

# External Review

## **SMART Farmers**

Stimulating Markets for Farmers in the  
Districts of Barda, Tartar and Agdam in  
Azerbaijan

Final draft (revised)

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## Abbreviations

AFSA	Azerbaijan Food Security Alliance
CHF	Swiss Franc
DAC	Development Assistance Committee (OECD)
DRR	Disaster Risk Reduction
EDE	Economic Development and Employment
HEKS-EPER	Swiss Interchurch Aid
IDP	Internally Displaced Persons
M&E	Monitoring and evaluation
M4P	Making Markets Work for the Poor
PIU	Project Implementation Unit
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
TL	Team Leader
TOR	Terms of Reference

# 1 Introduction

## SMART-Farmers in brief

The Swiss Agency for Development and Cooperation (SDC) is funding the project “Stimulating Markets for Farmers in the Districts of Barda, Tartar and Agdam” (SMART Farmers), as part of its Economic Development and Employment (EDE) Domain in Azerbaijan. Oxfam GB implements the project and the three-years phase will last from November 2010 to October 2013.

SMART is implemented in parallel with a second EDE project of SDC in Azerbaijan, FARMS (Facilitating Access to Animal Resources and Markets in the Districts of Agcabadi and Beylaqan), which is implemented by the Swiss development organisation HEKS-EPER. Both projects apply the Making Markets Work for the Poor (M4P) approach. While SMART is focused on horticulture, FARMS is active in animal husbandry. The projects operate in adjacent rayons (districts) of central Azerbaijan.

SMART started its activities with an inception phase that lasted from November 2010 to mid July 2011. Based on the findings of eight surveys by independent NGOs and consultancies, the project decided to target the sub-sectors of (i) white onion, (ii) yellow onion, and (iii) strawberry, to facilitate the respective markets to function better for poor farmers.

The main phase started in mid July 2011 and is to last until October 2013. The overall phase budget is CHF 2.075m (or approximately AZN 1.65m at current exchange rates).

The project goal is to reduce poverty through sustainable income and employment opportunities for women and men smallholders in the horticulture sector as well as for IDPs in the districts of Barda, Tartar and Agdam.

After work on the onion value chains had to be abandoned in June 2012, the project moved to the vegetable seed value chain and the logframe was adjusted accordingly. SMART is now to achieve the following two outcomes:

- Outcome A: Improved access to quality vegetable seeds and advice;
- Outcome B: Growth in the strawberry market that benefits women, IDPs and other smallholder producers.

## External review

SDC has mandated an external review of the SMART project in February 2013. The same team that conducted the SMART review also reviewed the FARMS project during the same mission.

The SMART review had the objectives to:

- (1) Assess relevance, effectiveness, and sustainability of the project, its approaches and activities, including the capability of the partner to undertake them, and
- (2) Provide suggestions on the future course of action of the project.

The review team visited the SMART rayons Barda, Agdam and Tartar between 11 and 16 February 2013. It held meetings with the Swiss Cooperation Office (SCO), the Oxfam Country Director and the project team in the Barda project office, as well as with the Deputy

Excom in Tartar. In Baku, a meeting was held with the CEO and the senior agronomist of AKTIVTA, an important project partner.

Field visits were made to farmers and producer groups active in the strawberry value chain, the vegetable seed value chain, as well as the yellow and white onion value chains. A strawberry nursery and joint ventures were visited. Discussions were held with traders and dealers and a cold storage owner, as well as with the regional director of Azersun, the largest food processing company in the country.

At the end of the mission, a joint workshop was arranged with the teams of the SMART and FARMS projects. The objective was to arrive at common conclusions and recommendations on: (i) reasons for abandoning value chains (yellow onion for SMART; AI for FARMS); (ii) issues faced in the seed sector (where both projects are active); as well as (iii) main challenges in applying the M4P approach in Azerbaijan. The results of the workshop have flown into the analyses of both projects, specifically also into chapter 81.

The review team would like to thank all parties involved and express its gratitude for the excellent collaboration received and the open and constructive discussions that could be held. Any errors or omissions are of course the sole responsibility of the authors of this report.

## 2 Results and analysis of outcome A: vegetable seeds

After the decision was taken to change to vegetable seed, a seed sector mapping was made in September 2012 to define the best entry points. Work on the seed value chain started in October 2012, i.e. SMART was operational for only four months at the time of the external review. This has to be borne in mind when assessing progress.

Vegetable seed has been selected due to its poverty reduction, growth, and feasibility potentials. Vegetable seeds are undoubtedly an important factor in agricultural production in the region, with around 30,000 households producing vegetables as cash crops on approximately 40% of arable land. 25 seed dealers have been identified in the region; only two directly import their seed. Complaints from farmers about tampered and fake seed are widespread. Several sources estimated the share of poor vegetable seed in the market as high as 30%. Trust of clients in the seed they buy and in the dealers that sell the seed is therefore a real concern.

