



International Markets Program ICCO

Evaluation 2005-2009

*From founding vision
to a perfect storm
to the next phase*

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List of Terms and Abbreviations

AFMO	Africa and Mid-East
AZEO	Asia, Europe and Oceania
BB	Beleidsbeïnvloeding (Policy Influence, also referred to in this report as Lobby and Advocacy, Lobby & Communication)
BOP	Bottom <i>or</i> Base of the Pyramid: refers to the poorest people in the world. These people tend to pay more for the same food, products, and borrowing than rich people and are usually underserved by markets and services. Contrary to most expectations, because of their numbers, they still represent a huge market if affordable products and services can be offered to them (source: Hart & Prahalad).
CB	Capacity Building (also referred to as Organizational strengthening)
CSR	Corporate Social Responsibility
DAB	Duurzame Armoedebestrijding (Poverty Alleviation, also referred to in this report as Poverty Reduction); one of ICCO's intervention strategies.
DRAM	Doel (Target), Resultaat (Result), Aanpak (Approach), Middelen (Means); method used to indicate the relationship between targets and means. It is one of the criteria used by the Ministry of Developing Affairs to judge program proposals.
DREO	Duurzame en Rechtvaardige Economische Ontwikkeling (see under SFED)
ECSAD	Expert Center for Sustainable Business and Development Cooperation; performed studies for ICCO which resulted in the documents 'A Rough Guide to Partnerships in Development' (2009) and '15 Dilemma's' (2009)
ILO	International Labour Organization
IM	International Market(s)
LA	Depending on context: Latin America/Lobby & Advocacy
M&E	Monitoring & Evaluation
MO	Maatschappij Opbouw (Capacity Building, also referred to as Organizational strengthening)
NTFP	Non Timber Forest Product
OECD/DAC	Organization for Economic Co-operation and Development/Development Assistance Committee
PO	Partner Organization
PR	Poverty Reduction (also referred to as Poverty Alleviation)
SER	Social Economic Council to the Dutch Government
SFED	Sustainable and Fair Economic Development; one of ICCO's programs. IM is a sub-program under SFED.
TOR	Terms of Reference

Foreword

This document represents the final document of the evaluation process of the ICCO International Market (IM) sub-program period 2005-2009. From ICCO's side the evaluation team was led by Dienneke de Groot and Gemma Boetekees and included the whole IM team. The evaluator's team consisted of Lucas Simons, NewForesight (project leader) and Jan Joost Kessler and Joost van Montfort (Aidenvironment).

Looking back we can safely say that this evaluation process has been an intense and hectic project. Intense, because there was a lot of urgency in the project to finish the evaluation in a short period of time in order for the outcome to be used for the MSF II planning cycle. It was a hectic period because the evaluation process didn't come at a good time. As we were evaluating ICCO's IM sub-program ICCO was decentralizing its organization at the same time. Many of the staff members that we needed as a resource left the organization in that same period.

In that sense the evaluation process was a good representation of the actual evaluation period itself. The period 2005-2009 marked the official launch of the IM sub-program. That period was quickly renamed as the 'Perfect storm'. The 'Perfect storm' is an expression that describes an event where a rare combination of circumstances will aggravate a situation drastically. In the case of ICCO's IM sub-program period 2005-2009 the ICCO organization was in reorganization, new performance and evaluation indicators were introduced, a new administrative system was introduced and the ICCO organization merged with *KerkinActie*. These developments have had in some cases negative effects on the availability, completeness, the quality and the reliability of the information at hand which we needed for our evaluation.

In short, this evaluation process was a challenge.

What is interesting to observe at ICCO, and also at other NGO's, is the constant flux in the world of Development Cooperation. As the societal debates about the need and effectiveness of Development Cooperation are becoming more vocal, NGOs are working hard to adapt their strategies, culture and organizational structure to these developments. The sector of Development Cooperation is constantly adapting to keep up with the speed of change of the political landscape and of global trade trends and patterns.

And in the midst of all this turbulence and perfect storms, ICCO surprised us and impressed us many times with their endless energy, commitment and resilience. Despite people losing their jobs and the cumulating amounts of work for the remaining staff members, many of them remained open and eager to discuss and learn from the evaluations findings and continue to talk with passion and with care about their work, the projects and the partner organizations. It is not often we meet organizations that seem truly interested and eager to learn and improve. And this made the evaluation assignment, despite the conditions under which it took place, a special experience.

We would like to thank the whole ICCO IM staff members for the pleasant, honest cooperation, discussions and feedback and we thank the partner organizations for their warm welcome in their offices.

We hope sincerely that this IM 2005-2009 evaluation will help ICCO become more effective in using market forces as driver for poverty reduction and inclusive growth and we ICCO good luck for the future.

Lucas Simons
Jan Joost Kessler
Joost van Montfort

Executive summary

This study is an evaluation of the International Markets (IM) sub-program of ICCO, covering the period of 2005 to mid 2009. The program evaluation was carried out in the period of December 2009 to April 2010 by Lucas Simons (NewForesight), Jan Joost Kessler and Joost van Montfort (Aidenvironment).

IM is one of ICCO's sub-programs under the program Sustainable and Fair Economic Development (SFED) and focuses at three value chains: cotton, tropical fruits and forestry in order to contribute to ICCO's main objective at policy level, being Direct Poverty Reduction, within the context of the recognition and implementation of the international Human Rights.

A IM, or demand driven, program is defined as a program in which policy or strategy is guided by market trends and customer demands, rather than by development needs and supply of products based on historical regional presence and partners, networks, productive capacity or current products.

The main objective of the evaluation is to assess relevance, effectiveness, impact and sustainability of the projects within the program, with an emphasis on the roles that ICCO performed.

The evaluation followed three phases: the Inception Phase, the Case Study and Synthesis and Reporting. For the systematic evaluation of results of the IM sub-program and more specifically the projects that were part of the case studies, a three-pronged approach was followed:

1. Interviews with relevant ICCO staff in the North and the South and desk studies of the IM portfolio, resulting in a set of hypotheses and a set of relevant insights.
2. Evaluation of projects through case studies for the three sectors of cotton, fruits and forestry. A representative selection of projects was made based on (i) projects that were already operational for some time and (ii) clear links to IM. The project documents indicate the set objectives and targets, and the evaluation looked at whether these have been realized. Apart from that, the evaluation looked in detail at the roles played by ICCO and its partners within each of these projects.
3. A set of indicators was defined for evaluation of the projects and the program as a whole on the issues of relevance, effectiveness, impact and sustainability.

The conclusions of this evaluation can be summarized as follows:

- **Relevance of projects:** Taking ICCO's choice for countries, sectors and partners as a given, the activities tend to focus on social capacity building and organizational strengthening and can be considered relevant. From the objective of reducing poverty through trade to international market the selected countries, selected sectors and partners have lower relevance considering low market potential and low level of economic and business skills.
- **Effectiveness of the projects:** We find strong effectiveness (results in line with set objectives), in terms of local results, horizontal relations such as capacity building and organizational development. We find weak results in terms of the linkages to international markets, i.e. the linkages to vertical chains.
- **Impact of the projects:** We find strong impacts in terms of social benefits and strengthened partner organizations. We find relevant impacts in terms of poverty reduction, but limited structural economic benefits, economies of scale, up scaling, secured markets, and reliability of supply, with the potential to generate sustained positive impacts on ICCO's target groups.
- **Sustainability of the projects:** Partner organizations have become more empowered and capacitated, and in several cases better organized and coordinated, thus enhancing organizational sustainability. On the other hand, we observe a high level of donor-dependency, market uncertainty, set-up of parallel structures and small markets. If ICCO stops funding, the production system will easily collapse. Thus financial sustainability is weak. There are also some remaining weaknesses in the established production systems.

- **ICCO's role:** ICCO is inherently successful in its role as a strategic funder, in helping partner organizations with capacity building and organizational development, enhancing their autonomy, linking local stakeholders and representing their views. ICCO has been especially instrumental in building local platforms and strategies, as one important starting point for a programmatic approach. ICCO has also played a positive role in bringing together stakeholders in the Northern countries, raising awareness and building up capacities. It has also influenced to some extent the enabling context with key actors such as public sector and civil society agencies. ICCO is weaker in its role as broker and set up market demand driven programs. Instead ICCO finances bottom up projects.
- **ICCO & Cotton:**
 - In the regions where ICCO is working on cotton, ICCO has taken a leading and appreciated role in bringing together relevant stakeholders and developing a common strategy. Strategic support to Northern organization has generally given good results in terms of enhancing sustainability in the cotton sector.
 - The market for organic cotton remains difficult and uncertain, there has not been a break-through in terms of marketing important quantities of organic cotton with benefits to large numbers of producers; producers remain dependent upon external support.
 - One promising development is to focus at producing and marketing a diversity of organic crops, produced as part of an integrated farming system, which may be the way forward for poor farmers in the semi-arid regions where ICCO is working.
 - Establishing and supporting parallel structures to market organic cotton is a risky approach.
- **ICCO & Fruits:**
 - ICCO's role of a strategic financier, especially of capacity development has been highly appreciated. In its role as broker in the value chain it has only be partially successful which can not be seen apart from the next bullet that points out the complexity of the fruit chain and the knowledge (i.e. focus) it requires to assume such a role.
 - In terms of impact and effect on poor small holder the fruit sector is very relevant and provides many opportunities. Results are mixed and impact in number is limited. Within the context of a very diverse, highly complex and competitive (international) fruit trade, ICCO starts off at the supply side, working with trusted partners, developing capacities and finding markets anywhere. It is a fragmented approach that requires much investment with little perspective for up-scaling or replication.
 - It successfully involved Northern partners and the challenge is to match future demand and supply.
 - ICCO can be more effective in fruits if it focus on specific roles and/or a limited number of (internationally relevant) fruit commodities.
- **ICCO & Forestry:**
 - ICCO has a strong, much appreciated and recognized role as a strategic financier. ICCO is praised by offering flexibility in terms of funding arrangements and relatively high levels of autonomy in spending. And for the special focus on capacity building and organizational capacity.
 - The focus on lesser known species, other economic activities like carpentry (furniture) for local markets and NTFP's like plants, fruits etc. is relevant. It represents significant value and enables more sustainable use of forests.
 - The Forestry and NTFP sectors offer many relevant market driven opportunities. However, ICCO does not follow a market driven approach in forestry but more a traditional development approach (supply driven). The Allen Blackia program shows initial encouraging signs of ICCO taking a more market demand driven approach.
 - The Forestry program will be more effective if ICCO would focus on its core activities (funding and organizational strengthening) and then establish complementary partnerships.

In general, ambivalence can be observed in the IM sub-program and the way it is being implemented. Is the ICCO organization primarily a development oriented organization (horizontal activities, sustainable livelihoods), in line with its tradition, or is it market/business oriented (link with markets, being market demand driven, vertical linkages), in line with its IM ambitions?

The overall conclusion is therefore that the ICCO IM program is not really an IM program. There is a discrepancy between what *should be done* to realize the set objectives and *what is actually done*. ICCO's IM sub-program has not yet matured, and is still being developed. While there are some interesting and promising results, there is no consistent approach. As a result, the impacts and expected impacts are not yet in line with ICCO's ambitions and there are also questions about sustainability. The main underlying factor is the fact that there is not a shared theory of change and vision, and related strategy on how to realise the main objectives of the IM program; there is a formal vision, with objectives etc. as reflected in ICCO's policies and plans. And there is an alternative vision, apparently supported by a small group of people.

Several of our conclusions overlap with the second vision, reflected by a small group of people. In line with their observations, we conclude that the IM sub-program has not followed an International Market, demand driven path as was foreseen by the founders of the IM program, but actually became more of a hybrid model where the traditional ICCO work (working with partner organizations help them with capacity building and organizational development) has been extended with economic activities and market linkages. This has resulted in a supply driven market approach, rather than the other way around, being a demand driven approach.

Initiatives and attempts to turn this around have not yet been very successful. Where initiatives were taken to follow a more demand driven approach, it seems that ICCO has pushed for the establishment of parallel channels, supply driven, instead of making use of existing market chains. The fact that parallel channels were set up is to some extent understandable, because it was unsuitable for ICCO to operate in the existing supply chains. It is the result of the choices made from the beginning, namely choices of working in certain countries, in certain sectors and (most important) with partner organizations which do not have experiences in working with real market opportunities. This leads to the choice of working in a supply driven way and set up parallel channels (a case of clear path dependency). Yet, from an IM point of view this is undesirable and not sustainable.

It can be concluded that from a strict International Market perspective there is tension between what 'should be done' and 'what is actually done'. On the one hand, this is not surprising. The IM sub-program is 'only' 4 years old and ICCO is a large global and complex organization that does not have a market oriented culture. It takes time for an organization like ICCO to change and internalize new sets of values. Especially if one considers that ICCO is undergoing massive change for some time now (the perfect storm syndrome). On the other hand, if ICCO wants to have an IM program, whereby economic activities can be used as a driver for poverty alleviation then it must be consistent in changing its strategy, in terms of focus (from supply driven to demand driven), culture (from producers being poor that must be helped, to producers being entrepreneurs) and internal structure and skills (being market and business opportunistic oriented).

Our recommendation is that a successful IM program must have leading input from the market side. The market side is therefore leading. The regions are executing. Projects and partner organizations are selected using market selection criteria.

Our recommendations regarding ICCO's strategic positioning are:

For ICCO's policy and strategy

- Write an IM business plan stating an ICCO IM vision, mission, critical success factors, strategies, objectives, organizational set up, planning and budget. This plan must be approved and updated every year/two year, and form the basis for subsequent monitoring.

- Create a centralised market lead team, with market oriented people and management, clear roles and responsibilities where market thinking is dominant. This team should be responsible for linking and partnering with other market convening initiatives. (Considering the decentralisation and reorganisation of the ICCO organisation this lead team can be the Fair and Sustainable Advisory Services).
- Ensure that ICCO regions support market demand programs and that they follow the lead team.

For ICCO's roles

- Stick to the strengths of ICCO, which means remain a strategic funder, in helping partner organizations with capacity building and organizational development, enhancing their autonomy, establishing regional stakeholder networks and platforms, linking local stakeholders and representing their views.
- Do not pursue your relative weaknesses, i.e. establishing international linkages.
- Based on thorough market analyses, work with partner organizations to implement better business and commercial practices.
- Partner with other organizations that are complementary to ICCO.

For ICCO's way of working in value chains

- Work demand driven, demand always determines supply. Working supply driven, building own supply chains, linking unnatural partners is not an IM strategy.
- Include thorough market analyses to regional strategies (who buys what, where, why and how).
- Work as much as possible through existing value chains, avoid establishing parallel structures, and even then work as much as possible with commercial partners (in a non exclusive way).
- Once identified what markets need, identify PO's that can help deliver the supply. Once a stable basis is created include the less developed suppliers (this would be in line with the inclusive growth strategy).
- Start with simple markets, simple products, close distances, known relationships and experienced, reliable producers. Add complexity of development issues later on. Focus on the middle of the pyramid, not on the bottom; reduce poverty by economical growth: inclusive growth¹. Enhance core funding and long-term support, influencing value chains is a long process.
- Work from a consistent vision and with a menu of relevant services (access to finance, access to markets, access to standards, know the partners who can build the right capacities, lobby etc). Don't do everything yourself but partner with other complementarily organisations.
- Embrace more business driven capacity building besides the social and environmental.
- Develop a strategy for enhancing economies of scale (up scaling), as well as performance, contract sanctity, reliability, quality, efficiency, etc.
- Develop an exit strategy for both cases when markets pick up, and also if the potential for market access does not materialise.
- Be thorough, clear and realistic in your expectations and in your definition of what is success. Don't be afraid to say no and use your authority and influence as a donor.

For the ICCO organization

Organizational structure:

- Find or train ICCO staff and management to have more a business approach (three fold; staff should be able to be a serious counterpart for business, understand market dynamics, and have a more business approach for their own work in setting up projects i.e. create success first before adding complexity, learn first and do not immediately go for the hard cases).
- Create a central IM lead team with roles and responsibilities for coordination of the program.

¹ Inclusive growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities. It focuses on ex-ante analysis of sources, and constraints to sustained, high growth, and not only on one group – the poor. The analysis looks for ways to raise the pace of growth by utilizing more fully parts of the labor force trapped in low-productivity activities or completely excluded from the growth process. Source: World Bank ,2009

- Regions should understand, appreciate and follow market driven criteria and programs.

Organizational culture:

- Identify current dominant values and culture.
- Actively manage an emerging market driven culture.

ICCO's operations:

- Improve the plan-do-check-act cycle (see section 7.5.3): Meaning amongst others;
 - Create a clear IM business plan
 - Improve on indicators and procedures for Monitoring, reporting and evaluating progress and impact.
 - Have one (more up to date) centralized Management Information system and procedures with the latest strategy and planning documents.
- Have excellent project management to reach objectives according to plan and communication skills to manage expectations better for clients.
- Be better in communicating and promoting the ICCO work and results and that of other partners.

1. Introduction

1.1 Background

ICCO's main objective at policy level is Direct Poverty Reduction, within the context of the recognition and implementation of the international Human Rights. Since 2007, this main objective is being realized through activities within three programs. One of these programs is Sustainable and Fair Economic Development (hereafter SFED). Under the SFED program, there are five sub-programs including International Markets (hereafter IM). This sub-program has a budget of almost € 32 million over the period 2006-2008. The program focuses at three value chains: cotton, tropical fruit, tropical timber and non-timber forest products (NTFP's).

Poverty reduction will be realized at the level of small producers of these products (improvement and security of incomes in entering international value chains) and workers involved in the value chain (mainly improved working conditions). Several evaluations and studies have been already undertaken on the IM sub-program. These have contributed to shape the current program. However, recent insights showed that more attention needs to be given to the roles of ICCO within these international value chains. This subject is considered critical for enhancing effectiveness of this sub-program. It is a challenging subject, as it may require ICCO to focus more on the world of IM and business. Also, being involved in international value chains may require a diversity of roles, depending upon the regional context and the development phase of the value chain. Lastly, it clearly relates closely to the subject of partnerships. While certain roles may be better covered by ICCO's partners, partnerships may be required to support these partners in playing their role in a responsible way.

1.2 The context

This study is undertaken in a rapidly changing global context. Global value chains have rapidly increased in volume in recent decades including important South to North transfers. The impacts of these global value chains on communities in the South are variable. Too often, local producers do not reap the benefits, but most profits are made along the value chain. On the other hand, global trade offers important opportunities for development in the South; the slogan 'Trade not Aid' has been frequently heard recently. Therefore, much attention is being given to the subject of making global value chains more sustainable. Private companies play an important role in doing so, and NGOs are stimulated to get involved in public-private partnerships.

In the Netherlands, development cooperation is increasingly being criticized because of assumedly poor impacts and low relevance. The business-oriented approach towards reaching target groups involved in value chains currently has the 'benefit of the doubt'. ICCO has positioned itself in this changing context by setting up its IM sub-program. This evaluation is aimed to better shape the program and ensure continuous progress.

Part of the debate about development cooperation and its relation with globalization and trade has been the SER (Social Economic Council to the Dutch government) advice for Dutch policies to guide this globalization process. This advice relates to strengthening the position of The Netherlands in the globalization process and a more sustainable and responsible approach to globalization. The SER identifies four ways to shape sustainable globalization that compliment and reinforce each other:

1. Through producing countries by means of agreements, aid and pressure:

Give shape to sustainable globalization through widely accepted international agreements, so that the countries that have signed these agreements can be addressed on the way that they live up to them (or not). This is not meant 'to punish' countries, but as a way to try and help countries to comply with the agreements.

2. Through import requirements or procedures that relate to market access (e.g. trade policies):
Countries have the possibility to identify import requirements in consideration of sustainability demands, provided that these are related to *measurable* aspects of the product. In the case of non-trade concerns these often relate to non-measurable aspects (labour conditions, environmental impacts, animal welfare). The WTO does not allow non-trade import restrictions. Where international standards are lacking, voluntary certification schemes and sector specific agreements offer a good alternative.
3. Through corporate social responsibility:
Define and address the international aspects of corporate social responsibility in general, with a special focus on supply chain management. However, the diversity and complexity of different companies and industries make it difficult to identify how exactly supply chain management must be addressed. Notwithstanding, companies and industries are expected to offer transparency and develop policies within their own production facilities as well as those of their suppliers.
4. Through consumer choices with the help of certification and labeling:
Create transparency in the numerous certification and labeling initiatives and other sources of information regarding sustainable consumption and production. In this, domestically traded goods and services should be aligned as much as possible with international agreements about certification and labeling.

In spite of growing global trade and its promises on economic growth and poverty reduction in developing countries, in many developing countries poverty remains significant. In fact the number of extreme-poor people in Africa has increased. The question is: 'How can developing countries and people benefit from globalization?' This challenge includes at least three issues, recommended by the SER:

1. Market access and access to finance for developing countries;
2. development of private sector and good governance to stimulate local producers;
3. creating conditions under which economic growth contributes to poverty reduction.

1.3 Defining a market driven approach

Considering the emphasize on trade not aid in the discussion about development work and considering this is an evaluation of a program that is called 'International Markets', it is important to define the definition of what we consider to be a *market driven program*.

A market driven program is defined as a program which policy or strategy is guided by market trends and customer needs instead of the programs regarding historic regional presence, network, productive capacity, or current products².

This definition means that a market driven program in the context of development work identifies the market needs and requirements first and then will work with those producer groups that are willing and able to meet these requirements and conditions. By doing so these producer groups get access to markets, better terms of trade and a better standard of living. These producer groups that can supply international markets have three important functions in the further development of a sector.

1. They are much needed for early success of a market program. It shows the business case.
2. They create a base for international markets to build on, rely upon and grow upon.
3. They serve as examples, cases and light houses for other producer groups to improve themselves and take ownership and responsibility.

² Source Business dictionary, www.businessdictionary.com

A market driven approach should include an up scaling strategy in order to comply with the requested market volumes. Also an exit strategy for ICCO should be available in case the market will take over.

An opposite approach would be a supply driven model where the program starts with existing relationships and supplier organizations that are not yet willing or able to meet market requirements and try to link their current products to international markets.

1.4 Objectives and expected results of the evaluation

This study is an evaluation of the IM sub-program of ICCO, covering the period of 2005 to mid 2009. The evaluation was carried out based on the Terms of Reference (TOR, see Appendix 1) and the proposal developed by the consortium of New Foresight and Aidenvironment. The program evaluation was carried out in the period of December 2009 to April 2010.

The purposes of this evaluation (taken from the TOR) are as follows:

1. To show and account for the results of ICCO's engagement in and support to chain development in three sectors (cotton, tropical fruit and forestry);
2. to weigh, judge and assess this engagement;
3. to get systematic insights in the different roles that ICCO has played in chain development;
4. to draw lessons for future activities in chain development.

Four main objectives of this program evaluation (taken from the TOR) are as follows:

1. To assess the results achieved by ICCO performing different roles in selected international value chains;
2. to get a systematic insight in the different roles that ICCO has played over time (and currently plays) in the process of international value chain development;
3. to value the different roles that ICCO has played, within an international context, and to relate this value to the set-up of ICCO's IM sub-program;
4. to learn from the insights in the performance of different roles played in different places and in time.

The main expected results of this program evaluation are summarized as:

1. To obtain a complete spectrum of the different roles that Northern financing organizations like ICCO can play, and their effectiveness in supporting the process of international value chain development in the context of poverty reduction in developing countries;
2. to generate insights and lessons that will allow ICCO to make a more informed choice of when and where to play which role/s in future international value chain development.

Interpretation of the TOR

This evaluation clearly focuses on two inter-connected perspectives; one being a rather conventional assessment of results realized so far, the other being the role that ICCO has played in realizing these results. As regards the assessment of results, the TOR states that the evaluation should be positioned within the framework of standard evaluation criteria, notably those of effectiveness, sustainability and relevance (as based on the OECD/DAC definitions, see section 2.5). Efficiency is not an evaluation criterion for this evaluation. Impacts will be interpreted as the likelihood that certain impacts will be realized, as it will in most cases be too early to assess concrete impacts (e.g. in terms of poverty reduction). As far as the role of ICCO is concerned, there is a range of specific questions in the TOR, that are about the roles that ICCO has played, is playing and their added value. The focus on the role of ICCO originates from the desire within ICCO to more clearly (re) position ICCO within the changing context of development cooperation (see 1.2). The aspect of roles is an organizational aspect which will be addressed in a systematic and mainly qualitative way.

1.5 The evaluation team

The IM sub-program evaluation was carried out by the consortium of NewForesight and Aidenvironment (hereafter called 'the consortium'). The team was constituted of three Northern consultants:

- Lucas Simons, NewForesight (team leader, forestry, Allan Blackia),
- Jan Joost Kessler, Aidenvironment (cotton) and
- Joost van Montfort, Aidenvironment (tropical fruit).

Apart from that, three Southern consultants joined the team for the case studies:

- Cyriaque Adjinacou (case study cotton in Mali and Benin)
- Adolfo Linares (case study forestry in Guatemala)
- Milton Garcia (case study tropical fruit Peru and Ecuador)

1.6 Overview of the report

This report is built up as follows. Chapter 2 describes the methods used and approach taken to undertake this program evaluation. Special attention is given to the case studies, a framework for the roles of ICCO and the indicators used to assess results and impacts. Chapter 3 gives the results of our assessment of the IM intervention strategy, being the subject of this evaluation. We will demonstrate that there are different perspectives on how this sub-program would need to be shaped. As part of the evaluation, desk studies and selected case studies were carried out in Latin America and Africa on the value chains of cotton, tropical fruits, tropical timber and NTFP's. First are given some preliminary results as came forward from the inception phase. The main results of this evaluation are presented separately for each of the three sectors (chapters 4-6). Conclusions are given per evaluation question and per sector before coming to a synthesis for the IM sub-program as a whole in chapter 7. Chapter 8 is on the recommendations.

2. Methodology of the evaluation

2.1 Analytical framework of the evaluation

The following analytical framework (Figure 2.1) shows how the two perspectives of the evaluation, assessment of results and assessment of roles played by ICCO, are linked and will be assessed in this evaluation.

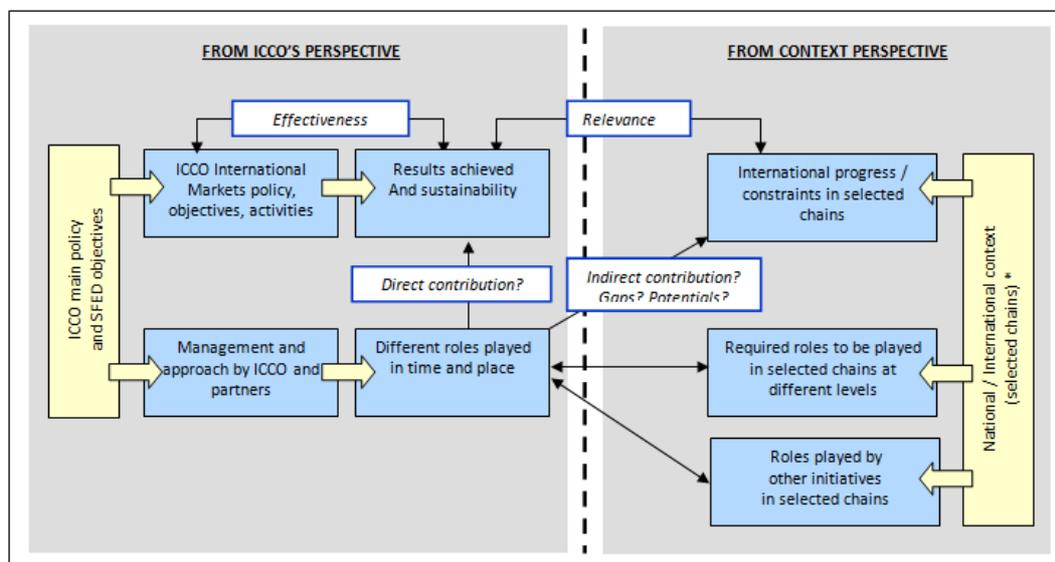


Figure 2.1: Analytical framework of the evaluation

* This includes the context seen from a smallholder's perspective

Figure 2.1 also shows two entry points to undertake this evaluation. First of all, we follow the logic of the IM sub-program, from policy to objectives and activities, and look at effectiveness in realizing the set objectives, followed by insights in results and sustainability. Part of this is a detailed assessment of ICCO's intervention strategy and IM policy framework. Secondly, attention will be given to a context analysis of the selected value chains at international and national level for some case studies. We thus reason backwards to determine relevance. We then link the questions concerning the ICCO's role to these elements and try to identify what has been the value added by ICCO and its partners.

For this evaluation, we did not only follow an evidence-oriented linear input-output-outcome-impact chain. We believe that ICCO's activities, and especially its role, focus on creating suitable conditions for value chains to contribute to poverty reduction, e.g. by capacity building, policy influence, partnership building, etc. In those cases the relations between project interventions and expected benefits are more indirect. Various *assumptions* are implicitly made by ICCO about how the interventions lead to the set objectives at different levels, and the role that ICCO and its partners play. This assumed causality is often referred to as a theory-of-change. In this evaluation, we also tried to make clear the theories-of-change that (explicitly or implicitly) drives ICCO's interventions and role/s played and the relevant context factors.

2.2 Phases of the evaluation

The evaluation followed three phases, as were planned based on the TOR (Appendix 1) and outlined in the proposal (Appendix 2) submitted by the evaluation team.

2.2.1 Phase 1: Inception phase

During the inception phase the following activities were carried out.

- Kick-off meeting with ICCO to present evaluation approach in more detail and to assess expectations;
- analysis of ICCO, SFED and IM policy and program documents;

- study of portfolio of projects within IM sub-program, with initial overview of main partners, main results and role/s played by ICCO and its partners;
- overview of relevant evaluations and studies;
- brief international context studies of the three selected sectors (based on the framework which can be found in Appendix 6,7 and 8);
- interviews with relevant ICCO staff, to gain insight in the underlying ‘theory-of-change’, project implementation in practice, perception of results and role/s played (based on the questionnaire which can be found in Appendix 3);
- concluding workshop of inception phase, whereby initial insights were presented.

The main results of the inception phase were the following:

- A preliminary inception report, including initial insights based on documents studied and interviews held, sector case studies. It was agreed that the inception report would not be finalized, but the contents would be integrated in this final report;
- analysis and compilation of the various progress reports with DRAM indicator data/ ICCO Monitoring protocol on IM;
- a table with different roles, as a basis for the assessment and evaluation of the roles played by ICCO (see Appendix 3);
- preparation of the case studies, including a context analysis, field visit program, list of projects and partners to be visited, questionnaire and format for project reporting (see Appendix 3).

2.2.2 Phase 2: Case studies and data collection

During the second phase the three case studies were held. Some of the main characteristics of the case studies can be found in the following table. The details on the partner organizations and people interviewed can be found in Appendix 6, 7 and 8.

Details/sector	COTTON	FRUITS	FORESTRY
Country visit	Mali	Ecuador and Peru	Guatemala
Period of visit	1 to 6 March 2010	17 February to 3 March 2010.	1-5 of March 2010
Main partners	<ul style="list-style-type: none"> • Helvetas / Mobiom • Yiriwa / SNV • Aproca 	<ul style="list-style-type: none"> • MCCH • FEPP • Corpei • AVSF Ecuador • AVSF Peru • Bananalink Ecuador/ Peru 	<ul style="list-style-type: none"> • Acicofoc • Asilcom • UtzChe • Acofop • Forescom
Northern interviews	<ul style="list-style-type: none"> • Organic Exchange • Fair Wear Foundation • Better Cotton Initiative • Max Havelaar 	<ul style="list-style-type: none"> • FTO • FLO • MAX Havelaar • FMS • Fair Connect • Nature and More • Taste • Albert Heijn Foundation • Bananalink 	<ul style="list-style-type: none"> • Burgland Charitas • Precious Woods • Unilever (AB)
Additional studies	<ul style="list-style-type: none"> • Benin (West Africa) • Central Asia (Kyrgyzstan and Tajikistan) • Latin America (Paraguay) • India 	<ul style="list-style-type: none"> • AH foundation • Western Africa 	<ul style="list-style-type: none"> • Allan Blackia as case for non-timber forest product

Table 2.1: Case study details

Note that the initial plan to visit both Mali and Burkina Faso for the cotton sector study was adjusted to one visit to Mali and short case studies for two other regions where the cotton program is active. This was justified by the diversity of these regions and the fact that the focus on West Africa only would not be representative. This adjustment was approved by ICCO. The choice for the Northern partners to be interviewed, as part of the case studies, was taken together with ICCO. For the fruits sector study two countries were visited. For the timber sector study, one country was visited, and an additional study was carried out for one non-timber forest product, being Allan Blackia.

2.2.3. Phase 3: Synthesis and reporting

During the final phase, the results of the individual case studies were synthesized, discussed and validated. A workshop was held 31 March 2010 with ICCO staff to share the main findings, draw lessons and identify the main recommendations.

2.3 Evaluation methods

The evaluation methodology was developed during the inception phase and was discussed during a workshop with IM specialists. As regards the assessment of results, the evaluation methodology is based on the standard approach for undertaking an evaluation, using terminology defined by OECD guidelines, operationalized for the specific objectives of this evaluation (for definitions, see section 2.5). As regards the assessment of roles, we took as a starting point the work done by ICCO and by ECSAD (Expert Centre for Sustainable Business and Development Cooperation) to develop a systematic framework for definitions of roles (see section 2.6). For the interviews and case studies, we developed a set of frameworks and questionnaires in collaboration with ICCO and the Southern consultants (see Appendix 3).

The evaluation methodology basically consisted of interviews with relevant ICCO staff in the North and the South and of case studies in the South. For the systematic evaluation of results of the IM sub-program, and more specifically the projects that were part of the case studies, we followed a three-pronged approach:

1. Interviews with relevant ICCO staff and desk studies of the IM portfolio, resulting in a set of hypotheses and a set of relevant insights formulated in the Inception report. This report has been checked with ICCO. Feedback on this report has been integrated in the evaluation approach of the case studies, e.g. in the overview of the indicators.
2. Evaluation of projects during case studies. A selection of projects was made based on (i) projects that were already operational for some time and (ii) clear links to IM. The project documents indicate the set objectives and targets, and the evaluation looked at whether these have been realized. Apart from that, the evaluation looked in detail at the roles played by ICCO and its partners within each of these projects.
3. A set of indicators was defined, used to assess results of the projects (see next section 2.4). To assess the quality of each indicator, we formulated additional criteria.

During the case studies, with interviews both in the South and in the North, initial findings were validated and gaps of knowledge completed. We also made use of triangulation methods by comparing outcomes of case studies, interviews as well as findings in earlier studies (especially ECSAD case studies). During the case studies, initial insights and results were discussed with key actors in the international value chain, to receive their feedback and views. We also aimed to organize multi-actor workshops and discussions, to discuss the set hypotheses and validate initial findings. This approach will also fit into a joint learning approach. We are convinced that the stakeholders involved in the value chains have profound implicit knowledge about future role/s to be played by ICCO and its partners.

2.4 Evaluation indicators

For systematic evaluation of results (outputs and outcomes) and impacts, we developed the following indicator framework. The DRAM logic applied by ICCO was taken as a starting point, as related to the three intervention strategies of poverty alleviation, institutional development and policy influence³. However, we soon realized, from interviews with ICCO staff, that the DRAM indicators cover only part of the IM objectives. This was strengthened by our analysis of policies and strategies within the IM sub-program (see chapter 3). Therefore, we added another set of indicators, in the section referred to as value chain development because the indicators are especially associated with the international market development objectives of the IM sub-program. These indicators are derived from existing sector and regional strategic plans within ICCO, so these are indeed objectives within the IM sub-program. Thus, the following list of indicators was established for assessment of results in a systematic way.

INTERVENTION STRATEGY	OUTPUT PARTNERS / OUTCOME	OUTCOME PARTNERS / IMPACT
Poverty Alleviation (DAB)	<ul style="list-style-type: none"> # of producer organizations with an increased access to IM 	<ul style="list-style-type: none"> # of involved producers and employees (men, women) with improved incomes due to involvement in IM
Institutional Development (MO)	<ul style="list-style-type: none"> # of organizations with a business plan aimed at economic sustainability # of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context 	<ul style="list-style-type: none"> # of employers with improved competencies, production and labor conditions (according to ILO standards) # of policy influencing bodies with increased member participation and organizational capacity
Policy Influence (BB)	<ul style="list-style-type: none"> # of coalition partners that campaigns for regional and multilateral free trade # of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers # of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place 	<ul style="list-style-type: none"> # of regional/multilateral free trade agreements with a successful track record # of countries where policy was improved for benefit of small producers in IM # of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved
Value chain improvement	<ul style="list-style-type: none"> # of improved north-south relations in the sector # of companies in the sector with enhanced CSR policies resulting from ICCO interventions Importance of value added activities in the sector, with benefits for small producers Application of good environmental and social practices in the sector # of viable financial mechanisms developed # of organizations with capacities for international trade and certification in the sector 	<ul style="list-style-type: none"> Quantities and revenues traded through improved north-south relations Quantities and revenues by companies with improved CSR policies Revenues from value added activities for small producers Improved environmental and social conditions in the sector Application of new financial mechanisms # of organizations with certified products for international trade

Table 2.2: Indicator framework

The following remarks should be made in understanding this indicator framework:

³ In ICCO documents also referred to as Poverty Reduction, Civil Society and Lobby & Advocacy.

- Results are realized by activities undertaken by partners, using inputs by ICCO. The evaluation did not assess ICCO inputs to partners, as we wanted to focus on results and also because efficiency is not a criterion of this evaluation.
- Two levels of results are focused upon: one is the outputs by partner activities, the other are the outcomes of activities undertaken by partners. The latter can be considered as impacts of the IM sub-program, as it includes revenues for the target groups (level of poverty reduction objectives).
- The four above mentioned categories of the intervention strategy are not at the same level. Poverty alleviation is at the highest (main objective) level. The other three strategies are means to realize poverty alleviation. Indicators in the strategy of value chain improvement could be integrated within institutional development or policy influence, but we do not favor this because it includes important and specific aspects of the IM sub-program which should be monitored in a systematic way.

2.5 Definition of evaluation criteria

To evaluate the IM sub-program, with the projects and programs involved, the following set of criteria was used as defined below⁴.

Relevance:

Definition: Assessment of the pertinence, connection or applicability of the program activities in relation to the intended end results, outcomes and impacts.

Elements to assess relevance in the sector studies are the following:

- Choice sector in relationship to the overall goal poverty reduction
- Choice of countries
 - Number of smallholders/producers.
 - Sector has potential for improvements.
 - Sector has ongoing positive changes.
 - EU or NL have significant trade interests in sector.
 - ICCO can make a difference.
- Selected target groups in relation to sector problem analysis. Strategic choice of activities (in relation to the sector and regional problem analysis, and of partners in the North).

Effectiveness:

Definition: Assessment of the organization's and programs adequacy to accomplish a purpose or producing the intended or expected result.

Elements to assess effectiveness in the sector studies are the following:

- General appreciation.
- Results against expected results in program or project plans, with qualitative assessment.
- Results against output/outcome ICCO (DRAM) indicators, with qualitative assessment.
- Results against additional criteria and indicators that complement the current set of indicators.

Impact:

Definition: The positive and negative, primary and secondary long term effects produced by a development intervention, directly or indirectly, intended or unintended.

⁴ Source: OECD definitions

Elements to assess plausible impacts in the sector studies are the following:

- Proven or plausible contribution to main objective of poverty reduction.
- Potentials for mainstreaming / up scaling / replication, to realize greater volumes and (potential) impacts on target groups.
- Potential markets, thus potential to realize greater volumes and impacts.
- Gender impacts
- Likely attribution by ICCO interventions.

It is important to note that this evaluation will not likely be able to assess many realized impacts because the sub-program is still quite young. However, it is certainly possible to assess the plausibility of desirable impacts to be realized in the coming years ('plausible impacts'). This is an essential element of the evaluation.

Sustainability:

Definition: Assessment whether the achieved results will sustain in the long term. Sustainability is interpreted in broad terms, encompassing institutional, financial, organizational issues required to ensure that the results will sustain, as well compliance with social & environmental sustainability criteria.

Independent elements to assess sustainability in the sector studies are the following:

- Environmental benefits.
- Favorable market outlook.
- Effective transfer of knowledge & skills, autonomy of partner organization.
- Favorable institutional context.
- Financial sustainability.

Theory of change:

Definition: The set of explicit (and implicit) elements, cause and effect relations and assumptions of the context and the process of desirable change.

It is:

- A roadmap from here to there specifying what is needed for goals to be achieved.
- The basis for more detailed strategic planning and decision making.
- A description of the broader context, including assumptions.

2.6 Defining ICCO's roles

Besides assessment of results of the IM sub-program, a second perspective of this evaluation is the focus on the roles that ICCO has played and wants to play within the IM sub-program. The evaluation team tried to get a consistent overview of the roles as defined by ICCO. This proved to be problematic as such a consistent overview with clear definitions is not available. ICCO generally refers to a set of four key roles: Broker, Financer, Capacity Builder and Lobbying role. However, apart from very

general descriptions, these are hardly defined. We observed differences with the outcome of the ECSAD study⁵ regarding ICCO's roles as presented in box 2.1 ECSAD identified four roles for ICCO, not mentioning the lobbying role and splitting the role of capacity builder into technical assistant and

ECSAD on ICCO's roles:

ICCO is considered to be a PONGO (Partnership Oriented NGO) that can fulfill the following roles:

- Broker
- Donor/financer
- Technical assistant (capacity builder)
- Technical expert (implementer)

Box 2.1: ECSAD on ICCO's roles

⁵ A Rough Guide for Partnerships in Development, ECSAD 2009

implementer. To create consistency, the evaluation team constructed the following table with definitions and specifications of each role that ICCO generally refers to.

Table 2.3: ICCO's roles

	ROLE	MAIN OBJECTIVE	FUNCTIONS / DIMENSIONS
1	Brokerage/match making	Connecting actors within (or) around value chains in order to establish long lasting relationships supportive of sustainability (note: ICCO does not want to become a market player)	<ul style="list-style-type: none"> Facilitate dialogue and mutual trust. Provide insight in value chain dynamics Assessment of organizational needs and capacities (strength and weaknesses) Mapping of actors and power relations Provide up-to-date market information Facilitate contacts Establish / prepare deals/ contracts between market players Governance in value chain Sector transformations strategy
2	Capacity building	Build capacity of value chain actors to enable them to adequately play their role/s	<ul style="list-style-type: none"> Assess capacity development needs Technical capacity building Project management Adequate service provision Capacity for inter-organizational collaboration Capacity of national facilitators/brokers
3	Lobby and Communications	Influencing or changing barriers for development of more sustainable value chains by creating urgency and awareness on underlying problems	<ul style="list-style-type: none"> Problem-cause and effect analysis Awareness raising Influencing public policies Creating level playing field Influencing private sector policies Building up evidence Early warning networks Campaigning
4	Financing	Enable growth, innovation, new activities and investments.	<ul style="list-style-type: none"> Provide donations / grants Provide capital injections Provide seed capital Provide guarantees Provide (agri) loans Equity/Shareholding Core funding of organizations

To better understand ICCO's role, it must be placed within the broader picture of the IM playing field, specifically for the three selected sectors. The following scheme shows the most important elements, including:

- *Horizontal relations* between target groups and other local stakeholders in a given region; with local issues at stake such as food security, farming systems, policies, building extension services, climate adaptation.
- *Vertical relations* between key actors in the value chain of a given sector; with private sector agencies mainly and value chain issues such as power relations, vertical integration, north-south relations, access to markets, (see section 1.3 for definition of market driven programs).
- *The enabling context* with key actors such as public sector and civil society agencies.

This picture can also be used to specify different sectors and areas: (i) ICCO's theory of change, (ii) ICCO's desirable interventions, and (iii) ICCO's role to play in this playing field.

The IM model

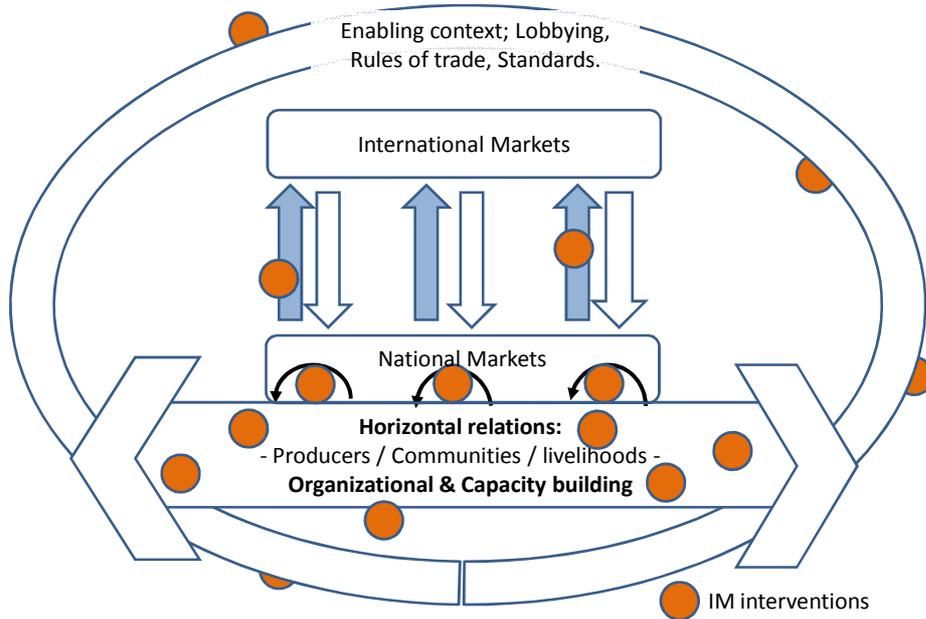


Figure 2.2: Framework of International Markets dynamics

It will be important to know how the findings on ICCO roles to play can be related to the management system within ICCO, in order to be able to provide recommendations on measures to be taken to implement improvements in line with the evaluation findings. To do so, we base ourselves on the plan-do-check-act cycle. This cycle links the four key elements of a management cycle and is suitable for a quick insight and consistency in key issues to improve effectiveness. We will come back on this in chapter 7.

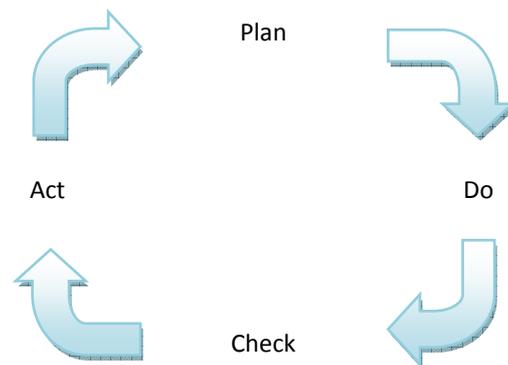


Figure 2.3: Plan-do-check-act cycle

2.7 Limitations to the evaluation

In undertaking this evaluation, in practice the evaluation team encountered a number of constraints which constituted limitations to carry out the evaluation fully along the lines of the planning, approach and methodology as outlined in earlier sections of this chapter.

The main constraints and limitations are the following:

1. The evaluation served multiple objectives. The main objective has been to evaluate the program according to the Terms of Reference, and taking into account criteria of the IOB. However, there was also a need to develop the initial results of the evaluation as soon as possible so they could be integrated in the MSF II development process. There were also internal objectives to use the outcomes of the evaluation in the current internal reorganization and decentralization process. These sub-objectives were not always aligned.
2. The inception phase has taken much more time than initially planned (about double the 21 days that were planned). The main underlying reason for this was the fact that the information that was required to undertake the evaluation was very difficult to track. Basically, while we had expected a clear overview of the IM sub-program (a telephone book), this was not available and we had to partly reconstruct this overview by ourselves.
3. Less time than intended has been spent on joint workshops with partners and sector stakeholders during the sector studies. One reason was the shortage of time. Another reason was the fact that partners were willing to be interviewed, but were often reluctant to spend (more) time in workshops because of time constraints and apparent doubts about the usefulness.
4. The aim was to invite some selected southern partners with the final workshop (where draft findings would be presented). This did not materialize for reasons of time constraints. Instead, the draft report was shared with southern partners and comments were included.
5. It proved difficult to apply the set of indicators for assessment of results, especially on value chain improvement (section 2.4). The main reason was the lack of data, or reliable data. Partly, this is because of the existence of some young programs. In addition, progress monitoring reports are not always available, or do not have sufficient quantitative data.
6. In practice it proved not possible to evaluate and verify the relevance, effectiveness, sustainability and impact of ICCO's work in the Allan Blackia sector. Due to internal circumstances only limited and incomplete information was made available to the evaluator.

We believe there are two main underlying reasons explaining these constraints, being the fact that the period being evaluated has been a period of great changes within ICCO, which we refer to as 'the perfect storm', and the fact that the organization and coordination of the IM sub-program is still in a phase of being streamlined. Both of these aspects will be discussed in greater detail in chapter 4.1.

One of our observations is therefore that it would have been better to schedule and plan this evaluation as a mid-term evaluation, with the main questions to be addressed being that of 'Are we on track?' and 'What role can ICCO best play in order to realize its intended results?', rather than an official evaluation as we have done now.

2.8 Implication of the limitations

The main implication of these limitations is that the planning has been adjusted several times, with more time made available for the evaluation study, especially collecting the required information, and less time available for validation of the information with stakeholders in the South (through workshops etc.). At times the constraints lead to frustration within the evaluation team, because information could not be found. Again, this has led to time being 'wasted' on finding the right information. Also involvement of southern partners has been less than expected. In the case of Allan Blackia this has led to an uncompleted assessment and this hampers the accuracy and completeness of this case study and limits the width of the conclusions which could be drawn.

We believe, however, that the information in the current report has been sufficiently checked and is correct.

3. Analysis of the intervention strategy and theory of change of the IM sub-program

This chapter gives an overview and analysis of the IM intervention strategy, being the subject of this evaluation, leading to a reconstruction by the evaluation team. We will demonstrate that there are also different theories of change about how this sub-program would need to be shaped.

3.1 Analysis of the Sustainable and Fair Economic Development program

Overall objective of ICCO in the years 2003-2010

The overall objective of ICCO policy 2003-2006 is to reduce structural poverty by implementing a rights-based approach. The ICCO policy 2007-2010 has formulated its main objective as follows: “a fair distribution of power, income and prosperity in the countries where ICCO is active and in the global society.” Special attention is given to strengthening the position of women, indigenous peoples and other vulnerable groups in society.

Sustainable and Fair Economic Development

Sustainable and Fair Economic Development (SFED)⁶ emerged as a leading theme during the ICCO program 2003-2006. In June 2004, a SFED unit was established as a program parallel to the three regional programs (AFMO, AZEO and LA). In the 2003-2006 policy period, the SFED unit had 5 sub-programs: IM, Local Markets, Credits, Loans & Guaranties, Public-Private Partnerships and Lobby.

In the ICCO program 2007-2010 SFED became a mainstream program (next to Basic Social Services and Democratization and Peace-building).

According to its program policy paper from June 2008, the SFED program has as its main objective to improve the socio-economic position of vulnerable groups in developing countries, especially rural areas, by stimulating markets and economic activities that are fair and sustainable. Sustainability includes economically feasible, as well as ecologically and socially sound, so as to improve socio-economic security in the long term. Through fair economic development, small-scale producers in developing countries can get a fair price for their goods as well as access to resources, credits and markets. Target groups are defined as small scale producers, workers and small enterprises in rural areas. Included are also organized producer groups, traders, day workers and migrant workers, indigenous communities and small enterprises in small cities. There is special attention to women.

The structure of the 2007-2010 SFED program includes the following 5 sub-programs:

- IM: access to the international market and a good price for goods
- Local markets: development of local markets
- Sustainable business: co-operation with companies
- Financial services: loans and guarantees
- Fair Climate: adaptation and mitigation to climate change

Intervention strategies

ICCO operates by three intervention strategies, being poverty reduction, strengthening civil society and influencing policy (see figure 3.1). For the 2007-2010 policy period, the SFED program defined three perspectives in line with these intervention strategies (source: IM sub-program for 2007-2010, dated December 2005):

- Market development: stimulating markets (in the South and North) for products of small producers, including fair trade, biological and mainstream markets;
- value chain development: developing capacities for building up value chains with benefits for small producers;
- creating an enabling environment: stimulating an enabling institutional and policy context for sustainable market development.

⁶ In Dutch Duurzame en Rechtvaardige Economische Ontwikkeling (DREO). In English the addition of Sustainable is often not included, e.g. on the ICCO website.

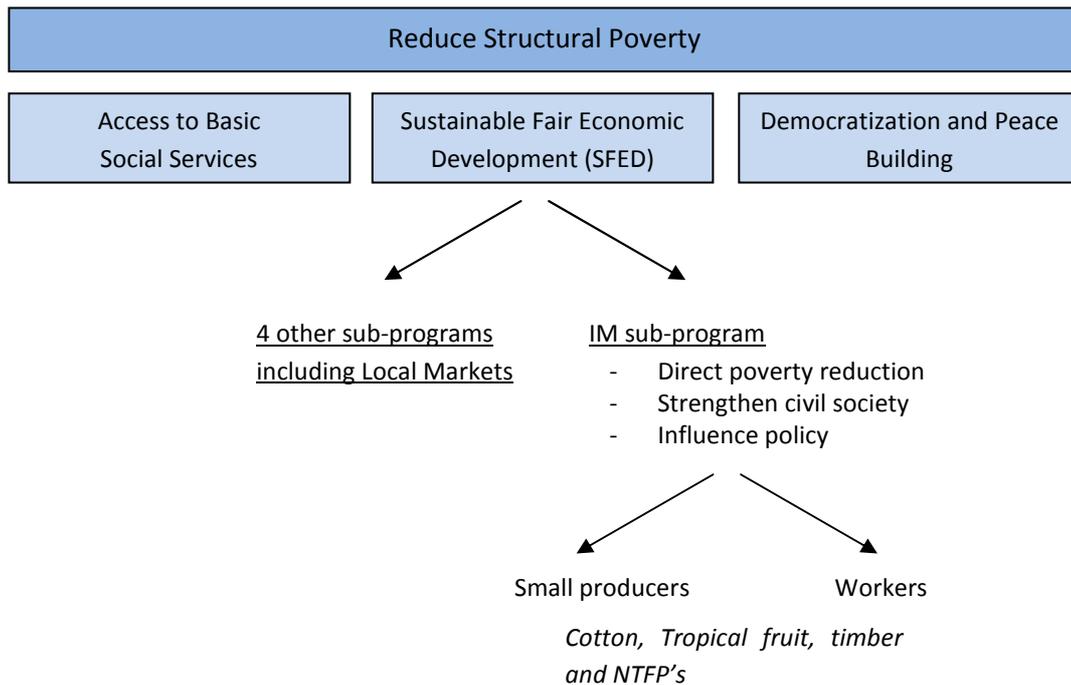


Figure 3.1: Intervention strategies

3.2 The International Markets strategy

The IM sub-program has as its main objectives (source: IM sub-program for 2007-2010, dated December 2005):

- Access to international markets and incomes generated for small producers and workers;
- support to producers and workers in creating a negotiation position in the value chain.

This will eventually bring about structural change in the sector and an improved socio-economic position for small producers and workers. The above will be realized by the three above mentioned intervention strategies.

From the beginning the IM sub-program focuses at three sectors: cotton, tropical fruit and forest products. This choice was based on the following set of criteria:

- Products where large groups of small producers are involved;
- sectors where major improvements can be realized (including added value activities);
- sectors where positive changes are ongoing;
- level of ICCO experiences;
- sectors where ICCO can make a difference.

The three sectors were defined in the IM sub-program (cotton, timber and tropical fruit), because it enables focus, more specialization (in house) and eventually more impact. In the IM plan 2007-2010 the choice for the three sectors was maintained, apparently because of initial success in each of these three sectors, and a new commodity would be selected, as stated preferably beyond the agricultural sector (in order to diversify). For these three sectors, experts have been recruited and plans developed to translate the IM strategy plan into sector strategy plans (for the sector as a whole), and regional sector plans (specified for specific regions). These strategic plans have served to develop the intervention logic for this evaluation.

The policy paper (IM sub-program for 2007-2010, dated December 2005) describes two phases in the evolution of the IM sub-program:

1. In the first phase of the SFED program (2004-2006) the focus was at developing the three sector value chains.
2. During the next phase (2007-2010) the focus is at developing better enabling conditions, including certification standards, codes, policy context etc. for these value chains to become more fair and sustainable.

According to the IM plan 2007-2010, during the second phase the focus would be at:

- Access of certification systems to small producers.
- Improvement of these systems for the position of small producers and employers.
- Harmonization and clear positioning of these systems.
- Better collaboration between these systems for efficiency purposes.
- Improvement of the position of workers and local value added activities in the South.

The distinction between IM and LM is a bit arbitrary, and there is much overlap since both have to do with local market dynamics & requests. Thus, it is not surprising that in the new ICCO program plan 2010-2013, these two will be merged.

3.3 Different theories of change

In February 2007, progress within the IM sub-program so far (2005 – 2007) was internally evaluated. This resulted in an internal document "*Kleine producenten in een wereldmarkt, ICCO 2007*",⁷ including a summary of achievements so far and the main lessons learned and strategic requirements to set up a successful IM sub-program.

This internal document states that

"(Fair) trade is a direct way for poverty reduction and societal development. This requires setting up value chains where the products of small producers end up on the shelves of international companies. ICCO facilitates the development of these chains but is not an (trade) actor in the chain. Facilitation means that ICCO concentrates on the starting phase and the growth of independent commercial producer organizations."

The document also outlines that in order to develop a successful IM sub-program, ICCO needs to keep in the mind the following criteria for product and/or sector choice:

- There is a (constant) demand for the product but lack of sustainable supply, i.e. work market demand driven.
- The product has international or local market potential (in terms of price, volume, quality and reliability).
- There needs to be a need for improvement in the chain.
- Small holders are present and visible.
- The value chain offers opportunities for empowerment.
- Sustainability is possible (in a certain time frame).
- EU and preferably NL companies have a significant share or interest in the chain.
- Products are recognizable for the consumer.

The following points of attention are mentioned for successful implementation:

- ICCO staff must work with commercial focus and have commercial and business skills;
- ICCO should mainly work with market focused commercial (and professional) producer organizations, as well as NGO's or other business development suppliers who are focused on commercial and business capacity building;
- there is need to overcome the gap between what the markets demands and what ICCO partner organizations can offer;
- geographical limitations (e.g. fixed countries choice) can work counterproductive in working with market demand driven portfolios (go where the market directs you);
- there is a gap between the skills and mind set of the ICCO staff and what is required to be able to work with companies.

⁷ Developed by the main founders of the IM sub-program, being Mr Herman uit de Bosch, Mrs Gemma Boetekees and Mr Jeroen Klomp.

Looking at the IM sub-program and the way it is being implemented, and the above strategy as reflected in the internal document, we observe a dichotomy in terms of thinking within ICCO about the SFED program and specifically the IM sub-program. Fundamental to that, is the choice of being primarily development oriented (as is the tradition within ICCO) or being market / business oriented (as reflected in the above mentioned strategy of the IM sub-program). This difference between being development or market/business-oriented can be summarized in the table below. This dichotomy reflects a difference in theory of change about how the IM sub-program is expected to move forward. During the evaluation we have kept in mind this dichotomy and we will come back to it in the chapter of conclusions.

Development oriented	Market/business oriented
Primarily community oriented partners	Primarily commercial partners
SMEs as main (local) business partners	Include also larger international companies
Supply driven	Demand driven
Primarily community / development driven, with business viability second	Primarily economic / business driven, with development goals second
Strategic financing and social capacity building	Economic focus and strategic partnering
Country or region focus	Product / sector and portfolio focus
Careful selection and accountable decisions making, long-term engagements	Fast, more opportunistic and flexible approach

Table 3.1: Theories of change and their characteristics

This scheme was presented and discussed with ICCO staff during the evaluation. Although feedback was that the scheme is too much black and white and does not represent the ICCO view, the opinion of the evaluation team is that the scheme represents two different views in order to clarify the two different theories of change, as represented in ICCO documents. While in practice, in most cases we find some overlap, the strategy can be fundamentally different by starting out from either of the two perspectives.

3.4 Reconstruction of the IM sub-program and development process

In section 2.7 we noted important limitations to this evaluation, caused by two main underlying reasons, being the fact that the period being evaluated has been a period of great changes within ICCO, which we refer to as ‘the perfect storm’, and the fact that the organization and coordination of the IM sub-program is still in a phase of being completed. Both of these aspects are discussed in greater detail in this section, resulting from the activities undertaken in the inception phase. These findings were discussed with ICCO staff and were generally agreed upon.

3.4.1 The ‘perfect storm’

The evaluation period (2005 to mid 2009) has been for ICCO a period of major change and transitions. The transitions can be summarized as follows:

1. Major planning and reporting shift:
 - From period 2003-2006 with more *qualitative* reporting, to period 2007-2010 with more *quantitative* reporting in line with DGIS guidelines;
2. Shift from a *regional* towards a *thematic* organization, with SFED as one of three programs, not anymore a cross-cutting sector:
 - 2005-2007: SFED s a cross-cutting sector with separate staff

- 2007-present: SFED as one of three main programs (policy shift), with strong budget increase and responsibilities
3. Change in administrative system, including a new project numbering system.
 4. Ongoing paradigm shift from *traditional development aid/partner oriented* to *business oriented development focus*
 5. Integration of *KerkinActie* and ICCO; formation of ICCO Alliance and participation in ACT
 6. Ongoing decentralization process with responsibilities in regional field offices
 7. Ongoing shift towards programmatic way of working, meaning that programs at various levels (global, regional, national, province) form the basis for multi-annual plans with specific projects and partners involved
 8. Strong discussions within Dutch society on the relevance and effectiveness of development aid.

These changes have contributed to some of the organizational weaknesses within the IM sub-program, which are explained below.

3.4.2 The organization and coordination of the IM sub-program

The reconstruction of the IM sub-program for the past 5 years took more time than expected. Apart from the changes during the evaluation period, as summarized above, we believe that the underlying reasons are the following:

1. The complete overview of the projects within the IM sub-program showed gaps and therefore could not be used as a reliable up-to-date basis. However, after some time, most gaps could be reconstructed by inputs from individuals or other sections within ICCO. In general, the overview was difficult to interpret. There does not seem to be an up-to-date financial overview of the IM sub-program.
2. For the three sectors, there have been shifts in staffing, which appear to be a major reason for the fact that information in some cases could not be easily traced. For instance, multi-year sector plans for regions are often available, but not easy to find.
3. There does not appear to be one IM sub-program policy document which forms the reference for our evaluation. We found the ICCO business plan, the SFED plan and the program plans for the different commodities. In our opinion we miss an IM policy paper following from the SFED plan and leading document for the program plans. We generally refer to the IM sub-program for 2007-2010, dated 18 December 2005. There are later versions, but none is complete.
4. It has been difficult to understand the monitoring and progress reporting system, how progress on selected indicators is being analyzed (for the IM sub-program and per sector), and to what extent indicators reflect real progress. This is particularly challenging for the IM sub-program, as it includes projects with Southern partners (for which the program officers, up till now located in Utrecht, but increasingly working from within the region, are responsible), as well as projects with Northern partners (for which ICCO sector experts are responsible). It is also related to the fact that the current set of DRAM (quantitative) indicators does not capture the full picture of what is being achieved within the IM sub-program.

Note that the latter point has generated much discussion. It is stated that the DRAM M&E indicators have limited value. Each partner is also monitored on indicators as agreed in the contract, but these indicators differ from project to project and cannot be aggregated. This is problematic because it implies that ICCO will not be able to indicate whether the main objectives of the IM sub-program will be realized. It also suggests that ICCO has no system for aggregating results from different projects. Maybe, alternatively, it would be better to clearly spell out the theory-of-change that underlies the IM sub-program, and review this theory-of-change on the basis of results from the projects and activities undertaken, on a regular basis.

3.5 Results at IM sub-program level

The evaluation team made an attempt to get a picture of progress at IM sub-program level. This overall picture was reconstructed on the basis of available data on the DRAM indicators from existing ICCO documents from different years (2005 to 2009, ICCO policy and SFED program progress reports), in order to evaluate results at the level of the IM sub-program, and for the three sectors separately. This proved to be difficult due to the fact that indicators had changed during the evaluation period, and there are also gaps, especially as regards the data for specific sectors, sometimes targets are missing or seem to be adjusted, and adding numbers of sectors does not fit totals.

The result is indicated in Appendix 5. We observed the following:

- The number of partner organizations (PO) reached is according to targets, but it appears from interviews that a PO means something different in different countries, implying that this is not a very objective indicator (e.g. a PO in one country could be a local cooperative, while in another country it is the national structure for one type of farmers);
- The number of producers / employers reached may be considered one of the most important indicators as it is directly related to poverty reduction. The results (in numbers of producers reached) are however far below the set target levels;
- Policy influence results seem to be especially difficult to assess, and results are variable.

In addition to the overviews at sub-program level on DRAM indicators, there are quarterly progress reports which summarize progress on the IM sub-program, per sector. Information from these progress reports was also used to assess progress and prepare the sector case studies.

We applied the criteria of the Global Reporting Initiative⁸ to assess the quality of the ICCO monitoring and reporting system. Our judgment is as follows.

TERM	DEFINITION	JUDGEMENT FOR ICCO
Reliability	Information and processes used in the report are gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.	Moderate There are quarterly reports available, and these include the sector reports. Quality scores are difficult to understand. The narrative is informative. It is not easy to get a complete overview of progress.
Clarity	Information should be made available in a manner that is understandable and accessible to stakeholders using the report.	Good The reports are easy to understand and well accessible.
Balance	The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.	Good The report reflects progress as well as lessons learned and a critical look at ICCO performance.
Comparability	Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time.	Weak/Moderate The narrative gives an overview of performance over time, but the indicators definitions have changed over time so that progress is difficult to assess.
Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.	Moderate /Good It is not easy to interpret the quantitative data. There are no baselines indicated. This is recognized by ICCO.
Timeliness	Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.	Weak/Moderate Reports are not always developed. Status unclear.

Table 3.2: The quality of ICCO's monitoring and reporting system

⁸ Source www.globalreportinginitiative.org

4. Cotton

Summary Cotton

ICCO's score for the cotton projects as part of the IM sub-program can be summarized as:

- Relevance on sector choice, target group and strategic choices is strong. Relevance on countries is weaker due to poor market potentials.
- Effectiveness is strong regarding Northern partnerships and neutral regarding expected results.
- Impact is strong regarding Northern partnerships and weak in terms of improved incomes and reached people.
- Sustainability is strong regarding organizational strengthening and low due to high donor-dependency.

ICCO's added value in the cotton sector is on:

- Strategic financing in North and South
- Creating horizontal linkages in production countries
- Capacity building/creating ownership in product countries

4.1 Evaluation method

The evaluation study of the cotton sector followed the three phases and methods of the entire evaluation. Following are the main elements.

During the inception phase interviews were held and documents were studied (see overview in Appendix 6). Apart from that the portfolio of projects was studied and partners in the cotton sector, in order to prepare the case study.

The field level case study focused at one country, Mali, because ICCO has the longest experience in cotton in this country. It was decided to also pay attention to the other three regions where important cotton projects are being undertaken, being Central Asia, India and Latin America, for two main reasons:

1. Variation between the cotton programs in the four regions and West Africa not being representative for the other three;
2. important parts of the overall budget being spent in each of the four regions (see table 4.1).

Together with the global context study on cotton, regional case study reports can be found in Appendix 6. For Mali a detailed case study was done with field visits to projects that were selected based on their duration and their link to International Markets, interviews with key actors and third parties in the country. In Mali the three main programs were evaluated: Helvetas/Mobiom; Yiriwa/SNV and Aproca. Interviews were held and a field visit was made to cotton producers in Mobiom production area of Bougouni. Additional interviews were held with third parties: French development aid (AFD) and the national cotton agency CMDT. In addition, a field study was done on one cotton project in Benin to get an additional view on cotton projects in West Africa. Reports were made per program/project.

Based on these findings a synthesis report was written for the Mali/West Africa field study. The ECSAD study on organic cotton in Burkina Faso served as one important reference, also used for triangulation of findings. Two other important documents used were the evaluation of the Helvetas organic fair trade cotton programme 2006-2008, and the impact assessment of organic fair trade cotton in Burkina Faso, campaign 2008/09.

Highlights of cotton case study

- Countries: Mali, Kirgizistan, Tajikistan, Paraguay, Benin
- In consultation with Southern Consultant
- Partner organizations visited: Helvetas/Mobiom, Yiriwa/SNV, Aproca
- Northern parties studied: Organic Exchange, Fair Wear Foundation, Better Cotton Initiative and Max Havelaar

For the other three regions a questionnaire was made and sent to the program coordinators in the three regions. Also, short telephone interviews were held. The central Asia case study includes Kyrgyzstan and Tajikistan (the only countries where ICCO is involved in cotton), the Latin America case study only included Paraguay, because of the longest running time of ICCO projects in that region. The India case study did not materialize as information from this region was not received in time. To validate/contrast findings on the cotton sector in Mali the responses were integrated in a short regional case study report for these two regions (see Appendix 6). As regards northern partners the following organizations supported by the ICCO program were studied: Organic Exchange, Fair Wear Foundation, Better Cotton Initiative and Max Havelaar. These partners were selected in collaboration with ICCO, based on the fact that ICCO support has been substantial and covering a long period. Documentation was studied and brief interviews were held.

4.2 Results

4.2.1 Main parameters of the cotton sector portfolio

The following table gives an overview of the key parameters of the cotton sector projects within the IM sub-program. The expenditure data are initially based on the excel sheet overview provided by ICCO⁹, and was complemented by ICCO staff. The data have generally been rounded at the nearest 0.1 million.

Region/Country	Total expenditure	% total	Main partners	Period	Strategic focus ¹⁰		
					PR	CB	LA
West Africa	€ 6.3 m	44%					
Regional	€ 0.5 m	3%	Aproca	2005-09			+++
Mali	€ 3.5 m + € 575,000 ¹¹	25%	Helvetas Yiriwa SNV	2005-09 2008-09 2008-09	++ ++ ++	++ + ++	
Burkina Faso	€ 1.7 m	12%	UNPCB Helvetas	2005-09 2008-09	++ +++	++	
Benin	€ 0.6 m	4%	Helvetas Obepab	2008-09 2006	+++		+++
Central Asia	€ 1.2 m	9%					
Kyrgyzstan	€ 0.15 m	1%	Helvetas	2007-09	++	++	
Tajikistan	€ 0.1 m	1%	Helvetas	2008-09	++	+	+
India	€ 1 m	7%	PIC ETC FFID	2007-09 2007-09 2008-09	++ +++ ++	+ + +	
Latin America	€ 2.4 m	17%					
Paraguay	€ 2 m	14%	Numerous partners	2005-09	++	+	+
Brazil	€ 0.3 m	2%	Two partners	2005-09	++	+	+
Peru	€ 0.1 m	1%	One partner	2007-09	++	+	
Northern organisations	€ 4.2 m	30%					
Organic Exchange	€ 1 m	7%	Three programmes	2005-09	++	+	+
BCI	€ 225,000	2%	Core funding	2006-09	+		++
FWF	€ 473,000	3%	Core funding	2006-09	+	+	+
Max Havelaar	€ 665,000	5%	Core funding	2007-09	+		++
Others	€ 1.8 m	13%					
Total cotton	€ 14.1 m	100%					

Legend: +++ = >80%, ++ = 50%<x>80%, +=<50%

Table 4.1: Project division over regions and countries for cotton

⁹ Document Lijst IM LM Projecten 2005 t/m 2008.xls

¹⁰ PR = poverty Reduction, CB = capacity building, LA = Lobby and advocacy; Based on project information from the Monitoring and Evaluation unit.

¹¹ This is the shareholder investment in Yiriwa by ICCO, a loan.

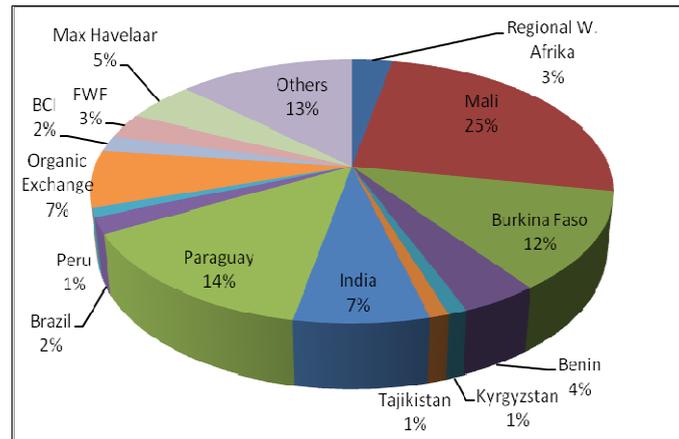


Figure 4.1: Project division Cotton visualized

4.2.2 Theory of change

From different ICCO documents and interviews held (see Appendix 6), we derive the following elements of a theory of change for cotton production in West Africa.

While organic/fair trade cotton production is an opportunity for smallholder producers, especially because of its better chance for sustainable incomes due to a premium and lower dependency on input suppliers the market is still small and in 2009 there was an over-supply. Therefore this approach alone will not be able to improve the incomes of the cotton producers. It is important that the conventional cotton sector also survives. This could be realized by adopting better farming practices like less pesticides and increased prices. Without the conventional cotton sector and the infrastructure of the conventional sector the organic fair trade cotton will not survive.

A process of conversion not only requires farmers to adopt principles of organic production, but also involves the supply of organic inputs, provision of technical advice, certification, and specialized transportation. Another important element is a ginning factory which operates at commercially competitive cost, with an ownership structure that involves the producers. Farmers' organizations need more and new capacities to effectively participate in this change process and adopt new roles in terms of supply of services and negotiation of farmers' interests. Government policy must support this institutional innovation.

Cotton in West Africa is of high quality and there is a market for producing high-quality garments of African origin. Ideally, these garments are produced in the countries of origin. This added value contributes to the viability of the organic cotton sector. Another important aspect for cotton is that it is a rotation crop. Organic farming therefore requires the whole farm to be organic. Organic cotton farming becomes even more interesting if good markets can be found for the organic farm rotational crops, like sesame, soy, groundnuts, mango's cashew, shea butter, etc. Diversification is an important element of saving the cotton growing farmers.

4.3 Evaluation of results

Below brief overviews are given of the combined evaluation results for the four main evaluation components: relevance, effectiveness, impacts and sustainability, followed by a brief summary of main highlights.

¹² PR = poverty Reduction, CB = capacity building, LA = Lobby and advocacy; Based on project information from the Monitoring and Evaluation unit.

4.3.1 Relevance

Relevance is partly determined on the basis of extensive context analyses, which are presented in Appendix 6 (at global and regional levels).

Element	Observations	Score
Sector	Millions of smallholders	+++
	Primary source of income	++
	Urgent problems, price and market fluctuations	++
Countries	Africa, Central Asia and India: many smallholder cotton farmers, high dependency of (local) economies	++
	Paraguay: declining importance	-
	Africa, Central Asia and Paraguay: poor market potentials, difficult context, no or limited export to EU consumers	-
	India: rapid market growth, favorable context, many workers involved, much export to EU	++
Target groups	Both producers and workers, workers not much addressed	++
Strategic choices	Good regional context and stakeholder analyses, optimistic market analysis	++
	Focus on organic cotton and rotational crops	++
	Theory of change not made explicit	+
	Good strategic choice of partners in the North	+++

Table 4.3: Overview of the relevance of the ICCO cotton sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

Relevance of sector

- Given the countries choice, the cotton sector is a relevant choice. Millions of cotton farmers are involved in cotton production and are among the poorest. They currently find themselves in a difficult situation. However, it is by now clear that in these countries the dependency on cotton as a monoculture cash crop is risky. It seems that farmers have no future if they do not diversify. Therefore organic cotton and diversification towards rotational crops is a necessary shift in the ICCO policy. The 'sector' tends to develop towards a farming systems approach, i.e. moving out of the sole focus at the cotton sector.

Relevance of country choice

- The choice of countries/regions is generally relevant from producer perspective, but least so in Paraguay. The choice is generally not relevant from sector market perspective, because the selected countries (apart from India) have a very small global market share in conventional or organic cotton production. West Africa, central Asia and Paraguay have difficult context and low potential for global cotton market: problems of infrastructure causing high production costs, competitiveness, governance, high donor-dependency (West Africa). The ongoing changes are meager and only slightly positive.
- In India the situation is highly relevant both from producers, workers and market perspective.

Relevance of the target groups

- Target groups are both producers and workers. Workers are only relevant in India, where processing industries are widespread and competitive. In the other regions local processing is not important and not an

objective of the country programs. Workers in garment sector are especially also targeted through support to Fair Wear Foundation, and indirectly through support to Max Havelaar.

Relevance of strategic choices

- Good regional context analyses have been made by ICCO, and given the choice of the regions, the programs being elaborated are congruent with these. Strategic plans played a role in bringing together partners and creating a common ground. Theories of change are however not explicit, with assumptions and risks, milestones and targets for monitoring or progress reporting
- The strategic plans take the country and sector choice as a starting point. We did not look into the question of who decided this country and sector choice. Market analyses are too optimistic and are frequently adjusted. There is no clear up scaling or mainstreaming strategy.
- As regards the northern partners being supported, the choices being made are strategic, as partners are innovative and in the forefront of new trends and developments towards increasing sustainability.

4.3.2 Effectiveness

Observations	Score
• Several innovative projects, drive towards ownership/autonomy, business approach promoted	++
• Generally expected results have been partly realized	0
• DRAM result indicators partly realized	0
• Northern partners being supported make good progress, sometimes slow.	+
• New North-South linkages made.	+
• <i>Poverty reduction</i> : especially developing organic/FT cotton/crop production, but not yet sustainable or ready for replication	+
• <i>Capacity building</i> : building up ownership, multi-stakeholder strategic plans, business approach	++
• <i>Lobby / advocacy</i> : limited attention by ICCO, mixed results by partners	0

Table 4.4: Overview of the effectiveness of the ICCO cotton sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

- Important progress has been made in the Southern projects, in terms of building up capacities and supportive services to produce organic cotton, as well as organising stakeholders involved. However, in most cases quantitative targets are not fully realised. For instance, in West Africa in total about 8,000 producers have been reached, while the target was 20,000. In the last year progress has been poor. In explaining this drawback, reference is generally made to poor markets to explain meagre results. However, it is our opinion that expectations were also too optimistic. Where widespread organic cotton production and marketing was expected, there remain to be several constraints before the model is ready for widespread adoption. Therefore, the number of producers is not expected to further increase soon.
- Farm/production system models for growing organic/fair trade cotton are not yet fully established, there are still practical/technical, social and marketing problems. Looking at the positive outlooks and targets that were set, these problems seem to be underestimated. The models are not yet ready for widespread replication. One main underlying reason is the economic viability. Also, we did not observe a significant contribution to farm level development by Organic Exchange (OE) activities. Note that the expected contribution was also not very clear.

- In the cotton sector, with recent economic crisis, programs depend upon donor support and diversification. The approach remains largely donor-driven. This is largely related to the fact that they have been designed in a supply-driven manner.
- There is much attention for setting up business models. Although this focus is good, the business models have generally not yet been well established. Production is too much supply driven. Rotational crops have saved the Yiriwa business enterprise. Volumes are still small. The Yiriwa model, combining a business approach with a support programme, will soon be adjusted and simplified, which is a good initiative. It will take another few years before it can be concluded whether the Yiriwa approach is viable.
- There have been good results in terms of establishing multi-stakeholder horizontal relations, not so in terms of vertical relations. Government market players in West Africa are not sufficiently involved. Support to OE has contributed to an increase of relations between Northern buyers and southern producers. However, this has not resulted in concrete contracts and volumes traded and sold.
- There have been limited results on lobby and influence on policy and decision-makers. This is a weak strategy component. One underlying reason is the fact that organisations like Aproca are not sufficiently powerful to influence large cotton market players and decision-makers. Best results are realised by lobby partners supported in the North.
- There has been virtually no progress in local processing activities. Most attention is on the production phase. Improvements have been made in labour conditions due to FWF support to companies involved. This is a very promising trend to be strongly continued.
- In the North important improvements have been made in developing BCI and in stimulating markets for organic/FT products through support to Max Havelaar, as well as by OE on a global scale. OE has supported the development of tools and website to enhance exchange between producers and key stakeholders.

4.3.3 Impact

Observations	Score
• Incomes improved and social services provided, but number of people reached low and incomes probably not sufficient	0
• Small volumes, small markets for organic / FT products	0
• Integrated approach, multi-stakeholder platforms	++
• No strategy for up scaling of regional initiatives	-
• Progress at level of northern organizations and synergy	+
• Gender impacts positive in terms of involvement, but high labour inputs	0
• Attribution sometimes clearly positive	+

Table 4.5: Overview of the impacts of the ICCO cotton sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

- There are positive impacts in terms of improved incomes for the farmers/producers involved in the programmes supported by ICCO. However, the additional incomes are still limited and unreliable (given the dependency on premium prices on organic cotton which are currently under pressure). The volumes of organic cotton produced and marketed are still small, and thus the number of farmers benefiting is also limited. The proportion of farmers reached is low (less than 1% of the total number of cotton farmers in

Mali) and additional incomes are unreliable. Volumes are too small to realise economies of scale, and make major investments such as a ginnery.

- Local processing has been less part of the ICCO programs. It is mainly addressed by partners in India and through FWF. Progress is being made. Given the existing problems still remaining in the production of organic cotton, ICCO is not advised to move into the processing phase.
- There is an evolution towards producing and marketing a diversity of biological crops, rather than biological cotton only. This may evolve into a farming systems and marketing model that could be expanded towards greater numbers of conventional cotton growing farmers.
- Impacts of capacity building by involvement of stakeholders in multi-stakeholder platform are still to be expected, such as more efficient service provision and strategic planning. This can form the basis for future developments in the regions.
- Good impact studies have been carried out in some regions. But it is not clear what has been done with the results of these impact assessments. Also, some key issues seem to be missing in the impact studies, e.g. problems of high labour requirements for organic crops, problems of land security, food security. We recommend these studies to be widely discussed and lessons shared.
- There is no strategy for up scaling, thus no clear outlook for realising greater impacts.
- Gender impacts are positive in terms of involvement of women (30-50%), but higher labour requirements are carried by women mainly.
- Slow but consistent progress is being made in involving organic cotton buyers in the North, especially through support to FWF, Max Havelaar and Organic Exchange. Although progress is hampered by the economic crisis, there are concrete positive impacts of these interventions.

4.3.4 Sustainability

Observations	Score
• Less / no use of agrochemicals, improved health	+++
• Business models not yet viable	-
• Low demand niche products, poor market outlook	-
• Capacity building and drive towards ownership	++
• Uncertain national policies	0
• Remaining high donor dependency in South	-
• Increasing independence of organizations in the North	+
• Positive market outlook in the North	+

Table 4.6: Overview of the sustainability of the ICCO cotton sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

- At producers' level, less agrochemicals are being used, and all producers have noted improved health conditions, causing positive environmental impacts. On the other hand, there are problems of food security and greater workload, especially for women.
- Business models are not yet viable, mainly because of uncertain markets and reluctance by buyers to pay price premiums.

- Sustainability is mainly threatened by low market demand for organic products. The market outlooks for organic cotton seemed to be too optimistic. Under the given macro-economic conditions, a more diversified approach to farming systems seems to be better and less risky.
- In addition, the farming system (technical) model is not yet fully sustainable. There are still some apparent difficulties encountered, such as maintaining soil fertility at a large scale, avoiding excessive labour requirements especially for women to produce organic fertilizer, the relation of growing cotton with food security, the feasibility of the model for different types of farmers, including large ones who tend to continue to grow conventional cotton.
- Capacity building is ongoing, and there is a drive towards greater ownership/autonomy of producer organisations. However, the question is whether they are ready for that.
- The context in West Africa and Central Asia, as well as Paraguay, remains unfavourable. Unfortunately, government actors are not always involved, or not actively participating, in spite of efforts to involve them.
- The partners in the South generally remain highly dependent upon donor funding. Viable business models are being developed, but have not yet been well established.
- Partners supported in the North become increasingly independent, with additional and sustainable sources of funding. The relationship with Organic Exchange is challenging and clear choices need to be made. OE has most added value with respect to linking Northern buyers with Southern producers, apparently less so at farm level.
- Markets in the North for organic cotton products are slowly improving. The challenge is to move from contacts and commitments to concrete contracts.

4.4 ICCO's roles in cotton

The following table summarises the direct roles ICCO has played in supporting the results realised in the cotton sector (so this does not include the indirect roles played by partners with ICCO support, unless indicated otherwise).

Role	Observations	Score
<i>Brokering/ matchmaking</i>	Excellent role in horizontal linkages in production countries	+++
	Good role in linking organizations in the North	+
	Not yet very successful in establishing vertical linkages (usually limited to contacts, not contracts), criticized for lack of consistency	0
<i>Capacity Building</i>	Proactive in stimulating greater local ownership and autonomy, but more attention for absorption capacity is needed	++
	Proactive in stimulating more business-oriented approach	+
<i>Lobby & Communication</i>	No direct results by ICCO itself	-
	Few indirect results through partners, even when supported to do so	0
<i>Financing</i>	Direct financing role most appreciated and recognized: flexibility and often core funding	++
	Good strategic choices in funding northern organizations	
	Financing role as shareholder is not well understood by other stakeholders and ICCO's partners and seems risky (not market based) – just one case of Mali	+++ -
	Comments on cumbersome procedures and late payment	0
<i>ICCO's added value</i>	Strategic financing in North and South	+++
	Horizontal linkages in production countries	+++
	Capacity building / creating ownership in production countries	++

Table 4.7: ICCO roles in the cotton sector

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

Brokering and matchmaking

- As regards mediation and brokerage, one can distinguish brokerage in the market chain (vertical relations), and brokerage at a horizontal level (stakeholders).
- As regards horizontal relations, ICCO plays an important role in bringing together stakeholders. This role is generally referred to as process facilitation, resulting in a stakeholder platform. ICCO especially supports producer organisations and NGOs in getting organised. In Mali, however, ICCO has also created confusion, by not involving important stakeholders in their business oriented effort. In the north, ICCO plays an important coordinating and mediating role. ICCO can play this role thanks to different characteristics: knowledge / experience of the region and its producers, important funding, important network.
- New initiatives such as Yiriwa are risky, even when well planned and communicated. The aim should be to involve all key players, to develop models that can be mainstreamed, and therefore not be established in parallel or isolation.
- As regards vertical relations between producers and (northern) market actors, ICCO has not yet generated much successful results, even if ICCO undertakes some efforts. Especially the organisation Organic Exchange seems to be better equipped due to its built up relations with market players. Therefore, the support to Organic Exchange by the ICCO program is good. ICCO does help southern organisations establish contacts with northern companies, but this is different from establishing contracts.
- In the North, ICCO collaborates in several initiatives: fair trade, BCI, organic. Its support to starting initiatives has been much appreciated. However, its position is not always considered to be very clear. ICCO might better leave the negotiation with companies related to the direct interest groups.

Capacity building

- ICCO plays a proactive role in terms of promoting a more commercial / market oriented approach. However, it appears difficult to make this approach work in practice, given the national / international context and the (fixed) choice of countries and sectors. Diversification offers a way out.
- ICCO generally plays a proactive role in promoting greater local ownership and autonomy. This is highly appreciated by producer organisations. There is a risk that the development towards greater autonomy is too quick, if it surpasses the absorption capacity of the local organisation.

Lobby & communication

- The role of ICCO in lobby & advocacy is not recognised.
- Partner organisations supported to play this role (e.g. Aproca) are not strong enough yet to influence policies.
- ICCO's support is often complementary with Oxfam, which is recognised as having a stronger role in lobby/advocacy.

Financing

- ICCO is first of all recognised for its role as a donor. In most cases ICCO has added its finances to existing programmes, such as the Helvetas programmes to develop organic cotton production. Here ICCO is not the most important donor. An exception is Paraguay.
- In its role as donor, ICCO is praised by offering a relatively high level of flexibility in terms of funding arrangements, and relatively high levels of autonomy in spending. Especially northern organisations receive core funding.
- Good strategic choices have been made in supporting northern organisations. Thanks to ICCO funding, these have been able to play a critical role in developing new concepts (e.g. BCI) and realising impact (e.g. FWF, Max Havelaar).

- However, partner organisations in the North state that ICCO has long and cumbersome procedures of developing contracts and funding.
- There are some new initiatives, such as co-funding of Yiriwa by ICCO as a shareholder. This role is not understood by partners, in spite of communication efforts. In Kyrgyzstan, ICCO organised Oikocredit to provide agro-loans.

Added value of ICCO

The following is a summary of ICCO's main added values in the cotton sector.

Role	Details	Good practices, lessons
<ul style="list-style-type: none"> • Strategic financing for positive change 	<ul style="list-style-type: none"> • Support to partner organisations that have the capacity to push for innovations 	<ul style="list-style-type: none"> • Examples are FWF, BCI, OE, Max Havelaar • Regional support to bring together stakeholders and build a strategic plan (Aproca)
<ul style="list-style-type: none"> • Organisational and institutional development of producers in the sector 	<ul style="list-style-type: none"> • Strengthening NGOs, producer organisations and labour unions to play their roles, and become independent 	<ul style="list-style-type: none"> • Supporting Mobiom towards greater autonomy • Creating union of organic producers • Business models remain weak
<ul style="list-style-type: none"> • Sector-wide programme development and stakeholder collaboration 	<ul style="list-style-type: none"> • Develop common sector strategy (oriented at organic cotton and rotational crops). 	<ul style="list-style-type: none"> • Strategic sector plan with role for stakeholders: NGOs, producers, private sector, financial services, government; • Development of new financial mechanisms remains difficult

Table 4.8: Added value of ICCO

4.5 Gender

In cotton sector attention for gender is very relevant. Millions of women are intensively involved in the cropping of cotton. The activities undertaken to develop organic cotton production, and to improve international marketing, do not specifically focus on women. This is not a problem, as long as households as a whole, including women, will benefit from the improved incomes that are expected. There is a potential problem that women will bear the burden of additional labour required for organic cotton production, especially production of organic fertilizer. Producing large quantities of organic fertilizer is one the main challenges for producing organic cotton and interviews have shown that this generally leads to more labour among women. There are also potential problems of food security, as mainly poor farmers go for organic cotton and pay less attention to their food crops. There are indications that food security of these farmers has gone down. This aspect needs more attention.

4.6 Main conclusions and recommendations

The cotton sector is a difficult sector, given its fragmented nature and market fluctuations. The ICCO choice of countries and sector would not have been made from a business/market perspective. Yet, given the choice of countries and cotton sector, good strategic plans have been made and relevant activities have been implemented. Results and impacts are positive but less than expected. The change towards diversification is an essential one in order to develop viable business models. Yiriwa in Mali already has gained most of its profits from marketing other crops than organic cotton.

One main conclusion is that a model for sustainable organic cotton production at farm level is still not finalized, and continues to be developed. There are still problems to be addressed, such as linkages to food security, high labour inputs, and environmental sustainability. The ECSAD case study also mentions some constraints to organic cotton production (shortage of organic fertilizers, high labour inputs). Economically, the business models are not

yet firmly established. The model is not viable in a context of declining prices and insecurity of markets, in relation to high costs of the services being provided to organic cotton producers. In West Africa, both for Mobiom and Yiriwa there are important challenges for better distinction of the development and business-oriented pillars. In the other regions the business model is being implemented and it is too early to conclude whether it is successful. In most regions involved ICCO has focused on capacity building and organisation of producers, but this is only useful if the activities are commercially viable and sustainable.

Most of above problems are also noted by the ECSAD study on organic cotton in Burkina Faso. Yet, the ECSAD study concludes that the organic cotton program has been very successful. This we find doubtful, because a model for widespread replication of (organic) cotton production (and processing) is not yet available. Also, we raise fundamental questions about how to move from a development-oriented to a more business-oriented model, as based on the contextual factors in the region and in the sector. Essential elements are: crop diversification, vertical integration, a consistent approach of all stakeholders involved, and reducing the costs of the service provision system.

5. Fruits

Summary Fruits

ICCO's score for the fruit projects as part of the IM sub-program can be summarized as:

- In general the projects are relevant. Relevance on strategic choices is weaker, due to a lack of market studies, planning and follow up plans.
- Effectiveness is strong.
- Impact is strong regarding organizational strengthening and weak in terms up scaling and replication strategies.
- Sustainability is strong regarding organizational strengthening and environmental issues and low due to high donor-dependency and no available exit strategies.

ICCO's added value in the fruit sector is on:

- Financing, with good content knowledge and a participatory approach
- Brokering

5.1 Evaluation method

The evaluation study of the fruit sector followed the three phases of the entire evaluation. Following are some details.

During the inception phase the interviews were held and documents were studied (see overview in Appendix 7). Apart from that the portfolio of projects and partners was studied in the fruit sector, in order to prepare the case study.

For Peru and Ecuador a detailed case study was undertaken with field visits and interviews with key actors and third parties in the countries. ICCO suggested Ecuador and Peru as case study countries and this makes much sense as these countries were the first where it tried a programmatic approach. A significant amount of the total budget has been allocated to these countries (see table 5.1). Moreover, the ECSAD studies already looked into the fruit program in West African.

The field studies were done in Ecuador and Peru from 17 February until 3 March 2010, together with a local consultant (Milton Garcia). In Ecuador and Peru 6 out of 7 projects in total were evaluated: MCCH (Maracuya), FEPP (Fruit processing), AVSF Ecuador (Andean fruits), Corpei (Bananas), and AVSF Peru (bananas, mangos and fruit processing) and Bananalink (unions in Ecuador and Peru). Key persons of each project were interviewed. Apart from MCCH and Bananalink all projects included field visits. Additional interviews were held with third parties: context specialist (case of Corpei and AVSF) and the Ministry of Agriculture. One case in Peru has not been evaluated. Reasons for this were that it was very focused at local markets, it is a relatively new projects and little progress had been made so far.

Project descriptions were made and it was decided to do a quick assessment of the West Africa part of the program where fruit is relevant to check whether the case based conclusions from Ecuador and Peru, are also valid to take Western Africa (telephone interviews). For the Western Africa region, the Northern parties and its specific relation with Albert Heijn, short reports have been included. A highlight of the main case study characteristics is given in the following box. Details can be found in Appendix 7.

Highlights of tropical fruit case study

- Countries: Ecuador, Peru, Western Africa.
- In consultation with Southern Consultant
- Partner organizations visited: MCCH, FEPP, AVSF Ecuador, Corpei, AVSF Peru, Bananalink.
- Northern parties studied: FTO, FLO, ISEAL, Max Havelaar, Fair Match Support, Fair Connect, Nature and More, Albert Heijn and Bananalink

As regards northern partners the following organizations supported by the ICCO program were studied (see box). These partners were selected based on the fact that ICCO support has been substantial and in many cases covering a long period of cooperation. Documentation was studied and brief interviews were held.

5.2 Results

5.2.1 Main parameters of the fruit sector portfolio

The following table gives an overview of the key parameters of the fruit sector projects within the IM sub-program. It should be indicated that the expenditure data are based on the excel sheet overview provided by ICCO, covering the period 2005-2008¹³. When comparing the project information with this excel sheet the budget overview seems roughly correct.

Region/Country	Total Expenditure (€)	% total	Main Partners	Expected direct beneficiaries	Period	Strategic focus ¹⁴		
						PR	CB	LA
West Africa	861.922	12%		55.346				
Mali	193.969	3%	Helvetas. WAFF		2005-08	++	++	
Burkina Faso	295.000	4%	Helvetas		2005-08	++	++	
Benin	125.046	2%	Helvetas		2005-08	+++		
Ghana	24.700	0,3%	Banalink		2005-08		+++	
Madagascar	55.100	1%	FJKM/SAF		2005-08		+++	
Kenya	3.380	0%	Indufarms		2005-08	++	++	
Regional	135.650	2,2%	WAFF Banalink		2005-08 2005-08	++ ++	++ +++	
South Africa	29.077	0,4%	Fair Bites/ ICCO		2005-08	++	++	
Latin America	2.565.918	36%		55.580				
Ecuador	1.419.461	20%	MCCH, Corpei AVSF FEPP		2005-08	++	++	+
Brazil	535.283	7%	Escola Vida Coopervida Cooperuc		2005-08	++	++	+
Peru	451.174	6%	AVSF MEDA		2005-08	+++		
Costa Rica	10.000	0,1%	PRI int.		2005-08	+++		
Haïti	150.000	2%	AVSF		2005-08	++		+
Northern organizations	3.742.544	52%		18.414				
Fair trade	120.000	2%			2005-08	+++		

¹³ Document 'Lijst IM LM Projecten 2005 t/m 2008.xls'

¹⁴ PR = poverty Reduction, CB = capacity building, LA = Lobby and advocacy; Based on project information from the Monitoring and Evaluation unit.

Region/Country	Total Expenditure (€)	% total	Main Partners	Expected direct beneficiaries	Period	Strategic focus ¹⁴		
						PR	CB	LA
Bid	148.750	2%			2005-08			
FMS	940.802	13%			2005-08	+++		
Max Havelaar	453000	6%			2005-08	+	+	+
Others	2.079.992	29%						
Total fruit	7.170.384	100,0%		129.340				

Table 5.1: Project division over regions and countries fruits

Legend: +++ = >80%, ++ = 50%<x>80%, +=<50%

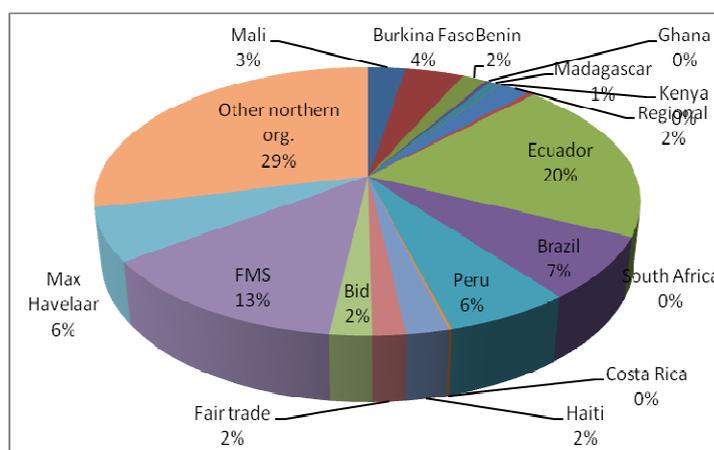


Figure 5.1 Project division fruits visualized

5.2.2 Theory of change

The Western market demand for tropical fruits is growing steadily and becomes increasingly diverse. The tropical fruit market is very complex and characterized by high price volatility and the existence of (non-) trade rules. The vulnerability of fresh products makes handling and transport risky and requires investment in process improvement and infrastructure. Increasing bargaining power of retailers implies a stronger focus on quality and a reduction of transaction costs. Consequently, economies of scale are increasingly important, giving a competitive advantage to the bigger companies.

The tropical fruit market is also served by millions of poor small holders who can only compete if they organize themselves (better) to create scale and guarantee quality. Focusing on (better paying) and more than proportionally growing niche markets such fair trade and organics (for which small holders are better equipped), could provide many with an opportunity for income improvement.

Small holder organizations need to improve their relative bargaining position, eliminate intermediaries and eventually link up directly with importers or retailers, developing long standing (non-exclusive) trade relations. Therefore, capacity development (economizing on costs, best agricultural management practices, entrepreneurship, leadership, etc.) and organizational strengthening (structure, certification and market intelligence, etc.) are needed.

Additionally, PO's can enter into fruit processing (product differentiation for local or international markets) and eventually diversify into other crops and activities. Differentiation and diversification could provide an extra (and

a more stable) income, a better risk management (less dependency on a single cash crop), a better division of labor throughout the year and ultimately the ability to re-invest in their productive capacities.

Finally, it is crucial to address smallholder interests at other levels. Lobby is required to make trade fairer. Local business service providers can be engaged to support PO's and in this way also an enabling environment is created. Western markets need further development, involving retailers and their CSR and sourcing strategies as well as support sector wide approaches and initiatives (such as certification).

5.3 Evaluation results

Below brief overviews are given of the combined evaluation results for the four main evaluation components: relevance, effectiveness, impacts and sustainability, followed by a brief summary of main highlights.

5.3.1 Relevance

Relevance is partly determined on the basis of extensive context analyses, which are presented in Appendix 7 (at global and regional levels).

Element	Observations	Score
Sector	Millions of smallholders	+++
	Urgent sustainability issues, but with opportunities	++
	Increasing market opportunities in Dutch/EU markets	+++
	A very complex chain; highly volatile and especially risky to smallholders	0
Countries	Western Africa: many smallholders, high dependency on fruits, difficult context	+++
	Brazil: many smallholders, low dependency, favorable context with increasing internal consumption	++
	Rest of Latin America: limited dependence, good export and local market opportunities, moderately difficult context	+++
Target groups	Many depending small holders and laborers (but with limited attention to the latter)	++
Strategic choices	Good global and regional strategic plans.	++
	Not much detailed market studies as basis, no specific planning, no systemic follow up on plans	0
	Implicit 'Theory of Change' (on export, and local market differentiation and diversification)	+
Activities	Uneven budget division: most budget for Latin America (Ecuador)	++
	Financing especially poverty reduction in LA, whereas in Africa supporting civil society.	++
	Only 10 % on lobby	0

Table 5.2: Overview of the relevance of the ICCO fruit sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

Relevance of sector

- Fruit is definitely a relevant sector for poverty reduction. It includes many poor small holders. Exporting fruits can generate a good income, especially in still growing certified market segments for fair trade and organic (see context study Appendix 7).
- Many sustainability issues are at stake ranging from environmental ones (deforestation, soil degradation agro chemical use and water management) to social issues (labor condition plantation workers) to

economic issues such as lack of (international) market access for small holders (see context study Appendix 7).

Relevance of country choice

- Especially in Western Africa fruit is very relevant to both the countries as well as small holders. The same goes for Latin American countries, although these also obtain relatively more export revenues from other commodities such as soy, oil and minerals. The selected countries often export to the EU market and providing leverage to ICCO. For that reason, ICCO rightly decided that Asia, although being world's biggest fruit producer, would not be of interest to the IM sub-program. Instead, they included fruit as an option for local market development.
- The budget is unevenly distributed over continents and countries. Most financial effort is dedicated to Latin America, almost three times as much as to Africa (10%), where poverty levels are higher. It also shows from the number of projects. There are 22 in Latin America, against 12 projects in Africa. It also reflects from the number of expected (in)direct beneficiaries. Remarkable is that Ecuador consumes 20% of overall budget and is expected to support a similar percentage of beneficiaries. Most observations can partly be explained from previous strategic choices (path dependency and sunk costs) and from an apparent relative absence of good quality PO's and intermediate structures in Africa

Relevance of strategic choices

- To enter and survive in the international fruit markets, small holders need support. Although the context study shows an increasing appetite for sustainable tropical fruits and certification schemes, it also shows many sustainability issues at stake. Moreover, many small holders would not have the possibility to enter into or are being pushed out of this market without technical and financial assistance. Tropical fruit is a very complex chain with many opportunities, but also pitfalls, especially for small holders who want to export (it implies large investments and high risks to enter into international fruit trade). Including options in the local market (also serving food security) and processing fruits may provide smallholders with additional alternatives for (a more stable) income and spread risk, but entering into these market segments requires additional investment and brings about new risks.
- The international strategy for 2007-2010 and the regional strategies for Latin America and Western Africa are in line, following the same intervention logic, but still allowing for flexibility, depending on regional and national priorities.
- Strategic plans contain an implicit high-level theory of change (intervention focus). We did not find an account of follow up on the regional strategies. On a country and project level it also deserves more structured attention, elaborating on key variables (market, policy development and politics) and clarifying underlying assumptions. In a volatile market as fruits such context and content (market) studies need (more) regular updates to remain on top of the developments. The strategy however seems to be predominantly based on information from CBI¹⁵ and field visits. Some projects (Corpei, AVSF Peru, AVSF Ecuador) analysis was complemented with a country sector specific study (Ecuador) and with an exploratory field visits. The question is raised whether ICCO or its partners should be responsible for the additional analysis. Of course the project partners should assure that they are on top of the relevant developments and in some occasions they did, but it is also in ICCO's best interest to double check on the quality of studies and plans. In the end, it concerns investment decisions with a risk attached. For instance, the study that led to the CORPEI project could have benefitted from a second opinion and one yearly visit showed to be not enough to keep track with some very relevant developments (i.e. project partners leaving the project).

¹⁵ CBI is the Dutch Center for Import Promotion from Developing Countries. From our own analysis we experienced difficulties in finding good quality production and especially market data on tropical fruits (even more so on the certified markets). Good quality data is available and it would be worthwhile considering buying it.

- Many of the projects in this case study though also focus on local markets. ICCO says the distinction between local and international market is rather artificial. Due to its market characteristics (vulnerable, volatile price swings, etc.), it makes much sense to allow for market differentiation and that happened both in Africa and in Latin America.
- The focus is predominantly on Fair Trade (FT) and organics with special attention to the ones in process of certification. It is not exclusively FT and organics. In Latin America almost all producer organizations are FT and organic certified. The context study shows that, although steadily growing, certified markets remain a niche, still relevant to smallholders. Only recently BSCI became an option for certification with Albert Heijn suppliers in Africa.

Relevance of target group

- Apart from millions of small holders, plantation workers are relevant and included as a target group since 2008, but until recently without a real intervention and limited impact.

Relevance of activities

- Half of the Fruit budget is dedicated to northern partners with a portfolio of 18 projects (sometimes again working with Southern partners) (see table 4.1.). This division is in line with ICCO's intervention model to link southern producers to northern ones, trying to assure sufficient demand for fair and sustainable fruit products. The portfolio also includes a partnership with Albert Heijn. ICCO initiates lobby towards certification schemes and communication efforts for creating end-consumers' awareness.
- The other half of the budget is allocated to some 35 'field' projects and is unevenly distributed over continents and countries. Most financial effort is dedicated to Latin America, almost three times as much as to Africa (10%), where poverty levels are higher. It also shows from the number of projects. Africa's budget the biggest chunk is for strengthening civil society (56%) and only 43% is on poverty reduction. In Latin America that is only 26% and most resources (63%) are dedicated to direct poverty relief.
- On a global level 10% of the overall budget is dedicated to lobby. In the Southern projects there is hardly any attention to lobbying. There is no overall lobby strategy and it seems more issue-driven. Not all lobby activities on fruits correspond to the IM department, but were managed by ICCO's lobby department that fell outside of the scope of this evaluation. From additional research it did not become clear how activities are internally planned and coordinated.

5.3.2 Effectiveness

Observations	Score
Project level	
• Mixed: Some project with very good results, others not	+
• Some innovative projects	+
• Although a business approach was often promoted, no clear evidence of drive towards autonomy	+
Program level	
• DRAM result indicators only partly realized	+
• Poverty reduction: more access to markets for PO's, not necessarily internationally. In fruit strong emphasis on differentiation and diversification.	+
• Institutional strengthening: much focus on capacity building, Most PO's with business plan aimed at sustainability.	+
• Lobby: various lobby activities in the North with success, little evidence of lobby in the South, also not through partners.	+
• Improved value chains in Western Africa and through Northern partners. Not case in LA (more local improvements).	+
• Evidence from value added activities in the South. Producer Organizations with capacity for (international) trade.	++
• Few companies with improved CSR.	0
• Gender: despite role of women (especially in the case of additional processing activities) there is no structural attention	-
• Market and product differentiation and diversification	++
• Some other additional results: micro businesses, shortening chain, new local certification logic	++

Table 5.4: Overview of the effectiveness of the ICCO fruit sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

On project level

- Mixed results at project level: From the case study it becomes evident that some partners perform even better than planned, others lag behind. The Western African projects on average exceed what was planned and show some impressive results of creating intermediate structures. Also the work through its Northern partners seems effective. From the case study, only few PO's gained (a significantly) better access to international markets, due to ICCO's intervention. Others gained a better access to local markets or did not show (yet) any improved market access. The projects results depend heavily on the quality of the ICCO partners and their management capacity. There is no set of criteria for partner selection and consequently partner selection and the capacity to also involve (voluntarily and) actively in project development depend much on the individual officers and their individual capacity and context knowledge.
- The case study shows a very rich diversity of projects and some of have an innovative character. Room for innovation is definitely a positive aspect of ICCO's approach, but project approval was not always backed up with sufficient and justified reference (RAA, AVSF Peru).

Overall program

- In general most producer organizations have gained better access to markets, but not necessarily through export markets. Differentiation and diversification in some cases also resulted in more access, but only very few projects were able to quantify effect.
- As most projects studied followed their own project logic and indicators, it is not always clear to the evaluator how ICCO has interpreted project results into the DRAM framework. Sometimes targeted population (in numbers) in a project proposal is assumed to equal the population already reached and set objectives are already met without a conscious evaluation¹⁶. This casts some doubts on the validity of indicators and consequently the accuracy of monitoring system. If different monitoring formats are used and reported effects are not always clear or considered reliable, it is consequently difficult to assess (in)direct impacts¹⁷.
- In most projects under research developed business plans, but only few so far have met a break-even point. Various projects in Ecuador and Peru a second phase was either requested or can be expected to be requested soon.
- Lobby activities seem to be issue-driven and there is no overarching strategy. According to the DRAM table various successes have been booked on lobbying, but we lack the qualitative information. Some activities are covered through the lobbying department (outside the scope of this evaluation). It is not clear how northern lobby activities relate to each other and to specific Southern projects and vice versa. Although some specific successes have been noticed in Africa, in general there is little evidence of south partners involved in lobby improving the local enabling environment and there is little evidence of structural support from ICCO towards their local lobby activities. Although in general support from ICCO with its world wide experience would be appreciated, also partners doubt whether ICCO is able to support them in their local political dynamics given the current centralized setting.
- On improved North-South relations results are mixed. The Western Africa approach shows some good results. New value chains were created by supporting the development of local trading companies. This was also partly possible through the change in CSR policy by some companies such as Albert Heijn where ICCO played a role. From the country case study there is no evidence of improved North-South relations, partly because relations were already established before ICCO came in, or projects focused primarily on the local market.
- Various projects include fruit processing (differentiation) and in some cases also diversification into other crops. Results are mixed and success depends on objectives, local context and the kind of crops it concerns. Differentiation and diversification may serve food security and provide alternatives if export decreases. In the cases that focus on international markets—for example bananas-- diversification is not an option. It goes at the expense of the crucial economies of scale and it requires full focus to stay on top of international market developments. Differentiation towards local markets however provides an interesting opportunity for products that were not exported.
- Since 2004-5 ICCO works with various companies (5). The Albert Heijn case seems to be a class room example of how a NGO work with the private sector and also can influence CSR policies. Replicating this experience helps to multiply impact.
- From the case studies it shows that there is no evidence of structured attention to gender. Some interesting results were booked in terms of additional economic activity (for instance production of organic fertilizer, micro-enterprises, etc.), but mostly these were unexpected positive side effects and not envisioned in the program design.

¹⁶ Case of Corpei (it has less PO's and beneficiaries than reported) and positively MCCH has more beneficiaries. 2009 progress report states 30 PO's with increased access to international markets. Not all have gained (direct) access to international markets

¹⁷ In the years after 2006 there is an account of an increasing number of producers organizations with better access to international markets, but due to the lack of a clear definition, it is difficult to assess how much 'better' is, and when, who and on basis of what it is decided to include (or not) a producer organization into the positive results.

5.3.3 Impact

Observations	Score
• Total number of people reached low, often difficult to prove	0
• Positive investment behavior (farm, education, health, savings, etc.)	++
• Improved organizational capacity, PO's standing up for their rights	++
• Producers / plantation workers with improved income	0
• Plantation workers with improved competencies and labor conditions	++
• Policy influencing bodies with increased membership participation and improved capacity	+
• Although impacts are reported it is not yet clear what these exactly represent.	+
• In terms of improved (international) value chains, outcomes are mostly achieved in Africa and through its Northern partners.	+
• Integrated approach, multi-stakeholder platforms	+
• No strategy for up scaling	0
• No strategy for replication	-
• Difficult to establish attribution if there is no measurable impact	-

Table 5.5: Overview of the impacts of the ICCO fruit sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

On project level

- Projects were not yet able to show their impact. Some partners try to evidence impact, all in their own way, whereas others do not yet grasp the concept of impact. Some say that ICCO itself does not stress enough the importance of impact in project design and monitoring.
- On the social dimension some interesting achievements were noted. As said: 'A poor farmer who improves income by 20% is still poor and probably will remain poor, but he is able to send his children to school'. It probably leads to improved social conditions. To prove this requires a different monitoring protocol and type of study to verify impact, but it would be worthwhile the effort.
- The case study shows that several Producer Organizations are (better) able to claim their rights (i.e. access to drinking water) or participate in local planning, but this cannot be *directly* allocated to the ICCO intervention, partly due to the fact that ICCO did not support these activities directly or because other donors were funding these activities.

Overall program

- Overall, there is mixed evidence-based quantified effect on poverty reduction. Indicators from African program are positive. Most studied projects received either better prices or were able to lower costs leading to a better income for the individual farmer. It requires a different type of study to evidence income improvement quantitatively.
- In ICCO's monitoring system (DRAM tables) it is not clear what criteria are applied to aggregate beneficiaries with an improved income.¹⁸ The case study shows there is no evidence for structural income improvement,

¹⁸ The DRAM table accounts for 45.000 plantation workers in Latin America with improved income. The research did not find any evidence that justifies this claim. From the case study it does show that unions were able to train plantation workers, but what has been done and the consequent results and impacts are not clear.

especially if the strategy is towards diversification and differentiation which makes it almost impossible to measure.

- ICCO's overall target for 2010 is to have 270.000 small holders with an improved income. It is not clear how much fruit is expected to contribute. The DRAM table does not give an indication of what the fruit program has been achieved so far. Based on the two country case studies it is difficult to imagine that it will contribute an equal share (i.e. 90.000).
- The most evident impact of ICCO's intervention is that producers (and maybe laborers) have improved their competencies. Capacity development is usually at the heart of ICCO's interventions, but it is difficult to prove whether the right competencies were strengthened and whether it was enough or that too much budget was allocated to capacity development. There is food for debate here and opinions differ. The Peruvian case shows that capacity development is not a standard receipt, nor a starting point. Here, capacity building activities were defined and priorities determined in function of the developing market demand. This is in sharp contrast to the (other) banana case in Ecuador, where the focus is on capacity building without having generated an additional demand yet. Capacity development should not be a goal in itself.
- Three of the seven projects in the field study were financially sustainable or close to achieving it. The vast majority is not yet sustainable. With some it can be doubted whether they ever will be able to reach financial sustainability or are sufficiently interested to achieve sustainability already to prevent from losing international cooperation's financial support.
- In the 4-monthly reports, various positive impacts have been claimed on lobby: policy influencing bodies with increased membership participation and improved capacity, on free trade agreements, improved standards, but these are difficult to evaluate. There is little qualitative information on the achievements and it has not (yet) been possible to obtain a complete insight and overview. Moreover, achievements are not always exclusively related for a specific (fruit) sector¹⁹, not all impacts have been exclusively achieved by the IM program itself and other achievements show up as (DRAM) impacts of other departments such as for Lobby or MVO (which are outside of the scope of this evaluation). Coordination is said to take place on a case by case basis. As there is no overarching strategy on how lobby and CSR relate to fruit sector issues and consequently there is no reference point that again makes it difficult to say whether it was good and enough what has been achieved.
- To consider up scaling success in terms of impact and/or results this has to be proven or at least made plausible. With the poor data it is difficult and maybe too early to say anything on effect or impacts of the ICCO's global fruit approach at large. Eventually, the work with AH and FMS in Africa and some interesting cases in the South (i.e. AVSF Peru, MCCH Maracuya) may serve for up scaling. It would require different and more in-depth study on success variables. ICCO would do good to include scalability as a criterion for project selection and monitoring its progress. Whether these successful experiences can also be replicated is another debate. The rule for up scaling even more so applies to *replicating* successful experiences. Additional consideration is that it should be clear under which conditions success was achieved in order to assess if a similar project can be replicated in other contexts. A more detailed and localized theory of change (for instance on how an IM focus can be combined with diversification) would help explicating also (local) conditions necessary and assumptions underlying its intervention approach to foster monitoring, learning and eventually allow up scaling and replication.²⁰
- On some indicators ICCO's contribution is relatively evident (capacity development, business plans). On poverty reduction it is difficult to distinguish ICCO's contribution. First off all, only few cases reported impact. Where impact was perceived, there was not a (kind of) 'Theory of Change' that could help single out how ICCO's support (especially capacity building and organizational strengthening) helped to improve income when other donors were involved as well.

¹⁹ ICCO supported FLO to speed up the criteria development (for new products). With ISEAL it realized rephrasing standards and protocols to the benefit of smallholders.

²⁰ For instance, opportunity costs of the beneficiaries have to be taken into consideration. What can they gain from diversification, against potential income from working in an (informal) urban labor markets or against income from remittance also local labor markets.

5.3.4 Sustainability

Observations	Score
• Viable business models	0
• Exit strategy	-
• Remaining high donor dependency	0
• Less/no use of agrochemicals	+++
• Capacity building and drive towards autonomy	+
• Favorable institutional context	+

Table 5.6: Overview of the sustainability of the ICCO fruit sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview

- Most ICCO partners remain dependent upon donor funding (but often are diversifying their sources). The development of business plans is a standard element of ICCO's approach, but it is not a guarantee for sustainability. For both Northern and South partners' financial sustainability is a project objective that is being systematically and closely monitored. In contrast to Africa, in the Latin American case studies, none of the projects reached the stage of break-even yet. Some have interesting business models and may become viable at some point. None of the projects counts with an explicit exit strategy that defines criteria and conditions when ICCO is able to withdraw, creating a potential (moral) pitfall to continue supporting the projects into a next phase.
- Most of ICCO's partners are fair trade and often also certified for organic and consequently one may assume that most social and environmental on-site issues are covered. Off-site issues are hardly considered. Much fair trade certified smallholder organizations are not (yet) able to meet all labor standards (social sustainability). This could potentially lead to conflicts with the unions that ICCO supports through Bananalink (as it did in Peru).
- There is no clear conceptual (intervention) model for capacity building that justifies if the most appropriate issues were addressed as well as how and when organizational development assures autonomy. One may question whether the ICCO construction of providing these services through their partner organizations is the most appropriate way to achieve autonomous producer organizations as they themselves often depend for their existence on this particular role / services they provide.
- In terms of institutional sustainability the picture is rather diverse. The context in West Africa remains unfavourable, but in Latin America due to decentralization and a more active role of (local) governments in inclusive economic development future the perspective is expected to improve. The sustainability of a project partly depends on its ability to adapt to a specific project context. Some of the project studies indicate that ICCO should be more aware of the (local) context and the impact on its project (in terms of opportunities and risks). Institutional sustainability also depends on the project's capacity to lobby and create an enabling institutional environment. ICCO is not engaged in lobby activities at this level, nor does it seem to actively challenge its partners to do so (or join networks to increase their leverage capacity). There is no structured attention to local (governmental) stakeholders in its interventions. Partners believe that ICCO with its international experience could be of value. In the current centralized setting it is probably too much to ask for more involvement from ICCO's project responsible, but with the upcoming decentralization it could be worthwhile to include the lobby towards local institutions in its interventions.

5.4 ICCO's roles

The following table summarises the direct roles ICCO has played in supporting the results realised in the fruit sector (so this does not include the indirect roles played by partners with ICCO support, unless indicated otherwise).

Role	Explanation	Score
<i>Brokering/ Matchmaking</i>	Still difficult to find sufficient market actors to link (both companies and PO's) Southern partners see potential value added, Northern partners no so much LA program limited horizontal brokerage (in local context) WA program shows success Few (internal) link with financial services in LA, missed opportunity	++
<i>Capacity Building</i>	More finance of capacity development than direct involvement Brings in international experience. Finances what is strategically important Opportunities for systemic knowledge management Future role in capacity development in (Western) companies on CSR	++
<i>Lobby & Communication</i>	Involved in important initiatives (FLO, ISEAL, Bananalink) Northern partners feel ICCO could do more on lobby Southern partners not aware of ICCO's lobbying in the North	+
<i>Financing</i>	ICCO's role is crucial to allow projects and innovation (characteristic of partners) Finances activities that it considers strategically (mostly capacity development) Participative way of working with partners Review contracting process and consider local peer review	+++
<i>Added value</i>	Appreciated as funding agency, with good content knowledge and a participatory approach Some good brokering, but partners hold mixed feel on potential of ICCO assuming a role in brokering	+

Table 5.7: ICCO roles in the fruit sector

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

Brokering and matchmaking

- According to ICCO's project officers it remains a challenge to match Southern supply and Northern demand. In fact, it is still difficult to find good smallholder PO's (especially in Africa) and it is felt that ICCO will have to invest more in identifying and developing demand in Dutch and European markets.
- Southern partners definitely see possibilities for ICCO to assume a brokering role, especially linking them to international players is much needed. Some of ICCO's northern partners are not so convinced and doubt whether ICCO has the entrepreneurial skills to facilitate business negotiations.
- ICCO does finance brokers (such as FMS) that claim success. On several occasions ICCO also has assumed this role of international and local (horizontal) broker and with varying levels of success. In Africa it was relatively successful linking north and south partners. Less so was the case in Latin America where local brokerage had limited results. (AVSF Peru, MCCH). Here, ICCO's success rate would probably increase with an improved understanding of the specific context and stakeholders' interests.
- From the case study it showed that to assume a role in facilitating a local dialogue –apart from required process skills-- substantial context knowledge, a neutral position and a clear understanding of actors and

their objectives are crucial. ICCO does not always have the skills and context knowledge and, by financing a partner, ICCO unintentionally chooses a side and may not be considered sufficiently neutral by others.

Capacity building

- ICCO itself is not often involved in capacity building, but mostly finances capacity development activities. Its role in capacity building therefore is intrinsically related to that of a funding agency. It brings in international experience to the proposal development on what works and what does not.
- On few occasions ICCO involves in capacity building directly, depending on the need and complementarities with other players (Africa, on value chain development).
- In its CSR work it also assumes an advisory / capacity developing role towards companies.
- ICCO has initiated knowledge sharing activities (exchange between partners), which have been well appreciated by some, but it remained without structured follow up (Peru, Ecuador). Various actors see an opportunity for ICCO and argue that there is an important need providing knowledge *brokering* services on international market development (certification, price development, trade rules, etc.). With its international network, experience and ambitions, ICCO could assume a much more active role

Lobby & Communication

- Northern partners feel that ICCO is too much inward looking and humble to assume a more active lobbying role. It focuses almost exclusively on governments. On the other hand, its low profile makes it an appreciated partner for governments and potentially also for the private sector. ICCO is not an activist organization and others are probably better equipped for such an approach. The Dutch Soy Coalition provides an interesting (third way) alternative in which ICCO coordinates with activist organization and simultaneously dialogues with governments and works with the private sector.
- None of the Southern partners was aware of ICCO's capacity to lobby internationally and advocate for small holders' interests.
- ICCO has not been involved in establishing an enabling environment at a local level, although some DRAM indicators suggest it wants to address the issue (i.e. countries with policy improved for the benefit of small producers in IM). Partners believe that ICCO should not directly be engaged, as it is the task of local actors to assume this role. They do believe ICCO to have an added value assuming a capacity building role (knowledge brokering) on lobby strategies and bringing in international experience and best practices.

Finance

- ICCO is very much appreciated as a funding agency, especially for its participative way of project development, identifying strategic activities to finance as well as look critically to the organizations and their capacities.
- As many south partners and associations serve social purposes and most gains go to the beneficiaries, it leaves them with very limited capital for innovation. Therefore partners (as MCCH, AVSF) consider ICCO's funding role of major importance. As such it also shows a potential pitfall of ICCO's intervention strategy through partner organizations.
- Some of the projects under study were financed without being sufficiently or adequately informed on market developments, the local context and/or the policy environment. It is always easy to reach to such a conclusion afterwards. Although internal procedures are installed (KIDBEMO), ICCO could include a specific context study and a local peer review to secure relevance and manage risks. The project development stage is also the most adequate moment to discuss other roles ICCO could assume.

Added value of ICCO

The following is a summary of ICCO's main added values in the fruit sector. Overall ICCO scores relatively well on the various roles. It is much appreciated for its role as a strategic financier. ICCO is often implicit to its partners on the other roles it aspires and most partners say not to be aware of ICCO's other roles. If should Southern

partners want ICCO to assume a more active role in (international) brokering, lobbying and knowledge management, the contracting phase is probably the most appropriate moment to discuss the partner's need and ICCO's capacities. Various northern partners question ICCO's entrepreneurial and organizational capacities and argue that ICCO better should focus at what it is good at; i.e. strategic finance.

