Allanblackia Supply chain as a Strategic Alliance with Unilever R&D Netherlands

Case Study ADA Business Partnership, Tanzania

DRAFT

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Supply chain in Allanblackia as a Strategic Alliance with Unilever R&D Netherlands: Case Study ADA Business Partnership, Tanzania

Project title: "Strategic Alliance: Profitable Rural Allanblackia Development (PRAD)"

Project location: Tanzania, Ghana[1]

Project number: 2006-092

Project period: January 2007 – December 2009 (3years)

Contribution to project budget: ADA: 485,000 € (32%); Unilever R&D Netherlands: 685,000 € (45%), others: 352,000 € (23%)

Evaluation period: 24.09.2008 – 01.10.2008

Evaluation visits: Dar es Salaam, Morogoro, Tanga (Tanzania)

Evaluator (s): Erika Bürkle, Markus Palenberg, Global Public Policy Institute (GPPi)

The present evaluation is part of a review of the ADA's Development Partnerships Program (Wirtschaftspartnerschaften, WiPa) which the Global Public Policy Institute (GPPi) has been invited to conduct after an open tender process. Between March and December 2008, the evaluation team has reviewed the partnerships on program level through numerous interviews of all relevant stakeholders and decision makers in Austria as well as an online-survey of all Austrian and European enterprises participating in the program. As part of the evaluation of the program, eight individual projects were visited on-site. The synopsis of six of these field visits are summarized in project reports such as the present document.

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[1] The project is implemented in both countries, Tanzania and Ghana. This report, however, only reviews the project component implemented in Tanzania as this is where the field visit conducted by the team of evaluators took place.

Executive summary / Zusammenfassung

Die vorliegende Fallstudie ist das Ergebnis eines Vor-Ort-Besuches des Evaluierungteams des Global Public Policy Institutes (GPPi), der im Zeitraum 24.09.2008 – 01.10.2008 stattfand. Der Besuch fand ihm Rahmen einer Evaluierung des Wirtschaftspartnerschaften-Programms (WiPa) der Austrian Development Agency (ADA) statt, bei der insgesamt acht Projekte durch Vor-Ort-Besuche näher untersucht wurden. Sechs dieser Projekte wurden in detaillierten Fallstudien wie dieser behandelt.

Projektbeschreibung

Das definierte Ziel des Projektes ist der nachhaltiger Anbau von Allanblackia-Bäumen, damit Allanblackia (AB) zu einer profitablen und stabilen Einkommensquelle für Kleinbauern in Tansania und Ghana werden kann. Das Vorhaben besteht aus zwei Komponenten: Zum einen sollen Lieferketten für Allanblackia in Tansania und Ghana aufgebaut werden. Zum anderen sollen diese Lieferketten in solch einem Umfang ausgebaut werden, dass Kleinbauern langfristig daran interessiert werden, Allanblackia-Bäume auf ihren Anbauflächen anzupflanzen und zu ernten. Um einen groß angelegten Ausbau der Lieferketten zu ermöglichen, werden Baumschulen und landwirtschaftliche Ressourcenzentren gegründet, die neue AB-Setzlinge produzieren und unter den Bauern verteilen sollen.

Der Erfolg des Projektes soll, wie im Projektkonzept festgelegt, anhand der folgenden fünf Ergebnisse gemessen werden:

- Die Lieferketten in Tansania und Ghana sind im Vergleich zum 2006 produzierten Volumen verdoppelt worden und die Qualität des AB-Öls entspricht internationalen Standards.
- In Tansania werden Studien zur ökologischen und sozio-wirtschaftlichen Wirkung des AB-Anbaus durchgeführt.
- Ein AB-Vorstand wird jeweils in jedem der beiden Projektländer aufgebaut.
- Das Know-how zum AB-Anbau wird erweitert.
- Kleinbauern werden dazu motiviert, rund 50 AB-Bäume auf ihren Farmen anzupflanzen.

Als Vertragspartner der Partnerschaft fungieren die ADA und Unilever R&D Niederlande. Die Projektdauer wurde auf drei Jahre (Januar 2007 – Dezember 2009) mit einem Budget von insgesamt 1.522.000 EUR festgelegt, wovon ADA 485.000 EUR (32% der Projektkosten), Unilever R&D Niederland 685.000 EUR (45% der Projektkosten) und dritte Partner 325.000 EUR (23% der Projektkosten) übernehmen.

Projekttypologie

Für die Evaluierung auf Programmebene wurden Bewertungskriterien definiert und eine Typologie für Entwicklungsprojekte entwickelt, gemäß der auch das vorliegende Projekt bewertet wird. Es kann festgestellt werden, dass das Projekt die Merkmale eines Vorhabens aufweist, welches auf die Entwicklung oder den Ausbau einer Lieferkette für bestimmte Produkte oder Dienstleistungen abzielt. Durch eine solche Partnerschaft zwischen dem öffentlichen und dem privaten Sektor wird die Produktion, Verarbeitung und Vermarktung von Produkten oder Dienstleistungen im Partnerland vorangetrieben. In der Partnerschaft mit Unilever R&D Niederlande handelt es sich um das aus Allanblackia erzeugte Öl, welches für die Produktion von Lebensmittel wie auch Kosmetik- und Reinigungsprodukten verwendet werden kann. Schon jetzt wird in Deutschland Margarine auf AB-Öl- Basis verkauft.

Relevanz

Die Relevanz des Projekts steht in direktem Zusammenhang mit den Zielen des WiPa-Programms, die in den Richtlinien erklärt werden. Nach der Bewertung dieser Dimension vom Standpunkt des WiPa-Programms aus kann dieses Projekt als sehr relevant bezeichnet werden, da es mit den Zielen des WiPa-Programms übereinstimmt. Diese Dimension wird mit der Note „sehr gut“ bewertet[2].

1. Die WiPa liegt im kommerziellen Interesse der beteiligten Unternehmen: Die Untersuchung des Business Case zeigte, dass es durchaus im Geschäftsinteresse des Unternehmens liegt, die AB-Lieferkette aufzubauen. Öle und Fette werden für die Produktion mehrerer Produktlinien von Unilever gebraucht. Alternative sind nicht zahlreich und oftmals von niedrigerer Qualität oder in der Öffentlichkeit umstritten (siehe Palmöl).

2. Die WiPa liegt im entwicklungspolitischen Interesse des Ziellandes bzw. der Zielgruppen der Entwicklungszusammenarbeit: Das Projekt erreicht die Entwicklungsziele sowohl des Partnerlandes als auch der Zielgruppe, da damit zusätzliches Einkommen für Kleinbauern geschaffen werden kann. Mehrere internationale Entwicklungs-organisationen haben sich dafür entschieden, Tansanias landwirtschaftlichen Sektor im Allgemeinen und die Allanblackia Initiative im Besonderen zu unterstützen. Die Partnerschaft ist aus der Sicht der ADA und anderen Vertretern der internationalen Gemeinschaft relevant.

3. Die WiPa nutzt Synergiepotenziale zwischen öffentlichen und privaten Leistungen: Die Synergien zwischen den öffentlichen und den privaten Partnern (finanzielle Synergien oder Synergien der Leistungserbringung) gehen nicht nur von den Partnern

[2] Entsprechend dem österreichischen Schulnotensystem wird hier das Benotungssystem von 1 bis 5 verwendet: 1 = sehr gut, 2 = gut, 3 = befriedigend, 4 = genügend, 5 = nicht genügend.

ADA und Unilever R&D Niederlande aus, die dieses Projekt ko-finanzieren, sondern auch von verschiedenen Partnerorganisationen, die an den unterschiedlichen Phasen der Projektumsetzung beteiligt waren.

4. Die WiPa mobilisiert zusätzliche private Mittel für entwicklungspolitische Anliegen: Zusätzliche Gelder und zusätzliches Fachwissen wurden in dieser Partnerschaft nur zum Teil mobilisiert. Es kann davon ausgegangen werden, dass sich der private Partner auch ohne ADA an einem ähnlichen Projekt beteiligt hätte, da Unilever R&D Niederlande bereits seit 2000 an Allanblackia geforscht hat. Allerdings werden alle Projekte, die Unilever in der Novella Africa Initiative zum Aufbau von AB-Lieferketten in fünf afrikanischen Ländern betreibt, von unterschiedlichen Geberorganisationen ko-finanziert. Diese Projekte in ihrer Gesamtheit benötigen Investitionen, die das Unternehmen alleine nicht auf sich genommen hätte.
5. Positive Entwicklungseffekte privater Wirtschaftsbeziehungen und Investitionen werden durch die WiPa maximiert (dadurch werden langfristig die Lebens- und Wirtschaftsbeziehungen verbessert): Das Projekt führt zu positiven wirtschaftlichen Entwicklungen, die durch zusätzliche Komponenten wie Trainingsmaßnahmen und Finanzplanung bzw. Zugang zu Finanzdienstleistungen für die Bauern auch über die AB-Lieferkette hinaus positive Auswirkungen haben werden.
6. Die WiPa erhöht durch komplementäre öffentliche Leistungen die Effizienz und Nachhaltigkeit privatwirtschaftlichen Engagements (und erzielt damit positive gesamtwirtschaftliche Effekte): Die Effizienz des Projektes ist durch die Partnerschaft *per se* nicht maximiert, jedoch erhöht sie durch ein größeres Budget die Zahl der Benefiziare (Kleinbauern), die von der Maßnahme profitieren können. Die Nachhaltigkeit wird nur zum Teil erhöht (siehe Beispiel Trainingsmaßnahmen). Die Nachhaltigkeit hängt jedoch vor allen Dingen von der Marktsituation für AB-Öl ab, und den Preisen, die die Bauern beim Verkauf erzielen können.
7. Die WiPa stärkt lokale Klein- und Mittelbetriebe durch Partnerschaften mit europäischen Unternehmen (und ermöglicht ihnen die Chancen der Globalisierung zu nutzen und einen Beitrag zur Armutsbekämpfung zu leisten): Zwei lokale Unternehmen werden langfristig als Handelsfirmen für Allanblackia aufgebaut (NDTL in Tansania und NDGL in Ghana). Hauptsächlich jedoch zielt das Projekt darauf ab, Kleinbauern zu stärken.

Wirkungslogik

Sechs Wirkungsketten können im Bezug auf dieses Projekt identifiziert werden. Sie zielen vor allem auf ein erhöhtes Einkommen von Kleinbauern, die Schaffung von neuen Arbeitsplätzen bei dem lokalen Projektpartner und auf den Erhalt der Biodiversität in der Projektregion ab. Die Wirkungslogik der Projektaktivitäten ist schlüssig und wird mit „sehr gut“ bewertet.

Wirkungshypothese

Die den Wirkungsketten zugrunde liegenden Annahmen scheinen plausibel. Diese Dimension wird mit „gut“ bewertet. Auf der einen Seite kann zwar angenommen werden, dass die geplanten Projektaktivitäten zu Mehreinnahmen bei den Bauern führen werden, jedoch hängt deren Höhe und Nachhaltigkeit von äußeren Faktoren ab, die nur bedingt durch das Projekt oder die Projektpartner beeinflusst werden können. Sollten die Preise für AB-Öl langfristig fallen, oder der Markt übersättigt sein, werden die zusätzlichen Einnahmen, die ein Bauer durch das Kultivieren und Ernten von Allanblackia erzeugen kann, irrelevant.

Effektivität

Die Effektivität des Projektes ist zum größten Teil gegeben und wird mit der Note „gut“ bewertet. Die im Projektkonzept vereinbarten Ergebnisse (siehe „Projektbeschreibung“) sind nach rund zwei Jahren der Projektarbeit entweder erreicht, oder scheinen erreichbar zu sein. Lediglich bei der Etablierung von AB-Vorständen in beiden Projektländern scheint der Fortschritt begrenzt zu sein.

Bei der Frage der Additionalität, also der zusätzlichen Effekte im Vergleich zu einem Szenario ohne öffentlichen Beitrag, kann davon ausgegangen werden, dass Unilever R&D Niederlande dasselbe oder ein ähnliches Projekt auch ohne der Partnerschaft mit der ADA durchgeführt hätte. Der Alleingang von Unilever ohne ADA hätte nur eine begrenzte Zahl von Bauern einschließen können, und hätte sich ausschließlich auf Projektaktivitäten begrenzt, die im direkten Zusammenhang mit dem Aufbau der Lieferkette stehen. Somit hätten beispielsweise solche Maßnahmen wie landwirtschaftliches Training und Finanzberatung nicht stattgefunden. Es hätten auch weniger AB-Setzlinge an Projektbauern verteilt werden können, so dass es zweifelhaft wäre, ob Unilever die benötigten Volumina in Zukunft erreichen könnte.

