



NTFP-PFM Research and Development Project South-West Ethiopia

**Forest landscape sustainability and improved livelihoods
through non-timber forest product development
and payment for environmental services**

Grant ENV/2006/114-229



**YEAR ONE
ANNUAL REPORT
8th July 2007 – 30th June 2008**

Mizan Teferi & Huddersfield

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Project Funding Agencies



The European Union: Tropical Forest Budget



The Embassy of the Kingdom of the Netherlands in Addis Ababa



The Norwegian Embassy in Addis Ababa and Norwegian Agency for Development Cooperation

Project Implementing Partners



The University of Huddersfield: With 20 years experience of field research, project management and consultancy / advisory work on natural resources in Ethiopia.



Ethio-Wetlands and Natural Resources Association: The first Ethiopian NGO to focus on forest and wetland issues. It has worked with most of the donors in the country and has run projects in three of the country's eight rural regions.



Sustainable Livelihood Action: A not for profit European Economic Interest Grouping which focuses on capacity building to support local NGOs and organisations in developing countries. Its staff have over 25 years of experience in Africa, Asia and Latin America.

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Abbreviations

ARDCO	Agriculture and Rural Development Coordination Office
BoFED	Bureau of Finance and Economic Development
CBO	Community Based Organisation
DA	Development Agent
DPPA	Disaster Prevention and Preparedness Authority
EC	European Commission
EWNRA	Ethio Wetlands and Natural Resource Association
GO	Government Official
GPS	Geographical Positioning System
HU	Huddersfield University
LTA	Local Technical Adviser
LUPM	Land Use Planning and Management
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
NTFP	Non-Timber Forest Products
PAB	Project Advisory Board
PC	Project Co-ordinator
PCU	Project Co-ordination Unit
PES	Payment for Environmental Services
PFM	Participatory Forest Management
PFMA	Participatory Forest Management Authority
PLC	Private Limited Company
PLM	Participatory Land Management
PLUP/M	Participatory Land Use Planning/Management
PMC	Project Management Committee
PPME	Participatory Planning Monitoring and Evaluation
R&D	Research and Development
SLA	Sustainable Livelihood Action
SNNPRS	Southern Nations, Nationalities & Peoples Regional State
TOT	Training of Trainers

1. INTRODUCTION

The NTFP-PFM Research and Development Project South-west Ethiopia aims to contribute to maintaining a forested landscape to support improved livelihoods for the local forest-dependent communities and thereby ensure the delivery of environmental services in a wider context. The project is funded primarily (80%) by the European Commission, with matching funds provided by the Embassies of the Netherlands and Norway in Ethiopia.

The project has a “research and development” orientation because it is testing and assessing new approaches in two main areas:

- integrated practices of NTFP development and marketing, and
- participatory forest management and forest-based economic activities.

These are being explored for different people/forest scenarios in the project area. While NTFPs, especially honey, forest coffee and spices, are a key focus for project activity, interest has been widened (from this focus in Phase I – 2003-2007) to now include other forest products and the environmental benefits, especially those related to carbon storage, while also addressing land management in the farming areas which surround the forest. Overall the project seeks to enhance the value of the forest for the local communities and thereby encourage their active involvement in the maintenance of this forested landscape.

The project operates in a participatory manner, involving all stakeholders in different forums for discussing the planning, implementation and evaluation of project activities. Local government institutions, especially the ARDCOs at *woreda* level, are a key partner for the project, while community institutions, CBOs, farmer groups and local traders are also key stakeholders with whom the project interacts. The project seeks to enhance the capacity of these institutions and persons to support and be involved in NTFP production, use and trade, other sustainable forest-based economic activities, the sustainable and participatory management of forest and farm land, as well as the maintenance of environmental services. The sustainable management of forest and land resources is promoted linked to increased development of forest based economic activities, with technical support for these activities and for enhancing the role of forest-dependent households and community institutions in the management of these resources.

The project is located in three zones in the Southern Nations, Nationalities and People’s Regional State (SNNPRS) in the south-west part of Ethiopia. These are Sheka, Bench-Maji and Kefa. (see Fig. 1) This project is developed directly from the NTFP-SW R&D Project which ran from July 2004 to July 2007. This is referred to as Phase I while the present project is referred to as Phase II.



Figure 1: Project Implementation Area

The present progress report covers the period of 8th July 2008 to 30th June 2008, which corresponds to Year I of the five year EC grant period of the project.