The results in the seed value chain will be measured by the increase in sales of dealers and sub-dealers, decrease in expired seeds being sold in shops, and customer satisfaction and loyalty, i.e. change in trust. To this end, three specific outputs have been formulated: (i) improved access to higher quality information for dealers to improve service to small holders; (ii) small holder can buy quality seeds appropriate for local conditions; and (iii) seed importers and dealers improve coordination in the distribution network.

The seed impact logic or result chain has been designed and a sector plan developed. The target is to reach 1600 farmers that should increase their production by 35%; 15 dealers should offer embedded services based on better information they receive from three importers as well as from AKTIVTA, the association of inputs suppliers in Azerbaijan.

After the initial sector mapping, the main activities undertaken so far are:

- Seed market analysis with dealers and information source analysis with producers, both directly undertaken by the project;
- Preliminary discussions with interested seed dealers to form a regional organisation;
- Provision of external consultancy to AKTIVTA to develop into a BMO and expand to the Aran region;
- Setting up of seed demo plots by dealers in villages in collaboration with farmers, assisted by external consultancy to receive customer feedback and ensure quality.

However, when looking at the timelines given in the seed sector plan, the project is somewhat behind schedule. Establishing contacts and starting negotiations with importers, for instance, have proven to be more difficult and time consuming than anticipated.

### Seed value chain discussion

As said above, the vegetable seed market is seriously distorted (as is the case with alfalfa seed in the FARMS area); up to 30% of vegetable seed is currently adulterated. 80% of vegetable seed are imported.

The project interventions focus on importers (that have their own agendas in the current non-transparent market situation) and local dealers (which are, in one way or other, involved themselves in the widespread tampering and profit from it). The role of AKTIVTA, a core

actor in the intervention logic, remains unclear. The organisation is at the same time a project partner (in mapping the seed market and in setting up the local dealer group), but also a project client (received business consultancy support and is applying for funds to establish an Aran base), as well as a seed sector actor on its own right (through planned provision of commercial services to dealers and as operator of the planned website for dealers). AKTIVTA was also involved in the onion value chain activities and is supervising the continuing white onion trials under the Oxfam Sunrise project.

The project's intervention logic for the seed value chain remains rather vague and general, especially in the essential elements of what it actually plans to do, i.e. the level of project interventions. "Raising dealers voice and improving the feedback loop", "capacity building in good business practice, self regulation and quality assurance" are certainly good intentions but show a simplistic and overly optimistic analysis of the sector problems. The real root causes (the famous 'elephants in the room') of the existing market distortions are not discussed or addressed (and neither made a topic in the backstopper reports).

However, these issues are obviously well known. To cite pertinent statements from the AKTIVTA business plan (based on their earlier sector mapping): "The registration procedures for importing of new seed and fertilizer varieties are very tough and complicated. In contrast, a case of falsification of packages by black market actors of different seed varieties is increased and the government agency has not got capacity to control it. Another reason that accelerates this problem is an illegal monopoly that kills fair competition in the market."<sup>1</sup> The "shadow dealership system" and widespread bribing practices for Turkish seed imports will not disappear based on regional activities with a few dealers. Leverage on the main players that profit from the current scheme of things is insufficient and the project is in danger of addressing at best local level symptoms but never the root causes of what it wants to change.

The review mission is of the opinion that for a small and short-duration project like SMART it will be a major challenge indeed to induce systemic and sustainable change in a complex and seriously distorted market like the vegetable seed sector in Azerbaijan. In other words, the initially presumed feasibility potential of this intervention is at least questioned.

### **3 Results and analysis of outcome B: strawberries**

Small-scale strawberry growing is an established practice in the project area; in particular the Tartar rayon has a reputation for growing this crop. The traditional local varieties give little yield over a short period of time and their shelf life is short. As strawberry production is labour intensive and well suited for small production units and involves mainly women, the project has set out to improve production and marketing of this crop.

Market potential was assessed as very good, both on the regional markets for fresh produce, as well as for import substitution for juice making, where large producers like Azersun currently have to import substantial quantities of frozen berries from China and stated preference for purchasing local produce at competitive prices.

The objectives of the strawberry intervention are to (i) improve varieties and technology; as well as (ii) improve market access for producers.

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<sup>1</sup> AKTIVTA Business Plan, version Feb 2013, executive summary.

The project has 'imported' stock of the improved Victoria variety from a large grower in Jalilabad (who has his roots in a 2006 USAID project). Victoria, unlike the local varieties, allows continued picking during five months from May to October and its shelf life is much longer.

The project has facilitated, i.e. co-financed, the setting up of a 0.25ha Victoria nursery by a producer group, along with three pilot joint ventures between traders and producers, bringing the total crop under cultivation to 1.65ha as of now. The project contributed the cash required for investing in plastic cover and drip irrigation to the joint ventures; farmers prepared their plot and traders contributed the seedlings (partly received on credit from the nursery). The proceeds of the strawberry sales are to be split between the joint venture participants according to a pre-defined formula.