Allerdings muss das Vorhaben als eine Komponente des Gesamtvorhabens zum Aufbau von AB-Lieferketten in allen fünf afrikanischen Ländern, die die Novella Africa Initiative einschließt, gesehen werden. Jedes einzelne Projekt für sich allein gesehen könnte unter Umständen, wenn auch mit Einbußen, von dem Unternehmen allein getragen werden. Die Einschließung aller fünf Länder, in denen zur Zeit AB-Lieferketten entwickelt werde, hätte ohne der Beiträge unterschiedlicher Geberorganisationen nicht stattfinden können. Jedoch liegt gerade darin der ausschlaggebende Punkt für die Entwicklungsstrategie der Geschäftsidee zur Allanblackia. Durch den Aufbau mehrere Lieferketten streut Unilever das Risiko und stellt gleichzeitig sicher, dass in Zukunft ausreichende Volumina an AB-Öl geliefert werden können. Gegebenenfalls könnten diese fünf Länder so viele Ressourcen produzieren, dass der Markt übersättigt wird und die Preise für das Öl der AllanblackiaNüsse fallen. Solch eine weitreichende Streuung des Risikos dieser Unternehmung kann das Unternehmen alleine jedoch nicht tragen, so dass davon ausgegangen werden kann, dass die Additionalität im Fall dieser Partnerschaft gegeben ist.

Effizienz

Die Effizienz des Projektes leidet unter den fehlerhaft geschätzten Beständen der wild wachsenden AB-Bäume, die dem Projekt in Tansania in einer Baseline-Studie zugrunde lagen. Dieses hat zur Folge, dass höhere Ausgaben notwendig wurden, um die Bestände durch eine ausreichende Anzahl von in den Baumschulen gezüchteten AB-Setzlingen aufzufüllen. Aus diesem Grund wird dem Projekt in dieser Bewertungsdimension die Note "befriedigend" vergeben.

Durch die damit entstandenen Kosten zahlt allein die ADA einen Preis von 0,67 EUR pro Baum, wobei im Laufe des Projektes 700.000 Bäume an Kleinbauern zum Anpflanzen auf ihren Anbauflächen kostenfrei verteilt und weitere 25.000 Setzlinge zum Aufforsten der Wildbestände im Regenwald gepflanzt werden sollen. Insgesamt kostet ADA die Komponente zum direkten Ausbau der AB-Lieferkette 85.000 EUR für die Unterstützung der Bauern (z.B. durch die Bezahlung einer Wiedergutmachung für die Kultivierung der AB-Bäume) und 50.000 EUR für den Aufbau der Baumschulen und der Ressourcenzentren, was insgesamt fast ein Drittel der Ko-Finanzierung seitens ADA ausmacht. Diese Zahlen gelten für Tansania und Ghana zusammen.

Gleichzeitig subventioniert die ADA das zusätzlich geschaffene Einkommen der Bauern. Wenn man den ADA-Beitrag im Gesamtvorhaben auf das Jahreseinkommen der Projektbauern (für nur ein Jahr) hochrechnet (485.000 EUR / 14.000 Projektbauern, die am Ende des Projektes AB-Setzlinge erhalten haben sollen), dann werden Ausgaben in Höhe von 35 EUR pro Bauer gemacht, um für ihn ein zusätzliches Jahreseinkommen von 130 EUR (laut Projektkonzept veranschlagtes Zusatzeinkommen durch AB-Kultivierung und Ernte pro Jahr) zu erreichen. Dieses Einkommen wird sich jedoch unter Umständen erst nach 6 - 7 Jahren voll materialisieren, die die neu gepflanzten AB-Bäume brauchen werden, um Früchte zu tragen.

Nachhaltigkeit

Die Dimension der Nachhaltigkeit wird mit "gut" bewertet. Durch die enge Verknüpfung zwischen Zulieferer und dem Endabnehmer sind Strukturen geschaffen worden, die ein nachhaltiges Engagement von Unilever sicherstellen. Auch wurden die für den Zulieferer aus dem Entwicklungsland inhärenten Risiken einer exklusiven Lieferkette bedacht und das Interesse zusätzlicher potenzieller Abnehmer für AB-Öl konnte gewonnen werden (SC Johnson, Mr. Muscle). Es bleiben jedoch weitere Risiken, die eine nachhaltige Weiterentwicklung der Projektergebnisse und der durch diese Partnerschaft ausgelösten positiven Wirkung verhindern könnten. Dieses ist zum einen ungewisse Entwicklung des Marktes und zum anderen ein möglicher Preissturz für AB-Öl. Dieses könnte beispielsweise passieren, wenn kostengünstigere und bessere Alternativen für das Öl der afrikanischen Pflanze gefunden werden. Trotz dieser Risiken bleibt die Bewertung doch insgesamt gut, da im Rahmen des Projektes auch Maßnahmen durchgeführt wurden, die auch dem

Hauptgeschäftsfeld der Kleinbauern (Anbau der traditionellen Exportprodukte) zugute kommen (Training, Unterstützung bei der Bewerbung für ein Mikrokredit).

Gesamtbewertung und Empfehlungen

Die Gesamtbewertung für die Partnerschaft zum Aufbau der Allanblackia-Lieferkette in Tansania fällt demnach gut aus und wird auch entsprechend bewertet.

Das Evaluatorenteam empfiehlt gleichzeitig, die Entwicklungswirkung dieses, wie auch anderer Projekte, die den Auf- und Ausbau von Lieferketten um Ziel haben, näher zu untersuchen. Durch das Einbeziehen von Kontrollgruppen (Kleinbauern, die nicht in die im Projekt geschaffene Lieferkette involviert sind) kann sichergestellt werden, dass handfeste Messungen von Wirkungsindikatoren gemacht werden können und gleichzeitig beprüfte werden kann, wie diese Wirkung genau ist und ob sie tatsächlich der Intervention des Projektes zuzuschreiben ist.

Ein weiterer Vorteil einer genaueren und detaillierteren Wirkungsevaluierung, als sie bisher in den WiPa-Projekten durchgeführt werden konnte, wäre die Tatsache, dass Projektverantwortliche im WiPa-Team wie auch Entscheidungsträger bei der ADA bessere Informationen zur Verfügung hätten, um in Zukunft selektiver bei den Komponenten zu sein, welche ADA ko-finanziert. Dadurch könnten Komponenten, die eine höhere Entwicklungswirkung versprechen, zielsicherer definiert und durchaus auch mit höheren Beiträgen finanziert werden, als bisher möglich war.

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Abbreviations

AB - Allanblackia

ADA – Austrian Development Agency

CSR – Corporate Social Responsibility

GDP - Gross Domestic Product

GPPi – Global Public Policy Institute

NGO – Non-governmental Organization

NTFP - Non-Timber Forrest Product

PPP – Public Private Partnership

R&D – Research and Development

SDC - Swiss Agency for Development and Cooperation

SECO – State Secretariat for Economic Affairs of Switzerland

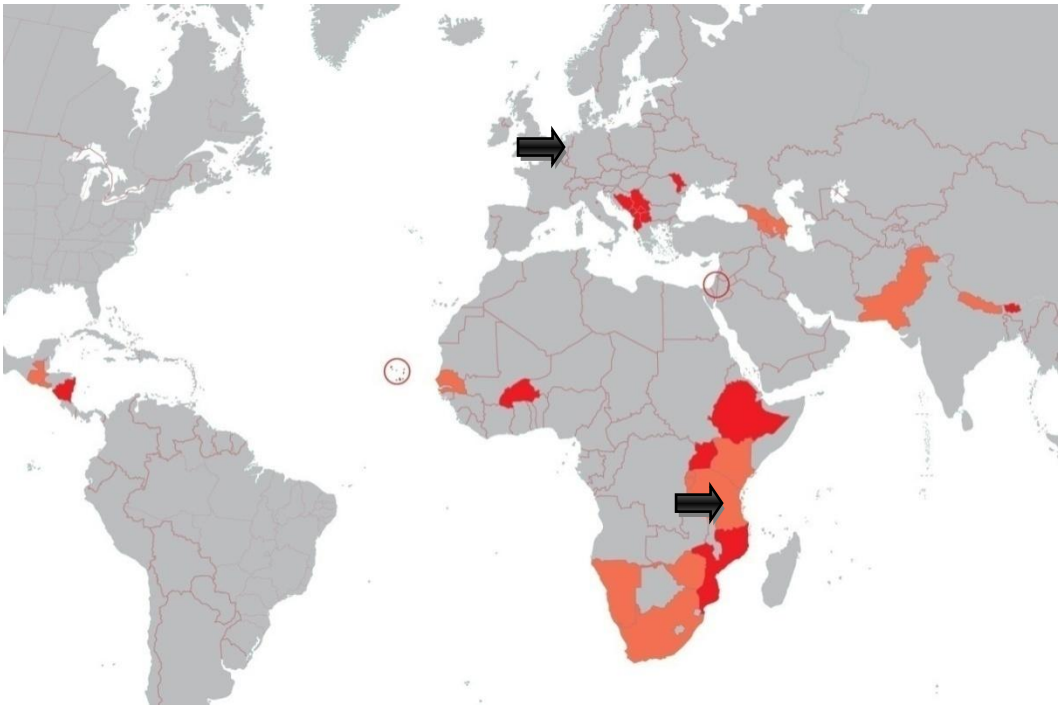
UNDP – United Nations Development Program

USAID – United States Agency for International Development

WB – World Bank

Map I

The black arrows show the location of the participating companies in the partnership in Europe, in Tanzania and Ghana[3].



[3] The project is implemented in both countries, Tanzania and Ghana. This report, however, only reviews the project component implemented in Tanzania as this is where the field visit conducted by the team of evaluators took place.

Map II

Location of visited project sites

Introduction

The Austrian Development Agency (ADA) has been implementing partnership projects with the private sector since 2005. Its projects are coordinated as part of ADA's Development Partnerships Program (Wirtschaftspartnerschaften, WiPa). At the moment, 41 of the 49 authorized projects are being implemented. In addition to this, 93 applications for travel grants and 29 feasibility studies were authorized since the beginning of the program[4].

As part of the program, two types of projects are distinguished the aims of which are identical. ADA seeks to:

- Utilize the potential synergies of public and private services and attract additional private means for development policy projects;
- Maximize the positive development effects of private business relations and investments in order to bring about a long-term improvement of the social and economic conditions in the partner countries;
- Increase the sustainability and efficiency of private sector involvement by providing complementary pubic services and thereby stimulate positive effects for the entire economy;
- Strengthen local small and medium-sized enterprises (SMEs) by facilitating partnerships with European companies and enable them to benefit from the opportunities offered by globalization and consequently make a contribution to poverty reduction.

Development partnerships aim at establishing the cooperation between ADA and private sector companies or their associations and chambers while business partnerships involve private sector companies exclusively. Both kinds of partnerships operate primarily in ADA's partner countries so part of ADA's strategy to focus selectively on specific regions and countries where it already implements development projects and has organizational structures to do so.

Background

The Global Public Policy Institute was tasked with evaluating the relevance, efficiency and implementation of the Development Partnerships Program with a view towards identifying potential optimization opportunities and make recommendations for the further development of the program.

The program consists of individual projects which can differ significantly from each other. In other words, the program can be regarded as the sum of its individual projects and endeavours. The entire program's efficiency therefore depends on its constituent projects'

[4] Accurate as of 1st October, 2008.

performance and achievements. For this reason, eight individual projects were evaluated during four field trips. The countries visited were Bosnia-Herzegovina and Kosovo (20 July 2008 to 2 August 2008) and Ethiopia and Tanzania (20 September 2008 to 4 October 2008). The results of these field studies were summarised in six reports. The present report is one of these documents.

Methods

The selection of the evaluated projects was made on the basis of preliminary assessments regarding the following assessment criteria: relevance, impact logic, plausibility of the assumptions stated by the Development Partnerships Program (impact hypothesis), effectivity, efficiency and sustainability. In addition to this, the project type and geographical location were considered.