2. PROJECT MANAGEMENT AND OPERATIONS

2.1 Management Structure

The project is implemented jointly by Huddersfield University (HU), Ethio-Wetlands and Natural Resources Association (EWNRA), Sustainable Livelihood Action (SLA), and the Southern Nations, Nationalities and People's Regional State (SNNPRS). The first three of these implementing organisations are full partners to the EC for the project grant, while the Agriculture and Rural Development Coordination Offices (ARDCOs) of the regional government are associate partners. The full partners form the Project Management Committee (PMC) which is responsible for guiding the project's strategy, policy and operation, in such a way that the project objectives will be met through the implementation of annual work-plans. The PMC meets three to four times a year. Huddersfield University, based in UK, is the contracting partner for the project and has the final responsibility for all accounting and reporting on the project. HU chairs the PMC, which advises and approves all aspects of project orientation and activities. EWNRA is the lead partner in country and has arranged for the project to be registered with the Regional Government's DPPA. EWNRA undertakes all the legally required reporting in country. All three partners, HU, SLA and EWNRA provide technical support to the project's operations.

The Project Coordinator (PC) and the technical and administrative staff, based at the Mizan Teferi and Masha field offices, form the Project Coordination Unit (PCU). With support from the Technical Advisors, provided by Sustainable Livelihood Action, Huddersfield University and EWNRA, the PCU is responsible for supervising all field activities, implementing specific field activities, preparing research and strategy papers, annual work-plans, budgets and reports which are reviewed and approved by the PMC. The PC also serves as the secretary of the PMC and participates in the PMC meetings, as a non-voting member. The PMC is supported in its work by a Local Technical Adviser (LTA), the former project manager who also acts in a non voting advisory capacity on the PMC. (The LTA is primarily responsible for technical support to the PC and project staff, but also has a major, and growing, advocacy responsibility. He also helped fill staffing gaps in Year 1.)

A Project Advisory Board (PAB), originally established in Phase I, is a forum in which all local stakeholders involved in the project are represented. This Board includes the *Woreda* Administrators and heads of the ARDCOs in the five *woredas* where the project operates. The majority of the PAB members are representatives of the communities where the project is operating. New stakeholders can be included in the PAB, as they become involved in project activities. The PAB meets once a year to evaluate progress and provides advice to the PMC and PCU on project implementation and any required changes or specific emphasis needed to meet the goals of the project.

2.2 Project Management and Participatory Planning, Monitoring and Evaluation

Field operations of the project are oriented by the project document, annual plan and strategic decisions of the PMC in the light of feedback from the participatory monitoring and evaluation process, which includes discussions in the PAB and the quarterly review meetings with communities and ARDCOs. Review of progress and adjustments of planning

are made in the light of the following: monthly reports by the PCU, monthly project review and planning meetings chaired by the Project Coordinator, quarterly coordination meetings between PCU and *woreda* government staff in the light of the quarterly review process, the PMC meetings, the annual review and planning meetings at *kebele*, *woreda* and project level, and the annual PAB meeting.

A set of internal administrative and accounting procedures have been developed to guide the field office management, including issues of personnel management, administrative procedures, financial management, safety procedures, logistics and vehicle management. These have been updated during this year from those produced for the previous phase of this work.

2.3 Financial Management

The accounting for the project is undertaken on a monthly basis with the normal monthly financial procedures followed at the project office in Mizan Teferi. All receipts for EU and matching funds are checked at the project's liaison office in Addis Ababa and held there for the annual audit. In fact the accounts are double audited in Ethiopia, once for the regional DPPA (on a calendar basis), and once on a project year basis for the EU (July to June). EU receipts and copies of the PVs for the donor spending (whose original receipts need to remain in Ethiopia) are taken to the UK for inclusion in the HU audit. A key item from Ethiopia in the UK audit is the Auditor's Report which comes from the DPPA approved auditors in Addis Ababa. Checking of the expenditure against budget takes place on a monthly basis in Huddersfield by the Project Manager. Electronic copies of the accounts are submitted to the Project Manager at Huddersfield after being reviewed against the receipts by the Project Liaison Office in Addis Ababa.

The procedures being followed for the project have been developed and fine tuned during this year on the advice of the auditors in Ethiopia. The overall financial procedures have been approved by the Finance Department of the Huddersfield University and its auditors.

Because matching funds to meet the required 20% of the budget have been obtained from the Norwegian Embassy in Addis Ababa and the Royal Netherlands Embassy in Addis Ababa, these Embassies also undertake additional checks on these portions of the project spending. The DPPA audit is accepted by the Embassies as auditing for their funds.

2.4 Response to Final Evaluation of Phase I

The final evaluation of the Phase I NTFP-R&D Project (2003-2007) made a number of recommendations which were incorporated into the planning and operation of the project during this first year of Phase II. These included the delegation of all field responsibility to the field office in Mizan Teferi, the use of a local technical advisor (LTA), increased involvement and responsibility for the local partner, EWNRA, and the establishment of a national liaison office for the project in Addis Ababa. These adjustments were approved in Rider 1 to the project budget which was approved shortly after the end of Year 1.

2.5. Partners and Co-operation

The relationship between the various partners is good. The full partners meet at least every four months in the PMC meeting although contact is on a daily basis between Huddersfield University and the other two partners for operational matters. The associate partners, the Ethiopian Government ARDCOs, are in regular daily contact with the project through the *Woreda* Project Officers, and on a weekly basis with one or more of the Project's experts. A major element of the project is capacity building for government staff at the *woreda* and *kebele* levels and the related training is appreciated and seen as a positive link with the project.

