



# Improving Productivity & Market Success of Ethiopian Farmers

Report on IPMS – CIAT Agri-Business Development Process

June 13-17, 2005

ILRI, Addis Ababa, Ethiopia



Canadian International  
Development Agency

Agence canadienne de  
développement international

**ILRI**

INTERNATIONAL  
LIVESTOCK RESEARCH  
INSTITUTE



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Federal Democratic Republic of Ethiopia  
MINISTRY OF AGRICULTURE AND  
RURAL DEVELOPMENT

## Summary workshop report

A workshop on agri business system development was organized by the IPMS project from June 13 to 17 at the ILRI campus in Addis Ababa. The workshop was facilitated by resource persons from CIAT with contributions from other “agri-business actors” such as ICRISAT, Ethiopian Seed Enterprise and VOCA. A comprehensive set of source materials, including, booklets, leaflets and a CD was made available by the partners’ institutions and distributed to participants and Pilot Learning Sites. (See **Annex 1** for an overview of the source material) The workshop was attended by project HQ and PLS staff, OoARD staff from the PLS (head, input supply, cooperative desks), staff from Regional Research Institutions, Regional Cooperative Bureaus, Marketing Agencies, Unions and Federal level MoARD staff, including Extension, Cooperative Commission and EARO. (See list of participants in **Annex 2**).

The following workshop objectives were introduced at the start:

- Understanding the role of agri-business support services and agri-businesses for commodity development
- Understand strategy for agri-business development in the IPMS project
- Familiarisation with marketing concepts for agri-business development
- Familiarisation with seed multiplication system
- Strategy for privatized seed multiplication system in the IPMS project

A program was developed which consisted of 3 parts, i.e. i) agro business development in general, which was chaired by Dr Berhanu Gebremedhin (IPMS) and moderated by Shaun Ferris from CIAT, ii) field trip to Ada Liben which was facilitated by Nigatu Alemayehu (The Ada RDO) to observe and interact with some emerging agri-businesses and iii) seed multiplication business, chaired by Dr Azage Tegegne and moderated by Jean Claude Rubyogo from CIAT (see **Annex 3** for the program). All presentations can be found on the project’s website: <http://www.ipms-ethiopia.org/docs/workshops.htm/>.

On the first day the participants were introduced to the proposed IPMS strategy for agri- business development by Dirk Hoekstra, the IPMS project manager. The project’s agri- business focus in the PLS will be on the supply of inputs and the marketing of outputs. Participants raised the issue of private sector participation versus cooperatives. It was felt that both had a role to play, however the role could vary depending on the product. Support for the development of private sector involvement could be offered through micro finance institutions. It was also mentioned that the Farmer Training Centers (FTC) could contribute to enterprise development since they had enterprise development in their mandate. New organizational structures for private sector partners may have to be developed at the level of PLS. The project proposes to use commodity based platforms to bring agri-business partners, producers and agricultural sector support services together to plan, learn and build capacity. It was furthermore emphasized that the IPMS agri business development strategy is in line with the government’s strategy and that several innovations are emerging around the country and that PLS can share and learn from the experiences elsewhere. Finally it was observed that in order to encourage private sector involvement in input and output marketing, a market oriented policy would bring more purchasing power to the producers, this in turn would enable them to purchase more inputs.

However, it will also be necessary for the government to interfere less with prices, especially input prices. In areas which are less market oriented, government may have to continue playing a role in input and output marketing.

Next, participants were introduced to an enterprise game to determine their entrepreneurial skills. The lesson learned was that a true entrepreneur gets up and does something with information acquired (action oriented). The remaining part of the morning was used to introduce participants to marketing basics and concepts. An FAO produced video was used to illustrate basics on marketing extension (see Annex1).

During the afternoon and part of the morning session of the second day the project's Research and Development Officers presented the diagnosed agri-business problems and potential interventions in input and output marketing in the PLS. Several issues were raised with regard to the marketing of some of the selected commodities. The potential for cotton which is proposed in 3 of the PLS (Alamata, Metama and Mieso) was questioned following the recent world market developments. This has resulted in China becoming a major supplier of "cheap" textiles, partly as a result of a biotechnology (BT) based cotton production system. Similarly, world market trends for some of the exportable commodities should be observed in particular chick pea for which Canada and Australia have become major producers. The commercialization of the Fogera breed, which has declined dramatically over the past decades, was questioned. Some commodities had declined significantly in production over the past years (red pepper, haricot beans in Dale, chick peas in Fogera) and their market potential was questioned. While some of this decline is due to production related problems (pest and diseases, varieties), the marketing of these commodities should be studied in more detail to come to appropriate interventions for agri-businesses. Potentials for export of live animals were thought to be quite high and export abattoirs do in fact not have sufficient supplies of animals, according to VOCA. The project can contribute to an increase in the supply of live animals through a more market oriented production system which includes feed supply and veterinary services. It was also observed that cross border trade played an important role on the demand and supply of certain commodities. In Metama cross border trade positively affected the demand for live animals; however the demand for horticultural products in the western part of Amhara Region was negatively affected by supply of products (in particular onions) from the Sudan. Diversification and adjusting planting periods to peak supply and demand were mentioned as possible options. Market potentials for organic production methods should also be further explored, in particular sesame and coffee. Market potential for camels (meat, live animals) was also considered possible.

It was also observed that several contractual arrangements which producers had "entered" into in the past year(s) had in fact not been honored, resulting in losses for the producers. Examples of this were given for horticultural products in Fogera, cotton in Metama and haricot beans in Alamata and Dale. Some of the private sector involvement was found to be unfair and the introduction of cooperatives and farmers groups may provide the necessary competition.

Participants also raised issues on production methods which required the use of chemicals, (noug, cotton). Not only is this issue of concern to the environment but also for bee keeping activities, since the use of chemicals can have devastating effects on the bees.

Participants also debated the meaning of potential commodities. Some participants saw potential mostly from the production side, however it was emphasized that potential from the IPMS point of view includes production as well as market potential.