For the evaluation framework, three project types were defined, in which the current project is also represented:

- Provision of services at reduced cost („consultancy contract"). This is a project in which services are made available at below market prices and otherwise improved conditions for a limited period of time after which the private sector partner withdraws from the project.
- The development or roll out of supply chains in which the partnership facilitates the production, processing and marketing of a product or service in the partner country.
- Projects pursuing development objectives which relate to the company's business field or form part of the company's strategy or a large investment case: these are essentially classic development projects which are not implemented within the framework of a country-wide project, but are instead implemented as additional development policy components related to the project (investment or business operations).

The type to which the present project belongs is discussed in chapter 1 and serves as a basis for the subsequent analysis.

The evaluation dimensions, which are applied to the individual projects, correspond to the criteria used to evaluate the entire program. They are outlined in the Inception Report and include the following:

Dimension 1: Relevance of the project

The relevance of the project relates to the aims and objectives set out for the Development Partnerships Program, i.e. the contribution which each individual project makes to the achievement of the program's objectives (see Introduction). Initiatives by other international development agencies and donors in the respective countries as well as the needs of the groups, at which the project is directly or indirectly targeted, are also considered here.

Dimension 2: Logical integrity of the project impact chains

This dimension evaluates the internal logic of the development chain. The project aims along the discernible parts of the project chain are identified here.

Dimension 3: Impact hypotheses underlying the project

The impact hypotheses are assessed by evaluating the feasibility of their underlying assumptions. This dimension assesses the probability of achieving the development aims after the stated project aims have been realised.

Dimension 4: Effectivity

The project's effectivity is assessed by determining the degree to which the stated project objectives along the impact chain are realised, including the risks associated with and the assumptions underlying their realisation. The issue of whether additional effects were achieved that would not have been achieved without public sector contribution (and might simply have been achieved due to commercial interests) is addressed here.

Dimension 5: Efficiency

This dimension evaluates the project's efficiency in terms of development policy, i.e. it assesses the relationship between the achieved development effects and the resources used. This includes the important issue of the so-called opportunity costs, i.e. the virtual costs of alternative opportunities that were not used.

Dimension 6: Sustainability

The project's sustainability is assessed from the point of view of development impact and on the basis of the implemented and planned changes as well as on the basis of the economic stimuli for the private sector's long-term involvement in the field after the end of the project.

An understanding of the business case for the participating private sector partner is required to evaluate the individual projects on the basis of the above-mentioned dimensions. For this reason, the private sector partner's perspective is evaluated on the basis of the business case. In the given context, this refers to the qualitative and quantitative considerations that enable a company to make an informed decision as to whether or not to implement a given project. This includes the following elements:

- The project's strategic relevance for a company, i.e. the degree to which the project aims correspond to the company's aims;
- The classic strategic evaluation of a project proposal on the basis of established strategic planning frameworks. This usually includes an analysis of the end-user market, the supplier market, the labor market, competitors, technology, the economic environment and regulations;
- The practical feasibility of the project;

- The financial planning for the project, i.e. the expected project costs and the anticipated additional revenues generated as well as the project proposal's estimated overall financial value for the company.

The business case is crucial regarding the development effects of Development Partnerships as it encourages the company to make a long-term commitment and encourages it to make a high-quality contribution to the project.

Implementation

The development policy perspective was assessed in a desk study of the available project documentation and during visits of members of the evaluation team to Tanzania in the course of which the local project partners as well as representatives of international organizations active in similar fields, were interviewed. A list of the conducted interviews can be found in the appendix. In preparation for the visits to Africa, the project partners in Europe and Austria were interviewed. The aim of the interviews was to gain insights into the project background and to understand the business case from the company's perspective.

The evaluating team's understanding of the business case for Unilever R&D Netherlands and the local partners in Tanzania is based on the available information and summarized in chapter 2 (Evaluation Results: Qualitative and Quantitative Business Case).

After a detailed project description in the following chapter (chapter 1), an assessment is provided of the evaluation of the individual dimensions and the (qualitative and quantitative) business cases from the company's perspective (chapter 2), followed by an overall project assessment, which is based on the results of the evaluation in the previous section.

It should be emphasized that, regionally, the project review only included a visit to the project sites in Tanzania and only the local project partners in this country were interviewed. These meetings were preceded by a meeting with the project management at the Unilever R&D headquarter in the Netherlands. Therefore, all statements and assessments made in this report are explicitly made on the basis of the field visit to Tanzania and cover the Tanzanian component of the project only.

I. Project outlines

The goal of the project is described as follows: "By sustainable cultivation and promotion of Allanblackia trees, Allanblackia becomes a reliable and profitable source of income for small scale farmers in Tanzania and Ghana regions"[5]. The project has two components. First of all, it is aimed at providing input in order to build up and expand the supply chain for Allanblackia (AB) in Tanzania and Ghana so that it can become "a reliable and profitable source of income especially for small scale farmers"[6]. Here, activities include the development and increase in quality of the local supply chains, as well as follow-up studies and research on AB cultivation techniques.

A second component deals with the rolling out of the experience on AB farming so that more farmers can get involved in cultivating AB trees and benefit from the research and work made so far in this field. As part of this component, three Rural Resource Centers (RRCs) in each of the two project countries as well as rural nurseries for AB trees are established and receive equipment, know-how and financial support. The knowledge and seedlings developed there are then dissipated to the farmers, who also receive financial support for covering the risks to their businesses they might face as a result of pursuing the cultivation and harvesting of AB. Finally, the planting of trees will be done in such a way that biodiversity of the landscape is enhanced (i.e. through small scale farmers instead of big plantations).

Five results have been identified which are aimed at the aforementioned two components of the project, the degree to which they are achieved is monitored on the basis of an agreed set of activities and indicators. These results are summarized in the overview below, while the indicators will be assessed in chapter 2 (Evaluation results), dimension 4 (Effectivity).

1. In both Tanzania and Ghana, the existing supply chain has grown in size to almost double its 2006 capacity. Further, the quality of the supply chain will be improved to enable the reliable production of edible AB oil. All oil will be produced efficiently and within the given specification.
2. In Tanzania, follow-up studies on environmental impact and social-economic impact will be conducted.
3. An Allanblackia Board will be established in both countries and its activities will be supported to establish and grow its capacity.
4. The knowledge on the cultivation of AB will be expanded.

[5] Project concept, p. 5

[6] Ibid.

5. Rural farmers (approximately 14.000 in Tanzania and Ghana together) are stimulated to adopt and plant about 50 AB trees on their farms with simultaneous recognition of biodiversity issues.

Unilever R&D Netherlands is one of the first globally working companies researching the use of AB for the production of margarines and other food products on a bigger commercial scale. Its Research and Development (R&D) division has been involved in developing infrastructure for AB commercialization since 2000, when the first studies were conducted to measure the capacity of wild AB trees and the willingness of local small-scale farmers to collect AB seeds. Additional companies have been involved in researching the opportunities of using AB oils in their products, such as SC Johnson and the producers of cleaning products such as Mr. Muscle[7]. According to the Novella Africa Initiative, an initiative aimed at establishing a sustainable supply chain in AB for the purpose of helping local small-scale farmers in developing alternative sources of income, it took Unilever R&D Netherlands six years of research and development to reach a stage where the AB seeds could be used for oil. In Tanzania, an Allanblackia supply chain has been in place since 2004 and it currently produces 350 tons of seeds, or 120 tons of oil per year[8].

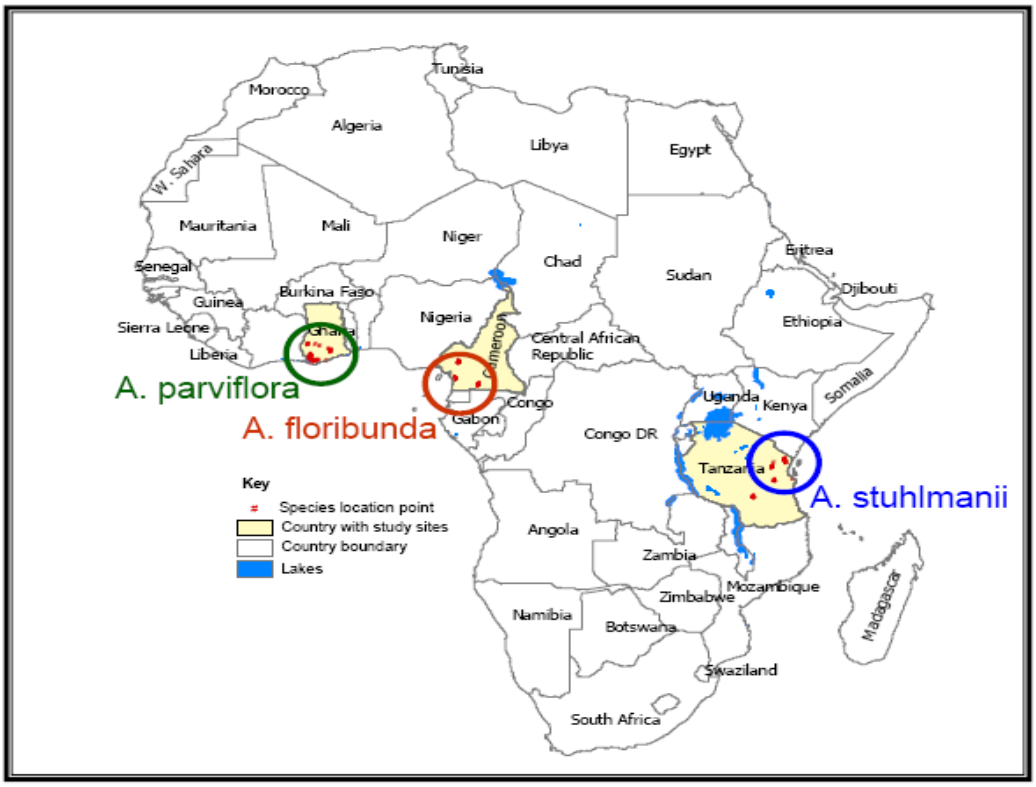
The ADA co-financed project is one of several partnerships which are brought together in the Novella Africa Initiative. While the partnership between ADA and Unilever R&D Netherlands covers two countries (Tanzania and Ghana), the Initiative also includes three additional countries where it implements projects aimed at developing supply chains for AB with different donors. The Novella Africa Initiative has been created as a forum of international buyers of AB oil, their local partners and international development organizations supporting the creation of AB supply chains as a way to support economic growth in West, Central and Eastern Africa and at the same time ensure biodiversity of the rainforests in these regions. On individual projects, it is supported by ADA, UK's Department for International Development (DIFD), the Swiss development agency SECO, the Federal Department of Economic Affairs in Switzerland (EVD) as well as ICCO, a development agency from the Netherlands, which is now supporting the development of an AB supply chain in Libya. The initiative is based on the activities of seven international partner companies and organizations including Unilever R&D Netherlands, the World Agroforestry Centre (ICRAF), the World Conservation Union (IUCN), Netherland's development organization SNV and a number of governmental and non-governmental organizations in Africa.

[7] "Hard-nosed benefits for a different kind of investor", Financial Times, 25.09.2008, published at: *http://www.sustainability.com/aboutsustainability/news_article.asp?id=1577*.

[8] *http://www.allanblackia.info/?q=taxonomy/term/90*.

The cultivation and harvesting of AB is not completely new in Tanzania. Small-scale farmers remember selling AB nuts in the past, but the cultivation and commercialization of AB has never been pursued on such a big scale before, as intended by Unilever R&D Netherlands. The company had based the decision to pursue this development of the AB supply chain in the country on a study which quoted much higher numbers of wild AB trees than were found on the ground once the work started. It therefore became even more important to ensure the cultivation and domestication of additional AB trees in Tanzania, which, however, also increased the overall costs of the supply chain. Secondly, the development and roll-out of AB supply chains in other countries has become an important company strategy in the following years in its attempt to ensure that the volumes of AB oil delivered to Unilever, and other companies such as SC Johnson, were high enough to ensure that the introduction of these resources into their productions made business sense.