The project has clearly selected a value chain with good growth potential and the 'winning' variety. It has gone off to a very good start; a lot of optimism was tangible with all market players, be it producers, traders and also processors.

The project has made cost-benefit analyses with three scenarios before starting the joint ventures; the business plan templates introduced to the farmers, on the other hand, are clearly too sophisticated for such small businesses (and consequently not being used)

Progress achieved so far and projections for October 2013 look as follows:

Main Outcome Indicators	Target	Achieved Nov 12	Projection Oct 2013
Small farmer clients	100	55 Women 38 IDPs 5	200
Growers with agreements	50	9	20
Processor clients	2	0	1
Trader clients	15	3	10
Investment models	2	2	2
Yield (t/ha)	25	20	25
Income (AZN/0.1ha)	+35%	+123%	+125%

Given the interest gauged in discussions with many actors, it seems likely that the project will reach its quantitative phase targets in strawberry. The main driver for this optimistic assumption is visible in the last line of the above table where, under conservative assumptions, the income target has been vastly exceeded already.

### Strawberry discussion

A very positive argument for strawberry is certainly that market research strongly indicates that demand will outstrip supply for some time to come; in that respect, the project is in a safe situation. Also, the potential to earn substantially more income than with any other crop is a core driver for all actors involved in the value chain.

On the other hand, pilot activities (nursery and joint ventures) depended so far on the SMART cash grant contributions. The question arises where this money is to come from in



future when the concept is to be scaled up and mainstreamed. For initial mainstreaming efforts in new areas, the seed fund may be tapped into; in the medium term, however, the directly involved actors must fully finance the ventures if they are to be sustainable and economically viable.

Some doubts emerged also in relation to the sustainability of the advocated group-based approach. Once profits will start to flow, they will have to be shared among (unequal) partners; issues like ownership of assets and depreciation also have not yet been dealt with. Finally, nematodes were present in the nursery (that were successfully treated) but qualified and accessible plant protection services need to be ensured for a post-project situation.

Processors are interested but not directly involved yet, as the volumes currently produced are still small and easily absorbed in the regional fresh produce markets.

The expansion plan is optimistic. The 2011/12 harvest was 5t and for 2012/13, 35t are expected. In two more years (i.e. 2014/15 season), the forecast is 500t.

In any case, the project has to consider when the time is best for an exit, i.e. when the intervention can be called a sustainable success. Then, the question arises what the best follow-up interventions would be in this market (if any).

## **4 Discarded yellow and white onion value chains**

The project has initially made substantial efforts in the onion value chains. White onion was to be introduced, piloted and ultimately processed in the country as ingredient for Unilever soups. Yellow onion was mainly to be developed as cash crop for export.

However, in 2010 the yellow onion market and prices crashed in Azerbaijan. Various reasons were given for this. One line of arguments pointed to EU subsidies that would have pushed Polish production, which in turn captured the important Ukraine and Russia markets, formerly the main destinations for Azeri exports. Also, 2010 has seen a large expansion of onion production due to the earlier good prices and consequent market entry of big players. Other sources added the story that 'standard' export bribes range from \$ 120 to \$ 250 per ton and make onion export not competitive with other producing countries.

When the initial research in the value chain had been made, the analyses stopped at the national market system; the international situation was not assessed. In hindsight, this led to overly optimistic assumptions for the development of the sector. Also, the fact that bribing is a defining element of the Azeri export system could have been taken into consideration before embarking on this venture.

In 2012, the project and SDC agreed to abandon the onion value chains, as the pressure from dissatisfied project clients became too strong. Prices have since regained a bit, but are still far from their earlier peaks. Still, many farmers claim to have no alternative and continue with onion production, albeit on lower levels than before.

The white onion trials are being continued under the Oxfam-Unilever Sunrise project. The last year trials were said to be more promising and a plan was mentioned to eventually export the produce to Unilever Russia.

## 5 Transversal topics

### Gender

Oxfam rightly prides itself on the fully mainstreamed gender sensitive concepts and approaches in all its interventions. The project analysed the gender situation in the strawberry sector and recently made a gender analysis of the seed sector. Overall, women head 10% of households in the project area with a slightly higher share among IDPs.

Participants in the various project activities underwent a gender audit and training in 2012. In strawberry, time emerged as major constraint for women; in seed, the participation of women is very low due to persistent traditional role distributions and lower level of interaction by women with outsiders like seed dealers.

The latest progress report shows that SMART has already overachieved the relevant gender indicator targets.

### Governance

The producer organisations were used as entry point for engaging municipalities and informing them of project activities. The joint ventures (earlier in onion, now in strawberry) include written contracts approved by the municipalities to increase transparency and accountability.