The project also maintained regular links with the regional government's DPPA with whom the project is registered, and with other bureaus at the regional level. In particular the project is discussing with the natural resources staff in the Agriculture and Rural Development Bureau, how its work can assist the government in the operationalising of the new forest legislation.

2.6. Visibility of the EU Contribution to the Action

The project is clearly recognized as an EU funded action. All project offices have signboards at their entrance with details of the projects sources of funding as well as contact details. Signboards have also been erected at the offices of the CBOs established by the project. In addition the project vehicles carry the EU symbol, while all project documentation, such as this report, acknowledge the funding of the EU but also include the required disclaimer.

3. PROGRESS IN YEAR ONE

The project is working in Bench-Maji, Kefa and Sheka Zones of SNNPRS in the south-western part of Ethiopia. (This is an adjustment from the original proposal as approved by the EU delegation in Rider 1 to the Project Document with the reinstatement of a Gesha *woreda* in Kefa Zone to replace Gurafarda *woreda* which has security problems). Within these zones there are five *woredas* (districts) where the project is working. These are the same as in Phase I of this project (2004-2007) and they are the focal areas for project intervention. Within the five *woredas*, the project identified 10 Peasant Associations (*kebeles*) for detailed intervention in Phase I, with a total of 51 communities involved in project operations. These remained the same during Year 1 of Phase II as the focus in this year was consolidation. The areas where activities are on-going are given in Table 1, below.

Zone	Woreda	Kebele	Multi-purpose Cooperatives
Sheka	Masha	Beto Uwa Gadda	Techito Ganobai
	Anderacha	Yokochichi Chegecha	Teramed Wedefit Gomiti
Kafa	Gesha	Anderache Wachito Yeri	Anderache Wachito Yeri (beekeeping)
Bench Maji	Sheko	Shimi Shayta	Gizmeret Mehal Sheko Shimi
	Bench	Fanika	Kite Aman

Table 1: Project Intervention Woredas, Kebeles and Multi-purpose Cooperatives

The *kebele* constitutes the target unit for communication, participatory planning, monitoring and evaluation of activities at the field level and for CBO strengthening. However, the PFM activities operate at the sub-*kebele* or *got* level, although they will be developed in Year 2 to the *kebele* level. All communities are represented in the planning and monitoring meetings. In this local planning process, community members select interested farmers, groups and/or communities for participation in different project activities. Additionally, the existing primary cooperatives, which are operating at an inter-*kebele* level, are considered targets for CBO strengthening activities.

General project progress follows the annual work plan. The main activities during Year I (July 2007 to June 2008) included:

- establishment of new project office in Mizan Teferi and rental arrangements for all project facilities for the full project period,
- procurement of all project equipment, (delayed in part due to loss of Norwegian matching funds in first half of year and need to obtain replacement funds from Netherlands Embassy,)

- staff recruitment for the PC, specialists in land management & PES, PPME and Marketing (see Annex 1, Project Staff),
- appointment of two new project advisers with expertise in PFM and forest livelihoods, and land use planning / management and PES,
- strengthening of CBOs from Phase I, PFMAs and PLCs, for forest management and NTFP trading activities respectively,
- review of PFM process from Phase 1 and identification of areas where improvements are needed, especially stakeholder involvement and forest demarcation,
- Support to PFMAs to make them more economically attractive to members through the development of multipurpose nurseries for NTFPs, trees and other plants,
- Land cover change assessment for the project zones from 1973 to 2001, and assessment of the economic costs to the country of deforestation,
- Development of procedures for assessing land management problems in farming areas and identifying solutions to reduce pressures for forest clearance,
- Identification of critical issues and procedures in PES related to carbon payments, including initial baseline assessments,
- Identification from trials of the best practices for honey production, as well as identifying methods for dealing with ant problems in hives, and the dissemination of these practices and methods,
- Marketing of honey and coffee support through trader agreements and certification, including support to the coffee union for export registration,
- Preparations for a spice development and marketing strategy,
- Capacity building and project staff development in the areas of log frame analysis, GPS use, GIS and remote sensing analysis, and geo-database,
- Study tour for staff, partners and farmers to understand the environmental comparative advantage of the project area and the dangers to livelihoods if the area is not managed sustainably,
- Facilitating driving training and testing for *Woreda* Project Officers and *Woreda* Focal Points to obtain driving licences, and
- Preparation for *Woreda* Project Office renovation in Year II subject to rider.

4. DESCRIPTION OF ACHIEVEMENTS BY EXPECTED RESULTS

Implementation of the project takes place according to the approved project document, including its logical framework and the general time-schedule.

The project activities aim at the achievement of the overall project goal of ‘maintaining a forested landscape to support improved livelihoods of local forest-dependent communities and thereby ensure the delivery of environmental services in a wider context’.