In the next session (on the second day) methodologies for product screening and market opportunity identification were introduced. It was observed that the IPMS project had already completed the product identification task during the PRAs in the PLS. The approach taken by IPMS was somehow different since the product identification process did not start from the producers but from the market, since economics of scale are required to develop/strengthen agri business in the commodity market chain. However some of the tools used for this methodology were found to be useful and could be used for screening new products and more clearly identifying marketing strategies for different commodities. The latter was illustrated by presentations by four regional working groups which were asked to classify the selected priority commodities into the Ansoff matrix (existing and new products and existing and new markets) and to conduct a rapid market chain analysis for a few selected products. Most of the groups had considerable debate on the definition of the term new. It did become clear however that risk increased with new products and new markets. Also different market interventions are required for new products and new markets. It was furthermore observed that input supply was included in the market chain analysis already conducted during the PRA process. The working group presentations are presented in **Annex 4**.

Debate on the role of IPMS in supporting the agri business development also took place. Some of the participants still saw the role mainly in capacity building for production, but it was explained that marketing support was another key area for intervention.

In the final session of the day, the rapid market chain analysis was introduced. The usefulness of this tool for the IPMS project was debated by the participants as well as the implementation procedures. While the tool aims at analyzing the whole enterprise and/or commodity chain it was felt that for a market oriented agricultural development strategy, the survey should start from the top (market) and then move down the chain to the producers. The number of interviews suggested for each of the actors (exporters, traders, rural shops, farmers etc) involved in the chain is to be determined not by statistics but by the triangularisation technique. The length of the chain to be interviewed will depend on the nature of the products. Some of the products will not leave a village or district market; others will be sold at regional, national or even international markets. While PLS staff and farmers can be involved in doing village or district level market chain studies, higher level studies should in general be conducted by professional staff. After some discussions it was suggested that such professionals should include agricultural researchers, staff from the regional marketing, staff from international research centers and specialised consultants. The attention was also drawn to the fact that presently, local business consultants were being trained (by the Export Promotion Bureau) to provide services for the development of business plans for export commodities. Other agencies have also entered into this field. Amhara Region mentioned that market chain studies and plans had already been developed with the help of consultants. Also SNV has identified priority commodities for the South and Oromia. The export promotion agency also commissioned studies looking at the potential for selected export commodities. The project should take such studies into consideration before embarking itself on the “higher” level chain studies. Experts from sister

institutions like ICRAF, ICRISAT, ICLARM and CIAT will be involved in market chain studies in many of the PLSs on some of the priority commodities. In addition, M.Sc. students from Addis Ababa and Alemaya Universities will also be conducting market chain analysis of some of the remaining priority commodities in some of the PLSs.

Finally, extension and training material for agribusiness development and market oriented extension (developed by FAO) were brought to the attention of the participants. This material will be supplied to the participants on CD. Also a tool for the market information sharing used in a number of countries was introduced.

The third day started with a brief introduction of the VOCA Ethiopia activities which presently covers four regions. VOCA is also operational in some of the IPMS PLS i.e. Ada'a, Dale, Alaba. Besides cooperative and union formation and strengthening, VOCA is also active in promoting market linkages through study tours, workshops and market information provision. The latter includes some of the same commodities as the IPMS project i.e. export meat, coffee, sesame and beans

The visit to the Yerer Union demonstrated the new role of the Union in the supply of fertilizers and improved seeds. This year the Union has imported fertilizers directly, rather than through state owned companies such as AISCO and Ambessel, however funding is still secured with the help of loans guaranteed by the regional government. Fertilizers can be sold to members as well as non members. The Union is also engaged in a massive program of seed production, processing and distribution (chickpeas, lentils and wheat). On farm production is organized with the technical assistance of the Woreda OoARD, cleaning and storing is implemented at the Union and distribution will take place through the cooperatives. Within a year, the Union was able to produce enough seeds for the Kabuli varieties, demanded by the export market.

During the visit to the ILRI station, participants were introduced to the ILRI butter churn and encouraged to demonstrate it in their FTCs. If successful, local manufacturing of the butter churns should be encouraged.

The Genesis farm demonstrated modern technologies for vegetable production, dairy and poultry production. The role Genesis played in the provision of pullets and layers for the MoARD extension programs was also highlighted (many of the government multiplication centers are presently experiencing difficulties, while the Genesis farm is generating a profit from this activity).

The Ada'a Liben Dairy Cooperative highlighted its existing and new marketing strategy and investment plan. Participants were also informed about their "new" role in feed input supply and AI service delivery.

On the fourth day, a wrap up session was organized to reflect on the knowledge gained during the theoretical sessions and the field trip. Participants were encouraged to think on how to use the knowledge and to define where they wanted to be with "their" agribusiness development towards the end of the project life. Participants acknowledged the importance of the principles of agribusiness delivered during the past two days, but also needed some practical case studies on

the matter. In addition, as most of the participants were new to the concept, asked for continued training at regional levels. This will also help increase the number of trainees and promote the concept. This is because the extension system lacked market orientation. In relation to agribusiness development also, certification for quality (standard) was not considered and participants raised this issue as an important entity of the agribusiness development process.

The workshop then changed focus from agri-business in general to agri-business development for the supply of improved seeds. An introduction on the principles of seed systems was presented by CIAT. It was highlighted that not all seeds need to be certified and that the informal seed supply system was also a safe guard for the conservation of the land races. Participants were also supplied with copies of training materials developed on this and other topics (see Annex 1). This was followed by an introduction by Yonas Sahlu from the ESE in which the past and future role of ESE in the supply of improved seeds was highlighted. Various shortcomings in the supply of seeds by ESE were raised by the participants including available quantity, quality, pricing, timeliness of delivery. It was stressed that the future role of the ESE would focus, amongst others, on the multiplication of seeds which were not attractive for farmers, cooperatives or the private sector. They would also be focusing more on producing pre-basic and basic seeds and providing assistance to seed multiplication by other actors. ESE also supplied booklets on their activities.

