

Evaluation of the Coffee Innovation Fund, Phase 1 & 2

The CIF at a glance

Main goal:

Increased profitability for
smallholder coffee farmers

Approach:

Idea competition for local
companies with up to 50.000 EUR
funding for 1-year pilot

Scope:

53 projects in 7 countries between
2019 and 2023

Budget:

4,6 Mio. EUR, funded by BMZ



Evaluation approach



Meta Analysis to understand the long-term impact of the
project and to identify lessons learnt



Assessment along the 6 **OECD/DAC criteria** (relevance,
coherence, effectiveness, efficiency, impact and sustainability)



41 interviews with project representatives and
stakeholders



Analysis of monitoring data and project
documents



Key findings



Recommendations

Needs based approach

The CIF played a crucial role in the initial stages and incubation of projects, serving as a catalyst for innovation. Funding enabled companies to develop prototypes, introduce impactful solutions, and enhance productivity in the coffee farming sector. It also facilitated market visibility and successful product delivery. Project designs were developed through joint efforts by partner companies and GIZ.



The success factors of speed, simplicity and strong ownership of the project partners should be maintained, so that innovative and good approaches can be tested quickly and, if possible, scaled and replicated.

Project partners should continue to be involved in procurement.

The successful combination of incentives, offering commercial advantages for private partners and development policy benefits for the coffee sector, should be further promoted.

Selection process

The multi-stage application process, including document screening and in-person interviews was well-structured and comprehensible, albeit occasionally too tedious and lengthy. The high volume of CIF applications necessitated an extensive review process.



Processes should be kept as lean as possible to maintain the character of an innovation fund.

The assessment process could be made more efficient with more specific selection criteria, facilitating the evaluation of qualitative data.

Consideration could be given to funding certain promising approaches in a more targeted manner.

Results monitoring

Each project was required to define its objectives, indicators, and milestones within its project concept. Progress towards these objectives and indicators was assessed as an integral part of the final progress reports. In view of the very small-scaled nature of the projects, it is justifiable that the results and activities were not systematically tracked by the CIF. It is worth highlighting that efforts were made by the CIF to monitor the achievements.



Monitoring efforts should remain lean to avoid overburdening project partners and the GIZ team. The focus should be on sustainable CD. The CIF could learn from the monitoring approach of the develoPPP programme.

Future CIF or similar initiatives should establish overarching indicators for projects to report to, enabling better results communication and streamlined monitoring.

It is recommended to establish baseline values as part of the development of the concept notes.



Key findings



Recommendations

Project duration

The one-year project duration of the projects posed a challenge for many project partners, particularly with contracting, implementation, and results monitoring within that timeframe. Additionally, agriculture projects are affected by seasonal variations and annual coffee harvesting.



While a one-year project duration can be upheld, flexibility in start and end dates should be incorporated to accommodate production cycles and equipment procurement.

Introducing a 3-month phasing-in and 3-month phasing-out period in each project would provide additional flexibility for implementation, especially for procurement and planning.

Successful projects should have follow-up opportunities, either through inclusion in the next funding round or by connecting them with additional investors, GIZ bilateral projects, or public institutions in their respective countries.

Sustainability

The sustainability of CIF results is bolstered by the scalability and replication potential of many funded projects, along with improved organizational and human capacities. Digitalization projects show promise for aligning with EU regulations on deforestation-free products and offer room for interoperability. However, risks to sustainability include limited connections with German development cooperation portfolios and partnerships with other potential financing partners, hindering continued support for promising projects beyond the pilot phase.



Instead of focussing on more projects to be funded, it should be considered to support the scaling of successful projects or to replicate approaches from some countries.

Additional measures for continued support of promising projects beyond the founding or pilot phase to lower the risk that results will not be maintained should be considered.

Synergies with political entities should be established early on to ensure the sustainability of CIF projects and secure ongoing political backing. This could involve involving political partners in project selection and implementation, or formalizing MoU aligning projects with government policies.

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