At national level, the Azerbaijan Food Security Alliance (AFSA) was recently established, with Oxfam playing a core role, as forum for government, NGOs, and the private sector to meet and promote policy dialogue and advocacy as well as to work towards improving the relationships between these main actor groups.

### Disaster risk reduction (DRR)

So far, ten village DRR workshops (one in each target village) have been held and related proposals and plans developed. A Georgian expert is soon to provide recommendations on how best to implement these proposals and plans. Unlike FARMS, SMART has not foreseen a budget for co-financing projects and funding is to come from villages and municipality ex-com representatives.

## 6 Project management

### Monitoring and evaluation

The M&E system of SMART consists of two main components, (i) regular activity monitoring and (ii) baseline (2011) and control (2012) surveys that have been outsourced to a third party.

The project team does regular activity monitoring on monthly, quarterly and bi-annual basis. The two value chain teams collect additional information. The monitoring officer is in charge of running and maintaining the related database.

The system is quite elaborate but ultimately can be condensed into seven core indicators for strawberry (see chapter 3) and ten indicators for seed. Random checks of the system

revealed that the project could profit from a more robust and critical approach towards data screening and interpretation.

The semi-annual and annual progress reports follow the SDC guidelines. However, they leave the reader drowning in details, contain little analysis and few recommendations, and do not really tell the story. In future, more information (from digested data), analysis and related justifications for strategic decisions would be useful.

### **Project office**

SMART is the only project in Azerbaijan that Oxfam implements directly, while its other projects are usually implemented through national NGOs. Field visits have shown that Oxfam is well known and very visible; this was less the case with SMART and SDC. Naturally, Oxfam's long past of working in the area does play a role in this.

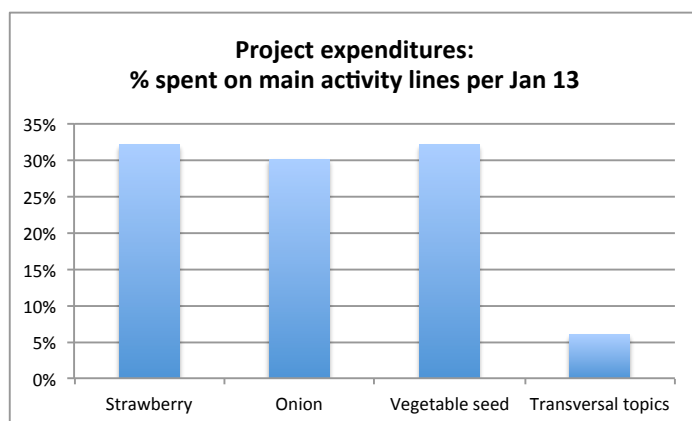
In Nov 2010, Oxfam established a new office in Barda to implement SMART. New staff was recruited that had no past with Oxfam and no M4P experience. Consequently, the first six months saw intensive learning and the project made serious efforts to understand and work with the M4P approach. Today, the relevant vocabulary has been mainstreamed within the team; however, traces of the 'classic' handholding approach are still noticeable.

As is the case with the FARMS project, staff hiring and retention has been a major challenge also for SMART, due to the comparatively remote location of the office. The international team leader was changed for a first time between the tender and project start. In 2012, the team leader resigned and the Oxfam country director in Baku has taken the interim lead of the project. This arrangement has worked satisfactorily but it is good that, after a difficult recruiting process, the new team leader is to start in spring 2013.

A M4P team leader needs a good grasp of the approach, along with entrepreneurial spirit, organisational talent, communication skills, and leadership qualities. At the same time, knowledge in promoted value chains is required. This is obviously a rather demanding profile and the new team leader will need a steep learning curve in the remaining months of the phase.

### **Budget and expenditures**

As per January 2013, i.e. after approximately 75% of the phase term, the project has spent 58% of the total phase budget. Main reasons mentioned for underspending were (i) savings made between the stop of onion work and start of seed activities, as well as (ii) seed research that was directly made by the project team and not outsourced, as initially envisaged.



The above diagram shows that expenditures are more or less equally distributed between the three value chains where the project is or was active. When compared with strawberry, where the project was active from the start, the seed value chain has already spent almost the same amount of funds. This is mainly explained with the studies and consultancies that were required during the start-up phase of this value chain. Also, transversal topics consumed a much smaller budget share than in FARMS, which co-finances DRR related village infrastructure.

## 7 Assessment according to DAC criteria

### 71 Relevance and ownership

Relevant systemic changes in the political economy of Azerbaijan are difficult to achieve. The state and related interests are strong, controlling and all pervasive. Government support instruments exist (even massive ones) but their application is skewed, not in favour of bottom-up development. The system is highly centralised and not responsive to outside (small) initiatives but rather protective of its perceived interests and prerogatives. The private sector is dominated by well-connected large holdings that are able to monopolise markets and make entry difficult for less connected actors. The remaining private sector can only develop within the confines given by the strong state and its affiliated big interests.