Role	Details	Good practices, lessons
<ul style="list-style-type: none"> Strategic financing 	<ul style="list-style-type: none"> Indispensable capacity building and organizational strengthening Partners and POs 	<ul style="list-style-type: none"> Examples are AVSF, MCCH, Fruteq, Capacity building and organizational strengthening is endless and does not guarantee access to markets clarity on who decides upon what (criteria), more content, context and market knowledge required
<ul style="list-style-type: none"> Brokering 	<ul style="list-style-type: none"> Some good brokering, developing markets in the North 	<ul style="list-style-type: none"> Examples are AH, FMS, FTO, Fair Trade. More ICCO capacity needed to develop market to match increasing and diversified supply from POs Potentially assuming role in knowledge management
<ul style="list-style-type: none"> Lobby 	<ul style="list-style-type: none"> Contributed to relevant institutional changes 	<ul style="list-style-type: none"> Examples are roundtable bananas, streamlining horticulture criteria FLO Develop a third way lobby approach, Theory of Change based Could also support partners (capacity building) to involve in local lobby

Table 5.8: Added value of ICCO

5.5 Gender

Women could and actually play a role in the fresh fruit sector (fruit picking, selection, packing bananas, etc.). In particular, processing fruits may create additional jobs for women, especially if these fruits are for demanding export markets that pay a fair price for their labor. In case women do not have labor market alternatives and there is a local market demand for processed fruit, diversification offers a means to improve family income. The local market probably does not pay guaranteed and fair prices. Some cases show a relevant impact on gender equity (case 3 and 5), but impacts were not the result of a planned programmatic approach. They merely occurred as unintended by-products of ICCO financed interventions. There were no positive results on gender thanks to ICCO's direct intervention. In fact, in none of the projects interventions were financed that addressed gender.

5.6 Main conclusions and recommendations

- The IM fruit program is relevant to small holders in the tropical fruit sector. Some good results (effects) have been achieved, especially regarding capacity building. Impacts on poverty reduction seem limited and cannot be fully quantified to assess their contribution to ICCO's targets on poverty reduction.
- Next to the traditional development-oriented capacity building approach to international business development, a more market-oriented approach was identified that was very successful in the Peruvian case. This favors developing market opportunities and obtaining experiences first, before prioritizing the capacities to be strengthened. It is a risky, but also more efficient approach. If it is also an effective approach depends on the point of departure i.e. improved income against social empowerment. ICCO puts the development of its target population (PO's) at the heart of its intervention. An international market / business-driven approach focuses on matching of supply and demand which should result in a better price and this again should lead to income improvement and eventually (but not necessarily) to more social development. This sector study does not entail sufficient projects to make a systemic comparison of the performance, conditions and (un)intended consequences.

- PO's and partners' financial sustainability will remain an issue. All PO'S and partners depend on ICCO for investment for innovation and capacity building. Often Southern partners also rely on sustained ICCO finance for their own survival. They prioritize social development and poverty reduction. In a market setting, profit and growth are the major goals, once achieved they may bring about social development and poverty reduction.
- Progress has been in working with the private sector (e.g. AH, FMS), developing markets in the North. This could help to multiply ICCO's impact, but it needs a guiding theory of change on how Northern partners relate (among each other and) with Southern partners, to create synergy. Such a theory also helps to work better in a programmatic manner at a country level (i.e. relation among projects).
- At a project level it is often not clear what roles ICCO wants to assume. The contracting phase would be the most appropriate moment to express its ambitions and also discuss partner's needs. In general, the quality of contracting would benefit from more elaborate research on markets and the local contexts as well as involving independent experts in reviewing opportunities and risks as well as eventually monitoring progress.
- The IM fruit program is not an exclusively *International* Market program. Some projects focus on the international or local markets or hybrids, and it all makes sense from a producer's point of view. It may provide a dilemma to ICCO and its private sector partners.²¹ There is no receipt for international or national, product differentiation or diversification. In some occasions the options may support each others, but it is also possible that a focus on export goes against diversification. ICCO and its partners need an approach that helps to analyze the various variables at stake and their interrelation, feeding into a more localized and detailed Theory of Change.
- Impact (as an objective and concept) is not always upfront in the minds of PO's, partners and even not always in those of ICCO staff. Also the link how capacity development results will contribute to impact (poverty relief, autonomy) requires more and case-specific elaboration. A conceptual model on organizational development is needed that helps to prioritize capacity development activities in function of the aspired impact. This may also help to refine strategies for up scaling and exit.
- The quality of monitoring information has limited the capacity to evaluate and appreciate this sector program. This is partly due to the many organizational and staff changes over the last years. The recommendation is to further improve the monitoring framework to secure validity (what is being measured by the indicators), reinforce procedures (plan-do-check-act management cycle) and once approved, ICCO should remain on top of context and content developments. The recommendation should also lead to a more robust monitoring framework that is supported by the partners. It is also in their best interest that impacts and results are validated and rightly appreciated by donors.
- At the case study level various potentially encouraging results were identified, worthwhile for a more in-depth look to understand success factors that allow for up scaling and replication (act upon check). Success and failure also depends on the selection of partners and projects, but it is not always clear who decides, upon which selection criteria and how this again relates to identified market opportunities.
- The decentralization provides ICCO with opportunities such as more proximity to its target population and it probably allows assuming more active roles at a regional, national or even field/project level. It will help to identify and develop promising producer organizations, but it should be accompanied with activities to foster a matching demand in the North and increase lobby activities for fairer markets. A continuous communication between the region and thematic specialists at HQ needs to be secured. Finally, some Latin American partners are concerned that ICCO future proximity could create confusion on roles between ICCO, partners and PO's. The decentralization requires careful communication.

²¹ See dilemma 13: 'single crop of set of crops' (from 15 dilemmas for NGO's involved in NGO private Sector Partnerships for Value Chain Development).

6. Forestry

Summary Forestry

ICCO's score for the forestry projects as part of the IM sub-program can be summarized as:

- In general relevance of the projects is strong, except for the strategic choices due to push strategies linking unknown markets.
- Effectiveness is strong regarding capacity building of 2nd level organizations and communities and weak in terms of linking demand to communicates, up scaling and reliable deliveries.
- Impact is strong regarding organizational strengthening and weak in terms of the impact of trade on poverty reduction.
- Sustainability is in general medium, but low in terms of financial independence and commercial relations.

ICCO's added value in the forestry sector is on:

- Strategic financing
- Capacity building of member organizations
- Indirect lobbying through member organizations

6.1 Evaluation method

The evaluation study of the forestry sector followed the three phases and methods of the entire evaluation. Following are the main elements.

During this phase interviews were held and documents were studied (see Appendix 8). Apart from that the portfolio of projects and partners in the forestry sector were studied in order to prepare the case study.

The Terms of Reference of this evaluation specified for Wood & NTFPs to take Africa (Cameroun) and Latin America (Guatemala) as case studies. *"The choice for these countries has been made on basis of the existence of functioning market chains. Although internal evaluations have been carried out for wood and NTFP's (The Forestry program was internally evaluated in 2005-2006) this sector will be incorporated as well in this study, using the (internal) evaluations done so far as main input. This study will only look for additional -case study-information to be able to answer the evaluation questions"*²²

However the budget of this evaluation was not sufficient to cover two case study countries for the timber program. As the Forestry sector was already internally evaluated it was decided, in consultation with ICCO, to only take one country. Guatemala was chosen as case study to verify the findings of internal evaluations and answer the main evaluation questions.

Based on total expenditure of the ICCO Forestry program Guatemala represents only a small part of total expenditure of the Forestry program (in total about 8%). However, the evaluation of the Forestry program did not call for and allow for multiple case studies. Therefore to assess if Guatemala is representative as a case study, first an analysis was done on the main sustainability issues of the all countries where ICCO has a Forestry program. Then, an analysis was done to compare the Latin America Forestry strategy with other regional strategies to compare consistency in theory of change, approach and activities in relation to these sustainability challenges²³, these findings were cross checked with interviews. After the Guatemala field visit the findings and

²² See page 3 of TOR in appendix 1,

²³ See Appendix 8 page 42 for results of this analysis.

insights of the Guatemala projects were cross checked (as quick scan) with random picked sample projects from other regions (Brazil, Ghana, Indonesia, Pacific). (see Appendix 8 Matrix in paragraph 4.2)

The conclusion of this analysis is that Guatemala is indeed a representative case study country as the analysis showed that the Latin America strategy shows strong overlap with other regional Forestry strategies. The sustainability issues in Guatemala are comparable with the issues that forestry communities face in other countries. A quick scan comparison between Guatemala projects and partner organizations and random picked samples of projects from other regions show strong overlap on issues like type of partner organizations, activities, and results (if known). Indeed Guatemala proved to be one of the more mature countries that is representative for complementing the internal evaluations and answering the evaluation questions as was specified in the TOR More particular, partner organizations in Guatemala like Forescom and Acofop proved relevant cases to observe and assess ICCO's approach, performance and theory of change. We observed that earlier evaluations made by ICCO staff themselves of the projects were for a large part consisted with our findings. We concluded however that one case study, Utz Che, was not relevant as no project cooperation between ICCO and Utz Che occurred in the past. Another case study, Acicafoc, has been rejected as case study as it did not meet the requirements.

As part of the Forestry strategy also Allan Blackia as sector has been evaluated as part of the NTFP strategy. In this sector it proved not possible to evaluate and verify the relevance, effectiveness, sustainability and impact of ICCO's work in this sector. Due to internal circumstances only limited and incomplete information was made available to the evaluator. We therefore have to base the case study on incomplete data, and see that this situation hampers the accuracy and completeness of this case study and limits the width of the conclusions which could be drawn.

Firstly, a detailed country analysis on forestry for Guatemala was carried out (see Appendix 8), followed by intensive field visits. Interviews were organized with key actors and third parties in the country. Profiles and project descriptions are prepared of each partner organization (see Appendix 8).

Highlights of forestry case study

- Country: Guatemala
- In consultation with Southern Consultant
- Partner organizations visited: Acicafoc, UtzChe, Asilcom, Acofop and Forescom.
- Northern parties studied: Burgland, Precious Woods.

It appeared that two projects visited were not relevant for the Guatemala case, being Utz Che that seemed to have no project with ICCO and Acicafoc as they have regional activities but no specific forestry projects in Guatemala (see Appendix 8).

It proved to be difficult and time consuming to get information from Forescom due to uncooperativeness. An underlying reason for this was that there was a lack of successful cases.

Strong data were collected from Acofop and Asilcom. Observations from evaluator were in many cases similar with ICCO's reporting.

6.2. Results

6.2.1 Main parameters of the forestry sector portfolio

The following table gives an overview of the key parameters of the forestry sector projects within the IM sub-program. The expenditure data are initially based on the excel sheet overview provided by ICCO²⁴, and was complemented by ICCO staff.

²⁴ Document 'Lijst IM LM Projecten 2005 t/m 2008.xls'

Region / country	Total expenditure	% total	Main partners	Period	Strategic focus ²⁵		
					PR	CB	LA
Africa	2.415.922	13%					
Regional	50.000	0%	ICCO Eigen Beheer	2005-06		+++	
Burkina Faso	17.616	0%	UGPPK	2007-08	++	++	
Ghana	1.342.502	8%	Rudeya KWC Foe-Ghana GEO	2004-07	+	++	+
Cameroon	873.202	5%	ICCO Eigen beheer CER Ferudjal Gamerco Gecec CEFS SCINIC CADEFE CED CADEPI CIAD CENDEP	2005-07	+	+	++
Mali	19.933	0%	ULPK	2005-08	++	++	
Liberia	40.000	0%	ICCO Eigen beheer	2007-09	++	++	
South Africa	73.124	0%	ICCO Eigen beheer	2008-09		++	+
Central Asia	230.000	1%					
Regional	230.000	1%	SCG	2006-07			
Latin/South America	8.571.137	52%					
Regional	285.458	2%	Acicafoc	2006-08		++	++
Bolivia	163.800	1%	Guaguazu (forestry products)	2008-09	++	++	++
Brazil	4.450.791 ²⁶	27%	Avive ISA Imaflora Fase/Gurupa Oela FSC Brazil CTA ACRE ISA Tapajos	2005-10	++	++	
Peru	5.687 ²⁷	0%	FSC Peru	2008-10	++	++	
Nicaragua ²⁸	1.508.852	9%	ICCO Eigen Beheer Ma Sangi	2005-10	++	++	+
Mexico	100.000	1%	EFS	2007-08			+++
Guatemala	1.322.292	8%	Asilcom Acofop Forescom	2006-09	++	+	
Suriname	734.257	4%	STEPS		++	++	
Pacific	4.316.168	27%					
Papua New Guinea	3.373.671	21%	ICCO Eigen beheer RCF Horizont3000	2006-10	++	++	+

²⁵ PR = poverty Reduction, CB = capacity building, LA = Lobby and advocacy; Based on project information from the Monitoring and Evaluation unit.

²⁶ Including IDH funding.

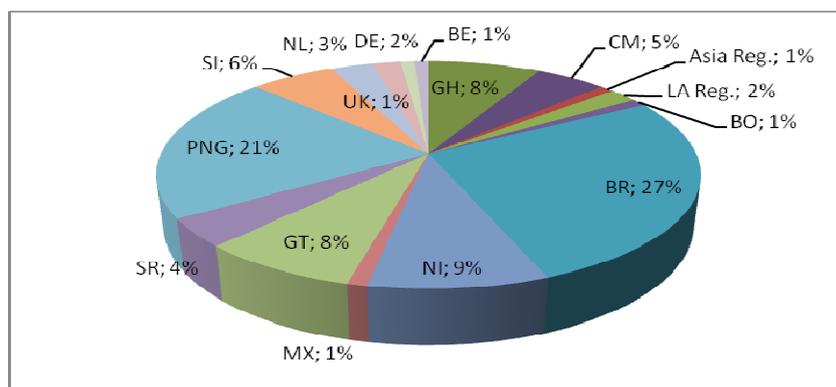
²⁷ Including IDH funding.

²⁸ Managed from the Nicaragua office; limited information available for evaluation.

Region / country	Total expenditure	% total	Main partners	Period	Strategic focus ²⁵		
					PR	CB	LA
			Forcert BRG EFF CERCOR CM VDT				
Solomon Islands	942.497	6%	NRDF VETE	2006-	++	+	+
Europe	809.539	6%					
Netherlands	486.531	3%	JPVS en KPMG FSC NL Probos ICCO Eigen beheer Stichting Goed Hout	2005-08	+	++	+
Germany	442.500	2%	FSC-I FLO	2008-10	++	+	++
UK	149.859	1%	IIED	2006-08	++	++	
Belgium	217.180	1%	FERN	2006-09		++	+
Total Forestry & NTFP	16.343.221	100%					

Table 6.1: Project division over regions and countries forestry

Legend: +++ = >80%, ++ = 50%<x>80%, +=<50%



Graphic 3: Project division forestry visualized

6.2.2 Theory of change

ICCO focuses on the forest communities and small holders since these groups are the most vulnerable and least developed groups. ICCO believes that by the following activities the communities and small holders can build a sustainable income model for themselves, stimulate economic development and reduce poverty;

- Organizing and Scaling up of small producers to manage their own forest in a sustainable way and get more timber on the market and to get more out of one forest
- Value adding through product processing in the producer countries.
- Focus on timber and NTFP's
- Up scaling by cooperation
- Value-adding products, research and production (for example testing lesser known species³⁰, contracting FSC timber suppliers and purchasers, developing label for Fair Trade FSC).
- Feasibility studies and action plans for environmental services.

²⁹ PR = poverty Reduction, CB = capacity building, LA = Lobby and advocacy; Based on project information from the Monitoring and Evaluation unit.

³⁰ Forescom

- Finding markets and linking producers groups to potential clients (timber and NTFP's).

Although not a lot of evidence for this was found, the Allan Blackia case showed a slightly different theory of change. In 2008 ICCO decided to change their approach and strategy from a harvesting approach to a plantation based system in order to meet market requirements (volume, price, consistency). This showed signs of a more market demand driven strategy.

6.3 Evaluation of results

The following overviews present the combined evaluation results for the four main evaluation components: relevance, effectiveness, impacts and sustainability, followed by a brief summary of main highlights.

6.3.1 Relevance

Relevance is partly determined on the basis of extensive context analyses, which are presented in Appendix 8 (at global and regional levels).

Element	Observations	Score
Sector	Hundreds of thousands of people. Many forest communities are dependent on access to forests for their survival and income. Sustainable logging, timber and reforestation can be a sustainable revenue source for these groups (especially in combination with NTFPs; communities then have multiple income sources coming from the forests.) Urgent problems	++
Countries	South East Asia (large volumes relevancy EU) Africa: Liberia, Ghana, Mali, Cameroon (relative large % GDP, relevancy EU) BF, Ghana, Kenya (low volumes, low relevancy EU market) Brazil (large volumes, relevance EU) Central America (Low volumes, low relevancy EU market but many communities with concessions)	+++ ++ + +++ +
Target groups	Forest communities and workers	+++
Strategic choices	Consistent global strategy Consistent with analysis (lesser known species, FSC markets) Mainstream approach link with FSC Supply driven, push strategy linking unknown markets (not demand driven) Focus on small differentiated market FSC/FT label (low volume, highly differentiated approach) which has small market potential	+++ +++ + - -

Table 6.2: Overview of the relevance of the ICCO forestry sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

Relevance of sector

- Based on the sector study (Appendix 8) forestry as a sector for poverty reduction is relevant. Numerous forest communities are dependent on the access to forest areas for their food, fiber, fire wood and income.
- The Allan Blackia sector is a relevant sector from a smallholder perspective and an economic development potential.

Relevance of country choice

- The relevancy for the choice of countries/regions depends on which criteria are used to select them. In all regions where ICCO is active, forest communities are present. However, in many cases the volume of timber that is logged and sold to the (international) market is often relatively low and in many cases not attractive for the EU or, more specifically, the Dutch market. In that sense only Brazil and South East Asia are relevant for linking them to international EU markets. A lot of time and resources are put into initiatives with niche potential.

Relevance of target group

- The forest communities are the most vulnerable and least developed communities. Organizing them, strengthening their capacity and their self leadership, arranging their representation in local politics is a crucial first step to enable further economic development.
- The Allanblackia target group is from a market driven perspective not the most relevant. They are inexperienced with producing AB. Starting with more experienced farmers might be less challenging.

Relevance of strategic choices

- Per region good strategic plans have been written showing deep insight in local circumstances and good regional context analyses have been made.
- Considering the international market potential and relevancy for EU/NL markets (see context study in Appendix 8) and compared to the above overview of funding allocation per region it is logical that Brazil is a focus country and receives the largest part of the budget. The other countries in the top 5 of funding allocation (Papua New Guinea, Nicaragua, Guatemala and Ghana) have not been chosen from an exporting point of view.

6.3.2 Effectiveness

Observations	Score
• Capacity building 2nd level organizations and communities	+++
• Scaling up of small producers: timber and NTFP's	++
• Value adding through product processing in the producer countries: no natural link to market	-
• Value adding products, research and production (for example testing lesser known species, Contracting FSC timber suppliers and purchasers)	++
• Setting up commercial, exporting organizations. ICCO internal and partner commercial skills	-
• Linking market demand to communities	-
• Reaching economies of scale, good quality, efficient production, reliable delivery	-

Table 6.4: Overview of the effectiveness of the ICCO forestry sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

- Projects targeting second level organizations take a long time and have results.
- Projects targeting lobbying and advocacy have results in influencing policies and legal systems.
- Projects targeting creating economic activities are successful.

- Activities linking the communities to international markets are often unsuccessful. One of the main reasons is the complexity and distance of project. There are too many uncertainties and variables which make the project unmanageable. E.g. working with chain actors with no experience in importing/exporting, working with lesser known species of timber with unpredictable characteristics (in other climate conditions). There are insufficient quality control and quality skills to handle, saw and dry the wood properly. People do not speak each other's language and do not understand the cultural differences. ICCO itself does not have trading experience or timber technical expertise. In general focus should be more on business and commercial capacity building. Reaching economies of scale, quality, volume, efficiency and reliability is crucial for International markets.
- On AB not results are there to say anything on effectiveness.

6.3.3 Impact

Observations	Score
• Organizational strengthening through focus on capacity building in ICCO's contracts.	++
• Ability to influence national and local policies through PO's and the effects of these changed policies on the target groups.	++
• Impact of trade on poverty reduction. Relationships established not sustainable. Projects did not meet objectives.	-
• Commercial viability of PO's. PO's not skilled enough to deal with IM dynamics and reality.	-
• No strategies for mainstreaming or scaling. Bottom up, push strategy. Activities are project based. Projects funding dependent. However, programs are becoming more demand driven.	0

Table 6.5: Overview of the impacts of the ICCO forestry sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

The impact of ICCO's work has two sides.

- The impact of the capacity building and organizational development is significant and structural. Also the lobby activities against illegal logging and more inclusive legislation for forest communities are positive.
- The impact of the (international) trade of forestry products is less impressive. There are no major impacts, in terms of area, volumes, number of people or importance of additional incomes. We are still dealing with small initiatives or niche markets. The proportion of communities that is helped with the trade is low. There is a positive evolution within ICCO to move more towards linking up with demand driven initiatives like IDH Amazon and Congo initiative.
- There are no strategies for mainstreaming yet.
- AB no results on impact. Although the new strategy to go for plantation system seem to have more potential for impact.

6.3.4 Sustainability

Observations	Score
• Lobby and advocacy has structural effect	++
• Promoting and strengthening FSC standard and label	++
• 2 nd Level organizations has structural effect	++
• Linking with governmental policies Structural	++
• Commercial relations	-
• Construction sector hit hard by economic crises	-

Table 6.6: Overview of the sustainability of the ICCO forestry sector program

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview

- Sustainability of the work is high and structural for organizational development, capacity building and lobbying work.
- Sustainability of international markets trade activities is low or nonexistent. There are not many meaningful created market linkages that still exist today. Sustainability is also threatened by low market demand.
- The commercial and business capacities of the communities are far from sustainable. In many cases the communities have insufficient economies of scale, are not producing efficiently, have problems of reaching the market requirements or are not reliable in their delivering. This makes the forestry program less unsustainable.
- The result is that the ICCO projects generally remain highly dependent upon donor funding. Viable business models are being developed, but have not yet been well established.
- The construction sector is currently hit hard by the economic crisis. This has led to a complete stop to the ICCO related demand for sustainable timber.
- No results on sustainability for AB sector. Although potential more sustainability due to link with market demand seems to be there.

6.4 ICCO's roles

The following table summarises the direct roles ICCO has played in supporting the results realised in the forestry sector (so this does not include the indirect roles played by partners with ICCO support, unless indicated otherwise).

Role	Observations	Score
<i>Brokering/ matchmaking</i>	Successful in linking local partners	+
	Less successful in commercial brokering within value chains	-
<i>Capacity Building</i>	Successful in social-organizational capacity building	++
	Less successful in economic development and business	-
<i>Lobby & Communication</i>	Successful in NL/EU regarding approach of illegal timber and practices	+
	Successful regarding the promotion of the FSC standard and label	++
	Successful in indirect lobbying through local partner organizations	+++
	Lack of evidence for direct lobbying	0
<i>Financing</i>	ICCO is recognized and valued in this role by its partner organizations. ICCO is innovative, rather unbiased and strict towards the PO's. Clearly ICCO's core competence role	+++
<i>ICCO's added value</i>	Strategic financier	+++
	Capacity building of member organizations	+++
	Indirect lobbying through member organizations	++

Table 6.7: ICCO roles in the forestry sector

Legend

- +++ = very strong
- ++ = strong
- + = positive
- 0 = neutral/weak
- = negative

Explanation to the overview:

In general ICCO is seen the role of financier by partner organizations and by North market players in both the role of financier and broker. Through the role of financier ICCO does have effect on issues like capacity building and indirect lobbying. More clear and less modest communication is needed to inform partners about the roles ICCO plays and the success that ICCO has.

Brokering /matchmaking

- As regards to brokerage, one can distinguish brokerage in the market chain (vertical relations), and brokerage at a horizontal level (stakeholders).
- ICCO is proven reasonable successful in linking local partners to each others (horizontal brokerage). This is done through organizing local events and through their coordinating role of local ICCO offices.
- Brokering in the value chain is not ICCO strong point. ICCO does not speak business language and in many cases new commercial relationship are build (New relationships, and new product/markets combinations.) Instead of using existing chains and product market combinations).

Capacity building

- Partners do not recognize ICCO as capacity building or lobbying organization. When they do, interviews show that they actually mean the role/s played by partners being supported by ICCO.
- Strong role. More than other donors supporting the same communities ICCO emphasizes on the importance of business planning, administrative skills and organizational capacities.

Lobby and Communication

- ICCO is not recognized in this role (by the local partner organizations)
- Lobby is done through the partner organizations.
- There are examples of success in this strategy (e.g. Guatemala, Brazil).

Financing

- ICCO has a strong, much appreciated and recognized role here.
- ICCO is praised by offering flexibility in terms of funding arrangements, and relatively high levels of autonomy in spending. And for the special focus on capacity building and organizational capacity.

Added value of ICCO

The following is a summary of ICCO's main added value in the forestry sector.

Table 6.8: Added value of ICCO

Role	Details	Good practices, lessons
Strategic financier	Support partner organizations to improve and innovate	Asilcom, Acofop: ICCO's financial support focused on organizational strengthening and business planning. Forescom: Funding insufficiently based on business plan/case and presence of good management
Capacity building of partner organizations	Support partner organizations to strengthen their institutional and organizational capacities	Capacity building is mainly done through the financing role and capacity building done by the partner organizations
Lobbying	Influence national and local policies to favor forestry communalities.	Done by partner organizations, financed by ICCO

6.5 Gender

In Forestry attention to gender is less relevant. Of course the position of women needs reinforcing and is not recognized as such in all cultures. However within Forestry, gender it is not recognized as one of the most urgent and pressing issues (see context study). Nevertheless in the different projects ICCO raises the issues of gender consistently and during the case studies both men and women confirmed that because of the intervention from ICCO the position of women has been improved. Woman now participate in the partner organizations also on management level. And there are special women projects where women manage their own NFTP business.

6.6 NTFP: Allan Blackia

Important note: *In practice it proved not possible to evaluate and verify the relevance, effectiveness, sustainability and impact of ICCO's work in this sector. Due to internal circumstances only limited and incomplete information was made available to the evaluator. We therefore have to base this case study on incomplete data, and see that this situation hampers the accuracy and completeness of this case study and limits the width of the conclusions which could be drawn.*

From the information available and internal interviews with ICCO staff it shows that ICCO is still searching in which direction to move with this sector. There has been a lot of internal reluctance to work in this sector and to work with large companies like Unilever.

Studies have been executed and one conference has been organized in order to create a bigger supporting base. The interview with Unilever confirms ICCO's image as being a good organization to work with, but not very business oriented and focused.

Initially ICCO was focusing at communities, small holders and wild harvesting as production basis, whereas the corporate sector expressed clear needs for scalability, volume, consistency and efficiencies.

Following the context study, the interview with Unilever and the outcome of the projects the observations are:

- Communities do not yet show clear interest in cultivating AB due to the low price. And because they do not have real experience in producing AB. A guarantee in price and quantity is given by one purchaser only till 2012. A market demand seems to be available; however exploring the demand side has not been done sufficiently.
- Still the sector seems to have a high potential to reach smallholders. According to Unilever smallholders with wild harvest do not have a viable business case. Efficient production and harvesting is needed. Large farmers should be the focus with potentially a base of smallholder out growers.
- Limited follow up by ICCO throughout the years has led to a weak support base for the development of an Allan Blackia program in Liberia. The list of threats for starting to grow Allan Blackia is long; limited follow up is not helping to convince partners to support the development.
- End 2008 ICCO decided to change strategy and move from a wild harvest strategy to develop a plantation system where the AB tree is used as an inter cropping and shadow tree for example cocoa production. This would increase production for the farmer without making too dependent on AB production. This strategy seems to have more potential and can be considered more market driven. (It addresses market requirements)
- The consortium has indicated the need for more on the ground support with a focus on the volume agenda.
- ICCO's role so far can be seen as a broker/matchmaker proven by the organization of the conference. Business mentioned to have more need for capacity builders and research.

6.7 Main conclusions and recommendations

- Forestry Sector and target group are relevant.
- According to the long list of projects received from ICCO has spent in the period 2005-2010 a total of more than €16 mln on forestry and forestry related projects. The main focus of these projects is on poverty reduction and on capacity building.
- Focus on capacity building of second level organizations is very relevant and is proving structural results.
- Focus on combination of indirect political lobby and advocacy and representation in local and national government is of crucial importance to influence the legal and policy conditions in favor of community forestry.
- Focus on lesser known species is relevant. It represents significant value and enables more sustainable use of forests.
- Focus on other economic activities like carpentry (furniture) for local markets is relevant to strengthen added value activities.
- Focus on NTFP's like plants, fruits etc. is relevant and several viable business models seem to emerge from these activities.
- Focus on market access is relevant to capture added value of processing and exporting timber.
- However the approach is supply driven. Unknown markets are linked, with companies with no experience. Approach has too many uncertainties and complexities. This is not coherent with IM strategy principles.
- Most funding and efforts in projects go to activities indirectly related to economic activities, and more towards capacity building and organizational development. Only later and/or indirectly economic activities seem to become more important. Although this approach is understandable the evaluators have doubts if this is really an IM program.
- We recommend ICCO to work from the beginning with interested and committed commercial parties that naturally can take over the intermediate part and have the skills to bridge the difference and foresee and prevent mistakes (e.g. a commercial saw mill, a commercial exporter, etc) Also start with well known species to set up export relationship. In general, start simple, add complexity later. And stick to your own role work with other actors who understand their trading part.

- Allan Blackia is a promising sector. There is a need for more business approach, scalability, economies of scale. The new strategy seems to have more potential and is more market driven. Good follow up is required.
- The consequence of the choice of ICCO to focus on the most vulnerable and the less developed target groups, the scalability of the projects is low. The communities need much capacity building and are far from operating independently. This means that ICCO's work is at large project based and long term oriented and therefore less scalable and efficient (in terms social return on investment). From a development and transformation point of view working with a combination of less developed and more developed producers and communities would give a steadier base for IM activities and would give ICCO the much needed role model. Perhaps a combination of stronger and less strong communities and groups is possible.

7. Conclusions

The conclusions drawn from the sector studies will now be extended to the IM sub-program as a whole. The choice of sectors and the choice of projects that have been subject of detailed analysis within the sector case studies, have been selected in a representative manner (except for the Allan Blackia case as stated in section 6.6). A selection of both Southern and Northern partners has also been evaluated. It is therefore acceptable that the conclusions from the case studies can be extrapolated to the IM sub-program as a whole.

We will first review the main evaluation questions and provide short answers (section 7.1). The underlying arguments for these answers will be provided in subsequent sections 7.2 and 7.3. Further details can be found in the preceding chapters and in the sector case studies (appendices 6, 7 and 8). We will then draw overall conclusions of the evaluation (section 7.4). Finally, we will discuss the implications of these conclusions for the ICCO organization and its management cycle (section 7.5).

7.1 Main evaluation questions

7.1.1 ICCO's policy

1. What policies has ICCO drafted in relation to International Markets, both general, and with respect to specific products groups (cotton, tropical fruit and tropical wood)?

An overview and analysis of relevant policies has been elaborated in chapter 3. It shows that the ICCO IM sub-program is not designed as an international market driven program, but still is for a large part 'traditional' development work with an economic component added to it. We have also analyzed the underlying theory of change, and have observed that there are within ICCO in fact two different views and versions, which are not consistent, namely a traditional development approach working towards change and a more international market oriented and demand driven approach.

The Forestry program case studies show this ambivalence for example in the case of Forescom and Burgland. Forescom is not a viable business case and it shows a supply driven strategy that did not succeed. The AB case shows potential due to the strategy change to go for plantation system rather than a supply driven, farmer centered wild harvesting system.

In the cotton program, this dichotomy emerges clearly in all three regions, where the approach is mostly bottom-up, starting out from the existing ICCO development-oriented partners. In the case of Yiriwa in Mali, there are challenges in separating the development-oriented activities and the commercial element. A new model is being developed. Collaboration of ICCO with northern-based organizations is good and is more market-oriented. The connections between producers and markets are difficult to establish.

The same occurs in fruits and illustrative are the case studies on bananas. A more traditional development approach in Ecuador was assumed with a strong focus on capacity building and organizational development, setting the conditions to export directly in the future. In Peru it went the other way around. The emphasis was first on exporting. On basis of gained experience, capacity and organization development needs were being addressed. It led to quick and motivating results.

2. Has ICCO selected partner organizations and financed activities in line with its policies on IM and specific products?

This is a key issue coming forward from the analysis of findings. The answer is 'no' if one takes the IM objective as a starting point, because that would lead to a market oriented approach and the selection of other countries, sectors and partner organizations than is the case now. The answer is 'yes' if one takes the current set of countries and sectors as a given. For ICCO this is a strategic issue that needs to be addressed as it determines the effectiveness, impact, sustainability, scalability of the programs.

Further details can be found in the overall analysis of findings in section 7.4.

The forestry sector shows many examples where the partner organizations do not meet market requirements or where markets are linked bottom up and through own created market channels. The limited information in Allan Blackia case seems to suggest a promising strategy change to go for a more market driven approach (volume, consistency, price, efficiency).

In the cotton program, the selection of northern partners is in line with the IM policy. However, the partners in the south are still largely 'traditional' partners. ICCO has brought together multiple stakeholders in the south to develop a successful strategy for organic cotton. However, this strategy seems to lack a clear market analysis, and takes the region and its farmers as a starting point.

In most of the fruits, partners (often already long established relations), their PO's and products are point of departure and the emphasis is in finding or developing international and national markets accordingly. Often with success and with significant effort. ICCO has successfully been engaged in linking with the Northern (business) partners, but much more could be done here to create substantial and lasting demand. A question remains how to provide a highly diversified and quality supply if their current partners cannot deliver.

3. What should be ICCO's focus be in order to build strong and sustainable value chains: pay attention to a focus on the producer and the end trader versus other links in the chain? Also pay attention to other, local market development of other (by)products from same producers.

It appears from the evaluation that ICCO operates mainly from a development perspective, and therefore starts off its activities from a producers' perspective. It then looks at potential other partners to support small producers. To do so, ICCO adopts a diversity of approaches, both in the South and in the North. While this has some advantages, we have concluded that the linkages are weak and not sustainable. The approach taken is not one which takes the value chain as a starting point, as we believe would be desirable for an IM program. If international markets are uncertain, we believe this should lead to a strategy that avoids high dependency on these uncertain markets.

Further details can be found in the overall analysis of findings in section 7.4.

The Forescom/Burgland case is a good example for this supply driven strategy in Forestry where an unknown wood species processed by a sawing mill without exporting experience was marketed by ICCO to the Dutch company Burgland. A market driven approach would have been to determine Burglands needs, where they source from and to start making this supply chain sustainable with experienced chain partners. The AB case emphasizes the market demand driven approach. The project started because of interest from a Multinational. Plus it is interesting that in this case a diversification strategy is followed namely AB as shadow tree for cocoa production.

In the cotton sector, it has become clear that small farmers should produce a diversity of organic crops in order to reduce risks and become too dependent on the uncertain organic cotton market. Also, crop diversification is part of a rotational system of cropping, which is more sustainable. Cooperatives and companies higher up in the value chain should likewise diversify, which is a challenge. This challenge has been successfully taken up by Yiriwa in Mali, which has so far survived thanks to its diversification to other organic crops.

Fruit sector embodies this dilemma, due to its composition of many different types of fruit, market orientations (international versus local market), and differentiation of products versus diversification into other crops. It all depends. The international fresh banana trade is a very complex and risky business that requires significant investment in all aspect of the production system. It necessitates again economics of scale and consequently full dedication from small holders. Diversification of crops and/or markets will distract attention and go at the expense of PO's export capacities. On the other hand, Andean fruit is only eaten in the Andes. A search for

international markets is not worth the effort and even local markets are easily saturated. Crop diversification and product differentiation show to be effective to secure sustainable livelihoods.

4. To what extent are gender issues incorporated in IM?

This is an issue of attention in most projects. Although gender issues are very important from a development and livelihood point of view, from a market point of view the subject is not of highest priority. An IM sub-program is about access to markets and complying with market requirements. Gender is generally not a main market requirement. However, commercial and economic activities can be used to specifically empower women or groups of women as we have seen examples in Forestry and Cotton.

This can be an additional burden that weighs upon women mainly, given the choice for organic agriculture and the additional work that is required. This constraint appears to be a blind spot.

The NTFP sector shows some interesting examples economic activities that strengthen woman groups (e.g. Xate projects).

In the cotton sector, there is need to verify whether growing organic cotton does not lead to an additional burden for generating large amounts of organic fertilizers. There are indications that this burden is mainly carried by women.

In the fruit sector there was hardly any structured/programmatic attention to gender. Some of the projects, especially with a focus on diversification and differentiation, provided interesting and successful opportunities for more female involvement

7.1.2 ICCO's roles

The focus of this evaluation has been on ICCO's roles. The following research questions are on this subject. We will now shortly answer these questions; the details can be found in section 7.3.

5. How does ICCO's role change over time?

We did observe over the evaluation period an increasing importance attributed by ICCO to business and market-related aspects, such as support to developing business plans, getting involved in value chains, establishing contacts with commercial players, etc. However, most of these efforts have not yet generated significant results.

In a perfect world the need for different kinds of support changes over time as the skills and level of organizations of the partner organizations evolve. The need changes from generic organizational strengthening and capacity building to eventually a more commercial activities and support. Eventually ICCO's theory of change appears to be that the target group of a partner organization evolves its way out of poverty and becomes economically independent.

The reality is different. ICCO's target group is generally still far from meeting market requirements. This requires a long term involvement of ICCO in terms of capacity building and organizational strengthening. This creates dependencies on continued support. Sometimes the context is also just too difficult to expect financial autonomy. There are hardly cases where partners have successfully climbed the ladder to financial independence and sustainability. In fact, it can be argued that some partner organizations do not have any incentives to become independent as this would mean the end of a situation of external support to which they have become accustomed.

6. How could these roles be related to the 4 roles ICCO defined for itself in the whole process of cooperation?

The roles of capacity building and lobbying are not recognized. Even if this activity falls under another department within ICCO, and not IM, one would expect coordination in such a way that lobby activities would support the IM work in specific sectors. For most partner organizations, the role of financier will remain the dominant one, as a consequence of the partner choice.

It is recommended to not pursue the role of chain brokering in the future, but instead collaborate with other dedicated and specialized (commercial) organizations. This is in contradiction with the conclusions of the ECSAD

study³¹ saying that ICCO fits best the role of broker, besides the role of donor. It is safe to say that the role of chain broker is one of business developer and of de-risker and this requires specific qualifications, knowledge, networks and skills. ICCO does not have these qualifications in house.

7. What is the added value of ICCO's role (in comparison to other actors in the value chain)

ICCO's core strength is first of all capacity building and organizational strengthening through the role of strategic financier. Secondly, the role of broker or facilitator in terms of bringing together stakeholders (horizontal linkages) and in terms of creating greater autonomy of local organizations, is clearly recognized and an important added value. This core strength can be used to become a leading player in building more business and commercial skills. This requires potentially a different choice for target groups, based on market demand and market analysis, rather than a bottom up, supply driven approach. Success cases and created demand can be used to roll out to other more demanding partner organizations. And ICCO can be very supportive to existing market-driven initiatives, by providing the linkages to well-organized and autonomous Southern producers.

8. Is ICCO visible enough in the market? To what extent are companies aware of ICCO roles?

We believe that ICCO is not visible enough in the market (on both sides of the chain). There is room for more clear communication (and promotion) of the ambitions of ICCO and the results that are being achieved, as well as the added value that ICCO can provide to companies. Also more clear communication is necessary on project management (inform your stakeholders what is going on, both good and bad), and on management of expectations (make clear what it means to work with ICCO, what you expect and what happens if organizations are not delivering).

9. What exactly are companies looking for when dealing with ICCO?

In general companies have the following expectations from working with NGO's :

- Knowledge about context and producers (groups)
- Funding of projects
- Providing credibility, helping to avoid negative impacts that will harm the company's reputation.
- Helping create access to future suppliers and to co-create the right conditions for sustainable trade (see next point)
- Helping producers become reliable suppliers (volume, economies of scale, quality, reliability, professionalism, etc)

To companies ICCO can be very instrumental by providing the linkages to 'better-organized' Southern producers, with which ICCO is in close contact and has excellent relations.

10. What extra knowledge, capabilities, skills are needed within ICCO in order to be able to communicate more successfully with companies in the North?

Almost without exception the following line of answers has been given during the interviews with Northern partners / companies:

- From the start a clear vision and communication on ICCO's ambitions and what ICCO expects from their Northern partners.
- The ability to talk business and to translate the development challenges into business approach and business opportunities.
- Effective and efficient collaboration with local suppliers to turn them into good suppliers so businesses can work with them.

³¹ ECSAD Rough Guide 2009

- When dealing with business “Under promise and over deliver”, which means: “Be modest and realistic in your promises towards your business partners and manage and exceed expectations in order to satisfy them”.
- Good internal communication and transparency, such as sending minutes and notes of meetings, make sure there is common understanding and regular project updates. Identify what goes well and what doesn’t go well.

11. What success factors could be identified in relation to the roles over time? Where lays ICCOs strength in relation to intervening in market chains?

ICCO’s historic success factors are mainly associated with a strong presence in Southern countries and close relations with producers’ organizations, the ability to set up and implement large sector programs, capacity building of partner organizations (in particular organizational strengthening), partnering with other organizations and the ability of ICCO to effectively represent this target group when dealing with international market chains.

ICCO’s relative weaknesses are understanding market trends and working demand driven, technical capacity building, establish access to markets as a basis for inclusive growth strategies and value chain brokering.

ICCO’s role should not so much change over time as ICCO, like any other organization, cannot be expected to be good at everything. It is more important to have a vision and strategy about the changing needs, recognizing your own strengths and weaknesses and partner with other organizations that complement your weaknesses (i.e. brokers, marketing agents, technical capacity builders, market conveyers, etc), and on the basis of that defining realistic ambitions.

7.1.3 Changes in the position of small farmers/agricultural workers

12. In what way did the position of small farmers/agricultural workers change over the last 5 years with respect to income (economic circumstances), working conditions (social circumstances) and knowledge on agricultural and marketing aspects of products (markets; financial aspects, production itself)?

According to the plan for the IM sub-program for 2007-2010, dated December 2005, the IM sub-program has as its main objectives:

- Access by small producers to international markets and incomes generated for small producers and workers;
- Support to producers and workers are in creating a negotiation position in the value chain.

Thus, it may be expected that these issues have been the focus of the program from the beginning. Note that the knowledge aspect is similar to capacity building. It overlaps largely with our conclusions on sustainability in terms of organizational capacities. The responses are summarized as follows, while more details on these issues can be found in the analysis of the preliminary impacts and the sustainability (section 7.2):

- Incomes have improved to some extent, but generally not enough to overcome poverty, and in relatively small numbers. There are also concerns about sustainability as in most cases the increase income has not been the direct result of access to (International) markets.
- There have been important improvements in labour conditions in the value chain, and these are more sustainable as they are supported by improved CSR policies by the companies involved. This impact is mainly indirect.
- Capacity building on agricultural and marketing aspects of products has been an important element of each of the sector programs. However, marketing aspects have been given less attention as well as technical capacity building.

13. What lessons could be drawn from the cases studies to enhance ICCO's strength? What does this mean for ICCO as an organization?

To answer this question, we have summarized the different conclusions in a SWOT analysis, as follows. The next section provides a more in-depth analysis of consequences for ICCO as an organization.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good donor skills: strategic funding, core funding, flexible funding • Local sector and context knowledge • Capacity building and organizational strengthening partner organization • Hard working, dedicated, modest staff • Eager to learn and improve • Network of partner organizations • Good partnership skills: striving for ownership by local partners 	<ul style="list-style-type: none"> • Weak Commercial thinking and Entrepreneurial skills, conflicting views and values on the importance of market driven thinking • Poor ability to say No to partners • Organization in turmoil (reorganization) • Unclear leading principals (market driven or regional driven) • Rather traditional partner and development work culture (with focus on support and aid) • Reporting system and procedures do not serve the organization to show 'real progress'
Opportunities	Threats
<ul style="list-style-type: none"> • Decentralization brings ICCO closer to target group. • There are not many competitors who have similar experience, presence and position with respect to local partners on a global scale • The societal focus on <i>trade not aid</i> and the increase of scarcity of quality resources require more farmer organizations and communities to get access to markets 	<ul style="list-style-type: none"> • Societal discussion about necessity and urgency of development work with emphasis on <i>aid not trade</i>. The end of traditional development work • Growing importance to show measurable results and impacts • Decentralization may neglect market thinking as this is far from reality and regional comfort zone • No IM enforcement vehicle in decentralized organization

Table 7.2: SWOT analysis

7.2 Synthesis of sector case study evaluations

7.2.1 Conclusions on relevance

Observed dilemma:

- Taking ICCO's choice for countries, sectors and partners as a given, the activities tend to focus on social capacity building and organizational strengthening and can be considered relevant.
- From the objective of reducing poverty through trade to international market the selected countries, sectors and partners have lower relevance considering low market potential and low level of economic and business skills.

In terms of relevance for choice of countries, sectors, partners and activities there is ambivalence in ICCO's IM program. In most cases ICCO works from their existing country and partner portfolio and the work is mostly focused on social and organizational capacity building, instead of working market demand driven (i.e. the markets determine the products and countries of origin, the market and other requirements and therefore also the suitable suppliers to deliver). Also, the sector choices are based on the potentials to reach a great number of small producers (ICCO's target groups) and whether ICCO's existing partners are involved in this sector, instead of looking at producers and potential partners from a market demand perspective.

Taking the point of view of existing partner organizations and target groups, the relevance of the IM program is high as it addresses their needs for development, support and long term investment. However, from an IM point of view, the choice of sector and activities would be expected to be oriented at potentials to meet market demands, reaching economies of scale, improve quality, reaching efficiencies, improve supplier reliability,

enhance contract sanctity, etc. From a true IM perspective, where trade is seen as the driver for change, a more market demand driven approach must be followed. From that point of view, the relevance of most selected activities is low, and even one can doubt the choice of the sector/s. Economic activities have mostly been 'add ons' to already existing partners and projects.

7.2.2 Conclusions on effectiveness

Observed dilemma:

- We find strong effectiveness (results in line with set objectives), in terms of local results, horizontal relations such a capacity building and organizational development.
- We find weak results in terms of the linkages to international markets, i.e. the linkages to vertical chains.

Effectiveness is generally moderate to good when looking at the local level activities of ICCO, in terms of capacity building and organizational development. This is relevant both in the South and in the North. In several cases the results have been significant. In the North ICCO has supported some positive initiatives right from the beginning and these are now starting to show good results. We also observe some remaining weaknesses. One is the fact that the pace of progress in terms of realizing results has in most cases been less than expected. This can be partly explained by the difficult context, another is the fact that organizational business models have not yet been fully developed or a lack of knowledge. Lastly, results on market access and benefits through international trade have not been realized, so that effectiveness is low and these objectives are not reached. These weaknesses are a direct consequence of ICCOs' choice of countries and partners. We believe that a more market-oriented choice could have lead to more progress.

7.2.3 Conclusions on impact

Observed dilemma:

- We find strong impacts, social benefits and strengthened partner organizations.
- We find very limited structural economic benefits, economies of scale, up scaling, secured markets, and reliability of supply, with the potential to generate more positive impacts on ICCO's target groups.

There is evidence of impacts in terms of improved incomes in many cases, but only for a limited number of people involved, and in most cases not sufficient to overcome poverty. The impacts are uncertain, and in most cases not ready for up scaling and replication. Apart from that, there are relevant outcomes such as empowerment, organizational development and (to a limited extent) influencing policies, which may lead to additional impacts. Altogether, the realized and potential impacts have been (much) less than anticipated (successes tend to remain small-scale). Also, impacts resulting from secured market access and change through trade have not been realized.

7.2.4 Conclusions on sustainability

Observed dilemma:

- Partner organizations have become more empowered and capacitated, and in several cases better organized and coordinated, thus enhancing organizational sustainability.
- On the other hand, we observe a high level of donor-dependency, market uncertainty, set-up of parallel structures and small markets. If ICCO stops funding, the production system will easily collapse. Thus financial sustainability is low.

Capacity building and organizational strengthening activities have given rise to some strong partner organizations that in turn undertake activities to improve the lives of communities and smallholders. The level of management, the level of political representation, the level of leadership is structurally improved.

However, there is no economic or financial sustainability. The market drivers are not there and the projects are and will remain donor driven and dependent. No viable business models have been developed, at the basis of which organizations undertake their activities. Initiatives to create financial independence have been undertaken by ICCO, but these have generally failed, because they remain dependent upon markets, which are poor or insecure. As a result, the production systems upon which production dynamics are based, to serve international markets, are not viable. Moreover, these production systems have some other remaining weaknesses. Therefore, in most cases these production systems are not (yet) ready for widespread replication. Thus, the objectives of a pro-poor development and financial sustainability appear to be difficult to merge, for the chosen sectors.

7.3 ICCO and its respective roles

7.3.1 Conclusions on distinct roles

The partner organizations in the case study countries see ICCO first and foremost in a financing role. In some cases partner organizations know ICCO also operates as a broker, especially at horizontal level. ICCO is less recognized in roles of capacity building or lobbying. These are activities mainly undertaken by ICCO's partners rather than ICCO doing these activities by themselves.

From an ICCO point of view there are different strategies and levels of interventions. Specifically for the IM sub-program, two levels of stakeholder interaction stand out: one is the horizontal level (of stakeholders in the production area), and the other is the vertical level, along the supply chain. At these different levels we find different roles: financing/donor, brokerage/matchmaking, capacity building and lobby and communication (see section 2.5).

There is some confusion about the different ICCO roles. This is first of all related to the fact that it is not clear whether we have been dealing with ICCO's direct role, or ICCO's role through its support to partner organizations. For instance, ICCO staff can undertake lobby activities at international level (to create better conditions for partner organizations to realize their objectives) or ICCO's partners can undertake international lobby activities through the financial and capacity building support by ICCO. These are different routes.

Financer

ICCO is much appreciated in its role as financer especially because of its flexibility, loyalty and its focus on organizational strengthening and capacity building. ICCO in several cases gives core funding, leaving much flexibility to partners on how funds are spent. Also, good strategic choices are made of which partners to support, and on which issues. This is based on a strategic vision of how partners in a certain country can work together to improve the sector. This is a core value of ICCO. In linking local stakeholders and facilitating coordination between local stakeholders (horizontal facilitation), ICCO has in some cases played a very effective role. ICCO has also in several cases stimulated greater ownership by local organizations, or has helped the creation of local organizations which represent local producers. This shows that where possible ICCO represents the position of local producers and organizations, and aims to enhance their autonomy.

Brokering/matchmaking

On the other hand, the active commercial broker role in terms of linking producers to companies at the level of international markets is not one of ICCO's current strengths. Thus, enhancing capacities within the vertical (value) chain has been much less successful.

There are some cases where ICCO has played a more direct role by becoming a player in the market chain (e.g. in the case of Yiriwa in Mali where ICCO has become a shareholder). These are challenging and innovative initiatives. In the case of Mali, the initiative has led to some confusion among ICCO's partners in the region, in spite of efforts to harmonize the initiative with stakeholders. Also, the initiative is not thriving economically. We believe, in general, that this approach is not the one to be further developed, because parallel structures are created, which is generally not sustainable and may create tensions.

Capacity building

The role of direct capacity builder is not recognized by partner organizations or Northern partners. ICCO does focus on and emphasizes the importance of technical, organizational and commercial capacity building but doesn't do this directly but through the role of financier. See section Financier for remarks about this role.

Lobbying and communication

The role of lobbying is not a clear one. At an international level, ICCO is not recognized by partner organizations or Northern parties as playing an important lobby role. ICCO supports local lobbying by funding lobbying organizations. This has in some cases proven to be an effective way to bring about change. There is also a separate lobbying department within ICCO. However it is unclear what the relationship is with the IM program as this is done and paid for by another ICCO department. We have not studied this matter in great detail.

7.3.2 Core competences of ICCO

ICCO has effectively worked on the *horizontal relations* between target groups and other local stakeholders in a given region in the South (organizational development and capacity building).
 ICCO has not succeeded in creating *vertical relations* between key actors in the value chain of a given sector being the core of an International Market program.

We proposed the following scheme to demonstrate how ICCO's roles can be positioned in the framework of International Markets dynamics (see section 2.5). We will now look to what extent ICCO has indeed addressed the relevant elements in these dynamics.

The IM model

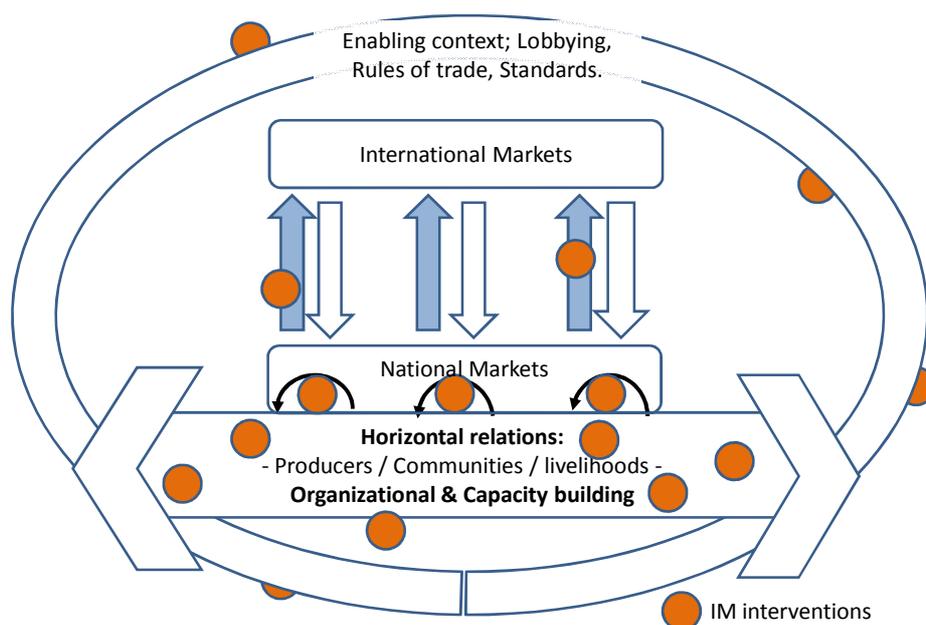


Figure 7.1: Framework of International Markets dynamics

We observe that ICCO has effectively worked on the horizontal relations between target groups and other local stakeholders in a given region in the South. Here, positive results have been achieved, even if there are remaining issues of concern, such as food security, farming systems, etc. ICCO has been especially instrumental in building local platforms and strategies, as one important starting point for a programmatic approach.

ICCO has also played a positive role in bringing together stakeholders in the Northern countries, raising awareness and building up capacities. It has also influenced to some extent the enabling context with key actors such as public sector and civil society agencies.

The question is now whether the vertical linkages have been created. This is the core of an International Markets sub-program. We observe that this is not the case. Several attempts have been made to create supply driven relations. But the vertical relations between key actors in the market chain of a given sector with private sector agencies mainly and value chain issues such as power relations, vertical integration, north-south relations etc. have been the weakest part of the IM sub-program.

7.4 Overall conclusions

The overall conclusion is that ICCO's International Markets programme has not yet matured, and is still being developed. While there are some interesting and promising results, there is no consistent approach. As a result, the impacts and expected impacts are not yet in line with ICCO's ambitions and there are also questions about sustainability. The main underlying factor is the fact that there is not a shared theory of change and vision, and related strategy on how to realise the main objectives of the IM program. We observed and summarized in chapter 3 the different views on the IM sub-program. There is a formal vision, with objectives etc. as reflected in ICCO's policies and plans. And there is an alternative vision, apparently supported by a small group of people (presented in the founding vision document '*Kleine producenten in een wereldmarkt*').

Several of our conclusions overlap with the second vision, reflected by a small group of people. In line with their observations, we conclude that the IM program has not followed an International Market demand driven path as was foreseen by the founders of the IM program, but actually became more of a hybrid model where the traditional ICCO work (working with partner organizations help them with capacity building and organizational development) has been extended with economic activities and market linkages. This has resulted in a supply driven market approach, rather than the other way around, being a demand driven approach.

Initiatives and attempts to turn this around have not yet been very successful. Where initiatives were taken to follow a more demand driven approach, it seems that ICCO has pushed for the establishment of parallel channels, supply driven, instead of making use of existing market chains. The fact that parallel channels were set up is to some extent understandable, because it was unsuitable for ICCO to operate in the existing supply chains. It is the result of the choices made from the beginning, namely choices of working in certain countries, in certain sectors and (most important) with partner organizations which do not have experiences in working with real market opportunities. This leads to the choice of working in a supply driven way and set up parallel channels (a case of clear path dependency). Yet, from an IM point of view this is undesirable and not sustainable.

We therefore disagree with the findings of the ECSAD study presented in the Rough Guide (summary in Appendix 9). The Rough Guide method is based on a supply driven approach illustrated by the fact that they first recommend to select a value chain and later need to determine which market segment to target.

What is missing is an actual market demand driven approach where the interest from and demand for sustainable products from (international) companies is linked to suppliers of sustainable products. The choice for the partner organizations and projects seems to be more focused on creating future economic activity potential,

through capacity building, organizational strengthening, lobby and advocacy work etc, than it is about creating change through trade and preferably existing market channels.

The next matrix gives an overview of the existing tensions within the organization and gives our impression of whether ICCO has succeeded in managing it successfully.

Challenges in ICCO/IM organization ³²	Level of success in dealing with this issue
Companies should be included as a strategic partner for ICCO	<i>Moderate-High:</i> IM has been successful in approaching companies in the North and speak their language. ICCO has been accepted in that role, at least by some companies. However, most companies have made contacts, commitments but this has not resulted in contracts.
There is a gap between what the markets demands and what the ICCO partner organization has to offer.	<i>Low:</i> Inherent to the choice of ICCO's target group is that they are not (at all) living up the market requirements. Although the target group may be relevant for the main objective for ICCO (which is poverty reduction). It also influenced (in a negative way) and limits the (potential) success, scalability, effectiveness, economic sustainability and efficiency of the current IM program.
Geographical limitations (e.g. fixed countries choice) can work contra productive	<i>Low:</i> The countries, partner organizations and projects have not been selected on the basis of market demand. Instead (new) markets have been developed based on requirements by producers. This creates a supply driven rather than a market demand driven approach. Combined with a lack of exit strategy this creates a risk and a high level of donor dependency.
Work with commercial producers with viable products	<i>Low:</i> <ul style="list-style-type: none"> • Traditional partner organizations are still the target groups. These groups are generally far from meeting market requirements, and have limited business skills. • Tendency to focus on traditional activities
There is a gap between the skills and mind set of the ICCO staff and what is required to be able to work with companies. (About values and culture)	<i>Low:</i> <ul style="list-style-type: none"> • IM staff is open to economic activities but generally does not have a business back ground. • Sector analyses are good when it comes to sector and local knowledge, but a market analysis is missing (answering questions like; what are comparative advantages, who is buying what, from where and how can we tap into that?) • There is no trade experience within ICCO. Taking the role as broker is unnatural and sometimes not constructive. This should be left to commercial traders (also more sustainable) • The Regions have less experience on trade related issues and market dynamics, but are decisive in partner and project choice. No mandatory approval by IM Utrecht necessary (see next point).
International market program and economic thinking needs to be market driven (central managed program)	<i>Low-moderate:</i> An IM program requires implementation of market leading principals as criteria for working, selection, determining success etc. This must be institutionalized within ICCO. Moreover it requires market and entrepreneurial thinking. Especially in the set up phase of the IM program It seems that the required IM mindset goes against the current dominant ICCO culture and organizational structure which is focused on capacity building and partner work and regional focused.

Table 7.1: ICCO's challenges

³² Source: 'Kleine producenten in een wereldmarkt', February 2007

From this matrix it can be concluded that from a strict International Market perspective there is tension between what 'should be done' and 'what is actually done'. On the one hand, this is not surprising. The IM sub-program is 'only' 4 years old and ICCO is a large global and complex organization that does not have a market oriented culture. It takes time for an organization like ICCO to change and internalize new sets of values. Especially if one considers that ICCO is undergoing massive change for some time now (the perfect storm syndrome). On the other hand, if ICCO wants to have an IM program, whereby economic activities can be used as a driver for poverty alleviation then it must be consistent in changing its strategy, in terms of focus (from supply driven to demand driven), culture (from producers being poor that must be helped, to producers being entrepreneurs) and internal structure and skills (being market and business opportunistic oriented).

There are two developments that make these conclusions an urgent call to action:

1. The current heated political and societal debate about Development Cooperation. Development cooperation is linked more and more to trade and economic activities. NGO's are expected to adopt a more commercial oriented approach, be accountable and achieve measurable results.
2. The current decentralization to the regions, with its expected advantages and risks of losing the primacy of a business-oriented approach.

Both trends can offer ICCO opportunities and threats depending how ICCO positions itself and depending on ICCO's ability to manage and master the conditions of a successful IM program.

7.5 Implications for ICCO organization and management cycle

In management books it is often stated that "everything is management". Although outside the scope of the official evaluation terms of reference and the evaluation questions the evaluation team has observed some apparent constraints to a successful IM program which are related to ICCO's internal organization and management cycle. We believe that these observations are important for ICCO to address to enable a more effective and efficient market driven program.

We observe three main causes for the absence of a real market-oriented approach:

1. No market oriented organizational structure: Tasks and responsibilities within the ICCO organization do not match the needed central oriented market orientation.
2. Organizational culture and values: The dominant organizational culture and values, being development driven, supply driven and pro poor driven, do not match the needed and intended values and culture that is required to have a market demand driven program.
3. Management cycle: As a result of point 1 and 2 there is inconsistent follow through of ICCO's IM management cycle elements (plan-do-check-act).

7.5.1 No market oriented organizational structure

Referring to the definition of market driven programs, the organizational structure of a market driven project should be market oriented. This means that the objectives, policies, strategies and projects must be set up with a clear market orientation and understanding. This requires people that are close to the market and understand that market needs, trends and requirements are driving the program. Especially in matrix organizations it must be clear what the dominant and what the following side of the matrix is. There needs to be a hierarchical structure and a giving input structure (the so called dotted line).

In the current ICCO organization this is not the case. In 2007 the ICCO organization was put through reorganization (*kanteling*). In this year the organization changed from regional driven to thematic driven. Theoretical this allowed for an important success condition i.e. the possibility to have a market driven program where the regions would follow the market (demand) lead.

However:

- From the evaluation showed that this 'kanteling' was not followed through consistently. For example it is not clear who is responsible for creating the IM sector and regional strategy and the planning.
- Despite planning the IM regional departments remained responsible for selecting on partner organizations and projects (funding).
- Moreover, there are no clear and consistent criteria for sector specialists and relation officers to use to select their partners and projects. This means that regions did their work on a case by case basis. And selection of partner organizations was done not on IM criteria.

Our recommendation is that a successful IM program must have leading input from the market side. The market side is therefore leading. The regions are executing. Projects and partner organizations are selected using market selection criteria.

7.5.2 Insufficient match between dominant and required IM values and organizational culture

In any organization there is discrepancy between the 'formal or intended' (written) organization (procedures, structure and rules) and the 'informal or real' organization. Part of this is because of i) continued learning within the organizations, part because ii) the organization is trying to deal with the complexity of the environment and part because iii) the formal organization does not match the culture, values or implicit theory of change of the organization. It is important to know the causes of discrepancy between the 'formal or intended' organization and the 'informal or real' organization in the case of ICCO.

Market demand driven programs require market oriented values and culture. An IM organization must be convinced that the market is not the enemy, but in fact can be a strong driver for growth and poverty elevation. Business is not bad, but can be a driver for good. Producers are not poor victims but entrepreneurs that have a strong responsibility to become better. Without these values and orientation there cannot be a successful market program.

Also for a successful IM program ICCO needs people with entrepreneurial mindsets, with market and commercial skills and more opportunistic reflexes. And these people will only work at ICCO if the culture, the organizational structure appreciates and reward these people.

Looking at the ICCO organisation an ambivalent image appears. In essence ICCO is still a traditional development organization that wants to pursue its existing relationships and finds it hard to stop projects that do not have market potential. It feels naturally drawn to the weakest and poorest groups, it sees them as victims of a cruel trade system, rather than working market demand driven, seeing producers as (sometimes opportunistic) entrepreneurs and create markets that can be the basis for inclusive growth later. There is a group of people in the IM department that has a different orientation. They are more market and business oriented. The split in the organization leads to long and complex discussion about the direction, effectiveness, and project choose of the IM sub-program as the evaluators have experienced several times. In essence, the second group of people has the same ambitions, but there strategy is very different. During the workshops, interviews and discussion with the IM staff this difference in culture was recognized and confirmed.

Our recommendation is that a successful IM program requires people and management that think and act market driven. The ICCO organisation must treasure these people and give them the responsibilities to develop the IM program. Considering the fact that the organization is decentralizing we recommend to start with a value scan to see what the current culture and values are in the different regions. Based on this values gap analysis active management and attention from senior management must ensure the proper market driven culture to emerge.

7.5.3 Inconsistent follow through of ICCO's IM management cycle elements

In line with above points we observe some inconsistencies in the ICCO plan do check act cycle.

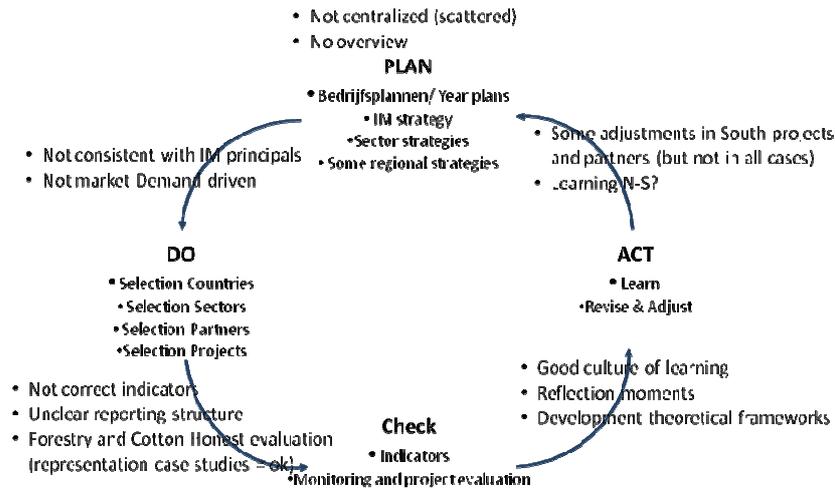


Figure 7.2: Plan-do-check-act cycle for ICCO

Plan:

- There is no central registry of all strategic plans. Plans are scattered over the organization. This raises questions about the use of these plans by the organization in a consistent way.
- To our surprise, there is no overall IM business plan. There must be an overall plan stating an IM vision, mission, critical success factors, strategies, objectives, organizational set up, planning and budget. This plan must be approved and updated every year/two year, and constitute the basis for annual monitoring and checking whether progress is in line with set objectives..
- When found, (regional/ sector) strategic plans are in many cases of good quality, analysis and insights. Most of them offer clear action perspective.

Plan – Do:

- As a result of the mismatch between some of the roles and responsibilities the criteria and strategies mentioned in the sector and regional plans are not always consistent with the higher level IM policies. Most discrepancies are:
 - Projects are supply driven instead of market driven
 - Most if not all partner organizations generally not (yet) commercially focused or professionally managed, not ready to meet market requirements.
 - The product offered often does not meet market specifications (in terms of quality, price, volume and/or reliability)
 - The countries where ICCO works are a result of historic presence rather than natural producers for the selected value chains.

Do-Check:

- In the sectors Forestry and Cotton in the case study countries, monitoring and impact assessments are relatively consistent and in line with reality. This confirms the skill set of ICCO to critically and honestly evaluate performance.
- In case of tropical fruit non conformities have been found between our observations and project evaluations. Probably this has to do with frequent staff changes.
- The DRAM indicators do not tell the whole story. They miss out issues associated with the main objectives of the IM program. As a result, there are unclear relations between strategic plans, projects and performance.
- The aggregation of information using the indicators seems incomplete and in some cases arbitrary. We have not been able to reproduce the aggregation of information using project reports and the current indicators.

- The ICCO reporting system does not match the reporting system of partner organizations, resulting in best guesses on performance. Only at the end of the project this can be corrected.
- We did not come across many formal evaluations from closed projects.

Check-Act:

- The IM department shows eagerness to reflect, learn and improve their practices. This is an important strong point.
- However, there is no reliable data base based upon which lessons can be learned (see above). There is also little evidence that lessons learned lead to changes in approaches, programs or projects.

8. Recommendations

The main conclusion is that the ICCO IM program is not really an IM program. There is a discrepancy between what *should be done* to realize the set objectives and *what is actually done*. The consequence is that a sort of hybrid model is developed that builds for most part on traditional ICCO partner work and has added some economic activities on top of it.

Following the concluding SWOT analysis it becomes clear that:

1. (*Strengths*) ICCO is inherently successful in its role as a strategic funder, in helping partner organizations with capacity building and organizational development, enhancing their autonomy, linking local stakeholders and representing their views.
2. (*Weaknesses*) ICCO staff and management are relatively weak in commercial thinking and following market dynamics and requirements and establishing international linkages.
3. (*Threats*) The traditional development work is no longer an option. Economic activities and measurable results are needed to continue to have the license to operate as an NGO. The decentralization may distance ICCO from markets-oriented and commercial thinking
4. (*Opportunities*) The decentralization will bring ICCO closer to their target group and into the domain of their strength (working with partner organizations). Moreover ICCO can position themselves as main economic capacity builder.

As a rule of thumb using a SWOT analysis, organizations should make use of their strengths to seize opportunities and oppose threats, rather than trying to compensate for their relative weaknesses. The following recommendations are structured in the same way as the research questions. We start out by recommendation at policy and strategic level, we then move to ICCO's role and positioning, and we then move to recommendations on how ICCO should relate to the value chains. Together, these recommendations should enable ICCO to develop a more truly market-oriented approach as is required for the IM sub-program.

Recommendations for ICCO's policy and strategy

- Write an IM business plan stating an ICCO IM vision, mission, critical success factors, strategies, objectives, organizational set up, planning and budget. This plan must be approved and updated every year/two year, and form the basis for subsequent monitoring.
- Create a centralised market lead team, with market oriented people and management, clear roles and responsibilities where market thinking is dominant. This team should be responsible for linking and partnering with other market convening initiatives. (Considering the decentralisation and reorganisation of the ICCO organisation this lead team can be the Fair and Sustainable Advisory Services).
- Ensure that ICCO regions support market demand programs and that they follow the lead team.

Recommendations for ICCO's roles

- Stick to the strengths of ICCO, which means remain a strategic funder, in helping partner organizations with capacity building and organizational development, enhancing their autonomy, establishing regional stakeholder networks and platforms, linking local stakeholders and representing their views.
- Do not pursue your relative weaknesses, i.e. establishing international linkages.
- Based on thorough market analyses, work with partner organizations to implement better business and commercial practices.
- Partner with other organizations that are complementary to ICCO.

Recommendations for ICCO's way of working in value chains

- Work demand driven (as demand always determines supply). Working supply driven, building own supply chains, linking unnatural partners is not an IM strategy.
- Include thorough market analyses to regional strategies (who buys what, where, why and how).
- Work as much as possible through existing value chains, avoid establishing parallel structures, and even then work as much as possible with commercial partners (in a non exclusive way).
- Once identified what markets need, identify PO's that can help deliver the supply. Once a stable basis is created include the less developed suppliers (this would be in line with the inclusive growth strategy).
- Start with simple markets, simple products, close distances, known relationships and experienced, reliable producers. Add complexity of development issues later on. Focus on the middle of the pyramid, not on the bottom; reduce poverty by economical growth: inclusive growth³³. Enhance core funding and long-term support, influencing value chains is a long process.
- Work from a consistent vision and with a menu of relevant services (access to finance, access to markets, access to standards, know the partners who can build the right capacities, lobby etc). Don't do everything yourself but partner with other complementarily organisations.
- Embrace more business driven capacity building besides the social and environmental.
- Develop a strategy for enhancing economies of scale (up scaling), as well as performance, contract sanctity, reliability, quality, efficiency, etc.
- Develop an exit strategy for both cases when markets pick up, and also if the potential for market access does not materialise.
- Be thorough, clear and realistic in your expectations and in your definition of what is success. Don't be afraid to say no and use your authority and influence as a donor.

Recommendation for the ICCO organization

Organizational structure:

- Find or train ICCO staff and management to have more a business approach (three fold; staff should be able to be a serious counterpart for business, understand market dynamics, and have a more business approach for their own work in setting up projects i.e. create success first before adding complexity, learn first and do not immediately go for the hard cases).
- Create a central IM lead team with roles and responsibilities for coordination of the program.
- Regions should understand, appreciate and follow market driven criteria and programs.

Organizational culture

- Identify current dominant values and culture.
- Actively manage an emerging market driven culture.

ICCO's operations:

- Improve the plan-do-check-act cycle:
 - Create a clear IM business plan
 - Improve on indicators and procedures for Monitoring, reporting and evaluating progress and impact.
 - Have one (more up to date) centralized Management Information system and procedures with the latest strategy and planning documents.
- Have excellent project management to reach objectives according to plan and communication skills to manage expectations better for clients.
- Be better in communicating and promoting the ICCO work and results and that of other partners.

³³ Inclusive growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities. It focuses on ex-ante analysis of sources, and constraints to sustained, high growth, and not only on one group – the poor. The analysis looks for ways to raise the pace of growth by utilizing more fully parts of the labor force trapped in low-productivity activities or completely excluded from the growth process. Source: World Bank ,2009

- Appendix 1: Terms of Reference
- Appendix 2: Proposal for evaluation
- Appendix 3: Main findings inception phase
- Appendix 4: Sources inception phase
- Appendix 5: Analysis DRAM matrix 2003-2009 IM
- Appendix 6: Cotton Case Study
- Appendix 7: Fruits Case Study
- Appendix 8: Forestry Case Study
- Appendix 9: Summary of the Rough Guide ECSAD 2009

Appendix 1: Terms of Reference PE International Markets (2004 – 2009)

1. Introduction

Since the late nineteen nineties ICCO, as developmental organization, is an active partner in the development of sustainable market chains. The idea behind ICCO's interference is both to support small producers in their search for markets and to improve the working conditions of laborers. The International Market Development sub-program tries to connect such grassroots initiatives with consumers in the North. Especially in this international arena, both farmers and laborers stand to gain by certification (on the production side and on the social (economic) conditions). Therefore certification is part of ICCO's activities.

Under its Fair Economic Development program, ICCO is active in 3 groups of products: cotton, tropical fruit, wood and non-timber forest products. These are part of the sub-program International Markets of ICCO's Business Plan 2006 – 2010.

Several evaluations and studies on this and neighboring topics have helped to shape the program. To give a short overview: an evaluation of the co-financing agencies on certification in 2002 already stated a number of issues later on taken up by the Fair Economic Development department of ICCO (esp. in the programs International Markets and Local Markets) (see also appendix 1).

Box 1. Issues PE on certification (2002)

Main issues identified at that moment were: exploration of the local market, importance of the economic component, defining the relationship of CFAs – private sector, and the importance of the role of CFAs (ICCO) in a chain approach. These and other issues have been developed further in the business plan of the ICCO Alliance.

A more recent internal evaluation during training sessions of the International markets programme on wood (2005 – 2006) highlighted amongst others the need for existing partner organizations to have insight in markets and marketing and highlighted some complexities in the roles ICCO wants to / is playing in chain development.

This latter issue also figures in the ECSAD – ICCO collaborative research project on 'Developing Effective Partnerships for Development in Global Value Chains (2004 onwards). This project is designed to enhance the understanding of issues, processes and dynamics around the putting up of international value chains as vehicle for improved market access for low –income farmer groups in developing countries¹.

Given the results of these studies ICCO is interested in an evaluation of the strengths and weaknesses of ICCO's role in International Market Development. Based on an assessment of the results of ICCO's involvement (both financial and otherwise) in a few specific international commodity chains in Central and Latin-America, this evaluation should give input for further policy development on future work of ICCO in International Markets.

2. Background

¹ A wealth of material has been published in view of this research project (see literature list) : a valuable background material on commodity chains, a paper on the cooperation between companies and NGOs, a ' Rough Guide to Partnerships for Development (2006) and recently (2009) a paper on Partnership dilemmas

ICCO aims at structural poverty alleviation and strives for the recognition and implementation of the International Human Rights. Structural poverty is mainly manifest in the South, but its deeper causes are to be found both in the South and in the North. This is the reason why ICCO works on a real contribution to poverty alleviation in the so-called developing countries, and –on the other hand- supports structures and systems and processes which do contribute to a more honest division of prosperity and power all over the world. These higher objectives are guiding ICCO's 3 main themes:

- Access to Basic Social Services
- Democratization and peace building
- Fair Economic Development (FED)

One of the subthemes of FED is International Markets. Under this subtheme ICCO is active in the development of market chains. In its main strategy of Direct Poverty Reduction (DAB), the objective is to give small scale producers (farmers, fruit growers, forest users) the possibility to enter the market on more favorable terms by organizing themselves at the moment of selling the produce; more favorable terms are created by either strengthen their bargaining power towards the middle men or take care of aggregation of harvested products in order to get a bigger bulk for selling and therewith to be able to get a higher price. Besides small producers, workers are part of the beneficiaries, mainly in the fruit sector. Here the objective is to contribute to the creation of a more sustainable fruit sector, in which workers have sustainable working conditions, with decent wages and working conditions. Part of this work is stimulation of Corporate Social Responsibility (including chain responsibility).

Examples of chains in which ICCO is involved are tropical fruit (mango, pineapple and bananas), wood and (organic) cotton.

The other main strategies used, Civil Society strengthening and Policy Influencing, are supportive to the DAB strategy; emphasis in this evaluation will be on this strategy.

Box 2 Intervention logic ICCO working on International Markets

In ICCO's point of view the various stakeholders within the chain could be reached thru the 3 intervention strategies – direct poverty alleviation, civil society building and policy and advocacy. Every intervention around a certain market chain is meant to position small farmers in the market chain of a certain produce; at the same time pointing other stakeholders at their specific position and responsibilities within the same chain; the whole market chain has to be seen from the point of view of being favorable as well for the small scale producers; and not only for the importing Northern retailers or the exporting Southern business houses. This intervention logic is in its outline described in ICCO's business plan 2007 – 2010, and more in detail in the program plans for wood, cotton and tropical fruits.

The total three year budget of FED over the period 2006 – 2008 is € 96 milj. (see annex 2), of which € 31,7 (roughly 30% to one third) is spent to the programme International Markets; expenses for the programme Local Markets are slightly higher.

This engaging in market chains means entering a different world both for ICCO itself as well as for the partner organizations ICCO is working with. It is the world where the rules of business reign instead of the 'soft' rules of development cooperation; this implies a new attitude and a new language. ICCO and its partner organizations had (have) to learn how to behave in this different setting in order to be successful. Questions are raised whether ICCO as a donor has a role to play. Whether this is a realistic expectation and if so what than is the most suited role for ICCO to play in circumstances, where the organization and its partner organizations are learning new approaches themselves.

While ICCO is sincerely interested in learning several studies are being carried out to follow and develop the roles of the various stakeholders (see introduction). Main lessons from evaluations as of now stem from ICCO's experiences in the timber chain and from research done by ECSAD on chain development support by ICCO for mainly tropical fruit, cotton and sorghum. One of the lessons learned is that there is not one permanent role throughout the whole chain. On the contrary ICCO's role changes with the different (life) phases in chain development. The roles could be 'booster' - coach- investor- watch dog, lobbyist, broker and technical supporter.... . These lessons might as well apply for the other chains, cotton and fruit; therefore these chains are object of this evaluation. Where lies ICCO's strength / weakness as a donor? The variability in roles to play also asks for specific qualities needed during the process of chain development; and sometimes maybe even the ability to change roles. What specific qualities of staff of ICCO is needed or to be developed to be able to play an effective role in the market chain development; is it feasible to expect ICCO staff to play these various roles during the different phases? Is this different for each chain, or are there common phases, with common qualities?

Given this sketch and ICCO's ambitions, the object of this evaluation is a more thorough view on ICCO's role in the production and marketing of (rural / agricultural) produce. This comprises the role ICCO takes in the set-up / establishment of (local or international) production chains. The ECSAD research has a focus on Africa (tropical fruit, sorghum, and cotton in the first phase), this evaluation will also focus on one other continent (Central and Latin-America); the chains to be looked into are tropical fruit (Latin America: Ecuador and Peru), cotton (Africa: Mali and Burkina Faso) and wood & NTFPs (Africa: Cameroun and Latin America: Guatemala). The choice for this countries has been made on basis of the existence of functioning market chains.

Although internal evaluations have been carried out for the third chain (wood and NTFPs), this chain will be incorporated as well in this study, using the (internal) evaluations done so far as main input. This study will only look for additional -case study -information to be able to answer the evaluation questions

Results of this evaluation will serve accountability, learning (e.g. insert experiences in the market chains ICCO currently is supporting) and policy development purposes.

3. Evaluation outline

3.1 Purpose of the evaluation

The findings of this evaluation will be used by ICCO to:

- To get a systematic insight in the different roles the ICCO Alliance has played / plays over time in the process of market chain development
- To show and account for the results of ICCO's engagement in and support to chain development of three products, cotton, tropical fruit and wood and NTFPs
- To weigh, judge and assess this engagement
- To draw lessons for future activities with respect to market chain development

3.2 Evaluation objective

The main question to be answered in this evaluation is: 1. "What exactly has been ICCO's role within the whole process of establishing value chains for agricultural produce?" and

2. Where lies ICCO's strength / weakness while intervening within the chain;

3. and how to value ICCO's role vis a vis other players / stakeholders in the chain;

4. What is the result of ICCO interfering in a market chain from the perspective of small farmers (m/f) and agricultural laborers (m/f).; and from the perspective of traders in the North

These questions could accordingly be translated in the following main objectives for the evaluation.

The four main objectives of this evaluation are:

- to assess the results achieved by ICCO performing different roles in a selected number of cases in the cotton and the tropical fruit market chain;
- To get a systematic insight in the different roles ICCO has played / plays over time in the process of market chain development;
- To value the different roles of ICCO (also by bench marking them with other important NGOs and business active in the chain ; to relate this to the set up of ICCO's International Market programme;
- To learn from the performance of a certain role at a certain moment in time and place in a market chain

The results of the evaluation should allow the ICCO Alliance:

- to complement the spectrum of roles as Northern financing organization in support to the process of market chain development;
- to be able to make a more informed choice of when to use which role(s) as ICCO Alliance in market chain development in the future.

A possible follow-up to the evaluation could be an adjustment / change of roles in market chain development for the ICCO Alliance.

3.3 Evaluation questions

a. *ICCO's policy*

1. What policies has ICCO drafted in relation to International Markets, both general, and with respect to specific products groups (cotton, tropical fruit and tropical wood)
2. Has ICCO selected partner organizations and financed activities in line with its policies on IM and specific products
3. What should be ICCO's focus in order to build strong and sustainable value chains: pay attention to a focus on the producer and the end trader versus other links in the chain? Also pay attention to other, local market development of other (by)products from same producers.
4. To what extent are gender issues incorporated in IM?

b. *ICCO's roles*

4. How do(es) ICCO's role(s) change over time
6. How could these (changing) roles be related to the 4 roles ICCO defined for itself in the whole process of cooperation (financing, brokerage/intermediation, lobby and advocacy and capacity building)
7. What is the added value of ICCO's role (in comparison to other actor's in the same chain -> engaged in the same role); where is ICCO's strength within the chain and in relation to its roles?
8. Is ICCO visible enough in the market (North)? To what extent are companies (North) aware of the role ICCO plays and the related "services" ICCO can offer? What exactly do companies look for while relating with ICCO?
9. What extra knowledge, capabilities, skills are needed within ICCO in order to be able to communicate more successfully with companies in the North?
10. What kind of financing instruments are most appropriate in order to strengthen international value chains?

c. *Changes in the position of small farmers / agricultural laborers in selected market chains and relation with ICCO supported interventions*

11. In what way did the position of small farmers / agricultural workers change over the last 5 years with respect to:

- * income (economic circumstances)
- * working conditions (social circumstances)

- * knowledge on agricultural and marketing aspects of product xyz (markets; financial aspects, production itself)
- * certification

d. *Synthesis*

12. What success factors could be identified in relation to the roles over time? Where lies ICCO's strength in relation to intervening in market chains

13. What lessons could be drawn from the cases studies to enhance ICCO's strength? What does this mean for ICCO as an organization.

3.4 Limitations & scope

The evaluation will look into three types of produce, tropical fruit, tropical wood and (organic) cotton, over the period 2005 - 2008. At the same time also a geographical limitation is given: ICCO's role vis a vis this products will be researched in market chains in Central and Latin America and Africa. This product specific and geographical selection is made since another long – term research project on market chain development, the ECSAD research, focuses already on chains of fruit (mango), sorghum and cotton in sub Sahara Africa. The results of this research, of the internal evaluation of the wood chain and eventually other research into market chain development will be used as input for triangulation of the results of this evaluation.

3.5 representativeness

The market chains to be covered in the field analysis will be selected on basis of the inventory of activities, and further discussion with the FED programme manager. The selection presents a cross selection of market chains on the products which are subject of this evaluation. The selection is not statistically representative, but is intended to provide a sufficiently illustrative sample of said market chains supported by ICCO.

3.6 Result levels and evaluation criteria

The evaluation will address results in relation to chain development in International Markets at outcome level, and -where possible-at impact level.

The evaluation criteria applied in this evaluation are effectiveness, sustainability and relevance. In defining these concepts ICCO follows the definitions as formulated by the Development Assistance Committee (DAC) van de OESO².

The evaluation won't attempt to assess efficiency.

4. Methodology (Plan of approach)

4.1 General approach

The research will start with an inception phase, in which ICCO's policy and strategy in relation to IM will be analyzed (research questions under a).

The second phase of the research covers these reach questions under b and c, and consist of field research into the market chains of three produce. The cases will be carried out in Central and Latin America and Africa.

The third phase of the research will lead to a consolidation of the findings in a synthesis report (research questions under d.)

² <http://www.oecd.org/dataoecd/29/21/2754804.pdf>; p33

The evaluation will be carried out by a team of two evaluators (or 3 when Asia also will be taken along) from the North and 2 from the South. The Northern evaluator will act as team leader. ICCO will contract the team leader; the co-evaluators will work under the responsibility of the team leader.

4.2 Detailed methodology

a. inception phase

In the inception phase two activities will be carried out to be able to address the questions 1-4. First an analysis will be made of the intervention logic used by ICCO with regard to its activities in international market chain development.

Furthermore this phase should include:

- a review of the relevant literature
- a systematic review of relevant files, reports and other documents (evaluations carried out, research done on the topic (international) market chain development etc.) available at ICCO. A basic analysis should be done in the total portfolio regarding market chains support of ICCO.
- interviews with the FED programme manager, FID programme coordinator, the IM specialists and programme officers, and others to get an insight in existing policy and practice in market chain development.
- Interviews with other relevant informants in the Netherlands

In this phase also the preparation of phase 2 takes place. This includes a general refining of the research questions and development of indicators and judgment criteria based on 3.3. Furthermore a refinement of the research questions, indicators and judgment criteria for each of the selected market chains. Finally the sources of information and the techniques of data collection are identified. This phase will be concluded with a working document of the inception phase. Approval of the working document is a condition for the start of the next phase. The team leader will guarantee that in this phase the various market chains will be assessed according to an uniform logic. A meeting with the FED specialists on this working document is proposed.

b. 2nd phase case studies – data collection

The data collection will include:

- a desk study of the context of the selected market chains in the case study countries
- desk study of documents and partner files of selected cases
- interviews with ICCO staff
- field work on the selected market chains, including interviews with informants from the sector, partner organizations and small farmers/ laborers.

Each case study will address the research questions 3 – 8 against a thorough context analysis of the development in the selected market chains and the position of the small producers therein.

The objective of the case studies of the selected market chains is to:

- complete lacking information of phase 1;
- to verify already collected data, and collect additional data on market chains, ICCO's role in it and small scale producers level (looking for intended as well as unintended, positive and negative effects; and taking a gender perspective into account)
- in addition to partner organizations related to the selected market chains, other reliable and appropriate data sources and informants could be consulted as well. Triangulation of data found in the desk study and other relevant recent research is needed
- share the information collected with at least the partner organizations, but preferably also with other relevant stakeholders in the field, in order to create a common understanding and stimulate the learning process of relevant stakeholders.

The phase will be finalized with reports on the selected market chains giving answers to the questions 1 – 8. These reports have the format of working documents.

c. 3rd phase - end report

The final phase of the evaluation involves the integration and analysis of the results of the desk study and the field study, brought together in an end report.

5. Responsibilities

The responsibility for the evaluation lies with the R&D unit of ICCO (Dieneke de Groot, PME unit). She will work in close cooperation with the Programme Coordinator IM, Gemma Boetekees, and the learning facilitator of the FED department, Rob Witte.

Within the ICCO Alliance the evaluation will be supported by a small internal reference group: the PS International Markets and the programme officers in the RWOs in the countries under research responsible for programmes with a IM component. The reference group will be chaired by Dieneke de Groot. In addition, an external reference group will guide the evaluation by reading and commenting the report of the desk study, and the draft and final reports.

6. Planning

Part of evaluation	Time investment
Selection consultants	October 2009
Inception phase	November – December 2009
Go – no go moment	December 18 2009
case studies - data collection	January - February 2010
Analyzing and report writing	March I
Submission of draft final evaluation report	Mid April 2010

7. Deliverables

The final report need to be in English. Depending on the selected areas for the field work, translations may need to be made into Spanish or Portugese. The final report should be handed over **Mid April 2010**.

The number of pages for the final report is 40 pages main text, excl. annexes. The format of the final report: hard copy (10 copies) plus electronic version (MS Word format)

8. Evaluation team

The team of evaluators should have the following qualifications:

- knowledge of the private sector
- knowledge of the NGO sector
- knowledge on market chain development
- knowledge of business aspects of chain development
- knowledge of gender aspects of market chain development
- knowledge of financial instruments suitable for value chains
- experience in the carrying out of complex evaluations

- experience with relevant participatory and learning methods

9. Budget

A budget should give a breakdown of the expected number of days per team member and their fees. Prices need to be calculated in Euros', are maximum prices and cannot be changed during the contract. The **maximum** budget available for the complete evaluation (including *all* case studies and synthesis phase) is € 140.000. (**VAT inclusief**)

Payments:

The payment procedure is the following:

30% at acceptance

30% at presentation draft report

40% after receipt of approved final report and financial justification

10. Bibliography

- Eberhart, N. (2007), Impact du Commerce Equitable chez les Producteurs de café en Equateur – FAPECAFES, Agronomes et vétérinaires san frontieres
 - Eberhart, N. (2005) Developing a system to assess the impact of Fair Trade on agricultural families and organizations and their territories, methodology proposal
 - ICCO business plan 2007 – 2010, part on International Market development
 - ICCO: thema programma plan 2007 – 2010 tropisch fruit; programma plan IM PP fruit; programma plan IM PP katoen;
 - ICCO: Op de bres voor Duurzame Rechtvaardige Economische Ontwikkeling, juni 2008. Beleidsdocument DREO.
 - ICCO: verslag trainingsdag lessen in makelen
 - Roca Florido, Carlos Francisco, (2006), De qué manera la alternativa del Comercio Justo, Participa la desarrollo sostenible? Caso de la Asociación de Productores de Mango del valle del Alto Piura (APROMALPI) Piura – Perú, Agronomes et vétérinaires san frontieres & INP/ENSAT
 - Síntesis del estudio sobre el impacto del comercio justo en las rganizaciones y familias campesinas Y sus territorios en el sector del café de los yungas de bolivia (2005), Agronomes et vétérinaires san frontieres
- ECSAD/ICCO resource documents on partnerships, (available from the ICCO internet)**

1. Overviews and analyses from case studies

Van Tulder, R., Muller, A. & De Boer, D. (2004) Partnerships, Power and Equity in Global Commodity Chains, Position Paper on cooperation between companies and NGOs in Stimulating Sustainable Development. Utrecht: ECSAD / ICCO.

Muller, A. (2005) Partnerships, Power and Equity In Global Commodity Chains: An Overview Of Global Commodity Chains in Tropical fruit, cotton and sorghum. Utrecht: ECSAD / ICCO.

Fortanier, F. (2006) Multinational Enterprises, Commodity Chain Partnerships and Host Country Development Goals. Utrecht: ECSAD / ICCO.

Muller, A., Noor, M., De Boer, D., Timmer, D., Van Putten, Frans-Paul, Van Tulder, R., & Fortanier, F. (2006) A Comparative Analysis of Commodity Chains, Partnerships and Development in Ghana (Sorghum, Burkina-Faso and Mali (Mangoes) and Uganda (Cotton). Utrecht: ECSAD / ICCO.

Van Wijk, J., van der Linden, V., and de Boer, D. (2009) Economic Impact of NGO-Private Sector Partnerships for Value Chain Development in West Africa. Case studies of Organic fair trade mango in Burkina Faso and Mali; Organic fair trade cotton-garment in Burkina Faso; and Sorghum-beer in Ghana. Utrecht: ECSAD / ICCO.

II. Case studies (internal use only)

De Boer, D. & Noor, M. (2006a) A Case Study on Cooperation Between Companies and NGOs in Stimulating Sustainable Development in Northern Ghana. Utrecht: ECSAD / ICCO.

De Boer, D. & Noor, M. (2006b) A Case Study on Cooperation Between Companies and NGOs in Stimulating Sustainable Development in Uganda. Utrecht: ECSAD / ICCO.

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Van der Linden, V., de Boer, D., Van Wijk, J. (2009) NGO-Private Sector Partnerships for Value Chain Development: The Organic Fairtrade Mango Value Chain in Burkina Faso and Mali. Utrecht: ECSAD / ICCO.

Van der Linden, V., de Boer, D., Van Wijk, J. (2009). The role of the private sector actor in NGO-private sector partnerships. Utrecht: ECSAD / ICCO.

Appendix. 1 Programme Evaluation on certification (2002)

Uit: intern achtergronddocument bij stappenplan ICCO opgesteld nav evaluaties van de Stuurgroep MFP, 2003 keurmerken,

Keurmerken

Inzichten studie meenemen in expertiseontwikkeling certificering; samenwerking tussen GOM organisaties op certificeringgebied en geïntegreerd ketenbeheer

Kritiek: rol MFOs -> geen technische ondersteuning of monitoring van projecten uitgevoerd door CPOs; onduidelijkheid expliciete bijdrage / impact van certificering aan armoedebestrijding op doelgroepniveau, meer samenwerking op GOM niveau aan certificering, m.n. voor bottlenecks in de productieketen (completer, geïntegreerd programma). In beleid zou ontbreken aandacht voor gender, kostenaspect, doelgroepkeuze en PME).

Certificeringproces is in 4 activiteiten opgedeeld: 1) steun producenten; 2) ontwikkelen handelskanalen; 3) ontwikkelen productstandaarden en 4) ontwikkelen keurmerkorganisaties.

Ontbreken beleid op gebied van certificering en keurmerken ('bijproducten' van andere thema's)

Dilemma's:

- exploratie lokale markt
 - definiëring van relatie MFOs - private sector
 - rol MFOs in ketenbenadering
 - vermijden uitsluiting van doelgroepen (o.a. allerarmsten)
 - andere dan financiële ondersteuning
 - gender aspect
 - procesbenadering, incl. lobby en beleidsbeïnvloeding
- > in beleidsformulering wordt hierop een antwoord verwacht

Uitgaande van de constatering dat de economische component in de handelstrajecten onderbelicht is wordt er voor het product hout in 2003 een onderzoek uitgevoerd waarbij de aandacht voor de economische component (en onderkenning hiervan door de partnerorganisaties) centraal staat. Dit zelfde geldt voor de aandacht voor gender. Op basis van de uitkomsten van het onderzoek wordt bepaald hoe ICCO hiermee verder gaat (moet er bijv. net als bij het fruit een technische unit bij de ondersteuning van partnerorganisaties betrokken worden?).

Bij de ontwikkeling van het thema DREO wordt specifiek aandacht gegeven aan de markt en de ondersteuning van partnerorganisaties richting integratie in de markt (2^e kwartaal 2003)

Appendix 2 Uitgaven Dreo ³

21 LASTEN

De besteding naar de doelstellingen is als volgt:

	Realisatie 2008		Begroting 2008		Realisatie 2007	
	€	€	€	€	€	€
Hoofdprogramma's						
<i>Deelprogramma's</i>						
Duurzame rechtvaardige economische ontwikkeling						
<i>Lokale marktontwikkeling</i>	12.603.864		11.113.000		9.032.125	
<i>Internationale producten</i>	9.492.398		9.548.000		8.554.510	
<i>Microfinanciering</i>	6.390.439		10.403.000		5.396.982	
<i>Samenwerking bedrijfsleven</i>	2.131.237		3.120.000		789.101	
<i>Klimaatplan</i>	648.602		100.000		30.000	
	<u>31.266.540</u>		<u>34.284.000</u>		<u>23.802.718</u>	
<i>Uitvoeringskosten</i>	<u>4.393.743</u>		<u>4.155.554</u>		<u>4.290.635</u>	
		35.660.283		38.439.554		28.093.353

Uitgaven DREO 2006 bedroegen €40.912.740; ongeveer een derde hiervan is ten gunste gekomen van het programma International Markten, te weten €13.637.580.

Totale uitgaven DREO 2006 – 2008: €95.981.998, waarvan €31.684.488 naar Internationale Markten ging.

³ (bron jaarverslag ICCO 2008, p. 137)

ICCO

Attn. Dieneke de Groot
Dieneke.de.Groot@icco.nl]

Date: 30 October 2009

Topic: Proposal for ICCO program evaluation "International Markets" (2005-medio 2009)

Dear Ms De Groot,

Thank you for inviting NewForesight™ to tender on the Terms of Reference for an evaluation of ICCO's International Markets program. We are very interested in this project and would hereby like to submit our proposal to you in cooperation with AidEnvironment.

Given the extent, complexity and time frame of the program evaluation, NewForesight wants to carry out this project through collaboration with AidEnvironment. We believe that NewForesight's knowledge and experience on sustainable market transformation, international value chain development, combined with AidEnvironment's expertise in undertaking complex evaluations and their network in the south, is a strong and successful combination. Both of our expertise can be characterised as one of integrated and strategic 'systems thinking', from the market chain as well as the development perspective. We have also been able to identify two highly qualified Southern experts. We are therefore confident that through this collaboration we are well equipped and positioned to carry out an evaluation of ICCO's International Markets program and be of great value to your organization.

NewForesight will take the project lead, coordinate the evaluation and the case studies, summarize and conclude the project and advice ICCO on its future strategy. AidEnvironment will carry out the field research and case studies in cooperation with local partners in the South. The outcome of this project will be a thorough and concise report detailing the different strategies and roles ICCO has played in the context of its International Market program, evaluating their effectiveness on poverty reduction in developing countries, and offering insights, lessons learned and strategic advice for ICCO's future International Market program strategy and potential roles to be played.

Please find our complete proposal enclosed. This proposal includes a more detailed description of our plan of approach, the suggested analytical framework to be used, the project team, and budget and planning.

We trust to have made you and your organization a proper and complete proposal and we are looking forward to hearing your reaction.



Lucas Simons
Director NewForesight™



Peter de Haan
Director AidEnvironment

Enclosed:

- Proposal incl. analytical framework, plan of approach, budget en planning
- Resumes project team members

Proposal for program evaluation “International Markets (2004-2009)”

Interpretation of the objectives of the ToR

ICCO has as its main objective at policy level Direct Poverty Reduction (DAB), within the context of the recognition and implementation of the International Human Rights. This main objective is being realised through activities within three themes. One of these themes is Fair Economic Development (FED). Under the FED programme, there are two sub-programs mentioned in the TOR (although more programs are managed by ICCO): International Markets and Local Markets. The sub-program International Markets has a budget of almost € 32 million over the period 2006-2008. The aim is to realise above main objective within three market chains: cotton, tropical fruit, wood and non-timber forest products. Poverty reduction will be realised at the level of two target groups, being small producers of these products (improvement and security of incomes in entering international market chains) and labourers involved in the market chain (mainly improved working conditions). Three strategies are supportive to this sub-program: stimulation of corporate social responsibility, strengthening civil society, and policy influencing. This is visualized in the below figure1. The ToR also mentions that certification is assumed to be a good strategy to realise these objectives.

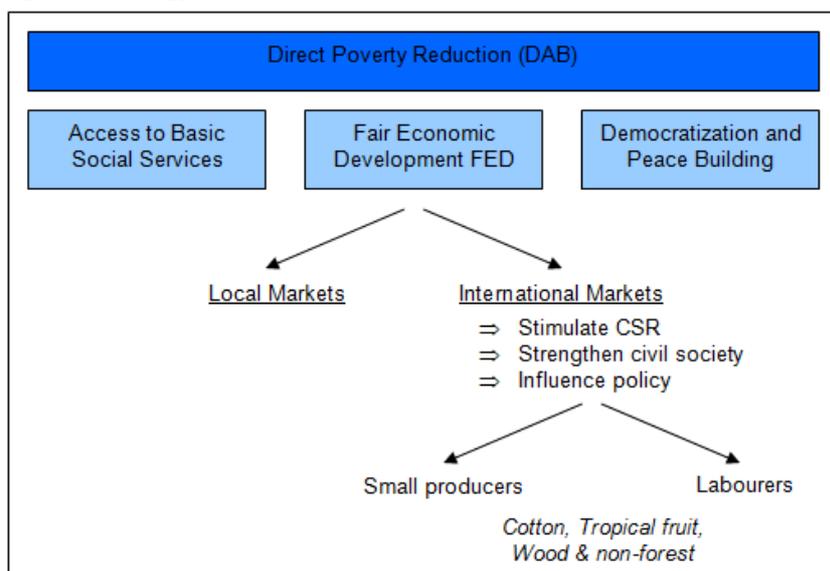


Figure 1: ICCO program

Several evaluations and studies have been already undertaken on the International Markets sub-program. These have helped shape the current program. However, recent insights (mainly emerging from an internal evaluation, and from the ECSAD-ICCO collaborative research project) showed that more attention needs to be given to the roles of ICCO within these international commodity chains. This subject is considered critical for enhancing effectiveness of this sub-program. It is a challenging subject, as it may require ICCO to focus more on the world of international markets and business. Also, being involved in international market chains may require a diversity of roles, depending upon the regional context and the development phase of the market chain. Lastly, it clearly relates closely to the subject of partnerships. While certain roles may be better covered by ICCO’s partners, partnerships may be required to support these partners in playing their role in a responsible way.

Objectives

The four main objectives of this program evaluation (taken from the TOR) are as follows:

1. To assess the results achieved by ICCO performing different roles in selected international market chains;
2. To get a systematic insight in the different roles that ICCO has played over time (and currently plays) in the process of international market chain development;
3. To value the different roles that ICCO has played, within an international context, and to relate this value to the set-up of ICCO's International Markets sub-program;
4. To learn from the insights in the performance of different roles played in different places and in time.

The next model visualizes the relation between the perceived societal needs, ICCO's objectives, change theories, and its value creation cycle. The dotted arrows represent the main objectives of the evaluation.

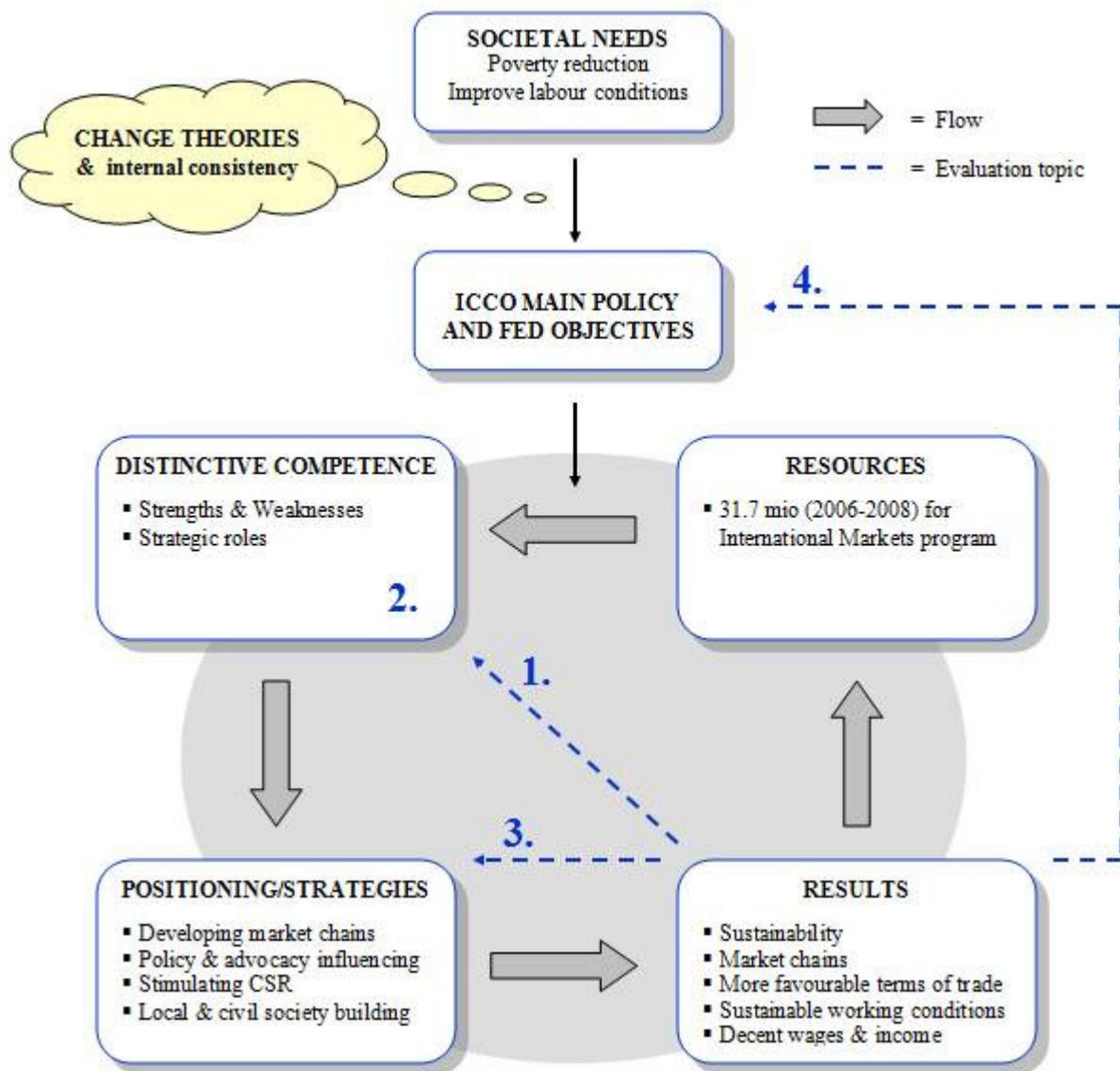


Figure 2: ICCO's value cycle

Results

The main expected results of this program evaluation are interpreted as:

- To obtain a complete spectrum of the different roles that Northern financing organisations like ICCO can play, and their effectiveness in supporting the process of international market chain development in the context of poverty reduction in developing countries;
- To generate insights and lessons that will allow ICCO to make a more informed choice of when and where to play which role/s in future international market chain development.

These results will be obtained on the basis of desk studies and selected case studies in Latin America and Africa on the market chains of cotton, tropical fruits, timber and non timber forest products. These regions and products are selected because other regions and products are already covered by past and ongoing evaluations and studies. This evaluation will make use of these studies, to get a complete picture of this sub-program.

The ToR clearly states that the above evaluation focus should be positioned within the framework of standard evaluation criteria, notably those of effectiveness, sustainability and relevance (as based on the OESO/DAC definitions). Sustainability is interpreted in broad terms, in line with the OECD/DAC definition, as encompassing institutional, financial, organisational issues required to ensure that the results will sustain, as well compliance with social & environmental sustainability criteria. Efficiency is not an evaluation criterion for this evaluation. Impacts are not measured but will be addressed in terms of contributions to poverty reduction.

Analytical framework

We believe that the above evaluation questions are very relevant and also challenging because it is not a standard program evaluation. We therefore believe that a good analytical framework is critical for this programme evaluation; the following is a first attempt to do so. It shows the different elements, and their relations, that should receive attention in this evaluation. It can be observed that we will pay much attention to good insight in the context, of the selected market chains at international and national level. We thus do not only follow an evidence-oriented linear input-output-impact chain. However, we believe that ICCO's activities and especially its role focuses at creating suitable conditions for market chains to contribute to poverty reduction, e.g. by capacity building, policy influence, partnership building, etc. In such cases the cause-effect chains are more complex and the relations between project interventions and expected benefits are more indirect. Various *assumptions* are made about how the interventions lead to the set objectives at different levels, and the role that ICCO and its partners play. This may be referred to as the 'theory-of-change'. Thus, we will also take into account the theory-of-change that (explicitly or implicitly) drives ICCO's interventions and role/s played, and the relevant context factors.

The next figure visualizes the evaluation process and the match between ICCO's perspective on their objectives, strategies and results, and the market 'objectives' from a context perspective.

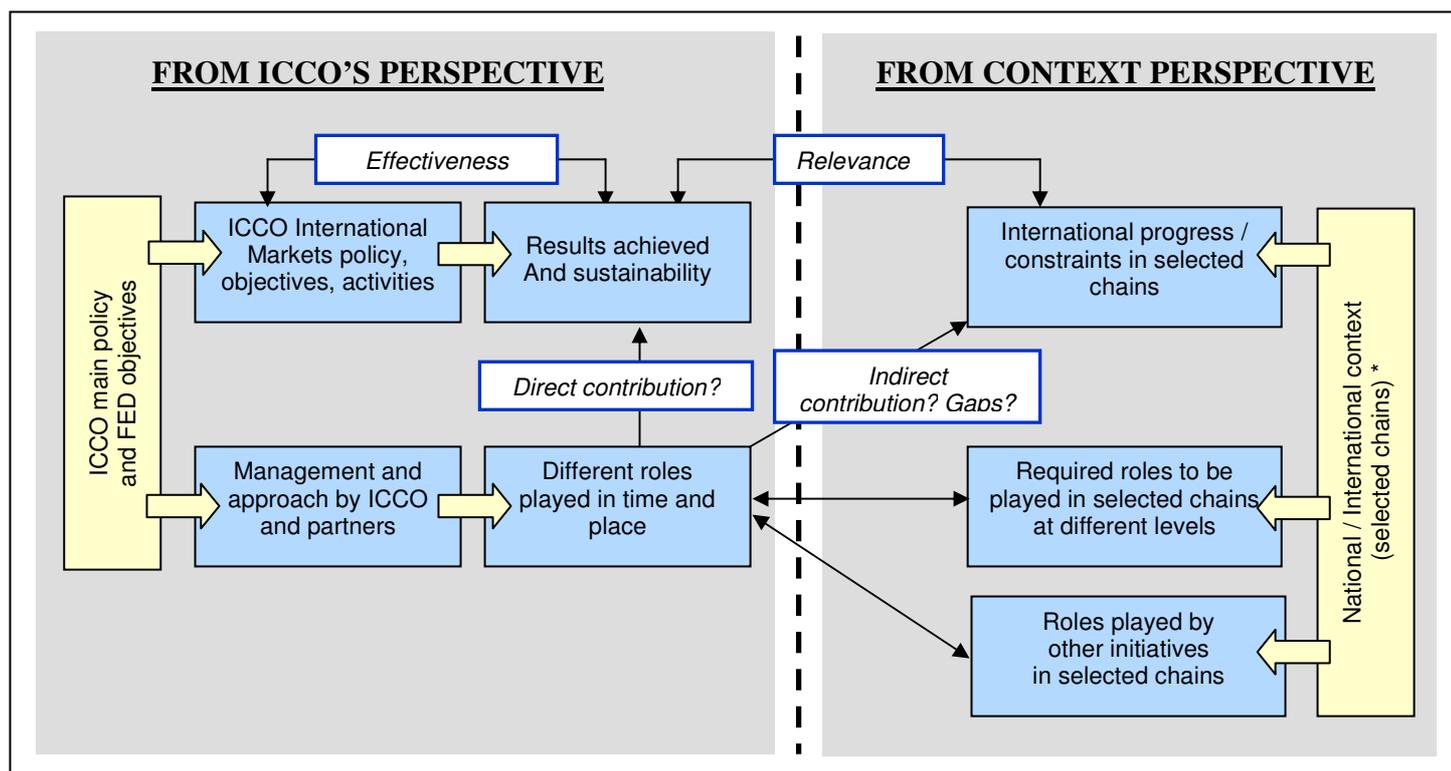


Figure 3: Evaluation method

* This includes the context seen from a smallholder's perspective

Plan of approach

The plan to carry out this evaluation consists of three phases.

1. Inception phase:

The inception phase is very important because it will set the stage and undertake the design of the actual evaluation.

Activities:

- Kick-off meeting with ICCO at the start of the project to present evaluation approach in more detail;
- Analysis of International Markets policy and program in the context of FED and ICCO policy; intervention logic of the sub-program (also in relation to the Local Markets component of the FED thematic program);
- Desk overview of main projects / activities undertaken within International Markets sub-program, with initial overview of main partners, main results and role/s played by ICCO and its partners, based on portfolio reports; special attention will be given to gender aspects and involvement of private sector agencies;
- Overview of past and ongoing evaluations and studies relevant for this evaluation, with brief summary of main insights;
- Brief international context studies of the three selected commodity chains, according to a uniform framework with key issues to be addressed;
- Interviews with relevant ICCO staff, based on a questionnaire to be developed in cooperation with ICCO, to gain insight in the underlying 'theory-of-change', implementation of policies in

practice, perception of results / success, role/s played, and skills / expertise available to play such role/s;

- Interviews with some key players in the selected market chains, to gain initial insight in expected role/s and added value of ICCO's sub-program, this includes the smallholder perspective.

Results:

⇒ The main results of the inception phase will be a working document with the following:

- Initial overview of role/s played by ICCO and its partners and its strategies, activities, and results based on the questionnaire;
- State of the art descriptions of the sectors according to a uniform framework for selected commodity chains, and largely based on the available studies within ICCO;
- Initial insights and hypotheses to be tested by field research, including country-or market chain specific success factors;
- Proposal for detailed field studies (selected country-market combinations; projects/partners to be visited and plan), including questionnaire developed in cooperation with ICCO and Southern consultants;
- Methodology to be adopted during field visits, including indicators at output and outcome level, as well as indicators to assess whether role/s played have been effective. A format will be made to submit to ICCO partners organisations in the selected countries.

These findings will be discussed during a workshop with selected ICCO staff, for inputs and final approval.

2. Case study and data collection:

Activities:

The second phase will be the actual field research, based on the selected case study country-market combinations. For each of the three products (cotton, tropical fruits, timber and non-timber forest products) we strive to visit two countries, for reasons of comparison purposes, (*except for timber where one country will be visited*). The ToR has already made suggestions as regards the selected countries. For each commodity (two countries) there will be a team of one northern and one southern evaluator. For each commodity (two countries) the findings from the desk research (on results, role/s etc.) will be summarised, and thus serve as a starting point for the field studies to validate findings and complete gaps of data.

The southern evaluator will be an expert in the selected commodity, and also have excellent communication / facilitation expertise. He/she will undertake a context study of the commodity in the country, using a uniform framework (e.g. including main progress and constraints, key stakeholders and role/s played). The context study will also pay attention to contextual factors such as policies and regulations, governance context, economic and development indicators. These can be important (success) factors determining effectiveness of the sub-program and the role ICCO can play. He/she will also organise the field visit, so that the actual field visit will be short and efficient. He/she will also facilitate local workshops.

Research methodology:

The research methodology will make use of a questionnaire that will be developed in cooperation with ICCO and the Southern consultants, with questions focused at the objectives of

this evaluation, and a format with indicators that will be submitted to all ICCO partners in the selected countries. Initial findings will be validated and gaps of knowledge completed, also making use of triangulation methods. In addition, initial insights and results will be discussed with key actors in the international market chain, to receive their feedback and views. This will be done in the next phase through multi-actor participating talks. This is not primarily done for efficiency purposes, but mainly to discuss the set hypotheses and initial findings (from desk research). Jointly we will try to complete a framework with set outputs and outcomes, assess relevance and discuss the roles of different stakeholders. This approach will also fit into a joint learning approach. We are convinced that the stakeholders involved in the market chains have profound implicit knowledge about future role/s to be played by ICCO and its partners, and the workshops are needed to make such knowledge explicit. This is why the southern evaluators have good communication / facilitation skills. Also, selected field visits will be undertaken to verify in the field whether responses to the questionnaire and indicators are correct.

Case studies:

For the moment, we envisage to carry out 5 case studies, including three market chains:

- cotton (proposed countries Burkina Faso and Mali)
- tropical fruit (proposed countries Ecuador and Peru)
- timber and non-timber forest products (country Cameroon or Guatemala to be decided in consultation with ICCO and depended on availability of a good Southern Consultant).

The last case study (timber and NTFP) will take place in only one country, mainly because several studies have already been undertaken of this sector, both by ICCO and many other organisations, which will all be used. All case studies will also take into account other relevant experiences within the selected market chain. This is especially the case for the third case study (on timber and NTFPs). The exact location of the case studies will be decided at the end of the inception phase, by the team in collaboration with relevant ICCO staff.

Results:

⇒ The result of this phase will be 3 working documents on the individual case studies (cotton in two countries, tropical fruits in two countries, wood and non-forest in one country). These will be discussed with relevant ICCO staff. Also, as indicated above, initial insights and results will be discussed with key actors in the international market chain, to receive their feed-back and views. Conclusions on effectiveness, relevance, sustainability and effective role/s played by ICCO, will be drawn using the analytical framework indicated above.

3. Reporting:

Activities:

In the final phase, the results of the individual field studies will be combined. The outcome of this will serve as input for analyzing and re-evaluating ICCO's strength and weaknesses, it's roles and (intervention) strategies, and change theories (see figure 2). A workshop will be held with relevant ICCO staff to share the main findings, draw lessons, develop possible scenarios and back casting, and identify the main recommendations.

Results:

⇒ The results of the final phase will be an end report including:

- Synthesis of the main findings of the case studies;
- Analysis and conclusions on effectiveness, relevance and sustainability of FED policy, International Market subprogram, and the intervention strategies, based on case studies and other available studies and evaluations (objective 3; figure 2, arrow 3);
- Insight into the strengths and weaknesses of ICCO and its different roles (objectives 1&2; figure 2, box 2 and arrow 1), including:
 - Time line of market development with overview of all role/s played, at different levels (local, national, international);
 - Skills and expertise required to play these roles, indication of role/s for which northern organisations can have an added value;
 - Contextual factors (national, international) that influence market development and role/s coming forward to improve these factors in different situations;
 - Indication of role/s expected to become more important in the future;
 - Indicators proposed to monitor effectiveness in terms of role/s in international market chains;
- Matching explicit or implicit change theories with reality and looking ahead (objective 4; figure 2, arrow 4)

The team

We propose a team of 3 northern evaluators and 2 southern ones. We need 3 Northern evaluators because of complementary expertise and language requirements. Lucas Simons will be the team leader and manage the process; the other team members will have specific tasks, as indicated below. Together with the 3 Southern evaluators we will form a close team.

The four northern evaluators are the following:

1. NewForesight, Lucas Simons (LS); Expert in strategic process facilitation, system analysis, and international market chain development. He has worked with numerous different market chains, such as; coffee, tea, cocoa, palm oil, soy, fish and cotton. He will be team leader, undertake interviews and make assessments of international market chains including key role/s to be played¹;
2. AidEnvironment, Joost van Montfort (JvM); Expert in international market chains and organisational development. He has long experience in working with SNV on this subject, and also has excellent gender expertise. He undertook numerous assignments (also evaluations) on market chains, such as bananas, coffee, palm oil, rice, soy and cotton. Fluent in Spanish and long field experience in Latin America, therefore team member of the field studies in Latin America.
3. AidEnvironment, Jan Joost Kessler (JK); Ecologist and evaluator. Expertise in undertaking complex evaluations, especially for NGOs (e.g. ICCO pacific evaluation, Hivos/Novib Biodiversity Fund evaluation), gender aspects, market chain development. He developed the participatory monitoring and learning approach for the Nature and Poverty program. Fluent

¹ It is recognized that Lucas Simons has a potential conflict of interested in the area of finance structures and cotton. With regard to finance; this potential conflict is noted but is not considered relevant for the evaluation. With regard to cotton; Jan Joost Kessler will perform the cotton case study and Lucas Simons will stop all his ICCO cotton activities outside the scope of this evaluation for the duration of this project.

in French and long field experience in West Africa, therefore team member of the field studies in West Africa.

We have excellent connections with potential evaluators in the South, matching the profile as indicated above. The following are the candidates:

- Cyriaque Adjinaou (CA): agro-economist and facilitator, from Benin, with wide expertise in sustainable market chains and cotton market.
- Cesar Paz (CP): (Agronomos y Veterinarios Sin Fronteras VSF- CICDA) is a Peruvian agronomist who has a track record (market development, evaluations, facilitation), working in tropical fruit sector, both in Ecuador and Peru.
- Timber and non-timber forest consultant: to be selected in consultation with ICCO

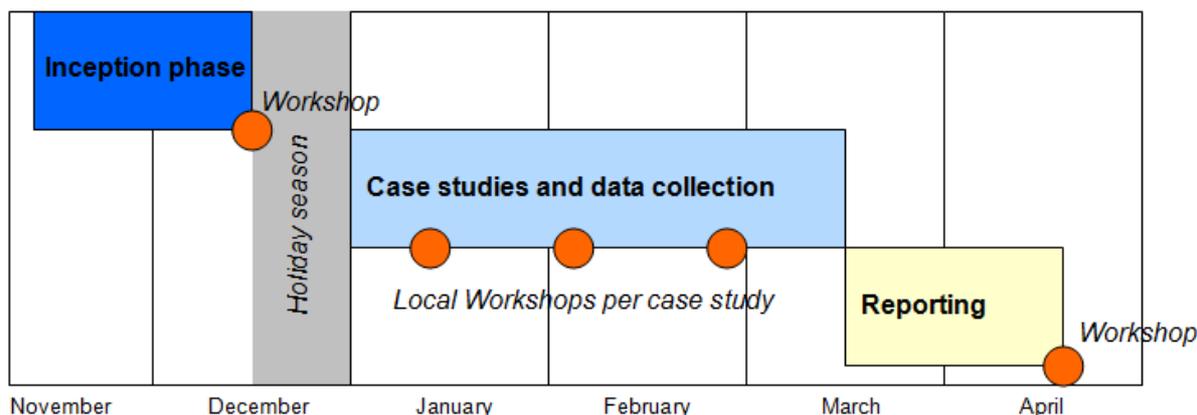
The following scheme indicates the expertise within the team as referring to the ToR.

EXPERTISE	TEAM MEMBERS				
	<i>LS</i>	<i>JvM</i>	<i>JJK</i>	<i>CA</i>	<i>CP</i>
Private sector	XX	X		X	XX
NGO sector	X	X	XX	X	X
Market chain devt.	XX	XX	X	XX	XX
Business aspects	XX	X		X	X
Gender aspects		X	X	XX	X
Financial instruments	XX		X		
Complex evaluations	X		XX	X	
Learning processes	X	X	X	XX	X
Process facilitation and workshop skills	XX	X	XX	XX	XX

Timeline

As indicated in the ToR, the evaluation will take place through 3 phases:

1. Phase I is the inception phase. Detailed activities are indicated above, and estimated time is indicated in the budget. The inception phase will take place between 15 November and 15 December 2009.
2. Phase II of the field studies will be prepared early January, while the actual studies will take place in February. The field study reports will be available early March, and will allow for feedback from partners in the selected case study countries.
3. Phase III of the analysis will take place from mid March to mid April, including sufficient time for feed-back on the draft report by ICCO and Southern case study evaluators and partners involved.



NOTE: experience shows that the critical path is often depended on the capacity and the decision making process of the project owner (ICCO). Any delay in this area may consequently mean a change (prolongation) of the proposed planning and budget.

Budget

Important notes to the budget:

- Because of the extension of this project, NewForesight™ and AidEnvironment have given ICCO a discount on their consultancy fee of 20%. The normal fee is €1.000 per day. The fee given to ICCO for this project is €800 per day.
- The consultancy fee is based on the planning and activities as described in this proposal. However, experience shows that the critical path is often depended on the capacity and the decision making process of the project owner (ICCO). Any delay in this area will consequently mean a change (prolongation) of the proposed planning and budget.
- The northern and southern out-off-pocket expenses are an estimation. The invoicing will be based on the actual expenses made.
- We propose the following payment schedule for the total budget:
 - 30% upon acceptance of the project
 - 30% upon delivery of the draft final report
 - 40% upon the successful completion of the project

The out-off-pocket expenses will be balanced at the end of the project based on total actual expenses and supported by receipts.

