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USING MARKETS TO ALLEVIATE EXTREME POVERTY

MARKET-LED LIVELIHOODS FOR VULNERABLE POPULATIONS (MLVP) PROJECT TERMINAL REPORT



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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Section 1. Introduction	1
Section 2. Addressing Markets and Livelihoods: Approach and Process	5
Section 3. The Five MLVP Projects: Models in Market-Led Livelihoods	15
Section 4. Lessons Learned	41
Section 5. Ways Forward	43

FRONT COVER: Female silk producers from the Meskan Silk Producing Project showing their newly produced cocoons

BACK COVER: Cooperative members from the Tehuledere Vegetable Marketing Project sorting carrots for market.

SECTION 1. INTRODUCTION

Ethiopia's irregular rainfall makes it subject to unpredictable harvests and severe droughts; as a result, large numbers of food producers in the country are unable to produce enough food for their own consumption. Successive years of underproduction have led many farmers to become vulnerable to the smallest economic shock or natural disaster. For families consistently unable to feed themselves, public assistance has tended to take the form of emergency food assistance, largely financed by international donors. As a result of this cycle of underproduction and emergency-relief responses, large numbers of Ethiopia's rural populations have become chronically poor and vulnerable and dependent on food aid for survival.

In an attempt to break the emergency-relief cycle and the chronic vulnerability of large segments of the rural population, the Government of Ethiopia and its donor and implementation partners in the international development community introduced a number of changes to food aid programming, which advocated multi-year food aid commitments to the chronically poor as a means of providing them with a way to protect their productive assets, help them refrain from selling assets to pay for food or accumulated food debts, and help rehabilitate their traditional economies and means of livelihoods. To this end, the Government of Ethiopia and its development partners designed and launched the Productive Safety Nets Program, popularly known as PSNP, and implemented it in 262 *woredas* (districts) in the country. In addition to the PSNP, the Government, in collaboration with the World Bank, also introduced the Food Security Program, an asset-building program that provides both the chronically and transitory poor with access to credit and technical support resources from a menu of 20 "package programs," covering a range of economic activities including livestock husbandry, apiculture, and irrigated cash crop production. As the third prong of its efforts to reduce and ultimately eliminate food insecurity from the country, the Government of Ethiopia is actively implementing a modest resettlement program.

Government Program for Reducing Reliance on Food Aid

The Productive Safety Net Program (PSNP), established by the Government of Ethiopia at the beginning of 2005, was an expansion of the relief-to-development principle, under which populations who had been receiving yearly food relief were considered to be "chronically food insecure," and thereby unable to build a productive asset base even with the support they were given. The aim of PSNP is to provide a more constructive form of aid, so that these populations, guaranteed of basic support in food or cash over several years, can not only cover basic food gaps but can also be in a position to save and invest in assets toward a food-secure future.

The PSNP is set to run for five years, and reach more than four million people. It is hoped that within this period households will "graduate" away from reliance on the PSNP and into food security. Households with able-bodied members perform public works tasks, environmental protection, and other communal improvements; households with elderly, disabled, or otherwise incapacitated adult members receive "direct" (free food and/or cash) support. The guarantee of multi-year food aid and cash funding allows local governments to plan sensibly for effective public works. Additionally, they benefit from funding for construction and other equipment and materials to enhance the value of the works.

Management of the wider Ethiopian economy has also undergone some fundamental changes and greater emphasis is now being given to the role that markets can play in facilitating its transformation. In a significant departure from its previous advocacy of food self-sufficiency, the Government has adopted market-led agricultural

transformation as a central element of its development strategy. This shift in emphasis came after markets failed to absorb grain production surpluses and producers were unable to cover the costs of their input loans. More recently, a drop in international coffee prices led to a rapid decline in the living standards of previously well-to-do Ethiopian coffee producers. For the first time, food assistance was being required to support farmers who had the capacity to overproduce as well as farmers with a tradition of successful cash crop production.

The Ministry of Agriculture and other institutions were restructured to better align their functions with the new policy. An Agricultural Marketing Directorate, headed by a state minister, was created to lead the Ministry's work in this area. The establishment of marketing cooperatives was accelerated in rural areas, and entirely new organizations such as the Commodities Exchange and new mechanisms like the warehouse receipts system are emerging in urban centers. Resources are also being funneled into policy research to build the national knowledge base and help guide the evolving policy agenda. Agricultural marketing in Ethiopia is undergoing rapid changes.

Most programmatic responses to the shifts in agricultural marketing policy had focused on facilitating the disposal of surplus; there had not yet been programmatic responses that focused on market-led development for the chronically poor and food-insecure areas of the country. The Market-Led Livelihoods for Vulnerable Populations (MLVP) project, one of numerous activities USAID has supported to help Ethiopia tackle the challenges of chronic poverty, is the first project to have taken on the challenge of designing and testing market-led interventions for the chronically poor in Ethiopia.