The specific project objective is: ‘to develop and promote integrated practices of NTFP-development, local forest management and forest-based economic incentives for different people/forest scenarios’.

Year 1 activities were mainly oriented towards project set up, review of Phase I activities and procedures to ensure they are appropriate for wider application, strengthening CBOs, and exploration of new concepts for application in Phase II, especially those related to PES and LUPM.

There have been delays in some areas due to a number of challenges faced. These have included: problems in recruitment of project staff (in marketing and PPME), ill health and resignation of the PFM Technical Adviser from Phase I, the appointment of a new PC and advisers, absence of government staff due to the *wereda* elections, turnover in government staff, delays in vehicle purchases and underestimation of the time needed to review experience from Phase I. In particular, specific problems with some methods developed in Phase I relating to PFM have been identified which require fine tuning. This experience is understandable, considering the complexity of an integrated approach and the promotion of innovative development issues in an area with highly differentiated ecological and social environments, with limited local institutional development, and without earlier NGO interventions.

A summary of achievements during Year I, with reference to each of the expected results, is given below. They are reported in Table 2 which provides details of the number of beneficiaries disaggregated by gender. Annex 2 provides further details in the reports of the technical staff.

Result 0. Project Set up and Administration

0.1 Registration

The project was registered with the Regional DPPA and good relations established with the Regional, Zonal and *Woreda* authorities, building on those established in Phase I.

0.2 Staff Recruitment and Internal Appointments

The project recruited new staff during the year to fill three *Wereda* Project Officer posts which were vacant at the end of Phase I. A recruitment process for a Project Coordinator was undertaken in July / August, but no appropriate candidate was found. As a result the former marketing specialist was appointed to the post. Recruitment for three technical posts was undertaken and a suitable candidate found for the Rural Development and Land Use

Management post. The other two posts of PPME and Marketing specialists were not filled and a second recruitment process had to be undertaken. The selected candidates from this second round resigned after a short period in post leaving these two positions unfilled for much of the year. Details of the project staff in Year 1 are provided in Annex 1.

0.3 Procurement of Equipment

Purchase of the equipment for this second Phase of the project was undertaken during the year and all equipment was in place by early 2008. There were some delays in purchasing of vehicles due to the uncertainty about matching funds following the Norwegian government's withdrawal of support in late 2008 (this being due to a political disagreement with the Ethiopian government).

0.4 Co-ordination with Project Donors & Project related GO's and NGO's / Projects

Working relationships have been continued and developed with a number of organisations for different reasons:

- EU-Delegation Addis Ababa: for co-ordination of project implementation,
- Matching funding agencies: NORAD and Netherlands Embassy,
- PES organisations including: Plan Vivo in Scotland and the Conservation Company in the Netherlands,
- GO's, NGO's and projects, especially those with related activities in the zones of Kefa, Bench Maji and Sheka.

0.5 PMC Meetings

PMC meetings were held three times during the year, with an average interval of four months.

0.6 PAB Meeting

The last PAB for the first Phase was held in July 2007 to review the achievement of Phase I and the plans for Phase II. The first PAB meeting for this second phase of the project was held on 28th July 2008 (after the end of this project year) to discuss progress and planning for Year Two – Minutes are attached in Annex 3. It had 25 participants in addition to the PC and the General Manager of EWNRA who chaired the meeting. Membership of these meetings includes heads of the Administration and the ARDCOs in the five *woredas* where the project is operating as well as representatives of the communities/*kebeles* chosen for implementation activities.

Result 1. Strengthened Government Officials' (GO) institutional capacity

1.1 Workshops for Familiarisation and Planning

Workshops at Zonal and *Woreda* level with government and community representatives were undertaken to introduce the present project phase and its aims and objectives.

1.2 Participatory Planning and Monitoring

A review round of meetings at the *kebele* and *woreda* levels was undertaken at the end of the year to feed into the project planning process. The quarterly participatory monitoring meetings did not take place during the year due to sensitivity caused by the elections on one occasion, the lack of a PPME specialist and staff time shortage on the others. This is not

acceptable and changes have been made to ensure that the full PPME process is applied from now onwards in full.

1.3 PRA Training for GO and Project Staff

Most project staff and all government staff with whom the project works on a daily basis undertook a course in PRA methods and approaches to rural development. The course was run in November 2007 and was given by EWNRA staff.

1.4 Training of Project Staff

At the start of this project phase all project staff undertook a course in Logical Framework Analysis to ensure that they fully understand the project document and are able to report correctly against the project outputs and activities. A further course was provided on GIS and remote sensing for some of the project staff for whom such skills are useful in their work. Staff were also trained in the used of GPS equipment.

1.5 Training of Trainers (TOT)

The project arranges TOT courses as its main approach to building capacity within the project staff and the experts in the government agencies (mostly ARDCOs) where it works. During this year courses have been undertaken in beekeeping, PFM, GPS use, and coffee production, handling and certification.