Consultancy costs Northern experts	LS	JJK	JvM	total days
Phase I: Inception phase				
Context studies (3 chains, 6 countries)	3	3	3	9
Interviews\ ICCO staff and experts	1	1	1	3
Study of portfolio for selected countries	1	1	1	3
Inception phase report	0,5	1,5	0,5	2,5
Workshop	1	0,5	0,5	2
Elaborated methodology, research approach and planning		1	1	2
TOTAL DAYS PHASE I	6,5	8	7	21,5
Phase II: Case study (3x)				
Fruit				
Field preparation and additional desk research			3	3
Coordination with local consultant			1	1
Travels			3	3
Interviews and workshops (2 countries)			9	9
Draft case study report			2	2
Total days			18	18
Cotton				
Field preparation and additional desk research		3		3
Coordination with local consultant		1		1
Travels		3		3
Interviews and workshops (2 countries)		9		9
Draft case study report		2		2
Total days		18		18
Wood and non-forest				
Field preparation and additional desk research	2,5			2,5
Coordination with local consultant	2			2
Travels	2			2
Interviews and workshops (1 country)	5			5
Draft case study report	2			2
Total days	13,5			13,5
Reporting				
Interviews and finalizing case reports	2	1	1	4
Total days	2	1	1	4
TOTAL DAYS PHASE II	15,5	19	19	53,5
Phase III: Reporting				
case comparison and preliminary conclusion	2	2	0,5	4,5
Workshop preparation and facilitation	2	2	0,5	4,5
Draft report and incorporating comments	4	5		9
TOTAL DAYS PHASE III	8	9	1	18
Subtotal days northern consultancy				93
Days project management				1
Total days northern consultancy				94
* €800 rate per day				75.200,00

Consultancy costs southern Experts		
Case Studies		
Context study per country	4	
Preparation field visit	1	
Field visit	5	
Review and input case study	2	
Total days per case study	12	
* 5 case studies total days southern consultancy		60
* €350 rate per day		21.000,00

TOTAL PROJECT BUDGET		
Consultancy costs		
Northern project team		75.200,00
Southern project team		21.000,00
Total consultancy costs		96.200,00
Northern out-off-pocket costs		
Tickets	5 cases * €1200 average rate ticket	6.000,00
Daily allowance	5 cases * 5 days* €150 average rate	3.750,00
Total northern out-off-pocket costs		9.750,00
Southern out-off-pocket costs		
Travel € 200 per case	€ 200 per case * 5 cases	1.000,00
DSA Southern experts 5 countries 5 days	€ 150 per day * 5 days * 5 cases	3.750,00
Location and lunch for workshop (5x)	€ 200 per case * 5 cases	1.000,00
Total southern out-off-pocket costs		5.750,00
Invite Southern partners in final evaluation workshop (total of 6 partners)		
Tickets	6 * €1200 average rate ticket	7.200,00
Accommodation	6 * 2 days * €100 average hotel rate	1.200,00
Daily allowance (food & beverages)	6 * 2 days * €50 average allowance	600,00
		9.000,00
Sub total project costs €		120.700,00
19% VAT of 81.900 (northern consultancy) €		14.288,00
Contingencies €		5.000,00
TOTAL PROJECT BUDGET €		139.988,00

About New Foresight

Founded in 2008, *NewForesight™* is a strategic consultancy company and social venture organization. Our expertise is in sustainable Market Transformation Processes, Sustainable Supply Chains, Multi Stakeholder Processes, Strategic Marketing and Certification programs.

Examples of current and former clients are:

- IFC: Cocoa sector analysis and advise on sector transformation strategies.
- Dutch Sustainable Trade Initiative (IDH) strategic revision and monitoring protocol development
- Dutch Sustainable trade Initiative (IDH) and WWF International: Setting up the Aquaculture Stewardship Council (ASC) and developing global improvement programs.
- Dutch Sustainable trade Initiative (IDH): Building a global program for linking Sustainable cotton to mainstream supply chains.
- IFC: Support for the development of the 'Sustainable Agricultural Commodity Initiative' (SACI) platform and related advisory services.
- Ministry of Foreign Affairs: Expert and process mediation for the development of social criteria for sustainable purchasing for the Dutch government.
- ICCO: Expert representative in the Better Cotton Initiative (BCI) Steering Group.
- Dutch Sustainable trade Initiative (IDH): Process leader in creating a common improvement agenda for the global tea market.

NewForesight™ is also founder of *ForeFinance™*, an innovating Mainstream AgriFinance concept that links local and international mainstream financial markets to professional and sustainable producer organizations in the South through a credit rating and track record system.

About AidEnvironment

Aidenvironment is a value-driven, independent not-for-profit consultancy. We advise private and public organizations in solving sustainability issues. In our thinking and action we are committed, result-oriented, unifying and enterprising. Our ambition as a consultancy is to play an active part in realizing our vision for the future. Our mission, therefore, is to advise, support and encourage decision makers and opinion leaders in realizing their ambitions for sustainability. We pursue this mission by working with influential organizations and people who want to integrate economic, ecological and social aspects into their decision making and make tangible and significant achievements towards a more sustainable world.

Implementation is an essential part of our services. We design, support and manage programs and projects that enhance sustainability 'in the field'. We enable public and private parties to realize sustainable initiatives with market potential. Our services are grouped into five complementary clusters: research and analysis, policy and strategy development, program design, management and evaluation, sustainable business development, facilitation and capacity enhancement. Aidenvironment's expertise covers a wide range of sustainability themes. Initially we focused primarily on 'green' issues, such as ecosystems and biodiversity. These were later expanded to include the trade chains for green raw materials. At the moment we work on 5 thematic areas: agro-commodities, nature and poverty, biomass - biofuels, corporate social responsibility, access to water and sanitation.

With offices in the Netherlands, Malaysia, and Indonesia, we work for a broad spectrum of international clients: companies, trade associations, financial institutions, multilateral organizations, the European Union, government departments, embassies, non-governmental organizations, nature conservation and development organizations, research institutes and private funds.

APPENDIX 3: Main findings of the inception phase report

Due to the time constraint, this inception phase report has not been finalized. Findings used in the final evaluation report have been removed from this Appendix. Only findings that serve as a basis for further elaboration in the final evaluation report can be found here.

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1. Initial insights and hypotheses

1.1 Evaluation period of 2005-2009 is a period of major transitions

1. It covers two different policy periods:
 - Period 2003-2006
 - Period 2007-2010
2. It includes the rise of SFED as a program, not anymore a cross-cutting sector:
 - ICCO theme and unit in period I (2005) with separate staff
 - Strong budget increase
 - Now of three main programs (policy shift)
3. Major planning and monitoring shift:
 - Period 2003-2006 more qualitative reporting
 - Period 2007-2010 quantitative DRAM framework as answer to tailor made monitoring which is requested by DGIS
 - MP included approach for qualitative assessment; in its design ICCO purposely claimed room for qualitative information besides the quantitative figures mostly given in monitoring
4. 2007 'Kanteling' ICCO organization
 - From Regional to Thematic approach
5. Change in administrative system. New project numbering system.
6. Ongoing paradigm shift
 - From traditional development aid / partner oriented to business oriented development focus (shift not yet realized!)
7. Integration of Kerk in Actie
8. 2009 ongoing decentralization process

1.2 Application of the evaluation approach

Application of the evaluation approach as proposed by the team has been difficult, because:

- Overwhelming amount of documents
- Planning /M&E on ICCO organizational level for SFED, including the 3 sectors under evaluation.
- An information system which is not that easy to use.
- Mix of outcomes, impacts and qualitative indicators that are difficult to interpret at sector level
- Status of policy documents is often unclear: some are just reflection documents
- Need for additional indicators, because DRAM indicators do not cover all activities and roles within the program '*do not tell the whole story*'

- Not easy to get an overview of the whole picture without sufficient guidance and consultation with ICCO staff.
- Took much more time than expected

1.3 Phases of the IM program

IM is a young program and has shown very rapid development, and new products / sectors were developed (for instance for cotton, not so much timber). The following phases can be distinguished:

1. *Pioneer*. In the first phase of a new sector such as cotton, measures were taken to get to know the sector and establish initial contacts (2004-2005). ICCO profiled itself as a Dolphin (not a Shark)¹.
2. *Expansion and experimentation*. There has been rapid expansion of projects and ICCO managed to rapidly raise its profile in the sector. ICCO jumped into every possible opportunity to get involved and make itself visible. This was made possible by a considerable budget. For instance, the budget for cotton increased from € 40,000 in 2004 to € 3.5 million in 2008.
3. *Consolidation and focus*. The pace of expansion was reduced and progress was evaluated (internal evaluation in 2007). Some good conclusions were drawn, but it is not clear whether a new strategy was really developed. For cotton, there is no new strategy. There does not seem to be a real consolidation nor focus. In fact the projects are continued and the diversity of approaches is maintained.

1.4 Strategic choices and focus of the IM program

Focus can be realized in different ways: sectors, themes within sectors, roles of ICCO.

Three sectors were defined (cotton, timber and tropical fruit), because it enables focus, more specialization (in house) and eventually more impact. However, all three sectors are still very broad, with a range of possible activities to be carried out. The question is whether ICCO wants to maintain diversity, also with respect to regional programs, or define a clear focus.

Clearly, ICCO wants to focus in terms of its roles to play. Fundamental to that choice is the strategic decision between being primarily development or business oriented. This has many consequences.

From development oriented	To business oriented
Traditional community oriented partners	More commercial partners
SMEs as main (local) business partners	Include also larger international companies
Supply driven	Demand driven
Community / development as main driver	Economic / business development as main driver.
Strategic financing and social capacity building	Commercial capacity building and brokerage
Country or region focus	Product and portfolio focus
Careful selection and accountable decisions making, not opportunistic	Fast, more opportunistic and flexible approach to respond to business opportunities
Target groups are the smallholders	Target groups are small businesses
Internal staff expertise and experience in development sector	Internal staff expertise and experience in private sector

1.5 Framework for strategic choices on ICCO's role: two (or three) different worlds!

The discussion about ICCO's role is difficult to structure, if there is no simple picture of how the world looks like. ICCO's role to play must be placed within the broader picture of the international markets playing field, specifically for the three selected sectors. The following scheme shows the most important elements, including:

¹ Dolphin NGO: business friendly, intelligent approach; Shark NGO: narrow vision, easy targets, risky. Source: Terms of Endearment; Business, NGO's and sustainable development, Jem Bendel, 2000.

- *horizontal relations* between target groups and other local stakeholders in a given region; with local issues at stake such as food security, farming systems, etc.
- *the vertical relations* between key actors in the market chain of a given sector; with private sector agencies mainly and value chain issues such as power relations, vertical integration, north-south relations etc.,
- *the enabling context* with key actors such as public sector and civil society agencies.

The development oriented orientation is mainly associated with the horizontal relations, and may be characterized as follows:

- Complex local relations, rather predictable, slow change processes, projects take long
- Community or producers are central
- Innovation is slow, everyone should follow
- Many relations are based on trust
- Change has to come from the people themselves
- Results / impacts are measured by number of people (reducing poverty) and ultimately also in a raise of income
- ICCO stays loyal (“is the last one to turn out the lights”)

The business oriented orientation is mainly associated with the vertical relations, and may be characterized as follows:

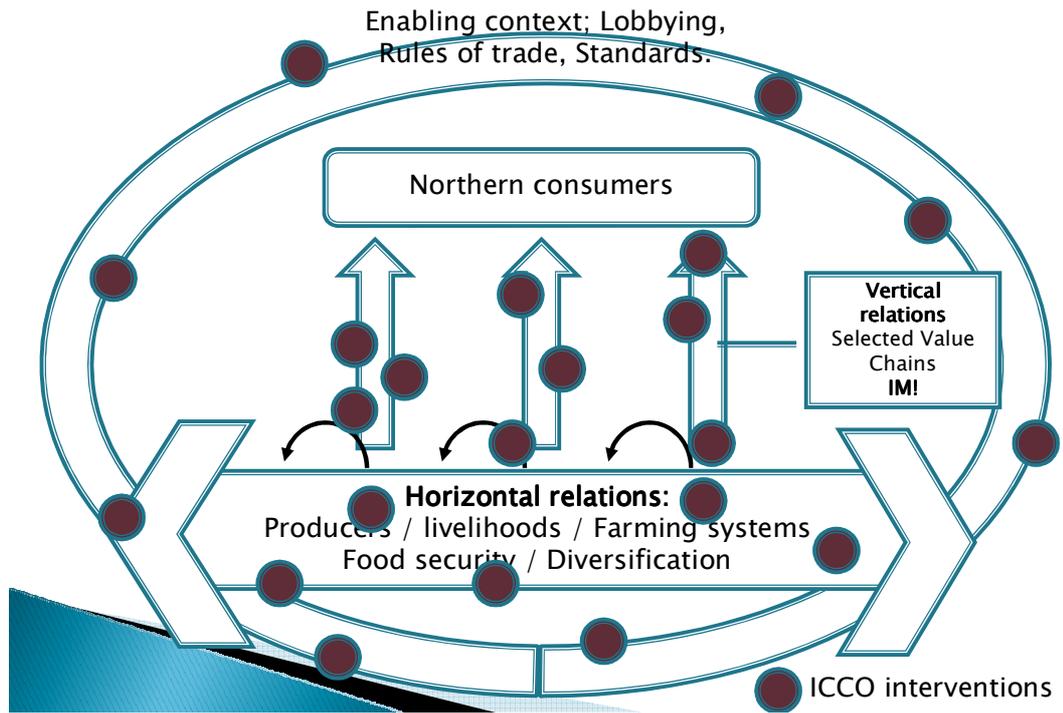
- Trade / business focus, unpredictable changes, rapidly emerging opportunities, boom and bust dynamics
- Innovation is quick and strongly supported
- A deal is a deal, relations are based on contracts, action oriented
- Results / impacts are measured by market changes
- We work with the ones who are willing and able, frontrunners

The third orientation is that on the enabling context. This is again another story, and may be characterized as follows:

- Diplomacy and negotiations
- Consistency
- Innovation in development

These different strategic orientations lead to very different choices for partners, different programs/projects, different objectives, different expectations and different measures for success!

This picture can also be used to specify for different sectors and areas, (i) ICCO’s theory of change, (ii) ICCO’s desirable interventions, and (iii) ICCO’s role to play in this playing field.



1.6 Preliminary analysis of findings

Evaluation criteria for Relevance, Effectiveness, Impact and Sustainability from the entry point of poverty alleviation.

Evaluation criteria for Relevance: *Assessment of the pertinence, connection or applicability of the program activities in relation to the intended end results, outcomes and impacts.*

Elements

- Choice sector in relationship to overall goal poverty reduction
- Choice of countries
 - Number of smallholders/producers
 - Sector has potential for improvements
 - Sector has ongoing positive changes
 - EU or NL have significant trade interests in sector
 - ICCO can make a difference
- Selected target groups in relation to sector problem analysis
- Strategic choices (in relation to the sector and regional problem analysis)

Evaluation criteria for Effectiveness: *Assessment of the organization's and programs adequacy to accomplish a purpose or producing the intended or expected result.*

Elements

1. Match results against targets
 - Match results against project and program results against output/outcome ICCO (DRAM) indicators
 - Verify these results and correct reporting in case studies.
 - Establish quality of results
2. Establish additional criteria and indicators that complement the current set of indicators.
3. Match skills set of the ICCO organization and of partner organizations against required skill set

Evaluation criteria for Impact: *The positive and negative, primary and secondary long term effects produced by a development intervention, directly or indirectly, intended or unintended*

Elements

Match results against ICCO Impact indicators
Verify results through case study
Note: This evaluation will not go too deep into impact analysis

Evaluation criteria for Sustainability: *Assessment whether the achieved results will sustain in the long term, depending upon social, institutional, financial and environmental criteria mainly*

Elements

- Effective transfer of knowledge & skills
- Lastingness of relationships
- Profitability of involved partner companies
- Reputation of partner organization
- Effective change of (Inter)national policies
- Effective influence and change of (trade) standards and the success of the trade standards (supply-demand).

2. Proposal for detailed case studies

2.1 Evaluation Framework

For the evaluation of the IM program, and the more specific evaluations during the case studies, the approach we will follow a three-pronged approach:

1. Look at the projects that are part of the case studies, and make a relevant selection of these to be studied in-depth. The project documents will indicate the set objectives and targets, and the evaluation will look at whether these have been realised. Apart from that, we will look in detail at the roles played by ICCO and its partners. Note that for every sector there is a case study in the South, (and in some cases) a set of projects executed in the North.
2. Look at the indicators as asset by the DRAM logic, and focus at understanding the quality behind the quantitative data. To do so we have formulated a number of points of attention. These are partly derived from existing sector and regional strategic plans, so these are indeed aims within the IM program. In addition, we have included other indicators which are not captured by the existing DRAM indicators – see table 1 below.
3. Look at the relations between the Southern and Northern projects. This is one of the key elements and added values of the IM program and critical for realising its main objectives. Main questions are listed under additional indicators.

Table 1: indicators (numbers) and quality criteria to be used (bullets)

Intervention strategy	Output partners / Outcome	Outcome partners / Impact
Poverty Alleviation (DBA)	<ol style="list-style-type: none"> 1. # of producer organisations with an increased access to international markets <ul style="list-style-type: none"> • Organic, fair trade or mainstream • Domestic or international, relations? • Viable market models developed • Sector crop and other (rotation) crops • Raw products and added value products • Number of farmers converted from conventional to sustainable • Access to support services 	<ol style="list-style-type: none"> 1. # of involved producers and employees with improved incomes due to involvement in international markets <ul style="list-style-type: none"> • Producers and laborers • Gender distinctions • Incomes, less debts • Proportion of overall incomes • Dependency of the crop
Institutional Development (MO)	<ol style="list-style-type: none"> 1. # of organizations with a business plan aimed at economic sustainability <ul style="list-style-type: none"> • Access to knowledge • Capacity to innovate • Access to sustainable finance • Marketing expertise • Adequate service provision to members • Partnership with public/private sector • Good / better contracts and capacities • Access to government programs • Leadership qualities • More broad income source 	<ol style="list-style-type: none"> 1. # of employers with improved competencies, production and labor conditions (according to ILO standards) <ul style="list-style-type: none"> • Less child labor • Improved working conditions • Gender equity • Autonomy to manage own interests
	<ol style="list-style-type: none"> 2. # of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context <ul style="list-style-type: none"> • Effect of lobby activities 	<ol style="list-style-type: none"> 2. # of policy influencing bodies with increased member participation and organizational capacity <ul style="list-style-type: none"> • Increased member participation • Improved capacities
Policy	<ol style="list-style-type: none"> 1. # of coalition partners that campaigns for 	<ol style="list-style-type: none"> 1. # of regional/multilateral free trade

<i>Intervention strategy</i>	<i>Output partners / Outcome</i>	<i>Outcome partners / Impact</i>
Influence (BB)	regional and multilateral free trade <ul style="list-style-type: none"> • Number and quality of free trade agreements 	agreements with a successful track record <ul style="list-style-type: none"> • Effect of free trade agreement
	2. # of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers <ul style="list-style-type: none"> • Acceptance of sustainability standards 	2. # of countries where policy was improved for benefit of small producers in IM <ul style="list-style-type: none"> • Policies favourable for organic, free trade, mainstream • Policies favouring small farmers • Improved financial systems / services • Improved legal frameworks
	3. # of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place <ul style="list-style-type: none"> • National policies more harmonised • National policies better developed 	3. # of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved <ul style="list-style-type: none"> • Implementation of these standards • Adequate quality control systems

2.2 Additional outcome indicators for case studies

1. Improved South-North relations in sector
 - Number of N-S initiatives promoted by ICCO
 - Quality / success of N-S initiatives (impact, sustainability, outreach, ...?)
 - Capacity of South or North organisations to find each other
2. Number of companies with which ICCO has established contacts / initiated projects
 - Type of relation developed (organisation (e.g. joint venture), market contract, network , opportunistic free format, investment in relation / shared objective, frequency,)
 - Mutual trust
 - Progress within company on sustainability (ranging from no activities on CSR, to CSR initiatives, reporting and CSR as key task management).
 - Development or adoption of CSR policy due to ICCO
3. Increased added value activities and incomes in South.
 - Proportion of added value activities in the South
 - Impact on income (stabilisation)
4. Quality of sustainability quality standards
 - (external) Control mechanisms
 - Rate of adoption

5. Less environmental pollution and improved health conditions:
 - Use of agro-chemicals
 - Health conditions among producers
 - Reduced dependency on of agro-chemicals

6. Number of viable financial mechanisms developed:
 - Different types of mechanisms tested
 - Different types of mechanisms adopted by partners (total value, # of beneficiaries, conditions, default rate)

7. Number of standards influenced by ICCO in the North:
 - Harmonisation of standards and certification systems (and on which issues?)
 - Improved acceptance of standards by private sector
 - Improved knowledge of standards by PO's(?)_
 - – see ToR

8. Knowledge / capacities on agricultural and marketing aspects of products (markets; financial aspects, production itself) – see ToR
 - Research findings on certification

Questionnaire checklist for case studies

1. Overview of available program / strategic plan/s, especially for sector.

2. Overview of relevant projects, with indication of main parameters: partner, budget, time period, strategic theme.

3. With each partner, organisational points to discuss:
 - Mission of partner organisation
 - Main funding sources (who, size, duration and what activities do they fund). How important is ICCO (project), in financial terms, in terms of supporting the partner to pursue its mission?
 - Since when involved in ICCO?

4. With each partner, sector issues to discuss:
 - Experience in the sector? What other projects in the sector? Regional presence?
 - Main problems and opportunities in the sector? What are important gender issues?
 - What is the theory of change / intervention logic with respect to improvement of the sector?
 - What is (has been?) the expected or desirable contribution of the partner organisation to this change?
 - What should be ICCO's focus to improve the value chain of the sector (and in particular the position of small holders and/or plantation workers)?

5. For each project, discuss with partner/s:
 - How was the project established? Was the process of getting to an agreement satisfactory? Was the original project design changed? If yes, how? Describe the process (and/or major achievements) of project from plan to its current state?
 - *Relevance*. Why was this project identified? How does it fit in a larger sector context?

- *Effectiveness*. What are the project objectives and expected results, as agreed with ICCO (in contract)? Have these objectives and expected results been realised? Or (when?) will these objectives and expected results be realised? What have been unexpected results?
 - *Impacts*. What are the benefits of the project for people, in terms of incomes, working conditions, knowledge, capacities, ... Be gender specific.
6. If the expected results have not been achieved, how can this be explained? How could ICCO have contributed to achieving the desired results?
 7. For each project, look at the checklist of indicators (see checklist), check in quantity and quality the contribution to these indicators. Especially also discuss:
 - Relationship with northern projects / companies for marketing potentials;
 - Relationship between international markets and local markets.
 - How is the project sustained after eventual withdrawal from ICCO?
 8. Concerning the roles in the sector (see checklist):
 - What role did you (the partner organisation) take? Has this role changed over time?
 - How do you perceive ICCO's role(s) and was it appropriate within the sector? (What role did ICCO take?) Has this role changed over time?
 - Has this role been successful? What has been the added value of this role?
 - Do you and ICCO have the right skills, experience, knowledge, networks to successfully fulfil this role? Which are the most important skills? If not, what is missing?
 - What are important success factors?
 - What will be ICCO's main added value in the future ? What are recommendations about future roles?
 9. What are other important projects / players in the sector, like ICCO? What roles do they play? Are these different, or is there overlap?
 10. What are important lessons learned in the past years, with respect to the sector and the projects you have been working on with ICCO?

2.3 Case study preparation

Per case study country we will collect and summaries the relevant project documents per partner organization. This summary contains a matrix with objectives, approach, progress, results and points of attentions (hypothesis). These will be send to the South consultant.

We will ask the South consultant to contact the partner organizations, introduce himself and the assignment and already collect the relevant documents related to the project from the partner organization perspective. Special point of attention is to emphasize that we will not evaluate the work of the partner organization but ICCO's work and roles.

The South consultant will analyze and summaries these document and make an overview from the original project business plan, objectives, approach, progress and results based on these documents. This way we can include in our evaluation the point of view, opinion and experience from the partner organizations.

Furthermore the South Consultant will prepare with the partner organization the interviews (see questionnaire above) and field visits. During the interviews and field visits we will verify the conclusions from the South Consultant and elaborate more on the role that ICCO played in this projects and support, feedback and information that the partner organizations received form ICCO. Moreover verify the results using the original and additional indicators and we will verify the quality of the results.

The case study week will end with a workshop with all partner organizations. The workshop will also be planned and (logistically) prepared by the South consultant

Workshop outline:

The intention is to close off each country study with a workshop for which all partners will be invited.

- Completing the collection of data and information, filling in remaining gaps
- Presenting and testing preliminary conclusions on country sector study and linking it to 'the theory of change'.
- Lessons learnt
- Identifying what is still needed to realize the set objectives, especially support required from ICCO
- Discussion ICCO's current and future role/s for optimal added value

3. Roles of ICCO

- ▶ Main roles
 - Strategic financier
 - Capacity building
 - Broker
 - Advocacy and Lobbying
- ▶ Are container concepts.
- ▶ Model is missing that explains;
 - Why specifically these roles?
 - When to play what role? Timing? And when to stop ?
 - What do you need (competencies and capacities)?
 - What determines success?
- ▶ Role depends on intended objective, target group, composition of value chain, (inter)national context
- ▶ And different objectives and different target groups require different skills, mentalities, networks/partners, experience, background, education, facilities, etc.

	Role	Main objective	Target group / beneficiaries	Functions / dimensions	Required skills / services
1	Brokerage / matchmaking	Connecting actors within (or) around value chains in order to establish long lasting relationships supportive of sustainability	<ul style="list-style-type: none"> • Linking different partner organizations • Linking actors within the product chain (National markets or international markets chains) • Linking partner organizations or communities with companies (NL or worldwide) • Linking partner organizations or communities with NL Society • Linking partner organizations with other sources of financing 	<ul style="list-style-type: none"> • Give overview of different partner organizations • Provide insight in value chain dynamics • Assessment of needs and organizational comparability's (strength and weaknesses) • Provide insight in key actors and power relations • Provide up-to-date information on markets • Develop or prepare deals/ contracts between market players 	<p><i>Knowledge and skills</i></p> <ul style="list-style-type: none"> • Value chain analysis models and tools • Value chain stakeholder analysis, power relations tools and models • Market analysis tools and models • Technical sector and trade knowledge • Skills to translate and bridge language, cultural, knowledge and attitude GAP's <p><i>Internal Organization</i></p> <ul style="list-style-type: none"> • Economic and business insights skills. • Entrepreneurial, opportunistic and flexible attitude and organization (decision making) <p>Possible Competitors: Share People, Traders, Commercial brokers</p>
2	Facilitation (of trade standards and regulations)	Support the development of sustainable value chains (note: ICCO does not want to become a market player)	<p>Initiation, Co-Creation or Influencing of:</p> <ul style="list-style-type: none"> • Sector platforms • Round tables • Sustainable value chain initiatives • Certification initiatives Development of different financial mechanisms • National or local governments or stakeholder platforms 	<ul style="list-style-type: none"> • Facilitate the dialogue by creating mutual understanding and build trust. • Provide knowledge and insights for development of sustainability standards. • Harmonization of standards • Analysis and information inputs, knowledge management • Conflict management and mediation • Governance in value chain • Sector transformations strategy development 	<p><i>Knowledge and Skills</i></p> <ul style="list-style-type: none"> • Diplomatic and negotiation skills • Translation, bridging and Mediation skills • Creation of Strategic Visions skills • System thinking skills • Practical knowledge of local practices <p><i>Internal Organization</i></p> <ul style="list-style-type: none"> • Being part of standard setting is a long term commitment. • Have a clear vision on what it is you want and how to get it. And the willingness to 'fight' for it. • Network and resources to have pilot projects to test out new methods and standards. <p><i>External</i></p> <ul style="list-style-type: none"> • ICCO can only play this role well by being independent and trusted by all key players. <p>Possible Competitors: several, • Other NGO's; Solidaridad, Oxfam Novib, WWF, IDH</p>

3	Capacity building	Build capacity of value chain actors to enable them to adequately play their role/s	<ul style="list-style-type: none"> • Chain actors • Grass roots organizations, • Partner organizations • Increasingly with Northern companies • National / local consultants 	<ul style="list-style-type: none"> • Analysis of capacity development needs • Technical capacity building (BMP's, production, processing, etc) • Project management (planning, monitoring, strategy, evaluation, management, ...) • Adequate service provision • Capacity for inter-organizational collaboration • Capacity building of national facilitators/brokers to take over role 	<p><i>Knowledge and skills</i></p> <ul style="list-style-type: none"> • Global / local knowledge and • Project management skills • Analyzing skills and model • Negotiation skills • Effective knowledge transfer skills • Technical sector, production, processing and trade skills <p><i>Internal organization</i></p> <ul style="list-style-type: none"> • Have global network of relevant local partner organizations • Vision on what kind of partners are needed for what program/objective. • Performance driven attitude <p>External:</p> <ul style="list-style-type: none"> • Icco must be accepted by their partner organization as a capacity builder. <p>Possible Competitors: other NGO's, SNV, IDH</p>
4	Lobby and communication	Influencing or changing barriers for development of more sustainable value chains by creating urgency and awareness on underlying problems	<ul style="list-style-type: none"> • To individual Companies • To a sector (branch organizations) • Towards Local governments • Northern National governments • To EU or International governmental institutes 	<ul style="list-style-type: none"> • Problem-cause and effect analysis • Awareness raising • Influencing public policies • Creating level playing field • Influencing private sector policies • Building up evidence • Early warning networks • Campaigning 	<p><i>Knowledge and skills</i></p> <ul style="list-style-type: none"> • System analyzing sills • Deep insight in political decision making process • Effective Communicating and Campaigning skills <p><i>Internal organization</i></p> <ul style="list-style-type: none"> • Access to politicians and influential decision makers • Network of effective (International and local) lobbyists <p>Possible Competitors: other NGO's like Oxfam, WWF, Friends of the Earth, Greenpeace.</p>

5	Financier / Donor	Enable growth, innovation, new activities, investments.	<ul style="list-style-type: none"> • Partner organizations • Directly to chain actors 	<ul style="list-style-type: none"> • Provide donations / grants • Provide capital injections • Provide seed capital • Provide guarantees • Provide (agri) loans • Equity/Shareholding • Core funding of organizations (instead of projects/programs) 	<p><i>Knowledge and skills</i></p> <ul style="list-style-type: none"> • Assess business plans and budgets • Assess capacity of (partner) organizations • Assess consequences of loan (market distortion) • Financial audits skills <p><i>Internal organization</i></p> <ul style="list-style-type: none"> • Have a clear vision on what needs funding and what doesn't • Have clear and consistent guidelines and criteria for staff to assess business plans • Be able to say no to requests. • Have a clear exit strategy and mentality. • Be performance driven.
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Appendix 4 Overview Sources

Cotton

Main interviews

ICCO

- Gemma Boetekees – coordinator IM
- Marian van Weert – cotton specialist IM
- Wilfried Schasfoort – PO cotton West Africa and regional coordinator Africa for SFED
- Jeroen de Vries – PO cotton Latin America
- Joost van Hee – PO cotton Central Asia and India
- Jeroen Klomp – former cotton specialist IM
- Guus Paardekooper – programme coordinator Asia
- Mrs. Isabelle Pistone, responsible for the cotton program regional office West Africa
- Mr. Peter Oomen, the regional director West Africa

Northern Partners

- Max Havelaar: Roosmarie Ruigrok
- Fair Wear Foundation: Erica van Doorn
- Organic Exchange: LaRhea Pepper en Simon Ferigno
- BCI: Lise Melvin

In West-Africa

- Helvetas Mali in Bamako, with Mr. Franck Merceron and Mr. Siaka Doumba.
- One day field visit with Mobiom in Bogouni, meeting amongst others the director Mr. Sidy El Moctar Nguiro. During the field visit the village of Torakoro was visited where a discussion was held with farmers involved in the organic and fair trade cotton program.
- Staff of the Aproca permanent Secretariat, being the coordinator (Mr. Sidibé), the communication expert (Mr. Dioma Komonsira) and the accountant (Mrs. Sakilba Diarra). The director Mr. Ouattara Mamadou was out of the country, but has kindly completed a questionnaire with answers to all the questions of this evaluation.
- SNV (Mr. Mahamadi Diawara) in Bamako
- Yiriwa (Mr. Kees-Jan van Til) in Bamako
- Mr. Thiero, being staff of the CMDT until recently, being involved in some of the projects supported by ICCO
- Mr. Cavana, of the AFD French development aid office, responsible for the cotton support program;

Main documents

- ICCO policy plans for the evaluation period
- ICCO annual reports for the evaluation period
- Programme plan International Markets 2007-2010 (18/12/2005)
- Programme plan Cotton sector, two versions (22/12/2005 and 14/01/2008)
- Programme plan for cotton sector West Africa
- Programme plan for cotton sector Central Asia
- Programme plan for cotton sector India
- Programme plan for cotton sector Latin America
- Evaluation of the Helvetas organic fair trade cotton programme 2006-2008
- Impact assessment of organic fair trade cotton in Burkina Faso, campaign 2008/09
- Organic Exchange Farm and Fibre Report 2009
- Business plan of Mobiom 2008-2012, version January 2009
- First semester report new Pro-Fil report of Helvetas
- Second semester report 2009 by Mobiom.
- Aproca strategic plan 2007-2011
- Aproca progress report of 2007 and the progress report of 2008
- The results and action plan of the regional conference in Ségou (November 2009)
- The business plan for Yiriwa trade house, from September 2008
- The Yiriwa business plan 2009-2014 from April 2009
- The Yiriwa 2009 annual report
- The Yiriwa plan d'accompagnement for 2009-2010
- Economic impact of NGO-Private sector partnerships for value chain development in West Africa. Case study on fair trade cotton-garment in Burkina Faso. ECSAD. April 2009.
- ECSAD rough guide to partnerships for development

Fruits

Main interviews

ICCO

- Marije Rehebergen -- Fruit specialist
- Marjoleine Motz --Certification specialist
- Tony Terpstra -- Relation manager Andes)
- Luitzen Faber -- Previous relation manager Andes
- Gerard Zwetsloot – CSR Latin America
- Joke Langbroek – Previous manager Latin America
- Wilfried Schasfoort – PO cotton West Africa
- Guus Paardekooper – Previous program coordinator Asia, currently in charge of Latin America
- Willemijn Lammers, -- Manager DREO, also involved in relations with AHF

Nothern Partners

- Luud Clerx, Taste
- Herman uit ten Bosch (FMS / Previous manager ICCO)
- Volkert Engelsman, EOSTA
- Hugo Skoppek, Nature and More
- Connie Valkhof, Fair Trade Original
- Maarten Rijninks, Fair Connect
- Adrian Syn, FLO
- Bert Jongert, Max Havelaar

In Ecuador/Peru

- Lianne Zoetewij, El Guabo
- Julio Alvarez, Ministerio de Agricultura
- David Acurio, Consejo Provincial de Azuay
- Javier Gutierrez, Fundacion Zamorano
- Manuel Aguirre, FLO Peru
- Representatives of the Partner Organisations & User Organisations

Main documents

- ICCO annual and quarterly reports for the evaluation period
- Programme plan International Markets 2007-2010
- Programme plan Fruit sector, many versions
- Programme plan for fruit sector West Africa 2007-2010
- Programme plan for fruit sector Latin America 2007-2010
- ECSAD case study on fruits
- ECSAD rough guide to partnerships for development

Forestry

Main Interviews

ICCO

- Willemijn Lammers – Program Manager DREO
- Gemma Boetekees – Coördinator IM
- Harry Schreppers –Forest Specialist
- Frida van der Veen - Forest Specialist
- Marjoleine Motz – Specialist certification
- Rob Witte – DREO Learning facilitator
- Petra Hamers Coordinator Chain Development
- Simon Runia – RB PNG – support forestry
- Maria Pia Hernandez – Regio office LA
- Jeroen Oostenenk –Unilever Allan Blackia manager
- Wiebe van der Horst – Burgland Charitas
- Stijn Hemel – Managing Director Precious Woods
- Herman Uitdenbosch – FairMatch support (former manager IM)

Northern Partners

- Jeroen Oostenenk –Unilever Allan Blackia manager
- Wiebe van der Horst – Burgland Charitas

- Stijn Hemel – Managing Director Precious Woods
- Herman Uitenbosch – FairMatch support (former manager IM)

In Guatemala

- *UtzChe*: Through participation in a member workshop. Interviews with manager and members.
- *ACICAFOC*: Through participation in a member workshop and personal meetings with the manager.
- *ASILCOM*: Through a meeting in their office, interviews with staff and a whole day field visit. Two of their replanting areas were visited.
- *ACOFOP*: Through a meeting in their office with the whole management team, field visits to two member organizations, visiting a carpentry factory, local hotel chain and women's projects.
- *FORESCOM*: Through a meeting with the board of directors and management team and a factory visit.

Main Documents

- ICCO policy plans for the evaluation period
- ICCO annual reports for the evaluation period
- Verslag beleidsdagen AIM-IM 16,17 Januari 2006
- Lessons learned in Sustainable Forest Management (date unknown)
- ICCO reflectiebijeenkomst programmatisch werken IM 14 november 2006
- Strategic positioning of ICCO in forest products, 2006-2010
- Theme-program plan 2007-2010 IM, annex Forest Products
- Program Plan Global Forestry 2007-2010
- Annual Plan 2005, 2006, 2007, 2008, 2009, 2010
- Program Plan Forestry Latin America; Guatemala, Honduras, Nicaragua & regional Brazil, 2008-2010
- Program Plan Forestry Latin America; Guatemala, Honduras, Nicaragua & regional (Brazil), 2009
- Program Plan Community and Small holders Forest Management, Brazil, 2008-2012
- Program Plan IDH timber and NTFP's Netherlands, Peru, Brazil, Bolivia, 2008-2012
- Project plan IDH-IMAFLORA Brazil, 2009- to date
- Pacific Country Plan 2002-2006
- Progression memo FPCD Ecoforestry program, Pacific 2004-2005
- Country Annual Plan Pacific 2005
- Country Annual Plan Pacific 2006
- Sustainable Forest Management in Solomon Islands and Papua New Guinea, 2009-2011
- Program Plan IM Sustainable Forest Management SI + PNG, 2009¹
- Program Plan IM & LM Forestry West-Africa, 2008-2010
- Decision paper Allan Blackia in Liberia, 2008
- Project plan Allan Blackia Business Consultancy Value Chain Development Liberia, 2009
- Project plan Allan Blackia Value Chain Development, 2009-2011
- Project plan Natural Plan Products for Rural Livelihood Improvement Liberia, 2009-2011
- Project plan Natural Plan Products for Rural Livelihood Improvement Ghana, 2009-2011
- Progress memo Consolidated Asunafo CBFM Project Ghana, 2004-2007
- Intake memo FSC Certification Ghana, 2004-2006
- Program Plan IM & LM Cameroon, 2008-2010
- Project plan Community Forest & Trading Java, 2007-2011
- Project documents ACICAFOC
- Project documents ACOFOP
- Project documents Forescom

¹ Date of writing: 10 Feb. 2009

- Project documents UtzChe
- Project documents Asilcom
- External evaluation Forcert, 2007
- ECSAD rough guide to partnerships for development, may 2009
- ECSAD, Partnerships, Power and Equity in global commodity chains, 2004

Appendix 5: DRAM matrix IM
INTERNATIONAL MARKETS

Period 2003-2006	Period 2007-2010
<p style="text-align: center;">Objectives</p> <p><u>Overall objective ICCO:</u> Structural poverty reduction and realization of internationally recognized human rights.</p> <p><u>Objective DREO:</u> Fair market access for producer organizations that will lead to a sustainable economical livelihood.</p> <p><u>Objective IM:</u> Not available</p>	<p style="text-align: center;">Objectives</p> <p><u>Overall objective ICCO:</u> not available</p> <p><u>Objective DREO:</u> not available</p> <p><u>Objective IM:</u> small producers and labourers in three sectors get access to international market and add value to their products, thus bringing about structural change in the sector and improved socio-economic position.</p> <p>Major attention in IM for:</p> <ul style="list-style-type: none"> • Processing of products for added value in the South, with higher incomes; • Structural improvements of labour conditions • Strengthening of producers organizations in the South • Creating / improving markets in the North (collaboration with MNEs) • Striving for sustainable products: fair trade, biological, ... • Strengthen service delivery in fields of business and market development • Development of local standards as well as international certification standards in mainstream markets. <p>Separate support program on financial services, with aim to enhance access to micro-financing and innovative financing mechanisms for small producers and enterprises in rural areas.</p> <p>For proposed indicators at outcome and impact level, see below / next page.</p>
<p style="text-align: center;">Values (change theory)</p> <p><u>Core value ICCO:</u> Justice</p> <ul style="list-style-type: none"> • Right of a worthy living • Fair division of power, income and wealth <p>Vision, values IM: not yet available</p>	<p style="text-align: center;">Values (change theory)</p> <p><u>Internal:</u> Fundamental change towards a network organisation with regional / decentralised councils (12) and one international council (1) – in 2010 – with the assumption this will enhance effectiveness (sole local problems).</p> <p><u>Vision:</u> North and South have mutual interests: global agenda; knowledge sharing; role of companies and other actors.</p> <p><u>Key values:</u> leading principle is poverty reduction; working on power structures; the power of religion; gender balance; do what we are good at; think in terms of solutions.</p>
<p style="text-align: center;">Roles</p> <ul style="list-style-type: none"> • <u>Recognized expert and innovative organization</u> in the field of sustainable fair (rural) economy • <u>Network builder:</u> bringing together expertise of development affairs and the corporate world. • <u>Financer:</u> innovative financing for economic development, complementary to private actors, replicable in a mainstream economy 	<p style="text-align: center;">Roles</p> <p>Focus on double role: implementing programs in South and creating commitment and markets in North.</p> <ul style="list-style-type: none"> • <u>Strategic financing:</u> from 2009 on by regional councils, not central • <u>Broker:</u> connect parties for added value, horizontal linkages (in North and South) and vertical (between consumers N and producers S); • <u>Capacity development:</u> partners and members of ICCO Alliance, focus at knowledge management. • <u>Participation and lobby:</u> aim is to enhance commitment, policy influence and participation by new actors. • <u>Networking</u> • <u>Facilitator</u> for harmonisation of standards.

Policy 2007-2010: Indicators IM programme matrix (2008 version) – in italics others suggested by JJK

<i>Intervention strategy</i>	<i>Output partners / Outcome (b)</i>	<i>Outcome partners / Impact (c)</i>
<i>Poverty Alleviation (DBA)</i>	<ol style="list-style-type: none"> 1. # of producer organisations with an increased access to international markets <ul style="list-style-type: none"> • <i># of small producers adding value to their products and having access to international markets with these products</i> 	<ol style="list-style-type: none"> 1. # of involved producers and employees (men, women) with improved incomes due to involvement in international markets
<i>Institutional Development (MO)</i>	<ol style="list-style-type: none"> 1. # of organizations with a business plan aimed at economic sustainability 2. # of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context 	<ol style="list-style-type: none"> 1. # of employers with improved competencies, production and labour conditions (according to ILO standards) 2. # of policy influencing bodies with increased member participation and organizational capacity
<i>Policy Influence (BB)</i>	<ol style="list-style-type: none"> 1. # of coalition partners that campaigns for regional and multilateral free trade 2. # of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers 3. # of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place 	<ol style="list-style-type: none"> 1. # of regional/multilateral free trade agreements with a successful track record 2. # of countries where policy was improved for benefit of small producers in IM 3. # of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved

Targets/ Results /Quality score (T, R, Q) ¹							
		2005	2006	2007	2008	2009	2010
IM	Indicator DAB1b - output: # of producer organizations with increased access to markets ²	T: 38 R: 37	T: 48 ³ R: 50	T: 77 R: 32 Q: 2.9	T: R: 100 Q: 2.6	T: R: Q:	T: 78
	Indicator DAB1c - outcome: # of producers and employers with improved incomes from the IM program			T: 23,737 R: 6,900 Q: 2.5	T: R: 33,280 Q: 2.8	T: R: Q:	T: 270,000
	Indicator MO1b - output: # of organizations with a business plan aimed at economic sustainability			T: 36 R: 14 Q: 2.8	T: R: 54 Q: 2.7	T: R: Q:	T: 78
	Indicator MO1c - outcome # of employers with improved competencies and labour conditions	T=? R=?		T: 16,850 R: 12,000 Q: 2.7	T: R: 37,106 Q: 2.6	T: R: Q:	T: 270,000
	Indicator MO2b – output : # of bodies effectively undertaking lobby activities by themselves			T: 7 R: 0 (??) Q: 1.0	T: R: 12 Q: 3.0	T: R: Q:	T: 14
	Indicator MO2c – outcome: # of bodies with increased member participation and organizational capacity			T: 7 R: 0 (??) Q: 1.0	T: R: 8 Q: 2.7	T: R: Q:	T: 19
	Indicator BB1b – output # of coalition partners that campaigns for regional and multilateral free trade			T: 6 R: 1 Q: 3.5	T: R: 5 Q: 3.3	T: R: Q:	T: 14
	Indicator BB1c – outcome # of regional/multilateral free trade agreements with a successful track record			T: 0 R: 1 Q: 3.5	T: R: 0 Q: 3.3	T: R: Q:	T: 9
	Indicator BB2b - output: # of multi-stakeholder initiatives stimulating use of sustainability standards			T: 6 R: 2 Q: 3.0	T: R: 16 Q: 3.0	T: R: Q:	T: 14
	Indicator BB2c - outcome: # of countries where policy was improved for benefit of small producers in IM			T: 3 R: 1 Q: 3.0	T: R: 5 Q: 2.7	T: R: Q:	T: 9
	Indicator BB3b - output: # of sectors for which more harmonized standards for fair-trade / mainstream			T: R: ?? Q:	T: R: 4 Q: 2.7	T: R: Q:	T: 3

¹ For 2005/2006 measurable indicators, targets and results are hardly available (all qualitative). We tried to fit in the qualitative data in the quantitative indicators of 2006 and further, where possible. Quality scores for 2005/2006 are not available at all.

² Terminology changed (slightly) over the years. 2005/2006: # of producer organizations in sustainable cotton, tropical fruit and timber

³ Target 2006: in business plan 2003-2006: 25 producer organizations. In annual plan of 2005 :49. In annual plan 2006: 48

Targets/ Results /Quality score (T, R, Q) ¹							
		2005	2006	2007	2008	2009	2010
	Indicator BB3c - outcome: # of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved			T: R: ?? Q:	T: R: 1 Q: 3.5	T: R: Q:	T: 3
	Increase of international market access for producers by certification programs	T=? R=?					
		Lessons learned⁴			Lessons learned / remarks		
?	LL before 2003:	<ul style="list-style-type: none"> • Strategies for self-dependence of economical activities should be integrated from the beginning of the execution of the programs • More relationships with strategic partners • Perform base line studies • Make use of context specific PME systems • Partner policy based on accurate selection procedures and good guidance, decreasing to 750 (before: 900) • 48 Focus countries (before: 71) <p>LL 2006:</p> <p>1.Phase II finalized of ECSAD research: main lessons:</p> <ul style="list-style-type: none"> • Partnerships with local partners to get insight in chain development • Transparency in supply chain for risk management and getting insight • Clear common vision and agreement on profits of partners <p>2.Role ICCO</p> <ul style="list-style-type: none"> • Facilitator (capacity building, market access and let go!) • Should develop a more commercial view. <p>3.Other players:</p> <ul style="list-style-type: none"> • Local NGO"s and business development suppliers should be focused on capacity building for market development • Producers organizations should be market focused, commercial with potential to penetrate international, regional and local markets. <p>4.Sectors are chosen based on the following:</p> <ul style="list-style-type: none"> • There is a gap between sustainable supply and demand. • Need for improvement in the chain • Small holders are visible or can become visible 			<ul style="list-style-type: none"> • Is the # of producer organizations the same as number of projects? • Are indicators DAB2 and MO2 the same target group? • 		
√	•						
?	•						
?	•						
?	•						
?	•						
?	•						
?	•						
?	•						
?	•						

⁴ √ = adopted in later years/plans, ? = to be checked whether adopted in later years/plans

Targets/ Results /Quality score (T, R, Q) ¹								
	2005	2006	2007	2008	2009	2010		
	<ul style="list-style-type: none"> • Empowerment in chain in feasible • Perspective on sustainability is good • Dutch and European companies have interest in the chains (timber, fruit, cotton) <ul style="list-style-type: none"> • Products are attractive to consumers • Chain support is available. 							
	<p>Remark:</p> <ul style="list-style-type: none"> • Is the # of producer organizations just the same as the number of projects? <p><u>General remarks regarding the three focus product groups:</u></p> <ul style="list-style-type: none"> • Choices for and adjustments of focus countries unclear. • Qualitative instead of quantitative description of targets and results (a number, several, some, effective...). • Many targets unknown. • Realized qualitative results differ from planned qualitative results. • In the annual plan 2006 the following documents are mentioned: project plan 2005, midterm 2005, project plan2006. Where are they? 							

COTTON

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
Cotton	Indicator DAB1b - output: # of producer organizations with increased access to markets ⁵	T: 11 R: 11 <ul style="list-style-type: none"> Supporting of AProCa (15 mln cotton producers in Africa) in cooperation with SNV Contracting x cotton producers in BF and Mali for bio cotton in cooperation with Helvetas Financing of bio cotton program and fair trade in India in cooperation with Solidaridad. supporting the transformation process to bio cotton in LA. R4: Facilitating exchange between NGO's, producers, companies in Turkey Enrollment of experiences in Brazil and Paraguay to 	T: 15 ⁷ R: 15	T: R: 9 Q:	T: R: 9 Q:	T: R: Q:	T: 15 / 4*

⁵ Difference in terminology 2005/2006: # of producer organizations in sustainable cotton

⁷ Adjusted from 16 to 15 in annual plan 2006 (report 2006 says 16).

		Peru, Nicaragua and...???? ⁶					
	Indicator DAB1c - outcome: # of producers and employers with improved incomes from the IM program	T:? R: price increase of 40% for bio cotton in BF and Mali	T:? R: Same result as in 2005. How is that possible?	T: R: ?? Q:	T: R: 26,350 Q:	T: R: Q:	T: ??
	Indicator MO1b - output: # of organizations with a business plan aimed at economic sustainability			T: R: 9 Q:	T: R: ?? Q:	T: R: Q:	T: 15 / 4*
	Indicator MO1c - outcome # of employers with improved competencies and labour conditions			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T: ??
	Indicator MO2b - output # of organisations effectively under-taking lobby activities by themselves			T: R: 4 Q:	T: R: ?? Q:	T: R: Q:	T: 14
	Indicator MO2c – outcome: # of bodies with increased member participation and organization capacity			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T: ??
	Indicator BB1b – output # of coalition partners that campaigns for regional and multilateral free trade			T: R: 0 Q:	T: R: ?? Q:	T: R: Q:	T: 2
	Indicator BB1c – outcome # of regional/multilateral free trade agreements with good track record			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T: ??
	Indicator BB2b - output: # of multi-stakeholder initiatives stimulating sustainability standards		T: 8 (?) R: 19 : Alliances with Organic Exchange, Solidaridad, Helvetas, YOI, Oxfam Novib, Hivos, SNV, FLO, Max Havelaar and 10 companies	T: R: 3 Q:	T: R: ?? Q:	T: R: Q:	T: 5
	Indicator BB2c - outcome: # of countries where policy was improved for benefit of small producers in IM			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T: ??
	Indicator BB3b - output: # of sectors for which more harmonized			T: R: 1 (BCI)	T: R: ??	T: R:	T: 3

⁶ Are these activities contributing to the above mentioned result?

	standards for fair-trade / mainstream			Q:	Q:	Q:	
	Indicator BB3c - outcome: # of sectors for which quality of chains 'fair trade' and 'mainstream' improved			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T: ??
Remarks				Lessons learned / remarks			
<ul style="list-style-type: none"> Focus countries (annual plan) 2006: Uganda, Ghana, Mali, Peru, Brazil, Paraguay, Nicaragua, Guatemala, India, Tadjikistan. In report 2006: Burkina Faso, Benin, Kirgizia added. Why this change? New role for ICCO in 2006: Broker No transparency on affiliated companies. Why? 				<ul style="list-style-type: none"> * aim is that DAB1 and MO1 are clearly the same! 			

FRUIT

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
Fruit	Indicator DAB1b - output: # of producer organizations with increased access to markets ⁸	T: 15 R: 13 <ul style="list-style-type: none"> Financing West African Fair Fruits in Ghana Partnership with network of 100 co operations (15000 small holders) in Brazil Partnership with FTA ANZ⁹ 	T: 16 R: 16 ¹⁰ <ul style="list-style-type: none"> More mango's exported in BR in Q1 2006 than in entire year 2005 R2: FT mango's exported from Mali Increase of fruit producers in Peru and Nicaragua. 	T: 18 R: 10 Q: 3.0	T: R: 18 Q:	T: R: Q:	T: 8 / 2
	Indicator DAB1c - outcome: # of producers and employers with improved incomes from the IM program			T: 1,801 R: 400 Q: 3.0	T: R: 10 (??) Q:	T: R: Q:	T:
	Indicator MO1b - output: # of organizations with a business plan aimed at economic sustainability			T: 2 R: 8 Q: 2.0	T: R: 7 Q:	T: R: Q:	T: 10
	Indicator MO1c - outcome			T: 15,000	T:	T:	T:

⁸ 2005/2006: # of producer organizations in tropical fruit

⁹ Are these projects part of the realized result?

¹⁰ Unclear indication of figures in report 2006 (p.28); confusion between partner organizations and producer organizations.

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
	# of employers with improved competencies and labour conditions			R: 4,000 Q: 3.0	R: 13,414 Q:	R: Q:	
	Indicator MO2b - output # of organisations effectively under-taking lobby activities by themselves			T: R: 0 Q:	T: R: ?? Q:	T: R: Q:	T:
	Indicator MO2c – outcome: # of bodies with increased member participation and organization capacity			T: R: 0 Q:	T: R: ?? Q:	T: R: Q:	T:
	Indicator BB1b – output # of coalition partners that campaigns for regional and multilateral free trade			T: R: 0 Q:	T: R: ?? Q:	T: R: Q:	T:
	Indicator BB1c – outcome # of regional/multilateral free trade agreements with good track record			T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T:
	Indicator BB2b - output: # of multi-stakeholder initiatives stimulating sustainability standards			T: 1 R: 1 Q: 3.0	T: R: 2 Q:	T: R: Q:	T: 1
	Indicator BB2c - outcome: # of countries where policy was improved for benefit of small producers in IM			T: 0 R: 0 Q:	T: R: 0 Q:	T: R: Q:	T:
	Indicator BB3b - output: # of sectors for which more harmonized standards for fair-trade / mainstream			T: R: 1? Q:	T: R: ?? Q:	T: R: Q:	T:
	Indicator BB3c - outcome: # of sectors for which quality of chains ‘fair trade’ and ‘mainstream’ improved		T: 5% increase of sales in the Netherlands R: 5 companies affiliated	T: R: ?? Q:	T: R: ?? Q:	T: R: Q:	T:
remarks				Lessons learned / remarks			
Focus countries: Burkina Faso, Senegal, Ghana, Mali, West-Africa (???), Nicaragua, Surinam, Brazil, Philippines, Albania, Armenia. In report 2006: Peru, Haiti, Ecuador, Benin, Kenya, Madagascar, South Africa, Kirgizia, Moldavia added. Ghana and Albania not mentioned. Why these changes?							

TIMBER

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
	Indicator DAB1b - output: # of producer organizations with increased access to markets ^{11 12}	<p>T:12 R: 13 cooperation between Dutch company and 2 Cameroon partners R1: Better market access for PNG sustainable timber through FSC certification for FORCERT R2: Support for Solomon islands for market access R3: Actions against illegal logging R4: Research started to alternatives for large scale logging</p> <p>R1: prototype of FSC furniture for HEMA in Brazil R2: Choices made on NTFP's in Guatemala and Honduras R3: Training centre financed for toy development and manufactory</p>	<p>T:17 R:19 Ghanese FSC Certification Forest programs in Ghana and start with Liberia R1: Forest programs in PNG, Solomon Islands. R2: same claim as R1 2005</p>	<p>T: 13 R: 13 Q:</p>	<p>T: 8 projects on added value in the chain R:7 T: 6 group certifications (incl. 1 new) R=9</p>	<p>T: 11 (production and marketing) 6 (added value) 9 (multi functionality of forests) T: 8 group certifications (incl. 1 new)</p>	<p>T: 28, existing of: (?) T: 10 projects on added value in the chain in total (of which 5 in 2010) (6-10)¹³ T:8 (7-10)¹⁴ projects regarding upscaling</p>

¹¹ Different terminology 2005/2006: # of producer organizations in sustainable tropical timber

¹² Confusion on targets/terminology.

¹³ 10: DRAM schemes/6-10: Theme-programme IM 2007-2010

¹⁴ 8: DRAM schemes/7-10: Theme-programme IM 2007-2010

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
	Indicator DAB1c - outcome: # of producers and employers with improved incomes from the IM program ¹⁵		R: Forest programs in Nicaragua, start in Guatemala, Honduras	T: R: Q:	T: R: Q:	T: R: Q:	T: 0
	Indicator MO1b - output: # of organizations with a business plan aimed at economic sustainability			T: 14 R: 14 Q:	T: R: Q:	T: 7 R: Q:	T: 28
	Indicator MO1c - outcome # of employers with improved competencies and labour conditions			T: R: Q:	T: R: Q:	T: R: Q:	T: 0
	Indicator MO2b - output # of organisations effectively under-taking lobby activities by themselves		T: 1 course for partners in lobbying R: Support of lobby platform in Ghana, Cameroon, PNG and Central America (=???)	T: R: 5 lobby platforms, agreements with 1 chain guide Q:	T: : supporting business platforms in Central America, Ghana, Cameroon & PNG T2: Supporting FSC NL, Brazil, Ghana and Central America :	T: 10 R: Q:	T: 4 advocacy partner networks in PNG, Central America, Cameroon, Ghana
	Indicator MO2c – outcome: # of bodies with increased member participation and organization capacity			T: R: Q:	T: R: Q:	T: R: Q:	T: 4
	Indicator BB1b – output # of coalition partners that campaigns for regional and multilateral free trade			T: R: 5 lobby platforms, little contact on free trade, 6 int. partners, cooperation between FSC-IC en FLO Q:	T1: Supporting FSC int. T2: Active participant of Dutch network against illegal timber	T: 4 = the same as → supporting business platforms in Central America, Ghana, Cameroon & PNG ???	T1: knowledge on EU forest regulations at 5 partner networks T2: successful influencing and fundraising at EU representatives in 5 countries.
	Indicator BB1c – outcome # of regional/multilateral free trade agreements with good track record			T: R: Q:	T: R: Q:	T: R: Q:	T:
	Indicator BB2b - output:			T:	T:	T: 2	T:2

¹⁵ 2005/2006: Latin and South America

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
	# of multi-stakeholder initiatives stimulating sustainability standards			R: Seminiar Probos (110 forests companies) Q:	R: Q:	R: Q:	T: 2
	Indicator BB2c - outcome: # of countries where policy was improved for benefit of small producers in IM			T: R: Q:	T: R: Q:	T: 2 R: Q:	T: 1
	Indicator BB3b - output: # of sectors for which more harmonized standards for fair-trade / mainstream		T: seminar in Cameroon organized R?	T: R: FSC& FLO: dual certification Q:	T: R: : FLO & FT will merge their standards Q:	T: 1 R: Q:	T: 1 : Finalizing FLO/FSC certification program
	Indicator BB3c - outcome: # of sectors for which quality of chains 'fair trade' and 'mainstream' improved		T1: 10 timber supply chains T: 7 NTFP supply chains R1: Financing FSC NL R2: Affiliated companies: 7 ¹⁶ R3: Research on NTFP's	T: R: Q:	T: R: Q:	T: R: Q:	T: 1
remarks				remarks			
2005: Supporting a French consumer campaign??? Focus countries 2006 ¹⁷ : West Africa (=???), Ghana, Kenya, Liberia, Benin, Guatemala, Nicaragua, Brazil, Honduras, Surinam, Philippines, Vietnam				ICCO roles regarding IM Forestry: <ul style="list-style-type: none"> • Broker • Capacity builder • Lobbyist & communicator • Strategic financier <ul style="list-style-type: none"> • From 2008-2013 ICCO is project coordinator of the IDH Amazone Forest program with separate targets. • The cooperation with FERN (British organization) mentioned in Theme programme plan IM 2007-2010 is not coming back in other (annual) plans or results • Data 2008 missing 			

¹⁶ Conflicting with number (5) mentioned in 'Small holders in a world market', ICCO and IM 2004-2006

¹⁷ In report 2006: Cameroon, PNG, Solomon Islands added , Benin and Vietnam not mentioned (possible explanation: ICCO Forest Strategy document 2006-2010 by Gemma Boetekees)

Targets/ Results /Quality score (T, R, Q)							
		2005	2006	2007	2008	2009	2010
				<ul style="list-style-type: none"> In 2009 Forest programs handed over to regional organizations in West Afrika and Central America. More transparency on affiliated companies (Unilever' 			

Sources:

- Business Plan 2003-2006
- Business Plan 2007-2010
- Annual Plan 2005
- Report 2005
- Reports Q1 Q2 Q3 Q4 2005
- Annual Plan 2006
- Report 2006
- Reports Q1 Q2 (LA) Q3 Q4 2006
- Annual Plan 2007
- Report 2007
- Theme-programme plan IM 2007-2010
- Annex Forest products (to Theme-programme Plan 2007-2010 IM)
- Forest Strategy 2006-2010 (Gemma Boetekees) date unknown
- Program Plan IM Forest, version 10-2007
- MFS 2007-2010
- DRAM schemes 2007-2010
- Small holders in a world market; ICCO and IM from 2004-2006, a summary, Feb.2007
- Minutes meeting IM Policy day, 19 Feb. 2009
- Letter of Ministry of Foreign Affairs, 28 Sept.2009
- MIS T2 2009 Subprogram FSED – International Markets, 10 September 2009
- Document '2.2 International Markets'



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Cotton Case Study

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A. Global Cotton Sector Context Study

1. Global production and consumption pattern

Cotton is by far the most important natural fibre of the 20th century. In a development context, cotton is crucially important for income and employment provided in its production and processing. Much of the growth of cotton production in recent decades is due to improved yield (yields quadrupled between 1945/46 and 2006/07, from 0.2 tons per hectare (t/ha) to 0.8 tons per hectare), and area expansion (cultivated land increased by 35% over the same period, from 22.3 to 34.8 million hectares). Increasing yields is realised by mechanisation and much agro-chemicals use and the use of GMOs.

Cotton production in recent years has been around 25 million tons, and is expected to gradually increase. However, 2008 was the first year when predictions became less favourable, and a decline in world imports was noted, following a bumper harvest in 2008 (29 million tons). In 2007, cotton was grown in 90 countries. In 2006/07, the four main producing countries were China, India, the USA and Pakistan and accounted for about 65% of world output. Adding Uzbekistan and Brasil, six countries would account for 83% of world cotton production. West Africa as a whole has a similar production as Brazil. Most of recent growth came from China, prompted by incentive measures taken by the Government.

Raw cotton is transported to countries for textile industries. The industry has focused at developing countries as a reflection of rising wage levels in developed countries. In the textile sector, labour accounts for about 1/6 of production costs. This means that raising labour costs eroded the competitive edge of developed countries, and contributed to the shifting of cotton processing to low-cost economies (most notably Asia and the Maghreb, but also Africa). These countries built on the competitiveness and dynamism of the textile sector, which became one of the foundation stones of their development. Other exogenous factors (such as the development of new technologies) favoured delocalisation of production by multinational companies towards developing countries.

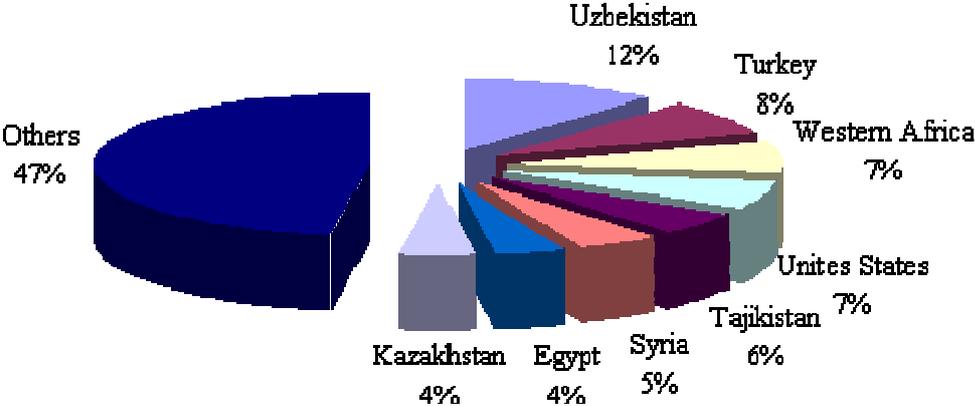
The main cotton producing economies also account for a large part of consumption. China, the United States, India, and Pakistan as a whole have accounted for approximately more than 55% of global cotton consumption over the period 1980 to 2008. Their overall cotton consumption has risen considerably in volume. Consumption multiplied by 3 in China and by more than 3 in India, in order to respond to export-driven demand for textiles. Cotton is the main traded agricultural raw material with more than 30% of cotton production traded in early 1980s. Some of the trade patterns are shown in table 1.

Table 1: Major trade patterns of raw cotton to developing countries (average 2002-2006)

Exporting country	Trading partner (% of exports)
USA	- 79% of US exports are sent to Asia (inc. China (43%), Turkey (16%), Indonesia (9%), Thailand (6%), Pakistan (5%)) and 12% to Mexico.
West Africa	- 80% of West African exports are sent to Asia (inc. China (36%), Indonesia (21%), Thailand (10%)) - 18% are traded in Africa (16% in the West African region and 12% to Morocco).
Uzbekistan	Uzbek cotton sold to developing countries is mainly traded with Asia (99.5%), with China (52%) and Bangladesh (35%) in the lead.

With around 40% of world exports over the period, the United States are by large the dominant exporter with regard to cotton fibre. In terms of direction of trade flows, 73% of US cotton exports went to developing Asia in the 2002-2006 period. EU imports are from a variety of countries, including 7% from West Africa (Figure 1).

Figure 1: Breakdown of EU imports (UE25), by country of origin (average 2002 – 2006)



Source: UNCTAD statistical data

Table 2: Seed cotton contribution to foreign exchange earnings (relative to commodity exports) (average 2002-2006)

1st	2nd	3rd	4th
- Tuvalu (91.2%) - Benin (86.1%) - Mali (75.6%) - Burkina Faso (67%) - Uzbekistan (37.8%) - Togo (31.3%) - Kyrgyzstan (27%)	- Tokelau (25%) - Zimbabwe (20.5%) - American Samoas (12.3%) - Tajikistan (8.6%) - Turkmenistan (3%) - Chad (3%) - Burundi (2.2%)	- Sudan (17.7%) - India (8.3%) - Pakistan (6.7%) - Malawi (2.9%) - Central African Republic (2.4%) - Zambia (2.2%)	- Tanzania (10.6%) - Afghanistan (7.3%) - Barbados (4.8%) - Cameroon (4.2%) - Syria (3.8%) - Azerbaijan (0.9%) - Nigeria (0.9%)

Source: UNCTAD Secretariat

From 2004 onwards, West African countries together accounted for 16% of world exports, thus ranking second after the US. Although cotton production in Africa is not significant on a global scale, a large number of African countries remain heavily dependent on cotton. Exports earnings are important for African countries, which export more than 80% of their domestic production (Table 2). The production of textiles and clothes is concentrated in Asia. The dependency of countries producing textiles and clothing (T&C) is in some cases also extremely high. This is shown in figure 2.

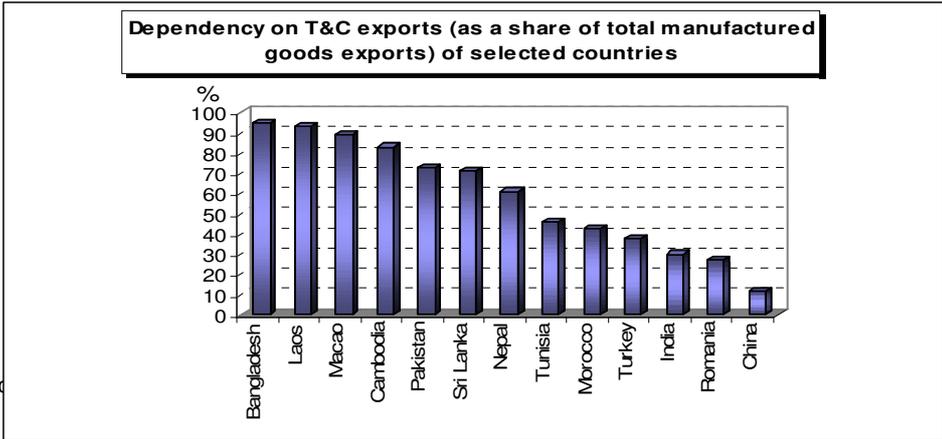
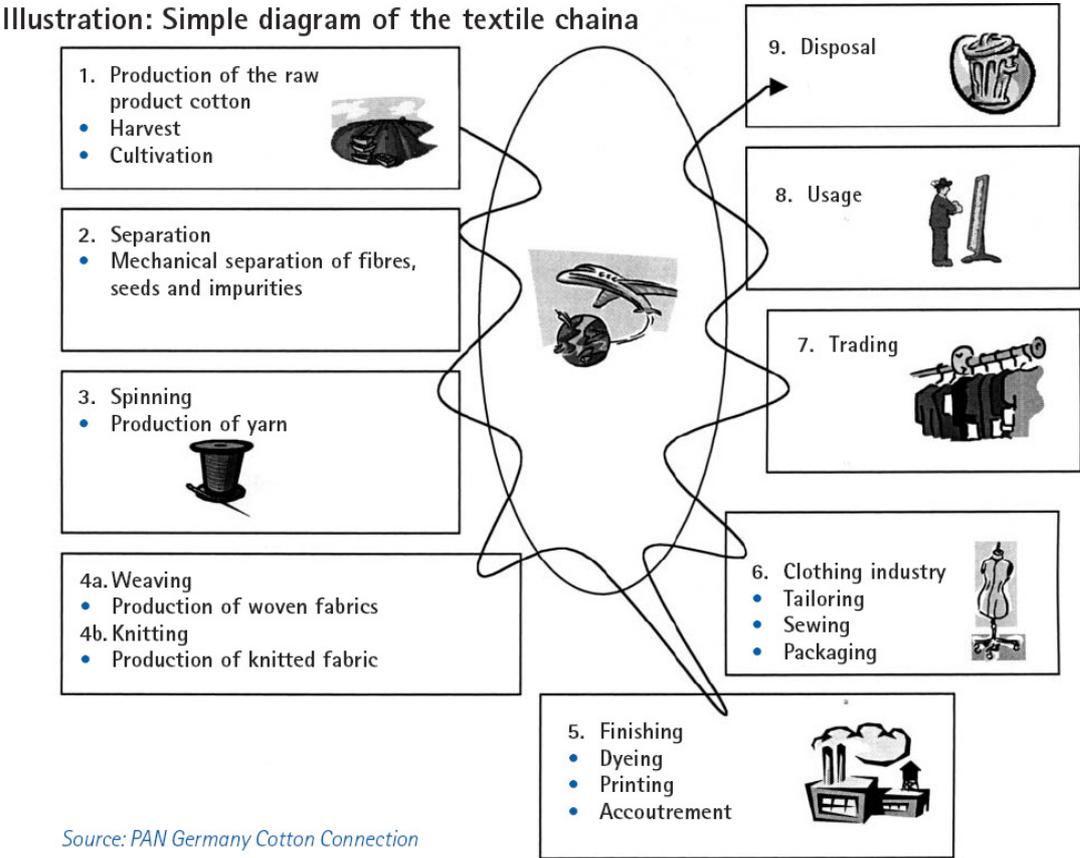


Figure 2: Dependency on textiles and clothes exports (as a share of total manufactured goods exports). (EU/CEC, Evolution of trade in textile and clothing trade world-wide – trade figures and structural data, at <http://trade-info.cec.eu.int/textiles/documents/102.doc>, Viewed February 2006)

2. Supply chain dynamics

Figure 2 shows the production chain from cotton to clothing. Human labour is an important factor in several stages. The product has often been transported all over the world through the different steps of this production chain.

Figure 2: Simple diagram of cotton supply chain (Note: phase 2 is generally referred to as ginning)



Farmers harvest seed cotton from the land which is sold (directly or through intermediaries) to a ginner. The cotton trade is primarily conducted through specialized commodity trading organizations. Seed cotton traders are often an intermediary party between farmers and ginners. These intermediaries can be societies, ginners' agents or private buyers. The intermediaries provide transportation and credit facilities. Associations often also provide training to farmers. When farmers are in the vicinity of the ginners they can sell directly to a ginner which might ensure a higher price.

Ginning (separation) is the first processing step, where cotton fibre is separated from the cotton seed, leaves and casing have been removed from the seed cotton. The main product of the ginning process is cotton lint (which is pressed into bales), by-products are cotton seed which are mainly processed into oil of which the ginner earns the profit.

The next step processes the cotton lint into yarn is a step called spinning. Spinning is not necessarily conducted in the country where cotton is produced. At the spinning mill the cotton is combed into continuous ropes and then spun into yarn. During weaving yarn is processed into fabric which is an input for the textile supply chain. Little vertical integration between production and ginning has been observed, even in developed countries such as America and Australia ginning seems to be conducted by private firms or cooperatives of farmers based on a long history. It is however in the interest of ginners to engage with farmers on issues such as quality and reliability of supply. Several of the large cotton trading companies seem to have financial interests in ginning operations.

The next steps, from the spinning onwards, can take place anywhere in the world. Whether the yarn is first dyed or woven respectively knitted, depends on the desired quality and the final product. The final stage is the production of the clothes.

In most developing countries cotton is grown by smallholder farmers. For around 100 million small farmers in 70 countries cotton is a major economic driver. Many of these are small producers for which cotton is the only source of income. Production is predominantly by small farmers, characterised by:

- Average area: 0.5-1.5 ha
- Low level of organisation, low access to knowledge and credit systems
- Therefore high dependence on traders, intermediaries and ginners

3. Prices and trends

In line with most primary commodities, real cotton prices have declined considerably during the last half century; in 2001-2005 period they were one fifth of their 1950 levels. This decline has been characterized by considerable year-to-year variability, especially during the last quarter of the century. In particular, cotton prices followed a smooth declining pattern throughout the 1950s and 1960s. They increased sharply after the 1973 and begun declining again albeit with much higher volatility than the pre-1973 decline. A structural break in cotton prices appears to have taken place in 1985 when the United States changed the nature of its support policies—from stockholding to price support. Real prices have been declining less rapidly since 1985. There has been a recent upsurge of prices in 2006/2007, followed by a sharp decline during the recent economic crisis. In 2008 there was a strong decline, with prices falling from 70 to less than 60 cents per pound on the US market.

The cotton market has been significantly affected by the rapid expansion of man-made fibers, mainly polyester. Man-made fibers are based on chemicals and natural resources mixed with chemicals. They account currently for almost 60% of global fiber consumption, up from 33% in 1960. Global production of man made fibers reached 30 million tons in 2002. Polyester prices were 4 times higher than cotton prices in the early 1960s. Following technological improvements they declined to the level of cotton prices in the early 1970s and since then polyester and cotton products have been trading at similar price levels. Most man made fibers are produced in Asia.

The long term decline in cotton prices has been aided by technological improvements such as application of improved varieties, fertilizers, chemicals, irrigation, and (in the case of some developed countries) mechanical harvesting. Between 1960 and 2000 world cotton yields doubled, from 300 to 600 kilograms per hectare, implying an annual growth rate of 1.8 percent. It is predicted that developments in technology such as genetically modified seeds and precision farming will further reduce the costs of producing cotton. However, this does not take into account increasing cases of soil degradation and water shortage in cotton producing areas.

In 2002, genetically modified cotton accounted for almost 30% of global cotton output. The United States is the heaviest user with more than 70% of its cotton area allocated to genetically modified cotton, followed by Australia (40%), China (20%) and more recently by India. If current trends continue, half of the world’s cotton will be of genetically modified origin within five years.

Cotton consumption between 1960 and 2000 grew by an annual average of 1.8%, i.e. approximately at the same rate as the population growth, implying zero per capita growth. Consumption of chemical fibers, on the other hand, has grown by 4.7% per annum (or about 3% in per capita terms). Therefore, all per capita growth in total fiber consumption during the last 40 years has been accounted for by growth in the consumption of chemical fibers.

4. Key actors

The cotton sector is compared to other crops like coffee or cocoa very fragmented, because many different companies and geographical areas are involved. Because of different quality requirements per season and price situations markets keep changing. Although some consolidation has occurred, trade is far less concentrated in global terms than other commodities (such as cacao or coffee). Still, concentration in terms of individual markets is high. One trend has been that the group of largest and large trading companies have expanded their operations significantly in terms of number of countries they source from and also upstream in terms of investments in ginneries and involvement in in-country marketing. This behaviour is linked to market liberalization in the south. Liberalization meant traders were suddenly faced with a large number of small producers instead of parastatal cooperatives. Examples are Cargill’s investments in Zimbabwe and Tanzania, and Reinhart’s ventures in Uganda, Tanzania and Ivory Coast. Another strategy entails development of long-term relationships with reliable local suppliers /ginners involving pre-finance of seasonal purchases which can be in favour of farmers

Of the world’s total cotton lint production about 30% is exported. Companies are divided into four categories by relative size, together they traded two thirds of the world’s cotton production (2003). The large and largest cotton trading companies handle 52% of world cotton production (Table 3).

Table 3: Concentration of the Largest Cotton Trading Organizations

Category	Traded volume 2002 (tons)	Number of companies	Number of government owned companies or cooperatives	Share of world production
Largest organizations	>200,000	19	7	34%
Large organizations	50,000 – 200,000	49	5	18%
Medium-sized org.	20,000 – 50,000	44	8	6%
Specialized organizations	<20,000	363		9%
Total		475		67%

Source: (ICAC, 2003)

In 2002 there were 19 companies trading more than 200,000 tons worldwide that together control 34% of world trade (ICAC, 2003). Of these 16 are non-governmental companies, trading 31% of world trade. Allenberg, Dreyfus, Dunavant and Cargill are the largest. Several large cooperatives, primarily in the US, are part of ‘the Seam’, an online trading system. Reinhart is the largest European cotton merchant in the world. It has expanded sales into Asia, Mexico, Australia and the US becoming a major participant in the US market. L’Aiglon,

a new player from Switzerland, is one of the largest companies active in West Africa. COPACO is France's largest merchant, and L'Aiglon is its main competitor.

The majority of companies are privately owned, seven are government owned and 5 are cooperatives. It has however been noted that large traders are extending their influence by investing in ginneries. For example Dunavant has ginning operations in Australia, Mexico, Tajikistan, and Zambia and Uganda; Paul Reinhart has ginneries in Ivory Coast, Tanzania and Uganda; Cargill has ginning investments in Tanzania and Zimbabwe. No indications have been found that the cotton trading companies are also investing downstream in spinning activities.

The spinning sector is not heavily concentrated in the cotton producing countries. This also seems to be the case in weaving and dying. However concentrations are much higher than the highly fragmented garment sector. The garment sector sells directly or through intermediaries to large purchasers in the growing local market but till date mainly to retailers and brands in the developed countries. There seems to be quite some concentration at this end of the supply chain where major purchasers like H&M, Wal-Mart, Carrefour and Zara are dominant players. Garment companies also sell to domestic parties for local sales of garments, we expect that this sector is once again highly fragmented. Competition in the domestic garment markets of developing countries seems to come from rejected pieces of the producing industry and in Africa of the second hand clothing imports.

5. Main sustainability issues

Primary production.

Cotton is a very intensively cultivated crop, which leads to several sustainability problems:

- Use of agrochemicals: while cotton production occupies 4% of agricultural land-use worldwide, it receives 11% of the worldwide use of pesticides.
- Health impacts: the WHO estimates that annually 500,000 to 2 million people have negative health impacts due to pesticides, including 40,000 deaths, of which an estimated 25% (10,000) in cotton production. This includes suicides due to high levels of indebtedness.
- Water use: cotton requires 500-1000 mm of water annually, and around 50% grown under irrigation. In some areas it uses 40% of total water available for irrigation.
- Social aspects: there are often poor labour conditions and child labour involved, resulting in low school attendance by children
- Economic aspects: cotton prices have declined and are low in recent years. This is largely due to global dynamics of supply and demand, rather than (high) subsidies.
- Dependency and indebtedness: small producers depend upon credits from traders, who also supply the agro-chemicals, and thus enter into a dependency and debt-trap.

Processing and textile industry

Processing of fibres into textiles is very labour intensive and is therefore concentrated in countries with cheap labour.

- Labour conditions: these are generally very poor but have recently improved in most large factories. With code of conducts the salaries are minimum wage according to the country but not living wage. However, in small factories conditions are generally worse. Child labour in large factors is addressed but is not eradicated. The right of organisation (ILO standards) is strongly discouraged; many women have gained self dependency through the textile business but remain very dependent;

- Use of industrial chemicals: many chemicals are used especially for scarification and dyeing the textiles, causing pollution of ground and drinking/cooking water, the soil and health problems through breathing and touching the skin;
- Water use: much water is used for washing, dyeing and finishing the textiles, causing depletion of water resources.

Policy context

World cotton trade and production are highly affected by government policy intervention, notably in the US, China and the EU. Direct support to producers through price interventions is of particular concern as regards the efficiency of the global cotton market. The aggregate level of direct production assistance across all subsidising countries reached US\$2.7 billion in the season 2007/08 against US\$5.6 billion in the 2006/07 and US\$7.7 billion in 2005/06.

It is estimated that cotton subsidies artificially inflated production and depressed world cotton prices, damaging those developing countries that are heavily reliant on cotton exports for their foreign exchange earnings. Many studies have attempted to measure the impact of cotton subsidies, and have estimated the effects of subsidy removal. As highlighted in recent studies, different results are sensitive to different assumptions about the cotton market.

6. Main sustainability initiatives

Phase 1: Primary production

There are currently four initiatives, of which the first three are supported by ICCO.

1. *Organic cotton* production basically involves no use of agro-chemicals and chemical fertilizers. The amount of organic cotton farmers increased by 152 % worldwide in 2007/08, according to Organic Exchange's Report 2008. Organic cotton production increased to 146,000 tons grown on 161,000 hectares in 22 countries worldwide (up more than double from 58,000 tons in 2006/07). Yet, this represents only about 0.6% of global cotton production (25 million tons). Global retail sales of organic cotton and home textile products reached an estimated US\$ 3.2 billion in 2008, according to the Organic Exchange's Report 2008. This represents a 63% increase from 2007. The top ten organic cotton-using brands and retailers globally were Wal-Mart (USA), C&A (Belgium), Nike (USA), H&M (Sweden), Zara (Spain), Anvil (USA), Coop Switzerland, Pottery Barn (USA), Greensource (USA), and Hess Natur (Germany).

Certification takes place by Control Union (former SKAL) based on the IFOAM standards. Small farmers usually perceived a temporary drop in yields but nowadays this seems to be much better controlled if the right amount of training is given. , Organic cotton is marketed with a premium varying between 15-25% to pay for the internal control system, training of farmers, certification, higher labour cost and some extra income for the farmers who have to work harder. Organic cotton is moving from a niche market towards the mainstream market.

2. *Fair trade cotton*. In March 2005, Max Havelaar launched the first fair trade label for a non-food commodity: cotton. To achieve its aim, it worked with small producers from Cameroon, Mali and Senegal (about 20,000) organised in association and certified by the international standardisation body: FLO (Fairtrade Labelling Organizations International). FLO developed a fair trade standard for cotton, mainly aimed at assuring a fair price for small producers but also addressing environmental aspects. FLO is supported institutionally by ICCO. Fair trade certified producers can benefit from a considerable price premium for seed cotton (25-50%). The volume of fair trade cotton is unknown, but remains very limited.

3. *Better Cotton Initiative*: , with a focus at both social and environmental criteria. The initiative is started by WWF and Ikea and is based on best management practices, especially Integrated Pest Management (IPM).

4. Cotton Made in Africa (CmiA) : started by OTTO (German Catalogue) and focusing on sustainable cotton practices in Africa with GTZ (other brands: Tom Tailor....).

Phase 2. Cotton processing

Ginning factories are mainly owned by companies or governments, labourers have no say. Ginners earn incomes from cotton cakes and oil. An initiative to increase involvement of labourers in ginning does not yet exist but BCI is trying to involve it in their approach.

Phase 3. Textile production and garment production

Development of standards and codes, aimed at improved labour conditions. Producing companies may adopt codes and can be controlled by agencies such as SA8000 or ISO. Fair Wear Foundation (FWF) addresses European textile brands to adopt such codes, verifies them and develops improvement plans together with the brands and factories which they monitor In 2010 55 companies are a member of FWF and they take actions to comply to the standards. FWF is supported by ICCO.

Harmonisation of codes. Initiatives are taken to develop a common code at European level. One initiative is the Joint Initiative on Corporate Accountability and Workers' Rights (JO-IN). Collaborating organisations are: Fair Wear Foundation, Ethical Trading Initiative (ETI), the Clean Clothes Campaign (CCC), Fair Labour Association (FLA), Workers Rights Consortium (WRC), and Social Accountability International (SAI). Another initiative is between FLO, Fairwear and SAI.

7. Summary of key issues

1. The cotton sector is complex, because fragmented (many small players) and highly dynamic (because textile processing moves to countries with low salaries) - in fact there are two interlinked chains: cotton production and textile processing.
2. There are good long-term prospects but increasing fluctuations and uncertainties. The general tendency seems to be steadily increasing demand and prices, and increasing production (especially China). However, 2008/7 demonstrated strong decline in demand and prices. Cotton is the most important traded raw material worldwide.
3. Some countries are highly dependent on cotton, such as Benin (86.1%), Mali (75.6%), Burkina Faso (67.6%), Uzbekistan (37.8%), Togo (31.3%) and Kyrgyzstan (27%) - % indicates contribution to foreign exchange earnings. Thus, it is politically sensitive in these countries.
4. Cotton production and processing is highly labour intensive. It has potential to contribute to poverty reduction because millions of small producers are involved. In the garment sector many small processors and large amounts of workers are involved.
5. Global trade is somewhat concentrated: 19 cotton traders are responsible for 34% of cotton trade. In many producing countries, the spinning phase is also highly concentrated.
6. Important market distortions occur due to subsidies, especially in the US, China and EU, but it is unclear to what extent this is a key factor influencing demand and price levels.
7. A Big Five of main sustainability problems in the textile sector is summarised below

<i>Growing cotton</i>	<i>Textile processing and garment making</i>
<ul style="list-style-type: none"> • Excessive use of agro-chemicals causing pollution and health problems • Excessive use of water in irrigated areas causing desertification and depletion, also affecting food production • Poverty trap and unfair incomes for producers as well as difficult access to affordable and fair finance 	<ul style="list-style-type: none"> • Use of dangerous industrial chemicals causing pollution of water and health problems • Bad labour conditions: excessive overtime, safety and harassment, unfair loans for labourers, low to no ability to organize

8. Recognized sustainability initiatives or models in the cotton production sector are four and are slowly developing worldwide:
- fair trade: launched in 2005 by Max Havelaar, with premium price, market % is unknown but very small;
 - organic cotton: especially promoted and coordinated by Organic Exchange, the market is gradually expanding and market share is now about 0.6%;
 - BCI: the standard is being developed and there is not yet BCI cotton available.
 - Cotton made in Africa: a new initiative focusing on sustainable cotton production in Africa.
9. In the cotton processing and garment sector, the main initiatives are Fair Wear Foundation, Ethical Trading Initiative (ETI), the Clean Clothes Campaign (CCC), Fair Labour Association (FLA).

B. West Africa cotton case study

B0. Synthesis

1. History

ICCO works in West Africa on cotton production since approximately 2004. The activities started with a feasibility study in Mali, Burkina Faso, Benin, Senegal and Ghana. The first projects were supported in Benin (Obepab) where there was a strong request from the Netherlands Embassy to participate and in Mali where ICCO established a cooperation with Helvetas. Gradually this cooperation intensified and jointly new projects were established in Burkina Faso (2005) and Northern Benin.

ICCO has important support programs in the cotton sector in Mali and Burkina Faso. This case study focused upon Mali. In Mali there are basically three main programs:

1. the support to Helvetas and Mobiom, to support smallholders in producing organic and fair trade cotton;
2. the support to Yiriwa, a business initiative to set up a commercially viable enterprise based on production and marketing of organic cotton and other rotational crops / products
3. the support to Aproca, a regional network organisation representing national platforms of cotton farmers interest groups, aimed at effective lobby/advocacy and information exchange.

In Burkina Faso the main support program is to UNPCB, which is a producer organisation comparable to Mobiom, but working at a national level. In Benin ICCO supported OBEPAB and now supports U-AVIGREV in Benin. All these projects and partners are financed through support to Helvetas (which is a Swiss development organisation, with technical support offices in Mali, Burkina Faso and Benin).

In 2008 ICCO, Helvetas, Organic Exchange and Aproca agreed to work jointly on a programmatic approach to establish a bio fair trade cotton platform in West Africa, under the coordination of Aproca. In November 2009 the first meeting was held to formally establish the platform, which consists of producer organisations, NGO's, service providers, ginning factories and donors. This platform will be the coalition for ICCO to work with in future.

2. Context

Cotton has been the most important cash crop in West African countries like Burkina Faso, Mali, Benin, Tchad, Togo, Senegal, Ivory Coast, Cameroon and Central African Republic for more that 30 years. From 2004 onwards, West African countries together accounted for 16% of world exports, thus ranking second after the US. Although in no African country cotton production is significant on a global scale, a large number of African countries remain heavily dependent on cotton. Exports earnings in above countries may be even higher than 80% of their domestic production, especially in Benin (86.1%), Mali (75.6%) and Burkina Faso (67.6%).

In West Africa, more than two million producers and six million people depend on the production and sale of cotton to obtain cash for essential expenditures, such as school fees, health care, household ingredients and farm inputs. Besides major source of income, cotton chain services (finances, inputs, extension) sustain other produces of farming households.

The cotton sector was dominated in colonial times by French companies, who established systems to provide farm inputs on credit and bought the cotton from the farmers and also took care of the ginning and marketing. The production system of cotton production is still relatively well organised, with cotton producers receiving a standard package of agricultural inputs which includes fertiliser and pesticides. These agro-chemicals are widely used on other crops as well, so that indirectly food production also depends upon the cotton sector

support. Local processing and manufacturing disappeared after the 70's, when the African companies could no longer compete with the Indian companies. Nowadays most of the fiber is exported.

In the past one actor, usually a parastatal company was in charge of input distribution, ginning and marketing, and of setting prices for cotton, while levies funded research and extension services. This 'integrated approach' contributed to a relatively successful performance on the world market. The organisation of producer groups, responsible for handling input supply and marketing of cotton at village level, was another key factor in the rapid increase of cotton production during the 1970/80-s. In order to tackle weak functioning and monopolies of parastatal companies, countries started to reform the cotton sectors in the 1990-s. The state has gradually withdrawn from chain operations (e.g. privatisation of input supply, ginning and marketing), as well as extension services. Price setting now includes state bodies (or Cotton Boards), as well as private companies and cotton farmers.

Through this liberalisation of the cotton sectors, farm gate prices for both inputs and cotton-lint are more closely linked to world market prices.

Since 2005, variation of global cotton prices has been more than 25%, which greatly influences incomes and welfare for producers and their families in West Africa. And indeed, farm gate prices for cotton have been low past years and negatively affected household security. There are several causes contributing to this situation. One factor is domestic subsidies in USA, EU and China keeping down the world market price of cotton-lint. The cost-effectiveness of cotton producers in West Africa is further eroded by the 'strong' Franc CFA (common currency directly linked to the Euro) and high petrol-based input prices. Also, yields in West Africa are relatively low, while the costs for ginning are relatively high and there are concerns about the quality of West Africa cotton. Especially for Mali and Burkina Faso, high transport costs and poor domestic infrastructure also plays a role in creating high prices and poor competitiveness of cotton produced.

Globally, cotton production faces challenges of:

- Rising costs of inputs
- Competition from other crops
- Volatile prices from speculation
- Less credit available
- Lower demand and competition from man-made fibres

In 2008/2009 conventional cotton production fell with 10% worldwide. At the same time cotton subsidies in the US, EU and China have increased.

The current crisis in the cotton sector has forced many farmers out of the cotton sector because their revenues were insufficient to pay for the inputs and many are left with debts to cotton agencies. The cotton agencies have to be supported by the State to survive. In Mali the revenues in the cotton sector have gone down with 63% since 2005, because of low prices on the one hand and because many farmers stopped or reduced their cotton acreage. World market prices are still low and lobby activities at WTO level to abolish subsidies in the US, EU and China have not had any major effect. Prices may be expected to rise in the years to come as a result of increasing pressure on land because of biofuel production. On the other hand prices for inputs have risen even more as a result of the high oil prices.

Organic and fair trade cotton

Global organic cotton production continues to increase, from about 100,000 ton in 2006/2007, to 175,113 tons in 2008/2009. This is still only 0.76% of global cotton production. Yet, demand in 2009 has dropped to an estimated 100,000 tons, explaining why stocks in organic cotton have increased sharply in recent years. In West Africa, organic cotton seed production in 2008/2009 was about 4000 tons, which is not even 1% of global

organic cotton production. Organic cotton production is by now far largest in India. Stocks of organic cotton in West Africa by 2009 were estimated at 800 tons cotton fiber, which represents 3% of global stocks. Average yields of organic cotton worldwide are estimated by Organic Exchange at 690 kg/ha, while in West Africa average yields are 400-500 kg/ha.

Thus, worldwide in the last two years the high expectations for organic cotton production, and the situation of demand exceeding supply has changed dramatically towards a situation of over-supply, declining prices and increased competition between organic cotton producers. In this context, West Africa is in a particular bad condition, as demonstrated by several indicators: low overall production (thus no economies of scale), high stocks, low yields.

In West Africa, seedcotton production data are as follows (source: Organic Exchange 2009 cotton farm and fiber report). Note that in West Africa organic cotton still represents only 0.45% of overall cotton production (in Mali it is slightly higher: 0.65%).

Country / project	Number of producers	Women	area	Production cotton seed	Production cotton fiber
Benin – Opepab	1,295	336	1,000	333	133
Benin – Helvetas	220	66	54	27	11
Mali – Helvetas	6,500	1,900	4,121	1,250	500
Mali – Yiriwa	1,323	400	347	300	
Burkina	6,857	1,989	4,166	2,260	904
Senegal	452	128	218	81	33

As a response to declining markets, in Benin and Senegal production of organic cotton has declined between 2008 and 2009. This was not the case in Mali and Burkina Faso. Organic Exchange concludes in its 2009 Cotton Farm and Fiber report that growth in organic cotton production has been mainly based on funding by donors, and less so on market demand. Also in ICCO reports we find positive outlooks on the expected increase of demand on organic cotton

As regards to prices for organic cotton, these have gone down because of oversupply and price pressure from the market as well as from competitors (mainly from India). Organic cotton could also be sold for the price of conventional cotton, but then farmers do not get their premium price, so it is not a realistic option given the current business model for organic cotton production. Much cotton produced in Mali is also fair trade certified, giving the producers an additional premium to invest in their society and quality of production. However, FLO has increased the minimum price guarantee by 17%. This is expected to prevent new buyers from sourcing in West Africa, as the price difference with organic / fair trade cotton produced in India then becomes too large. This is one reason why Yiriwa in Mali has not adopted the fair trade principle but does have a mechanism which pays back revenues to farmers.

3. Theory of change

From the West Africa strategy on cotton sector development, we derive the following elements of a theory of change.

While organic / fair trade cotton production is an opportunity for smallholder producers, especially because of its better chance for sustainable incomes due to a premium and lower dependency on input suppliers the market is still small and in 2009 there was an over-supply. Therefore this approach alone will not be able to improve the incomes of the cotton producers. It is important that the conventional cotton sector also survives. This could be realized by adopting better farming practices like less pesticides and increased prices. Without

the conventional cotton sector and the infrastructure of the conventional sector the organic fair trade cotton will not survive.

A process of conversion not only requires farmers to adopt principles of organic production, but also involves the supply of organic inputs, provision of technical advice, certification, specialized transportation. Another important element is a ginning factory which operates at commercially competitive cost, with an ownership structure that involves the producers. Farmers' organizations need more and new capacities to effectively participate in this change process and adopt new roles in terms of supply of services and negotiation of farmers' interests. Government policy must support this institutional innovation.

Cotton in West Africa has high quality and there is a market for producing high-quality garments of African origin. Ideally, these garments are produced in the countries of origin. This added value contributes to the viability of the organic cotton sector. Another important aspect for cotton is that it is a rotation crop. Organic farming therefore requires the whole farm to be organic. Organic cotton farming becomes even more interesting if good markets can be found for the organic farm rotational crops, like sesame, soja, groundnuts, mango's cashew, shea butter, etc. Diversification is an important element of saving the cotton growing farmers.

4. The project/s

As indicated above, in Mali ICCO has three major support programs in the cotton sector. Here a summary is given of the main parameters, details can be found in Annex 2 to 4.

1. The support to Helvetas and Mobiom, to support smallholders in producing organic and fair trade cotton. Started in 2005, over the evaluation period (2005-2009) total funding of Helvetas, mainly for support to Mobiom, has been € 2.4 million, concentrated in the period of 2006-2008. For 2009 there has been a bridge funding of Helvetas, awaiting direct funding of Mobiom in 2010.
2. The support to Yiriwa, a business initiative to set up a commercially viable enterprise based on marketing of organic cotton and other rotational crops / products. Started in 2008. By now ICCO has participated for an amount of € 575,000, for which ICCO is a shareholder for 45%. In addition ICCO has given a grant of € 300.000 over 3 years to SNV for capacity development of producer organisations.
3. The support to Aproca, a regional network organisation representing national platforms of cotton farmers interest groups, aimed at effective lobby/advocacy and information exchange. Started in 2005 and still continuing. Total ICCO funding has been about € 0,5 million (about € 100,000 per year).

There is a fourth project, being that of support to SNV for a transboundary project in Mali and Burkina Faso. The project aims to enhance exchange between cotton farmers at both sides of the frontier, and regulate livestock passages through the area. We did not look at this project in detail for several reasons: we could not meet the project coordinator, there is no recent progress report available, and lastly the project is small and does not appear to generate interesting results. It is expected that the project will be discontinued after termination end of 2009.

5. Objectives

The ICCO strategic plan for West Africa lists the following objectives and targets.

Output partner organizations	Targets
1. Poverty reduction	<ul style="list-style-type: none"> Increased annual income of 20.000 West African small organic and fair trade cotton (+ rotation crop) farmers with an average of at least 25%. Increased participation of women in organic cotton production to more than 30%. Reduction of the use of pesticides with positive impact on food security, education and health (life expectancy)
2. A strong support network for organic cotton production	<ul style="list-style-type: none"> Service providers, knowledge and research centres effectively support organic cotton farmers
3. Strong lobby institutions in Mali, Burkina Faso, Benin and Senegal	<ul style="list-style-type: none"> Lobby for better prices, trade conditions and labour conditions for both conventional and organic and fair trade cotton producers in Africa, issues : against western subsidies and demanding better trade regulations.
4. Access to markets for organic and fair trade cotton and for organic farm systems crops;	<ul style="list-style-type: none"> Markets for all the organic and fair trade cotton produced in West Africa and for at least 3 other organic farm systems commodities Two major new clients have committed themselves for the long term to buy organic and fair trade cotton or farm system crops.
5. Value Chain Development	<ul style="list-style-type: none"> The establishment of a Trade Company Yiriwa SA in Mali. Yiriwa has established its own ginning facility in Mali as well as cleaning facilities for sesame and soy.

6. The project partners

1. The support to Helvetas and Mobiom.

The direct project partner for ICCO is Helvetas. Helvetas was founded in 1955 as Switzerland's first private organization for development cooperation. It has a decentralized structure, with great autonomy to the country program directors in operational issues. Helvetas headquarters is in Zurich, and depending upon needs coaches and monitors the country programs. However, all projects and contracts must be approved by Helvetas headquarters. According to ICCO, Helvetas is too defensive towards Mobiom, imposing their ideas and not being sufficiently business oriented. It is clear to the evaluators that ICCO has strongly influenced the initiative to create autonomy with Mobiom.

The indirect project partner is Mobiom, as the entire project is oriented at strengthening fair and sustainable cotton production through Mobiom. Mobiom was formally created in 2002 as the national structure representing the interests of farmers growing organic and fair trade cotton. The mission of Mobiom is "to contribute to the improvement of socio-economic, social and environmental conditions of its members by the promotion of organic agriculture in Mali and fair trade." Thus, Mobiom has expanded from cotton to multiple organic and fair trade products. Its organization was gradually developed, and now includes a General Assembly with representatives of farmers cooperatives producing the organic and fair trade products. Since one year Mobiom has a business unit.

2. The support to Yiriwa.

This project did not have local project partners, as a totally new structure was set up. There is collaboration between AK Organics, KIT, SNV and ICCO. As regards AK Organics, based in Turkey, it is stated to be the largest commercial company trading organic cotton.

The project plan indicates that necessarily there will be collaboration with CMDT because as long as Yiriwa does not have its own ginning facilities, it is obliged to use their ginning facilities (in spite of the fact that the ginning

costs are high). Mobiom is not mentioned in the business plan because of the ongoing discussion with Helvetas. This is unfortunate and has been an issue right from the beginning.

3. *The support to Aproca.*

This project partner was established in 2004. It is a regional network. It is based on, and brings together partners from different countries, where national platforms are established. National platforms represent the cotton producers in the country. Aproca has a general assembly (6 persons), which comes together every semester (twice a year). It has a control committee, of which (to me) the functions are not very clear. It has a permanent secretariat, based in Bamako, with 7 staff members.

Aproca is currently being financed by a range of donors, among which ICCO, Oxfam and AFD are the most important because they contributed to the internal functioning of the organisation. Other donors, like Worldbank, have financed specific projects / activities mainly.

7. The evaluation method

The mission has had discussions with the following stakeholders in Mali:

- Helvetas Mali in Bamako, with Mr. Franck Merceron and Mr. Siaka Doumba.
- One day field visit with Mobiom in Bogouni, meeting amongst others the director Mr. Sidy El Moctar Nguiro. During the field visit the village of Torakoro was visited where a discussion was held with farmers involved in the organic and fair trade cotton program.
- Staff of the Aproca permanent Secretariat, being the coordinator (Mr. Sidibé), the communication expert (Mr. Dioma Komonsira) and the accountant (Mrs. Sakilba Diarra). The director Mr. Ouattara Mamadou was out of the country, but has kindly completed a questionnaire with answers to all the questions of this evaluation.
- SNV (Mr. Mahamadi Diawara) in Bamako
- Yiriwa (Mr. Kees-Jan van Til) in Bamako
- Mr. Thiero, being staff of the CMDT until recently, being involved in some of the projects supported by ICCO
- Mr. Cavana, of the AFD French development aid office, responsible for the cotton support program;
- ICCO decentralised field staff: Mrs. Isabelle Pistone, responsible for the cotton program, and Mr. Peter Oomen, the regional director.
- ICCO staff at headquarters: Mr. Wilfried Schasfoort (previous PO) and Marian van Weert (sector expert).

Apart from that various documents were consulted, including:

- Evaluation of the Helvetas organic fair trade cotton programme 2006-2008
- Business plan of Mobiom 2008-2012, version January 2009
- Impact assessment of organic fair trade cotton in Burkina Faso, campaign 2008/09
- First semester report new Pro-Fil report of Helvetas
- Second semester report 2009 by Mobiom.
- Aproca strategic plan 2007-2011
- Aproca progress report of 2007 and the progress report of 2008
- The results and action plan of the regional conference in Ségou (November 2009)
- The business plan for Yiriwa trade house, from September 2008
- The Yiriwa business plan 2009-2014 from April 2009
- The Yiriwa 2009 annual report
- The Yiriwa plan d'accompagnement for 2009-2010
- The strategic plan for West Africa
- The Organic Exchange cotton farm and fiber report 2009

- Economic impact of NGO-Private sector partnerships for value chain development in West Africa. Case study on fair trade cotton-garment in Burkina Faso. ECSAD. April 2009.

8. Results and analysis

Relevance

1. The support to Helvetas and Mobiom.

The project is relevant, because it addresses a sector that generates incomes to millions of farmers in Mali. However, most farmers produce conventional cotton, and will continue to do so as long as CMDT will buy the cotton. The section of farmers going for organic cotton is small. Also, in view of the crisis in the cotton sector, the proportion of farmers going for organic and fair trade cotton is likely to stagnate as prices paid are not stimulating. Yet, the question is whether ICCO should not have focused more on the totality of farmers in the cotton sector, including the conventional cotton farmers, addressing the general problems now experienced in the cotton sector. Mobiom is a Union that unifies organic farmers. The choice of ICCO was to support an emerging alternative to conventional cotton production that would be in line with Fair and Sustainable priorities of the SFED policy. Aware of the the issues at stake in the West African cotton sector, ICCO supports APROCA as a lobby and advocacy organization of cotton producers that promotes this interests of all cotton producers, being conventional, organic, fair trade, BCI, or even GMO.

2. The support to Yiriwa.

The project is relevant, because it aims to address in a very deliberate and consistent manner the fact that current approaches to organic cotton production are too small-scale to become viable enterprises. The initiative aims to find a pragmatic way of dealing with the difficult development-business oriented interface. Thus, the experience on itself is highly relevant. Yiriwa has now expanded its focus to different organic products including cotton.

3. The support to Aproca.

Being focused at policy lobby and advocacy work at national and regional level, Aproca is highly relevant. However, the set-up will work only under certain assumptions, being that a regional platform is in the interest of national platforms and smallholder cotton producers. There is a risk that Aproca becomes an implementing entity by itself, performing itself in the playing field and looking for donor funds, without clear added value.

Effectiveness

1. The support to Helvetas and Mobiom.

The project scores positive on most indicators. Indeed, the project has contributed to set in place an approach for cotton production which has no danger for the environment and human health and which helps reduce poverty in rural sector. However, the farming/ production system is not yet well established, on certain social, economic and environmental aspects. There are problems involved in the farming / production system, as regards economic and social aspects mainly. There are reported problems of food security, high labour demand and land tenure. Also, the yields of organic cotton are compared to conventional still (too) low. In the first years of organic cotton production all produced cotton could be sold to the Swiss company Reinhard. The contact with Reinhard had been established by Helvetas. The production of organic cotton gradually increased in subsequent years, but in 2008 the supply could not be sold because Reinhardt was facing financial problems. Mobiom has not informed the farmers about the fact that the cotton could not be sold (hoping that it is a temporary problem and the risk of losing well trained farmers). This is the main risk of the program. Cotton fibers are normally exported and not locally processed. A meager start has been made with local processing of organic cotton textiles, for local value added activities. In 2009 20 tons of organic cotton were sold by Mobiom and processed locally. This amount was greatly under the demand size.

As regards to institutional strengthening, there has been an integration of the cotton-oriented program into an overall diversified organic production program. The main orientation is at national and international markets by local producers, through a development-oriented approach. It appears that ICCO has had some influence on Helvetas, especially as regards its position towards greater autonomy of Mobiom. Within Mobiom, a change towards increasing autonomy and business orientation is taking place, which has been stimulated by ICCO and is in line with the demands and wishes from Mobiom. Mobiom produced its first business plan in early 2008. The targets set are very ambitious. Since then new versions have been produced. In 2010 the business plan will be adjusted and finalized with direct support from ICCO. There are still some fundamental choices to be made. One is on the role of Mobiom in marketing the produce. The business skills within Mobiom are still to be fully developed. The service provision system by Mobiom is also quite expensive. Care should now be taken to not exceed the absorption capacity of Mobiom, in its drive towards greater autonomy.

2. *The support to Yiriwa.*

It can be observed that the concrete targets (in terms of producers and production volumes) were initially very optimistic, and have since then been downscaled in subsequent versions of the business plan. Annual targets have not been realised for 2008 and 2009. The organic cotton that has been produced has been sold after facing many difficulties. Also, there has been a shift from producing organic cotton to increasing organic rotational products (like sesame and groundnuts), from which important incomes have been obtained. The results are so far not impressive, but a trend of improvement is becoming clear. It can be concluded that the initiative is still in a critical phase, with an important loss in the first year. Effectiveness will need to prove itself in the coming years. A major challenge remains the subject of local processing facilities to improve value added, and in this way enhancing the proportion of incomes for small-scale producers.

The extension system set in place will need to prove itself, in terms of setting in place a sustainable production system with cotton and rotational crops. It is unfortunate that there is tension between Yiriwa and Mobiom, because Mobiom has the mandate for representing organic cotton farmers but has not been involved in the project mainly because of the different vision of Helvetas. SNV is the main agent carrying out capacity building activities in line with the 'plan d'accompagnement'. They collaborate with the extension agents of Yiriwa. We noticed that the current organisation of the initiative is still unclear, which has led to the proposal to set up a Yiriwa Foundation to accommodate the activities in the plan d'accompagnement. This would allow a more strict distinction with SNV, and a transfer of their role to the foundation. It is too early to say something about the results of capacity building. The 2009 Yiriwa progress report does not give information about this aspect, other than the number of groups being supported.

3. *The support to Aproca.*

Aproca is a young organisation, with mainly international network and coordination objectives. With support by ICCO, Aproca organised itself in 2005/2006 and developed a strategic plan for 2007-2011, including objectives and expected results. Looking at this plan, in 2007 and 2008 further progress has been made in terms of setting up the structure and making itself known. Aproca was represented at some important international events and thus gives 'a face' to African cotton producers.

However, while some outputs have been realised according to plan (especially representation at international events, training and exchange events), looking at the outcome indicators in the strategic plan, progress has so far not been impressive. Few concrete lobby or advocacy activities (targeted at a specific policy change) have been carried out. There is a risk that outcomes will not be realised, especially given underlying constraints of lack of commitment by national platforms. This becomes evident in poor funding (membership fees) and poor responsiveness of national platforms.

The conference on organic and fair trade cotton in November 2009 in Ségou has been an important milestone, strongly supported by ICCO. Yet, also on this subject, concrete results are yet to be established, based on the action plan that was formulated.

It seems to be important that a firm monitoring and reflection is maintained to assure that concrete outcomes will be achieved. There is a risk that (initiatives like) Aproca will continue its networking, information exchange and capacity building activities, without concrete results emerging.

Impacts

1. The support to Helvetas and Mobiom.

In the 2008/2009 season, the project has reached 6,500 farmers, and a production volume of 1,250 ton of cotton grain. This is 0.61% of the total cotton production in Mali. There are no data on incomes, as this has not been monitored by Helvetas or Mobiom. CMDT buys cotton from producers for the fixed price of conventional cotton, and then supplements the additional cost premium for organic cotton, and for fair trade cotton, once this has been received. The buying price for organic cotton is considerably higher than for conventional cotton (272 against 160 FCFA/kg in 2008). As a result the producers do have a higher income than conventional cotton producers. However, according to our interviews, fair trade premiums are with the cooperatives and not accessible to individual producers. The fair trade premium is meant for collective social, environmental or commercial investments, selected during General Assemblies by the producers.

Our interviews with Mobiom producers showed that the organic (cotton) producers are among the marginal farmers. They see an opportunity to get out of their miserable situation by going for organic products. There appears to be less interest among conventional cotton producers to shift to organic cotton because they still are in a relatively comfortable situation, receiving acceptable incomes from producing large quantities of cotton. They consider organic cotton production as cumbersome, given the high labour inputs and additional measures to be taken. This opinion may shift in the coming years, as the advantages of organic cotton become more clear.

2. Support to Yiriwa

There are not yet firm data on incomes for the producers involved. It is reported that producers have been paid on time, which has created confidence and trust among the producers. However, for most producers the organic production is just part of their farming system, so incomes are not likely to be substantial. Yiriwa has addressed the problems of timely payment and pre-financing. There are definitely some positive environmental and social impacts. Yiriwa considers interesting initiatives to overcome problems of insufficient organic fertilisers. However, there does not yet seem to be a mechanism for learning and feed-back on technical problems in the production chain.

3. Support to Aproca

The main objective of Aproca can be stated to be in line with its vision, being that "African producers will have a decent living from a competitive and sustainable cotton production, by their interests being regrouped and represented at national, regional and international levels." It is definitely too early to see any concrete impacts in line with this vision. However, we do not see any reference to this main objective in the reporting, or any monitoring to assure that the activities being undertaken will contribute to this vision. It is also unclear whether for Aproca it is clear what road will lead to realise this vision.

Sustainability

1. Support to Helvetas – Mobiom

Impacts on environmental indicators such as land-use, soil quality or biodiversity have not been assessed, but are expected to be positive as based on proxy indicators. The project has also had a positive impact on human health, due to less risk by using agro-chemicals, especially pesticides.

As regards the financial or economic sustainability, there are doubts with respect to the support provided by the Helvetas-Mobiom, which is costly. One of the strategies to reduce these costs is to produce larger volumes of organic cotton, and/or larger volumes of organic products with the same costs of the support system (scaling up, economies of scale). Second is the difficulty of finding suitable markets for the organic cotton produced. Markets are difficult to access.

2. Support to Yiriwa

Yiriwa aims to go for a large-scale approach, in order to become a commercially viable enterprise. Impacts on environmental indicators such as land-use, soil quality or biodiversity have not been assessed, but are expected to be positive as based on proxy indicators. However, a remaining weakness is that of insufficient organic fertiliser, threatening the long term sustainability of the organic production farming system. Yiriwa has ideas of addressing this problem in an innovative large-scale manner. The project has also had a positive impact on human health, due to less risk by using agro-chemicals, especially pesticides.

As regards the financial or economic sustainability, there are still doubts at the level of the enterprise. The enterprise has made a loss in 2008, and has not yet made a profit in 2009. Some more years are required to demonstrate whether the approach is financially viable.

As regards institutional sustainability, there are questions about the set-up of Yiriwa in isolation from national institutions, such as existing organisations of CMDT and Mobiom which have a mandate for cotton and organic cotton production. Instead, Yiriwa has opted to develop its own structures, being a new ginning factory (which has been postponed) and a new unit with the Union of cotton producers.

3. Support to Aproca

As regards the financial and institutional sustainability, the level of financing of Aproca is an issue of concern. Aproca is heavily dependent on donor funding. Membership fees are not yet met and so far only represent a low proportion of the annual budget. The objective of creating financial autonomy within Aproca has not been achieved. There are also questions about the responsiveness and commitment by national platforms.

DRAM effectiveness

We now look at the objectives of the West Africa strategic plan, which aligns with some of the main indicators in the DRAM matrix.

Output partner organizations	Targets set	Targets realized
1. Poverty reduction	<ul style="list-style-type: none"> Increased annual income of 20,000 West African small organic and fair trade cotton (+ rotation crop) farmers with an average of at least 25%. Increased participation of women in organic cotton production to more than 30%. Reduction of the use of pesticides with positive impact on food security, education and health (life expectancy) 	<ul style="list-style-type: none"> For Helvetas 6,600 realised, for Yiriwa 1,323, total about 8,000. Doubts about sustainability, as the underlying farm and business model are not yet sound. A 25% increase has not been realised. Reduced use of pesticides, with positive health impacts. However, food security remains problematic.

Output organizations	partner	Targets set	Targets realized
2. A strong support network for organic cotton production		<ul style="list-style-type: none"> Service providers, knowledge and research centres effectively support organic cotton farmers 	<ul style="list-style-type: none"> There are two systems, Mobiom and Yiriwa. Both systems are still not fully developed as constraints are still to be solved.
3. Strong lobby institutions in Mali, Burkina Faso, Benin and Senegal		<ul style="list-style-type: none"> Lobby for better prices, trade conditions and labour conditions for both conventional and organic and fair trade cotton producers in Africa, issues : against western subsidies and demanding better trade regulations. 	<ul style="list-style-type: none"> Aproca has made itself known and is by now a respected actor in the international arena. But no concrete lobby activities and expected changes have so far taken place.
4. Access to markets for organic and fair trade cotton and for organic farm systems crops		<ul style="list-style-type: none"> Markets for all the organic and fair trade cotton produced in West Africa and for at least 3 other organic farm systems commodities Two major new clients have committed themselves for the long term to buy organic and fair trade cotton or farm system crops. 	<ul style="list-style-type: none"> Market for bio fair trade cotton is poor and produce is not sold. Other products are better sold. Marketing is not yet well established. Unfortunately, long-term clients are not yet found.
5. Value Chain Development		<ul style="list-style-type: none"> The establishment of a Trade Company Yiriwa SA in Mali and Yiriwa has established its own ginning facility in Mali as well as cleaning facilities for sesame and soja. 	<ul style="list-style-type: none"> This has not been realised, due to several constraints, especially low volumes of produce.

9. Roles ICCO

Financing role

In Mali, ICCO is mainly recognised by its role as a donor. In fact, partners do not even know about other roles. This may also be a cultural bias, because Mali is very much donor-oriented and donor-driven. Mali is not used to external organisations playing another role than donor.

In its role as a financing organisation, ICCO is praised as being relatively flexible. Reference is made to other donors being more strict, in terms of only financing particular activities and in terms of reporting requirements. ICCO has stimulated Helvetas to move towards greater autonomy of Mobiom. ICCO has supported Aproca to develop and execute a strategic plan and institutional strengthening process, unlike other donors who financed only specific projects or activities.

With Yiriwa, ICCO has played another role as funding agency, by co-financing the initiative. It has adopted a new role by becoming shareholder of the enterprise, now at the level of 45% shareholding. ICCO has stated from the beginning that this would be a temporary role, i.e. local stakeholders would gradually take over this share. This role is pro-active and enterprising. However, this role is not well understood by outsiders, and has therefore lead to criticism and discussion. The approach should have been better explored, defined and then communicated.

ICCO has explicitly addressed the problem of timely payment of producers and therefore developed a mechanism for pre-financing producers to purchase their input supplies. This is an essential component of making it possible to involve smallholder producers.

ICCO has shown a certain degree of flexibility, in terms of being able to finance new initiatives such as Yiriwa at short notice, developing new financial support mechanisms, and separately financing additional activities when these appear to fit into a larger strategy (e.g. conference in Ségou).

Mediation / brokerage

The role of ICCO as mediator and broker with (northern) market actors is not recognised. ICCO has not played a significant role in establishing links with (northern) buyers of organic cotton and other organic products. In contrast, Helvetas is frequently mentioned as playing such a role, as it has assisted Mobiom to find a suitable market for the organic cotton, and more recently other organic products. In the Yiriwa initiative, contacts with market actors were established by KIT and AK Organics. Now that AK Organics has dropped out, Yiriwa has established contacts with buyers of the organic products. ICCO has played only an indirect role in this respect.

In terms of the relations with other stakeholders in Mali, the role of ICCO creates some confusion. Yiriwa is different from Helvetas/Mobiom by its more commercial focus, but it is questioned why ICCO supports two different initiatives without ensuring close linkages. This has contributed to a situation of competition and lack of trust. We have understood that ICCO has tried to bring the two initiatives together, but could not correct the bad start between AK Organics and Helvetas Mali (when ICCO was not yet involved). Since recently relationships have started to improve.

On the other hand, ICCO did play a very important role in getting the Ségou conference on organic and fair trade cotton of the ground. Not only in terms of funding, but also in terms of motivating various parties to participate. The conference was a great success. The conference led to the creation of a permanent Platform of organic and fair trade cotton stakeholders, with an Action Plan and a Comité de pilotage. The role played by ICCO was therefore much more than allowing a conference to take place.

Lobby / advocacy

ICCO is not recognised as playing a significant role in lobbying or advocacy. Helvetas/Mobiom nor Yiriwa have taken up such activities. Helvetas did organise a lobby campaign at the national level in Mali against GMO's in cotton. Aproca is the organisation that has been set in place to play this role. However, we have doubts whether they will be able to play this role. Will they have the power, the skills and the recognition to play such a role? Instead, it seems that Mobiom is in close contact with CMDT and can influence policy decisions.

Capacity building

ICCO played only an indirect role in capacity building. This was mainly done by the partners that were supported: Helvetas, Mobiom, Yiriwa, SNV or Aproca. However, ICCO did indirectly influence these partners, especially strategic issues when negotiating about the contract and subsequent monitoring. For instance, ICCO has played an important role in stimulating a process towards greater autonomy of Mobiom. This is in the interest and demand of Mobiom.

Missed opportunities

We believe that ICCO has missed an opportunity by not being able to keep CMDT on board. CMDT is the leading government agency governing the cotton sector. CMDT created a unit for organic and fair trade cotton, following an initiative from Max Havelaar. Although probably primarily for opportunistic reasons, it is an initiative to be strengthened. Currently, we were told the unit has disappeared.

Main added value of ICCO

- Flexibility in funding, and tendency to provide funding at institutional level, leaving a certain level of responsibility and autonomy to local partners.
- Proactive financing role, co-funding a commercial enterprise which would otherwise not have got of the ground. We believe this required persuasion within ICCO headquarters.
- Emphasis at marketing and commercial aspects, and support to the development of a sustainable and viable farming / production system.

- Emphasis at a process of increasing autonomy of Mobiom, although ICCO should be realistic and not move faster than the Mobiom absorption capacity.
- Willingness to help design an approach to combining development- and business-oriented enterprise development, in one of the most difficult sectors, and one of the most difficult regions in the world.

10. Conclusions

Relevance

The program is highly relevant, and in its totality addresses different components of an integrated approach: support to smallholders, support to a new type of business approach, support to a lobby and advocacy oriented structure. The program seems to evolve towards a diversity of organic crops, rather than different types of cotton. This could be referred to as an integrated approach.

Effectiveness

The three programs are all three in a process of great dynamics and evolution. In fact, they are all still in a build up phase. None of the three programs has all of its expected results realised, and none of the three programs has fully realised its objectives. Yet, important achievements have been made, important lessons can be drawn and important next steps are to be set. The programs all refer to contextual difficulties in explaining relatively slow progress, especially the collapse of the organic cotton market in 2008/2009. However, one could also state that the project expectations were too ambitious or optimistic, or the model developed not sufficiently viable.

Some details are the following:

- The Helvetas/Mobiom organic cotton farming system model has developed over the years but is not yet commercially sound, and there are remaining questions, for instance with respect to incomes, land tenure, food security and labour inputs.
- The Yiriwa initiative has survived thanks to important crop diversification, but the markets are still uncertain and no long-term contracts have been signed so far. Contracts were signed with buyers for non cotton production but on a campaign basis.
- Aproca has been instrumental in creating a regional strategic plan, but still needs to prove its 'raison d'être' by showing the power and mandate to influence policy and decision-makers.
- There has been no progress in local processing activities (local processing beyond ginning was not in the direct objectives of the program).

Impacts

The three initiatives have positive impacts, in terms of revenues for people. Whether additional incomes will enable producers to move out of poverty is not yet clear. Also, we are still dealing with relatively small initiatives and numbers. Volumes are too small to realise economies of scale, and make major investments such as a ginners.

There are two major promising developments:

- The evolution towards producing and marketing a diversity of organic crops, rather than organic cotton only. This may evolve into a farming systems and marketing model that could be expanded towards greater numbers of conventional cotton growing farmers.
- The development of a strategy and action plan for the organic cotton production sector, bringing together all stakeholders. This initiative has been established thanks to active networking by ICCO.

Efficiency

Although this is not a subject of this evaluation, we like to say something about it. It must be noted that a large part of the project funding is oriented at budget lines of functioning costs (extensive training workshops, transport, per diems, training, materials), and only a small amount of money goes directly to concrete financial benefits for smallholders. For instance, there is still a lack of carts to transport organic fertiliser in the villages supported by Mobiom. In other words, very few funds are directly benefiting to the main objective of poverty reduction. This may be justified, but is risky.

Sustainability

There are positive benefits on environment and social aspects, especially health by less use of agro-chemicals. On the other hand, there are problems of food security and grater workload, especially for women. On the other hand, ICCO emphasises the role of women in production systems.

ICCO roles

ICCO is especially recognised for its role as a strategic financier. ICCO's partners play significant roles of capacity building. Lobby & advocacy should be further elaborated. As regards mediation and brokerage with (northern) market actors ICCO is playing only an indirect role. As regards to coordination with national stakeholders, ICCO has played an effective role, by bringing together stakeholders in the organic cotton platform. On the other hand, it has not been able to realise a partnership between Mobiom and Yiriwa.

The ECSAD case study on organic cotton in Burkina Faso neither mentions active roles played by ICCO on aspects of brokerage or lobby& advocacy. It mainly refers to support, assistance and collaboration, while it remains rather unclear what this implies in practice.

Main conclusion

One main conclusion is that a model for organic production at farm level is not yet firmly established. There are still local problems of food security, high labour inputs, and environmental sustainability. This conclusion is supported by the ECSAD case study, which also mentions some constraints to organic cotton production (shortage of organic fertilisers, high labour inputs). One important element of viable farm systems is diversification.

Nor is the business model for Mobiom well established. There are problems of the model being viable in a context of declining prices and insecurity of markets, in relation to high costs of the services being provided to organic cotton producers. This all means that the Helvetas-Mobiom model still needs to be further developed, and is not ready for widespread replication. The main concerns are with institutional and financial sustainability issues. Viable commercially sound models have not yet been developed. Both for Mobiom and Yiriwa there are important challenges for better distinction of the development and business-oriented pillars.

Most of above problems are also noted by the ECSAD study on organic cotton in Burkina Faso. Yet, the ECSAD study concludes that the organic cotton program has been very successful. This we find doubtful. There is not yet a model available for widespread replication. Also, we raise fundamental questions about how to move from a development-oriented to a more business-oriented model, as based on the contextual factors in the region and in the sector. Crop diversification is fundamental. Vertical integration with added value activities (of local processing and added value activities) is also essential. Reducing the costs of the service provision system is also essential (the current system of Mobiom can be seen as too much social development-oriented).

