORAF, 10/2013
- Cashew overview Caribbean
- Organigram
- PRM report 2011

Annex 2 Project evaluation schedule

Date	Name	Institution/ Position
22.06.2015	Dr Michael Dreyer	GIZ, Country Director
	Sanogo Malamine	CCA, Directeur Général
	Berté Mamadou	CCA, Directeur Général Adjoint, Chargé de la Filière Anacarde
	Dr Ouattara Gniré Mariam	CCA, Directeur technique Anacarde
	Martine Post	GIZ, Deputy Country Director
	Nii Apa	OLAM, Program Officer
	Ann-Christin Berger	GIZ, ACI Communication Manager
	Ernest Mintah	GIZ, ACI Matching Fund Manager
23.06.2015	Yao M. Fracoise	PSAC,
	Adam Mambo	PSAC, Facilitatrice
	Partheeban Theodore	OLAM, Senior Vice President and Country Manager
	Miriam Gyamfi	African Cashew Alliance, Program Manager
	Kofi Atta Agyepong	KFW, Senior Local Expert
	Seth Akoto	MOFA, Cashew Desk Senior Officer
	Guilherme Lima Assis	USIBRAS, Director
	24.06.2015	Frédéric K. N'da Mougo Komenan
Michel Manlan, Ph.D.		Ministère de l'Industrie et des Mines, Conseiller Technique
Fae Monke Adrien		Ministère de l'Industrie et des Mines, Directeur de la Promotion des Investissement Privés
Tra Bi Irié Emmanuel		Ministère de l'Industrie et des Mines, Directeur de l'Innovation et de la Technologie
Nicole Apling Kouassi		ANADER, Directeur Général Adjoint
Soro Klitoloma		ANADER, Head of Extension
Doris Hribernigg		ONUDI, Représentante de l'ONUDI en Côte d'Ivoire
Bossey Gerard		Independent Consulting to UNIDO
Arno Bos		CTC, Managing Director
25.06.2015		K. Charles Yao
	Ahoutou Konan	Centre National de recherche agronomique (CNRA), Chef du Département Appui au Développement
	Prof Kone Daouda	Université Felix Houphouet-Boigny, Professeur

Date	Name	Institution/ Position
	Dr Cherif Mamadou	Université Felix Houphouet-Boigny, Acadmeic Scientist
	Traore Assita C.	FIRCA, Cashew and sugar cane Programs Officer
	Dr. Cyril T. Quist	MOFA, Regional Director Brong Ahafo
	Ofusu Denkyira	MOFA, Regional Director of Crop Services
	Musah Ziblim	OLAM, Zonal Head
26.06.2015	Karim Berthé	CCA, General Coordinator in Charge of Industrial Development
	Dougou Keita	African Development Bank, Division Manager Agriculture and Agro-Industry
	Dr. Eklou ATTIOGBEVI-SOMADO	African Development Bank, Principal Agronomist
	Mathieu Briard	FairMatchSupport
	Prakash Chandra DAS	OLAM, General Manager
01.07.2015	Desire Dieudonne Bankole	Technoserve, Country Director

Annex 3 Agreed Minutes (only for project evaluations with follow-on measure)

**Agreed Minutes
on the Appraisal of the Project**

**Promoting Competitiveness of African Cashew Farmers
The African Cashew Initiative (ACi)**

**Results of the Programme Appraisal Mission
(June to 2 July 2015)**

The two parties signing hereunder declare herewith that they agree with the findings and recommendations summarised in the attached report. Furthermore, they agree to a programme concept for a new follow-up programme ‘African Cashew Initiative III’ as discussed during the appraisal mission and at a consensus-building workshop in Abidjan on 2nd July 2015. This summary report shall serve the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as the basis for eventually preparing a programme offer to the Federal Ministry for Economic Cooperation and Development (BMZ) for consideration and approval.

These Minutes do not represent a formal programme agreement, but rather reflect the assessment of the design mission and the results of the workshop discussion. They are not binding on either party to the extent that formal approval is subject to agreement by the Partner Authorities concerned and by BMZ.

Abidjan, 02nd July 2015

Mr. SANOGO Malamine
Directeur Général
Conseil de Coton et de l’Anacarde (CCA)

Dr. Dieter NILL
Mission Leader Evaluation
GIZ

Introduction

More than 40 % of the global cashew crop is produced by about 1.5 million smallholder farmers in Africa. The vast majority of these farmers lives in rural areas and struggles to earn as little as about USD 144 per year from cashew production. A number of factors cause such low incomes including low yields, poor quality nuts, and a lack of business skills.

