ePact
Strengthening evaluation effectiveness and impact

UKaid
from the British people

Decision Support Unit (DSU)

ÉLAN Agricultural Perennial Sector Study

Author: Sadia Ahmed

Co Authors: Hamish Colquhoun, Alistair Grattidge, Adam Kessler, Jonathan Mitchell, Stephen Jones

September 2019

Oxford Policy Management

itad

e-Pact is a consortium led by Oxford Policy Management and co-managed with Itad

Disclaimer

This material has been funded by UK aid from the UK government; however, the views expressed do not necessarily reflect the UK government's official policies.

About the Decision Support Unit (DSU)

The DSU is a UK Department for International Development (DFID)-financed project implemented by Oxford Policy Management (OPM) in the Democratic Republic of Congo (DRC). It is designed as a support function to DFID's overall management of its Private Sector Development (PSD) programme. The DSU provides evidence and analysis aimed ultimately at improving the programme's overall impact of increasing incomes for the poor in the DRC. In addition, the DSU provides an external learning role targeting improved implementation practices of the broader development community working in the field of economic development.

Executive summary

This document presents the findings of the evaluation of the implementation and results achieved by the ÉLAN project in the Agriculture Perennials (AGP) sector in the Democratic Republic of the Congo (DRC).

ÉLAN is one of three components of DFID's private sector development (PSD) programme in DRC and is a £50 million, five-year market development project implemented by Adam Smith International (ASI). The inception phase for ÉLAN started in September 2012, and implementation took place over a five-year period from January 2014 to December 2018. A follow-up project to ÉLAN – ÉLAN 1.2 – was delayed, which led to an extension of the ÉLAN contract up until July 2019.

Before intervening in a market system, ÉLAN generally starts with an analysis of the market and identifies key constraints to tackle within that sector. The changes or solutions to those constraints are labelled Market System Change (MSC). Under each MSC area, ÉLAN implements a number of interventions and activities which together coalesce to achieve the MSC. This sector study will review the interventions under each MSC area and analyse how, and if, ÉLAN has been able to achieve the MSC and create systemic change in the coffee and cacao sector.

The AGP sector includes the Coffee and Cacao sub-sector. Geographically the sector is concentrated in the provinces of North Kivu, South Kivu and Ituri. Coffee and cacao producers are predominantly poor farmers, about 78% of whom fall below the international $1.9PPP and earn about 40% of their total household income from selling coffee and cacao. The majority of DRCs coffee (60-70%) and cacao (about 60%) is smuggled to Uganda and Rwanda. Smugglers are able to pay farmers more because they incur lower costs (they do not have to pay DRC taxes etc.) and because they are able to sell the coffee at higher prices in Rwanda or Uganda. ÉLAN's work in the AGP sector has focused on improving the business performance of exporters to improve their capacity to compete with smugglers in a manner that also benefits smallholder farmers.

This sector study examines the extent to which ÉLAN's engagement in the AGP sector has led to a systemic change and why systemic change has or has not happened. There is no broadly accepted definition of systemic change nor is there any agreement about what kind of change is systemic and what isn't. However, a review of various literature suggests that systemic change will have the following characteristics:

- **There is a change in the way the system performs:** through changes in the formal rules, informal rules, transaction volumes, transaction terms, investment plans and patterns or in the functions carried out by different actors within the

system ultimately affecting the causes of market failures, market inefficiencies and result in increased market integration and competition.[1]

- **Systemic changes cater to the needs of a marginalized group:** The changes brought about in the system reach the target marginalized group (poor, women etc.) in the sector, giving them a better deal than before and increasing the benefits they receive from the market system.

It is generally expected that systemic change will have scale (i.e. large numbers of the target group are benefitted), be sustainable (i.e. continue without programme support) and be resilient (i.e. can be adapted by market players to continue to reach the poor even as the external environment changes).

What has ÉLAN achieved?

In the AGP sector ELAN has identified a number of Market System Changes (MSC) which it is trying to achieve. The key MSCs for the AGP sector are:

- MSC 1.1: Exporters and/or processors set up Out-grower Scheme and provide extension services to smallholder farmers.
- MSC 1.2: Exporter and/or processors support the installation of processing equipment for producers.
- MSC 1.3: Financial institutions commercialize credit products adapted to exporters' needs.
- MSC 1.4: Exporters develop strategies to stimulate tax decrease.
- MSC 1.5: Exporters/traders ensure Congolese coffee/cocoa marketing.

The table below shows the total numbers of exporters and farmers in the AGP sector and how many actors have changed practices due to ÉLAN's interventions.

Table 1 Changes achieved by ÉLAN and verified by the DSU

Changes at the level of enterprises/associations	
Estimated number of regular exporters in the AGP sector	15
Number of exporters ÉLAN has partnered with	10
Number of other actors ÉLAN has partnered with	4
Number of ÉLAN partners (exporters and others) intending to continue new practices	10
Number of ÉLAN partners intending to expand on new practices	6
Number of other actors autonomously Expanding or Responding due to ÉLAN's interventions	0

1 Definitions of systemic change are discussed in more detail in section 1.1

Cumulative impact achieved from 2015 – 2018	
Estimated number of poor farmers in the AGP sector	237,900
Number of poor farmers reached with increased incomes	45,620
Cumulative Aggregate NAIC (GBP)	2,718,286
Cumulative impact achieved from 2015 – 2020	
Number of poor farmers reached with increased incomes	57,854
Cumulative Aggregate NAIC (GBP)	9,188,352

In addition to beneficiary results, systemic change also includes qualitative aspects, such as changes in actor behaviour, incentive structures etc. – aspects which indicate that the sector is performing differently, has the capacity to benefit more poor people and will be resilient from external shocks. These are aspects that will be covered when answering evaluation questions on effectiveness and sustainability.

Answers to the Evaluation Questions (EQ)

Relevance	
To what extent was ÉLAN's approach in the coffee and cacao sectors appropriately designed to achieve its objectives, including adapting to the changing context of DRC?	ELAN's approach in the AGP sector was partially appropriate to achieve project objectives within DRC's context. ÉLAN collected and analysed sufficient information for designing its strategies. However, moving from analysis to developing a sector strategy and linking MSC areas to the sector level goal of increased income for smallholder farmers was not done properly. MSCs 1.1 and 1.2 provide benefits to smallholder farmers by working through exporters. But a detailed assessment of MSCs 1.3, 1.4, and 1.5 found insufficient evidence that farmers have benefitted. ÉLAN overlooked the role and functions played by intermediaries in the sector when designing interventions and impact assessments. This has led to ÉLAN overestimating impact for some interventions and also may have reduced the project's ability to reach scale. ÉLAN's strategy for selecting partners gave its business models the capacity to adjust to changes in conditions within the DRC and in international markets.
To what extent did the logic and assumptions of the AGP sector (and its interventions) hold during implementation?	Of the seven key assumptions identified based on the sector logic three have held, two have not and two remain unclear. Assumptions that good quality produce is able to gain a marginally better price for both exporters and farmers and leading to increased income for farmers have held The assumption that increasing volumes of legal exports and reducing volumes smuggled is beneficial for smallholder farmers does not appear to be correct. Ordinarily exporters pay farmers less than smugglers and, at best, will pay farmers the same as smugglers do. ÉLAN assumed that

	exporters would be willing to pay farmers more if their cost of business (i.e. taxes) went down, but there is insufficient evidence to support this assumption. It is unclear if application of good agricultural practices alone will increase farmers' net incomes. Finally, it remains unclear, but is likely, that the industry actors are interested in collective promotion and advocacy for the sector and would invest resources to do so.
To what extent were the interventions in the AGP sector appropriately designed to meet the needs of stakeholders and smallholder farmers?	Half of the interventions in the sector benefitted both exporters and farmers. Specifically interventions implemented under MSC 1.1 and 1.2 have been successful in benefitting both exporters and farmers. These were interventions which exporters were already implementing prior to ELAN and, as a result of not being new innovations, generated quick results. Intervention on tax reduction (MSC 1.4) may have increased export volumes but do not appear to have benefited the target group. Finally, interventions on access to finance and marketing did not have enough time to develop into successful models and have not benefitted smallholder farmers.
Effectiveness	
To what extent has ÉLAN led to improvements in market systems	ELAN's interventions have resulted in marginal improvements in the market systems in a very challenging sector and has benefitted 45,000 poor farmers and has the potential to reach an additional 13,000; a total of 58,000 poor farmers by 2020. ÉLAN's interventions have changed how exporters transact with a select group of poor farmers. Exporters now source directly from about 30,000 farmers, by-passing middle men. Farmers now receive a premium for good quality coffee/cacao, whereas before there was no differentiation in prices for quality. Both of these indicate a change in terms of transaction between exporters and farmers. However, farmers' income increase is marginal and exporters' capacity to scale up the changes initiated by ÉLAN remains limited. Taxes have gone down which boosts exporters capacity to source coffee/cacao and has increased export volumes.
What factors have influenced the results achieved?	Much of the results achieved have been due to the installation of processing stations and enhancing marketable attributes of coffee and cacao (traceability, certification etc.). These attributes help exporters get higher prices from international buyers and therefore the exporters have set up and are maintaining incentive structures so that farmers provide exporters with good quality produce. In case of MSC 1.4, ELAN was successful in reducing taxes, by lobbying effectively with sector stakeholders.
Sustainability	
To what extent have the results of ÉLAN in terms	Out of fourteen ÉLAN partners, ten will continue the changes from practices introduced and four plan to expand investments in the intervention areas. This implies that most interventions were

of market systems change been sustained?	sustainable. Additional attributes such as certification and traceability have built in a degree of resilience into these models which is also a sign of systemic change. In case of other partners (Root Capital, ASSECCAF, IFCCA) the capacity to continue providing services or growing their services to the sector is limited and will require on-going external/donor support, i.e. it is not sustainable.
To what extent have ÉLAN interventions led to expansion and response beyond supported enterprises?	There are no cases of other exporters trying to copy the models that ÉLAN supported among its partners, partly because other donors were independently funding similar models with other exporting cooperatives. At a farmer level, cases of farmer to farmer copying was found for three interventions, which reached 4,513 farmers. ÉLAN has claimed to influence another NGO's activities in DRC's coffee sector and influenced a local café to source coffee locally but these claims could not be substantiated.

Learning and recommendation for ÉLAN 1.2 and for DFID.

The following are a set of recommendations for future activities in the sector, for ÉLAN's successor project, and for DFID.

1) **Resilient market systems change usually requires more than one type of actor to change their functions, investment patterns, transaction terms etc.** The changes that ÉLAN has achieved in the sector have entirely been due to working directly with exporters to accelerate their pace of change. However, there have been no other changes in the sector to support exporters to continue similar changes at the same accelerated pace. Although ÉLAN did identify that exporters lacked access to finance for investing the project did not work in these areas until its last year. The result of this was that ÉLAN did not have the time to learn from its pilots, and create the conditions for scaling up the innovations among other exporters.

    a) **Recommendation:** If a particular type of actor requires on-going support in the same area, then the project should ask questions such as why does another exporter need support to develop processing stations. And if the answer is access to finance then dealing with access to finance can play a larger role in improving the sector's capacity to implement similar activities later. (ELAN)

    b) **Recommendation:** Projects should clearly outline their pathway to achieve systemic change which can target both market actors and the target beneficiary groups. The pathways should be regularly revisited to see that interventions implemented are aligned to the project's vision for systemic change. (ELAN)

2) **All interventions will not necessarily contribute to increased incomes for the target group in the short term, and that is not a bad thing.** Achieving systemic change in a sector requires a holistic approach where some interventions contribute to overall sector performance – or in the case of AGP sector, growth of the exporters to the detriment of the smugglers – but do not have an immediate

tangible effect on farmer incomes. ÉLAN's efforts at marketing or reducing taxation are strategies that are important for the sector and should be pursued so that the sector grows even if it does not lead to increased incomes for farmers in the short-term.

a) **Recommendation:** Projects should have the flexibility to design interventions or strategies that do not directly reach target beneficiaries but create a conducive environment for growth and resilience in the sector. This flexibility should be reflected in project logframes where outcomes or goals include indicators that measure / calibrate a better performing sector. Stimulating sector performance should not be done in a way that it negatively affects the target group. (DFID decision; ELAN to implement)

3) **Intermediaries play a crucial function in the sector and bypassing them may not be the best strategy to reach scale.** Each actor in a value chain exists because they play a particular role and provide some functions. In DRC's coffee and cacao sector, intermediaries link 300,000 farmers to a small number of buyers (exporters and smugglers) helping to source products, some intermediaries provide processing services, and some provide credit facilities. ÉLAN's strategy has focused entirely on improving the business of exporters and linking them directly to farmers. Even ÉLAN's measurement systems often miss the role played by intermediaries and the margins they take for their services. This has two implications. Firstly ÉLAN has missed out capitalizing on a function played by a key actor with the greatest outreach potential and secondly, during its impact assessments, it assumed payments from exporters to equal farm gate prices got by farmers without considering the margins and costs taken up by intermediaries, which risks overestimating both outreach and incomes.

a) **Recommendation:** Strategies to replace any actor in a value chain should be carefully thought through with a clear understanding of who will play the functions of the removed actor and whether the revision of roles will continue to be beneficial to the target group. The strategies should also take into account the implications of removing any actor on scale of outreach – as ASSECCAF's ex-President has said "there are about 300,000 farmers in the Kivus and only 15 exporters; it is unlikely that these exporters can have a direct link to so many farmers; intermediaries are necessary for the linkage to happen." (ELAN)

4) **It is important for every intervention and strategy to map out the incentives that each actor has to change behaviour.** This was clearly illustrated in the case where exporters started to pay farmers more for getting good quality products. The higher prices gave farmers the incentive to change practices while the better quality – which commands better international prices – gives exporters the incentive to pay farmers more for supplying better quality. Conversely in a case where taxes are reduced or exporters have better access to finance there is no incentive for exporters to pass on more money to farmers, as they are not getting anything in return from farmers for it. This was a key weakness of ÉLAN's sector results chain and implementation model.

a) **Recommendation:** Each actor in a value chain will have an incentive for carrying out a particular action. Prior to implementing an intervention projects should map out clearly, based on evidence, the incentives of each actor who will be involved in an innovation. Where possible these incentives should be quantified based on evidence both pre and post implementation. (ELAN)

5) **The benefits that farmers get from different interventions should not be based on assumptions that have not been tested.** For example, when measuring increased incomes for farmers the project did not check to see if applying good agricultural and processing practices had any effect on farming costs. The project assumed that increased revenues would equal increased incomes and thus overestimated NAIC earned by farmers. Such oversight can have implications on intervention design as well as where the project implements interventions with marginal or negative impacts on farmer incomes and lead to low uptake. ÉLAN has supplemented interventions that introduce GAP and GPP with practices that also increase farm gate prices and this combination of yield and price increase has led to a positive income effect for farmers.

a) **Recommendation:** When measuring changes in incomes for beneficiaries the project needs to account for all costs that are incurred during farming and should check if any of those costs change after the intervention. This should also be done when interventions are being designed to ensure that intervention designs look not only into farmers' current costs but also the change in costs that they may incur due to an intervention. (ELAN)

Learning and recommendations for future sector studies

The process of planning and conducting the sector study brought up some challenges which are outlined here. These challenges provide some lessons learned for how future sector studies can be planned and implemented.

6) **Timing of sector studies:** The AGP sector was selected for the sector study because ÉLAN had stopped working in the sector and had focused on monitoring and documenting learning. This gave the DSU a good opportunity to assess the resilience and sustainability of changes brought about by ÉLAN. The partners also gave a clear insight into what would drive their decisions to invest – e.g. coffee exporters adopting a wait and see approach to falling international prices, and cacao exporters continuing to certify farmers due to commitment in demand for certified cacao from buyers.

a) **Recommendation:** Future sector studies should be conducted sometime after the project has stopped providing support to partners. This will provide a clear indication about the resilience, sustainability and capacity for innovations to grow. For the AGP sector, DSU can track the changes in the external conditions mentioned by exporters to see if sector growth or investment patterns change. (DSU).

7) **Interviews with ÉLAN partners:** The DSU had anticipated that private sector players might be reluctant to give appointments for long interviews where they are

unlikely to benefit from it. In reality the partners were willing to meet with the DSU team. The main challenge was finding a suitable time and place for meetings. The delay in securing a contact list did not give the DSU sufficient time to arrange meetings and plan for travels to the different partner locations (the DSU team travelled to Goma and Bukavu, while partners were based in Goma, Bukavu, Beni and Butembo). Partners also needed time to arrange meetings with farmers or visits to processing stations which could not be arranged at short notice. The DSU adjusted to this by convincing partners to have phone interviews rather than face to face. For farmers the DSU was only able to interview the beneficiaries of one partnership rather than the two initially planned.

a) **Recommendation:** Field planning for interviews with partners should be started at least a month before the field trips are started. This was attempted this year but could not be achieved because of the long delay in accessing contact information for partners. To avoid a repeat in future years, the DSU needs to ensure, with DFID support if necessary, that all contact lists are made available with sufficient lead time before the field visits. This should now be partially ensured through the MRM system handover at the end of the project. This will give the DSU team more time for multiple follow ups to arrange meetings, and allow time to plan field trips in a more efficient manner and ensure that all necessary meetings are held. (DSU & ELAN)

8) **Setting interviews with other actors:** ÉLAN does not have a formal contact list of actors they do not work with directly and where ÉLAN team members did have relevant contacts these were only made available one day before field trips started. It was therefore not possible to meet all other actors that the DSU interview team would have liked to meet. The other actors that the DSU team were able to meet were: Director of ONPAC, an indirect beneficiary cooperative (Kawa Kabuya), and a cooperative-exporter that ÉLAN had not worked with (Kawa Kanzuru). The other actors that the DSU team was unable to meet were: a representative of DRC's Federation of Commerce (FEC), farmers who had not benefitted from ÉLAN interventions, intermediaries in the coffee and cacao sector, and other donor projects.

a) **Recommendation:** For future sector reviews the DSU should explore the option of hiring a local consultant with experience and contacts in the sector who can arrange for interviews with actors who have not worked with ÉLAN. Revised planning for the final evaluation needs to factor in this cost. (DSU)

9) **Assessment of events/activities supported by ÉLAN**: although certain activities may not be part of an intervention, they may have initiated some key changes in the sector. A key event supported by ÉLAN in the AgP sector is the Saveur de Kivu coffee tasting event. Although this is not listed as an intervention it was widely mentioned by partners and other actors.

a) **Recommendation:** Document reviews and interviews should go beyond looking at partnerships to also review other activities supported by ÉLAN in the development of the sector. This may be harder to achieve as some of these

activities may not have much documentation beyond reports on ÉLAN's website or news updates given by partner bodies. (ELAN)

10) **Context Assessments and Sector Reviews:** In the current evaluation approach, the context assessment of the sector was planned to be conducted as a separate assessment from the sector review. An assessment of the international markets, and local political economy was central to understanding the dynamics and prospects of sustainability and systemic change for the AGP sector. Therefore, an assessment of the context also had to be carried out as part of the sector review.
    a) **Recommendation:** The context assessment of the sector should be carried out as an integral part of the sector review. This will help provide a full picture of the sector and of the external factors that could influence sustainability and possibility of systemic change within the sector. (DSU)
11) **Selection of interventions for the intervention review:** The 2018 Verification exercise took an in-depth look at one intervention in each sector to assess the measurement methods and process for that intervention. A similar process was used in the intervention review during this evaluation. The 2018 Verification exercise reviewed the intervention on tax reduction and the 2019 intervention review looked at the intervention with Virunga on building processing stations. This gave the DSU insight into the measurement process and results for two different types of interventions (taxation and processing interventions) and allowed it to extrapolate that understanding into other similar interventions.
    a) **Recommendation:** DSU should choose case studies and approaches which have the cumulative effect of building knowledge from the ÉLAN project and also the process of evaluating the impact of the project. Therefore for the next intervention reviews the DSU should make sure to select an intervention where the focus and measurement process is slightly different from the interventions reviewed previously. It was also effective to conduct the sector and intervention review at the same time and this should be repeated in the future. (DSU)

Table of contents

List of tables, figures, and boxes

List of abbreviations

AAER	Adopt-Adapt-Expand-Respond
AGP	Agriculture Perennials
ASSECCAF	Association d'Exportateurs de Cacao et Café
CDF	Congolese Franc
CIPA	Conseil Interprofessionnel pour la Promotion de l'Agriculture
CTM	Totombola Mboka Center
DCED	Donor Committee for Enterprise Development
DRC	Democratic Republic of Congo
DSU	DFID DRC PSD programme's Decision Support Unit
ECI	Eastern Congo Initiative
EQ	Evaluation Questions
FEC	Fédération des Entreprises du Congo
FOB	Freight on Board
GAP	Good Agricultural Practice
GBP	Great Britain Pound
GPP	Good processing practices
ICCO	International Cocao Organization
ICO	International Coffee Organization
ICS	Internal Control Systems
IFCCA	Initiative des femmes dans le Café-Cacao
ITT	Intervention Tracking Tool
IWCA	International Women in Coffee Alliance

MRM	Monitoring and Results Measurement
MSA	Market System Analysis
MSC	Market System Change
MT	Metric Tonnes
MTE	Mid-Term Evaluation
NAIC	Net Attributable Income Change
OGS	Out-grower scheme
ONPAC	Office National Des Produits Agricoles Du Congo
OPM	Oxford Policy Management
PA	Partnership Agreement
PWIG	Programme Wide Intervention Guide
RC	Results Chain
SCA	Specialty Coffee Association
SduK	Saveur du Kivu
USD	United States Dollar

1 Introduction

The DSU's Final Evaluation Design paper states that the purpose of ÉLAN Sector Studies is to assess the extent to which market systems changes have sustained and whether there has been further evidence of expansion and response beyond that which had occurred during project implementation. Based on this, the Sector Study Methodology developed a conceptual framework of systemic change, the process for assessing ÉLAN's sectors and outlined the rationale and sampling to assess systemic change in the Agriculture Perennials (AGP) sector. This report outlines the findings of the Sector Study and provides answers to the evaluation questions set out in the Sector Study Methodology paper.

ÉLAN's work in the AGP sector initially focused on the coffee and Palm oil sub-sectors. However, after one intervention in palm oil, the sub-sector was dropped and ÉLAN instead focused on the coffee and later cacao sub-sectors in North and South Kivu provinces of DRC. This chapter will outline the conceptual framework for systemic change, explain the methodology used in implementing the sector study, and outline the structure of the rest of the report.