CIAT then continued with a presentation on the business skills development for small scale seed producers. Technical as well as economic aspects were highlighted.

Finally a presentation was made by Dr Bekelle Shiferaw from ICRISAT on their experiences with seed systems, in particular the agrovet shops. While these shops may be useful, the sustainability of the shops was questioned since the demand for the products from these shops in other countries was often based on food security programs. The use of vouchers to enable poorer members of society to obtain inputs from such shops was highlighted. The possibility for strengthening district level shops which already carry some agricultural inputs was mentioned as a way forward in Ethiopia.

The participants were then asked to form regional working groups to discuss the development of seed supply systems for the priority commodities. Each group looked at the existing situation, the desired situation, gaps and the strategy to bridge the gap and the partners required to bridge the gap.

Working group presentations were made the following day. All groups identified gaps in available varieties, resulting from a degenerated genetic base and/or changing market demand for the end product. Another gap dealt with the availability of desired seed which was traced back to the existing seed multiplication system. Possibilities for the involvement of the cooperatives and private sector was mentioned as a way forward, however experiences so far has shown that private sector involvement is still very limited. More information is required on the economics of the business as well as factors hampering the involvement of the private sector. Availability of land was mentioned as one of the bottlenecks. Pricing of seeds and the highly fluctuating demand (often depending on the grain prices received in the previous harvest) were also contributing factors. An overview of the regional presentations is shown in **Annex 5**.

A workshop summary was then presented by the project manager. On the agribusiness strategy the following recommendations were made:

- Aimed at increased privatization, reduce involvement MoARD at all levels
- Distinguish between cooperatives and private sector
- Create a fair playing field for both
- Increased involvement of cooperative and private sector in input supply
- Increased involvement of cooperative sector in output marketing

With regard to the product identification and screening methodologies introduced in the workshop the following observations and recommendations were made:

- Main aim is to identify (new) marketable commodities
- Initial PRA already completed this process, but given the failures with some of the commodities introduced in the past years, it may be good to check on the marketing and financial aspects of the selected commodities
- Some new varieties may require some agronomic verification.
- The methodology may be used for identifying and screening new commodities

Of the commodities already selected by the project the following observations and recommendations were made:

- Commodities with (new) export potentials: chickpeas, beans, live animals, coffee, sesame, honey suffered from:
  - Lack of market information
  - Fluctuating prices
  - Low prices
  - Contractual failures (quantity, quality, pricing)

Proper world market information/assessments should be conducted on these commodities before embarking on major development programs

- Import substitution commodities such as cotton, silk will also require proper assessment of world market trends and government policies.
- New commodities to be explored for some of the PLS include: wax, camels, vernonia and forest products (including bamboo).

With regard to the market chain analysis methodology introduced during the workshop, the following observations and recommendations were made:

- Main aim is to identify intervention points in the chain
- A rapid assessment of this was also conducted during the PRA, however there is a need for some more detailed follow up studies on the whole chain or parts of the chain in order to come to a more precise intervention
- Local level studies for commodities which are mainly for the village, district and regional market can be conducted by the PLS teams (including students) with or without expert advise
- Higher lever studies including regional, national and international aspects should be conducted with “professionals” including researchers (national, international) , staff of marketing agencies, cooperatives, consultants)

- For higher level studies the project should first of all assess the involvement of other actors in this field in order to avoid duplication.

Finally the role of the IPMS project in the agribusiness development process was summarized as follows:

- Overall facilitation by bringing expertise from different specialized agencies (own staff, research, VOCA, ESE, consultants, etc) to address different “needs” for the agri business chain development
- Input and output market support
  - Studies
  - Capacity building agri businesses
  - Linkages producers/markets
  - Knowledge management in particular market information.
  - Promotional activities to penetrate new markets
  - Credit support for small scale enterprises (through existing credit institutions)
  - Quality development (including supply of small instruments)
- Production/processing support
  - Studies
  - Capacity building and knowledge management for extension staff and producers for commercial production
  - Demonstration of new production and processing equipment
  - Credit support for innovative production and processing technologies
- Development of policy recommendations based on the studies and lessons learned

An after action review was introduced by Ermias Sehai (IPMS). Participants in general were satisfied with the workshop in that it had met their expectations. In particular, it had changed their perception of agri-business and the changing role of the government in input and output marketing. The workshop was however very intensive and the training materials would need to be studied in more detail. Also exposure of staff in the PLS and Regions was found to be necessary.

## **Annex 1. Source of training materials provided during the workshop**

### **1 Training Materials on CD**

#### **FAO Marketing Toolkit**

1. VCD Training materials

#### **Manuals**

1. CIAT Agro Enterprise Strategy Paper
2. Manual 1 Partnerships & Territorial Analysis
3. Manual 2 Market Opportunity Identification
4. Manual 3 Market Chain Competitiveness
5. Manual 4 Collective Marketing Guide
6. Manual 5 Market Facilitators

#### **FAO Marketing Guide**

1. Fertilizer retailing guide
2. Food for the cities
3. Export crops liberalization in Africa
4. Egg marketing
5. Financing of agricultural marketing - Case studies from Asia
6. Market research for agro processors
7. Marketing extension guide – Planning and designing rural markets
8. Role of wholesale markets

#### **Market Chain Studies**

9. Demand chain analysis Cassava Uganda
10. Supply chain analysis Cassava Uganda
11. Uganda Banana Market Report
12. Rwanda Potato Marketing Report
13. Starch Monograph
14. Ethiopia - Sesame Report

15. Eritrea - Sesame Report
16. Kenya - Sesame Market Study
17. Tanzania - Sesame market study
18. Eastern Africa - Sesame Market Report
19. Regional Banana Survey
20. Transaction Cost Analysis Report

### **Commodity Briefs**

1. Asparagus
2. Banana
3. Beans
4. cassava in poultry nutrition
5. Chillies
6. Coffee
7. Dried fruits
8. Geranium
9. Mushrooms
10. Okra
11. Papain
12. Pepper
13. Potato survey report
14. Roses
15. Shea report
16. Vanilla