The African Cashew Initiative (ACi) has started its work in 2009 with the objective to improve the African cashew value chain from production to processing to marketing in five countries: Benin, Côte d'Ivoire, Burkina Faso, Ghana, and Mozambique. Main target groups are smallholder producers, processors, buyers, government institutions and their different national and regional platforms and associations.

The first phase of the project has been implemented from 07/2009 to 12/2012. The second phase started in 01/2013 and will end in 04/2016. The project is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) with cofunds of the Bill and Melinda Gates Foundation (BMGF). Further funds for the second phase come through contributions from core partners, public and private contribution to a matching grant fund, and parallel project funding through the Sustainable Trade Initiative (IDH), USAID, World Bank/West African Research in Agriculture Fund (WECARD/CORAF). As the current project phase comes to an end April 2016, thus an evaluation mission has been commissioned to assess strengths and challenges of the current phase and to formulate recommendations and a planning framework for ACi III.

The evaluation mission comprised Dr. Dieter Nill (teamleader), Mrs. Julia Reimers (value chain expert), Mrs. Ariane Kresse (gender, food and nutrition security expert) and Mr. Yao Adingra (expert ACP Secretariat). The evaluation took place from 21st June to 3rd July 2015 with part of the team working in Ghana and part of the team in Côte d'Ivoire. The results were discussed with the team and selected implementing partners during a workshop in Bouaké on 27/28th June and presented during a partner meeting in Abidjan on 2nd July 2015.

The team would like to express its sincere gratitude to the team of ACi and CCA for preparing, facilitating and accompanying the evaluation and to all interview partners for their contributions, time and warm welcome.

Mission findings

Framework conditions

Global cashew demand currently increases by 10 % per annum giving a large potential for producing and processing countries. Global production lies at around 2.7 million tons, of which Africa holds a share of 40 %. Côte d'Ivoire is with 600,000 mt/year the biggest producer in Africa. Main producing countries outside Africa are India, Vietnam and Brazil. In regard to processing, India and Vietnam have currently set up the highest capacities with about 1.5 and 1 million tons per annum. In Africa, there is comparatively few processing with around 160.000 tons per year.

Assessment of project objective and outputs

The objective for ACi 2 is the following:

Project objective until 04/2016:

The competitiveness of the cashew value chain and its contribution to poverty reduction has increased and is consolidated in selected African countries.

Ind. 1: 430,000 farmers qualified by trainings (30 % women). Accumulative additional net income created: \$US 80 million based on 330.000 trained farmers.

Ind. 2: 15 Matching Fund supported cashew processors source 50% of their raw nuts directly with farmers and farmer groups.

Ind. 3: Share of locally processed raw nuts reaches an average of 30% in the five ACi countries.

Ind. 4: 20.000 ha replaced with improved planting material. 13.000 ha improved by top-working with improved material.

Four lines of action have been selected to work towards the objective:

1. Increase in efficiency, quantity and quality of cashew production
2. Improved and extended processing of cashew nut and by-products
3. Establishing and interlining supply chain linkages
4. Strengthened organisation of the cashew sector

Achievement of project objective:

The project will achieve its objective to a very high degree.

358,874 (22 % women) producers fully trained (twice) by July 2015 plus 126,000 farmers trained once. In total, farmers gained \$120 accumulated additional net income without counting additional income from family labour. 21 contracts with processors were signed under the ACi Matching Fund (MF) and an additional 5 were funded under the ACi umbrella by IDH. 69% of raw nuts sourced directly with farmers and groups. The share of local processing has been 10 % by the end of 2014. 30.392 ha have been improved with planting material and 620 ha by top-working with improved material.

ACi has an enormous outreach to small holder farmers and has allowed a significant increase in income for rural households and farm laborers by increasing yield, production and quality of cashew. Solid sales operations between producers, processors, and buyers have been established and processes made more efficient and transparent also by using ICT tools. Sector organization and exchange between public and private stakeholders have been strengthened and based on more solid information on the sector and global market.

Improving production, business linkages and sector organization worked well whereas improving the share of local processing proved to be more difficult due to unforeseen developments in the world market as well as political framework conditions, which however do generally lie outside the projects influence.