The genus Allanblackia has nine species, three of which are being worked on



Source: www.worldcocoafoundation.org/About/documents/PvanGrinsven_Agroforestry.pdf

Allanblackia (AB) is a Non-Timber Forrest Product (NTFP) and can be found as wild and undomesticated tree species in the rainforests of African countries such as Nigeria, Kenya, Congo, Angola, Cameroon, Tanzania and Ghana. Its fruit is edible and when it is ripe, it is collected and the seeds (nuts) are removed. They are valued because of the highly nutritive

oil which can be used in food and cosmetic industry[9]. In order to be processed, the seeds are dried and crushed so that their oil can be collected and stored. In countries such as Nigeria, the cultivation of AB has been developed into infrastructures for commercial use on an international scale already[10]. Although domesticating AB trees has been attempted, for the time being it is mainly the wild strands which are being used, also as far as a bigger scale commercial use is concerned. AB is often also managed as shading trees for the cultivation of cocoa or other agricultural products.

To put this in the country context, it should be mentioned that Tanzania's economy shows typical characteristics of an agrarian developing country: Its agriculture accounts for over 50% of the country's Gross Domestic Product (GDP)[11]. The export of agricultural products is crucial for the country's economy: its main export products are cashew nuts (18.3%), coffee (14.3%), minerals (13.2%), tobacco (8%) and cotton (5.2%)[12]. In addition to this, corn, sisal, tea, millet and sugar cane are cultivated.

Of the non-traditional crops such as oil seeds, pulses, spices and cocoa, the latter is one of the most important export commodities, which has become a vital small scale foreign exchange earner. Production of cocoa in Tanzania is mainly concentrated in Mbeya, Tanga and Morogoro regions (where AB trees are also fairly prevalent). In places where it is grown it is also an important source of income to small-scale cocoa producers. However, the income of cocoa producers as well as the producers of other exported commodities is highly dependent on the price fluctuations on the world markets.

The most prominent example in this context is coffee. According to the World Bank, the revenues from the coffee trade amounted to US$115 mio in 2003. For more than 400,000 families the coffee trade is the basis of their livelihood. In Tanzania, 95% of the coffee is produced by small-scale farmers who own less than 2 hectares of land. Only 5% of the coffee is cultivated on large plantations[13]. The farmers' income is subject to the strong fluctuations of the coffee price. As a result of the low coffee prices since 2000, many farmers have

[9] A.R. Atangana, Z. Tchoundjeu, E.K. Asaah, A.J. Simons and D.P. Khasa: Domestication of *Allanblackia floribunda*: Amenability to vegetative propagation, published at Science Direct, 09.10.2006, accessed at: *http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6T6X-4M9H3P6-2&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=5249dcdced44aa2d1956bce548ecb5f8*.

[10] Wikipedia, accessed at: *http://en.wikipedia.org/wiki/Allanblackia_floribunda*.

[11] Report by the World Trade Organization, *http://www.wto.org/english/tratop_e/tpr_e/tp128_e.htm*.

[12] Data as of 1999.

[13] John Baffes, 'Tanzania's Coffee Sector: Constraints and Challenges in a Global Environment', *Africa Region Working Paper Series No. 56*, June 2003.

neglected their coffee farming and did not return to their plantations until 2005 when the prices picked up again[14].

In terms of biodiversity, developing AB supply chains can contribute to the fostering a sustainable form of forest management and protection on indigenous high value species of the rainforest[15]. AB is one if these indigenous species under threat from increasing population and urbanization and the growing demand for agricultural land which leads to deforestation of large rainforest areas in Africa. If AB can become a commercially viable product, the demand for it will grow and there will be a push towards the restoration of the indigenous forest landscape as small-scale farmers will have an economic interest in cultivating and harvesting AB. At the same time, what has to be avoided is the deforestation of the rainforest to clear land for AB plantations (as happened with an increase in demand for palm oil and bio fuels) on the one hand this is why planting AB trees on the small-scale farm level is important. On the other hand, AB trees also have to be planted in the wild environment to increase the numbers of the indigenous species growing in the rainforests of the region.

Private sector partners

The Anglo-Dutch company Unilever is one of the largest foods, home and personal care companies in the world. Its list of brands include, among others, food products such and Rama and Becel as well as the non-food products such as Dove. The initiative of researching and developing the opportunities of AB as an alternative source for edible oil products came into life as part of the company's attempt to diversify its sources and was pursued by its R&D division in the headquarters in the Netherlands. The company's R&D division has a current budget of 868 million EUR[16], or approx. 3% of the company's global sales amounts (ca.40 billion Euro per year)[17]. Having developed the supply chains for AB, the AB supply component was moved into the purchasing division in 2008.

In 2004, Unilever Deutschland GmbH made a request to the competent authorities of Germany to accept Allanblackia seed oil for use in yellow fat and cream based spreads on the market as a novel food ingredient. A food assessment body in Germany was then tasked to assess this request and, in 2006, issued its initial assessment report. In that report it came to the conclusion that Allanblackia seed oil is safe for human consumption, which formed the

[14] In 1998, a pound of the mild Arabica cost 144.09 US cent, but in 2002 it traded at its all time low of 62.32 US cent per pound. Since 2005, prices have risen and were at 115,22 US cent per pound. In: ICO (International Coffee Organization) Price Index: *http://www.ico.org/prices/p2.htm*.

[15] See publications of the Novella Africa Initiative, at *http://www.allanblackia.info/?q=node/5*.

[16] Unilever R&D Netherlands's Media Center highlights, at *http://www.Unilever R&D Netherlands.com/mediacentre/*.

[17] *http://www.allanblackia.info/?q=node/5*.

basis for a decision of the European Commission (issued 27.06.2008) on "authorizing the placing on the market of Allanblackia seed oil as novel food ingredient under Regulation (EC) No 258/97 of the European Parliament and Council"[18]. Allanblackia seeds oil can therefore now be sold in food products in the European Union.

The main local partner for the project component implemented in Tanzania is Novel Development Tanzania (NDTL) while in Ghana, Novel Development Ghana (NDGL) is in charge of the project. Both are non-profit entities which were created in order to, firstly, cultivate and distribute AB seedlings and, secondly, to develop the supply chain and trading mechanisms for AB oil. Both entities are the corporate R&D organizations of Unilever R&D Netherlands and although independent legal entities, "Unilever R&D Netherlands has committed itself to support these companies during the next three years"[19]. Therefore, through its local partner, Unilever R&D Netherlands is represented in both Tanzania and Ghana with production and sales organizations.

At different stages of research and project implementation, different international and local partners fulfill their individual tasks. A full list of partner institutions of the Novella Africa Initiative can be accessed at its website at *http://www.allanblackia.info/?q=node/27*. In the context of the Tanzanian project component, Faida Market Link (Faida MaLi) is one of the initial local partners in Tanzania that plays a role of linking farmers to markets. The NGO has been in charge of "strengthening farmers' management capacity, business awareness as well as improving decision-making and negotiating power through formation and establishment of strong farmer-producer groups"[20]. More specifically, it helps farmers involved in cultivating and harvesting AB seeds in the development of their business plans, calculations of their harvests and helps project farmers with the application for microloans.

Furthermore, the Tanzania Forest Conservation Group **(**TFCG**)** is another initial partner leading the biodiversity conservation part as the key adviser of the NDTL team on biodiversity issues related to AB.

Finally, Shellcraft, an oil crushing company is involved as a local commercial partner of the project, which so far has mainly focused on working with coconuts but has also started cooperating with the project to extract Allanblackia oil.

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[18] "COMMISSION DECISION of 27 June 2008 authorising the placing on the market of *allanblackia* seed oil as novel food ingredient under Regulation (EC) No 258/97 of the European Parliament and of the Council, in: *Official Journal of the European Union*, 09.07.2008, pp. 20 – 21.

[19] *http://www.allanblackia.info/?q=node/27*. Furthermore, it states: "Formally, a Unilever R&D Netherlands owned Novella project, NDTL has maintained the Novella management structure but registered as a not for Profit Company Limited by guarantee. NDTL has seven founder members and its operations entrusted to a maximum of 5 of Directors. The management team is led by Executive Director who is supported by Operations manager and 3 field staff. Expected turnover in 2006 is ~110.000 Euro".

[20] *http://www.allanblackia.info/?q=node/27#FAIDA*.

Other organizations mentioned in the project concept and in the list of Novella's project partners in Tanzania participate in the project or are sub-contracted for specific activities but seem not to be involved in the daily business of implementing the project.

II. Results of the evaluation

This chapter is structured according to the six dimensions which assess the project design and planning (dimensions 1 - 3) and the project implementation (dimensions 4 - 6).

In the first set of assessment dimensions, the project's relevance (dimension 1), the existence and internal logic of the impact chain (dimension 2) as well as the impact hypotheses (dimension 3) are discussed. In the second set of assessment dimensions, the effectivity (dimension 4), the efficiency (dimension 5) and the sustainability of the project (dimension 6) are analyzed.

The information on which the team of evaluators is basing its statements was accumulated in the course of desk studies of the available project reports and through other documents related to the project as well as the observations made during the visit to Tanzania and the personal interviews conducted with the respective companies, project partners and other relevant collocutors. Before the trip to Tanzania, the evaluators discussed the project with the European partners (Unilever R&D Netherlands).

Qualitative and quantitative Business Case

On the part of the farmers cultivating and harvesting AB, surveys have been conducted to research the income possibilities of AB as compared to other non-timber forest products (NTFPs) such as palm oil and cocoa. The team of evaluators uses this data in the following to receive a general idea of the cost benefits, or disadvantages associated with switching to AB, it cannot, however, make any statements about the reliability of this data nor does it have the underlying assumptions of this data at its disposal.

As can be seen from the comparative cost analysis of AB, cocoa and palm oil, the initial investments into AB are higher than into palm oil but still lower than into cocoa (see table below). At the same time, the break-even point is achieved faster – in both nominal and real terms - with the AB supply chain than with the two other options: In nominal terms, the break-even point is reached in six years with AB while for cocoa and palm oil, it takes seven years to reach the break-even point. In real terms, the break-even is in nine and thirteen years respectively.

Cost analysis: Evaluations on a per hectare basis and in Euros per ha[21]

	Allanblackia	Cocoa	Palm oil
Initial investment costs (1st 3 years)	586	649	484
Years to break even (in nominal terms)	6	7	7
Years to break even (real terms, 20% discount rate)	9	13	13
Total net benefits (in nominal terms after 20 years)	7317	4593	3083
Total net benefits (in real terms, 20% discount rate, after 20 years)	543	127	81
Total labour days (over 20 years)	1205	1703	2077
Net returns per labour day (nominal benefits)	7	4	2

Also in terms of total net benefits, AB seems to be more profitable to invest into than cocoa and palm oil: The total net benefits in nominal terms (after 20 years) are calculated to amount to 7,317 EUR for AB while for cocoa and palm oil, it is 4,593 EUR and 3,083 EUR respectively. In real terms, the total net benefits would reach 543 EUR after 20 years (with a 20% discount rate) for AB, while it is projected to amount to mere 127 EUR for cocoa and 81 EUR for palm oil. Finally, Allanblackia also seems to perform best in terms of labor intensity and net returns per labor day. While the authors of this report are in no position to confirm the calculations discussed above, these calculations do offer an overview of some arguments indicating an overall positive business case for the cultivation of AB and the rolling out of its