1.1 Conceptual framework of systemic change

The various literature on systemic change all agree that there is no broadly accepted definition of systemic change, or about what kind of change is systemic and what isn't. Some of the different definitions of systemic change in the literature are:

> *Systemic change is defined as "change in the underlying causes of market system performance that leads to a better-functioning, more pro-poor market system". Systemic change offers the promise of evolving markets that continue delivering significant benefits to poor people over the long term. (Assessing Systemic Change, Alexandra Miehlbradt and Hans Posthumus 2018)*
>
> *Market system change is a change in the way core functions, supporting functions and rules perform that ultimately improves the poor's terms of participation within the market system. (The M4P Operational Guide, Springfield 2015)*
>
> *Systemic change is about altering 'functions or structures'. It is not about technological uptake of a new product or service if that does not alter the way the system operates for the benefit of the target group. (Systems and Systemic Change – Clarity in Concept, Ben Taylor 2016)*
>
> *"When we seek to "change" systems, we are actually seeking to influence the path of change, usually so that we see a sustained benefit to a given group of people" (Disrupting System Dynamics: A Framework for Understanding Systemic Changes," Fowler, Ben, Erin Markel & Timothy Sparkman, 2016)*

All of the above definitions focus on systemic change being a change in how the system functions (rules, norms, actor behaviour, transaction patterns etc.) in a manner that the system begins to cater to the needs of a marginalized group. Systemic change, for the purpose of this report, can be summarised as:

- **Changes in the way the system performs:** this can be through changes in the formal rules, informal rules (or norms), behaviours and relationships among system actors. These changes will be reflected in changes in transaction volumes, terms of transaction, investment plans and

patterns or in the functions carried out by different actors within the system ultimately affecting the causes of market failures, market inefficiencies and result in increased market integration and competition.

- **The changes cater to the needs of a marginalized group:** The changes brought about in a system (rules, norms, behaviour of actors and their relations) should reach the programme's target marginalized group (in this case, poor women and men), giving them a better deal than before and increasing the benefits they got from the market system.

At an outcome level, the Donor Committee for Economic Development (DCED) has identified 3 main characteristics of changes which are systemic. These are: scale (i.e. large numbers of the target group are benefitted), sustainability (i.e. benefits continue without programme support) and resilience (i.e. changes can be adapted by market players to continue to reach the target group even as external environment changes)[2].

ÉLAN applied the Adopt-Adapt-Expand-Respond (AAER) matrix in assessing and reporting systemic change. However, the framework, as applied by ÉLAN and DFID, emphasizes how market players, primarily due to programme support, are implementing innovations to benefit a marginalized group. It does not explain how systems have changed, or whether the changes are sustainable, resilient and can grow to achieve scale.

Before intervening in a market system, ÉLAN generally starts with an analysis of the market and identifies key constraints to tackle within that sector. The changes or solutions to those constraints are labelled Market System Change (MSC). Under each MSC area, ÉLAN implements a number of interventions and activities which together coalesce to achieve the MSC. The sector study will review the interventions under each MSC area and analyse how and if ÉLAN has been able to achieve the MSC and create systemic change in the coffee and cacao sector. The next section describes the methodology followed in assessing the AGP sector for systemic change.

1.1 Study Methodology

This sector study followed a mainly qualitative approach involving a number of in-depth interviews of different actors within the sector and with ÉLAN staff. The field work was designed based on an extensive review of secondary data on the coffee and cacao sectors from documents provided by the project and from other sources. The document review provided was used to develop questionnaires for in depth interviews, with each questionnaire being specifically tailored for the individual respondent.

As a first step of this sector study, ÉLAN's own sector study[3] was reviewed along with similar sector analysis developed by other donors in the same region for coffee and cacao such as those by Oxfam, USAID, Rikolto. This provided an overview of the sector dynamics, farming practices, farm gate coffee trading practices, trends among coffee buyers etc. ÉLAN's sector strategy and implementation was reviewed through looking at the sector results chain (RC), the Programme-Wide Intervention Guide (PWIG), partnership agreements and partner closing reports for each intervention, Intervention Tracking Tools, and ÉLAN's Project Closure Report. An understanding of the results achieved by ÉLAN came from a review of the MRM reports and databases for each

2 Scale, Sustainability and Resilience have been identified by DCED as being key characteristics of systemic change. Assessing Systemic Change, Adam Kessler, Aug. 2014

3 Inception report Market Development Component Market System Analysis and Market System Analysis Cocoa

intervention's impact assessment and from other key assessment documents such as: Assessment of ASSECCAF capacity, Business case on Traceability and Certification, and IFCCA strategic planning progress. These reports provided quantitative and qualitative information on the sector's operation, progress of each partnership and described the contribution of the partnerships to each MSC. The DSU team also drew on its previous analysis of the project as documented in the MTE, the 2017 and 2018 Verification studies and the ÉLAN PCR.

The DSU also selected a number of ÉLAN's partners to interview for this sector study, based on a review of the PWIG. The focus was to select partners who were most likely to contribute to the key growth drivers and potential impact indicators suggested by ELAN in its Project Closure Report. Care was also taken to ensure that all the MSCs identified by ÉLAN were reflected in the selection and that partners were selected from both cacao and coffee sectors. A total of 8 partners were selected and in-depth interviews were conducted with the heads of the partner organizations, agronomists of the partners who work directly with farmers and with farmers who benefit from the partner's activities. These interviews helped cross reference the information from ÉLAN's assessments and gauged the growth and sustainability of the partners without ÉLAN support. The interviews also helped assess the assumptions made by ÉLAN in implementing interventions and estimating results. The documents reviewed for the selected partners included the Partnership Agreement, Intervention Tracking Tools, monitoring visit reports, and impact assessment/MRM reports.

The DSU team also conducted in depth interview with stakeholders involved in the AGP sector who had not worked directly with ÉLAN. These stakeholders included: Director of ONPAC (Office National des Produits Agricoles du Congo) – the government body that regulates the coffee and cacao sector, and two exporting cooperatives who were receiving support from another donor, Rikolto. The interviews of these two cooperatives, Kawa Kanzuru, and Kawa Kabuya, gave an external view of how the sector works and gave insight into the activities of other donors in the area.

Interviews were conducted either face to face or over skype/phone calls, and in some cases follow-up questions were asked over emails and text messages to confirm findings. The interview team visited Kinshasa, Goma, and Bukavu, one processing station and one nursery in a farming village. A list of the key people interviewed as part of the AGP research is given in Annex C. The table below shows the detailed evaluation questions that the sector study explored.

Table 2 Detailed evaluation questions for Sector Study

Evaluation Criteria	Evaluation Questions	Detailed Questions
Relevance	To what extent was ÉLAN appropriately designed to achieve its objectives including adapting to the changing context of DRC?	• What process did ÉLAN follow to assess the sector, identify the key MSC and assess the link between MSC and its target group? • How were the sector strategies and interventions designed so that the stakeholders are able to adapt to changing market contexts (e.g. socio-political, economic, conflict, policy, etc.)?

	To what extent did the intervention logic and assumptions of the ÉLAN project (and its interventions) hold during implementation?	• What were the assumptions held by ÉLAN about the incentives and motivations of stakeholders and target groups? • How were the new business models affected by these assumptions?
	To what extent was ÉLAN and the interventions it supported appropriately designed to meet the needs of stakeholders and target beneficiaries?	• Were the MSC selected by ÉLAN key to reaching the target group of marginalized people (poor and women) through the stakeholders? What other key constraints existed in the sector?
Effectiveness	To what extent has ÉLAN led to improvements in market systems?	• To what extent have ÉLAN's interventions changed the investment patterns and plans of the market actors? How has it changed their relationships with other actors within the sector? What are the changes in transactions and terms of transaction among actors? • What forms of advocacy mechanisms are available to businesses in the sector due to ÉLAN's efforts? To what extent do businesses and government/other authorities cooperate to change the system in mutually agreed ways? • How are marginalized target groups getting access to, and benefiting from the changes? Are any of the target groups benefiting through indirect channels? What are those? • How have the key growth drivers and potential impact indicators suggested by ÉLAN in its Project Completion report changed with time?
	What factors have influenced the results achieved?	• What are the main factors/reasons for changes in roles relationships, functions, knowledge and capacities of key actors?
Sustainability	To what extent have the results of ÉLAN in terms of market systems change been sustained?	• Does there continue to be investment in project supported models and building internal operational capacity for the models? Do the actors have access to the necessary capacity to continue implementing the new business models? • How have the key growth drivers and potential impact indicators suggested by ÉLAN in its Project Completion report changed with time? • To what extent do market actors have the financial and management capacity to weather shocks and maintain or adapt the new business models? What plans/strategies do they have on how to respond to shocks? How much

		are they innovating to address new issues and changing context? • Have the changes in behaviour, practices and incentives of the target group, due to ÉLAN interventions, sustained?
	To what extent have ÉLAN interventions led to expansion and response beyond supported enterprises?	• To what extent are any businesses that were not partners of ÉLAN adopting the behaviours and business practices of the partners? To what extent are the business practices of the partners influencing or affecting the business practices of non-partners? • How supportive is the system around the new innovations? For example, are there supportive government regulations, are there complementary services to support the innovation? Do the models continue to reach the target group with benefits? • Have there been shifts (e.g., new formal rules, adoption of functions by actors, provision of complementary supporting functions) that reinforce changes in a system's trajectory? Do the changes in the system rules, norms and transactions continue to benefit the target group? • Are market actors able to identify new opportunities and take advantage of them? Given the existing market conditions, is there room for further growth within the sectors for existing actors, or for new entrants to the sectors? How likely is this to happen? • Have the changes in behaviour, practices and incentives of the target group, due to expansion and response, sustained?

1.2 Structure of the report

The rest of this report will outline the findings and analysis of the sector study.

Chapter 2 will provide introduce the context of the sectors and provide background information for the analysis done in the sector review.

Chapter 3 has three major sub-sections. The first sub-section will first introduce the process followed by ÉLAN in developing the sector strategy, and will present the theory of change and sector strategy. The second sub-section in chapter 3 will describe the types of interventions implemented by ÉLAN under each MSC Area, the rationale behind the interventions and explain what has been achieved. The final sub-section in Chapter 3 will review the outreach and NAIC estimates and projections provided by the ÉLAN project and revise them based on the sector review findings.

Chapter 4 will consolidate the review and analysis done in chapter 3 to provide answers to the evaluation questions that the sector study set out to answer.

Finally, chapter 5 will provide learnings and recommendations for the future of the project and for conducting future sector reviews.

2 Background of the AGP sector

The Agriculture perennials sector includes the coffee and cacao sub-sectors in North and South Kivu provinces. This chapter is based on the DSU's secondary study of the sector and interviews of actors within the sector. It briefly presents the background of these sectors and will introduce the main value chain actors in coffee and cacao sub-sectors.

2.1 Background of the coffee sector

In the 1980s DRC's coffee sector annually exported about 80,000 metric tonnes (MT) of coffee. World prices were high and was maintained based on a quota system decided by the International Coffee Organization (ICO). A series of events: Zairianisation; nationalization; trichomycosis virus attack on DRC's robusta crop, and collapse of ICO's quota system[4] led to a sharp decline in the quantity and quality of DRC's exports[5]. Coffee exports from DRC fell to a steady volume of less than 10,000 MTs per year from the early 2000s. DRC's coffee plants from the 1980s and 1990s still remain and continue to produce, and exporters estimate that between 30,000 to 40,000 tons of coffee are currently produced in the country and about 20,000 to 30,000 MTs are smuggled out to neighbouring countries and exported from there as Rwandan or Ugandan coffee[6].

Coffee farmers produce and process coffee beans before selling them. Farmers also store and sell coffee for when they need cash. Storing coffee beans is safer than storing cash in the violent and conflict prone region. No accurate estimates of the number of farmers in the sector exists. However, based on the total volume of coffee produced, average land size and average productivity of farmers[7], there are approximately 250,000[8] farmers growing coffee. Some coffee farmers are organized in cooperatives, almost all of which have been formed by donors. Cooperatives provide their members with processing facilities and try to find buyers for the coffee. Intermediaries also buy coffee from farmers/cooperatives and sell it on, either directly or through other intermediaries to exporters or to smugglers. Intermediaries occasionally also process the coffee further before selling or may rent processing equipment to farmers. There are primarily two kinds of exporters in DRC: exporting cooperatives which are farmer cooperatives registered to export coffee, and exporting companies which are companies registered to export. All exporters sort coffee and convert to green beans before exporting.

Coffee prices are determined based on forecasts of supply from the world's top producers, Brazil, Vietnam, Indonesia and Ethiopia. Over the last few years (since 2014) international coffee prices have been falling due to oversupply from Brazil and Vietnam. ICO expects prices to remain low as explained in its market report: "In 2018/19, world production is expected to exceed consumption by 2.29 million bags. Although the surplus is expected to decline in 2018/19, two years of surplus will weigh heavily on prices for the near future[9]". Exporters can get either a premium or a discount to international prices coffee prices, depending on the perception of quality of their coffee and consistency of their supply. DRC's coffee is considered to be of lower quality than that of

4 History of International Coffee organization
5 DSU interviews of coffee exporters and coffee association.
6 DSU interviews of coffee exporters and coffee association.
7 From DSU interviews average land size is about 0.5Ha per farmer with an average productivity of 260kg/Ha thus total production in DRC is about 35,000MT.
8 Estimate from ÉLAN's MSA study
9 Coffee Market report December 2018 ICO

neighbouring countries (Rwanda and Uganda) and tends to command a lower price than Rwandan/Ugandan coffee.

2.2 Background of the cacao sector

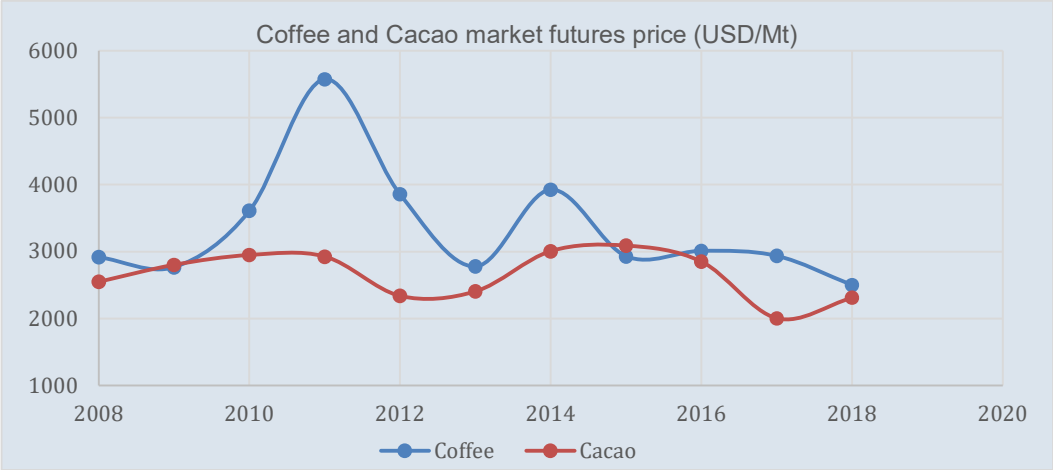
Considerably less information is available about the past of the cacao sector in the DRC. It was introduced during colonial times and planting of cacao trees (i.e. size of plantations) grew until 1971. The highest export volume at that time was about 3,000 MTs. Cacao production and planting declined until the 1990s when diseases in coffee trees led to some farmers planting cacao trees; production went up to 2,500 tons and then again declined to below 1,000 tons between 2005 to 2007. The cacao sector in Kivu started growing from 2000 when a company, Esco Kivu, introduced the crop to farmers. Since then the planting and production of cacao in North Kivu has grown and other companies/cooperatives have taken up the production and export of cacao. ÉLAN's study of the cacao market estimates that there are about 55,000 farm households involved in the sector producing about 16,500MT of cacao[10]. Some intermediaries exist in the cacao sector, though the exporters interviewed by DSU as part of this study claimed they bought most of their cacao beans directly from farmers or through cooperatives. It is estimated that about 60% of DRC's cacao production is smuggled to neighbouring Uganda and sold as Ugandan cacao[11].

Global growth in demand for cacao products has remained steady between 2012 and 2016[12]. At the same time Africa's share of the world production was projected to decrease and this set off alarms among buyers about the supply of cacao in the near future[13]. About 60% of the world's cacao production comes from Ivory Coast and Ghana, where plantations are old and returns are low. In June 2019 both countries met with the top buyers of cacao to agree on a floor price for cacao trading to ensure farmer's earn sufficient amounts from the crop[14]. Some of the largest buyers of cacao have pledged that by 2025 all their cacao supplies will come from traceable supply chains where farmers are offered a premium and are provided extension services[15]. The International Cocoa Organization (ICCO) projects that prices for cacao could continue to rise over the near future.

The chart below shows the trends of international coffee and cacao prices; and is a reflection of the trend in prices that DRC exporters face.

10 Market Systems Analysis Report for Cocoa 2014
11 DSU interviews of coffee exporters and coffee association. ÉLAN's MSA shows that 16,500MT of cocoa is produced in DRC
12 ICCO (2018): Quarterly Bulletin of Cocoa Statistics Volume XLIV No. 1, Cocoa Year 2017/18, London
13 Cacao barometer 2015
14 ICCO Cacao Market review June 2019
15 DSU interviews of cacao exporter Copak and Cacao barometer 2018

Figure 1 Trends of coffee and cacao market futures price (USD/Mt)



Source: https://www.macrotrends.net/futures

3 AGP sector strategy and interventions

This chapter will review how ÉLAN developed and executed its strategy in the cacao and coffee sectors and what results it achieved. First it will outline how ÉLAN developed its sector strategy and implemented its interventions. This will be followed by a review of the sector and intervention strategies, the assumptions behind them, how the interventions have benefited farmers and created a change in market systems. Finally, the third section will look at how the overall sector has changed and will summarize what was achieved through ÉLAN's interventions.

3.1 Development and implementation of AGP sector strategy

The selection of the coffee and cacao sectors began with scoping exercise in 2013 at ÉLAN's inception phase[16]. The Market Systems Analysis (MSA) studies looked into the history and growth of the coffee and cacao sector, the actors involved in the sector (their functions and numbers) and analysed the key characteristics of and constraints faced by businesses in each step of the value chain. The constraints were then tied to the systemic issues, for example the constraint of poor agricultural practice was identified to be due to the systemic issue of the absence of a functioning extension service. ÉLAN identified types of interventions it would take to address these systemic issues[17] which were then grouped into Market System Change (MSC) areas. The identified MSCs and types of interventions implemented under each MSC are:

- **MSC 1.1: Exporters and/or processors set up Out-grower Scheme and provide extension services to smallholder farmers.** Under this MSC ÉLAN worked on setting up out-grower schemes (OGS), certification systems and other systems of providing extension services to farmers to improve productivity.
- **MSC 1.2: Exporter and/or processors support the installation of processing equipment for producers.** The quality of coffee and cacao farmers produced was poor mainly due to poor post-harvest practices. ÉLAN's supported exporters to develop processing stations and implement traceable supply chains.
- **MSC 1.3: Financial institutions commercialize credit products adapted to exporters' needs.** Exporters lacked access to affordable finance for sourcing coffee/cacao or for investing in processing equipment to support their growth. This led to working with an impact investing firm to provide credit to exporting cooperatives for sourcing coffee/cacao.
- **MSC 1.4: Exporters develop strategies to stimulate tax decrease.** Export taxes were both prohibitive and unpredictable. ÉLAN conducted a study in 2014 looking into the various kinds and sources of tax for exporters, the discrepancies between existing tax policies and implementation, and identified the various bodies involved[18]. This supported ÉLAN in advocating for a change in tax rates and tax implementation.
- **MSC 1.5: Exporters/traders ensure Congolese coffee/cocoa marketing.** Congolese exporters were unable to consistently tap into higher priced international market segments and

16 Market Systems Analysis Report (Chapter B – Coffee) August 2013 and Market Systems Analysis Report for Cocoa 2014

17 See sections titled "Constraints & systemic issues" and "Potential entry points: sample interventions & potential partners" in Market Systems Analysis reports of coffee and cacao.

18 Impact of Taxation on Dr Congo Coffee Exports by Development Solutions Montreal, Quebec February 2014

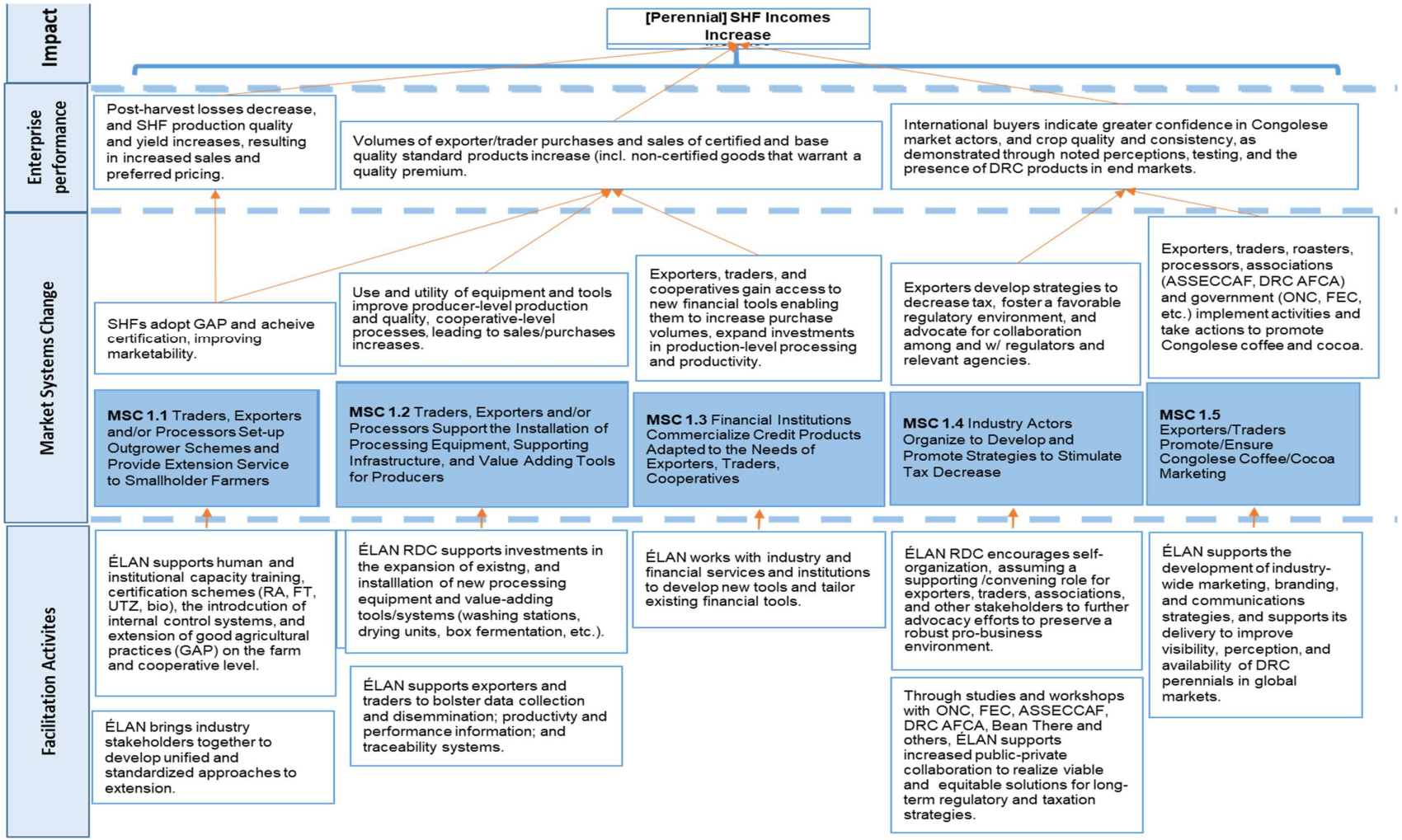
domestic demand for coffee/cacao was negligible. ÉLAN worked on increasing visibility of the AGP sector, stimulating demand by tapping into niche market for women produced coffee and establishing a factory to create local demand for cacao.