MLVP responded directly to the challenge of Intermediate Result 4 of USAID's Strategic Objective 16 (Livelihoods Options of the Food Insecure Protected, Expanded, and Diversified), specifically: "the compelling need to induce and facilitate sustained rural-based, market-led growth necessary to break the cycle of food crises that have prevailed."

The project was mandated to develop and pilot-test Investment Plans for the chronically poor in 5 out of the country's 262 *woredas* with significant vulnerable populations. The Investment Plans were also meant to demonstrate ways to overcome the need for continuous food aid, leading to "graduation" from the PSNP. In addition, the business solutions offered by MLVP had to be sustainable — aligned with the target group's capacity to continue to reap business benefits even after the project had been closed out.

Through five small-scale, distinct model projects, MLVP sought to identify the steps a project must take to determine where it would operate and what commodities or activities to focus on, fitting them into the larger, long-term picture of reducing dependency on food aid. Working with selected partner NGOs, the objective was to set in motion potentially viable projects that would continue after the close of MLVP's relatively short lifespan and serve as models for future initiatives, and to increase the capacity of PSNP NGOs to develop and support such initiatives.

The sites for the five model projects were selected from among the country's chronically food-insecure *woredas* — those whose populations had been dependent on food relief for three consecutive years. While the selected *woredas* — Raya-Azebo, Tehuledere, Kurfachelle, Sekota, and Meskan — represented varied environments and economic features, they shared a common history of vulnerability and drought — the prime trigger, if not the root cause, of the food insecurity that PSNP was created to combat.

MLVP showed that chronic poverty could be alleviated through market-led programs. Value chains were selected for each area, aimed at different levels of end-markets — from local, regional, and national to international. The strategies employed for succeeding in each market also varied.

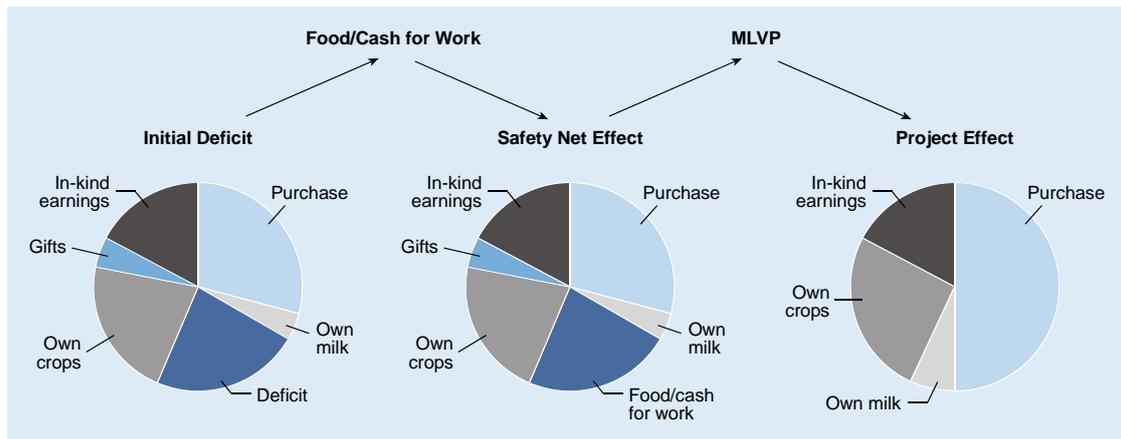
Different areas of the country faced diverse challenges that kept their populations from competing and moving forward. In some, the lack of adequate storage facilities meant that excess supplies were ruined before they had a chance to get to market or be stored. In others, an over-reliance on too many middlemen along the value chain meant that farmers were not always getting fair prices for their produce. In still other areas, a non-standard system of measurements exposed producers to unfair pricing and limited their bargaining capacity. Lack of information about the market often hampered producers' ability to negotiate fair prices.

Some of the challenges that MLVP sought to address were consistent among sites but solutions were customized to fit the situation on the ground. In Meskan, for example, the project originally urged farmers to form learning groups to acquire training and mentoring on silk production, but in response to very strong resistance, opted instead to keep this activity on an individual level.

The forms of businesses that were used to maximize market opportunities and overcome the constraint of the small size of the smallholders firms were also diverse — MLVP worked with individual smallholder businesses, voluntary marketing groups, learning groups, and multi-purpose cooperatives.



Project partners, stakeholders, and beneficiaries had the chance to exchange information, examine lessons learned, celebrate the accomplishments of the project, and consider ways to apply best practices at the MLVP Federal Workshop, held during the project's last week in July 2007. In addition to the formal sessions, project partners had the chance to display their work. At the Sekota Honey Marketing Improvement Project stand, workshop participants were able to talk with a honey producer, buy project honey, and see the new label developed to create customer awareness of the *Yewag Wollela* brand (illustrated in the photo).