B1. Helvetas – Mobiom program

1. Introduction

1.1 History

Helvetas initiated the organic cotton program in Mali in 2002, following an experimental phase in 1998. The first phase (2002-2005) was financed by ECO (Swiss aid) and was evaluated positively. The program was oriented at offering an alternative approach to cotton production, with environmental and social benefits, responding to the growing international cotton demand. Mobiom was created in 2002 to represent the interests of the farmers growing organic and fair trade cotton.

ICCO's first contact was in 2005 when Helvetas and ICCO decided to work together on the development of Bio Fair Trade cotton. ICCO first supported Helvetas with a small funding to finalise its first phase of this program, in 2005 (interim funding of 7 months). This was ICCO's first experience in organic and fair trade cotton in West Africa. One of the outcomes of this first project was the establishment of Mobiom. After that a large contract was signed to cover the period 2006-2008 (01-01-12-005). In 2007 ICCO was able to find EU funding for this project, in close collaboration with Helvetas, and the old contract (01-01-12-005) was reduced in budget. The remaining budget covered aspects that were not included in the EU project. The EU project started January 2006 and lasted to December 2008 (01-01-12-003). The first contract also included the support for Helvetas to UNPCB in Burkina. One joint contract was signed with Helvetas in Switzerland.

In order to support autonomy of Mobiom, ICCO started a discussion with Helvetas Mali in 2008, but initially found much resistance. With the support of Helvetas Zurich these views were gradually changed and Mobiom and Helvetas Mali agreed to start a process towards increasing autonomy. ICCO will finance this process (01-01-12-027). Since the process only got approval in the course of 2009, ICCO decided to finance the support to Helvetas and Mobiom for 2009 through a bridging grant of € 100.000 (01-01-12-020), with the expectation that we would be able to finance Mobiom from 2010 onward. For that a reservation is made.

1.2 The project/s

The project overview is as follows (reference to excel sheet provided by ICCO for the IM evaluation):

- In the excel sheet no reference can be found on the interim funding in 2005, covering 7 months. Funding amount is unknown.
- Two projects of support to Helvetas: 01-01-12-003 covering the period 01-01-2007 to 31-03-2009, contribution ICCO € 873,000 from ICCO (EU funding), and 01-01-12-005 covering the period of 01-01-2006 to 31-12-2008 with an ICCO contribution of € 390.000. Total budget for the Helvetas/Mobiom organic cotton project was approximately € 2.2 million over this period. Both projects according to the excel sheet are still running, which is incorrect.
- Bridging project for the year 2009, with number 01-01-12-020. This project is not yet listed on the excel sheet. The funding from ICCO is € 100,000.
- Contract with Helvetas Zurich (01-04-01-004) for developing a community of practice on organic cotton, running from 01-12-2008 to 31-12-2010, with total funding of € 88,000. This project is still running. It was not part this evaluation.

Thus, total funding over the evaluation period (2005 to mid 2009) is about € 2.4 million, concentrated in the period 2006-2008.

The main project is called "Support to fair trade and sustainable cotton", covering the 2nd phase of Helvetas support to fair and sustainable cotton production (2006-2008). The project is based in the intervention zone of Helvetas / Mobiom. The overall objective is defined as "Contribution to primary commodities on international

markets by offering a method for cotton production which has no danger for the environment and human health and which helps reduce poverty in rural sector”.

In 2008 the above project was finalized and evaluated. Helvetas transformed the programme to a new one, which was called ProFil-Bio (Programme to promote organic and fair product chains). The main difference with the above project is the fact that more diversified crops were included. The main objective is “Contribution to the improvement of conditions of producers through the promotion of a diversified organic sector, local processing and trading to local, regional and international markets.” ICCO supported this project only very lightly, as part of a transition period towards full autonomy of Mobiom. The specific objectives are as follows:

1. Improved food security and revenues of producers through consolidation of organic product chains, and improved access to production factors by women.
2. Stimulate the diversification at the level of organic livelihoods and/or the initiatives to process and add value locally to better take the opportunities of local, regional and international markets
3. Promote the autonomy of actors in the value chain and improve the conditions for developing the sustainable and fair production sector in Mali, with an improved participation of women.

1.3 The project partner

The direct project partner for ICCO is Helvetas. Helvetas was founded in 1955 as Switzerland’s first private organization for development cooperation. It has a decentralized structure, with great autonomy to the country program directors in operational issues. Helvetas headquarters is in Zurich, and depending upon needs coaches and monitors the country programs. However, all projects and contracts must be approved by Helvetas headquarters. According to ICCO, Helvetas is too defensive towards Mobiom, imposing their ideas and not being sufficiently business oriented. ICCO has strongly influenced the initiative to create autonomy with Mobiom.

The indirect project partner is Mobiom, as the entire project is oriented at strengthening fair and sustainable cotton production through Mobiom. Mobiom was formally created in 2002 as the national structure representing the interests of farmers growing organic and fair trade cotton. The mission of Mobiom is “to contribute to the improvement of socio-economic, social and environmental conditions of its members by the promotion of organic agriculture in Mali and fair trade.” Thus, Mobiom has expanded from cotton to multiple organic and fair trade products. Its organization was gradually developed, and now includes a General Assembly with representatives of farmers cooperatives producing the organic and fair trade products. Since one year Mobiom has a business unit.

1.4 The evaluation method

The mission has had discussions with Helvetas Mali in Bamako, with Mr. Franck Merceron and Mr. Siaka Doumba. One day was spent on a field visit with Mobiom in Bougouni, meeting amongst others the director Mr. Sidy El Moctar Nguiro. During the field visit the village of Torakoro was visited where during 2 hours a discussion was held with farmers involved in the organic and fair trade cotton program.

Apart from that various documents were consulted, including:

- Evaluation of the Helvetas organic fair trade cotton programme 2006-2008
- Business plan of Mobiom 2008-2012, version January 2009
- Impact assessment of organic and fair trade cotton program in Burkina Faso, campaign 2008/09
- First semester report new Pro-Fil report of Helvetas
- Second semester report 2009 by Mobiom.

2. Results

2.1 Project expected results / indicator review

The expected and realized results are as follows (based on evaluation report 2008 and last available progress report 2009).

Expected results	Indicators for 2008	Realized in 2008
1. Soil organic matter and other conditions are well managed by producers.	<ul style="list-style-type: none"> 80% of producers have carts for local transport 100% of producers have compost pits 100% of producers have compost training 5-10 t/ha of organic matter on organic production fields 	<ul style="list-style-type: none"> No data, probably lower because strong demand No data, probably lower No data 6 t/ha, not sufficient.
2. Producers are converted to organic production, producing an increasing quantity of certified organic and fair cotton, as well as other products, which enables an increasing income and food security	<ul style="list-style-type: none"> Organic cotton yield 600 kg/ha 5500 organic producers, 30% women Organic cotton area 3500 ha # of extension agents 31 # of extension workers 223 20% income increase for organic producers 	<ul style="list-style-type: none"> 375 kg/ha 6500 producers, of which 33% women. 3900 ha 30 242 No data on incomes
3. Cooperatives of producers find themselves in a structure which enables certification and marketing of organic and fair cotton	<ul style="list-style-type: none"> Existence of clear standards Clear management documents Number of cooperatives increases to 72 95% satisfaction of producers Increasing marketing of organic products by Mobiom 	<ul style="list-style-type: none"> yes yes 72 No data Sales of organic cotton produced are not realised
4. Organic and fair cotton is well integrated in a vertical market chain with attractive prices; a small amount is locally processed; other products are also internally marketed	<ul style="list-style-type: none"> 100% of cotton is sold as organic and fair trade 100% of cotton produced is first quality Costs for cotton production and processing are calculated by CMDT 	<ul style="list-style-type: none"> Not all could be sold The quality is not always up to highest standards These costs are still not totally clear
5. Responsibilities are gradually transferred to the chain actors in the form of a platform for professional exchange.	<ul style="list-style-type: none"> Existence of a platform for coordination At least 4 annual meetings and one working group CMDT and Mobiom are represented in the platform 	<ul style="list-style-type: none"> Partly No data Yes

For the above expected results, the evaluation report has following conclusions, with our additional observations included:

1. The area of organic and fair cotton production in 2008 was almost 4,000 ha, in line with the targets. It further increased in 2009 to 5491 ha. Production volume in 2008 1250 ton cotton grain respectively, which apparently has increased further in the next year. However, yields remain lower than expected, at average 375 t/ha as compared to the target of 600 kg/ha, while conventional cotton production reaches yields around 1000 t/ha. These organic cotton yields are considered to be below the minimum level of profitability, being 640 kg/ha. The main underlying reason is the fact that organic fertilizer application is

too low. The evaluation report states that the average of 6 t/ha should be sufficient, but there are large variations between farmers, many not reaching the minimum level. No more agro-chemicals were used, e.g. insecticides, but these were replaced by different types of bio-pesticides, some of which were locally produced on the basis of neem seeds. Collecting organic fertilizer, producing compost and producing natural pesticides is all labour intensive work. Apart from organic cotton, producers increasingly also produce other organic crops, such as sesame, karite butter, peanuts and fonio.

It is concluded that the technical aspects of producing organic and fair cotton are generally well established. The remaining problems are:

- The supply of organic produced seeds (which is now insufficient and not controlled)
- The absence of strong linkages between Mobiom and research institutions
- The need to improve access to carts for local transport of organic fertiliser
- The need to develop financial mechanisms to support farmers.

While these conclusions are supported by our observations, additional problems are noted:

- Problems of food security, due to the lack of (organic or inorganic) fertiliser (and possibly land) to produce food crops;
- Remaining low yields, and low levels of product volumes, under the minimum level of profitability;
- High labour requirements, especially for women, to produce and transport organic fertilizer;
- Land security problems for the group of farmers involved, especially women, especially once organic cotton production will really take off.

Our conclusion is that a model for organic production at farm level is not yet well established.

2. Revenues for producers are not yet known. However, bottlenecks are (i) the high costs of the Helvetas/Mobiom support system, (ii) the low yields, and (iii) the low production volumes which make the production system inefficient. The evaluation report pays little attention to the failing markets for organic cotton, which seem to be a fundamental bottleneck.
3. As regards the organizational model of cooperatives and Mobiom, the number of cooperatives has grown rapidly, but the main concern is the level of financial sustainability. For Mobiom, the level of self-financing is estimated at 18% only, through membership fees and part of the premiums for organic and fair trade cotton sales. This level is clearly too low.
4. Of the 500 t of organic cotton fibre produced, so far 200 t has not yet been sold due to poor markets. The evaluation concludes that to improve profitability, there are different strategies:
 - The need for diversification and thus increasing volumes of certified products
 - The need for larger areas with organic products (upscaling)
 - Processing by an own ginning factory
 - The need for local value added processing, including ginning but also textile production.
5. A platform for coordinated activities on organic cotton was not yet established in 2008.

2.2 DRAM framework and additional indicators

In the following overview and analysis of results, we combined the following sources of information: results of the project according to the evaluation and progress reports (see above), our own observations during this evaluation mission, and additional reports especially the impact assessment study carried out by Helvetas for cotton production in Burkina Faso.

Poverty alleviation

The number of producers reached was 6500, which is more than the initial target (5500), but less than indicated in the business plan of Mobiom (16,000).

There are no data on incomes, as this has not been monitored by Helvetas or Mobiom. CMDT buys cotton from producers for the fixed price of conventional cotton, and then supplements the additional cost premium for organic cotton, and for fair trade cotton, once this has been received. The buying price for organic cotton is considerably higher than for conventional cotton (272 against 160 FCFA/kg in 2008). As a result the producers do have a higher income than conventional cotton producers. However, according to our interviews, part of the incomes are with the cooperatives and not accessible to individual producers.

Our interviews with Mobiom producers showed that the organic (cotton) producers are among the marginal farmers. They see an opportunity to get out of their miserable situation by going for organic products. Conventional cotton producers have no interest in shifting to organic cotton

Institutional strengthening

There are three levels of institutional strengthening: that of Helvetas (by ICCO), Mobiom (by Helvetas) and cotton producers (by Mobiom).

As regards Helvetas, there has been an integration of the cotton-oriented program into an overall diversified organic production program. The main orientation is at national and international markets by local producers, through a development-oriented approach. The evaluation report has critical remarks about some of the capacities of Helvetas:

- There is no systematic monitoring and reporting system
- There is no strategic planning and insufficient insight in international markets
- The focus is at the primary production stage, and not at other stages of the value chain.

It appears that ICCO has had some influence on Helvetas, especially as regards its position towards greater autonomy of Mobiom.

As regards Mobiom, the organization has grown rapidly. A gradual change towards increasing autonomy and business orientation is taking place, which has been mainly pushed by ICCO. Mobiom produced its first business plan in early 2008. The targets set are very ambitious. Since then new versions have been produced. In 2010 the business plan will be adjusted and finalized with direct support from ICCO. There are still some fundamental choices to be made. One is on the role of Mobiom in marketing the produce. The business skills within Mobiom are still to be fully developed. Mobiom would seem to agree with selling its produce to a selling house, which then markets the produce, as it has done with Reinhard. Mobiom now tries to undertake marketing activities by itself. Marketing skills are in general weak among local organizations.

Another problem is that Mobiom has several donors, each with different monitoring and reporting requirements. Institutional core funding and a harmonized approach by donors would be good.

As regards cotton producers, capacity building and training was done through Helvetas, which provided training to Mobiom extension agents, which again provided training to farmers producing cotton and other products. It is our impression that ICCO did not influence the contents of this training.

The number of cooperatives realized is according to schedule, and the number of Mobiom extension agents is more than planned. The number of organic producers per extension agents is 217, and the number of producers per extension worker (animateur) is 19. This extension system is costly, including Helvetas as well as Mobiom extension staff at three different levels.

Policy influencing

The project does not have specific policy influencing objectives, apart from the establishment of a platform for organic and fair trade cotton production. This platform was not yet established in mid 2009, but in November a conference was held with all stakeholders during which a common strategy was established. The situation at the end of 2008 was not easy, since the Helvetas / Mobiom program had a difficult relationship with the Biotrade / Yiriwa program initiative. It seems that ICCO has played an important role in creating this situation.

Market value chain improvement

In the first years of organic cotton production all produced cotton could be easily sold to the Swiss company Reinhard. The contact with Reinhard had been established by Helvetas. There were also indications that the demand for organic cotton was rapidly expanding and supply was the limiting factor. The production of organic cotton gradually increased in subsequent years, but in 2008 CMDT could not sell the organic cotton fibre (for a price corresponding to organic fibre). The following are the underlying reasons mentioned:

- Reinhard company ran into problems and did not buy all organic cotton;
- The economic crisis caused textile industries to forget about the organic cotton niche market;
- The supply of organic cotton from Mali had expanded rapidly, due to the emergence of a second producer being Biotrade (Yiriwa SA), causing a too rapid increase of supply.

There is a lack of strategic market studies for cotton and organic cotton from West Africa.

Value added processing is mentioned but has not received much attention. The focus is at the level of primary production and not at subsequent processing stages. It seems that 2 tonnes of cotton fibre has been processed in 2008 by the local textile company COMATEX into local textiles, and provisions are that 10 to will be processed in 2009. No further details are given.

3. Analysis

In the first years of organic cotton production all produced cotton could be easily sold to the Swiss company Reinhard. The contact with Reinhard had been established by Helvetas. There were also indications that the demand for organic cotton was rapidly expanding and supply was the limiting factor. The production of organic cotton gradually increased in subsequent years, but in 2008 the supply could not be sold. The following are the underlying reasons mentioned:

3.1 Effectiveness

The project scores positive on most indicators. Indeed, the project has contributed to set in place an approach for cotton production which has no danger for the environment and human health and which helps reduce poverty in rural sector. However, the farm model is not yet well established. There are still several problems involved in the farming / production system, as regards the economic, land tenure, and social aspects mainly.

In the first years of organic cotton production all produced cotton could be sold to the Swiss company Reinhard. The contact with Reinhard had been established by Helvetas. There were also indications that the demand for organic cotton was rapidly expanding and supply was the limiting factor. The production of organic cotton gradually increased in subsequent years, but in 2008 the supply could not be sold. Mobiom has not informed the farmers about the fact that the cotton could not be sold (hoping that it is a temporary problem). This is a potential time bomb under the whole program.

Cotton fibers are normally exported and not locally processed. A very meager start has been made with local processing of organic cotton textiles, for local value added activities. The results of this processing are not yet known.

Thus, also processing and marketing are far from being established.

3.2 Impact

In the 2008/2009 season, the project has reached 6,500 farmers, and a production volume of 1,250 ton of cotton grain. This is 0.61% of the total cotton production in Mali. Thus, there is still a way to go. We concluded above that it appears to be too early to consider the organic cotton system as well established, and ready for widespread replication, dissemination or upscaling.

Incomes for the producers involved have not been monitored. However, of a similar project in Burkina Faso the impacts have been evaluated, and here it was demonstrated that farmers receive about 30% higher incomes due to the combination of higher cost price for organic and fair trade cotton, and lower costs (for inputs, mainly agro-chemicals). However, we found that part of these incomes are not directly accessible to farmers (but to the cooperative), and also the food security situation has deteriorated, so that farmers might need to buy more food.

It is too early to say something about impact on employees in the processing factory.

3.3 Sustainability

There are several levels of sustainability.

Impacts on environmental indicators such as land-use, soil quality or biodiversity have not been assessed, but are expected to be positive as based on proxy indicators. However, a remaining weakness is that of insufficient organic fertiliser, threatening the long term sustainability of the organic production farming system. The project has also had a positive impact on human health, due to less risks by using agro-chemicals, especially pesticides.

As regards the financial or economic sustainability, there are several doubts. One is the costs for support provided by the Helvetas-Mobiom support system, estimated at 40 FCFA per kg of organic cotton produced (20-25% of the selling price), which is too high for a commercial enterprise. One of the strategies to reduce these costs is to produce larger volumes of organic cotton, and/or larger volumes of organic products with the same costs of the support system (scaling up, economies of scale). This is one of the strategies now pursued. However, the success depends upon available markets for organic products.

Second is the difficulty of finding suitable markets for the organic cotton produced. Markets are difficult to access.

As regards institutional sustainability, there are questions about the autonomy of Mobiom. Mobiom has shown a very rapid growth, in terms of budget and staffing. Care should now be taken to not exceed the absorption capacity of Mobiom, in its drive towards greater autonomy.

3.4 Attribution

ICCO supported Helvetas / Mobiom in two different ways, by ICCO funding (direct) and with EU funding (indirect). Apart from that there five other donors supporting Helvetas on this program. In addition, there were donors directly funding Mobiom. Thus, it is not easy to specify the role of ICCO with respect to the above impacts. It is our impression that ICCO clearly had an added value especially on the subject of the drive towards greater autonomy of Mobiom.

4. Analysis of the partnership

4.1 Theory of Change/ Intervention logic

The context for producing organic and fair cotton in Mali for international markets appeared to be positive in the early 2000's, when Helvetas started its organic cotton program. It was then assumed that concentrating on increasing supply / production of organic cotton would be the main strategy to enhance incomes for small producers. There were very positive outlooks on the market possibilities of organic and fair trade cotton.

Helvetas / Mobiom have always concentrated on the primary production phase. Selling of organic and fair trade cotton was left to Helvetas, through the Swiss-based Reinhard company. A market study was not undertaken. It came more or less as a shock when it appeared that the cotton could not anymore be sold easily. The main factors coming forward from the interviews and reports are the following:

1. Variable quality, and high processing ginning costs by CMDT, making the cotton not competitive at an international level, for instance as compared to organic cotton production from India;
2. Ongoing privatization of the CMDT, leading to major uncertainties as regards the future;
3. Opportunistic attitude of CMDT towards organic cotton, not taking a proactive role, for instance in marketing organic cotton;
4. The difficult market chain for cotton in general, and for organic cotton in particular. As a result it appears to be impossible to get firm contracts with buyers of organic cotton, only intentions are expressed.
5. Economic crisis and declining cotton prices; textile industries tend to forget about the organic cotton niche, Reinhard as the main buyer ran into problems and did not buy all organic cotton;
6. The rapidly expanding supply of organic cotton from Mali, due to the emergence of a second producer being Biotrade (Yiriwa SA), which surpasses the demand for organic cotton.

It must be said that, apart from the last two points, these factors are not new. Helvetas / Mobiom continue to concentrate on the primary production phase.

4.2 Relevance

The project is relevant, because it addresses a sector that generates incomes to millions of farmers in Mali. However, most farmers produce conventional cotton, and will continue to do so as long as CMDT will buy the cotton. The section of farmers going for organic cotton is small. Also, in view of the crisis in the cotton sector, the proportion of farmers going for organic and fair trade cotton is very likely to increase. Yet, the question is whether ICCO should not have focused more on the totality of farmers in the cotton sector, including the conventional cotton farmers, addressing the general problems now experienced in the cotton sector.

5. Roles ICCO

Financing role

According to our interviews, ICCO is essentially known and recognized as playing a role as a donor or financing agency. In doing so, it is praised for its flexibility, i.e. the fact that it gives autonomy and responsibility to the receiving organization, to spend the funds according to their own insights. This is considered positive as compared to our donors.

Mediation / brokerage

ICCO has not played a significant role in establishing the links with (northern) buyers of organic cotton and other organic products. In contrast, Helvetas is frequently mentioned as playing such a role, and as assisting Mobiom to find suitable markets for the organic cotton being produced. A brokerage role was also not mentioned by the interviewed partners (Helvetas, Mobiom).

The difficult relation with the other initiative, that of Biotrade / Yiriwa, has been mentioned. We should conclude that ICCO has not been able to bring the different parties together. Although it is clear that Yiriwa is different from Helvetas/Mobiom, by its commercial focus and its potential role as a trading house for Mobiom, it is questioned by some partners why ICCO supports two different initiatives without ensuring close linkages. This has contributed to the emergence of a situation where some competition seems to exist.

Lobby / advocacy

ICCO has not played a significant role in lobbying or advocacy. In fact, the project has not carried out any such activities. Helvetas organized a lobby campaign in Mali against GOM in cotton, partly with funding from ICCO.

Capacity building

ICCO did not play by itself a significant role in capacity building. This was mainly done by Helvetas or Mobiom. However, ICCO did indirectly influence both Helvetas and Mobiom on certain strategic issues. For instance, it is clear that ICCO has played an important role in promoting a process towards greater autonomy of Mobiom. This is in the interest and demand of Mobiom.

Facilitation

We did not come across a role by ICCO in facilitation or negotiation with standards, for instance on the price setting for fair trade premium, on certification standards or systems etc.

Missed opportunities

We believe that ICCO has missed an opportunity by not actively interacting with CMDT. CMDT is the leading government agency controlling the cotton sector and cannot be overlooked. CMDT has created a unit for organic and fair trade cotton, following an initiative from Max Havelaar (so we were told). Although probably primarily for opportunistic reasons, it is an initiative to be strengthened. Currently, we were told the unit is in fact dead.

Main added value of ICCO:

- Emphasis at marketing and strategic issues, and not technical ones. However, the weakness is that technical issues are neglected ;
- Emphasis at a process of increasing autonomy of Mobiom, although ICCO should be realistic and not move faster than the Mobiom absorption capacity.

Strategic choices

ICCO by its support to organic and fair trade cotton in Mali (West Africa) has positioned itself in a niche market. This market is small and is expected to remain small. ICCO is not considered a player in the overall (conventional) cotton sector. Yet, there are considerable improvements to be made in the conventional cotton production, with potentials to reach many more farmers than by the current focus on organic cotton.

B2. Yiriwa – SNV program

1. Introduction

1.1 History

In early 2007 ICCO was approached by Agriprofocus to participate in a coalition that would explore the possibilities for large scale organic farming in West Africa, together with the company AK Organics (based in Turkey). The other partners in the coalition were SNV, KIT, AK Organics and Solidaridad. Later in 2007 Solidaridad decided to withdraw. In November 2008 KIT, AK Organics and ICCO the remaining partners established and registered a company, with the name of Yiriwa SA (but the working names were also PBE - Project Biologique/Equitable - or Biotrade. SNV decided not to participate in the tradehouse, but expressed an interest to support the initiative by providing technical advice. They promised to put in 3 staff in the initiative. The PBE project started with an inception phase in 2008. The initiative was split in two, a business component and a support project to train and organise farmers.

During the inception phase in 2009 the initiative was further worked out. KIT provided advice, ICCO some funds (approximately € 44.000) and SNV provided staff for service provision. This first project (01-01-12-016) was finished at the end of 2008. Then only € 12.000 of the funds had been spent from the contract that was signed with SNV as the implementer. Initially the initiative was aimed to cover Mali and Burkina Faso, but later Burkina Faso stepped out because the UNPCB was not convinced of the added value Yiriwa could offer.

After the partners had decided to continue with Yiriwa in 2008 also a new setup for the support project was formulated jointly with SNV, KIT and ICCO for a period of 3 years, starting from January 2009. It was called the “projet d’accompagnement.” It was agreed that partners would take a shared responsibility for the project and therefore a “comite de pilotage” was setup, comprised of representatives from ICCO, KIT and SNV. ICCO finances the project, KIT provides advice and SNV provides technical expertise. ICCO contracted SNV for the execution of the support project and to host the Coordinator of the support project, Mr Diawara. The coordinator is answerable to the “comite de pilotage” and not to SNV alone. This is an important aspect because otherwise the implementation of the project would be too much influenced by internal SNV policy. Members of the comite de pilotage are Bertus Wennink (KIT), Isabelle Pistone (ICCO) and Niko Pater (SNV). The internal organisation and the relationships with Yiriwa are worked out in a memorandum of understanding between the various parties.

Yiriwa started as a trade company for cotton with the objective to also trade in rotation crops. Now that the cotton market has collapsed the trade of sesame, soya and peanuts has become much more important. Because of the problems in the cotton sector AK Organics has not been able to perform its role as a shareholder or as buyer. The ginning factory that they were supposed to bring in (as a contribution ‘in kind’) has recently been abandoned, in view of the limited cotton volumes that are being produced. It is likely that AK Organics will withdraw from the company.

There are three projects relating to the seed capital that was provided to Yiriwa in the course of 2008 and 2009. This has allowed ICCO to now have 45% of the Yiriwa shares. This may further increase in case AK Organics will not pay its 5% as foreseen. The other shares are owned by Annona Social Investment Fund, which is a social fund which works with funds from the Dutch Railways Pension Fund, the Pension Fund of the Public Transport sector and the Royal institute for the Tropics (KIT).

ICCO and Annona have agreed that they will both put 12% of their shares in a Trust Fund. From this Trustfund shares will be sold to the farmers. Another idea is that these shares may be handed over to the Yiriwa Foundation. This Foundation could use the income from the shares to pay for social projects for the farmers etc. These ideas still have to be worked out.

1.2 The project/s

The project overview is as follows (reference to excel sheet provided by ICCO for the IM evaluation):

- 01-01-012-016 Inception phase of the initiative with € 44.000 of ICCO funds, finished at the end of 2008.
- 01-01-012-001 Biotrade: this concerned a first transfer of almost € 100.000, through the bank account of KIT. This project has been closed with a final report letter.
- 01-01-012-018 Second instalment directly to Yiriwa.
- 01-01-012-026 Third instalment (this project is not on the excel sheet)

The three projects relating to the seed capital that was provided by ICCO to Yiriwa in the course of 2008 and 2009 are in total € 575.000. A separate project was formulated and contracted with SNV to finance the projet d'accompagnement, The amount was € 300,000.

For the inception phase, it was initially noted that 6000 cotton producers would be reached, in 5 geographical zones in Mali, and trained by SNV staff to produce organic and fair trade cotton. Buyers of the cotton would be identified through AK Organics. The prospects for the organic cotton market were indicated to be very favourable, which was supported by the global outlook presented by Organic Exchange. Other organic products would also be marketed by AK Organics.

The mission of the initiative was formulated as: “develop sustainable trade in organic and fair trade products and thus reduce rural poverty and enhance rural livelihoods, enhance people’s health and improve biodiversity”. The objectives of the Mali trade-house would be:

- Increase and secure large volumes of organic grown products for supply to global markets;
- Increase and secure household income levels trough sustainable modes iof production and value chain participation;
- Establish business ventures that support objectives 1 and 2.

The specific objectives of the support component are:

- Provide farmers’ organisations with technical, organisational and institutional capacity development support to become full partners in producing and trading their own organic and fair-trade farm products.

The business plan of September 2008 proposed as shareholders during the pilot phase:

a. KIT-Sustainable Investment Fund (50%):	€	250.000
b. ICCO (45%):	€	225.000
c. AK-O/MAVIDENIZ (5%):	€	25.000

The share of local shareholders would first be taken by the KIT, AKO and ICCO, and then gradually shared for each one at 25%.

The September 2008 business plan has adjusted targets of 3,000 farmer households reached in 2008, 30,000 in 2009 and 100,000 in 2011. The targets in the final business plan (April 2009) show a further decline in numbers: 1,732 in 2008 (realised), 6,000 in 2009 and 17,000 in 2010. These farmers would all have substantially improved incomes. In addition, the trade house was expected to employ 47 staff by 2011, and indirectly

employ 1,000 people. The risk analysis included in total 16 risks, among which the decline of cotton price and the decline of demand for organic cotton.

One element of the business plan is the establishment of an own ginning factory. While in 2008 use will be made of ginning factory by the CMDT, the Trade house hoped to start its own ginning in 2009, to process its own harvest of 2009. Yiriwa ginning facilities offer the following advantages:

- Quality: modern ginners offer better quality cotton (longer fibre) which will give us a comparative advantage on the international market. It furthermore guarantees full organic processing (without chemical contamination risk) because these ginners process organic cotton only
- Cost reduction: lower ginning costs through higher organizational efficiency: the current cost of CMDT per ton for the ginning are twice as high as the estimated cost prices of an own ginner
- Control: independence from other actors offers more stability and control over the value chain which is essential to assure production and quality in the long run.

The final business plan 2009-2014 lists the following main objectives of the initiative:

- Organise in an efficient way the marketing of organic cotton and other organic products produced by smallholders, allowing the latter access to international markets;
- Marketing at least 80% of these products at international markets through long-term contracts with high level companies;
- Establish a mix of organic products that guarantees good incomes for producers and profitability of the enterprise;
- Assure organic certification;
- Invest in processing facilities to increase the value added, based on co-funding arrangements;
- Increase revenues for small producers through shortening the value chain and direct payments of premiums to producers;
- Develop the organisational capacities of producers.

1.3 The project partner

This project did not have local project partners, as a totally new structure was set up. There is collaboration between AK Organics, KIT, SNV and ICCO. As regards AK Organics, based in Turkey, it is stated to be the largest commercial company trading organic cotton.

The project plan indicates that necessarily there will be collaboration with CMDT, because Yiriwa is obliged to use its ginning facilities, in spite of the fact that the costs are too high. Mobiom is not mentioned in the business plan. Mobiom did not want to participate initially. Later also Yiriwa was reluctant to include Mobiom.

1.4 The evaluation method

The mission has had discussions with SNV (Mr. Mahamadi Diawara) and Yiriwa (Mr. Kees-Jan van Til) in Bamako. We did not make any field visits to farmers supported by this initiative.

Apart from that various documents were consulted, including:

- The business plan for Yiriwa trade house, from September 2008
- The business plan 2009-2014 from April 2009
- The 2009 annual report
- The plan d'accompagnement for 2009-2010

2. Results

2.1. Project expected results

The Yiriwa 2009 annual report gives the following results for the two seasons that Yiriwa has been operational (the data for 2009/2010 are still preliminary). Note, however, that the data for 2008/2009 are different from the data for this period in the May 2009 plan d'accompagnement, which indicates 175 ton of organic cotton with 640 producers (which is 35% of the expected results).

In the first business plan, the target for organic cotton production in 2009 was set at 2,500 t. The target of cotton production was later downscaled, in the annual plan for 2009 it was 500 t and finally 300 t was realised. The reasons given are the late rainy season. Nevertheless there was an increase of production as compared to the previous season. The other (rotational) crops show a stronger increase in production. The initial targets were also considerably higher.

Réalisation de production en tonnes	2008/2009	2009/2010	%
Coton biologique	79	300	380%
Dont coton fibre	33	126	380%
Sésame biologique	403	1 000	248%
Soja biologique	42	110	262%
Arachide biologique	0	1 500	
Volume total de production	524	2 910	555%
Nombre de cultures par producteurs	1,0	2,0	200%
Nombre total producteurs	1 732	4 765	275%
Nombre d'agents de terrain	9	15	167%

The number of producers has increased sharply, and most producers now produce 2 crops in stead of just one. Also different production zones have been occupied. Initially results were much lower than expected. Yiriwa gives two explanations for the lower results. One is the fact that less producers joined the initiative and thus less cotton and other products were produced. Yiriwa concludes that they had over-estimated the willingness of producers to join. Secondly, the campaign started late. Lastly, producers from Burkina Faso did not join the initiative (see introduction). The recent increase in number of producers is explained by an increased trust between Yiriwa and producers.

According to SNV, the proportion of women among producers is 17%. The number of cooperatives involved is 203, originating from 58 villages, and involving 640 producers in 2008 and 1,323 in 2009. These cooperatives were trained by SNV staff on technical, organisational and institutional issues. The cooperatives are not organic producers on their whole farm, but produce some organic crops. The aim was to create organic production farms.

Certification in Mali is done by Control Union. While in the first business plan Yiriwa decided to go for organic and fair trade products, the fair trade label as dropped because of the increase in fair trade minimum prices setting. This was considered a requirement that could not be matched with a sound business plan. Instead, Yiriwa now considers to include a social responsiveness certification (e.g. SA 2000).

In 2008, the year it started, Yiriwa made a loss of € 163,000. The loss would have been much larger if only cotton had been produced, as had been initially planned. For 2009 a profit is expected due to the selling of the various organic crops at good prices. The predictions for coming years are as follows:

- Marketing of organic cotton remains very difficult, mainly because of the high price for ginning, the CMDT charges and because of difficult international markets. The growth of organic cotton production is therefore expected to be very limited.
- Instead, an important growth is expected in production of groundnuts and sesame, and less so soy. Markets for these products are good, except for soy.
- The following investments will be made to support large-scale production of organic products:
 - Large-scale compost production, possibly using urban wastes or water hyacinth
 - Contract farming
 - Centralized seed production and provision
 - Large-scale production of bio-pesticides.

The investments will be made through additional funding sources.

2.2 DRAM framework and additional indicators

In the following overview and analysis of results, we combined the following sources of information: results of the project according to the progress reports (see above) and our own findings as based on interviews with SNV, Yiriwa, as well as other stakeholders such as ICCO, CMDT and Mobiom.

Poverty alleviation

The number of producers reached in 2009 was 4,765, which is much less than initial targets, of which 1,323 produce cotton. There are no data with respect to how much these farmers have earned as a result of their involvement in the initiative. However, it is stated that they have been paid in time, including the premium price for organic production. In total 17% of the producers is reported to be women.

The increased revenues are based on the following assumptions, for cotton (see table):

- Lower yields for organic cotton
- 20% higher prices for organic cotton
- Much lower costs for inputs for organic cotton.

Whether this calculation has proved to be correct is not yet known. Also, it should be stated that labour inputs are (much) higher for organic production methods.

Rendement coton bio/conventionnel	Conventionnel	Biologique
Production moyenne à l'hectare	800	350
Prix par kg à l'hectare en FCFA	200	272
Rendement à l'hectare en FCFA (production * prix)	160.000	95.200
Coûts de production à l'hectare en FCFA (coûts monétaires seulement)	110.782	0
Revenus à l'hectare en FCFA	49.218	95.200
Revenus à l'hectare en EURO	75	145

In 2009, the production volume of organic cotton was 300 ton, which is about 0.15% of the total cotton production in Mali. However, for the other organic crops (especially sesame) the proportion of national production is very high.

SNV mentions as current problems in the farming system: the low yields due to poor supply of organic fertilizer, the high labour requirements, the insufficient supply of bio-pesticides and the poor supply of organic seeds.

Institutional strengthening

Capacity building follows the plan d'accompagnement defined by Yiriwa (May 2009). It lists six objectives of accompanying measures:

- Improved knowledge and performance of technical and economical issues of household production systems in producing organic cotton;
- Strengthening of organisational and institutional capacities of producer organisations
- Developing the service provision of the cotton union
- Development of services of third parties
- Action-research and learning
- Monitoring and evaluation.

SNV is the main agent carrying out capacity building activities to realise above objectives. In addition, on technical extension, there are extension agents of Yiriwa. The number of Yiriwa staff in the field is now 15. Yiriwa and SNV work mainly with the Union of Cotton producers (Société Cooperative de Producteurs de Coton). However, these do not have a unit for organic cotton producers. Creating these units is one objective of the plan for accompanying services. Mobiom claims they have this mandate, which we believe is correct. Mobiom also claims that Yiriwa does not work with the Union, but just with some dissident members. This is one reason for existing antagonism between Yiriwa and Mobiom. Whatever it may be, there is a lack of communication on this subject. According to the President of the National Union, Mr Nata Diarra, Mobiom is recognised to represent the organic cotton producers at the national level on behalf of the National Union. So they can speak in conferences etc. But he also stated that every farmer is free to organise him/herself and every local cooperative can decide for themselves with whom they would like to work. Mobiom can not monopolise this.

This evaluation mission noticed that the current organisation of the initiative is confusing. For instance, SNV gave a presentation on the project with results in terms of the number of producers involved, cotton produced etc., suggesting that the SNV project is responsible for that. As regards technical issues there is confusion who is the primary responsible agent. SNV support services are mainly oriented at organisational and institutional strengthening, but they also claim the resulting production levels of producer groups. Yet, Yiriwa states that it expects SNV to take up technical training aspects. This confusion has led to the proposal to set up a Yiriwa Foundation to accommodate the activities of the project with plan d'accompagnement. This would allow a more strict distinction with SNV, and a transfer of their role to the foundation.

The extension system set in place will need to prove itself, in terms of setting in place a sustainable production system with cotton and rotational crops. It is too early to say something about the results of capacity building. The 2009 Yiriwa progress report gives no information about this aspect, other than the number of groups being supported.

Policy influencing

The project does not have specific policy influencing objectives.

Market value chain improvement

Market chain development is the core of this initiative. Initially, it was assumed that by partnering with AK Organics, they would take charge of the marketing of cotton. However, AK Organics has more or less failed to contribute to the initiative, claiming the economic crisis and deteriorated situation on the cotton market. Instead, Yiriwa has established direct contacts with (potential) buyers of organic cotton and the other

(rotational) crops. Whereas marketing of the organic cotton remains to be very difficult, and the current stock remains unsold, marketing of the other organic products has been quite successful.

AK Organics had an exclusive right of selling the organic produce of Yiriwa. However, they did not come up with buyers. Yiriwa broke this contract in September 2009 and then rapidly sold all of the rotational crops. However, organic cotton has not yet been sold. Reasons given are that large buyers find the quantities too small, and small buyers have their traditional producers.

In 2008, ginning was carried out through CMDT, using their ginning factories. A ginning factory had been foreseen to be built by Yiriwa, to reduce costs and increase efficiency of the value chain, but has been postponed. The ginning factory would be provided by AK Organics in 2009. Underlying reasons are several:

- Insufficient cotton production to justify an own ginning factory
- No collaboration with Mobiom to make available their cotton for ginning
- Difficult negotiations with CMDT to agree upon a cotton selling price

Also, other investments (e.g. in sesame or soy cleaning machine, or stocking houses) were delayed. Instead use is being made of existing factories and stocking facilities.

So far no other initiatives have been taken to increase value addition in the value chain.

3. Analysis

The Yiriwa initiative has been rapidly set up and in the little time it has been operational, it has gone through a rapid evolution. The following conclusions are therefore very preliminary, since so far few concrete results have been achieved, and moreover the quality of these results cannot yet be assessed.

3.1 Effectiveness

As regards effectiveness, we can look at the objectives as listed in the business plan 2009-2014:

- Organise in an efficient way the marketing of organic cotton and other organic products produced by smallholders, allowing the latter access to international markets;
- Marketing at least 80% of these products at international markets through long-term contracts with high level companies;
- Establish a mix of organic products that guarantees good incomes for producers and profitability of the enterprise;
- Assure organic certification;
- Invest in processing facilities to increase the value added, based on co-funding arrangements;
- Increase revenues for small producers through shortening the value chain and direct payments of premiums to producers;
- Develop the organisational capacities of producers.

From the results, it can be observed that the concrete targets (in terms of producers and production volumes) were initially very optimistic, and have since then been downscaled. Annual targets have not been realised for 2008 and 2009. Also, there has been a shift from organic cotton to increasing organic rotational products. The results are so far not impressive, but a trend of improvement is becoming clear. It can be concluded that the initiative is still in a critical phase. Effectiveness will need to prove itself in the coming years. A major challenge remains the subject of local processing facilities to improve value added, and in this way enhancing the proportion of incomes for small-scale producers.

3.2 Impact

There are not yet firm data on incomes for the producers involved. It is reported that producers have been paid on time, which has created confidence and trust among the producers. However, for most producers the organic production is just part of their farming system, so incomes are not likely to be substantial. Yiriwa has addressed the problems of timely payment and pre-financing. There are definitely some positive environmental and social impacts.

Yiriwa certainly considers interesting initiatives to overcome problems of insufficient organic fertilisers. However, there does not yet seem to be a mechanism for learning and feed-back on technical problems in the production chain.

3.3 Sustainability

There are several levels of sustainability.

Impacts on environmental indicators such as land-use, soil quality or biodiversity have not been assessed, but are expected to be positive as based on proxy indicators. However, a remaining weakness is that of insufficient organic fertiliser, threatening the long term sustainability of the organic production farming system. Yiriwa has ideas of addressing this problem in an innovative large-scale manner. The project has also had a positive impact on human health, due to less risks by using agro-chemicals, especially pesticides.

As regards the financial or economic sustainability, there are still doubts at the level of the enterprise. The enterprise has made a loss in 2008, and has not yet made a profit in 2009. The approach should still demonstrate to be financially viable. This will depend very much on the markets for the various crops that are now being produced and marketed. The projections for coming years seem to become increasingly realistic.

It has been from the onset the idea of Yiriwa to develop an efficient approach, with low costs for support services. Yiriwa referred to the approach by Mobiom as one that is too inefficient, with relatively high costs (due to a heavy extension approach– see other project description). However, we wonder to what extent the costs of SNV involvement are fully included in the Yiriwa approach. It is also still uncertain whether the Yiriwa extension approach will be sustainable.

As regards institutional sustainability, there are questions about the set-up of Yiriwa in (perfect) isolation from national institutions, such as existing organisations of CMDT and Mobiom which have a mandate for cotton and organic cotton production. Instead, Yiriwa has taken the initiative to develop its own (new) structures, being a new ginning factory (which has been postponed) and a new unit with the Union of cotton producers. We wonder whether this choice will turn out to be sustainable.

3.4 Attribution

This initiative has been taken by ICCO jointly with KIT, SNV and AK Organics. It seems that ICCO has been the main driving force, together with KIT.

4. Analysis of partnership

4.1 Theory of Change/ Intervention logic

This Yiriwa initiative is an ambitious and innovative initiative. The initiative was established within a short period, and was based on a positive market outlook, supported by the collaboration and involvement of the largest organic producer company being AK Organics. The positive outlook appeared to be incorrect, in two ways: the market for organic cotton collapsed, and AK Organics has so far not fulfilled its promises (and will probably withdraw soon).

ICCO did not step into this project without serious reflections. The Kibemo on the inception phase support stated that the seed capital was only released through a short-track procedures, because:

- The initiative was embedded within the West Africa cotton program;
- Market outlooks were positive
- Collaboration by AK Organics;
- Perspective of realising large impacts for small-scale producers.

The Yiriwa initiative is very different from the Helvetas / Mobiom approach by taking the business perspective as a starting point. The aim is to set up a viable enterprise, and the other components will be subordinate to this objective. Thus, from a business perspective:

- There is need to go for large volumes, by clustering produce from smallholders;
- There is need to go for crop diversification;
- There is no room for fair trade certification, given the high premium prices paid;
- Other accompanying measures will also need to be designed in large-scale manner.

According to the 2009-2014 business plan, important conditions for the efficiency and profitability of Yiriwa is the rapid increase in volume and number of producers. The business plan indicates that this can only be achieved under the following conditions:

- An increase of agents in the field (towards 71 in 2013), and an efficient extension system;
- An excellent internal control system;
- An increase of yields for all crops;
- An increase of organic crops per producer;
- An efficient horizontal organization within the organization.

Another important element of the intervention strategy is the clear distinction between the business component, which should be financially sound and economically viable, and the development component, which is not financially sound but includes support services to improve the production system.

Prefinancing of producers, for seed supply and materials, is a critical element of the successful approach. Prefinancing in 2008 and 2009 could be done with proper Yiriwa funds, but in later years, as volumes will expand, is expected to be done with Triodos and Rabo bank funding mainly.

4.2 Relevance

The project is relevant, because it aims to address in a very deliberate and consistent manner the fact that current approaches to organic cotton production are too small-scale to become viable enterprises. The initiative aims to find a pragmatic way of dealing with the difficult development-business oriented interface. Thus, the experience on itself is highly relevant.

5. Roles ICCO

Financing role

Quite clearly, ICCO has played an essential role in terms of co-financing this initiative. It has adopted a new role by becoming shareholder of the enterprise, now at the level of 45% shareholding. ICCO has stated from the beginning that this would be a temporary role, i.e. local stakeholders would gradually take over this share.

This role is pro-active and enterprising. However, this role is not well understood by outsiders, and has therefore lead to criticism and discussion. The approach should have been better explored, defined and then communicated.

It is also important that ICCO has explicitly addressed the problem of timely payment of producers and therefore developed a mechanism for pre-financing producers to purchase their input supplies. This is an essential component of making it possible to involve smallholder producers.

Mediation / brokerage

ICCO has not played a significant role in establishing links with (northern) buyers of organic cotton and other organic products. This role was initially played by KIT which had contacts with AK Organics. Now that AK Organics has dropped out, Yiriwa has established contacts with buyers of the organic products. We do not know of ICCO playing role in this respect.

There is currently a difficult relation with the other initiative supported by ICCO, being that of Helvetas / Mobiom. Mobiom declares that from the onset it has stated to be involved, and has offered alternative options for being directly involved. Since ICCO is financing both initiatives, this created considerable confusion: what does ICCO want? This situation could (and should) have been avoided.

Lobby / advocacy

ICCO has not played a significant role in lobbying or advocacy. In fact, the project has not carried out any such activities. This may be an omission. ICCO has done a lot to explain the initiative to other actors in Mali. ICCO invited Ak Organics to explain the initiative in the Helvetas stakeholder meeting in Selengue in 2008. ICCO established contacts between Helvetas Switzerland and AK Organics, and Helvetas Switzerland provided feedback to the business plan. ICCO explained about the objectives of Yiriwa and promoted synergies, but this largely failed because of suspicion regarding AK Organics (their first contact did not go well), suspicion because of the business model which was also seen as a critique to Helvetas/Mobiom and the fear to loose a monopoly on organic production in Mali.

Capacity building

ICCO did not play by itself a significant role in capacity building. This initiative is a parallel structure. Yiriwa does have by itself several capacity building objectives, of producers and producers organisations.

Facilitation

We did not come across a role by ICCO in facilitation or negotiation with standards, for instance on the price setting for fair trade premium, on certification standards or systems etc.

Missed opportunities

We believe that ICCO has missed an opportunity by not actively involving CMDT and Mobiom.

Main added value of ICCO:

- Willingness to embark on a proactive financing role, and taking direct co-responsibility in a commercial enterprise. We believe this required a considerable level of persuasion within ICCO headquarters.
- Willingness to help design an approach to combining development- and business-oriented enterprise development, in one of the most difficult sectors, and one of the most difficult regions in the world. While some would see this as naive, others see this as idealistic and optimistic.

Conclusions

The Yiriwa initiative has been set in place in a short period. Different business plans have evolved in a rapid pace, gradually being adjusted and becoming more realistic. Clearly, ICCO has played an important role in driving this initiative, and has shown great commitment in getting it off the ground. However, there are also questions whether more caution should have been taken:

- The outlook for growing demand for organic cotton has been far too optimistic, however this would have been difficult to predict. Organic Exchange claims that warnings had been given to ICCO well in advance, but that is easy to say in retrospect. Organic exchange also developed its farmers development program in 2008 to promote the production of organic cotton.
- It is unfortunate that the initiative has not been able to involve the existing national structures such as CMDT and Mobiom, which now take a critical look at this initiative. The CMDT has been involved but the costs of ginning are tremendously high creating a very disadvantaged position for the west African cotton. The idea to start a ginning factory outside these zones was considered an interesting option. Yiriwa offered Mobiom shares in this ginning factory, which they did not dare to accept.
- As representing local producers, the Union of cotton producers has been involved, but these lack experience in organic production;
- In spite of many efforts to communicate the initiative, ICCO has not been able to convince the two main partners in Mali, Helvetas and Mobiom of the added value of the initiative. It is not well understood how ICCO can be a shareholder in a commercial company.
- The organisational set-up has not been well designed. There is currently confusion in terms of the role/s to be played by SNV in executing the plan d'accompagnement. We believe this could have been avoided. ICCO really needs to rethink and develop a generic model for how to distinguish but also combine a business- and a development oriented component of an enterprise like Yiriwa.

Lessons learned

The progress report mentioned as one its lessons learned : « Yiriwa wanted to do too many things at the same time (strengthening capacities, monitoring and evaluation, credit system, business development). We have now made a distinction between economic activities (Yiriwa S.A.) and the non-commercial / development oriented activities (plan d'accompagnement). »

B3. Aproca program

1. Introduction

1.1 History

Aproca (Association des producteurs de coton africains) was founded in Cotonou in 2004. It now regroups representatives from 12 countries: Benin, Burkina Faso, Cameroon, Ivory Coast, Gambia, Ghana, Guinea, Guinea Bissau, Mali, Senegal, Tchad and Togo. Its objectives are to represent the producers of African cotton and defend their interests at regional and international level.

The Executive Office is based in Mali. Aproca adopts the subsidiarity principle, with respect to the national offices / platforms in each country. Aproca is an organisation representing its members. It raises fees with its national platforms, at the level of 200,000 FCFA (about € 1200) per country.

Aproca identified the following opportunities for such a network:

- Information exchange
- Strengthening of capacities
- Supporting advisory services
- Lobby and advocacy at national and international level.

ICCO was mainly interested to support this initiative in view of its function as a lobby/advocacy network. From the beginning, Oxfam was also interested in funding the lobby/advocacy component of the organisation. ICCO promoted core (institutional) funding by supporting components that had not been supported by other donors.

ICCO supported Aproca from 2005 onwards, in a series of three projects, up to recently. ICCO also financed specific separate contracts, for instance for supporting Aproca people to visit international conferences etc.

1.2 The project/s

The project overview is as follows (reference to excel sheet provided by ICCO for the IM evaluation, which is incomplete):

- 01-01-012-006 Support to develop first strategic plan in 2005-2006, with a total budget € 330.000 of which € 220.000 were ICCO funds, extended within 2007.
- 01-01-012-010 Support to the strategic plan of Aproca 2007-2011 for the second half of the year, 2007. ICCO's contribution for 2007 was € 80.000. Total budget for 5 years was about € 1.3 million.
- 01-01-012-015 Support to Aproca to the strategic plan during 2008-2009. This seems to be a continuation of the previous contract. The contribution of ICCO was € 200,000
- Planned: contribution to the Strategic plan for 2010-2011 € 150.000
- ICCO has separately financed activities such as the participation by Aproca to WTO in Hong Kong, and the platform meeting at Ségou in November 2009 on organic and fair trade cotton.
- Thus, total funding over the evaluation period is about € 500,000, excluding separate activities.

The Aproca strategic plan 2007-2011 lists as its vision that "african producers will have a decent living from a competitive and sustainable cotton production, by their interests being regrouped and represented at national, regional and international levels". Specific objectives are indicated as follows:

- Represent the producers of African cotton and defend their interests at regional and international level;
- Assist national platforms to realise this representation work and defending interests at national level;
- Promote the improvement of the productivity and quality of African cotton, in order to maintain its competitiveness.

It then lists the following priorities:

1. Institutional development: restructuring of cotton sector, liberalisation and networking.
2. Organisational strengthening: management, financial management, leadership training.
3. Improving productivity in the sector: access to inputs, local production of inputs, soil fertility and land tenure.
4. Improved competitiveness of the sector: market access, creating an African label
5. options for GMOs
6. organic and fair trade market development
7. information and communication systems.

A logframe has been developed as annex to the strategic plan, with the various targets to be realised, and a range of indicators.

1.3 The project partner

This project partner was established in 2004. It is a regional network. It is based on, and brings together partners from different countries, where national platforms are established. National platforms represent the cotton producers in the country. Aproca has a general assembly (6 persons), which comes together every semester (twice a year). It has a control committee, of which to me the functions are not very clear. It has a permanent secretariat, based in Bamako, with 7 staff members.

Aproca is currently being financed by a range of donors, among which ICCO, AFD and Oxfam are the most important because they contributed to the internal functioning of the organisation. Other donors, like Worldbank, have financed specific projects / activities mainly.

1.4 The evaluation method

We met staff of the Aproca permanent Secretariat, being the coordinator (Mr. Sidibé), the communication expert (Mr. Dioma Komonsira) and the accountant (Mrs. Sakilba Diarra). The director Mr. Ouattara Mamadou was out of the country, but has kindly completed a questionnaire with answers to all the questions of this evaluation.

Apart from that various documents were consulted, including:

- The strategic plan 2007-2011
- The progress report of 2007 and the progress report of 2008
- The results and action plan of the regional conference in Ségou (November 2009)

2. Results

2.1. Project expected results

The logframe of the strategic plan lists 7 objectives, which are unfortunately different from the 7 priorities. Based on the progress reports and the discussions held with Aproca staff, we completed the following results table.

Strategic priorities	Results
1. Institutional development for improved competitiveness: restructuring of cotton sector, liberalisation and networking, improved management, with expected results: strong sector organisations, less price variations and more gender attention	<ul style="list-style-type: none"> • The national platforms have been established • Various exchanges took place between the platforms • At national level no exchanges with national stakeholders took place • Representation of Aproca at international events, such as the WTO in Hong Kong • Identification of the role of women in national platforms • A system for support to decision-making in the sector is not yet developed • study executed on the price fluctuations in the cotton sector.
2. Improved access to affordable inputs supply in the sector	<ul style="list-style-type: none"> • Due to lack of funds not much has happened with respect to this objective.
3. Improved adoption of best practices, innovation and knowledge management, especially on risks and possibilities of GMOs	<ul style="list-style-type: none"> • National platforms were strengthened with ICT materials • No training took place due to lack of funds • Information on GMOs has been exchanged
4. Monitor and influence in a positive way the negotiations on cotton marketing	<ul style="list-style-type: none"> • A newsletter has been published • Training has been given on lobby and advocacy activities
5. Influence policies for improved service provision to cotton producers	<ul style="list-style-type: none"> • Aproca has positioned itself as a main agent in this field • In several countries journalists have been informed
6. Market development of organic and fair trade cotton	<ul style="list-style-type: none"> • The conference on this subject has been postponed, and was held in November 2009
7. Set in place an information and communication system.	<ul style="list-style-type: none"> • Website, bulletin has been set in place • A system is being created to improve exchange between the national platforms

The 2008 progress report mentions as main constraints:

- Poor funding, mainly due to poor member contributions, which has affected progress on several above priority actions
- Poor responsiveness of the national platforms
- Poor accessibility to national leaders
- Most funds are provided by donors and are linked to specific activities, so that funds cannot be freely used.

2.2 DRAM framework and additional indicators

In the following overview and analysis of results, we combined the following sources of information: results of the project according to the progress reports (see above) and our own findings as based on interviews with Aproca and other national stakeholders.

Poverty alleviation

Aproca does not directly contribute to poverty reduction.

Institutional strengthening

Aproca underlines that ICCO has been a very important partner for its institutional strengthening process. While most other partners have financed specific projects and activities, ICCO has mainly financed the building up of basic functioning of the organisation and its national platforms. The period of 2007/2008 can be characterised as the building up of the Aproca structure.

Aproca, on its turn, has organised some training of representatives of national platforms, for instance on aspects of lobbying and advocacy. Training appears to be difficult to organise and is expensive. From the reports and discussions, concrete results emerging from improved skills and knowledge are not yet becoming clear.

Several activities of representation and exchange activities were planned, some of which materialised. Again, these events are difficult to organise, partly because of travel constraints (visa, travel schedules).

Policy influencing

According to the Kibbemo, 50% of the work of Aproca will contribute to the strategic objective of lobby and advocacy. Policy influence has been foreseen on the level of better access to agricultural inputs, access to agricultural extension services, access to information, reduced variation of cotton prices etc.

As far as we can judge, few concrete results have been realised on this front. At least in Mali, the cotton sector is in deep crisis. This appears to be the same situation in West Africa (according to the Organic Exchange 2009 report). It is unlikely that Aproca has had a significant positive influence.

One major achievement has been the international platform organised in Ségou in November 2009 on organic and fair trade cotton production. There were 32 participants from the region, as well as some international stakeholders. The result is the agreement of an action plan, and the establishment of a Monitoring Committee to follow progress on the action plan. The action plan is listed in below Box. With the action plan, responsibilities for its execution were defined.

Strengthening producers capacities

- Training of producers (agronomic practices, storage, etc.)
- Strengthening business capacities of cooperatives
- Improved equipment for producers
- Creating local / regional certification centres

Conditions for good marketing

- Audits and improvement of post-production operations : ginning, transport, storage, etc.
- Development of a marketing strategy
- Revision of price setting for fair trade cotton
- A focal point for fair trade marketing
- Establishment of a product of good quality in West Africa
- Market study with potential to aggregate produce from the region
- Action plan based on market study
- Promotion campaign of West African cotton

- Prospection of markets for organic and fair trade cotton
- Participation in pilot activities for local processing
- Strengthening capacities for local processing of textiles

Lobby / advocacy

- Strengthening capacities of representative of producers to negotiate and lobby
- Organise advocacy on fair trade competition

Financing of the chain

- Include mechanisms for prefinancing or guarantees on selling contracts
- Research on a system for financial guarantees

Action - research

- Study the possibilities for traditional production of bio-pesticides
- Establish a production chain of organic cotton seeds
- Study direct seeding with vegetation cover
- Identify processing units of cotton grains

Market value chain improvement

Aproca does not have objectives at this level.

3. Analysis

3.1 Effectiveness

Aproca is a young organisation, with mainly international network and coordination objectives. With support by ICCO, Aproca organised itself in 2005/2006 and developed a strategic plan for 2007-2011, including objectives and expected results. Looking at this plan, in 2007 and 2008 further progress has been made in terms of setting up the structure and making itself known. Aproca was represented at some important international events and thus gives 'a face' to African cotton producers.

However, while some outputs have been realised according to plan (especially representation at international events, training and exchange events), looking at the outcome indicators in the strategic plan, progress has so far not been impressive. Few concrete lobby or advocacy activities (targeted at a specific policy change) have been carried out. There is a risk that outcomes will not be realised, especially given underlying constraints of lack of commitment by national platforms. This becomes evident in poor funding (membership fees) and poor responsiveness of national platforms.

The conference on organic and fair trade cotton in November 2009 in Ségou has been an important milestone, strongly supported by ICCO. Yet, also on this subject, concrete results are yet to be established, based on the action plan that was formulated.

It seems to be important that a firm monitoring and reflection is maintained to assure that concrete outcomes will be achieved. There is a risk that (initiatives like) Aproca will continue its networking, information exchange and capacity building activities, without concrete results emerging.

3.2 Impact

The main objective of Aproca can be stated to be in line with its vision, being that “African producers will have a decent living from a competitive and sustainable cotton production, by their interests being regrouped and represented at national, regional and international levels.” It is definitely too early to see any concrete impacts in line with this vision. However, we do not see any reference to this main objective in the reporting, or any monitoring to assure that the activities being undertaken will contribute to this vision. It is also unclear whether for Aproca it is clear what road will lead to realise this vision (see also Theory of change).

There is a note to be made on gender aspects. ICCO clearly played a role in getting gender on the Aproca agenda. Aproca reports that in Burkina Faso, Cameroon and Mali, women are now in the steering committees of the national platforms.

3.3 Sustainability

Here we will deal mainly with aspects of financial and institutional sustainability.

As regards the financial and institutional sustainability, the level of financing of Aproca is an issue of concern. Aproca is heavily dependent on donor funding. Membership fees are not yet met and so far only represent a low proportion of the annual budget. The objective of creating financial autonomy within Aproca has not been achieved.

There are also questions about the responsiveness and commitment by national platforms.

3.4 Attribution

ICCO has doubtlessly been the most important donor and partner for Aproca. Thus, most of the results of Aproca can be attributed to ICCO.

4. Analysis of partnership

4.1 Theory of Change/ Intervention logic

The vision of Aproca is formulated as follows “African producers will have a decent living from a competitive and sustainable cotton production, by their interests being regrouped and represented at national, regional and international levels.” The Theory of Change supported by Aproca is that this will be realised through joint efforts at regional level, regrouping national interests of cotton producers and taking initiatives to influence national and regional policies in the interest of cotton producers. The assumption is that Aproca can become an agency with power and thus influence decision-makers. The assumption is also that national platforms approve and benefit from the role of Aproca (coordinating, networking, exchange), and are willing to pay for it. The assumption is that there are mutual interests of national stakeholders in the cotton sector, and there are benefits from sharing information and merging national interests

One important element of the theory of change is whether Aproca has a vision on how to improve livelihoods of cotton producers. It does not seem to have such a vision. For example, does Aproca believe in conventional cotton or organic cotton, or a combination? It is noteworthy that under specific objective 2, where Aproca speaks about improving access to agricultural inputs, sometimes it is noted ‘organic inputs’, but in most cases reference is made to inputs in general. It seems that for Aproca ‘anything goes’ if only it can bring about donor support.

Here, there seems to be a difference with the Theory of Change by ICCO: while ICCO pushes Aproca towards playing a role in stimulating organic cotton, for Aproca this is just one option. Aproca rather plays an opportunistic role in order to assure support by donors, and thus survive.

4.2 Relevance

Aproca is relevant, but only under certain assumptions, being that a regional platform is in the interest of national platforms and smallholder cotton producers. There is a risk that Aproca becomes an implementing entity by itself, performing itself in the playing field and looking for donor funds, without clear added value.

5. Roles ICCO

Financing role

ICCO has been very important in establishing Aproca, by financing Aproca from 2005 onwards. By now other donors have also joined the initiative. ICCO played a frontrunners role. Aproca mainly recognises ICCO by its strategic financing role.

ICCO has been the main donor in terms of financing the internal institutional strengthening activities of Aproca, where other donors have been quite selective. This has been much appreciated by Aproca. ICCO has also separately financed additional activities such as participation at WTO and the conference in Ségou.

Mediation / brokerage

We did not come across a clear role of ICCO in establishing links between Aproca and other organisations, or other donors (for that matter).

ICCO did play a very important role in getting the Ségou conference on organic and fair trade cotton of the ground. Not only in terms of funding, but also in terms of motivating various parties to participate.

Lobby / advocacy

Lobby/advocacy is the core activity of Aproca. ICCO has itself not played a significant role in lobbying or advocacy.

Capacity building

Indirectly, we can assume that ICCO has had quite some influence on Aproca, through its discussions about the strategic plan and financing role. In its contract with Aproca, ICCO has emphasised the following aspects:

- Well organised producer organisations
- Reduced price variations for cotton producers
- Greater participation of women
- Information about GMOs in cotton
- Feasibility of cotton production systems.

This is most clear for the gender aspects. Clearly, ICCO did play a significant role in strengthening gender awareness within Aproca and within its strategic plan. It can be observed that gender has been inserted as a strategic issue within the Aproca strategic plan at a later instance.

Main added value of ICCO:

- Willingness to finance the young and emerging organisation of Aproca, and willingness to provide generous funding for institutional strengthening without too tight budget expenditure activities.
- The drive towards autonomy within Aproca is very laudable, but may be considered a bit naive. It is likely that a new organisation like Aproca will require at least 5 years to establish itself firmly and gain recognition so that members are willing to pay adequately.

B4. Benin case study

Evaluation du Programme d'accès aux Marchés Internationaux d'ICCO

Etude de cas de l'appui au projet Alafia Coton Biologique et équitable dans le parc de la Pendjari.

Préparée par Cyriaque ADJINACOU MGE Bénin

1. Introduction

C'est à partir d'une étude sur la pollution des plans d'eau de la Réserve de Biosphère de la Pendjari (RBP) que l'option de la promotion du coton biologique a été faite pour le compte de cette zone spécifique. En effet il a été constaté que la culture du coton conventionnel provoquait une pollution de plus en plus importante des périmètres de riziculture dans les bas-fonds aménagés. L'étude a fait observer de fortes concentrations de pesticides surtout en endosulfan. Cette conclusion a ouvert une importante réflexion sur les moyens de lutte contre ce type de pollution au niveau de l'Union des Associations Villageoises de Gestion des Réserves de Faunes (U-AVIGREF). C'était le point de départ du projet Alafia Coton biologique et équitable.

C'est à ce titre que l'objectif primordial du projet du projet alafia vise à assurer la conversion des espaces mobilisés au profit du coton conventionnel dans la zone d'occupation contrôlée en agriculture biologique. Autrement il s'agit de reconverter les anciens producteurs de coton conventionnel en planteur de coton biologique. Un des moyens pour la réalisation de cet objectif est la production de coton certifié biologique et équitable. Le projet Alafia coton biologique et équitable dans la Réserve de Biosphère de la Pendjari (RBP) se trouve en dans sa troisième campagne depuis l'année de mise en œuvre en 2008.

1.1 Présentation du projet

Intitulé du projet	Alafia – Coton biologique et équitable dans la Réserve de Biosphère de la Pendjari
Pays	Bénin
Numéro de projet	05.2161.7-001.29
Numéro du contrat (PPP)	Ko-AF01/2008
Tutelle	MAEP/MEPN
Principaux Partenaires	U-AVIGREF Helvetas Bénin + ICCO ProCGRN/GTZ ICA-GIE
Zone d'intervention	Zone d'Occupation Contrôlée de la réserve de biosphère de la Pendjari (23 villages riverains)
Secteur d'intervention	Développement rural (AGR et protection de l'environnement) Développement communautaire
Promoteur	U-AVIGREF
Durée d'intervention	8 ans (2008-2015)
Date de démarrage	1er/02/08

Avec sa double certification biologique et équitable la promotion du coton biologique et ses produits de rotation est inscrite dans une logique de réduction de la pauvreté grâce à l'amélioration des conditions de vie des populations riveraines. Elle contribue également à la protection de la biodiversité, c'est le mandat et la fonction essentielle de U-AVIGREF

1.2 Présentation de la Réserve de Biosphère de la Pendjari (RBP) et la zone d'intervention

La réserve de la Pendjari est une zone importante par son étendue, elle est constituée de deux parties, le parc Pendjari, couvrant une aire de 266 040 hectares et une zone cynégétique de 205100 hectares. La réserve intègre une bande de tolérance agricole dénommée la ZOC où zone d'occupations contrôlées. Elle est définie en concertation avec les populations riveraines. C'est l'espace dédié aux habitations, aux cultures et aux pâturages. Cette zone occupe une superficie d'environ 3. 460 ha.

Le réseau hydrographique présente un nombre élevé de cours d'eau. Les sols sont riches et variés. La faune est riche et diversifiée et composée de la faune aquatique (diverses espèces de poissons) et de celle terrestre (avifaune, mammifère, etc). la flore présente une savane arborée et arbustive et des forêts galeries avec des espèces diverses.

C'est la diversité biologique qui fait de la pendjari un beau paysage attractif et favorable au tourisme de vision. La ZOC, la bande de tolérance agricole est ouverte aux populations riveraines qui y pratiquent l'agriculture. On y cultive le maïs et le coton conventionnel y prend de l'importance, non pas sans sans risque sur l'environnement.

Spécifiquement dans la zone de la Pendjari, cette étude montre que 100% de producteurs de coton utilisent les engrais chimiques. Il existe également une forte proportion (97%) des producteurs de maïs qui utilisent également les engrais minéraux. Pour les pesticides, leur utilisation couvre toutes les aires de production du coton conventionnel. Ils sont également utilisés dans la conservation des denrées alimentaires. Des observations faites par une étude spécifique réalisée en 2004 prouvent des contaminations des eaux, du sol par les pesticides et les engrais utilisés dans la production du coton et celle du maïs. En effet, dans des échantillons d'eau, on a remarqué des taux de nitrates par endroits de 59,42 mg/L et la présence d'endosulfan (à un taux de 46 à 430 mg/L) et de DDT. Ces constats montrent qu'il y a des menaces sérieuses sur les différentes composantes du parc : la faune la flore et mêmes les hommes,.

Il ressort donc que la production cotonnière conventionnelle a des externalités potentiellement négatives pour l'environnement, la santé humaine et animale. La recherche d'alternative pour pallier ces inconvénients devient un impératif. La promotion de la production du coton biologique a été recommandée pour limiter les effets néfastes de ces pratiques sur l'environnement.

2. Les acteurs et leur rôles et bénéfiques dans l'organisation de la mise en œuvre du projet alafia

Le projet est fondé sur une coopération quadripartite mais avec comme noyau central un partenariat Public Privé (PPP), entre les deux acteurs clés : U-AVIGREF et la Société ICA-GIE

Les acteurs de promotion et d'accompagnement sont : Helvetas et la coopération allemande à travers le ProCGRN /GTZ

la Société ICA-GIE

c'est la société égreneuse du coton la plus proche de la zone d'intervention. Elle est responsable de l'achat et l'égrenage du coton biologique produit au niveau de la zone d'intervention. Elle est signataire du principal contrat quadripartite dite PPP. Un contrat particulier la lie à U-AVIGREF. On citera aussi le contrat de qualité (Ko5f) d'ECOCERT le Le premier est fondamental dans l'obtention du certificat ECOCERT.

On a enregistré quelques hésitations au niveau de ce partenaire dans la mise en œuvre du contrat PPP. Il apparaît que ce comportement est lié à un environnement commercial défavorable au niveau mondial. Il est possible que ceci se confirme à l'évaluation prochaine du contrat. C'est l'ensemble du circuit de commercialisation qui serait remis en cause parce que ces dimensions importantes sont en ce moment assumées par ICA –GIE

Les Associations Villageoises de Gestion des Réserves de Faunes (AVIGREF) et leur union

La participation des communautés riveraines de la réserve est devenue une condition importante avec les nouvelles approches de cogestion de la réserve. Ainsi celles-ci peuvent tirer de nombreux avantages de la réserve. En compensation elles s'impliquent d'avantage dans la conservation et la protection de la biosphère. Les AVIGREF sont des partenaires privilégiés des collectivités territoriales, du CENAGREF et des populations riveraines pour faire de la Réserve de Biosphère de la Pendjari. Leur vison est de construire un modèle de cogestion pouvant servir comme le moteur du développement durable de la petite région. Leur mission est de concilier les besoins de la population riveraine avec les exigences de la conservation. La mise en œuvre du Projet Alafia coton biologique et équitable autour de la RBP est la première expérience de l'U-AVIGREF dans la filière coton.

Outre l'exploitation de la ZOC pour les activités agricoles, les populations riveraines à travers les Associations Villageoises de Gestion des Réserves de Faunes (AVIGREF) bénéficient de 30 % des retombées financières de la chasse sportive. Ces associations sont aujourd'hui les principaux espaces d'intégration des populations riveraines à la gestion du parc. Leur rôle se structure autour de trois principaux pivots que sont :

- la sensibilisation et l'information des populations riveraines sur la réglementation en matière de chasse et de préservation de la nature ;
- l'organisation du contrôle et de la participation des populations à la cogestion suivant les règles établies ;
- la participation au développement des infrastructures communautaires et l'appui aux activités génératrices de revenu.

C'est en fin 2005, que les 23 AVIGREF ont été restructurées : l'Union des AVIGREF a été dotée d'un secrétariat exécutif qui joue un rôle d'appui technique et de développement organisationnel.

Dans le cadre spécifique du soutien à ses unités de base et à ses membres l'Union s'est associé les services d'une cellule technique Coton Alafia (CTCA) qui a un statut de comité spécialisé au sein de l'Union AVIGREF. Elle travaille avec des 14 producteurs relais basés au niveau des 23 coopératives de base ou GVPCB. La CTCA devra dans la suite du projet et terme évoluer comme un acteur privé spécialisé sur l'agriculture biologique en toute indépendance des AVIGREF.

La collaboration avec d'autres acteurs est recherchée dans le sens d'assurer le renforcement des compétences et de couvrir la large gamme de fonctions qu'impliquent l'organisation et le regroupement de la production biologique et équitable.

Les bénéfices pour l'union AVIGREF et ses membres se situent en trois points :

- Mieux contribuer à la gestion durable des Ressources Naturelles
- Diversifier son portfolio de prestations de services à la population locale
- Maximiser les revenus de la population par l'introduction de techniques agricoles novatrices

3. Les mécanismes de financement du projet alafia

Le principal mécanisme de financement fonctionne comme un pot commun dans lequel l'ensemble des partenaires de base orientent leur financement. Ainsi on a :

ICA et U-AVIGREF 23,6%

GTZ PROCGRN 23,6%

HELVETAS/ICCO 52,8%

Le financement de ICA prend en compte théoriquement l'encadrement technique des producteurs, l'évacuation de la production vers l'usine d'égrenage et les charges liées à la certification. Le paiement des producteurs est assuré par ICA par un circuit pas encore simplifié.

Appui à l'accès aux microcrédits

Dans l'optique de régler certains cruciaux problèmes d'équipement et de fonds de campagne que connaissent les producteurs, l'Union des AVIGREF a entrepris de faciliter l'accès au crédit à ses membres. Elle a conclu en juillet 2009 un contrat de coopération, avec la Coopérative Communale d'Intermédiation Financière (CCIF). L'union a constitué un fonds de garantie d'un montant de 10 millions de F CFA auprès de la CCIF. Une autre étude a permis d'établir l'analyse des besoins de crédits et de proposer des produits spécifiques en fonctions de la nature réelle des besoins.

Appréciation de la collaboration avec les acteurs clés

Acteurs	Documents contractuels	Temps de collaboration	Objet/Résultat	Appréciation
CeRPA + CeCPA Tanguiéta, Kérou	Convention reconduite	6 mois	Mise à disposition d'agents pour compléter la CTCA	Passable, agents absents du terrain
DPNP	Contrat d'exploitation	1 an renouvelable	Exploitation de la ZOC pour l'agriculture biologique	Très bonne
PTF	Contrat PPP	3 ans	Financement et appuis techniques à l'U-AVIGREF/CTCA	Très bonne
ICA/ICB	Contrats	3 ans	Achat et égrenage du coton biologique	Bonne
INRAB + IITA	-	Campagne 2009-2010	Recherche sur des thèmes de production convenus avec le projet	Bonne, S'est beaucoup améliorée
UNPCB	-	-	Renforcement des capacités, semences bio, marchés du bio	Bonne
AIC/SODECO	Préparer le Contrat	A préciser à l'issue des prochaines séances de travail	Semences, prise en compte et représentativité des cotonculteurs bio-équitables dans les débats nationaux sur la filière coton	Coopération à formaliser
CCIF	Contrat		Accès au crédit pour les producteurs	

tiré du rapport de 2009 2010 de la CTPA

4. Les grands traits d'un processus de conversion en production de coton biologique dans la rbp

Le Projet Alafia Coton Biologique et Equitable autour de la Réserve de Biosphère de la Pendjari a démarré depuis février 2008. Il vise à apporter une alternative au coton conventionnel, pour régler les problèmes créés aux plans économiques et environnemental.

La démarche a été progressive comme le renseignent les dates et événements suivants :

- 2002: Constat de pollution des bas-fonds aménagés (riz) par le coton d'où la nécessité de faire des bandes de sécurité autour
- 2004 Réflexion sur la production du coton biologique ; Contact avec OTTO group, étude exploratoire (visite de terrain)
- 2005: Montage du 1^{er} dossier avec l'appui du ProCGRN, formation avec Organic Exchange
- 2007: Finalisation du dossier avec Helvetas, sélection des 1ers paysans volontaires

Dans les années 1996 à 2000, les superficies de coton dans les villages de Tanguiéta riverains du parc sont passées de 170 ha à environ 470 ha selon les données au niveau de CeCPA Tanguiéta, 2005. Ceci rend compte d'une évolution rapide de l'ordre de 56% par année. La filière cotonnière implique plusieurs acteurs (distributeurs d'intrants, égreneurs et producteurs) qui opèrent dans un cadre qui définit les règles devant régir les flux physiques et financiers en son sein. Cependant, le mécanisme actuel de gestion présente des dysfonctionnements à plusieurs niveaux. Ces défaillances aboutissent à des conséquences dont la plus décourageante pour les producteurs est le retard répété des paiements et l'endettement sans cesse croissant de ces producteurs.

L'étude de faisabilité du projet alafia a estimé théoriquement à quelques 226 tonnes de fibre biologique, la capacité de production au niveau de la Zoc..

Prévisions de la campagne 2010-2011

Campagne	Nombre de producteurs/trices	Superficie (ha)		Rendement moyen (kg/ha)		Total productions (tonnes)	
		Coton	Soja	Coton	Soja	Coton graine	Soja
2008-2009	220	55	-	310	-	14,28	-
2009-2010	310	87	21,25	426,7	120	37,125	2,569
2010-2011	500	250	50	500	150	125	7,5

tiré du rapport de 2009 2010 de la CTPA

C'est parce que actuellement, le coton conventionnel souffre d'une mauvaise organisation/gestion de la filière que le coton biologique pourrait connaître une bonne expansion. Malgré quelques hésitations au niveau de certains producteurs, on peut dire qu'il procure en général quelques espoirs. Il est important que les acteurs ensemble arrivent à éviter les écueils du coton conventionnel que sont :

- La gestion des intrants, Promouvoir l'utilisation des intrants endogènes et naturels, faire certifier le coton biologique et équitable
- Des prix attractifs pour l'achat du coton graine, avec une planification acceptable des dates d'achat de collecte d'évacuation et de paiement du coton,
- Une subvention pour les intrants et le prix

5. l'appui au processus par ICCO via helvetas

Le projet est établi sous forme d'un Partenariat Public Privé (PPP). il vise à accroître la production du coton certifié biologique et équitable ainsi que d'autres produits issus de la rotation (karité, soja, bissap). Les impacts attendus sont :

réduire la contamination des eaux de la RBP par les pesticides chimiques de synthèse à travers la promotion de l'agriculture biologique, en particulier le coton biologique et .
améliorer les revenus des petits producteurs et des femmes vivants autour de la RBP.

Dans la pratique, après deux campagnes, le nombre de producteurs est en nette augmentation. Ceci montre qu'ils sont engagés et que la culture biologique est possible autour de la RBP. Plus de 50% des producteurs engagés sont des femmes

L'appui ICCO est très apprécié même s'il devra être renforcé dans le sens de recherche de la mise en place d'une stratégie autonome de mise en marché du coton biologique équitable. Les appuis d'ICCO sont plus financiers que techniques. C'est un partenaire silencieux qui interagit par l'entremise de HELVETAS. Cette dernière structure a capitalisé une longue et riche expérience sur l'agriculture biologique dans les pays de la sous région (mali burkina). Manifestement ces expériences ont été très utiles dans le développement du projet alafia. HELVETAS comme interface a permis un échange d'expérience et de gestion des connaissances. Particulièrement la mise à disposition d'une expertise régionale spécialement en inspection et contrôle interne basée à ouagadougou a été favorable pour U AVIGREF dans la construction de son propre système de contrôle interne en peu de temps.

CONCLUSION

La situation n'est pas encore suffisamment mûre pour dégager des leçons précises. Mais il faut encore du temps pour qu'un modèle de production du coton biologique et équitable soit maîtrisé. On devra pouvoir aller plus loin dans l'organisation de la chaîne de production. Ainsi, il faudra relever certains défis comme la mise en marché au niveau mondial, le financement de la filière et le paiement à bonne date des producteurs.

L'analyse des acquis et résultats obtenus font apparaître de nouveaux défis sur lesquels il est importants d'ouvrir la réflexion :

- la Mobilisation quantitative et qualitative et le transport de la matière organique
- Une certaine démotivation au niveau de l'opérateur ICA
- La problématique de la Sécurité foncière dans la ZOC
- la maîtrise insuffisante du SCI par les producteurs
- les perspective pour la cellule technique CTPA.

C. Central Asia cotton case study

1. Introduction

1.1 History

Kyrgyzstan

Helvetas started in 2003 – at that time virtually nobody in Kyrgyzstan knew anything about organic farming – with the bio cotton project in Kyrgyzstan. In 3 years it managed to gain the confidence of more than 400 farmers who produced about 250 tonnes of raw cotton. An internal control system was developed and organic certification was done by Indocert. The product was purchased and exported by Reinhart and a German retail company was the final stakeholder. After 3 years the main weaknesses appeared to be on the institutional aspects of the producer organisation and on the marketing of organic crops. The new phase running from 2007-2010 focuses on establishing “local structures” , comprising an Organic Farmers’ Association and a marketing/support unit (BioService).

Other relevant components are a more efficient system to find good markets for organic cotton and other organic crops. Fair Trade labelling has become possible since Kyrgyzstan was taken on the list of countries eligible for Fair Trade.

ICCO started funding co-funding in 2007 of the bio cotton project (BCP). The BCP intended to expand to new areas where local market development (LMD) program is also active. In addition both Helvetas and ICCO promote more cooperation and alignment between the BCP and the LMD project due to the high degree of common interests between these two value chain development projects (target groups overlap, the interest for rotational crops in BCP and the opportunities for LMD to engage with organic crops, the increased interest in a broader farming system approach etc).

Tajikistan

The interest of ICCO to start a programme on cotton in Tajikistan started with the request of the Asian Development Bank (2007) and a joint stock ginnery. However the project did not pass the ADB bureaucracy and was too large and risky for ICCO to start. Based on the outcomes of two Helvetas missions (2008), ICCO and Helvetas decided to start with a pilot project (OVCD) focussing on an organic cotton chain and pilots and research into other organic value chains. This pilot runs throughout 2009. Likewise in Kyrgyzstan the OVCD and LMD program will interact closely in Tajikistan.

1.2 Context

Especially in Tajikistan there are multiple problems related to the conventional cotton sector. In both countries there are also increasingly stronger agro-ecological drivers to pursue OFT production as an alternative to conventional farming: access to water becomes more problematic, soil degradation is more and more reported on and conventional cotton is by and large not an attractive crop for small holders. The following text is based on the excellent context analysis in the strategic plan for Central Asia.

Central Asia

The political systems in central Asia are still characterised by the legacy of the old Soviet systems. In line with that, the cotton industry is characterised by political repression, economic stagnation, widespread poverty and

environmental degradation. Without structural reform in the industry, it will be extremely difficult to improve economic development, tackle poverty and social deprivation, and promote political liberalisation in the region. The economics of Central Asian cotton are simple and exploitative. Millions of the rural poor work for little or no reward growing and harvesting the crop. Considerable profits go to the state or small elites with powerful political ties. Forced and child labour and common abuses, and high indebtedness of farmers is common. There is also much environmental degradation due to cotton monoculture. One example is the depletion of the Aral Sea due to intensive irrigation to fuel cotton production. Further upstream, there is heavy salinisation and desertification. Disputes over water usage cause tension among Central Asian states, especially Kyrgyzstan and Uzbekistan.

This system can only work in an unreformed economy with little scope for competition, massive state intervention, uncertain or absent land ownership, and very limited rule of law. Given the benefits they enjoy, there is little incentive for powerful vested interests to engage in serious structural economic reform, which could undermine their lucrative business as well as eventually threaten their political power. Reforming the cotton sector will not be easy. Structural change could encourage the growth of an industry that benefits rural farmers and the state equally but economic and political elites have resisted. Land reform is important in all countries. Land reform has been blocked in Uzbekistan and Turkmenistan and has moved too slowly in Tajikistan. Farmers still have no permanent ownership of the lands they work and no real say in the choice of crops they wish to grow or to whom they sell their produce. In Kyrgyzstan all farm land has been redistributed resulting in a multitude of small and fragmented farms. Although farmers are private land owners, it is very hard to organize product chains with production of products with sufficient quantity and quality.

Central Asian cotton is traded by Russian, European and U.S. corporations; its production is financed by Western banks, and the final product ends up in well-known clothes outlets in Western countries. But neither the international cotton trading companies nor the clothing manufacturers pay much attention to the conditions in which the cotton is produced. A number of traders dealing with Uzbekistan have recently pushed for improved labour conditions.

Kyrgyzstan

In Kyrgyzstan, the importance of cotton is declining as the cotton growing surface in Kyrgyzstan is continuously decreasing, as a result of declining prices in the past years. It also requires high investments, is labour intensive, and incomes from cotton are late. On the other hand, cotton continues to be grown because it has a secured market outlet, which is not the case of most other crops. Although the number of cotton farmers is declining, but still reaches about 0.5 million. All exported cotton from Kyrgyzstan passes through Uzbekistan, i.e. the way to the international market by railway is long and expensive compared to neighbouring countries. As a result of this geographical disadvantage Kyrgyzstan should offer cotton with a special value on the world market. One possibility would be to produce organic cotton.

Due to chronic poverty and unemployment, child labour is said to be widespread, especially in the southern regions, where cotton and other crops are cultivated. Across different sectors, around 200,000 children are estimated to work instead of attending school, making them susceptible to serious illness and other dangers.

Tajikistan

Tajikistan has the potential for producing high-quality cotton. Cotton accounts for 45% of irrigated lands and employs one third of the farming population in the country. Cotton is also the main input used in the light and textile industries. The Government of Tajikistan supports cotton production, but the crop is not very profitable for farmers. There are two principal reasons. First, yields dropped from more than three tons per hectare in Soviet times to less than two in 2003. Second, the profits in cotton are currently made by processors who

provide inputs to farmers and purchase cotton for a low price, absorbing most of the value added in Tajikistan. Ginneries largely control the quality of inputs and timing of input delivery. Ginning in Tajikistan is outdated, taking up to 200 days compared to 90 days in other countries. As a result of these distortions, cotton farmers are worse off than those growing other crops. While rural poverty has declined in response to agriculture sector growth, it remains very high. Farm incomes from cotton are not expected to increase until policies that allow low competition and producer exploitation are reformed.

Children and women are often forced to fill the gap in the labour force. In 2007, police found evidence that local authorities instructed schools to send children to work in the fields, for little or no money, under the guise of summer holiday camps'. In a country where cotton is the main cash crop, accounting for roughly 11% of GDP, children have been reported to harvest 40%, for which they may receive \$20 for three to four months work

Organic / Organic and fair trade cotton

In Central Asia, Kyrgyzstan is the main cotton producing country. Production in 2008 season was 194 tons, increasing by more than 100% to 428 tons in 2009. Since recently, the cotton is organic and also fair trade certified.

1.3 Theory of change

From the Central Asia strategy on cotton sector development, we derive the following elements of a theory of change.

The programme is clearly inspired by the very poor situation of cotton production in the region, with poor environmental and social impacts. Organic and fair trade cotton is considered an alternative option. The assumption is that it can help create a niche market. This is especially important for Kyrgyzstan, which has an unfavorable context for marketing cotton. Here, diversification of organic products is especially important. Special attention is given to women, which represent the majority of the workforce in agriculture, especially in Tajikistan. Thus, the approach can help improve conditions for women. Special attention is also given to increasing autonomy of local organizations involved.

The following are extracts from the Central Asia strategic plan.

Kyrgyzstan

Trends: Cotton is still an important cash crop in the south of Kyrgyzstan and will remain as solid income provider with established processing and marketing links to the export markets. Bio cotton is in an upward trend which will last for another 5 years at least before reaching saturation as it is offering less investment and higher returns for the farmers as well as a well established value chain.

Risks: The world market development for cotton and other commodities is unpredictable and if cotton prices worldwide are sinking and other cash crops will rise that will influence preparedness of farmers going into cotton. Bio cotton with fair-trade certification is less risky as margins are higher and minimum (cost covering) prices are set. Water scarcity will hit the cotton sector as cotton requires irrigation. More awareness raising is required on farm training and irrigation with Bio Farmers.

The described trends and risks could imply following interventions:

1. Upscaling of the organic production basis with a healthy mix of cotton and rotation crops. This would allow organic farmers reaching economy of scale and to avoid risks by proactive crop portfolio management.
2. Linking water management activities to organic farmers
3. Exploring potential for additional value adding in Kyrgyzstan – e.g.: spinning, weaving, textile production for the cotton sector; sorting, cleaning, packing facilities for rotational crops like beans, chick peas, etc.

Tajikistan

The overall political climate poses a risk for program development especially when it refers to change in policies and lobby re reforms. The effects of climate change in relation to availability of water and the overall degradation of the land pose risks to the development of sustainable farming systems as such but obviously also offer opportunities because in such situations change is required. However the power structures involved in the agri sector have little advantage re such systemic changes.

On project and farm level the following risks are identified:

1. A change of policy, such as the supply of subsidised fertiliser to farmers may ruin the efforts of the project (if such policies incite farmers to abandon organic farming).
2. The lack of organic matter farmers represents a major constraint for many interested farmers.
3. One of the key partners along the commodity chain pulls back, e.g. due to a change of policy, or to a decreasing demand on the international organic cotton market.
4. Farmers consider the expected advantages of the project as insufficient as compared to the constraints linked with organic farming

1.4 The project/s

Both in Kyrgyzstan and in Tajikistan, according to the excel information sheets provided, there is one support programme to Helvetas. In Kyrgyzstan this runs from mid 2007 to end of 2010, and amounts to € 1.5 million. For Tajikistan, the program started in 2009 and has a lower budget of € almost € 100,000.

1.5 The evaluation method

This brief case study was developed as follows:

- Interview with Joost van Hee, being the relation officer for Central Asia
- Questionnaire sent to Central Asia, and completed by the programme officer at decentralized level, Mr. Iskender.
- Telephone interview with Mr. Iskender to discuss some of the key issues.

As main documents were consulted:

- The program plan for organic / fair trade cotton and rotation crops in Central Asia
- The completed questionnaires
- The annual report from BioService public foundation, supported by ICCO / Helvetas
- An economic comparison of organic and conventional farmers in Jalalabad 2009
- Impact assessment of organic cotton in Jalalabad, January 2009
- Bio farmer agricultural commodity and service cooperative, supported by ICCO / Helvetas.

2. Results and analysis

2.1. Relevance

The choice for organic cotton production in Kyrgyzstan is relevant, because cotton production is in a crisis (environmental, social and economic impacts) and the country has difficulties in competing with cheaper cotton production in neighboring countries. Organic cotton seems to a potential niche. The programme supported by ICCO has also embarked on diversification of crops, for which good markets may exist.

However, the context for both countries, Kyrgyzstan and Tajikistan, is difficult, for several reasons (see above section): institutional and political context, economic potentials and competitiveness within the region, land tenure aspects, current production system not being sustainable.

2.2 Effectiveness

The programme has been able to introduce an organic production system of organic cotton and other crops in Kyrgyzstan, and has initiated a similar programme in Tajikistan in 2008.

In terms of capacity building, the programme has set in pace a new organisational structure, including a national support programme (Bio Service Public Foundation – BSP) and a national farmers union of organic crop producers (ACSC, Bio farmer agricultural commodity and service cooperation), This has been specifically supported by ICCO, through the Helvetas program. All capacity building targets were realised in 2008 and 2009.

In Kyrgyzstan, in terms of production and marketing of organic cotton and other products, the programme was not able to realise its targets. According to data in the 2009 report of ACSC, in 2009 390 tons of organic seed cotton was produced, including 235 tons of organic and fair trade, and 155 ton of in-conversion cotton. This was about 50% of the set targets. In 2009, less organic cotton was produced than in 2008. Instead, farmers decided to grow organic wheat. The area of organic production lands increased between 2008 and 2009 by about 10%. The number of farmers involved is now 765.

In 2009 only part of the organic cotton could be sold (137 tons), and only after much negotiation with the buyer in 2008 (Reinhard). Underlying reasons were the reported economic crisis and collapse of the market. The organic cotton was sold at a lower price than anticipated. The in-conversion cotton was sold against the price of conventional cotton. Another underlying reason was the bad weather conditions, not favouring cotton production.

Rotational crops were also produced in small quantities, and are being sold at the local markets. International markets for rotational crops are being surveyed, including those for medicinal herbs, wheat, legumes, and others.

2.3 Impacts

As indicated above, in 2009 only part of the organic cotton produce could be sold, and this was sold against lower prices than expected. One consequence was that the ACSC made a loss and could not pay all producers. Due to intervention by ICCO mainly, Triodos bank could provide a loan enabling ACSC to pay the producers. The loan has by now been repaid. Another consequence was that not all farmers could sell their cotton through ACSC. They found third parties and eventually sold the cotton for conventional cotton prices, thus making a loss. Farmers with great financial problems received support.

This shows that in terms of poverty reduction for the farmers involved in the programme, the impacts are still limited. The proportion of farmers reached (765) of cotton producing farmers in Kyrgyzstan is very low (less than 0.1%). Of organic farmers 25% are women. For 2010 it was decided not to expand the number of farmers involved in the programme, following the problems perceived in 2009.

An impact assessment study was carried out and an economic comparison was made of organic and conventional cotton production. Some of the conclusions are the following:

- Organic farmers have higher profits as a result of a more diversified crop production, better marketing (with support by BSP) and reduced production costs. However, many organic farmers have lower areas cultivated and in that case they have lower incomes than conventional farmers.
- Organic farmers are less dependent on a single crop and therefore less vulnerable to price changes of specific crops.
- Labour inputs for growing organic crops are 60% higher than conventional crops, and this is mainly perceived by women.
- There are improvements in terms of environmental impacts, health, access to social services and access to credit (both through BSP).
- There is no information about food security.

It can be concluded that the model is not yet ready for widespread replication.

2.4 Sustainability

The two national organisations set in place to support the programme are not yet sustainable. If currently the donor support would fall away, the programme would collapse. It is estimated that support is needed for another 3-5 years. Of the services offered by BSP to farmers so far 20% is being recovered. For 2010 the target is set at 30%. ACSC had problems of marketing the organic products and thus receiving adequate returns. Also, ACSC did not receive the expected membership fees from farmers were not received, probably due to the economic situation and the fact that some farmers could not sell their organic products against high prices.

It is being concluded that rotational crops in the farming system of cotton farmers is critical for the programme to succeed. Therefore much attention is being given to finding international markets for organic rotational crops, assuming that the prices will be better than local markets. It is useful to mention that the Kyrgyzstan government has been promoting wheat in recent years.

2.5 DRAM effectiveness

We now look at the objectives of the Central Asia strategic plan, which aligns with some of the main indicators in the DRAM matrix. The indication of whether targets have been realised has been completed by local staff of ICCO and Helvetas.

<i>Direct poverty reduction</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • POs have access to international markets for organic and/or fair trade cotton and to domestic and/or international markets for rotation crops. 	OFT cotton exported to Europe. Rotation crops sold to local markets. Export markets collapsed. More brokerage required.
<ul style="list-style-type: none"> • POs promote organic farming and organic products among farmers, consumers, authorities and other stakeholders. 	Yes, by information campaign and lobby, but needs to be improved.
<ul style="list-style-type: none"> • Farmers converted from conventional to OFT cotton and engage in marketing cotton and rotation crops on local market, have improved income and are free of debts. 	Yes. Farmers converted to OFT and income is improved.
<ul style="list-style-type: none"> • Participation of women as producers, members and decision makers in POs leads to more gender equity in POs and at household level. 	Needs to be improved. Still majority of producers are men. Around 25% farmers are women.

<ul style="list-style-type: none"> • Child labour regulations as laid down in international treaties is adhered to in the projects. 	Yes, as it is one of the conditions of fair trade certification standards.
<ul style="list-style-type: none"> • For young farmers and young farming families pulling out of (cooperative) Dykhan, attention will be paid to labour allocation and substitution, education opportunities, equal access to resources and financial products. 	Yes, it is in progress. This objective is relevant to Tajikistan.
<ul style="list-style-type: none"> • Organic and conversion farmers have access to demand driven services provided or facilitated by local service providers. 	Yes. Bio-Service Foundation provides a range services to farmers.

<i>Capacity building</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • POs are managed well, financially sustainable, have participatory decision making structures and are actors in local and international chains. 	In progress. Further support needed for PO as it is young organization, for another 3-5 years.
<ul style="list-style-type: none"> • Marketing actors manage the processing and/or marketing of certified & fair trade cotton and other (organic) products. 	In progress. Helvetas BCP team is playing the main role for marketing of OFT cotton and other products.
<ul style="list-style-type: none"> • Service providers (for extension, ICS, marketing and value chain facilitation) operate on demand driven services and receive a significant share of income through local demand. 	Yes. BSP is the main extension service provider and it is demanded by the farmers. However, only 20% is cost returned.
<ul style="list-style-type: none"> • Partners and other stakeholders are committed to and act to promote gender equity and eradicate child labour. 	Yes. Promotion of gender equity and child labour eradication.
<ul style="list-style-type: none"> • Public private partnerships are successful, especially in access to water, regional service and input supply and infrastructure. 	Yes. Some collaboration with State agencies (seed production, ginneries).
<ul style="list-style-type: none"> • Farmers are committed to organic farming, operate their farms with a business approach, understand and apply a market led farm operation. 	Yes. Due to health, income and ecologically clean. Communication between ACSC and farmers has to be improved.
<ul style="list-style-type: none"> • Social committed entrepreneurs cooperate and engage in pro-poor business development activities, i.e. apply principles and standards of fair trade consequently. 	Yes. International buyer Elmertex commits to pro-poor objective by paying premium for fair trade cotton.

<i>Policy advocacy</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • Promotion of organic and fair trade based agriculture production and marketing lead to improved national policy framework and conditions for actors. 	In progress. Nationwide PR is needed. This is along-term process.
<ul style="list-style-type: none"> • Actors along OFT chains adhere to promotion of women equity and prevention of child labour. Activities to promote a conducive environment (kindergarden, women self help organisations, home based services, small scale processing) are taken to improve situation of child labour. 	Yes. Child labour is excluded in OFT cotton activities.
<ul style="list-style-type: none"> • Acceptance of OFT policy and practises contribute to more sustainable functioning of these chains. 	Yes.

3. Roles ICCO

Financing role

ICCO is first of all recognised by its role as financier. In that respect, it was highly appreciated that ICCO managed to negotiate a loan from Triodos for ACSC. ICCO in general refers to agri-loans a new financial mechanism to be developed. This is one example.

Mediation / brokerage

ICCO has played an important role in bringing together different partners, to discuss a common strategy for this region.

ICCO did not play a significant role as broker in finding buyers of organic products. This has been mainly done by Helvetas. There has not been an intensive engagement by ICCO in trying to find other buyers once the Swiss buyer (Reinhard) did not want to continue. In terms of finding markets for organic rotational crops, GTZ seems to be most active. ICCO took the initiative to find fair trade niche markets, but this has not resulted in concrete contracts.

ICCO negotiated with Triodos bank to provide a loan, which was very successful (see above).

At the World Organic Cotton Congress ICCO did play an important role in matching the producer organisations from Kyrgyzstan with potential western buyers. This role was highly appreciated. It is unclear whether any concrete contracts have resulted. In a general sense one can say that matchmaking is simple as compared to brokering towards the stage of concrete contracts. It is clear that a more active brokerage role of ICCO would be appreciated, probably as a result of the fact that the marketing of organic products has appeared to be a major problem.

Capacity building

ICCO has supported through the Helvetas programme the capacity building of national organisations involved. Reference is also made to the fact that ICCO does stimulate a more market- and business-oriented approach, and has strengthened skills on this subject.

There are questions why ICCO supports within these two countries three certification systems at the same time: organic, fair trade and in-transition (BCI). This is not well understood and may create confusion.

Lobby / advocacy

Some promotion of organic products was also done by ICCO. But no specific lobby activities were undertaken by ICCO for the programme in central Asia.

Main added value of ICCO

It is admitted that so far the added value of ICCO in the central Asia programme is rather limited. ICCO operates mainly through the Helvetas programme. ICCO is one of several donors supporting the organic production programme (SECO is the most important donor).

As added values of ICCO are mentioned:

- Providing financial loans (the Triodos case)
- Strengthening local structures towards greater autonomy
- Business-oriented approaches.

4. Conclusions

ICCO supports a young programme on organic cotton and other products in Kyrgyzstan and since very recently also in Tajikistan. ICCO has contributed to set in place an organisational structure with national organisations in the organic production sector (a service providing structure and a producers union). ICCO has also contributed to develop organic production systems for cotton and rotational crops. These developments are still in an early phase and far from sustainable. For one, marketing and economic feasibility of the production system is weak, especially after the collapse of the organic cotton markets in 2009. For two, both organisations, and thus the programme as a whole is still highly dependent on donor funding. The organic farm systems model is not yet sustainable, given problems of incomes, high labour inputs, and dependency on uncertain markets.

As regards ICCO roles, the role as financier is most visible. A role as broker is not yet visible, although this would be much appreciated. ICCO has established some contacts with potential buyers, but that is all. ICCO seems to focus mainly at niche markets.

We have doubts about the usefulness of expanding to Tajikistan while the programme in Kyrgyzstan still has multiple problems to solve. The model is certainly not yet ready for replication. Moreover, producing organic cotton in another country by a donor-driven (not market-driven) approach may create more competition on a small niche market.

It is interesting to observe the integration of international and local markets in the programme, as rotational crops are mainly sold at local markets. International markets are investigated because of expected higher returns.

D. Paraguay cotton case study

1. Introduction¹

1.1 History

Smallholder production in Paraguay has been suffering because of a combination of low world cotton prices and a sharp decline in government support to the sector whom disengaged from support to smallholder farming, which was essentially based on subsidizing inputs and transport. ICCO has over the past years supported the 'agro-ecological' movement. This is a response to declining influence of government support to family based agriculture as, and is an alternative for large-scale production not accessible to small holders. It is also a response to fast expansion of large-scale farming of soy, causing social unrest and ecological damage.

ICCO has partnerships with civil society organizations. Most of these have a political signature to the 'traditional left'. Out of a historic socio-political perspective, most of these organizations have a political signature that is closely related to the 'traditional left'. In recent years several NGO's have emerged whom do not have their origin in social movements, but aim at collaboration with business and multilateral organizations. The 'Itaipu Fund', a political settlement between Brazil and Paraguay on the redistribution of the profits of the Itaipu hydroelectric plant and supporting community initiatives, many NGOs are emerging to implement social infrastructure projects.

1.2 Context

In Paraguay, in the mid 1980s, over 900,000 households were largely dependent on cultivating cotton. A considerable part was processed by a thriving national cottage industry. Cotton production in Paraguay was for many decades subsidized by government, with producers receiving a package with external inputs, technical assistance and transport facilities to the ginners. These subsidies were often part of political patronage by local and national politicians. Since the 1990s government involvement was reduced. When also world prices for cotton dropped, cotton production declined sharply, while a considerable part of the national processing industry closed down. Government responsibility was transferred to the private sector. As a result mechanical harvesting and GM cotton varieties are gaining ground. These practices often are not accessible to smallholders. There are currently only about 18,000 households producing cotton.

As a response to declining soil fertility in cotton areas and the high cost of external inputs, a movement emerged that promotes 'agro-ecological' agriculture. This includes organic farming, low external input farming, and fair trade markets. Paraguay is now producing about 6,000 ton of organic sesame, largely exported to Japan. Organic sugar is produced by over 10.000 farmers, exported to the US and Europe. The production of organic fruit, vegetables and other products is increasing, for local, regional and urban markets. The success of sesame and sugar for the organic market have mainly emerged as a result of combined efforts by NGO's that have invested in capacity building and technological development, farmer cooperatives and collaboration with private sector actors marketing the products.

The conversion to organic cotton was started in the late 1990s but proceeds very slowly. There are several causes. Firstly, pest control is far more difficult in cotton than in most other crops. Secondly, cotton varieties suitable for organic production are hardly available. Thirdly, transport and ginning are costly. Lastly, productivity is low due to the current level of soil degradation.

¹ The text of this section was largely extracted and summarized from the excellent strategic plan for Paraguay.

Recently a law has been taken under preparation to promote agro-ecological production for small holders, which could create a framework for the government to reengage in support to smallholder production. Partners of ICCO are involved in this initiative, and could play an important role in the promotion of agro-ecological production since they have gathered a crucial part of extension capacity.

1.3 Theory of change

In order to promote access of small producers to a differentiated cotton chain (organic, fair trade, BCI), a vibrant conventional sector is required so that products can benefit from the advantages of economy of scale. A local textile industry (although based on conventional production) is required to maintain access of small holders to a differentiated value chain.

ICCO has opted for a focus on expanding access of small producers to differentiated markets, in which organic cotton is the best option. Important considerations have been:

- The expertise build up by the 'historic' ICCO partners
- The added value of the strategic partnership with Organic Exchange
- The potential of developing existing stakeholder collaboration between producer organizations, NGO's, private sector and (local) government.

The theory of change can be best highlighted by the strategic choices made in the strategic plan for promotion of cotton in Latin America:

- Introduce more market oriented approaches improving access to national and international markets, while not degrading food security of small rural producers.
- Support a legal framework for the promotion of agro-ecological production.
- Concentrate on promising value chains where stakeholder are already active: organic and fair trade cotton, sesame, sugar, fruit and vegetables for local markets.
- Producing fair and organic cotton as part of a farming system with rotation crops, livestock and special products.
- Promote and strengthen institutional arrangements with all stakeholders.
- Integrate private sector service providers for specific activities which cannot be performed by individual partners.
- Diversify funding mechanisms for supporting the consortium.
- Support private sector stakeholders with strategic funds for activities such as: market studies, technical studies and coordination with other stakeholders.

1.4 The project/s

The programme is implemented through individual funding of the 5 participating NGO's, 8 POs, consultants and 4 private sector market players (Trading and manufacturing companies, Certification Company). The list of projects and partners is given below. As of 2006, ICCO with an EU grant is also funding one of its partners to implement a multi-stakeholder initiative to improve the coordination of extension services (including government services) at provincial level and to enhance knowledge exchange for the promotion of Agro-Ecological production.

As of mid 2010, ICCO will decentralize fund management, with the replacement of regular NGO- funding to the instalment of three funds (for technical assistance, for financial services and for private sector involvement) and of one coordination facility that will steer decentralization processes.

According to the proposed budget the ICCO inputs are € 3.361.000,- . For the Paraguay component an estimated € 2.464.000,- . The ongoing co-funding arrangement with the EU for the implementation of the Alter Vida project provides an additional € 400,000. Several (Paraguay) partners in the program have presented proposals with Oikocredit, and additional L&G support will be required if these are awarded. For the Peru component of the program an estimated €150.000,- is budgeted, for the Brazil component an estimated € 747.000,- and. An additional € 695.000,- will be financed out of the budget for the Nicaragua Program, most of them being out of the &G budget.

Overview of projects

Project number	Project name
Paraguay	
01-03-08-001	CECTEC: Mejora de las condiciones de vida de las comunidades campesinas de Itapúa y Caazapá a través de la formación y el fortalecimiento de capacidades técnicas y sociales en jóvenes varones y mujeres.
01-03-08-004	Alter Vida Institucional : Fortalecimiento de un modelo de gestión intersectorial e interinstitucional de comunicación e incidencia en producción sostenible y comercio justo”
01-03-00-191	Alter Vida EU : Alternativa económica a la pobreza rural en el Paraguay: Consolidar el mercado organico y sus estructuras
01-03-00-140	Base IS: Trienal 2008 – 2010, tres componentes (Estudios, Capacitación e Incidencia Política) diferentes aspectos de la realidad agraria y dando respuesta a demandas de organizaciones sociales, principalmente aquellas que nuclean a la población campesina, dando especial relevancia a la dimensión comunicativa/pedagógica de la teoría y el conocimiento de la realidad.
01-03-00-005	CPC: “Fortalecimiento de las Unidades Productivas de los usuarios de los Campos Comunales”
01-03-00-006	FNC: Formación y Capacitación sobre Algodón Orgánico. Terminado, nueva fase en perparacion
01-03-00-008	COPEP: Proyecto Algodón sustentable, Una Estrategia de Reducción de la Pobreza campesina con la agroecología, la economía solidaria y el mercado justo y ecosolidario . En preparación
01-03-08-007	APRO: Fortalecimiento de las capacidades administrativas y de gestión de la comercializadora de la Asociación de Productores Orgánicos – APRO. En preparación
01-03-08-002	SEPA : Cambio para el desarrollo sustentable de las comunidades rurales y urbanas, a través de la incorporación de teoría y técnicas productivas y mercadeo. Además la formación de liderazgos de gestión en los Departamentos de Paraguari, Cordillera y Central
01-03-00-125	BASE-ECTA : Fondo de Pequeños Proyectos 2006 – 2008 Unde implementation, to renew by the end of 2008
01-03-08-010	BASE-ECTA: Fondo Concursable para Asistencia Tecnica: Under preparation
01-03-08-009	RODAC
01-03-08-011	Coop Yegros: Proyecto de Fortalecimiento de Producción orgánica de la Cooperativa Yegros
01-03-08-012	JOPOI: Desarrollo Rural Campesino en el Departamento de Guairá: Ander preparation
01-03-08-013	Coop 'Norteña': ‘Proyecto de aumento del ingreso de pequeños Agricultores’: Under preparation
01-03-08-014	Coop Ycua Bolaños: ‘Proyecto de aumento para la producción organica’: Under preparation
01-03-08-015	Coop 'Mandivura': ‘Proyecto de acceso de los productores de caña organica a los mercados internacionales’
01-03-08-016	Servicios de coordinación : Henry Moriya, Varios proyectos de coordinación
01-03-08-017	Arasy Organica: Fondo de innovaciones Under Preparation
Peru	
PE109011	RAAA/APAEM: Red de Alternativas en Agricultura
Brazil	
01-03-00-134	Promoda: Support to four urban cooperatives that produce high end fashion products (underwear) from organically produced cotton. Preparation Phase. Status: final report.

01-03-00-193	Promoda: Support to four urban cooperatives that produce high end fashion products (underwear) from organically produced cotton. Second phase:Under implementation
01-03-00-005	ESPLAR/ADEC: Plan Trienal Algodão: Ass. de Pesquisa e Planejamento e Assessoria
01-03-08-018	Polo de Borbo Rema: Algodão Paraiba: New project under preparation
Nicaragua ²	
01-03-00-105	JHC: Produccion de Algodon Orgánico. Under implementation ending in 2010
01-03-10-001	L&G Desmotadora: Garantie voor lening aankoop ontpittingsinstallatie JHC
01-03-10-002	L&G Hilanderia: Garantie voor lening aankoop spin machiene JHC
01-03-10-003	JHC nieuw: Nog geen titel
01-03-10-006	OE aansluiting: Nog geen titel

1.5 The evaluation method

This brief case study was developed as follows:

- Interview with Jeroen de Vries, being the relation officer for Central Asia
- Questionnaire sent to Paraguay, and completed by the OE representative Alfonso Lizaraga.
- The partners and producers were not interviewed.

As main documents were consulted:

- The program plan for Latin America, of mid 2008.
- The completed questionnaire

2. Results and analysis

2.1 Relevance

Clearly, ICCO is active in Paraguay for historical reasons, with links to important church-based organisations. ICCO has chosen to support smallholders in developing organic produce, including cotton. While cotton production has strongly declined in terms of importance for the national economy and for smallholders, there is still a tradition of growing cotton and also processing textiles. This may be considered a comparative advantage. However, on the other hand, cotton products from Paraguay are currently relatively expensive and not competitive on the world market.

Year after year cotton production in Paraguay is declining. The consolidation and expansion of organic cotton in Paraguay is relevant because of strong cotton tradition with chain expertise and opportunities to add value, and a regional market (Brazil and Argentina) with growing demand for organic cotton. The aim is to promote the organic farming system, supporting cotton as well as rotation crops such as organic sugar and sesame. New products are estevia (a natural sweetener in high demand with soft drinks industry), castor bean (upcoming market), sweet potato and cassava (high potential for added value through derivatives like starch).

In response to the growing demand of organically grown cotton there are opportunities for small-scale producers as well as medium and large scale mechanized producers. Transition to organic growing is a process that takes 3 years and requires profound knowledge of production technology. A high initial input of technical assistance is often required to meet the yield, quality and certification standards, while specialized financial services are required to support transition processes. At the same time transition can only be feasible if

² The Cotton activities in Nicaragua will be financed out of the "Nicaragua Program"

markets are found for rotation crops. As regards small-holder producers, the main target group of ICCO, food security at household level is an additional focus.

2.2 Effectiveness

The different projects fit within the main programme of “Promoting access of smallholders to markets of Fair and Clean Cotton and of its Rotation Crops”, for the period of 2007 to 2010. The following timeline was proposed:

- Early 2008: Identify and assess existing multi stakeholder practice around organic and fair trade cotton and its rotation crops.
- Mid 2008: Formulating program set-up in close collaboration with partners involved and insert programmatic approach in funding agreements.
- 2009: Facilitate consolidation of multi stakeholder practice for value chain development (Organic and Fair Trade Cotton and its rotation crops)
- 2010: Consolidate implementation model(s) and scaling up through increased external funding and market development. Through a coordinated learning and sharing effort the Paraguay programme can become a model for intervention in Nicaragua, Peru and Brazil.

An inventory showed that the partners involved in the programme (NGOs, Pos and companies) already reach in total about 30,000 beneficiaries. In 2008, 5,185 of these are involved in differentiated value chains (organic and fair trade sugar, cotton sesame and other). By 2010, in total 11,000 are expected to be engaged in access to organic and fair trade chains. By 2008, an estimated 15 % of these producers (755) are reported to cultivate organic cotton. By 2009, this number does not seem to have increased (although the PO stated the new number if 1,500, the OE annual report for 2009 indicates 637). The target for 2010 is 4,000. This number may be more if BCI cotton is considered to be acceptable ('Good Agricultural Practice' Standards of the EU).

Many more farmers are involved in producing organic sesame and sugar (estimate of 10,000). In addition, a new product has emerged, that of Stevia (a replacement of artificial sugar). An estimated 10,000 farmers are involved in this value chain.

In terms of capacity building, the major achievement has been the development of a joint strategic plan, involving POs, NGOs and private companies, as well as potential funding agencies (Oikocredit, RABO bank). Based on the 2007–2010 ICCO strategic plan, a study was carried out to identify the potential of promoting access of small holders to international markets. Three international value chains were identified: organic cotton, sugar and sesame. The study identified a cluster of NGO's, POs and a private company involved in organic cotton. It was also noted that in order to produce on an economically sustainable basis there is need for expansion within a few years. In order to expand organic cotton production ICCO invited some of its partners (mainly NGO's), new partners (mainly producer organizations) and private companies to develop a strategy with funding proposals. Early 2008, the strategy was successfully finalised.

Apart from that, the NGOs being supported by ICCO have service delivery and capacity building of producers as one continuous component of their ongoing activities.

It is our impression that progress in Paraguay is more slowly than expected, in spite of the proactive role played by ICCO to initiate a joint initiative. This is mainly because of the (poor) market development, and the fact that Government apparently has not actively participated and taken up its responsibility (e.g. in extension services and supportive policy development).

2.3 Impacts

It is too early to expect concrete data on impacts. Recent studies carried out by Alter Vida have demonstrated that when changing to organic cotton production, income from this product alone could result in additional farm income that ranges between 15 – 25 %. The main reason is that farmers have lower costs in external inputs better productivity and a better price (premium of 25%), but higher costs on labour and technical assistance. Another approach on family income has been developed by CECTEC, showing that by less use of external inputs and increased food security at farm level, family income can increase by 25 %.

Preliminary calculations carried out by the “Cooperativa Mandivurá” on the redistribution of the organic premium (which varies between 15% and 30%) to its members show that the economy of scale is beginning to favour individual farmers. With the number of organic growers increasing, a higher proportion of the premium is expected to be returned directly to the members.

2.4 Sustainability

There are still several problems related to sustainability, most important of which are:

- The financial sustainability of the approach, as markets are poor;
- The collaboration between the different parties
- The strength of the private sector parties, which appear to have become much less due to the economic crisis.

2.5 DRAM effectiveness

We now look at the objectives of the Latin America strategic plan, which aligns with some of the main indicators in the DRAM matrix. The indication of whether targets have been realised has been completed by local staff of ICCO and Organic Exchange.

<i>Direct poverty reduction</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • 8 producer organisations have access to international markets • 11,000 producers and labourers have consolidated incomes from better access to fair trade or organic market chains. In total 4000 will deliver organic cotton. • Support to the BCI program in Paraguay will enable an additional 10,000 cotton producers to deliver their cotton under the standard of ‘Good Agricultural Practice’ of the EU 	<p>6 producers organizations have access to international markets Probably around 6000, with 750 producing organic cotton. The BCI strategy is not embraced due to the bad cotton outlook for Paraguay</p>

<i>Capacity building</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • 8 producer organisations strengthened in the areas of: <ul style="list-style-type: none"> ○ Service delivery ○ Quality control ○ Certification ○ Effective leadership ○ Contracts for efficient input supply ○ Access to financial resources ○ Diversification of income opportunities • Improved labour conditions of producer organisations by less use of agro-chemicals. • Reduction of dependency on external inputs and traders. • Better organised farmers cooperatives from which farmers benefit 	<p>Not realised yet, in process 6 organization in certification, with focus on some of the areas mentioned.</p>

<i>Policy advocacy</i>	<i>Realised?</i>
<ul style="list-style-type: none"> • Promote sustainable rural development in Paraguay, and protect rural smallholders against destructive impacts of the expansion of the Agro Industrial Complex. • Promote Agro-ecological production. • Maintain socio-environmental standards and principles of 'social economy' • Present and support legal frameworks (national program for promotion of agro ecologic production, responsible use of agrochemicals, zonification of Agro – Industrial production). • Protect the position of small holders • Develop criteria at the basis of certification standards, accessible for small producers. • Promote the Fair trade standards 	Insufficient information to judge progress

3. Roles ICCO

Financing role

Without doubts the strategic financing role of ICCO has been most appreciated. In Paraguay, ICCO is one of the few financing agencies for local NGOs. Especially the flexibility of ICCO in its role as a financing agency has been much appreciated.

Mediation / brokerage / facilitation

ICCO has played a key role in bringing together different stakeholders to develop a common strategic plan for development of organic cotton and rotational crops in Paraguay. In order to expand organic cotton production ICCO invited some of its partners (mainly NGO's), new partners (mainly producer organizations) and private companies to develop a strategy with funding proposals. Early 2008, the strategy was finalised. This role has been most appreciated, and is commonly referred to as a facilitation role. The initiative included contacts with private sector. This role of ICCO was played in close collaboration with Organic Exchange.

In addition, ICCO has played a role in establishing contacts between producers in Paraguay and traders worldwide, especially during international events.

Alter Vida, as an activity within the EU funded project, has started to set up a monitoring system that would give a reliable interpretation of changes in farm income as a result of changes in management practice. The system is still in development. Within the context of the ICCO program an additional effort will be made to further develop the system of impact monitoring at farm level, while it is foreseen that more partners in the programme will be involved in participating in the trials.

Lobby / advocacy

ICCO is not recognised as playing a significant role in lobbying or advocacy.

Capacity building

ICCO did not play a direct role in capacity building. This was mainly done by the support to strategy development and bringing together the different partners in developing a common strategy. It is mentioned that ICCO has integrated the market-oriented component within the thinking by the NGOs. This has not been an easy task. Information exchange within the country and within the region has been much appreciated.

Main added value of ICCO

The added value of ICCO in Paraguay has been important, although besides networking and consultation not yet many results have been achieved. This is mainly because ICCO has been one of the few partners supporting the cotton sector in this country, together with Organic Exchange and Ecom, a cotton trader with gin facilities.

The main comment is that ICCO should get more focused. When asked what that means, the following added values of ICCO are mentioned:

- Build a solid platform among local stakeholders
- Promote involvement of private sector and promote private capital investment
- Facilitate participation in international trade fairs
- Encourage exchange of information between partners in the country and in the region
- Monitor the system of organic cotton and crop rotation

4. Conclusions

Year after year in Paraguay cotton production has been declining. ICCO is one of the few agencies supporting cotton production, financing the organisations involved and bringing together the different stakeholders to develop a common strategy. This role has been much appreciated, has been critical and decisive. However, the approach is mainly a development-oriented approach (with some business elements included), and is maybe against the trends and odds of the main markets.

The strategy that has emerged seems realistic, and involves a great number of stakeholders from civil society (NGOs and producer organisations), private sector and financial sector. However, progress has so far been less than expected, apparently mainly because of market constraints and difficulties in involving government.

It seems that without strong support by and alignment with government policies, and without strong(er) support by private companies, the strategy of stimulating organic cotton has little future. It is against the current market trends. Other options to counter the current trend of putting small farmers out of job may be more viable.

Monitoring progress in implementing the strategic plan is one role that ICCO should play. This would seem to require a theory of change, with assumptions and milestones, describing the process of how the strategy will be implemented. This is missing at the moment.

As regards ICCO roles, the role as strategic financier and as facilitator has been most visible. A role as broker in terms of matching southern producers with northern companies has been played to some extent, by establishing contacts between these two parties, especially during international events and through Organic Exchange.

It is interesting to observe the integration of international and local markets in the programme, as rotational crops are mainly sold at local markets. International markets are investigated because of expected higher returns.

E. Evaluation and interviews with northern partners

E1. Better Cotton Initiative

1. Introduction

The Better Cotton Initiative is a collaborative multi-stakeholder approach that leverages the commitment of global buyers of cotton and/or cotton products to demand large and increasing amounts of 'Better Cotton'. It intends to complement organic and Fairtrade cotton by shifting the larger proportion of conventional cotton to more sustainable cotton. While organic cotton emphasizes the elimination of synthetic pesticides and fertilizers and Fairtrade cotton focuses on guaranteeing a minimum price and providing a fair trade premium for social community-based projects, the Better Cotton Initiative (BCI), with its aim to affect bulk cotton commodity production, will focus on the most relevant areas of social and environmental impacts, as informed by the multi-stakeholder consultation process.

ICCO has supported the development of BCI initiative from the onset, by supporting WWF in the development of BCI. ICCO has been member of the Steering Committee from 2004 onwards. In 2009 the BCI changed into a new organisational structure, and needed a fresh team on the Board being elected by its members. ICCO was not elected on the Board and wants to play a more implementing role.

The first funding arrangement was for 2005, with annual support of € 40,000. This has continued with subsequent funding up to present. The funding of € 40,000 per year is institutional core funding for the programme as a whole. In addition, in 2009 additional funding of € 25,000 has been provided for separate studies. This included a study on the relationship between Organic, Fair Trade and BCI. Thus, total funding over the evaluation period has been € 225,000.

Over the evaluation period, BCI has developed into a full-scale and independent initiative, with a framework on principles and criteria developed for application of BCI at farm level. These standards have been developed as based on multi-stakeholder consultations in different regions.

An interview was held with Lise Melvin, director of the organisation. The following views are based on this interview and related reports.

2. Results and role of ICCO

ICCO has played a very important role in getting this initiative off the ground. ICCO has provided funding from the beginning. In 2005 it has enabled WWF to hire a manager for developing the BCI initiative. Apart from the funding, the main added value of ICCO has been:

- Representing the voice of smallholders in developing the initiative, i.e. taking into account the requirements of smallholders in developing the criteria for BCI. Although there are other organisations with this view, ICCO definitely is one of the largest and most powerful on this subject;
- Pushing private sector to make (stronger) commitments to this initiative. This is not so much because of ICCO's connections with private sector, but mainly because of the fact that ICCO, as a large funding agency, was supporting this initiative.
- In 2009, commission support by Foresight to represent ICCO during 4 months in the steering committee because of the mainstream model (UTZ) knowledge.
- Linkages of BCI with the cotton programme funded within the IDH programme, developing a fast track approach.

ICCO's influence is not so much associated with a direct strong network with the private sector, but rather due to their network with producer organisations worldwide and their commitment to support the initiative with strategic financing. Other organisations like WWF have a stronger direct influence on private sector as a result of their experiences and network with private sector.

ICCO was not elected on the Board. This can be explained because the BCI initiative has now entered a phase whereby the emphasis is on implementing the set standards. Thus, the need was there to involve organisations with strong experience in implementing standards. It was stated that ICCO is decentralising and this creates a certain amount of uncertainty.

ICCO has funded an important study to make the comparison between Organic, Fair Trade and BCI. This has been very useful to clarify the role of BCI as being complementary to the other two initiatives.

According to BCI, the approach towards developing organic and FT cotton is not sustainable, if there is high dependency on a price premium. This is why BCI does not pay a premium price. If existing organic / fair trade cotton initiatives, for instance in West Africa, would collapse because of high dependency on a price premium, this would underline the argument by BCI.

ICCO plays an important role in negotiating with proponents of organic and fair trade cotton, and in negotiating with producers, to find a suitable way of realising the complementarity between organic, fair trade and BCI.

Would ICCO have the capacity to establish contacts with buyers? Maybe this would be possible in the Netherlands. But outside the Netherlands, other organisations would appear to be more suitable, such as Organic Exchange or WWF. The added value of ICCO is more in building up local ownership, bringing together producer organisations and representing their views in international negotiations. This role has, for instance, been excellently played during negotiations in Tajikistan. There are not many other organisations that have good knowledge of local producers, and the skills to build up capacities at local level.