These defining characteristics of the political and economic reality in the country ('elephants in the room') were not sufficiently anticipated when interventions were designed and unfortunately are also not addressed in the backstopper reports.

Consequently, project interventions have, so to speak, hit several walls. External but also 'domestic' reasons have led to the failure of the yellow onion intervention (entry of large holdings in onion production and a pervasive bribing culture in exports); the seed intervention is up against widespread tampering and collusion in the import system. And the government does not rein in all these critical market distortions, as well-connected interests evidently profit from the current situation.

In strawberry, the most relevant and successful M4P intervention, the state is largely absent and the project managed to team up with interested local private sector actors that saw a good business opportunity.

The relevance and ownership of the strawberry value chain is undisputed; the project did the right things at the right time in the right places. Project facilitation was good, given the difficult and remote context, and good inroads were made in this value chain; however, the full impact potential still needs to be tapped.

The situation of the seed sector is more complicated. The main challenge is whether the project can influence the system or whether it only works on minor symptoms of market distortions and failure. In this value chain, more analysis and conceptualising are required, for instance related to how successfully involve importers and work against the financial profiteers from tampering.

Lengthy discussions on consistency with the M4P approach were required with the backstoppers, especially on the appropriateness of co-financing. The review team is of the opinion that, given also the long 'freebie' tradition of past humanitarian projects in the region, limited co-financing through a competitive process was essential and successful to initiate change.

## **72 Effectiveness**

To start with, it is not quite clear why only ten target villages were selected out of a total of around 250 in the three rayons, if the intention was to induce systemic change. While it is understandable that specialised onion and strawberry villages were chosen for piloting, it remains in any case unclear why a M4P project was designed according to administrative borders and why this was accepted in the original project proposal.

So far, client figures of SMART are not impressive: 55 producers, one nursery and three joint ventures in strawberry, and seven suppliers (out of 25) and 15 variety pilots or trials in seed. The revised logframe target of 100 strawberry growers remains small and the project is positive it will meet or even surpass the target in the 2013 season; in any case, prospects in this value chain are good. The core advantage is that strawberries are a domestic market and so far no outside interference has appeared.

Overall implementation effectiveness is assessed as satisfactory. Again, the initial change in team leader and the interim period without on-site team leader have not fostered effectiveness for a lack of day-to-day supervision and advice to the team.

To reach 1600 seed clients in the remaining eight months is a major challenge. The question is whether the project was not too ambitious or, in other words, whether it is not too small a broom to clean a very large storehouse. Finally, as mentioned above, the exact roles and function of AKTIVTA in the seed sector would need to be clarified.

## **73 Efficiency**

It is evident that changing the international team leader, followed later by an interregnum, did not foster efficiency. The new team leader will take up her position soon and has limited time to adjust and make her mark.

Abandoning the onion value chain in midcourse and starting with seed, when only one year of the phase was left, has been a defining moment for the project. The reasons for the switch are comprehensible but it can still be questioned whether embarking on a major new sector like seed had a realistic chance of being efficiently (and effectively) implemented in only one

year. This statement refers to the basic decision taken; as such, the seed activities have been implemented efficiently in the short period of four months so far.

For a range of reasons, interaction and communication between the implementer and the donor was sub-optimal, as is acknowledged by both parties, and has also been discussed in backstopping reports. In future, more direct, including oral, communication instead of mainly written formal exchanges should further improve the efficiency of implementation.

## **74 Sustainability and impact**

To put it simply: Victoria strawberries will continue to be grown in the region even if the project should stop tomorrow. Though the impact is currently still limited, all indications point to a potentially larger success story.

In seed, clearly more time is required to see whether systemic and sustainable change can be induced; however, as stated several times, the mission is not overly optimistic that the project does have the necessary means to bring about fundamental change in this value chain. In any case, more analysis and conceptualising are required to identify the most promising and feasible entry points.

## **8 The proposed future**

### **81 Learnings and guiding principles**

#### **Political economy and M4P**

As mentioned, systemic changes in the current context are difficult to achieve and the project had to abandon the onion intervention due to the serious distortions way beyond its leverage potential. Applying a strict M4P approach is further made challenging by clients who continue to expect handouts due to past experiences with humanitarian projects (including the ones implemented by Oxfam in the area).

SDC probably underestimated these challenges, also in respect to available capacities in the remote project area. The team was and is small and the timeframe was short for an M4P project that needs to build trust and requires much convincing. In retrospect, the number of value chains and intervention lines should have been less.

#### **Guiding principles for an eventual next phase**

The review mission proposes to SDC to engage in a second and last 3-years phase to profit from expertise gained, contacts made, and market knowledge acquired.

However, it will be crucial to have clear exit orientation right from the start of the second phase. This implies a careful assessment where the project can be reasonably sure to have maximum and sustainable impact.