## **2 Training Materials (Hard copy)**

### **Ethiopian Seed Enterprise**

1. Crop varieties bulletin
2. Quality protein maize (QPM)

## **CIAT**

1. Advice manual for the organization of collective marketing activities by Small-Scale Farmers
2. A Market facilitator's guide for agro-enterprise development
3. Strengthening the market information service in Uganda
4. The Impact of globalization on the agricultural sectors of east and central African countries
5. Evaluating the marketing opportunities for *Shea* nut and *Shea* nut processed products in Uganda
6. Guide to collectives marketing for small-scale farmers
7. Performance and growth prospects of Irish potatoes as a component for the development of strategic exports in Uganda
8. Guidelines seed production and marketing in Northern Somalia
9. Pests, diseases and nutritional disorders of the common bean in Africa
10. Recommendations for improved groundnut production in Zambia
11. Diagnosis of some wilt-like disorders of chickpea
12. Producing bean seed
13. Business skills for small-scale seed producers: A Trainer's guide
14. Major problems of Chickpea production in East Africa

## **ICRISAT**

1. Chickpea botany and production practices

**Annex 2. List of participants on agri business development workshop, June 13-17, 2005, ILRI, Addis Ababa, Ethiopia**

<b>Sr.No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution/Department</b>
	<b>Alamata</b>		
1	Adugna Gesesse	Head	Office of Agriculture and Rural Development, Cooperatives
2	Tesfaye Gebreegziabher	Expert	Office of Agriculture and Rural Development, Irrigation
	<b>Atsbi</b>		
3	Mehari Gebremedhin	Head	Office of Agricultural and Rural Development
4	Mesfin Haileselassie	Head	Atsbi Cooperatives Promotion office
	<b>Tigray Region Rep.</b>		
5	Kahsay Gebremedhin	Head	Tigray Cooperatives Promotion Office (TCPO)
6	Yosef Tesfay	D/Head	Tigray Agricultural Marketing Support Agency (TAMSA)
7	Gebre Gebretsadik	Researcher	Tigray Agricultural Research Institute (TARI)
	<b>Fogera</b>		
8	Abraham Muche	Deputy Head	Office of Agricultural and Rural Development
9	Worku Mulat	Team Leader	Cooperatives Promotion
10	Dereje Getachew	Loan Expert	Agriculture and Rural Development Office-Woreta
	<b>Metema</b>		
11	Kassa Assege	Team Leader	Office of Agriculture and Rural Development-Cooperatives
12	Hassen Kebede	Head	Integrated Livestock Development Project
	<b>Amhara Region Rep.</b>		
13	Daniel Tilahun	Researcher	Amhara Region Agricultural Research Institute
14	Seid Mohammed	Expert	Bureau of Agriculture & Rural Devt. - Input Supply and Marketing
	<b>Dale</b>		
15	Futessa Shaga	Head	Dale Woreda-Coordination Office of Rural Development
16	Admassu Mamo	Head	Woreda Agriculture and Natural Resource Office
17	Kama Kayamo	Head	Woreda Cooperatives Promotion Desk
18	Gessese Gebre	Head	Crop Production and Protection Technology Desk
	<b>Alaba</b>		
19	Mesfin Tsegaye	Head	Alaba Woreda, Natural Resource and Conservation Devt. Desk
20	Hailu Alemu	Expert	Cooperatives Promotion Desk
	<b>SNNPR Region Rep.</b>		
21	Indrias Geta (SARI)	Director	Socio Economics and Extension Research
22	Meseret Tiruye	Manager	Cooperatives Promotion Office

23	Teshome Menjur (SNNPRS)	Team Leader	Export Products Promotion Agency
	<b>Adaa</b>		
24	Tekaligne Melaku	Head	Cooperatives Development Office of Adaa Liben
25	Kassahun Abera	Head	Erer Farmers Coop. Union
26	Firehiwot Bekele	Expert	Seed Production Specialist
27	Assefa Dirribssa	Head	Adaa Liben Rural Devt.
	<b>Miesso</b>		
28	Foad Tabit	Team Leader	Miesso Woreda - Cooperatives
	<b>Oromiya Region Rep.</b>		
29	Tibebu Tadesse	Acting	Marketing
	<b>Ministry of Agriculture &amp; Rural Devt.</b>		
30	Melaku Jirata	Head	Dryland Agriculture
31	Alemayehu Shishigu	Expert	Dryland Agriculture
	<b>Ethiopian Seed Enterprise</b>		
32	Yonas Sahlu	Expert	Ethiopian Seed Enterprise
	<b>EARO</b>		
33	Adam Bekeke		EARO-Melkassa
	<b>VOCA</b>		
34	Sileshi Bogale	Head, Cooperative and Marketing	VOCA Ethiopia
	<b>Cooperatives Commission</b>		
35	W/o Hedija Mohammed	Sr. Expert	Marketing, Credit and Research
	<b>CIAT</b>		
36	Shaun Ferris	Manager	CIAT
37	Jean Claude Rubyogo	Scientist	CIAT
	<b>ICRISAT</b>		
38	Bekele Shiferaw	Senior Scientist	ICRISAT
	<b>M.Sc. Students</b>		
39	Mesay Getachew, Ms	Student	Maryland University, USA
	<b>ILRI</b>		
40	Jean Hanson	Project Leader	ILRI, Theme 5, Forage Diversity Project
41	Abate Tedla	Forage Agronomist	ILRI, Theme 5, Forage Diversity Project
	<b>IPMS Project</b>		
42	Dirk Hoekstra	IPMS Project Manager	