The three pie charts above illustrate the intended effect of MLVP on a chronically food-insecure household.

In the first chart, the household faces a deficit. It cannot meet a quarter of its basic food needs. It has consumed what harvest it can store, grain earned in-kind from labor on the land of a better-off neighbor, and milk from a handful of goats. It has accepted gifts of food from a patron or relative, and purchased what it can with cash earned from off-farm work after deducting essential non-food expenditures.

The second shows the deficit being addressed by safety net transfers — be it food or cash to spend on food. This helps close the gap between households' incomes and their basic survival needs, but it does not provide enough resources for people to be able to build their asset base, thereby reducing their vulnerability to shocks and increasing their level of food security.

The last pie chart indicates the intended effect, over time, of MLVP on this household. The household is now able to feed itself by purchasing more food than before with enhanced cash earnings. It can purchase and maintain a few more goats, which provide more milk. At the same time, the household has more of its own food available, not necessarily because of increased production but because other income allows the household to pay pressing debts by avoiding the sale of its production after harvest. MLVP also introduced activities that households can adopt to retain cash, thus increasing their investment in assets and taking further steps to secure wealth.

SECTION 2. ADDRESSING MARKETS AND LIVELIHOODS: APPROACH AND PROCESS

Like most of Sub-Saharan Africa, Ethiopia's poor rely on *spot markets* for their transactions. In spot markets, the terms of exchange are agreed upon through haggling, making it difficult to compare any two transactions. The growth potential for participants in markets in vulnerable parts of Ethiopia is low — mostly poor people selling low-value products to other poor people. In cases where vulnerable groups sell to traders or their agents, the buyers use a variety of tricks and techniques to conceal information about end-market prices and the distribution of benefits to different actors on the value chain from farmers. Breaking out of spot marketing systems was a mandatory step in linking the businesses of vulnerable populations to new markets or more lucrative segments of the markets on which they were already active.

Tools for objectively analyzing both vulnerability and investment opportunities related to markets were not readily available before MLVP. The project therefore had to develop its own set of analytical tools. For the first time, MLVP combined the Household Economy Approach (HEA) with Value Chain Analysis (VCA) to acquire the necessary depth of analysis of vulnerability and markets. (See pages 7 and 8 for more detail on these tools.) HEA provided actionable information and analysis about the wealth composition of target communities and livelihoods zones, and (firm) household-level information on economic performance. VCA provided combinations of strategic and firm-level analysis for identifying potential commodities for market-led interventions. This innovative linking of tools enabled the project to make methodical and well-informed decisions in choosing products and end-markets for increasing benefits to vulnerable populations and helping them perform better.

Household Economy Approach

The Household Economy Approach (HEA), developed by the Food Economy Group and Save the Children-UK, is a conceptual framework for analyzing people's access to food and non-food resources. It is based on the principle that an understanding of how people make ends meet is essential for planning interventions that will support, rather than undermine, their existing survival strategies. It considers what and how they produce on their own land, where they go for off-farm work and for what net gain, and how much they must spend to provide essentials for living (food, essential health care, education, etc.).

Approach

The inclusion of a full-scale livelihoods baseline in a marketing project is unusual in Ethiopia; in the past, it has been mainly applied to famine early warning. The HEA framework, developed by the Food Economy Group and Save the Children-UK, provides a holistic view of how households in different wealth groups operate their livelihoods. It provided MLVP stakeholders with an in-depth picture of the dynamics of the involvement of the poor in markets in each of the selected *woredas*.

At the same time, market-based assessments were carried out in each of the selected *woredas*, creating the opportunity for cross-fertilization of ideas between the two instruments. Market assessments were carried out in two phases — first, a rapid analysis of the overall market situation in the selected *woredas* to select options for MLVP involvement, followed by more detailed assessments, which described in

considerable detail the supply and demand for selected products or services, and the market structure and operators in the selected *woreda*. They also sought to identify ways that food- or cash-for-work-supported infrastructure projects could be associated with productive, market-related activities and assessed the institutional environment for piloting and scaling up potential projects.

Initial Market Assessments

The initial market assessments completed by a senior Ethiopian market consultant produced a set of possible agricultural commodity-based activities or market services for MLVP's pilot project implementation phase. Government institutions, NGOs, community groups, traders, and other stakeholders operating in the pilot *woredas* were consulted during the livelihoods and initial market assessments. NGO staff and *woreda* partners were trained in HEA methodology as part of the livelihoods assessment.