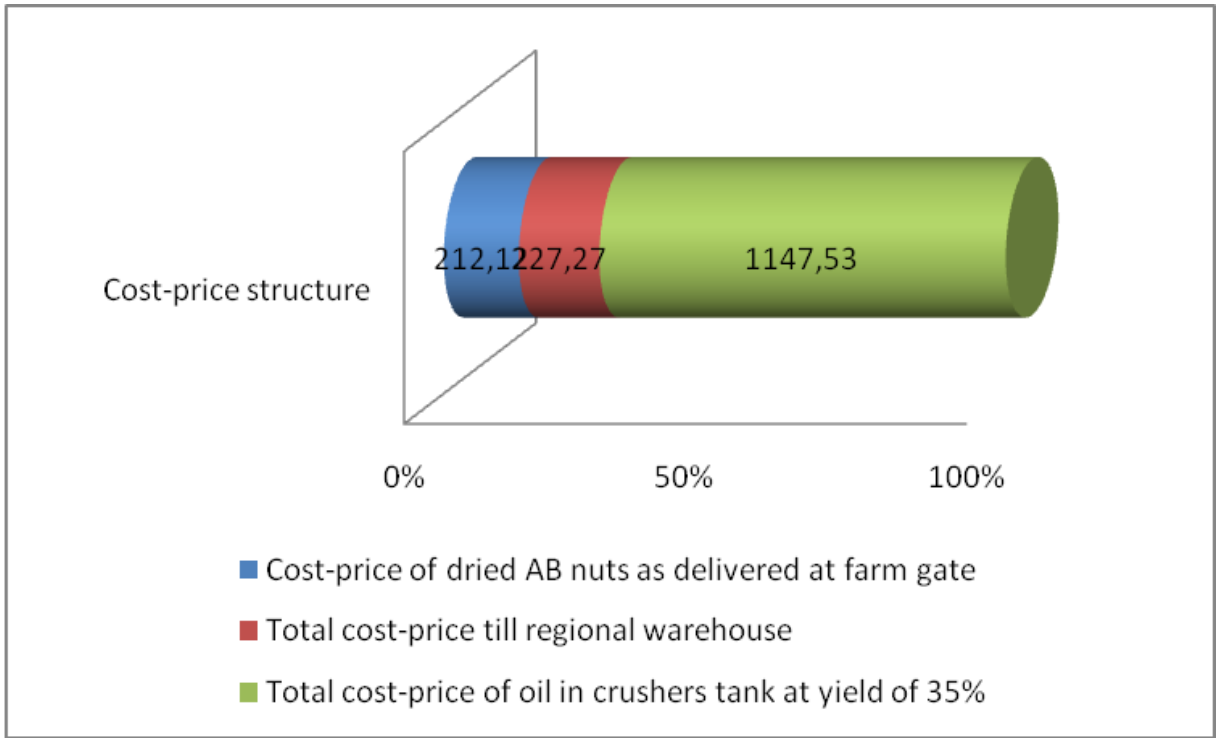
The development of AB into a sustainable crop yielding volumes >> 20,000 mT oils per annum requires considerable investments. Thus for short-medium term scenario's where volumes are relatively low and investments in planting trees are high, the business case is negative. While for the long term scenario where the volumes start to grow >> 20,000 mT oils and investments in planting trees decrease the business case becomes attractive and return in investments high. So far Unilever has invested 7 mio Euro in setting up the project; supporting both research and supply chain activities. At this stage the feasibility of the project has been demonstrated and a different approach has to be followed in order to change AB into a profitable sustainable business. The latter requires significant investments.

[21] Irene S. Egyir, "Allanblackia: Standard setting and sustainable supply chain management – price setting and marginal cost study", IUCN, November 2007. Also see "Relative Attractiveness of Allanblackia Cultivation in Ghana: Farmer's Perceptions and Willingness", Final Draft, Novella Partnership Ghana, October 2007, pp. 11 – 12, downloaded from: *http://allanblackia.info/files/Final%20draft%20report%20041007%20picture%20compressed.pdf*.

At this stage, the Novel company together with Unilever are evaluating a number of supply chain models than can further help grow AB[22].

So far Unilever has been covering cost of establishing the new business rather than buying the oil. The cost of starting this new business is higher than the price Unilever can offer to buy the oil. Farmers have always been paid a price competitive to the other crops traded at village level given the gross margin analysis the price paid to farmers at village level is higher than most crops. Currently discussions are under way to develop a business plan to enable Unilever to buy the oil at a given price that will make current volume levels sustain the supply chain until the new planted trees start to impact the volume increase. Once the volume increases, price per tone will target at utilizing economies of scales. The same scenario applies to the crusher[23].

Estimate for cost-price structure of AB oil from Tanzania - for a more detailed structure see table below (in EUR/t)[24]



[22] Comments by Dr. Maha Misbah from Unilever R&D Netherlands form 29.04.2009.

[23] Comments from Fidelis Rutatuna, Chief Executive Officer Novel Developments Tanzania Limited, 18.04.2009.

[24] Email from Jeroen Oostenenk, Unilever R&D Netherlands, 20.03.2009.

Detailed estimate for cost-price structure of AB oil from Tanzania - for a more detailed structure see table below (in EUR/t)[25]

Cost-price of dried AB nuts as delivered at farm gate	**212.12 EUR/t**
District council levy (5%) and licence	10.61 EUR/t
Net cost of packaging (20 polybags for 50kg of nuts each)	7.27 EUR/t
Premium secretaries and buying firms (10% on farmgate price) incl. costs for handling and transportation to central warehouse	21.21 EUR/t
Costs of transport to regional warehouse where required	26.06 EUR/t
Total cost-price till regional warehouse	**227.27 EUR/t**
Costs of transport of nuts to crusher	10.61 EUR/t
Costs of crushing nuts, filtering and storage at crusher	108.00 EUR/t
Conversion losses (2%)	5.76 EUR/t
Total cost-price of oil in crushers tank at yield of 35%	**1147.53 EUR/t**

The following components have to be in place for a plausible qualitative and quantitative business cases when developing a supply chain for new resources:

- **AB resources are available** and can provide a minimum of AB oil for Unilever to have a stable source of raw materials.
- The **demand side** is there with several international companies interested in buying up the resources.
- The **market** for the end product (food as well as non-food products sold by Unilever R&D Netherlands, SC Johnson and others) is there. With the decision of the European Commission, companies are allowed to use AB oil in food products in countries of the European Union.

It should be mentioned in this context that the supply chain for AB oil is open, i.e. other buyers will be allowed to benefit from it as well (and have already expressed interest).

CSR activities can result from the company's wish to „do good". However, in the age of globalization and improved information and communication technology, companies are more and more often subject to public criticism if their operations have negative consequences for the environment or the local population in the country in which they are conducted. This forces companies to bear the responsibility for their actions as otherwise they would lose their social license to operate in the eyes of the international community and the local population. If a company attracts public criticism in its country of origin it can lose its

[25] Email from Jeroen Oostenenk, Unilever R&D Netherlands, 20.03.2009.

customers. If it ignores the high standards that its competitors are setting regarding the social and ecological impact of their businesses and fails to meet these standards, these competitors will eventually gain a competitive advantage and the company will consequently lose some of its profits.

Although the CSR component ought not to be neglected, the main interest is the strategic benefits which the company can obtain in the medium- to long-term. The same is the case for other international buyers. One of the main raw materials needed for the company's diverse product lines is oil. One of the other oil sources, palm oil, has recently received negative reviews in the public, mainly because of the environmentally unfriendly way of cultivating it on huge plantations. The purchase price for AB oil as agreed between Unilever R&D Netherlands cover all elements of the supply chain (i.e. from farmers to crushers). Price agreed with Unilever was based on setting up the supply chain and demonstrating feasibility and not comparing with palm oil.

From the perspective of NDTL, this partnership has not led to self-sustainability so far as it is financed by Unilever R&D Netherlands to conduct research into and develop the AB supply chain in Tanzania. Therefore, this entity is a non-profit organization for now. However, apart from its first field of activities (cultivation and supply of AB seedlings to interested farmers free of charge) its tasks also include the processing of and trading in AB. This component of NDTL is supposed to become profitable with the increased development of the supply chain so that it can be assumed that the strategic business interests for NDTL would be to strengthen the AB suppliers so that higher volumes of AB can be harvested, processed and then traded.

For the crusher Shellcraft, the cooperation with the project is an opportunity to increase their profits by processing more volumes in addition to the coconuts that they are normally processing.

To sum up, this is not solely a CSR project but one which offers businesses new opportunities. Unilever interest lies in developing a stable, sustainable supply chain that can complement the existing palm oil one and open up new innovations due to the unique characteristics of the AB oil[26].

Assessment of development impacts in accordance to individual assessment dimensions

The following sections assess the entire project according to the six assessment dimensions. ADA co-finances all project components (although to different extent), so that in the following, we are examining the Tanzania component of the entire project implemented in the ADA-Unilever partnership instead of focusing on the individual components co-financed by public contributions only.

[2626] Comments by Dr. Maha Misbah from Unilever R&D Netherlands form 29.04.2009.

Dimension 1: Relevance

On the basis of the guidelines of the Development Partnerships Program, the program objectives can be subdivided into a number of sub-objectives[27]*. The assessment of the individual project's relevance consequently needs to take these into account. When assessing the aims of the entire program, individual projects can only be considered relevant if they meet the following criteria to a sufficient degree and therefore contribute to the realization of the program's aims and objectives. As will become clear below, the project covers all objectives of the program so that the project's relevance for the program's aims and objectives can be assessed as "very good"*[28]*.*

1. The partnership is in the commercial interest of the participating companies: As discussed in the previous section on the business case of AB, its cultivation and the development of its supply chain is not only a CSR activity for Unilever R&D Netherlands and its partners, but is of long term business interest for the company.

2. The partnership is in the development interest of the target country and the target groups: Support for rural development is a major aspect in Tanzania's development policy. The importance of AB trees for the country is obvious as it produces one of the substances that Tanzania can export.

   Furthermore, the potential of the AB initiative to contribute towards safeguarding an indigenous trees species and thereby ensure the country's biodiversity is a positive development goal and is therefore in the interest of the partner country.

   Tanzania is located in ADA's focus region of Eastern Africa (which includes Uganda, Kenya, Tanzania, Rwanda, Burundi and Ethiopia). ADA maintains country offices in Uganda and Ethiopia and is involved in various measures in the fields of conflict prevention, conflict resolution and peace enforcement. The partnership is relevant for ADA due to its regional focus and especially due to the fact that ADA is already implementing poverty reduction projects in other countries in the region like, for example, the Poverty Eradication Action Plan (PEAP) that is directed by ADA and forms part of the Joint Assistance Strategy for the Republic of Uganda (UJAS) [29].

3. The partnership is using the synergy potential of public and private partners: The team of evaluators has observed that synergies between public and private partners can be in *financial* terms as well as in terms of *service provision*. A synergy develops

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[27] Guidelines Development Project and Private Sector Project, 20 January 2005.

[28] This corresponds to the Austrian assessment system that ranges from 1=very good via 2=good, 3=satisfactory, 4=adequate to 5=inadequate.

[29] Annual Report 2006, Austrian Development Agency: http: *www.entwicklung.at/uploads/media/ADA_Geschaeftsbericht_2006.pdf*, p. 16.

when the project partners would have implemented the project in a similar or identical way on their own. In this case, each of the project partners achieves their aims, but only has to meet a fraction of the required costs or reaps greater benefits for the same amount of contributions and effort.

In the case of *financial synergies*, the private sector partner as well as ADA (and possibly further project partners) act as co-financiers of a project. Initially, this is nothing more than a distribution of the project costs among the partners. While financial synergies between ADA and Unilever R&D Netherlands can be found, the service recipients do not experience any *service synergies* as no complementary services are provided to them as a result of the fact that ADA acts as a donor of the project. The project components and their implementation remain the same irrespective of which project partner covers which costs. ADA plays the role of a financial contributor to the project. During the implementation phase, ADA's active involvement is significantly reduced and simply amounts to monitoring and quality control.

However, ADA's co-financing ensures that more AB seedlings can be planted in the nurseries, that knowledge transfer can take place from nurseries and Rural Resource Centers (RRCs) staff to local farmers and that more farmers are supported. The financial synergies created as a result of this partnership are therefore higher number of beneficiaries of the project activities.

Regarding the *synergies in terms of service provision*, the public and the private partners fulfill the roles that correspond to their core competencies in the project's planning and implementation. This can lead to the use of fewer resources and an increase in the result's quality. A precondition for this, however, is that the project partners do provide more than financial resources. As this is not the case for ADA, synergies of a service nature could not be identified. Synergies of this kind do, however, materialize as a result of the inclusion of other public partners in this project such as Faida Market Link (Faida MaLi) and the Tanzania Forest Conservation Group **(**TFCG) which as NGOs contribute their knowhow to the project.

It must be emphasized that, generally speaking, ADA's co-financing of this project amounts to the financing of activities that could be classed as classic development cooperation. The development of value-added chains by improving the production and commercialization of resources is a traditional approach to development cooperation.

4. <u>The partnership is attracting additional private resources for development purposes:</u> The project is appropriate from the perspective of ADA's development objectives as it leads to an increase in income for the small-scale farmers and their families and therefore reduces poverty in one of ADA's focus regions. Without the donor contributions it has received for the project, Unilever R&D Netherlands would not

have been able to implement this project, while without the ADA contributions the private sector partners would not have had the strong capacity building component which makes this project important from the development prospective.