43	Azage Tegegne	Scientist	
44	Berhanu Gebremedhin	Scientist	
45	Ermias Sehai	Knowledge Management Expert	
46	Abebe Misgina	Senior RT	
47	Kahsay Berhe	Senior RT	
48	Noah Kebede	GIS Officer	
49	Aklilu Bogale	Database Management	
50	Yirgalem Assegid	RDO/Fogera	
51	Nigatu Alemayehu	RDO/Ada'a	
52	Worku Teka	RDO/Metema	
53	Gebremedhin Woldewahid	RDO/Atsbi	
54	Ketma Yilma	RDO/Dale	
55	Gebreyohannes Berhane	RDO/Alamata	
56	Abebe Shiferaw	RDO/Alaba	
57	Zewdu Ayele	RDO/Mieso	
58	Dawit Woldemariam	RDA/Atsbi	

### Annex 3. IPMS – CIAT Agri-Business Development Process

13-17 June, Ethiopia

Time	Monday 13 June	Tuesday 14 June	Wednesday 15 June	Thursday 16 June	Friday 17 June
07:00	<b>Chairman: Dr Berhanu</b>	<b>Chair man Dr Berhanu</b>	<b>Chairman: Dr Berhanu</b>	<b>Chairman: Dr Azage</b>	<b>Chairman: Dr Azage</b>
08:30 – 10:00	<b>Session 1. Welcome and introduction session</b>  Welcome –Dirk Hoekstra  Workshop objectives and program overview – D. Hoekstra  Introduction to the IPMS agro business component-D. Hoekstra	<b>Session 4. Market assessment methods</b>  Product Screening for input and output markets S. Ferris  Market Opportunity Identification. S. Ferris/	<b>Session 6: Preparatory session for the field trip</b>   <i>Departure for Ada Liben – field trip</i>	<b>Session 1 Introductory session to seed agri enterprise development</b>  Wrap up session agri business development – S. Ferris Introduction to IPMS improved seed supply session - D. Hoekstra Principles of seed systems and seed business development Jean Claude Rubyogo.	<b>Session 3 Group work presentation and discussion</b>  <i>Working group leaders</i>
10:00	<b>Coffee</b>	<b>Coffee</b>		<b>Coffee</b>	<b>Coffee</b>
10:15 – 12:30	<b>Session 2. Marketing basics and concepts</b>  1. Marketing basics and concepts – Shaun.Ferris 2. Video on the ‘marketing facilitator’	Regional working groups to screen and classify the already identified priority commodities enterprises in the PLS	Yerer Union -cereal marketing - seed multiplication - fertilizers supply system	Current seed system in Ethiopia – Yonas Sahlu  ICRISAT’s experiences with seed supply systems - Bekele Shifarew	<b>Session 4.</b> Plenary discussions and harmonization Where do we want to be by the end of the project JC. Rubyogo Summary and closing – Dirk Hoekstra After action review – Ermias Sehai Closing A Tegege
13:00	<b>Lunch</b>	<b>Lunch</b>	<b>Lunch at Debre Zeit Station</b>	<b>Lunch</b>	<b>Lunch</b>
14:00 – 15:30	<b>Session 3. Woreda presentations and discussion on selected commodities and potential agro business interventions (15 minute each)</b>	<b>Session 5. Introduction to Market chain Analysis</b> S. Ferris	ILRI dairy processing unit -butter churn Genesis farm -vegetables, dairy, poultry production and marketing -multiplication improved genetic poultry material	<b>Session 2 Regional working group session</b> on present gap analysis of existing seed supply systems priority commodities and potential interventions	
15:30	<b>Coffee</b>	<b>Coffee</b>	<b>Coffee</b>		
15:45 – 17:30	<b>Session 3. Woreda presentations and discussions. continued</b>  General discussions on common interventions agri businesses for input out put marketng	Regional working groups to conduct a preliminary market chain analyses for one livestock and one crop commodity	Ada Liben dairy cooperative -output marketing -feed supply/AI services	<b>Session 2 (continued)</b>	
17.30	<b>Free</b>	<b>Reception</b>	<b>Free</b>	<b>Free</b>	<b>Free</b>

**Annex 4. Regional working group presentations on product growth market matrix (Ansoff) and market chain analysis for some commodities**

Participants from the respective regions presented the product market growth relationship for both crop and livestock commodities. The Ansoff matrix will help identify the possible scenarios of existing (product, market) and new (product, market) to get local or international market. This permits farmers to take risk with greater confidence in the marketing of the priority commodities.

**Table 4.1. Summary of product-market growth matrix (Ansoff) by region**

**Tigray**

	<b>Existing product</b>	<b>New product</b>
<b>Existing market</b>	- Honey (local) - vegetables (local)	- Fruits (local)
<b>New market</b>	- Honey (big cities) - Pulses (big cities)	- Honey (export) - Vernonia (export) - Apple (to be determined) - Paprika (to be determined)

**Amhara**

	<b>Existing product</b>	<b>New product</b>
<b>Existing market</b>	- Rice - Sesame - Cotton - Noug - Incense and gum - Goat	- Mango - Banana
	<b>Existing product</b>	<b>New product</b>
<b>New market</b>	- Dairy - Fish - Onion - Apiculture - Tomato	-Soya bean -Pepper -Fattening -Chick pea

## Oromiya

	<b>Existing product</b>	<b>New product</b>
<b>Existing market</b>	<ul style="list-style-type: none"> <li>- Sesame (local)</li> <li>- Haricot beans (local)</li> <li>- Onion (local variety)</li> <li>- Teff, Wheat , Chick peas</li> <li>- lentils, Vegetables</li> <li>- Goat (local)</li> <li>- Milk, Butter, Poultry</li> <li>- Apiculture</li> </ul>	<ul style="list-style-type: none"> <li>-Groundnut</li> <li>-Lentil (split)</li> <li>-Onion seed</li> <li>-Butter</li> <li>-Apiculture (branded)</li> </ul>
<b>New market</b>	<ul style="list-style-type: none"> <li>- Groundnut (industrial)</li> <li>- Teff (gluten free)</li> <li>- Wheat (durum)</li> <li>- Chick pea (Kabuli)</li> <li>- Camel</li> </ul>	<ul style="list-style-type: none"> <li>-White sesame (local)</li> <li>-Vernonia</li> <li>-Haricot bean (local)</li> <li>-Vegetables (onion , pepper)</li> <li>-Chick pea (grain)</li> <li>-Chick pea (processed)</li> <li>-Green beans</li> <li>-Sericulture</li> <li>-Poultry (improved)</li> </ul>