Output 1: Increase in efficiency, quantity and quality of cashew production

Good agricultural practices allow increase of yields by 40 – 60 %. Thereafter improved planting material is needed.

Yields have been raised by applying good agricultural practices and improved post-harvest management from 240 – 500 kg to around 240 - 800 kg (min: Burkina Faso, max: Ghana). In Côte d'Ivoire yields went up from 350 kg/ha to 500 kg/ha.

In order to strengthen food security and the ability to adapt to climate change, cashew has also been intercropped with food crops. Additionally, in Mozambique, increase in production was also due to improved mildew management.

During the second phase of the project, producers rejuvenated 30.392 ha using improved planting material (target: 20.000). 47% of trained farmers apply the whole technology package (pruning, weeding, fire protection), while 91% apply at least part of it (target: 75%). 99,000 direct business linkages had been established between producers and processors by

in December 2014 funded by ACi and by IDH (through MF funding) (target: 97.370). Today 12 research institutions provide improved planting material (target:5).

Main challenges and opportunities seen for the future:

Yield and production potential is still not fully used and does offer additional increases estimated up to 1,500 kg/ha. Development, multiplication and dissemination of improved planting material is currently a serious bottleneck. Farming systems and their economics are not yet sufficiently analyzed to be used for further integration of cashew into existing farming systems. Intensification of productivity increases risk of pests and diseases (i.e. upcoming now in West Africa) and needs additional efforts in their management.

Output 2: Improved and extended processing of cashew nut and by-products

In order to improve processing in terms of quantity, quality and efficiency ACi has assisted 58 processors with one training session. Another 62 will be fully trained until end of 2015 during the 2nd session of the training program.

From the 13 processors targeted in ACi phase II, four were operating in 2015. In the current high price market for raw cashew nuts (RCN) some of the others have temporarily shifted to trading, whilst 3 companies closed mainly for management reasons.

Total current installed capacity of the 20 factories assisted intensively by ACi is 48300 mt. They have an average utilization of 49% of their capacity. For the 16 units currently operating, the utilised capacity is 57%. They have all passed minimum quality standards (AFI, HACCP, ACA Seal, or other).

In addition to technical assistance there has been high demand for business development services showing increasing interest of industry to improve their services. 14 units currently receive business advice. An equipment study carried out during phase I has been further updated in phase II providing a global overview of equipment producers. It has proven most helpful to upgrade processing systems in the countries and is the most frequently downloaded document from the ACi web-site.

Main challenges and opportunities seen for the future:

Processing is currently not competitive in Africa compared to Asia and Brazil. This is due to a number of reasons: e. g. artisanal equipment, low labor productivity, management weaknesses and limited business orientation, the non-use of by-products such as Cashew Nut Shell Liquid (CNSL), undercapitalized processors and difficulties in accessing finance through banks. Cashew processing is still a young industry. There are still few qualified workers, technicians and experts for processing and business advice. By-products are so far not used to make up for additional income.

Output 3: Establishing and interlining supply chain linkages

ACi is supporting business linkages along the value-chain from producers to processors to buyers. It is thereby largely using the Matching Fund (MF) instrument which has proven a highly appreciated tool allowing flexible funding, leveraging cofunds and injecting new ideas. Until now, 9 projects have been set up through the MF instrument plus an additional 5 projects that are implemented under ACi, with funding of IDH (target: 15) with 7 international buyer involved (target: 7). The fact that proposals are formulated by several actors strengthens joint learning and linkage of value chain (VC) actors and increases ownership. ACi is systematically introducing innovative ICT solutions like the Sustainable Supply System (3S) for market information, under IDH parallel funding. The system informs about the origin and quality of RCN and improves traceability and connectivity in the value chain. So far six companies are implementing 3S. The 'SAP digital process' has been developed as a public-private partnership and implemented to track RCN flows. Currently it is used in 7 countries;

60.000 small-scale producers are registered. More than 100.000 transactions are recorded with a value of registered produce of 14 million EUR. The system has largely improved transparency of sales operations. ACi uses different media for information dissemination and training like training videos, radio emissions, SMS messages to farmers.

Main challenges and opportunities seen for the future:

Only a limited number of applicants have experience with the MF instrument while newcomers still face challenges. It is felt that learning exchanges between stakeholders through specific learning events have decreased in intensity (so far two learning events per year, besides the master training program). Linkage between participants of the two MF funding lines for private sector development and research is still insufficient and can be used to channel research outcomes to practical application. This needs a strict check for relevance of research projects to be approved.