5. The positive development impact of private economic relations and investments are being maximised by the partnership (this way, social and economic relations are improved in the long-term): This project results in an improvement of social and economic relations. The sustainability of these impacts strongly depends on the prices for AB oil on the world markets and the prices Unilever R&D Netherlands (and other buyers) will be willing to pay in the future, and more generally speaking, on the sustainability of a market for AB.
6. The partnership increases the efficiency and sustainability of private economic initiatives by providing complementary public services (which have a positive impact on the entire economy): Among other things, ADA co-finances the capacity building component of the project (training of farmers) which increase the potential for some of the project impacts to be sustainable beyond the project cycle. The efficiency of the project is not increased by the participation of ADA *per se*, however the numbers of beneficiaries (project farmers) are increased due to bigger project budget.
7. The partnership strengthens local SMEs by facilitating the establishment of partnerships with European companies (and enables them to benefit from globalisation and to contribute to poverty reduction): The target group of this project is small-scale farmers. So, small (agricultural) enterprises are given the chance to participate and benefit from global trade.

Dimension 2: Logical integrity of the project impact chains

The evaluation of the project's development dimensions reveals several logically constructed impact chains exist and that the project is located in a field that is relevant for the partner country. The project's impact logic is assessed as "very good."

The logical integrity of the project results chain measures whether intended project impacts can be connected to project activities in a logically compelling way and whether therefore development through a number of impact pathways can be expected as a result of the project.

The project's impact logic can be divided into six impact chains that are noticeable in the project documentation in the form of project results, activities and indicators[30]. All impact chains aim at developing and strengthening the supply chains from the small-scale farmers to the global markets. The overview below summarizes the possible impact pathways constructed by the evaluators in order to reflect all possible ways in which the project activities can generate development impacts.

Impact chain 1: The creation of a long-term commercialization chain to an international buyer ensures a sustainable increase in profits of the small-scale farmers.

- Activity: Creation of incentives system for farmers to cultivate and harvest AB seeds in sufficient volumes to become an important raw material for Unilever's production lines.
- Output: Higher volumes of AB seeds are harvested.
- Outcome: More AB seeds can be traded in sufficient volumes.
- Impact: Additional household incomes through the cultivation and harvesting of AB seeds have a sustainable positive impact on the living standards of the farmers and their families.
- Assumptions and hypotheses: The price for AB oil as compared to alternatives (such as, for instance, palm oil) is competitive and its composition gives AB oil a competitive advantage vis-à-vis other resources. The volumes Unilever can purchase from its different supply chains is sufficient to develop new products based on AB oil. International standardization systems will approve the use of AB oil-based ingredients in food and cosmetic products, also in markets beyond the European Union. As a prerequisite of this to happen, the quality of AB oil supplied by the project farmers has to fulfill the standards and specifications required by international (or at least European) standard setting agencies.

[30] For more details, please refer to the Project Progress Reports (Projektfortschrittsberichte) for 2007 - 2008.

Impact chain 2: Increased income through better (and more) AB trees and domestication methods as well as enhanced germination and grafting techniques.

- Activity: The establishment of AB nurseries and Rural Resource Centers (RRCs).
- Output: Farmers receive better and more productive AB seedlings for cultivation and are better informed / trained on how to work with them.
- Outcome: They harvest higher volumes of AB seeds of better quality.
- Impact: The additional incomes of AB harvesting farmers increase further, which has a positive impact on the household incomes and living standards of project farmers.
- Assumptions and hypotheses: The seedlings grown as a result of improved techniques for germination and other grafting techniques used in the nurseries prove successful and those new seedlings can be sustained in the wilderness and on farms.

Impact chain 3: Diversification of household income and creation of additional income for small-scale farmers.

- Activity: Creation of incentives systems to motive farmers to cultivate and harvest AB seeds through the dissemination of information, distribution of free AB seedlings, remuneration for cultivation of new AB trees and payment for the harvest.
- Output: Farmers are motivated to spend their spare time and resources on harvesting from wild AB trees and cultivating new ones.
- Outcome: Small-scale farmers cultivate and harvest/sell a higher number of AB seeds.
- Impact: The household income of small-scale farmers is diversified and grows.
- Assumptions and hypotheses: The number of AB trees in the project area is vital as the farmers will only devote their time and resources if they can harvest AB in sufficient volumes and if the wild growing AB trees are located within reasonable distance from their farms. Also, with increased success of the supply chain and incentives system working efficiently, more and more farmers will start harvesting AB seeds which means that the average additional income created by the wild AB trees will be split among a growing number of farmers. It will therefore also become imperative to cultivate new trees for the incentives system to work while the numbers of harvesting farmers increases. Finally, the seedlings of the new AB trees as well as the wild growing AB species can fall victim to some force major (fungus, natural disasters) or land clearings for agricultural purposes so that another assumption must be that the numbers of AB trees can be sustained in the near to medium future.

Impact chain 4: Increased income of these farmers through agricultural training, AB-related consultations and financial education.

- Activity: Capacity building activities for farmers (agro-business training, business plan development, facilitation of access to microloans).
- Output: Small-scale farmers are better trained to successfully their businesses (main farming activities as well as AB-related activities).
- Outcome: Small-scale farmers produce higher volumes of their traditional agricultural products and also successfully cultivate and harvest AB. They also have better access to financial resources (microloans).
- Impact: The income of the farmers increases in a sustainable way and their farms/ businesses grow due to the investments made possible by the additional financial resources.
- Assumptions and hypotheses: The opportunity costs for farmers who cultivate and harvest AB is low enough so that these activities do not cause losses for their core businesses. In this context it is vital that AB seeds can be harvested anti-cyclical to the man harvesting cycles for the traditional agricultural products, or that at least sufficient time and human resources are available to do both.

Impact chain 5: Job creation for buying agents (focal persons), processors and traders (oil crushing company, trading company – NDTL trading component).

- Activity: The link between harvesting farmers, the crushing company and the trading company (i.e. NDTL) is established through the employment of buying agents.
- Output: At each level of this trading link (buying agent, oil crusher, local trading company), arises the need for hiring new or additional staff, or at least additional working hours of the already employed workers.
- Outcome: Buying agents buy the AB harvest and at the same time distribute cash payments, the oil crusher has additional volumes to crush and has to increase its human resources, the local trading company builds up the AB trading business and hires a project manager, an assistant, a bookkeeper.
- Impact: Additional jobs are created locally along the supply chain.
- Assumptions and hypotheses: The supply chain is successful and sufficient volumes of AB seeds are harvested by the project farmers, i.e. the production of AB oil becomes a relevant economic activity. It cannot automatically be assumed that, for instance, the oil crusher (who so far has been focused on crushing coconuts) will hire additional staff because of the additional crushing of AB oil. As far as the trading company is concerned, the creation of new jobs there is only sustainable if the whole

AB supply chain project will succeed and become a sustainable and profitable business for Unilever. Finally, these assumptions will be valid as long as no cheaper – or better - alternatives to AB oil are available.

Impact chain 6: Biodiversity of indigenous species in project areas is sustained.

- Activity: Cultivating of wild AB trees and planting on new ones.
- Output: Given the incentives system created by the AB supply chain, farmers cultivate AB tries growing in the wild. As they become an economic asset, they are not cut or burned (fire clearance of agricultural land) in order to make space for the cultivation of big-scale agricultural products but used as shading trees instead.
- Outcome: As one of the indigenous species of the rainforest, AB trees continue to be part of the biodiversity of the region.
- Impact: Biodiversity is ensured on the local and regional level, which contributes to the biodiversity balance of the global ecosystem.
- Assumptions and hypotheses: The cultivation of AB trees continues to be conducted with the help of small-scale farmers and market forces will not push towards expanding the supply system through the cultivation of AB on big-scale plantations. Furthermore, no natural disasters will extinguish this species.

Dimension 3: Impact hypotheses underlying the project

Impact hypotheses assumed for the project measure whether underlying assumptions and impact hypotheses - i.e. the assumptions made to bridge the attribution gap and to connect the projects outcomes with intended impacts - seem plausible.

The project's impact hypotheses are evaluated separately in regard to each impact chain. All in all, the plausibility of the stated impact hypotheses can be assessed as "good." It must be noted that the impact hypothesis regarding the increase in income for small-scale farmers and their families as well as the improvement of their living conditions is strong and logical, but it is in essence heavily influenced by the price factor for AB oil and an existing, and growing, market for it, which is the reason why this dimension does not score the highest score possible ("very good").

Regarding the number of AB trees growing in the wilderness, the project was planned on the basis of a baseline study which overestimated the number of AB trees in the project areas. Initial data showed the availability of a number of AB trees as shown in the table below (number of AB trees reported as potential from various areas in Tanzania in 2002):

Quantities of fruits and seeds of Allanblackia (Baseline study conducted in 2002)

RESERVE	AREA KM^2	AREA KM^2 MATURE TREES	PATCHES	TOTAL AREA KM^2	AREA HA $1KM^2$ = 100HA	NUMBER TREES @ 8 TREES/HA	x25 NUMBER FRUITS @ 26 FRUITS	NUMBER SEEDS @ 40/FRUITS	TONS/SEEDS @1O GRAMS PER SEED
North Pare	151	25	3	176	17600	140800	3520000	140800000	1408
South Pare	333	120	5	453	45300	362400	9060000	362400000	3624
East Usambara	413	135	8	648	64800	518400	12960000	518400000	5184
West Usambara	328	240	17	568	56800	454400	11360000	454400000	4544
Nguru/Nguu	600	130	18	730	73000	584000	14600000	584000000	5840
Ukaguru	182	100	6	282	28200	225600	5640000	225600000	2256
Vidonda	400	150	19	550	55000	440000	11000000	440000000	4400
Uluguru East	248	180	3	428	42800	342400	8560000	342400000	3424
Lowland Uluguru	240	0			24000	192000	4800000	192000000	1920
Mufindi Escarp.	119	0	18	119	11900	95200	2380000	95200000	952
Udzungwa	230	100	5	330	33000	264000	6600000	264000000	2640
Kising'a Rugaro	176	50	1	226	22600	180800	4520000	180800000	1808
Image	106	0	6	106	10600	84800	2120000	84800000	848
West Kilombero	550	180	16	73	73000	584000	14600000	584000000	5840
TOTAL	**4076**	**1510**	**139**	**5586**	**558600**	**4468800**	**111720000**	**4468800000**	44688

This study showed 4.5 million trees available in Tanzania and recommended to start with areas of high density of trees in East Usambara and West Usambara (Tanga) and Nguru mountains (Morogoro). With current experience, 4.5 million at a yield of 3 tones of oil per tree, projections were expecting at least 13,000 tones of oil.

On top of the over estimated figures more information came to be available later suggesting that if you have 1,000 AB trees the following could be the possible:

1. 50% could be in deep forest reserve where farmers cannot risk to access, so remaining are 500 trees.
2. Assuming 20% are male tress that do not bear fruits, remaining are 400 AB trees.
3. AB behavior of fruiting in trees give almost 50% of trees resting in the year following the fruiting, this leaves 200 trees. Even this alone is enough to lower the expected output from 1,000 trees to 200 trees leading only 20% of expected output.

Currently Unilever estimates that at least 20,000 AB trees are accessible by the farmers in Tanzania[31].

This led to the fact that cultivation of additional AB trees became vital for the supply chain to succeed as only with sufficient volumes of AB seeds to harvest will the farmers have incentives to spend their time and resources on AB, while from the perspective of the

[31] The team of evaluators is grateful to Fidelis Rutatuna, Chief Executive Officer Novel Developments Tanzania Limited, for his comments,18.04.2009.

international buyer, the development of new products with AB oil as an ingredient only makes business sense when these resources are available in volumes which allow for mass production.

A sustainable interest in AB oil on the part of Unilever is vital as it seems to be the only company so far most actively pushing for the introduction of AB oil in their productions. Other companies such as SC Johnson and Mr. Muscle are interested in using AB oil too, but do not seem to form a sustainable, reliable market for it at the moment. A strong market for AB oil is, though, the decisive factor for the success of the supply chain. Not only the international companies on the one hand and the farmers on the other hand will depend on a sustainable demand for AB oil, also the economic success of local trading companies such as the trading component of NDTL and local businesses involved in the supply chain (for instance oil crushing companies) will be subject to these developments.

Furthermore, with increased success of the supply chain and incentives system working efficiently, more and more farmers will start harvesting AB seeds which means that the average additional income created by the wild AB trees will be split among a growing number of farmers. The plausibility of the impact hypothesis in the field of income generation can therefore only be assumed if new trees can be cultivated in sufficient number so that the incentives system will still be in place when the numbers of harvesting farmers increases. Also, the interest of farmers in harvesting AB seeds is strongly dependent on the condition that the prices for AB oil remain high. Finally, a further assumption must be that the seedlings of the new AB trees as well as the wild growing AB species will not fall victim to some force major (fungus, natural disasters) or man-caused fires and can be sustained in their numbers in the near to medium future.

