



Evaluation Study of the coffee innovation fund Phase 1 & 2



Introduction



main
level
Consulting AG

Contents

main
level

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1. *Methodology*
 2. *Results*
 3. *Conclusion & Recommendation*

main
level

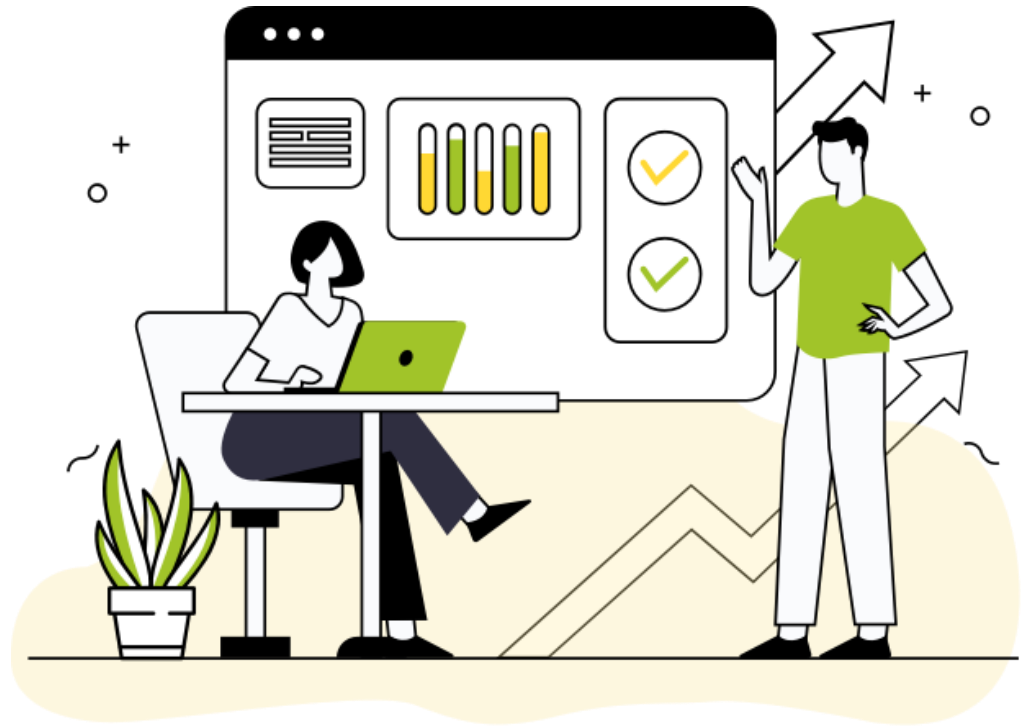
Methodology

Evaluation Questions

Meta Analysis...

- To **understand** and communicate the **long-term impact** of the project on the profitability of participating companies.
- To **identify measures to improve cooperation** between GIZ and private companies in future project phases.
- To **identify projects with upscaling potential** and learn from the least successful for the upcoming phase.