## SNNPR

	<b>Existing product</b>	<b>New product</b>
<b>Existing market</b>	<ul style="list-style-type: none"> <li>- Coffee, Haricot bean (red),Fruits (avocado), teff, wheat, pepper</li> <li>- Goat, Sheep, Milk ,Butter, Hide, Skin, Poultry, apiculture</li> </ul>	<ul style="list-style-type: none"> <li>-Spices(ginger),Fruit (pin apple)</li> <li>-Onion( Adama red),</li> </ul>
<b>New market</b>	<ul style="list-style-type: none"> <li>-Bamboo</li> </ul>	<ul style="list-style-type: none"> <li>-Haricot bean (white)</li> <li>-Vernonia</li> <li>-Pepper (paprika)</li> </ul>

The importance of the marketing chain for marketable commodities and the relevance to the objectives of IPMS project was explained. Knowing the different processes from production, post-harvest handling, trading, processing and retailing will help identify the ultimate destination of the commodities so as to plan for appropriate marketing.

After the matrix analysis, participants were again divided by region and were asked to select one marketable commodity each from crop and livestock and conduct rapid market chain analysis. The chain link, function, actors and organizations and business support services were identified.

**Table 4.2. Summary of market chain analysis for one crop and one livestock commodity, by region**

**Tigray (honey)**

<b>Chain link</b>	<b>Function</b>	<b>Actors and organizations</b>	<b>Business support service</b>
producer	production	-OoARD, - NGO's - Cooperatives - Farmers	- Training, - Research - Credit - Input supply
Collector	Collection	- MFI	- Credit
Traders	packaging	- MFI	- Credit
Consumers	Users	-	-

**Amhara (Sesame)**

<b>Chain link</b>	<b>Function</b>	<b>Actors and organizations</b>	<b>Business support service</b>
producer	production	-Farmers - Investors	- Training - Research - Credit - Input supply
Collector	-Bulking - Storing	- MFI	- Credit
Whole seller (processors)	- Cleaning - Packing - Transporting - Storing	- MFI	- Credit
Exporters	- exporting	Exporters	- exporting

### Amhara (dairy)

Chain link	Function	Actors and organizations	Business support service
producer	- Milk production	- Farmers - Social institution	- Extension - Input supply - Veterinary service
Collector	- Collection & pasteurization	-Groups	- Equipment
Processor	- Milk processing	-Private processor	- Credit - Promotion
Retailer	- Distribution	- Individual traders (supermarket)	- Training - Market information

### Oromiya (sesame)

Chain link	Function	Actors and organizations	Business support service
Producer	- Production	- Farmers	Extension Information, Input supply, Link up Infrastructure
Collectors	- Bulking, storing, Transporting, Selling	- Traders	Market information, Market and Post harvest Extension
Whole Sellers/processors/	-Cleaning, Processing Packing, Storing and transporting	-Private corporate transporters	-Bank credit - Information
Exporters	- Exporting	- Private corporations	- Bank - Organized market information

### Oromiya (livestock –dairy)

<b>Chain link</b>	<b>Function</b>	<b>Actors and organizations</b>	<b>Business support service</b>
Producer	- Milk production	-Farmers - City Dwellers, livestock keepers, Social institutions	- Extension - Vet. Services - Fodder development - Information
Collectors	- Collection and pasteurization	- Cooperatives - Private sector	- Information Training /on quality control & standardization - Equipment - Link up
Processors	- Milk processing - Packaging - Transporting	- Private dairy plants	- Information - Training
Retailers	- Distribution	- Individual traders - Shops - Supermarkets	- Market information - Resource map/dairy farms/

### SNNPR (coffee)

<b>Chain link</b>	<b>Functions</b>	<b>Actors and organizations</b>	<b>Business support service</b>
Producer	-Seedling preparation - Field management - Harvest - Market	- Farmers - Extension staff - Research staff	- NGO - Cooperatives - IPMS
Middle men	- Collect from village	- Individuals	- Gap identified
Collector	- Processing and deliver to exporter	- Individual - private sector (coop)	- Banks, MFI
Exporter	- Sorting - Packing -Transporting	- Cooperatives - Transport agency	- Financial Institution - IPMS

## **Annex 5. Existing seed supply system, gaps and potential interventions by regions**

### **5.1. Amhara (Fogera and Metema)- Cotton, rice and onion**

#### **Cotton seed supply system**

##### **Our Desire**

- To develop efficient seed supply system and satisfy farmers need of high yielding and high quality planting material with reasonable price

##### **Existing situation**

- Farmers are using poor quality cotton seed
- High cost of seed
- Poor delivery of seed
- Farmers are growing cotton without adequate knowledge of the Agronomic practices
- Farmers are forced to buy improved seed
- Pest damage

##### **Identified gaps**

- Suitable varieties are not yet developed for Metema area
- Less involvement of farmers group or private sector in seed multiplication at grass root level
- Late arrival
- Lack of information on the production practices particularly for newly introduced cultivars (Gedera)
- Lack of seed popularization and demonstration
- Lack of chemical dealers and application equipments

##### **Recommendation**

- Develop improved seed suitable for the area (Research)
- Organize seed multipliers and encourage the private sector to involve in seed multiplication (IPMS, WOA, CO-Ops)
- Supply seed on time (Seed suppliers)
- Provide seed with all Agronomic practises and provision of training (seed suppliers WOA)
- Demonstrate and popularise the seed before sale (Seed suppliers, Researchers)
- Encourage private sector to involve in input supply (IPMS, WoA)
- Supply treated seed

##### **Support required for seed growers**

- Training on seed production quality control, storage and marketing
- Create linkage with seed inspection authorities
- Calculate seed demand and search the market
- Create linkage with potential buyers