At the same time, the need for bigger scale cultivation of AB trees has to be realized in an environmentally friendly and sustainable way. The project concept ensures this by explicitly avoiding big-scale AB plantations and supporting small-scale replenishing of the natural inventory of AB trees. The hypothesis of a positive impact on the biodiversity in project areas can therefore be considered plausible.

In addition, the risk for over-saturation of the market should be quoted in this context. While the risks of not being able to supply enough AB oil would cause the producers to lose interest in the resource, an over-abundance of AB oil would lead to a devaluation of AB oil prices. With lower prices, the additional incomes farmers will be able to earn by harvesting AB seeds will decrease as will the incentives to spend time and recourses on collecting them (opportunity costs of harvesting AB would become higher as compared to other options, such as coffee, cocoa and others). Taking into account the fact that AB supply chains are currently developed in five different African countries, this possibility could arise in the long-term. However, over-saturation of the market does not seem likely to happen for the moment and is not considered here as the working scenario.

With the cultivation of additional, new AB trees, repeated trainings will become vital for the farmers in order to learn how to best take care of the trees. To give an example, an exceptional characteristic of AB trees is the fact that there are male as well as female trees and only the female trees yield fruits. If farmers do not learn about the specifics of cultivating AB trees, the volumes of AB seeds needed for a successful supply chain will not be achieved.

In addition, farmers receive agricultural training, especially on topics such as the development of business plans and profit-loss-balances which will provide them with know-how necessary to manage their main agricultural businesses in a more efficient way, and also to apply for microloans. The experience of similar projects underlines the fact that these trainings offered to farmers should be repeated and combined with follow-up consultations so that knowledge can be consolidated. The attraction of additional financial resources through microloans is an important component as it offers opportunities to invest in the expansion of their traditional businesses and therefore contribute to a sustainable growth on the income base of farmers.

Since harvesting wild AB seeds cannot be registered as a business and no collateral can be claimed on wild AB trees, farmers will only be able to apply for loans on the basis of their main income which can be considerably lower than their overall income with the gains from AB cultivation and harvesting included. It is therefore vital that the support provided in this area is coordinated with microfinance institutions (MFIs) or banks in order to ensure that farmers can receive loans on the basis of their real incomes. As far as the contribution towards the development of the traditional business of project farmers is concerned, the target use of the loan-induced investments into businesses must be assumed (and monitored by the MFI) so that the extra generated resources and the loans are indeed spent on expanding the income generating base of the farmers.

Finally, all major assumptions of impact on business and income level of the farmers have to take into account the opportunity costs which arise from cultivating and harvesting AB, as compared with other options (cocoa, coffee and others). It is important that the additional activities conducted by project farmers can be pursued either anti-cyclical to their harvesting season of the traditional agricultural business or be time-efficient enough to engage in it in leisure time. Alternatively, farmers can hire seasonal workers. This, however, only makes business sense as long as AB oil prices are high.

Dimension 4: Effectivity

The degree to which the formulated aims and results for the project have been achieved illustrates the project's effectivity. This dimension is assessed as "good" by the team of evaluators but does not achieve the best score possible for this category as some of the planned results (most notably the establishment of AB boards) show room for improvement.

The overall goal of the project is formulated as follows: „By sustainable cultivation and promotion of Allanblackia (AB) trees, AB becomes a reliable and profitable source of

income for small scale farmers in Tanzania and Ghana regions ". It is planned to achieve this aim by working in five areas which have been identified as the main sub-goals of the project. They include the following[32]:

1. In both Tanzania and Ghana the existing supply chain has grown in size to almost double its 2006 capacity. Further, the quality of the supply chain will be improved to enable the reliable production of edible Allanblackia oil. All oil will be produced efficiently and within the given specification.
2. In Tanzania follow-up studies on environmental impact and social-economic impact will be conducted.
3. An Allanblackia Board will be established in both countries and its activities will be supported to establish and grow its capacity.
4. The knowledge on the cultivation of Allanblackia will be expanded.
5. Rural farmers (approximately 14,000 in Tanzania and Ghana together) are stimulated to adopt and plant about 50 AB trees on their farms with simultaneous recognition of biodiversity issues.

In order to assess the effectivity of the project, it should be examined whether these results have been achieved. The project aims are formulated in the project concept and their realization is documented in the two available progress reports (2007, 2008). Although these reports represent self-assessments by the partners implementing the project, it is clear that after two years of project implementation, it can be assumed that the project objectives can be realized to a satisfactory extent. However, the weakness in this project is the additional costs which have occurred as a result of the flawed baseline assessment on the availability of wild growing AB trees in project areas in Tanzania.

Having said that, although a full-scale production has not started yet, the volumes of harvested AB seeds have increased significantly as compared to 2007, as did the number of project farmers. An increase in quality of crushed AB oil has also been singled out[33]. The first set of results for the first component (development of the supply chain) seems therefore to be implemented effectively. The second set of results (research and studies on AB in Tanzania) so far cover guidelines for sustainable AB farming and propagation of AB. Although still being work in progress it should be underlined, that these studies become public goods as they are published on the website of the Novella Africa Initiative (*http://www.allanblackia.info/?q=taxonomy/term/96*) a fact that adds value to the effectivity (and also sustainability) of the project research component.

The development of AB boards which are supposed to be established as the third set of results seems to be going ahead slowly. The dissemination of knowledge and the creation of

[32] Project concept, pp. 10 – 11.

[33] Project Progress Report for the reporting period 01.07.2007 - 01.07.2008, pp. 15 – 17.

structures in order to do so, on the other hand, is going ahead as outlined in the project concept and three Rural Recourse Centers (RRCs) have been established as planned in Tanzania. The last set of results is aimed at setting up an incentives system to motivate farmers to adopt and plant AB trees on their farms. According to the last progress report (2008), trees are prepared to be planted and farmers are being remunerated for their efforts. This component, therefore, also seems to promise to achieve the expected effectivity.

Generally, it should be underlined that it is difficult to directly associate the project's impact with the increase in overall household income and the improved living conditions of the small-scale farmers. The living conditions and the positive development of the framers' main businesses only to a certain extent are impacted by the additional incomes created by AB supply chains. They are affected by factors such as world prices for coffee, cocoa and other export products which constitute the country's main exports to a higher extent than by the AB-generated incomes. But it can be assumed that the extra profits made from AB cultivation and harvests have the potential to contribute to an increased income stability of the project farmers and their households once the AB volumes grow, as the AB collection activities are carried out in the lean season for most of the traditional agricultural crops project partners work with and therefore, the opportunity costs are most likely nil in financial terms[34].

As far as the question of additionality[35] is concerned, it is plausible to assume that Unilever R&D Netherlands would have implemented this or a similar project without ADA's financial support. However, it is unlikely that a project of this scale would have been financed by Unilever R&D Netherlands alone. Instead, it has been the company strategy so far to pursue the research and development of AB supply chains in other African countries in cooperation with other international partners (including DFID, SECO, ICCO and others). Due to ADA's contribution, the project in Tanzania and Ghana were expanded and additional resources to co-finance all project components were made available. This means that the cooperation between ADA and Unilever R&D Netherlands created additional value in the sense that more project farmers can benefit from project activities, receive seedlings and be compensated for cultivating and harvesting AB.

As project calculations show (see appendices), although ADA co-finances all components of the project, a selective approach has been perused here and public contributions cover predominantly support to farmers, know-how transfer and the costs for cultivation of new trees. Unilever R&D Netherlands, at the same time, covers the majority of research costs for the development of the supply chain.

To sum up, it can be assumed that effectivity of the project is high while these activities mainly accelerate a process which would have probably be driven by market forces anyway.

[34] Irene S. Egyir, "Allanblackia: Standard setting and sustainable supply chain management – price setting and marginal cost study", IUCN, November 2007, p. ii.

[35] Additional development value is added to a project implemented as a partnership between public and private partners when components are included in the concept of the project which the company would not have implemented in a scenario without public contributions.

However, due to the long process from establishing the supply chain to yielding the seeds of the newly planted AB trees (which can take between 7-8 years, or even longer), it makes business sense to share the costs and risks of establishing the AB supply chains with additional partners. At the same time, the cooperation with a development agency such as ADA can preclude criticism from environmental non-governmental organizations (NGOs) which might arise in reaction to rolling out of AB cultivation.

Dimension 5: Efficiency

The efficiency of the project is "satisfactory". The project management is professional and the intention of the private sector partner to enter into a long-term supply agreement with the project farmers is assessed as extremely positive, even more so because of the attempts to avoid the exclusiveness of such a supply relationship (see inclusion of other companies such as SC Johnson and Mr. Muscle). Having said that, the over-estimation of the wild AB trees resulted in an increase of the project costs and is therefore the cause of the low scores for this dimension.

The fewer numbers of AB trees than expected caused the changing of the decision from developing a profitable supply chain on a short term plan to the long term development agenda of increasing the number of trees during the first ten to fifteen years that will enable the AB business case to be profitable.

The development of nurseries in Tanzania alone contributed 85,000 EUR towards the calculated project costs[36], of which Unilever R&D Netherlands pays 25,000, ADA 50,000 EUR and the partner in Tanzania 10,000 EUR. Together with the 91,000 EUR paid by Unilever R&D Netherlands, ADA and the local partner in Ghana, this project component constitutes 11.6% (176,000 EUR) of the overall project costs of 1,522,000 EUR. In addition to that, direct support to farmers (274,000 EUR for Tanzania and Ghana together), constitutes 18% of the overall project costs. These expenses occur as a result of the incentive system (i.e. remuneration) which needed to be created in order to motivate farmers to cultivate and harvest AB. If we add the 50,000 EUR ADA plans to spend on the development of the nurseries in Tanzania and the 85,000 EUR ADA spends to cover the costs for supporting farmers in the country, in the Tanzania component alone, the Agency will have spent 135,000 EUR on increasing the number of AB trees throughout the project cycle. The target (for both Tanzania and Ghana) is to plant 50,000 in 2007, 350,000 in 2008, and 300,000 in 2009 in addition to extra 25,000 seedlings planted for reforestation and landscape restoration[37], which amounts to a price paid by ADA of 0.67 EUR per tree/seedling.

[36] Project concept, p. 12.

[37] Ibid., p. 11.

Taking into account these costs, the project will most likely remain driven by donor money for some considerable time. This problem would not have appeared to such an extent if the volumes of existing AB would have been higher, or if the nurseries could be turned into for-profit entities. This, however, does not seem to be realistic in the near to medium future as farmers have to be remunerated as a motivation to get involved with AB trees cultivation in the first place. If they were forced to pay for the new seedlings in the future, they will most likely refrain from these activities and focus on other crops and NTFPs, of which there seems to be a considerable range (coffee, cocoa and cola to name only some of them).

Also, the roll-out of the supply chain depends on several factors, but the single most decisive one is the prevalence of grants to supply farmers with enough seedlings and to remunerate them for cultivating AB in order for Unilever to receive high enough volumes of AB oil that it becomes profitable for the company to include it as a new ingredient in their products. Unilever R&D Netherlands applied for a grant with the Gates Foundation in order to fund the roll-out (i.e. to cover the extra costs for additional trees) but was granted a smaller amount than expected, so that the ambitious roll-out plan cannot be realized for the time being. It is unclear which impact this will have on Unilever's strategy in regard to the AB supply chains, but the company's plans will surely not be able to be implemented in the ambitious way as planned.

In a study conducted by the International Union for Conservation of Nature (IUCN) at the beginning of the project in Ghana, it was calculated that the collecting activities of AB yield 2.5 EUR per hour while the value per hour for the cultivation and collection of alternatives such as cola, and local species such as Atooto and Abesebuo range between 4 EUR and ca 9 EUR per hour. To give an example, farmers in Ghana generated a mean revenue of 22 EUR in 2007 (without Unilever R&D Netherlands prices). According to the data quoted in the 2008 progress report, the direct income to farmers increased from ca. 9,291 EUR (converted with current TZS-EUR rates) in 2007 to ca. 66,279 EUR in 2008 in Tanzania. Divided by the number of farmers collecting AB, the direct income per farmer was around 5 EUR in 2007 (9,291 EUR/1,784 farmers) and increased to 11 EUR in 2008 (66,279 EUR/6,000 farmers)[38].