Output 4: Strengthened organisation of the cashew sector

ACi has worked on the national, regional, and international level to strengthen sector coordination, business relation, and visibility. It has supported strategy development for the sector and facilitated policy dialogue with several ministries.

ACi has supported 5 institutions in developing cashew relevant strategies (target: 5): It has contributed to the cashew masterplan in Ghana, to the cashew action plan in Benin and has supported review and implementation of the masterplan in Mozambique and is currently supporting the development of one in Burkina Faso In Côte d'Ivoire, it has promoted the development of the reform document on cotton and cashew (support to workshops and national approval workshop).

Numerous public-private dialogue events have been organized and promoted, e. g. panel discussions, research meetings, regional exchange meetings, partner visits to conferences and bilateral institutions). At the regional level, ACi has strongly supported the annual conferences of the African Cashew Alliance (ACA) and SIETTA as an industry exchange platform.

The work allowed a shift from creation and/or support of institutions (e.g. ACA) during ACi I to intensive collaboration with the now existing institutions during ACi II. The current demand-driven approach, which determines the agenda, has changed the mindset and way of collaboration. Governments now see better the economic and social potential of the cashew sector and step by step take over responsibility.

Main challenges and opportunities seen for the future:

The need for a private sector organization at regional level persists and has not developed as wished. The vision of and the ownership for ACA are yet unclear and further evolution is waited for. As the sector develops, new processes and actors (projects, processors, buyers) enter into the sector and need to be oriented and linked up.

Efficiency

The overall efficiency of the project is seen as very high. The budget of the second phase consisted of 14.060.000 EUR (BMZ: 7.4 million EUR, BMGF-co-funding: 6.66 million EUR). There were contributions of core partners of more than \$US 1 million per core partner. The MF provided 5 Mio. EUR from the private and public sector. Funds of other donors could be aligned (parallel funding: IDH and USAID 1 million EUR each, EU/CORAF - \$ 500,000 for 2nd phase).

Additional net income for an average ACi assisted farmer is today 120 \$ per year. For all assisted farmers this adds up to \$40 million annual net additional income in 2014 as compared to annual project costs of 4.6 million EUR i.e. a factor of 8.5.

The project makes efficient, flexible use of upcoming opportunities. The regional approach allows successful operation in a volatile, quickly changing set-up (e.g. price fluctuations, political instability and partners' interest). Synergies and task sharing with bilateral programs (notably in Benin, Burkina Faso and Togo) add to the efficiency.

Impact

The project has a large-scale significant impact especially at producer and national, sub-regional and international sector-level. Net additional income of farmers has been increased: US\$ 120 per farmer p. a. (plus additional income for a farming family around 480 US-\$ for use of family labor). Around 5,800 new jobs, mainly for women in cashew factories have been created out of which, however, around 30 % have been temporarily lost due to high prices and resulting preference for trading. 120 master trainers have been formed from 'ACi countries' as well as from neighboring countries (Senegal, Togo, Mali, Sierra Leone and Gambia), which allows spill-over effects. Using this multiplication effect, further 1.020 trainers were trained. ACi has developed important global, regional and national business information (intelligence) and is sharing it with all stakeholders and long-term trends of the global market are anticipated regularly. The work has increased visibility and focus on cashew sector through public relation and insertion in national strategies and increased awareness of policy makers and regional/international private sector. The successful concept has been extended to other large initiatives (Competitive African Rice Initiative, CAADP, and BMZ's special initiative "One World – No Hunger" (SEWOH)).

The project contributes significantly to the Millennium Development Goals (MDG) 1: poverty and hunger, MDG 3: gender equality, MDG 7: environmental sustainability and MDG 8 Technology exchange and cooperation with the private sector.

Sustainability

ACi is striving for sustainability of effects on several levels. At the farm level, productivity and production effects will be maintained and will further increase in the mid-term thereby conserving income effects. The intensive capacity building efforts have strengthened capacities of producers (335,000), processors (20), master trainers (120), trainers (1,020) and staff of partner organizations (more than 1,000). Additionally, the project promotes actively national, regional and international young professionals through internships, student theses thereby providing young staff for other institutions (phase II: > 50 interns, students). Actions are strongly demand- and partner-driven creating lasting expertise and ownership in the cashew value-chain and in project implementation. The created business relationships throughout the supply chain are expected to exist beyond project duration. At the national level, the insertion of cashew sector into strategic documents maintains political focus in the medium- to long-term and is prompting policy makers to include relevant stakeholders in all ACi countries in the development of country strategies. There is a wealth of freely accessible material for cashew sector available in the long-term.