## **Rice seed supply system**

### **Our Desire**

- To develop efficient seed supply system and satisfy farmers need of high yielding and high quality planting material with reasonable price

### **Existing situation**

- Farmers are denied access for high yielding and high quality rice seed varieties
- Only one old variety is being used by farmers and distributed through the informal system

### **Identified gaps**

- Suitable varieties with marketable quality are not yet developed for Fogera area
- No attempt was made to supply rice seed with the formal seed supply system

### **Recommendation**

- Develop improved seed suitable for the area (Research)
- Organize seed multipliers and encourage the private sector to involve in seed multiplication (IPMS, woreda OoA, CO-Ops)
- Supply seed on time (Seed suppliers)
- Provide seed with all Agronomic practices and provision of training (seed suppliers are woreda OoA)

## **Onion seed supply system**

### **Desired situation**

- Quality and ample supply of marketable onion seeds within and beyond PLS

### **Identified gaps**

- Limited availability
- Unmarketable seed
- Poor germination
- Existing Situation
- Supply by private traders
- Supply from certified sources sin Nazreth
- Supply by producers

### **Recommendation**

- Demand/information based by traders supply by traders
- Seed production by coop. for supply within and beyond PLS
- Seed certification
- Regulatory seed system development

## 5.2. Oromiya (Ada'a and Mieso) - Teff and Haricot bean

<b>Desired situation</b>	<b>Gap</b>	<b>Existing situation</b>	<b>Recommendations</b>	<b>Responsible institutions</b>	<b>Other institute</b>
Market demanded variety	Less demanded and mixed seeds	Teff-DZ196 DZ 354 CR-37 HB Awash 1 Awash Melka	Desirable seed production. Capacity building	ESE EARO Universities MoARD Union & Coops. PS/Farmer and group farmers NGO	ARC ESA Exp.pro Agrodealers CC
Access & Availability	Shortage of supply	Seed supply not market driven	Est. seed standard and grading system Sufficient Production	ESE, EARO Universities MoARD Union & Coops., Private sector, Farmer and farmer groups and NGO	IARC, ESA Export promotion offices Agro-dealers Chamber of Commerce
Responsive institutional set up	Not participatory Few institutions are involved Information Weak regulation	Top down Some seeds supplied without demand	Pre testing of new varieties Increase participation of all stakeholders Networking	ESE EARO Universities MoARD Union & Coops. PS/Farmer and group of farmers NGO	IARC ESA Export promotion offices Agro-dealers Chamber of Commerce

### 5.3. Tigray (Alamata and Atsbi) - Faba bean and Cotton

#### Commodity: Faba bean

Desired situation	Existing situation	Existing situation	Recommendations
Availability of improved varieties	Seed shortage	Demonstrated Preferred  No seed multiplication Responsible institute  BoARD-Input supply Coop.	Acquisition of certified seed  Seed multiplication Other institutions to be involved  TARI/EARO ESE, IPMS-TA

#### Commodity: Cotton

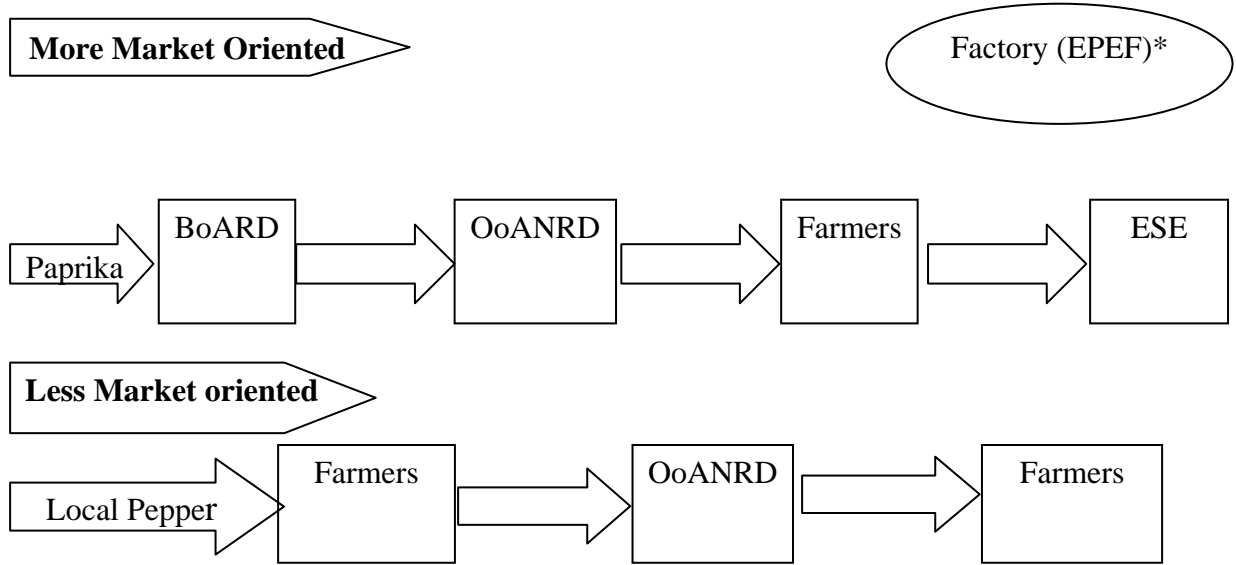
Desired situation	Gap	Existing situation	Recommendations
Availability of ginned & treated seed	Shortage of ginned & treated seed	Farmer seed multiplication  Row cotton  Lack of ginnery  Lack of seed cleaning chemicals	Strengthening seed systems  Establishing small scale ginnery  Chemicals