...not a case study of individual projects

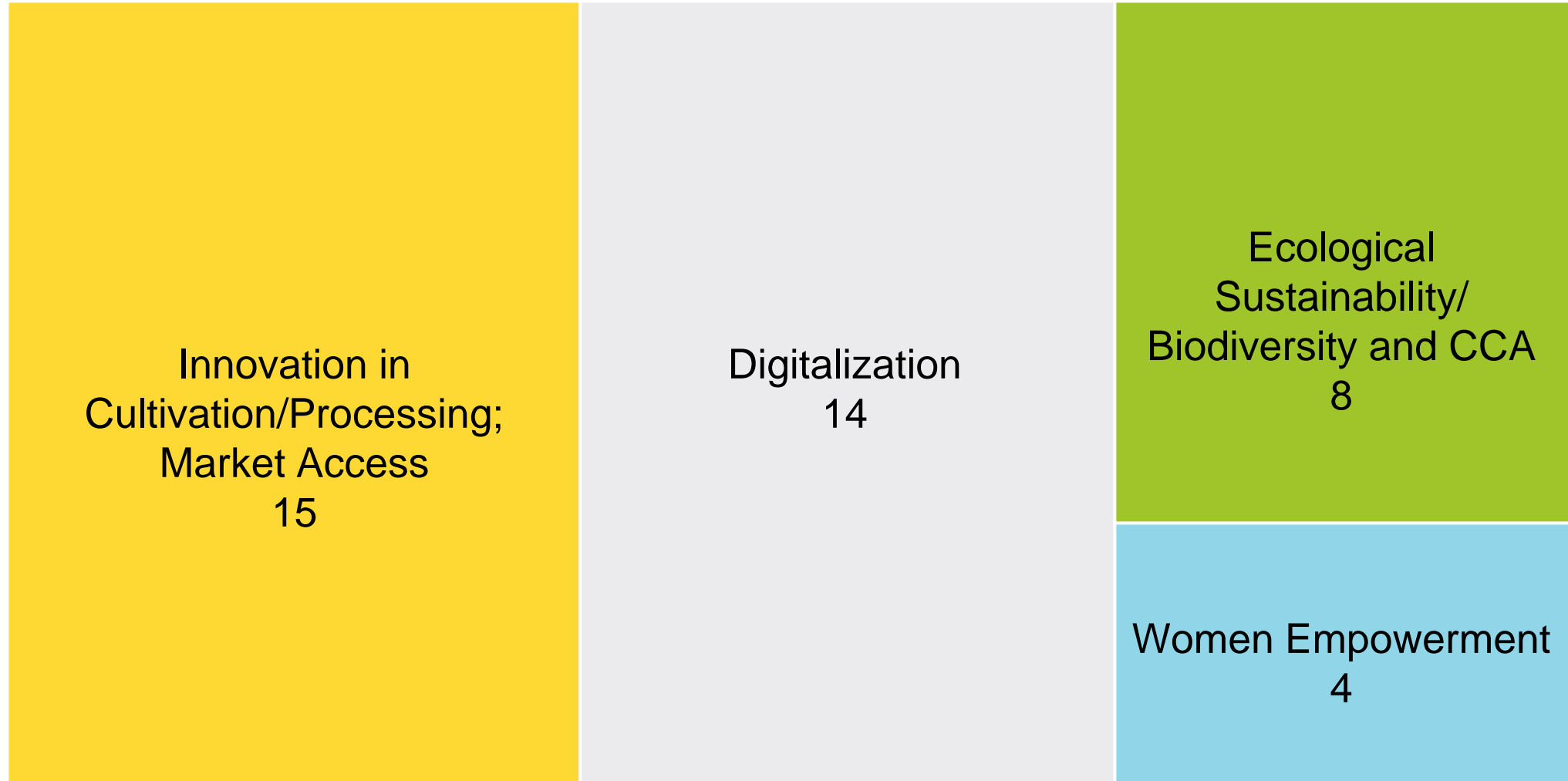


Evaluation process

- **OECD-DAC-criteria** were used to evaluate the project (relevance, coherence, effectiveness, efficiency, impact and sustainability)
- Team of **5 local consultants** from the countries
- Data collection in 08 – 10/2023
- **41 Interviews** with projects and stakeholders from the sector
 - Kenya
 - Uganda
 - Rwanda
 - Ethiopia
 - Indonesia



Main target of the 41 evaluated CIF-projects



Mixed method - Self assessment approach

...to what extent has the coffee production improved?



Not at all

Very much

Please explain and give an explanation...

-	+
Challenges to the result	Supporting arguments for the result

main
level

Results

The project rational (simplified ToC)

Impact

Decreased deforestation

Improved transparency and traceability systems

More profitable coffee cultivation for farmers (higher (living) income)

Improved gender equality

Scaling up and replicating successful projects

Outcome

Create more value locally

Improved production

Improved processing

Improved marketing

Improved market access

Commercial benefit for private partners

Improved knowledge exchange

Events

Factsheets

Handbooks

Output

Implementation by private partners + matching contributions (also in-kind)

Piloting innovative (digital) ideas

Gain experiences

Improved access to a broad network in the coffee industry

Input

BMZ/GIZ support projects with up to 50,000€ to cover cost of materials, technology and technical assistance