Lastly, there are complaints about the very slow procedures of ICCO in establishing contracts and making available funds. This may take more than half a year. Funds have often arrived months too late. This is very cumbersome. It seems that decision-making involves many different levels.

3. Conclusions

ICCO has supported the development of BCI rights from the beginning. BCI is now being supported by a range of other donors. BCI is now starting to be implemented on a pilot basis. We noted concerns about how BCI will be complementary to organic and fair trade cotton development. We also noted doubts about the impacts on farmers, as BCI does not pay a premium price. ICCO has not played a direct important role in promoting or marketing BCI, or establishing contacts with buyers. BCI believes the added value role of ICCO is mainly in collaboration with partners in the southern countries.

E2. Max Havelaar

1. Introduction

Max Havelaar (MH) is the independent campaigning and certification organization behind the Fairtrade Mark. MH licenses use of the Fairtrade Mark on products in the Netherlands in accordance with internationally agreed Fairtrade standards. The Max Havelaar Foundation is committed to tackling poverty and injustice through trade, and is a member of Fairtrade Labelling Organizations International (FLO). Fairtrade standards comprise both minimum social, economic and environmental requirements, which producers must meet to be certified, plus progress requirements that encourage continuous improvement to develop farmers' organizations or the situation of estate workers. The Fairtrade mark is an independent consumer label which is given to Dutch products as a guarantee that they have been certified against internationally agreed Fairtrade standards. It shares internationally recognised Fairtrade standards with initiatives in 24 other countries, working together globally with producer networks such as FLO. The Fairtrade mark indicates that the product has been certified to give a better deal to the producers involved. The Fairtrade minimum price defines the lowest possible price that a buyer of Fairtrade products must pay the producer. The minimum price is set based on a consultative process with Fairtrade producers and traders and guarantees that producers receive a price which covers the cost of sustainable production.

Fair trade cotton was introduced in 2004, at first in France and Switzerland. MH started to develop a fair trade standard for cotton in 2006. ICCO has been involved in the development of the initiative and the project from the beginning, in an attempt to increase access to the market for fair trade cotton textiles in the Netherlands to cotton producers in West Africa. West Africa was selected because of the poor access to markets for this region (as compared to India).

ICCO has supported MH through different projects, mainly in the fruits sector. Funding of a project on fair trade cotton has been the fourth project for MH supported by ICCO. The project has as main objective to stimulate the marketing of fair trade cotton by introducing fair trade cotton on the Dutch market. More specific objectives agreed upon were the following:

- Establish a product chain for fair trade textiles with MH mark (in the hotel sector);
- Launch of fair trade textiles in 2007, with at least 2 main commercial market players;
- Consolidate the market for fair trade textiles and expand where possible to other sectors;
- Develop a fair trade mark not only based on the production phase but based on the entire value chain;
- The origin of fair trade cotton use would preferably be from Africa.

The project was signed in 2006, but actually started only in 2007 due to staff shortage within MH. The project has a total budget of € 665,000 for a period of 3 years, which has been extended (due to the late start) to 2010. A large part of this budget is for paying the salary of an additional MH staff member who is fully on this project. The other large part is for campaigning, promotion and marketing activities.

An interview was held with Roosmarie Ruigrok, who is responsible for implementing the cotton project within Max Havelaar since april 2009. The following views are largely based on this interview.

2. Results and role of ICCO

The project started late due to late recruitment of a staff member within MH to implement the project. In September 2008 a major event was organised to raise awareness on the negative impacts of cotton (which was planned for 2007). There have been several other awareness raising and promotion activities. MH organised the congress 'Make fair-trade cotton your business'. It has increased the visibility of MH as a partner for hotel

chains. MH has been present at the Horecava in January 2010, and MH is now in contact with 17 hotel chains on marketing fair trade textiles.

ICCO has been the key player in getting this project off the ground. It has paid for the additional staff member within MH to undertake this project. This staff member will in the coming years (after finalisation of the project in 2010), be financed through the membership fees paid by new licence holders. The number of new licence holders is almost at the level which will allow the salary of the MH staff member to be paid. Thus, there is a good sustainability strategy.

ICCO has also been, and still is, an important strategic discussion partner. There is regular exchange about progress of the project and the cotton sector, and about the activities undertaken within this project.

ICCO has also funded a study visit of a delegation, with the MH staff member and representatives of two important hotel chains, to Mali from where the fair trade cotton is purchased. This trip has been very much appreciated, as it showed the benefits for producers of fair trade cotton, and also the complexities in the field.

ICCO did not play an important role in terms of brokerage or lobby. Moreover, the role of ICCO as a broker or lobbyist is not very clear, because ICCO does not take a clear position. While with MH ICCO clearly supports the marketing of fair trade cotton, in other cases ICCO supports BCI cotton. MH considers this as undesirable and confusing. They would rather see that ICCO establishes the contacts, but leaves the negotiations with companies to MH. It seems that ICCO tries to collaborate with too many parties at the same time. Other organisations known for lobbying, such as Oxfam and Solidaridad.

During last years progress, in terms of companies marketing / buying fair trade cotton, has been slow but consistent. More and more companies in the hotel sector are willing to go for fair trade cotton. MH expects that the number of companies willing to cooperate will increase much more in 2010. MH is satisfied about the current and expected results. However, it would be quite too soon to expect mainstreaming of fair trade.

What future role is expected from ICCO? ICCO will remain an important strategic partner. It is stated that if MH would develop a new promising initiative, ICCO is expected to be willing t partner in it. ICCO can have much influence on companies, but after establishing contacts should leave the negotiations to MH. ICCO has made a very positive move by decentralisation of its offices, because there lies the main added value of ICCO.

3. Conclusions

For MH, ICCO is very important by its financing role and as a strategic partner. It appears that ICCO is involved in planning implementation of the project. There has so far been slow but consistent progress. The MH staff member will soon be paid on a sustainable basis. ICCO has not really played other roles. ICCO can establish contacts with companies, but should leave the negotiations to MH.

E3. Fair Wear Foundation

1. Introduction

The Fair Wear Foundation (FWF) was established in 1999. Its mission is to strive for good labour conditions in branches of industry of which the main manufacturing is sewing, by joining forces with business associations, trade unions and NGOs. FWF realises better labour conditions through:

- Supporting member companies to implement the code of labour practices;
- Stimulating good industrial relations worldwide, harmonising policies and methods.

In most countries where textiles are produced, labour legislation in theory offers good protection for workers. However, in practice laws are often not enforced and trade unions are unable to defend workers rights. The textiles industry is highly sensitive to labour costs and moves to other locations where labour costs are lower. Workers often feel pressed to accept substandard labour conditions in order to keep their jobs.

FWF works with a code of labour practices. Companies can become a member when they endorse the code and accept verification by FWF. FWF carries out audits of management systems (of members) and social audits are carried out of the factories involved (to verify implementation of the code). To spread the improvement of labour conditions FWF conducts country studies, builds local networks, establishes complaint systems and trains audit teams in countries with FWF members. To continue motivating companies for improving their supply chains a communication plan is developed and new companies should become a member.

Other organisations or standards which are involved in social labour conditions in the textile industry at factory level are:

- SA 8000, which is a worldwide well known management system and standard but they place the responsibility for improvement for 100% with the suppliers, without involving the companies
- Similar organisations like FWF are the Workers Right Consortium (WRC) and the Fair Labour Association (FLA) based in the US and The Ethical Trade Initiative (ETI) in the UK. Throughout the JO-IN project (ICCO supported) they have agreed on some issues like for example the wage ladder. Especially the working relationship with FLA is improved and they have made agreements which avoids double auditing, also the country studies are conducted together.

ICCO started to support FWF in 2005, with a budget of € 234,000 over three years. This constituted about 10% of the overall budget of FWF. Oxfam/Novib has always been another important donor, and currently there are several other donors. In 2009, another contract was signed, again of € 240,000 for a period of 3 years. The funding is core funding, so it is not labelled to specific activities of the FWF. In general, during these funding periods, it was expected that the FWF would expand its influence, by increasing number of countries, members and inspections of factories.

In the second contract, the following targets are mentioned:

- 50 verification audits of the improvement plans in the factories in which the members produce will take place to improve the social working conditions
- Management of FWF local networks in existing member countries, and start up of new networks in 8 countries
- Through the work with the existing 40 textile companies and the expected 50, FWF is able to address and improve the social conditions of approx 40.000 employees
- In 2010 and onwards 50% of FWF's budget will be financed by self-generated income: contributions of participating companies and FWF audit.

An interview was held with Erica van Doorn, the director of FWF. The following views are based on recent progress reports and this interview.

2. Results and role of ICCO

The influence of FWF is gradually progressing. In 2004, FWF had 17 member companies, and in total 27 inspections were carried out. By 2008, 45 international companies had signed the FWF code of conduct. By 2009, the number has increased to 55 companies. With an estimated 50 factories per member company, and an estimated 200 employees per factory, this means that almost 500,000 employees are reached.

In 2008, FWF was active in 18 producer countries. The main activity of FWF is to follow up with their members who will monitor their suppliers according to the code of conduct they have signed. In 2008 in total 11 audits were carried out of management systems of members. In addition, in total 62 social audits were carried out. Most of these were carried out in China, which joined the FWF membership in 2006.

The FWF is important for ICCO because it allows ICCO within the cotton sector to develop a fair trade label which encompasses sustainability aspects of the entire chain from producers to consumers.

ICCO provides core funding to FWF, and is first of all appreciated as a financier because of the flexibility of funding that it provides.

ICCO is also appreciated as showing leadership in bringing together the various organisations involved in fair trade aspects of the cotton and textiles sector. This has led to the Fair Trade Alliance. ICCO has linked the organisations involved in a very strategic manner and plays a very active role.

FWF does not see a role of ICCO in brokerage with respect to vertical relations in the market chain.

Both Oxfam/Novib and ICCO are involved in lobby and capacity building. While Oxfam seems to focus upon gender aspects and communication, ICCO is more involved in environmental aspects and supporting producer organisations.

FWF is very satisfied with the support provided by ICCO. It has helped them grow and become more independent. ICCO is a partner in terms of thinking with FWF on the strategy to improve the sector. ICCO has also helped establish linkages with other fair trade organisations.

Lastly, there are complaints about the very slow procedures of ICCO in establishing contracts and making available funds. This may take more than half a year. Funds have often arrived months too late. This is very cumbersome. It seems that decision-making takes involves many different levels.

3. Conclusions

For FWF, ICCO is very important by its core financing role and as a strategic partner. There is frequent exchange and discussion between FWF and ICCO about the cotton sector. There has been consistent progress in the influence of FWF on labourers in the textiles sector. ICCO has not played a direct active role as a broker in market linkages. ICCO is especially expected to continue to play its role in bringing together organisations involved in fair trade in the North, and supporting producer organisations in the South.

E4. Organic Exchange

1. Introduction

Organic Exchange (OE) is specifically oriented at promoting organic cotton and textiles worldwide. It has as its main objective to catalyze market forces to deliver sustained environmental, economic and social benefits through expansion of organic fiber agriculture. The long term goal is to grow the amount of certified organic land farmed for fiber production by 50% per year. To do so, three strategies are defined:

- *Brand Outreach:* Work with brands and retailers to develop and implement short-, medium- and long-term goals to transition some or all of their cotton use to organic cotton.
- *Farm Development:* Work with existing organic farming projects, as well as new producer groups, to help secure contracts for their existing cotton and rotation crop production and develop sound and supportable expansion plans. Regional farming coordinators are located in Africa, India and South America.
- *Tool Development:* Work with businesses in the development and implementation of an organic cotton program with information, tools and consulting. Tools include our quarterly newsletter, website, on-line tracking service, sourcing directory, annual conference and marketplace and regional trainings.

ICCO has supported Organic Exchange by three different contracts.

1. The first contract was on the support of the Farmer Development Program (FDP) over the period of 2005 to 2007 (three years). Later, a budget neutral extension was provided for continuation in 2008. The first contract includes a total budget of € 540,000. The aim was to:

- Establish contacts with at least 60 producer groups;
- Facilitate exchange between these groups;
- Realise increased incomes for the producers involved in these groups.

2. The second contract includes a budget of € 1,544,000 over four years (2007-2011). It includes two elements. One is the program of brand outreach to Europe. The other includes elements of the Farmer Development Program (FDP). The European Brand Outreach program includes:

- Educate 500 brands and retailers about the value of organic textiles;
- Engage 150 companies in serious consideration of organic textiles;
- Add 50 European companies to the OE membership
- Enhance cooperation with other non-profit organisations working with companies.

This would result in the purchase of 25 million pounds of organic cotton per year by 2010, representing retail sales of \$ 450 million.

The FDP program elements were:

- Rotational crops: mapping and fully developing 2-3 rotational crop market chains;
- Referral services: supporting 100 producer organisations in their growth and business development.

3. The third contract was a continuation on the FDP, running from 2009 to April 2010 (for 19 months). It includes a budget of € 353,197 over three years. About 5% of this budget includes salaries of OE staff. It is built on the first FDP support program, resulting in a network with 170 producer groups worldwide and 170,000 organic cotton producers. The aim of the support is to consolidate these experiences. More specifically, the aim was to:

- Develop a best practices model / manual on fair trade / organic cotton production;
- Developing a set of key performance indicators (KPIs), to assess management aspect of organic cotton production;
- Investigate the relevance of developing a fair trade and organic cotton code of conduct;
- Develop annual farm and fiber reports which provide country specific data on organic cotton production;
- Develop a farmer visibility resource directory, which should allow organic cotton buyers to more easily find producers.

A number of targets were included in the 3rd contract, especially:

- 150 producer groups have access to farm support information;
- 60 producer groups has a KPI assessment done;
- 180 producer groups are represented through regional working groups and the FDP advisory committee;
- 80 representatives of producer groups participated during a local training event.

The 2nd and 3rd contract would terminate at the same time and ICCO envisaged from then on, to provide core funding to OE as based on their new strategic plan.

Various OE reports were studied and interviews were held with two staff members: Simon Ferigno (responsible for the FDP) and LaRhea Pepper, director of OE. The following views are based on these sources of information, as well as results from the field visit in West Africa and other interviews during that visit.

2. Results and role of ICCO

There are by now various reports available on progress with respect to the various programs that ICCO has supported. It must be said that from these documents it remains difficult to get a complete picture of progress with respect to the earlier set targets, because the reports follow different structures.

With respect to the FDP program, there is a review of achievements over 2005-2008 and a recent annual program overview of 2009 available. From these documents the following results appear.

1. In 2005-2008 4 farmers meetings were held, and 8 regional supply meetings were held. It is unclear what were the targets. This contributes to the development of regional and local networks.
2. Farmer visibility and string traceability initiatives were initiated on a pilot basis. The primary focus is to develop a virtual 'market access point'. It is unclear to us how farmers in for example West Africa are supposed to use this facility.
3. Work on KPIs has been delayed and pilot data collection started in 2007 and 2008. Roll-out was expected in 2009. The December 2009 report still refers to data gathering, with a report to be published in 2010.
4. Four annual farm and fiber reports were produced.
5. Other tools and training materials include: a farmer self-assessment training manual, a bi-monthly electronic newsletter, an export logistics guide, a soil fertility management guide.
6. A community of practice platform was created in partnership with Helvetas and ICCO, to share conversations, knowledge and information about organic and fair trade cotton. There are 221 registered members, of which an estimated 50% are active. .

With respect to the Outreach program, we base ourselves on the 2008 annual report mainly, from which the following results appear.

1. Reaching out to more European brands and retailers that could offer organic cotton.
 - Staff has been recruited
 - Seminars have been held and less than 89 brands have been reached (target was 100).
 - Six key markets were analysed
 - a communication strategy was established and marketing materials were produced
 - several meetings were held with companies / brands. Several links were created between companies in the North and producers in the South (none of these in Africa, however).
 - In 2008, C&A sold 15 million organic cotton garments with organic cotton primarily sourced from India.
 - and Expanding the OE brand
2. Referral services to link producer organisations with providers of financial, technical and other support services. This is essentially a matchmaking service complementing the FDP.
 - Surveys were held on critical business needs. In total 48 producer groups in 17 countries have been visited, and over 100 have attended regional meetings and trainings.
 - A directory was produced with useful contacts for organic cotton producers.
3. Identify rotational crops, assess the market and increase visibility (Farm Systems Crops survey).
 - Mostly producer surveys have been held so far, and reports have been planned. It is not very clear from the report what are the concrete expected results from farmers.

In general, the programs and targets are behind schedule. Reference is made to a tight funding environment so that many targets could not be reached in time and initially activities were limited to desk research.

OE is in the process of undertaking an FDP evaluation. An initial overview was obtained, which presents a comparative analysis of the answers from different groups to a set of questions. It basically lists questions on key successes, challenges, future directions and success factors. The survey is basically qualitative.

It is noted from our field work in West Africa that no one had made use of OE services. It seems that the activities of OE in West Africa are focused on other geographical areas than ICCO partners.

From the interviews with OE staff (see above), we draw the following observations.

- ICCO is appreciated from its role as a strategic financier for OE. It has applied great flexibility in funding. ICCO funding has been very important for OE, especially its FDP activities and development. However, apart from being a donor, OE would have rather seen ICCO as stronger partner, especially in supporting and advocating the farmer development perspective within OE. The farmer development pillar has always been under pressure within OE, and here ICCO could have played a more active role.
- OE does recognise the brokerage role of ICCO, but also notes the limitations of this role. ICCO has managed to get stakeholders around the table, but the next step has been difficult, meaning to work out concrete business plans or agree upon concrete contracts. In general ICCO promotes a business approach, but in practice this is not always realised.
- In its communication with ICCO, OE has experienced difficulties due to frequent staff changes. Staff involved apparently has different views, especially with respect to a business approach. Some did have a business background, others did not.
- Strong points of ICCO include its focus and commitment with Southern producer organisations, and its practical orientation. Constraints are the fact that ICCO does not seem to be well coordinated, there is no concise overview of the projects they are undertaking in the cotton sector.

3. Conclusions

OE has received substantial support from ICCO, especially for its Farmer Development Program (FDP) and its Outreach program in Europe. Both programmes have moved forward more slowly than expected. For ICCO the collaboration with OE has also been important, by being linked to a greater network and business contacts in the cotton world. However, concrete results are still difficult to capture. The partnership has not been able to give a thrust to the organic cotton market segment. For ICCO's main target groups, small producers in Southern countries, we have some doubts about the access to services offered by OE. We understand that the relation between ICCO and OE is subject of much debate. OE is an important strategic partner of ICCO in a strategy of developing the cotton sector, and could probably best play a role as broker between southern producers and northern buyers



Appendix 7

Tropical Fruits Case Study

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A. Tropical Fruits Sector Context Study

A1. Global context study

This context study is intended to give the reader an basic overview of the current state and developments of the global tropical fruits market, as well as to provide a more detailed insight into the activities ICCO relating to this commodity.

1. Global production and consumption patterns

Tropical fruits are grown in tropical and subtropical areas with well drained soils and constitute roughly 13% of all produced fruits. Tropical fruits are primarily grown in developing countries, which account for about 98 % of total production (FAO Tropical Fruits Compendium 2009a).

There are four well-known tropical fruits that dominate worldwide production of tropical fruits: mangoes, pineapples, papayas and avocados. Other tropical fruits include lychees, durian, rambutan, guavas, and passion fruit. The banana, which is by far the most popular tropical fruit worldwide, is treated by the FAO as a separate category.

Table 1: Production of tropical fruits

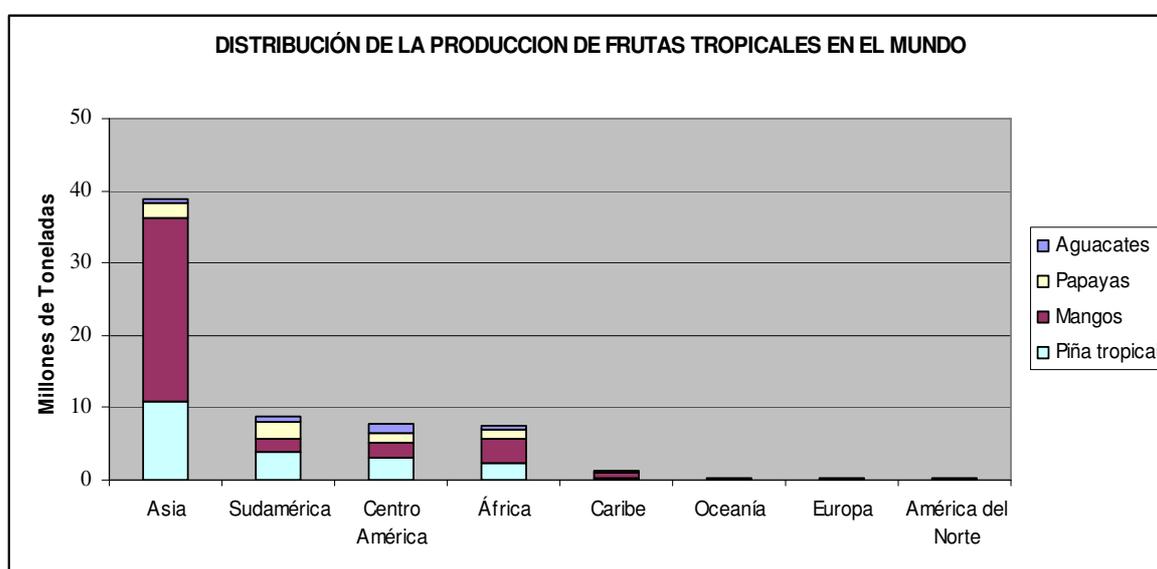
Fruit	Production (2008, million tonnes)	Share of total tropical fruit production
Bananas	55,2	40%
Mangoes	31,5	23%
Pineapples	20,6	15%
Papayas	8,3	6%
Avocados	3,3	2,5%
Other	17.8	13%

Source: FAO Tropical Fruits Compendium (2009a)

Table 2: Share of largest tropical fruits producers, 2000-2003

Bananas		Mangoes		Pineapples		Papayas		Avocados		Other	
India	20%	India	41%	Thailand	33%	Brazil	25%	Mexico	33%	Philippines	22%
Brazil	11%	China	13%	Philippines	7%	Mexico	14%	USA	7%	India	20%
Ecuador	9%	Thailand	7%	Brazil	6%	Nigeria	12%	Indonesia	6%	China	14%
China	9%	Mexico	6%	China	5%	India	12%	Brazil	5%	Indonesia	12%
Philippines	6%	Pakistan	4%	India	5%	Indonesia	8%	Colombia	5%	Colombia	8%

Source: FAOStats and Muller (2005)



Although production volumes have risen, there have been no major changes in the division in the production shares over the last years (FAO Committee on Commodity Problems 2009a).

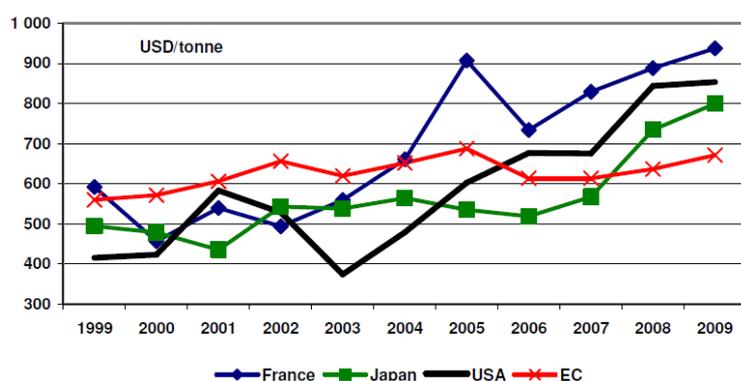
The global banana and tropical fruit trade has expanded substantially over the past few decades. At 14.3 million tonnes, banana trade is roughly three times the size of the market of the early 1970s. While the global tropical fruit market now stands at around 5 million tonnes, eighteen times the size of the market three decades ago. The combined trade in banana and tropical fruits now accounts for nearly 40 percent of world trade in fruits. Consequently, a more expanded market may be prone to falling purchasing power than was the case before (FAO Committee on Commodity Problems 2009a).

2. Price developments

Average import prices for bananas in 2008, were higher than 2007 in most countries. The upward trend in 2008 was in line with the overall increase in the prices of agricultural commodities observed in 2007 to mid-2008. However, banana prices remained strong throughout the year and into 2009 (Figure 2). The high import prices of bananas were due to the combined effects of higher costs of inputs, higher sea transportation costs, a weaker US dollar, and in Asia, a tight supply situation due to lower exports from the Philippines (FAO Committee on Commodity Problems 2009c).

Tropical fruits in general, as a luxury item, have declined in price since 2008. For instance, the decline in the price of avocado over January to September 2009 was 21 percent, mango and papaya by 18 and 5 percent. Such price developments are in stark contrast to the period between 2005 and 2008, when avocado prices rose by 35 percent, while papaya and mango prices increased by 50 and 32.5 percent, respectively. Prices for pineapples increased substantially in the middle of the decade, before declining by a cumulative 9 percent by 2008 (FAO Committee on Commodity Problems 2009b).

Figure 1: Banana import prices, 1999-2009



Source: FAO Committee on Commodity Problems (2009a)

Export figures

Large domestic consumption in most of the largest tropical fruit producing countries results in small exports compared to total production. Of the worldwide production 13 % of avocados are exported, 8 % of pineapples, and 3 % of all mangoes and papayas (Muller 2005). Next to the 10 percent which is traded internationally, 5 percent is traded as fresh fruits and a similar proportion traded as processed products. The global contribution to farm/rural household incomes is significant with the value of production of tropical fruits estimated at USD 43.7 billion in 2008 (FAO Committee on Commodity Problems 2009).

Some smaller producers export the majority of their tropical fruit production. Gambia and Côte d'Ivoire export 90% and 77 % of their mango production respectively. Ghana and Malaysia export more than 80 % of their papaya production. Côte d'Ivoire, Ghana, Honduras, Costa Rica and Uganda exported between 80% and 30 % of their pineapple production. Israel, South Africa, Chile, New Zealand and Spain export more than half of their total avocado production (Muller 2005).

Although fresh tropical fruits traded internationally are only a small proportion of the total volume produced, quantities are relatively large compared to other fruits, and export values are significant. In 2008, the total value of international trade of fresh tropical fruits was USD 4.5 billion, compared to USD 7.5 billion for bananas. An additional USD 1.9 billion is traded as processed tropical fruit (FAO Committee on Commodity Problems 2009a).

Although a few countries export most of their tropical fruit production it is not the major source of foreign exchange. For all countries the export of tropical fruits constitutes a small part of total merchandise export earnings. The share of tropical fruits to total merchandise exports is more than 1% in only 7 countries: Belize (3.5 %), Gambia (3.5 %), Costa Rica (2.5 %), Haiti (2.4 %), Dominica (1.3 %), Côte d'Ivoire (1.1 %) and Ghana (1.1 %) (Muller 2005).

Imports

The United States is the largest importer of fresh tropical fruits followed by the European Community (EC), Japan and China. The United States and the EC accounted for 75 % of world imports of pineapple, mango, papaya and avocado in 2008, and the United States imports 40% of all traded bananas while the EC imports 35% (FAO Committee on Commodity Problems 2009a).

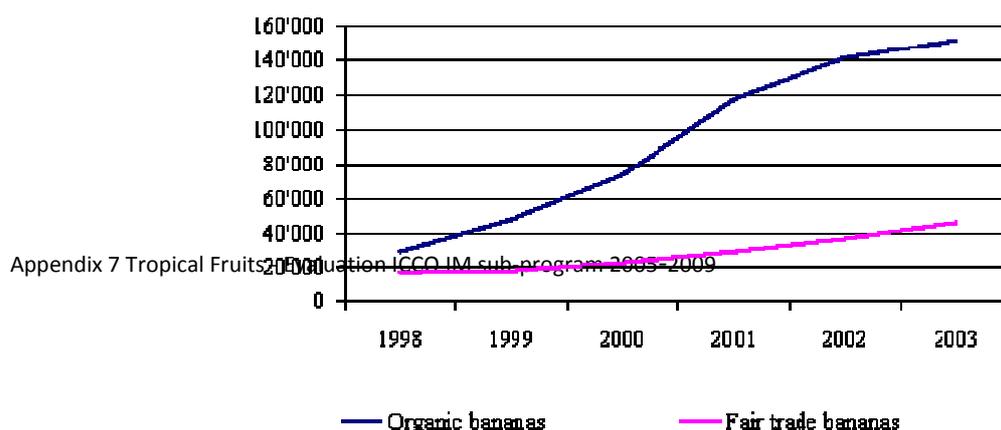
The FAO Committee on Commodity Problems predicted that a swift end to the recession brought about by the 2007-2010 financial crisis could lead to rapid recovery of tropical fruit markets. However, demand in developed countries will fall in the short-term, by different amounts depending on fruit substitutability (FAO Committee on Commodity Problems 2009b)

Fairtrade and Organic Markets

There are currently 57 Fairtrade-certified producer groups according to the Fairtrade Labelling Organizations International website. The groups are in ten countries of Latin America, the Caribbean and West Africa supplying Fairtrade bananas to twenty countries in Europe, North America and Asia-Pacific. In 2006, over 100,000 tonnes of the 14 million tonnes traded worldwide were 'produced and sold under fairer terms of trade.' By 2005, Fairtrade labelled bananas made up nearly 50 per cent of the Swiss banana market, whilst in the United Kingdom market share reached over 5 per cent in just 5 years.

There is no reliable official data on organic production or certification. In 2003, FAO estimated that organic production had reached ~150,000 tonnes, and that demand would rapidly grow (50-80%/year) over the next years and reach a 3% market share. In fact, the growth of organic production has been much slower than FAO predicted.

Figure 2: Growth of organic and fair trade markets for banana sector over the period 1998-2003 (tons)



Source: FAO Committee on Commodity Problems 2003a

Regulatory Instruments

WTO compatible instruments used by countries in regulating tropical fruits imports consist generally of tariff based or sanitary and phytosanitary measures.

Tariffs

In most developed countries, tariffs on bananas are quite low (0-10%). The exception to this has been in the European Union, which until 2009 levied tariffs on bananas produced in Latin America at a (2009) rate of €176/tonne (~35%). In December 2009, the European Commission ended a long-standing trade dispute with the United States by agreeing to cut this duty from the current rate to €114 (\$166) per metric ton in seven years time. As the current competitive advantage enjoyed by the African, Caribbean and Pacific banana producers will be considerably reduced the EU has agreed to provide €200 million in support to the affected countries in those regions.

Sanitary and Phytosanitary Measures

The WTO SPS and Technical Barriers to Trade (TBT) Agreements use Codex Standards as the international benchmark for most foods, including tropical fruits.

Many fruits require fumigation either as a condition for export or as a result of the detection of pests. Initiatives toward research for alternatives for methyl bromide have been extensive. However, initial analyses on the costs and benefits of some of these indicate that unless throughput is considerably increased, capital investment would not be justified (FAO Committee on Commodity Problems 2003b).

3. Supply chain dynamics and key actors

Nature of Product

As this section shows, the supply chain for bananas and tropical fruits is increasingly driven by retailer (and consumer) demands. The only fruits eligible for these export markets must meet demanding quality and consistency standards. This results in a high risk situation for producers, who potentially must make significant investments in quality control measures. Lower quality produce is accepted in domestic (producing) markets.

Production and Processing

There are three main forms in which tropical fruits are sold to consumers: the whole fruit, processed fruits (e.g. canned, juices (and pulp), and dried fruits) and fresh cut fruit. The required activities are usually undertaken in the country of origin to save transport costs, but the bulk of the fruit trade is in fresh fruit. As fresh cut fruit is even more perishable than whole fruits, it is expected that the processing will occur near to the end customer.

Many countries also make use of escalating tariff barriers where each value adding step incurs a higher import duty (Muller 2005).

Fruits can be sold on the local market or sold through an intermediary directly to the first processing step. Fruits are usually cleaned and sorted before they are exported. Export fruits must meet a variety of health and safety standards as well. Large sized production units and trading firms are better positioned to withstand rising cost of production because they can easily transfer additional cost down the supply chain given their strong market position. There has been an increase in presence of processors as a result of demand side growth. Often these are multinationals that have invest in localised production (Digal and Concepción 2004; in Muller 2005).

Exporting

Concentration in the banana sector is very high, with the largest 5 companies controlling over 80% of market share. Some of these companies operate their own plantations, but most of their activities are procuring fruits from a network of growers; many growers further ‘subcontract’ their orders to increasingly small farms.

Table 3: Market shares (banana sector) of largest tropical fruit companies

	1980	1992	1995	1997	1999	2007
Chiquita	28.7%	34%	>25%	25%	25%	25%
Dole	21.1%	20%	23%	26%	25%	26%
Del Monte	15.4%	15%	16%	16%	15%	16%
Top 3	65.3%	69%	-	67%	65%	66%
Fyfess	-	-	7-8%	7%	8%	8%
Noboa	-	-	12%	13%	11%	12%
Top 5	-	-	82%	86%	84%	86%

Source: The World Banana Economy, 1985-2002, FAO (data from 1966 to 1999), Banana link (for 2007 data)

Wholesale

The tropical fruit value chain is in a process of increased concentration among wholesalers, and among retail / buyers (Digal and Concepción 2004; Wheatley and Peters 2004; in Muller 2005). There is a trend towards consolidation in the fruit trading sector due to several factors: response to concentration of buyers; pressure to cut costs; oversupply forces traders to increase critical mass; reaction to retailers move to limit the number of suppliers; implementation of expensive measures such as electronic tracking and tracing; and stringent quality schemes. On the demand side retailers and foods service have historically been dominant and are consolidating even further. Large companies such as Ahold, Tesco, Carrefour and Kroger have high market shares in their

domestic markets and increasingly also in international markets as consolidation occurs across borders (Muller 2005)

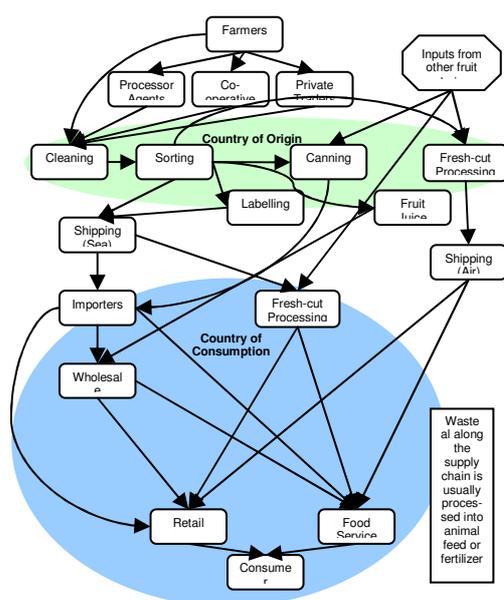
Retail

The tropical fruit chain is in the process of shifting from a trader-driven chain to a buyer driven chain, with large retail (e.g. Ahold in the Netherlands, Coop in Switzerland, Eroski in Spain and ASDA Group in the UK) being the main actors (Wilkinson, 2004; in Muller 2005). Given that the response of retail is in large part driven by the more critical consumer, some even speak of a 'consumer-driven chain' (Woods 2004; in Muller 2005). For nationally segmented markets, the concentration ratio of the four largest retailers / purchasers is generally close to 100 %. Retailers have more bargaining power with respect to processed foods as the consumer has fewer alternatives (e.g. street markets, small green grocers) to purchase the product (Digal and Concepción 2004; in Muller 2005). Their significant buying power makes retailers the primary influences on the global supply chains.

Retailers are also becoming increasingly demanding with respect to quality assurances and supply stability. In general contract relationships are also changing. Supermarkets / retailers are amending their procurement policies so as to minimize the number of suppliers and develop 'preferred supplier' relationships (Digal and Concepción 2004; in Muller 2005). Moreover, large retailers prefer large suppliers as they get volume discounts, concessions and promotion support in addition to steady supplies, quality assurances and variety (Howells, 2004; Tahir, 2005; Woods, 2004; in Muller 2005). As a result, large TNCs are increasingly active in managing their own supply chains, at least in part filling the void left by the dissolution of national commodity boards in many countries in line with privatization. Thus far this trend applies primarily to bananas and pineapples, and is only in the early stages in e.g. mangoes (Digal and Concepción, 2004).

Increased participation in the value chain may be paralleled by a declining role in production itself (and the risks associated with it). For instance, a trend has emerged among banana producers to spin off local farms in Latin America to reduce exposure to risks. Although TNCs can compensate to some extent by offering longer-term supplier contracts, local producers still have to absorb some of the additional risk (TransFair 2005; in Muller 2005).

Figure 3: Tropical Fruit Supply Chain



Source: Muller 2005

Examples of Public Sector Involvement

In Ecuador, the world’s largest banana exporter, there is some role for public sector involvement in banana production. The Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP), in consultation with producers and exporters, is legally mandated to fix a minimum supporting price, which establishes the prices to be paid per box of bananas. The current minimum support price is USD 5.40; however, compliance with this price is low. MAGAP officials state that exporters violate the law by paying lower prices than the minimum, but power distribution is such that small and medium producers are unable to complain for fear of losing customers (Olmos 2010).

Aside from this minimum supporting price, there is only a small role played by the public sector in Ecuador. In a 2007 study, the International Centre for Trade and Sustainable Development found that the vast majority of banana and pineapple exporters in Ecuador had not received any government assistance to help meet export demands. Other than the minimum price, government’s role seems limited to the occasional provision of information about non-tariff trade barriers such as phytosanitary requirements in importing countries (Wong 2007).

The Ecuadorian case contrasts with that of Peru, where the Ministry of Agriculture heavily invested in rehabilitating banana production after the 1997 El Niño storms. A decision was made to primarily support organic farming in the Chira Valley. Over 1600 farmers (40% of banana producers) were certified after extensive technical assistance was provided. This project initiated Peru’s organic production, and some sources state that Peru’s banana production is now 100% organic (Olsen 2008).

Conclusion

In the banana and tropical fruit sectors, retailers function as ‘lead firms’ that determine the requirements of the supply chain. Bananas are a particularly important fruit to retailers. According to the campaigning organization BananaLink, bananas represent more than 2% of North American grocery retailer turnover, and even more in Britain.

Exacting product specifications mean that retailers generally prefer to purchase from a select group of large vendors that can be counted on to deliver according to specifications. Opportunities for producers to directly market their product are limited; even when possible, it is difficult to compete on a cost basis with large-scale producers that have their own packaging and shipping infrastructure. Small and medium-scale farmers have therefore found it increasingly difficult to participate in the supply chain. Few large-scale public sector assistance programs are identified, and it is not clear how smallholder cooperatives may be able to overcome the challenges of high investments and high risks.

4. Main sustainability issues

The tropical fruit sector, including bananas, is incredibly broad. Not only are many different products covered by this sector, but top five producers alone cover three different production continents. It is not possible to speak in detail of specific impacts in this sector. As such, this section of the report identifies only some sustainability ‘hotspots’ and gives examples to clarify, rather than attempt a thorough recounting of each different situation.

Environmental

Deforestation

Tropical fruit production is not a significant global driver of conversion of natural ecosystems, though regional impacts may be large. According to FAO statistics, the global total cultivated areas of bananas and papayas have not increased in the period 1999-2009. Cultivated area of avocados increased 34% from 315.000 to 425.000ha; area of pineapple increased 20% from 700.000 to 850.000ha; and planted area of mangoes increased 40% from 335.000 to 470.000.

Soil Degradation

Although tropical fruit production may not cause direct conversion of large areas of natural ecosystems, its effect on surrounding areas can be significant. Firstly, tropical fruit production can, in many cases, lead to significant soil erosion and/or degradation. Fields growing tropical fruit trees often lack sufficient cover crops to protect from erosion. Pineapples, for example, grow quite slowly, and for their first year lack sufficient ground cover to prevent soil exposure and erosion (Sugahara et. al 2001). Soil degradation does not only affect the long-term sustainability of a particular farm, but can also impact surrounding areas when synthetic inputs cannot be absorbed into the soil.

Agrochemical Use

Bananas especially require a significant amount of soil nutrients, and when grown intensively will deplete soil fertility. According to WWF, fertilisers can be applied up to ten times per year and are most often applied on an entire plantation rather than as needed in specific locations. Quality concerns also mandate a high level of pesticide use. The use of pesticides on a banana plantation can reach as high as 40 kg/ha/year, compared to an average of 2.7 kg/ha/year for most crops in the Industrialized World (WWF "Agriculture and Environment: Bananas").

The EARTH College (Escuela de Agricultura de la Region Tropical Humeda) estimates that of the fungicides applied by airplanes, 15% is lost to wind drift and falls outside the plantation, 40% ends up on the soil rather than on plants and approximately 35% is washed off by rain. This can result in up to 90% loss of the estimated 11 million litres of fungicide, water and oil emulsion applied each year to banana production regions (Chambron 2000).

Pineapple production has also been identified as a cause of soil and water quality degradation due to agrochemical usage. In 2007, Costa Rican authorities detected small amounts of Bromacil, a pesticide used on insects on pineapple plants, in the local aquifer. The government was forced to begin delivering water by truck to local residents (Sherwood 2008).

Water use

Most tropical crops also require large amounts of water and high humidity levels to grow. For some growing areas, this is not problematic. However, mango production in particular has had a negative impact on local water use, as it has been cultivated under heavy irrigation in relatively water-scarce regions. FairFood reports that irrigation for mango plantations has competed with drinking water and local food production in some regions (FairFood 2009).

Waste

Plastic bags that are used to protect the roots of the banana tree are coated with the insecticide chloropiriphos, and plastic bags used in the packaging of bananas are also sprayed with insecticides to protect from insects while the bananas are stored and being transported. Chloropiriphos is rated "moderately dangerous" for human exposure. Furthermore, for every ton of bananas shipped, two tons of waste is left behind, including these mountains of plastic bags sprayed with herbicides (Chambron 2000)

Twine, plastic bags, and packing materials are usually dumped in landfills or in the case of plastic bags and twine, simply left on the plantation. The herbicide-laced bags often end up in rivers, releasing harmful pollutants. The twine can cause animals in the rivers to become entangled and die, and it is not bio-degradable, creating a major problem in landfills (Hernandez and Witter 1996)

Social / economic

Plantation Labour Conditions

Working conditions in tropical fruit production can be extremely poor, and are characterized by long working days for little pay. According to FIAN International, the monthly minimum wage of an agricultural worker in Ecuador, working 8 hours a day, is set legally to U.S \$143. However, banana workers are earning a wage between U.S. \$80 and U.S. \$140 monthly, working between 10 and 12 hours daily. The women receive 60% to 70% of the salaries of the men (FIAN 2006).

The high rate of agrochemical use in banana production also exposes workers to possible contamination. Numerous cases of pesticide-related health problems in Latin American banana plantation workers have been documented, and most were attributable to incorrect use and handling of agrochemicals (Henriques et al. 1997).

Banana plantation work was also characterized by high levels of child labour, and was especially prevalent in Ecuador. Following a negative report by Human Rights Watch in 2002, the Ecuadorian government instituted a new child labour policy and now regularly inspects plantations for workers under the age of 15. An early evaluation by UNICEF (Diaz and Mejia 2005) showed the initiative was meeting with early successes, but the current state of implementation is unknown.

There are similar issues in other tropical fruit plantations. According to the international Labour Rights Forum, pineapple plantations in both Costa Rica and the Philippines violate rights to freedom of association and to collective bargaining, primarily through replacing regular workforce with contract labour from labour cooperatives. In pineapple cultivation as well, workers are frequently exposed to toxic chemicals through pesticides and fertilizers.

Smallholders

While Latin American production, particularly of bananas, has a tendency towards large-scale production, a very large segment of producers in developing countries are small farmers. Products like some tropical fruits that require high labour and few capital inputs are well-suited for small farmers to produce. Moreover, the high-value of many of these fruits makes them particularly attractive sources of income.

Despite these opportunities, accessing tropical fruit value chains remains difficult for smallholders without significant technical support programs. Concentration of power at the retailer/wholesaler levels of the chain means that terms can be dictated to poorly-organized smallholders, who are forced to comply with quantity, quality, and consistency demands that may be impossible to meet profitably. Smallholders generally have few alternatives to a specific trader, and without options have very little negotiating power (Olmos 2010).

5. Main sustainability initiatives

There a variety of standards and initiatives present in the tropical fruit sector. While there is some overlap, they can be broadly divided between standards required by importing countries/retailers, such as health and safety requirements, and more broad-based sustainability initiatives, such as Fairtrade, Organic, or Rainforest Alliance certification. For the producer who must comply with the standard in order to sell his or her product, the difference may be negligible.

Initiative	Purpose	Governance	Standard	Remarks	Volumes
Codex Alimentarius	Provide quality standards and classification for specific foods	Committee-based decision making with government-chosen representatives	Specific standards on: pesticide residues, hygiene, processing, labeling, packaging, and import inspection	Decision-making is dominated by developed country business representatives, little technical support given to producers	Baseline standard in import/export decisions and WTO proceedings
EurepGAP / GlobalGAP	Quality and safety management system providing tools for verifying best practices	Driven by large-scale retail chains	Control points related to: seed material, site management, comprehensive Good Agricultural Practices and hygiene requirements	Complex administration and a great number of control points that must be recorded	Most relevant in UK/Netherlands, but increasing throughout Europe; GlobalGAP beginning to gain importance in North America
SA 8000	Producer and supplier labour certification	Developed by Social Accountability International (SAI)	Based on UDHR and ILO conventions, fitted to ISO 9000 standard for verification		Chiquita, Del Monte and Dole have certified parts of their operations, required by major European retailers
HACCP	Preventative food safety management system	Government guidelines	Identification of potential food hazards and implementation and monitoring of needed controls		Required for suppliers to European and North American supermarkets

ETI	Promote best practices in working conditions	Multi stakeholder initiative	Very similar to SA 8000 standard	Runs a 'Smallholder project' to extend program to small producers	Includes Chiquita, Fyffes Group, and many large retailers
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Table 4: Example standards required by export markets

A comparative case study by Fulponi and Jooste (2007) shows that the costs of accessing export markets by complying with the various standards and requirements are very high, and a significant challenge for many producers. Costs of initial compliance, for example by building chemical storage buildings or upgrading packing and washing facilities, are the highest barrier to meeting standards such as EurepGAP. Record-keeping requirements lead to high managerial costs and investments in ICT technologies.

According to Fulponi and Jooste, (2007) large producers have higher up-front costs but generally have much less trouble complying with standards. Private standards appear to be exclusionary for small holders. Only if there is sufficient financial and technical assistance available, as well as continual monitoring and management oversight, are small-holders able to meet the private standards necessary to access export market. Where infrastructure, both in terms of public services and institutions, perform less well, the difficulties of into integrating global value chains are increased substantially.

Table 5: Example voluntary sustainability initiatives in tropical fruit sector

Initiative	Purpose	Governance	Standard	Remarks	Volumes
FairTrade	Provide producers with an income through which sustainable production can occur, and provide an extra premium	Multi stakeholder initiatives, Labelling Initiatives and Producer Networks	Terms of trade: a Fairtrade price (minimum wage + Fairtrade premium) Bananas: 1 US\$ per box	Not clear how much certified FT produce is sold as such and whether supply exceeds demand	Bananas: >100,000 tons in 2008, a 28% increase over 2007, according to TransFair. 56% market share in Switzerland, and ~5% in the UK Pineapples: estimated 1,000 tons in 2003 The market for fair trade tropical fruit provides ~50 million euros in additional income to farmers every year

Organic	Eliminates use of synthetic inputs and agrochemicals in production	Multi stakeholder initiative, member-owned, often government supported	Organic production: no application of chemicals	Significant income improvement in specific cases (i.e. Peru), but disease prevalence make widespread adoption unfeasible	Bananas: 100% of Peruvian production (~65,000 tons) Mangoes: 3,098 tons from Peru in 2007 Dole sources organic bananas and pineapples from Ecuador, no volume information
Rainforest Alliance	Focuses on agricultural practices rather than trade relations. Applicable to large-scale plantations as well as smaller farmers	Multi stakeholder initiative	Providing guidance to businesses and producers on sustainable production		Bananas: 18% of international trade (~250,000 tons) Smaller amounts of mango, pineapple, and avocado.
Eko-Oke	Provide a marketing brand for Fairtrade and organic combination	Multi stakeholder initiative	Adds organic requirements to the Max Havelaar standards		

Taken from the websites of the respective initiatives

In various regional markets, these various voluntary sustainability initiatives have been able to make significant impacts. In the case of Peru, for example, farmers' incomes have risen substantially since the restructuring of the banana sector towards organic and Fairtrade certification. However, it must be noted that the Peruvian experience has been heavily dependent on state and export company support. The feasibility of large-scale organic production may be limited to regions where a dry climate makes plants less susceptible to disease and infestation.

According to Transfair that the volume of certified bananas produced in 2008 grew 27% over 2007 numbers (Schrack 2009). Smaller volumes of other tropical fruits are also available. This growth may indicate that Fairtrade associations are helping small farmers to access the demanding export markets, but without data on market share, volume, growth, etc., of the Fairtrade-certified associations, it is not possible to support Transfair's conclusion.

For larger 'mainstream' producers, other standards have made an impact. The Rainforest Alliance certification of Chiquita banana plantations has led to certification of ~18% of bananas traded worldwide. Today all 110 of

Chiquita's company-owned farms and the vast majority of its independent farms are certified by the Rainforest Alliance. Chiquita now recycles 100 percent of its plastic bags and twine and has reduced pesticide use by 26 percent (Alsever 2006). However, Rainforest Alliance has been criticized for its apparent willingness to compromise on aspects of its standard in order to help large-scale producers become 'compliant.' While many of the worst issues have been addressed, there remain sustainability issues that the (comparatively) low requirements of the Rainforest Alliance do not fix.

6. Summary of key issues

Fairtrade/Organic successes and challenges

The global banana and tropical fruit trade has expanded substantially over the past few decades. At 14.3 million tons, banana trade is roughly three times the size of the market of the early 1970s. The global tropical fruit market now stands at around 5 million tonnes, eighteen times the size of the market three decades ago. The combined trade in banana and tropical fruits now accounts for nearly 40 percent of world trade in fruits (FAO Committee on Commodity Problems 2009a).

The expansion of Fairtrade in the banana sector has outpaced market growth. Specific regional information is not available, but FLO states that there are currently 57 Fairtrade-certified producer groups, and in 2008, over 100,000 tons of the 14 million tons traded worldwide were traded under Fairtrade conditions. Transfair states that this was a 28% increase over 2007 figures and has forecasted a further 20% growth for 2009 (Schrack 2009).

Organic production also seems to have expanded, though figures of organic production are not available. The growth in organic production, though, is confined to small operations in regions that do not face significant pest and disease challenges (i.e. Peru).

One likely forthcoming challenge will occur if tropical fruit consumption declines as a result of the recession. According to FAO estimates, banana imports were expected to decline 4-5% in 2009. Depending on the degree to which tropical fruits are substitutable for each other, demand for others could fall more or less. As the examination of the tropical fruit supply chain in section 2 and the overview of export standards in section 3 showed, small farmers in these chains have been in a precarious position. Falling demand for tropical fruit could allow wholesalers and retailers the flexibility to deal solely with their large preferred suppliers, and limit small farmer access to the market even further.

Need for cautious expansion

ICCO's intervention logic is premised on the fact that there exists a growing demand for Fairtrade and organic fruits, and that this can be met by small farmers in developing countries. Its intervention strategy has benefited many small farmers and increased the value of their produce and the proceeds that returns to them. Although organizations like Transfair report growing demand for Fairtrade produce and there is an assumption that organic production can likewise expand, it is not entirely clear on what percentage of existing Fairtrade / organic production is sold with this additional label (i.e. with the premium price). The forecasted growth in demand could potentially be met with relabelled existing production.

Moreover, in the tropical fruit sector, there is an added challenge of ensuring access to export markets. High-value products such as fruit and fruit products (juices) tend to be the most retailer-dominated of chains. Meeting retailer demands for quality and consistent delivery is a challenge for most small farmers. Tropical fruit products must increasingly also meet additional requirements – such as increasingly stringent sanitary requirements or EurepGAP certification – to attract retailer interest.

While it is possible for ICCO's intervention strategy to continue to benefit small tropical fruit producers, attention must be paid to the transaction costs in delivering produce to exporters. Where these are high and/or rising, the long-term prospects of the small farmer should be questioned. Meeting increasingly stringent private standards requires very costly investments, which can and should only be made if long-term benefits are likely. Successful strategies likely must involve direct connections with exporters willing to help provide technical assistance to help small farmers become certified. Cooperative organizations may be able to play this role, but in the rapidly evolving sector it is only established associations that already function efficiently that will be able to maintain some market share.

Appendix I: Identification of key actors in European market

Major tropical fruit distributors in European countries

Fyffes	United Kingdom/Ireland
Katopé	France
Chiquita / Scipio / Atlanta Group	Germany
Dole Fresh Fruit Europe Ltd. Co	Germany
Pomona	France
Geest	United Kingdom
The Greenery	The Netherlands
Del Monte Fresh Produce	Europe

GLOBALGAP Fruit and Vegetables Retail and Food Service Members

Ahold	Netherlands
Albert Heijn	Netherlands
ASDA Group Plc	United Kingdom
CBL	Netherlands
Coop Norden	Norway
Coop Sweden	Sweden
Coop Switzerland	Switzerland
Delhaize	Belgium
DRC / Belgium Retail Association	Belgium
Eroski	Spain
Globus SB Warenhaus Holding	Germany
Kesko	Finland
Laurus	Netherlands
Marks Spencers	United Kingdom
McDonald's Europe Inc.	Germany
Metro	Germany
Migros	Switzerland
Monoprix	France
Musgraves Supervalu Centra	Ireland

Pick n Pay	South Africa
Safeway	United Kingdom
Sainsbury s Supermarkets Ltd	United Kingdom
Schuitema	Netherlands
Somerfield	United Kingdom
Spar Austria	Austria
Superquinn	Ireland
Superunie B.A.	Netherlands
Tesco	United Kingdom
Trade Service Netherlands	Netherlands
Waitrose Ltd.	United Kingdom

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A2. Ecuador

1. Superficie y Población

Ecuador es un país pequeño con una superficie de 256.370 kilómetros cuadrados, se encuentra al noroeste de América del Sur, y la línea equinoccial lo divide en dos hemisferios. Las cuatro regiones que dispone hacen de Ecuador un país con una gran diversidad biótica, geográfica y étnica. En las tierras altas andinas (Región Sierra) cuyas ciudades más importantes son Quito (capital de la república) Ambato y Cuenca la actividad económica está dominada por los servicios y la agricultura en pequeña escala; La zona Costera y su puerto más importante, Guayaquil ha prosperado gracias al comercio y a las exportaciones de productos agrícolas y pesqueros; En la región Amazónica, escasamente poblada se encuentra el petróleo que representa la mayor fuente de ingresos para el país, finalmente la región insular (mundialmente conocida como las islas Galápagos), representa un importante ingreso de divisas por la actividad Turística.



El último Censo de Población y Vivienda (INEC 2001) reportó una población de 12.156.608 habitantes con la siguiente distribución.

DISTRIBUCION POBLACIONAL DE ECUADOR POR AREA Y SEXO

POR AREA			POR SEXO		
Urbana	7.415.531	61%	Hombres	6.017.521	49,50%
Rural	4.741.077	39%	Mujeres	6.139.087	50,50%
Total	12.156.608	100%		12.156.608	100,00%

FUENTE: INEC, CENSO POBLACIONAL 2001

A partir de este censo se han hecho proyecciones asumiendo una tasa de crecimiento del 2,10% anual, de hecho para 2007 la población ecuatoriana habría sido 13.755.680 habitantes¹. La población ecuatoriana es racialmente diversa, el grupo más numeroso lo constituyen los mestizos que representan un poco más del 65% de la población; los indígenas, pertenecientes a diversas nacionalidades, serían el segundo grupo más grande y representarían a una cuarta parte de la población y el resto lo completan razas minoritarias como blancos y afroamericanos.

¹ La estimación poblacional es una tarea compleja debido a una alta tasa de emigración de ecuatorianos, especialmente agravada en la presente década como consecuencia de la crisis financiera de 1999. Por otro lado el país con la nueva constitución se declaró de puertas abiertas por lo cual se estima que al momento viven en el país cerca de 500.000 extranjeros provenientes principalmente de Colombia y Perú.

2. Situación Política

Ecuador volvió al régimen democrático hace 30 años, la segunda mitad de este período ha estado marcada por una fuerte inestabilidad política expresada en el hecho de que en el periodo comprendido entre 1996-2004 el país tuvo 6 presidentes. Habiendo sido las razones principales de los cambios de gobierno decisiones económicas (eliminación de subsidio al gas, crisis financiera y dolarización) es fácil concluir que en Ecuador las decisiones económicas de largo plazo están fuertemente condicionadas por el clima político, a eso se debe un comportamiento generalizado hacia preferir inversiones de corto plazo y en sectores especulativos.

En el marco de un descredito de la clase política tradicional que manejó el país, asumió en 2006 el Gobierno de Rafael Correa que basó su campaña en la oposición a las políticas económicas neoliberales, con promesas de mejorar el crecimiento y el empleo, reformar el sector petrolero y reducir la pobreza.

La gestión del nuevo Gobierno de Correa tiene dos pilares:

- **La nueva constitución** aprobada en 2008 con una abrumadora mayoría que apunta a la construcción de un Estado Plurinacional e Intercultural con un sistema económico cuyo fin sea el ser humano y el buen Vivir, la nueva constitución reconoce la diversidad de formas económicas y pone énfasis en el fortalecimiento de la economía pública y la economía popular-solidaria, para dar contenido a este ultima se creó el año pasado el Instituto de Economía Popular y Solidaria (IEPS); en cuanto a la economía privada (corporativa) las relaciones entre ésta y el gobierno se mantienen frías debido a desacuerdos en laborales y tributarias.
- **EL Plan Nacional de Desarrollo para el Buen Vivir**, mismo que ha sido actualizado recientemente para el periodo 2009-2013, es la expresión de la recuperación del papel del estado como el ente planificador del país y es el que ha puesto la hoja de ruta hacia la revolución productiva post-petrolera.

Uno de los temas de mayor incertidumbre es sobre la mantención del esquema de dolarización, por un lado, el presidente ha sido un crítico de dicho esquema porque impide el control de las principales variables económicas y por otro lado, el nivel de gasto publico ha alcanzado niveles que podrían volverse insostenibles en un escenario de déficit de balanza de pagos provocado por caída del precio internacional del petróleo, reducción de exportaciones (por pérdida de mercados) y disminución de remesas de emigrantes.

3. Pobreza y Desarrollo Humano.

El Índice de Desarrollo Humano (IDH)² calculado por el Programa de Naciones Unidas para el Desarrollo (PNUD) para Ecuador en el año 2009 es de 0,806 que le ubica en el puesto 80 de una clasificación de 177 países, por debajo de otros países de América Latina como Chile, Argentina, Colombia, Perú; al interior del país el IDH muestra enormes diferencias, tal como se puede apreciar en el siguiente cuadro.

² El IDH tiene en cuenta la esperanza de vida al nacimiento, la tasa de alfabetización y el Producto Interno Bruto (PIB) por habitante en paridad con el poder adquisitivo (PPA), calculado en dólares estadounidenses.

ECUADOR: Índice de Desarrollo Humano por provincias

Puesto	Provincia	Capital	IDH
1º	Pichincha	Quito	0,758
2º	Guayas	Guayaquil	0,724
3º	El Oro	Machala	0,711
4º	Carchi	Tulcán	0,694
5º	Azuay	Cuenca	0,689
6º	Tungurahua	Ambato	0,683
7º	Loja	Loja	0,667
8º	Manabí	Portoviejo	0,667
9º	Imbabura	Ibarra	0,662
10º	Esmeraldas	Esmeraldas	0,655
11º	Los Ríos	Babahoyo	0,654
12º	Cañar	Azogues	0,651
13º	Amazonia		0,619
14º	Cotopaxi	Latacunga	0,613
15º	Bolívar	Guaranda	0,599
16º	Chimborazo	Riobamba	0,593

En cuanto a la estimación de la Pobreza, el Ecuador no ha actualizado el cálculo del índice de pobreza por Necesidades Básicas Insatisfechas, por lo que una aproximación es el Índice de pobreza nacional por ingreso, mismo que se ha reducido levemente de 37,60% (2006) a 34,97% en 2008; sin embargo este índice es mejor en 2008 para la población urbana (25,16%) que para la rural (57,96%), constatándose que la pobreza sigue concentrándose en el nivel rural, situación que trata de ser revertida por las políticas de inclusión del gobierno mediante la entrega de un Bono de Desarrollo Humano y subsidios a pequeños productores.

4. Integración económica

Desde que el país adoptó la dolarización (año 2000) mantener un superávit en la balanza de pagos es clave para sostener la oferta monetaria interna; en tal virtud el país ha tenido que liberalizar su comercio exterior y abrir

su economía al mercado mundial, así el índice de apertura de la economía paso del 46,7% en el año 2000 al 67,1% en el año 2008, esto significa también una alta vulnerabilidad de la economía ante shocks externos³.

No obstante de ese imperativo, el nuevo Gobierno ha dado un giro significativo respecto a las relaciones internacionales; Ecuador, junto con Venezuela y Bolivia han conformado el bloque denominado ALBA (Alianza Latinoamericana Bolivariana) y promovido la conformación de la UNASUR (Unión de Naciones del Sur una especie de OEA sin E.E.U.U).

Fuera de la región, Ecuador ha hecho esfuerzos para fortalecer relaciones con país orientales y asiático (Arabia, Irán, Turquía, China y Korea) dejando en un segundo plano las relaciones con países comercialmente claves para Ecuador como USA y el bloque de la UE; la negociación del TLC con USA (destino del 39,20% de las exportaciones) se suspendió definitivamente y Ecuador se separó (junto a Bolivia) de la negociaciones que el grupo de países de la CAN llevó a cabo con la Unión Europea (10% del destino de las exportaciones)⁴.

Así las cosas, Ecuador tiene como preferencias arancelarias para el acceso al mercado de USA las que se derivan de la vigencia del ATPDA (Andean Trade Promotion and Drug Eradication Act) misma que es revisada cada año por el congreso de los EE.UU y con la EU el único acuerdo es relativo al arancel para el banano.

Si a lo anterior sumamos que un importante peso de las relaciones comerciales es con países de la región (CAN 15% y ALADI 22%) competidores directos y muchos de ellos con TLCs con US y EU, el panorama para el acceso/permanencia de productos ecuatorianos a dichos mercados no es muy optimista.

Adicionalmente a inicios de 2009 el Ecuador para proteger la balanza de pagos impuso restricciones a las importaciones, lo cual podría provocar medidas similares de los países afectados.

³ Lo ocurrido en estos tres últimos años es una prueba, el alza del precio de barril de petróleo desde el tercer trimestre de 2006 hasta julio de 2008 (que alcanzó el precio de 120 USD/barril) provocó un crecimiento del PIB del 6,5% en 2008 y cayó al -0,4% en 2009 como consecuencia de la caída del precio del barril del petróleo que empezó en el mismo (agosto de) 2008.

⁴ Al final, del Grupo de la CAN solo Perú y Colombia lograron un acuerdo con la EU para la firma de un TLC.

5. Desempeño de la Economía

La estructura económica del Ecuador no ha cambiado significativamente en la presente década; dos sectores (petróleo y agropecuario) están principalmente orientados a la exportación de productos primarios (petróleo, banano, camarón, flores y cacao) representando entre un 20-30% del PIB y el resto son sectores relacionados mayoritariamente con la dinámica de producción y consumo interno.

ESTRUCTURA DEL PIB ECUATORIANO: 2006-2008

SECTOR	2006		2007		2008	
	% PIB	Crecimiento	% PIB	Crecimiento	% PIB	Crecimiento
Agricultura, ganadería, caza y Silvicultura	10,4	2,1	10,6	4,9	6,6	3,2
Minas y canteras	12,7	0,98	11,2	-5,6	23,3	-2,8
Industrias y Manufactura (excluye refinación de petróleo)	13,9	8,5	14,1	4,6	8,9	4,7
Construcción y Obras publicas	8,5	2,01	8,7	4,5	9,1	17,8
Comercio	14,5	4,6	14,9	5	11,7	5,5
Transporte y comunicaciones	7,3	3,5	7,4	5	9,9	5,1
Servicios Financieros	2,1	21,3	2,1	9	2,5	8,1
Servicios del Gobierno	4,5	3,1	4,5	5,2	5,2	10,7
Otros sectores	26,1	7,4	26,5	4,1	22,8	7,4
Total PIB	100		100		100	

Fuente: BCE

En esta década, la recepción de remesas provenientes de alrededor de 650.000 emigrantes se constituye en la segunda fuente de ingresos de divisas, en el periodo 2005-2008 ingresaron por este concepto un promedio 3.000 millones de USD/año (6,4% del PIB), este flujo cumple una importante función macroeconómica al dinamizar sectores ligados al consumo interno (comercio, servicios financieros, construcción), pero también se vio afectado por la crisis financiera que empezó en 2008, registrándose una reducción promedio (2008-2009) del 11% en la recepción de remesas, que afecta principalmente familias rurales del Sur de Ecuador (Azuay, Loja, Cañar) donde se concentra el 40% de remesas.

Por la estructura descrita, resulta evidente que la evolución de la economía depende del desempeño de los productos tradicionales (primarios) de exportación: petróleo, banano, camarón, flores y cacao; este grupo representa el 75,94% del total de las exportaciones.

**COMPOSICION DE EXPORTACIONES 2009
(MILLONES USD FOB)**

Grupo de Productos	millones de USD	Participación (*)
Productos Primarios	10.477,21	71,84%
Petróleo crudo	6.284,10	43,09%
Banano	1.995,12	13,68%
Camarón	654,00	4,48%
Flores	545,80	3,74%
Cacao	334,91	2,30%
Otros	663,28	4,55%
Productos Industrializados	3.319,45	22,76%
derivados de Petróleo	680,50	4,67%
Elaborados del mar	648,67	4,45%
Manufacturas de metales	528,22	3,62%
Químicos y fármacos	118,37	0,81%
Manufacturas de textiles	161,60	1,11%
Café elaborado	92,97	0,64%
Otros	1.089,12	7,47%
SERVICIOS	788,34	5,41%
Varios servicios	788,34	5,41%
Total Exportaciones	14.585,00	100,00%

(*) Participación de cada Item es con respecto al Total del exportaciones

Fuente: Cifras Económicas del Ecuador, BCE Febrero 2010

El alza de los precios del petróleo entre los meses de Julio de 2006 y 2008 permitió al Ecuador ingresos extraordinarios, pese a que en ese periodo el PIB petrolero se contrajo en un 7,6% como consecuencia de la menor producción de la empresa estatal y la reducción del aporte de las empresas privadas básicamente por la terminación de contratos con empresas internacionales.

Dado la alta dependencia de la economía ecuatoriana respecto a la economía mundial, la inflación internacional de precios provocó un alza de la inflación interna en 2008, siendo la más alta desde que el país asumió la dolarización.

Para 2009 la recesión provocó una contracción significativa del PIB lo cual repercutió en la economía interna reflejándose en un incremento de la tasa de desempleo aunque la tasa de inflación también volvió al nivel de 2007.

En resumen: En General el desempeño de la economía durante la década podría considerarse aceptable y se destaca la estabilidad macroeconómica, pese al refrote de la inflación interna de 2008 que fue más bien una repercusión de la inflación internacional de productos agrícolas.

Principales Indicadores Económicos

Indicadores	2007	2008	2009
% variación del PIB	2,5	6,5	0,98
PIB por habitante	3.335	3.927	4.067
Inflación	3,3	8,8	3,5
Desempleo	7,40%	6,90%	9,06%
Subempleo	50,2	48,8	50,48%
Exportaciones (millones USD)	16070	20460	13792
Importaciones (millones USD)	15619	20730	14072,1
Balanza Comercial (mil USD)	451	-270	-280,1

Fuente: BCE, Cifras económicas del Ecuador, Feb. 2010

La marcada especialización productiva en sectores primarios, petrolero y sector agropecuario, es una de las principales debilidades del país, puede convertirse en una amenaza mayor para la dolarización si se repite el saldo comercial negativo y si continúa la caída en las remesas de la migración.

Es oportuno entonces que el país entre a un proceso de transformación productiva llamada por el gobierno la revolución productiva post-petrolera que recién empezará a verse cuando el plan nacional para el buen vivir 2009-2013 empiece a ejecutarse, lo que si es claro es que el modelo será basado en un fuerte papel de estado como planificador e implementador de acciones directas en sectores estratégicos de la economía.

Dado que el presupuesto del estado se financia en un 40% con el ingreso petrolero, los 12.000 millones de USD generados en 2008 permitieron incrementar las reservas de libre disponibilidad la cual en definitiva es la que ha permitido financiar el plan de reactivación a través de la obra pública y construcción de viviendas además de una expansiva oferta de bienes/servicios públicos asumidos como gasto público: subsidio a combustibles, bono de Desarrollo Humano, bono de vivienda, educación superior gratuita, subsidios agrícolas en insumos, entre los principales.

5.1 El sector Agropecuario.

- **Contribución al PIB**

La participación del sector agropecuario en el PIB, medida de manera tradicional – es decir considerando solamente la producción primaria sin tomar en cuenta el concepto de agricultura ampliada- indica que el aporte promedio de este sector durante el período 2006-2009 es del 9,2%. No obstante, la agricultura ampliada – que incluye agroindustria- elevaría su participación al 20,74%⁵ del PIB.

⁵ IICA, Arias, J.; Vallejo, S., Trejos, R.; “Más que Alimentos en la Mesa: La Real Contribución de la Agricultura a la Economía de Ecuador”, 2005

El sector agropecuario ecuatoriano ha desarrollado fuertes encadenamientos hacia atrás y hacia adelante con el resto de la economía: la agricultura primaria destina un 29,4% de su producción a la generación de divisas y 11,6% a alimentos y agroindustria (2001)⁶. Este porcentaje es mayor de lo que el resto de sectores de la economía dedican a la exportación, excepto petróleo

- **Generación de Empleo**

Con relación al empleo, la PEA dedicada a la agricultura, silvicultura, caza y pesca representa el 27,5% de la PEA total (2001)⁷. En cuanto a absorción de mano de obra, el sector agropecuario es el mayor demandante de este factor de producción y con mayor peso en mano de obra no calificada.

5.2 EL subsector agrícola

La dolarización de la economía si bien ha traído una estabilidad macroeconómica ha impactado en el sector con una elevación de costos por mano de obra e insumos, los cuales al ser trasladados al precio erosionan la competitividad más aun cuando se compite con países que hacen del manejo del Tipo de cambio un mecanismo para la promoción de exportaciones y que además participan de la ventajas de acceso a mercados derivados de Tratados de libre comercio.

- **Exportaciones**

Después del sector petrolero, el sector agrícola aporta con un promedio del 41% de las exportaciones; siendo dentro del subsector agrícola el banano y plátano, el caco y el café los principales productos vendidos al exterior, aunque se evidencia que productos no tradicionales han ganado terreno en las exportaciones:

**Principales Productos Agrícolas exportados
(millones de USD)**

Productos	2008	2009	Variación
Banano y platano	1.639,00	1.995,00	21,72%
Cacao y elaborados	260,00	379,00	45,77%
Café y Elaborados	128,00	139,00	8,59%
Camarones y elaborados	682,00	655,00	-3,90%
Pesca	1.050,00	937,00	-11,50%
Flores	565,00	507,00	-10,27%
Frutas y vegetales	197,00	218,00	10,66%
TOTAL	6.529,00	6.839,00	4,75%
Participacion en exportaciones	31,50%	48,60%	

Fuente: BCE y CORPEI

⁶ Los datos más actualizados son de 2001 porque la más reciente MCS –Matriz de Contabilidad Social- de Ecuador fue elaborada en 2001.

⁷ Fuente: SIISE.

6. Principales políticas sectoriales

- Cultivos para seguridad Alimentaria. El Plan Nacional Agropecuario prioriza la acción de Gobierno para fomentar los productos que constituyen la canasta básica de consumo especialmente de las familias de menores ingresos. Para el efecto, se han identificado los siguientes productos: papa, maíz suave, cebada, hortalizas (zanahoria amarilla, lechuga, col, cebolla, ajo, tomate riñón), frutas (limón, naranja, papaya, tomate de árbol), leguminosas de grano (fréjol, arveja, haba, chocho), plátano y yuca.
- Cultivos para Biocombustibles: Palma, Caña El Gobierno Nacional ha considerado importante impulsar el desarrollo de la producción de biocombustibles, tanto etanol como biodiesel, a tono con lo que sucede en el ámbito internacional, puesto que su demanda es creciente. En principio se han tomado en cuenta dos cultivos para este propósito, que son la palma africana y la caña de azúcar, puesto que se dispone de recursos naturales apropiados, tecnología y experiencia empresarial.
- Fortalecer productos tradicionales banano/cacao
- Fortalecer Productos no tradicionales: Ecuador está presente en varios mercados internacionales con productos no tradicionales (aguacate, piña, maracuyá, melón, brócoli, sandía, orito, palmito, flores, mango, otros) por lo que es necesario promover su crecimiento y posicionamiento así como la diversificación de mercados.

Estrategias

- Ampliación y diversificación de mercados.
 - Mejoramiento de la calidad de los productos.
 - Trazabilidad e Inocuidad.
 - Facilitación del proceso de exportación (aspectos logísticos).
 - Investigación de mercados externos (CORPEI).
 - Consecución de mercados (Ministerio de Relaciones Exteriores).
 - Capacitación y organización de productores con énfasis en agro negocios.
 - Marca y calidad.
 - Tecnificación de cultivos y manejo postcosecha.
- a) Aspectos Tecnológicos
- Agricultura con sello verde
 - Aplicación de las normas ISO
 - Aplicación del MIP (manejo integrado de plagas y enfermedades)

A3. Peru

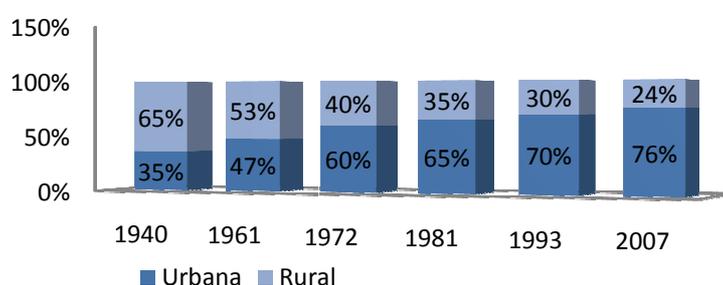
1. Población y Superficie

Con una superficie de 1.285.216 Km², Perú es el tercer país más grande de Sudamérica después de Brasil y Argentina. El país se divide en tres grandes zonas geográficas: al oeste sobre la costa del Pacífico, una estrecha franja costera (11% de la superficies) ocupada por dispersos oasis poblaciones, una región montañosa central o los Andes Peruanos (34%) conformada por cordilleras de montañas cuyas cumbres están a más de 6000m de altitud y de una extensa meseta, al Altiplano Andino; por último, al este las llanuras forestales y las colinas de la cuenca amazónica que ocupan el 55% del territorio o conocido también como la Selva.

La población total de 27.412.157 habitantes (49,7% hombres y 50,3% mujeres) se encuentra repartida en las tres zonas descritas, siendo la costa la zona que mayor población concentra (54,6%) seguida por la zona andina (32%) y amazonia (13,45). La distribución poblacional de 2007 es marcadamente diferente a la de 1993 en la que la costa tenía el 28,3%, la Sierra un 65% y la Selva un 6,7%, en gran parte se explica por el dinamismo económico alcanzado por la costa durante este periodo lo cual le constituyo un polo de atracción poblacional.

Pese a su extensión Perú en un país de baja densidad ya que más de la mitad de su población se concentra en unos pocos departamentos, destacándose Lima (30,8% de la población total) y de lejos Piura (6,1%), La Libertad (5,9%), Cajamarca (5,1%) y Puno (4,6%).

Los Censo realizados por el INEI en diferentes períodos permite apreciar que la población sistemáticamente ha ido migrando desde las zonas rurales hacia las urbanas, movimiento atribuibles a las mejores condiciones que ofrece la zona urbana en cuanto a disponibilidad de servicios básicos y oportunidades de empleo u otra ocupación productiva.



2. Pobreza y Desarrollo Humano

Como se verá más adelante, Perú ha tenido un crecimiento promedio sobre el 8% de su PIB hasta 2008, esto ha traído efectos positivos en la reducción de la pobreza del país. La pobreza se redujo de 48,7% en 2005 a 36,2% en 2008 y la extrema pobreza en el mismo periodo de 17,4% a 12,6%. Sin embargo se puede apreciar que la pobreza es más acentuada en las zonas rurales y que, existen ciudades donde un gran porcentaje de su población vive en situación de extrema pobreza, esto a más de ser una consecuencia de las debilidades estructurales de dichas zonas revela la persistencia de cuellos de botella que impiden una adecuada redistribución del ingreso nacional.

Perú: Pobreza y Pobreza extrema

Niveles de Pobreza	evolución 2005-2008		Pobreza según Áreas		Comparación dos ciudades	
	2005	2007	urbana	rural	Lima	Huancavelica
Pobreza	48,70%	36,20%	23,50%	59,80%	18%	20%
Pobreza extrema	17,40%	12,60%	3,40%	29,70%	3%	60%

Fuente: Instituto Peruano de Economía, INEI

En cuanto al Índice de Desarrollo Humano, el informe de de PNUD de 2009 lo ubica en el puesto 78 dentro de los países con un IDH alto (0,806), con respecto a 2006 el Perú avanzó 5 puestos lo cual es un reflejo sin duda de la mejora en alguno de los componente del IDH (presumiblemente del PBI per-capita como consecuencia de la bonanza económica del periodo), en ese mismo informe se da cuenta que el 18,5% de la población sobrevive con menos de 2 USD/día. Este índice muestra serias desigualdades espaciales que reflejan el contexto socioeconómico desigual, los índices altos se concentran en las ciudades más grandes.

En lo que se refiere al cumplimiento de los ODMs, Perú parece perfilarse bien para cumplir metas en educación primaria universal, reducir la mortalidad materna e infantil y promover la equidad de género, mientras que alcanzar la metas referidas a reducir la pobreza y el hambre parece una tarea más difícil.

En cuanto al desempleo urbano este cayó de 8,6% en el 2008 a 8,5% a 2009, es decir solo un descenso de 0,1% de acuerdo con la Organización Internacional de Trabajo (OIT), 48% de la PEA están subempleadas.

3. Situación Política

Después de una convulsionado década de los 90 en las que la democracia se vio amenazada por el terrorismo, el país ha alcanzado una estabilidad política destacable apoyada por un crecimiento económico sostenido merced a la continuidad que le ha dado el Presidente Alan García (elegido en 2006) a las medidas de Política Económica de su antecesor, Alejandro Toledo.

Las prioridades del presente gobierno se sintetizan en:

- Reducir la pobreza que afecta a la mayoría de peruanos
- Profundizar el proceso de descentralización iniciado en 2002
- Aplicar una política monetaria para evitar la inflación (el mayor fantasma del pasado económico peruano); y
- Continuar la integración regional y mundial

4. Integración económica Mundial

El Perú ha venido practicando en los últimos años un regionalismo abierto, a lado de una avanzada liberalización regional (CAN y ALADI) el país encaminó sus esfuerzos a profundizar sus relaciones extra-regionales sobre bases solidas, muestra de ello es la firma del TLC con USA (suscrito en 2007 y vigente en 2009), los TLCs bilaterales con Canadá, China y Singapur y por ultimo (en febrero de 2010) junto con Colombia cerraron las negociaciones para la vigencia de un TLC con la Unión Europea.

Un reporte de estadísticas del comercio de Perú con la Unión Europea y el mundo⁸ nos permite resaltar algunos datos relacionados con la apertura económica de Perú al mundo entre ellos:

- El comercio internacional (importaciones y exportaciones) peruano representa el 44,2% del Producto Interno Bruto
- El 56,3% de las exportaciones peruanas se concentran en US (24,8%), Unión Europea (12,9%), China (10,7%) y Brasil (7,9%), fuera de ese bloque existen países importadores que si bien hoy representan un porcentaje pequeño, por sus tamaños de mercado presentan grandes perspectivas como: Rusia, Canadá y Japón.
- El promedio de exportaciones de Perú a la Unión Europea entre 2004-2008 ha crecido sido del 11% y en 2008 Perú tuvo un saldo favorable en balanza comercial de 1.753 millones de euros
- De las exportaciones Peruanas a la Unión Europea (3.933,6 millones de euros), el 88,6% son productos primarios dentro de los cuales 37,6% son productos agrícolas.

El Perú pretende aprovechar su integración al mercado mundial extendiéndose a rubros tan disímiles como heladería, embarcaciones de lujo, maquinarias de la industria de alimentos, muebles, bebidas gaseosas, vestimenta y moda, computadoras, software, perfumes y joyería, según el Ministerio de Comercio Exterior y Turismo. El gobierno ha creado la Comisión Nacional de Productos Bandera (COPROBA), con el fin de lograr una oferta exportable y consolidar su presencia en mercados internacionales

5. Desempeño de la Economía

La economía peruana ha sido una de las de más alto crecimiento en A.L en la presente década con un crecimiento espectacular de su PIB por sobre el promedio de A.L tal como se puede ver en el siguiente cuadro comparativo⁹

Variaciones del PIB (En %)	2007	2008	2009
Perú	8,9	9,8	2
América Latina	5,8	4,2	-1,9

El aumento del precio de petróleo desde 2006 (73 USD/barril) a US\$ 116,6 USD/barril (2008) elevó los precios de las materias primas a nivel internacional, lo cual favoreció al incremento del valor de las exportaciones de minerales peruanos y otros commodities; además, el acceso a nuevos mercados como consecuencia de los tratados de libre comercio y las inversiones públicas y privadas contribuyeron a mantener la dinámica de crecimiento económico

⁸ Peru: EU bilateral Trade and Trade with the World: DG Trade Statistics of the EU Sept 2009

⁹ Tomado de : Perú Balance Económico, CEPAL 2009

El excelente desempeño de la economía peruana durante la presente década le permitió ser en el año 2008 el país Latinoamericano con mayores reservas internacionales netas con respecto al PIB (23,7%) superando de lejos al segundo en la lista, Argentina (17%); esto y el hecho de que la demanda interna se ha consolidado como uno de los principales motores de la economía permitieron al país amortiguar sin sobresaltos los efectos de la crisis financiera mundial que para el caso peruano se transmitió a través de la contracción de sus exportaciones en un 14% y la menor entrada de remesas de emigrantes.

Aun así, la estimación de crecimiento del PIB para 2010 está entre 4% y 5% y superará a algunos países de la región (CEPAL 2010).

PERU: EVOLUCION PRINCIPALES INDICADORES MACROECONOMICOS

INDICADORES	2007	2008	2009
Inflación Acumulada	3,9	5,8	3,5
Tipo de cambio (Nuevos soles por US\$)	3,1	2,9	2,9
PIB (Miles de millones de nuevos soles)	341,2	390,1	435,3
% Crecimiento PIB	8,9	9,8	2
Tasa de desempleo urbano	8,4%	8,4%	8,3%
SECTOR EXTERNO			
Exportaciones (Millones de US\$)	31.041	35.166	28.353
Importaciones (Millones de US\$)	23.942	34.005	25.480
SALDO DE DEUDA PÚBLICA			
Externa (Porcentaje del PBI)	18,4	13,9	12,3
Interna (Porcentaje del PBI)	10,7	9,4	8,6
Total (Porcentaje del PBI)	29,1	23,3	21

Fuente: INEI, CEPAL

Como habíamos mencionado anteriormente, el comercio internacional peruano significa el 44,2% del PIB por lo que es necesario una rápida referencia al desempeño de los principales sectores que tienen acceso a mercados internacionales.

5.1 Sector Minero

El sector minero ha tenido un crecimiento sostenido desde 1991 consecuencia de la privatización de numerosas empresas y grandes inversiones de capital extranjero, el Perú es hoy uno de los países que lidera la producción minera a nivel mundial; cobre, oro, estaño, plata y hierro son en su orden los más importantes metales exportados principalmente a China, Suiza, Estados Unidos y Japón.

El sector minero representa más del 50% de las exportaciones totales del país y los años 2.007-2.008 significaron exportaciones por el orden de 17.274 millones y 18.656 millones de USD respectivamente, aunque en 2009 la contracción de la demanda mundial redujo el valor de las exportaciones a 16.603 millones USD su contribución al total de exportaciones subió al 59%, lo cual da cuenta de la gran importancia de este sector para la economía, tanto así que existe en marcha 15 proyectos de exploración minera con una inversión de 15.000 millones de USD.

Vale decir que, tanto en su despegue (1991) como en su fase actual de desarrollo este sector no ha estado exento de grandes conflictos sociales por las implicaciones ambientales alrededor de los asentamientos mineros.

5.2 Sector Pesquero

Al sector minero le sigue en importancia el sector pesquero, la pesca ha significado en los últimos 10 años el 2,5 % del PIB y constituyen el 12% de las exportaciones; el 75% de las exportaciones pesqueras corresponden a harina y aceite.

De las capturas anuales (8-10 millones de toneladas), el 95% se destinan a la producción de harina y aceite, de hecho, Perú es el principal productor de harina de pescado y participa con el 35% de las exportaciones mundiales siendo sus principales compradores China, Japón, a pesar de su posición como primer productor de harina de pescado, el Perú no tiene mucha influencia en los precios internacionales, dado que la harina de pescado sólo representa unos 10% de las aportaciones para los productores mundiales de alimentos balanceados para animales, y podría ser sustituida por la soya o el gluten de trigo. También como una consecuencia de la recesión mundial de 2008-2009, la exportación de harina y aceite de 2009 se redujo en un 22% con respecto al año anterior.

Exportaciones Peruanas de Harina y Aceite de pescado

(millones USD)

Productos	2005	2006	2007	2008	2009
Harina de Pescado	1.147,45	1.139,05	1.210,31	1.412,68	1.189,86
Aceite de pescado	155,56	196,11	249,20	378,75	203,80
Total	1.303,01	1.335,16	1.459,51	1.791,43	1.393,66
% Variación		2,47%	9,31%	22,74%	-22,20%

Fuente: Pacific Credit Rating, Informe sector Pesca 2009

El reto del sector es diversificarse, yendo más allá de la captura de la anchoveta (especie de la que se obtiene la harina y el aceite) y ampliarse a la acuicultura de exportación con especies como langostinos, conchas y otros; para lo cual se requerirá además de adecuar su flota pesquera y desarrollar una normativa para establecer límites máximos de captura.

5.3 Sector Agrícola

La agricultura peruana de hoy es el resultado de casi dos décadas de proyectos de modernización e inversiones; durante el período 2001-2008 el sector creció en un promedio anual del 4.1% y para 2009 el sector aporta alrededor del 8,4% al PBI peruano.

El sector tiene una importancia social enorme pues ocupa alrededor del 28,5% del total de la Población Económicamente Activa.

En el acápite siguiente hacemos un análisis más detallado del contexto agrícola.

6. Contexto del sector Agrícola.

Por su ubicación geográfica, la geografía peruana es un invernadero natural ideal para producción de frutas y hortalizas, pues dispone de 84 de los 103 microclimas existentes, que permiten sembrar distintos tipos de cultivos muchos de los cuales se pueda cosechar todo el año e incluso en algunos casos (arroz p.e) se puede obtener más de una cosecha al año.

Gran parte de la base agro-productiva de la que el Perú dispone hoy se empezó a gestar a mitad de la década del 90 con varios proyectos de modernización e inversiones en infraestructura; los resultados de dichas inversiones se han empezado a ver en la presente década; en los últimos años las áreas cultivadas se han incrementado de 1.7 millones de hectáreas a 2.6 millones de hectáreas y la producción de muchos rubros agrícolas crecieron significativamente tal como se puede apreciar en el siguiente cuadro.

Producción de principales productos agrícolas

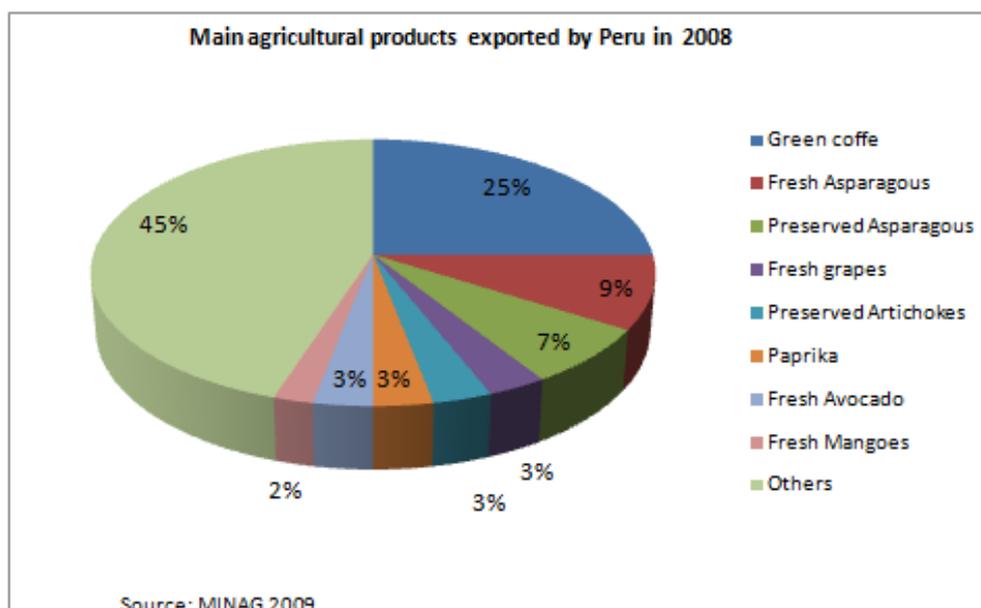
2002-2008 (EN TM)

Producto	2000	2008	% crecimiento 2000-2008
Mango	125,185	322,994	158.01%
Uva	107,035	224,063	109.34%
Espárrago	168,357	317,233	88.43%
Piña	137,668	241,910	75.72%
Cebolla	383,495	639,228	66.68%
Palta	83,671	136,438	63.06%
Naranja	255,747	372,601	45.69%
Café	191,651	266,637	39.13%
Palma Aceitera	181,155	246,419	36.03%
Caña de Azúcar	7,135,154	9,346,334	30.99%
Plátano	1,444,697	1,790,398	23.93%

Fuente: Promperu, 2009

Perú es hoy en día uno de los principales exportadores de espárragos y pimentón (páprika) en el mundo, y tiene una importante producción exportable de algodón, café, azúcar, banano orgánico. Las exportaciones de los productos agropecuarios han crecido bastante gracias a factores externos como los acuerdos arancelarios ATPA (Andean Trade Preferente Act) y ATPDEA (Andean Trade Promotion and Drug Eradication Act) con los Estados Unidos y los Sistemas de Preferencias Generalizadas (SPG y SPG+); se espera que la vigencia plena de los Tratados de libre comercio con USA y la U.E amplíen las exportaciones agropecuarias.

Las exportaciones agrícolas crecieron de US\$ 600 millones en el año 2000 a US\$2.7 mil millones en el 2008, esto representa un incremento promedio del 20% anual y los principales rubros exportados se muestran en el siguiente grafico:



Como consecuencia de la recesión mundial para 2009 las exportaciones agrícolas se habrían reducido en un 11% (a 2.4 mil millones de USD) esta reducción fue muy por debajo del 30.3% de la caída de las exportaciones totales y además se destacan crecimientos en las exportaciones para rubros individuales como uvas, mangos y banano orgánico¹⁰.

A futuro, se espera que el sector agrícola en el Perú, se fortalezca a partir de los siguientes factores:

- La ampliación de la superficie agrícola para productos de exportación como paltas, uvas, banano orgánico, cítricos, etc., para atender mercados de gran tamaño como China, India, Rusia y el bloque de la E.U. A esta tendencia la refuerza la firma de los tratados de libre comercio con distintos países.
- Seguridad Alimentaria: el crecimiento poblacional del Perú deberá ser acompañado por una creciente oferta de alimentos, se espera que para el 2020 el Perú tenga 4 millones de habitantes adicionales, llegando a los 32 millones, lo cual requerirá incrementar significativamente la producción de rubros básicos como maíz, oleaginosas, trigo, papas, etc.
- El boom de los Biocombustibles: biodiesel y etanol. Muchos países están cambiando su matriz energética, con la finalidad de reducir la dependencia del petróleo, esto ha generado el incremento sostenido de consumo de biocombustibles. De hecho se espera que para el 2011 la demanda mundial de biocombustibles se incremente en 20% hasta alcanzar las 92 millones de toneladas. El Perú no es ajeno a este proceso de cambio de matriz energética, para ello se ha promulgado diversas normas que promueven y reglamentan el uso obligatorio tanto del etanol como del biodiesel en mezclas con gasolinas y diesel respectivamente. Este incremento de la demanda local y externa generará oportunidades para la

¹⁰ En base a una proyección de las estadísticas acumuladas a Octubre 2009 por PROMPERU

producción nacional de etanol y biodiesel para lo cual se requerirá de nuevas áreas de cultivo para la producción de materia prima, especialmente caña de azúcar, de hecho solo en Piura existen en formación de alrededor de 20.00 Has para este fin.

- Nuevos proyectos de irrigación que incorporan importantes tierras al mercado, destacándose entre los principales

New Projects of irrigation

Project	Localization	Investment Millions US\$	Date of finalization	New Has incorporated
Majes-Siguas	Arequipa	300	January 2015	46.500
Olmos	Lambayeque	530	December 2013	20.000
Alto Piura	Piura	350	December 2016	19.000
Chavimochic	La Libertad	280	December 2016	36.000
Concon-Topara	Lima-Ica	500	December 2014	30.000
Lagunillas	Puno	70	August 2010	31.000
			TOTAL	182.500

Fuente: Pro-inversión

Se espera que cada hectárea incrementada absorba 2 nuevos empleos por lo que el impacto en generación de empleo en los lugares de los proyectos será de 365.000 nuevos empleos directos.

Referencias:

INEI, Instituto Nacional de Estadísticas e Informática

CEPAL: Balance Económico Del Perú 2009

PROMPERU: Evolución de las exportaciones Peruanas a octubre de 2009

MEF de Perú: Marco Macroeconómico multianual 2008-2010

DG-TRADE: Peru, EU Bilateral Trade and Trade with the world

Sociedad Nacional de Minería y petróleo: Situación perspectivas del sector minero peruano, 2008

Pacific Crédito Rating, Informe Sectorial Pesca, 2009

PNUD, Informe sobre Desarrollo Humano 2009

Instituto Peruano de Economía: Perú y Ancash en contexto, 2010

B. Ecuador and Peru tropical fruits case study

B0. Syntesis

1. Overview of sources

ICCO

- Willemijn Lammers – Program Manager DREO
- Gemma Boetekees – Coördinator IM
- Marjolein Motz – Specialist certification
- Marije Van Rehenberg – previous sector specialist Fruit
- Gerard Zwetsloot – CSR co-ordinator
- Lutzen Faber – previous relationship manager Latin America
- Tony Terpstra – relationship manager Latin America
- Wilfried Schaagsfoort – Program Coordinator West Africa
- Joke Langbroek, Previous manager Latin America
- Guus Paardekoooper, Previous programme coordinator Asia

Nothern Partners

- Luud Clerx, Taste
- Herman uit ten Bosch (FMS / Previous manager ICCO)
- Volkert Engelsman, EOSTA
- Hugo Skoppek, Nature and More
- Connie Valkhof, Fair Trade Original
- Maarten Rijninks, Fair Connect
- Adrian Syn, FLO
- Bert Jongert, Max Havelaar

In Ecuador / Peru

- Lianne Zoetewij, El Guabo
- Julio Alvarez, Ministerio de Agricultura
- David Acurio, Consejo Provincial de Azuay
- Javier Gutierrez, Fundacion Zamorano
- Manuel Aguirre, FLO Peru
- Representatives from Partner Organisations and User Organisations

Documents

- ICCO annual and quarterly reports for the evaluation period
- Programme plan International Markets 2007-2010
- Programme plan Fruit sector, many versions
- Programme plan for fruit sector West Africa 2007-2010
- Programme plan for fruit sector Latin America 2007-2010
- ECSAD case study on fruits
- ECSAD rough guide to partnerships for development

2. ICCO in Ecuador and Peru

This annex relates the overall analysis all 6 eligible cases that were studied in Ecuador and Peru within the context of the ICCO International Markets evaluation in 2005-2009.

Although there is no specific fruit strategy or a ‘theory of change’ for the individual countries that sustains the interventions, the 2007 -2010 Latin America strategy provides some guidance per country to better grasp the overall context in which financing decisions were taken. According to the strategy within Ecuador the emphasis in the intervention is on integral capacity building of PO’s and linking them to fruit processors (juices) for both local and international markets and bring in business service providers. The PO’s lack knowledge and experience on international markets and ICCO is expected to make a big difference, also by assuming various roles. In Peru various PO’s share the ambition to start exporting directly. Many local insiders believe PO’s lack knowledge, and entrepreneurial skills to be successful. ICCO wants to strengthen their positions in the chain, taking a stakeholder approach to look for shared interests. Moreover, in the North of Peru many small producers and their PO’s are looking for opportunities to process the different fruits they grow for certified export markets (mango, bananas, maracuya, pine apple, citrus). Together with its international partners ICCO looks for tailor made solutions.

Before entering into the analysis of this specific ICCO program, it is important to recognize the organization’s rich history and long presence in both countries for many years, not only working on economic development, but also on issues as micro credit, governance and democracy. Over the years it has built up a track record and is considered an appreciated financing agency.

This annex follows the overall logic of first addressing key issues of ICCO’s supported interventions such as poverty relief and institutional strengthening, before entering into the assessment of relevance impact, effectiveness and sustainability. In continuation it analysis ICCO’s roles and provides recommendations and lessons learnt.

ICCO’s IM projects in Ecuador and Peru

Project	Country	# producers	period	ICCO SUPPORT in euro	OTHER DONORS	Poverty relief	CSO support	Lobby
MCCH- Maracuya	Ecuador	142/180	2008 – 2009	60.000	MCCH	++	+	n.r.
FEPP Planhofa	Ecuador	200	2008-2010	284.966	FEPP	+/-	+	+
AVSF-RAA	Ecuador	240	2006-2009	270 000	EU and others	+	++	+
Corpei – Bananas	Ecuador	240	2008-2011	150.000	CORPEI	+/-	+	n.r.
AVSF Peru- fruits	Peru	1863	2006-2009	240.000	EU, and others	++	++	n.r.
Bananalink	Ecuador and Peru (LA?)	45.000	2007 - 2010	145.000	CNV	+/-	+	+

3. Methodological account: approach and observations regarding quality of data

- Out of 7 projects, 5 were visited (also in the field, with PO's and farmers). Due to time constraints, it was not feasible to visit the Maracuya project in Esmeraldas, but we spoke to management and project staff. It was only feasible to talk to the union representatives over the phone interview (twice).
- Although the focus is on international markets, various projects did not (yet) reach this stage at the time of this research. One project even has a clear local market orientation (3).
- Not all present partners were included in the analysis. MEDA in Peru was considered out of range to visit (logistically). Moreover, it has only recently started and no results were reported yet.
- The cooperative attitude of ICCO partners was very much appreciated and necessary to complement the information from the reports.
- It was difficult to rely on the reporting data (taken from ICCO's dynamics). Due to various organizational changes, change in monitoring formats, etc. information was not always present in archive, different versions were circulating and information was often found to be insufficiently consistent.
- The projects differ much in design, context and location, content (market orientation) and timing which does not allow for a more quantitative comparison.
- Instead, a high level qualitative assessment of impact and results within their context allows drawing some conclusions and lessons learnt.
- The possibility to generalize project results beyond their context however is limited.

4. High level conclusions from international and local national context studies

- Only partially focused on international markets
- Potential for impact as agricultural sector
- Marginalisation of small holders and difficult access to (national and) international markets
- Complex product (vulnerable product, high standards, scale necessary: requires much investments, high risks for small holder)
- More buyer driven market (e.g. retail) increased competition
- Complex trade relations and conditions,

5. Highlights from context studies

Ecuador

- The new 2008 constitution divides the economy and pays special attention to the economics of solidarity, with a clear focus of government intervention support. An institute for popular economics and solidarity was created (IEPS) to develop strategies towards this economic sector.
- 70% of the rural population (30% of the overall population) works in agriculture and for this reason the government considers it key to its policies, securing food security and the creation of work. It has put in place a system of public purchase to buy directly from small holders in agriculture.
- Income from family living abroad is the third most important country income and in some regions (like Azuay) it is probably even more, putting poverty relief projects in a different perspective (opportunity costs: why work in agriculture?). Due to the global financial crisis this income has reduced significantly (between 12-15% in 2008-2009), affecting thousands of families to whom the remittance is their major source of income.
- In order to maintain its trade balance, Ecuador decided to tax imports (relevant to inputs).
- The new government cancelled free trade negotiations with the US and the EU, despite the fact that its neighboring countries exporting the same commodities did negotiate free trade agreements, putting at risk Ecuador's exporting capacity.

Peru

- Peru shows an impressive economic growth of averaging 6% over the last 10 years, allowing it to save and invest, also in agricultural development.
- Despite the fact that it allowed to reduce poverty by 8%, rural poverty remains as a consequence of an unequal distribution.
- Peru does count with a strategy to improve its (agricultural) exports and signed free trade agreement with the US, the EU, Singapore and Canada.
- Agricultural export rose by 20% between 2000-2009, based on diversification and added value.
- To continue this agricultural expansion, 6 new irrigation projects (mostly in the Northern desert) cover 182,000 Has.

6. Choice for case studies

The cases were representative for the fruit program as it was executed as the overall program was heavily biased towards Latin America. Only in Western Africa fruit was really developed into a similar (but significantly) smaller program. The fruit program finally did not come to full development in Southern Africa and Asia. For that reason, the Ecuadorian and Peruvian cases represented 26% of the total budget (2005-2008) and Western Africa represented less than 10%. More than 50% was directed to Northern activities of which most partners and projects have been involved. Differences between the case studies and the quick check on the Western Africa program showed some significant differences in approach which have been largely explained from contextual differences.

The choice for the case study was suggested by ICCO, based on the fact that previously evaluations (ECSAD) took place in Western Africa and Brazil was considered a not representative country, or better a continent in itself. Ecuador and Peru were considered to be the best countries to evaluate, all the more since ICCO had been

working here for a long time and also made progress in its programmatic approach. The division in budget supported this suggestion.

7. Projects and performance

Project overview Ecuador – Peru (for project studies see annex)

#	Project	# of producer organisations with an increased access to international (national) markets	# of involved producers and employees with improved incomes due to involvement in (international) markets	# of organizations with a business plan aimed at economic sustainability	# of employers with improved competencies,
1	MCCH-Maracuya	0 (2)	180	2	180
2	FEPP Planhofa	0 (2)	200	3	16
3	AVSF-RAE	0 (5)	242	5	242
4	Corpei – Bananas	0	0	3	240
5	AVSF Peru-fruits	21 (21)	1863	9	1863
6	Bananalink / unions	n.r.	0	n.r.	4200 ¹¹

8. Effectiveness and impacts

8.1 Introduction

This section discusses the 4 results and impact areas as defined by ICCO; poverty relief, institutional strengthening, lobbies and chain improvement.

Poverty relief:

Impact

- No sufficiently coherent and quantitative data available to obtain insight in real income improvement because it was seldomly part of the project design to make this evident.
- In all cases some cost reduction were claimed and in some even productivity increase, which will have had a positive impact on income improvement.
- There is qualitative evidence of some relevant and important impacts like on poverty alleviation in a broader sense than only economically: better access services, improved livelihoods (food security, education, establishing own saving and lending scheme).
- In some cases middle men were excluded which led to better margins (1, 3 and 5).

¹¹ Although there is no information on the project and competence development, at the best ICCO could have financed support to 2500 unionized workers in Ecuador and 1700 in Peru. That is different from ICCO's declaration that ranges between 15.000 and 45.000.

- A focus on better-paying export markets in some cases led to increased income and further specialization. So far it has not put food security at risk.
- Some cases show a relevant impact on gender equity (3 and 5), but impacts were not the result of a planned programmatic approach. They merely occurred as unintended by-products.
- There is no coordinated attention for situation of plantation workers in the countries (both Peru and Ecuador). According to the Ecuadorian union there is no collective bargaining, only at company level. In the Peruvian case there was a conflict between the union and Cepibo (one of the PO's that work with AVSF Peru).

Results

- Only one organization with direct access to international markets and established export market channel.
- Focus on local market and processing.
- Almost all dedicated to some extent to Fair Trade and/or organic.
- Two organizations with (almost) self sustaining market model.
- All receive technical assistance (TA) through ICCO partners; some have their own technical assistance covered, but none of them seemed capable to pay for technical assistance at market rates. There is a strong donor orientation.

Analysis

- Relevant and important impacts on poverty have been achieved, that can only be backed up with qualitative evidence. The limited availability of quantitative data on poverty relief is also partly a consequence of the lack of capacity of partners and producer organizations to monitor small holder farm systems, especially when diversification (3) is prioritized (and consequently the complexity of monitoring increases).
- Partners rightly raised the question whether ICCO's poverty indicators sufficiently reflect poverty alleviation, which not necessarily (and only) reflects from improved income.
- To serve better paying export markets scale is necessary and product specialization is required (mono cultivation), leading to high crop dependency. High crop dependency has inevitably significant risks attached related to global market shocks and price swings. Risk is even higher if smallholders depend on a single trader (i.e. Agrofair).
- Diversification minimizes these risks, and could contribute to food security and a more stable and potentially better income (on the long run), as long as alternative crops do not compete for small holders' scarce resource as finance and (family) labor. However, the risk is that diversification debilitates scale and export capacity.
- Fruit processing may offer strategic value and opens new opportunities: it may provide new markets (both locally and for export) as alternatives in times of low demand. It also creates more and diversified demand for labor (involvement women and adolescents to prevent from migration). The viability of establishing plants or linking to established plants (case 2) however needs to be subject to a profound strategic market and cost-benefit analysis. Diversification into fruit processing is no single receipt for success.
- ICCO is financing two groups (unions and PO's) that may gain both from better coordination, but that also have potentially conflicting interests. Conflicts between PO's and unions (as occurred in Peru) could put ICCO in a difficult situation and this risk is real as ICCO – apart from financing Bananalink-- does not yet pay structured attention to plantation workers within its programmatic approach.

Civil Society building

Impact

- Due to strong focus on capacity development, all organizations show increased producers competencies (but in various degrees). Question is whether the most relevant competencies have been addressed in order to achieve impact.
- Partly due to certification (e.g. Fair trade), we assume that most organizations have decreased child labor and improved working conditions
- Inclusion of women in the production system has been facilitated by the introduction of new chain activities (such as selection, packaging, processing) for which they are considered qualified.
- There is not yet evidence of institutional autonomy of involved association in which they defend their own interests. ICCO partners seem to remain necessary to support an eventual second phase.
- On a national level two partner organizations have been actively involved in policy influencing (agricultural reform in Ecuador), representing their associations' interests. Although some individual PO's are increasing their capacity for policy incidence, they very much depend on ICCOs partner organizations for support.

Results

- Most PO's have a written business plan for economic sustainability (or are in process). Their sustainability will highly depend on the quality of the plan and its execution. So far only one PO is about to achieve economic sustainability.
- All associations are being served with a broad spectrum of capacity development activities and almost all show better access to knowledge, marketing expertise, better contracts, and leadership qualities, though at different levels.

Analysis

- Producer organizations are all being institutionally strengthened, but there is no clear concept and defined ideal end stage of development (what indicators show increased autonomy?). This may also be inherent to the ICCO concept of working with local partners whose survival also partially depends on maintaining their key roles (execution, facilitation, capacity building). Eventually, it could be in conflict with PO's needs and ambitions (e.g. direct export).
- In most cases a second phase is approved, proposed or a request is to be expected. All partners stress the need for a second phase. Regardless this need, there is no evidence of ICCO having developed an exit strategy. The consequence might well be that ICCO is morally obliged to support a second phase, especially in those case where ICCO played an important role in establishing the project (case 2 and 4)
- The relevance of capacity building in relation to expected impacts has to be analysed against the specific project setting and context to define what capacity development activities and instruments need to be prioritized and for whom.

Policy influence

Impact

- There is no impact reported on policy influencing for better conditions in free trade agreements as none of the PO's or partners have been involved in lobby activities, alone or in coalition. This is a missed opportunity and financial and technical support for this would be appreciated by partners.
- The union managed to achieve a collective bargaining agreement with Dole. Impact is not yet clear as Dole itself does not have any plantations in Ecuador and it is to be seen how it will enforce its decision on its suppliers.

Results

- In Ecuador two partner organizations are involved in policy reform for fair and sustainable trade, focusing on small holders. Also the union is trying to enter into dialogue with the government.
- The Ecuadorian union was trying to discuss the impact of social security reform with local governments. Although the reform was meant to include plantation workers into the formal system, the opposite was unintentionally achieved due to the potential increase of labor costs.
- In some cases institutional strengthening led to cooperatives taking a more active stand in regional debates, demanding better access to basic services (Peru).

Analysis

- It was not within the scope of most projects to monitor the set of policy-oriented indicators. Probably part of this work is expected to be done at a more international level¹². Partners consider this a missed opportunity as there are many issues on local, national and regional level that can be addressed, creating an enabling environment. It is a missed opportunity indeed. Addressing these issues would however also demand from ICCO an additional investment in money and time.
- Although institutional strengthening may lead to cooperatives assuming a more active stand in regional planning and decision making, this does not seem to be a direct result of ICCO's involvement. Some of the new plans approved or under consideration are aiming at strengthening of the PO's lobbying capacities.
- The organizations themselves are probably too small to play a role of importance in lobby. They could join forces with others. Also for ICCO there may be a role to play on a national and regional level. This however requires deep context and thematic knowledge, a network, the (coaching) skills on political incidence and ICCO's willingness to prioritize its scarce resources.

Market chain improvement¹³

Impact

- So far, none of the involved partners under study have been benefiting from ICCO's work on international market chain improvement. Only one organization counts with (new) improved international chain

¹² ICCO has assumed fruit related lobby activities (also through Aprovech and ALOP), but none of the partners said to have been aware of any of ICCO's lobby activities.

¹³ Although market chain improvement is not a fourth strategy in the ICCO approach, it is explicitly addressed in the DRAM table. For that reason it has been included into the analysis in fruit and it has also provided some specific insights, relevant to the fruit sector.

relations, and claims to have realized this on its own account (Peru). Success has often many owners. If ICCO has contributed, it should take care that it is also being acknowledged for that.

- In two cases in Ecuador (MCCH and AVSF) ICCO's intervention helped to shorten the chain by cutting out intermediaries, also leading to cost reductions and probably improved income. A third one is the AVSF Ecuador case in which intermediaries were cut out, allowing farmer to sell directly to the local consumers. This was an initiative already underway when ICCO started to contribute and it counts with the help of many other partners.

Results

- Only in one case ICCO actively tried to improve north-south relations, without success.

Analysis

- Lack of impact is a consequence of the fact that several organizations are still in a rather initial stage to show commercial success.
- Only one partner is exporting bananas and mangos directly. It is riskful as one is responsible to the quality of the product all through the chain up to the retailer. Only very few small holder organizations have the financial capacity to assume such risk.
- ICCO could play an additional role, providing services that would help to the organizations to get better paying export markets: market intelligence, market studies, benchmarking, international product promotion.

8.2 Analysis on a 'programmatic' level

Relevance

- Overall, the opinion is that ICCO's intervention is relevant. It is relevant in terms of reaching the rural poor. Only in one project (Corpei) one wonders whether it really concerns the poorest farmers owning on average more than 8 hectares.
- Most projects seem to respond to the need of small holders to improve their income and improve their position in the value chain. It would require a broader context and sector studies to assess whether these projects were the most relevant ones at the moment. Apparently, the decisions on projects to support depend on a single sector study and ICCO field visit, without including a broader expert opinion for validation. 4 out of 6 projects are continuations of previous support. The sector study (fruits) could have been improved by adding specific commodity / value chain studies (bananas, maracuya) and for every project to assess market opportunities and threats.
- The strategy to look further than only export markets seems to be especially relevant in the Ecuadorian case. It shows that the fruit producers are also able to diversify and differentiate into the local market. It does require however a more elaborate analysis to assess these options (i.e. a more in-depth analysis of market opportunities and producers' capacities to deliver (2)).
- In case of Corpei we doubt whether the approach was the most appropriate. It was decided to first develop capacities, before looking into export markets. The successful Peruvian case favors the opposite logic. It first focused on export and consequently developed those capacities necessary to remain in business.
- The Latin American context is very much in motion. Peru and Colombia have signed Free Trade agreements with the US and the EU and obtain trade preferentials over Ecuador. As a consequence, Ecuador may face more difficulties in exporting (i.e. Ecuadorian bananas will lose competitiveness against

Peruvian ones). A more frequently actualized context study should also put in evidence such policy developments and other relevant market trends.

- Finally, ICCO's programmatic approach seems to be more in the heads of its staff. There is no evidence of a programmatic approach and also partners are not aware of ICCO assuming such an approach.

Impact

- It is difficult to assess impact. Apart from methodological limitation (framework, M&E procedures), the question arises if it is feasible for ICCO to achieve its aspired impact. There is no clear intervention strategy that, based on substantial context analysis, supports a programmatic approach aimed at creating synergy between the different partners (from knowledge exchange to network development) and there are no indicators to monitor programmatic progress. Not all partners have clearly defined targets, especially not towards the financial sustainability of the project.

Effectiveness

- From the projects that are finalized, most are on track and realized most of the expected results. The question is whether results achieved by partners are sufficient and (sufficiently) relevant to meet targets and have real and lasting impact? AVSF is currently trying to assess its impacts and it is worthwhile to follow this exercise as it may generate ideas if and how such an exercise could be replicated in other projects.

Sustainability

- The financial sustainability of the projects has not yet been achieved in any of the projects (i.e. -- involved partners and producer organizations themselves assume on their own account the technical assistance and support currently offered by ICCO). All are aiming at a second phase and request technical assistance remains necessary, but the content seems to change towards lobby and market chain improvements.
- In none of the cases, ICCO has a clearly defined exit strategy.
- Due to the fact that most projects deal with producer organizations that are certified, allows concluding that social and environmental aspects are relatively well covered. This is a competitive advantage at this moment. However, with the development of new (more mainstream) certification schemes (such as RFA), the question arises how long small holder's competitive advantage will remain.

Scalability and 'replicability'

- Before entering into the debate how to scale up and replicate successful experiences, these experiences and their critical success factors should be evaluated.
- The scalability of projects depends on many factors. There should be a market that allows scaling up in the first place. There should also be the true willingness to scale up. Once established, PO's develop their own logic that does not necessarily promote growing in numbers. Different issues may evolve such as insiders-outsiders'dilemma and free riders.
- 'Replicability' does not only depend on success and an identification of the success variables. It also requires a thorough analysis of the new context where the project should be replicated to identify the levers that will make it work.

Attribution/contribution

- Various projects ICCO that supports have other donors involved.

- Due to project design and the subsequent monitoring model it is impossible to quantitatively assess ICCO's attribution.
- Moreover, there was never a 'Theory of Change', addressing a model for change and the relative contribution of ICCO and/or other donors. This makes the allocation of contribution into a rather random and qualitative exercise in which success has many owners.
- In some of the cases where ICCO took a more active stand and majority stake (in finance) one could argue that ICCO had a significant role in both success and failure.

ICCO's roles and partners on the ground

ICCO has identified 4 roles it might assume: (strategically) finance, capacity building, brokering (and facilitation) and lobby. We first discuss the different roles, conclusions and some specific recommendations, before entering into more overall conclusions and recommendations.

Finance:

- ICCO is very much appreciated as a financing institution, especially for its participative way of project development, which allows identifying strategic activities to be financed as well as look critically to the partner's internal organization and capacities.
- As most partners and associations serve a social purpose and most gains go to the beneficiaries, it leaves them with very limited capital for innovation. ICCO's funding role is therefore of major importance. It could also act as a first lose taker to attract more commercial funding, but in none of the cases ICCO took an active role in involving other financing institutions (or linking the project to its own micro credit services), which could be considered a missed opportunity.
- Although ICCO did a sector study in Ecuador (2006), there is no evidence that other reference points were taken into consideration, validating subsequently defined project proposals (such as a more profound context and policy study or an inventory of ICCO's own experiences elsewhere).
- In cases where ICCO was more deeply involved in the project identification and development (2 and 4), it probably also creates a compromise from ICCO to support the project until it reaches a desired stage. This, due to often external factors and internal complications, may take more time and budget than initially expected and also limits ICCO's own possibilities to finance other initiatives.
- The project development stage is crucial. It does not only allow ICCO and its partners to agree upon impact to be achieved and prioritize activities to be financed. It is also the most adequate moment to agree upon indicators and monitoring protocols that also match with the institutional needs and capacities of the involved actors. It is also the most adequate moment to present other services that ICCO can offer to achieve impacts and agree upon the most adequate division of roles to secure complementarities and avoid role conflicts.
- ICCO should review its contracting process and consider including a context study, assessment of organizational capacities (at partner level and project level) and a local peer review. This would help to secure relevance and identify risks that may hamper project execution later on.

Capacity development

- In the projects under study, ICCO itself is not involved in capacity building, but finances mostly capacity development activities. It brings in international experience on what works and what does not. As such it helps partners to identify strengths and weaknesses and structure project proposals. Partner

organizations are often also capacity builders and have a vision and plan on how to achieve their objectives. In the discussion the proposal is developed. ICCO's role in capacity building therefore is intrinsically related to that of a financing institution.

- Additionally, ICCO has initiated knowledge sharing activities, which have been much appreciated by some partner organizations as it helped to obtain a better insight in the feasibility of their own plans and be inspired. If it is ICCO's ambition to work in a more programmatic way, these activities would benefit from a structured follow up.
- Knowledge development and management should be part of the project proposal (and need an additional budget line attached to assure follow up).
- Knowledge of international trade is crucial for the ones involved in this business. Knowledge sharing could be a service from which many could benefit. Respondents believe that here is an opportunity for ICCO in the future.
- Another ICCO partner (Taste) provides capacity building services to other (competing) smallholder projects. Although it is said to be a rather fluid communication to prevent hindering each other, both may end up in conflict over the partners and PO's. Why is there not an active search for synergy?

Brokering / facilitation

- ICCO has assumed the role of (local) broker on several occasions as was the case with Planhofa, Corpei and MCCH and a failed case to attract investments through the PSOM program (In Ecuador together with MCCH and in Peru (CSR)). Results have been mixed and success seems to depend on many variables. Key seems to be again the knowledge and understanding of local processes, actors' interests and their capacity and willingness to participate. Success rate could increase with a more permanent and informed presence of ICCO in the local context.
- Partners definitely see possibilities for ICCO to actively assume a brokering role. Especially linking local chain actors to international players is considered very promising and definitely interesting if ICCO also finances the process. Market access is crucial to those who want to export directly. In its brokering role ICCO could be more active in providing guarantees to facilitate trade or involve other financing institutions to enter. Interesting is that ICCO also has a financial service programme, but there is hardly any cooperation, which is a missed opportunity.
- At a local level ICCO may play a brokering role. However, ICCO should be aware that being (perceived as) neutral is a first condition to assume such role. Additionally, it requires deep knowledge of the context, actors' interests in the short and long term and the skills to manage dialogue. Aligning and creating an overarching goal (win-win, economic gains and poverty relief) creates space to assume such a role.
- At a local level, also Taste is present and says to have a better track record linking smallholders to markets.¹⁴ How can they create synergy?
- Only in one occasion ICCO has assumed a role of facilitating a debate to reconcile different interests within the value chain. The project partner did not perceive it as a success. It felt that ICCO very much acted without previous consultation and without sufficient context knowledge. According to the partner it created confusion and left the partner in a difficult position with its PO's who were confused about ICCO's intends to (unintendely) question their strategy. ICCO itself was not so much aware of the details. It is obviously difficult to see through all the hidden agendas. This case shows that to assume a role in

¹⁴ Not all want to work with Taste as it is still much perceived as a part of Agrofair, which again has lost much credibility since its recent crisis.

facilitating local dialogue –apart from required process skills-- deep context and content knowledge are crucial.

- Legitimacy is an issue as well. ICCO is not necessarily considered sufficiently neutral assuming such a facilitation role. By financing its partners, it may be seen as an actor in the arena. Moreover, it requires process facilitation skills that are not necessarily the strengths of every relation officer or sector specialist. To secure the quality of the process, ICCO could bring in a facilitator.
- Some partners are positive on ICCO assuming a facilitating role bringing in international experience that may help to put a debate in perspective and indicate ways forward and there is definitely a need. In this case ICCO would be more of a resource person than a process facilitator.

Lobby

- On a national or local level, there is no evidence that ICCO intended to contribute in the current political debate. In fact, partners believe that ICCO should not engage as it is the task of local actors to assume this role. Through its capacity building and eventually specific support ICCO could help its local counter parts and project partners to assume this role. Especially, its experience of similar cases in other contexts should be helpful.
- ICCO's capacity to lobby internationally has not been recognized by the partner organizations. For instance, none of the partners knew that ICCO is a FLO donor, who actively advocates small holders' interests. A more active promotion could help both ICCO and its partners to share experience and jointly advocate small holders' interests.

9. Conclusions and recommendations on roles

- In Latin America ICCO wants to assume other roles than that of a strategic financing agency that mainly supports capacity building and sometimes advices on how to organize this, there is no evidence that ICCO assumed roles of brokering and lobby in a coherent and coordinated way. It seems more circumstantial often depending on personal initiative. Striking is that ICCO did not communicate explicitly to its partners the other services it wants to offer. Consequently, if partners are not aware of what else ICCO offers, they cannot demand this support. This is also complicated to say what roles ICCO could have played to improve its partners' impact. This is partly a consequence of many changes at the ICCO organization. Finally, it is difficult to expect from a relation manager or a fruit specialist to assume all the roles and be knowledgeable on a local and international level.
- Local processes are complex and often imply various other issues related to chain development, which also offers opportunities to ICCO other than financing. It requires deep and actualized understanding of the processes and issues at stake and a continuous dialogue with its partners on the division of roles.
- If ICCO wants to assume other roles than financing promising initiatives, it should be more explicit and would require developing a structured and coordinated approach (e.g. what is capacity development exactly, how is it operationalised and measured at a project level?). It also may require redefining the division of roles with partner organizations in search of complementarities.
- If ICCO aspires to assume a more active role on the ground, it requires deeper context knowledge and also additional skills to assume such a role. In its current centralized setting (Utrecht) and with its scarce financial and human resources this is not feasible.
- The upcoming decentralization may allow ICCO to be closer to the projects, but the question remains whether this generates sufficient understanding and recognition to assume other roles.

- Some partners feel that ICCO increasing presence in the field --and thus further away from theme specialists and lobbyists in the Netherlands-- may debilitate ICCO's capacity to lobby in the North, which in the end may be one of its biggest assets.
- Being more present in Latin American countries may favor to address policy issues at a more local or Latin American level which are not directly related to ICCO's global agenda and may even lead to countervailing strategies. Therefore it is considered desirable to have a continuous link with and a permanent feedback from thematic specialists.
- There are more local actors around able to assume roles of facilitating and lobbying, so the niche for ICCO in lobbying will depend of the specific circumstances and added value it has to offer.
- ICCO's capacity to broker and open up international markets is considered very appealing and is considered very worthwhile to further investigate, although Taste believes that this is more their cup of tea.
- The roles ICCO can assume will also very much depend on its own capacity. Ambition and capacity should be carefully balanced before raising any expectations.
- ICCO could also diversify its role more towards knowledge management and eventually development (for instance on international market, but also on the issue of food security that has become as major theme in all Andean countries), putting also emphasis on the lobbying dimension of the work partners could assume.

10. Lessons learned and recommendations

- Although ICCO expected to make a difference by assuming other roles than that of a financing agency that mostly supports capacity development, there is no evidence that it assumed other roles in a coherent and structured way. It was more circumstantial or depending on personal initiative. Nor did ICCO communicate explicitly to its partners its other services it has to offer. Consequently, if partners are not aware of what more ICCO offers, they cannot demand this support. The contracting phase seems to be the most appropriate moment dividing roles and addressing ambitions and expectations.
- Efforts have been made to work in a more programmatic way, but it did not really show. Apart from some isolated efforts, partners were not aware. Partners do not oppose working together in a programmatic way if it adds value to their program. To develop such an approach, the first step is to identify common issues of interest (probably around knowledge management).
- A fundamental point that came about was related to the starting point of an intervention. In Peru, finding export markets came first and activities supporting organizational development were prioritized in function. In Ecuador the model was the other way around and had a more developmental character. First priority was on establishing the conditions before entering into the export market. A quick project comparison shows that the Peruvian model for bananas was very successful, but one should take into consideration that the Ecuadorian case just started and the context is rather different. Further research comparing models and trying to identify what context and project variables are crucial, is considered relevant. The two models also seem to be example of a revolving discussion on local economic development; i.e. a trade based versus a developmental approach.
- This programme is called international markets. Apart from the fact that most projects in Peru and Ecuador were oriented at the local market, why is it a *market* programme? Does it start with the search for supply to an already established demand? ICCO's role could be to find and support poor (but organized) small holders to provide this supply (wherever). In practice, it is more the other way around. Supply is point of departure and its degree of freedom is fairly limited by already established country,

sector and partners (some already for 15 years, MCCH). The starting point is the poor small holder and his supply and the challenge is to find or develop a (better) market demand. It is a very costly approach. A question is whether the partners and their projects are the most appropriate to serve the identified demand. The other way around it also counts; are the selected projects the most relevant to be targeted as poverty relief within the specific context?