#### 5.4. SNNPR (Alaba and Dale) - Pepper and Haricot bean

##### Pepper (Alaba)

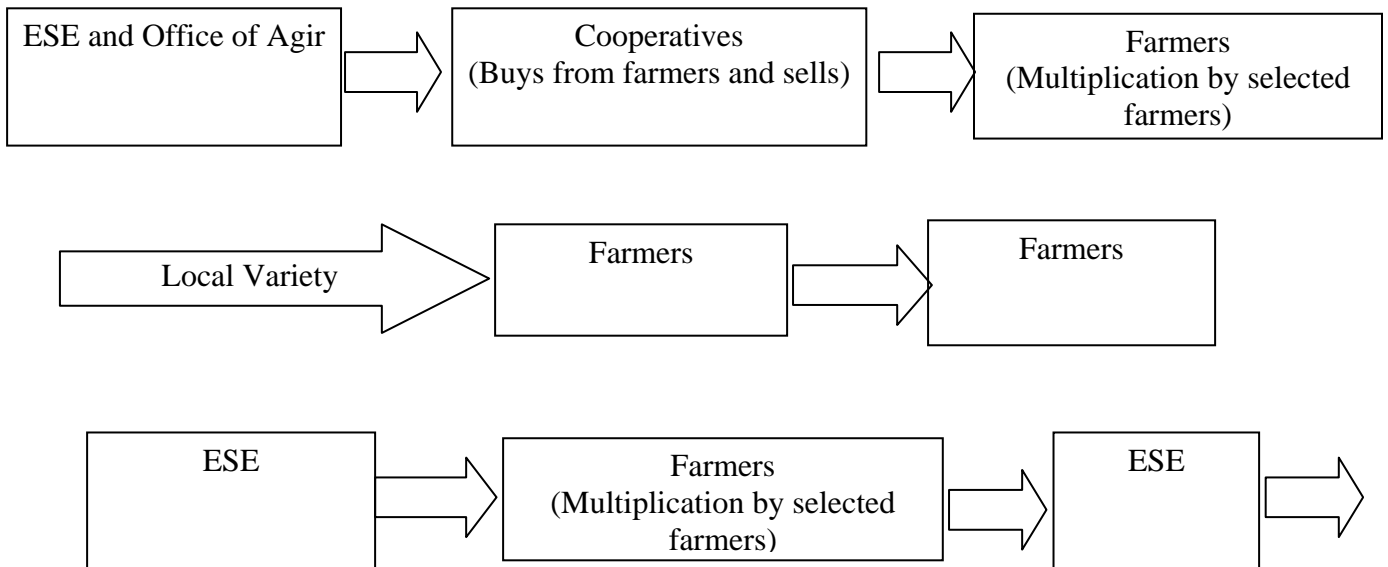
<b>Situation (varieties)</b>	<ol style="list-style-type: none"> <li>1. Paprika</li> <li>2. Mareko Fana</li> <li>3. Alaba Pepper (Local)</li> </ol>
<b>Seed multiplication (situation)</b>	<ul style="list-style-type: none"> <li>• Paprika (was introduced last year, on farm trial failed (Next slide)</li> <li>• Mareko Fana (was not introduced)</li> <li>• Alaba pepper (Local) is widely grown</li> </ul> <p>Experts (Input /Crop desk) jointly collect from Farmer's field (with good quality pepper). Buying Price is 13 Birr/Kg. Farmers use household (HH) pond for local seed multiplication. OoANRD has fund for seed purchase from Regional BoARD and OoANRD sells back to farmers selling Price=14 Birr/Kg ( Next slide)</p>
<b>Problems (gaps)</b>	<ol style="list-style-type: none"> <li>1. Fund scarcity to multiply seed</li> <li>2. Paprika is expensive (1kg/870 Birr) imported and supplied by BoARD</li> <li>3. When farmers use HH pond for Local pepper seed multiplication problems encountered are not known</li> </ol> <p>(NO DELIVERY PROBLEM)</p>
<b>Future direction recommendation</b>	<ul style="list-style-type: none"> <li>• Continue with Paprika field trials (Multiplication)</li> <li>• HH ponds will be used for local pepper multiplication</li> <li>• Market Oriented varieties like BAKO AND MARKO FANA TO BE INTRODUCED</li> <li>• Re-examine the informal and formal seed system, how it evolved...</li> <li>• Contact partners for innovative seed system (low cost, sustainable.)</li> <li>• Train, support seed system for market oriented development (demand of small holders)</li> </ul>

**Pepper (Alaba): Seed system partners & Actors**



\* Ethiopian Pepper Extraction Factory

**Haricot Bean (Alaba and Dale): Seed system channel & actors**



**Haricot Bean (Alaba and Dale):**

<b>Situation</b>	<p><b>Varieties</b></p> <ul style="list-style-type: none"> <li>• Awash I</li> <li>• Mexican 142</li> <li>• Local Haricot Bean (Red Wolayita)</li> </ul>
<b>Problems/gap</b>	<ol style="list-style-type: none"> <li>1. Lack of Basic seed</li> <li>2. Market linkage problem after production</li> <li>3. Seed Delivery price vary by suppliers, Various quality</li> <li>4. Lack of market Information</li> <li>5. White Haricot Bean ( is not for consumption at Alaba PLS )</li> </ol>
<b>Recommendation</b>	<ol style="list-style-type: none"> <li>1. Ensure availability of basic seed (for Alaba PLS)</li> <li>2. Inspect Quality</li> <li>3. Maintain Required Quality</li> <li>4. Develop market Information System</li> <li>5. Improve pre and post harvest Procedures</li> <li>6. Promote local Consumption of white Bean (for Alaba PLS)</li> </ol>
<b>Responsible</b>	<ul style="list-style-type: none"> <li>• National Agricultural Research Centers</li> <li>• IPMS</li> <li>• ESE</li> <li>• BoARD</li> <li>• Cooperatives</li> <li>• Private Sectors</li> </ul>
<b>Future direction recommendation</b>	<ul style="list-style-type: none"> <li>• Continue with Awash I (Awash Mekla) because of productivity and market demand (even compared with Mexican)</li> <li>• Document previous and present seed system in the area</li> <li>• Contact partners to have innovative seed multiplication</li> </ul>