GIZ supports companies and cooperative in designing and implementing projects

External consultancy support

CIF as a Format – Design of the Project

Input

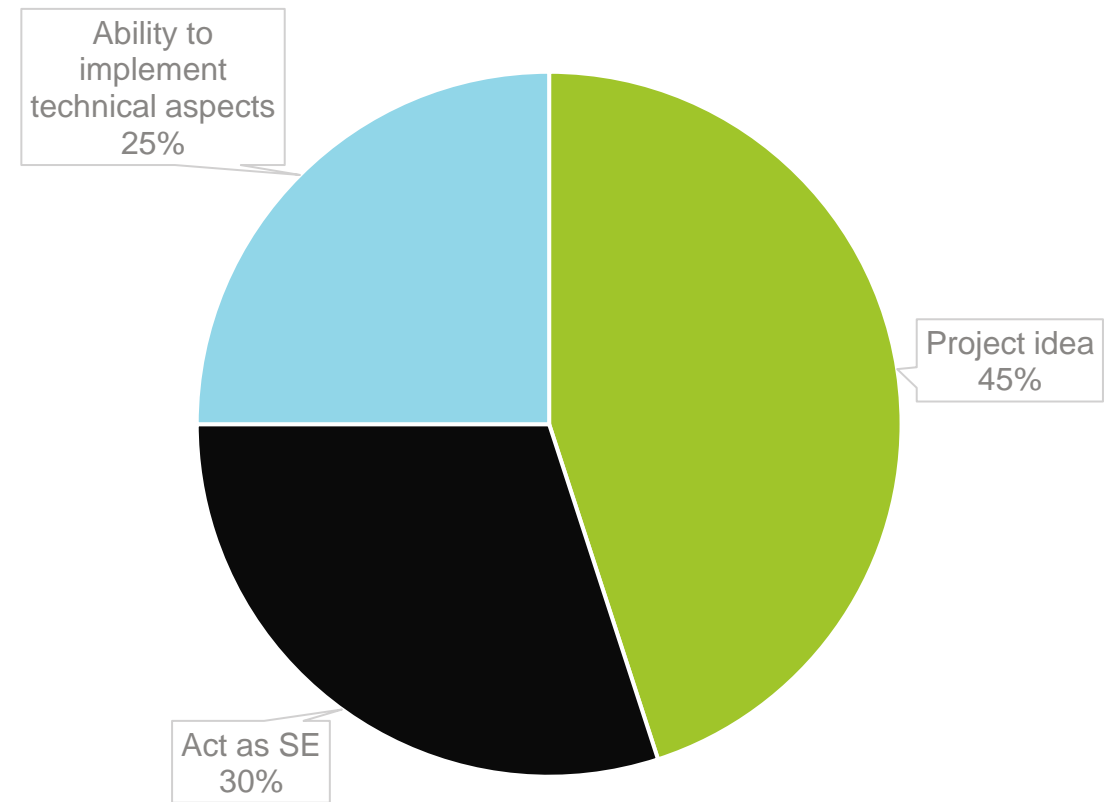
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Selection process

- **Project idea** was given a strong weighting (45%) which is very positive followed by capacity to act as social entrepreneurs (30%) and their ability to implement the technical aspects (25%)
- BUT **range** of funded projects was very **wide**, funding certain promising approaches in a more targeted manner should be considered.
- For larger companies application process was considered extensive compared to the budget (self selection)
- CIF promoted the **development and implementation of innovative practices**

Selection process



CIF as a Format – Design of the Project

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Implementation timeline

- Implementation period of 1 year had the challenge of harvesting periods
- bureaucratic processes associated with procurement services emerged as a formidable challenge, demanding significant time and effort

Monitoring

- Each project had it's own objectives and indicators, no general indicators on a global level

GIZ technical support

- GIZ expertise was very much appreciated, the same is true for all different exchange format with other projects.
- Next to consulting on the project idea it helped to develop the organisational capacities further

Amount of funding

- Amount is overall considered fitting especially with a 1-year period.

Success factors:

- commercial advantages for the private partners , speed, simplicity and at the same time strong ownership

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Direct objective:

Create more value locally for coffee producers

- **Improved production** was considered challenging due to the short 1-year duration of the projects. Focus was rather on capacity development and improved production will follow.
- Strongest effects on **improved processing especially through new innovations and equipment** (e.g., the introduction of a wet coffee processing method)
- **Improved marketing for coffee producers** was not the ultimate objective in many projects but rather marketing for the private partners themselves.
- **Improved market access** esp. through digital innovations, e.g. digital platform to facilitating the access of smallholder exporting coffee producers to international market