1.6 Training of Field Staff

This training focuses on the Development Agents (D.A.s) in the *kebeles* where the project works. Subjects covered in this year have included beekeeping, PFM, and GPS use. In addition training on PFM was also provided to D.A.s in non-intervention *kebeles* neighbouring those where the project works.

1.7 On-the-Job Training and Follow Up of GO staff

This is practical training provided to D.A.s and experts in government agencies. Topics have particularly related to honey production, but spice production and coffee processing have also been covered, as well as conflict in PFM.

1.8 Awareness Creation

Awareness creation activities have been undertaken by the project staff introducing new ideas, such as participatory land use planning and PFM to the government staff where the project is working. In addition a study tour was arranged for project staff and government officials to explain to them the great value of the forests in the south-west and the dangers of loosing the forest cover.

1.9 Exchange Visits

These visits between intervention communities did not take place during this project year due to vehicle and staff shortages.

Result 2. Empowerment of CBOs and Farmers

(This section mostly relates to similar training to that outlined above, but refers to that undertaken with communities by trained GO and project staff building on the Training of Trainers.)

2.1 Training of CBO Leaders and/or Farmers

Five courses were undertaken for CBO leaders and members. These mostly related to the organization and financial management of the PLCs and PFMAs, and coffee quality and post harvest handling for promoter farmers and members of the coops.

2.2 Management Support for Primary Cooperatives, Unions

Regular support is provide to the management of the primary coops and the cooperative union to improve management and to ensure farmers get the best price possible for their coffee. This year the Bench Maji Cooperative Union managed for the first time to get a license to export coffee. This was with project support.

2.3 Elaboration of Training Materials

Drafts were prepared during the year of the PFM Guidelines and the CBO formation processes. Both were based on activities undertaken in Phase 1. There have been various discussions about the state of these documents for circulation beyond the project, with some specific further testing required of the PFM one.

2.4 Facilitate Participatory Planning, Monitoring & Evaluation System

Training was provided to community leaders as part of the annual PPME process with groups formed for this in each of the five *woredas* where the project is operating. The project did not undertake the quarterly PPME so there was less activity than planned.

2.5 Support for CBOs

In order to help keep the motivation of the PFMAs, they were supported in the development of nurseries for NTFPs. It is hope that this will help generate income and interest for members while other income from PFM activities are being explored, such as carbon payment and possible controlled and sustainable use of timber.

2.6 Facilitate Links with Existing Funding Mechanisms

This was planned to help PFMAs generate other sources of income from conservation and eco-tourism organizations interested in forest protection. It will be pursued in Year II

2.7 Skill Development Training of Farmers for NTFP Production and Processing

This has mainly focused on bee-keeping and on the scaling-up farmers, i.e. new ones who have joined this activity in Phase II. One round of training on the potential of an improved stove to reduce wood use was also undertaken. It has subsequently been agreed that this is not a priority issue for the project.

2.8 Facilitate & Support Farmer-to-Farmer Trainers

This did not take place during this year in part because of vehicle limitations - while the new ones were being purchased. However, it is seen as a critical part of the project's activities to strengthen understanding amongst farmers and their sense of common purpose in the various activities.

2.9 Awareness Creation

Several new techniques and concepts have been introduced to farmer groups within the present intervention areas and in neighbouring ones in this first year. These include PFM,

certification and PLM / PLUP. Further, 40 farmers were taken on a visit to parts of northern Ethiopia to understand the impact of deforestation and land degradation. A comment from one farmer was that while he had seen people naked he had never seen the land naked.

2.10 Exchange Visit

These did not take place this year.

2.11 On-the-Job Training

This was the main area of training given to farmers and community / CBO leaders. Topics included bee-keeping, spice production, conflict management and coffee processing.

Result 3. Promote Best Practices for NTFP Production/Processing

3.1 Validate and Promote Best Practices for NTFP Production/Processing

Data from the various bee-keeping trials were analysed. This showed that the mud top-bar and stick/bamboo hives were the best for farmers balancing cost of production and honey yields. This experience was used in training up-scaled farmers and has been added in the bee-keeping training manual. Other practices identified included the use of Shupe – a wasp for controlling ant predators in beehives. This is a very important indigenous intervention as it can help address some of the problems causing the loss of bee colonies.

3.2 Support to Farmer's Nurseries for NTFPs

Training and advice in the production of spices and other NTFPs was provided to the ten groups establishing nurseries.

3.3 Technical Support to Bee-Keeping Farmers

Training provided to 130 or more farmers involved in bee-keeping. The work in this area undertaken by the project is coordinated with that undertaken by Beza Mar (one of the honey buying companies) who also train a similar number of farmers.

3.4 Technical Support to Shade Coffee Production

Training provided on coffee production and post harvest handling to 39 contact farmers.