Detailed Market Assessments

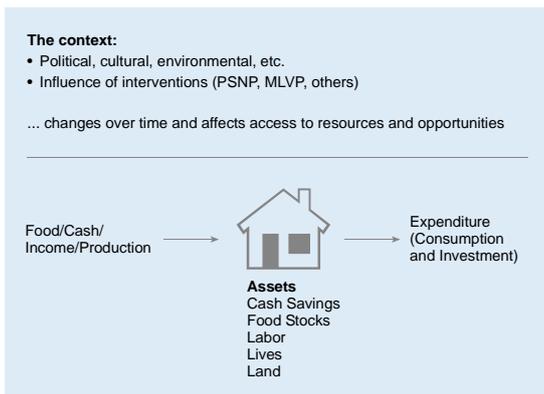
The step following the technical consultations that were carried out with stakeholders, the detailed market assessment, was designed to determine the commodities/service mix for pilot testing by undertaking a detailed market assessment. The detailed assessment gives the necessary information and data for developing the Investment Plan. MLVP recruited and contracted two qualified local market specialists to support the senior market consultant in generating the detailed data and analyses for the preparation of investment plans. Market consultants spent several days in the pilot *woredas* and markets along the market chain in the course of their fieldwork. Traders, communities, cooperatives, relevant *woreda* and regional government officials and experts, partner NGOs, and other stakeholders were interviewed and consulted. The information gathered was analyzed and reports were provided to the senior market analyst in drafting investment plans.

USING THE HOUSEHOLD ECONOMY APPROACH

Specifically, the purpose of the HEA is:

- To gather quantitative and qualitative baseline information on:
 - Income levels, and the main sources of food and cash
 - Expenditure levels, and the main items people spend money on (basic needs, short-term and long-term investments)
 - People's knowledge of, and engagement with, markets
 - Potential new or enhanced activities that people might engage in to increase income
- To serve as a basis for targeting of projects, which can be monitored once they start
- To provide benchmarks for evaluation of changes in income levels, contributions of the project to overall household income, changes in expenditure patterns, and investment decisions

The Household: A Micro-Business



This diagram shows the flow of resources through the household. The farming household is a small business, and its access to income is influenced by a constantly changing host of factors including where the household lives (geography and environment), political factors, cultural traditions, and the impact of assistance programs including MLVP and the PSNP. The level of resources going into the household business determines whether or not it is able to add to its asset base (defined as cash savings, food stocks, labor, livestock, and land). Ultimately, a strong asset base will result in an ability to cover basic food and non-food expenses as well as to invest not only in short term but also longer term investments.

HEA Wealth Group Analysis:

- Identifies sources and levels of income for each wealth group (poor, middle, and better-off), showing opportunities for project engagement
- Identifies expenditure levels
- Shows the costs associated with their business activities and the kinds of investments that people are engaging in

Monitoring: HEA analysis provides a mechanism for monitoring *who* was participating and *in what way*.

Evaluation: HEA information also provides a basis for evaluating the impact of a project. Because we have a pre-project picture of how households operated, we can evaluate what impact the project has had on their income, expenditures, and decision-making about investments.

Impact: HEA analysis looks at what people are doing with the “extra” money they have earned as a result of the project.

HOW HEA WAS USED IN MLVP

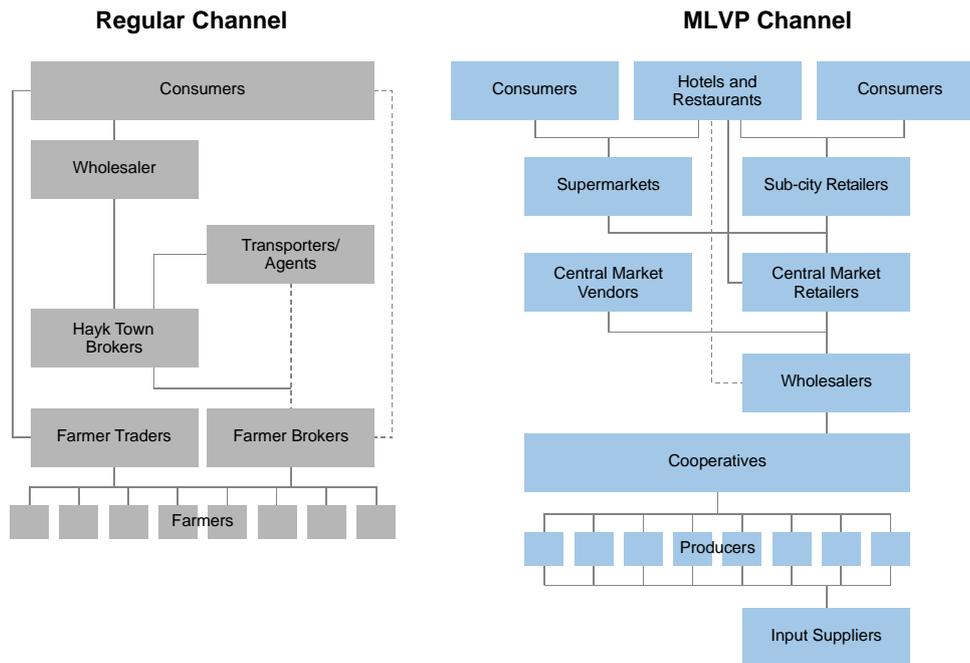
The first level of inquiry was at the community level, where key informant, focus group, and individual household interviews were conducted to describe the economic context, typical livelihood patterns for different economic groups (poor, middle, better-off), and interactions between these groups. The surveys also observed how people interact with the market as both buyers and sellers, to identify potential areas of engagement for the project.