Outcome

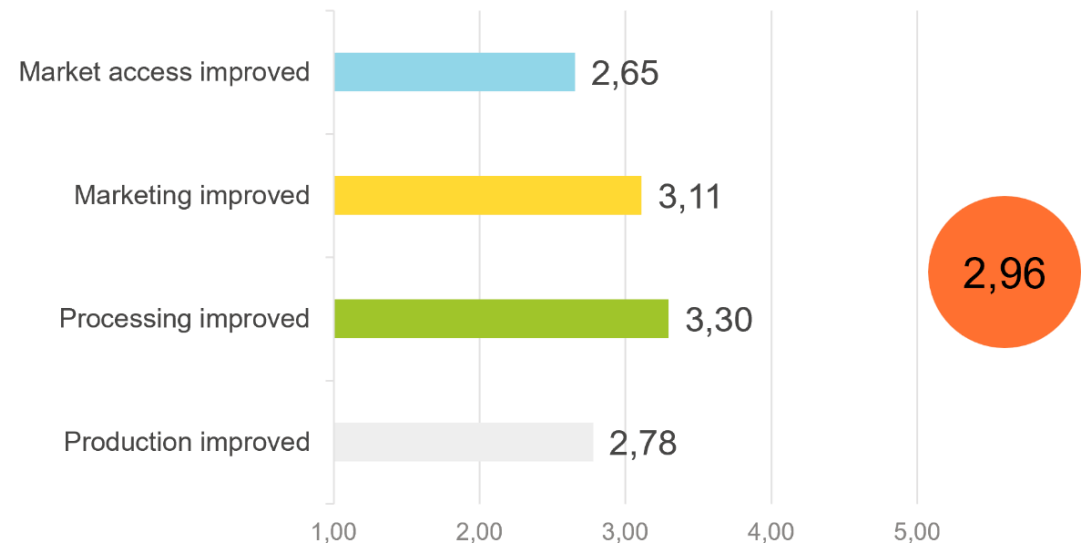
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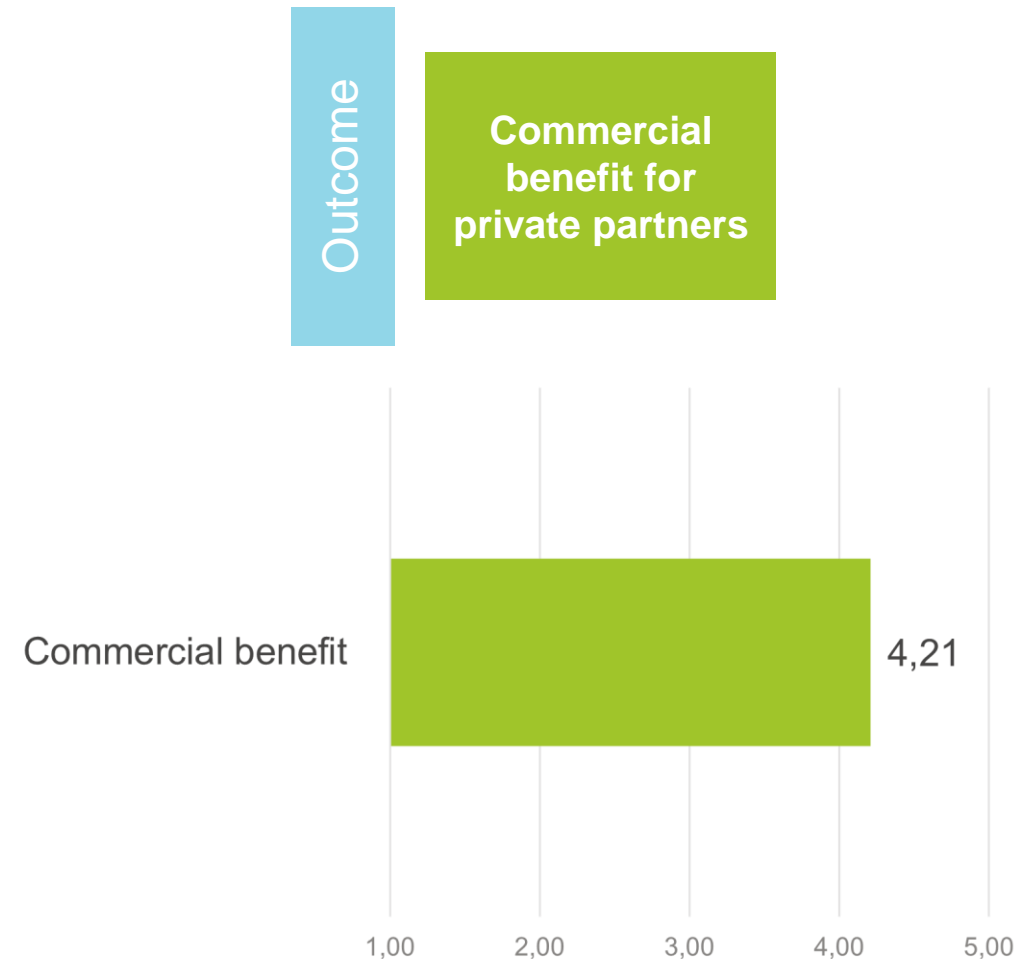
External consultancy support

Direct objective:

Commercial benefit for private partners

Direct **commercial successes** have so far only been observed to a **limited extent**.

- It is considered too early in many occasions a **“seed has been planted”**.
- Positive short-term effects if procurement of equipment was part of the project.
- More **efficient production processes** can be observed through improved business models. Instead of more income, a **reduction in product costs** can be observed.
- Improved **quality of coffee beans through innovative cultivation processes** led to increase their sales.
- CIF was in some cases a lifeline during and after COVID-19 and acted as a kick-starter in the recovery of many project partners.



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Direct objective: Improved knowledge exchange

Positive effects especially for **SMEs** through

- the technical expertise and guidance of GIZ,
- extensive network of GIZ
- high relevance of **events and trainings** in fostering a **collaborative environment** among coffee farmers, researchers, and other stakeholders (learning from each other)

Learning events and targeted training sessions proved beneficial for farmers, offering valuable insights and practical skills.



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Long term objective:

More profitable coffee cultivation for farmers

Overall, **too early to see effects** in profitability of coffee farmers. Future harvesting seasons are needed to observe effects.