In interviews with the DSU, the ÉLAN team explained that the overall sector strategy for the coffee and cacao sector was to find a way to increase the returns and stability of returns that DRC coffee and cacao exporters get. ELAN's rationale was that exporters could be convinced to invest in the development of coffee/cacao value chains while smugglers would not. Increasing the proportion of coffee/cacao traded by exporters would require resources (more capital – access to finance, low taxes), and better prices from international buyers. Exporters could then invest in providing services and better prices to farmers which would increase farmer incomes.

In DRC's complex environment the proper selection of the right partners is essential to ensure that external shocks such as conflict, international price fluctuations, changing political interests etc. do not derail the achievements of the project. ÉLAN selected partners with a history of operating in the DRC or partners who were relatively new but with significant investments in DRC indicating a strong interest to remain and continue business in the DRC. The partner's experience and commitment to operate in the DRC was an indication of their ability to adjust to the continuously changing political and conflict scenario of the Kivus. The process of partner selection included a political economy analysis of partners which provided the project with an understanding of power relations between actors in the sector and of the resilience of the partner.

The next page shows ÉLAN's sector results chain for the AGP sector. This is followed by a timeline showing how ÉLAN implemented its sector strategy and how project focus evolved post mid-term.

Figure 2: AGP sector results chain



Source: ELAN STT_AGP_Q12018

Prior to project mid-term ÉLAN implemented a few pilots and then supported other companies to replicate the pilot. Most of the interventions pre-midterm focused on MSC 1.1 and MSC 1.2, where farmers got access to extension services and processing services. ÉLAN also began work on tax advocacy from early 2014 under MSC 1.4. After the mid-term there was a strategic shift in ÉLAN's interventions and method of implementation. ELAN expanded its work with old partners to consolidate the changes introduced in the first partnership (e.g. Virunga, Coffeelac) or extend the scale of outreach due to first partnerships (e.g. SCAK, Copak). In addition to that, ÉLAN focused on more challenging MSC areas to stimulate growth of legal exports. This involved working with associations such as IFCCA and ASSECCAF on marketing, and working with an impact investor (Root Capital) on access to finance. Finally, during its extension period in 2019 ÉLAN set about consolidating its achievements and documenting learnings from the process. Figure 3 below shows ÉLAN's various interventions based on partnership contract duration. ÉLAN also supported in a number of marketing events under MSC 1.5 but not under any specific intervention.

Figure 3: Timeline of interventions and activities in AGP sector

ELAN Partners	2014		2015				2016				2017				2018				2019	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Soprocopiv	GAP training & distributing seedlings																			
Coffeelac			Coffee processing station, collection points, farmer training											Traceability system & certification of farmers						
Domain de Katale				Outgrower scheme for coffee farmers																
Virunga/Olam					Coffee processing station								Coffee processing station			Traceability system & certification of farmers				
Tsongo Kasareka					Introduce disease resistant robusta & local processing units															
Twin & IFCCA						Traceability, training and promoting women's coffee								Operational capacity & strengthening of IFCCA						
AFDPE & RAEK								Training on GAP & IMO certification												
Copak								Traceability & certification of farmers						Traceability & certification of farmers						
ASSECCAF									Advocacy for tax reduction						Advocacy, smuggling alert & marketi				Monitoring & feedback	
Masasi									Coffee processing & GAP extension											
SCAK									Cocoa processing station and GAP extension						Coffee processing station & GAP extension					
CTM									Credit facility & cacao processing station											
ETS Kahindo Muvunga												Cacao processing, certificaiton & credit access								
Congo coffee atlas												Mapping producers & exporters								
Root capital														Funding for exporting cooperatives						
Coco Congo																Establish local chocolate manufacturer				
Bean there coffee company																Crowd funding for coffee projects				
Marketing events																				
	Pre Mid-term										**Post Mid-term**								**Extension**	

Legend	First intervention with a partner	Second intervention with a partner	Third intervention with a partner

Source: ÉLAN Partnership agreements

3.2 Review of ÉLAN's strategy and interventions

The studies and analysis undertaken by ÉLAN to develop their sector strategy was appropriate for identifying key MSC areas important for the growth of the sector. However, the design of the sector strategy did not give sufficient emphasis on how the benefits would trickle down to poor smallholder farmers. This is evident in ÉLAN's sector RC, which is poorly articulated and makes a number of logical leaps. The sector RC shows all MSCs inevitably and directly leading to increased incomes for farmers. While this seems plausible for some MSCs e.g. extension services (MSC 1.1) or processing stations (MSC 1.2), it is not clear why access to finance for exporters (MSC 1.3), reduced export taxes (MSC 1.4) and better marketing (MSC 1.5) will lead directly to increased farmer incomes. Interventions implemented by ÉLAN under MSCs 1.3, 1.4 and 1.5 later struggle to find a causal relation from changes achieved among exporters to changes in farmer incomes. ÉLAN's analysis process does not clearly articulate or foresee how the interventions will affect farmer incomes and does not distinguish between interventions that are necessary for sector growth and interventions that are necessary for improving farmer incomes.

ÉLAN's analysis of the sector and the design of its strategies does not take into account the role of intermediaries. Intermediaries are not a homogenous group; some of them are mere traders, buying and selling whatever agriculture produce is in season. Others play a more crucial role: e.g. they may provide processing services for a fee to farmers or they buy unprocessed cherries/pods and then process themselves; they supply goods on credit to exporters providing finance to cash starved exporters, and; lastly, they are mobile meaning that when conflict makes a particular area unreachable, intermediaries are able to quickly find other locations to buy from. The consequences of this are that ÉLAN has, in some cases, overestimated its impact by not considering the margins taken by intermediaries, and ÉLAN may have missed out opportunities to leverage the potential to reach scale by including intermediaries in their intervention design.

Finally, ÉLAN has not clearly documented the assumptions behind its sector results chain. Using interviews with ÉLAN staff and review of its documentation, the DSU has identified the following key assumptions for the sector strategy and results chain.

1. Increasing volumes of exports to the detriment of volumes smuggled is beneficial to smallholder farmers.
2. Exporters would pay more to source from farmers but were constrained in their ability to do so by the high cost of doing business in the DRC and low international prices.
3. Exporters would earn more from selling quality products (i.e. international market is prepared to pay a quality premium) or from selling products with certain intrinsic attributes (traceability, certified etc.).
4. Exporters would be willing to pay more to farmers for good quality or for products that had the desirable attributes.

5. Farmers' incomes would increase due to selling good quality products at higher prices.
6. Farmers' incomes would increase due to applying GAP which increases yields.
7. Exporters would be interested in working together under an umbrella body to lobby for and promote DRCs coffee/cacao sector.

An analysis of how these assumptions have held during implementation is presented in Chapter 4 when answering the EQs on Relevance.

The rest of this section describes the types of intervention under each MSC area, assesses the assumptions behind the interventions and explains whether market systems have changed due to the interventions. The implications of the analysis are presented in the final section of this chapter which gives revised estimates of the outreach and NAIC that have been achieved and projected in this sector.

3.2.1 MSC 1.1: Exporters and/or processors set up OGS and provide extension services to smallholder farmers.

Various studies on productivity of coffee and cacao farms in the DRC (including ÉLAN's MSA) show that DRC's coffee yield is low at about 800 kg/Ha for Arabica coffee and 1,700 kg/Ha for robusta coffee[19]. In contrast Vietnam has a yield of 2,300kg/Ha for Robusta coffee[20] and Brazil has a yield of 1,750 kg/Ha for Arabica[21]. Cacao yields in the DRC is between 200 – 350 kg/Ha while yields among the world's largest cacao producers averages at about 425 kg/Ha[22]. ÉLAN's MSA, and studies conducted by other donor programmes, attribute low yields to poor farming practices, and almost no use of inputs such as fertilizers, agrochemicals etc. The DSU's in-depth interviews of farmers also found that farmers find it difficult to get inputs which are expensive and only available in faraway towns.

ÉLAN's sector results chain shows that extension services will improve farmers' agricultural and processing practices. By implementing good agricultural practices (GAP) farmers would increase yields from their coffee/cacao farms, and by applying good processing practices (GPP) farmers would reduce post-harvest losses and improve the quality of coffee/cacao. This would give farmers more coffee/cacao to sell and thus increase their incomes.

19 ÉLAN MSA report, Inter African Coffee Organization (IACO) report on coffee sector
20 ICO (2019) Country Coffee Profile Vietnam
21 USDA (2019) GAIN report on Brazil Coffee
22 Average yields of Ivory Coast, Ghana, Nigeria, Cameroon, (M. Wessela, P.M.F Quist-Wesselb (2014), Cocoa production in West Africa, a review and analysis of recent developments Wageningen Journal of Life Sciences, Volumes 74–75, December 2015, Pages 1-7)

Costs of applying GAP for coffee farmer	
Number of coffee trees	415
Approximate land size	0.2 Ha
Cost of weeding/cleaning field	90,000 CDF
Cost of pruning	90,000 CDF
Transport of coffee cherries to sales point	49,300 CDF
Labour for harvesting	108,000 CDF
Material for producing compost	80,000 CDF

Source: DSU in depth interview of farmers

Applying GAP and GPP increases yields by 30%[23] – 40%[24] but also increases farmers costs significantly. Farmers' applying GAP explained, to the DSU, that they spent more on labour and had to buy organic material for fertilizing their farm. Farmers who practice GPP also incur additional costs to purchase polythene sheets for drying their coffee/cacao; these materials are expensive and have to be purchased from distant urban areas. It may be unlikely that just increasing yields improving processing will on its own increase farmers' incomes. ÉLAN's partners have generally offered farmers a slightly higher price along with extension services, and this combination of a higher price and increased yields have resulted in farmers getting higher incomes. However, ELAN's impact assessment studies did not take into account the additional costs incurred by farmers due to applying GAP or GPP[25] and this has overestimated the income increase that farmers earn.

Initial interventions to provide extension services to farmers focussed on setting up OGS. Subsequently, ÉLAN coupled the provision of extension services to a certification system which gave the exporters the opportunity to sell the coffee/cacao at a premium price and required them to pay farmers a premium over market prices. Certification systems require farmers to maintain certain practices and thus require the provision of extension services so that farmer's follow those practices and keep proper records[26].

ÉLAN conducted a study on the business viability of certification systems which found that although the global demand for certified coffee is increasing, the volumes demanded remains low and certification schemes do not always lead to higher incomes and yields. A study undertaken by Radboud University, Netherlands of farmers with UTZ certification in Kenya and Uganda also found that yields and incomes did not always increase due to certification and where it did increases were not statistically significant[27]. Based on the findings, ÉLAN improved the system for managing certification and designed improved farmer trainings which were more suited to the needs and capacities of the partners. The partners supported in training and certifying

23 DSU interviews of exporter agronomists.
24 ÉLAN Impact assessment studies for AFDPE and Soprocopiv
25 Ibid
26 UTZ and Organic certification both require exporters to pay farmers a premium for coffee/cacao that is sold as certified. However, if the buyer does not want certified coffee/cacao then this requirement does not apply.
27 A study done by Radboud University, Netherlands (CIDIN 2014) of farmers with UTZ certification in Kenya and Uganda also does not find any statistically significant improvement on productivity or incomes due to certification.

farmers under UTZ and/or organic certifications were Virunga, Copak, and AFDPE. Certification made it necessary to employ agronomists to provide farmers with extension services who advise farmers on proper practices, in maintaining the records necessary for certification and for renewing certifications[28].

What changed and why?

Initial interventions to provide extension services to farmers focussed on setting up OGS for Soprocopiv and Domain de Katale. However, both partners experienced a shortage of funds and were unable to purchase sufficient volumes of the farmers' produce at a premium. Farmers having to sell their coffee at regular market prices were dissatisfied as they could not get the better prices that they were promised[29].

ÉLAN then supported other partners (Virunga/Olam, SCAK, Soprocopiv, Copak) in increasing the number of certified farmers. These partners were already carrying out training and certification on their own but were progressing slowly. With ÉLAN's support the partners modified their processes and reached their target number of farmers at a faster pace[30]. The number of agronomists hired by ÉLAN's partners to provide extension services to farmers increased from pre-ÉLAN times. After ÉLAN support stopped the partners continued to employ agronomists although the number of agronomists decreased by 30%.

Table 3: Change in agronomists and traceable farmers before, during and after ÉLAN

Changes among/due to ÉLAN partners	Before ÉLAN	As of 2018	Projected for 2020
Number of agronomists for coffee and cacao exporters	27	97	76
Number of farmers registered in traceable systems	6,725	30,000	53,000

Collated from ÉLAN systemic change studies, impact assessments and DSU interviews of exporters and their staff.

Coffee exporters interviewed by the DSU explained that due to falling international prices, they were not investing in trying to certify more farmers. The certification process is expensive and only provides a benefit if a buyer asks for certified coffee, otherwise a buyer will pay regular prices, and there will be no added benefit for exporters or farmers.

The demand for certified coffee is growing very slowly[31]. UTZ statistics shows that over 4 years (from 2014 to 2018) the demand for UTZ certified coffee increased by a mere

28 Certification requires farmers to follow certain practices and maintain some records. UTZ certification, one of the most common one used in DRC mandates the provision of training for farmers. Organic certification of farmers in the DRC is easier as farmers rarely use any chemical inputs hence the coffee or cacao produced is already organic.
29 ÉLAN Impact assessments - 036_Rapport d'évaluation de mi-parcours pilote café avec Domaine de Katale RB12012015[4]; 5.6.2017_Rapport Mid-Line CTM Cacao; 027_EMP_Soprocopiv
30 DSU interviews of Copak, Soprocopiv, SCAK and Virunga
31 The Coffee Barometer 2018 and

8%. Conversely, from 2013 to 2017 the global demand for certified cacao went up by 16% for traders and grinders and by 32% for top chocolate producers[32]. Copak, ÉLAN's partner, explained that the largest cacao buyers (Nestle, Mars, Hersheys) have promised to buy only certified cacao by 2025. Cacao exporters (SCAK, and Copak) say that they would have certified farmers even without ÉLAN's support and will continue to increase training and certification of farmers. The increase in number of agronomists and registered farmers is mainly due to cacao exporters.

With ÉLAN's support exporters improved methods for training farmers, increased the number of agronomists and the number of certified farmers at a faster rate than they would have without support. Partners in the cacao sector have continued to certify farmers, while in the coffee sector continued certification of farmers will depend on how international prices of coffee fluctuate. If prices continue to fall as they have since 2014, then coffee exporters will not continue to certify farmers. Certification is not new to DRC, as Table 3 shows, ÉLAN's partners already had certified farmers, and other exporters (Kawa Kabuya and Kawa Kanzuru) also use agronomists and are relying on donor support to certify their farmers.

ÉLAN's impact assessments have shown that training on GAP and GPP increases farmer yields and revenues. The impact assessments for coffee farmers on applying GAP do not take costs of applying GAP and GPP into account and thus income increase for farmers was overestimated. In the case of cacao (intervention with Copak) the costs of applying GAP and GPP is taken into account when estimating farmer income. ÉLAN's impact assessments found a few cases of other farmers coping GAP and GPP from trained farmers and have estimated increased incomes of copying farmers. However, again in the case of coffee, the impact assessment of copying beneficiaries does not take into account the costs of applying GAP but in the case of cacao farmers GAP costs are taken into account. Revised estimates of incomes and outreach are given in section 3.3 and in Annex B.

3.2.2 MSC 1.2: Exporter and/or processors support the installation of processing equipment for producers

The quality of coffee or cacao is largely determined by post-harvest processing techniques. Processing stations ensure that right techniques are used. Intervention RC of setting up processing equipment shows that ÉLAN supported exporters in setting up processing stations, trained exporter staff on processing techniques and sensitizing farmers. Farmers supply good quality coffee/cacao to exporters at processing stations and receive a premium for quality thus earning more. Exporters are able to sell good quality coffee/cacao at higher prices which improves their reputation for consistently supplying good quality.

Standard practice among farmers is to harvest, process and dry the coffee cherries/cacao beans at home and then sell in the market. With processing stations, farmers do not need to process coffee/cacao at home, as they sell their harvested

32 The Cacao Barometer 2013 and 2018

products to the station within 24 hours of harvesting. To encourage farmers to bring their produce to processing station and ensure good quality produce (freshly harvested, properly ripened etc.), farmers were paid a slightly higher price for their coffee/cacao. Processing stations were built in locations with a high concentration of farmers. Farmers who do not live close to processing stations are not able to make multiple trips with freshly harvested ripe coffee/cacao as that would increase their transport costs. Thus only farmers who live near the station benefit from it.

ÉLAN's impact assessments found that farmers who sold at processing stations were paid slightly higher prices and DSU interviews with farmers and agronomists working at processing stations confirmed this. DSU interviews also found that farmers appreciated having a station nearby to sell their produce instead of going to the market and waiting for a buyer to come. Farmers still process and store some of their produce at home to sell later when they need money, farmers also process the produce rejected by the processing station to sell in the market.

The availability of processing stations provided exporters with the opportunity to develop Internal Control Systems (ICS) to register farmers and develop a traceable supply chain. Traceability provides international buyers of coffee/cacao with a marketing angle, and makes buyers willing to pay more for the coffee/cacao. Traceability is a necessary requirement for certification, thus the exporter also has the option of auditing farmers and certifying them. Processing stations generally employ agronomists who sensitize farmers on the quality requirements of the exporters. These agronomists also provide advice on GAP to farmers. This builds farmer loyalty and ensures that farmers near the processing stations will sell more of their produce to exporters.

What changed and why?

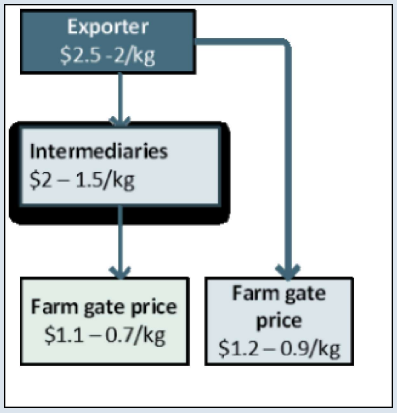
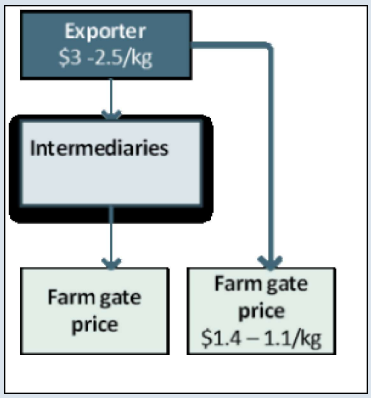
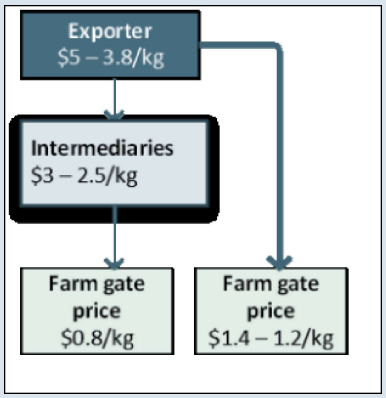
DSU interviews of partners and data collected by ÉLAN as part of its systemic change assessment shows that exporters are not investing in building new washing stations for processing coffee cherries. Only Virunga/Olam has increased the capacity of its two sun drying stations. The partners involved in cacao exporting have increased the number and/or the capacity of their processing stations. Again the reasons given by coffee exporters for not increasing processing stations is the falling prices of coffee which discourages investment. Cacao exporters however believe having a certified supply chain is essential for survival and find that processing stations improve quality and help them in identifying and certifying farmers.

Better quality coffee/cacao and traceable supply chains increases the prices that exporters get from international buyers. Exporters who buy through processing stations offer farmers a slight premium above market price to ensure the farmers sell to them. Cacao, farmers who were certified and sold at processing stations received $1.6/kg of cacao while prices offered by intermediaries in markets was $1.4/kg[33]. Table 4 below was developed based on DSU interviews of ÉLAN's partners and gives an indication of how prices vary for farm-processed coffee, coffee sold through processing stations

33 ÉLAN impact assessment survey data for SCAK and Copak.

(where no intermediaries are involved) and for farmers who are registered in traceable systems. The price differentials shown below a farmer can earn between $50 – $70 more per year by selling good quality coffee[34].

Table 4: Prices received by actors in the value chain for different qualities of coffee

Farm processed coffee	Good quality coffee from processing stations	Traceable and good quality coffee
		

Source: DSU interviews of coffee exporters, agronomists, and farmers

Another benefit of processing stations is that farmers do not need to process the coffee/cacao themselves and this reduces their processing costs. Farmers who sell at processing stations save between $16 – 40/coffee farmer or $9/cacao farmer[35]. Farmers will still process and store some of coffee/cacao to sell later and still incur some processing costs, albeit a bit less than before. Farmers' interviewed by the DSU explained that they understand GPP and what good quality coffee looks like. Although this does not improve prices farmers get from other buyers, they find it easier to negotiate prices and their coffee/cacao sells faster when they take it to markets.

ÉLAN's partners in the coffee sector have increased the amount of coffee they source directly from farmers through processing stations or through farmers registered in their systems (Coffeelac buys 22% directly from farmers as opposed to 10% before the intervention, and Virunga buys about 80% coffee through processing stations instead of buying through middle-men). All exporters say they intend to increase the volumes of coffee they purchase from processing stations/traceable farmers. However, this will depend on exporters' capacity/capital to buy coffee/cacao and on demand from their buyers. In early 2019 Coffeelac sourced most of its coffee through intermediaries as they did not feel they could get the required quantity and quality from their registered farmers. The existence of processing stations and registration of farmers thus does not guarantee access to a better market for farmers, but it increases the likelihood of a better market.