The second level consisted of a more detailed investigation of typical individual households based on the project activities agreed upon by the stakeholders (the “technical consultation”) to determine the level of knowledge that people have about the activities, the costs to households associated with the activities, and the typical return that households expected from such activities prior to the project (if it is an activity that they are already involved in). HEA analysis played a central role in informing discussions among stakeholders to select projects where people were engaged in small-scale production/marketing of products. It also helped inform selection of target groups (mostly poorest and middle wealth groups, including participants in the PSNP).

VALUE CHAIN ANALYSIS

The value chain is defined as the full range of activities required to bring a product or service from conception through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to the final consumer, and final disposal after use.

MLVP's application of the VCA principle is best illustrated with the use of a specific example. (Here, we use the example of the Tehuledere project.) The diagram below is a simplified value-chain map denoting the carrot trade channel between Hayk and Addis Ababa in the periods before and after MLVP's interventions.



The left side image denotes conditions before MLVP intervened. Farmers relied on multiple layers of traders' agents and brokers to sell their carrots. The system suffered costly inefficiencies throughout the entire chain as none of the agents or brokers had the leverage to single-handedly assemble full truckloads of carrots for purchase by wholesalers. This led to speculation as agents were forced to build bulk in the hope that they could secure their own buyer or at least cooperate with their peers for combined shipments. There was a high prevalence of suppliers' credit and often agents defaulted on their payments to farmers. The system was both inefficient and ineffective as it tended to over-harvest at peak supply periods with farmers eager to offload their products or fall short when farmers held back their harvests toward the end of the season.

With MLVP's assistance, farmers in Tehuledere were able to move out of spot marketing and into contracts through an MLVP honest-brokered contract with a leading wholesaler at the Addis Ababa vegetable market. The cooperative which had previously tried and failed to break into the Addis market was formed from six water users associations that worked on a local irrigation system in the *woreda*. The contract held the cooperative accountable for meeting specific quality standards; a mechanism for revising prices every 10 days was also built into the contract. Inefficiencies and wastage were reduced as producers were provided with advance warning of the quantities to be uprooted. This not only reduced overall losses but helped ensure that the carrots got to Addis earlier and in better shape than before, offering a better quality product to the customer and longer shelf lives for shop owners and distributors. The switch to contracting helped farmers strengthen their bargaining position, which helped increase both prices and margins for farmers.

Process

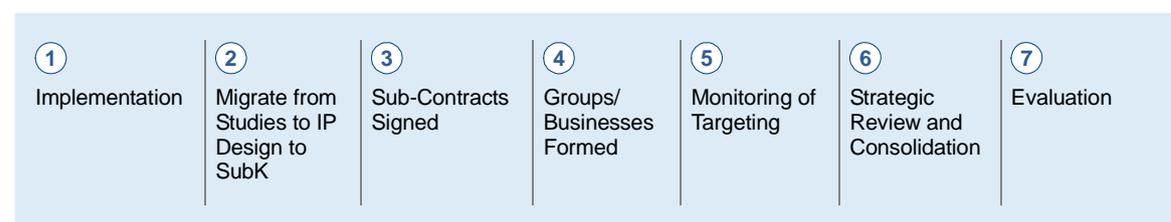
The process of designing and implementing a project, from the assessment to evaluation stages, is best illustrated by the following diagrams, which break the process down into two phases. The first phase of the MLVP project was devoted to developing the investment plans, which would become the basis of the pilot projects. The careful design phase was equally as important as the testing of the project interventions. As seen below, this process involved two stages of analysis, working from the broadest level of inquiry — focused on markets and households — to a more specific and detailed level of inquiry which focused on the selection of each key commodity.



The broad level analysis concentrated on establishing a livelihoods baseline (to develop understanding of target groups potential to engage in new or expanded market activities) and a broad market assessment (to assess market opportunities), followed by technical consultations with key stakeholders. The second phase of analysis was more targeted, consisting of a detailed household assessment to determine how different groups can best expand their work, based on the selected commodity, and a detailed market assessment, which focused on the selected commodity.