Main challenges and opportunities seen for the future:

The name ACi causes maintained confusion and is confounded with the African Cashew initiative also because there are currently overlaps in the activities. Regional coordination is currently done by ACi, partly substituting ACA as regional business association.

Recommendations for ACi III:

The following recommendations are given for the next phase of the project:

Extent ACi for a new phase of five year until the end of 2020 in order to allow consolidation and extension of the results and to harmonise phases of the project with the overall German program for large-scale value-chain promotion, of which ACi will be part.

Regarding Production:

Continue to increase productivity, production and innovation through:

- Intensified support to research by national and international research centres focusing on improved planting material, treatment of pests /diseases, on-farm use of by-products and intensified exchange.
- Boost multiplication and dissemination of improved planting material (promotion of professional nurseries).
- Continue the extension and intensification of cashew plantations and cashew in integrated cropping systems (e. g. through intercropping, use of cashew for diversification of food crops for adaptation to climate change, mechanization) to increase the share of the African production in the global cashew market and to adjust to climate change.
- Continue training of trainers in order to train established and new producers with existing (GAP, post-harvest) and new modules (farmer business school, diseases, grafting).
- Expand production activities to additional countries of interest to processors (e.g. Guinea a.o.).
- Development of new business models linking small and bigger farms for services and business advice.

Regarding processing:

- Strengthen research and testing on processing technology and off-farm use of by-products (cashew apple processing / CNSL, bioenergy).
- Strengthen the expert pool for technical assistance and business development services.
- Advice on training program in upcoming cashew school processing unit for mechanics (focus on practical training / linkage to incubator system).

Regarding supply chain linkages:

- Continue to extend market information system (3S, SAP) and ICT tools to provide information and to analyse weaknesses in the value chain allowing more targeted interventions.
- Develop and support private service providers like chain saw services, grafting, top-working, tractor services etc.).
- Promote local consumption of cashew nuts and by-products.

Regarding sector organization:

- Continue to support local industry associations.
- Further support policy and strategy development and exchange in the sector at the national and regional level (SIETTA, ACA conference, World Cashew Convention) and capacitate actors.
- Enhance intergovernmental exchange at regional level and involve regional organisations in coordination and continue to provide global sector information.

- Continue Master Training programme for experts from 'ACi countries' and neighboring countries
- Insert cashew topics into curricula from technical training schools and universities
- Set-up ACi expert in Côte d'Ivoire to facilitate dynamic implementation and political processes: start of PROFIAB and PSAC, inter-ministerial dialogue - advocacy, cashew school processing unit, linkage to regional level.
- Use SEWOH and other platforms to promote cashew as income and climate change adaptation option.
- Seek to clarify split if roles for regional coordination with ACA and change name of ACi to allow clear distinction.

The recommendations have been integrated into the results matrix for ACi III, which is attached as annex.