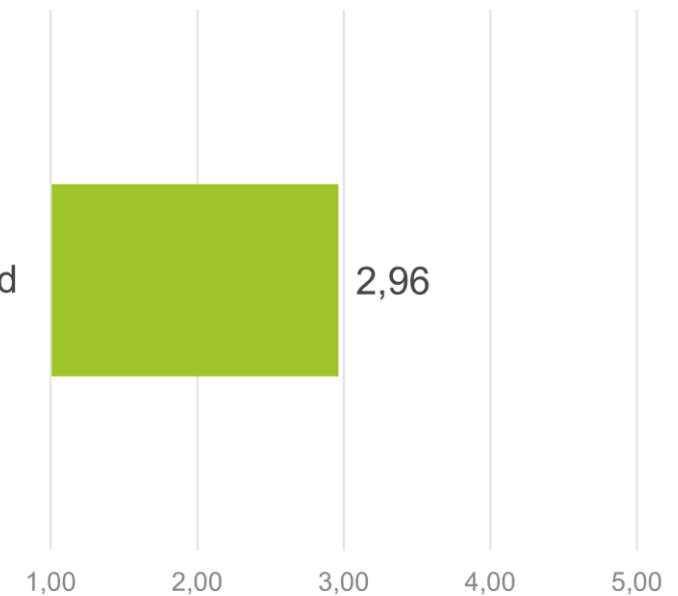
Short-term results:

- through introduction of **new machinery** e.g., for drying and processing
- exploration of **new marketplaces** that enable projects to sell their produce at more favourable prices
- **improved coffee quality** through better processing and increased buying prices were noted
- **savings** due to reduced costs, such as those related to self-made fertilizers

Impact

More profitable coffee cultivation for farmers (higher (living) income)

Profitability increased



Long term objective: More profitable coffee cultivation for farmers

An improvement in **living income** should be linked to a greater diversification of income

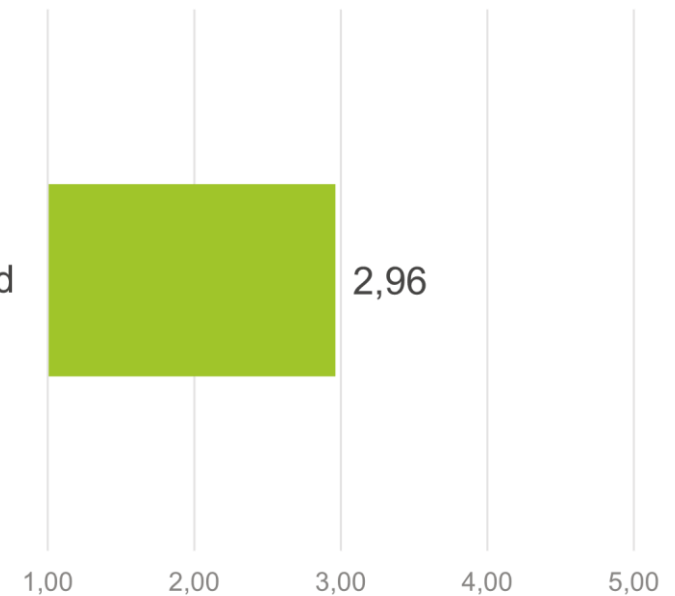
- Farmers depended on market price, weather conditions and external factors

Only a very limited number of supported projects focused on the diversification of income for coffee farmers.

Impact

More profitable coffee cultivation for farmers (higher (living) income)

Profitability increased



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Intended side effect:

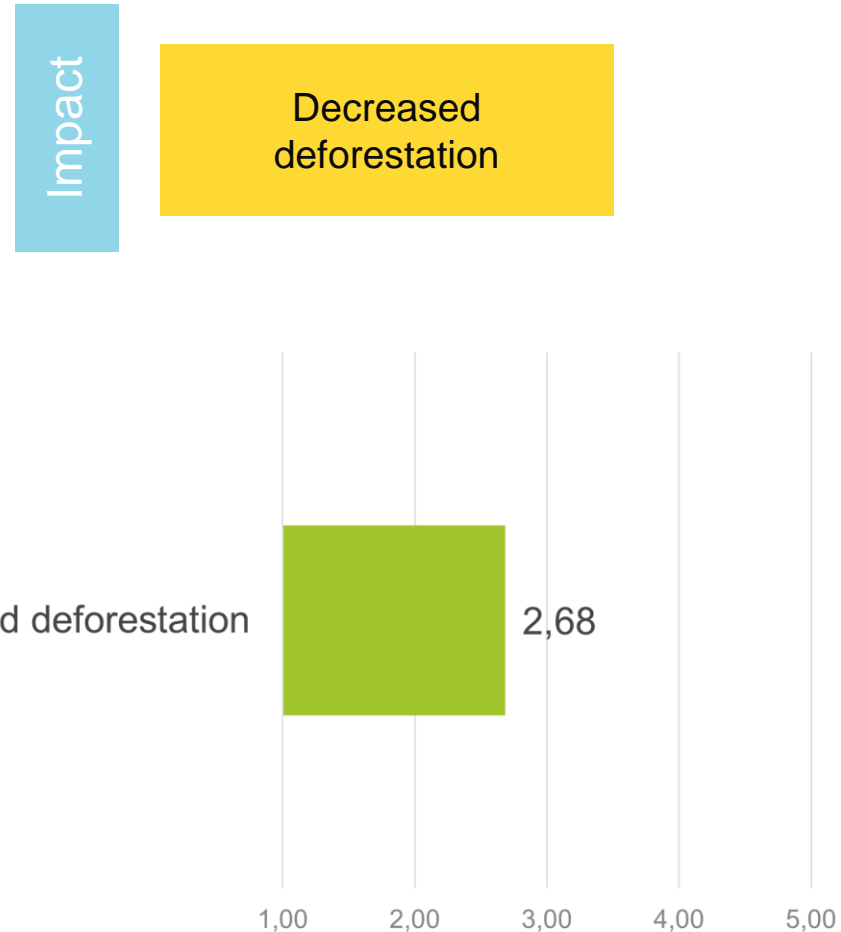
Decreased deforestation

The project **raised awareness** among farmers, exporters, and buyers regarding the issues associated with deforestation

- In several cases, a reduction in deforestation was **not a specific focus of the projects**.

Specialized projects e.g.,

- digital projects contribute to the establishment of transparent coffee supply chains
- Carble B.V. in Ethiopia, which utilized remote sensing to monitor deforestation activities
- Projects focusing on climate change mitigation demonstrated significant success through soil cover improvements



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Intended side effect:

Improved transparency and traceability systems

Significant **potential for digital tools** to contribute to transparency and traceability.

Positive outcomes have already been observed,

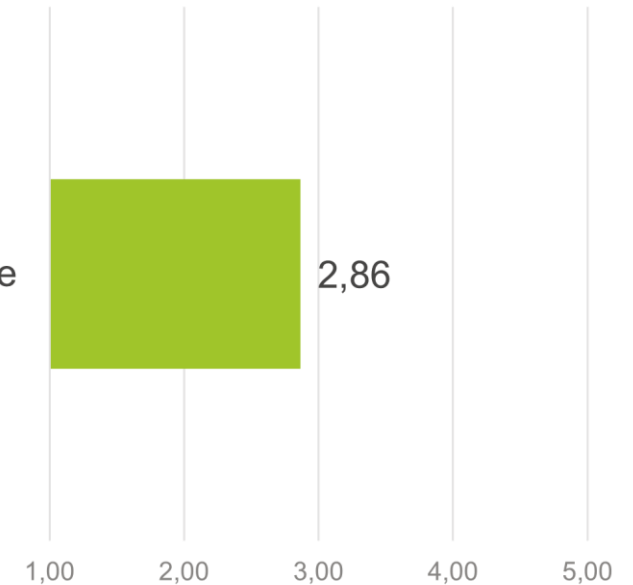
- through digitized management systems of deforestation-free practices,
- online coffee trading platforms and
- end-to-end traceability systems

Full potential has not yet been realized due to pending further implementation.

Impact

Improved transparency and traceability systems

Transparency and traceability of the coffee value chain improved



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Intended side effect: Improved gender equality

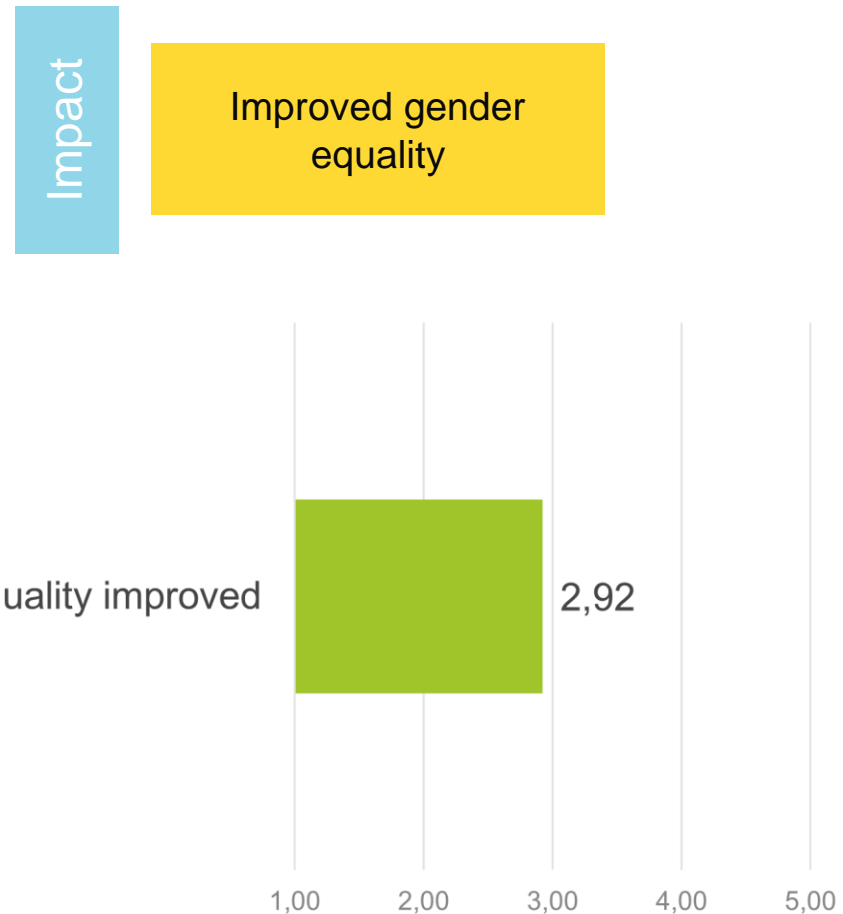
Overall, moderate effects if gender is not the explicit focus of a project.