34 Farmers sell cherries at processing stations, but the prices in the table are given based on parchment coffee. From DSU interviews, each farmer about 180kg of parchment coffee to exporters.
35 ÉLAN's impact assessment, verified through DSU interviews.

Similar to ÉLAN, almost all other donors working in DRC have supported the cooperatives they work with to set up and use processing stations to source coffee/cacao[36]. Virunga had already established three processing stations before it got ÉLAN's support to establish four more. Coffeelac was building a factory in Kpandroma, Ituri province and with ÉLAN's support was able to complete the set up and establish collection sites to source coffee for its factory. Similarly, Copak and SCAK were planning to set up processing stations and certifying farmers for sourcing cacao, ÉLAN's support helped accelerate how quickly the partners could set up these stations and start buying directly from farmers. The establishment of processing stations is not a new idea and all interviewees (both ÉLAN's partners and others) were unanimous in saying that there were no cases of other companies or cooperatives autonomously developing processing stations without donor support and if there were these could not be traced to ÉLAN's efforts as this was not an innovation introduced by ÉLAN.

3.2.3 MSC 1.3: Financial institutions commercialize credit products adapted to exporters' needs

The volumes of coffee/cacao purchased by exporters in the DRC is limited by their access to capital for purchasing coffee/cacao. Generally, exporters will purchase on credit from middlemen who are paid back after the exporter completes a sale – so intermediaries finance the supply chain. The ex-President of ASSECCAF, who also owns a coffee exporting company, explained to the DSU that this function was key for funding many of the purchases his company made and increased the volumes of coffee he could buy and export. Bank interest rates in the DRC range between 18-20% per annum, which makes large exporters hesitant to take out large volume loans and smaller exporting cooperatives cannot afford them[37]. Access to finance is a key constraint in the AGP sector and in a few cases ÉLAN's partners, after investing in extension services and processing stations, were unable to buy sufficient amounts of coffee/cacao from the farmers (Sprocopiv, Domain de Katale, CTM)[38]. SCAK, Soprocopiv, Coffeelac, Copak and Kawa Kabuya have all mentioned that their ability to buy coffee/cacao being constrained by a lack of funds[39].

The sector and intervention RC's[40] both show that increasing access to credit for exporters would lead to exporters buying more good quality coffee/cacao from producers and investing in better equipment which would lead to increased income for farmers. The assumptions are that exporters with access to finance would be able to invest in better processing equipment and would offer farmers slightly higher prices for sourcing good quality coffee/cacao. While exporters have mentioned that the lack of capital constrains their capacity and speed with which they set up processing equipment (hence most exporters have turned to donors for funding), in practice

36 DSU interviews of Kawa Kanzuru and Kawa Kabuya, and document review of CSIS (2018) Assessing the Growth Potential of Eastern Congo's Coffee and Cocoa Sectors
37 DSU interviews of exporters and exporting cooperatives.
38 ÉLAN monitoring reports
39 DSU interviews
40 Root capital intervention results chain in ITT Root Capital D2 16 10 17 (Enregistré automatiquement)

exporters mainly seek loans for funding their purchase of coffee/cacao[41]. Secondly, an exporting cooperative which received the loan (Kawa Kabuya) did not pay its farmers more because it had access to funds to source coffee. This makes sense as working capital loans provide exporters with the ability to increase trade volumes but does not create an incentive for them to offer farmers a better price.

To provide access to finance ÉLAN implemented an intervention with Totombola Mboka Center (CTM) in Equater province in mid-2016. It supported CTM in setting up processing stations and securing credit from Procredit Bank. ÉLAN's last reports on the intervention showed that the partner had not repaid the loan[42]. Later, ÉLAN explored the option of setting up a warehouse receipting system, though the time taken by the bank to release funds was considered too slow by exporters[43]. Finally, in early 2018 ÉLAN worked with Root Capital, an impact investing firm, to provide working capital loans to some cooperatives. Impact investing aims to reach clients that provide social benefits in their communities, which makes cooperatives an ideal candidate for loans as they represent farmers. Exporters who can demonstrate they provide a social benefit can also aim to get such loans. Impact investors do not check whether the funds are used to provide a social benefit e.g. whether the funds are likely to lead to increased incomes for farmers[44]. The loans only increase the volume of coffee and cacao traded.

Through partnership with ÉLAN, Root Capital conducted workshops on financial management for some cooperatives. Root Capital then provided financial advice to some of the trainee cooperatives and later provided loans to three. The loan amount was equivalent to about USD820,000. The selected cooperatives were Kawa Kabuya, Rebuild Women Hope and COOPADE – collectively they had approximately 11,700 members. Root Capital continues to provide financial advisory services to another four cooperatives and hopes to be able to convert another one to a loan client. The pilot identified a number of shortcomings with the impact investing model which are[45]:

- Impact investors see DRC as a failed state and feel there is no legal recourse in event of a default. Although Root Capital gave loans under a tripartite agreement between Root Capital, the cooperative and the buyer for the coffee – i.e. the buyer's purchase order was used as a guarantee, the risk was considered too high. All of Root Capital's clients have repaid their loans.
- Root Capital's funders' (which includes DFID) have provided it with a credit guarantee of up to USD3.7 million for the DRC. Root Capital will not invest more than this credit guarantee amount in DRC. It has already loaned up to this amount and is not considering increasing the value of its loans or of taking new clients as the guarantee cannot cover them.

41 DSU interviews of exporters (both ÉLAN partners and non-partners).
42 EN 5.6.2017_Rapport Mid-Line CTM Cacao
43 Interview of Comexas staff during DSU's project closing review of ÉLAN
44 DSU interviews
45 DSU interview of Root Capital, cross referenced with ÉLAN's reports

- DRC cooperatives have limited financial understanding and need significant support in developing and maintaining financial statements before they can be assessed for a loan. In DRC, Root Capital needed to search for, identify, and provide capacity building to potential clients before giving a loan. This was made more challenging by the fact that Root Capital does not have staff based in DRC and their staff in neighbouring countries do not speak local languages.
- Exporting companies expressed very little interest in taking funds from impact investors claiming that while the interest rates are lower, the due diligence requirements are more stringent, and the loan amounts are too low to make it attractive. Copak was introduced to impact investor Alterfin by one of its buyers. Copak's experience from the loan was that while the interest rates were lower (10 – 11%) the procedures and financial documentation required were far more stringent and demanding than bank loans. Coffeelac has also in the past taken loans from an impact investor but thought the loan amount was insufficient as it funded about a third of its purchase.[46]

The loans have helped cooperatives to buy coffee for exporting but this does not mean that farmers will earn more than they would if they had sold their coffee to other buyers in the market.

What changed and why?

Loans by impact investors are constrained by structural weaknesses, i.e. poor legal framework of the DRC, demanding financial reporting needs of impact investors and DRC's conflict prone nature. Root Capital's no risk investment is backed not only by guarantee from an international coffee buyer's guarantee but also by the credit guarantee provided by their donors, of which DFID is one. Yet Root Capital has been cautious about extending loans in the DRC and will not extend beyond the credit guarantee amount given by its donors.

Root Capital first provided loans to 3 coffee exporting cooperatives, Sopacdi, Muungano and Furaha, in 2013[47], before ÉLAN's inception. According to Root Capital, ÉLAN provided it the institutional support for reaching out to other cooperatives in DRC to identify new clients, something it had not been able to do on its own. Alterfin, another impact investing firm had already been involved in the sector and given a loan to cacao exporter Copak without ÉLAN's support, and Coffeelac had also obtained loans from an impact investor without ÉLAN's support.

ÉLAN's pilot with Root Capital happened at the end of 2018, just as the project was closing down. This model does not address the structural weaknesses of providing credit in DRC. Both exporters and Root Capital found that the lending process was complex and risky. Root Capital itself had loaned to coffee exporters in the DRC before so was not new to DRC's coffee/cacao sector. Finally, access to finance for exporters

46 DSU interview of Coffeelac. They were only able to get $1 million.
47 In violent Congo, hope in the shape of a coffee bean (www.forbes.com/sites/willyfoote/2013/10/17/in-violent-congo-hope-in-the-shape-of-a-coffee-bean/#4ccfe23d7f5c)

does not provide any benefits for poor farmers in the sector. The MSC in this area has not created any systemic change.

3.2.4 MSC 1.4: Exporters develop strategies to stimulate tax decrease

The intervention for tax reduction began with a study done by ÉLAN in early 2014 which identified the multiplicity and extent of formal and informal export taxes and cross-referenced national policies on taxes with the policies applied by various government agencies. The study was followed by a series of public private dialogues in the sector held between exporters, government agencies, other donor programs (IFAD, Eastern Congo Initiative - ECI, Rikolto, USAID) and other stakeholders (banks, and logistics companies). Following the dialogues ÉLAN supported the restructuring of the Beni Butembo Exporters Association into a national association for coffee and cacao exporters – Association d'Exportateurs de Cacao et Café (ASSECCAF). Subsequently ASSECCAF was supported by ÉLAN, Essor and ECI through series of dialogues and workshops with various government agencies to lobby for tax reductions. ÉLAN also supported ASSECCAF to strengthen a smuggling alert system designed to collect information on incidences of smuggling.

The intervention results chain for tax reduction depicts the above activities. It shows that these activities lead to less taxes for exporters which lead to exporters buying more coffee/cacao by offering farmers a better price.

The assumption underlying this strategy was that high taxes increase the cost of doing business for exporters, and therefore decrease the volumes of coffee/cacao traded by exporters. DRC's high tax rates makes smuggling more profitable than legal exports. This assumption holds true as ÉLAN's tax study indicates that not only are taxes high, but there are many agencies involved in taxation and there are multiple charges and fees demanded by government bodies. In interviews by the DSU, exporters have ranked tax as their second highest cost head (the first being sourcing produce and transporting to factory/ports). A regional comparison of taxes given by Coffeelac, who is a registered exporter in both Uganda and DRC, is that export taxes in Uganda is about 1% while in DRC it is about 4%; or in terms of money, shipping one container costs about $600 in Uganda, $900 in Rwanda, and $2,000 DRC after considering all taxes and fees to government agencies[48]. Smugglers of coffee/cacao do not have to pay taxes and export price of coffee and cacao are higher on the other side of the border. This makes it more lucrative to sell DRC coffee/cacao as Ugandan/Rwandan coffee/cacao.

The most tenuous assumption of this intervention is that exporters would pass on their tax savings to farmers in order to buy more coffee and cacao. ÉLAN has attempted to establish this by asking exporters how much of the tax savings was passed on to

48 DSU interviews, also Westrock, a Rwandan exporter who was present in one of ÉLAN's initial workshops on tax explained that one container of coffee exported in either Rwanda, Burundi or Uganda is taxed for 1 – 3% of its value while in the case of DRC the tax could be between 11-13% of its value. (EN Coffee BEE_Report on coffee forum, Goma, June 2014)

farmers and estimate that about 75% was passed onwards. The DSU has attempted to triangulate this by comparing trends in farm gate prices before and after the tax decrease and by speaking to intermediaries[49] who buy coffee/cacao from farmers but neither of these have confirmed any increases in farm gate prices. In fact, farm gate prices have been falling over the last few years. Exporters have told the DSU that the tax reduction helped them to buy more coffee but did not mention a price increase. The tax saving, if passed on, would come to about 4 cents/kg, a value so small it would be negligible at farm level.

ÉLAN also supported ASSECCAF in strengthening a smuggling alert system. The system identified key people to prevent smuggling (police, military, ONPAC personnel) and discussed how to share information on incidences of smuggling. The aim of this was to track the volumes smuggled and build a case for preventing it. However, neither exporters nor the Director of ONPAC could explain to the DSU of how the system works and had doubts about whether such a system could be effective.

What changed and why?

ÉLAN's efforts brought exporters and cooperatives together under ASSECCAF to present a unified voice, to lobby for and achieve the following changes:

- At the end of 2015, a 2011 law stating that taxes on agriculture produce would be 0.25% of Freight on Board (FOB) value was decreed to also apply to coffee and cacao exports. This was then communicated to all actors in the sector (exporters, government agencies, logistics companies etc.).
- The charges for export paid to the Office National Des Produits Agricoles Du Congo (ONPAC) for exporting was brought down from 4% to 2% in early 2019.

The first reduction taxes happened at the end of 2015 and exporters made a tax saving of approximately $62/MT of coffee/cacao traded[50]. DSU's interviews found the tax reduction created an optimism among exporters. The ONPAC Director has said that despite the recent change in government, taxes in the AGP sector would not be going back up as it would be bad for the sector. The lobbying efforts seem to have created a sense of commitment within the government agency too. Exporters and their agronomists confirmed that after the tax decrease they bought more coffee/cacao for exports, but could not say how much of this was due to the tax decrease.

In 2015/16, immediately after the first tax decrease, exports of both coffee and cacao went up by about 30% according to ONPAC/ASSECCAF's[51] data on exports. This entire increase cannot be attributed to the tax reduction, as the tax savings is roughly equivalent to about 480 – 660 MT[52] of coffee and cacao roughly about 5% of the

49 Decision Support Unit (DSU) 2018 Verification and Results Assessment: ÉLAN Final Consolidated Report

50 Actual estimates of tax savings were, $60/MT of Arabica, 60/MT of Robusta and $67/MT of cacao. (Decembre 2017_AP12_Database_ASSECAF tax decrease_BEE)

51 http://www.easterncongo.org/success-stories/congo-coffee-atlas

52 Assuming $60/MT of coffee/cacao saved, an export volume of 8,000 – 11,000MT and coffee/cacao prices of about $2/kg

volumes currently exported. However it is clear from our fieldwork that the tax reduction contributed to increased export volumes.

The advocacy efforts by ÉLAN, with other donors' support, has led to renewed interest in the coffee/cacao sector by ONPAC, though the government body does not have funds to invest in developing/supporting the sector. The success of ASSECCAF in tax reduction led to a renewed interest from FEC, the Congolese chamber of commerce, which has revitalized its coffee and cacao unit. A new association, Conseil Interprofessionnel pour la Promotion de l'Agriculture (CIPA)[53] also started in 2018/19 with an interest in the coffee sector. The involvement of other associations has led to a competition in roles and responsibilities which has not been sorted out[54]. Some of ÉLAN's partners (Virunga, and Coffeelac) have distanced themselves from these associations explaining that there are too many associations to deal with[55]. ONPAC has its own preferences about which association it would like to deal with, preferring ASSECCAF to FEC who, ONPAC feels, disregards ONPAC's own perceived role and importance in the sector.

ASSECCAF funds its activities through membership fees of USD 200/month and planned to collect a commission for each container of coffee or cacao exported from the DRC. ASSECCAF has been able to collect membership fees, but is unable to collect the commission for exports[56] and has not secured funds from other donors in DRC[57]. The minutes of a general meeting of ASSECCAF in March 2019[58] shows it does not have sufficient funds for marketing and other activities and is not clear about how funds are managed.

ÉLAN's efforts under this MSC had the potential to establish an organization for collective representation of the sector. However, aside from the reduction in tax rates no other changes have happened in the sector. Other organizations (FEC, ONPAC) have shown renewed interest in the sector but have not taken any initiative. ONPAC and ASSECCAF both lack resources to plan and invest in sector development and exporters are not uniting behind one association for a collective effort to promote or support the industry. Finally, the tax savings has led to negligible or no benefit for small holder farmers in the sector.

3.2.5 MSC 1.5: Exporters/traders ensure Congolese coffee/cocoa marketing

The interventions implemented under this MSC are generally aimed at stimulating more demand, both locally and internationally, for DRC coffee and cacao. A number of interventions and activities have been implemented under this MSC which the DSU has clustered below in table 5.

53 CIPA is supported by Trade Mark East Africa and led by head of FEC's coffee and cacao unit
54 DSU interviews of ASSECCAF ex-president and ONPAC and ÉLAN's report (4.1a Draft ASSECCAF Early Stage Analysis)
55 ibid
56 ibid
57 DSU interview of ASSECCAF ex-president – they have mainly approached USAID for this.
58 4.1b ASSECCAF General Assembly Meeting Minutes

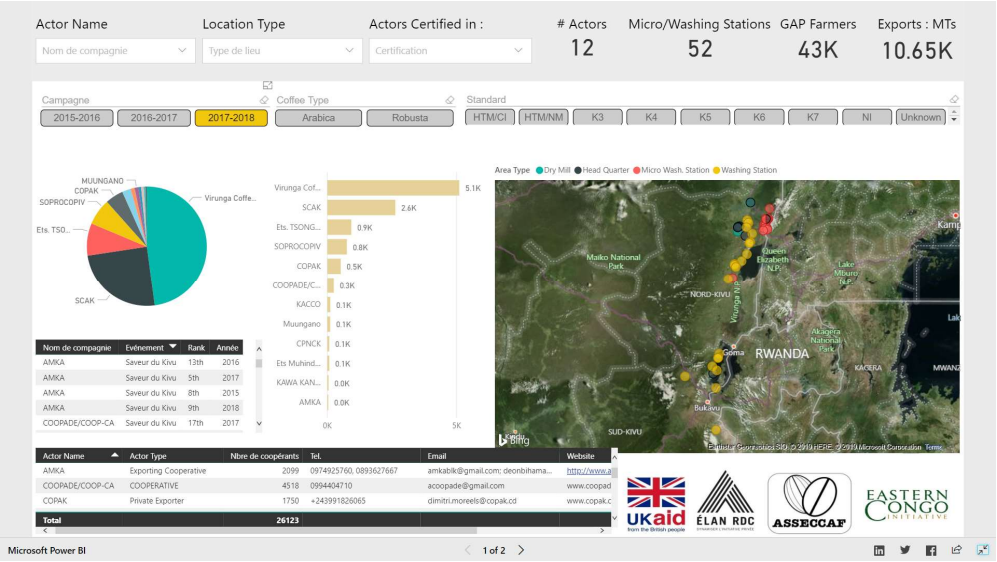
Table 5: Initiatives for marketing coffee/cacao

Area of focus	Interventions/activities/achievements
Increasing overall visibility of DRCs coffee sector.	• Development of Congo Coffee Atlas, • Participation in coffee marketing events • Publishing a buyer's guide to Congolese coffee and cacao
Targeting demand for women produced coffee	• Interventions with Twin – introducing the Café Femme label • Establishment of IFCCA
Stimulating local demand for coffee and cacao	• Coffee supply to local café's • Establishment of Coco Congo chocolate factory

Increasing overall visibility of DRC coffee sector

Through ASSECCAF and with the support of other donors (ECI), the Congo Coffee Atlas was developed to inform buyers about the coffee sector. The Atlas is an online tool that tracks the volumes and varieties of coffee exported by the DRC and also pinpoints the locations of various processing stations within the DRC.

Figure 4: Congo coffee atlas



Source: http://www.easterncongo.org/success-stories/congo-coffee-atlas

ÉLAN also supported ASSECCAF to represent and promote the overall coffee sector. ÉLAN supported a number of trainings on coffee cupping and tasting marketing events[59] – Saveur du Kivu (SduK), AFCA's Taste of Africa coffee tasting, and Specialty

59 AGP Q2 2018 Milestone — Increased Roles of Industry Associations

Coffee Association (SCA), and published a guide for buyers to Congolese coffee and cacao sector[60].

The events were aimed at presenting DRC's coffee sector to international buyers, providing them with information on the sector and generating demand. The results chain for the Congo Coffee Atlas (there is none reflecting the efforts in marketing), shows that atlas will generate interest among buyers for DRC coffee and stimulate them to offer better prices, which would lead to exporters getting more orders and better price for their coffee and then exporters would offer farmers better price which would increase farmer incomes.

The first key assumption here is that buyers would, after knowing about presence of washing stations and quality of coffee exported, be willing to pay a bit more for DRC coffee and also buy more DRC coffee. The study on buyer perception conducted by ÉLAN shows that better information and assurances of quality would increase demand but may not have an effect on prices[61]. The second key assumption is that exporters able to sell more would automatically offer farmers a higher price. ÉLAN's MSA and its interventions have shown that exporters are cash strapped and are only willing to pay more if they get something in return (e.g. better quality product). Higher prices for exporters will not lead automatically to higher prices for producers for the exact same product.

Targeting demand for women produced coffee

Initiative des femmes dans le Café-Cacao (IFCCA) was established as the DRC chapter of the International Women in Coffee Alliance (IWCA), on the back of learning from ÉLAN's Twin intervention that there is a niche demand for coffee grown by women. The results chains for both Twin and IFCCA show that by training women farmers and marketing coffee produced by women as "coffee produced by women" will command higher prices from buyers who are interested in the social appeal of promoting women farmers. While the intervention with Twin piloted the idea with one cooperative, the intervention with IFCCA was meant to provide a platform for all cooperatives with women members to cash in on this market demand. IFCCA's link to IWCA means it gets information on any demand for women produced coffee which IFCCA can channel to cooperatives with traceable women members. IFCCA can also promote women produced coffee to international buyers through various events.

A crucial requirement for this strategy is that cooperatives and exporters have a traceable supply chain which ensures separation of coffee produced by men and women. Mungano, the cooperative supported under the Twin intervention, does not have a traceable supply chain that keeps coffee produced by women and men separate. Mungano sells women produced coffee in the same manner as regular coffee[62]. In 2019, through ÉLAN's support, IFCCA supported a cooperative in getting an order for about 90 MTs of coffee and has arranged for one MT to be sold to

60 The Cocoa and Coffee Opportunity in DRC. A guide to the Congolese cocoa and coffee market for businesses, buyers and investors. APRIL 2019
61 Perception Research Proposed next steps Marketing action plan BeYond Borders Projects
62 ÉLAN report IFCCA International Coffee Prospecting and Sales

Coffeelac. However, the coffee was sold as regular coffee and not women-produced coffee[63]. Another key shortcoming is the capacity to secure orders from buyers. In 2019 IFCCA was supported by ÉLAN in coordinating for demand, and sending samples to buyers. However, the IFCCA president explained in DSU interviews that they would prefer that cooperatives take on the role of negotiating and sending samples while they act as a broker linking buyers, and ensure branding and representation of women in the sector.

Stimulating local demand for coffee and cacao

The key intervention in this area is supporting the establishment of Cocoa Congo factory as a local producer and exporter of chocolate that sources its cacao solely from the DRC. This was established in partnership with Chambers Foundation, a US based financial services, construction and mining company, which invests in such ventures to generate a social impact. The results chain for Cocoa Congo shows the company would organize collection points and reach out to farmers to secure supply of cacao for production of chocolate which could be sold either locally or exported.