- All projects were part of the international market program, but not all were really directed towards it. In the case of (fresh) fruits the division between international and national markets is a rather artificial. A broader perspective including local markets and processing opens many more opportunities for poverty relief. The question becomes relevant when to specialize, differentiate or diversify. ¹⁵ Success is not guaranteed and there is no one receipt. The decision requires a thorough analysis of the current and future markets, both internationally as well as nationally as well as an analysis of the project in its context (also looking at availability of finance, technical support, favorable public policies (i.e. on food security), opportunity costs for labor, etc.).
- ICCO counts with an internal administrative system of check and balances (KIDBEMOS) that structure the decision making process. A question arises what criteria ICCO apply to select a partner / project and who really decides. For instance in the Corpei case, the decision to finance was based on a sector study. Is that enough for a critical assessment of investment opportunities? The decision making was a rather ICCO internally oriented exercise that did not fully grasp the history and complexity. Installing a national committee or involving independent experts could help to validate and improve the quality of the decision and maybe also be of help in the monitoring.¹⁶
- Sustainability of project is achieved where the partner or associations are able to internalize ongoing activities such as training, technical assistance, market intelligence, which were financed by ICCO and considered crucial to the project's success. None of the projects demonstrate evidence already being able to assume these costs. If self-subsistence is not assured and capacities have not been sufficiently developed, the project may need prolonged finance to prevent that the work done so far is in vain. As it does not have an exit strategy, ICCO will easily find itself morally obliged to finance a second phase or find others to assume the financing role. Only AVSF's project actively worked on diversifying associations' funding strategy.
- Associations have to be strengthened institutionally, but there is no clear concept and defined ideal end stage of development (what indicators show increased autonomy?). This may also be inherent to the ICCO concept of working with local partners that partially depend on their further development on maintaining

¹⁵ Differentiation into processing seems to be a logical alternative in terms of low demands for products that are subject to erratic international market developments (such as bananas). There is significant evidence in Ecuador of the international cooperation –with only good intentions- financed the construction of processing plants for milk, for peanuts, for fruits, etc. There is not much evidence of success. Only few analyzed what is needed to make a plant work (sufficient supply of quality products in required quantities as well as markets demanding these products). As a consequence, a 'donated' plant often created more conflicts among local participants than that it served its initial purpose. Planhofa is a good example and there is no market based evidence yet that this approach will work, running the risk to fall into the same old mistake. To make it work requires first of all a thorough analysis of supply and demand. Based on this, one may define the most appropriate mode to continue. Here, ICCO could add value in providing analysis and alternatives. CORPEI for instance has developed a tool to audit the export viability of such plants.

¹⁶ See case Corpei. Apart from questioning the objectivity of the market research that identified the project, there is evidence that the monitoring system did not work properly. Already at the relative beginning of the project a few cooperatives left the project, but it did not show in ICCO 2009 reporting.

their key roles (execution, facilitation, capacity building) and eventually may conflict with associations' needs and ambitions (e.g. direct export) as well as those of ICCO. Most partners have already developed a 2nd phase proposal.

- It is too early to enter into scale up or replicate successful experiences, before these have been materialized and validated. Identifying, systemizing and disseminating successful field based experiences could be a niche where ICCO could make a difference. This however requires a thorough approach to project design, close monitoring and knowledge development and management skills as well as an appropriate network for its diffusion.

B1. MCCH/MARACUYA

project number 01-03-07-005

1. General project information

The project

ICCO finances its partner MCCH on a project on helping cocoa farmers to diversifying into maracuya production. The project started on in July 2008 and ended in December 2009 (project proposal says it only lasted 12 months). The project budget was € 120.000,00 of which ICCO financed 50%. The other 50% is brought in by MCCH and the producers. The project is dedicated to poverty relief and civil society strengthening. No lobbying is foreseen.

- The general objective is to support improving the quality of life of producer families of small holder cooperatives (COCPE Y UOCIPE) through the improvement of production and commercialization of maracuyá in the municipalities of Viche and Quinindé in the Esmeraldas province.
- Specific objective is to improve income of producer families of small holder cooperatives in the municipalities of Viche and Quinindé in the Esmeralda province through improving production and commercialization of maracuyá. The strategy is to develop the production of maracuyá and the associate commercialization -- opening up markets.
- ICCO's 2006 fruit study identified maracuyá as an interesting opportunity for small holders. As maracuyá bears fruits all year around, it could also allow harvest and income between cocoa harvests. Cocoa farmers are already organized, often grow some maracuyá and have already an adequate infrastructure (community collection centers). They identified the need to improve commercialization of maracuyá production. There is an increasing demand, but also much international competition. Whether the price at which producers can deliver is sufficiently competitive on the long run needs further analysis.
- The crop requires however special treatment and training to improve quality and productivity is considered necessary. The challenge is to establish a better market access. Previously, middle men bought the maracuyá at a very low price and often the deal was not very transparent either. The cooperatives want to bundle collection and sell directly to processors which could be a win-win for both parties.

How the project was established?

- In ICCO's sector study maracuya was identified as a potentially interesting fruit for export (being processed). At the same time it was already working with MCCH on maracuya, trying to establish a project for a fruit processing plant (Tropifrutas, apparently Dutch capital involved), together with PSOM and others. ICCO played the role of a broker.
- When that failed, the opportunity was suggested to start a maracuya project with cocoa farmers in Esmeraldas, who were already producing maracuya, but received the lowest price paid by intermediaries. Taking out these intermediaries, use the cocoa collection infra structure and deliver directly to Tropifrutas could provide a win-win to both and would also enhance transparency in the chain. Tropifruta is said to pay the best price, is very close (low transport cost), and not to strict on the quality of the fruits.
- On ICCO's suggestion MCCH also contacted Planhofa who was looking for maracuya to process. It was decided that it was not economically feasible (due to high transport costs).

- Another alternative under consideration was to hire processing capacity at a plant and export directly, especially if it would be FLO certified. This option is still under consideration as the costs of certifying are considered too high.

MCCH as a partner

- Maquita Chuchunchic Comercializando Como Hermanos), meaning “Let us join hands and do business as brothers”, is an Ecuadorian cooperative marketing NGO with fair trade (like)/ community super markets in the bigger cities selling agricultural products from small holders. MCCH began in 1985, founded by a group of church communities in response to rising poverty and inflation in Ecuador. MCCH is a member of the International Fair Trade Association¹⁷. It works on issues as social development (providing services as technical assistance, micro credit, etc.), education, capacity building and commercialization.
- MCCH receives funds from other donors such as HIVOS, Oxfam, Intermon and and la Conferencia Episcopal Italiana.
- MCCH and ICCO have a long standing relation (15 years), working successfully together among other on cocoa, but also on other products such as quinoa, potatoes and other Andean agricultural products. At the end of 2009 another 3 year country wide support plan is to be finish. It is not allowed to have with one partner two bigger programs financed at the same time and therefore the maracuyá project was defined as a pilot project for the duration of one year.

Theory of Change

- MCCH follows a similar strategy in all its projects. It consists of looking for ways to bring down producers’ costs (to improve income) and simultaneously look for the better paying markets and niches. Fair trade markets are usually the best, but not always within reach. It also aims at the local (alternative) markets and it has its own ‘supermarkets’ in the major cities.
- In the last years, MCCH also added more production-related technical assistance to its repertoire of commercialization.
- MCCH puts much emphasis on improving entrepreneurship without neglecting social aspects such as gender and inter-cultural awareness.

The research

- The project proposal, a study of production costs, a first intermediary report and project correspondence served as basis for the assessment. Additionally, we spoke to the project coordinator and the technical coordinator of the Esmeraldas program (Elias Salazar and Victor). Later on we also talked to (Hermana) Maria Jesus Perez (director) and the president (Padre) Graziano Mazon. In the workshop participated the vice director, Augusto Espinosa. Due to distance and time constrains it was decided not to visit the project site.

¹⁷ It began buying and exporting cocoa grown by small farmers in 1992. MCCH guarantees its prices, which are broadcast in advance on the radio and paid directly to farmers or co-operatives set up by farmers, often with MCCH's help. MCCH agents have also introduced a more open system of weighing and grading the beans to ensure that farmers get a fair price and to encourage them to grow better quality beans. There are other benefits. MCCH runs a "cocoa school" to train farmers to be better business managers and to produce better-quality beans. So popular has its product proved that MCCH now has 800 smallholders on its books and is one of the biggest cocoa exporters in the country. It has buyers among cocoa retailers and chocolate manufacturers across Europe and North America. Apart from cocoa it is diversified in many tropical and Andean agro products such as quinoa, potatoes and now also maracuyá.

2. ICCO indicators¹⁸

- The project had 1,5 year and was finished at the end of December 2009. A base line study was done and technicians are now gathering information to finalize reporting by the end of March. It is felt that the project should have had two or three months more to really show results of capacity building, technical assistance and ultimately economic / market results.

Poverty relief

- The expected result is that at the end of the project 60% of the producer 148 (including family 568) growing maracuyá improved their income with at least 10%¹⁹. Or as said, the improved their income by 25%, apart from what they earn with cocoa growing. In its final report it talks about 180 beneficiaries²⁰ that achieved the planned 33% productivity increase.
- Although it can not yet be proved, it is expected that the project had a positive effect on income generation. Previously, the maracuyá was sold at the lowest price in an un-transparent business. Currently, production, productivity and quality have increased; the intermediary has been cut out. It is estimated that the cooperatives now pay 0,05 cent more per kilo, but it is not possible to calculate how this has led to 25% income improvement. According to one of the respondents the biggest gain however is that it brought new dynamism to the cocoa producing communities. It creates (family) employment, provides income between cocoa harvests and it may help to prevent the people from migration. MCCH estimates that it has resulted in 20% more employment for women and youngsters. It also helps to strengthen self awareness of the communities who increasingly assume a role in the territorial planning and political processes.

Institutional strengthening

- Effort has been much directed towards the technical aspects of maracuyá growing. Organizational strengthening is not so much key. The project involves two producers associations (COCPE y UOCIPE), which are already relatively well-organized and successful as cocoa associations.
- Capacity development activities (result 1) basically focused on the training of promoters, who then had to train all other producers (R.1.3.) In total 142 have improved quality, production and productivity. Farmers also received monthly technical assistance support (R.1.4.) and around half of the producers received working capital and inputs (R.1.5; seeds, fertilizer, etc.). 10 promoters of the two associations are being trained in management and administration of the collection centers (focus on maracuyá). This all together

¹⁸ Base line: 31 farms with organic maracuyá production, 101 hectares with conventional maracuyá. On average the maracuyá plants are 3,5 years and average production per hectare is 15 sacs of 70 kg.

¹⁹ The average farm size is 4 to 5 hectares. On average 1 to 2 hectares are dedicated to maracuyá as these are easy to manage and sell to the intermediaries in the area. As this was a pilot project that only covered 35 % of the maracuyá under production, in the next stage the ambition is to include all production. The farms that have more than one hectare of maracuyá probably need to contract people to harvest. It is however not clear how many people are being hired and for how long and if there is attention to their labor conditions.

²⁰ According to the ICCO database it concerns 2 producers organizations (correct) and 100 small holders (not correct). In 2008 report it is 150 and it does not seem to show up in the 2009 report.

was expected to lead to a productivity increase of around 33% (result 1.2)²¹. Most activities have been realized, but there is no data yet on real productivity increase.

- A base line study, a detailed analysis of production costs and potential improvements and a high level market analysis were done. Also a business plan was developed.
- Only some 5 to 7 % of maracuyá production is still sold to intermediaries. However, considering that the process only recently started, it seems to be a good result, indicating the soundness of the commercial proposal and/or loyalty to the cooperative.

Lobby

- Lobby was not prioritized as an important line to work upon in the south and nothing was initiated either. On the other hand, according to MCCH's management, probably the most important results of the intervention are the regained self-confidence.
- Improving value chain position
- Most related planned results were met. 10 promoters from the associations' community collection centers were trained how to handle all trade aspects. Apparently, 70% of the farmers use these community channels to commercialize their maracuyá (R. 2.2.). Two national client relations were established (R.2.1.). A fruitful relation was established with Tropi-fruta that buys almost all their maracuyá. To not become over-dependant, the associations sell to others as well (Kikornaca). MCCH22 also approached Planhofa in Ambato. It was agreed that both could benefit in the near future from each others, but at this very moment it was not (yet) of economically interesting. No other relations with for instance input providers have been established.

3. Analysis

3.1 Relevance

- The project reaches the rural poor in the province, although it is not clear whether all farmers can be considered as 'really' poor. They own on average 4-5 hectares of which 3 to 4 hectares are dedicated to (certified) cocoa production. One could assume they have already improved their income significantly and this project helps to further improve and diversify their income.
- Maracuyá is a complementary crop to cocoa and it provides its producers with extra income and (family) employment. This is considered very relevant elements for the socio economic development of the region (and halt continuous migration). The project focuses mainly on capacity development. It did not yet include activities to develop new (export) markets. In fact, exporting Maracuyá is not really an option now as it has to be processed previous to export. As already under discussion, it might be interesting to process and export directly, but this would require a serious market and risk analysis.
- The activities undertaken were pertinent in relation to the expected end results and impacts? The activities planned were definitely relevant to reach the final project objective. Without yet a clear insight in results and impacts, the question remains unanswered whether capacity building and cutting out

²¹ From 15 to 20 sacks (75 kg) per hectare.

²² Tropifruta and Kikorna were identified as buyers and they have a constant demand for maracuyá. They do not switch to other fruits. With Tropifruits a deal was made and as from January onwards it buys (all) what the associations produce..

intermediaries are sufficient to achieve and secure a better income (on the long run). The project can benefit from more active brokering, in search of alternative markets.

3.2 Effectiveness

- As discussed previously, most of the planned activities (capacity development) have been realized and there is some evidence on the increase of productivity. A more precise project evaluation will give a better insight in the realized results.

3.3 Impact

- Although it is not yet possible to prove income improvement, it seems plausible that income has improved, due to an increase of productivity (as a consequence of capacity building) and price (better deal with buyer). Moreover, the processing plant Troprifruta apparently absorbed all production. There is no cost indication yet of the use of the associations' own infrastructure. It has resulted in better-trained producers and leaders and it is expected that an improved diversification towards maracuyá will create more employment, especially for women and youngsters.

3.4 Sustainability

- In terms of financial sustainability it is argued that once relations are established, producers have a better insight in market relations and receive a better price they will not easily return to the initial situation, selling to intermediaries. The expectation is that the global demand for maracuyá will grow, but it is not clear whether this also results in better and long term market opportunities for these maracuyá producers.
- Environmentally there are still some challenges ahead. Maracuyá is very vulnerable to fungus and insects and needs many inputs, which eventually may have a negative effect on organic cocoa production, if not managed well. On the long run, MCCH favors to produce organically, but that is not yet feasible. In the second phase proposal, a pilot is proposed to experiment with organic maracuyá production. Question is whether there is sufficient market demand to justify the investment in processing and certification. Organic and/or fair trade maracuyá remains a niche market.
- In the meanwhile MCCH does strive to make maracuyá production more environmental friendly.
- MCCH supports capacity development on maracuyá production of these cocoa associations. However, it is not yet clear whether this also leads to more autonomous decision making and autonomy of these associations.
- This intervention did not foresee (lobby) activities regarding the improvement of an enabling (institutional) environment.
- There is no exit strategy or exit criteria defined.

3.5 Attribution (project level up to northern partners)

- It is difficult to attribute success to ICCO and other involved stakeholders. ICCO finances 50% of the program and brought in some maracuyá experience from Brazil. MCCH brought in the Esmeralda context knowledge and the relation with the 2e degree (cocoa) associations and together they financed the other 50%. So, ICCO could claim significant attribution, all the more since it has been supporting MCCH already for a long time.

4. Roles

- ICCO played predominantly the role of financing institution. MCCH considers this a role that goes further than simply providing the organization with money. By financing ICCO also assumes a co-responsibility and needs to be keen on the quality of the financed intervention.
- There have been some indications of ICCO assuming other roles, but that was not part of a predefined plan. MCCH was not aware of ICCO's additional roles. It saw opportunities in lobbying and brokering (internationally) and it said to be interested in exploring jointly further cooperation in this respect.
- ICCO played an important role in financing the project, focusing financing capacity development activities. Next to that it also financed plants, inputs, materials and part of the technical assistance. It did not mingle into the development of the proposal. That was done by MCCH with input from the associations.
- ICCO's field visits were highly appreciated. It has been of much help as ICCO had already some experience with maracuyá production in Brazil. ICCO has not been active as a capacity developer.
- In terms of brokerage ICCO previously played a role trying to co-develop with MCCH and others and investment project for a PSOM finance. This was not successful. ICCO did try to link the associations to Planhoba. It was a worthwhile effort, but it was not considered cost efficient at this moment. It may have a follow up later on.
- In terms of lobby, no issues were yet identified to lobby on. MCCH may see an added value for ICCO, but it should always operate in close coordination with its partners.²³

5. Conclusions and lessons learned

- In a strict sense it is not an international market project. The produced maracuyá is sold to a local plant and there is no tracking or tracing to whom it is sold and under which conditions and specifications. If the associations would assume processing and exporting it will require a serious market and risk analysis. A second phase project is being developed that also seems to point into that direction.
- This project is a pilot. Only 35% of the small holder plantation was included. Further up scaling is possible in hectares as well as in the number not-associated producers (with the aim to have them joining the associations).
- Even though more producers were reached than initially planned, it still remains a fairly limited group. The expectation is that it will be difficult to multiply impacts. It remains a niche approach.
- It could develop into a success case for diversification and product differentiation (if processing), but it would be worthwhile the effort to identify the conditions for success as it would be highly informative to the replicability of the case.
- From a productive point of view cocoa and maracuyá are relatively complementary in terms of technical management. It also allows optimizing the farm's resources (especially labor) and bringing down costs by sharing logistics, storing, transport and commercialization.
- It is difficult to proof within one year the diversification's rentability at a producers' level as only recently the plants started to produce. In the best cases production starts after 7-8 months which makes it hard to monitor impact.

²³ In previous work with MCCH on cocoa ICCO successfully assumed a role in lobby and brokering. Having the ICCO brand helps to open up doors. As partners MCCH and ICCO were complementary.

- On basis of which criteria was decided to start the pilot Project, if maracuyá has been identified as a promising product, but with a partner with limited experience? Would it not have been wiser to do a more profound study to develop a more feasible time scheme to develop an alternative chain? Why was not opted for MCCH's perspective to develop a previous phase with a diversification of fruit production and processing, next to maracuyá.
- The partner is open to ICCO assuming other roles, but it was not aware of ICCO's capacities and ambitions. It may require (more) clear communication and it would probably be good to discuss this during the next contracting phase.
- Organizations as MCCH which have a clear social focus tend to maximize income of their members. By doing so, the capitalization of the organization is of secondary interest, which often goes at the expense of its capacity to investment in innovation. The role of organizations as ICCO to 'subsidiaries' innovation is and will remain crucial to the organizations as MCCH. To prevent from donor dependency, ICCO should stress the importance of building up financial reserves for future innovations.
- Hivos also works with MCCH on the same organizational development issues, but there does not seem to be a relationship to join forces to the benefit of MCCH.

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
Poverty Alleviation (DBA)	# of producer organisations with an increased access to national market	2	2	# of involved producers and employees with improved incomes due to involvement in international markets	140	180
	Organic (1), FT (2) or mainstream (0) all (3)		3	Producers and labourers		
	Domestic (0) or international (1), relations? All (3)		0	Gender distinction/focus		
	Viable market models developed			Incomes, less debts		1
	Sector crop (1) and other (rotation) crops (2), diversification (3)		?	Proportion of overall incomes		?
	Raw products (0) and added value products (1)		3	Dependency of the crop (0= bit, 1 mod, 2 lot)		0
	Number of farmers converted from conventional to sustainable		0			
	Access to support services		-			

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
Institutional Development (MO)	# of organizations with a business plan aimed at economic sustainability			# of employers with improved competencies, production and labour conditions (according to ILO standards)		
	Access to knowledge		1	Less child labour		
	Capacity to innovate		0	Improved working conditions		
	Access to sustainable finance		0	Gender equity		
	Marketing expertise		0	Autonomy to manage own interests		
	Adequate service provision to members		1			
	Partnership with public/private sector		0			
	Good / better contracts		1			
	Access to government programs		0			
	Leadership qualities		1			
	More broad income source					
	# of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context		0	# of policy influencing bodies with increased member participation and organizational capacity		0
	Capacity to undertake lobbies		0	Member participation		0
Policy Influence (BB)	# of coalition partners that campaigns for regional and multilateral free trade		0	# of regional/multilateral free trade agreements with a successful track record		0

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
	<p># of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers</p> <p>Acceptance of sustainability standards (??)</p>		0	<p># of countries where policy was improved for benefit of small producers in E/P</p> <p>Policies favourable for organic, free trade, mainstream</p> <p>Policies favouring small farmers</p> <p>Improved financial systems / services</p> <p>Improved legal frameworks</p>		0
	<p># of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place</p> <p>National policies more harmonised</p> <p>National policies better developed</p>		0	<p># of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved</p> <p>Implementation of these standards</p> <p>Adequate quality control systems</p>		0
Market chain improvement (new)	<p># of improved north-south relations in the sector</p> <p># of N-S initiatives promoted by ICCO</p> <p># of successful N-S initiatives developed</p> <p>Capacity of South or North organizations to find each other</p>		0	<p>Quantities and revenues traded through improved north-south relations</p> <p>Volume of traded products</p> <p>Revenues</p>		0
	# of companies in the sector with enhanced CSR policies			Quantities and revenues by companies with		

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
	<p>resulting from ICCO interventions</p> <p>Type of relation developed</p> <p>Mutual trust</p> <p>Progress within company on sustainability</p> <p>Development or adoption of CSR policy due to ICCO</p>			<p>improved CSR policies</p> <p>Volume of traded products</p> <p>Revenues</p>		
	<p>Importance of value added activities in the sector, with benefits for small producers</p> <p>Proportion of added value activities in the South</p>		<p>1</p> <p>1</p>	<p>Revenues from value added activities for small producers</p> <p>Volume of value added products (1 little 2 much)</p> <p>Revenues</p>		<p>?</p>
	<p>Application of good environmental and social practices in the sector</p> <p>Use of agro-chemicals 1 = Q 2 = A 3 = Q/ A</p> <p>Health conditions among producers</p> <p>Reduced dependency on of agro-chemicals</p>		<p>1</p> <p>3</p> <p>?</p> <p>1</p>	<p>Improved environmental and social conditions in the sector</p> <p>Environmental criteria</p> <p>Social / ILO criteria</p>		<p>-</p> <p>?</p> <p>+</p>
	<p># of viable financial mechanisms developed</p> <p>Different types of mechanisms tested</p> <p>Different types of mechanisms adopted by partners</p>	0	0	<p>Application of new financial mechanisms</p> <p>Value of financial transactions by new mechanisms</p>		0

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
	# of organisations with capacities for international trade and certification in the sector		0	# of organisations with certified products for international trade Volume of certified products Revenues		0

B2. FEPP-Ecuador

1. Executive summary in English: National and international fruit markets (with FEPP)

1.1 The project

The fresh fruit business is very risky for small holders. Besides product vulnerability and volatile markets, they have to compete in markets fully dependent on intermediaries and without any bargaining power on price. Consequently these small holders are caught up in a vicious circle of low rentability, very little investment in productive capacity, low productivity and often at the end with the only option to leave their farm (and migrate).

Fruit processing is seen as an appealing option for product differentiation to increase the sector's rentability as it allows to access more stable and better paying markets. Moreover, processed fruits do not need to meet all kind of phyto-sanitarian trade rules imposed on exported fresh fruits.

In 2006 ICCO did a study on the commercial opportunities for fresh and processed fruits in Ecuador. One of the identified opportunities were the Andean fruits. ICCO's interest and the cooperation and support of FEPP with much experience and capacity to work with rural small holders and a social holding structure with departments for technical assistance and (micro) credit, allowed to start the project of 'national and international fruit markets' from 2008 to December 2010.

The project focuses on the Tungurahua province, one of the poorest provinces in Ecuador. It involves 200 fruit producers and 20 producer organizations grouped in two second degree associations: UNAPEMAT and PACAT. ICCO contributes 284.966 euro, which equals 45 % of the total project cost.

1.2 Objectives

The project aims to revitalize a processing plant (PLANHOFA) for fruits and vegetables. The plant was a gift from the Italian cooperation 22 years ago. With its up and downs, it has assumed a key position in the region, capturing and processing production from small holders for (inter)national markets, according to agro-ecological standards.

The main objective is to improve social-organizational and productive levels as well as to commercialize fruits and vegetables with Planhofa, the two producer associations, the municipality and local financing institutions in the Tungurahua provinces.

- UNAPEMAT and PACAT sell at least 50% of their production to Planhofa
- Planhofa will increase its sales with 50% through two commercial channels

1.3 Results and progress

- Based on the narrative reports and the field visit it is confirmed that significant progress has been made regarding organizational and productive aspects. The aspects related to income improvement are difficult to verify, but participating organizations and farmers perceive progress.
- 173 of the 200 producers have received technical assistance on agro-ecological production. A group of 50 farmers (of which 16 women) has been trained as specialist to disperse agro-ecological management and to monitor production. It still remains a question for the future on how to finance the installed capacity and technical assistance.
- Socio-organizational development has been put in motion. The two producer associations have developed their strategic plans and Planhofa is developing its business plan and its governance structure. The latter remains an issue due to the diversity in shareholders (producer associations, NGOs, International Cooperation, the State and the Municipality).
- Under its own brand FRISCO, Planhofa produces currently its pulped fruits and marmalades for the local market and it provides similar services to other companies (such as Nestle). They also sell a small number to CAMARI (FEPP related local fair trade super markets).
- Only 30% of the sold volume was taken from the two producer associations. Planhofa only offers producers the market price and it does not have the financial capacity to pay on delivery.
- The local market does not make a difference in conventional or agro-ecological fruits. Although the agro-ecological producers do not have to purchase chemical fertilizer and pesticides, it implies more labor to make and apply organic equivalents. If the opportunity costs for labor were low, it would not make much difference. In times that opportunity costs significantly increase, it affects the producers' decision (how) to continue with agricultural production.

1.4 ICCO's roles

According to FEPP, with ICCO's finance, productive capacity and organizational strengthening of the first level producer organizations have been prioritized. ICCO tried (but did not yet succeeded) to facilitate the construction of regional alliances around Planhofa (i.e. linking them with MCCH's maracuya project). As Planhofa has the ambition to export, ICCO could consider on helping it to find and access these markets (brokering).

1.5 Conclusions

With ICCO's interest and involvement to develop the fruit chain, a project has been established that integrates a company (that during its long history has always faced many problems to be economically sustainable), a partner (FEPP) that is well-known for its work with small holders and developing commercial associations, and a social base of small holders whose first interest is to improve the rentability of their activities, but do not know whether the agro-ecological alternative is commercially viable. It seems an enormous challenge to fit the different interests into a socio-commercial model that matches the reality of rural smallholders with market principles within the project's remaining time.

Ecuador has many similar (un) successful initiatives in other sectors (have dairy products, coffee, peanuts) that provide important lessons learnt. A precondition is to improve monitoring tools that allow quantifying results and impacts.

2. Spanish case report

El proyecto.

En Ecuador muchas veces la sola constatación de la existencia de una gran cantidad de producción de determinado rubro (leche, frutas, mani, etc) han sido suficiente para la instalación de plantas procesadoras, la historia posterior de dichas iniciativas ha sido en la mayoría de casos inversiones perdidas o motivos de disputas por la propiedad de bienes.

PLANHOFA nació de la manera descrita en 1988 cuando la fruticultura estuvo en Auge, con el aporte de entidades públicas (Ministerio de Agricultura y Municipio de Ambato), de la cooperación italiana y los aportes de la Organización de Productores (UNAPEMAT), aunque a poco de su creación tuvo que cerrarse. No obstante a partir de 1996 ha venido recibiendo aportes públicos y de la cooperación con la intención de que retomara el propósito para la que fue creada. El aporte de ICCO podría considerarse uno más de estos aportes.

El proyecto “Frutas mercados locales e internacionales” viene ejecutándose con el apoyo de ICCO desde enero de 2008 y su finalización será en diciembre de 2010, tiene lugar en la Provincia de Tungurahua (centro de Ecuador).

La estrategia del proyecto se centra en fortalecer PLANHOFA como un eslabón dentro de la cadena frutícola, lo cual permitiera captar la producción frutícola de pequeños productores pertenecientes a dos organizaciones de Segundo Grado (UNAPEMAT y PACAT), agregar valor mediante su transformación en pulpas y mermeladas y penetrar mercados nacionales e internacionales.

Una estrategia asociada es fortalecer el nivel sociorganizativo tanto de las asociaciones de primer grado (alrededor de 20) pertenecientes a UNAPEMAT y PACAT como a estas últimas para que adquieran protagonismo e incidencia ante la planta de PLANHOFA para que esta se convierta en un apoyo real y en el canal de comercialización más importante para los sectores campesinos populares.

PLANHOFA es una planta constituida hace 22 años con una donación inicial de equipos hechos por la cooperación italiana, tiene como socios a UNAPEMAT, el MAGAP, Municipio de Ambato, ECLD y el FEPP que se hizo socio en el año 2000, como resultado de un traspaso de acciones desde UNAPEMAT como pago de un préstamo.

El presupuesto del proyecto es Eu 284.966 y en los registros de ICCO tiene el número 010300283

Como ya fue mencionado anteriormente, el componente frutas se enmarca dentro de un proyecto más amplio cuyo objetivo General es: “Fortalecimiento de los niveles de empoderamiento de las propuestas de desarrollo en las organizaciones y familias campesinas de Chunchi y Tungurahua, para asegurar la continuidad y su sostenibilidad”

- En el marco de este objetivo General el objetivo para el componente frutas ha sido formulado como sigue:
- Objetivo Específico: Mejorar el nivel socio organizativo, productivo y comercialización de frutas y hortalizas con PLANHOFA de dos Organizaciones de Segundo Grado (OSGs) UNAPEMAT y PACAT y Entidades Financieras Locales en la provincia de Tungurahua

- Indicador del Objetivo: PLANHOFA compra la producción frutícola de productores organizados y vende en productos transformados
- Grupo Poblacional Objetivo: 200 productores Frutícolas.
- Metas al final del proyecto:
- UNAPEMAT y PACAT venden al menos un 50% de su producción a PLANHOFA
- PLANHOFA incrementa sus ventas en un 50% mediante dos canales de comercialización de sus productos

Teoría del cambio/lógica de Intervención.:

- Las frutas andinas que principalmente se consumen en el mercado domestico se caracterizan por su perecibilidad, por tener canales de intermediación muy poderosos y por una alta competencia de productos importados, estos tres factores (solos o por separado) afectan negativamente al precio que recibe el productor iniciando un circulo vicioso de baja rentabilidad, baja inversión en cultivos, baja productividad, abandono de las parcelas (migración juvenil).
- Si hay una empresa transformadora que es afín al interés de los productores se logra contrarrestar estos problemas y los productores pueden contar con un punto de llegada seguro con demanda constante y precios estables y también pueden participar de los beneficios que PLANHOFA obtenga del negocio de agregación de valor.
- Siempre que PLANHOFA pueda desarrollar mercados para ofrecer a los productores regularidad de compra, precios mejorados y servicios adicionales (asistencia técnica, insumos al costo, etc), los productores desarrollaran su fidelidad hacia PLANHOFA.
- Todo el sistema debe desarrollar un transparente sistema de comunicación y rendición de cuentas para asegurar la confianza en cada una de los componentes del modelo.

El socio del Proyecto

El Fondo Ecuatoriano Populorum Progressio (FEPP) es una institución privada con finalidad social, que ofrece el apoyo de su experiencia y de sus medios para el desarrollo de los campesinos. Comparte la convicción expresada en el documento del Papa Paulo VI que inspiró su creación: “para ser auténtico, el desarrollo debe ser integral; es decir, promover a todos los hombres y a todo el hombre “.²⁴

El Fondo Ecuatoriano Populorum Progressio, FEPP pasó de ser una Fundación a Grupo Social que es básicamente un sistema constituido por alrededor de 9 programas (empresas autónomas) que prestan servicios a los grupos campesinos apoyados por el FEPP y a la misma institución, funcionan bajo criterios empresariales, se autofinancian y contribuyen parcialmente al financiamiento del trabajo del FEPP.

La relación entre el FEPP e ICCO data desde 1997; durante este tiempo el FEPP ha ejecutado con financiamiento de ICCO 4 proyectos completos y un financiamiento puente (2000-2001), el fondeo de ICCO durante este tiempo ha sido de 1.785.000 NLG y 639.290 Eu. La participación de ICCO en el financiamiento de las operaciones del FEPP Riobamaba es alrededor del 40%.

Además de ICCO y sus propios recursos, el FEPP financia sus acciones con financiamiento que proviene de las siguientes organizaciones: Becas COFA, CODESPA y Broederlijk Delen

²⁴ Encíclica Populorum Progressio (el Desarrollo de los Pueblos), 1.967 Numeral 14

Como fue el proyecto establecido

La idea de organizar la cadena alrededor de PLANHOFA fue propuesta por ICCO, asumimos con la intención de incorporarlo a su programa de frutas que salió luego de un estudio de oportunidades comerciales para frutas frescas y procesadas, dentro de los cuales frutas andinas fue un rubro seleccionado.

Para entonces el FEPP estaba elaborando un proyecto denominado “ Fortalecimiento y sostenibilidad de los emprendimientos productivos empresariales y financieros del cantón Chunchi-Riobamba y provincia de Tungurahua”, la experiencia en el territorio y la capacidad instalada (infraestructura mas equipo multidisciplinario) les permitió acoger esta nueva propuesta y después de hacer un trabajo de entendimiento de la propuesta y concretar relaciones con las asociaciones el proyecto fue reformulado.

La investigación

El proyecto de Frutas, es parte de una propuesta amplia (geográfica y temática) que ejecuta el FEPP con organizaciones campesinas de Chunchi (Provincia del Chimborazo) y la Provincia de Tungurahua. Por tanto la ejecución de actividades técnicas y organizativas tiene lugar en el marco de un trabajo integral que complejiza la intención de tener datos desagregados de manera pura sobre productos y resultados referidos a productores frutícolas.

La documentación formal más actualizada sobre avance en las metas del proyecto disponible es el informe narrativo a Diciembre de 2008 pues el informe 2009 a la fecha de la evaluación aun está en preparación.

A partir de la información disponible tuvimos una jornada de trabajo (20 de Febrero) con involucrados en la propuestas (FEPP, OSGs miembros de PLAHOFA, grupo de productores), adicionalmente unos datos extras fueron requeridos vía cuestionario, especialmente para actualizar/ratificar el estado de algunos temas que nos parecen claves en nuestras conclusiones. En base a estos insumos se ha redactado el presente caso, que a su vez alimenta las conclusiones generales de toda la evaluación..

Review ICCO's DRAM framework, additional and project-specific indicator

Partiendo de la idea de que el proyecto Fruta Mercado Locales e Internacionales, es parte del programa Mercados Internacionales de ICCO, queremos establecer la contribución de este proyecto al set de indicadores de ICCO.

DRAM framework and additional indicators

Alivio de la Pobreza.

La propuesta central del proyecto es que PLANHOFA acopié la producción frutícola para transformarla en productos procesados para el mercado externo y nacional, esto permitiría al productor contar con un canal seguro de venta y una estabilidad de precios. Al momento toda la producción de la planta (pulpas y mermeladas) se orientan al mercado local con su propia marca (FRISCO) y en otros casos la planta presta servicios de maquila para otras empresas (p.e NESTLE) aunque se reporta una venta (que quizá fue maquila mismo) de 500 mermeladas a CAMARI cuyo destino fue el comercio justo. Dado que la política de la planta es comprar la fruta a precio del mercado es indiferente para el productor el destino del producto procesado.

El informe de 2008 da cuenta que PLANHOFA se abasteció solo en un 30% desde productores de las OSGs y según referencia del coordinador del proyecto este porcentaje permaneció igual en 2009; este dato si bien nos permite observar el bajo aporte de los productores a su propia planta no es insuficiente para saber (i) cuántos productores están con mejores ingresos por aprovechar este canal de venta y (ii) cuanto ha sido el incremento de sus ingresos.

Si el precio es basado en el mercado, la opción de mejorar los ingresos viene por el lado de una mayor productividad, a este respecto aunque este periodo hay mucho esfuerzo de capacitación técnica a los productores de UNAPEMAT y PACAT no es posible obtener datos sobre incrementos en productividad, pese a que los informes narrativos reportan sobre avances hacia los resultados; si se da cuenta en cambio de reactivación de los sistemas de producción frutícola y el uso de productos agroecológicos en los controles de cultivos (Informe Narrativo 2008).

Por el lado de los empleados de PLANHOFA estos tienen contratos bajo las leyes ecuatorianas y por tanto su nivel de ingresos permanece igual si la producción se destinan al mercado domestico o internacional; aunque su nivel de competencias laborales pueden mejorar mucho si al acceder a mercados internacionales acceden a capacitación para el manejo de estándares de calidad, logística, trazabilidad, etc, se espera que esto ocurra en 2010.

Los productores trabajan sobre una gama de productos frutícolas manejados de manera creciente bajo criterios agroecológicos; de hecho, el carácter agroecológico de los productos que se procesen en PLANHOFA será un elemento para diferenciarse en el mercado. El socio del Proyecto FEPP posee experiencia y una red de servicios con los cuales espera cubrir los temas organizativos, técnicos y comerciales que sean necesarios para el despegue de la planta.

Fortalecimiento Institucional

Las dos organizaciones de base cuentan con planes estratégicos que sirven de referencia para el diseño y ejecución de planes específicos de capacitación técnica y organizativa de los productores. PLANHOFA además de un Plan Estratégico tiene un plan de negocios el mismo sirve como hoja de ruta para el desarrollo comercial y técnico de la planta, de lo que hemos podido dialogar un aspecto a desarrollar/profundizar en el plan es la estrategia y el cronograma para posicionar productos en el mercado internacional.

Un significativo número (85) de líderes campesinos han sido capacitados en temas sociorganizativos con el propósito de de fortalecer el sentido de apropiación hacia PLANHOFA. En cuanto a PLANHOFA mismo se está trabajando para fortalecer su esquema de gobernabilidad ya que existen como socios varios actores con intereses/mandatos diferentes.

En la documentación analizada se da cuenta de una serie de eventos de capacitación realizados que cubren varios campos (asociativo, productivo, comercial) en algunos de ellos han participado un número significativo de mujeres. Algunos impactos de la capacitación se reflejan en la aplicación de nuevas prácticas de cultivo por parte de algunos productores que al momento ya alcanza un número significativo (173 productores) con respecto a la meta total proyectada, 200 productores.

Como hemos manifestado anteriormente, sería la productividad más que un precio preferencial de PLANHOFA el factor clave para un incremento en los ingresos de los productores, en tal sentido un esfuerzo hacia un

monitoreo de los avances en productividad hubiera sido necesario. A pesar de que los informes son basados en los resultados acordados entre FEPP- ICCO, cuando para el Resultado relativo a incremento a la productividad no hay un indicador de avance a un año de la finalización del proyecto hay una oportunidad para retroalimentar sobre si el socio está implementando o no controles adecuados sobre las variables críticas del proyecto.

Influencia Política Aunque la intención es perfilarse hacia el Mercado de exportación, no hay registrado transacciones directas entre PLANHOFA y algún importador; lo que si se ha confirmado es que producto procesado en PLANHOFA (y registrado como venta local o servicio de maquila) ha llegado al mercado externo (Fair Trade y convencional) con las marcas propias de sus clientes, (Camari-FEPP y otras empresas). En base a esto los técnicos de PLANHOFA estiman que están calificados para producir para el mercado externo, al respecto no hay evidencia de alguna acción desarrollada por ICCO (inteligencia de mercados, orientaciones sobre acceso a mercado internacional p.e) en este ámbito.

Frutas procesadas con algún tipo de certificación para algún nicho de mercados especiales podría ser una oportunidad para un rol de ICCO como facilitador en la generación de contactos y acompañamiento al cierre de tratos.

A nivel local, los productores aspiran a incidir a nivel de las autoridades provinciales para recuperar los niveles de actividad que tuvo el sector frutícola hace 3 décadas, objeto de esta incidencia sería la disponibilidad de infraestructura, estímulos a la actividad, investigación y transferencia de tecnología. El socio de ICCO, FEPP es bien reconocido en la región y ha sido un actor clave en la formulación del plan provincial agropecuario, eso quiere decir que es un actor que tiene una alta capacidad de incidencia.

Mejoramiento de la cadenas productiva.

Al incorporar el procesamiento (PLANHOFA) como uno de los eslabones de la cadena frutícola se busca diversificar las posibilidades de acceso a mercados locales e internacionales más estables; el efecto de esta mejora en la cadena será una mayor demanda de fruto hacia el productor y una estabilidad de precios; PLANHOFA aun cumple parcialmente este rol pues su demanda con 30% de compra a productores de sus OSGs y mercado local.

Si se logra que toda la producción sea realizada bajo criterios agroecológicos se presenta una oportunidad de aumentar el valor de los productos procesados si es que se consigue una certificación que abalice dicha práctica. .

La experiencia de comercialización (nacional e internacional) del FEPP, propietaria de la comercializadora "CAMARI" es una buena base para emprender la fase exportadora de PLANHOFA.

A su vez, el componente de fortalecimiento de las Estructuras Financieras locales podría aprovecharse para el diseño de productos financieros que contribuyan a que el esquema de comercialización productor- PLANHOFA no se rompa por falta de capital de operación.

Revisión de Objetivos, Resultados e indicadores propuestos en el proyecto

Metas al final del proyecto:

UNAPEMAT y PACAT venden al menos un 50% de su producción a PLANHOFA

PLANHOFA incrementa sus ventas en un 50% mediante dos canales de comercialización de sus productos

R1.- Se ha fortalecido la gestión de las OSGs de Tungurahua (UNAPEMAT y PACAT), para incrementar su base social y su nivel de incidencia en PLANHOFA

El fortalecimiento organizacional y la disponibilidad de líderes son los indicadores de este resultado; teniendo en cuenta que el modelo apunta a desarrollar una gran fidelidad del productor hacia PLANHOFA el hecho de contar con organizaciones consolidadas y líderes capacitados en varias áreas puede constituirse en un factor clave para la gestión de PLANHOFA y su sostenibilidad. Avances a este respecto han sido que las dos OSGs cuentan con planes estratégicos y aplican estatutos y reglamentos internos; también se reporta 85 líderes de las OSGs que han recibido capacitación en gestión social. .

R2.- Se ha incrementado la producción de frutas y hortalizas y la comercialización de sus productos con PLANHOFA.

I1.- Productores/as de UNAPEMAT y PACAT mejoran e incrementan su producción y productividad de frutas y hortalizas con enfoque agro ecológico atendiendo demanda de PLANHOFA,

Al momento se reportan la participación de alrededor de 173 productores en programas dirigidos a mejorar la productividad basado en un paquete agroecológico, aunque era planteado que esto redundaría en un incremento del 25% en los ingresos de los productores, El FEPP no ha podido aun procesar los registros de campo que permitan evaluar hasta qué grado se ha cumplido esta meta; al respecto hay apreciaciones de productores de que la mejora en ingresos se da por ahorros en el costo de producción ya que no se incurre en compras de fertilizantes aunque el precio de venta en el mercado sea el mismo, sabiendo que la producción agroecológica en muchos de los casos requiere más labores (preparación/aplicación de compuestos orgánicos) manuales estaríamos ante un caso donde las ganancias monetarias son a costa de utilizar mano de obra familiar que tiene un costo de oportunidad cercana a cero.

I2.- Productores/as de UNAPEMAT y PACAT especializados/as o capacitados/as en manejo técnico de cultivos horti – frutícolas promueven el proceso de cadena productiva.

Dado que la producción agroecológica sea el elemento de diferenciación del producto, se debe asegurar que la producción bajo criterios agroecológicos sea asimilada por todos los productores; para asegurar un creciente involucramiento de productores se ha formado a 50 productores (16 mujeres) como especialistas en producción agroecológica quienes se encargarán de masificar el manejo agroecológico y el seguimiento de la producción; sin embargo al momento no existe en vigencia un sistema de certificación que asegure que la producción que se entrega a PLANHOFA o al mercado bajo el concepto de producto agroecológica sea ciertamente obtenida con apego a los criterios agroecológicos, actualmente se recurre a análisis de muestras que son realizadas en Guayaquil. Los ejecutores del proyecto concuerdan en la necesidad de avanzar hacia un sistema de certificación que a la vez de generar confianza en los consumidores sea también accesible para los productores.

I3.- Se han constituido dos centros de suministro de insumos agropecuarios administrados por las OSGs para apoyar la producción.

El centro ha sido instalado a finales de 2009 y se encuentra prestando servicios a los socios de las dos OSG

14.- Departamento Agrícola de PLANHOFA coordina acciones con productores organizados, ONGs e instituciones públicas, para el fortalecimiento de cadena productiva de frutas y hortalizas. Este Departamento es el nexo entre los productores y PLANHOFA, al 2008 solo el 30% de la fruta procesada (durazno, mora, fresas y manzana) fue adquirido a los productores de las dos OSGS, no se cuenta con datos actualizados para saber si la participación de productores ha incrementado.

Analisis

Relevancia. En Ecuador, el sector de Frutas está compuesto por una amplia variedad de cultivos, aunque resaltan aquellos dedicados a la exportación (principalmente frutas tropicales) hay un creciente interés por recuperar y desarrollar otros rubros del sector (frutas andinas y exóticas) que pueden tener un rol estratégico en la seguridad alimentaria del país y como fuente de ingresos para pequeños productores si se les puede asegurar un apropiado acceso al mercado.

En el eslabón primario de la cadena frutícola predomina una tipología de productores que basan su actividad en pequeñas extensiones de tierra y usan como recursos la mano de obra familiar; en ese sentido cualquier intervención que maximice estos limitados recursos se vuelve relevante.

La comercialización de frutas en fresco (nacional y/o internacionalmente) presenta varios inconvenientes debido a su perecibilidad y alta elasticidad de precios por sobreoferta (mercado externo) y/o entrada masiva de frutas importadas (mercado local). Desde este punto de vista la propuesta de incluir un eslabón de transformación tiene sentido, aunque requiere el manejo de varios aspectos relacionados con: tecnología, certificación de calidad, mercadeo y logística de aprovisionamiento de seguro; gestión del ciclo de capital de trabajo, etc. Tratándose de una integración vertical (PLANHOFA hacia sus productores) los temas anteriores se vuelven más complejos y requieren un modelo organizacional que equilibre la parte empresarial con la dinámica productiva basada en sistemas/valores de tipo socio-comunitario

Efectividad (la capacidad para producir los efectos esperados)

Las acciones desarrolladas por el proyecto han sido dirigidas a fortalecer la capacidad productiva y organizativa de los productores con vistas a concretar una cadena de abastecimiento desde estos hacia PLANHOFA.

Estas acciones han alcanzado al 86% del grupo de beneficiarios previstos total previsto, faltando 10 meses para la terminación del proyecto, la meta de fortalecer capacidades productivas a 200 productores sería alcanzada sin dificultades.

La efectividad de esas acciones debería evidenciarse en un ingreso mejorado de los productores tanto por mejor valorización del producto (al producir de manera agroecológica) en el mercado cuanto por un desempeño comercial creciente de PLANHOFA capaz de incrementar la demanda de frutas hacia los productores.

Empezando por lo último, El hecho de que PLANHOFA siendo la “locomotora” de la cadena haya mantenido bajo su porcentaje de compra (30%) a los productores nos lleva a pensar que todavía hay una gran brecha que superar para contribuir a la efectividad de la propuesta. Como resultado de esto, nos inclinamos a pensar que gran parte de la producción todavía va a un mercado que no premia la producción agroecológica. Por su parte PLANHOFA no ha establecido una política de precios que incentive al productor a mantener un abastecimiento constante (p.e establecer precios fijos por un año para compensar las fluctuaciones). Tampoco ha logrado

hacerse de un capital de trabajo para comprar al contado a los productores, otro factor es que los productores mantienen la desconfianza hacia la viabilidad de PLANHOFA; por todo eso, aun prefieren mantener contactos con intermediarios que aunque imponen sus condiciones siempre están ahí y pagan al contado

Así entonces, establecer si los productores han mejorado sus ingresos (y en que magnitud) es una gran dificultad ante la ausencia de datos verificables.

Impacto

Si los productores frutícolas han incrementado sus ingresos no es demostrable en la actual situación del proyecto, según la organización a cargo del Proyecto hay registros sobre costos de producción, volúmenes y precios que aun no han sido procesados.

Si el mercado domestico no reconoce en el precio el valor agroecológico del producto cualquier diferencial a favor del productor viene por el lado de economías en los costos de producción y mayores volúmenes vendidos. Aunque al producir de manera agroecológica se prescinden de compras de fertilizantes químicos podría en cambio estar aumentando el uso de mano de obra para producir compuestos orgánicos y su aplicación. En contextos donde la mano de obra tiene un costo de oportunidad muy bajo quizá el costo de producción no varía significativamente, pero si el sistema está consumiendo mano de obra cuyo costo de oportunidad puede subir con el tiempo (p.e hijos estudiando) va a repercutir en el costo y puede alterar la decisión de continuar o no en la actividad.

Por el lado de asegurar una estabilidad de precios y demanda desde PLANHOFA, Si durante los dos últimos años solo el 30% de las compras de fruta de la planta han sido hechas a productores de las OSGs es un síntoma que PLANHOFA como tal no ha logrado dinamizar la parte comercial capaz de demandar mayor producción frutícola a sus proveedores naturales, o a su vez los productores socios no ven a PLANHOFA como un canal de venta que cubra sus expectativas, entre los principales recibir pago al contado por sus productos.

Sostenibilidad.

Según el proyecto la sostenibilidad de PLANHOFA depende de la confianza y constancia de producción de sus proveedores (OSGs), diversificación de sus productos transformados y posicionamiento en el mercado.

Según el proyecto el número de productores beneficiarios planteados como meta es 200 productores, en esta fase las acciones de capacitación para la producción agroecológica ha sido sobre un grupo significativo (173); se ha especializado un grupo de 50 productores para dar seguimiento y apoyo a los productores para mejoramiento continuo de producción y calidad; el mecanismo para cubrir estas acciones de asistencia técnica interna no es explicito.

Si se considera a PLANHOFA como la empresa ancla de la cadena, esta debe aclarar los mecanismos (servicios) para fidelizar a sus proveedores (productores) y como van a participar los productores en la gestión y resultados de la planta, lo ultimo sin duda requerirá afinar el modelo de gobernanza de la empresa.

La planta reporta excedentes pero considerando que muchos componentes que contribuirán a que la producción llegue en volúmenes y estándares (Asistencia técnica a productores) son financiados por el proyecto y otros (investigación de mercados, capital de operación para pago al contado al productor) no están

dimensionados, difícilmente se puede establecer cuál sería un punto de equilibrio de la planta en un escenario sin subsidio y vinculada a un mercado internacional.

Atribución

Gran parte de las actividades en las que el proyecto se ha concentrado (asistencia técnica y capacitación) han sido posibles por el financiamiento de ICCO. Aunque la contraparte del FEPP ha sido también interesante (55% del presupuesto del proyecto), es claro que muchos de los componentes son una continuidad de proyectos anteriores que han sido desarrollados con el financiamiento de ICCO por lo que podría decirse que logros y avances son por el involucramiento de ICCO; eso si hay un gran reconocimiento a que el proyecto cuyo punto central es la recuperación de PLANHOFA fue iniciativa de ICCO.

Roles de ICCO

El rol de financista es sin duda el más visible en este proyecto, asociado a este está el de seguimiento. Dado que la relación con ICCO data de algún tiempo, el FEPP considera que ICCO es un financiador que tiene características que facilitan su trabajo como un estilo respetuoso de relación, flexibilidad para introducir cambios y seguimiento en terreno mirando el contexto e involucrando a los productores.

Se reconoce también la intención de ICCO de facilitar la construcción de alianzas entre actores de la región, aunque el socio opina que este esfuerzo podría ser mejor si parte de una estrategia para un objetivo concreto (p.e armonizar criterios de producción agroecológicos en la provincia) y un claro y entendimiento del contexto e intereses de los actores.

Dado que el proyecto en esta fase se ha enfocado en trabajar localmente para fortalecer las condiciones organizativas y productivas de las organizaciones, no se han desarrollado iniciativas desde el proyecto (para inteligenciar mercado externo o incorporar algún proceso con vistas a llenar algún requisito para exportar) que podrían haber demandado algún rol de ICCO. Por otro lado, si ICCO conoce (lo conoce?) que la intención de PLAHOFA es algún día exportar valdría considerar hasta qué punto puede proveer orientaciones/conocimiento para ir retroalimentando este interés de exportar; teniendo muchos proyectos que dar seguimiento es entendible que para esto se requiere una unidad especializada o ser parte de una red bien especializada que permita hacer el rol de bróker de conocimiento.

Conclusiones, lecciones aprendidas y preguntas para el futuro

Los productos frutícolas andinos no han tenido un lugar preponderante dentro de la estrategia nacional del sector, más bien estos han sido parte de agendas mas regionales en las que la situación (desventajosa) de los productores ha merecido atención particular.

El procesamiento de frutas ha sido visto como una de las posibilidades de diversificación para rentabilizar el sector pues permite acceder a mercados con mayor estabilidad y capacidad de pago. El procesamiento permite sortear las barreras de tipo fitosanitario que se imponen a fruta fresca de exportación.

Analistas del sector consideran que para el rubro “procesados de frutas”, la verdadera rentabilidad está en el mercado externo por tener una demanda creciente aunque tambien señalan que es un mercado muy competido, a este respecto un estudio de la competencia hecho por mismo PLANHOFA ha revelado la existencia de empresas con una gran experiencia en el negocio. Sin embargo se puede aspirar a nichos cuando algún factor diferenciador sea en el producto (orgánico/agroecológico) o en el proceso (Fair trade) es introducido.

Partiendo del interés de ICCO de promover la cadena frutícola de estos productos, se han integrado en el proyecto una empresa que durante toda su historia ha tenido problemas (PLANHOFA), un socio (FEPP) con un reconocido know how en el trabajo con campesinos y desarrollo de empresas asociativas y una base social que sin duda quiere mejorar sus ingresos pero que aun no sabe si la propuesta agroecología tiene sentido comercial o no. Conjugar todos estos elementos en un modelo que socio-empresarial que equilibre la lógica de mercado con la lógica campesina permanece como un gran reto.

Hasta ahora el proyecto ha avanzado en generar algunas bases (organizativas y técnicas) sobre la cual se pueden esperar mayores desarrollos, siempre que se pueda sostener/financiar las acciones necesarias para este propósito y analizar de manera más realista las oportunidades de mercado existentes y las posibilidades de acceder a ellos, aquí cuenta mucho la situación comercial de Ecuador (sin ningún TLC) frente a países que son competidores directos y que tienen mejores ventajas de acceso a mercados por preferencias arancelarias (Peru, Colombia, que tienen TLCs con USA y EU)

Partiendo de experiencias anteriores, el FEPP considera que para exportar hay algunas etapas que superar (especialmente alcanzar el volumen y calidad para sostener la capacidad de respuesta de PLANHOFA), Consideran por tanto pertinente invertir en una etapa siguiente en la cual se podría poner énfasis en exportación (i) aprovechando los contactos que en el exterior ya tiene CAMARI o MCCH y/o (ii) buscando un nicho que, empezando con poco volumen permita ir especializando y cualificando a PLANHOFA en el negocio de la exportación. FEPP considera a ICCO como un aliado para esta fase.

Si es así se debe establecer metas más precisas y una lógica relación de estas con la matriz de impacto de ICCO, también la posibilidad de establecer nuevos roles para apoyar a PLANHOFA en su propósito de insertarse en el mercado internacional: inteligencia de mercados, certificación, facilitación de relaciones comerciales. ICCO también podría aportar al diseño del modelo de organización que mejor responda a las observadas, acercando conocimiento sobre experiencias (además de las que ICCO mismo ha apoyado) que han tenido éxito en sus inserción al mercado externo

La descentralización de ICCO trae preguntas (al socio) sobre cuál va a ser su valor agregado en el terreno y también su permanencia. Basado en experiencias con otras organizaciones de cooperación FEPP considera que ICCO podría tener un rol en el nivel macro/meso mientras FEPP asumiría el trabajo con las bases.

Quizas aquí (aunque sea solo para mi) un análisis mas crudo, si la intervención se puede considerar exitosa, (porque no/si) y que falta por hacer.

Como te dije estas experiencias que nacieron por criterios políticos más que técnicos son a la larga un problema más que una solución especialmente cuando persiguen el objetivo de generar integraciones hacia adelante en una cadena débilmente desarrollada/organizada. Captar el 30% de tu propia producción es un gran síntoma de que algo anda mal, empezando que la capacidad productiva es muy limitada. Tengo la idea que PLANHOFA sigue su propia estrategia de abastecimiento por fuera de las organizaciones socias ya que esto le permite comprar buena fruta (certificada) a buen precio y a plazos. NO veo mucho dialogo entre la estrategia productiva (a cargo del FEPP) y la parte gerencial de PLANHOFA.

Quizá es el desencuentro entre dos lógicas: una campesina de sobrevivencia que requiere ingresos diarios (preferencia por ingresos sobre todo) y una empresarial con un ciclo de caja más lento que acomoda con

productores que no dependen mucho del ingreso diario (sea porque es un rubro complementario o porque tienen mucha tierra que les permite producción/ingresos escalonados).

Para configurar un caso (exitoso o de aprendizaje) yo creo que falta mucho, empezando por una concepción global de que se requiere para que funcione un encadenamiento así de complejo, de modo que tienes un check list de condiciones cumplidas y condiciones por cumplir y sobre estas un análisis más profundo de que tan posibles es cumplir las condiciones que faltan, sobre eso creo que se puede analizar la viabilidad de un nuevo proyecto.

Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact	Observations
Poverty Alleviation (DBA)						
<i># of producer organizations with an increased access to international market</i>	2	0	<i># of involved producers and employees with improved incomes due to involvement in international markets</i>			<i>Se espera en un año empezar a comercializar productos procesados, hay actualmente 18 en fase de desarrollo-prueba</i> <i>Dada la política de seguridad alimentaria del estado, MK nacional (compras públicas) es una gran opción.</i>
Institutional Development (MO)						
<i># of organizations with a business plan aimed at economic sustainability</i>	3	1	<i># of employers with improved competencies, production and labour conditions (according to ILO standards)</i>			<i>Sin embargo componentes del plan de negocios que cubra con los aspectos relacionados a exportación no han sido desarrollados.</i>
Policy Influence (BB)						
<i># of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context</i> Capacity to undertake lobbies		0	<i># of policy influencing bodies with increased member participation and organizational capacity</i> Member participation		0	
<i># of coalition partners that campaigns for regional and multilateral</i>		0	<i># of regional/multilateral free trade agreements</i>		0	

<i>free trade</i>			<i>with a successful track record</i>			
<i># of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers</i>		0	<i># of countries where policy was improved for benefit of small producers in E/P</i>		0	
<i># of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place</i>		0	<i># of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved</i> <i>Implementation of these standards</i> <i>Adequate quality control systems</i>		0	
Market chain improvement						
<i># of improved north-south relations in the sector</i>		0	<i>Quantities and revenues traded through improved north-south relations</i>		0	
<i># of companies in the sector with enhanced CSR policies resulting from ICCO interventions</i>			<i>Quantities and revenues by companies with improved CSR policies</i>			
<i>Importance of value added activities in the sector, with benefits for small producers</i>		1	<i>Revenues from value added activities for small producers</i> <i>Volume of value added products (1 little 2 much)</i> <i>Revenues</i>			
<i>Application of good environmental and social practices in the sector</i>		2	<i>Improved environmental and social conditions in the sector</i>			

<i># of viable financial mechanisms developed</i>		<i>1</i>	<i>Application of new financial mechanisms</i>			<i>.</i>
<i># of organisations with capacities for international trade and certification in the sector</i>		<i>1</i>	<i># of organisations with certified products for international trade Volume of certified products Revenues</i>		<i>3</i>	

B3. AVSF–Ecuador

1. English executive summary: ‘project on income improvement for rural families in the Southern Ecuadorian mountains’

1.1 the project

The main objectives of the project are to stimulate agro-ecological production (especially management of soil and water) and product diversification, mainly for family’s food security. Simultaneously the demand for these (native) products from local consumers increased. A market niche developed.

In 2000, in the South of Ecuador (Azuay and Cañar: El Austro) the first experiments took place with the direct sales of agro-ecological products from producers to consumers. Several NGOs, local governments and sector related institutions formed a network for agro-ecological production (la Red Agroecológica del Austro (RAA)) to organize production, secure sufficient volumes as well as product certification and diversification. Additionally, the RAA provided the necessary lobby activities. Since 2006, and financed by ICCO (E 270.000), the consortium of AVSF-CEDIR-FEM supports 5 producers organizations (representing some 240 farmers) in Azuay and Cañar to improve acces to this niche market for vegetables, fruits and small animals

Important to mention is that during the project, a new constitution (Plan Nacional del Buen Vivir, 2009-2013) was approved in line with national development objectives that creates an institutional framework supporting schemes for small holder access to solidarity markets (comercialización solidaria).

One of the objectives in the national policy is to guarantee food security as one of the main elements for poverty reduction.

1.2 Objectives

The main project objectives are to improve and secure income of small holders in the fruit sector. The end results are:

1. Organized small holders increase volume of the fruit sales
2. Small holders increase income from fruit sales

1.3 Evaluation of results

The project has been recently finalized which allows appreciating the following results and impacts:

- The project contributes to the national poverty reduction strategy and results in food security for smallholder participating in the project. Moreover, it allows a productive use of their small farms and provides employment to adult family members (and especially to women from migrants) who have very few possibilities in the local labour market.
- Due to the technical assistance, 92% of the beneficiaries have been certified according to the standards set by the RAA, which allows participating in the local agro-ecological markets.
- Due the high diversity in farm size and farm products it was impossible to evidence income improvement per capita. However, an indirect indicator shows significant impact. The total amount of sales per month varied between 2.000 and 30.000 dollars. With 240 producers with access to this market, it allows for an average monthly income of \$ 125. Assuming that 80% of income is related to

labour, it gives a daily income of \$ 4.54. Although this is far below the average daily income in construction (\$ 10-15), one should realise that their daily labour would not be rated at all and as such it does provide a significant income improvement.

- The institutional development around this project is also very important as it developed mechanisms to secure compliance with agro-ecological production standards, which is considered crucial to maintain consumer trust and further market development.
- The RAA assumed a crucial role on a regional level advocating for the creation of the necessary enabling environment such as the installation of agro-ecological markets or securing a space for their products at the traditional municipal market places. AVSF again uses this experience to advocate at a national level for including agro-ecological production into government policies.

1.4 Perspectives on ICCO's roles

ICCO's most important role has been that of a financing institution (next to the EU). It did not play any role in brokering or lobby. The agro-ecological movement however is gaining its space in the Andean countries. The results achieved due to the technical assistants and organizational and entrepreneurial development financed by ICCO allows it to assume a role in knowledge management. In fact, it organized an exchange with Peru, which was considered very inspiring by farmers. A more structured approach could provide lessons learnt and best practices related to fair trade, (participative) agro-ecological certification and eventually facilitate dialogue on agro-ecological principles to reconcile different perspectives.

1.5 Conclusions

At the current scale, the production and commercialization of agro-ecological products seems to function well in a small market that can be supplied by small farms and family labour. It has definitely contributed to the further development of technical, organizational, commercial capacities as well as created an adequate institutional environment. There are still aspects that need attention to secure the sustainability of the production system such as the further development of a(n) (independent) certification system for the specific products and a cost efficient business model to assume the cost of technical assistance to assure compliance with agro-ecological standards.

Taking into consideration the existence of a supporting political environment and an eventually growing niche market, the project could be scaled up and eventually replicated. For this it is necessary that to develop new commercial schemes and reach consensus on a single certification scheme that is trusted by consumers and feasible for small producers. Key in the analysis is the economic viability at producer level. It works in areas where most of the workforce does not have any other opportunity. Taking into consideration opportunity costs, it probably will not provide a viable alternative to the younger workforce that either finds employment in better paying urban labour markets or migrates.

2. Spanish case report

1. Introduction

1.2. The project

Proyecto de “Mejoramiento de los ingresos de familias campesinas de la Sierra Sur del Ecuador, es ejecutado por el consorcio AVSF-CEDIR-Fundación Mazán.

Tiene lugar en dos provincias del Sur de Ecuador (Azuay y Cañar) e involucra 5 organizaciones de productores Hortofrutícolas, la meta esperada en cuanto a beneficiarios del proyecto es 240.

Objetivo específico: Los productores de frutas mejoran y aseguran sus ingresos frutícolas

Metas al final del proyecto

- Los productores organizados aumentan el volumen de frutas para venta.
- Los productores incrementan el ingreso de la venta de frutas.

Teoría del Cambio.

- Los productores pequeños rurales andinos tradicionalmente han manejado sistemas de producción poco diversificados con baja productividad orientados básicamente al autoconsumo; las fincas que podían tener un excedente comerciable se insertan en cadenas largas que terminan afectando el precio al productor.
- El manejo óptimo de los medios de producción rural (agua, suelo) y la diversidad de cultivos son parte constitutivo de la propuesta agroecológica, uno de los primeros efectos que trae su práctica es cubrir con la demanda de alimentos de la familia.
- El interés de una comunidad de consumidores por productos nativos inocuos ofrece a los productores la posibilidad de pasar del ámbito de la seguridad alimentaria al ámbito comercial y por tanto la necesidad de un trabajo más intensivo en la finca con lo cual se puede también aprovechar más mano de obra de la familia, a su vez las organizaciones ofrecen una economía de escala a los productores en el proceso de comercialización.
- Productores y consumidores requieren un mecanismo de encuentro y surge la necesidad de procurarse un espacio físico vía acciones de incidencia. De igual manera es necesario mecanismos de aseguramiento de la calidad del producto para mantener la confianza de los clientes.
- Empiezan a aparecer competencias (incidencia, promoción, regulación) que deben ser asumidos por un ente por encima de las organizaciones como la Red Agroecológica del Austro.
- El marco socio-político vigente estimula estos esquemas y por tanto su escalabilidad es posible y se constituye en una de las herramientas capaz de producir impactos en la seguridad alimentaria y el empleo rural.

1.3. The project partner

AVSF es una Organización No Gubernamental Francesa creada hace 30 años pero cuyo nombre nuevo (AVSF) nació en 2004 como resultado de la fusión de dos ONGs francesas fundadas en los 70s: Veterinarios sin

Fronteras (VSF) que tenía una acción más concentrada en África, Asia y poco en América Central y el Centro Internacional de Cooperación para el Desarrollo Agrícola (CICDA) que desarrollaba sus acciones en América del sur, principalmente en países andinos.

AVSF apoya a consolidar las agriculturas familiares en países del sur en particular consolidar organizaciones campesinas de pequeños productores en dos ejes: gestión de Recursos Naturales (gestión de agua, tierra, pastos paramos) y gestión de las cadenas sea para insertar mejor en la cadenas o (preferentemente) construir cadenas diferentes como son las cadenas Norte-Sur del Comercio Justo (fundador de Max Havelar, y actualmente retirados del Consejo Administración por discrepancias con algunas orientaciones de MH); en el sur (Ecuador) apoyan diferentes formas de acceso al mercado local en particular promoviendo cadenas cortas de venta directa de productor a consumidor.

Trabajando en el Norte y en el Sur AVSF busca tener un trabajo coherente entre la estrategia global y las estrategias de país. Buscan interconectar actores (igual que ICCO)

1.4. Como fue el proyecto Establecido

CICDA trabajo en el austro en los 80s, después volvieron a trabajar en 1999 con CEDIR (ONG local que se formó con ex técnicos de CICDA) con comunidades del Azuay en acceso a riego y gestión social del agua, asegurado esto se empezó a trabajar el aspecto productivo valorizando (entre otros) el recurso agua a través de sistemas de producción más intensivos con enfoque agroecológico, después vino la necesidad de atender el tema de mercado.

Para ese entonces (2000), en el Austro se gestaba una experiencia de venta directa de productos agroecológicos y a la par nacía la Red Agroecológica del Austro (RAA), AVSF se articulo a esta naciente dinámica y empezó a apoyarla a través de un pequeño proyecto de la U.E (enfocado en riego y comercialización)

Como la dinámica de este movimiento iba en alza AVSF junto con CEDIR y las organizaciones formularon (en 2006) una acción más grande para presentar a la U.E y paralelamente a ICCO que ya estaba trabajando en Perú, los dos proyectos fueron formulados bajo el mismo objetivo general (consolidar organizaciones de pequeños productores diversificados), siendo la propuesta para la U.E más amplia y para ICCO una propuesta más delimitada a frutas y un grupo más específico. Ambos proyectos fueron aprobados.

AVSF considera que la consecución de este doble financiamiento fue positivo porque permitió contar con mayores recursos para dos propuestas que persiguen el mismo objetivo general, las redes que las articulas son las mismas y acceden a los mismos mercados.

Dada la política de AVSF de ejecutar los proyectos con organizaciones locales, entonces a ICCO se le planteo armar un esquema de consorcio AVSF-CEDIR (socio natural)- y la Fundación Ecológica Mazán.

En este esquema AVSF es el interlocutor ante ICCO y hace el seguimiento a la ejecución del proyecto en terreno que es bajo la responsabilidad de CEDIR y la Fundación Ecológica Mazán.

1.5 The research

La documentación disponible antes y después de la misión sobre el proyecto, mas la entrevista con actores involucrados en el proyecto: AVSF- CEDIR, Organizaciones de productores, técnicos de entidades públicas y una visita directa a la feria agroecológica constituyen los insumos para la redacción del caso.

3. Review ICCO's DRAM framework, additional and project-specific indicator

Partiendo de la idea de que el proyecto, es parte del programa Mercados Internacionales de ICCO, queremos establecer la contribución de este proyecto al set de indicadores de ICCO.

1. DRAM framework and additional indicators

A continuación hacemos una revisión del caso según los indicadores de ICCO, aunque de entrada señalamos que por tener el proyecto una orientación local no hay mucha compatibilidad en su alcance (inserción internacional) en cuanto al contenido son relevantes

Alivio de la Pobreza.

El modelo de desarrollo que adoptó el país desde 2007 y que ha sido plasmado incluso en la constitución promueve la producción para asegurar la seguridad alimentaria local/nacional como el primer ámbito de combate a la pobreza y a partir de este umbral una inserción inteligente en el mercado externo con productos con valor agregado.

El proyecto ejecutado por el consorcio AVSF-CEDIR-FEM (por sus características que a lo largo del caso se describen) calza (y quizá aun siendo exitoso se mantendrá) en ese primer ámbito de combate a la pobreza y su valor radica en que ha logrado valorizar pequeñas extensiones de terreno en su mayoría gestionados por miembros de la familia cuyo costo de oportunidad para el mercado laboral es muy bajo (adultos y mujeres-gran parte esposas de emigrantes). La diversificación productiva alcanzada por los productores involucrados en el proyecto, además de permitirles disponer de una gama de productos hortofrutícolas para su consumo y el mercado es también la característica principal/distintiva de un modelo de producción basado en criterios agroecológicos.

Para su acceso al mercado, las organizaciones de productores agroecológicos, por sí mismas o vía instancias superiores de representación han alcanzado espacios físicos para la venta directa de sus productos a los consumidores finales, esta cadena corta les asegura un mayor precio al productor y la fidelidad de un creciente número de consumidores. Aunque no se cuenta con indicadores de ingresos per-capita (por la heterogeneidad de superficie y variedades producidas) un indicador de la bondad del modelo es que los 4-12 días de ferias producen ventas de 2.000 USD/mes a 30.000 USD/mes, si consideramos que los 240 productores accedieron al mercado tendríamos un ingreso mensual de 125 USD/ mes, si el 80% de los ingresos corresponden a Mano de obra familiar (100 USD) podríamos estimar que la actividad remunera a razón de 4,54 USD/día (100/22d) el jornal que, si bien está muy por debajo del jornal diario de actividades similares (entre 10-15 USD/día en construcción y jornal agrícola) revela que para mano de obra que tradicionalmente tiene un costo de oportunidad cercano a cero (mujeres y adultos mayores) es una alternativa.

Algunas organizaciones incluso refieren que las ganancias obtenidas en las ferias dieron lugar a la constitución de una caja de ahorro.

La red agroecológica del Austro, al cual pertenecen organizaciones de productores, entidades públicas y algunas ONGs (entre ellas los socios de AVSF) proveen a la iniciativa de varios servicios entre ellos, representación e incidencia, asistencia técnica para garantizar la producción bajo estándar agroecológico, fortalecimiento organizacional y servicios de desarrollo empresarial a las organizaciones.

Fortalecimiento Institucional

Al ser los participantes del proyecto pequeños productores (además sin muchas competencias en producción agroecológica y comercialización), sus organizaciones (de primer grado, segundo grado y aún la RAA) cumplen un rol fundamental para proveerles soluciones técnicas y de comercialización.

La mayoría de las organizaciones cuentan con un plan estratégico y hay evidencias de avances en su rol de seguimiento/apoyo hacia los productores para que cumplan las normas (agroecológicas) que son controlados por el comité de Garantía Local; en otros casos, algunas organizaciones han asumido un esquema de venta colectiva para asegurar economía de escala a sus socios y de paso mejoran sus posibilidades de venta ya que al acopiar “un poco de todo” aseguran que sus puestos tienen la suficiente variedad para satisfacer.

Un factor clave para la continuidad (y ampliación de) del esquema desarrollado por el proyecto (y otras de características similares en la región) es el fortalecimiento de la Red Agroecológica del Austro como una instancia unificadora de enfoques y agendas; si bien al momento muchos de las condiciones que han permitido el desarrollo del movimiento agroecológico han sido alcanzados por la incidencia de la RAA también es claro que no son las organizaciones de productores los mayores protagonistas sino sus instituciones de apoyo como las ONGs y algunas entidades públicas. Un mayor posicionamiento de los productores en la RAA requiere un mayor fortalecimiento organizacional para adoptar un solo enfoque (sobre agroecología) que concilie requerimientos prácticos de acceso a mercados con los principios más fundamentalistas que abogan por una inocuidad al 100% del producto, difícil de conseguir si partimos de un análisis de la cadena de producción hortofrutícola con fertilizantes orgánicos producidos fuera de la finca.

Aunque no pudimos profundizar en evidencias, en una pequeña charla entre dirigentes de dos OSGs (la Asociación de Productores del Austro y la Asociación de Productores del Azuay) pudimos captar posiciones diferentes respecto al uso de materiales/insumos en la producción, para un grupo p.e el uso de la manguera de polietileno hace eficiente la labor de riego mientras que para el otro grupo su uso contravienen los principios agroecológico; quizá estas discusiones son normales en las fases iniciales de una experiencia todavía marcadas por la filosofía, pero pensando en una ampliación del movimiento agroecológico a nivel regional y nacional se hace necesario un esfuerzo por desarrollar un marco para la producción agroecológica comercial que sea una garantía para el consumidor y factible de cumplir para el productor.

Influencia Política El proyecto se desarrolla en una zona (Austro) que se considera la cuna del movimiento agroecológico; aquí, organizaciones hace 10 años empezaron con incidencias pequeñas alrededor de temas relacionados con la producción agroecológica tales como (gestión eficiente del agua, producción limpia en la perspectiva de reducir contaminación ambiental, etc.) los socios locales de AVSF, CEDIR y Mazan tienen una trayectoria reconocida en estos ámbitos, son miembros de la Red Agroecológica del Austro misma que a través de su incidencia logró que (en 2006) los productores tengan un espacio dentro de las instalaciones del Centro de Reconversión Económica del Azuay (CREA, ya desaparecido en 2009 por la reforma del estado) para realizar una feria agroecológica semanal, también logró que en vez de la dotación de Urea (un subsidio en especies

para el productor desde el estado) se provea de abonos líquidos orgánicos, llamando a este apoyo el Combo Agroecológico.

Las acciones de incidencia local (de la RAA) han tenido un buen complemento a nivel nacional por AVSF, además de su posicionamiento como institución experta en la promoción de la pequeña agricultura rural, la afinidad con la propuesta gubernamental y concretamente su relación directa (como consultor y asesor) de entidades estatales encargadas de formular políticas públicas a favor de pequeños productores ha sido clave; un caso concreto es que cuando el CREA desapareció también debía devolverse el espacio físico destinado para la feria, AVSF fue contratado por SENPLADES para apoyar en el destino de los bienes del CREA y por el MAGPA para el diseño del políticas públicas que fomenten la venta directa de productos campesinos, sacando ventaja de esto AVSF logro incidir (en apoyo a la incidencia local) que SENPLADES y MAGAP asignen un nuevo y más funcional espacio para la feria.

Mejoramiento de la cadenas productiva.

Los productos hortofrutícolas de pequeña escala por su baja productividad, generalmente están fuera del circuito comercial o caen en el canal de intermediación dominados por mayoristas con alto poder de negociación en cuanto a precios.

Con el proyecto, los productores lograron diversificar su producción frutícola (a lado de la hortícola) y la asistencia técnica les permite gestionar su predio para lograr volúmenes de producción que, además de su propio consumo les deja un excedente comerciable. La inserción en esta cadena corta (a través de su organización) permite un mayor precio al productor con lo cual algunos productores entrevistados aseveran haber mejorado sus ingresos.

Otro elemento que contribuye a que esta cadena corta funcione es la confianza del consumidor respecto al origen agroecológico de los productos, en el lado de la producción esto es asegurado por los comités de garantía local, que a su vez siguen las orientaciones emitidas por la RAA.

2.2 Revisión de Objetivos, Resultados e indicadores propuestos en el proyecto

Metas al final del proyecto.

- Los productores organizados aumentan en un 50% el volumen de frutas para la venta.
- Los productores incrementan en un 25% el ingreso de la venta de frutas por aumento de volúmenes y de precios.

Resultado 1: Los productores agroecológicos aumentan su productividad, mejoran la calidad y cuentan con primeras experiencias de diversificación, almacenamiento y transformación

La superficie destinada a frutales al inicio era en promedio muy pequeñas (14 m² en Cañar y 24 m² en Gualaceo) con el proyecto estas se incrementan significativamente llegando a un promedio de 84 m² en Cañar (incremento de 500%) y en Gualaceo a un promedio de 200 m² (incremento del 733%), esto nos dice que la propuesta de diversificación con frutales –nativos- ha sido bien asimilada por los productores. No obstante dado que se trata de (221) pequeños productores en posesión de poca tierra, la superficie frutícola total es de 3,80 Has con un volumen de producción de 41,6 TM de variedades como Tomate de arbol, mora, uvilla entre las principales.

Las acciones de animación y asistencia técnica dada por las ONGs ejecutoras del proyecto han permitido este incremento en superficie y volumen además de que su producción se ciña a los criterios agroecológicos; hasta ahora parece que la demanda por frutas agroecológicas está satisfecha con la oferta actual.

Ante un probable incremento sostenido de demanda está claro que el numero de productores será insuficiente, esto pondrá a prueba la capacidad de las organizaciones para: (i) abrirse a nuevos socios y procurarles asistencia técnica para que asimilen los estándares de producción y (ii) implementar mecanismos que prevengan los monocultivos de las frutas de mayor demanda y practicas afuera de los principios agroecológicos para incrementar la productividad.

Resultado 2: Las organizaciones de productores agroecológicos cuentan con puntos de venta adecuados, seguros y diferenciados reconociendo con un precio justo la calidad y la identidad de sus frutas.

Al momento son 4 los puntos de venta a los que acceden las organizaciones de productores, un mercado exclusivamente para productos agroecológicos (la hasta ahora Feria Agroecológica del CREA-Cuenca) y tres espacios dentro de mercados municipales convencionales (Cuenca, Gualaceo y Tambo); como se reseñó en paginas anteriores el acceso a estos puntos de venta fueron resultados de una incidencia de la red Agroecológica (a las que pertenecen las organizaciones involucradas en el proyecto, las ONGs ejecutoras y los municipios propietarios de los mercados).

Ahora bien, para la base de clientes actuales quizá resulta adecuado el esquema de comercialización concentrado compradores y vendedores en pocos espacios físicos a los que además solo pueden acceder consumidores con propia movilización, no hay evidencia de un análisis de canales alternativos para atender otros sectores poblacionales (urbano-marginales) que podrían ampliar la demanda y estimular mayor producción.

Resultado 3: Las organizaciones de productores agroecológicos mejoran su capacidad de gestión y su representatividad frente a consumidores y gobiernos locales.

Durante el proyecto las organizaciones han recibido capacitación socio-organizativa y técnica, las primeras han puesto énfasis en aspectos relacionados con formas de aprovechar la organización para crear servicios a los socios (comercialización, financiamiento) y para reforzar el cumplimiento de los criterios agroecológicos y que son recogidos en el Sistema de Garantía Local, que a su vez se constituye en el único aval para asegurar la confianza del consumidor.

La capacitación técnica se base en talleres para asegurar que las practicas de producción y post-cosecha; la transferencia del paquete agroecológico ha permitido mejorar la productividad y calidad de los productos mientras que la capacitación en manejo postcosecha mejoran la forma de embalaje y presentación de los productos en el punto de venta.

Siendo una clave para la continuidad de la propuesta fidelizar al consumidor se han realizado ferias de productos agro- ecológicos y visitas de consumidores hacia las fincas para constatación física de las condiciones de producción.

Las organizaciones son muy activas en cuanto a mantener sus relaciones con organismos del estado y Gobiernos locales, ya hemos señalado anteriormente que de ambos niveles mediante acciones de incidencia han logrado posicionamiento político que los vuelve actores deliberantes en la discusión de políticas públicas (como evitar que el reglamento de producción orgánica imponga una certificación a pequeños productores que acceden a mercado local) y también han logrado condiciones concretas como tener asegurado (vía comodatos o convenios) espacios físicos para la venta de productos.

4. Analisis

4.1 Relevancia

La nueva constitución del Ecuador promulgada en 2008 señala que el máximo objetivo del estado y sus políticas es lograr el “Buen Vivir” (traducción para muchos inexacta del concepto quichua “Sumak Kausai”). Para operativizar este enfoque el Estado promueve entre otras cosas la prioridad de la producción para el consumo local, la inclusión social de grupos vulnerables a los procesos socioeconómicos, prácticas de producción amigables con el medio ambiente y mecanismos de economía solidaria en las relaciones comerciales.

En ese sentido la propuesta de producción agroecológica y su comercialización a través de cadenas cortas cumple en buena medida esos preceptos y bien puede servir de base para concretar el objetivo de asegurar niveles óptimos de seguridad alimentaria de calidad a la par de permitir el acceso al mercado a pequeños productores que tradicionalmente han permanecido fuera del circuito comercial agrícola.

Si en el austro ya existía una tradición agroecológica y organizaciones promoviendo su conocimiento y práctica, el proyecto ha aportado a incrementar la masa crítica de dicho movimiento y al mostrar que es económicamente viable permite también incorporar y valorar la mano de obra de grupos poblacionales (mujeres y adultos mayores) que difícilmente podrían hacerlo en el mercado laboral.

4.2 Efectividad

Los ejecutores del proyecto han logrado diversificar las fincas de los pequeños productores y al fortalecer sus capacidades para manejar la finca bajo criterios agroecológicos las familias disponen de una provisión propia de productos sanos y excedentes para un segmento de consumidores que reconoce esta diferencia. Pese a que el proyecto tuvo que cambiar de estrategia (sobre cuáles son los frutales más viables) en el segundo año, el proyecto cubrió con sus acciones a 221 productores que es el 92% de la meta de beneficiarios programado.

También es verificable (por el incremento en el volumen de comercialización) que las organizaciones cuentan con la confianza de los consumidores porque han logrado desarrollar un sistema de aseguramiento de la calidad que es a su vez verificado por los Comités de Garantía Local.

El hecho de que los involucrados en el proyecto (CEDIR, FEM y organizaciones) formen parte de la RAA ha facilitado el acceso de los productores frutícolas a los mercados que esta red ya ha(bia) logrado disponer como resultado de su incidencia.

El apalancamiento de AVSF desde su posición nacional a la agenda de incidencia de la RAA es una muestra de colaboración efectiva que ha traído resultados concretos y que bien podrían ampliarse a otros temas relacionados con el esquema de producción/comercialización agroecológico.

4.3 Impacto.

Aunque es demostrable que se ha logrado diversificar la producción de las familias, introduciendo y/o ampliando el cultivo de frutas y que los volúmenes de producción de estos productos se han incrementado, no es posible medir el impacto en la mejoría de ingresos familiares, puesto que la estrategia de diversificación es en sí una propuesta de intensificación de la actividad agrícola con una mayor inversión de mano de obra, mientras la mano de obra invertida sea la de menor costo de oportunidad de la familia (madres/padres adultos) quizá el saldo resulte al final favorable.

Al haber tenido el proyecto un tropiezo al inicio con la introducción de frutas de hoja caduca que luego se tuvo que volver a productos nativos, el responsable de AVSF considera que es muy pronto para hablar de impactos. Sin embargo para los productores, aunque no pueden especificar cifras, la diversificación hacia la fruticultura les ha traído la posibilidad de un flujo de ingresos más diversificado durante el año.

A lado de esto, vale considerar como impacto el hecho de que se están consolidando algunos aspectos que son claves para la credibilidad y continuidad de la experiencia como: El Sistema de Garantía Local (como una especie de certificado), la gestión de los espacios de mercados está muy organizado y también el hecho de que algunas organizaciones aprovechan los excedentes para generar servicios para sus socios como: cajas de ahorro, asistencia técnica propia.

4.4 Sostenibilidad.

La sostenibilidad de la propuesta depende de varios aspectos.

- Aunque seguridad alimentaria sea la prioridad, es una condición necesaria que el mercado valore el producto agroecológico y se refleje en una ventaja económica para que los productores mantengan esta actividad y aún incorporar nueva mano de obra familiar sabiendo que, a mayor costo de oportunidad de la mano de obra (p.e de jóvenes que estudiaron) mayor grado de rentabilidad se exige a una actividad

económica, en lo que se puede estimar con los pocos datos del caso, el rendimiento económico mensual de la actividad Hortofrutícola está muy por debajo de la remuneración mensual básica lo cual .haría poco atractivo para jóvenes que se pueden ocupar fuera del sistema agrícola, aun en actividades informales.

- Siendo el aspecto distintivo de los productos su inocuidad, un sistema que otorgue confianza al consumidor es clave, por tanto dependerá como el sistema de garantía local actual puede mantenerse y desarrollarse para tratar con mayor número de involucrados y mayores volúmenes de comercialización.
- A nivel de familias los productores requieren mantenerse capaces de manejar la propuesta agroecológica, aunque algunas organización ya han desarrollado mecanismos para co-financiar la asistencia técnica que reciben sus asociados, será clave que el sistema pueda internalizar los costos de Asistencia Técnica, promoción, representación, etc que hoy son subsidiados.
- La propuesta de producción y acceso al mercado de los productores agroecológicos está afectada por algunos elementos de contexto ajenos al control de los productores (confianza de consumidores) ,, hasta ahora la RAA está llamada a jugar un rol de articulador de intereses de los varios actores y desarrollar mecanismos que permitan a los productores tener una partición organizada en el proceso de toma de decisiones.

4.5 Atribución

- Como hemos reseñado, las acciones del proyecto frutícola están en medio de algunas iniciativas más amplias que el mismo proyecto como son las acciones de la Red Agroecológica del Austro y organismos públicos como el MAGAP, CREA (hasta que estuvo activo) y los municipios
- Como AVSF mismo ha mencionado, lograron el financiamiento para una misma propuesta global; si bien los fondos de ICCO fueron para apuntalar el desarrollo de la fruticultura (capacitación y asistencia técnica), en ámbitos más externos a la finca (p.e comercialización, incidencia) hay varios esfuerzos y recursos que se han juntado y aquí quizá tiene más crédito lo que ha hecho la Red Agroecológica del Austro, en la que si bien toman parte los ejecutores del proyecto (ONGs y organizaciones) también están otros actores de la cooperación y del sector público.

5. Análisis del Rol de ICCO

- Lograr que pequeños productores asuman la propuesta agroecológica y den el paso al mercado ha implicado un sistemático proceso de ir generando capacidades (individuales y colectivas) en niveles técnicos, organizativos en niveles técnicos, organizativos y de empresarización, todo lo relacionado con esto ha sido financiado por ICCO, de ahí que el rol de Financiado y de monitoreo a la implementación del proyecto es lo principal que se reconoce por los socios locales.
- Otro rol que ha desempeñado de manera puntual ha sido el de conectar experiencias, aquí AVSF destaca lo positivo que fue la referencia de ICCO sobre la existencia de una iniciativa similar en Perú que motivó la generación de un contacto de la RAA con dicha experiencia para intercambios y cruce de información.
- En este mismo sentido hubo un intento de conectar actores en Ecuador que no prosperó por (según AVSF) la falta de claridad, ICCO sugirió que AVSF-CEDIR sean miembros del comité del proyecto que ejecuta CORPEI con bananeros en el Oro lo cual se interpreto como forzado dado la naturaleza diferente de los dos proyectos. Si el propósito hubiere sido otro ligado algo mas concreto (p.e mejorar la canasta de productos agroecológicos incluyendo rubros de la costa) podría haber tenido sentido la idea.

6. Conclusiones, lecciones aprendidas y preguntas para el futuro.

- Actualmente en el país hay un marco político y socio-económico que ha creado las condiciones para que la pequeña agricultura rural y los esquemas de comercialización solidaria jueguen un rol preponderante en la consecución de las metas nacionales de desarrollo. “El Gobierno Nacional se ha planteado el reto de impulsar un proceso sostenido de democratización de los medios de producción con especial énfasis en la tierra, el agua y los activos productivos para potenciar las agriculturas y economías familiares campesinas como base para la seguridad alimentaria y el empleo rural. Para el efecto hay programas como el CADERS (Cadenas Agropecuarias para el Desarrollo Rural Sostenible) orientados a integrar pequeños productores a programas de seguridad alimentaria impulsadas por el estado (a través del mecanismo de compras públicas) y a cadenas cortas productor-consumidor, en el ámbito privado. Según esto hay un contexto político favorable para la producción agroecológica.
- La experiencia y conocimiento que fueron acumulando en torno a estos temas las ONGs y redes de organizaciones les ha permitido incidir directamente para que el texto constitucional incluya capítulos sobre producción ambientalmente sostenible, seguridad alimentaria y esquemas populares/solidarios de comercialización. Las experiencias del movimiento agroecológico en el Austro en algún grado están sirviendo de base para el diseño de las políticas y programas que posibiliten convertir los enunciados constitucionales en hechos concretos, aunque esto podría ser un tema controversial si la normativa agroecológica termina en procedimientos que superan la capacidad de cumplimiento de los productores pequeños, p.e una certificación o costos de inspección por algún ente estatal.
- AVSF-CEDIR-FEM ya tenían experiencia trabajando en temas agroecológicas y mantenían una relación con organizaciones de productores; el proyecto ha posibilitado fortalecer aspectos técnicos y organizativos para aprovechar las facilidades de comercialización directa que a su vez se atribuyen al trabajo de incidencia hecho por la RAA. Aunque ICCO financió la propuesta de diversificar la fruticultura es difícil entender los logros del proyecto sin el rol de la RAA.
- A la escala actual, el esquema agroecológico parece funcionar muy bien con un mercado pequeño que se puede atender con la oferta de pequeñas parcelas operadas por mano de obra familiar; esto ha contribuido a un gran desarrollo en aspectos técnicos, organizativos- regulativos y comerciales, aunque dentro de estos mismos aspectos hay temas que ameritan profundizar para asegurar su sostenibilidad como: el mecanismo de certificación de la inocuidad de los productos más independiente y la internalización de costos de A.T para asegurar el cumplimiento de los criterios agroecológicos.
- Teniendo en cuenta un marco político favorable para el desarrollo de la actividad y un eventual crecimiento de la demanda, la escalabilidad del esquema puede ser viable siempre que se puedan diseñar nuevos esquemas de comercialización y un consenso sobre un mecanismo único de certificación confiable para los consumidores y viables para pequeños productores. Un aspecto central en este análisis debe ser la viabilidad económica a nivel de los productores pues hay zonas donde la mano de obra joven tiene un costo de oportunidad alto sea porque puede migrar o porque puede acceder a una actividad en la zona urbana. Dado que este es un tema que ofrece muchas posibilidades por ser parte de la agenda de desarrollo de países andinos, ICCO podría pensar en una intervención más regional en torno a algunos de los temas señalados anteriormente: comercio justo, estándares agroecológicos. Hasta podría ser el facilitador de una discusión tendiente a generar un consenso entre las posiciones más prácticas de la agroecología (peru) con las más principalistas (Ecuador)
- Haciendo eso podría también encontrar oportunidades para diversificar su rol, al menos en los siguientes ámbitos: (i) capitalización de experiencias y su difusión, (ii) dado que hay una tendencia en A.L (sobre todo en países andinos) sobre los temas de seguridad alimentaria-agroecología ICCO pudiera liderar una

propuesta de formación regional de formación de cuadros técnicos en agroecología, (iii) en incidencia podría apoyar a los actores locales que hacen incidencia y en el proceso mismo de incidencia aportar contenidos (estudios comparados) u organizar eventos para dar peso a temas en agenda (comercio justo en el Norte y Sur, recuperación de productos andinos, etc)

- Ese abanico de posibilidades ofrece también la ventaja de que en el caso de una presencia física de ICCO en A.L tenga más posibilidades de alianza que de competencia, ICCO podría concentrarse en desarrollar un rol en los temas señalado en los dos párrafos anteriores y monitorear más de cerca los temas generales relacionados con la implementación del proyecto dejando a las contrapartes nacionales el trabajo a nivel micro (proyectos) y meso (con las redes territoriales en los que los proyectos se insertan)

Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact	Observations
Poverty Alleviation (DBA)						
<i># of producer organisations with an increased access to international market</i>	0	0	<i># of involved producers and employees with improved incomes due to involvement in international markets</i>	0	0	<i>Proyecto enfocado en seguridad alimentaria y Mercado local</i>
Institutional Development (MO)						
<i># of organizations with a business plan aimed at economic sustainability</i>	3	?	<i># of employers with improved competencies, production and labour conditions (according to ILO standards)</i>	5	5	.Las organizaciones cuentan con planes estrategicos, La actividad productiva es familiar La producción debe cumplir standares agroecologicos
Policy Influence (BB)						
<i># of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context</i> Capacity to undertake lobbies		0	<i># of policy influencing bodies with increased member participation and organizational capacity</i> Member participation		1	<i>Las organizaciones forman parte de la Red Agroecologica del Austro (RAA) que es la instancia de lobby del sistema agroecologico</i>
<i># of coalition partners that campaigns for regional and multilateral free trade</i>		0	<i># of regional/multilateral free trade agreements with a successful track record</i>		1	<i>La RAA ha impulsado el esquema de cadena corta productor-comprador a escala local</i>
<i># of initiatives to influence policies for more fair and</i>		0	<i># of countries where policy was improved for benefit of</i>		1	<i>El socio de ICCO (AVSF) ha</i>

<i>sustainable trade, with access to and benefits for local producers and employers</i>			<i>small producers in E/P</i>			<i>influenciado en la asignación de espacios públicos para ferias de pequeños productores</i>
<i># of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place</i>		0	<i># of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved</i> Implementation of these standards Adequate quality control systems		0	<i>Experiencia local solamente</i>
Market chain improvement						
<i># of improved north-south relations in the sector</i>		0	<i>Quantities and revenues traded through improved north-south relations</i>		0	<i>Mercado local</i>
<i># of companies in the sector with enhanced CSR policies resulting from ICCO interventions</i>			<i>Quantities and revenues by companies with improved CSR policies</i>		0	
<i>Importance of value added activities in the sector, with benefits for small producers</i>		1	<i>Revenues from value added activities for small producers</i> Volume of value added products (1 little 2 much) Revenues		0	.
<i>Application of good environmental and social practices in the sector</i>			<i>Improved environmental and social conditions in the sector</i>		1	<i>Aplicacion de criterios agroecologicos en la produccion</i>
<i># of viable financial mechanisms developed</i>		1	<i>Application of new financial mechanisms</i>		1	<i>Una organización dispone de 1 caja de ahorro</i>
<i># of organisations with capacities for international trade and certification in the sector</i>			<i># of organisations with certified products for international trade</i> Volume of certified products Revenues		0	

- El sistema de agro eco tiende a unan discusión muy conceptual y quizás radical. Lo que podría llevar a perder vista a los resultados a lograr. ICCO podría asumir un rol de experto en el debate, no solo facilitando el debate local, pero también traer experiencias de otros lados.

B4. CORPEI

The construction of a fruits value chain (01-03-07-006)

1. Introduction

1.1 The Project

- ICCO has a history in working in Ecuador's banana sector, working with Agrofair, Afad/Taste and El Guabo previously. Based on a market study (Rodriguez and Flores, 2006) , working on certified banana production for export was considered the most viable opportunity for an ICCO intervention in Ecuador. With the presence of Agrofair and other interested importers as well as a successful experience and example of El Guabo, joining forces with other fair trade and organic certified small holder organizations should lead to successfully finding new export markets and eventually exporting directly.
- Corpei developed the project in cooperation with the 5 cooperatives in the 'El Oro' province, at the border with Peru. The cooperatives are relatively small, competing with big plantations, exporters and traders in a globalised value chain. At the start of the project, almost all counted already with organic and fair trade certification.
- To improve their position within this chain the cooperatives need to strengthen their organizations and work together to obtain more scale to bring down cost. Eventually, they could form a second level association, but its feasibility is currently under study.
- The project also aspires to work on certification and differentiation (processing) as well to link the producers' organizations to other ICCO projects such as with agro-ecological farmers in the Sierra Sur and cocoa producers in the coast.
- A sort of base line study was done after the project started (a participative diagnostic, basically focusing on organizational strengths and weaknesses. CORPEI formed an executive committee to initiate the project. Next to ICCO, other Ecuadorian ICCO partners were asked to join, but there has not been much interest so far.
- According to the project proposal focus is on poverty relief and developing a global partnership for development²⁵. In terms of strategy 30% of the effort is dedicated to poverty relief, 40%to civil society building (institutional strengthening) and another 30% is dedicated to political incidence. However, from the latter focus there is no evidence in the proposal on what issues to address and for whom.
- The project started at the midst of 2008 and is scheduled to finish at the end of May 2011. The total budget is € 207.000 of which ICCO covers 150.000. The remaining amount is covered by the cooperatives and Corpei.
- The overall objective is to improve commercial, productive and organizational skills of small holders in the organic banana value chain to facilitate commercialization and strengthen the development of the sector y secure financial, social and environmental sustainability.

²⁵ The proposal is not clear what kind of partnership is meant, but it believed this partnership referred to the construction of a 2e level association, eventually related to an exporter or importer.

Specific objectives are²⁶:

- Capacity development on organic production, productivity improvement and strengthening the internal control system of the involved associations.
- Strengthening of associations and entrepreneurial management
- Support in strategic development of commercialization and promotion of a transparent business
- Evaluation and development of a sustainable model to support the project

1.2 The partner: CORPEI

- The 2006 fruit study identified Corpei as a suitable partner. CORPEI (Corporacion de Promocion de Exportaciones e Inversiones) stimulates export of quality products, especially from small and medium sized companies. It provides services such as business intelligence, technical assistance, promotion and marketing support as well as it supports diversification and quality improvement. Corpei is a public private partnership and obtains its funds from government' export revenues.
- At the end of 2010 this will drastically change. The President took away CORPEI's exclusive mandate for export promotion. The organization needs to find its own finance and will have to sell services in the market. The Ministry of Foreign affairs will assume the promotion component. Despite potential organizational and financial consequences, Corpei's manager says it will respect the contract with ICCO.

1.3 Project's theory of change

- First of all, it is considered necessary to focus on strengthening the associations and then improve horizontal and vertical relations between small holders and other actors in the national and international chain.
- The project will support productivity improvement and especially the improvement of an internal control system for organic certification to guarantee a competitive product.
- This again will assure growth and guarantee its market niches.
- Then, the focus is to improve the functioning of the value chain and strengthening commercialization in its different stages to support small holder income improvement.

1.4 The research

- This research is based on the project proposal, a first report at the midst of 2009 and additional planning information. Apart from ICCO staff, the Corpei team (executive committee: mrs. L. Estrella, and mrs D. Solis) was interviewed. The previous director of projects and project coordinator who initiated the project both recently left the Corpei.
- The current field coordinator (and previously project assistant), together with the technical expert from one of the associations, accompanied us on a field visit to two banana plantations (on the 26th of February). The president of APAO was also interviewed later that day.
- Two external local context experts were consulted as well.

2. Review ICCO's DRAM framework, additional and project-specific indicator

²⁶ There are no specific indicators related to the different objectives. The DRAM logic is being followed.

- So far CORPEI has reported only on progress on some of the output indicators and no information is available on impact. It is also too early to expect any impact; following the project logic aim is to develop capacities to get in shape before looking into other issues such as commercialization. The project also suffered significant delay due to internal discussions at the start on the project's overall objectives and ambitions.

2. DRAM framework

2.1 DRAM framework and additional indicators

Poverty alleviation

- The project seeks to strengthen cooperatives institutionally as well as in their entrepreneurial skills which should also result in business planning and a policy for GAP. By doing so, they will obtain better access to international fair trade and organic markets, which again should lead to improving income of the producers involved.
- There is no evidence yet for improved income due to better access to markets. The project focuses predominantly on capacity development. Developing new market and direct export are not (yet) foreseen and the cooperatives continue to export, each on their own account and through the same exporters and intermediaries.
- According to the local context specialist the lack of a commercial sound perspective to enter into new markets is a threat to the project's continuity. Producers need to see a monetary benefit. With current high prices for conventional bananas, they are easily tempted to sell to intermediaries, undermining the associations' market position.
- So far, income improvement could only have been achieved through cost cutting, productivity improvement and production increase. The two farmers we talked to did confirm income improvement through more efficient production, but this is not necessarily representative.
- Average income may even have worsened as one association has (temporarily) lost its Fair Trade certificate. Moreover, two associations (with the on-average biggest farmers) left the consortium will impact on scale and potentially negatively affect their bargaining position. ²⁷

Institutional development

- The planned result is to have 50 promoters trained with entrepreneurial skills, to have 100 producers trained in 'associativeness', to have an information system in place on productivity, a system of interns working and a(n approved) design for a 2nd level association ready for implementation. Expected impact is to have the associations better structured and strengthened to assume their roles and functions as well as to improve competitiveness consolidating export markets through new commercialization channels²⁸.

²⁷ As a result 2 associations left the project and another one faced a significant decrease in membership. From the 458 participants 250 left and the total size diminished from 3703 to 1500 hectares. Leaving an on-average smaller farmer in the program: 4,4 hectares against 8,8 hectares, which potentially might weaken their market position due to lack of scale. Institutional strengthening

²⁸ There are no activities scheduled to establish new market relations.

- A large number of consultancies have been planned -- of which only a relative small number has been executed. Due to internal discussion the realization of the planning lacks behind²⁹. It is too early to expect results or any impact or assess whether the most appropriate issues are being addressed.
- The (planned) activities initiated in 2008 en 9 are directed towards various workshops (SWOT, Mission-Vision development, and benchmarking local banana production), training (analyzing costs, production and productivity) and consultancies on developing regulations for GAP organic banana production. Issues of commercialization have not been addressed yet.
- It is not clear how the expected results (capacity building) will lead to the impact of opening up new commercialization channels.
- Strategic plans have been developed, but according to Corpei's own report this was done most of all to comply with the project requirements. In most associations, producers are not aware of the existence of these plans. Even Corpei itself doubts whether these plans fit reality (see informe narrativo 2009).
- Currently, a study is undertaken to assess the feasibility of the conformation of a 2nd degree association, and define its (legal) structure, role (commercial, political incidence, etc.), operational plan and roadmap for implementation. This study is considered crucial to the future development of the project, especially now two others have left the project. The fact that two associations left the project and a third one faces a significant decrease in membership and lost its certification, suggests that not much progress has been made so far.
- In terms of alliance building the plan also stipulates to establish an alliance between producers in the Sierra and Coastal regions, but it is not completely clear which purposes it exactly serves and how it should function. The other ICCO partners are evaluating the value added, but there is not much interest.

Policy influencing

- Although the initial strategy allocated 30% of its efforts towards political incidence, no activities were planned, nor were activities initiated on a demand-driven basis.
- Market value chain improvement
- Corpei is expected to facilitate relationship building with chain actors such as producers associations in the 'Sierra' or Planhofa within or outside this chain. This should help to position the associations in national and international markets. One of the expected impacts is an alliance with MCCH to work on diversification for cocoa, decreasing dependency of banana producers on one product, and coordinate at the level of commercialization and certification.
- So far, all attention is directed to strengthen the associations and no new relations with exporters or other market research efforts have been undertaken. No attention is given yet to developing a relation with the other ICCO partners in Ecuador.

2.2 Project indicator review

- The Corpei proposal follows the DRAM Logic and the intermediate report only gives an overview of activities, referring to the stage of execution of project activities, rather than results so far.

2.3 Data availability and quality

²⁹ This is partly being explained from the fact that the project responsible found another job. The assistant has taken over daily management and management capacity at Corpei is limited and can not always react instantaneously on project demands (such as revising and approving a ToR).

- The report does not give a representative insight on progress, results and quality of project execution, which eventually may hamper adequate monitoring. If it would occur, lack of progress and quality may only become visible when it might be too late to change direction.

3. Analysis

- After having described the results where possible, we turn in this paragraph to analysis them to the extent possible.

Relevance

- The activities undertaken and planned are relevant within the project logic and in relation to the expected end results and impacts. It is merely a capacity building project and it should lead to improved skills on various issues considered relevant (productivity, internal control system, commercial management skills, etc.). However, it is not clear whether the prioritized activities are the most relevant ones, or whether the project is relevant to the context.
- It does not entail activities to improve commercial relations or increase sales, nor activities at policy influencing (as set out in the project plan).
- Finally, small holders from the two associations that left hold an average of 8,8 ha. The question arises whether these producers are really to be considered poor or would it have been more relevant to support the many banana plantation workers instead?
- If the project is finalized, small holders do not yet have improved market access and a better income. A second phase is probably necessary to develop this, which ICCO may feel morally obliged to support.

Effectiveness

- This assesses the organization's and program's adequacy to accomplish a purpose or producing the intended or expected result. As argued previously, the program has not yet produced many of the expected outputs, partially due to a delay. The design of the project does not allow monitoring precisely whether the project is moving towards its set objectives.

Impact

- This refers to the positive and negative, primary and secondary long term effects produced by a development intervention, directly or indirectly, intended or unintended. Corpei did not yet report on impacts and since not many results have been achieved yet, impact will also be very limited. In fact, it is not clear how results on capacity building lead to a better market position and income improvement and it is hard to believe that the project will have much impact.

Sustainability

- The sustainability refers to whether the achieved results will sustain in the long term depends on various social, institutional, financial and environmental criteria. No major results have been achieved so far and the question how to sustain them seems to be of a second order. A consultancy should shine a light on the most adequate and also commercially viable structure. The withdrawal of two associations puts the project at risk as it lacks scale. Their withdrawal can also be interpreted as a signal that the project is not sustainable.
- For the financial sustainability it is of importance that the associations have generated an additional income to be able to incorporate the strategic activities (human resource, capacity development, etc.) that are

considered strategic and are currently being financed by ICCO. This is still far away and one may conclude that the model is not sustainable (yet).

- The fact that most associations are FT and organic certified, allows assuming that the social and environmental sustainability are relatively well covered. That one association lost its certificate is worrisome.
- Corpei -- as the executing agency itself-- was point of political debate and decision making. Previously it was financed through obliged export contributions as a set percentage of export volume. The president felt that the services it provided to exporters was insufficient and that the role of export promotion could be better assumed by the Ministry of Foreign Affairs. Although it is said it will not effect the ICCO project, Corpei as an institution will suffer as the decision takes away much of CORPEI's legitimacy and institutional finance. It may become a NGO like there are many others.
- ICCO does not have an exit strategy or conditions defined when to leave the project.
- When the two associations left, ICCO did not try to intermediate and probably was not even aware as it does not show from its 2009 reporting.
- As the project has not showed results and impacts, the issues of up scaling and replication are not yet relevant.
- Attribution (project level up to northern partners)
- As there is no impact and little results so far, it does not make sense assessing attribution. On the other hand, ICCO is by far the biggest donor (also Corpei financially supports the project). It also brought in the project idea that was further developed by Corpei. Any result or impact from the project (positive or negative) can be attributed to ICCO. Being the major donor and actively involved can also bring about a big responsibility for the project and the involved small holders.

4. Roles

- In practice, ICCO assumed the role of financier, (indirectly) capacity builder and that of a broker, but different than envisioned. ICCO also saw some additional roles for itself.
- In terms of brokering ICCO expected to link banana producers to the agro-ecological farmers in the 'Sierra' (programmatic focus?). ICCO could play a role of capacity builder though enabling learning processes, also linking it to its Northern Peru partners and linking CORPEI to MCCH and FEPP.
- Eventually, MCCH, FEPP and Corpei could also use each others' market channels and create synergy.
- If joining forces, it would also allow ICCO to better assume its role as a broker as well as representing small holders interests in multistakeholder debate on international alternative trade. The partner said not to have been aware of ICCO's ambitions.
- ICCO's role as financier is also intrinsically related to that of a capacity builder as most of the project is related to capacity building. It organized an exchange with banana producers in Peru, which was considered very motivating, but it did not yet manage to establish a more structured (learning) network for strategy development and export, nor was their structured follow up by ICCO.
- CORPEI is very interested in ICCO role as a broker to help identifying new markets and/or finding an importing company with a CRS strategy (such as AH), allowing to sponsor this particular project.
- Although lobby was initially identified as a strategic activity, no issues has been taken on by Corpei or the cooperatives.
- The fact that the program faces some serious challenges and Corpei will loose its mandate and probably some of its initially appealing added value to support export may require a more hands-on approach and involvement from ICCO.

5. Analysis

- As argued, it seems too early to expect results and definitely impact. Only some qualitative information is available on the project's progress. Delay was reported due to internal discussions on the project, its objectives and ambitions.
- The 2006 market research³⁰ to prioritize value chains identified this value chain as the most promising one and it scored very strong on institutional strengths, inter organizational strength and possibility for quick results. The opposite seems to be true. The fact that two cooperatives left does not only weaken the project, but also raises the question whether this could not have been prevented with a more thorough analysis of the local and international context and/or timing. It also casts doubts on the quality of study and whether it has taken into consideration the rather conflictive history of working with banana small holder cooperatives in this province.
- According to the context expert it was not much of a surprise that the two cooperatives left. Associations may opportunistically participate to look what is in it for them. Once it turned out not to be too beneficial they withdrew, eventually bringing at risk the others who do want to participate. Many of the cooperatives are organized around certain (own / private) interests that are not necessarily compatible. Cerro Azul was already exporting directly and had not much to gain joining forces (accept scale). The same goes for Urocal, a long time established second level association which, next to banana, is involved in many other agricultural commodities and service provision. It does not have much to gain to be subordinated to another second level association.
- The associations that have left were the ones representing the 'bigger' small holders (on average 8,8 hectares³¹). What would they gain in joining forces with the smaller cooperatives? Their withdrawal will weaken the bargaining and market position of the remaining associations.
- The other three remaining cooperatives are said to be organizations that used to be part of Urocal and they are not willing to be again associated with Urocal that also due to its size would probably have been the most powerful actor within the consortium.
- The project started at a moment that the relative price difference between organic and conventional bananas was high, making it for small holders interesting to join forces and commercialize through the association. Currently, the price difference has diminished and many small holders sell their bananas to intermediaries who are not as demanding. This again weakens the associations and especially their market position if they are not able to meet their contractual demands. This is common practice and a good indicator for organizational strength / weakness.
- An external source argues that the project focuses too much trying to reach a certain level of organizational development, whereas it would be more appealing to try and open up new markets to keep producers interested to participate in the current era of high prices for (conventional) bananas. Moreover, a focus on direct export takes away interesting opportunities to close good deals with exporters.
- Finally, the choice for Corpei as a counterpart³² is an interesting one. Based on its previous experiences, it should be able to find markets for the producers, but now it assumes the project execution, which is not

³⁰ Rodriguez and Flores, November (2006: 27)

³¹ It is only an average, Farmers with 8 hectares are not those necessarily small and probably not poor either.

³² CORPEI es un actor clave para el apoyo en contactos comerciales, financiamiento de la participación en ferias nacionales e internacionales, y cofinanciamiento de la certificación La Corporación para la promoción de la inversión y las exportaciones

known as its core competence. Its core competence is export promotion and finding new markets, but it seems to rely on ICCO to find export markets and preferably link the project to a bigger company with a strong CSR strategy like AHOLD.

6. Conclusions and lessons learned

- It is too early for results and impacts, but it is questioned whether the project will result in impact. Moreover, the project progress presents some issues that may require close monitoring from ICCO (delay in planning, apparent vanishing interest, etc.).
- The fact that the two biggest associations withdraw from the project, one may wonder if the initial contextual situation was sufficiently analyzed. Is a sector study enough? A more thorough and detailed local context study probably would have detected some of the challenges the project had to overcome?
- The project focuses on capacity development, whereas successful experiences from Peru suggest another approach, benefiting from market opportunities for export. Was this sufficiently taken into consideration at the time of the project design³³?
- If ICCO assumes a more leading role in the initial phase does not that bring about a moral dilemma that may prevent to withdraw before the project has shown significant results? As there is no exit strategy known, it might feel morally obliged to stay and finance a second phase. Developing a clear exit strategy with criteria and conditions seems logical.
- Some of the roles ICCO envisioned did not (yet) materialize and one may wonder whether they were based more on ICCO's ambition than on an expressed need from the partner organizations. The partner itself was not aware of ICCO's willingness and capacity to assume other roles. Being more explicit and probably engaging with partners in identifying and dividing activities and roles can provide a better insight in needs and opportunities.

Intervention strategy	Output partners / Outcome	Target	Results so far	Outcome partners / Impact	Target	Impact
Poverty Alleviation (DBA)	# of producer organisations with an increased access to international markets Organic (1), FT (2) or	5	3 3	# of involved producers and employees with improved incomes due to involvement in international markets		

CORPEI, generalmente es visto como un punto de apoyo para la agricultura empresarial de exportación. Sin embargo, ha logrado direccionar apoyos financieros para la participación de pequeños productores en ferias internacionales y financiar parcialmente los costos de certificación y cumplimiento de estándares.

³³ Although a comparison with the Peru banana case is not completely fair, it shows a significant difference between both projects. In Peru focus is on export and prioritizing subsequently activities of capacity building and institutional strengthening in function of export, whereas the Ecuador project present the opposite approach to first develop capacities before starting to export. Although the Peruvians had already benefited from institutional strengthening support before, it seemed that exporting directly really helped to move forward.

Intervention strategy	Output partners / Outcome	Target	Results so far	Outcome partners / Impact	Target	Impact
	mainstream (0) all (3)					
	Domestic (0) or international (1), relations? All (3)		1/2	Producers and labourers		-
	Viable market models developed		0	Gender distinction/focus	-	-
	Sector crop (1) and other (rotation) crops (2), diversification (3)		1/2	Incomes, less debts		?
	Raw products (0) and added value products (1)			Proportion of overall incomes		
	Number of farmers converted from conventional to sustainable		0	Dependency of the crop		2
	Access to support services		?	(0= bit, 1 mod, 2 lot)		
Institutional Development (MO)	# of organizations with a business plan aimed at economic sustainability	5	?	# of employers with improved competencies,		
	Access to knowledge			production and labour conditions (according to ILO standards)		
	Capacity to innovate		1	Less child labour		
	Access to sustainable finance		0	Improved working conditions		
	Marketing expertise		0	Gender equity		?
	Adequate service provision to members		0	Autonomy to manage own interests		?
	Partnership with public/private sector		1			0

Intervention strategy	Output partners / Outcome	Target	Results so far	Outcome partners / Impact	Target	Impact
	Good / better contracts		0			
	Access to government programs		0			
	Leadership qualities		0			
	More broad income source		0			
	# of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context		0	# of policy influencing bodies with increased member participation and organizational capacity		0
	Capacity to undertake lobbies			Member participation		
Policy Influence (BB)	# of coalition partners that campaigns for regional and multilateral free trade		0	# of regional/multilateral free trade agreements with a successful track record		0
	# of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers		0	# of countries where policy was improved for benefit of small producers in E/P		0
	Acceptance of sustainability standards (??)			Policies favourable for organic, free trade, mainstream		
				Policies favouring small farmers		
				Improved financial systems / services		
				Improved legal frameworks		
	# of sectors for which more harmonized standards for fair-trade		0	# of sectors for which the quality of chains 'fair trade' and 'mainstream'		0

Intervention strategy	Output partners / Outcome	Target	Results so far	Outcome partners / Impact	Target	Impact
	<p>/ mainstream criteria with international applications come into place</p> <p>National policies more harmonised</p> <p>National policies better developed</p>			<p>has improved</p> <p>Implementation of these standards</p> <p>Adequate quality control systems</p>		
Market chain improvement (new)	<p># of improved north-south relations in the sector</p> <p># of N-S initiatives promoted by ICCO</p> <p># of successful N-S initiatives developed</p> <p>Capacity of South or North organisations to find each other</p>		<p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>Quantities and revenues traded through improved north-south relations</p> <p>Volume of traded products</p> <p>Revenues</p>		0
	<p># of companies in the sector with enhanced CSR policies resulting from ICCO interventions</p> <p>Type of relation developed</p> <p>Mutual trust</p> <p>Progress within company on sustainability</p> <p>Development or adoption of CSR policy due to ICCO</p>		0	<p>Quantities and revenues by companies with improved CSR policies</p> <p>Volume of traded products</p> <p>Revenues</p>		0

Intervention strategy	Output partners / Outcome	Target	Results so far	Outcome partners / Impact	Target	Impact
	<p>Importance of value added activities in the sector, with benefits for small producers</p> <p>Proportion of added value activities in the South</p>		<p>0</p> <p>0</p>	<p>Revenues from value added activities for small producers</p> <p>Volume of value added products (1 little 2 much)</p> <p>Revenues</p>		0
	<p>Application of good environmental and social practices in the sector</p> <p>Use of agro-chemicals 1 = Q 2 = A 3 = Q/ A</p> <p>Health conditions among producers</p> <p>Reduced dependency on of agro-chemicals</p>		<p>?</p> <p>1</p>	<p>Improved environmental and social conditions in the sector</p> <p>Environmental criteria</p> <p>Social / ILO criteria</p>		
	<p># of viable financial mechanisms developed</p> <p>Different types of mechanisms tested</p> <p>Different types of mechanisms adopted by partners</p>		0	<p>Application of new financial mechanisms</p> <p>Value of financial transactions by new mechanisms</p>		0

B5. AVSF–Peru

(project number 01-03-07-019)

1. Introduction

1.1 The project

The project is called “strengthening the Peruvian fruit sector through small holder organizations”. The project started in 2006 and was finalized at the end of 2009. ICCO has a long history working in Peru, also on working the other themes such as local market development, financial services. ICCO did not have much accumulated experience in the fruit sector, nor did its partners AVSF who executed the project, together with its local counterpart Pidecafe.

- The project is based in North Peru, with its office in Piura. Three producer organizations are involved: CEPIBO (bananas: 12 cooperatives 1439 members), APROMALPI (mango: one cooperative, 169 members) and CEPICAFE (many cooperatives, but 10 also dedicated to fruits, 255 producers). In total the (fruit part of the) project includes 23 cooperatives and 1863 producers.
- Its main objective is that small holder families in the fruit sector are strengthened to work in an efficient and sustainable way along the value chain.

Specific expected results are:

- Increased productivity, quality and diversification
 - Institutional strengthening of the associations and improved access to credit
 - Improved positioning of small holder association in the value chain
 - Its strategy to achieve results and objective are to support diversification and improved livelihoods, added value and increase volume, consolidate the associations that focus on fruits and develop new export markets. The program supports the associations with specialized human resources and seeks to facilitate access to Fair Trade and credit through a network of strategic allies (Rabobank, Etiquable). ICCO financed E 240.000 for the three year project that started in octobere 2006.

1.2 The project partner

ICCO’s project partner is AVSF, an internationally operating French NGO. In Latin America it has projects in Peru, Ecuador, Bolivia and Haiti. AVSF is already present in Peru (previously known as CIKDA) since the early nineties, working on coffee and cocoa, helping cooperatives and organize the sector at a national level, together with its long time allies PIDECAFE and CEPICAFE.

- Their experience on the work done on coffee and cocoa serves as a base for the project on bananas and fruits.
- AVSF’s mission is to work in alliance on rural development for the benefit of small producers in marginalized areas and lobby for their interests in the North and South. It focuses on strengthening of small holders on the basis of its importance to the regional and national economy in order to consolidation efficient and sustainable productions systems, respect for their association and community and develop their capacity for political incidence to represent their interests.

- AVSF has various funding sources: EU, ICCO, Progreso, Café Rico, Oxfam, GEPA, but this particular fruit project was mainly funded by ICCO. In 2008 the EU also provided finance for additional commercial activities.

1.3 How was project established

- The project was established when ICCO's fruit specialist visited Peru for an exploratory mission on opportunities to work on fruits. AVSF presented the project that was basically an idea that came from a reflection on the context at that very moment. It was developed into a proposal to ICCO and granted. Also EU financed part of AVSF intervention in helping the organizations to commercialize (as from 2008).

1.4 Theory of Change/ Intervention logic/ proposed strategy

- In the Northern Peru region there are many small producers in poverty. Organizing them to export directly to better paying niche markets will allow them better prices and probably a better income. At the same time opportunities to process fruits and have access to local market should be explored and developed in times of low international demand. Additionally, crop differentiation is explored. Diversification will help to achieve income stabilization throughout the year, support food security and more integral agro-ecological farm management.
- AVSF believes that strong organizations are a precondition for success. Exporting fruits to niche markets however should be the first goal and achievement, showing producers that it is really feasible. Quick wins are crucial to maintain motivation. The downside is that without sufficient and reliable market intelligence, and/or insight in the capacity to deliver the existence of the association may be put at risk.
- In order to export, cooperatives need working capital, certification (quality and internal control (failure can be fatal)), logistics and possibility to track and trace.
- AVSF believes that priorities in capacity and organizational development should depend on the need to support exporting be prioritized, putting in motion professionalizing management.
- Working capital is often provided by the international cooperation and/or the risk is with the small producers.
 - Producers in the region mostly meet agro eco criteria (by default). AVSF is not fundamentalist in applying agro eco theory. It takes a very pragmatic approach and believes that it is a good step towards certification.
 - Certification is crucial as it forces the cooperatives to meet the minimal criteria to export and it is often financed by the internal cooperation.
- Once an export channel is established it needs to consolidate its position and meet demands. This also allows working on strengthening of the internal organization and permitting further expansion later on.
- It should be emphasized that this especially the case with banana and mango (fresh fruits). In the case of fresh fruits the planning and logistics are crucial (to secure transport).
- Once consolidation has been realized and organizations are strengthened, a next phase is to organize them on a higher level to share experience and create sufficient critical mass for political incidence at a local, national and potentially international level.

Observation:

It all went well and export is increasing. The theory has proven right. It is however also a risky strategy to enter into a relatively new market without having certainty that the association is able to deliver, nor how the market will react and develop in the future. The assumption is that once export contracts are firmed and pressure is

put on the association, it really starts to move. In this case it proved right, but if negative result could have been disastrous and the small holder would be the one paying the bill and in case of CEPIBO it might have led to bankruptcy. A banana expert argued; 'Of course you run a risk. That is entrepreneurship, and 'the best place to learn to swim is in the water'.

1.5 The evaluation

- Information on AVSF was somewhat fragmented and some important documents were not found at first. The initial project document differs from the follow up monitoring. It was not always clear whether it concerned a final version.
- AVSF was visited from 22-24 of February: interviews with Cesar Paz, Romain Valleur, director of Pidecafe. We also visited all of AVSF's three producers associations (CEPIBO, CEPICAFE and APROMALPI) and talked to directives, managers and producers. We visited the field (bananas and mango) and the processing plant. We also talked to some independent context specialist, who shared our major observations and conclusions, stressing that most focus needs to be on strengthening the associations to sustain the achieved results and expand.

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2. Review ICCO's DRAM framework, additional and project-specific indicator

- In its reporting AVSF uses different indicators that do not fit ICCO's indicator frame work, which makes a direct comparison impossible (see table at end of report). However, the three expected results correspond with the categories of income improvement, institutional development and market chain improvement.