It is further argued that scale and coverage can only be achieved by mainstreaming already tested and successful first phase interventions, i.e. where the 'doability' has been proven in the field. In other words, the project is advised to replicate on a large scale what worked well, instead of continuing to do many small-scale things.

The mission proposes therefore (1) a **priority option** where real scale and impact potential is expected, and (2) a secondary fall back option. The third and fourth options, which were raised in the TOR, are discarded for reasons given in the illustration below.

SDC should take a quick decision on which option to select, as this will influence the project's strategies in the remaining months of the current phase.

## 82 Proposed options

Priority Option 1	Option 2	Option 3	Option 4
Upscale strawberry intervention	Seed and strawberry in 2 rayons	Other implementer	Exit
<ul style="list-style-type: none"> <li>• Mainstream strawberry M4P success story ('model process')</li> <li>• Bring processors fully on board</li> <li>• Potential scale: at least 40 strawberry villages in Tartar rayon alone</li> </ul>	<ul style="list-style-type: none"> <li>• Required: more innovative ideas and 'doable' interventions (seed!)</li> <li>• Use Oxfam strength on policy level</li> <li>• Clarify project and 'partner' roles (ACTIVTA)</li> </ul>	<ul style="list-style-type: none"> <li>• No real choice in M4P 'savvy' orgs</li> <li>• FARMS is too far from horticulture</li> <li>• Time required for tender process</li> <li>• ACTIVTA directly in seed?</li> </ul> <p>&gt; Option discarded</p>	<ul style="list-style-type: none"> <li>• Loss of 3 years investment</li> <li>• Strawberry potential not fully tapped</li> <li>• Weak SDC E&amp;I Domain with only FARMS</li> </ul> <p>&gt; Option discarded</p>

### Priority Option 1 details

The basic idea behind the priority option is simple and straightforward: use the last three years of SDC funding for a full roll-out of the best and most promising of the interventions tested in the first phase. The most promising upscaling and mainstreaming potential is evidently in the strawberry value chain, as the economic potential and the interests of all involved players drive it. Victoria strawberries are now being established in the narrower area where the project has been active but the wider region has substantial potential to be tapped. The last phase should basically concentrate on wide-scale multiplication of this new crop and the existing team should have the required knowledge and expertise to successfully embark on this venture.

The intention is to not work with or through government but entirely with the private sector. The goal is to introduce and mainstream this plant and the piloted approach in the entire region, especially in areas where people traditionally have grown strawberries and thus already master the basic production techniques. It is further understood that coverage targets would be quite ambitious. The presumed 40 existing 'strawberry villages' in the Tartar rayon would only be a part of the envisaged coverage.

From the piloted joint ventures (that required facilitation along with cash contributions), the focus should shift on second-generation ventures where no more cash contributions are required, as well as on facilitating expansion of the market through individuals. In how far MFIs can play a role in financing strawberry ventures has to be investigated. And, once volumes have picked up, the initiated discussions with processors like Azersun can be taken up again.

Next to the main focus on disseminating strawberry production, additional transversal and M4P compliant sub-interventions could be undertaken in order to improve important



supporting functions for a functioning strawberry value chain. These might include, for instance:

- Ensuring proper disease management support;
- Improving the plastic cover sheets' quality and availability in the market;
- Potentially improving the market for drip irrigation pipes, including possible substitution of expensive imports by locally made pipes (if this is indeed feasible).

## **Option 2 details**

In this option, SMART continues to work in the seed and strawberry value chains. In strawberry, activities would more or less follow what was proposed for option 1, albeit on a more limited scale.

In seed, as mentioned above, more analysis and conceptualising would be required to identify the most promising and also 'doable' entry points. The strengths of Oxfam at policy level should be put to use as entry point for seed sector related advocacy, as core bottlenecks have to be addressed at this level.

Proposed conditionalities to be put to Oxfam for a second phase with the seed value chain should include: (i) recruiting of a qualified international (permanent but part-time) professional backstopper as seed sector specialist; full clarification of AKTIVTA's role and the modus operandi of collaboration (if any); and finally (iii) full separation of the project from Oxfam's white onion activities.



# **External Review of Phase I of the Project “Stimulating Markets for Farmers in the Districts of Barda, Tartar and Agdam in Azerbaijan (SMART Farmers)”**

## **Terms of Reference (International Consultant)**

### **I. CONTEXT AND PURPOSE OF THE REVIEW**

The Swiss Agency for Development and Cooperation (SDC) tendered two major rural development projects in February 2010. Oxfam GB was one of the international organizations which obtained the right to implement one of these two projects. The organization was tasked to implement a rural development project focusing on the vegetable sub-sector in the districts of Barda, Tartar and Agdam. Later the project was entitled “Stimulation Markets for Farmers in the Districts of Barda, Tartar and Agdam (SMART Farmers)”.