Reports from the company show that they source cacao mainly through existing exporting companies (ÉLAN's partners) rather than directly. Cocoa Congo initial plan was to incorporate communities living near mining areas into its supply chain, but this has not started. Cocoa Congo has, through Chambers foundation's networks, been able to find stores where its chocolate can be sold[64].

What changed and why?

Although the overall goal of this MSC is to stimulate demand, it is not clear how the initiatives build on each other, when and how much effect these initiatives will have on demand, and, most importantly, why they will have an effect on smallholder farmer incomes.

- **Increasing overall visibility of DRC coffee sector:** The key promotion event where ÉLAN's involvement brought about the greatest change was the SduK event. This was a coffee tasting event held every year in the Kivus which was started by ECI. In 2017 and 2018 ÉLAN was actively involved in the organization of the event and invited many international buyers. In 2019 the event was meant to be organized by ASSECCAF, who did not have the logistical or financial capacity to do so. The 2019 event was described by one exporter as "a meeting of DRC cooperatives" with no buyers available. ASSECCAF has not maintained the Congo Coffee Atlas. Exporters and cooperatives have not provided information for the atlas in 2019. A few did not provide information in 2018 either (e.g. Coffeelac)[65]. Exporting companies have mentioned they do not see any benefits from the Atlas for themselves, but it is good for exporting cooperatives.

63 IFCCA - Rapport Procédures de Tracabilité Café Femme Decembre 2018
64 Cocoa Congo Narratives for ÉLAN - T2, 3, 4
65 DSU interviews of ÉLAN partners, Kawa Kabuya and Kawa Kanzuru

- **Targeting demand for women produced coffee:** IFCCA's role in the sector is focused on promoting DRC coffee and cacao to the niche market for women produced coffee and cacao. However, two key areas where IFCCA still remains weak are:
  - Being able to find buyers for and promote women produced coffee: with ÉLAN's support IFCCA was able to reach out to buyers, but IFCCA's President explains that cooperatives struggle to convert interest to orders as they struggle with negotiating, arranging samples and agreeing on a viable price[66]. The demand for women produced coffee is also very small and inconsistent.
  - Establishing and/or maintaining a traceable supply chain of women produced coffee. This requires not just the implementation of an ICS system digitizing the supply chain. The coffee produced must be kept and processed separately, a step that even Mungano, does not carry out. IFCCA expects cooperatives to carry out this role.
  - The pilot with Twin showed that although coffee may be sold as women produced, it does not command a higher price, and women farmers received the same price for their coffee as they would have if they had sold it in markets[67].

  IFCCA's President is interested in delivering on these areas and establishing IFCCA as a business but lacks the resources to do so. Exporters see IFCCA as another channel through which they can sell by sticking a label on their coffee showing it was produced by women.
- **Stimulating local demand for coffee and cacao:** The strategic objective of this intervention remains unclear. While a new company is likely to stimulate demand, ÉLAN's documentation does not clarify how much cacao is purchased or will be needed by the company. So far sourcing has been done through ÉLAN partners thus the farmers are those already reached through other interventions, and it remains unclear how these farmers will be earning more, i.e. how will Cocoa Congo ensure its suppliers pay farmers more money.

ÉLAN itself has said that these interventions/activities have not generated increased orders for the industry. ÉLAN's partners and non-partners, while highly appreciative of the SduK events and IFCCA's efforts, have not got new orders or new buyers through these activities. Marketing efforts can take years before they start to generate impact. ÉLAN's perception study suggests it will take 3 years of positive experiences for buyer perception of DRC to change[68]. The actors involved have not developed the capacity,

66 DSU interview of IFCCA President and ÉLAN report IFCCA International Coffee Prospecting and Sales

67 038_Rapport EMP_ Twin_ 2016. The prices offered by Twin to the women was $0.21/kg of coffee cherries, at that same time the market price for cherries was $0.21/kg

68 According to some buyers it will only be after three years of delivering on consistency that the market will take notice.

resources, or seen the benefit of continuing these efforts in a collective manner. Also the marketing efforts will not increase the incomes of farmers in DRC.

3.3 Extent of change in sector systems and performance

The table below gives estimates of number of people with increased NAIC and the aggregate NAIC earned due to project interventions and the DSU's revision of those estimates. A major reason for the difference between ÉLAN's and DSU's outreach estimates is because of taking out the outreach of tax reduction. ÉLAN estimated about 78,900 farmers were paid more by exporters due to the tax reduction however, this could not be verified by the DSU. Farmers who sell to exporters through intermediaries are removed as they do not receive quality premiums, and coffee farmers' incomes have been re-estimated to account for cost of applying GAP. A more detailed partner by partner breakdown along with the rationale for each change is given in Annex B.

Table 6: Summary of aggregate outreach and NAIC estimates for 2018 and 2020

	ÉLAN figures[69]		DSU revised estimates[70]	
	Total	**Poor[71]**	**Total**	**Poor[72]**
Cumulative from 2015 – 2018				
Total farmers reached with increased incomes	159,859	124,587	58,536	45,620
Cumulative Aggregate NAIC (GBP)	5,803,971	4,523,371	3,487,853	2,718,286
Cumulative from 2015 – 2020				
Total farmers reached with increased incomes	195,102	152,054	74,232	57,854
Cumulative Aggregate NAIC (GBP)	20,189,393	15,734,765	11,789,642	9,188,352

Source: ÉLAN's 2019 PWIG and DSU field interviews.

There are no reliable sources for the number of actors in the DRC coffee and cacao sector. It is estimated that there are about 250,000 coffee farmers and 55,000 cacao farmers; approximately 305,000 farmers in the AGP sector. By working directly with exporters, ÉLAN has reached approximately 17% of the sector population, with the potential to reach up to 22% of the population by the end of 2020.The exporters that ÉLAN worked with have developed direct links with about 30,000 farmers (either

69 ÉLAN's 2019 PWIG – projections worksheet.
70 Based on reviews of ÉLAN documentation, DSU field interviews during the 2018 Verification Exercise and the Sector study
71 Based on ÉLAN's poverty profiling study 78% of farmers in the AGP sector lie below the $1.9PPP poverty line
72 ibid

individually or through cooperatives) by registering them in traceable systems and this can grow to reach 53,000 farmers by the end of 2020 (see table 3).

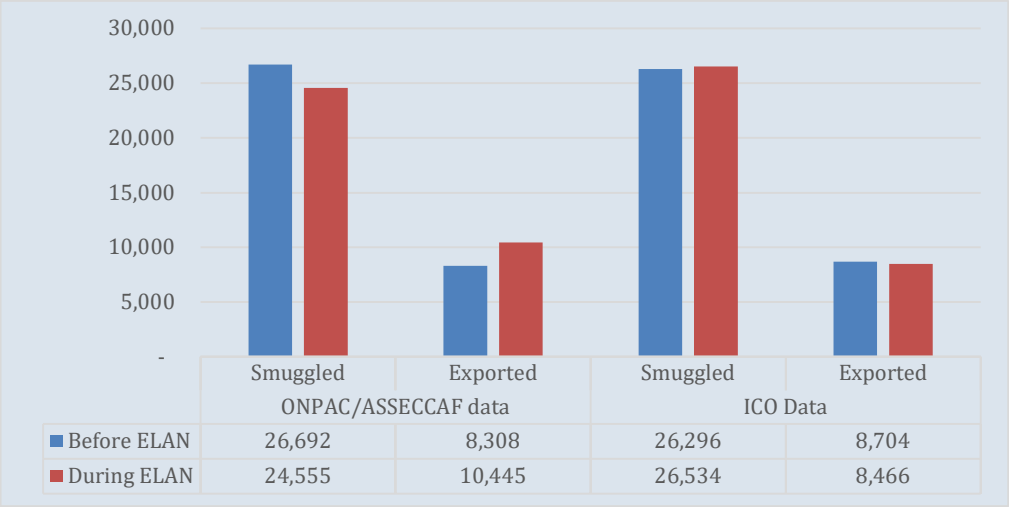
Estimates of the number of exporters in the sector vary. Each year exporters have to register with ONPAC and the number of registrants fluctuates between 20 and 30. ASSECCAF's ex-President estimates that there are about 15 regular exporters while the rest are mostly cooperatives who only export when they find an order. Most irregular exporting cooperatives sell their produce to other exporters and occasionally to international buyers. Of these 15 regular exporters, ÉLAN has worked with 10, and thus ÉLAN has reached scale by working with as many partners as possible. ÉLAN's interventions in reducing taxes and creating access to finance contributed to increased exports volumes. The $60/MT of tax savings is roughly equivalent to about 480 – 660 MT[73] of coffee and cacao, approximately 5% of the volumes currently exported.

Export volumes also increased due to the efforts of other donors in the sector who supported in the lobbying for tax reduction, and mainly supported cooperatives in providing farmers training in GAP, GPP, access to processing stations, linkage to international buyers for export orders etc.

Exporters ASSECCAF and ONPAC both claim that the volumes of coffee exported from DRC has increased over the last few years and volumes smuggled has decreased. Data collected from ONPAC and from the Congo Coffee Atlas (which sources data from exporters) shows that the average volume of coffee exported between 2014/15 to 2017/18 has increased by about 6% compared to average volumes exported between 2010-2013 (before ÉLAN). Assuming production volumes remains the same, this implies that volumes smuggled has gone down. The data from ICO however shows that volumes exported have remained the same over the same period. The DSU asked exporters and Root Capital the volumes they or their clients had exported in 2017/18 and found that 6 exporters exported 8,583MT of coffee. ICO's recorded volumes for the same year is 8,100MT. It is unlikely that exporters would not know the volumes they export, which implies that ONPAC/ASSECCAF's records of about 11,000MT exports is correct. The chart below shows the volumes of coffee exported from DRC over four years before ÉLAN started (2010-2013) and while ÉLAN was implementing in the sector (2014/15-2017/18), the total volume of coffee produced from the DRC is estimated to be approximately 35,000MT.

73 Assuming $60/MT of coffee/cacao saved, an export volume of 8,000 – 11,000MT and coffee/cacao prices of about $2/kg

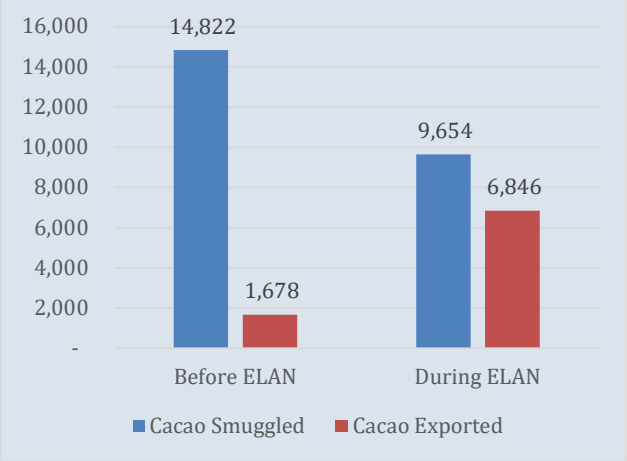
Figure 5 Volume of coffee estimated smuggled and volume exported



Source: Data from ONPAC/ASSECCAF and from ICO

Similar data on cacao exports from the World Bank's International Trade Centre database is shown in the chart below. This shows that the average MT of cacao exported for the five years before ÉLAN started operations (2009 – 2013) and the average tons exported over the last five years (2014 – 2018). Assuming that 16,500MT of cacao is produced in the DRC[74] and the amounts not exported is smuggled the data shows that export volumes have gone from 10% of the total production to about 40%, implying that smuggled volumes have decrease by 30%.

Figure 6: Volume of cacao exported and volume estimated smuggled



Source: International trade statistics (www.trademap.org/)

It appears that volumes of export have gone up for both crops. Although the entire change in volumes cannot be attributed directly to ÉLAN, the project has clearly

74 ÉLAN's MSA report on cacao sector.

contributed to this change through its work within exporters and through reducing taxes.

4 Conclusions

Based on the analysis undertaken in chapter 3, this section will present the answers to the evaluation questions listed in section 1.2.

4.1 Relevance

ÉLAN's strategy for the sector was to work through exporters to increase the stability of returns from the coffee value chain for both exporters and small holder farmers and to increase the volumes of coffee/cacao that exporters are able to trade in. Exporters and smallholder farmers are the key stakeholders ÉLAN aimed to reach, with poor smallholder farmers being ÉLANs target beneficiaries. The question of relevance is about whether ÉLAN's strategy was designed properly, based on a comprehensive understanding of the sector such that it could deliver the sector strategy and it could cater to the needs of the stakeholders.

To what extent was ÉLAN's approach in the coffee and cacao sectors appropriately designed to achieve its objectives, including adapting to the changing context of DRC?

ELAN's approach in the AGP sector was partially appropriate to achieve project objectives within DRC's context. ÉLAN collected and analysed sufficient information for designing its strategies. However, moving from analysis to developing a sector strategy and linking MSC areas to the sector level goal of increased income for smallholder farmers was not done properly. MSCs 1.1 and 1.2 provide benefits to smallholder farmers by working through exporters. But a detailed assessment of MSCs 1.3, 1.4, and 1.5 found insufficient evidence that farmers have benefitted. ÉLAN overlooked the role and functions played by intermediaries in the sector when designing interventions and impact assessments. This has led to ÉLAN overestimating impact for some interventions and may have reduced the project's ability to reach scale. ÉLAN's strategy for selecting partners gave its business models the capacity to adjust to changes in conditions within the DRC and in international markets.

The assessment of the coffee and cacao sectors began with a sector scoping exercise conducted during ÉLAN's inception phase. The sector assessment identified the MSCs for increasing the volume and profitability of legal exports from the DRC and a number of subsequent studies helped to identify specific actions to take to achieve the MSCs. The identified MSCs would:

- strengthen and promote the growth of the formal coffee/cacao sector due to interventions on providing access to finance (MSC 1.3) on reducing taxation (MSC 1.4) and on improving access to markets (MSC 1.5).
- improve the performance and increase incomes of smallholder farmers due to interventions on providing extension services (MSC 1.1), on installing processing stations (MSC 1.2) and partially due to MSC 1.5 (through promotion of women produced coffee).

ÉLAN assumed that interventions under MSC 1.3, 1.4 and 1.5 would automatically lead to increased incomes of smallholder farmers and did not carry out robust assessments either pre or post implementation to verify these assumptions. Even in the case of interventions under MSC 1.1, where benefits to farmers were reasonably direct, ÉLAN's assessments did not look into whether improved performance of farmers due to extension services led to increased incomes.

A significant part of DRCs coffee and cacao produce is smuggled out of the country and as smugglers would have very little incentive to invest in the growth of the sector, it was necessary to identify Congolese businesses who would. ÉLAN's subsequent selection of implementation partners under each MSC was appropriate for the context. The selected stakeholders that had the experience and ability to navigate DRCs complex infrastructural challenges, changing conflict situation and a volatile international market. ÉLAN's process of lobbying for a tax reduction created buy-in from the government agency in maintaining the tax decrease.

ÉLAN's partners changed the way they reached out to and interact with farmers but still face constraints with access to capital, access to market for sufficient volumes and good prices. ÉLAN's work under MSC 1.3 and 1.5 have not brought about any changes in the way the coffee/cacao sector functions and these MSCs do not cater to poor smallholder farmers.

Finally, ÉLAN's analysis and sector strategy seems to rely on bypassing intermediaries in the sector. Intermediaries act as the link between farmers and exporters, or sometimes, smugglers. They provide farmers with processing services, provide exporters with credit, and ensure supply of desired volumes. As ASSECCAF's ex-president explained, "there are about 300,000 farmers in the Kivus and only 15 exporters, it is unlikely that these exporters can have a direct linkage to so many farmers, intermediaries are necessary for the linkage to happen." All exporting companies interviewed by the DSU continue to rely on intermediaries to ensure they are able to source the volumes they need.

To what extent did the logic and assumptions of the AGP sector (and its interventions) hold during implementation?

Of the seven key assumptions identified based on the sector logic three have held, two have not and two remain unclear. Assumptions that good quality produce is able to gain a marginally better price for both exporters and farmers and leading to increased income for farmers have held The assumption that increasing volumes of legal exports and reducing volumes smuggled is beneficial for smallholder farmers does not appear to be correct. Ordinarily exporters pay farmers less than smugglers and, at best, will pay farmers the same as smugglers do. ÉLAN assumed that exporters would be willing to pay farmers more if their cost of business (i.e. taxes) went down, but there is insufficient evidence to support this assumption. It is unclear if application of good agricultural practices alone will increase farmers' net incomes. Finally, it remains unclear, but is likely, that the industry actors are interested in collective promotion and advocacy for the sector and would invest resources to do so.

The implicit assumptions behind the sector RC, identified by the DSU, and how they have worked out during implementation are each assessed below:

1. **Increasing volumes of exports, to the detriment of volumes smuggled, is beneficial to smallholder farmers.** This is the basis of ÉLAN's sector and partner selection strategy. Smugglers buy about 65% DRC's production and offer farmers 10-15% more money than exporters (in June 2019 this meant smugglers paid farmers an additional $0.1/kg or CDF170/kg of coffee). In DRC's context, smugglers set the price ceiling for coffee/cacao and the price floor is set by exporters and increasing volumes of exports could actually make farmers worse off. ÉLAN worked with exporters as they are a legal entity in DRC and could be convinced to invest in the sector. With ÉLAN's support the exporters have invested in the growth of the sector, however, they have not paid farmers more than smugglers and at best have paid similar prices (about $0.1/kg more for better quality).
2. **Exporters would pay more to source from farmers but are constrained in their ability to do so by the high cost of doing business in the DRC and low international prices.** This assumption is the basis on which ÉLAN claims that its work on reducing taxation and providing access to capital has a benefit for smallholder farmer. Smugglers have the advantage of not needing to pay any taxes and are able sell the coffee/cacao as Rwandan or Ugandan coffee/cacao which makes them able to offer farmers better prices. Kawa Kabuya, the cooperative who got a loan from Root Capital, has said it used the loan to source product to fulfil an order but has not paid more to farmers as a result of the loan. Exporters have said they were able to buy more due to the tax reduction but there is no conclusive evidence to verify that exporters paid more due to the tax reduction, and triangulating from different sources shows that exporters will not pay farmers more simply because they have more money.
3. **Exporters would earn more from selling quality products (i.e. international market is prepared to pay a quality premium) or from selling products with certain attributes (traceability, certified etc.).** This assumption is the basis for ÉLAN's interventions on installing processing stations, or supporting in setting up traceability systems or certification systems. The higher prices that exporters seem to get for traceable/certified products or for good quality products validates this assumption. A slight caveat is that buyers who do not want to buy certified products will not pay a premium just because a product is certified, nevertheless exporters could still get a quality premium for good quality product. Overall this assumption holds.
4. **Exporters would be willing to pay more to farmers for good quality or for products that had the desirable attributes.** Similar to the above assumption, this applies to ÉLAN's interventions under MSC 1.1 and MSC 1.2. The results from those interventions shows that exporters have paid farmers a higher price for supplying good quality product and have also paid more to farmers who are registered with them. This assumption has held.

5. **Farmers' incomes would increase due to selling good quality products at higher prices:** The farmers have received a premium for selling good quality price and hence their incomes have increased. The income increase is not just due to higher prices but also due to savings they make from not needing to process the coffee/cacao themselves.
6. **Farmers' incomes would increase due to applying GAP which increases yields:** There is evidence that yields increase due to proper application of GAP from ÉLAN's impact assessments and other secondary studies. However, applying GAP requires increased investment from farmers. The interventions where increased yield have also given farmers a higher price for better quality product. It is unclear whether yields alone would increase incomes, but a combination of increased yield and better prices does increase farmers' incomes.
7. **Exporters would be interested in working together under an umbrella body to lobby for and promote DRCs coffee/cacao sector.** This assumption was behind ÉLAN's rationale for developing ASSECCAF and IFCCA and placing them in charge of representing the overall sector and promoting the sector to other buyers. Both associations have been able to represent and promote the industry with support from ÉLAN and this effort was appreciated by the exporters that DSU spoke with and all would have liked to see these efforts continue. However, the associations struggle with having the vision, leadership drive and access to resources to carry out this function. It has not been possible to test this assumption as it is not clear that if the association had the right leadership whether they would have the necessary support from exporters and would be able to access the resources to promote the sector.

To what extent were the interventions in the AGP sector appropriately designed to meet the needs of stakeholders and smallholder farmers?
Half of the interventions in the sector benefitted both exporters and farmers. Specifically, interventions implemented under MSC 1.1 and 1.2 have been successful in benefitting both exporters and farmers. These were interventions which exporters were already implementing prior to ELAN and, as a result of not being new innovations, generated quick results. Intervention on tax reduction (MSC 1.4) may have increased export volumes but do not appear to have benefited the target group. Finally, interventions on access to finance and marketing did not have enough time to develop into successful models and have not benefitted smallholder farmers.

The interventions carried out by ÉLAN linked approximately 57,800 farmers directly to exporters either individually or through their cooperatives. This helped the exporters to secure more good quality coffee and cacao and pay farmers higher prices for the good quality produce. Continued efforts by ÉLAN's partners is likely to lead to an additional 20,500 more farmers to be linked to exporters.

On the side of exporters, the interventions have reduced their tax burden and has subsidized their expansion of processing stations, traceability/certification schemes etc. allowing them to reach more farmers at a faster rate. Other exporters in the sector (particularly exporting cooperative), who were not supported by ÉLAN have received

similar support from other donors (USAID, Rikolto, Oxfam, ECI). Some of these other donors have also linked their exporting cooperatives to international buyers, and helped the cooperatives secure trade orders. All these efforts together have increased the volumes of official exports from the DRC from 24% to 30% for coffee and 10% to 41% for cacao. All exporters have attributed part of this increase in volume to ÉLAN's support in reducing taxes.

On the other hand, market systems have not changed much. Only cacao exporters are cautiously expanding their capacity while coffee exporters are not. This means that the number of farmers reached will not be increasing at the rate it did prior to ÉLAN engagement. About 19% of farmers get slightly higher prices (about $0.2/kg more, or about $40/year) for part of their produce (farmers still store some of their produce for when they need cash). Farmers not reached directly by exporters, or farmers selling stored produce still get better prices from smugglers (on average smugglers pay about $0.1/kg more than exporters for coffee sold in markets). Farmers in rural areas struggle to access and pay for basic equipment needed for maintaining their coffee/cacao trees such as shears, machetes etc. items which are both expensive and only available in urban areas. Key constraints which prevented exporters from investing in the sector and are important for the growth of the sector – access to finance and improved access to market continues to remain an issue that has not been resolved through ÉLAN's efforts.