3.5 Technical Support for Spice Trials

Regular support provided to 11 spice trial farmers. Data on production and conditions is collected for analysis.

Result 4. Participatory Forest Management Agreements under Implementation

4.1 Support and Facilitate Implementation of Management Plan in PFM Associations

WPOs together with the *woreda* experts in natural resources, assisted by the project's PFM specialist, supported the PFMAs in implementing their management plans in all seven PFM sites.

4.2 Establish and Support Community Nursery

Community nurseries were established by the seven PFM Associations and in the other three *kebeles* where the project is operating.

4.3 Support and Facilitate Gender Balanced Involvement in PFM Associations

Training and sensitization was provided by the WPOs, the *woreda* natural resources (PFM) experts and the Project PFM expert to the PFMAAs to ensure the involvement of women in PFM activities.

4.4 Follow Up of Bylaw Implementation in PFM Associations

The application of the bye-laws in the PFMAAs was supported by the WPOs and the *woreda* natural resources (PFM) experts.

4.5 Assist Implementation of Traditional Conflict Management System in PFM Associations

The areas of conflict in the present PFM process were identified as part of the review of the PFM process from Phase I. Several issues need to be addressed especially the involvement of all stakeholders and the demarcation of PFM forest areas. The resolution of conflicts caused by the failure to address these two issues properly in Phase I is now leading to major work in this area. It is led by the PFM expert from the project supported by the WPOs and the *woreda* natural resources (PFM) experts in the ARDCOs.

4.6-4.11 Initiate a PFM Planning Process, including all Relevant Stakeholder Groups to lead the process and establish a PFM Association

These activities to start new PFM areas did not take place in Year 1 and were not intended to be part of the activities for this first year. The focus in Year 1 was to be on reviewing progress to date with PFM and identifying where problems needed to be addressed. This was achieved.

Result 5. Support CBO's for NTFP Trading

5.1 Support CBO's in Establishing Trade Links for NTFPs

With two private companies agreements for honey marketing were renewed from Phase 1, while renewed certification for coffee was also achieved.

5.2 Support Coops and Unions in NTFP Certification and Trading

The project has provided support to the coops and Bench Maji Union, assisting with coffee certification – organic, forest and fairly traded. The Union was also able to obtain registration to allow it to export coffee directly.

5.3 Develop a Market Information System

No progress in this area due to the absence of a marketing specialist.

5.4 Promote Specialty Niche Markets for NTFP Products

This is being achieved with respect to the forest coffee which has a ready market. The honey is also being marketed as forest honey.

Result 6: Potential Funding Mechanisms for Environmental Services Identified and being applied at an Experimental Scale

6.1 Organize Baseline Study for PES

Baseline assessment for PES related to carbon was undertaken jointly by specialist and the adviser in this area.

6.2 Support and Facilitate Sites Selection for Implementation of PES

Two sites were selected for preliminary assessment of their suitability for PES, especially carbon payments. Socio-economic assessments were undertaken in these.

6.3 Explore Potential Partners for Payment of Environmental Services

Discussions have been held with the Conservation Company in Amsterdam and Plan Vivo in Edinburgh. It has been agreed that the project will progress the discussion of carbon assessment and payments with Plan Vivo and plans to complete their process in Year 2 are in place.

Result 7: Advocacy and Policy Debate

7.1 Contribution to Policy Debate in Thematic Networks

Presentations have been made at meetings of the Sheka Forest Alliance, HoAREN (Horn of Africa Regional Environment Network) and the PFM Working Group.

7.2 Maintain Relations with Policy Makers and undertake Advocacy at Different Levels

Regular meetings are held with the federal and regional forest / natural resources officials.

7.3 Document and Disseminate Project Findings

Policy Briefing Notes and the summary Phase I report have been circulated widely amongst government agencies, donors and NGOs. Follow-up discussions have been held.

7.4 Establish and Support Local Level (PFM Association) Network

The aim is to create forums for policy dialogue amongst PFMA's to influence forestry and related policies at SNNPRs and in the Southwest Ethiopia. A concept note has been developed and there are internal discussions within the project on this at present.

7.5 Establish and Support Sub-Regional (Kefa, Bench Maji & Sheka) Network

The aim is to create a forum for policy dialogue amongst government officials to influence forestry and related policies at SNNPRs and in the Southwest Ethiopia. Discussions are underway, but clarification of operation and purpose are needed.

7.6 Elaborate and Disseminate Policy Briefs

The Policy Briefing Notes from Phase I are being used in on-going advocacy discussions. New PBNs will be developed as the project progresses.

7.7 Share Lessons Learnt with at least 2 Thematic Networks

Presentations have been made to the HoAREN (Horn of Africa Regional Environment Network) and to the PFM Working Group.

7.8 Negotiation for Recognition of PFMA's in the SNNPRS Land Administration and Registration Guidelines and Policy

This will occur in Year 2 in association with the formulation of the regional forest policy – developed from the newly approved Federal Forest Policy. Discussions begun in Year 1

7.9 Establish Project Database for Implementation of PPME

This is to be progressed in Year 2 now a specialist has been appointed.