According to the agreement between SDC and Oxfam, the project’s duration is three years (November 2010 to October 2013) with a possibility of a second phase that would last for another three years. The project used the first 8 months for an inception phase to plan the intervention during the remaining period of phase I. As a result of surveys and assessments, the project decided that it would target three market systems: white onion, yellow onion and strawberry.

However, the project faced important challenges from the onset. The potential for targeting white onion was mainly linked with multinational foodstuff company Unilever, which previously agreed with Oxfam to procure 10% of its demand of dried white onion products from Azerbaijan by 2013. However, Unilever, the main driver of change in this market system, revised its projection to achieve commercial scale up of this new supply chain, moving the target for two more years from the original plan of 2013 to 2015. The project also had some problems to address market-related issues with the yellow onion value chain. Citing lower prices for yellow onion for the first time in the last 10 years, the project considered that the necessary changes could not be achieved in this value chain either.

Considering these problems, Oxfam and SDC decided to terminate the interventions in the white and yellow onion value chains on 08 June 2012. Oxfam and SDC also agreed to restructure the project and to work on the seed supply sector and further expand the interventions in the strawberry value chain.

In addition to the challenges related to the development of these value chains, there are also concerns regarding the project team’s capacity to understand and implement a systemic market development approach based on M4P principles.

So far, results have been below expectations. This is of serious concern to SDC and raises questions about the capability of the partner to implement the interventions in accordance with the agreed terms. SDC decided to conduct an external evaluation of the project earlier than envisaged to inform its decision on the future of the project.

### **II. OBJECTIVES AND SCOPE OF REVIEW**

The objectives of the review are to

- 1) assess the relevance, effectiveness, and sustainability of the project, its approaches and activities, including the capability of the partner to undertake them and,

- 2) to provide suggestions on the future course of action of the project.

The evaluation team shall address the following questions bearing in mind that they might propose others:

### **1) Assessment**

#### **a) *Relevance***

- Has the project done everything it could with respect to white onion and yellow onion value chains? What could have been done in addition? Were there missed opportunities?
- Has the approach employed by the project been the right one to tackle gaps in the white and yellow onion value chains and now the seed sector and strawberry value chain market systems?
- How do key market players working in the seed sector and strawberry value chain assess the pertinence of, and expertise provided by, the project?

#### **b) *Effectiveness***

- Are the project objectives as defined in the logframe still reachable given the pace of work so far? What is the potential for achieving the intended results in the seed supply sector and strawberry value chain? Which of these two areas of intervention represent the highest potential to achieve the intended results?
- Can the project make a breakthrough during the remaining period of phase I? Does the project have sufficient confidence and capacity to tackle the tasks of eliminating the identified information gaps in the seed sector and linking strawberry growers with potential traders and processor within the next 7 months?
- Have the project staff members, including the project management the needed strategic vision, capacity and understanding of a systemic market development approach (following M4P principles) to implement the project?
- Have the key project staff enough entrepreneurial spirit and a sufficient understanding of the market development (M4P) approach and the required facilitation role? Is the project sufficiently and competently supervised and supported by Oxfam's regional office in Baku?

#### **c) *Sustainability***

- How likely is it that the results achieved and expected during the remaining period of phase I will be sustainable?

### **2) Recommendations for future project implementation**

Based on the assessment of the project at this stage of phase I, the review team shall present recommendations on the future course of action in regard to the SMART Farmers project. The evaluation team should address the following questions (inter alia):

- Do the project achievements made and market dynamics stimulated so far justify the continuation of the project for a second phase?
- Would a change of partner, approach and/or scope make sense?
- What would be the risks and opportunities for project beneficiaries and other stakeholders linked to such decisions?

## **III. PROCESS / METHODS OF WORK**

The review team will consist of the following members:

- International consultant acting as team leader; and

- Local expert<sup>1</sup>

The team will make use of information provided by Oxfam/project and SDC, the project staff in the field, beneficiaries, local authorities, international organizations, local NGOs, business entities as well as other relevant stakeholders.

The main tasks of the assignment can be summarized as follows:

a) Desk research (information collection and analysis)

Relevant documentation includes, but is not limited to:

- Credit proposal and project document for phase 1;
- Revised SMART Farmers documents;
- Annual and semi-annual reports by Oxfam;
- EDE Domain Review Report, 2012
- Swiss Cooperation Strategy for 2008-2011  
[http://www.swisscoop.ge/ressources/resource\\_en\\_174563.pdf](http://www.swisscoop.ge/ressources/resource_en_174563.pdf).
- Swiss Cooperation Strategy South Caucasus 2013-2016

b) Briefing at the Swiss Cooperation Office (SCO) in Baku with the Deputy Regional Director and the National Programme Officer during the mission to Azerbaijan

c) Meeting with the Oxfam Country Director at the Oxfam office in Baku

d) Field trip to Barda, Tartar and Agdam districts (incl. interviews with project team, main stakeholders and beneficiaries)

e) Debriefing at the SCO in Baku

f) Debriefing at SDC Headquarters (SDC HQ) in Bern with the Desk Officer for the South Caucasus.