Results matrix ACi III

OBJ. 1 PRODUCTION <i>Market-oriented producers increase efficiency, quality and quantity of their production</i>	OBJ. 2 PROCESSING <i>Business-minded local processing of cashew nuts and by-products applying modernized technologies</i>	OBJ. 3 SUPPLY CHAIN LINKAGE <i>Supply chain efficiency and quality are improved</i>	OBJ. 3 SECTOR ORGANISATION <i>Business-oriented organization and capacity development of VC actors at national, regional and international level are improved</i>
<p>Research:</p> <ul style="list-style-type: none"> • Intensify research on on-farm use of by-products, pest and disease control, improved planting material • Strengthen capacities at research level (research institutions, universities) <p>Service provision:</p> <ul style="list-style-type: none"> • Boost multiplication and dissemination of improved planting material. • Support and advice processor-owned and private nurseries and demonstration. • Facilitate access to financial services for farmers of cashew • Strengthen private service provision e.g. for spraying, tractor and chain-saw services, grafting/top-working 	<p>Research:</p> <ul style="list-style-type: none"> • Stimulate research and exchange on processing models • Facilitate technology transfer • Enhance research and testing of by products (shell and apple processing) • Analyze cost-benefit analysis (cashew apple/CNSL) for investment • Develop models and support shell and apple processing • Analyze key needs of the cashew sector; update equipment study and publish information on suppliers; identify exit strategy for technology transfer and build capacity of the targeted actors that can possibly take over update and dissemination of the info after the ACi project <p>Capacity Building:</p> <ul style="list-style-type: none"> • Continue technical assistance 	<p>Market information system as core for targeting of areas for improvement:</p> <ul style="list-style-type: none"> • Promote MIS systems for traceability (e.g. 3S, SAP, ACA MIS etc.) • Deploy and promote use of MIS systems at farm-level (using feedback to adjust) • Sensitize businesses on added value of database (of access to finance, social system etc.) <p>Partners should be able to:</p> <ul style="list-style-type: none"> • Capture their own data and analyze their performance on volume sold directly to partners, KOR, nut count and farmer output and other farmer details • Share relevant information with partners along the chain and adjust training and interventions accordingly • Benchmark between farmer groups and target investment and training to increase productivity 	<p>Support national organizations of VC actors:</p> <ul style="list-style-type: none"> • Support growth of industry associations (focus on producer and processor organizations and inter-profession) • Support policy and strategy development and implementation for national government actors. • Capacitate development of national actors: policy, regulations, research and extension • Support government in coordination of all VC actors/activities • Support inter sectorial exchange (public, private, Development Partners) • Support diversified public, private and CSO extension services <p>Facilitate regional exchange:</p> <ul style="list-style-type: none"> • Support regional and international private sector organization on demand (ACA, Global Cashew Council) • Support intergovernmental exchange on regional level (research,

<ul style="list-style-type: none"> • Continue to promote and train for ICT solutions for producers • Develop bankable business models for farmers, outgrower systems. <p>Extend capacity building:</p> <ul style="list-style-type: none"> • Extend existing ToT to public/private extension services (GAP, post-harvest) • Develop and implement additional training modules on farmer business schools, pest and disease control, top-working/grafting. • Build capacities of business advisors in cashew farming • Insert curricula on cashew into agricultural teaching institutes 	<p>(TA) and business development services (BDS)</p> <ul style="list-style-type: none"> • Add topic on systematic thinking on TA • Strengthen expert pool for technical assistance and mechanics (maintenance and repairs) • Improve skills at factory level to improve • Accompany CCA's training program in school processing unit • Build capacity of actors: e.g. CCA etc • Develop training materials on most relevant topics (guidebooks, manuals, info sheets etc) on processing (in partnership with actors who could possibly take over after the ACi project) - as exit strategy; • Facilitate learning exchange between processors • Continue with key processor selection criteria • Support selected existing processors for processing for the local market (promote local consumption e.g. nutritional promotion • Stratify processors according to technical assistance needs • Raise awareness for additional income from all by-products • (Professionalized) apple processing X 	<ul style="list-style-type: none"> • Create sustainable relationships with suppliers <ul style="list-style-type: none"> ○ Processors as suppliers to kernel buyers ○ Producers as suppliers to processors ○ Micro level (producers – processors – roasters – retailers – consumers) ○ Meso level: service providers, MIS (3S, SAP, Nkalo, ACA MIS etc), research ○ Macro level: policy makers <p>Based on Market Information systems, use matching fund instrument in a targeted way: Examples of matching fund intervention include:</p> <ul style="list-style-type: none"> • To continue to strengthen farmers and farmer organizations • To develop and support service delivery models (spraying, tractors, chainsaw – commercial activities bring loyalty) • Strategic development organization (e.g. of processors) 	<p>processing technology, policies)</p> <ul style="list-style-type: none"> • Extend linkages with international research organisations (CORAF, EMBRAPA, ICRAF, FARA, CIRAD etc.) • Support regional and international sector exchange (SIETTA, ACA conference, World Cashew Convention, research • Use regional organisations for regional sector coordination (ECOWAS, CAADP, CORAF etc.) <p>Instruments:</p> <ul style="list-style-type: none"> • Continue to provide global sector information (policy briefs, expert and actor mapping) • Set up ACi expert in Côte d'Ivoire to facilitate ne processes (PROFIAB, PSAC, CCA) • Develop overview of policy options for cashew sector • Continue Master Training Program for ACi and non-ACi countries
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	<p>Financing:</p> <ul style="list-style-type: none">• Facilitate access to finance• Engage financial institutions in cashew value chain concerning risks and opportunities• Build capacity of actors: e.g. financial institutions <p>Policy:</p> <p>Promote sustainable policy framework for processing</p>		
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Annex 4