The investment plans were designed for specific commodity-focused interventions, and were used as the basis for the scope of work for each pilot project. The work planning that followed forced MLVP and partners to think through the types of activities that would make up the project and the resources that would be required to carry out the desired plan. (These scopes of work can be found in the annex to this document, and may be useful in planning future interventions.)

The second phase focused on the rubber hitting the road:



As noted above, one of the first steps that had to be taken after the investment plans were developed was to break down activities within the plan into a scope of work that could be incorporated into a subcontract (or in one case with no subcontract, an action plan). Once the vision for implementation was established, implementers were able to begin the process of forming new marketing groups or identifying existing groups to work with and strengthen. Most activities, outside of infrastructure development, focused on these groups. Some months later, the project took the time to monitor the

composition of these groups, asking questions like, Which members were on PSNP? How many were females? As the implementation of pilots approached the final quarter, time was spent to review the ongoing strategy that had emerged in each of the pilots, the forward-looking strategy, and ways activities could be consolidated for future dissemination. The final step focused on evaluating the projects, looking at what worked, what didn't work, and what could be built on, all as a means of sharing lessons from project implementation.

Local Buy-In: A Key to Success

Regional consultations. From the beginning, MLVP held extensive consultations with the regional governments of Oromiya, Amhara, SNNPR (Southern Nations, Nationalities, and Peoples Region), and Tigray to obtain their approval. These consultations were important to secure the support of the local governments who were closely tied to the implementation — and success — of the activities.

Technical consultations. After the first round of assessments was completed, one-day stakeholder workshops, called technical consultations, were held with implementing partner NGOs and relevant stakeholders in each selected *woreda* to reflect on the findings of the assessments and reach consensus on the commodity or services to be selected, which later informed the direction of the second round of detailed marketing assessments. The main criteria for determining the options were:

- Size of market, potential demand, and level of participation of target population
- Potential impact of increasing household income, and improving individual and household livelihoods
- New opportunities in the *woreda* to improve agricultural productivity and production through government, NGO projects, and private investors
- Role of the selected commodity in the development plan of the *woreda*
- Potential resources and comparative advantages of the *woreda*
- Limited life span of the pilot project
- Availability of limited financial resources for implementation

MLVP's lifespan of one agricultural season limited the choice of investment options to interventions focusing on short-cycle crop or production varieties. The technical consultation process was a valuable means of building buy-in and establishing a sense of ownership by the proposed project beneficiaries and implementing organizations. In fact, in some cases the project rejected the recommendations of the VCA study and proceeded with the intervention, as seen in the following table.

Woreda/ Implementing Partner	Selected Value Chains	Recommendations of VCA Study	Project Action	Target End-Market
Tehuledere/ Organization for Rehabilitation & Development in Amhara (ORDA)	Fresh vegetables (onions and tomatoes)	Positive.	Accepted. Proceeded with model project intervention.	Local: National markets (Hayk to Addis Ababa)
Kurfachelle/ CARE Ethiopia	Fresh vegetables (potatoes, green peppers)	Positive.	Accepted. Proceeded with model project intervention.	Initially domestic: Harer, Dire Dawa, Kombolcha; later regional: Djibouti, Somaliland, Somalia
Raya-Azebo/ Relief Society of Tigray (REST)	Fresh vegetables (onions and tomatoes)	Positive.	Accepted. Proceeded with model project intervention	Mehoni-Mekelle Corridor
Sekota/ Save the Children-UK	Honey	Negative: Do not intervene. If possible look for alternative value chain. (Problems of overpricing, low volumes produced, high transport costs, remote location, etc.)	Rejected negative recommendations and proceeded with intervention.	Local: Northern Ethiopia and communities of northerners with preference for white honey.
Meskan/ Meskan Woreda Bureau of Agriculture and Rural Development	Red pepper (changed to silk)	Negative: Intervention prohibited by limited project resources and high power of wholesalers and processors.	Accepted recommendations to work on alternative value chain. Selected silk.	Silk end-market: global. local textiles company producing for export to North America, Europe, Japan, and Australia.

Building Local Capacity

Despite the growing enthusiasm surrounding markets, the lack of experience in market-led thinking was a serious shortcoming that MLVP had to address. It was difficult to find experienced, business market-oriented field staff. Training was therefore a vital component in each of the five projects. Extensive training was given in each project, to beneficiaries as well as NGOs, *woreda* officials, and others. Perhaps more important than training per se, was the role MLVP played in mentoring to help people improve their business literacy. The MLVP approach advocated learning by doing. A number of organized training events brought together players from all five projects.