2.1 DRAM framework and additional indicators

Poverty alleviation

- The project supported access to international markets for all three associations (DBA1), but AVSF does not have any data to quantify how much producers have improved their income due to better access to markets (DBA2). One may assume that, due to a higher price for organic and Fair Trade and premiums, almost all (1863 producers) must have benefited to some extent from export to better paying markets. For CEPIBO and APROMALPI this is probably relatively more because they highly depend on export single commodity export (bananas and mangos), whereas for CEPICAFE's cooperatives fruits is a cash crop next to coffee.
- The project has resulted in increased market differentiation (towards Ft, organic and also local markets). All three associations are both organic and fair trade certified. A viable business model is under development. To pre-finance export, it is crucial for the associations to have sufficient working capital. Due increased export, savings, credits and the drawback a considerable capital is available to pre-finance export. It is not yet sufficient to incorporate all strategic activities financed by ICCO. The expectation is that in 2010 the associations could become break-even³⁴. Processing fruits has advanced significantly. CEPICAFE counts with a plant to process all kind of fruits and it will move soon to CEPICAFE's storage and coffee and cocoa processing plant and a new and bigger plant will be constructed. In terms of impact, we did not receive any

³⁴ An interesting detail is that CEPICAFE, one of Peru's most successful coffee growers associations after many years is still not self sustainable and one wonders whether it self sufficiency is an objective as international support also helps to finance innovations and further expansion.

specific focus on gender and AVSF acknowledged that and it is an issue to be addressed in the near future. CEPIBO and APROMALPI almost completely depend for income on their respective crops. In CEPICAFE it concerns coffee farmers who diversify into fruits.

- In terms of impact, we assume that child labor has significantly diminished because all associations are FT certified. This should also have led to better working conditions for producers and a considerable number of plantation workers (although there is evidence of a labor conflict). It also includes the workers in the processing plant.
- Gender equity is not the case in CEPIBO and APROMALPI. Fruit processing does offer new opportunities for women, working in the processing of organic fertilizers and other micro enterprises related to fruit production and/or processing.
- Institutional strengthening
- In regard to institutional strengthening it can be reported that all three association have a strategic plan, a business plan (only CEPIBO is still in the process of developing its business plan) and an operational plan. None of the associates has yet reached a break-even point, but the expectation is that this will be the case in 2010. As most of the production is organic and fair trade one may assume that this also covers other aspects of sustainability in their planning and plans.
- We have no quantitative data on how many producers and plantation workers have improved competencies. We assume that most of them have participated in the many training provided by AVSF, Pidecafe and CEPICAFE. However, it is difficult to say whether this is enough and if the most relevant training aspects were addressed.
- There is significant training on leadership of current and future leaders, but it has not become fully evident that this also leads to more autonomy in decision making. A previous mid-term evaluation considers the relation between AVSF / Pidecafe and the association one of a supplier and trader and it argued that the weak institutional structure of the associations may put at risk the sustainability of the commercial results. It was not within the scope of this study to investigate in depth this issue and we are not in a position to question these evaluation results and response from AVSF. It was however difficult to get a clear picture on decision making processes throughout the project and in and between associations and partners.

Policy influencing

- AVSF and its partners have been influencing policy development at regional and national level and there are even some successes, but that has not so much been as a result of ICCO's support. None of the framework indicators is relevant at this level.
- Market value chain improvement
- Is difficult to assess when a north-south relation has improved (how much is sufficient), thanks to ICCO's intervention. AVSF contributes advances in market chain development to its own efforts. ICCO did not have another role than to finance. In fact, CEPIBO resisted pressure from exporters to abstain from direct export itself (grupo Hualtaco (Agrofair)). Also ICCO tried to mediate, but CEPIBO continued its own course and is now exporting successfully. North South relations did not improve, but it does show that the association has positioned itself within the value chain.
- There are no relations with bigger companies with an advanced CSR policy. There was some value adding through the processing of fruits (CEPICAFE) for the benefit of small holders. Its environmental and social performance should be good due to the fact that associations are FT and organic certified. Off plantation effects are probably also limited and there has been no increase of agricultural land at expense of forest and biodiversity.

- An interesting financial mechanism has been applied. The drawback is an export promotion mechanism that pays back 10% of export value to compensate for a positive VAT balance. It requires a very precise administration. All three associations have qualified to receive the drawback. This does not generate significant income, but also indicates that their administrative system is in place.
- The associations have increased their commercial capacity by having their leaders attending courses, provide them with market information and have some of them visiting trade shows in the EU and US.

2.2 Project expected results / indicator review

R.1. Increased productivity, quality and diversification

Key indicators here are the implementation of organic farm management and diversification. These two indicators are not very informative on poverty relief. Additional information shows that CEPIBO managed increasing volumes and price of organic and fair trade bananas for export. One may assume that this has led to income improvement, if gains are divided equally. Organic bananas are usually more expensive than conventional banana, but recent increased demand has reduced price difference.

Diversification of production has only been achieved to a very limited extent. In APROMALPI's members have land available, but lack capital. For banana producers diversification is not an alternative due to the need for scale, rentability and the very limited farm size. For CEPICAFE there was no base line.

R.2. Institutional strengthening of the associations and improved access to credit

Indicators are the improved financial administrative systems and planning (strategy, business and operations). All results were met. The second indicator is on access to market information and producer knowledge of association's plans. Again associations all complied. It was also randomly checked with producers during field visits and results were rather mixed. This does not say much about the quality of the plans, but maybe it is reason for reflection on quality of training, frequency, repetition as well as communication. Finally, diversification of financial sources was also realized.

R.3. Improved positioning of smallholder association in the value chain

Key indicators are increased number of clients and all associations have realized this. Product differentiation was mainly done by CEPICAFE and to a small extent APROMALPI. In banana production this is not an interesting alternative. And finally all associations should be FLO, organic and GAP certified. Only GAP certification has not been achieved, but apparently all are working towards implement in 2010.

3. Analysis

After having described the most important results and impact where possible, we turn in this paragraph to analysis them to the extent possible. Although the project indicator frame differs from the ICCO's dram logic (as it already started before this methodology was introduced), there is some overlap, especially in the areas of institutional development and market chain development

Relevance

- We believe that activities undertaken were pertinent in relation to the expected end results and impacts. The fruit sector in Northern Peru has a promising future and many small holders are involved in fruit production and Europe is an important export market. ICCO can make a difference, but it requires a clear division of roles and responsibilities as well dedication in time to live up to expectations.

- The project is relevant as it addresses the issue of poor small holders that have to compete with big multinational such as Dole that moreover benefit from government subsidies (IGB and draw back). Organizing small holders to export directly could lead to income improvement.

Effectiveness

- The program's main objective is defined in very broad terms and it is hard to assess to what extent small holder families in the fruit sector are strengthened to work in an efficient and sustainable way along the value chain. The expected results are more precisely defined, but are not SMART.
- In its monitoring protocol AVSF works with clear targets and indicators, following its own project logic. A vast majority of the targets have been met and some were already met before the end of project. The targets on diversification were not met and GAP was not yet implemented, but apart from that the project can be considered effective.

Impact

- No data are available on impact. Although the project is not able to show impact in terms of income improvement and consequent poverty relief, the fact that price and volume of export have increased should lead to income improvements, if divided equally within the cooperatives. It was argued that producers may not be able to observe the difference. Even if they double their income they will still remain relatively poor, but often they have sent their children to school which is a considerable investment that will pay back later. Poverty relief also shows from improved living conditions such as housing and sanitation. It also led to empowerment which AVSF notes when working with producers. They do not take anything for granted anymore. They are critical and also question decisions to assure their own interest, also within a rapidly growing organization.
- AVSF considers the most important achievement of the program that it helped strengthening associations that are now able to have political influence and represent their members' interests, also outside of the value chain. Associations have been actively involved in the local government's participative budget process, obtaining benefits such as access to water and electricity.

Sustainability

- It is said that the three associations are 70% on their way to the break-even point and are expected to reach this point in 2010. Recovering the drawback (10% of net export value) is an important good step in the direction to financial sustainability as it adds extra working capital, helping the associations to export. It is important to emphasize that AVSF-Pidecafe played an important role to achieve results, especially the commercial ones. AVSF believes that the associations still need AVSF and Pidecafe's support, despite significant progress. This is an important reason why they proposed a second phase which puts more emphasis on developing a third level association and develop policy incidence. One could argue that AVSF-Pidecafe does not have an interest to completely reach targets with the associations they are working with to apply for additional donor support.
- AVSF and Pidecafe have long lasting relationships with Rabo, Progreso and other donor institutions. Also internally relations are firm. Pidecafe funded CEPICAFE 15 years ago and also AVSF has already many years in working with them. CEPICAFE and Pidecafe are transferring their knowledge to the other two associations.

- AVSF has a strong reputation, although not everybody is always that positive and suggest empire building, they are not that strong that they have influence at a national policy making level, let alone on an international level.
- Environmental impacts are relatively limited and on-plantation. Due to electrification diesel pumps were replaced. A rapid calculation indicates a 300 \$ saving per hectare per year. The plastic bags used to protect the banana however are still being disposed all over the place. Water availability may become a factor impeding sustainability. Piura is actually in the middle of a dessert and intensive agricultural production (as banana) is only feasible if sufficient water is available. Climate change and deforestation up-river (irregular water flow, erosion) can heavily affect the sector and create competition for scarce water resources.
- In a mid-term evaluation it was argued that the relation between AVSF and the associations was merely a commercial one of buyer and provider and that social aspects were not sufficiently addressed (weak institutions). AVSF recognizes that the associations need further social strengthening, but on very critical moment to the existence of the association, members showed strong committed to support their organizations.
- The scalability of the project depends on future local and especially international demand for (processed) fruits. Currently, CEPIBO is lobbying to expand banana production. More associations could join, although the association may prefer to first strengthen its own basis. Expansion is not so much an option in the case of mango (lack of producers). More coffee producers could diversify, but there is no receipt for success, neither a clear indication of volume and trends in the (international) market demand.
- The replicability of the (export-driven) model needs to be analysed in its specific context. The general idea of putting export first and capacity development in function, is innovative, but it is not necessarily a receipt to be applied elsewhere without a very thorough (context, market and organizational) analyses. Success very much depends on the local context and setting and it would require an identification of success variables first of all. Moreover, AVSF (e.g. Cepibo, Cepicafe) did not start exporting out of the blue. Both associations had already been exporting and received capacity development support previously.

Attribution

ICCO's contribution was financing only; amongst others for capacity development that allowed further organizational strengthening. It is important to emphasize that ICCO entered when the various organizations already had gone through a lengthy process of organizational strengthening. Moreover, also the EU and AVSF itself have financed parts of the larger program (including two more associatios). On the other hand, it can be argued that without ICCO's finance various activities that have led to success would not have been possible. Effects or impacts of other ICCO interventions at a more global level (e.g. lobby at FLO, linking associations to international markets or financing institutions) have not been perceived. The question was raised whether ICCO has sufficient context and project knowledge to assume other roles than that of a financing institution.

4. Roles ICCO

ICCO's role was basically that of financing AVSF's intervention (mostly directed towards capacity building and providing infrastructure). Although it aspired and assumed other roles, it was either not really visible or not always appreciated as such. It is not so much ICCO's intentions or competences that are questioned, but due to ICCO's relative distance to the project, it may not be in the best position to assume these roles. If ICCO in the future would be more present, it could however, create role confusions. One cannot analyze ICCO's role apart from the roles other actors are playing, especially AVSF and Pidecafe.

- ICCO's role as a financier is definitely appreciated, although there is still room to improve procedures and reporting (feedback). Communication is not always as fluent, but it is also understood that ICCO is in an important change process and it had to face many changes in staff.
 - ICCO aspires the role to support partners linking them to new markets, facilitating dialogue and lobbying for better conditions for small holders. ICCO did not really play a role in brokering as AVSF has a strong network in the North with importers, companies and financing institutions.
 - ICCO's financing was predominantly directed to capacity building and it financed activities crucial to the project, especially related to organization strengthening. In this respect one can conclude that ICCO has contributed significantly to the project's success just by financing a good plan although it is not possible to quantify.
 - It also organized an interchange of experience with Ecuadorian ICCO partners, which was considered interesting, but it basically served the Ecuadorians to learn from AVSF experiences.
 - Its role to facilitate local stakeholder debate once was not much appreciated. AVSF feels better equipped and believes that to assume such a role requires more presence on the ground, context knowledge and better communication with its partners are needed. Illustrative is that a well-intended, but isolated initiative to gather all relevant exporting actors in a highly politicized context, was considered rather counterproductive. It was perceived as if ICCO supported competitors' statement that the CEPIBO should not export directly. By doing so, although not intended, it publically questioned its partner. It confused the counterpart, the associations and their members.
- AVSF does recognize that ICCO could add with its lobby activities (e.g. lobbying at FLO for more specific certification rules for small holders), but it was not aware that ICCO could play such a role and until now it did not perceived any results or at least it was not coordinated and communicated.
- What should ICCO do to improve the value chain within the sector? ICCO could move forward to support capacity building for political incidence and commercial networking. ICCO claims that linking southern and northern partners is one of its strategic capacities and this is an ideal opportunity to support. With a strong focus on the commercial side, the social side might easily be forgotten. ICCO can be helpful in strengthening transparencies and accountability.
- ICCO's role cannot be seen apart from the ones other actors assume or aspire. In this respect it was observed that the counterpart(s) assumed roles that also ICCO aspires. It was not aware of ICCO's ambitions and there was also no formalized division of roles.
- AVSF own role is to canalize funding, monitor and evaluate, value chain development and exploring new markets, facilitation reflection and knowledge management and development and advising in project execution, which sometimes seems to include decision making on a strategic level.
- There is an obvious overlap with roles ICCO aspires. AVSF is positive on ICCO's decision to decentralize to the region as it would allow ICCO to better understand the context in which its partners operate. In particular, it is considered very helpful to provide ICCO with more precise knowledge to assume its advocacy role in the North. It requires close coordination if ICCO assumes other roles (brokering and facilitation) to prevent from confusion. AVSF also seems to fear that decentralization and more presence may lead to (role) confusions and conflicts between AVSF and ICCO (for instance who will be monitoring the program?). It may also confuse the associations who may directly close their deals with ICCO and bypass AVSF. If AVSF's roles are clear to everybody, this should not be an issue.
- Pidecafe's role in this consortium is not always completely clear. Whereas AVSF is responsible for the overall project management and relation with donors, Pidecafe is in charge of executing the program, but sometimes

AVSF and CEPICAFE are also executing parts. Pidecafe seems to be interwoven with AVSF and CEPICAFE. The three institutions are already long term partners and have probably developed a very organic working relation what may eventually hamper formalized decision making procedures. It is said that all organizations can benefit from its skills and experience. Very experienced staff moves between the different institutions and currently are also assuming management positions with APROMALPI and CEPIBO.

- CEPICAFE is definitely the biggest from the three benefiting associations in terms of members and turnover of the three benefiting associations,. It exists already for 15 years showing some significant successes. It is intimately related to PIDECAFE (it founder) and also assumes a role in the capacity development of the other associations (training CEPIBO, advice on statutes and an ex employee now assumes the management of APROMALPI). In the near future it is expected that these organizations are reaching break even and even generate more income. They probably will aspire to assume a more active role within the chain (objective of the project) and lobby to secure their interests. It is still point of discussion if and how they could form a third level association, that eventually also will assume roles.

5. Lessons learned and further questions

- It is a successful project and a potential success case for the ICCO program. It follows the logic of exporting to better paying markets as well as serving local markets and processing and its relative success will determine which issues will be addressed (i.e. in capacity building and organizational development).
- The evaluation of Martha Huaman states that AVSF has helped the organizations with a particular focus on the commercial side and that as a consequence the relation between cooperatives and their bases turns into that of a buyer-provider. Social aspects and organizational development were not sufficiently taken into consideration. She felt that the consequent organizational weakness may put their existence at risk. AVSF did not agree with the evaluation and questioned it in a note to ICCO.
- We do not want to enter into this debate and details of this report.³⁵ Putting commercial success upfront is key to AVSF intervention strategy and this includes certain risks as earlier mentioned. The approach has proved to be successful. This does not take away that a discussion on specific issues could be very informative for future decision making. It would also help to analyze strong and weak points of AVSF's intervention model, success variables as well as its possibilities for up scaling and eventually replicating this intervention logic elsewhere. In this respect, it would also be interesting to make a comparison with the Ecuador's Corpei case that follows the opposite approach (once it shows results).
- This project is relatively complex due to its size, geographical spread and diversity in products (e.g. Corpei and organic banana in El Oro). The complex governance structure with AVSF-PIDECAFE-CEPICAFE all co-managing the project adds another dimension. ICCO can add value, especially in relation to lobby in the North, linking with companies and financial institutions, managing learning networks and supporting product development. This should be agreed and well defined and coordinated a priori and executed in direct coordination with other project partners.
- One important characteristic of the governability of a value chain is a good balance between the different interests of the various involved actores. In the case of bananas, the union of agricultural workers is strong

³⁵ However, we could argue that these 2e degree producers organizations that became exporters remain rural producers. However, they need an organizational model that allows to reconcile commercial interests of the organization (for its own sustainability) and that of a rural farmer organization where interests are not always homogenous. Often, while some producers only join to obtain a better income, others have different drivers to actively participate in a more directive role which eventually also opens other doors in the community.

and so is CEPIBO and the situation is rather conflictive, which provides opportunities for ICCO to assume a mediation role, but –without any action from ICCO side- it may also go at the expense of ICCO’s credibility as it finances both organizations.

- Annex I: Indicator checklist

<i>Intervention strategy</i>	<i>Output partners / Outcome</i>	<i>Target</i>	<i>Result</i>	<i>Outcome partners / Impact</i>	<i>Target</i>	<i>Impact</i>	
Poverty Alleviation (DBA)	<i># of producer organisations with an increased access to international markets</i>	3	3	<i># of involved producers and employees with improved incomes due to involvement in international markets</i>			
	Organic (1), FT (2) or mainstream (0) all (3)		3	Producers and labourers	-	-	
	Domestic (0) or international (1), relations? All (3)		3	Gender distinction/focus	-	?	
	Viable market models developed		1	Incomes, less debts			
	Sector crop (1) and other (rotation) crops (2), diversification (3)		1/3	Proportion of overall incomes		2	
	Raw products (0) and added value products (1)		0/1	Dependency of the crop (0= bit, 1 mod, 2 lot)			
	Number of farmers converted from conventional to sustainable		1				
	Access to support services						
	Institutional Development (MO)	<i># of organizations with a business plan aimed at economic sustainability</i>	3	?	<i># of employers with improved competencies, production and labour conditions (according to ILO standards)</i>		
		Access to knowledge		1	Less child labour		1
Capacity to innovate			1	Improved working conditions		1	
Access to sustainable finance			1	Gender equity		0	
Marketing expertise			1	Autonomy to manage own interests		1	
Adequate service provision to members			0				
Partnership with public/private sector			1				
Good / better contracts			0				
Access to government programs			1				
Leadership qualities			0/1				
More broad income source							
<i># of policy influencing</i>		0	<i># of policy influencing bodies with</i>		0		

Intervention strategy	Output partners / Outcome	Target	Result	Outcome partners / Impact	Target	Impact
	bodies effectively undertaking lobby activities by themselves in regional / national context Capacity to undertake lobbies			increased member participation and organizational capacity Member participation		
Policy Influence (BB)	# of coalition partners that campaigns for regional and multilateral free trade		0	# of regional/multilateral free trade agreements with a successful track record		0
	# of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers Acceptance of sustainability standards (??)		0	# of countries where policy was improved for benefit of small producers in E/P Policies favourable for organic, free trade, mainstream Policies favouring small farmers Improved financial systems / services Improved legal frameworks		0
	# of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place National policies more harmonised National policies better developed		0	# of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved Implementation of these standards Adequate quality control systems		0
Market chain improvement (new)	# of improved north-south relations in the sector # of N-S initiatives promoted by ICCO # of successful N-S initiatives developed Capacity of South or North organisations to find each other		0 1 0 1	Quantities and revenues traded through improved north-south relations Volume of traded products Revenues		0
	# of companies in the sector with enhanced CSR policies resulting from ICCO interventions			Quantities and revenues by companies with improved CSR policies Volume of traded products		

<i>Intervention strategy</i>	<i>Output partners / Outcome</i>	<i>Target</i>	<i>Result</i>	<i>Outcome partners / Impact</i>	<i>Target</i>	<i>Impact</i>
	Type of relation developed Mutual trust Progress within company on sustainability Development or adoption of CSR policy due to ICCO			Revenues		
	<i>Importance of value added activities in the sector, with benefits for small producers</i> Proportion of added value activities in the South		1 1	<i>Revenues from value added activities for small producers</i> Volume of value added products (1 little 2 much) Revenues		
	<i>Application of good environmental and social practices in the sector</i> Use of agro-chemicals 1 = Q 2 = A 3 =Q/ A Health conditions among producers Reduced dependency on of agro-chemicals		3 1	<i>Improved environmental and social conditions in the sector</i> Environmental criteria Social / ILO criteria		
	<i># of viable financial mechanisms developed</i> Different types of mechanisms tested Different types of mechanisms adopted by partners		1 1 1	<i>Application of new financial mechanisms</i> Value of financial transactions by new mechanisms		
	# of organisations with capacities for international trade and certification in the sector		3 3	<i># of organisations with certified products for international trade</i> Volume of certified products Revenues		3

B6. Bananalink

1. The projects

Banana Link is a small not-for-profit organization registered in the U.K. and founded in 1996. It campaigns for a fair and sustainable banana trade (i.e. tropical fruits, also mango, pineapple, etc.) towards poverty reduction, focusing in particular on labor rights and conditions of plantation workers. They work in close partnership with local unions in Latin America and Africa and with Civil Society Organizations in Europe and the U.S. (see www.bananalink.org.uk).

First contacts between ICCO and Bananalink were established in 2006 when ICCO decided to address the situation of plantation workers in their 2007 -2010 strategy. A work plan is established for (April 2008-2011). ICCO works with Bananalink on:

1. Supporting a Learning Network Fund for Ghana
2. Supporting and cooperating with Bananalink on the establishing of a Global Banana Roundtable (a.o. with FAO, ILO, big plantation companies, unions, etc.).
3. 'Securing Labour Standards Compliance along Tropical Fruit Supply Chains';

The first project has not been assessed. On the second one it can be reported that the collaboration co-facilitated a productive meeting in Rome, where it was agreed upon the basic principles of a Roundtable for bananas.³⁶ This could be a major step forward as it also includes national governments and big multinationals. The proof of the pudding will in 2010 when the Roundtable has to show first results.

2. Supporting unions in tropical fruit supply chains: Ecuador and Peru

As part of the country case this evaluation focuses on the work done through Bananalink with unions in Ecuador and Peru, to better understand ICCO's effect and impact at a field level. ICCO's objective is to achieve tangible improvements on poverty reduction by securing compliance with core labour standards and Decent Work principles in working and living conditions for workers -and their families- along Tropical Fruit Supply Chains. For ICCO, the expected results are;

1. Partners report that working and living conditions for tropical fruit plantation workers have improved over period of project.
2. Unions report greater capacity to respond to needs and to empower the participation of beneficiaries.
3. Unions report greater responsiveness of advocacy targets to their proposals for achieving compliance.
4. Unions have mobilized other CSO allies on these issues.

The results have not been quantified. In 2008 the focus was on organizational strengthening of all involved unions and its Latin American platform Colshiba ³⁷ that is expected to serve some 45.000 unionized plantation workers. As from 2009 ICCO's finance was allocated to only a few countries: Ecuador, Peru and Ghana.

³⁶ Strengthening banana plantation workers' role in multi-stakeholder dialogue on a sustainable banana economy

³⁷ Colshiba (Coordinadora Latinoamericana de Sindicatos Bananeros y Agroindustriales), located in Costa Rica and staffed by SITRAP-Costa Rica, represents unions in 8 countries: SITAG (Peru), FENACLE (Ecuador), SITRAP (Costa Rica), ATC Chinandega

Activities:

Organizing and training (young) workers, promoting women's leadership and empowering workers to bargain with employers,

1. Linking up with other CSO's in the region, and do advocacy work at a national level in a campaign seeking ratification of ILO Convention 184 on Health & Safety in Agriculture.
2. Mobilizing the cooperation of retailers.
3. Partnering and exchanging with international (Northern and Southern) trade unionists.
4. Legal defense work and exchange of good practices between union lawyers.
5. Engaging in advocacy work with private and governmental actors and to maximize the commitment of trade unions through twice-yearly visits by a partner representative to the UK and Brussels
6. Sharing of common experiences and good practices with West African unions involved in supplying tropical fruit to the EU market from that region.

For this case we spoke to Alistar Smith (Bananalink, UK), Carmen Banegas (Fenacle, Ecuador) and Juan Herrera (Sitag, Peru) and Liliane Zoetewij (El Guabo).

3. Ecuador, Fenacle

In Ecuador Bananalink supports Fenacle (Federación Nacional de Trabajadores Agroindustriales, campesinos e Indígenas Libres del Ecuador, see <http://www.fenacle.org.ec/>). This federation especially unites plantation workers. Of its 60.000 members, some 15.000 earn a real salary in the agro industry (in particularly banana and sugar cane sector). The rest are usual rural (self-employed) workers. Most of the members are not able to pay their membership. El Oro is the biggest banana producing province and it has about 3413 banana plantations of which many are small (5 ha or less). It is expected that some 12.000 workers and their families depend on the banana production. There are about 1300 farm workers and 1200 harbour workers unionized (according to the Ministry of Agriculture). They are often too poor to pay their membership fee (earning around 30 \$ a week).

Bananalink has been financing this federation for already some 8 years. Due to lack of funding, financial support is decreasing. With a smaller budget the federation focuses on banana workers in El Oro, Guayas and Los Rios. Apart from Bananalink, Fenacle receives funding from FOS (Belgium) and SAL (Sweden), but perspectives

Major activities:

- Training on labour rights, leadership skills, and unionism
- Supporting plantation unions (legal advice, etc., training)
- Advocacy (towards social security, government)
- Collective bargaining (at plantation level)

Main issues for the union in the El Oro province are:

(Nicaragua), Fetrabach (Nicaragua), UNSITRAGUA (Guatemala), COSIBAH (Honduras), SITAGAH (Costa Rica). The expected beneficiaries will be 45,000 men and women who work in tropical fruit plantations in the six LA countries.

- In El Oro the union supports workers from the Maria Theresa plantation. This is the only plantation union in the province. Workers 'inherited' the plantation when the owner left, but they lack capital to restart production. With union support, they are trying to sell the plantation.
- The province, due to its frontier with Peru, has many illegal immigrants working at plantations³⁸, competing with local labour on price. They also push Ecuadorian workers out of the market because they are not paid social or medical security. The union presses the government to legalize them, but there is no response.
- The union has been addressing is on social security reform. The reform was meant to protect the worker (provide social security, etc.), but the effect is the opposite as employers try to avoid contracting (and contract Peruvian illegal workers).

Neither in El Oro, nor in any other province, there is a working relation with ICCO or coordination with any ICCO's partner in the province. The union does not work much with smaller producer organizations, although these also employ plantation and harbour workers. The union has been working with El Guabo, the PO's that is partly a role model to the Corpei project. The union provided some training, but was not very successful in addressing pending labour issues. El Guabo does not want to much union involvement. In El Oro, where the Corpei banana project takes place, there is however no relation between the union and ICCO project partners or their PO's nor in any other province.

The union says to focus on the bigger plantations and also the ones that are Fair Trade certified of which some do not comply with labour standards. Apparently, Mr. Prieto, one of the biggest organic and fair trade plantations, does not allow unionization of its member. On the other hand, workers at this plantation are still better off than on the conventional plantations, which therefore receive most of the union's attention. Recently, it managed to sign an agreement with Dole and Rebanpac on salaries, labour rights and training.

4. Peru, SITAG

SITAG (sindicato de Trabajadores Agrícolas) is a relatively new union (2006). It focuses on training workers on their labor rights, legal assistance to workers in labor conflicts, and field visits to check upon labor conditions. Currently, much of the union's work (financed by Aurora Vivar) is on capacity development of women in the agricultural sector, also in the banana sector. In Valle de Chira the union says to count with 1.700 members (many in the banana sector) that make up 75% of the total number of plantation workers. It has 250 paying members. Consequently, to sustain its activities the union depends on donations. It has received initial funding from Bananalink and it hopes to have its finance extended.

The chairman is not aware of ICCO's involvement with Bananalink. There is however a direct (and conflictive) relations with ICCO's PO's (i.e. CEPIBO and APPBOSA (ex CEPIBO)). The union argues that the associations which are Fair trade certified do not comply with labor standards. They give labour contracts shorter than 3 months to prevent a worker from joining the union. Moreover, workers make extra hours without compensation and are not paid for working on Sunday. Plantation workers have to compete with small holder family labour that works without any contract or payment. Small holders have often less than 1 ha. and are simply not able to pay a salary.

Recently, there was a strike by plantation workers (April 2010). On the other hand, the union is aware of the logic of small holder agricultural banana production, the economic importance and the work it creates and it is open to enter into dialogue when facilitated by a neutral actor. It seems that the conflict has also a personal

³⁸ The union expects some 500 illegal Peruvian workers on Ecuadorian plantations in 'EL Oro'.

dimension. The union leader has a very negative image of CEPIBO manager who is calls a 'despot' ('un impositivo').

In the mango sector the labor conditions are usually bad. The Harvest season is very short and worker have to make very long days without any formal contract. There seem to be ongoing labour conflicts at a bigger company / plantation (Saturno). There is no relation between the union and Apromalpi. Consequently, it is difficult to unionize worker. The union does not have any presence in this area and sector.

5. Conclusions

ICCO only relatively recently has started to address the issue of labor and union rights. It saw the need and the potential, but did not know initially how to tackle the issue. Bananalink provides capacity and a network of unions that directly work on the issues. Despite an agreement between Bananalink and ICCO there is not much knowledge and involvement on what Bananalink does on the ground. Bananalink's management as well as the unions sees many possibilities for improvement. Apart from ICCO's funding, much is expected from ICCO's thematic involvement and lobby support.

In potential, through the support of labor unions ICCO can have a significant impact on labour conditions and ultimately on poverty levels. The coordination between ICCO, the partner and the unions seems to be still under construction. There is no data on results and impacts or any systemized reporting on activities. ICCO assumes in its 2009 reporting that the work with Bananalink will help 45.000 workers, whereas a Latin American level Colshiba only has 15.000 members and less so in Ecuador. The numbers do not match. ICCO could benefit much more from strengthening this relation and assume other roles than financing. It could be a channel to support local lobby and relate to the big plantations (Chiquita, Dole, etc.).

As many of the small holder(s) (associations) also hire plantation (and harbor) workers, ICCO runs the risk being trapped in the fire line between small holder organizations and unions. A more proactive approach could prevent problems to occur. There is no coordination at a country or project level with the union.

Labour relations are often difficult, complex and potentially very conflictive. For ICCO to enter into the arena, it is important to be knowledgeable of the (inter)national legislation and well-informed on the local issues and interests at stake in order to determine its position.

C. Western Africa tropical fruit case study

1. Introduction

This annex analysis if the major conclusions from the Ecuador and Peru case study apply for ICCO's Western Africa intervention. In short, from the case studies from Ecuador and Peru it was concluded that ICCO's project provided good results (according to planning), but it was difficult to assess impact. Some interesting qualitative impacts were found, but it is expected to be limited in terms of poverty relief. In regard to roles to play, it was evident that ICCO was much appreciated as a financing institution, especially for capacity development, but there was not much evidence of it assuming other roles as brokering and lobby in a structured way.

First, this document describes the program and intervention on a high level before entering into the analysis of performances and roles, based on interviews with the previous region manager and a partner. The second part analyses ICCO's work with Albert Heijn, based on interviews with the responsible within ICCO and AH foundation as well as a partner.

2. The ICCO Western Africa Program

- Already before the first fruit programme from 2004-2006, ICCO was already working with fruits in Western Africa and had some successes. The 2004 – 2006 programme was mostly aimed at capacity building at project level.
- The 2007 -2010 program aims to strengthen the capacity of small holders and intermediary structures in order to make viable market linkages for increased market access of small holders. Possible elements are the following:
 - To strengthen organisational, technical and business capacity of innovative smallholders in Burkina Faso, Mali, Ghana and Benin
 - To invest in intermediary structures in Burkina Faso, Mali, Ghana and Benin that are chain players and that can take along smallholders
 - To build a strong network for delivery of European market quality fruit (fresh and processed) and shea (butter and nuts) Fair Trade and Organic certified in Burkina Faso, Mali, Benin and Ghana
 - To promote market linkages between chain players.

ICCO works with the concept of value chain development that in short means that any missing link in the chain needs to be looked at and could need 'intra-chain support'. As the strategy states: *'It takes a lot of time and hard work to teach farmers how to fulfil all the quality and quantity standards and certification conditions. And even if the reason is understood, the actual implementation is often different. The only way to bridge the gap between producers and importers in Europe is through a solid system of intermediaries: business-wise but also working on capacity building of producers'*. ICCO believes that there have to be incentives at all stages and for all actors involved. It cannot only be supply driven.

In Western Africa ICCO mainly worked through established relations with partners, who always presented new proposals. Proposals were judged on feasibility and market demand for fruits. There was no long list of criteria, neither was there a long list with potential producer organizations. The demand from the North was limited or at least not sufficiently evident. This made that the program developed slowly in size.

ICCO was already working with AH on mango's in Western Africa since 2002³⁹, but it turned out difficult to establish the fruit program. ICCO wanted to work all along various fruit chains with the relevant actors, assuming a role of facilitator. Previous initiatives with local NGO's as partners were said not to be sufficiently business driven (UFMB). The idea evolved that producers need to depend on their sales to trigger their business interest. ICCO started to develop value chains (supporting AFAD, WAFF Ltd. and Fruteq⁴⁰) and developed a strategic alliance with Helvetas.⁴¹ In search of new northern markets, it also supported new value chain players such as Fair Match Support and Nature and More.

According to the region manager, it was a challenge to develop a programmatic approach. Working with a few value chains does not make a program that helps to strengthen the whole fruit sector in Western Africa. ICCO has been and still is struggling with developing a program. The common denominator for all value chain actors was in sharing knowledge and experience on their daily challenges.⁴² This helped in creating awareness, establishing contacts and new cooperations, but it did not (yet) led to up scaling the program.

3. The budget allocation

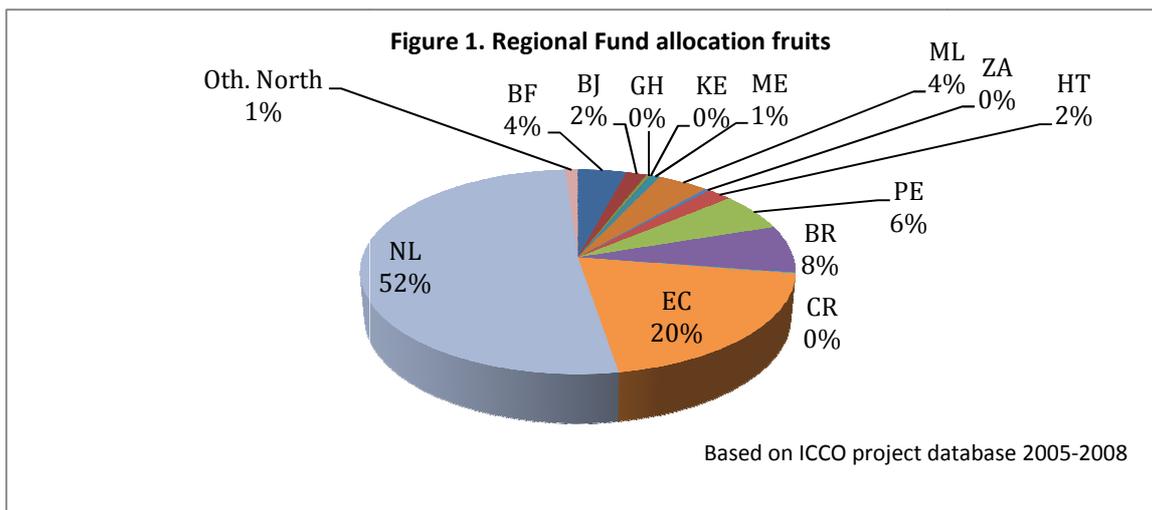
According to the ICCO budget state (2005-2008) Western Africa (Ghana, Burkina Faso, Benin and Mali) absorb some 10% of the overall budget IM Fruit (Ecuador as a country has 20%). There is a stronger focus on civil society support (i.e. organizational development which is relatively more than in Latin America where the focus is more on poverty relief. This can be explained from the fact that Latin American countries have already more experiences and a better developed infrastructure for fruit export. Lobby has hardly received attention in any of the Southern based projects under research,

³⁹ Reasons for ICCO to have started working on mango export are the short harvest season for mangoes and the extreme abundance of mangoes during that season. Fruits rot away, the amounts are far too big to be consumed at the local market. During this same period from April-June, there is a shortness of demand in the supermarkets in Europe. There is supply from Latin America, but not in this period. Hence, it is a very competitive aspect for the Burkina producer. Another reason to start investing was the lack of services and facilities in Burkina Faso around 2002. In the year 2007 this is not the case anymore.

⁴⁰ Fruteq was created a few years ago and was an initiative of WAFFCO, Agrofair and ICCO. It is now an independent company and Agrofair and Waff Ltd. hold part of the shares. Also ICCO holds a minority share. From analysis (of docs under embargo) it shows Fruteq is amongst the biggest fruit traders, but the overall volume and inclusion of West African producers (890 in 4 countries) is relatively limited. Fruteq reached self sufficiency in 2007.

⁴¹ Because of the landlocked countries of Mali and Burkina Faso more emphasis will be on the processing side of the chosen fruit sub sectors (next to fresh produce), while Ghana and Benin offer more possibilities with marketing of fresh produce (next to the processing opportunities).

⁴² It was argued that the work with ECSAD has been very helpful in this respect.



4. Performance

The overall program budget for WA was 2.000.000 Euro (based on information provided by ICCO 2005-2008). It was argued that more budget could have been spent, but according to the programme manager it was difficult to find sufficient good quality producers organizations to work for the export market. Also developing the demand in the North is something that should have been addressed more actively, strengthening creating also the pull factor. When ICCO started with the implementation of its strategy, there was little demand, apart from AH. Also the human resource capacity within ICCO was limited, especially to help creating more demand. With limited matching supply and demand, market development only progresses slowly.

The strategy states that in Western Africa the fruit sector and especially intermediate structures need further strengthening and ICCO initiated activities to work along the entire value chain.⁴³ The program is relevant as it tries to link small holders to better paying European markets, but its relevance was also put into perspective by programme management because the fruit producers already own land and therefore are not among the poorest.

Achieved *results* have exceeded the planning. Based on dynamics, the previous program manager estimates the program results as 45 producer organizations (against planned 15), representing 10.301 producers (against planned 6.000), 9 support organizations and 2 private companies (Waff and Fruteq). With significantly less budget – and in absolute numbers -- more producers have been included than in Ecuador.

Ad random a few reports and evaluations were selected and studied (Fruteq, Helvetas) that show results in line with what was planned, but it also shows mixed indications on *impacts* in terms of achieved poverty relief.

⁴³ This is in contrast to the shea butter programme that is taken place in the same region, but not under study in this research. It addresses the poorest women who collect the nuts and produce the butter. Income derived from production and sales go to the women and their households. Shea trees are usually not held in orchards but grow on unattended land. Shea is therefore a product that 'impact-wise' is very attractive to ICCO.

Similar as in Latin America or may be even more, it concerns niche market interventions that include relatively few producers.⁴⁴ To scale up the programme in the region the challenges remains to find new good quality PO's and supply that matches demand and to develop and strengthen intermediate structures. It has made good progress with the establishing of WAFF and Fruteq ICCO. There is no (specific) attention to plantation workers.

In Western Africa ICCO seriously looked into possibilities for *differentiation and diversification*. In terms of results, not so much has been achieved towards export markets. An alliance has been established with SEAS, a Swiss research institute specialized in these aspects of local market development. Various opportunities have been identified and investment needs to be attracted. There are some successful local initiatives such as producing organic pineapple juice bottled in Heineken bottles and exported in Benin and sold in Niger.

There is no explicit *up scaling* strategy. Whether the business case is good enough, is another debate. ICCO is the last financing organization to turn out the light in case a project does not work out. This can be partly a consequence of ICCO's commitment and loyalty to its patterns, but also due to lack of such an exit strategy.

Successes can be claimed in terms of *improving North South* relations. ICCO developed and inserted new value chain actors such as WAFF and Fruteq and strengthened relations. It also came in a position to influence CSR strategy of Albert Heijn to become and remain engaged in (Western) Africa. In terms of *lobby*, a regional fair trade network has been supported that currently assumes an important role in this respect⁴⁵.

5. Roles

- As in Latin America project studies, ICCO's major role is that of a financing institution. The challenge is to finance those efforts (and especially PO's) that lead to success. In contrast with Latin America it also assumes a role as a capacity builder, brokering chain knowledge and experience. It finances more other activities than capacity building (such as investment in intermediate structures)
- Lobby did not receive much attention (which is in line with the budget allocation).
- In comparison to its role in Latin America (i.e. Ecuador and Peru), it assumed an active role as a broker and facilitator in the value chain and it was relatively successful in doing so. It is not always clear how to allocate success as some successes were also partially facilitated by ICCO partners such as FMS and Taste. ICCO sees its value added in being the link between North actors and smallholder organizations. ICCO's acknowledges that it is difficult from the Dutch office to be on top of the issues locally. Therefore, it has placed a chain facilitator in the region, working along the various chains and addressing the needs where they occur, and always taken into consideration that it is for the benefit of small holders. Respondents believe that ICCO should work more on developing the Northern markets. A concern is that with the upcoming decentralization, it becomes a bigger challenge to maintain the link between North and South.

⁴⁴ The focus on certified fruits also brings along some limitations. This became obvious when AH decided to turn to conventional mangos instead and joined forces with others at the Plaza consortium of which ICCO is not a member.

⁴⁵ The West African Fairtrade Network is a network exclusively accessible for producer organisation with a FT certification.

6. Some reflections

Similar as in the Latin American case, capacity development is considered necessary, but the question is how it impacts on poverty relief, autonomy and sustainability. Initially, ICCO financed (NGO-) partners to support PO's with capacity building. Experience showed that this approach often led to the creation of PO's that were too top heavy and still did not have good access to (international) markets. The organizations did not become profitable and were unable to assume these costs of capacity building later on. ICCO's respondent believes that there was not sufficient business drive. Involving a NGO (as a partner) may help to accompany the PO, but the NGO has its own goals and capacity building may easily turn into a goal itself.

The West African experience suggests that a more business driven approach works best. The model aims at finding a market first and then takes this as point of departure to mould the chain (Fruteq, Savannah Farmers). Capacity development comes in when and where most needed and it is not necessarily only directed to the PO's. This approach is comparable to the AVSF Peru case which was also more business-driven.

A general debate is whether ICCO should assume a role of broker in the chain. In Ecuador and Peru ICCO did not actively assume this role. In Western Africa ICCO did assume this role and was relatively successful, probably because the African situation was different. The difference is in an interrelated set of variables ranging from complexity of the chain and context as well as the level of market development up to the capacities of the partner organizations. Some of the Northern partners believe that ICCO does not have the necessary market knowledge, nor is it sufficiently lean to react as fast as a private sector player. The partners (mainly brokers) suggested that ICCO would do good to focus on strategically financing others such as FMS to assume the brokering role. Regardless of these comments, it seems obvious that when market dynamics and complexity increase, further specialization in role will become desirable.

(Too) much responsibility for results and impacts and roles is with the relation manager, who faces the challenge to combine all four roles (and be knowledgeable on all sectors and know all actors). This person may count on the support of a specialist who, next to supporting other relation managers, often acts as a relation manager towards global partners. It is not always clear who decides on what, and in case communication is not as fluid as 'theoretically' assumed by management (change in staff, illness, etc.), it may result in dis-organization. By placing a chain facilitator in the region it is expected to prevent this from happening.

D. Northern Partners

ICCO's Northern fruit related activities and partners are vary diverse, but mostly serve the purpose of developing fruit markets in the North (Albert Heijn Foundation, FMS, Nature and More, FTO) or create an enabling environment (FLO, ISEAL).

1. Introduction

- More than half of the budget (based on project data base 2005-2008) is dedicated to the work with Northern partners who serve different purposes and assume different roles.
- ICCO strives to increase market size for fair trade fruit products and introduce new (and also processed) products as well as create sufficient critical mass to change the underlying market structures. For that reason it also seeks to cooperate with certification schemes (FLO, RFA, etc.) and sector wide approaches such as ISEAL. It also seeks to address labor conditions at fruit plantations through Bananalink. ICCO also wants to address trade agreements to the benefit of small holders. In the Netherlands (but not exclusively) it focuses on awareness raising with consumers (Max Havelaar's (SMH) Fair Trade Campaign), introduces new products (Fair Trade Original (FTO), Fair Match Support (SMH, FMS), Fair Connect (FC), Nature and More, and links companies (traders, retail, etc.) and small holders (i.e. chain actors).
- Although there is no explicit strategy towards working in a programmatic manner with Northern partners, a 2005 strategy document provides a vision on ICCO's role in the North concerning fruit.⁴⁶ It also sets ambitious targets, progress (in 2009-9) and indicators for monitoring that assumes a clear vision on what to achieve and how, but the results do not show in the DRAM table nor in any other document.

Some conclusions and observations on results:

- Through its partners ICCO has definitely contributed to improving smallholders' access to the market. Although it not easy to quantify and accumulate impact in terms of poverty relief, the DRAM table shows a multitude of achievements.
- Northern partners do not form a uniform group. They vary from lobby organizations and broking companies to certification bodies, each with their own specific results.
- With brokering companies/organizations as Taste, FMS and FC results have been mixed; some exceed, other do not meet targets. Some argue it is too early to expect results and others say much more could have been achieved already.
- Although it is difficult to measure, one may assume that a better functioning of FLO and ISEAL should be for the benefit of small holders. Organizational and strategy support to FLO supposedly helped to speed up and streamline certification processes, but it is not yet clear how small holders have benefited from this.
- On lobby and communication the picture is difficult to understand without having a clear insight on what is the justification of reported progress in the lobby related DRAM indicators. ⁴⁷ With Bananalink results

⁴⁶ IM Dreo Algemeen 22-12-2005 (By H. Uit den Bosch, 2005). ICCO says to assume the challenge to bring certified fruits on the EU market (Agrofair, AFAD/Taste) and it wants to continue its role as a 'pinch bar' to improve access for small holders through linking them to markets and by advocating better and fair market conditions.

⁴⁷ One difficulty is that not all activities and achievements can be dedicated to only on sector (.e. fruits).

have been achieved in setting a global platform on banana production, including the Ecuadorian government. If it will function still needs to be proven.⁴⁸ SMH's fair trade campaign seems to have triggered significantly consumer and retail awareness.

2. Roles

Assuming its role of a strategic financier is considered a difficult task, which it is assuming well. Few partners identified ICCO assuming other roles than financing and appreciations are mixed. Some of them also regret a more active involvement in monitoring, sparring and linking. Others believe that ICCO should first concentrate on its role as a (strategic) financing organization. Lobby and brokerage are considered a different ball game. Especially with brokering it is argued that ICCO is not sufficiently equipped (and entrepreneurial) to be on top of the many markets it wants to serve. It does have broad knowledge on smallholder organization in the South as well as influence in policy debate and awareness in the North.

Also a discussion arose on what lobby exactly entails. This evaluation considers lobby as ICCO assuming the voice for its target population to defend their interests. Working with ISEAL on streamlining certification schemes is therefore considered as a lobby activity (although financed by ICCO itself). Next to working with Northern partners ICCO's lobby department (L&C) also lobbies towards the government on sustainable purchase, trade agreements, labor conditions. Despite good communications between DREO and L&C, there is no explicit shared strategy on what issues to tackle, how and when. Nor is it clear how results are reported.

Lobby is difficult to grasp and partners argued that ICCO should be more present in the debate raising its voice, being more active and visible in lobbying. On the other hand, due to its low profile attitude, ICCO is often invited by the government to discuss 'hot issues'. It is a matter of balancing, but it is clear that there is a role for ICCO to play. Lobby within ICCO has the connotation that it always involves a government. However, lobby towards private sector could indeed be another way for ICCO

3. Process / Organization level

On a process level, the perception also varies on how ICCO assumes its different roles. In general, partners are pleased with ICCO's participative and committed approach and the openness and professional level of its staff. The majority seems to share the feeling that ICCO has much more to offer. Due to many organizational and staff changes, it is difficult to work with ICCO.

Much responsibility on results, impacts and roles is which the relation manager, for whom it is difficult to assume all roles (and sectors). This person may count on the support of a specialist who, next to supporting other relation managers, often acts as a relation manager towards global partners. It is not always clear who decides on what, and in case communication is not as fluid as 'theoretically' assumed by management (change in staff, illness, etc.), it may result in dis-organization.

⁴⁸ Moreover, it is clear that much more can be established here, especially in the countries where both Bananalink and ICCO are active. And that is necessary as well. In Ecuador and Peru, through Bananalink ICCO finances unions that have also members working on small holder plantations. If relations become conflictive, ICCO credibility might be questioned. The complex organizational structure and lack of staff, does not allow ICCO to anticipate properly.

Allies – Partners	Results	Finance	Capacity building	Broker	Lobby	Others	Observations – interpretations
AFAD Taste	<p>Planned for end of 2009:</p> <p>6000 (or 1500?) small holders with better access and income</p> <p>10 new Pos with better access</p>	450.000	x	x			<p>Believes that ICCO should focus on creating markets in the North. Not focus too much on linking and capacity building. Lack market knowledge and what is feasible.</p> <p>Due to its financial powers ICCO could play role in (local) facilitation of stakeholder engagement.</p>
Fair Match Support	With various ICCO chains 25.000 farmers, 21 chains and other results			x			<p>ICCO is not directly a broker: lacks deep market knowledge, and market drive.</p> <p>Its key role is that of strategic financing.</p> <p>Both AFAD and Taste are brokers and could have a self interest in defining the playing field.</p>
Fair Connect	No results yet. It only recently started			x		FC wants to increase FT ingredients.	<p>FC feels that it already achieved a lot, but opinions seem to differ (enabling and creating conditions). Now it is being rolled out.</p> <p>Very innovative concept and ICCO one of few that invested (guts).</p> <p>ICCO is knowledgeable and is always open to discuss, but does not see opportunities FC offers (possible cross fertilization). Foreseen broker function by ICCO not fulfilled.</p> <p>Quality of relation very much depends on contact person.</p>

Fair Trade Original	<p>10 fruit trade partners with better market access</p> <p>Food within FTO up to 75% of turnover (16 m) (not necessarily attributed to ICCO's support)</p> <p>Improved income (socio/economic) partners</p>		X	x			<p>ICCO very committed and professional</p> <p>Missed opportunity of more active ICCO involvement (feed back on reporting, advising/sparring), also in relation to linking up to new partners (workshops for FTO/ICCO partners).</p> <p>Little strategic advice and sparring as well as cross fertilization.</p> <p>It is also argued that FTO itself is not always open to critical advise.</p>
Stichting Max Havelaar (SMH)	<p>Results surpass planning</p> <p>More awareness</p>				x	Increased market access	<p>If campaigns are (co)responsible for changing consumer and retail awareness, ICCO is financing the right thing.</p> <p>Believes ICCO should be more communicative on its achievements, towards its stakeholders ('achterban'?) and in the media, and look for public debate (role lobby). ICCO is rather inner directed and focused on the South.</p> <p>ICCO could exercise more pressure towards AH to embrace FT (like other retailers do)</p>
Bananalink	<p>On global level founded global roundtable on bananas</p> <p>On local level, little linkage with other ICCO projects (improved income /capacities of 45.000 in Ecuador / LA??)</p>				x		<p>Initially very committed, but lost it somewhere in the process. Many changes in staff, lost reports, etc. Hope that this will improve, because BL also expects more than only finance.</p>

Nature & More (EOSTA)	ICCO not satisfied, few planned results achieved (see kidmo					Transparenc y in chain; empowering producers and consumers	<p>Very positive on own progress, Positive on relation with ICCO and flexibility to adapt to changing targets and rather critical on its role. Quality greatly depended on contact person. Changes in staff make it difficult to work with ICCO.</p> <p>ICCO is not very business oriented and entrepreneurial.</p> <p>ICCO should be more aware for importance of empowerment of consumer; demand for transparant, traceability and authenticity</p> <p>N&M argues it needs a longer investment horizon (which ICCO apparently does not understand, stressing the need for relative quick results)From ICCO's perspective, N&M focuses too much on EOSTA</p>
ISEAL (delegated to HIVOS)	Streamlining language in codes, triple certification			x		Enabling environment	
FLO	<p>Organizational and strategy development. It is argued that it helped to streamlining of and speeding up certification.</p> <p>Phase II is implementation (2010-13)</p>			x		Enabling environment	<p>ICCO has added value (thanks to MM). FLO positive, but feels that both are not benefiting sufficiently from this relation.</p> <p>Does not provide sufficient role as advisor – content specialist.</p> <p>Intention to improve from both.</p> <p>Assumption; improving FLO is good for small holders.</p> <p>ICCO claims to represent small holder interests, but not actively in this relation (no lobby).</p>

AHF	<p>Various social project realized, especially for the benefit of plantation workers</p> <p>Working on making chains more sustainable. No real impact yet.</p> <p>(FMS/ICCo)</p> <p>Being at the table with AH helped to influence policy making and thinking on sustainability. Slow but definite change.</p> <p>Big impacts still to come</p>	<p>AH does pay ICCO overhead</p> <p>ICCO pays FMS.</p> <p>FMS hopes it will be paid by AH soon on a commercial basis.</p>	x				<p>ICCO brings in knowledge on Africa, and transparency in foundation</p> <p>FMS executes program (especially related to small holders and chain actors)</p>
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#	Allies – Partners	Roles				Finance					
		Capacity building	Broker	Lobby	Other	2005	2006	2007	2008	2009	2010
1	AFAD Taste	X	X			X	X	x	X	X	X
2	Fair Match Support	X	X					x	X	X	xx
3	Fair Connect		X						X	X	x
4	FTO	X	X	X							
5	S Max Havelaar			X							
6	Bananalink			X					X	X	
7	Nature & More (EOSTA)		X		Providing a tell & trace system			x	X	X	
8	ISEAL (delegated to HIVOS)			X		x	x	x	x		
9	FLO			X		x	x	x	x	X	X
	Programmatic South Partners (in the North)										
10	Helvetas	X	X					x	X	X	X
11	AVSF	X	X					x	X	X	

D1. Albert Heijn in Africa

1. Introduction

An appealing case of ICCO's IM fruit program is the cooperation with Albert Heijn (AH). Although still relatively small in size, the cooperation already exists from before the first IM program was launched in 2004. It started off with buying Fair Trade mango's in Western Africa.

ICCO has helped Albert Heijn (AH) in developing its programme for Afrika. Key in this program is the Albert Heijn Foundation, established in 2007. It is a tripartite agreement signed by AH Foundation, Fair Match Support (FMS) and ICCO. AH's activities in Africa are not financed by ICCO. ICCO acts as an advisor to the management and Board of the AH Foundation and as such it can help to direct social investment towards small holders and plantation workers. AH very much appreciates ICCO's experience in the developing world and in development cooperation.

ICCO advises AH on project development and management and checks on transparency. AH identifies projects and ICCO judges their quality and execution (also financially). Its presence will also serve as a kind of quality stamp. ICCO's main interest is to support AH in becoming a sustainable retailer. With more than 20.000 products in its shops, ICCO realizes that this is a challenge, and every small step it makes can have a big impact at a local level.

The AH Foundation has three objectives:

1. Invests in social projects (housing, education, drinking water, etc.), improving the lives of the workers of their suppliers in Africa,
2. Improving sustainability in the supply chain, and
3. Involving and developing small holders into the AH (preferred) supplier system.

The Foundation finances projects through a fund in which both AH (2%) and its African suppliers (1%) contribute.

2. Results

AHF has its own reporting structure and does not monitor its projects according to ICCO DRAM format. Together with ICCO it has developed its own monitoring and evaluation framework which has not been fully implemented yet.

Objective 1. Invests in social projects

A presentation to the AHF board shows the social projects that have been assumed with an annual budget around 7 to 800.000 Euro in 2009.

ICCO convinced AHF of the importance to install representing bodies for each project to assure sufficient ownership and transparency. It now works in 4 countries, but the aim is to work in all supplying countries. AHF estimates to have served at least 20.000 persons, but with an increasing budget and span, this can be multiplied in the future.

Objective 2. Improving sustainability in the supply chain

Due to the high sustainability demands (food safety, environmental practices and social/ethical operating standards and procedures, etc.) and volume for fruits and vegetables, AH so far has a preference for working with the bigger producers, which it considers more reliable and trustworthy.

AH also bought mango's from small holders in Western Africa, but shifted back to conventional mango's. Consumers were not buying Fair Trade due to the high price. AH teamed up with others at Plaza Mali, which also follows a cooperative approach and has small holders involved, but mango's are not certified. After some initial hick ups, Plaza is functioning well and the BSCI as well as the concept of a representative body have been introduced successfully. The consortium is financed by the Dutch Embassy. ICCO did not want to be a member. When AH shifted back to conventional mango's, that implied that involved small holders lost their market share. Some argue that ICCO should have lobbied for AH to stick to the FT mango's. As argued by one of the ICCO respondents: 'Working with a multinational as AH is another ball game and you cannot twist its arm and force it into doing things that are economically not viable'. One has to be flexible and find other ways to address sustainability in its broad sense. On the other hand, AH is now trying to push for BSCI with all its suppliers moving towards a stepwise and more mainstream approach to sustainability. This also implies that a workers committee has to be installed to discuss labor issues with their employers / buyers.⁴⁹ AH believes that ICCO does not have much to add here. It is an AH decision and it managed correspondingly.

Objective 3. Involving and developing small holders into the AH (preferred) supplier system

AH has a genuine interest to involve small holders, and the challenge is to find the ones able to meet AH's high standards. FMS looks for opportunities to involve small holders, and already four projects have been identified and taken on board (but only one is relevant to the West Africa program (137 small holders))⁵⁰. ICCO might be of help, but AH says that FMS is its counterpart on this task. ICCO's role is to advise AHF, not to broker. Here ICCO can make an effort to see if some of 'its' PO's can be lined up, mobilize its partners (brokers) and/or alternatively assume a role in the strengthening of newly identified small holder PO's. Another challenge to tackle is how to involve smallholders if they do not financially contribute to the Fund.

⁴⁹ BSCI is based on a code of conduct and starts with a self-assessment. This is input to a corrective measure plan and will be audited later on, and repeated initially and ideally once a year. At a later stage, when the approach has been anchored, frequency of audits could be decreased.

⁵⁰ The question if and to what extent ICCO can count AHF results as their own?

3. Roles

ICCO does not *finance* any activity of AH or the foundation. On the contrary, AH does not want any financial support. It could however team up on occasions and multiply impact. One could say ICCO's main role is that of *capacity builder* towards AH; helping to develop and manage projects and to relate to small holders and their organizations.

FMS act mainly as the *broker* in search of viable small holder projects and new business opportunities for AH.

Although ICCO does not have a direct *lobby* towards AH, its current position allows for agenda setting. Moreover, it is in a position to monitor and influence the development of AH's CSR policy. AH acknowledges ICCO as an experienced partner with knowledge on Africa and project implementation skills. It also recognizes ICCO's values, position and roles as a NGO (for instance as is the case with both ICCO and Fair Food being member of the Dutch Soy Coalition). ICCO already advised AH on some broader strategic decision making in Africa. One may even assume that the cooperation between AH and ICCO created more sustainability awareness and business understanding on sustainability which helped the retailer to develop AH's new brand 'pure and honest' (puur en eerlijk). It is obviously difficult to allocate ICCO's contribution, but ICCO respondents feel that AH takes ICCO's advice seriously which indirectly will have an effect in a changing attitude at board level

AH's respondent confirms that both ICCO and AH are partners; each with their specific competences. They listen to each other and respect their opinions. After some staff changes at ICCO – too many in a short period of time according to both AH and ICCO - the relation is more stable and productive. It was underlined that it is crucial to keep the number of staff changes to a bare minimum, particularly in a partnership model and consequent approaches that are new to all involved, including AH's suppliers. It's a people's business and partnership can only work successfully if longer term relationships can be established on the basis of transparency, openness and trust and respect.

THE BSCI PROCESS





Appendix 8

Forestry & NTFP's

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A. Forestry Sector Context Study

A1. Global Forestry Sector Context Study

1. Global production and consumption pattern

Forests are source of natural resources which are used as input for many products including industrial timber, food, fodder and other non timer forest products (NTFPs). The wood can be used as fuel or for the manufacture of timber products (industrial round wood). The good quality wood is used for timber production (saw logs and veneer logs), while inferior quality wood and components (pulpwood) will be input for the production of pulp (transformed into paper, paperboard and other cellulose products), particle boards or fiberboards.

The volume of timber harvested from an average hectare of tropical forest worldwide is very low compared with temperate forests, generally involving less than 10 trees per hectare, each from different species (Food and Agriculture Organization of the United Nations. Forest Resources Assessment 1990: Tropical Countries. FAO Forestry Paper No. 112. Rome: FAO, 1993). As a consequence, logging operations in the tropics are spread over extensive areas and the area disturbed by logging to obtain a given volume of industrial round wood is substantially larger. In many tropical countries, deforestation is an important concert but mostly due to the expansion of capital-intensive agriculture. Timber extraction from natural forests plays a relatively minor role, and most tropical countries impose regulations on logging activities. Properly managed trade in tropical timber can provide developing countries with valuable foreign exchange and employment as well as protect natural forests from degradation and destruction. Since 1983 there has been an International Tropical Timber Agreement which aims to provide a framework for international cooperation and policy development among producer and consumer countries that can contribute to sustainable resource management and development.

The International Tropical Timber Organization (ITTO), supported by the United Nations, collects, analyses and disseminates data on the production and trade of tropical timber among other activities. Together, its members account for approximately 80 per cent of the world's tropical forests and 90 per cent of the global tropical timber trade.

The global tropical timber market has evolved significantly since the late 1980s. The contribution of logs to total primary tropical timber exports of ITTO producers (in terms of both value and round wood equivalent (RWE) volume) has dropped significantly from over 60 per cent in the 1980s to approximately one fifth in 2005.

The Asia-Pacific region is the largest trader of tropical timber, accounting for more than 70 per cent of all internationally traded tropical wood products between 2001 and 2005. Malaysia is the number one exporter of all tropical timber products in the world. Other major exporters are Indonesia, Brazil and India.

Regarding demand, East Asia and the European Union are the main importers. Demand for tropical timber (unsustainable and sustainable) exceeds its supply. China is growing rapidly as a market for primary tropical timber products, fuelled by demand in the construction and furniture sectors. China's tropical log imports increased more than eight times between 1996 and 2003 (UNCTAD secretariat, based on data from the ITTO). China's imports compensate from a significant decrease in demand from Japan due to its slow-moving economy and competition from China. The Netherlands, France and the United Kingdom are Europe's largest importing countries of products originating from tropical timber. The next overview shows the different trade flows of the different kinds of tropical timber.

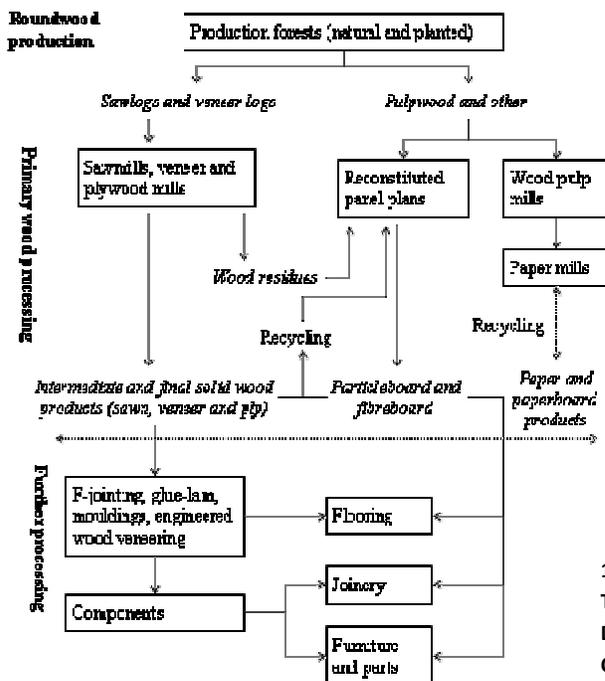
	Logs		Sawnwood		Veneer		Plywood	
	From	To	From	To	From	To	From	To
1st	Malaysia	China India Japan Taiwan	Malaysia	Thailand China Taiwan Netherlands	Malaysia	Korea Taiwan Philippines China Japan	Malaysia	Japan Korea USA Taiwan
2nd	Papua New Guinea	China Japan	Indonesia	China Malaysia	Ivory Coast	Spain Italy	Indonesia	Japan China USA Korea
3rd	Gabon	China France	Brazil	China France USA	Gabon	France Italy	Brazil	USA UK Belgium

Table 1: Major tropical timber exporters and direction of trade in volume of primary tropical timber products, (Unctad, 2004)

In order to get higher revenues and reducing risk of volatile timber prices, many traditional exporters of primary timber products in South-East Asia have been changing into the exportation of secondary processed products (SPWP). These include high-value products such as joinery and furniture. While the value of trade in commodity tropical timber products (logs, sawn wood, plywood and veneer) has dropped by almost a third since the early 1990s, the value of secondary processed products has grown almost five-fold.

2. Supply chain dynamics

The next scheme shows the supply chain in the wood processing industry.



The supply chain in the timber industry involves successive manufacturing activities. The first transformation process involves the conversion of logs into primary timber products such as sawn wood, veneer and plywood. Inferior quality wood and components will be input for the production of pulp (transformed into paper, paperboard and other cellulose products), particle boards or fiberboards.

1: Adapted from International Trade Centre/International Tropical Timber Organization. Tropical Timber Products: Development of Further Processing in ITTO Producer Countries. Geneva: ITC/ITTO, 2002.

Figure 1: Supply chain of wood processing industry (Unctad)

Further transformation of primary products originates the secondary processed products also known as higher value added products. Between producers and end-users there are several trade actors, namely:

- **Agent:** acts on behalf of the seller or buyer. This is usually an importer or a secondary processor and receives a commission.
- **Importers/dealers:** buy the products on their own account to re-sell. Generally they buy the wood to the agent or directly to the producer and do not hold stocks
- **Distributors/ Retailers:** buy directly from the producer or from the importers and normally get credit terms from their suppliers and can also provide credit to their clients. Have stocks for immediate delivery.
- **Secondary Processors:** buy primary products to produce added-value products and generally establish longstanding trade links with end-users.
- **End users:** mostly construction industry but also renovation, furniture production, joinery.

(Adapted from L. Rutten and S.H. Tan. Reviving Tropical Plywood. ITTO Technical Series No. 20. Yokohama, Japan: ITTO, 2004.)

An important development within the timber industry is the shortening of the supply chain. Some end-users, such as large construction firms and large furniture manufacturers in Japan and Europe, are making an effort to bypass the traditional importing firms.

In the case of plywood, the most common trade channels in international trade are:

- Direct contract sales to overseas customers, often through sales offices or agents;
- Sales to traders, predominantly based in Singapore and Hong Kong, China; and
- Sales to representatives of overseas companies who are buying directly at origin.

3. Prices and trends

In 1995 the prices of timber products started decreasing. This phenomenon was accentuated in 1997-1998 due to the economic downturn in Asia, which resulted on strong price pressure for most products from all regions. Japan, which was an extremely important importer, reduced its demand while the competition from low cost Asia logs increased. Still, prices for some of the timber species remained relatively stable due to high demand from Europe.

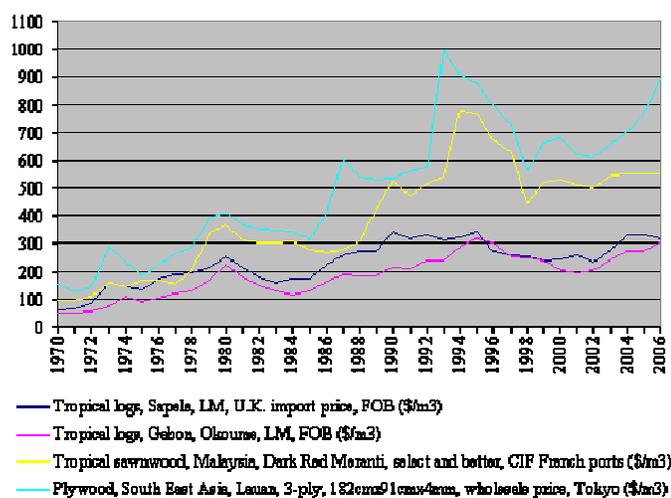
Prices for most primary tropical timber products and species started rising slowly through the mid-2000s, as supply of raw materials tightened, global economies improved and consumer confidence and demand strengthened in most markets. Some price records were achieved in 2006 while there were signs of strong economic development in Asian, European and American markets. Price gains reflected disruptions in log supply due to political instability in some exporting countries, an increase in demand, tax increases in several countries, shipping bottlenecks and rising freight rates.

In addition, log prices for some South-East Asian species rose to 10-year highs in 2006 due to tighter supply of Asian logs heightened by crackdowns on illegal logging, restrictions on log exports and reduced logging quotas. However, in 2007-2008, the US and world-wide economic downturn has affected wood products demand significantly due to decreasing consumer spending and declining housing starts. The trends in prices registered in the previous years have been held back by declining consumer confidence and demand in the US, the EU and Japan. On the other hand, many producer countries are becoming consumers of imported timber products. In 2009, although demand remained relatively low in the EU, prices remained firm (albeit at a relatively low level) or trended upward as roundwood supplies and importer's inventories dwindled because of low purchasing activity, and as suppliers diverted their exports to China and India, where demand had remained relatively stable.

Price volatility was evident for tropical primary wood products during 2008 and 2009 reflecting some reluctance by buyers to make long term forward purchasing contracts during a period of economic uncertainty in addition to fluctuations in exchange rates and the cost of ocean freight. In order to prevent prices from falling further tropical exporters restricted supplies to meet the weak demand conditions.

Nevertheless, the tropical hardwood sector faces some very significant challenges with its market position being threatened by a wide and increasing range of innovative products. Tropical hardwoods suffer from declining price expectations and falling raw material quality, have a very significant image problem, and are being squeezed by a whole host of policy measures (International Tropical Timber Organization, Annual review and assessment of the world timber situation - 2009).

Graphic 1: Annual averages of free-market prices (1970-2006):



4. Non Timber Forest Products

Additionally to timber products, Non Timber Forest Products (NTFP's) can be an important source of income for tropical timber exporters. NTFPs have received much interest for their actual and potential value in development and conservation in tropical countries (Angelson, A. and Wunder, S. 2003. *Exploring the forest-poverty link: key concepts, issues and research implications*. Occasional Paper No. 40, Center for International Forestry Research, Bogor, Indonesia). The economic value of forest products other than timber is found to be large and even larger than the value of tropical timber (Peters et al. 1989). Estimations on income from NTFP are difficult. The accuracy of this information is problematic because of the frequent informal nature of the activity. Extraction is viewed to be ecologically benign and less destructive to forest ecosystem than timber logging. The promotion of these products is advanced to achieve conservation and economic development of rural poor in these countries and strengthen environmental protection of Forests.

Non Timber Forest products are an important and very divers part of ICCO forestry strategy. Focus on NTFP's can increase income streams for forest communities and strengthen environmental protection of Forests. In the table below different categories of NTFP's are mentioned.

Overview 2: Examples of Non Timber Forest Products (NTFP)

Purpose	NTFP
Food & Food additives	Nuts, mushrooms, fruits, herbs, spices & condiments, plants, game
Construction, furniture, clothing	Fibres
Medicinal, cosmetics, cultural purposes	Plant and animal products
Environmental services	Examples Carbon capture, Water management, land management, etc
Other	Gums, Resins, Allan Blackia

5. Key actors and their roles

A key characteristic of the trade of tropical timber is the tenure system. In most producing countries, ownership of tropical forests is vested in the state. Under concession systems, governments lease the right to cut timber to private individuals called concessionaires. These are generally well-connected members of a state's political and economic elite. Those actors receive licenses which describe the terms and conditions of the concession. By means of Forest Management Licenses (FMLs), states reduce their direct responsibilities for forest management and deliver these responsibilities to individuals and companies. Although FMLs are concentrated in the hands of a few, highly-influential individuals, the actual logging of tropical forests is carried out by a large number of corporations (big and small, domestic and foreign). Logging companies need to make payments to a large number of actors, namely banks, subcontractors, employees, government and concessionaires. Therefore, such organizations are under significant financial pressure to cut, skid and transport the timber from forest to final destination as quickly as possible, as well as to minimize operational costs. The log export trade is dominated by large multinational companies, namely Japanese.

In recent years, logging companies have been directing an increasing proportion of their output to domestic mills established under several governmental programs. The main concern of mill owners is to obtain steady supply of good quality logs to ensure high production levels that meet demands. The capital required to establish a sawmill is modest in comparison to the sums necessary to set up a plywood mill. As a result, the sawmill sector contains a large number of small operators, while the plywood sector is much more concentrated.

In importing countries, the most important role is played by the timber importer, who links demand and supply. Importers may sell the timber products directly to commercial outlets or send them for further processing and conversion to value-added timber.

The industry is dominated by extensive internal and external credit networks that bind companies together into a mutually dependent, exploitative relationship.

Other key actors also strongly affected by the industry are indigenous people. Frequently, the concession system of tenure conflicts with the customary rights of indigenous people inhabiting forested areas. Conflicts are inevitable when current land rights become stronger than previous agreements. In some cases, direct conflict is avoided by compensating those populations in in-kind goods.

NGOs and environmentalists are another social force active in the tropical timber trade, mostly due to the fast deforestation of tropical areas and to biodiversity loss. In seeking to protect the destruction of ecosystems, environmentalists focused on the need for rural development that improves the welfare of local populations and on the consequent reduction of illegal logging. (Source: Gale, Fred P., *The tropical timber trade regime*, McMillan Press Ltd, United States of America, 1998)

The forestry industry has been identified as highly concentrated in ownership and management. This creates limited scope for small enterprises including small growers. Communities and small producers have some relative disadvantages when compared to companies:

1. They dispose often of relative small areas (although talking of thousands of hectares, in forest sustainable management, this does not mean that it is enough);
2. They do not dispose of engineers to work out their management plans and annual work plans; these have to be contracted;
3. They have less access to local governmental institutions who have to approve their yearly operational plans;

4. They lack skills in organizational, institutional, technical, financial, administrative, bookkeeping, marketing, business management issues; not only to produce and put the product on the market, but also to obtain a certification. s to market information
5. Most forest communities lack experience in coping with a market; they are used to local (sometime very abusive) trade systems, that don't work by trade agreements, contracts, obligations to deliver, etc. There is no access to market information;
6. Communities don't have the quantity, quality, regularity in delivery, reserves (in case something goes wrong) to conquer a good position on the market. Therefore (sometime very disperse) communities have to join together in order to obtain access to the markets. This calls for mutual trust, something difficult to build within the local circumstances;
7. No skills and no market position, means no feasibility, means no access to finances; and therefore no way of investing in capacity building, organizational strengthening, etc. It goes without saying that access for investment funding is impossible all together.... Here small scale producers face the same problems as companies;
8. Lack of proper infrastructure

6. Main sustainability issues

The most important sustainability problem concerning the production of timber is deforestation and forest degradation. Deforestation and forest degradation have serious consequences on the natural and social surroundings. Woods are the 'lungs' of the world. Given the challenges facing the world in the field of climate change, it is extra important that deforestation is reduced.

Environmental issues:

- Woodcutting and wood production forests leads to a decrease of biodiversity.
- Woodcutting leads to disclosing of forest areas which enables land conversion for agriculture and cattle ranching.
- The construction of infrastructure, due to the increase of population, migration and economic activity, can damage woods.

Social issues:

- Domestic people live in and of the woods. It is a challenge for the wood sector to respect their way of life and conduct forestry and involve them actively in development of own livelihood
- Other aspects are, among others, a decent wage for forest workers and facilities in the field of health care, security, education and training.

Economical issues:

- How do you ensure that the local population is ensured of (a part of) the merits of sustainable forestry?
- Weak position with regard to the agriculture sector that is often stimulated by the government.
- Limited access to working capital as wood concession is no collateral.

Legal issues:

- A part of production is illegal. This means that woodcutting, transportation, processing or sale are in conflict with national, regional or local law and legislation. Woodcutting licenses are obtained illegally by corruption or bribery, export prohibitions are violated or protected wood types are cut down.
- Access to wood/land.

7. Main sustainability initiatives

7.1 Sustainability initiatives and their characteristics

Initiative	Purpose	Governance	About the standard	Remarks
FSC (Forest Stewardship Council)	Certification for sustainable forest management	Founded by social groups, environmental organizations and business representatives. Governed by social, environmental and economic stakeholders from North and South.	Certification of (part of) forest and chain of custody certification	Best valued sustainable forestry program by NGO's.
CSA (Canadian Standards Association)	Forest Certification system	Founded by industry and government. Governed by government, industry, consumers and general interest.	No social and ecological minimum standards	Not transparent; Unbalanced governance structure.
MTCC (Malaysian Timber Certification Council)	Forest Certification system	Founded by government and Malaysian Timber Council. Governed by NGO's, Academic & Research, industry and government.	No minimum standards social/ecological, Chain of custody standard (not closed)	No guarantee for sustainability and legal cutting; Unbalanced governance structure
SFI (Sustainable Forestry Initiative)	Forest Certification system	Founded by American Forest and Paper Association. Governed by social, environmental and economic representatives.	No minimum standards social/ecological Standard and (not closing) chain of custody	No independent certification
PEFC (Programme for the Endorsement of Forest Certification Schemes)	Approval of national certification systems	Founded by European forestry industry. Governed by 'multi-stakeholder' structure (vague description).	n.a.	Inconsistent, approve non-sustainable programs (CSA, SFI, AFS)
AFS (Australian Forestry Standard)	Forest Certification standard	Founded by Commonwealth and State and Territory Governments, National Association of Forest Industries, Plantation Timber Association of Australia, Australian Forest Growers and the Australian Council of Trade Unions. Governed by Government, Forestry and Wood Product Sector, Labour Union and General interest	Forestry Management standard and CoC standard	Primary forests are still cut and transformed to plantations
CERFLOR (Brazil)	Committed to promoting sustainable forest management through independent third party forest certification	Founded by the government, governed by National Institute of Metrology, Standardization and Industrial Quality.	No minimum and clear social and environmental requirements	Problems with landrights.
Keurhout	Approval of individual and national certification systems	Founded in close cooperation with Dutch government. Governed by VVNH (Dutch Timber Organisation).	n.a.	approve non-sustainable programs (MTCC, CSA, SFI)

Initiative	Purpose	Governance	About the standard	Remarks
OLB (Origine & Legalité des Bois)	Legal certificates	Founded and governed by Eurocertifor	Legal standard and Chain of Custody (not closed)	Legal sustainable ≠

7.2 Market share of 'sustainable products'

In ITTO producer member countries:

- At least 25.2 million hectares of the 353 million ha. natural production PFE (Permanent Forest Estate) (7.1% of the 353 million hectares of total natural production PFE) are estimated to be managed sustainably¹ (7.1%).
- An estimated 11.2 million hectares of the 461 million hectares protection PFE are thought to be managed sustainably (2.4%).
- Thus, a minimum of 36.4 million hectares (4.5%) of the total natural PFE (814 million hectares) are considered to be under SFM.
- An estimated 96.2 million hectares (27%) of natural production PFE are covered by management plans and 10.5 million hectares (3.0%) are certified; about 17.8 million hectares (3.8%) of protection PFE have management plans.
- An estimated 14.3 million hectares of plantations (32% of all plantations in the PFE) are covered by management plans; 1.77 million hectares (3.9%) are certified.

FSC certified areas (2009)(green = increase compared to 2008/red = decrease compared to 2008)

	Area certified (ha)	% of total certified areas (globally)	Number of certificates
North America	43.356.234	36.76%	197
South America & Caribbean	9.905.719	8.4%	206
Africa	5.529.955	4.69%	43
Europe	54.379.501	46.11%	443
Asia	3.249.521	2.76%	81
Oceania	1.511.136	1.28%	27
Total	117.932.066	100,00%	997

7.3 Current challenges & expected trends for sustainable products

Market access

- Potentially demand for certified timber is high. However, supply and demand don't meet (that is: don't know each other).
- Certified timber ends up at 'conventional' markets without economic benefit for the forest owner through lack of chain of custody certification.
- 'New' timber species as result of responsible forest management unknown in the market.
- Production of NTFP's on rather small scale, under primitive conditions and mostly for the local market, without the abilities to respond to the international market.
- Unfair competition of illegal timber and legalized (laundered) timber.

Forest management

- *Land tenure:* Uncertainty about land titles make that the forest industry has a migratory behavior that adopts conventional predatory logging practices to log the timber.

¹ According to ITTO Sustainable Forest Management (SFM) is the process of managing forest to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social environment.

- *Access to finance*: For forest companies that are prepared to actively invest in sustainable management of tropical forests, it is often very difficult to attract external financing.
- *Long term relationships*: In order to be able to justify investments in certification, the lease of the concession should be long enough. Short leases are not an incentive for the company to make major investments. The opportunity costs on the short term are high.
- There is a *great lack of reliable information on integrated small scale community forestry*.

Legal challenges

- Often there is a low level of governance, which has resulted in deforestation, corruption, land tenure disputes, land concentration, poverty and violence.

Capacity in the South

- Lack of coordination and alignment between different initiatives is a major obstacle.
- In many cases the differences in values, culture, ways of producing, thinking, living makes it difficult for companies and forest communities to understand one another and work together.
- Lack of knowledge, skills and staff at governmental offices to fully assist the corporate sector.

8. Summary of key sustainability issues per country

Updated 2008/2009

Country	Issues
Papoea New Guinea	<ul style="list-style-type: none"> • Unsustainable and destructive logging • Corruption • Legislation is not effectively enforced • Customary ownership of land makes it very difficult to secure land for reforestation programmes. • The present protected areas system is inadequate in view of the country's biodiversity • Landowner awareness of forestry roles, practices and legislation needs improvement. • Lack of resources and training for the Provincial Forest Management Committees. • Population growth.
Solomon Islands	<ul style="list-style-type: none"> • Unsustainable logging and the economic, environmental and social implications arising from this. • The forestry sector is extremely important to the national economy, with the timber industry accounting for nearly 80 percent of government revenue, 78 percent of total national revenue and providing employment for over 10 000 workers. Reducing the logging rate would therefore cause a drastic reduction in national income. • Weak administrative capacity and lack of resources limits the ability of the Solomon Islands government to respond to these challenges. • A lack of education and training programmes and facilities • Geographic dispersion of the islands causing transportation and communications challenges. • Problems associated with land tenure (including those related to collective and conflicting ownership) • Desire by indigenous people to reap the economic benefits available from logging.
Ghana	<ul style="list-style-type: none"> • Logging of natural forests in the past has not been sustainable. Current efforts to introduce sustainable practices, including a ban on chainsaw logging, are causing short-term disruptions to livelihoods of people dependent on the timber industry. Fire, bush cultivation and uncontrolled grazing remain the main causes of forest degradation. • Destruction of forest and woodlands for the supply of wood energy continues unabated, and there is an urgent need for a cross-sectoral approach. Urban and rural people continue to depend on forests, wooded lands and trees outside the forest for much of their subsistence requirements. Bushmeat (a major source of protein) and traditional medicinal products are particularly important. • High population growth coupled with rapid encroachment by agriculture and livestock, uncontrolled cutting and previous government policies have contributed to the currently high deforestation rate of 1.3 percent per year. Loss of forest cover in Ghana has had an adverse effect on agricultural

Country	Issues
	productivity and the environment.
Kenya	<ul style="list-style-type: none"> • Output from forestry has declined because of resource degradation. Overexploitation over the past three decades has reduced the country's timber resources by one-half. At present only 2% of the land remains forested, and an estimated 50 square kilometres of forest are lost each year. This loss of forest aggravates erosion, the silting of dams and flooding, and the loss of biodiversity. Deforestation is linked with the plight of rural women, who are forced to spend untold hours in search of scarce firewood and water.
Cameroon	<ul style="list-style-type: none"> • Agriculture and livestock productions are the sectors directly responsible for deforestation and forest degradation. The direct contribution of industrial logging is, in fact, limited. But the development of infrastructure such as logging roads does have the indirect effect of making forests accessible to local people. • There are five main stumbling-blocks to the implementation of forest management in Cameroon. These are: institutional weakness of the forest service, weak national forest enterprises, insufficient staff for management design and implementation, and a certain indifference to sustainable forest management on the part of the private logging companies. All this makes implementation of the battery of existing instruments for forest management something of a problem. Technical staff are too few and lack the necessary training. Management supervision by the authorities in charge is comparatively poor. The application of forest laws and regulations is hampered by substantial and ongoing irregularities. Weak logistics and human limitations are a constraint to field supervision of forest harvesting activities. • The legislation and regulations on the books are abundant and varied, which can be disconcerting for someone reading these texts. Forest management does not suffer from a lack of legislation or technical standards, the problem is rather that what is on the books has not been translated into action by users either unfamiliar with or unaware of the existence of these texts. • The boundaries of protected areas are ethereal as well, with local people crossing into or even actually settling within them at will. Conflict between the public services and the local rural population over land and resource appropriation remains a problem. Generally speaking, the protected areas are very poorly-staffed, with trained staff, funding and material resources in particularly short supply.
Burkina Faso	<ul style="list-style-type: none"> • Deforestation of tropical rainforest mainly due to mining and extensive subsistence agriculture. • Recent droughts and desertification severely affecting agricultural activities, population distribution, and the economy; overgrazing; soil degradation; deforestation.
Mali	<ul style="list-style-type: none"> • The main forest problems are the spread of cropping on cleared land, heavy pressure from grazing, bush fires and overexploitation of fuelwood resources (92 percent of the wood harvested is used as fuel). These problems are compounded by persistent drought and an annual population growth of more than 2.2 percent.
Liberia	<ul style="list-style-type: none"> • Seven years of civil war caused the forest heavy damage by non-organized, non-professional bands and warring factions. Nearly all the remaining forests are under concessions to private companies for exploitation and the government has little, if any control over the future of these lands. • Deforestation • Soil erosion • Loss of biodiversity • Pollution of coastal waters from oil residue and raw sewage
Guatemala	<ul style="list-style-type: none"> • Most forest loss in Guatemala results from colonization, which leads to agriculture and fuel wood collection. Population pressures around protected areas result in illegal timber harvesting and land clearing for agriculture in national parks. Fires set for land clearing in nearby fields often spread into protected forest areas. While 27 percent of Guatemala's land is protected, most of these areas generally amount to little more than paper parks. • Gold mining, road construction, and land clearing for cattle pasture are also considered important factors in the ongoing disappearance of Guatemala's forests.
Brazil	<ul style="list-style-type: none"> • Today deforestation in the Amazon is the result of several activities, the foremost of which include: <ul style="list-style-type: none"> • Clearing for cattle pasture • Colonization and subsequent subsistence agriculture

Country	Issues
	<ul style="list-style-type: none"> • Infrastructure improvements • Commercial agriculture • Logging
Honduras	<ul style="list-style-type: none"> • Honduras's high rate of deforestation stems from its poverty. Despite its natural wealth, both mineral and biological, Honduras is one of the poorest countries in Central America. Deforestation results from agricultural colonization by subsistence farmers, clearing for cattle pasture, collection of fuel wood (65 percent of the country's energy comes from fuel wood), mining activities, timber harvesting, and forest fires. Also illegal logging is a major problem in Honduras.
Nicaragua	<ul style="list-style-type: none"> • Deforestation for agriculture, cattle grazing, and commercial logging, and by forest fires. Illegal logging constitutes about half of total timber production. The trade feeds corruption and has known links to criminal syndicates and gangs. • Another threat to Nicaragua's rainforests is mining

9. Summary of key issues of context study

1. While the value of trade in commodity tropical timber products (logs, sawn wood, plywood and veneer) has dropped by almost a third since the early 1990s, that of higher-value (or "downstream") products such as doors, windows, furniture and joinery, has grown almost five-fold. This reflects the growing importance of processed and downstream products - for which demand and prices are more stable - in insulating the trade against the volatility of commodity markets.
2. China is growing rapidly as a market for primary tropical timber products, fuelled by demand in the construction and furniture sectors. Other main markets are France, Japan, Taiwan, Korea and the USA.
3. Biggest producers are Brazil, India, Malaysia and Indonesia.
4. Demand for tropical timber (unsustainable and sustainable) exceeds its supply.
5. Focus on NTFP's can increase income streams for forest communities and strengthen environmental protection of Forests.
6. The forestry industry has been identified as highly concentrated in ownership and management. This creates limited scope for small enterprises including small growers.
7. Of ICCO's focus countries, Liberia is most dependent on the timber industry (27,8% of GDP).
8. The most important sustainability problem concerning the production of timber is deforestation and forest degradation.
9. It is becoming the practice, in most of the countries, to formulate and implement national forest programs which recognize and promote roles and contributions from various players ranging from government agencies, NGOs, tree farmers, private sector, local communities, etc.
10. Although many sustainability initiatives have been started, FSC has been considered the most credible and accepted program.

Sources:

- ITTO (annual reports)
- UNCTAD (commodity overviews)
- FSC NL (IDH program)
- FSC International (annual reports)
- FAO (country profiles)
- Mongabay.com
- Wikipedia
- Several ICCO strategic documents and plans

A2. Guatemala Country study

The name Guatemala comes from the Nahuatl “Quauhtemallan” voice which means “Land of Trees” referring to the vast extensions of forest found by Spanish conquistador Hernan Cortez and his Nahuatl army on their way to the south. Guatemala has an extension of 108,889 km² and is located in Central America, bordering the North Pacific Ocean, between El Salvador and Mexico, and bordering the Caribbean Sea between Honduras and Belize.

Guatemala is divided in regions according to its major characteristics and attractions:

1. The Metropolitan Area is modern and colonial with most of the government offices.
2. The highlands (Altiplano) is the mountainous area (2000-3500 m) and has rich Mayan culture
3. Peten has many ancient Mayan cities surrounded by Tropical Rainforest
4. The Caribbean Coast is combines sea, rivers and a dense humid tropical rainforest
5. The Verapaces have coffee farms along with tropical rainforest, rivers and caves
6. The East is very warm with dry forests
7. The Pacific Coast are the beaches of volcanic formation



Figure 1. Guatemalan regions
Source (Visitguatemala.com)

Guatemala is constitutional democratic republic, with its forest resources being administered by the National Council of Protected Areas (CONAP) and the National Forestry Institute (INAB). CONAP is in charge of the protected areas, which harbor 51.4% of the remaining forests, including most of the country's broadleaved forests (71.5%). The major part of coniferous forests, mixed forests, and forests associated with agricultural land (75.6%) is found outside protected areas and, hence, are administered by INAB (Carrera et al 2005)

The following is a brief country analysis of the Guatemalan timber sector. General and factual information is provided here with the purpose of describing the overall timber sector conditions.

1. Country poverty status

1.1. Poverty statistics and trends

According to the World Bank, back in 1995, Guatemala had a severe and widespread poverty, where 75 percent of total population lived below poverty line and 58 percent of the populations had incomes below the extreme poverty line. The CIA World Fact Book reports in 2009 that the income distribution remains highly unequal with more than half (56.2%) of the population below the national poverty line and 15% in extreme poverty.

1.2. Main groups affected by poverty

Poverty is especially prevalent in rural areas in the North, Northwest, and Southwest and occurs primarily among the poorly educated and indigenous members of the population. More than 90 percent of the indigenous population lives on an income that is lower than the poverty line (World Bank 1995).

2. Country production and consumption pattern

2.1. Global annual production and recent trends

The CIA World Fact Book (2009) reports the following economic trends for Guatemala:

- **GDP (purchasing power parity):**
 \$69.22 billion (2009 est.)
 Country comparison to the world: 81
 \$69.57 billion (2008 est.)
 \$66.89 billion (2007 est.)
 Note: data are in 2009 US dollars
- **GDP - per capita (PPP):**
 \$5,200 (2009 est.)
 Country comparison to the world: 139
 \$5,400 (2008 est.)
 \$5,300 (2007 est.)
 Note: data are in 2009 US dollars
- **GDP - real growth rate:**
 -0.5% (2009 est.)
 Country comparison to the world: 115
 4% (2008 est.)
 6.3% (2007 est.)
- **GDP - composition by sector:**
 Agriculture: 13.5%
 Industry: 25.1%
 Services: 61.4% (2009 est.)

The National Forestry Institute (INAB- Instituto Nacional de Bosques) reports 39.93% of forest cover distributed as follows:

Forest Type	Area (Km ²)	%
Broad leaved Forest	35,938.33	32.93
Coniferous Forests	4,274.95	3.92
Mixed Forest	3,364.17	3.08
Total	43,577.46	39.93

Table 1. Forest cover according to forest type

The 55.6% (28% of Guatemala Area) of the Guatemalan forests are protected areas and 44.4% is out of protected areas management. (INAB 2005)

Table 2. Forest Cover Dynamics, Source: INAB 2005

Guatemala forest cover is quickly diminishing due to expanding agriculture, cattle ranching and burning.

Type of Forest	Regime	Area
Natural Forests under Management	Forest Concessions	482,983 ha
	Outside Forest Concessions	81,000 ha
Forest Plantations	PINFOR (2004)	44,389 ha
	Other Programs (2004)	47,190 ha
	Reforestation rate	+/- 8,000 ha/yr
Cover Loss	Estimated between	50,000 to 60,000 ha/yr

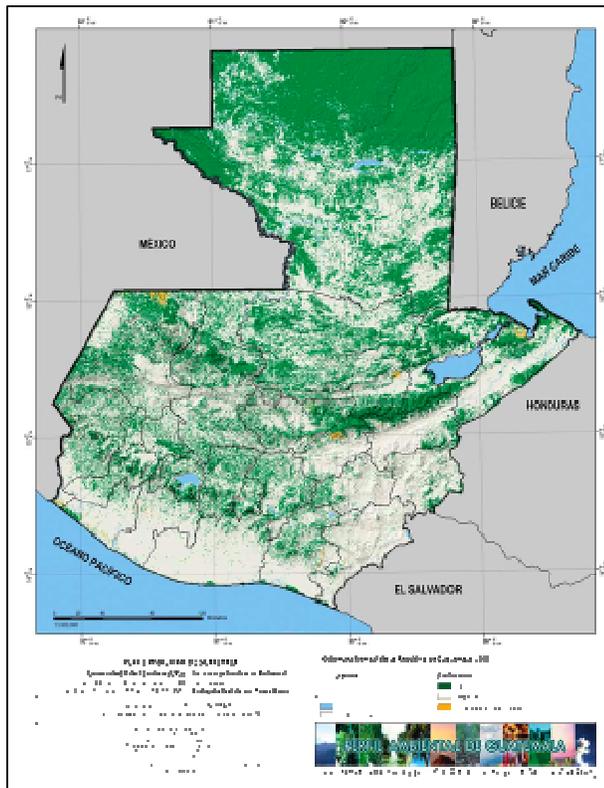


Figure 2. Guatemala current Forest Cover

2.2 Importance of Guatemalan production at global level

The Guatemala timber production seems irrelevant in comparison to the global level productions. The total Guatemalan timber productions related products do not account to even 1% of global timber products. The following table presents Guatemalan timber products production data for 2002 in comparison to the rest of the world.

Producción de Productos Forestales (2002)	Combustible de Madera (miles de m3)	Madera en Rollo Industrial (miles de m3)	Madera Aserrada (miles de m3)	Paneles a Base de Madera (miles de m3)	Pasta para papel (miles de ton)	Papel y Cartón (miles de ton)
Africa	545.915	66.785	7.761	2.254	2.550	3.277
Asia	782.160	222.563	61.157	58.768	40.325	97.823
Europa	105.909	480.118	127.844	63.275	47.008	102.039
Am. del Norte y Centroamérica	159.041	615.136	152.281	57.534	78.910	106.463
Guatemala	15.207	518	340	43	-	31
Oceania	12.973	49.644	8.691	3.940	4.383	3.522
América del Sur	189.679	153.469	33.183	9.588	11.539	11.524
Todo el mundo	1.811.884	1.588.233	391.257	195.402	184.715	324.679

Table 4. Guatemala and World timber production

Source: FAO 2005 cited by MYPYME 2009

2.3 Importance of production for NL and EU

Although the Guatemalan timber production volume is not significant for NL or EU, it becomes of relevant importance due to policy and procurement reasons for European companies.

The Forest Products Annual Market Review (UNECE-FAO 2006) states that several European governments (including Netherlands) have made commitments to source “Legal and Sustainable” timber in their procurement policies. In addition, consumers are the driving force for the Certified Forest Products in the

Netherlands; therefore, forest certification and chain-of-custody are common requirements for retailers. For this reason, Certified Forest Products becomes important and Guatemala has approximately of 515,000 ha of forests certified under FSC standards.

2.4 Importance of product for the economy of selected country (% GDP)

Forest participation in the Guatemalan GDP has been null for many years. However, in recent years it started showing a constant growth in relation to other sectors. The figure below shows a forestry GDP increase of 0.05 going from 1.63% to 1.68%. This contribution to the national GDP could be even higher if firewood and environmental services were included.

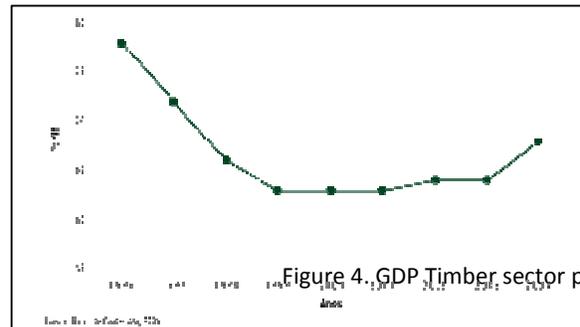


Figure 4. GDP Timber sector participation

2.5 National consumption, proportion of export trade

Guatemala has two different forest areas with different products and different markets. The Peten area is called the high land. Here hard wood is produced which is potentially suitable for export markets. The lower areas soft, pine wood is produced. Soft wood is of lower quality and only suitable for local markets (furniture, building materials, etc). The export potential of the soft wood is non existent because of the competition with other cheaper and better quality soft wood from for example Chile.

INAB (2005) reports that nearly 90% of the total timber production is designated for the national markets (mainly soft wood) and only 10% are exported.

- Internal market is not quality demanding
- Forest Products are exported to more than 30 countries
- Major markets for the primary industry are USA, Germany, Dominican Republic, El Salvador and Mexico
- Major exportation product: Sawn timber
- Increase in importing products from USA, Mexico and South America

The Guatemalan Exporters Associations (AGEXPORT) reports the following export statistics up to October 31st, 2007. The forest sector shows a 21% growth in exports

3. Supply chain dynamics

3.1. Nature of the product, quality aspects, variability of end-products

In 2005, FAO reported that 70% of the national timber productions came from natural pine forests. The total log production from 1999 to 2001 was around 570,000 m³. The 68% of the timber produced is for sawn timber, 14% is for valued added products and 9% is for production of agglomerates and the rest is used in several manufactures.

In relation to Non Timber Forest Products, the main consumptions take place in the European Union, USA and Japan. The Xate Palm and Chicle latex are the most important NTFP being harvested, especially in rainforest, producing incomes of Q 4,560,000 and Q. 2,350,000 respectively for the year 2004 as reported by CONAP (National Protected Areas Council).

In addition, the national forestry inventory in 2004 reported that 65% of the total population depended on the forest for firewood production. In 1996, the firewood consumption was estimated at 11,000,000 m³/year, representing US\$300 Million if it was to be substituted by a oil derivate (MAGA/PAFG, 2000 cited by FAO-INAB 2004)

3.2. Structure of the supply chain

The Guatemalan forest sector has been defined as a sub-sector of the national economy generating benefits based on trees such as environmental services, timber and non-timber products. These benefits are the product of the development of several activities according to a management regime well defined to include extraction, harvesting, protection and restoration of degraded forestlands. These activities rely on a public-private partnership including legal, financial, academic and enterprise components, which together determine national accounts performance (source: MAGA/PAFG 2002 cited by FAO-INAB 2004).

Under this concept, the forest sector accounts a set of actors (public sector, private sector, NGOs, small, medium and large individual land owners, communities and groups collectively owning forests, forest concessions given by the government to communities, municipalities owning forest and lands); which are related in the harvesting, protection, commercialization, industrialization and other activities; receives inputs (transportations services, financing, insurance, training, publicity and communications); and generates products for other sectors in the global and national economic system context (Forest goods and services) (source: MAGA/PAFG 2002 cited by FAO-INAB 2004).

3.3 Major production systems and role of smallholders

The primary timber industry of Guatemala is composed of 261 sawmills (Castillo, 2003 cited by INAB-FAO 2004). The 58% of these companies have been working for more than 15 years and only 5% are considered new companies. There are 96 companies exporting nationally. The mean harvesting is 55% and 45% is loss as sawdust.

The primary timber industry is concentrated in five departments: Guatemala has 33%, Chimaltenango 9%, El Progreso 8% and Las Verapaces 13%. Peten accounts for 7% and concentrates the industry working with broadleaved rainforest. This concentration is mainly due to available services and infrastructure more than to the location of the forests.

The secondary timber industry is composed of two types of companies: The small-scale furniture makers for the national market mostly and the large companies that export mainly to the USA. There are 213 companies dedicated to the secondary transformation of timber and 60 small to medium furniture workshop (registered). The selling of lumber and products is done in 604 commercial installments (timber deposits and construction sales) (FAO-INAB 2004).

3.4 Number of smallholders or communities dependent of the specific product

The state organization responsible for administering the forest resources has suffered many adjustments in order to have more active participation from the different forestry sector actors. In 1996 the INAB was created as a state independent institution with a board of directors representing the civil society, universities, environmental NGOs, Gremial Forestal and Municipalities; with the whole idea of having participations from the forestry related sectors. (FAO-INAB 2004, INAB 1996)

The national Forestry Policy has been implementing different instruments to include participation of the different representatives of the sector. For instance, PINFOR is the Forestry Incentive Program and since the beginning of the program 88 thousand hectares have been reforested and 173 thousand hectares are being sustainably managed, generating over 200 thousand employments and benefiting over 300 thousand persons (INAB 2005). According to local sources Pinfor is relevant for both soft wood and hard wood areas. ICCO sources state that Pinfor is only relevant for soft wood areas.

The following graph shows the PINFOR incentives distribution among the different beneficiaries in the sector showing that it has become a main driver of development.

Another instrument used by the Forestry Policy to increase community participation has been the forestry concessionary process in Petén. Up to 2002, the government assigned approximately 400,000 hectares to 12 organized groups.

In the late years, as part of the Peace Agreements, the government has strengthened the process of Municipal Forestry Administration. By 2002, 102 Municipal Forestry Offices were functioning, representing the 33% of the country's municipalities. In 2009, 164 Municipal Forestry Offices were properly functioning (INAB 2009)

3.5 Product Major production and processing costs, labor requirements

In the forestry sector, most of the employment is generated by the forestry industry. In 1999, it was estimated that the forestry industry generated 36,878 direct employments (MAGA/PAFG 2000 cited by FAO-INAB 2004).

The employment generated by the different forestry activities will depend directly on the degree of timber processing. For instance, the Petén forestry concessions generate 1.4 workday/m³ for logs, up to 9.2 workdays/m³ for dimensioned timber and 13.4 workdays/m³ for end products (Imbach & Galvez 1999 cited by FAO-INAB 2004)

The PINFOR implementation has generated (1998-2001) approximately 3.2 million workdays equivalent to 12,000 employments. In 2009, INAB reported 200,000 direct employments generated from the reforestation activities benefiting approximately 300,000 persons.

The mean minimum salary in the forestry activities and industry is usually above the minimum national salary. The minimum salary set by the ministry of works is Q.56/day; however, in the forestry sectors daily wages could vary from Q.60 to Q.100 (and even more) depending on the specific activity and how far is in the production chain.

4. Main sustainability issues in sector

Guatemala has a rich multicultural diversity that in terms of natural resources management creates different situations that place a high risk on forest resources. There are very little drivers for economic development in most of the rural areas of Guatemala; therefore, the rural economy is usually based on subsistence agriculture (maize and beans productions). In addition to this, young marriages, lots of kids and no education come to worsen the situation.

4.1 Social and economic

The increase in population has been increasing the pressure on the forests resources. It is expected that for 2020 the Guatemalan population will be 18 million and the migration to the countryside will continue to expand the agriculture frontier.

In Guatemala, more than 50% of the population depends on agriculture for a living and approximately 65% use firewood as source of energy for cooking. The demand for agriculture land will increase the deforestation rate and also reduced the area for further reforestations.

Land tenure also becomes a limitation for sustainability. The inequality on land distributions and the lack of legal certainty complicates the access to finance for the implementation of forestry related programs. Wherever the land legal certainty is clear, less deforestations has taken place.

Poverty and no educations are also affecting the forestry sector negatively. Poverty and deforestations are usually related due to the lack of opportunities; therefore, the forestry resources are used as a form of capital and cleared for agriculture.

Macroeconomic factors also have an important role in the sector. The type of change and interest rates affects the access to credits and finance of forestry initiatives. The lack of infrastructure development to access forest for transportation of forestry products increases costs to a point where there is no business incentive/model for forestry activities. Finally, the market access for the different forestry products is not secure due to lack of proper strategies, conditions and resources in the administration of forest resources. (INAB 2005, FAO-INAB 2004)

4.2 Environmental

The loss of forest cover is a major concern at government level. The deforestation rate is between 50,000 to 60,000 ha/yr (INAB 2005). This deforestation rate is mostly associated with socioeconomic factors. However, other aspects such as lack of governance, illegal logging and commercial plantations like palm oil play an important role in reducing the forest cover.

The forest industry is also having some issues related to technology. For instance, the primary industry is focused on producing sawn timber and only for diameters greater than 30 cm. The production capacity is very inefficient with losses of 60% mainly due to low technology capacity, lack of trained personnel and poor business administration. And finally, the disconnection between the primary and secondary industry slows down consolidating the timber industry (FAO-INAB 2004).

The government is having a very difficult time trying to administer protected areas, especially national parks where the government's lack of resources leave them exposed and vulnerable for invasions from people looking for agricultural land. Figure 10 and 11 show the deforestation and forest fires that take place in the Mayan Biosphere Reserve. Note that the Multiple Use Zone, the area assigned as forest concessions, has less deforestation and forest fires taking place. On the contrary, National Parks are being transformed to agriculture lands.

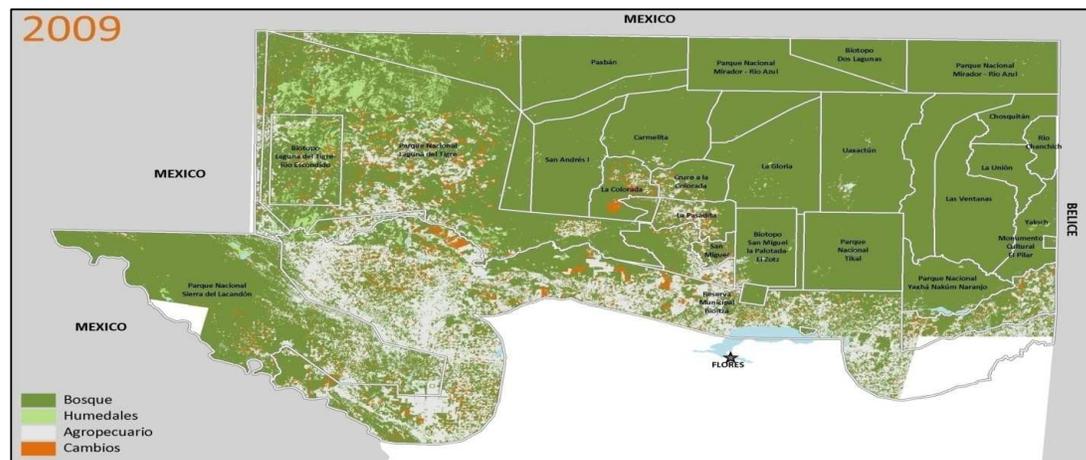


Figure 13. Deforestation in the Mayan Biosphere ReserveSOURCE: CEMEC 2009

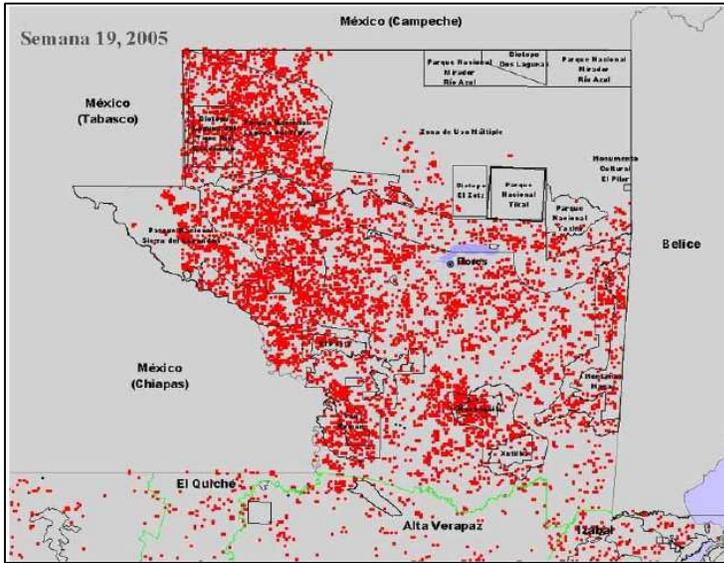


Figure 14. Forest Fires in the North of Guatemala for the 2005 season SOURCE: CEMEC 2005

5. Sustainability initiatives

5.1 Description of sustainability initiatives

The Guatemalan government has been addressing sustainability issues with the use of different sector policies. Several of these policies focus on different aspects of income generation; however, most of them relate directly to the importance of the forestry sector. The sector policies are: Forestry, Biodiversity and protected areas, Agriculture, Environment, Ecotourism, decentralization, Forestry Cluster and Peace Agreements (FAO-INAB 2004). The intention of these sector policies, in the forest sector, is to alleviate poverty by increasing income generation activities for organized groups through better conservation and management of forest resources.

The application of the different policies is seeking to diversify production and increase income generation. Communities are being organized and assisted by second level organizations that lobby for forestry resources and apply for government incentives (PINFOR/PINPEP) and financing. Forest Certification has become key element in securing sustainability of the forest resources, especially in the forest concessions where it is obligatory and was established as part of their contract.

5.2 Market share of 'sustainable products' & trends

FSC certification has become the only means of verification of sustainable products in Guatemala for timber and non-timber products at the international level. PINFOR², as part of the national Forestry Policy, is helping to secure sustainable products due to the yearly evaluations done by INAB in order to extend certificates for users to receive the corresponding incentives.

- Up to 2004, FSC Forest Certification had been assigned to 514,423 ha in Guatemala lowlands (Carrera et al 2004). The local demand for this type of products is inexistent, mainly due to high volumes of illegal timber at lower prices and FSC certified products are too expensive for the national market. The forestry concessions in Peten are producing around 3M bf yearly between primary and secondary species.
- Up to 2009, PINFOR had already distributed economic incentives for the reforestation of 88,000 ha and the sustainable forest management of 173,000 ha. PINFOR is a long-term Forestry Policy instrument

promoting sustainable forestry production by stimulating investment in forestry activities and industry. The strategy is to develop the timber industry as stated in both forestry laws to hopefully be able to access/secure markets. . (INAB 2009).

- Since 2007, the PINPEP incentive program for small producers (less than 15 ha), has contributed with 13,103.50 ha and distributed Q.24,678,350.70 among 17,934 beneficiaries (INAB 2010).

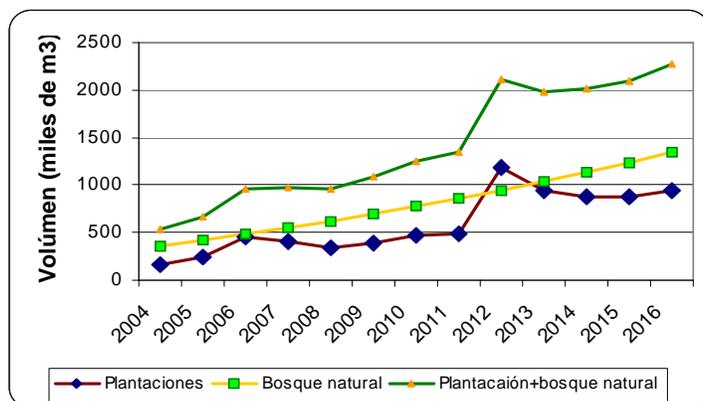


Figure 16. Timber production trends for Guatemala

5.3 Impacts of sustainability initiatives

The impacts and results presented by the forestry concessions may vary individually but generally seems quite successful and are providing high economic, social, and environmental benefits.

- Families, communities, and the Mayan Biosphere Reserve reflect the economic benefits of the process in increased income. The family income from forest related activities has increased to one of the highest incomes in the rural Peten, almost \$6,000 per person, yearly. The communities have benefited with 51,309 person-days worked in 2003, worth a total of \$359,490 (Q.2,821,995). The MBR, over a 25 year period and 5% discount rate, generates a net present value of US\$13,169,131 (Q.102,719,225), with annual timber sales of around US\$5 million and US\$3 million of Non-Timber Forest Products. The numbers only present forest related activities and do not includes other types of jobs that individuals may practice when not involved in forestry activities. (Chemonics, 2003; Nittler and Tschinkel, 2005)
- The most important social benefits of the concessions are related to the social organization that took place among the communities to access the forest resources. The communities managed to organized themselves individually and into higher levels (like ACOFOP) and accept rights and responsibilities to manage forest resources. The communities now consider themselves owners of the forest and are protecting the resources that are their source of incomes. On the contrary, national parks are still seen as no-man's land and are rapidly being invaded and destroyed (Chemonics, 2003).
- The environmental benefits are the ones highly considered when referring to the process as being successful. The most important ecological benefits are the certification of almost 350,000 Ha of tropical rainforest by Smart Wood under FSC standards, the almost zero incident of forest fires in the concessions contrasting the high incidence in the buffer zoned and national parks, and finally the stabilization of the agricultural frontier (Gómez and Méndez 2005). Studies also show that selective logging (0.8-2.4 trees/Ha) implemented in the concessions is minimal and does not affect the presence of species other than increased richness in the harvested areas (Balas et al 2004, Radachowsky 2004 cited by Nittler and Tschinkel 2005).

The principal impacts (Carrera et al, 2004) of Forest Certification in the concessionary process in the Mayan Biosphere Reserve are:

- Prestige and security in the process of concession granting in the MBR and forest management in general

- (e.g. national and international prizes awarded);
- Improvement in the organization and administration of forest resources by community groups and private owners;
- Improvements in safety aspects and general well being of forest workers;
- Improvements in the conservation of forest resources;
- Greater understanding of good forest management through the standards development process;
- Access to certified product markets for some certified enterprises; and
- Increase in understanding of good forest management by technical and professional personnel.

The direct benefits reported by INAB (2009) of the PINFOR process in the rest of Guatemala are:

- Incentives in poverty and extreme poverty areas
- Incentives in water regulating and capturing forestry lands
- Incentives in community and municipal lands
- PINFOR in protected areas being managed by communities
- Strengthening of community organizations
- Integrations of local actors and municipalities
- The 64% of the total amount invested in PINFOR is for rural labor
- Recovery of degraded areas
- Conservation of soils, water sources and biodiversity
- Carbon capturing scene conservation

5.4 Main problems and opportunities

Some problems and opportunities identified by Carrera et al (2004) in relation to the Mayan Biosphere Reserve and projected to the national level focus on the low production levels and inadequate distribution channel, due mainly to the following factors:

- The supply of certified timber is not efficiently reaching the demand due to a lack of communication mechanisms. Several initiatives are in place to mitigate this, for example by creating regional networks of certified timber.
- Advance sale to buyers who provide credit and not necessarily to those who pay the best price. The lack of working capital along with inadequate administration of the community enterprises frequently forces the enterprise to resort to advance payments with an inherent penalty in terms of prices below the current market rate.
- Lack of entrepreneurial capacities of community groups. Some timber buyers have complained about non-compliance with contractual arrangements. In some cases, community groups have accepted advance payments from several sources without delivering the volume stipulated.
- Poor product quality. In most cases, sawn wood enters the market without being properly dry. As a result, most wood is warped, in particular mahogany. Many buyers request pre-dimensioned timber, but many community groups do not have the conditions to meet this specific demand.
- Low supply volumes. Despite the large area certified, harvested volumes are strikingly low due to the inherent high diversity of trees in tropical forests of which only few are currently marketable. In addition, most producers tend to sell their timber individually, despite recent efforts to realize joint sales. Many producers claim that there is no significant difference between the prices paid for certified and uncertified wood. Other, however, have managed to receive price premiums by complying with the factors described above.

Some other strategies being proposed by INAB (2009) to address issues related to sustainability and continue to consolidate the forest sector are:

- Integration of the political, legislation and institutional frame related to forestry resources
 - Consolidate an institutional frame with a higher governing body

- Create and consolidate dialogues related to forestry topics
 - Consolidate the municipal forestry offices
- Financial and technological link between raw material production and value added product transformation
- Link the forest sector to other economic sectors: tourism, construction, energy and water
- Human resources formation and specialization
 - Consolidate the Forestry Education System
 - Specialization of the different stakeholders along the productive chain
- Implementation of mechanisms for better public lobbying in relations to the forest roll and its use, management and conservation acceptance
- Consolidate the forestry cluster strategy development
- Strengthen the forestry producers organization to improve the capacity to access markets and technology
- Implement and manages alternative finance mechanism
- Identify and develop quality products competitive in the international markets
- Strengthen the applied research toward generating and adapting technology to add value in the production chain
- Implement a forestry information system

5.5 Current challenges and expected trends

The last assessment carried out by the assisting international cooperation agency (Chemonics 2003)³ suggested four main challenges related to the enterprise and community's internal organization, business management, specie and products diversification, and processing.

- The communities and enterprises formed to manage the forestry concession present high internal organizational problems. The communities and their enterprises are affected by many issues related to internal power struggles, low educational levels, insufficient skills in resolving conflicts, mistrust, corruption, desperate needs for immediate income, conflicts of interest, and several others that slow their progress. The statutes developed to govern the management of the community concession are not being followed, and the constant rotation of managers is guaranteeing their incompetence in the process (Chemonics 2003).
- The business and management of the concessions tend to be inadequate and fails to consider long-term financial impacts. Decisions related to forest production and investment options are considered little nor calculated. While these weaknesses exist, the Community Forest Enterprises -CFE- have proven profitable, yet they still need to consolidate by controlling costs and adding value to their products (Chemonics 2003).
- The species and product diversification problem relies on the dependency on old growth mahogany, which seems to be decrease in availability yearly. The CFEs and the communities need to consider other less known timber species among their portfolio. Non-timber forest products also need to be considered among their incomes. Issues related to harvesting, processing, and marketing also need to be addressed by the CFEs in the diversification of species and products in order to increase and maintain their profitability (Chemonics 2003).
- The processing of the products, mostly timber, is incompetent and consequently results in partial loss of high value mahogany logs. Most CFEs have sawmills that are inefficient but prefer having their own instead of coordinating to be more productive and reduce costs. In general, their processing activities need to improve and provide the required value-added to the products and create additional employment opportunities for the concessionaires (Chemonics 2003).

³ no more information available. In 7 years not much have changed in Guatemala. Icco is still supporting this in most of their projects.

INAB (2005) suggest that the most important challenges in the near future to strengthen the PINFOR process are:

- Transformation of small diameter products. Since PINFOR is still in a young process and reforestations are still not producing timber, producers are not yet obtaining an economic benefit from the forest. Sylvicultural activities like thinning will shortly produce volume of small diameter logs that will require a processing industry that does not consider small diameters as a waste and obtain an economic benefit out of it.
- Generate industry and value added products. The timber sector focuses on producing raw material or primary transformed for the national and international market, but fails to produce value added products mainly due to quality factors.
- Create training centers for organized groups. Human capital will be required to carry on the strengthening of the PINFOR process at the community level. This groups need training in different economic, environmental and social aspects that would strengthen their capacities towards the different forestry activities.
- Carrera et al (2005) suggest that in order to consolidate forest certification in the Mayan Biosphere Reserve, the following is important to accomplish:
- Demonstrate that certification can bring significant competitive advantages in the medium term, such as access to niche markets;
- Promote certification at national level, for example through the consultation process related to the development of national standards;
- Improve product quality through demand-oriented design and development of certified wood products;
- Forge strategic alliances between producers and processors, as strengthening community-enterprise links can bring about mutual benefits;
- Implement strategies to incorporate small and medium producers in the certification process through innovative group certification schemes;
- Develop integrated supply chains of certified timber and non-timber forest products. There is ample scope for better coordination between producers, processors, traders and their respective business development service providers. Well-designed marketing campaigns need to reach to the final consumer as a key actor of the future certification process;
- Craft policies for preferential purchase of certified products by governmental institutions;
- Adapt standards to the national and regional reality, allowing for minimum levels of compliance and strengthening the national initiative in charge of them (CONESFORGUA);
- Evaluate the suitability of the Small and Low Intensity Managed Forests (SLIMF) guidelines, which are currently being developed by FSC, for the Guatemalan context; and
- Homogenize the application of certification standards (generic or national) as much as possible. The outcomes of certification assessments should not be dependent on individual assessors' views and preferences.

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A3. Allan Blackia context study

Important note: In practice it proved not possible to evaluate and verify the relevance, effectiveness, sustainability and impact of ICCO's work in this sector. Due to internal circumstances only limited and incomplete information was made available to the evaluator. We therefore have to base this case study on incomplete data, and see that this situation hampers the accuracy and completeness of this case study and limits the width of the conclusions which could be drawn.

1. Global production and consumption pattern

Allan Blackia (AB) is an indigenous tree of which the fruits produce seeds which can be pressed and produce oil to be used for different purposes. Although the oil was used mainly for local markets, Unilever has started to establish a sustainable supply chain for Allan Blackia to diversify its reliance on palm oil as the main ingredient in many of its products. Unilever started the Novella Project in cooperation with NGO's, local governments and research institutes. Unilever supports the project until 2012.

1.1 Production and Consumption

Main producing country Tanzania

Tanzania	2006	2007	2008	2016 (expected)
Planted trees 4	4,000	20,000		
Villages involved	16	48	55	
Farmers involved	30/6,0005	1,200	5,000	25,000
Tons of seeds		350/430/650 67		
Additional income/farmer/year				\$175-\$6008
Future demand				600,000 ton

information not available

Other producing countries (2007)

Country	Characteristics
Ghana	Production 2007: 150 ton of seeds/year (approx. 50 tones of oil.), 200 communities involved, 4,000 collectors/2008: 5,500 farmers over 200 hamlets
Nigeria	Production 2007: 100 ton of seeds/year (approx. 30 tone of oil).
Cameroon	Preliminary activities for establishing an Allan Blackia supply chain have been undertaken
Liberia	Preliminary plans to start establishing an Allan Blackia supply chain are under way by ICCO and IUCN.

⁴ Maturing time before they start producing seeds: 4 years.

⁵ Contradicting figures UNDP 2007 and Marc Pfitzer/Ramya Krishnaswamy, 2007. UNDP figures seem most plausible.

⁶ Contradicting figures Allanblackia.info, UNDP 2007 and Marc Pfitzer/Ramya Krishnaswamy, 2007

⁷ Not clear whether this is the yield from wild harvesting and cultivation or cultivation only.

⁸ Information fluctuates within UNDP documentation and between UNDP and Marc Pfitzer c.s.

(Potential) purchasers

Company	Status/Quantity
Unilever	Total 200.000-250.000 ton/yr
Aarhus-Karlshamn	Total 75,000 ton/yr
Fuji Oil	Patents on the use of Allan Blackia
Deslog	Patents on the use of Allan Blackia
Bodyshop	Initial interest (2006)
ADM	Initial interest (2006)

1.2 Importance of AllanBlackia for the economy

In 2016, an additional income between \$ 175-600 is expected for farmers in Tanzania. In 2016 150,000 farmers in Africa should earn \$100 mln from farming Allan Blackia.

2. Supply chain dynamics

2.1 Characteristics of Allan Blackia

Allan Blackia has the following characteristics:

- High heat tolerance
- The oil consists of almost exclusively of triglycerides of stearic- and oleic fatty acids.
- No modification of the oil is needed after refining (keeps processing costs low.)
- The trees give a relatively high annual seed production
- The trees can grow in previously deforested areas

2.2 Applications of Allan Blackia oil

Allan Blackia oil is used as an ingredient in:

Food products:

- Edible oils (for local market)
- Low saturated fat spreads (margarine and butter)
- Cocoa Butter Equivalent (not allowed in a product marketed as 'chocolate' under EU and US legislation)

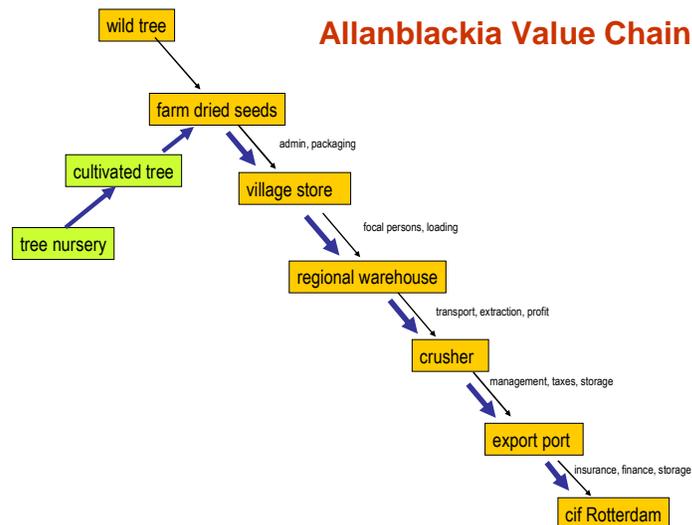
Cosmetic products:

- Skin care
- Hair care
- Soap

Medical products: not likely on short term because of limited scientific research.