7.10 Studies

Studies are being undertaken by the project's advisers as part of their missions. To date the key ones are on land cover change and the cost of deforestation.

7.11 Revise and Disseminate Project Strategy Framework

The project strategy is under development in the light of the ideas coming from the field and from the new advisers. It will be completed in a participatory manner during Year 2.

Result 8: Land management regimes for long-term sustainable use identified

8.1 Organize Baseline Study on Existing Land Uses

A land cover change assessment for the last 30 years was undertaken. Finalisation awaits some data from NASA available in January 2009. Trends in deforestation were assessed. Ground truthing was undertaken.

8.2 Support and Facilitate Site Selection for Implementation of PLUP / PLM

Sites for the testing of a participatory approach to solving land management issues and developing participatory land use planning were identified.

8.3 Establish PLU/M Planning Committee

A process for discussing this and relating it to the FMAs has begun.

8.4 Facilitate & Support the Preparation of Preliminary PLUP / PLM

This will occur in Year 2 with the support of the consultant.

5. ACTIVITY PLAN FOR YEAR TWO

The activity plan and estimated budget for Year Two are attached in Annexes 5 and 6.

The main foci of the activities in Year 2 by Result are summarized below:

a) Strengthened GO Capacity

- the Training of Trainers approach will continue to be followed with project and government staff undergoing training in order that they can then train government field staff and community leaders / experts who can train the communities. The topics which will be covered include conflict management, facilitation skills, multi-stakeholder analysis, organizational development, financial management and business planning.
- Awareness creation with respect to the project will also be undertaken throughout the year with government staff, and other relevant stakeholders such as the local ATVET and the new Mizan Teferi / Tepi University.
- Networking Groups involving government staff will also be developed to help ensure understanding between the CBOs and farmer groups involved in project activities and the government staff.

b) Empowerment of CBOs and Farmers

- Training of CBO leaders and farmers will be undertaken in a number of ways and with a wide range of topics in order to empower the community. In most cases government staff will provide the training, but in some cases external experts or project staff will be involved.
- Topics which will be covered include conflict management, facilitation skills, multi-stakeholder analysis, organizational development, financial management and business planning. These will especially seek to address conflicts in the PFM work, strengthen the management and financial control of the CBOs, support restructuring of the PFM Associations from the *got* to the *kebele* level, as well as develop community and farmers skills and capacity in a number of areas detailed below.
- Strengthening the PFMAs and the PLCs, especially with the development of skills to ensure that these are able to “stand on their own feet” and hence are sustainable for the long term from well before this phase of the project terminates,
- Establishment of local networking groups amongst the PFMAs, PLCs and communities in order to discuss and coordinate analysis of issues related to forests and economic development. These groups will facilitate discussions and communication between communities and government agencies on issues related to the project’s areas of work.
- A guide to the development of CBOs for PFM and NTFP trading will be produced and shared with other organizations working in these areas. It will also be discussed at one of the PFM Network meetings.
- Awareness raising of project activities, lessons and goals will be undertaken continually with all communities where the project is working and neighbouring ones as appropriate.

c) NTFP Production and Processing

- Training related to the production of high quality honey, coffee and spices for sale will be undertaken, with activities including support for spice nurseries, and the production of a spice development strategy.

- To support beekeeping, a pictorial Training of Trainers guide will be produced as well as a brochure on ant control using the local insect “Shupe”. These will be disseminated in all *woredas* where the project works and shared with other appropriate organizations. Other training documents will also be developed
- Training of trainers and on the job training will be provided to government field staff and other government staff in the areas of beekeeping, spice production and coffee production.
- Training of farmer trainers involved in beekeeping and support to them will be arranged to facilitate the dissemination of good practice in the communities where the project is working.
- Specific assessments will be undertaken with a view to future project action in the areas of bamboo, forest honey production (as opposed to backyard), bio-controls of ants, and the potential for enhanced spice production.

d) Participatory Forest Management

- Support the implementation of the Forest Management Plans developed by the PFMA, including resolving outstanding problems with the PFM approach – byelaw adherence and local conflicts, and improving gender sensitivity.
- Assist the development of conflict management system through the PFMA.
- Provide refreshment training for government experts and field staff.
- Explore the balance of forest based activities, including wood use, in order to develop the PFM strategy and ensure that PFM is sustainable and economically viable.
- Elaboration of manuals on PFM and PFRA and circulation for comment.
- Initiate the expansion of PFM in 8 sites and complete this in three sites by the end of the year, including up-scaling of PFMA to *kebele* level.

e) Marketing of NTFPs

- Support CBOs in developing their trade links for NTFPs, strengthening existing ones for honey and coffee and exploring new links for spices, including the search for niche markets.
- Develop / redevelop the market information system.
- Conduct value chain assessment for NTFP and other forest products – such as wood.
- Facilitate links with existing funding mechanisms – mainly for coffee.