4.2 Effectiveness

The expected outcomes of ÉLAN's interventions as per its logframe is that poor farmers have improved performance, women's roles are changed and other market actors replicate or respond to the changes in the sector. This evaluation question will also look into how the market system performs differently than before due to ÉLAN's interventions – i.e. what are the changes in transaction terms, investment patterns, and relationships among actors, and how do these changes affect the target group of poor smallholder farmers.

To what extent has ÉLAN led to improvements in market systems
ELAN's interventions have resulted in marginal improvements in the market systems in a very challenging sector and has benefitted 45,000 poor farmers and has the potential to reach a total of 58,000 poor farmers by 2020. ÉLAN's interventions have changed how exporters transact with a select group of poor farmers. Exporters now source directly from about 30,000 farmers, by-passing middle men. Farmers now receive a premium for good quality coffee/cacao, whereas before there was no differentiation in prices for quality. Both of these indicate a change in terms of transaction between exporters and farmers. However, farmers' income increase is marginal and exporters' capacity to scale up the changes initiated by ÉLAN remains limited. Taxes have gone down which boosts exporters capacity to source coffee/cacao and has increased export volumes.

All outreach and NAIC of farmers in this sector comes from ÉLAN's interventions in providing extension services and setting up processing stations – these are also the main items listed as the "key drivers of impact" in ÉLAN's project closing report. Based

on a review of ÉLAN's reports and interviews with ÉLAN's partner exporters the DSU has estimated how many agronomists, processing stations and farmers registered in processing stations have happened so far and how many will happen over the next two years. The table below also shows how many farmers have increased incomes and how many women farmers have seen a change in their roles.

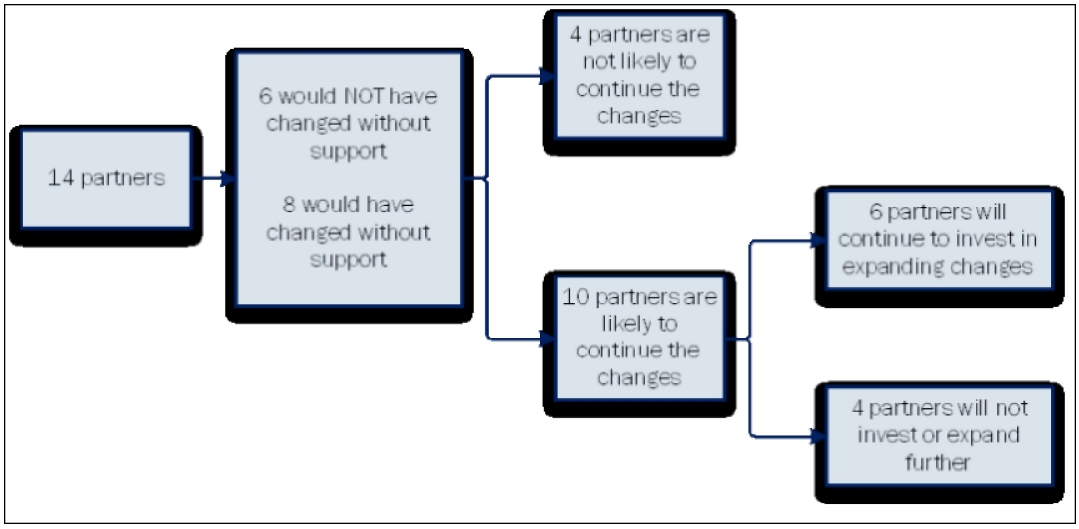
Table 7: Changes due to ÉLAN's partners

Changes among/due to ÉLAN partners	Before ÉLAN	As of 2018	Projected for 2020
Number of agronomists for coffee and cacao exporters	27	97	76
Number of processing stations/units	7	32	52
Number of farmers registered in traceable systems (poor and non-poor)	6,725	30,000	53,000
Number of poor farmers (below $1.9PPP) benefitted		45,620	57,854
Number of women farmers changing roles		4,049	4,806
Cumulative aggregate NAIC of poor farmers		2,730,917	9,226,246

Processing stations, traceability systems, certification systems etc. are not innovations that were introduced by ÉLAN either to the sector or to partners. In most cases these were ideas which the exporters already had, and in some cases were already working on. With ÉLAN's efforts the partners were able to scale up their capacities for processing and for reaching farmers. Thus ÉLAN has accelerated a change in the way market exporters and farmers interact with each other and this has resulted in increased revenues for both parties (see table 2). A few farmers now transact directly with exporters instead of selling through intermediaries in markets. For example: prior to working with ÉLAN Coffeelac would purchase 10% of their coffee directly from farmers. As of 2019 with the new traceable system and collection points they purchase about 22% directly and in 2020 they will get about 30% of their coffee directly from farmers in their system.

The diagram below summarizes how many of ÉLANs partners will continue to invest and grow in project supported models the following text describes the conditions and rationale for their sustainability

Figure 7: Summary of ÉLAN's partnerships



For women farmers ÉLAN's effort with the Twin intervention demonstrated that there is a niche market that is interested in sourcing coffee produced by women. ÉLAN's impact assessment data from the Twin intervention found no difference in prices offered for coffee produced by women, as opposed to regular coffee[75]. The main benefit is that women were given control over coffee plots and were able to earn their own incomes. At the end of 2018 ÉLAN's started to develop IFCCA as a collator/broker to link women farmers to the niche market demanding women produced coffee. However, as this was started before the project closure ÉLAN was only able to identify areas and steps necessary for IFCCA's development. So far the project has benefitted women through the Twin intervention and has reached existing women farmers who have been registered with the exporters.

With ÉLAN's support ASSECCAF was successful in lobbying to reduce export taxes thus saving exporters about $60/MT of coffee/cacao exported and have reduced ONPAC's service charges. This will lead to a further increase in exporters working capital in 2019. ONPAC has said there is no scope to change taxes further but feels that a reduction in tax was a step in the right direction and the decision should not be reversed. ÉLANs success in reducing taxes has been widely commended by exporting companies, cooperatives and associations in the sector. Not discounting the appreciation and optimism this has created in the sector it is important to realize that this savings is roughly equivalent to about 480 – 660 MT[76] of coffee and cacao which is approximately 5% of the volumes currently exported.

75 038_Rapport EMP_ Twin_ 2016. The prices offered by Twin to the women was $0.21/kg of coffee cherries, at that same time the market price for cherries was $0.21/kg

76 Assuming $60/MT of coffee/cacao saved, an export volume of 8,000 – 11,000MT and coffee/cacao prices of about $2/kg

Total export volumes have increased for both coffee and cacao. This shift is due to the efforts of a number of donors (e.g. ECI, USAID, Rikolto, Oxfam etc.) and ÉLAN working in the sector.

What factors have influenced the results achieved?

Much of the results achieved have been due to the installation of processing stations and enhancing marketable attributes of coffee and cacao (traceability, certification etc.). These attributes help exporters get higher prices from international buyers and therefore the exporters have set up and are maintaining incentive structures so that farmers provide exporters with good quality produce. In case of MSC 1.4, ELAN was successful in reducing taxes, by lobbying effectively with sector stakeholders.

In international markets DRC's coffee has a reputation of being of low and of inconsistent quality and thus fetches low prices. At the same time, costs of doing business in the DRC is high thus the costs need to be compensated through high prices. Good quality coffee/cacao that also has added attributes such as traceability and certification does command higher prices for exporters. Exporters will only offer more money to farmers if they get a product that is of high value, and this is what has influenced exporters to provide processing capacity and agronomic support. Farmers that see they get a quality premium for their product and understanding what good quality looks like now have the incentive to change their practices. Agronomists' have observed that after the first few sales at processing stations farmers understand what exporters want and sort their produce at home to bring only good quality product to the processing stations to sell.

Total export volumes have increased for both coffee and cacao, and presumably this implies that smuggled volumes have decreased. However, this shift is due to the efforts of a number of donors (e.g. ECI, USAID, Rikolto, Oxfam etc.), as well as ÉLAN, working in the sector.

4.3 Sustainability

Sustainability in this evaluation looks into whether the MSC areas have resulted in systemic change. This will be broken up into two major areas – will the changes and results achieved through ÉLAN's interventions continue to exist, and what are the capacities and conditions in the sector and among the partners that make the changes resilient to external shocks. The second aspect of sustainability will look at how other actors (farmers, exporters etc.) in the sector are changing their practices and behaviours.

To what extent have the results of ÉLAN in terms of market systems change been sustained?

Out of fourteen ÉLAN partners, ten will continue the changes from practices introduced and four plan to expand investments in the intervention areas. This implies that most interventions were sustainable. Additional attributes such as certification and traceability have built in a degree of resilience into these models which is also a sign of systemic change. In case of other partners (Root Capital, ASSECCAF, IFCCA) the capacity to continue providing services

or growing their services to the sector is limited and will require on-going external/donor support, i.e. it is not sustainable.

Exporters (MSC 1.1 and 1.2):

The ÉLAN project ended in 2018, and in 2019 the DSU found that ÉLAN's partners continue to maintain and use processing stations, and continue to provide extension services. Exporters have also continued to provide higher prices to farmers for their coffee/cacao, farmers earn between 14 – 63% more than market prices for coffee and exporters earn between 22 – 113% more from international buyers. The table below shows the price differentials that exporters and farmers get from international markets for coffee and cacao depending on the quality attributes attached to it. There are significant benefits to maintaining processing stations, and registering farmers in a traceable or certified systems.

Table 8: Differences in international and farm gate prices for different attributes

Crop	Attribute	International buyer prices		Farm gate prices	
		$/kg	% difference from regular quality	$/kg	% difference from regular quality
Coffee	Regular quality	2.25		0.8	
	Good quality	2.75	22%	1.1	38%
	Traceable	4.4	96%	1.2	50%
	Certified	4.8	113%	1.3	63%
Cacao	Regular	1.5		1.4	
	Certified	2.5	67%	1.6	14%

Source: DSU interviews of exporters.

Whether exporters will continue to offer farmers better prices depends on the demand for traceable/certified coffee. And this demand is both low and uncertain. If buyers do not want certified coffee, then they will not pay the high prices for it even though it is certified. In 2018 Coffeelac only sold 22% of its coffee as traceable. Virunga/Olam International has mentioned that they feel "uncertain of value of certification now as coffee prices are falling so much. When international prices are good there is less risk in getting certification."

While exporters would not share how much they had to invest for certification or traceability systems, they mentioned that initial set up costs were the highest – which ÉLAN has subsidized – and subsequent maintenance costs were low. Coffee exporters will not invest further in increasing the number of processing stations or their registration of farmers in traceable systems. Cacao exporters plan to continue building processing stations/collection points and registering and certifying farmers. They feel confident about cacao prices going up as it has over the last 2 years, and they see a

steady trend among buyers to buy certified cacao, as of 2017 30% to 50%[77] of cacao bought by grinders and chocolate producers was certified. Cacao exporters have said that even without ÉLAN's support they would have invested in certifying farmers and they intend to continue doing so and will offer farmers better prices.

In the context of the AGP sector with 300,000 smallholder farmers, ÉLAN has reached 58,000 farmers and these models will likely grow to reach an additional 16,000 farmers by 2020.

Root Capital (MSC 1.3):

With ÉLAN's support Root Capital was able to identify four new loan clients. Root Capital gave loans to cooperatives under a tripartite agreement between Root Capital, the cooperative and the international buyer. Furthermore, Root Capital's total investment in DRC is backed by a credit guarantee from their donors/funders one of which is DFID. Root Capital had a guarantee for up to $3.7 million for DRC and have already loaned that much so will not be giving out more loans. ÉLAN's support helped Root Capital source more clients in the coffee sector but it has not really improved access to finance in the sector as these funds will only continue for as long as the credit guarantee amount exists and there is currently no scope of increasing number of clients or loan amounts.

The loans helped cooperatives to source produce to fulfil their export orders but the cooperatives did not pay farmers more for buying coffee thus it had no effect on farmer incomes.

Associations (MSC 1.4 and 1.5):

ÉLAN lobbied through ASSECCAF to reduce the taxes and service charges that exporters had to pay. As a result of the lobbying effort the following reductions in taxes happened:

- A 2011 law stating that taxes on agriculture produce would be 0.25% of FOB value was applied to coffee and cacao exports.
- Charges paid to ONPAC for exporting was brought down from 4% to 2% in early 2019.

The Director of ONPAC thinks the reduced taxes and charges will remain. Exporters say that the tax reduction freed up capital to increase their purchase of coffee and cacao. There is no conclusive evidence that the tax reduction had an effect on farmer incomes, even if it did the effect would have been negligible.

ASSECCAF has not been able to continue marketing the sector. The Congo Coffee Atlas still exists but is not being updated. Exporting companies have mentioned that the Atlas is good for cooperatives in the sector but they do not see the benefits for them. The SduK event that was begun in partnership between ECI and ÉLAN was poorly implemented in 2019 and involved very few buyers. The joint marketing efforts of the

77 The Cacao Barometer 2013 and 2018

industry seems to have died down due to both a lack of funding and a lack of organizational capacity[78].

IFCCA's role in the sector is focused on promoting DRC coffee and cacao to the niche market for women produced coffee and cacao. A key aspect of IFCCA being able to promote and sell coffee produced by women depends on having a traceability system for women produced coffee, which does not exist. While there is a small demand for women produced coffee, it does not offer better prices so the only added benefit to exporters/cooperatives for separating out women and men's coffee is the possibility that they will be able to export a container or two more. IFCCA has been given a space by Domaine de Katale to set up a café in Goma airport which will be run by women and will sell coffee produced by women – or at least coffee that is produced by cooperative that have both men and women members.

To what extent have ÉLAN interventions led to expansion and response beyond supported enterprises?

There are no cases of other exporters trying to copy the models that ÉLAN supported among its partners. This is because other donors were independently funding similar models with other exporting cooperatives. At a farmer level, cases of farmer to farmer copying was found for three interventions, which reached 4,513 farmers. ÉLAN has claimed to influence another NGO's activities in DRC's coffee sector and influenced a local café to source coffee locally but these claims could not be substantiated.

In interviews ÉLAN's partners and other actors (ONPAC, Kawa Kabuya, Kawa Kanzuru) have all confirmed ÉLAN's investment with exporters (in processing stations, extension services, traceability and certification) were also being introduced by other donor programs. These were standard methods adopted by all to improve the quality and prices of coffee/cacao. None of the interviewees could mention any case of other exporters or cooperatives making similar investments without donor support. ÉLAN has reported that VECO, an international NGO also investing in the coffee sector, has been influenced by ÉLAN in how it provides agronomic services to farmers and in rolling out ICS/traceability systems. The DSU was unable to speak to VECO to confirm what aspects were picked up, however a VECO supported cooperative interviewed mentioned that VECO supplied their own international experts to the cooperative to support it in developing agronomic services and set up farmer training. It is possible that VECO has communicated with ÉLAN to understand how it set up farmer training but this may have been a professional exchange among two implementers working in the same region rather than a strategic influencing of behaviour.

ÉLAN has also reported a few cases of café's now sourcing and selling locally produced coffee. However, in most of these cases the coffee supplier and café owner are well known to each other – Coffeelac has supplied to a local Goma café, Le Petiti Chalet, and they are both old family friends.

78 4.1a ASSECCAF Assessment Report

At farmer level, ÉLAN's impact assessments have found where other farmers copy GAP from the directly reached farmers in the case of 3 partners (Soprocopiv, Coffeelac and Copak). Of these three partners only Copak is planning to increase outreach over the next 2 years hence there is scope for a few more farmers to be indirectly benefitted. In three other cases ÉLAN has found that the increased prices offered by their partners' other farmers in the same area were able to negotiate cooperatives for higher prices from their cooperatives. These cases however only created a one-off price increase that was in effect for a year or two and then as ÉLAN's partners' reduced their premiums, other farmers could no longer ask for higher prices from their cooperatives and prices went back to market rates.

Partner	Indirect outreach by 2018	Rationale and evidence base
Indirect outreach due to copying by other farmers.		
Soprocopiv	1,744	Soprocopiv is a cooperative of farmers, ÉLAN's conducted FGDs within villages where Soprocopiv carried out its training to ask whether any non-members had attended its field trainings and had copied any practices[79]. ÉLAN then collected Soprocopiv's records of training attendees and collected information from agronomists on how many farmers had applied GAP and got an increased yield. The information is well triangulated from FGDs of those who copied the behaviour, agronomists records and observation are reliable.
Coffeelac	1,627	ÉLAN's impact assessment surveys of beneficiaries revealed that 75% of them shared their learning on GAP with other farmers. Each of these farmer shared information with an average of 1.76 other farmers. The information collected from beneficiary farmers was not triangulated with the copying farmers. This does not mean the information is worng but it is likely to be overstated, not all farmers who were said to copy GAP will have actually done so.
Copak	1,142	ÉLAN's impact assessment found that about 14% of the farmers registered by Copak reported one other person who had copied GAP from them. Following this a second survey of indirect beneficiaries was carried out to find out what practices they had followed and how their yields had changed. The information was robustly collected and the estimate is likely to be correct.
Indirect outreach due to increased prices offered by partners		

79 Rapport visite de Monitoring AP03 Soprocopiv_Dec 2017

Virunga	5,949	In-depth interviews by ÉLAN, found that in 2017 and 2018 Virunga and Masasi after building a new processing stations had paid high prices to farmers to encourage them to come to the station and sell coffee cherries. Farmers who were members of Kawa Kabuya had then approached the cooperative to increase prices or they would sell their produce to Virunga/Masasi. ÉLAN collected this information through interviews of Kawa Kabuya. DSU's interviews of farmers, Virunga agronomists and Kawa Kabuya confirmed that Virunga had offered farmers 40% more than the market price in 2017. Kawa Kabuya kept prices up in 2017 and 2018 but as both Virunga and Masasi then brought down their prices differentials significantly there is no need for Kawa Kabuya to maintain high prices. Kawa Kabuya also indicated that they could not keep paying such high prices in a profitable manner thus will revert back to paying market prices. The information is correct and farmers were paid higher prices in 2017 and 2018.
ETS Masasi	783	
CTM	4,854	This intervention was implemented in Equateur and reached about 500 farmers directly. LAN's M&E team found through a survey of farmers and traders that the partner had doubled the price they offered farmers in the one year in which they were active. They paid farmers about CDF1,000 per kg of cacao which led to other buyers having to offer about CDF650 per kg. Comparing with the year before and after the intervention, farmers earned CDF170 more per kg of cacao sold in that year. CTM however did not continue such high prices or reach many beneficiaries hence indirect impact died out. The methodology for collecting data on indirect beneficiaries was correct

In conclusion, ELAN's interventions has resulted in only marginal changes in market systems. About 45,000 poor farmers have improved their terms of transaction with exporters (getting better prices and extension services). There is a potential that this will increase to reach 58,000 poor farmers, but this is only 24% of the farmers in the sector. As there is no evidence of other actors expanding or responding the scale is not likely to increase and reach more farmers. Taxes have changed in the sector, and while this is a systemic change which increased export volumes it does not benefit poor farmers.

5 Learning and recommendation

5.1 Learning and recommendation for ÉLAN 1.2 and for DFID.

Changing a market system such that it performs more efficiently, in a different manner and benefits a marginalized group requires holistic thinking. The following are a set of recommendations for future activities for the sector, for ÉLAN and for DFID.

1) **Resilient market systems change usually requires more than one type of actor to change their functions, investment patterns, transaction terms etc.,** The changes that ÉLAN has achieved in the sector have entirely been due to working directly with exporters to accelerate their pace of change. However, there have been no other changes in the sector to support exporters to continue similar changes at the same accelerated pace. Although ÉLAN did identify that exporters lacked access to finance for investing the project did not work in these areas until its last year. The result of this was that ÉLAN did not have the time to learn from its pilots, and create the conditions for scaling up the innovations among other exporters.

    a) **Recommendation:** If a particular type of actor requires on-going support in the same area, then the project should ask questions such as why does another exporter need support to develop processing stations. And if the answer is access to finance then dealing with access to finance can play a larger role in improving the sector's capacity to implement similar activities later. ELAN to lead.

    b) **Recommendation:** Projects should clearly outline their pathway to achieve systemic change which can target both market actors and the target beneficiary groups. The pathways should be regularly revisited to see that interventions implemented are aligned to the project's vision for systemic change. ELAN to lead and DFID to review.

2) **All interventions will not necessarily contribute to increased incomes for the target group in the short term, and that is not a bad thing.** Achieving systemic change in a sector requires a holistic approach where some interventions contribute to overall sector performance – or in the case of AGP sector, growth of the exporters to the detriment of the smugglers – but do not have an immediate tangible effect on farmer incomes. ÉLAN's efforts at marketing or reducing taxation are strategies that are important for the sector and should be pursued so that the sector grows even if it does not lead to increased incomes for farmers in the short-term.

    a) **Recommendation:** Projects should have the flexibility to design interventions or strategies that do not directly reach target beneficiaries but create a conducive environment for growth and resilience in the sector. This flexibility should be reflected in project logframes where outcomes or goals include indicators that measure / calibrate a better performing sector. Stimulating sector

performance should not be done in a way that it negatively affects the target group. DFID to Lead and ELAN to implement

3) **Intermediaries play a crucial function in the sector and bypassing them may not be the best strategy to reach scale.** Each actor in a value chain exists because they play a particular role and provide some functions. In DRC's coffee and cacao sector, intermediaries link 300,000 farmers to a small number of buyers (exporters and smugglers) helping to source products, some intermediaries provide processing services, and some provide credit facilities. ÉLAN's strategy has focused entirely on improving the business of exporters and linking them directly to farmers. Even ÉLAN's measurement systems often miss the role played by intermediaries and the margins they take for their services. This has two implications. Firstly ÉLAN has missed out capitalizing on a function played by a key actor with the greatest outreach potential and secondly, during its impact assessments, it assumed payments from exporters to equal farm gate prices got by farmers without considering the margins and costs taken up by intermediaries, which risks overestimating both outreach and incomes.

   a) **Recommendation:** Strategies to replace any actor in a value chain should be carefully thought through with a clear understanding of who will play the functions of the removed actor and whether the revision of roles will continue to be beneficial to the target group. The strategies should also take into account the implications of removing any actor on scale of outreach – as ASSECCAF's ex-President has said "there are about 300,000 farmers in the Kivus and only 15 exporters; it is unlikely that these exporters can have a direct link to so many farmers; intermediaries are necessary for the linkage to happen." ELAN to lead and consider in their strategies.