AB activities are done during the first quarter of a year only. The total of annual income generated from AB - 130 EUR - comes to farmers handy at a time when there are no other income generating activities[39].

However, calculated on the basis of project concept which assumes that "planting 700,000 trees on rural farms, with about 50 trees per farm will mean that we will work with

[38] Project Progress Report for the reporting period 01.07.2007 - 01.07.2008, p. 8.

[39] "At this time Christmas and New Year have affected their financial positions, but again schools are opening and they have to pay school fees: In governmental schools, the fees are about 20USD per child, which not all farmers can afford. The income generated from AB trees also helps to buy food for the family during a time when most crops are expected to be harvested in May. According to farmers, AB comes in to rescue the situation and they find this contribution timely". Comments by Fidelis Rutatuna, Chief Executive Officer Novel Developments Tanzania Limited, 18.04.2009.

approximately 14,000 farmers of which many [are] women (in about 500 communities), each of which will earn about EUR 130 annually from these trees starting a few years (4) form the planting"[40]. If we divide ADA's contribution to the project by the estimated number of farmers who will benefit from this project in the medium- to long-term, then ADA will have spent around 35 EUR per framer for a monthly additional income of ca. 11 EUR per farmer or an annual income of 130 EUR in a few years' time.

From these calculations, we have to conclude that if we look at one year's additional income, ADA will have subsidized 27% of it. Surely, we would have to deal with the accumulated income over the years during which an AB tree yields seeds, which is an unknown quantity to the authors of this report. Nevertheless, these figures underline the lack of research in this important area of impact and efficiency assessment of supply chains and other economic development projects. If we had comparative data on how much ADA spends in other, similar, projects which are aimed at creating jobs and generating income in developing countries, we would have been in the position to assess whether this partnership was an efficient investment in terms of ADA subsidies to generated income, or not.

Dimension 6: Sustainability

The analysis of the individual dimensions reveals that the project achieves good average results in all planning and implementation aspects except the efficiency dimension. Due to the very good or good project planning and implementation, this partnership's sustainability can be assessed as "good", too. This dimension does not receive the mark "very good" because the sustainability of the project results and impacts cannot be assumed as 100% certain, as market forces (i.e. AB oil prices and demand for it) will decide whether the benefits expected for the AB harvesting farmers in the medium– to long-term will indeed materialize. From the knowledge available at the moment, however, this assumption seems to be realistic.

The sustainability dimension assesses the likelihood that the project will be able to continue its operational activities over time and that these activities – together with the development impacts they cause - can be sustained beyond the project cycle.

It can be stated with a high degree of plausibility that once the new AB trees are planted as planned, and once they start bearing seeds and therefore create income for the farmers, there will be an incentive for them in place to continue the activities implemented by the project beyond the project period. When the wild growing and the new trees will start to yield income for the farmers, they will be motivated to continue taking care of the trees, the buying agents will continue to have an interest in buying the seeds and trading them to their international partners.

[40] Project concept, p. 8.

The vital question will remain whether international companies will continue to have an interest in this resource, and will also continue to pay prices which are above average. The prices Unilever R&D Netherlands are now willing to pay for AB oil are higher than for palm oil, but it is uncertain whether the company will be interested in doing so in the long-term perspective. Also, the prices will not necessary be the same when other companies start buying AB oil, too. Finally, should the production of AB oil exceed all expectations and the new AB trees produce higher volumes than needed on the demand side, the prices will fall dramatically and the additional incomes for farmers become less relevant.

In terms of the market, the highest risk to sustainability would be for a cheaper alternative to materialize which would still have the same, or better, quality and attributes as AB oil. International buyers will have a strong interest in focusing on the supply with these alternative resources and the demand for AB will become too low to create any additional income for farmers to speak of.

The staff of the nurseries and the RRCs can become extension officers and continue to advise farmers on the best cultivation practices for AB trees. Their services will, however, remain not self-sustainable in the long-term, as also the nurseries and the RRCs will not. This component will remain fully dependent on subsidies as the additional income farmers can receive from AB will never be sufficient to finance these facilities.

Finally, the capacity building component such as the agricultural training and financial education conducted in the course of the project will have a positive, and sustainable, effect on the main farming activities of the farmers. They will have learnt how to calculate the profits and expenses of their business and will also have established a credit history with the microfinance institutions (MFIs) which they cooperated with during the project.

Overall assessment

On the basis of the individual assessment dimensions this project can overall be assessed as "good." This partnership has strengths as well as weaknesses, but the strengths and the potential for sustainable positive impact outweigh the weaknesses.

As a precondition for a positive business case, the following factors are quoted as plausible in the discussion of the qualitative and quantitative business cases:

- Resources are available
- The demand side is given
- A market exists

The project's strength lies in the project farmers' access to the global markets, which ensures both, that there is demand for the recourse and also that a market for these resources exists. At the same time, this can become a risk to the sustainability of the project results as market forces can change the situation in the future and make it less profitable for farmers as well as the buyer to remain involved in this supply chain.

It should be underlined in this context, that additional capacity building components for farmers which go beyond the mere management of AB are in place and will make sure that the project still will have impacted the income situation of the farmers if the worst case scenario of a collapsing market for AB oil materializes.

The weakness of the project results from the fact that the availability of resources had been overestimated in the planning phase and considerable means had to be spent on ensuring that a volume of AB oil can be achieved in the future, which would make it profitable for the buyer to include AB as ingredient in the existing product lines. This fact also caused an increase in project costs and effected the efficiency of the project.

Finally, it must be emphasized that no reliable measurements of the project's success are available apart from the self-assessments made in the progress reports. If a base-line study was carried out at the beginning of the project focusing also on the income side of the project (as has been, for instance, financed by other donors for the Ghana supply chain), it could have served as a foundation for the qualitative and quantitative measurement of its success and impact. This endeavor, as well as future projects focused on the development and roll-out of supply chains, would benefit enormously from the introduction of a few quantitative impact indicators (like, for example, incidents of diseases or pests on the trees, achieved retail price, the increase in farmers' profits, family expenditure on health and education, food safety, number of new jobs created along the supply chain) and comparative analyses of supply chains for different crops and NTFPs.

Conclusions and lessons learnt

1. We recommend that ADA as well as Unilever R&D Netherlands initiate an independent evaluation of the project impact. Detailed impact assessments which include control-groups would help in measuring their project's development impact. Apart from this, quantitative impact indicators should be introduced into the reports in addition to qualitative ones and compared to control groups of non-project farmers. Quantitative indicators of the development impact can be easily measured in a supply chain project and can be used by ADA, as well as by Unilever R&D Netherlands, as a basis for the development of other projects or in the decision making process regarding the continuation of projects. From the perspective of the private partner, it would make commercial sense to measure the impact of its CSR endeavors in both qualitative and quantitative terms as these measurements can be highly effective when the company is presenting itself and its CSR activities to the public.

2. As we have seen in the discussion of the six assessment dimensions above, supply chains are difficult to build up from the scratch, even when resources are available on the ground (wild AB trees). As a development agency, ADA can build up know-how in developing supply chains and monitoring its impacts focusing on exactly this kind of partnership projects. This would also increase the synergies which can develop in a partnership between ADA and its private partners interested in developing a supply chain. As part of such a strategy, research should be done into the actual impacts of supply chains (see above).

3. The capacity building component of the project is less cost intensive than the AB component in this partnership (propagation and distribution of new trees, remuneration of farmers for AB cultivation). At the same time, the benefits of the know-how transferred in this component can be carried over into the traditional farming businesses of the project farmers (especially on topics such as business plan development, very basic cash flow calculations, financial education, establishing of contacts to MFIs), which increases its positive effects and the chances for this impact area to be sustainable. In addition, the company would most likely have financed the AB component to the same degree without the participation of ADA, while it would have had a lesser focus on the capacity building component without the partnership with ADA. We recommend for ADA to be more selective in the components it co-finances without hesitating to invest bigger amounts into those components with the highest development impact expected.

4. This is not to argue that ADA should not have co-financed the project component focusing on increasing the numbers of AB trees prevalent in the project areas. Instead, we argue for a thorough analysis of which activities have the biggest, and most sustainable, development impact and selectively support those components with higher contributions than at the time being.

Annexes

Schedule of project evaluation and list of interviewed project stakeholders

Name	***Organization***	***Position***	***Region***	***Datum***
Fidelis J. Rutatina	Novel Developments Tanzania Ltd.	Executive Officer	Morogoro	27.09.08
Alex Myinga	Novel Developments Tanzania Ltd.	Field Officer	Morogoro, Tanzania	28.09.08
Boniphace Mahenge	Muhonda Nursery	Nursery Attendant	Mvomero District, Tanzania	29.09.08
Antony Ally	Muhonda Nursery	Nursery Assistant	Mvomero District, Tanzania	29.09.08
Maria Ijumba	Faida Market Link	General Manager	Arusha, Tanzania	29.09.08
Tom Sillayo	Faida Market Link	ML & Training Manager	Arusha, Tanzania	29.09.08
Masasa J. Makwasa	Faida Market Link	District Program Coordinator	Muheza district, Tanzania	29.09.08
Ca. 50 local farmers	Focus group during a training	Farmers from the villages in area of the Reserve	Amani Natural Reserve, Tanzania	29.09.08
Pius Mpembela	IBC Village	IBC Group Secretary	IBC Village, Muheza District	29.09.08
Ibahagi Yohana	IBC Village	IBC Group Chairman	IBC Village Muheza district	29.09.08
Happiness karlo	IBC Village	IBC Group Treasurer	IBC Village,Muheza district	29.09.08
Steven Mbuya	Amani Natural Reserve	Assitant Conservator	Amani Natural Reserve,Tanzania	
Hamis Sesiwa	Amani Natural Reserve	Forest Officer	Amani Natural Reserve, Tanzania	
Steven Mmali	Amani Natural Reserve	Conservator	Headquarter Research, Amani Natural Reserve, Tanzania	
Yakub Hasham	Shellcraft	General Managers	Tanga	30.09.08

Comments by project partners

All comments by project partners and the WiPa team were incorporated into the report whenever possible, and marked as such.

Project budget (calculations according to the project concept)

Type of activities	**Total (T€)**	European company (T€)	Public assistance (T€)			Partner in developing country / contribution of 3rd party (T€)
			1st year	2nd year	3rd year	
Development of local SC in Tz	**370,0**	240,0	10,0	5,0	0,0	115,0
Development of local SC in Gh	**370,0**	240,0	5,0	10,0	0,0	115,0
Follow up studies Tz	**35,0**		0,0	0,0	20,0	15,0
R&D on AB	**83,0**	68,0	10,0	5,0	0,0	0,0
Follow up studies Gh	**34,0**		0,0	0,0	19,0	15,0
Development of Nurseries-Tz	**85,0**	25,0	30,0	15,0	5,0	10,0
Development of Nurseries-Gh	**91,0**	25,0	21,0	30,0	5,0	10,0
Knowledge transfer Tz	**85,0**	5,0	25,0	25,0	10,0	20,0
Knowledge transfer Gh	**85,0**	5,0	25,0	25,0	10,0	20,0
Support to farmers Tz	**135,0**	35,0	30,0	30,0	25,0	15,0
Support to farmers Gh	**139,0**	37,0	30,0	30,0	25,0	17,0
Financial Auditor	**10,0**	5,0		5,0		
Total in T€	**1.522,0**	685,0	186,0	180,0	119,0	352,0
Total in %	**100%**	45,01%	12,22%	11,83%	7,82%	23,13%

Total ADC in T€	**485,0**
Total ADC in %	**32%**

Further reading

1. Project concept.
2. Project progress reports (for 01.01.2007 – 30.06.2007 and 01.07.2007 - 01.07.2008).
3. "Allanblackia – Scaling up a new non-timber forest product", Case Study prepared by Inspiris for InWEnt / World Bank Institute, 11th International Business Leaders Forum, 2006.
4. Irene S. Egyir, "Allanblackia: Standard setting and sustainable supply chain management – price setting and marginal cost study", IUCN, November 2007.
5. "Relative Attractiveness of Allanblackia Cultivation in Ghana: Farmer's Perceptions and Willingness", Final Draft, Novella Partnership Ghana, October 2007, pp. 11 – 12, downloaded from: *http://allanblackia.info/files/Final%20draft%20report%20041007%20picture%20compressed.pdf*.