f) Payment for Environmental Services

- Explore with EPA the ground rules for PES arrangements relating to carbon sequestration.
- Training for forest inventory to assess carbon storage and undertake inventory in two pilot communities.
- Undertake household energy survey to support carbon assessment in the two pilot communities.
- Explore further the operations with chosen partner for carbon payments.
- Awareness creation on PES.
- Develop eco-tourism proposal for Lake Gandochi.

g) Policy Support

- Assist regional government in the development of regional forest policy with documents and discussion meetings on policy gaps, policy influence from outside forestry, and by establishing Local Networking Groups, links to FAO’s NFP, and organizing workshops.

- Create awareness on the value of the forests of the south-west highlands through preparation and dissemination of documents, presentations in meetings, networking with environmental groups, etc.
- Sharing project experience and lessons,
- Exploring the impacts of government budgeting on forest and their management.

h) Sustainable Land Management

- Finalise assessment of communities in pilot areas for PLUP work.
- Training of Trainers for sustainable natural resources / land management and follow-up training for farmers.
- Organise PLUP committees and their links to the PFMAAs, and train them in problem diagnosis and the menu of relevant solutions – including agroforestry, and how to choose from this.
- Prepare and undertake PLUP process in two *gots*, with problem identification and solution adoption and monitoring established.
- Undertake awareness creation on PLUP.

i) Participatory Planning, Monitoring and Evaluation

- Revise and re-invigorate the PPME system to ensure the full participation of local stakeholders, as well as ensuring that the project has adequate recording of all its activities for monitoring and also for the mid-term evaluation
- Facilitate and coordinate the operation of PPME system at community/got, kebele, *woreda*, zonal and project levels
- Facilitate, document and disseminate monthly PCU Meetings, quarterly PMC and annual PAB meetings,
- Facilitate and support annual planning process
- Develop project database for supporting project reporting and management
- Compile baseline information and develop impact and sustainability indicators and supervise their application.

6. CONCLUDING REMARKS

The first year of this new phase of work aiming to sustain the forest landscapes in the south-west highlands of Ethiopia has involved a number of staffing and logistical developments. As a result it has been characterized by a series of challenges, a process of settling down and the establishment of new working relations. However, despite these challenges during Year 1, the project has made important steps forward in a number of areas. These include:

- Thorough orientation of project and government staff towards the new project document and goals, the project's logical framework and the participatory approach to be followed,
- Establishment of sound working relations with government offices at the regional, zonal and *woreda* levels and with other government agencies and organizations of relevance to the project,
- Familiarisation of government offices and communities in the project area with the orientation and goals of the project, and sensitization of government focal points and community / CBO leaders to the nature of the challenges through an awareness creation visit,
- Strengthening and empowerment of CBOs for PFM and NTFP trade through training and development of mechanisms to ensure economic sustainability,
- Elaboration and preparation of training materials related to PFM, bee-keeping and CBO organization,
- Analysis of PFM procedures to date, identification of areas for adjustment and improvement, and fine tuning of procedures ready for scaling-up PFM activities,
- Maintenance of trading links in coffee and honey,
- Establishment of contacts for PES related to carbon storage and completion of baseline assessment and draft PIN document,
- Contributions to policy discussions in PFM network and establishment of links with government agencies over forest policy,
- Preparations for local networks to support policy discussions, linking this to grass roots experience, and
- Completion of initial surveys for addressing land use management issues in the areas surrounding the forest areas under PFM.

A number of critical challenges have been identified and need to be addressed in the coming year. These include:

- Regional forest policy and its acceptance of PFM arrangements for natural forest areas in line with the new Federal Forest Policy,
- Development strategy and plans by regional authorities which include corridors and nodes of development, but could include zones of high environmental value for conservation or sustainable natural resource management,
- Organisational challenges for PFM scaling-up with the *kebeles*, rather than *gots*, being the unit for operation, and
- The need to make PFM economically attractive to the communities to be sustainable.

There are further challenges for sharing the experience from this project and exploring its wider applicability with agencies working within the south-west or more widely. These include:

- Upcoming PFM activities approach of several regional governments, this being supported by the EU's EDF programme,
- New PFM activities of NGOs recently funded by the EU,
- Nile Basin's Baro-Akobo Pilot Project which has just started its planning phase based at the ENTRO office in Addis Ababa, and
- Sustainable Land Management activities supported by the World Bank, GTZ and FAO where the role of forested landscapes and PFM may need further support.

Overall, the results of this first year of Phase II of the NTFP-PFM R&D Project have clarified the work to be done, the challenges to be faced and the linkages to be made in order to ensure the long term survival of the forested landscapes in south-west Ethiopia. They also challenge the project to ensure the application of the experience from this project more widely to ensure sustainable natural resource management in the country as a whole.