In the sample of the evaluation only 10% had a gender focus. Approximately 1/3 of all CIF projects address gender-related issues but rather as side effects.

- Between 05 – 09/2022 a total of 9,235 women were directly reached by 19 projects

Projects with an explicit gender focus with positive effects e.g.

- Through capacity building among 266 female coffee farmers to employ good coffee farming practices,
- Strengthening the financial independence through training of women's associations and marketing campaigns. Sales increased by 21% for the period 01 – 06/2022



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Intended side effect: Scaling up and replicating

Scalability and replication potential played a pivotal role in the selection process

44% have already scaled-up e.g.,

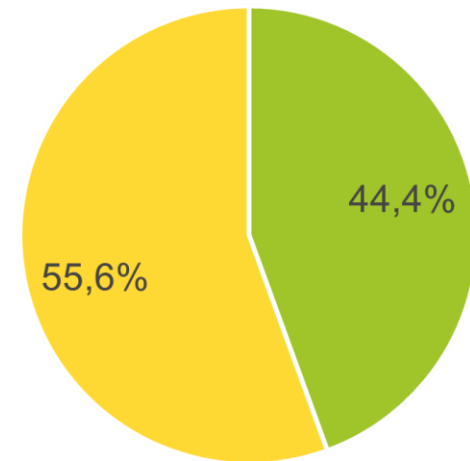
- expanding training to more farmers by Baca Development Partners in Kenya.
- Collaboration with partners from the industry by introducing yeast in the fermentation process implemented by So So Good Coffee in Indonesia
- Transferring an innovative, low-cost coffee processing system to deliver premium and specialty-grade coffee beans **to two new sites**, implemented by Tanamera in Indonesia.

Impact

Scaling up and replicating successful projects

Did you already scale your project up?

- Yes
- No



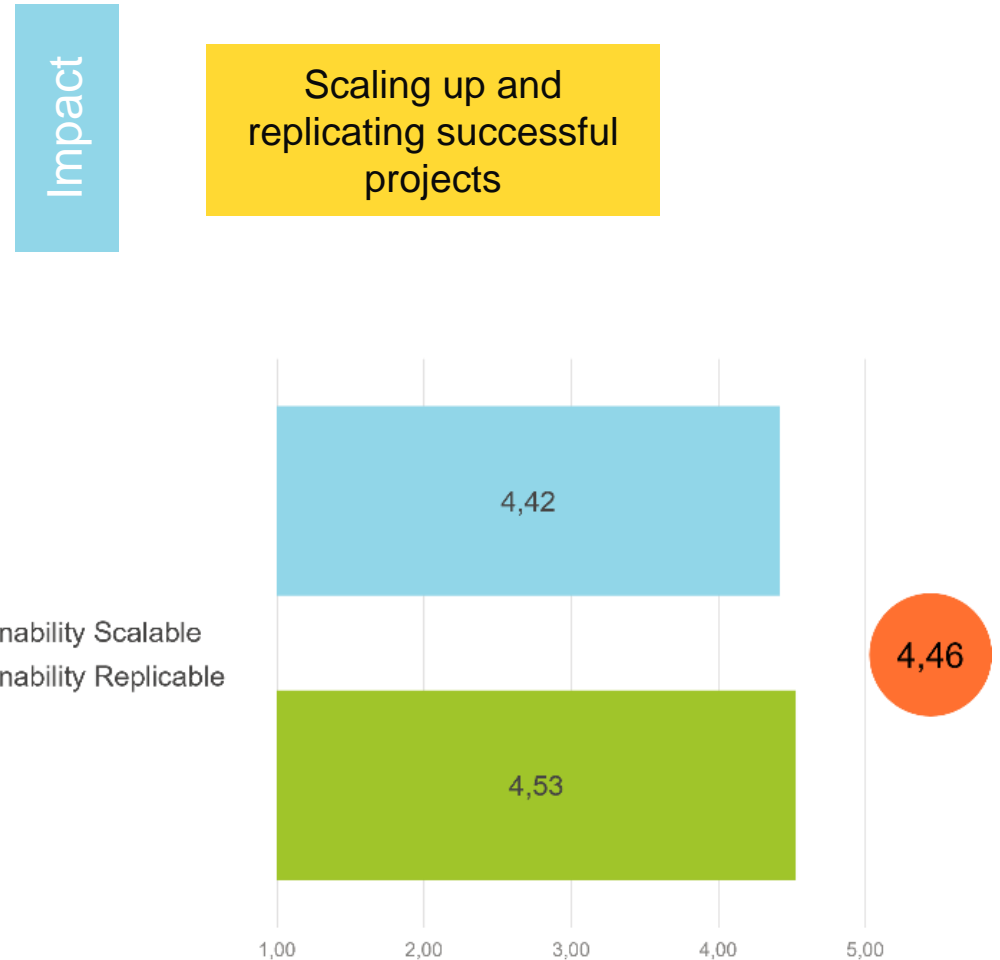
Intended side effect: Scaling up and replicating