2.3 Supply chain

The next scheme shows the supply chain in the Allan Blackia industry⁹.



The seeds of Allan Blackia can be collected from trees in the natural forest or from farm forestry to avoid further pressure on the exploitation of natural forest resources. Once the seeds have been harvested and extracted from the fruit, these will be dried and inventoried by the community. The seeds can then be stored in the local village and transported to regional warehouses which are central points for important buyers. In each village, or group of villages, a contact person ensures that seeds are gathered and collectors are paid. Transport firms buy the seeds and sell them to crushing companies, who then process Allan Blackia seeds for oil extraction. The high value oil is then exported to Rotterdam as crude fat, to be integrated in the production of several products.

2.4 Production systems

Wild harvesting and cultivation of Allan Blackia present two complementing management approaches for the species.

Wild harvesting

Harvesting fruit from wild trees in natural forest or from naturally regenerated trees in fields involves identification of female trees (approx 50% Allan Blackia of population), daily collection of fallen fruit for 10-20 day period per tree, extraction of seed from the fruit and carrying the seed back to the homestead for drying. Up to 300 fruit may be collected from a single tree although 100-150 fruit per tree is more common. Biennial fruiting patterns (synchronized or otherwise) where an abundant fruiting year is followed by a poor year do not appear to be prevalent in the species. Individual fruit weigh between 1.2 to 4.0 kg and may contain 25 to 40 seeds. Air-dried seed from approximately 3 fruit provide 1kg of seed which yields on average 35% oil.

For Liberia, the Allan Blackia focus country of ICCO, counts that Allan Blackia trees in the wild are not abundant. More research is needed here about options.

Cultivation/domestication

African communities are increasingly dependent on farm forestry to provide a diverse range of useful products and services that they previously obtained from natural forest resources, which have been excessively

⁹ Source Decision paper Allen Blackia in Liberia, ICCO 2008

exploited. Cultivation can take pressure off natural stands and in some areas where agroforestry systems contain tens or even hundreds of indigenous tree species, farm forests are important biodiversity conservation sites. One way to increase the developmental value of agroforestry ecosystems is to bring novel tree crops of potentially high value into cultivation. This is a complex process, requiring biological and ecological research on candidate species for domestication and incorporation, along with cultural research of farming communities. In addition, a prerequisite for cultivation is that markets for new tree products are available.

Models of farming are:

- Small scale farmers intercropping with other plants
- Medium sized farmers intercropping with other plants
- Large scale intercropping with e.g. cocoa
- Large scale mono cropping

2.5 Role of smallholders

- In Liberia communities seem not to be very keen on growing Allan Blackia because of the low price comparing to other commodities. This is partly explained by the unfamiliarity of the tree and producing the fruit in a commercial way.
- Installing small plantations with existing farmers on their land in Liberia, as in ICCO's plan, is new.
- Smallholders need financial and technical assistance
- Only farmers with own land are able to grow Allan Blackia.

2.6 Price developments

Unilever pays a *fixed price* per kilo (Palmoil +10%) of seeds and premium for Allan Blackia oil until the full economies of scale take effect in or before 2012.

Since there is only one international buyer interested in Allan Blackia and its market is not yet functional, the price of the seeds has been set each year by calculating 'backwards' from the Free on Board (FOB) price of extracted oil in Rotterdam. Costs along the supply chain are deducted from the FOB price to derive the price to be paid to farmers collecting the Allan Blackia seeds. The price currently (2007) paid for Allan Blackia seeds is Cedis 1500 per kg (approximately USD 0.15 per kg). Feedback from the farmers that the price was too low has resulted in the price being revised upwards a number of times since collection started in 2002 when the price paid was Cedis 400 per kg (approx. USD 0.04 per kg). However, there is still a perception among many collectors that the price is too low.

Whereas Unilever's 'backward calculation' is transparent and justifiable for the current situation where no market price for the Allan Blackia seeds exists, it does mean that inefficiencies along the supply chain are simply passed along to the farmer. The Novella Africa team has therefore agreed that it will be useful to inform the pricing mechanism from the perspective of the farmers' opportunity costs for engaging in Allan Blackia seed collection. Such an exercise will give Unilever complementary information for setting the price in the future.

Prices for the Allan Blackia seeds are considered to be low: Allan Blackia: \$ 0,15/kg

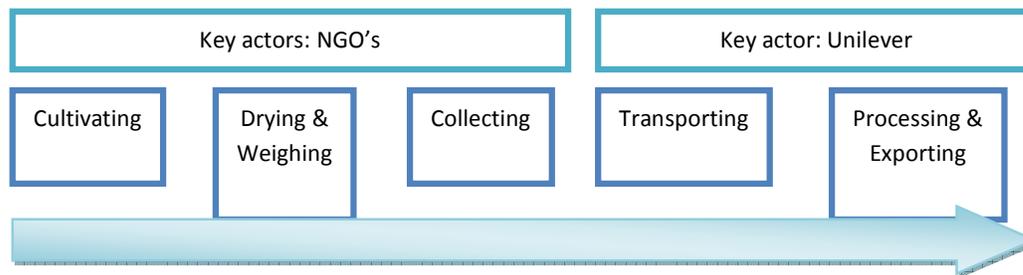
Comparing to other commodities farmed in Liberia:

- Cocoa: \$ 0,60/kg
- Rubber: \$ 1.000/ton

Expected price in 2016: \$ 0,09-0,10/kg.

3. Key actors and their roles

The key actors at this moment and their roles are shown in the table below.



4. Main sustainability issues

Social and economic issues:

- Market access

Environmental issues:

The principal threat to indigenous high value species like Allan Blackia comes from increasing populations, growing urbanization and demand for agricultural land thereby resulting in rapid deforestation. With commercialization of oil from Allan Blackia, maintaining a reliable income flow over time from a tract of forest requires that the forest resources upon which this flow is based be maintained and secured. If these resources are depleted through over-exploitation, destructive harvesting, or poor management, no new market, cottage industry or land-tenure system will make very much difference. In the long term, for species like Allan Blackia, tree domestication and promoting its cultivation on farm following the principles of forest landscape restoration are arguably the bottom line for its sustainability in terms of economic, environmental and cultural aspects.

5. Sustainability initiatives

5.1 Sustainability initiatives and their characteristics

Working in the Allan Blackia sector is relatively new. Therefore not many initiatives have been developed so far.

In 2005 ICCO was contacted by Unilever to discuss options to collaborate on economic development of the Allan Blackia nut in Liberia. The oil of the Allan Blackia nut is used by Unilever for margarines, since it contains a very healthy and rich fat. Since 2005, ICCO developed diverse activities, and amongst them are¹⁰:

- Development of a quick scan fact sheet on Allan Blackia activities in Nigeria and Ghana, including European and US requirements for introducing new fats on the food market;
- Initiation and financing of research on the possibilities of Allan Blackia on international markets (CREM 2006)
- Initiation and quick scan on the possibilities of Allan Blackia in Liberia (SEND 2006)
- Development of a Terms of Reference (in close collaboration with Unilever) to research marketing of Allan Blackia in Liberia
- Financing of a research project by the Liberian NGO's SAMFU and SDI to assess the occurrence of Allan Blackia trees in Liberia and the willingness of farmers to work with collection of nuts and the instalments of small plantations (SAMFU and SDI 2008 1 and 2)
- Collection of diverse reports on these issues, in close collaboration with Unilever
- 2 week travel of forest specialist and program officers to Liberia, to assess willingness of governmental and international institutions in Liberia to collaborate in the development of Allan Blackia (November 2007)
- Development of a reader with all relevant information

¹⁰ Text taken from Draft decision paper AllenBlackia in Liberia 10-09-2008.

- Development of a report by a consultant (Joost de la Rive Box) to assess the collected information against the questions raised in the ToR
- Diverse discussions, meetings and information exchange between Unilever, the Novella partnership members, Liberian NGO's and ICCO

The only commercial supply chain of Allan Blackia oil has been set up from scratch, the Novella Project. One of the purposes is that it should be a sustainable supply chain.

Initiative: *Novella Africa (till 2012)*

Partners: AAK, ANR - Amani Nature reserve, FAIDA MaLI Tanzania, FBD - Forest and Beekeeping Division of the ministry of Tourism and Natural Resources of the Republic of Tanzania, ICA - Institute for Cultural Affairs, ICCO, ICRAF - The World Agroforestry Centre, INADES Formation Tanzania (INADES FTz), Institute of Cultural Affairs Tanzania (ICA Tz), International Tree Seed Centre (ITSC), IUCN – The World Conservation Union, Novel Development Ghana (NDGL), Novel Development Tanzania (NDTL), Novel Development Nigeria (NDGN), TAFORI - Tanzania Forestry Research Institute, Technoserve, TFCG - Tanzania Forest Conservation Group, Unilever, FORIG - Forestry Institute of Ghana, GTZ, NCF – Nigerian Conservation Foundation.

Supporters/Donors:

ADA, Austrian Development Agency, Audemar Piguet Foundation, DFID, Department for International Development, PSOM- programma samenwerking opkomende markten, SECO, State Secretariat for Economic Affairs.

Funding commitment of UK department for international development (DfID) and the Austrian Government Aid (ADA) for the Novella Project: \$ 4 mln for 2003-2007.

Programs within the Novella Project:

1. Domestication program: In the domestication program the best trees in natural stands are selected and vegetative propagated to produce an improved tree population.

ICRAF-the World Agro forestry Centre is working on Allan Blackia domestication with the following deliverables:

- Protocols that will help to overcome the difficulties of germination and vegetative propagules of Allan Blackia trees.
 - Booklets for farmers and horticultural organizations to ease cultivation and management of the species on-farm
 - Superior phenotype material that are short in size and have short reproductive cycle as well as quality and quantity oil production
 - Sustainable fruits harvesting techniques from the wild population
 - Establishment of superior gene banks for Allan Blackia species to be cultivated.
2. Active capacity building farmers: helping small-scale cultivators first.
 3. Improvement of business ethics.
 4. Investment research capabilities.
 5. Environmental issues.
 6. The position of women and children.
 7. Local management and ownership.

5.2 Current challenges & expected trends

Market access

- Potentially demand for Allan Blackia should grow; too much is depending on one purchaser at a fixed price till 2012.
- The quality of oil must improve to attract new purchasers.

Land ownership

- Only farmers with land are able to cultivate Allan Blackia.

Capacity in the South

- Communities are not attracted by farming Allan Blackia due to low prices.
- Small plantations (as in ICCO's plan) are a new concept in Liberia
- Lack of infrastructure (no warehouses, no crushing facilities, no accessible roads during rainy season)

Sources:

- Wikipedia
- Allan Blackia.info
- Neem.se
- Allan Blackiaghana.com
- Unilever.com
- A Growing Sustainable Business Case Study – UNDP (2007)
- Marc Pfitzer and Ramya Krishnawamy, 'The Role of the Food and Beverage Sector in Expanding Economic Opportunity', Harvard University, 2007
- Allan Blackia, CREM (2006)
- Feasibility report Allan Blackia, SEND (2006)
- LABDI Final report, SDI/SAMFU (2008)
- Report Liberia Final, Annette van Andel (2009)
- Allan Blackia Program Liberia – Allan Blackia Conference, Annette van Andel (2010)
- Decision paper Allan Blackia in Liberia 2008

B. Forestry case study

B0. Synthesis

1. Overview of sources

ICCO has an overall timber strategic plan (period 2007-2010) and has four regional plans (Latin America, Brazil, West Africa, Solomon Island and Papua New Guinea), there is a strategic plan related to IDH Forestry program (Netherlands, Peru, Brazil, Bolivia). Also in some cases there are country specific plans.

The following documents have been consulted to compare and analyze the regional strategies.

Overall:

- Strategic positioning of ICCO in forest products, 2006-2010
- Theme-program plan 2007-2010 IM, annex Forest Products
- Program Plan Global Forestry 2007-2010
- Annual Plan 2005, 2006, 2007, 2008, 2009, 2010

Latin America:

- Program Plan Forestry Latin America; Guatemala, Honduras, Nicaragua & regional Brazil, 2008-2010
- Program Plan Forestry Latin America; Guatemala, Honduras, Nicaragua & regional (Brazil), 2009

South America:

- Program Plan Community and Small holders Forest Management, Brazil, 2008-2012
- Program Plan IDH timber and NTFP's Netherlands, Peru, Brazil, Bolivia, 2008-2012
 - Project plan IDH-Imaflora 2009 – to date

Pacific:

- Progress memo FPCD Ecoforestry program 2004-2005
- Pacific Country Plan 2002-2006
- Country Annual Plan Pacific 2005
- Country Annual Plan Pacific 2006
- Sustainable Forest Management in Solomon Islands and Papua New Guinea, 2009-2011
- Program Plan IM Sustainable Forest Management SI + PNG, 20??¹¹

Africa:

- Program Plan IM & LM Forestry West-Africa, 2008-2010
 - Decision paper Allan Blackia in Liberia, 2008
 - Project plan Allan Blackia Business Consultancy Value Chain Development Liberia, 2009
 - Project plan Allan Blackia Value Chain Development, 2009-2011
 - Project plan Natural Plan Products for Rural Livelihood Improvement Liberia, 2009-2011
 - Project plan Natural Plan Products for Rural Livelihood Improvement Ghana, 2009-2011
 - Progress memo Consolidated Asunafo CBFM Project Ghana, 2004-2007
 - Intake memo FSC Certification Ghana, 2004-2006
- Program Plan IM & LM Cameroon, 2008-2010

Asia:

- Project plan Community Forest & Trading Java, 2007-2011

¹¹ Date of writing: 10 Feb. 2009

The following persons have been interviewed.

- Willemijn Lammers – Program Manager DREO
- Gemma Boetekees – Coördinator IM
- Harry Schreppers –Forest Specialist
- Frida van der Veen - Forest Specialist
- Marjoleine Motz – Specialist certification
- Rob Witte – DREO Learning facilitator
- Petra Hamers Coordinator Chain Development
- Simon Runia – RB PNG – support forestry
- Maria Pia Henrandez – Regio office LA
- Jeroen Oostenenk –Unilever Allan Blackia manager
- Wiebe van der Horst – Burgland Charitas
- Stijn Hemel – Managing Director Precious Woods
- Herman Uitenbosch – FairMatch support (former manager IM)

2. ICCO forest program focus countries¹²

In the next scheme an overview is given of the ICCO forest program focus countries, in which part of the forestry sector they are active in and the importance of timber for their economy in terms of % of GDP and % of total labour force. It shows that the ICCO's Forestry program is active in different regions. Most of these countries are not the most important exporters for tropical timber. Also tropical timber is not a significant part of national GDP. Liberia, Ghana, Papua New Guinea and Solomon Islands are important exception. Here forestry is a significant part of national GDP although in most cases this percentage is diminishing which may indicate the development of other industries and export markets.

Focus countries	Forestry sector		% of GDP			% of total labour force		
			1990	2000	2006	1990	2000	2006
ICCO	Forestry & logging/ Wood industry	Pulp & Paper						
Papua New Guinea	X		9,4	6,9	6,7	0,9	0,5	0,4
Solomon Islands	X		6,6	9,2	16,7	1,4	2,4	3
Ghana	X	X	6,5	6,5	7,2	0,5	0,4	0,4
Kenya	X	X	2,2	1,9	1,7	0,2	0,2	0,1
Cameroon	X	X	1,8	2,7	1,9	0,7	0,5	0,3
Liberia	X		27,5	27,8	17,7	0,5	0,4	0,1
Guatemala	X	X	1,7	1,9	2,0	0,2	0,2	0,2
Brazil	X	X	2,8	3,0	2,8	1,2	1,1	1,2
Honduras	X	x	3,6	2,2	1,8	0,8	0,7	0,7
Nicaragua	X		3,3	1,6	1,9	1,2	0,5	0,2

¹² Countries are based on 'Forest Strategy 2006-2010' by Gemma Boetekees (2005)

From the documents and interviews, the outlines, objectives of these different regional strategies have been compared in the following matrix¹³. Earlier regional strategies not available or not existing, but interviews about earlier strategies confirmed similar approaches and objectives.

Direct poverty reduction	Capacity building	Policy advocacy	Other priority objectives
Overall sector timber strategic plan, 2007-2010			
<ul style="list-style-type: none"> Scaling up of small producers to get more timber on the market and to get more out of one forest: timber and NTFP's. Value adding through product processing in the producer countries. 	<ul style="list-style-type: none"> Knowledgeable chain accompaniment. 	<ul style="list-style-type: none"> Lobby and advocacy in producing countries and the Netherlands. Distinguishing forest community products. Networking for Southern Partner Organizations 	
Program Plan Forestry Latin America, 2008-2010			
<p>Output:</p> <ul style="list-style-type: none"> Up scaling by cooperation Value-adding products, research and production Focus on NTFP's Forestry coalition Brazil MOU Forestry actors Integrated Forestry program Outcome: 80.000 families have additional income by sustainable production and sales of timber, timber products and NTFP's. 	<p>Output:</p> <ul style="list-style-type: none"> Chain accompaniment Strategic alliances with actors that can support partners Initiating and strengthening workshops, networks and platforms Outcome: 80.000 members of forestry communities have strategic alliances with companies. The position of women has been improved in 15 organizations of forestry communities. 70% of the producers, companies and SME's say to have benefits from the organized workshops etc. In terms of innovation and market access. 	<p>Output:</p> <ul style="list-style-type: none"> Supporting advocacy networks on improvement of timber production standards, NTFP's and environmental services. Lobby documents in cooperation with partner organizations Outcome: In GT, HN, NI and BR governmental policy has been adapted to improve market access for smallholders. Knowledge on FSC certifications has increased with 20% in Brazil 30 forest community companies are FSC certified and export FSC timber and NTFP's In 2 countries the right of atmosphere use and strategies are put in policy documents. 	
Program Plan Community and Smallholders Forest Management in Brazil, 2008-2012 : Output and outcome included in Program Plan Forestry Latin America, 2008-2010			
Program Plan IDH timber and NTFP's Netherlands, Peru, Brazil, Bolivia, 2008-2012 ¹⁴			
<p>Output:</p> <ul style="list-style-type: none"> Testing lesser known species in the Netherlands Contracts between FSC timber suppliers and 	<p>Output:</p> <ul style="list-style-type: none"> Extension of The Netherlands Amazon Platform Development of new 	<p>Output:</p> <ul style="list-style-type: none"> Development and implementation of governmental policies and law that promote 	

¹³ Based on available multiyear strategies from 2008 onwards. No formal regional strategies are available before this year. The formulation of objectives, targets etc. differ per plan and different terms are being used.

¹⁴ Program is set up by a consortium of actors, ICCO is 'penvoerder' which results in the fact that the objectives of this program do not match exactly the objectives of the ICC Latin America/Brazil policy.

Direct poverty reduction	Capacity building	Policy advocacy	Other priority objectives
<p>purchasers.</p> <ul style="list-style-type: none"> • Label for Fair Trade FSC. • Feasibility studies and action plans for environmental services. <p>Outcome:</p> <ul style="list-style-type: none"> • Market share of FSC timber increases with 55.00 m³ in European and 50.000 m³ in domestic markets. • 40 new cases of certification of CoC in 4 chains. • 6 lessons learned on environmental services. 	<p>financial products/mechanisms for development of forest certification.</p> <ul style="list-style-type: none"> • Awareness rising on timber producers of requirements FSC. • Feasible FSC forest management • Strengthening and improving FSC certification system <p>Outcome:</p> <ul style="list-style-type: none"> • 1 national steering group • 200%-400% increase in volume of loans for new financial products. • 100% increase of nr. Producers that are getting certified, 80% that maintain certification. • 3 countries with their role of the National Initiative defined and strategies for FSC developed 	<p>sustainable forest management</p> <p>Outcome:</p> <ul style="list-style-type: none"> • 2 law proposals on sustainable FM 	
<p>• Sustainable Forest Management in Solomon Islands and Papua New Guinea, 2009-2011</p>			
<ul style="list-style-type: none"> • Exports of timber and other community forest products have increased in volume and value; • People in the forests get a better income and improve their livelihoods in the communities through the income generated by SMFEs, the production and sales of timber (products), non-timber forest products and through diversification of economic activities, such as agro-forestry (coffee, vanilla, cocoa, others), eco-tourism, environmental services. 	<ul style="list-style-type: none"> • ICCO partners in this programme have improved their capacities, increased their complementarities and intensified their collaboration; • Customary landowners (communities) maintain control of their land and take active positions in favour of SFM. 	<ul style="list-style-type: none"> • Government policy and practice on national, provincial and local levels have become more in favor of SFM and community-based SMFEs • Government policy and practice on carbon trade have become more beneficial for communities; • Eco-Forestry Forum has further strengthened its position as a strong and influential network organisation with active members, promoting SFM and SMFEs. 	
<p>Program Plan IM & LM Forestry West Africa, 2008-2010</p>			
<ul style="list-style-type: none"> • SMFE's have access to market information and products/species development 	<ul style="list-style-type: none"> • NTFP farmers are trained in production, business management, access to finance services • Women are running processing units and market NTFP's • SMFE's have been built to secure jobs for workers. 	<ul style="list-style-type: none"> • FFC's are educated on SRA • Meetings with stakeholders on SRC Network event • Community representatives are trained on negotiation skills • Community representatives are able to direct SRA funds according to community 	<p>SMFE's have access to market information and products/species development</p>

Direct poverty reduction	Capacity building	Policy advocacy	Other priority objectives
	<ul style="list-style-type: none"> • Stakeholder groups understand the implications of FSC certification. • SMFE's obtain basis information on certification. • SMFE's and FFC's have knowledge and tools to agree and implement SRA's. 	<ul style="list-style-type: none"> • development priorities. • Publications on FP. 	
Program Plan IM & LM Cameroon, 2008-2010			
<ul style="list-style-type: none"> • Improvement of the participation of smallholders in the value chains as autonomic actors who are capable to negotiate. 	<ul style="list-style-type: none"> • Strengthening technical, economical, organizational capacities of the management, the PO's and NGO's. • Strengthening the technical capacities of the service providers regarding development of the entrepreneurship. • Improvement of access to finance for the communities and PO's for investments. 	<ul style="list-style-type: none"> • Strengthening the existing networks in the forest communities and 	

From this comparison we conclude that ICCO follows a consisted regional intervention strategy approach in the Forestry sector in the different regions. In most regions similar objectives and activities are taking place signaling a consistent theory of change in Forestry.

3. ICCO Forestry theory of change

From the comparison of the regional Forestry strategies we see a consistent regional approach and intervention strategies. From this we derive the following elements of a theory of change.

Forestry products are an opportunity for local communities. When done correctly forest products can be a sustainable source of income and a driver for economic development when local communities have access to forest areas and the right to harvest and produce timber and NTFP products (concessions). In order to help the communities they must acquire the necessary skills and capacities to produce products that meet market requirements and they must have access to (International or local) markets.

The ICCO intervention strategy globally is therefore focused on:

- Securing concessions for local communities and influence policies
- Support the organizational strengthening of these communities
- Help the Forest areas become FSC certified to ensure sustainable harvesting and production
- Support NTFP's projects
- Strengthen commercial, management and technical capacities
- Help get access to markets through creating market linkages and market incentives (labeling)
- Introduce lesser known wood species to markets to increase market value of the concessions and lower pressure on the well known wood species.

4. Choice for Guatemala as case study

As concluded in previous paragraphs, ICCO follows a consisted theory of change and intervention strategy approach in the Forestry sector in the different regions.

The Terms of Reference of this evaluation specified for Wood & NTFPs to take Africa (Cameroun) and Latin America (Guatemala) as case studies. *“The choice for these countries has been made on basis of the existence of functioning market chains. Although internal evaluations have been carried out for wood and NTFP’s (The Forestry program was internally evaluated in 2005-2006) this sector will be incorporated as well in this study, using the (internal) evaluations done so far as main input. This study will only look for additional -case study-information to be able to answer the evaluation questions”*¹⁵

However the budget of this evaluation was not sufficient to cover two case study countries for the timber program. As the Forestry sector was already internally evaluated it was decided, in consultation with ICCO, to only take one country. Guatemala was chosen as case study to verify the findings of internal evaluations and answer the main evaluation questions.

Based on total expenditure of the ICCO Forestry program Guatemala represents only a small part of total expenditure of the Forestry program (in total about 8%). However, the evaluation of the Forestry program did not call for and allow for multiple case studies. Therefore to assess if Guatemala is representative as a case study, first an analysis was done on the main sustainability issues of the all countries where ICCO has a Forestry program. Then, an analysis was done to compare the Latin America Forestry strategy with other regional strategies to compare consistency in theory of change, approach and activities in relation to these sustainability challenges, these findings were cross checked with interviews. After the Guatemala field visit the findings and insights of the Guatemala projects were cross checked (as quick scan) with random picked sample projects from other regions (Brazil, Ghana, Indonesia, Pacific) (see next paragraph).

4.2 Analysis random project sample check

To assess the representative of Guatemala with other regions we did a quick scan in comparing Guatemala projects and partner organizations with random checked samples of projects from other regions and compared them on the following aspects: type of partner organizations (PO), activities, size, results/barriers.

¹⁵ See page 3 of TOR in appendix 1,

Region	Title project	Type of PO	Size €	Activities	Results/ barriers
Pacific	FPCD Ecoforestry program 2004-2005	Foundation for People for community development	302.558 total of which ICCO 180.000	<ul style="list-style-type: none"> • Set up forestry mngt plans. • Produce sustainable wood • Set up business plans • Forestry training and saw mill training • Business mngt training 	<ul style="list-style-type: none"> • Results not achieved. • More focus on lobby • Membership is growing • Project terminated due to competition wit other projects
Brazil	IDH Imaflora 2009- to date	Imaflora capacity building and certifier	45,202	<ul style="list-style-type: none"> • Certify forest activities (FSC) • Support communities in education, business mngt, and market access • Training of communities 	Not yet known
Indonesia	Community Forest & Trading Java (2007-2011)	Tropical Forest Trust	210.817 of which ICCO 105,409	<ul style="list-style-type: none"> • Market access for small scale forest communities • FSC certification • NFTP's development • Training on agro forestry practices • Improvement trading power 	Not known yet
Ghana	Consolidated Asunafo CBFM Project (2004-2007)	Rural Development Youth Association	173.619,-	<ul style="list-style-type: none"> • Community strengthening • Leadership development • Improved Forestry mngt skills • Improved and increased NTFP's production • Organizational capacity strengthened • More focuss on lobby and advocacy 	<ul style="list-style-type: none"> • Problems with reporting • Difficulties in proving economic impact • Many personnel changes • Strong social impact
Ghana	FSC certification 2004-2006	Kumasi Wood Cluster	84.242,-	<ul style="list-style-type: none"> • Support NGO start up • Support small forestry business • Access to markets • FSC certification • Training and development forestry mngt plans, business plans 	

The (quick scan) analysis in the matrix above shows the similarity between Guatemala projects and partner organizations and projects in other regions. Most of the activities focus on a combination of FSC certification, training of forest communities, development of forestry and business plans and access to markets. In some cases the partner organizations focus more on lobby and advocacy.

4.3 Conclusion of analysis representation of Guatemala as case study

The conclusion of this analysis is that Guatemala is indeed a representative case study country as the analysis showed that the Latin America strategy shows strong overlap with other regional Forestry strategies. The sustainability issues in Guatemala are comparable with the issues that forestry communities face in other countries. A quick scan comparison between Guatemala projects and partner organizations and random picked samples of projects from other regions show strong overlap on issues like type of partner organizations, activities, and results (if known). Indeed Guatemala proved to be one of the more mature countries that is representative for complementing the internal evaluations and answering the evaluation questions as was specified in the TOR More particular, partner organizations in Guatemala like Forescom and Acofop proved relevant cases to observe and assess ICCO's approach, performance and theory of change. We observed that earlier evaluations made by ICCO staff themselves of the projects were for a large part consisted with our findings. We concluded however that one case study, Utz Che, was not relevant as no project cooperation between ICCO and Utz Che occurred in the past. Another case study, Acicafoc, has been rejected as case study as it did not meet the requirements.

5. The evaluation method

During the trip to Guatemala the following organizations have been contacted and visited:

- i. *UtzChe*: Through participation in a member workshop. Interviews with manager and members.
- ii. *ACICAFOC*: Through participation in a member workshop and personal meetings with the manager.
- iii. *ASILCOM*: Through a meeting in their office, interviews with staff and a whole day field visit. Two of their replanting areas were visited.
- iv. *ACOFOP*: Through a meeting in their office with the whole management team, field visits to two member organizations, visiting a carpentry factory, local hotel chain and women's projects.
- v. *FORESCOM*: Through a meeting with the board of directors and management team and a factory visit.

Various documents have been consulted

- ICCO policy plans for the evaluation period
- ICCO annual reports for the evaluation period
- Verslag beleidsdagen AIM-IM 16,17 Januari 2006
- Lessons learned in Sustainable Forest Management (date unknown)
- ICCO reflectiebijeenkomst programmatisch werken IM 14 november 2006
- External evaluation Forcert, 2007
- Program plan Forestry Global 2007-2010
- Program Forestry Latin America 2008-2012
- Program Forestry Middle America 2009-?
- Program plan Forestry Middle America 2007-2010
- Project documents from Forestry projects in Region Pacific, Africa and LA.
- Project documents ACICOFOC
- Project documents ACOFOP
- Project documents Forescom
- Project documents UtzChe
- Project documents Asilcom
- Complete overview of all projects IM Forestry given by Dieneke

- ECSAD rough guide to partnerships for development, may 2009
- ECSAD, Partnerships, Power and Equity in global commodity chains, 2004

6. Case results and analysis

From the five above mentioned cases two cases have not been analyzed further. Utz Che was not evaluated since cooperation between Utz Che and ICCO has not taken place in the past, so there were no activities to evaluate. ACICAFOC has been rejected as a case as this organisation did not have Forestry activities in Guatemala (but did have in the rest of Latin America).

6.1 Relevance

The support to ASILCOM

The relevance of the project in relation to poverty reduction for poorest communities has been very important. Although it doesn't focus on international markets, the project addresses direct poverty alleviations by strengthening a second level organization that provides technical assistance, training and access to national markets for their members. ASILCOM is using PINFOR as an alternative for income generation for these communities not only for the economic incentive provided by the government but also for the income generated from the different forestry related activities.

ICCO has been very important for ASILCOM; the funds provided allow them to operate and provide the required technical assistance to their members.

The support to ACOFOP

ACOFOP is using the management of natural resources to improve their livelihoods. A project that would come to consolidate the different component necessary in the concessionary process is definitely relevant.

ICCO is one of the major donors in the three-year project implemented by ACOFOP, the funding is used for different aspects such as training, lobbying, administrative and social aspects among others that are useful in consolidating the process. Without ICCO's funding, ACOFOP would be able to survive with funding from other donor, but it will not have the assistance ICCO is providing to strengthen the institutions with assistance and equipment.

ICCO has been supporting the change of mind of the members in transforming farmers into businessmen. Now, ICCO is directly helping strengthening FORESCOM to be the commercialization agent of the forestry concessions.

The support to FORESCOM

The projects are definitely relevant for FORESCOM. ICCO is practically subsidizing FORESCOM in most of the activities. ICCO needs to be congratulated on the vision of working with secondary species and also the splitting of the political and social from the commercial aspects of ACOFOP. Still management needs to be divided since there are too many members of ACOFOP being members of FORESCOM creating conflicts of interest.

ICCO's funding vision has been a good one, but the execution has not been successful so far.

6.2 Effectiveness

The support to ASILCOM

According to ASILCOM reports, they were able to carry on successfully the completion of the project even though it was in a very short term. The results show ASILCOM's achievement in general terms; however, it is not possible to directly assess the implementation within the members producing the raw material being sold to ASILCOM.

ASILCOM was able to sell approximately US\$50,000 of valued added products. They reported selling US\$72,390.6, but in reality US\$30,328 are member's sales to ASILCOM. In a term of six months this amount was distributed in approximately 10 communities, which is a fair amount of money considering that before PINFOR was implemented only Maize and Beans was their source of income.

ASILCOM is at an early stage where funding is essential for their survival; however, it is critical to set strategic and business guidelines to control their growth and consolidate their process.

The support to ACOFOP

According to the ACOFOP reports, they have been able to carry on successfully with the implementation of the project. The project was for three years and included different components that had the overall intention to consolidating the concessionary process.

The implementation of the project can be considered effective although it is that most of the results are qualitative rather than quantitative. Therefore, it is difficult to really measure how effective it was. The project sets perfectly the logic framework where specific activities are set for each objective and specific results; however, the reports show more qualitative information as results.

The support to FORESCOM

The overall objective of making FORESCOM successful is at risk. The problem is that FORESCOM has not been able to maintain the process going, mostly due to inadequate management and lack of capacity. Therefore, the project's effectiveness seems insufficient to really strengthen the company towards sustainability.

Also the current shareholder structure is not effective. The current shareholders are the concessions with own sawing facilities. These shareholders are blocking internal or external attempts to create a stronger Forescom, create more market share and allow for more timber inputs as this goes against the interest of the individual shareholders and their own sawing mills.

As long as the individual shareholders continue to choose for their own direct interests rather than the success of FORESCOM, this project will continue to struggle.

6.3 Impact

The support to ASILCOM

ASILCOM reported economic benefits that in one way or the other benefits the community members. In addition to this there are more social and environmental achievements related to the assistance provided by ASILCOM such as increase of the forest cover. The ASILCOM model is contributing to increase the forest cover every year and is expecting to have 3,000 ha reforested for 2010. In the near future, REDD initiatives will also be an alternative to continue supporting this development and conservation initiative.

The support to ACOFOP

The following are the major impacts caused by the concessionary process:

- Communities are sustainably managing 500 thousand hectares of FSC Certified natural rainforest.
- ACOFOP managed to structure a gender concept and strategy to improve gender equity in the base organization; however, the right conditions for the implementations of the strategy have not yet been met.

The support to FORESCOM

A negative impact of the process rather than the project is that FORESCOM is failing to become sustainable company and is near bankruptcy.

6.4 Sustainability

The support to ASILCOM

ICCO's focus to improve the value chain of the sector should be towards supporting better market access for higher value added products. This model would become sustainable earlier if they would manage to obtain

more economic benefits from their production. Actually, mostly raw material is being commercialized and therefore the economic compensation is not as good as they would expect. Of course, for this to be happened an intense capacity building process needs to take place in order to satisfy the quality standards and production volumes which are usually the main issues when dealing with international markets.

ASILCOM needs to improve at the forestry management, administrative and capacity building level, but especially quality before they could access international markets. In the meantime, it is a good idea for ICCO to be supporting processes like ASILCOM in setting the base for future successful market processes.

Good leaders should be kept in position to avoid slowing down the process when board of directors is changed. These leaders need to be proactive and should look for funding in different places and should promote ASILCOM to be able to access other types of funding and assistance. Or rotation schemes should be every two year only part of the management team is rotated.

Constant technical assistance to produce quality and efficient timber products is necessary for ASILCOM.

A strategy to diversify production is critical for ASILCOM. NTFP and agriculture products should be considered to increase income generation of the community members.

ASILCOM's business model is a good example of combining social, environmental and economic aspect as key elements for development. However, strong financial, administrative and technical assistance is required to consolidate such a process. The participation of organizations such as ICCO is very important but need to properly focus their support in order to achieve sustainable and accountable organizations.

The support to ACOFOP

ACOFOP does not have a long-term financial sustainable strategy that would allow the base organizations to sustain the second level organization. Some alternatives are seeking some financial mechanisms such as payment for environmental services and regulations that would control the productive activities within the MBR.

The support to FORESCOM

In paper, FORESCOM is a very well structured and prepared company that is capable of achieving sustainability with the selling of forestry products and services. However, in reality FORESCOM is failing at many or all levels to consolidate as a successful company mainly due to a lack of appropriation of the business structure and concept that ends up in wrong decisions that have the company almost bankrupt.

7. ICCO's role

The support to ASILCOM

ICCO is seen as a funding agency by ASILCOM that can provide funding for anything related to conservation and development. Funding was mainly used to implement activities in the field of technical assistance, capacity building and to be used as working capital.

The support to ACOFOP

ICCO is considered by ACOFOP as a funding agency that provides a good source of income for general expenses in strengthening the concessionary process.

The support to FORESCOM

ICCO is considered a funding agency that provides a source of income for general expenses in the concessionary process. ICCO is strongly helping FORESCOM in capacity building and strengthening the organization. To the company Burgland, ICCO also fulfilled the –less successful- role of broker.

B1. Utz Che

1. Introduction

1.1 The project

After establishing contact it turned out Utz Che was not a relevant case study for this evaluation. Although there has been contact in the past between ICCO and Utz Che so far this has not resulted in a formal project. Therefore no evaluation of relevance, effectiveness, sustainability and impact is possible.

Utz Che did indicate that they are interested in cooperating with ICCO mainly on issues like organizational strengthening and tourism.

What follows is a short description about UtzChe.

1.2 The project Partner

Utz Che is an association representing at national level the community groups that sustainably manage their natural resources, mainly forest, soils and water; representing the communal interests of the sector, unions and lobbying at national, regional and international level. Utz Che is formed by 25 national¹⁶ base level community forestry organizations, looking to improve the quality of life of their associates.

In 2004, a group of community forestry organizations from different places along the south of Guatemala decided to maintain a constant dialogue with the objective of supporting each other and look for solutions to their¹⁷ common problems. That is why in June 2006, the Associations of community forestry from Guatemalan Utz Che was legally formed.

Utz Che Vision is a national association legitimately representing communities recognized by society and the Guatemalan State by their important contribution to human development through the conservations and sustainable use of forest and other resources.

Utz Che Mission is to strengthen conservations and collective management of forestry and other natural resources, through participation in unions, sectors and incidence in public policy spaces, local capacity training and technical and financial assistance.

Institutional Objectives:

- Strengthen community management of natural resources in forests, soils and water.
- Strengthen the members organizational capacities..
- Represent the interests of the community forestry organizations in union, sector and incidence spaces of rural development of public policies, environmental and forest management.
- Promote ecological agriculture, agro forestry and payment for environmental services; emphasizing good agricultural practices, pesticides use reduction and good market access.
- Strengthen member's capacities, emphasizing youth formation, community leadership and gender equity.
- Strengthen the cultural expressions of natural resources conservation proper the Maya, Garifuna, Xinca and Ladino people.
- Type of organizations: Indigenous communities, Parcialidades (Parcels), Cooperatives, Peasant Associative Enterprises and Civil associations

¹⁶ local groups that have a national and regional representation with UtzChe

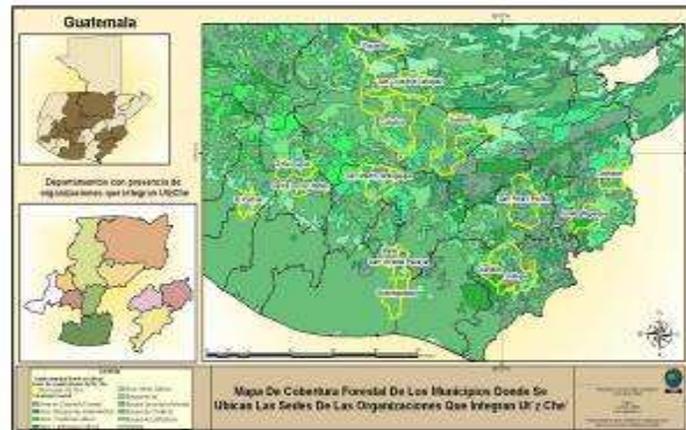
¹⁷ UtzChe is representing many local organizations from the south of Guatemala. ACOFOP only focuses in Peten.

There are some more organizations like this and ACOFOP that are looking to form a national representation organization.

Linguistic groups belonging to Utz Che: Mam, Kanjobal, Poqomam, Pocomchi, Uspanteko, Achi, Kiche, Chorti, kaqchiquel, Xinca and Spanish spoken by Mestizos.

Utz Che is constantly growing with the affiliation of the new communities; actually it is formed by 25 organizations that represent 22 thousand persons, 30 thousand hectare of which 8,000 ha are forests and plantations distributed in the following departments:

- Sololá
- Chimaltenango
- Huehuetenango
- Quiché
- Jalapa
- Jutiapa
- Chiquimula
- Escuintla
- Alta Verapaz
- Baja Verapaz
- Totonicapán
- Quetzaltenango



Utz Che members are working in the following aspects:

- PINFOR (11 departamentos)
- Ecotourism (Quetzaltenango, Sololá, Alta Verapaz, Quiché).
- Handicrafts (Chiquimula, Jalapa, Sololá, Alta Verapaz, Totonicapán, Chimaltenango)
- Timber Transformation (Chiquimula, Jalapa, Sololá, Alta Verapaz, Totonicapán, Chimaltenango)
- Edible mushrooms productions (Jalapa)
- Rabbit production (Jalapa, Quetzaltenango, Sololá)
- Hydroelectric (Sololá, Quetzaltenango)
- Water Bottling (Quetzaltenango, Escuintla)
- Agroforestry production (Café, Cítricos, pacaya, macadamia, mandarina)(Chiquimula, Escuintla, Quetzaltenango)
- Bambu furniture (Quetzaltenango)
- Water resources valuation (Escuintla, Chiquimula)
- Birds studies (Sololá, Escuintla, Quiché)

Utz Che has participations in the following spaces:

- Community Lands Promoting Group (Grupo Promotor de Tierras Comunitarias)
- CONAP assessing council for indigenous people (Consejo Asesor de Pueblo Indígenas CONAP)
- Climate Change Indigenous table (Mesa indígena de Cambio Climático)
- Community Forestry Organizations Alliance (Alianza de Organizaciones Forestales Comunitarias)
- GWP
- CONESFORGUA

Contact with ICCO

The following are some questions asked to Utz Che personnel (Mayra Gonzalez) by email during the dates of the evaluation.

1. How did Utz Che got in contact with ICCO?

Mr. Rob van den Bogart made contact with the first president of Utz Che (Victor Lopez) in March 2009, through Petra Hamers who knew Victor from the past and told Rob about the organization¹⁸. Utz Che got in contact with ICCO during a field visit from in 2009. Maria Pia, Rob van den Bogart and Harrie Schreppers made a short visit to Utz Che with the idea of knowing the organization and also the members that in one way or the other have been working with forestry management.

- Tikonel was another member that had direct contact with ICCO. Jennifer Zapata had direct contact with them.

2. How difficult/easy was to get in contact with ICCO?

Communication was not that often and it was quite easy to get in touch with them since ICCO had a field visit in the area knowing the different community organizations that work in forestry.

3. How often did you meet with ICCO?

Only once during march 22, 2009.

4. Did you have any plans or project changes?

At that particular moment there was no project to manage with ICCO, and did not know about the financing proposals for forestry topics.

5. What role did ICCO proposed?

In a certain moment, the role as a donor of financing of productive projects is important, which happens to be very interesting the experience of harvesting small diameters in some organizations.

6. Do you think ICCO has enough sufficient experience to demonstrate on this role?

There has not been any official announcement to access for projects from ICCO. Utz Che has been trying to access funding but with no success. They would like to know more in detail the finance and training mechanisms that ICCO is using in order to access to those benefits.

CASE NOT RELEVANT FOR ICCO IM ASSESSMENT SINCE ICCO DOES NOT HAVE PROJECTS WITH UTZ CHE

¹⁸ Comments ICCO: Petra has visited Utz Che on behalf of ICCO and has met Victor who was her company during traveling. This was a ICCO/UC contact, not privately. ICCO got in touch with UC through the Ford Foundations that supported, with ICCO, ACOFOP. The FF wanted ICCO to be involved in community smallholders forest management in other parts of the country.

B2. ACICAFOC

1. Introduction

ACICAFOC is an important partner for ICCO and does important lobby and advocacy work in the Latin America region. However, they did not do any forestry programs in Guatemala. For this reason ACICAFOC we did not use this PO as a case study for this evaluation.

What follows is a short description of ACICAFOC from their website.

1.1 The project

ICCO Project 2009-2012¹⁹

The project being implemented with ICCO since the 2009 is **“Institutional Strengthening of ACICAFOC for implementing actions of the program: Community Forestry Management of water and biodiversity”**

General Objective: Strengthen the action implementation of the regional program of community forestry management, water and biodiversity to promote local capacities within the indigenous people and communities depending on forests.

Specific Objectives:

1. Strengthen capacities of forestry organizations in community forestry management issues, organization and strategic planning, business plans and development of forestry products.
2. Strengthen the political advocacy process at the national level related to forestry issues and other initiatives supporting mitigation and adaptation to climate change processes.
3. Design and implement a regional sustainable fund for payment for environmental services and good as an alternative for community development linked to the national climate change programs.
4. Strengthen the regional unit of independent forestry monitoring.

Expected Results:

5. Eleven member organizations are strengthened in community forestry management with their business plan and sustainable forestry management plan.
6. Design the sustainable regional fund of domestic mechanisms for voluntary payment for environmental services for the local communities, and successful establishment and functioning of at least one experience for every country.
7. Guarantee the participation in the national forestry spaces for community forestry and active participation of three groups per country, national and regional negotiations.
8. Form an Independent Forestry Monitoring unit per country.

The ICCO project is to be implemented from December 2009 to December 2012 with a budget of E. 315,000 and it focuses on 5 components:

1. Strengthening of Local capacities
2. Political advocacy at national and regional level
3. Regional fund for environmental services
4. Governance, independent forestry monitoring
5. Institutional and administrative support

¹⁹ Before 2009 ICCO and ACICAFOC were involved in the development of regional strategic and development plans which did not include any forestry activities in Guatemala.

Relation ACICAFOC and other ICCO partner organization in Guatemala

The fact ACICAFOC does not have a Forestry program in Guatemala is according to sources within ICCO because there is unfriendly, competitive relationship between ACICAFOC and ACOFOP.

1.2 The project Partner

The Agro-forestry Coordinating Association of Indigenous Peoples and Farmers (ACICAFOC) is an association of community-based organizations, a-political, dynamic and remarked for its flexibility and adaptation capacity to the accelerated changes that rural communities in Central America are facing.

This adaptive capacity is focused on seeking local socio-productive integration, promoting eco-development and community empowerment for indigenous peoples and farmers, based on their experiences, as a hands-on solution to socio-environmental and cultural vulnerability in Central America.

Their focus is directed to communities' social, cultural, productive, economic and environmental development in their communal ecosystems, based on their experiences, aiming to generate empowerment and local sustainability.

Vision:

"ACICAFOC will be the Central American Organization leader in community agro-forestry, agro-ecology, and political advocacy in order to support human, social, economic, and environmental development for indigenous peoples and local communities."

Mission:

"ACICAFOC is a non-profit community based organization, that works facilitating responsible use and management of natural resources, in order to contribute to socio-productive development, respecting indigenous peoples' and local communities' cultural dynamics in Central America."

1. Community based agro-forestry, water and biodiversity Program

- The Central American program for community based forestry, water and biodiversity, is a process to provide evidence of community forestry inputs to national and regional forestry programs.
- To show that forestry ecosystem management by indigenous peoples' and forest-dependent communities, are the best alternative for conservation and socio-productive development for local groups.
- To strengthen governance in the region, coming from local actors involved and supporting the groups with negotiation and advocacy methodologies.
- To implement independent forestry monitoring units in the territories of higher forest cover, involving local governments, forestry department, civil society groups, indigenous peoples', and farmers' groups.
- To develop and implement a sustainable fund as compensation for environmental goods and services for indigenous and local communities who make appropriate and sustainable use of agro-forestry systems.
- To strengthen and create community forestry small and medium sized enterprises in order to create local work sources, and give added value to forestry resources.

It focuses in the different sectors on:

- Land tenure
- Environmental service
- Co-management of conservation areas
- Community forest management & Community Tourism
- Local Governance

2. Regional Program on Agro-ecology and food security

The regional program on Agro-ecology and Food Security aims at joining all the socio-productive activities developed by ACICAFOC in the countries in the area.

The program is based on developing low impact and low cost technologies for indigenous peoples and local communities, and rescuing traditional knowledge developed in the communities.

We are working on promoting and developing Integrated Agro-ecologic Farms with adaptive resilience to climate change. It focuses on the following:

- Sustainable agro-ecological production
- Green markets
- Appropriate technology
- SME community

Currently, the following projects are being carried out:

- Support initiatives for cocoa producers and strengthen Central America-Nicaragua cocoa socio-productive corridor.
- Strategy for the development of a technical package for organic pineapple production in Costa Rica and Benin.
- Butan-Costa Rica cooperation for organic soap production.
- Strategy for developing family gardens in North Zone, Costa Rica.
- Biodiesel production through block plantation with *Jatropha curcas*, in productive farmers' organizations in South Zone, Costa Rica.
- Rainfall collection.

3. Political advocacy and foreign aid harmonization

This program aims to strengthen community work of indigenous peoples and local forest-dependent communities, supporting them on their political advocacy and fund-raising, in order to achieve access, use and management of local and ecosystem resources in the region.

To advocate in national forestry and agriculture programs in order to locate the work developed by member organizations, in conservation and development of socio-productive agricultural and forestry activities that respect the environment.

Through this program, ACICAFOC develops a political advocacy strategy that allows strengthening its participation with the governments in the area and impact on forestry and agro-ecologic policies at national and regional level.

To lobby in national programs and projects, in order to ensure local organizations' access to technical assistance and financial resources.

New leadership upbringing with entrepreneurial, socio-environmental vision, and clear objectives to face regional problems. It focuses on the following:

- Equity, youth leadership and renewal
- Resource management
- Harmonization of cooperation
- Communication

<p>ACICAFOC does not have any forestry activities in Guatemala. Therefore this organisation did not meet the criteria as pilot case and was not further evaluated.</p>

B3. ASILCOM

1. Introduction

1.1 The project

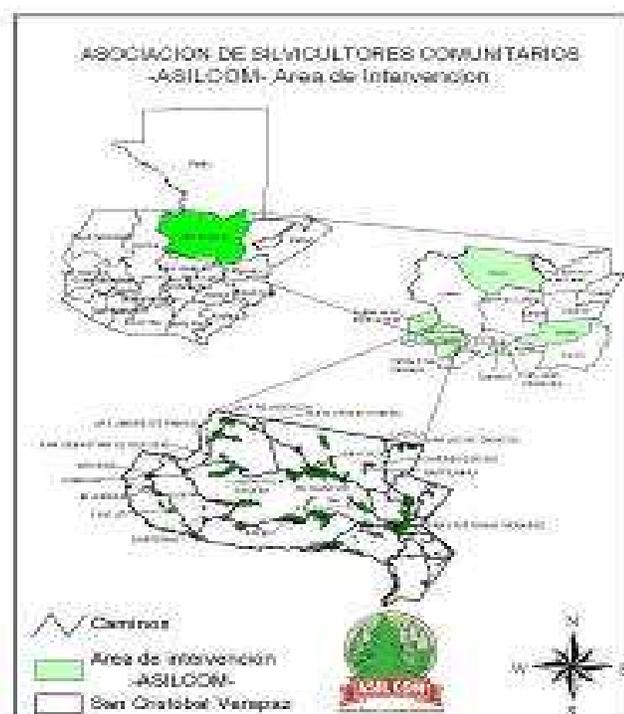
The name of the project is “**Development of ASILCOM through the selling of high value added certified timber products.**” This area is located in the region known as the Verapaces (not the highlands). The main objective of the project was to increase the production capacity, commercial relationships and the value added products commercialized by ASILCOM. The most outstanding results obtained with the project relate to the 238,255 bf of pine softwood sold, representing incomes of US\$ 72,390.6 for ASILCOM. Permanent employments created were five and another twelve were temporary. Six training events were provided where 12 persons were trained. In addition, 4 market chains were established with 4 companies that are national retailers.

- The project was implemented from March to August 2009 in Alta Verapaz, Guatemala. The project consisted on funding (US\$10, 000) the different activities implemented by ASILCOM in bringing together a set of communities working with forestry resources.
- The specific objectives of the project are:
 1. Generate capacity for ASILCOM to promote and commercialize certified valued added products in order to strengthen relation with partner communities and generating employment and training.
 2. Consolidate ASILCOM actions in social organizing towards generating income-generating businesses to strengthen relationships among partners.
 3. Establish a production and training center for high value added products along with a store that commercialize these products locally.
- The market demand was analyzed by observing the necessities of the nearby region and determined that ASILCOM would easily satisfy the local market due to the poor quality existing production. Carpentry with all the required equipment and machinery was established along with the trained personnel with the objective of producing high valued added products for commercialization. The raw material was obtained from the partner communities that have the commitment of selling to ASILCOM. ASILCOM managed to set commercial agreements with 4 companies of which only one commercializes end products at the international level.

1.2 The project Partner

ASILCOM started operations in 1997 with the organization of 5 committees in San Cristobal Verapaz looking for reforestation projects. Up to date it is composed of 750 members in 27 communities distributed in Alta Verapaz department.

ASILCOM aims to support its members in community organization, forestry technical assistance in PINFOR (National Incentives Program), training, seedling production, logging, plantations management, primary and secondary timber transformations, for value added products (carpentry). ASILCOM is looking to maintain the forest resources to generate environmental services and improve the life quality of its members.



A board of directors, vigilance committee, accountant, foresters, nursery and carpentry responsible forms the ASILCOM technical staff. The technical staff provides technical assistance, training and evaluation of the reforestations that are taking place under the PINFOR. Up to now, 2570.91 ha have been reforested and are receiving and incentive that goes directly to the members. Of this area reforested, 1054 ha have been certified under FSC scheme. The technical assistance also includes:

- Elaboration and procurement of PINFOR projects at INAB
- Elaboration of soil capacity use studies
- Elaboration of Reforestation plans
- GPS and mapping of limits, polygons and properties designated for forestry plantations
- Establishment of nurseries
- Formulations and implementation of forest management plans
- Harvesting licenses and forestry products

1.3 Main funding sources

ASILCOM sources their funding from donors such as ICCO, Rainforest Alliance, New Zealand embassy in Mexico and PINFOR. The members have the commitment of providing 5% of their incomes assigned by PINFOR to ASILCOM in order to capitalize the association and continue providing the technical assistance. Negotiations are taking place to increase this amount to 30%

According to accountant and president, ICCO's funding is important for them since it support ASILCOM in 30% of their annual budget. ICCO's funding is used in training, equipment and personnel salaries that are important for securing their role as technical assistance provider.

1.4 Since when involved in ICCO?

ASILCOM started relations with ICCO in 2008. The Guatemalan Export Association -AGEXPORT- got them in contact with ICCO with the idea of supporting their chain of custody certification. However, ICCO's role became relevant in funding equipment, training and working capital to purchase timber from the different members. ICCO is having a national presence with this type of projects, supporting second level organizations that assist different communities in managing forest resources as a development mechanism to increase their livelihoods.

2. Results / indicators:

2.1 Result indicators + additional indicators and project specific indicators

In the final project report ASILCOM reported the following results:

- ASILCOM has worked to organize the timber supply coming out from its associates; by obtaining the corresponding forest harvesting licenses it facilitates the purchasing of the timber production from the different communities
- ASILCOM has increased capacity to promote and sell certified valued added products with the intention of strengthening relation with communities in order to generate training and employment opportunities.
- ASILCOM continues to consolidate their social organization through businesses that generate income for its associates and strengthens commercial relations among members and ASILCOM.
- Training was provided in different aspects of carpentry towards the production of value added products, leading to the opening of a local for exhibition of products.
- 4 Market alliances with local companies
- Employment Generations: 5 permanent and 4 temporary
- Training: 12 people (all men) trained in carpentry
- Forest management: 149,937 bf bought from members representing US\$30,328
- Timber Sawmilling: 86,728 bf sold at the local market representing US\$39,132
- Carpentry: 1,590 bf sold as furniture representing US\$2,934.6

2.2 Progress over time

ASILCOM is growing really fast and is failing to provide the adequate technical assistance to their members and this is placing a high risk on the sustainability of the process. Due to the success of the model more communities are joining ASILCOM; however, their resources are not sufficient to provide the technical assistance, training and working capital to purchase the timber produced by their members.

ASILCOM is projecting in the following year to increase their operations. They predict to:

- Increase their reforestation to 3,000 ha
- Incorporate new value added products and increase carpentry sales to US\$2,000/month and Sawmill sales to US\$100,000/year
- Incorporate at least 2 more communities and 60 more members
- Increase in 500 ha the FSC certified forest
- Establish a pilot reforestation project managed by women

2.3 Quantity and or quality of available data

The quantity of the information present in ASILCOM related to the ICCO project was sufficient. They had all the written projects and reports presented to ICCO. However, they don't have other documents like a business plan or a strategic plan. In addition, the president and vice president were new in position and had trouble in providing more quality information of the general situation of ASILCOM.

3. Analysis of results

3.1 Effectiveness

According to ASILCOM reports, they were able to carry on successfully the completion of the project even though it was in a very short term. The results show ASILCOM's achievement in general terms; however, it is not possible to directly assess the implementation within the members producing the raw material being sold to ASILCOM.

- ASILCOM was able to sell approximately US\$50,000 of valued added products. They reported selling US\$72,390.6, but in reality US\$30,328 are members sales to ASILCOM. In a term of six months this amount was distributed in approximately 10 communities, which is a fair amount of money considering that before PINFOR was implemented only Maize and Beans was their source of income.

3.2. Impact

ASILCOM reported economic benefits of US\$72,390.6 that in one way or the other benefits the community members. In addition to this there are more social and environmental achievements related to the assistance provided by ASILCOM such as:

- Organize communities into working forces that lobby for their own development. Due to the 36 years civil war most of these communities did not had access to any type of government resources unless they were organized as a legal and registered group and would start lobbying. Without this type of organization no PINFOR or development could take place within the communities.
- Generate a source of income with the use of PINFOR. The government has implemented PINFOR with the objective of strengthening the forest industry, but at the same time it is being used for communities as a source of income. The government, through PINFOR, is paying Q12,400.00 in 5 years/ha reforested which is going directly to ASILCOM members.
- Increase of the forest cover is also taking place with this process. The ASILCOM model is contributing to increase the forest cover every year and is expecting to have 3,000 ha reforested for 2010. In the near future, REDD initiatives will also be an alternative to continue supporting this development and conservation initiative.

3.3 Explanation (and or excuses)

Main opportunities and challenges in regard to achieving results

The results proposed in the very short-term project were apparently achieved; however, more could have been done if some opportunities and challenges could be confronted.

- There is more market potential for ASILCOM members. There is no necessity in focusing on the international market for now if the national market is enough for their production level.
- The way ASILCOM operates requires large amounts of money to keep buying timber from their members. They complained of not having enough working capital to buy all the production coming out of their members. The 30% operational margin seems relevant but it is usually used for covering operation expenses. Banks are not an option for working capital since there are too many requisites for an organization like ASILCOM.
- The production quality needs to be improved. Although national markets don not demand high quality right now, it is still important to control production to avoid waste during thinning, pruning, transformation and value added products.
- Transportation is a major issue for ASILCOM, not only for not having the proper machinery but also due to road access. Some production areas are too far away and the access routes are not in optimal conditions. This situation increases cost due to truck rentals and long distances from the production sites to the sawmill installations.
- ASILCOM needs to focus on a NTFP strategy in order to increase their income generation strategy. There is a large potential to start working with other forestry related products such as resins, seeds and environmental services. They also need to pay close attention to their agricultural production and should try to diversify other than just maize and beans.
- An important issue is that the board of directors and management is removed every two years. Although this is a good issue to avoid individual clinging to power and to prevent corruption, in this case it is leading to loss of knowledge and memory. The period is too short to build sufficient capacities. This situation tends to slowdown the process every two years. Good leaders should be kept in position (with monitoring), in order to strengthen the process and avoid a slowdown every two years.

3.4 Attribution

How important have northern partners been for the results?

ICCO and other northern partners are mainly seen as a source of funding for different activities. ICCO has been very important for ASILCOM, the funds provided allow them to operate and provide the required technical assistance to their members. Right now, ASILCOM sees ICCO as a funding agency and is not clear on what other types of contributions ICCO should be providing. As a result the project proposal for 2010 presented to ICCO is mostly related to working capital to cover most of their yearly operating expenses. The evaluators see this aspect as a weakness of the PO. There lacks a management approach to the business that goes beyond immediate funding needs. The support ICCO can be valuable for more than just budgetary needs. An important reason according to us is the frequent change of management. This does not set the right base for a more strategic view, but it builds in short term perspective.

Because of the recent management change, the current manager was not aware of earlier projects, roles of ICCO and funding opportunities. For potential follow up of project we think it is important to make sure that management rotation is done in a way relationship are kept and opportunities are not lost.

4. Analysis of partnership

4.1 How was the project established?

The project was established in cooperation with AGEXPORT with the idea of strengthening market value chains and the chain of custody certification. However, the project focused on strengthening the second level organization, which is also really important to consolidate towards sustainability.

The new president and vice president were not able to mention more details about how the project was established. The President and Vice President also mentioned that ICCO's personnel made several visits after AGEXPORT's initial contact, and from there on, constant supervision was done every two months.

4.2 Relevance of project

The relevance of the project in relation to poverty reduction for poorest communities has been very important. The project is definitely relevant. Although it doesn't focus on international markets, the project addresses direct poverty alleviations by strengthening a second level organization that provides technical assistance, training and market access to their members. ASILCOM is using PINFOR as an alternative for income generation for these communities not only for the economic incentive provided by the government but also for the income generated from the different forestry related activities.

4.3 Theory of change and partner contribution

ASILCOM is focusing on improving the livelihoods of their members with the sustainable management of forest resources. ASILCOM helps in organizing communities and provides the technical assistance to develop PINFOR projects that later generate income from incentives and forestry activities. In addition, ASILCOM also gives training and provides market access for their products.

- ASILCOM buys timber from their members and with the use of a sawmill and carpentry is focusing on selling value added products. A 30% margin profit is obtained from the selling of value added products. In addition, ASILCOM also receives 5% of the PINFOR Incentives paid to their members. The members also pay a voluntary participation fees.
- The business model is slowly consolidating and is considering environmental and social aspect to generate economic benefits. ASILCOM is not yet sustainable due to several aspects still being addressed but mostly the lack of economic resources; therefore, working capital becomes an important issue for them.
- As soon as possible, ASILCOM needs to start diversifying their production and should focus on Agricultural and Non-timber forest products as an alternative to increase their income generation strategy.

4.4 What should be ICCO's focus to improve the value chain of the sector

ICCO's focus to improve the value chain of the sector should be towards supporting better market access for higher value added products. This model would become sustainable earlier if they would manage to obtain more economic benefits from their production. Actually, mostly raw material is being commercialized and therefore the economic compensation is not as good as they would expect. Of course, for this to happen an intense capacity building process needs to take place in order to satisfy the quality standards and production volumes which are usually the main issues when dealing with international markets.

5. Roles ICCO

5.1. Role(s) partners

ICCO is seen as a funding agency by ASILCOM that can provide funding for anything related to conservation and development. ICCO visited ASILCOM every two months for the duration of the project, although it was assumed as monitoring no real output or feedback was received by ASILCOM on behalf of ICCO.

- ASILCOM has high expectations on ICCO to continue funding the different aspects of their functioning, and it is expected that ICCO would also assist them in improving their markets access.

- The second project proposed by ASILCOM has the same purpose of receiving funding by ICCO to implement different activities in technical assistance, capacity building and to be used as working capital.
- ICCO does not show any sign of wanting to play another role in the ASILCOM process other than funding capacity building to strengthen a second level organization. The previous is really important, since it is also true that strengthening a second level organization like ASILCOM will set the basis that would later allow Guatemala to export timber products to northern countries.

However, the evaluators see the ASILCOM also should be more entrepreneurial and seek ICCO's support. They are perceived as reactive.

5.2 ICCO right skills, experience, knowledge, networks?

Apparently ICCO is failing to really implement what they are capable of doing in the field. ASILCOM ignores completely ICCO's skills, experience, knowledge and networking capacities to support their process. Again, ICCO is seen as funding agency.

- ICCO needs to change the approaching methodology to these types of groups that require funding. It would be ideal if the set of donations/funding that will take place with these organizations would be part of a well prepared development plan that would focus on strengthening weaknesses and guiding towards becoming sustainable and accountable organizations.
- A small project like the one implemented by ASILCOM might provide direct results in the short term, and it is provably that it solved the particular problems at that time; however, it might fail to capture the real situation of the organizations and makes them take advantage of funding opportunities to survive or complement their budgets and ends up having dependent organizations on external funding.

5.3 Roles other actors

The other actor present in the area that is supporting ASILCOM is Rainforest Alliance, and they are focusing in the forest certification compliance. Although sometimes RA helps in looking for markets, their main objective is to help ASILCOM get consolidated as a second level organization that would provide all the services required by their members as to comply with the FSC forest certification standards.

Whatever role plays any partner, it would be important to carry on round table discussions to set better funding strategies for ASILCOM.

5.4 If the expected results have not been achieved, how could ICCO have contributed to achieving the desired results?

The project's expected results were achieved; however, more could have been done by ICCO to consolidate ASILCOM as a company and also at the market level. A 6 months project and the amount funded are irrelevant to the impact the process is having in the field.

5.5 ICCO's future added value, roles

- A future and more defined role for ICCO would be to support and strengthen second level organizations. Although it is not part of ICCO's role to consolidate this type of organizations it is still being done in Guatemala. It seems that supporting this type of organizations has a greater impact on field activities that later represent better results.
- If ICCO has the intention to continue dealing with markets it would be a good choice to start supporting companies like ASILCOM at the national market level and then move on to the international level.
- If ICCO is to continue playing a role as a funding agency it is recommendable to change their approaching methodology and fund projects that are part of a more detailed plan and not only small projects that tend to create dependency.

5.6 Lessons learned with ICCO

- ICCO is not working in supporting the international market program but it is supporting a social process in the generation of economic benefits through the use of sustainable forest management. ICCO's role becomes a financing and capacity building agency for the ASILCOM case.
- ASILCOM needs to improve at the forestry management, administrative and capacity building level, but especially quality before they could access international markets. In the meantime, it is a good idea for ICCO to be supporting processes like ASILCOM in setting the base for future successful market processes.

6. Observations

ASILCOM's business model is a good example of combining social, environmental and economic aspect as key elements for development. However, strong financial, administrative and technical assistance is required to consolidate such a process. The participation of organizations such as ICCO are very important but need to properly focus their support in order to achieve sustainable and accountable organizations.

ASILCOM is at an early stage where funding is essential for their survival; however, it is critical to set strategic and business guidelines to control their growth and consolidate their process.

Good leaders should be kept in position to avoid slowing down the process when board of directors is changed. These leaders need to be proactive and should look for funding in different places and should promote ASILCOM to be able to access other types of funding and assistance. Or rotation schemes should be every two year only part of the management team is rotated.

Constant technical assistance to produce quality and efficient timber products is necessary for ASILCOM. A strategy to diversify production is critical for ASILCOM. NTFP and agriculture products should be considered to increase income generation of the community members.

Gender equality issues are critical right now. Due to cultural aspects there is no women participation in the ASILCOM process. At the local level there might be participation in the forestry activities that are done as a family, but there is still no information regarding the number of women participating.

Indicators

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
Poverty Alleviation (DBA)	# of producer organizations with an increased access to international markets	0	0	# of involved producers and employees with improved incomes due to involvement in international markets	0	0
	Organic, fair trade or mainstream	0	0	Producers and laborers	0	9
	Domestic or international, relations?	0	4	Gender distinctions	0	0
	Viable market models developed	0	0	Incomes, less debts	0	0
	Sector crop and other (rotation) crops	0	0	Proportion of overall incomes	0	0
	Raw products and added value products	0	0	Dependency of the crop	0	0
	Number of farmers	0	0			

	converted from conventional to sustainable					
	Access to support services	0	12			
Institutional Development (MO)	# of organizations with a business plan aimed at economic sustainability	0	0	# of employers with improved competencies, production and labor conditions (according to ILO standards)	0	0
	Access to knowledge	0	12	Less child labor	0	0
	Capacity to innovate	0	0	Improved working conditions	0	0
	Access to sustainable finance	0	0	Gender equity	0	0
	Marketing expertise	0	0	Autonomy to manage own interests	0	0
	Adequate service provision to members	0	0			
	Partnership with public/private sector	0	4			
	Good / better contracts and capacities	0	0			
	Access to government programs	0	1			
	Leadership qualities	0	1			
	More broad income source	0	0			
	# of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context	0	0	# of policy influencing bodies with increased member participation and organizational capacity	0	0
	Effect of lobby activities	0	0	Increased member participation	0	3
				Improved capacities	0	0
Policy Influence (BB)	# of coalition partners that campaigns for regional and multilateral free trade	0	0	# of regional/multilateral free trade agreements with a successful track record	0	0
	Number and quality of free trade agreements	0	0	Effect of free trade agreement	0	0
	# of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers	0	0	# of countries where policy was improved for benefit of small producers in IM	0	0
	Acceptance of sustainability standards	0	0	Policies favorable for organic, free trade, mainstream	0	0
				Policies favoring small farmers	0	0
				Improved financial systems / services	0	0
				Improved legal frameworks	0	0
	# of sectors for which more harmonized standards for fair-trade / mainstream criteria with	0	0	# of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved	0	0

	international applications come into place					
	National policies more harmonized	0	0	Implementation of these standards	0	0
	National policies better developed	0	0	Adequate quality control systems	0	0
Market chain improvement (new)	# of improved north-south relations in the sector	0	0	Quantities and revenues traded through improved north-south relations	0	0
	# of N-S initiatives promoted by ICCO	0	0	Volume of traded products	0	86,728 bf
	# of successful N-S initiatives developed	0	0	Revenues	0	US\$39,132
	Capacity of South or North organizations to find each other	0	0			
	# of companies in the sector with enhanced CSR policies resulting from ICCO interventions	0	0	Quantities and revenues by companies with improved CSR policies		
	Type of relation developed	0	0	Volume of traded products		
	Mutual trust	0	0	Revenues		
	Progress within company on sustainability	0	0			
	Development or adoption of CSR policy due to ICCO	0	0			
	Importance of value added activities in the sector, with benefits for small producers	1	1	Revenues from value added activities for small producers		Q. 42,062
	Proportion of added value activities in the South	0	0	Volume of value added products (1 little 2 much)		1
				Revenues		Q. 42,062
	Application of good environmental and social practices in the sector			Improved environmental and social conditions in the sector	0	0
	Use of agro-chemicals 1 = Q 2 = A 3 =Q/ A			Environmental criteria	0	0
	Health conditions among producers	0	0	Social / ILO criteria	0	0
	Reduced dependency on of agro-chemicals	0	0			
	# of viable financial mechanisms developed	0	0	Application of new financial mechanisms	0	0
	Different types of mechanisms tested	0	0	Value of financial transactions by new mechanisms	0	0
	Different types of mechanisms adopted by partners	0	0			
	# of organizations with capacities for	0	0	# of organizations with certified products for international trade		1

	international trade					
	and certification in the sector	0	0	Volume of certified products	0	149,937 bf
				Revenues	0	US\$30,328

The following figure shows reforestations that are part of PINFOR. It could be noticed how reforestations interact with agriculture. The reforestations projects being implemented are considered a source of income.



The following figure shows the sawmill being operated at ASILCOM and the different types of produce being processed. Intense training is required by ASILCOM in this area to increase quality and market access.



- There are hardly safety measures (eye, ear, hand protection gear)
- Sawing equipment does not allow quality sawing (is done on eye rather than fixed straight line sawing)
- A lot of sawing waste was seen.

B4. ACOFOP

1. Introduction

1.1. The project

ACOFOP and ICCO have been working since 2000 in different projects related to strengthening the role of ACOFOP in supporting the concessionary process being implemented in Guatemala. The name of the project discussed in this profile is “**Consolidation of the social, political, productive, entrepreneur and environmental process of ACOFOP’s community forestry in the Mayan Biosphere Reserve, Peten, Guatemala.**” The project was implemented from January 2006 to December 2008²⁰.

- The general objective of the project was to consolidate the community forestry management process in the social, political, productive, entrepreneur and environmental issues through the utilization of participative mechanisms that would allow and active participation of both men and women.
- The specific objectives of the project are:
 - Strengthen the active participation of the base, local leadership and beneficiaries of the process through the permanent implementation of an effective program of community work that consolidated the social process of ACOFOP.
 - Strengthen the local capacities through the implementation of an adequate systematic training program that allows community leaders to assume efficiently the different challenges and responsibilities present in the community forest management process.
 - Increase the levels of recognition of the community forest management process at the national and international level through the implementation of a political incidence strategy that would allow the institutionalization of the process.
 - Consolidate the FORESCOM relation with the different community organization members and non-members through the adequate process of socializing and accompanying the industrialization and commercialization of their products based on their business plan.
 - Achieve integrated forest management through the harvesting of Non-timber forest products in order to contribute to the integral development of the communities and forest conservation.
 - Promote the participation of community groups in eco-tourism initiatives based on the analysis of the conditions, potentialities and opportunities identified in the ACOFOP eco-tourism development strategy.
 - Improve the agricultural productive systems through the implementations of better practices that would increase production and diminish negative impacts on the natural resources.

In general terms, the project is focusing in strengthening the development of human capital, strengthen social capital, continue political incidence and consolidate productive aspects of the process. ACOFOP has had two previous projects with ICCO that generally focus on the same aspects.

²⁰ No other project were found.

1.2 The project Partner

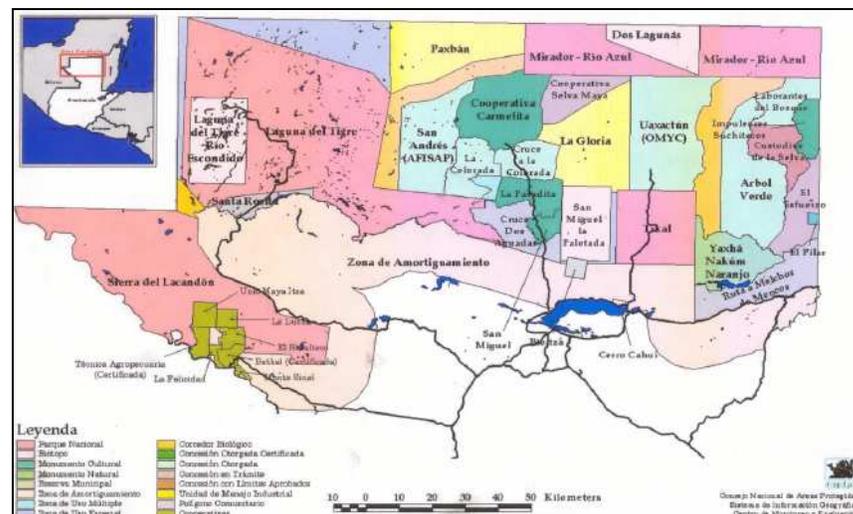
The Association of Forestry Communities of Peten (ACOFOP) is a community base organization that represents, lobbies, connects and assists its member organizations. ACOFOP is formed by 23 community organizations with different legal figures (Associations, Cooperatives, Civil Societies) that have assumed the responsibility of working with sustainable forest management within the Mayan Biosphere Reserve.

- Vision: Achieve ecological, economical and social sustainability, procuring legal, technical, economical and political support to the community forest management process in Peten, promoting and strengthening the consolidations of an organization that represents the interests of the base organizations, adequately using the natural resources by means of productive and efficient companies that generate incomes to improve the family quality of life.
- Mission: Improve the life level of the forest communities of Peten, uniting community efforts and management, towards the sustainable use of the forest resources.

ACOFOP was formed in 1996 with the idea of fighting for the communities' right to manage the forest in the Mayan Biosphere Reserve. With the MBR declaration in 1990, many peasant communities were left inside protected areas with heavy resources restrictions. A state of un governance was created within the new protected areas due to the lack of proper policy that would develop these poor communities. In addition, the government started assigning forestry concession to extensive forest areas. Therefore, in 1994 the first community forest concession was assigned, leading the rest of communities in Peten to organize a common front that would fight for their rights against other groups interested in the protected areas. By 1996, the group had already consolidated and formed ACOFOP with the sole objective that communities would have the right to manage part of the vast forests of Peten.

ACOFOP is formed by a General Assembly composed of the legal representatives of the 23 different member organizations. The board of directors has 9 legal representatives and looks after the dispositions of the General Assembly. The board of directors hires the executive director who is in charge of implementing the different planned activities.

After 10 years of demonstrating that communities can manage the forest, ACOFOP is socially consolidate but still there are aspects that need to be strengthened. The following is a map of the different community forest concession present in the MBR.



1.3 Main funding sources

The main funding sources for ACOFOP have to be divided with the funding going directly to the concessionary process through projects implemented by NGOs at the beginning of the process and the funding going directly to ACOFOP afterwards. The following tables shows the different official projects that were implemented to start the MBR, the concessionary process and also the later funding going directly to ACOFOP for the community strengthening.

Project	Funding Agency	Years	Amount US\$
Main projects			
Biosfera Maya	USAID/CONTERPARTS	1990-2002	\$45M
PDS	IDB	1998-2002	\$22M
PROSELVA	KFW	1998-2000	\$30.8M
CENTRO MAYA	USAID	1998	\$135,000
CATIE/CONAP	USAID	1998	\$1M
OLAFO	SCANDINAVIAN	1999	\$82,000
BIOFOR	USAID	2002-2004	\$8.9M
ACOFOP Community strengthening			
	ICCO	2000-2002	\$300,000
	ICCO	2003-2005	\$300,000
	FORD FOUNDATION	2001-2003	\$ 150,000
	FORD FOUNDATION	2003-2005	\$ 200,000
	CIR	2001-2002	\$28,000
	HELVETAS	2003-2005	\$157,000
	HELVETAS	2006-2008	\$200,000
	CICAFOC	2001	\$ 5,000
	FONACON	2003	\$ 17.700
	DED	Since 1996	\$ 9,500 per year
	HPI, Netherlands Embassy	2006-2008	\$400,00

ACOFOP combines the different fundings received usually in one single Institutional Plan that has the overall objective of strengthening the organization and the communities in social, training, lobbying and productive aspects. Each agency focuses on specific aspects.

1.4 Since when involved in ICCO?

ACOFOP and ICCO have been working together since 2000.

- ICCO was a pioneer organization in deciding to fund direct activities with ACOFOP and not through NGOs. Before, financing agencies would just give projects to NGO that would be responsible for the entire implementations of the projects and administrations of the funds. After ICCO, ACOFOP started receiving direct financing for specific activities to address necessities of their organization and also members.

2. Results/indicators

2.1 Result indicators + additional indicators and project specific indicators

The project evaluation reports presented by ACOFOP to ICCO says that according to the objectives the success of the project is considered adequate. The achievement of the following results confirms it:

- The community forestry process and its leader organization are recognized at national and international level and keeps being a motivation point for new community experiences in other territories.

- ACOFOP has used a political incidence strategy very well structured, based on alliances at local, national and international level. ACOFOP influence managed to make them an important or key actor in any agenda related to Peten. For this reason, ACOFOP occupies important institutional consulting and management spaces with government.
- ACOFOP has a communication practice that allows them to generate a positive public opinion regarding the community forestry process. A group of journalists linked to massive means of communications cover community points of view.
- ACOFOP has stable communication mechanisms that allow their leaders to manage basic information related to the main issues of the forestry community process.
- Community groups are sustainably harvesting Xate resources and count with significant results in the processing and organization for implementing this activities. The results in improving the quality of the process of cutting and selection the products. Women play an important role in this last part.
- Community members are harvesting and commercializing chicle. The chicle project is generating incentives to rescue this important traditional activity in the area.
- Organized women groups are working in productive activities such as handicrafts, Ramon seeds and medicinal plants.
- At the moment, community leaders have valued different elements that could be considered as options to enter in the tourism sector. There is a tourism commission functioning and with basics planning.
- A reference study exists for a possible sustainable agriculture program.

2.2 Progress over time

“ACOFOP is a process...step by step, components have been added to the process depending on the necessity of the communities” (Juan Giron)

Indeed, ACOFOP has been evolving since the beginning. The sole beginning of the process was to have a common front that would help communities to access the forest resources through the forest concession figure. Then, the organization focused on strengthening their organization and of their members in technical, social and administrative aspects. Lately, ACOFOP is transferring the commercialization and service provider to FORESCOM and has the plan of specializing in the political lobbying aspect.

ICCO's support along the process has been critical in supporting ACOFOP organization. ICCO managed to understand that before commercializing it is important to organize and strengthen.

- ICCO has been supporting the change of mind of the members in transforming farmers into businessmen. Now, ICCO is directly helping strengthening FORESCOM to be the commercialization agent of the forestry concessions.
- ICCO was also brave to support the organization process after the civil war where talking about organization was considered a dream due to the lack of confidence on the government and development projects.

2.3 Quantity and or quality of available data

ACOFOP is very well structured and organized; all the required information regarding ICCO was present and facilitated. The communication program manages most of the information present in ACOFOP and since they focus on socializing and showing the importance of the process the information has a satisfactory quality.

- There is plenty of information regarding ACOFOP. Due to its success, many organizations publish articles and reports regarding the different achievements and failures of ACOFOP.

- SICONFOR was CD-report published by a USAID project that gather most of the information related to ACOFOP, its members and the forestry concessionary process.

3. Analysis results

3.1 Effectiveness

According the ACOFOP reports, they have been able to carry on successfully with the implementation of the project. The project was for three years and included different components that had the overall intention to consolidating the concessionary process.

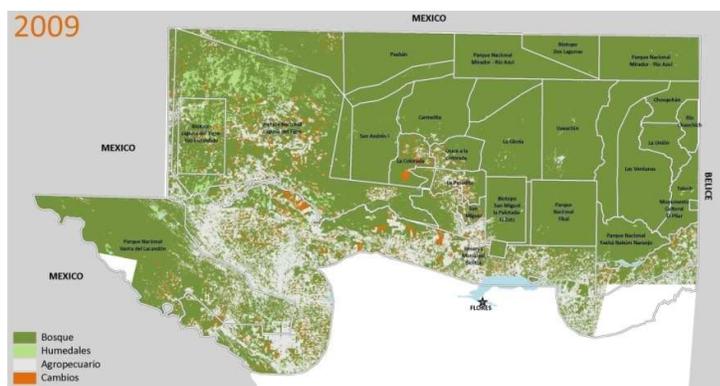
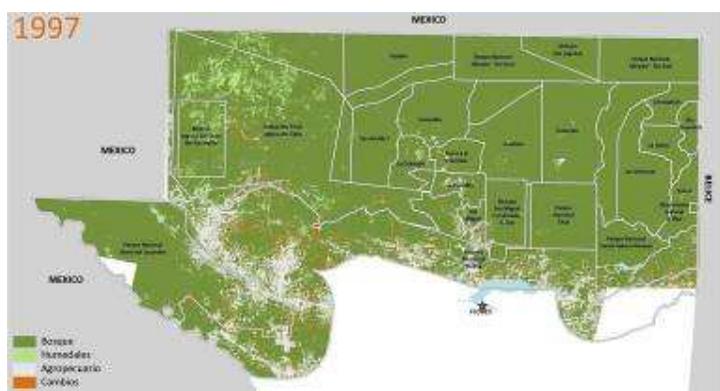
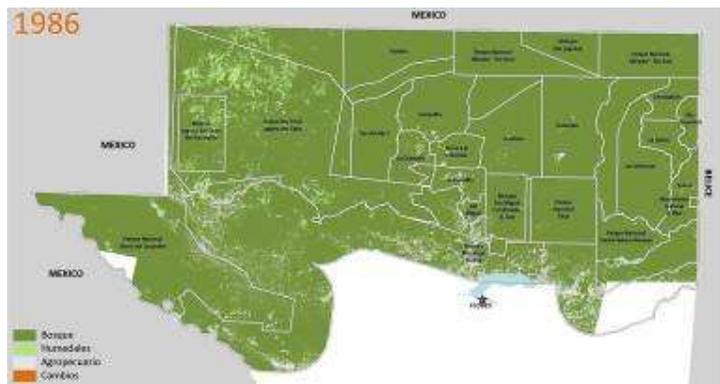
The implementation of the project can be considered effective it is just that most of the results are qualitative rather than quantitative; therefore, it is difficult to really measure how effective it was. The project sets perfectly the logic framework where specific activities are set for each objective and specific results; however, the reports show more qualitative information as results.

3.2 Impact

The project reports fail to present information on direct impacts on the beneficiaries of the project; however, it is better to observe the impacts on the entire process where the ICCO projects comes to contribute as many other financing agencies and projects.

The following are the major impacts caused by the concessionary process:

- Communities are sustainably managing 500 thousand hectares of FSC Certified natural rainforest.
- The agricultural frontier has been reduced within the Mayan Biosphere Reserve. The 1986, 1997 and 2009 shows that the forest cover has been kept in the forestry concessions.
- Communities have reduced the sacking of archeological sites within their concessions.
- Communities have drastically reduced the impact of forest fires within their concession.
- Community members have generated a change in attitude and culture going from being subsistence farmers, illegal loggers, unsustainable loggers, chicleros, xateros, smugglers and colonist into conservationist and businessmen.
- ACOFOP has managed to obtain political and decision making important spaces.
- Communities only harvest 1.5 trees per hectare every 30 years, allowing for full regeneration of the forest.
- The technical capacity of communities has been considerably developed.
- The work of ACOFOP's members benefits directly 14,000 persons in 30 communities.
- ACOFOP was honored in 2003 with the presidential medal for the environment, as a civil organization that helps the conservation of protected areas.
- Recognition by the United Nations Organizations to ACOFOP as an organization that has managed to combine the poverty alleviation with biodiversity conservation in the MBR.
- The government of Guatemala recognizes ACOFOP as the only organization representing the interests of the rural forestry communities of Peten.
- The ACOFOP experience has transcended all over the Latin-American region, demonstrating that communities have the organization and technical capacity to conserve the forest through sustainable forest management.



3.3 Explanation (and or excuses)

Some of the deficiencies and challenges confronted during the implementation of the project are:

- ACOFOP has not been able to structure an institutional functioning and information system that would allow consolidating the community leadership management. There are 500 leaders but communications can only reach to the ones participating in directive roles.
- ACOFOP does not have a long-term financial sustainable strategy that would allow the base organizations to sustain the second level organization. Some alternatives are seeking some financial mechanisms such as payment for environmental services and regulations that would control the productive activities within the MBR.
- ACOFOP managed to structure a gender concept and strategy to improve gender equity in the base organization; however, the right conditions for the implementations of the strategy have not yet been met.

• FORESCOM as an instrument responsible for the forestry productive chain is far away from achieving its mission. The inexistant approval from the member organizations of their entrepreneurial branch presents this company more as a external cooperation project.

3.4 Attribution

ICCO and the other different partners are seen as funding agency funding development and conservation projects.

- Something particular with ICCO is that they also try to guide and suggest alternatives for the process and make the necessary changes to better strengthen the concessionary process.

- The abundance of these funding agencies is maybe the reason why ACOFOP is so dependent on external funding for their functioning

4. Analysis of partnership

4.1 How was the project established?

The project is the continuation of a set of other projects that slowly have been supporting the concessionary process. ACOFOP identifies the different weaknesses present in the organization and generates a medium-term plan (three years) to fix deficiencies and consolidated results towards the improvement of the community forest management process.

4.2 Relevance of project

ACOFOP is using the management of natural resources to improve their livelihoods. A project that would come to consolidate the different component necessary in the concessionary process is definitely relevant.

- ICCO is one of the major donors in the three-year project implemented by ACOFOP, the funding is used for different aspects such as training, lobbying, administrative and social aspects among others that are useful in consolidating the process.
- Without ICCO's funding, ACOFOP would be able to survive with funding from other donors; but it will not have the assistance ICCO is providing to strengthen the institutions with assistance and equipment.

4.3 Theory of change and partner contribution

ACOFOP can be considered the center of the concessionary process in Petén Guatemala. ACOFOP combines a series of political lobbying activities, capacity-building programs and productive initiatives to generate incomes for the members. Donor agencies assigned them funds for different projects that in several ways address different issues affecting the community forestry process. Eventually, ACOFOP will stay with the political incidence component and will transfer the production and commercialization components to FORESCOM (incl. Xate)

- ACOFOP along with the donor agencies need to continue supporting the integration of the commercialization aspect (for all forest products) in an organization such as FORESCOM; meanwhile, the consolidation of the process is critical in setting the base for stronger organizations.
- The members will eventually need to stop selling only raw materials and should start focusing on NTFP and generating valued added products that would increase income generation for the participants.
- The process ACOFOP is directing is causing great impact and changes in the community members. The community members have started diversifying their production with NTFP and also other sources of incomes like carpentry. This income is used by parents to send kids to school and university and eventually will allow them to have a better quality of life.

4.4 What should be ICCO's focus to improve the value chain of the sector

ICCO should continue to support the value added products commercialization, but needs to assist or demand ACOFOP/FORESCOM to control production costs in order to maximize profits. The forestry concessions need to become more efficient in their production scheme. Apart from continuing to support the strengthening of the institution, ICCO should also focus on assisting the access to national and international markets for even better prices.

5. Roles ICCO

5.1. Role(s) partners

ICCO is considered by ACOFOP a funding agency that provides a good source of income for general expenses in the concessionary process. ICCO has also helped in capacity building for many people within the MBR and assisted FORESCOM in the commercialization process to the European Union

- ICCO shows strong commitment towards helping FORESCOM to finally become viable and start being the commercialization branch that everyone expects.
- Quality, constant production volume, reduce costs and improve production efficiency are aspects to consider towards increasing income by FORESCOM and the concessions in general.

5.2 ICCO right skills, experience, knowledge, networks?

Apparently ICCO is failing to really implement what they are capable of doing in the field and at the international market level.

- ACOFOP assumes that ICCO's only role is to finance development and conservation projects. Although ICCO has already assessed them in accessing better markets, no further attempt has been done to replicate the experience. Provably because the experience was not so successful due to lack of information on the products being sold and the unknown new market.
- ACOFOP also senses that the persons from ICCO doing field visits barely know the context where the projects are being implemented; therefore, end up rejecting productive alternatives accepted by all the concessionaries²¹. According to the evaluators this is not the whole truth. ACOFOP has interests to say this to mask their own mistakes.
- ICCO needs to change the approaching methodology to these types of groups that require funding. It would be ideal if the set of donations/funding that will take place with this organizations would be part of a well prepared development plan that would focus on strengthening weaknesses and guiding towards becoming sustainable and accountable organizations instead of being totally dependent on funding.

5.3 Roles other actors

The other actors present in supporting ACOFOP are the Netherland embassy, Fonacon, Ford Foundation and Helvitas. ACOFOP mentions that all of them fund several aspects of the process, all are considered donor agencies, but each one has a particular focus on aspects being worked in the concessionary process.

5.4 ICCO's future added value, roles

- A future and more defined role for ICCO would be to support and strengthen second level organizations. It seems that supporting this type of organizations has a greater impact on field activities that later represent better results.
- If ICCO has the intention to continue dealing with markets it would be a good choice to start supporting FORESCOM at the national market level and then move on to the international level.
- If ICCO is to continue playing a role as a funding agency it is recommendable to change their approaching methodology and fund projects that are part of a more detailed plan and not only small projects that tend to create dependency.

5.5 Lessons learned with ICCO

²¹ Not recognized by ICCO, however said by ACOFOP personnel during the meeting.

- ACOFOP is leading a process that is causing a significant change in the persons involved in the different productive processes. For example, a forestry concession can have products related to timber, chicle, xate, carpentry and tourism is generating around Q.4-6M per year that is distributed among members yearly.
- ACOFOP needs to generate a funding strategy to secure their own finance, not only because donor agencies are being reduced but also because with their own funding they could concentrate their support exactly wherever they want.
- ACOFOP understood the importance of specializing into a particular component and is focusing on becoming a leader in the political arena. ACOFOP is considering the social component, and is transferring the commercial and technical aspects FORESCOM.

6. Observations

ACOFOP is a well functioning organization that requires, continuous more support from ICCO to continue supporting the concessionary process. The Community Forestry Enterprises have different levels of success and require a lot of support especially in the business management aspects.

The persons involved in the concessionary process (community members in the field) are receiving direct benefits from this process. Their kids are now going to school and universities and will have better opportunities in life. In one or two generations these families will over pass the poverty line.

Indicators

Reports presented by ACOFOP fail to present information related to these indicators²². It could probably be because the projects have different objectives/results or it's just that the projects focus on something different

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
Poverty Alleviation (DBA)	# of producer organizations with an increased access to international markets	0	0	# of involved producers and employees with improved incomes due to involvement in international markets		
	Organic, fair trade or mainstream			Producers and laborers	30	
	Domestic or international, relations?			Gender distinctions		
	Viable market models developed			Incomes, less debts		
	Sector crop and other (rotation) crops			Proportion of overall incomes		
	Raw products and added value products			Dependency of the crop		
	Number of farmers converted from	25				

²² most of the results just don't fit into any section of the matrix.

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
	conventional to sustainable					
	Access to support services					
Institutional Development (MO)	# of organizations with a business plan aimed at economic sustainability	1		# of employers with improved competencies, production and labor conditions (according to ILO standards)	50	
	Access to knowledge	50		Less child labor		
	Capacity to innovate			Improved working conditions		
	Access to sustainable finance			Gender equity		
	Marketing expertise	15		Autonomy to manage own interests		
	Adequate service provision to members					
	Partnership with public/private sector					
	Good / better contracts and capacities					
	Access to government programs	1				
	Leadership qualities	25				
	More broad income source					
	# of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context	1		# of policy influencing bodies with increased member participation and organizational capacity	1	
	Effect of lobby activities			Increased member participation	50	
				Improved capacities		

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
<i>Policy Influence (BB)</i>	# of coalition partners that campaigns for regional and multilateral free trade			# of regional/multilateral free trade agreements with a successful track record		
	Number and quality of free trade agreements			Effect of free trade agreement		
	# of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers			# of countries where policy was improved for benefit of small producers in IM		
	Acceptance of sustainability standards			Policies favorable for organic, free trade, mainstream		
				Policies favoring small farmers		
				Improved financial systems / services		
				Improved legal frameworks		
	# of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place			# of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved		
	National policies more harmonized			Implementation of these standards		
	National policies better developed			Adequate quality control systems	1	
<i>Market chain improvement (new)</i>	# of improved north-south relations in the sector	0	0	Quantities and revenues traded through improved north-south relations		
	# of N-S initiatives promoted by ICCO	0	0	Volume of traded products		
	# of successful N-S initiatives developed	0	0	Revenues		
	Capacity of South	0	0			

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
	or North organizations to find each other					
	# of companies in the sector with enhanced CSR policies resulting from ICCO interventions	0	0	Quantities and revenues by companies with improved CSR policies		
	Type of relation developed	0	0	Volume of traded products		
	Mutual trust	0	0	Revenues		
	Progress within company on sustainability					
	Development or adoption of CSR policy due to ICCO					
	Importance of value added activities in the sector, with benefits for small producers	1		Revenues from value added activities for small producers		
	Proportion of added value activities in the South			Volume of value added products (1 little 2 much)		
				Revenues		
	#Application of good environmental and social practices in the sector			Improved environmental and social conditions in the sector		
	Use of agro-chemicals 1 = Q 2 = A 3 =Q/ A			Environmental criteria		
	Health conditions among producers			Social / ILO criteria		
	Reduced dependency on of agro-chemicals					
	# of viable financial mechanisms developed			Application of new financial mechanisms		
	Different types of mechanisms tested			Value of financial transactions by new mechanisms		
	Different types of					

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
	mechanisms adopted by partners					
	# of organizations with capacities for international trade			# of organizations with certified products for international trade		
	and certification in the sector			Volume of certified products		
				Revenues		

B5. FORESCOM

1. Introduction

1.1 The project

The Forest Service Community Enterprise (FORESCOM) has benefit from three donations/projects from ICCO. The three of them have focused on strengthening FORESCOM towards becoming the commercialization entity of the forest concessionary process in Peten, Guatemala.

The first project was from 2004-2005 and was to generate a Business Plan that would financially and strategically guide FORESCOM in order to guarantee its institutional sustainability in the following years.

The second project started simultaneously in 2004 and ended in 2007. The name of the project was “Seed Fund” and had the intention of capitalizing FORESCOM to purchase certified timber from the community forestry concessions; at the same time pre-finance harvesting activities to secure purchasing from concessionaries.

The third project started in 2009 and it’s named Action Plan 2009-2011. The project focuses on consolidating (or saving) FORESCOM, some of the expected results are:

- Have FORESCOM define the enterprise objective by defining roles and functions at all levels; strengthen the personnel capacity, directive structure and management and the strategic and decisions making process.
- Hire a general CEO and commercialization responsible.
- FORESCOM members commit commercially to FORESCOM to improve economic incomes through the commercialization of timber products.
- Comply with the salvage plan to make FORESCOM to accomplish the pending financial commitments.
- Improve internal financial administration.
- Action Plan to make FORESCOM profitable to continue strengthening the concessionary process.
- Define an enterprises sustainability strategy to obtain the required raw material volume and quality necessary to operate the transformation plant and be able to commercialize.

Since 2004, ICCO has financed FORESCOM activities with almost 465,000 Euros

1.2 The project Partner

On August 12, 2003 Empresa Comunitaria Servicios del Bosque S. A. - FORESCOM – a community company, was founded as a result of a prolonged management process developed by the Peten's forest concessions. This was done on strong recommendations by USAID.

FORESCOM is constituted by eleven communal concessionary organizations that are part of ACOFOP. These companies are Custodios de la Selva (Custosel), Laborantes del Bosque, Árbol Verde, Uaxactún, AFISAP, APROSAM, AFIC, AFICC, Unión Maya Itzá, Carmelita and La Técnica. The structure of the company is composed of a Stakeholders General Assembly, an administrative Council and General Management coordinated by a CEO. The vision and mission of FORESCOM are:

- Vision: During the year 2009, FORESCOM will become a leader company, unifier of the Mayan Biosphere Reserve forest concessionary process, financially solvent and with the capacity to fulfill the demand of different specialized services associated with the handling of natural resources.
- Mission: To offer technical, financial and commercialization services and products, under global quality standards and competitiveness, guaranteeing the sustainability of the natural resources managed by the Mayan Biosphere Reserve communities.

FORESCOM was functionally restructured in 2006 with the idea of having a joint business development platform within the concessionary process. The company is divided into the administrative and the business sections.

1. General Operative Administration level. It is where the activities related to the administrative process are implemented according to the general operations and it is divided in the following way:
 - Financial Division
 - Administrative Division
 - General Logistics Division
 - Human Resources Division
 - Strategic Communications Division
2. Business Units level. Considers the present and future activities of FORESCOM, where each business unit will develop the different functions.
 - Commercialization
 - Products and Services Production
 - Purchases in each business units

The business units that FORESCOM is working are:

- a. Forestry Services
 - i. Forestry Regencies and Management Plans
 - ii. Group Certification
- b. Projects and Services
- c. Machinery, Inputs and Vehicles
- d. Timber products
- e. Non-timber products

FORESCOM has focused on the development of industrialization and commercialization strategies of less-known tropical species like: Pucté, Santa María, Manchiche and Danto. Its main objective is to promote and search for better market opportunities, adding value to the timber-yielding and non timber-yielding products, originating from the forest concessions.

1.3 Main funding sources

As a strategy to consolidate the concessionary process in the MBR, FORESCOM has received important assistance from local entities, banks, communities and international donors. With the intention that the company capitalizes and becomes sustainable, most of the technical assistance has been focusing on increasing the capacity to response to services and value added products demand. The following is a list of the different organizations that have financed FORESCOM along the process.

- BIOFOR/CHEMONICS
- ICCO

- RAINFOREST ALLIANCE
- USAID
- ITTO
- CIPREDA
- OIKO CREDIT
- HELVITAS

1.4 Since when involved in ICCO?

ICCO has been involved with FORESCOM since 2004. Originally started supporting capacity building, financing and access to international market. The international market experience was a very problematic situation; therefore, ICCO focused on consolidating the company business platform before trying accessing to international markets again.

2. Results / indicators

2.1 Result indicators + additional indicators and project specific indicators

There was no written report at FORESCOM regarding the project results; however, from the information obtained it can be assumed that most of the products have been achieved. The three different projects implemented by FORESCOM had the objective of consolidating the company.

FORESCOM counts with a realistic business plan that considers all the different situations that could take place, except for the lack of commitment that concession need have with the company to secure a timber offer.

The Seed Fund was properly used to pre-finance forestry activities and further purchase secondary species from the concessions. No written report was obtained on how the fund has been moving around within the company. The accounts movements from the project show that most of the funds was used to purchase secondary species from the different members. More funds were used for purchase equipment, training, travel and operational expenses. Two aspects are relevant due to ICCO's support:

- ICCO's initiative of stimulating the creation of a new company apart from ACOFOP structure was a success. FORESCOM needs to be moved to a different office (processing plant) to avoid ACOFOP affect decision-making and the use of certain economic resources.
- The use of valued added products with secondary species to increase market access has been successful and still stands. Primary species can also be used to maximize profits but communities are still selling their raw material products to the best price.

Another result achieved in the project and due to ICCO's roles was the export of valued added timber products of Santa Maria to the Netherlands. Apparently the experience failed due to lack of quality of the product. Or maybe due to lack of product and market research since a specie like Santa Maria definitely would react differently in totally different conditions like the ones in Europe in comparison to Guatemala.

The third project is still in process but results can be observed already:

- A CEO has been recently hired, after having the company in total chaos with no CEO for more than a year. The first CEO was a professional that only lasted for a couple of months after not being able to understand the process. The second CEO was a community member that guided the process from a social perspective. The third CEO was a professional that quit after a year in position. Then came another community member (school teacher) that quit after pressure from the members. For the last two years a Rainforest Alliance worker, community member and also FORESCOM representative has been responsible in guiding the process with no business idea at all. There seems to be a tendency within FORESCOM to not recognize good management.

- Group Forest Certifications was obtained for 102.706.04 ha. The initial evaluations showed up 33 different conditions were necessary to achieve Certification²³.
- The guiding documents that will help in consolidating FORESCOM have been elaborated: The business orientations. Definition of roles. Strategic Plan. Business Plan. Production Plan among other administrative tools.

2.2 Progress over time

ICCO support to FORESCOM has been evolving in every phase of the process. They started with generating a business plan and providing working capital to get the process going. Apparently, it was not enough and everything just went wrong, in the third project ICCO tries to address most of the issues affecting FORESCOM.

2.3 Quantity and/or quality of available data

It was very difficult to access to the information, after the 6th visit most of the information was obtained. This is mostly due to the lack of order and control the company has been working with. The new CEO complained that no one had idea where the information was until they managed to put together the most important documents.

The quality of the data is fine; it was just the lack of information regarding ICCO's projects that was missing. It was impossible to obtain reports and projects from FORESCOM other than contracts signed with ICCO.

3. Analysis results

3.1 Effectiveness

The overall objective of making FORESCOM successful is at risks. The problem is that FORESCOM has not been able to maintain the process going, mostly due to inadequate management and lack of capacity; therefore, the projects effectiveness seem insufficient to really strengthen the company towards sustainability.

Also the current shareholder structure is not effective. The current shareholders are the concessions with own sawing facilities. These shareholders are blocking internal or external attempts to create a stronger FORESCOM, create more market share and allow for more timber inputs as this goes against the interest of the individual shareholders and their own sawing mills.

As long as the individual shareholders continue to choose for their own direct interests rather than the success of FORESCOM, this project will continue to struggle.

3.2 Impact

In general, creating FORESCOM and its entire structure along with the working with secondary species has had some successes, but more needs to be done to deal with the social aspects and lack of capacity present.

General revenues for timber purchase for the years 2005-2009 are:

YEAR	VOLUME (bf)	REVENUES (US \$)
2005	110,958.81	193,826.53
2006	239,482.17	307,888.08
2007	129,777.81	165,203.82
2008	295,154.53	412,491.21
2009	233,254.59	351,998.06

²³ Not all concessions are part of FORESCOM and not all area is included as part of the group certification. Some concession are already certified on their own.

A negative impact of the process rather than the projects is that FORESCOM is failing to become sustainable company and is near bankruptcy.

- It was not possible to obtain direct accounting information to fully support bankruptcy, but there was an audit going on during this evaluation and apparently FORESCOM is seriously in debt with many members and a credit company.

3.3 Explanation (and or excuses)

In paper, FORESCOM is a very well structured and prepared company that is capable of achieving sustainability with the selling of forestry products and services. However, in reality FORESCOM is failing at many or all levels to consolidate as a successful company mainly due to a lack of appropriation of the business structure and concept that ends up in wrong decisions that have the company almost bankrupt.

The major challenges observed that are limiting FORESCOM success are:

- Shareholders that do not have an interest to make a success out of the business.
- No business case and donor driven.
- Too many directors involved but no boss
- The lack of capacity or a capable CEO that would properly manage FORESCOM has lead the company to make wrong decisions to compensate members more than the company itself.
- Not following technical documents, no clear plans
- Highly inefficient operations. A good management plan could reduce 60-70% of waste and can also increase quality
- Lack of commitment from members towards the process, communities continues doing their same commercialization process
- Intrinsic sourcing and high transporting cost
- FORESCOM as an instrument responsible for the forestry productive chain is far away from achieving its mission. The inexistent approval from the member organizations of their entrepreneurial branch presents this company more as an external cooperation project.

3.4 Attribution

ICCO and the other different partners are seen as organizations assisting in financial and technical aspects of the process.

- ICCO takes direct participation with FORESCOM by funding salaries among other project activities. ICCO also suggest alternatives for the process to make the necessary changes to better strengthen the concessionary process.
- The abundance of these funding agencies is maybe the reason why FORESCOM is so dependent on external funding for their functioning. The entire FORESCOM function is being subsidized and eventually will collapse if it continues.

4. Analysis of partnership

4.1 How was the project established?

The project was established after ICCO was supporting ACOFOP and decided that it was important to separate the social and political aspects from the commercialization of the products and services. FORESCOM originated

with the idea of being a business platform that would support the concessionary process with better market access²⁴.

²⁴ ACOFOP did not accept because some members complained about how it was not fair to pay people outside ACOFOP; and that with those two salaries they could pay 10 staff members in ACOFOP.

The plans were a failure because were more business oriented and avoided many social aspects covered by ACOFOP. After the eminent failure, ACOFOP and RA, decided to bring on board one of those former Biofor workers as CEO. With the argument that he would really understand FORESCOM and hopefully rescue it from total failure.

4.2 Relevance of project (in relation to poverty reduction for poorest communities)

The projects are definitely relevant for FORESCOM. ICCO is practically subsidizing FORESCOM in most of the activities. ICCO needs to be congratulated on the vision of working with secondary species; and also the splitting of the political and social from the commercial aspects of ACOFOP. Still management needs to be divided since there are too many members of ACOFOP being members of FORESCOM creating conflicts of interest.

ICCO's funding vision has been a good one, but the execution has not been successful so far.

- FORESCOM managed to obtain net sales of Q.12.6 M in the period of 2005-2009.

4.3 Theory of change and partner contribution

FORESCOM pretends to become the business platform of the concessionary process to better commercialize their products and services. For this to happen, it needs to focus on productive and business aspects rather than social or political issues.

If FORESCOM wants to be a successful company it needs to act as a company, it needs to be flexible, quick, opportunistic, market or demand driven. FORESCOM needs to have a more directive government structure other than a social structure.

4.4 What should be ICCO's focus to improve the value chain of the sector

ICCO should stop immediately with funding this project or restructure completely. First and foremost two things need to improve; FORESCOM needs business acceptance and commitment from members (reduce own sawing capacity and transfer this to FORESCOM and allow them to process know timber species as well) and also to become economically more efficient. FORESCOM is not economically successful because it has a lot of waste (almost 40-60%), high productions costs, low quality. Wrong production practices and little market access.

According to the business plan, FORESCOM would be producing net sales of Q.12.2 M every year. The total productions cost would be Q. 9.6M (business as usual) leaving a profit of Q. 1.8M (21% profits) every year. For this, FORESCOM would need to purchase 857,579 bf of timber as raw material and transform it into 594,000 bf of value added products²⁵.

This shows that FORESCOM has high productions costs and the profit margin is not that high. It also shows that there is 40% of waste in the transformation. In most of the sawmills, that 40% is not just discarded as waste; but used as another sub product.

It's not only the loss of the 40% of the timber at the processing plant. It has to do with all the other expenses involved in the process.

If the proper dimensions and qualities were procured, this 40% loss can be reduced and would also reduce the cost implied.

²⁵ At the moment of the evaluation there was an external audit taking place at FORESCOM. Real numbers were not available at the moment.

5. Roles ICCO

5.1 Role(s) partners

ICCO is considered a funding agency that provides a good source of income for general expenses in the concessionary process. ICCO is strongly helping FORESCOM in capacity building and strengthening the organization; maybe later would continue to assist with commercialization process to the European Union

- ICCO shows strong commitment towards helping FORESCOM to finally become viable and start being the commercialization branch that everyone expects.
- Quality, constant production volume, reduce costs and improve production efficiency are aspects to consider to increase incomes by FORESCOM and the concessions in general.

5.2 ICCO right skills, experience, knowledge, networks?

Apparently ICCO is failing to really implement what they are capable of doing in the field and at the international market level. (Similar to ACOFOP)

- ICCO is mostly seen as financier and broker.
- One serious attempt has been made to link FORESCOM to the Dutch timber industry, which has not been successful. The project was too complex as it has to deal with many uncertainties like no experience with export/importing, language and culture barriers, use of less known timber species, not using professional trade partners, FORESCOM has little expertise and skills to comply with the contract requirements.
- FORESCOM also senses that the persons from ICCO doing field visits barely know the context where the projects are being implemented; therefore, end up pressuring too much to achieve certain results and also rejecting productive alternatives accepted by all the concessionaries. However the evaluator felt that it was probably in the interest of FORESCOM to say this as they have a direct interest to continue with the current situation and receive more donor money.
- ICCO needs to change the approaching methodology to these types of groups that require funding. It would be ideal if the set of donations/funding that will take place with these organizations would be part of a well prepared development plan that would focus on strengthening weaknesses and guiding towards becoming sustainable and accountable organizations instead of being totally dependent on funding.

5.3 Roles other actors

The following is a list of the different organizations and their role that have been related to FORESCOM along the process.

Organization	Role/Cooperation Activity
BIOFOR / CHEMONIC	Technical and financial assistance in the institutional strengthening component.
ICCO	Financial assistance in the institutional strengthening component.
Rainforest Alliance	Technical Assistance in the value added component, entrepreneurial and commercialization.
USAID	Financial assistance in the institutional strengthening component.
ITTO	Technical Assistance in the Commercialization
MAGA/VISAN	Technical Assistance in the value added component

Organization	Role/Cooperation Activity
CIPREDA	Financial Assistance for implementing the industrial processing plant.
USAC	Technical Assistance in the value added component
INTECAP	Technical assistance in training and organization development.
FOMIN / INCAE	Financial assistance in the institutional strengthening component..
PRONACOM	Technical Assistance in the value added component
Oiko Credit	Financial loans
HELVETAS	Technical assistance in training and organization development.
CONAP	Government organizations responsible for the regulation and co administration of the national protected areas
INAB	

5.4 ICCO's future added value, roles

If ICCO has the intention to continue dealing with markets it would be a good choice to start supporting FORESCOM at the national market level and then move on to the international level. Improve efficiency and quality is critical for both national and international markets.

5.5 Lessons learned with ICCO

- ICCO should look at broader concepts like the social aspects affecting FORESCOM. There is barely commitment from the concessions to support FORESCOM; and it's probably due to lack of communications, lack of interest or it's just that it is considered more a result from former projects and not a felt necessity from the concessionaries.
- *During a field visit to the Arbol Verde Sawmill installation, a community member answered that it would not matter if FORESCOM would disappear. They were already selling their products and it was too problematic to have FORESCOM.*
- The diversification of products is really important to increase economic incomes.
- The lack of social acceptance of a project can make it fail drastically.
- A company that combines business aspects with social aspects tends to fail. Timber business companies should be quick, flexible, and opportunistic and market or demand driven and should have a proper directive structure other than social.
- The founding vision of trying to commercialize the secondary species is still standing, but there are other ways of doing it, like adding the species to already successful species. No need to build up from scratch.



6. Observations

Although it's outside of scope, based on the observed and heard we feel that this organization has no basis for success.. ICCO should consider immediate termination of this project and also encourage other donors to stay away from this project unless there is strong evidence that:

FORESCOM A different shareholder structure and true Commitment from members

- It will have strong management

-It will have implemented rigorous quality procedures

-The Sawmill capacity form members has been transferred to FORESCOM.

Without the use of the primary species, there's no business case, FORESCOM should also procure through other concessions.

Indicators

There was no report by FORESCOM to present information related to these indicators. It could probably be because the projects fail to comply with the indicators or it's just that the projects focus on something different.

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
Poverty Alleviation (DBA)	# of producer organizations with an increased access to international markets			# of involved producers and employees with improved incomes due to involvement in international markets		
	Organic, fair trade or mainstream			Producers and laborers		
	Domestic or international, relations?			Gender distinctions		
	Viable market models developed			Incomes, less debts		
	Sector crop and other (rotation) crops			Proportion of overall incomes		
	Raw products and added value products			Dependency of the crop		
	Number of farmers converted from conventional to sustainable					
	Access to support services					
Institutional Development (MO)	# of organizations with a business plan aimed at economic sustainability			# of employers with improved competencies, production and labor conditions (according to ILO standards)		
	Access to knowledge			Less child labor		
	Capacity to innovate			Improved working conditions		
	Access to sustainable finance			Gender equity		
	Marketing expertise			Autonomy to manage own interests		
	Adequate service provision to members					

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results	
	Partnership with public/private sector						
	Good / better contracts and capacities						
	Access to government programs						
	Leadership qualities						
	More broad income source						
	# of policy influencing bodies effectively undertaking lobby activities by themselves in regional / national context				# of policy influencing bodies with increased member participation and organizational capacity		
	Effect of lobby activities				Increased member participation		
					Improved capacities		
Policy Influence (BB)	# of coalition partners that campaigns for regional and multilateral free trade				# of regional/multilateral free trade agreements with a successful track record		
	Number and quality of free trade agreements				Effect of free trade agreement		
	# of initiatives to influence policies for more fair and sustainable trade, with access to and benefits for local producers and employers				# of countries where policy was improved for benefit of small producers in IM		
	Acceptance of sustainability standards				Policies favorable for organic, free trade, mainstream		
					Policies favoring small farmers		
					Improved financial systems / services		
					Improved legal frameworks		

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
	# of sectors for which more harmonized standards for fair-trade / mainstream criteria with international applications come into place			# of sectors for which the quality of chains 'fair trade' and 'mainstream' has improved		
	National policies more harmonized			Implementation of these standards		
	National policies better developed			Adequate quality control systems		
Market chain improvement (new)	# of improved north-south relations in the sector			Quantities and revenues traded through improved north-south relations		
	# of N-S initiatives promoted by ICCO			Volume of traded products		
	# of successful N-S initiatives developed			Revenues		
	Capacity of South or North organizations to find each other					
	# of companies in the sector with enhanced CSR policies resulting from ICCO interventions			Quantities and revenues by companies with improved CSR policies		
	Type of relation developed			Volume of traded products		
	Mutual trust			Revenues		
	Progress within company on sustainability					
	Development or adoption of CSR policy due to ICCO					
	Importance of value added activities in the sector, with benefits for small producers	1	1	Revenues from value added activities for small producers		
Proportion of value added			Volume of value added products (1			

Intervention strategy	Output partners / Outcome	Target	Results	Outcome partners / Impact	Target	Results
	activities in the South			little 2 much)		
				Revenues		
	Application of good environmental and social practices in the sector			Improved environmental and social conditions in the sector		
	Use of agro-chemicals 1 = Q 2 = A 3 =Q/ A			Environmental criteria		
	Health conditions among producers			Social / ILO criteria		
	Reduced dependency on of agro-chemicals					
	# of viable financial mechanisms developed			Application of new financial mechanisms		
	Different types of mechanisms tested			Value of financial transactions by new mechanisms		
	Different types of mechanisms adopted by partners					
	# of organizations with capacities for international trade			# of organizations with certified products for international trade		1
	and certification in the sector			Volume of certified products		
				Revenues		

C. Interviews with Northern Partners

C1. Unilever

Summary of the interview with Jeroen Oostenek, Unilever about the Allan Blackia project.

1. Introduction

As part of Unilever's effort and commitment to make their supply chains form sustainable they are investigating if they can replace palm oil in their margarines. A possible replacement for the Palm oil can be Allen Blackia.

The Unilever Allen Blackia project started in 2002. In total there are now about 20 partners in this project like ICRAF, IUCN, Technoserve, etc. Focus countries are Tanzania and Liberia. In total it is a 12 mio Euro project

The main issues in the project are proving that the production of Allen Blackia can be sustainable and mainstream. This means reaching economies of scale, consistent volume and quality and reliability. Also the costs price for Allen Blackia need to come down in order to make this project economic viable.

According to Unilever Liberia has a weak public sector and local circumstances make it difficult to make this project a success. The project needs therefore to focus less on the family growers and wild harvesting, but focus much more on large farms with large production areas. Reliable volume is key. Out growers schemes and wild harvest inclusions can be added to this project later. The project needs capacity builders with budget who can help professional farmers reach these economies of scale.

2. ICCO's role

ICCO joined this project around 2007. According to Unilever ICCO did not have specific knowledge about Allen Blackia. The main role ICCO played was process facilitation and brokering with local partner in Liberia. ICCO has organized a conference and has brought some partner organization. ICCO arranged the visiting of certain villages. This role is fulfilled professionally and ICCO is perceived as a club that is open minded and less pre scribed in its approach. ICCO is not seen as a hands on, practical implementation organization.

There is a need in the project for focus on volume and economies of scale. This requires partners that can help with (production and technical) capacity building and or help the project with building networks on the right level of authority.

Considering the challenges and priorities o the project, Unilever is not yet sure if it sees ICCO as a future strategic partner in the program.

3. Conclusions

The Allan Blackia project has not delivered strong results yet. The focus has been too much on smallholders and wild harvesting and should according the Unilever focus on reaching economies of scale. If this does not succeed the project might be sees as economic not viable and cancelled. For this focus shift they are looking for NGO partners that can help in creating the right enabling environment and capacity building.

ICCO's role so far has been supportive and helpful, especially in broker with local partners. But there are some doubts if ICCO will be the strategic partner in the future to deliver on the volume agenda.

C2. Precious Woods

Summary of the interview with Stijn Hemel, Director Precious Woods.

1. Introduction

Precious Woods is a producer, importer and processor (sawing) of tropical hard wood for building purposes. For most of its timber it uses FSC certification to ensure sustainable sourcing. About 50% comes from own plantations. The other part comes from countries like Brazil, Gabon, Bolivia. Their objective is to go for 100% FSC certification for all of their species and origins.

According to Precious Woods every wood species and every origin has their own logistical, quality and reliability problems. Therefore the organisation wants to buy as much as possible from sources they know and are reliable. Reaching economies of scale is very important. Working too much with small and poor communities is not viable for them.

2. ICCO's role

ICCO and precious woods are working together in the IDH Amazon project. ICCO is the project coordinator.

According to Precious Woods the partnership with ICCO is ok. ICCO is open minded and good to work with. In the beginning the project was focused too much on small communities, while the objective for Precious Woods is to certify and source FSC sustainable wood in large quantities. The project should work with the bigger concessions. The IDH project should help develop and inventory attractive concessions and communities where Precious Woods can buy from. NGOs can help by;

- Making saw mills more professional and reliable.
- Reaching economies of scale (ie. Linking different cooperatives to one mill).
- Improve reliability.
- Include local markets to improve profitability of the saw mills.

In that sense the IDH project is somewhat disappointing. According to Precious woods budgets are insufficient and or not allocated to the right activities and or target groups. The project communication can be improved, it needs to be more frequent and give more updates. Also there is room for more pro active leadership in the project.

3. Conclusions

The IDH Amazon project is according to precious woods not yet delivering strong results. The focus was too much on small and poor communities. For Precious Woods economies of scale and reliability are most important. Project management can provide more regular updates and show more leadership in coordinating the program.

C3. Burgland Charitas

Summary of the interview with Wibo van den Horst, Burglang Charitas.

1. Introduction

Burgland Charitas is a not for profit Foundation under the Burgland holding group. Its mission is to do construction and employment projects mainly in Africa like building schools, projects on HIV Aids, etc.

Burgland does not source directly but always used intermediate traders. This is not their expertise and not their business.

In 2007 and 2008 ICCO approached Burgland to set up a commercial link between an ICCO partner organisation FORESCOM (Guatemala) and Burgland. The idea was to import a container of wood (Santa Maria, a lesser known specie), processed according to specifications.

2. Role ICCO

ICCO played the role as broker and (technical, cultural and language) translator. It organized a seminar on relevant issues and it arranged for meetings between Burgland and FORESCOM. ICCO helped in negotiating the contract and translated the technical requirements.

From both FORESCOM and Burgland this project was uncertain and new in many ways. For Burgland it was the first time they imported timber directly. Santa Maria is a lesser known specie. Wood behavior characteristics are less predictable. FORESCOM had never exported before. They did not have a lot of technical experience to dry and saw the timber according to specifications. And it was the first time ICCO acted as technical and commercial broker in this process.

The result has been that the container of wood arrived too late and not according to specifications. The container was rejected and the deal was off.

Looking back Burgland and ICCO admit this project was not managed correctly. There were too many uncertainties and variables. Concerns that were expressed by FORESCOM and Burgland about the ability to deliver were not taken seriously. There was an over optimism in the project. And the distance was too big to manage the issues by parties that had no experience in dealing with these issues. Also Burgland indicates to wonder why the deal was pushed through if, obviously, ICCO had known that FORESCOM was not a professional organisation all along. But we also have to comment that Burgland could have been more proactive and realistic in its expectations.

According to Burgland the main lessons learned are: Make sure the project is very likely to succeed. If the first contract does not succeed, future deals are off. The project should be made less complex. Involve professionals who know how to trade and export. The saw mill must be stable and be able to deliver.

According to Burgland also the project management skills can be improved. There was during the process a need for more, up to date and clear information. Also there is still no formal closing and evaluation of the project with Burgland to this date. This reinforces the negative feelings about his project. However this point is contradicted by the ICCO IM coordinator who indicates that an extensive evaluation has happened with presence of the Ceo of Burgland holding. Also there has been an extensive internal ICCO evaluation where the ICCO staff has identified the lessons learned from this project. ICCO acknowledges that being a direct broker is not the strength of ICCO. Also it acknowledges that FORESCOM as a partner was too weak and unreliable to be a direct supplier to Burgland.

Currently the building sector is in economic turmoil. Due to the economic crises many building projects have been delayed or cancelled and demand for sustainable timber has collapsed almost completely. Also the Burgland Hout company has filed for bankruptcy.

3. Conclusions

ICCO played the role of broker in this project. The initiative that ICCO took was appreciated but the execution was not according to expectations. The contract was rejected, the commercial relation did not continue. The project was not successful.

This project makes clear that being a broker is an important commercial function in the value chain. It fulfills the function of creating market linkages and of de-risking deals; being a broker is a profession that should not be underestimated and bears a lot of responsibility and requires specific skills.

The ICCO staff does not have the right knowledge, skills and capacities to fulfill this function appropriately. In fact it can be questioned if indeed it is the responsibility of a NGO to do this market function.

Moreover, the projects have been too complex. On hindsight it was better to start the relationship with professional traders, a known wood species and with a more professional saw mill. Then, when successful and demand increases, other saw mills could have been involved.

Also we observe a pattern in the interviews that there are different perceptions between ICCO staff and the Market partners and Partner Organizations. This might suggest the need for more clear and direct project communication and management of expectations.

Appendix 9: Summary of a Rough Guide to Partnerships for Development (ECSAD, 2009)

In 'A Rough Guide to Partnerships for Development' (ECSAD, 2009) guidelines are proposed for NGO's to select the right partnerships in order to increase the potential for sustainability of value chains.

According to the Rough Guide, the following issues should be determined, coming to the right partnership:

- Taking a 'life cycle' view of sustainable global value chain development
 1. The lifecycle of the value chain
 2. Direction that the value chain develops
- Selecting viable, sustainable chains:
 3. Consider people, planet and profit
 4. Market opportunities (e.g.what is the state of market demand for the commodity/product in question)
 5. Supply side opportunities
 6. Status of the institutional environment
- Linking issues and roles to life cycle phases:
 7. Mapping gaps and opportunities in the value chain
 8. Identifying key actors and roles
 9. Requested interventions
- Searching a viable private sector actor in the chain
 10. Which market segment(s) will be targeted?
 11. Potential role of private sector actor
 12. Business drivers for participation
 13. Governance regime in chain and governance roles
 14. Code of conduct and certification
- Searching for viable partnership partners
- Partnerships as a matter of strategic choice, governance and positioning
- Measuring the impact for proposed partnerships for value chain development
- Establishing the partnership
- Managing relation in the partnership
- Exit strategies