4) **It is important for every intervention and strategy to map out the incentives that each actor has to change behaviour.** This was clearly illustrated in the case where exporters started to pay farmers more for getting good quality products. The higher prices gave farmers the incentive to change practices while the better quality – which commands better international prices – gives exporters the incentive to pay farmers more for supplying better quality. Conversely in a case where taxes are reduced or exporters have better access to finance there is no incentive for exporters to pass on more money to farmers, as they are not getting anything in return from farmers for it. This was a key weakness of ÉLAN's sector results chain and implementation model.

   a) **Recommendation:** Each actor in a value chain will have an incentive for carrying out a particular action. Prior to implementing an intervention projects should map out clearly, based on evidence, the incentives of each actor who will be involved in an innovation. Where possible these incentives should be quantified based on evidence both pre and post implementation. ELAN to lead.

5) **The benefits that farmers get from different interventions should not be based on assumptions that have not been tested.** For example, when measuring increased incomes for farmers the project did not check to see if applying good agricultural and processing practices had any effect on farming

costs. The project assumed that increased revenues would equal increased incomes and thus overestimated NAIC earned by farmers. Such oversight can have implications on intervention design as well as where the project implements interventions with marginal or negative impacts on farmer incomes and lead to low uptake. ÉLAN has supplemented interventions that introduce GAP and GPP with practices that also increase farm gate prices and this combination of yield and price increase has led to a positive income effect for farmers.

a) **Recommendation:** When measuring changes in incomes for beneficiaries the project needs to account for all costs that are incurred during farming and should check if any of those costs change after the intervention. This should also be done when interventions are being designed to ensure that intervention designs look not only into farmers' current costs but also the change in costs that they may incur due to an intervention. ELAN to lead

5.2 Learning and recommendation for future sector studies

The process of planning and conducting the sector study brought up some challenges which are outlined here. These challenges provide some lessons learned for how future sector studies can be planned and implemented.

6) **Timing of sector studies:** The AGP sector was selected for the sector study because ÉLAN had stopped working in the sector and had focused on monitoring and documenting learning. This gave the DSU a good opportunity to assess the resilience and sustainability of changes brought about by ÉLAN. The partners also gave a clear insight into what would drive their decisions to invest – e.g. coffee exporters adopting a wait and see approach to falling international prices, and cacao exporters continuing to certify farmers due to commitment in demand for certified cacao from buyers.
   a) **Recommendation:** Future sector studies should be conducted sometime after the project has stopped providing support to partners. This will provide a clear indication about the resilience, sustainability and capacity for innovations to grow. For the AGP sector, DSU can track the changes in the external conditions mentioned by exporters to see if sector growth or investment patterns change. DSU to lead.

7) **Interviews with ÉLAN partners:** The DSU had anticipated that private sector players might be reluctant to give appointments for long interviews where they are unlikely to benefit from it. In reality the partners were willing to meet with the DSU team. The main challenge was finding a suitable time and place for meetings. The contact list for partners was made available to the DSU two weeks before the field visits. This did not give sufficient time to arrange meetings and plan for travels to the different partner locations (the DSU team travelled to Goma and Bukavu, while partners were based in Goma, Bukavu, Beni and Butembo). Partners also needed time to arrange meetings with farmers or visits to processing stations which could not be arranged at short notice. The DSU adjusted to this by convincing partners to have phone interviews rather than face to face. For farmers the DSU was only able to interview the beneficiaries of one partnership rather than the two initially planned.

a) **Recommendation:** Field planning for interviews with partners should be started at least a month before the field trips are started. This was attempted this year but could not be achieved because of the long delay in accessing contact information for partners. To avoid a repeat in future years, the DSU needs to ensure, with DFID support if necessary, that all contact lists are made available with sufficient lead time before the field visits. This should now be partially ensured through the MRM system handover at the end of the project. This will give the DSU team more time for multiple follow ups to arrange meetings, and allow time to plan field trips in a more efficient manner and ensure that all necessary meetings are held. DSU to lead, ELAN to support.

8) **Setting interviews with other actors:** ÉLAN does not have a formal contact list of actors they do not work with directly and where ÉLAN team members did have relevant contacts these were only made available one day before field trips started. It was therefore not possible to meet all other actors that the DSU interview team would have liked to meet. The other actors that the DSU team were able to meet were: Director of ONPAC, an indirect beneficiary cooperative (Kawa Kabuya), and a cooperative-exporter that ÉLAN had not worked with (Kawa Kanzuru). The other actors that the DSU team was unable to meet were: a representative of DRC's Federation of Commerce (FEC), farmers who had not benefitted from ÉLAN interventions, intermediaries in the coffee and cacao sector, and other donor projects.

   a) **Recommendation:** For future sector reviews the DSU should explore the option of hiring a local consultant with experience and contacts in the sector who can arrange for interviews with actors who have not worked with ÉLAN. Revised planning for the final evaluation needs to factor in this cost. DSU to lead.

9) **Assessment of events/activities supported by ÉLAN**: although certain activities may not be part of an intervention, they may have initiated some key changes in the sector. A key event supported by ÉLAN in the AgP sector is the Saveur de Kivu coffee tasting event. Although this is not listed as an intervention it was widely mentioned by partners and other actors.

   a) **Recommendation:** Document reviews and interviews should go beyond looking at partnerships to also review other activities supported by ÉLAN in the development of the sector. This may be harder to achieve as some of these activities may not have much documentation beyond reports on ÉLAN's website or news updates given by partner bodies. ELAN to lead.

10) **Context Assessments and Sector Reviews:** In the current evaluation approach, the context assessment of the sector was planned to be conducted as a separate assessment from the sector review. An assessment of the international markets, and local political economy was central to understanding the dynamics and prospects of sustainability and systemic change for the AGP sector. Therefore, an assessment of the context also had to be carried out as part of the sector review.

a) **Recommendation:** The context assessment of the sector should be carried out as an integral part of the sector review. This will help provide a full picture of the sector and of the external factors that could influence sustainability and possibility of systemic change within the sector. DSU to lead

11) **Selection of interventions for the intervention review:** The 2018 Verification exercise took an in-depth look at one intervention in each sector to assess the measurement methods and process for that intervention. A similar process was used in the intervention review during this evaluation. The 2018 Verification exercise reviewed the intervention on tax reduction and the 2019 intervention review looked at the intervention with Virunga on building processing stations. This gave the DSU insight into the measurement process and results for two different types of interventions (taxation and processing interventions) and allowed it to extrapolate that understanding into other similar interventions.

a) **Recommendation:** DSU should choose case studies and approaches which have the cumulative effect of building knowledge from the ÉLAN project and also the process of evaluating the impact of the project. Therefore, for next intervention reviews the DSU should make sure to select an intervention where the focus and measurement process is slightly different from the interventions reviewed previously. It was also effective to conduct the sector and intervention review at the same time and this should be repeated in the future. DSU to lead.

Oxford Policy Management

6 References

Bibliography

Bellachew ,B. (2013) Inter African Coffee Organization (IACO), 'A Quick Reconnaissance Survey of Coffee Production Status in Democratic Republic of Congo (DRC)', iaco-oiac.org/en/departements/research-and-development-direction

Coffee & Conservation (2018), 'How much eco-certified coffee is purchased by the big coffee companies?'

COSA. (2013), 'The COSA Measuring Sustainability Report: Coffee and Cocoa in 12 Countries',

De Beule H, Jassogne L, van Asten P. CCAFS Working Paper no. 65. CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS). Copenhagen, Denmark. 'Cocoa: Driver of Deforestation in the Democratic Republic of the Congo?'

Decision Support Unit (DSU) Verification and Results Assessment: ELAN 2018 Final Consolidated Report

Downie, R., Center for Strategic and International Studies (2018), 'Assessing the Growth Potential of Eastern Congo's Coffee and Cocoa Sectors'

Forbes News, (2013), 'In Violent Congo, Hope In The Shape Of A Coffee Bean', www.forbes.com/sites/willyfoote/2013/10/17/in-violent-congo-hope-in-the-shape-of-a-coffee-bean/#4ccfe23d7f5c

Fountain, A.C., Hütz-Adams, F. (2015), 'Cocoa Barometer 2015',

Fountain, A.C., Hütz-Adams, F. (2018) 'Cocoa Barometer 2018',

Hoebink, P et. el., Centre for International Development Issues Nijmegen (CIDIN), (2014), 'The Impact of Coffee Certification on Smallholder Farmers in Kenya, Uganda and Ethiopia', Radboud University Nijmegen, The Netherlands

ICCO, (2018), 'Quarterly Bulletin of Cocoa Statistics', Volume XLIV No. 1, Cocoa Year 2017/18, London

ICCO, (2018), 'Cocoa Market Review December 2018'

ICCO, (2019), 'Cocoa Market Review January 2019'.

ICCO, (2019), 'Cocoa Market Review June 2019'.

ICCO, (2019), 'Cocoa Market Review July 2019'.

ICO (2019), 'Country Coffee Profile: Vietnam',

International Coffee Organization, 'History of International Coffee organization',

International Cocoa Organization (ICCO), (2014), 'The Cocoa Market Situation'

Kessler, A. (2014) DCED, 'Assessing Systemic Change'

Miehlbradt, A, Posthumus H. (2018), DCED 'Practitioners' Notes on Monitoring and Results Measurement Assessing Systemic Change'

Oxfam (2012), 'Le café paysan du Kivu', www.oxfammagasinsdumonde.be/blog/2012/09/21/le-cafe-paysan-du-kivu/#.XU54y-j7SMq

Panhuysen, S. and Pierrot, J. (2018). 'Coffee Barometer 2018',

Rikolto (2014), 'The revival of Eastern Congo's arabica coffee sector',

Taylor, B. (2016) The Springfield Center, 'Systems and Systemic Change – Clarity in Concept'

Trade Map International Trade Statistics,

USAID (2017), 'Feed the Future Democratic Republic of the Congo Strengthening Value Chains Activity Political Economy Analysis: Coffee, Dried Bean, and Soybean Value Chains'

USAID, (2016), 'Disrupting System Dynamics: A Framework for Understanding Systemic Changes', LEO Report No.47.

USAID, (2016), 'Testing Tools For Assessing Systemic Change', LEO Report No. 41.

USAID, (2018), 'Feed the Future Monitoring and Evaluation Within Market Systems Development: Literature Review Summary Report'

USDA, (2019), 'GAIN Annual Report on Brazil Coffee 2019',

Wessela, M, Quist-Wesselb, P.M.F. (2014), 'Cocoa production in West Africa, a review and analysis of recent developments', Wageningen Journal of Life Sciences, Volumes 74–75, December 2015, Pages 1-7

ELAN Project Documents

- 005_BS_Coffeelac15
- 029_BS_CafeVirungaTsongoKivu16
- 030_EMP_CafeCoffeeLac15
- 062_Draft_EF_Virunga
- 068_Suivi_Soprocopiv_Dec2016
- 2015_08_Proposition_Projet_Virunga_Coffee_S04
- 2019_February AP14 COPAK_Rapport Evaluation finale RB
- 4.1a ASSECCAF Assessment Report
- 4.1b ASSECCAF General Assembly Meeting Minutes
- 4.1b ASSECCAF Q2 2019 Meeting Summary
- 4.1c Congo Coffee Atlas Continuity Plan
- 4.2 IFCCA capacity assessment report
- 4.2a ToR IFCCA Training - April 2019
- 4.2b IFCCA Training Report - Apr 2019
- 4.4a Root Capital Progress Report
- Accord de partenariat ELAN RDC_COPAK_6juin2016
- AFCA DRC Chapter Membership - 2018

- AGP Q2 2018 Milestone — Increased Roles of Industry Associations
- Annexe A - A_PLAN_ELAN_Virunga Coffee 27092015
- AP07_IRG_Coffee_Virunga_Kivu-1
- AP11_ITT_Cacao_SCAK_Kivu
- AP20_ITT_Coffee_ECI, SchluterVirunga_Kivu
- AP27_ITT_Coffee_Olam_Kivu
- ASSECCAF - Early Stage Analysis v2
- ASSECCAF - SCA Report.docx
- ASSECCAF General Assembly Readout - 2019
- ASSECCAF Partnership Agreement 1
- ASSECCAF Partnership Agreement 2
- ASSECCAF Partnership closing report
- ASSECCAF partnership closure report
- Avril 2017_AP12 ASSECAF_Evaluation mi parcours BEE dans le secteur café et cacao
- Café Arabica : Certification en Agriculture Biologique Coûts & Bénéfices au Nord Kivu
- Coffee BEE mapping, October 2014
- Coffeelac - ELAN Additional Questions - Nov. 1_from Kevin
- Coffeelac Partnership Agreement 1
- Coffeelac Partnership Agreement 2
- Coffeelac Partnership closing report

- Coffee BEE_Report on coffee forum, Goma, June 2014
- The Cocoa and Coffee Opportunity in DRC. A guide to the Congolese cocoa and coffee market for businesses, buyers and investors. APRIL 2019
- Cocoa Congo Narratives for ELAN - T2, 3, 4
- CONFED Formation - Email to Members Noting Officers - 2019
- CONFED Statutues - 2019
- Contrat ELAN SCAK
- Copak Partnership Agreement 1
- Copak Partnership Agreement 2
- Copak Partnership closing report
- Copie de CN Olam - Certification and Traceability v3_RB
- CTM 1.02.2018.AP10_Analyses Impact indirect planteurs de cacao Equateur Déc. 2017
- CTM indirect methodology
- CTM Partnership Agreement
- Ctm Partnership closing report
- Decembre 2015_AP09_Coffeelac_Evaluation mi parcours
- Decembre 2017_AP07_Beneficiaires INDIRECTS Statistiques Kawa Kabuya vs Masasi et Virunga
- Development Solutions (2016) End of Mission Report Identification of Roadblocks Along the Main Transport Routes – Exportable Coffee in the Kivus, Montreal, Canada
- Development Solutions 2014 IMPACT OF TAXATION ON DR CONGO COFFEE EXPORTS Montreal, Canada
- ELAN (2015) A plan- Domaine de Katale

- ELAN (2015) Rapport d'évaluation de mi-parcours pilote café avec Domaine de Katale
- ELAN (2016) Rapport de suivi des coopératives AFDPE, CCKA et CPCKA dans la plaine de Ruzizi et sur l'axe Kabare – Kalehe, province du Sud Kivu
- ELAN (2017 and 2018) RAPPORT DE LA MISSION EFFECTUEE A BENI ET BUTEMBO
- ELAN (2018) Saveur du Kivu - DRC coffee on the rise
- ELAN (2019) The Cocoa and Coffee Opportunity in the Democratic Republic of the Congo
- ELAN (2019) Traceability Systems Update
- ELAN Cocoa Congo closeout and funding
- EN 021_BS_SoprocopivCafe14
- EN 027_EMP_Soprocopiv
- EN 028_Suivi_Soprocopiv
- EN 041_Rapport de suivi_ Soprocopiv _Juin 2016
- EN 5.6.2017_Rapport Mid-Line CTM Cacao
- EN Rapport Evaluation mi-parcours projet pilote AP15 Ets Masasi
- ETS Masasi Partnership Agreement
- Filled Questionnaire-AA-MSC1-1 and MSC 1-2-V2-8June2018-Virunga
- Final- PA_ Virunga Coffee 11 SEPT 2015_revu Virunga
- IFCCA - Rapport Procédures de Tracabilité Café Femme Decembre 2018
- IFCCA Partnership Agreement
- IFCCA Rapport Report of the Interna 2018
- ITT Root Capital D2 16 10 17 (Enregistré automatiquement)

- Janvier 2017_AP09 Coffeeac_Rapport Evaluation finale
- Juin 2018_AP09 Coffeelac_Rapport visite de monitoring
- Key Informant Interview_Coffeelac_BKS_9July2017
- Key Informant Interview_TWIN_Mungano cooperative 12072018
- KKK-Filled Questionnaire ASSECAF_Evaluation MSC Sept 2018
- Market Player Survey_AP03 Soprocopiv (1)
- Market Player Survey_AP09 Coffeelac
- Market Player Survey_AP11 SCAK
- Market Player Survey_AP12 ASSECCAF Report
- Market Player Survey_AP14 COPAK
- Market System Analysis Cocoa
- Mars 2018_AP11 SCAK_Rapport d'Evaluation finale du projet sur l'amélioration qualité du cacao
- Mars 2018_AP14 COPAK_Rapport Evaluation finale RB
- Masasi Partnership closing report
- MDC Market System Analysis, August 2013
- Michiel Kuit Leon Zabiti Kulit Consultancy 2015 Business Case for Certification of Coffee in DR Congo
- Monique van Wijnbergen Final Report Findings Perception Research Proposed next steps Marketing action plan BeYond Borders Projects
- NM Visite de monitoring Cacao SCAK_COPAK
- Notes methodologiques et outils pour baselinbes Virunga coffee et Tsongo Kasereka

- Notes méthodologiques Evaluation mi parcours projet AP12 ASSECAF
- Octobre 2015_AP09 Coffeelac_Baseline
- Octobre 2017_AP07_Database Virunga Coffee Q2 to Q3 2017
- OLAM Partnership Agreement
- OLAM Partnership closing report
- ONAPAC Tax Reduction - 2019
- Outline strategie BEE ASSECAF_AP12_06 11 2017
- PA Twin Trading signed
- PA Virunga 01102015 Signed
- PECA analysis perennial agriculture 2017
- Questionnaire ASSECAF_Evaluation MSC Sept 2018
- Rapport ASSECAF atelier de formation sur le plaidoyer_AP12_14 03 2018
- RAPPORT ATELIER DE FORMATION ELAN BENI
- Rapport Atelier sur la mise sur pieds des systemes d'Alerte, 31 Aout 2016 à Goma,
- Rapport de baseline coinjointe des projets pilotes café avec Virunga coffee et Tsongo Kasereka RB_AP07_Avril 2016
- RAPPORT DE LA MISSION EFFECTUEE CHEZ SCAK DU 28 Mars AU 4 Avril 2017
- RAPPORT DE MISSION EFFECTUEE CHEZ SCAK copak muvunga
- Rapport de Suivi_AP11 SCAK_Cocoa Kivu_Juin 2017
- Rapport de Suivi_AP11 SCAK_janvier 2017
- Rapport EF_Virunga Coffee_AP07_ Déc 2016_RB

- Rapport EMP_ Twin_ 2016
- RAPPORT IFCCA FORMATION PLAIDOYER ET LA CARTOGRAPHIE A BENI - Translate
- Rapport Monitoring_Virunga_Juin 2016
- Rapport résumé_visite de monitoring COPAK AP14_Juin 2016
- Rapport technique et financier - Station Sundried
- Rapport trimestriel Virunga Coffee (Janvier-Mars)
- Rapport_Monitoring_Virunga_ AP07 Q4_2017
- Rapport_Viste de Monitoring SCAK Q2 2017
- Réalisation des activités de COPAK
- Report of the mid-term o f coffee pilot project with CoffeeLac, Territoire Mahagi Ituri
- REPORT OF THE MONTH OF DECEMBER 2016 / Project to support the improvement of the quality of cocoa yields.
- REPORT OF THE MONTH OF January 2017 / Project to support the improvement of the quality of cocoa yields.
- REPORT OF THE MONTH OF March 2017 / Project to support the improvement of the quality of cocoa yields.
- Résultats Clés Evaluation 3 pilotes café au Kivu Sopro,DK et CL
- Root Capital DRC Lending and Advisory 2017-18
- Root Capital Partnership Agreeement
- Root Capital Partnership closing report
- SCAK Partnership Agreement 1
- SCAK Partnership Agreement 2

- Scak Partnership closing report
- Soprocopiv Partnership closing report
- Sporocopiv Partnership Agreement
- Suivi Processus de plaidoyer pour la publication de la loi agricole
- The Art of the Possible-BE reform in DRC
- TWIN Partnership Agreement
- Twin Partnership closing report
- Virunga database
- Virunga Partnership Agreement 1
- Virunga Partnership Agreement 2
- Virunga Partnership closing report
- ITT Root Capital D2 16 10 17 (Enregistré automatiquement)

Annex A Terms of reference

Post Project Evaluation

2019 Sector and Intervention Study Framework

Introduction

This document builds on the DSU's Final Evaluation Design Paper (22nd March 2019). The evaluation approach for ELAN will focus on assessing the extent to which (a) expected MSCs are realised and sustained, and (b) additional impact (measured as modelled NAIC) is realised. Two types of evaluation study will be conducted for ELAN.

- Sector Studies will examine the extent to which Market Systems Changes are sustained, potentially leading to wider impact (through Expansion and Response) beyond the enterprises with which ELAN directly engaged and supported.
- Intervention Studies will focus on testing the extent to which those interventions that are anticipated by ELAN to have the greatest impact (measured in terms of aggregate NAIC) do indeed achieve this, based on testing the ELAN design assumption that a significant proportion of total impact was expected to occur after the completion of implementation.

The combination of the two types of studies, relies both on the testing of a new approach, via the Sector Studies, and the application of tried and tested methods, via the Intervention Studies which are modelled on the 2018 VRA. This is beneficial as it strengthens adaptability while also promoting technical soundness in evaluation processes. Additionally, the assessment of the wider systemic changes provided by the Sector Studies may be crucial in identifying interventions with higher than expected impact (based on ELAN's final NAIC projections).

This methodology note will focus on the approach for conducting one Sector Study and an Intervention Study within the selected sector. The next section details the objectives, selection of sector and methodological approach for the Sector Study. This is followed by the objectives, and methodological approach for the Intervention Study. The final section sets out a proposed action plan to operationalise the approach.

1. Sector Study

a. Sector Study Objectives

The Final Evaluation Design paper states that the purpose of ELAN Sector Studies will assess the extent to which market systems changes have been sustained or there has been further evidence of expansion and response beyond that which had occurred during project implementation. The evaluation questions which the sector studies will provide evidence/information for are:

- Relevance:
    - To what extent was ELAN appropriately designed to achieve its objectives including adapting to the changing context of DRC?
    - To what extent was ELAN and the interventions it supported appropriately designed to meet the needs of stakeholders and target beneficiaries?
    - To what extent did the intervention logic and assumptions of the ELAN project (and its interventions) hold during implementation?

- Effectiveness:
    - To what extent has ELAN led to improvements in market systems?
    - What factors have influenced the results achieved?
- Sustainability:
    - To what extent have the results of ELAN in terms of market systems change been sustained?
    - To what extent have ELAN interventions led to expansion and response beyond supported enterprises?

b. Selection of Sectors for 2019 Sector Study

The major sectors of ELAN are: Transport, Agriculture Perennials, Agriculture Non-Perennials, Access to Finance (A2F) Branchless Banking, A2F SMEs, and Renewable Energy. ELAN also has other additional activities which do not neatly fall into the above sectors however they could be explored as part of the above sectors, i.e. activities with cash working group under Markets in Crisis could be explored as part of the A2F Branchless Banking sector, while activities under Business Development Services could be explored along with initiatives undertaken in the A2F SME sector.

