

ENHANCING MARKET SYSTEMS FOR IMPROVED SUSTAINABLE LIVELIHOODS

DECEMBER 2018–FEBRUARY 2020 | SOUTH WOLLO AND OROMO NATIONALITY ZONES, AMHARA, ETHIOPIA

THE PROJECT

Rainfall-based, subsistence agriculture is the main livelihood of the rural population in the South Wollo and Oromo Nationality Zones of the Amhara Region.

As well as contending with erratic rainfall and drought, farmers' production and productivity are constrained by small landholdings, poor soil fertility and limited access to irrigation.

Limited private sector engagement, weak market linkages and the absence of suitable credit services for the predominant Muslim population makes accessing quality agricultural inputs such as fertiliser and seeds difficult.

This is compounded by agricultural commodities being 'pushed' into the market when there isn't demand, causing price fluctuations.

The two-year project 'Enhancing market systems for improved sustainable livelihoods' project contributed to food and nutrition security by developing a market system that works for the poor.

By strengthening the market system, developing appropriate financial service products and improving coordination between market actors, farmers were helped to increase their production and productivity. The project was underpinned by environmental and natural resource conservation.

THE APPROACH

To engage the private sector and cooperatives in enterprise development, stringent selection criteria were used to select organisations to work with. Opportunities to establish cooperatives were evaluated based on needs. Once identified, cooperatives were offered training on topics such as business planning, financial management and record keeping, and learning visits were arranged for both the private sector and cooperatives.

Market linkages were established following discussions between actors, which identified constraints, opportunities and sustainable solutions to finding buyers. Organisations were supported to develop contracts.

The interest-free financial product was established and operationalised through the Amhara Credit and Saving Institution. As part of this, the project organised awareness raising training, exposure visits and consultative workshops with Islamic scholars, religious leaders and the community.

Communities participated in comprehensive land husbandary practices to conserve soil and water and improve the productivity of land. Watershed committees were formed and trained to optimise the use of land, water and vegetation.

Project overview:

The programme built the resilience of vulnerable communities and landscapes through natural resource management and increased market integration. It supported stakeholders to provide quality services to increase productivity and income of farmers.

Project budget: 17,000,000 SEK

Beneficiaries:

5,204 households
26,020 household members





IMPACT

The household incomes of beneficiary farmers increased by 91% from the baseline.

Agro-dealers were engaged in the provision of quality inputs through a 'cost-share' model. This enabled farmers to access 'one stop services', which sold quality inputs at fair prices in easily accessible locations. This helped 1,623 farmers become more productive and supply surplus products to local and national markets.

Mung bean seed multiplication cooperatives were established in Ambasel and Dewa Chefa. These cooperatives produced and supplied 86.7 quintals of quality seed, which increases mung bean productivity by 40% compared to home saved seeds.

Through the introduction of hybrid onion and tomato seeds, productivity increased from 209 to 454, and 225 to 488 quintals per hectare respectively. Market linkages for vegetable producers (onion and tomato) have been created between producers' cooperatives and a consumers' association in Addis. This linkage helped 1,300 farmers to sell 37,487 quintals at competitive prices and generate increased income.

Following the creation of an interest-free financial system, 22,000 farmers have opened accounts with Amhara Credit and Saving Institution.

102 hectares of land are now covered by community land husbandary practices, which improves land productivity.

LESSONS LEARNT

The cost sharing approach and market linkages were successful means by which to involve and strengthen the private sector in the provision of agricultural inputs and output marketing.

Engagement of the private sector in agro-input and end-product marketing ensures the sustainability of the project interventions.

Establishing long-term sustainable engagement with the private sector requires significant time. At two years the project was limited in its ability to accomplish all market-related outputs

A comprehensive systems approach - from input supply finance, to market linkage and natural resource management - rather than piecemeal development is paramount to ensure livelihood improvements of the target community.



The market system project was implemented by a consortium of Farm Africa, Mercy Corps and ORDA. It is a component of Growth for the Future, a Sida funded programme.