Partners expressed **strong confidence in replication** and scaling potentials

- 4.46 self-assessment
- Especially **digitalization projects** seem to be scalable,
- Projects in the realm of sustainability/ biodiversity/ CCA/ CCM have only modest potential for scaling but high replication potential

But additional **financial input** and access to finance are often needed to scale further.

Interoperability of digital tools is assessed to be possible in order to not create silos.



main
level

Conclusion

Conclusion

Some **hindering factors** remain

- a relatively **short** (one year) **implementation period** (especially for agricultural endeavours)
- **Procurement processes** and delays in contract management
- Funding in a **more targeted manner** and less broad range should be considered
- **Support to scale-up successful projects** would be needed
- **Overarching targets** should be communicated and measured

According to
their report,
everything is
awesome.



Yeah, that
worries me
too.



fresh spectrum

Conclusion

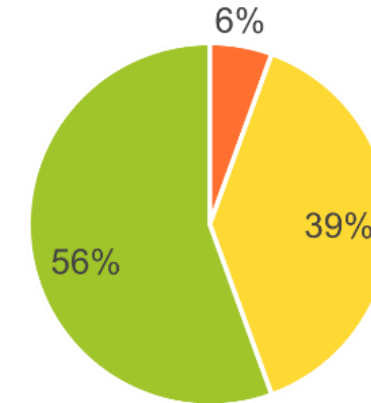
CIF turned out to be essential for the

- **foundational stages** and **incubation** of projects as a **catalyst for innovation**.
- **Good selection process**, a **needs-based approach**.
- considering bureaucratic processes of German DC it was considered **a lean approach**.
- First **results** can be observed; however, they are rather **short term**. Too early yet to measure medium to long term results.
- Amount of **funding is adequate** to reach small and medium enterprises.

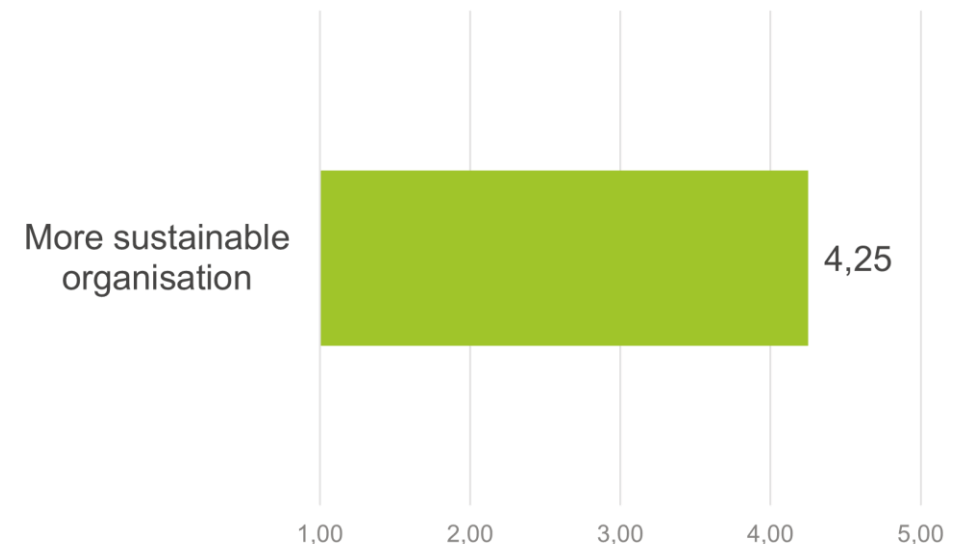
Enhanced organisational capacities:

- Organisational structures more formalized
- Technology and equipment procured

Achievement of intended objectives



- 1 = Aborted
- 2 = Not achieved
- 3 = Partially achieved
- 4 = Achieved as planned




Thank you

main level

Selected References

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

KFW

 Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

 European
Commission

 COUNCIL
OF EUROPE CONSEIL
DE L'EUROPE

 AUSTRIAN
DEVELOPMENT
AGENCY

 unrwa
الأونروا

 **UNHCR**
The UN Refugee Agency

 DAAD Deutscher Akademischer Austauschdienst
German Academic Exchange Service

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