The consultant shall suggest a suitable methodology for the review in the inception report.

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<sup>1</sup> In cooperation with the International Consultant, a similar TOR will be drafted for the local expert to be identified and contracted by the Swiss Cooperation Office in Baku.

**Tentative Plan for  
SDC External Evaluation  
SMART Project  
12 – 16 February 2013**

<b>12 February 2012, Tuesday</b>	<b>Venue</b>	<b>Purpose</b>	<b>Who is travelling</b>
09:00 – 09:30	Oxfam Barda office	Introduction staff members and discussion agenda of field visits.	All team, including Shovcat Alizadeh – Oxfam Country Director
09:30 – 10:00	Oxfam Barda office	Overview of the SMART project – where we are now	Elvin Nabiyev – Acting Program Manager (APM)
10:00 – 10:20	Oxfam Barda office	Presentation on Strawberry Value Chain	Saida Gurbanova – Strawberry Value Chain Officer (VCO)
10:20 – 11:00	Oxfam Barda office	Discussions on Strawberry Value Chain	All team
11:00 – 11:15	Oxfam Barda office	Tea / Coffee break	
11:15 – 11:40	Oxfam Barda office	Presentation on Onion and Seed sector Value Chains	Elbay Guliyev – Seed Value Chain Officer (VCO)
11:40 – 12:30	Oxfam Barda office	Discussions on Onion and Seed sector Value Chains	All team
12:30 – 14:00 (including travel)	Barda district	Lunch	
14:00 – 16:15	Oxfam Barda office	Discussions on program management, monitoring system, reporting, budget expenditures, donor and other project relations, etc	All team
16:15 – 16:30	Oxfam Barda office	Tea / Coffee break	
16:30 – 17:00	Oxfam Barda office	Presentation on Gender and Governance	Gunel Mehdiyeva – Gender and Governance Officer (GGO)
17:00 – 18:00	Oxfam Barda office	Discussions on Gender and Governance	All team
<b>13 February 2012, Wednesday</b>			
09:00 – 10:00	Travel from Barda to Agdam		

10:00 – 11:00	Mahrizli, Agdam	Meeting with Mahrizli PO (yellow onion)	Seed VC team (2 persons)
11:00 – 11:30	Travel from Agdam to Barda		
11:30 – 12:30	Khanarab, Barda	Meeting with Khanarab PO (white onion)	Seed VC team (2 persons)
12:30 – 14:00 (including travel)	Agdam district	Lunch	
14:00 – 15:30	Dordyol 2, Agdam	Meeting with Dordyol 2 PO / strawberry growing IDPs	Strawberry VC team (2 persons)
15:30 – 16:00	Travel from Agdam to Tartar		
16:00 – 17:30	Tartar district	Meeting with storage owner in Tartar	Seed VC team (2 persons)
17:30 – 18:00	Travel from Tartar to Barda		
<b>14 February 2012, Thursday</b>			
09:30 – 11:30	Barda district	Meeting with dealers and sub – dealers in input shops	Seed VC team (2 persons)
11:30 – 13:00	Oxfam Barda office	Meeting with AKTIVTA – agricultural input dealers association	Seed VC team (2 persons)
13:00 – 14:30 (including travel)	Barda district	Lunch	
14:30 – 15:00	Travel from Barda to Tartar		
15:00 – 16:30	Irevanli, Barda	Meeting with Irevanli Strawberry Nursery / Irevenli PO and head of community ExCom	Strawberry VC team (2 persons)
16:30 – 17:00	Travel from Irevanli to Seydimli (within Tartar)		
17:00 – 18:00	Barda	Meeting with Seydimli PO / farmer – trader joint venture and head of Municipality	Strawberry VC team (2 persons)
18:00 – 18:30	Travel from Tartar to Barda		
<b>15 February 2012, Friday</b>			
09:30 – 11:00	Barda district	Meeting with strawberry traders in Barda Central Bazaar	Strawberry VC team (2 persons)

11:00 – 12:00	Barda district	Meeting with onion traders in Barda Central Bazaar	Seed VC team (2 persons)
12:00 – 13:00	Barda district	Meeting with Azersun (biggest food processor) representative (Regional Director) in Barda	Strawberry VC team (2 persons)
13:00 – 14:30 (including travel)	Barda district	Lunch	
14:30 – 18:00 (including break)	Oxfam Barda office	Discussion with SMART team	All team
<b>16 February 2012, Saturday</b>			
09:30 – 13:00 (including break)	Oxfam Barda office	Analysis of findings	All team
13:00 – 14:30 (including travel)	Barda district	Lunch	
14:30 – 16:00	Oxfam Barda office	Debriefing to SMART team	All team
16:00	Travel from Barda to Baku		