Of the above sectors ELAN has reported that "the sustainability and scale of the transport interventions are considered as low"[80]. These are mainly due to the sector being very fragmented with actors scattered over a wide area, a lack of sufficient support services for the sector and lack of political interest in reforming the sector. The DSU's assessment from the MTE and PCR also found that it is unlikely significant results will be achieved and additional data collection on it will not be informative[81].

The DSU has narrowed down on the following criteria for the selection of sectors for the pilot sector study in 2019. These are:

1. Limited or completed ELAN support: ELAN support to its partners has ended, or is limited to consolidation of interventions and withdrawal of support over its extension phase.
2. Work with project partners has matured: The project partners have had the time for innovations introduced by ELAN to have matured, to have been adapted to partner capacities and have taken root. This is essential for the sector study to be able to assess if the innovations have become a routine, regular part of business operations for partners and other firms.
3. A functional sectoral body: Towards the end of the project ELAN facilitated the development and/or strengthening of sectoral bodies to initiate meso-level changes. The sectors chosen should be those where these sectoral bodies have been autonomously designing strategies and focusing its roles for the medium term.

80 ELAN RDC Programme Completion Report
81 This is also mentioned in the Final Evaluation Design Paper

The table below indicates which of ELAN sectors' meet the above criteria and provides a rationale for the selection.

Table 9: Review of sectors against selection criteria

Sectors	Limited/ completed partner support	Matured impact	Functional sector body	Rationale/Explanation
Agriculture Perennials	X	X	X	• During the extension period ELAN worked only with 2 partners in the sector. • Support to Sector bodies (IFCCA and ASSECCAF) focused mostly on monitoring activities. • ELAN has worked with most firms in the sector and claims that firms have the ability to learn and replicate in this sector.
Agriculture Non-Perennials	X	X		• Although work with partners has completed, during ELAN's extension period the focus was on establishing a mechanism of learning transfer with agro dealers. • Sector bodies (EAGC and TASAI) have been established. ELAN's extension focused on designing and strengthening their strategic direction. It will take time to see how the strategic direction is implemented.
A2F Branchless Banking	X			• The innovations are still new (i.e. Lona o Defa product, expansion of agent banking) and will take some time to mature and be adapted by partners.

				• Work in major sector level changes such as interoperability remained an area of focus during ELAN's extension. • There is no sector level body - the major MNOs started collaboration while working on interoperability and work on this was ongoing during the extension period.
A2F SME	X	X		• ELAN laid much of the ground work for this sector during its implementation period (i.e. on leasing, insurance etc.) but actual changes started taking place during the extension period hence these innovations will take some time to mature. • Major innovation completed was collateral management (CMA)
Renewable Energy	X	X		• Work with all partners were completed by December 2018 • The extension period focused on strengthening the strategies of the newly formed sectoral body, and work on an advocacy campaign was planned for the last 2 months of ELAN's extension period. Progress due to this will take some time to show effects in the sector.

Based on the analysis above, the sector that ticks all criteria for 2019 is Agriculture Perennials. ELAN has not supported the partners in this sector directly during the extension period and sector bodies have also had more time to implement their strategies. Selecting one mature sector at this stage will allow the DSU to test the methodology for conducting sector studies and later adapt the methodology for the rest

of the sectors based on both the process for undertaking the studies, as well as the findings.

c. Methodological Approach

The principal aim of the sector study is to assess the extent to which the performance of market systems in the sector has been improved as a result of ELAN's interventions.

i. Systemic change with the Adopt-Adapt-Expand-Respond (AAER) Matrix

ELAN uses the AAER framework to monitor changes in market systems and has defined indicators to capture whether systems have changed due to ELAN's interventions. The indicators agreed between DFID and ELAN for illustrating systemic change are given in the table below. The DSU however believes that the indicators given below do not entirely capture how the market system functions differently. The indicators instead reflect how certain market players, due to programme support, are implementing new innovations. The DSU also believes that actors reflected in the 'Expand' quadrant should be those who have been encouraged to change behaviour without programme funding and 'Response' should include actors in other market systems who change behaviour again without extensive support from ELAN through funding or otherwise. ELAN however disagrees with this proposition, claiming programme support is essential in the thin markets of the DRC.

Table 10: AAER and corresponding ELAN logframe indicators

ADAPT	RESPONSE
OPI-1.2 Cumulative number of programme partners who continue to independently pursue activities which support the initial pro-poor innovation/change after the initial pilot has ended	**OP1-3.1** Cumulative number of market actors who are not competitors to the programme partners who change their practices, reinforcing the market system changes supported by the programme - these market actors may or may not have a partnership agreement signed with ELAN, and may receive more support than those recorded under OCI-3 **OCI-3** Cumulative number of unassisted market actors replicating and/or responding to market system changes supported by the programme – these market actors can be supported but cannot have a partnership agreement and should receive less than 15 man/day technical assistance
ADOPT	**EXPAND**
OPI-1.1 Cumulative number of programme partners who have invested resources in an initial pro-poor innovation	**OPI-2.2** Cumulative number of competing market actors supported by ELAN that expand on innovations introduced by the

as a result of direct support from the programme, and intend to sustain this investment.	programme – this may include partners under ADOPT **OCI-3** Cumulative number of unassisted market actors replicating and/or responding to market system changes supported by the programme – these market actors can be supported but cannot have a partnership agreement and should receive less than 15 man/day technical assistance

Regardless of what definitions or indicators are used for the AAER, the indicators above do not reflect the qualitative nature of the change in market systems nor do they reflect how systems function in a fundamentally different manner such that they target the poor within the sectors. The above indicators also do not explicitly show if the changes among market actors are likely to be sustainable and resilient to external shocks. Thus the focus of the sector studies will be to explore the depth and breadth of the changes claimed by ELAN and assess whether the systems have sustainably changed the way they function, whether the changes are resilient to external shocks and whether the changes make the sector able to target and benefit the poor.

ii. Conceptual framework of Systemic Change

There are various definitions about what is Market Systems Change or what is Systemic Change, a few of which are given below:

> *Systemic change is defined as "change in the underlying causes of market system performance that leads to a better-functioning, more pro-poor market system". Systemic change offers the promise of evolving markets that continue delivering significant benefits to poor people over the long term. (Assessing Systemic Change, Alexandra Miehlbradt and Hans Posthumus 2018)*
>
> *Market system change is a change in the way core functions, supporting functions and rules perform that ultimately improves the poor's terms of participation within the market system. (The M4P Operational Guide, Springfield 2015)*
>
> *Systemic change is about altering 'functions or structures'. It is not about technological uptake of a new product or service if that does not alter the way the system operates for the benefit of the target group. (Systems and Systemic Change – Clarity in Concept, Ben Taylor 2016)*
>
> *"When we seek to "change" systems, we are actually seeking to influence the path of change, usually so that we see a sustained benefit to a given group of people" (Disrupting System Dynamics: A Framework for Understanding Systemic Changes," Fowler, Ben, Erin Markel & Timothy Sparkman, 2016)*

All of the definitions given above focus on systemic change being a change in how the system functions (rules, norms, actor behaviour, transaction patterns etc.) in a manner

that the system begins to cater to the needs of a marginalized group. Systemic change thus means:

Changes in the way the system performs: this can be reflected in the changes in the rules, norms, behaviours and relationships among system actors. These changes within the system will also be reflected in changes in transaction volumes, investment plans and patterns or in the functions carried out by different actors within the system ultimately affecting the causes of market failures, market inefficiencies and result in increased market integration and competition.

Catering to the needs of a marginalized group: The changes brought about in a system (rules, norms, behaviour of actors and their relations) should reach the programme's target marginalized group (poor and women), giving them a better deal than before and increasing the benefits they got from the market system.

It is also generally expected that systemic change will have scale (i.e. large numbers of the target group will be benefitted), be sustainable (i.e. can continue without programme support) and be resilient (i.e. it can be adapted by market players to continue to reach the poor even as external environment changes).[82]

For the purpose of the sector studies the focus will thus be on assessing how systems have changed within ELAN's sectors (keeping note of whether the changes are sustainable and resilient) and whether the system changes will continue to benefit the target groups.

The detailed questions that the 2019 sector study will seek to answer are given in the table below:

Table 11: Detailed evaluation questions for Sector Study

Evaluation Criteria	Evaluation Questions	Detailed Questions
Relevance	To what extent was ELAN appropriately designed to achieve its objectives including adapting to the changing context of DRC?	• What process did ELAN follow to assess the sector, identify the key MSC and assess the link between MSC and its target group? • How were the sector strategies and interventions designed so that the stakeholders are able to adapt to changing market contexts (e.g. socio-political, economic, conflict, policy, etc.)?
	To what extent did the intervention logic and assumptions of the ELAN project (and its interventions) hold	• What were the assumptions held by ELAN about the incentives and motivations of stakeholders and target groups? • How were the new business models affected by these assumptions?

82 Scale, Sustainability and Resilience have been identified by DCED as being key characteristics of systemic change. Assessing Systemic Change, Adam Kessler, Aug. 2014

	during implementation?	
	To what extent was ELAN and the interventions it supported appropriately designed to meet the needs of stakeholders and target beneficiaries?	• Were the MSC selected by ELAN key to reaching the target group of marginalized people (poor and women) through the stakeholders? What other key constraints existed in the sector?
Effectiveness	To what extent has ELAN led to improvements in market systems?	• To what extent have ELAN's interventions changed the investment patterns and plans of the market actors? How has it changed their relationships with other actors within the sector? What are the changes in transactions and terms of transaction among actors? • What forms of advocacy mechanisms are available to businesses in the sector due to ELAN's efforts? To what extent do businesses and government/other authorities cooperate to change the system in mutually agreed ways? • How are marginalized target groups getting access to, and benefiting from the changes? Are any of the target groups benefiting through indirect channels? What are those? • How have the key growth drivers and potential impact indicators suggested by ELAN in its Project Completion report changed with time?
	What factors have influenced the results achieved?	• What are the main factors/reasons for changes in roles relationships, functions, knowledge and capacities of key actors?
Sustainability	To what extent have the results of ELAN in terms of market systems change been sustained?	• Does there continue to be investment in project supported models and building internal operational capacity for the models? Do the actors have access to the necessary capacity to continue implementing the new business models? • How have the key growth drivers and potential impact indicators suggested by ELAN in its Project Completion report changed with time? • To what extent do market actors have the financial and management capacity to weather shocks and maintain or adapt the new business models? What plans/strategies do they have on how to respond to shocks? How much are

		they innovating to address new issues and changing context? • Have the changes in behaviour, practices and incentives of the target group, due to ELAN interventions, sustained?
	To what extent have ELAN interventions led to expansion and response beyond supported enterprises?	• To what extent are any businesses that were not partners of ELAN adopting the behaviours and business practices of the partners? To what extent are the business practices of the partners influencing or affecting the business practices of non-partners? • How supportive is the system around the new innovations? For example, are there supportive government regulations, are there complementary services to support the innovation? Do the models continue to reach the target group with benefits? • Have there been shifts (e.g., new formal rules, adoption of functions by actors, provision of complementary supporting functions) that reinforce changes in a system's trajectory? Do the changes in the system rules, norms and transactions continue to benefit the target group? • Are market actors able to identify new opportunities and take advantage of them? Given the existing market conditions, is there room for further growth within the sectors for existing actors, or for new entrants to the sectors? How likely is this to happen? • Have the changes in behaviour, practices and incentives of the target group, due to expansion and response, sustained?

d. Process of data collection

i. Secondary review

The above broad question areas will be further fleshed out into detailed sector specific questions based on a secondary review of documents on the sector and its interventions that have been shared by ELAN. This will include a review of any sector studies undertaken by ELAN, sector results chains, ELAN annual reports, ELAN project closing reports, partnership agreements within the sector, partner closure reports, intervention impact studies, and political economy reports on the sector or relevant partners.

Findings from the secondary review will lead to the following:

- Identification of the assumptions within the sector that led to the design of interventions;
- Understanding of the relevance of the sector and how interventions were designed within the sector to achieve changes and meet the needs of stakeholders and target beneficiaries;

- Identification of external factors that could have affected the interventions and achievement of results.

Based on the above, detailed interview questions will be prepared for ELAN's partners under each of its identified market system change (MSC) areas. The questions will include broader questions on how the market functions and how it has changed due to ELAN support and how the key growth drivers[83] have changed over the last year.

ii. Primary data collection

Primary data collection will be carried out using a mixture of KII, in depth interviews and FGDs.

- Key Informant Interviews (KIIs) will be conducted of association chairman/secretaries and ELAN staff.
- In-depth interviews: of intervention partners, partner field staff and other key stakeholders in the intervention.
- In-depth interviews or focus group discussions with partner field staff, beneficiaries and other stakeholders and key informants.

The table below includes a long list of market actors from which the DSU will select for primary data collection. For at least two of the partners below the DSU team will also try to meet with agronomists, post-harvest processing staff and some farmers to determine the extent and sustainability of the changes. The DSU team will also identify other market actors to meet during the interviews using a 'snowball' method.

Market System Changes		Proposed market actors
MSC 1.1	Exporters and/or processors set up Out-grower Scheme and provide extension services to smallholder farmers	Coffeelac, Soprocopiv, SCAK, Veco, Virunga-Olam, farmers, middlemen who buy from farmers
MSC 1.2	Exporter and/or processors support the installation of processing equipment for producers	Coffeelac, Soprocopiv, Virunga-Olam, SCAK, Kawa Kabuya, farmers, middlemen who buy from farmers, others,
MSC 1.3	Financial institutions commercialize credit products adapted to exporters needs	Root Capital, others
MSC 1.4	Exporters develop strategies to stimulate tax decrease	ASSECCAF, FEC, exporters,
MSC 1.5	Exporters/traders ensure Congolese coffee/cocoa marketing	ASSECCAF, IFCCA, Soprocpiv, middlemen who buy from farmers, others

Data collection will aim to collect the opinions, first-hand experience, and expert knowledge from key stakeholders appropriate for information triangulation and validation of MSC and achievement of wider market changes.

83 These were provided by ELAN in its Project Completion Report.

2. Intervention Study

a. Intervention study objectives

The 2019 ELAN intervention study will follow the model of the 2018 VRA through conducting in-depth assessments of the AP-07 intervention with the partner Virunga. This intervention has been selected as the one for which ELAN projects the greatest level of aggregate NAIC within the Agriculture Perennials sector.

The 2018 VRA exercise reviewed the evidence base and results reported based on questions that were structured around the DCED Standard criteria. In addition to those questions the Intervention study will also aim to answer the following evaluation questions:

- Relevance
  - To what extent was ELAN and the interventions it supported appropriately designed to meet the needs of stakeholders and target beneficiaries?
  - To what extent did the intervention logic and assumptions of the ELAN project (and its interventions) hold during implementation?
- Impact
  - What improvements in income delivered to target beneficiaries, contribution to poverty reduction, and any additional or unplanned impact can be attributed to ELAN?
  - What factors influenced the impact?
- Sustainability
  - To what extent have the results of ELAN in terms of market systems change been sustained?

b. Methodological approach

Virunga Coffee started collaboration with ELAN in 2015 to establish coffee micro-washing stations in North Kivu, about two years later in 2017 they were again given support to increase their processing capacity and provide GAP training and nursery establishment for coffee farmers. Virunga Coffee was later bought by Olam International which was exploring ways to establish a traceability system for coffee farmers. The intervention study will focus on this last partnership support from ELAN on the establishment of a traceability system. The intervention is expected to reach approximately 17,700 farmers by 2020 (14,103 by 2019) with an average NAIC of £64.

i. Secondary review

This will involve a thorough in-depth review of intervention documents from ELAN. The main documents reviewed will include: partnership agreements, partner quarterly progress reports, Intervention Tracking Tools (ITT), impact studies and questionnaires, impact study data, MRM reports etc. Based on a review of these documents questions will be developed for an interview with the ELAN team and intervention stakeholders.

ii. Primary data collection

The interview of ELAN staff that follows from the secondary study will be to provide further clarity on the documents and findings from ELAN's impact assessment/MRM studies. Interview of project staff and the document reviews will help to finalize tools for the interviews of intervention partner (Virunga-Olam), their staff and for beneficiary farmers. The next step will be to conduct KIIs and FGDs with the partner, partner staff and farmers.

- Key Informant Interviews (KIIs) of intervention partner.
- In-depth interviews or focus group discussions with beneficiaries/farmers and partner field staff.

Annex B Revised outreach and NAIC of the AGP sector

The table below presents revised estimates of numbers of farmers with increased NAIC and NAIC due to project interventions, and revised projections for aggregate outreach and NAIC for 2020. The revisions are made based on DSUs interviews during the sector study, MTE and 2018 Verification expercise and a review of ÉLAN's impact assessment study data. The generic assumptions for the revisions are:

- Partners in the coffee sector have all said they will not be expanding their investments in the sector over the next two years. They will however continue to maintain their current rates of exports, implying that the number of farmers benefitting will remain steady but will not increase. One exception is Virunga, who expanded the capacity of two sun-drying stations in 2019 by about 20%.
- Farmers in the coffee and cacao sector receive more incomes mainly in two ways:
    - Yield increases lead to additional incomes. ÉLAN's impact assessments of farmers in the cacao sector has good estimates of income. Impact assessments in the coffee sector do not measure increased net incomes, they measure increased revenues for farmers. Based on farmer interviews the DSU has revised down incomes due to yield increases in coffee sector by 60%.
    - Where farmers get a higher price for providing good quality produce at processing stations. In this case farmers' income increases occur due to increased prices and due to saving the costs incurred for processing.
- ÉLAN's estimates of outreach until 2018 and projected outreach up to 2020 in the cacao sector are based on partners paying a quality premium for all the cacao they purchase. However, interviews with partners found that exporters only pay premiums to the farmers who are registered with them. Intermediaries sourcing cacao do not pay premiums to farmers. Companies do not and cannot dictate prices to intermediaries for cacao sourced from other farmers. Outreach figures are revised down to number of farmers registered with cacao exporters.

- The projected outreach estimates also include projections of indirect beneficiaries where appropriate. The number of indirect beneficiaries is estimated based on the ratio of copying found by ÉLAN through its impact assessment studies. The DSU confirmed that cases of copying do happen from its interviews with farmers and agronomists who work in the field.
- No outreach is estimated for the interventions on tax reduction, access to finance and marketing of the sector.

The table below provides a more detailed, partner by partner explanation for the revised estimates. columns C, D and E of the table show ÉLAN's estimate of results and columns (F, G, and H) show the DSUs revised estimates and the rationale for the revisions.

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
ACCOMER (Oil Palm)	65	-	24,901	24,901	Cooperative membership is not expected to rise in the next two years.	65	-	24,901	24,901	
Soprocopiv	8,310	8,310	286,522	859,552	Members continue to benefit but cooperative does not show signs of significant growth in membership.	8,310	8,310	171,913	515,731	NAIC estimates revised to account cost of applying GAP

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
Twin	1,978	6,233	104,091	642,834	Membership of Twin is expected to grow between 50 - 100% every year.	1,978	2,188	104,091	328,709	Outreach has grown by 6% with ÉLAN support this rate has been maintained. With coffee market prices falling, and women coffee not separated. Assessment says first

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
										shipment did not happen
Virunga/ Olam International	10,957	17,749	703,589	2,748,926	Virunga has been purchased by Olam. They are ramping up support to SHFs through extension services / training. Sun drying has been quite successful,	11,627	15,617	619,693	2,231,553	Virunga interview: Export growth will level off, no new farmers registered, Virunga will consolidate outreach - buy more from existing farmers.

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
					and will be replicated.					
Domaine de Katale	645	645	6,919	20,756	Discontinued. No new beneficiaries expected.	645	645	4,151	12,454	NAIC estimates revised to account for cost of applying GAP
Coffeelac	3,168	3,168	255,529	766,586		3,168	3,168	255,529	766,586	DSU interviews: Coffeelac will not be expanding outreach but will continue

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
										to buy from existing farmers
CTM	5,254	5,254	939,293	2,817,878	Further beneficiaries are not anticipated for the future.	5,254	5,254	939,293	2,817,878	
SCAK	11,410	19,000	465,040	1,850,757	Growth in the sector is linked to crowding in by more farmers seeking to sell their cacao with	8,673	12,239	353,480	1,287,290	Outreach estimate revised down as SCAK only pays premium to registered farmers.

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
					greater quality and thus value					Cacao bought through middle men does not give farmers premiums. Future estimates are due to continued registration of farmers based on interviews

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
ASSECAF	78,905	78,905	1,408,501	4,225,504	The # of coffee farmers is only growing marginally, so total beneficiaries kept at historical numbers.					The 2018 verification exercise could not verify the impact of this intervention. It is likely to be negligible
AFDPE	2,062	2,062	74,438	223,315	Considering the fact that most of coffee farmers are part of	2,062	2,062	28,456	85,367	NAIC estimates revised to account for cost of applying

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
					ASSECCAF, future numbers have been frozen to avoid overlaps					GAP. Growth in outreach of coffee farmers unlikely, associations not active
COPAK	18,878	28,000	1,339,234	5,028,196	Harvested and traded cocoa is expected to grow in the future. New farmers are expected to harvest their	11,142	17,813	790,431	3,065,031	Premiums go to registered farmers not all farmers who sell to Copak. New beneficiaries are due to

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
					cocoa as they join the support and actions by COPAK					new registrations based on interview of Copak and indirect outreach estimated for 2019 and 2020.
Ets Masasi	1,406	2,918	52,080	238,933	Limited capital, will expand but only incrementally	1,406	1,406	52,080	156,239	Other companies in coffee have stopped expanding

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
										so it is likely they will too.
Ets Kahindo Muvunga	4,205	10,242	143,835	741,256	Limited capital, will expand but only incrementally.	4,205	5,529	143,835	497,903	As it is expected to expand in a limited manner, expansion rate is kept equivalent to minimum expected for other cacao exporters (i.e. at 15%) ÉLAN's proposed

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
										revision was at 50-75%, which seemed high
Cocoa Congo	12,615	12,615	-	-	Further beneficiaries are not anticipated for the future.					Farmers who supplied cacao to Coco Congo did not get a higher price for their cacao, so no NAIC
Total	**159,859**	**195,102**	**5,803,971**	**20,189,393**		**58,536**	**74,232**	**3,487,853**	**11,789,642**	

Partner	Aggregate Outreach (C)		Aggregate NAIC (D)		ÉLAN's Projections Narratives (E)	Aggregate Outreach (F)		Aggregate NAIC (G)		Rationale for revisions (H)
	2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020		2015 – 2018	2015 – 2020	2015 – 2018	2015 – 2020	
Total Poor	124,587	152,054	4,523,371	15,734,765		45,620	57,854	2,718,286	9,188,352	Assuming 78% are poor based on ÉLAN's poverty profiling study

Source: Based on ÉLAN' PWIG, impact assessments, partnership closure reports and DSU interview