MLVP-Wide Events

Overseas study tour. In May 2005, MLVP organized a study tour to areas of Ethiopia and to Kenya for stakeholders, coordinators, supports, PSNP partners, and *woreda* officials. One *woreda* fruit and vegetable officer from Meskan who participated in the trip commented that “*everything*” he saw in Kenya was applicable to his country, but that Ethiopia needed to change the way it supports

development activities: Start small, grow rationally, and focus on areas where it can do best. Upon his return from the study tour, he reported back to his superiors and was

New Ideas

As a result of the overseas study tour, the participating Meskan *woreda* delegate (from the Butajira agriculture office) concluded that insufficient and poorly allocated resources explained the limited success in the *woreda's* previous agro-forestry promotion programs. He and his colleagues have since introduced the use of a clusters approach to seed distribution, as they observed in Kenya, which they hope will enable extension agents to provide higher quality support in follow-up stages and ultimately help farmers successfully adopt agro-forestry technology.

able to reorganize the fruit and vegetable department's efforts in accordance with what he had learned. Another participant, a *woreda* cooperative officer from Kurfachelle, was impressed with Kenya's cooperative system and its fruit and vegetable organizations — how they collected, processed, packed, and marketed produce. For example, he saw that Kenyans were successfully selling by weight rather than volume. He said he didn't know this was possible — this was his first time out of Ethiopia. His subsequent support in transitioning from the non-standard measurements — the *goonfa* — was helpful. The same officer also visited the Meskan silk project and said he was interested in starting something similar.

Value Chain Analysis Workshop. A workshop on value chain analysis, offered to two separate groups in November 2006, helped stakeholders — NGO and government counterparts in the target *woredas*, and regional and federal government offices — in each of the projects better understand the links between players along the value chain and adjust their activities accordingly. The training was designed to ensure these participants had the skills to assess and understand market chains so they could build sound and commercially viable investment plans which met the challenges of protecting and expanding the livelihoods of vulnerable populations. MLVP staff, together with an international trainer contracted for the workshop, developed customized VCA training materials to reflect the particular needs of vulnerable populations in Ethiopia, drawing upon experiences from the five MLVP projects. Participants in this training responded enthusiastically, saying they found it to be relevant and directly applicable to their work, and many requested more training for an even larger number of participants. Several said that they would spread the knowledge to their organizations and stakeholders. At least one of the implementing partners, REST, has plans to work with a local marketing agency to give similar workshops.

Tradeshow and Marketing Workshop. In February 2007, more than 70 participants attended MLVP's week-long Tradeshow and Marketing Workshop. The workshop was designed to help MLVP partners and other stakeholders get the most out of tradeshows, exhibitions, bazaars, religious celebrations, and other events where concentrations of people are found. After two days of presentations of basic marketing and entrepreneurship skills, participants had an immediate chance to put their classroom knowledge into practice at the 11th Addis Ababa International Trade Fair. They got together afterwards to share their impressions — how things could have been done differently and what they would do if they were to participate in similar events in the future. Representatives from regional government marketing agencies particularly appreciated the training, as organizing and participating in tradeshows is an important part of their work. Many participants said they would organize similar training for their staff in the field. “*It showed us how things operate, how we should get prepared,*” said one participant, who soon had a chance to test her knowledge at a tradeshow in Canada.

Targeted Training for Each Model Project

Sensitization workshops. After the groups were formed and target beneficiaries were identified for each pilot project, a number of “sensitization workshops” were held to provide a forum for training and discussion. Participants included target beneficiaries from the selected groups and *kebeles* (villages), traders, development agents,

community leaders, cooperative leaders, *woreda* officials, and appropriate technical experts. Topics included:

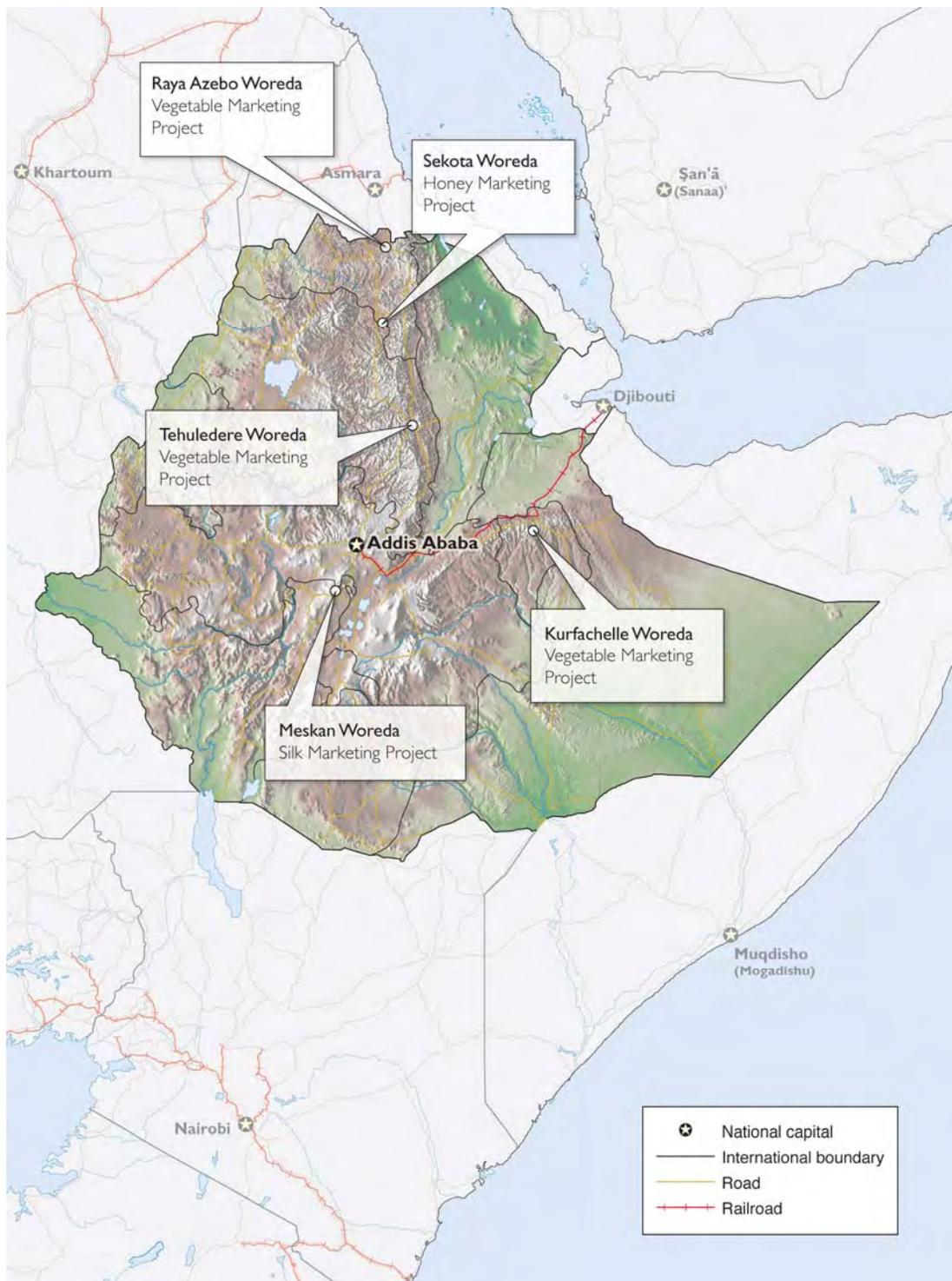
- Objectives and expected results from the model project
- Model project implementation mechanisms
- Roles and responsibilities of the model project stakeholders
- Basic concepts of markets and marketing
- Advantages and disadvantages of group marketing
- Requirements for successful group marketing

In addition, individual projects crafted training on leadership and management skills, adapted specifically to their needs, as summarized in the following table:

<i>Woreda</i>	Subject	Participants (Total # trained)
Tehuledere	Leadership, vegetable marketing.	Cooperative members and leaders (41)
Kurfachelle	Cooperative principles, recordkeeping, leadership, business planning.	24 from marketing groups and 23 from cooperatives (47)
Raya-Azebo	Marketing principles, agronomy and fruit production, vegetable production and handling. Community marketing.	11 local traders and 36 farmers (47)
Sekota	Honey production and processing.	Beneficiaries (120)
Meskan	Overview of silk production and processing. Provision of castor beans (seeds for feed).	Beneficiaries and development agents (400)

The following chart summarizes the steps taken in the research and design of each model project.

Research and Design Interventions: <i>Woreda</i> , Implementing Partner					
	Tehuledere, ORDA	Raya-Azebo, REST	Kurfachelle, CARE	Sekota, Save the Children-UK	Meskan, Meskan <i>Woreda</i>
Identify target <i>woredas</i>	X	X	X	X	X
Initiate dialogue and get support of NGOs, <i>woreda</i> and regional government leaders	X	X	X	X	X
Do livelihoods baseline to understand potential of target groups to engage in new or expanded market activities	X	X	X	X	X
Assess market opportunities	X	X	X	X	X
Develop short list of products to present to stakeholders. Products must be appropriate from household and market perspectives	X	X	X	X	X
Select the focus product collaboratively with community and <i>woreda</i> -level officials	Carrots	Onions	Market strengthening/potatoes and green peppers	Honey	Silk
Select beneficiaries (Each project had 38%-75% PSNP beneficiaries. Beneficiaries had to have interest in product.)	Members of two cooperatives; women traders	Members of co-operative	Villages close to road	Included landless poor, women	Included old, mix of men/women
Carry out more detailed household assessment to determine how different groups can best expand their work with targeted product	X	X	X	X	X
Develop more detailed market assessment of selected product	X	X	X	X	X
Develop the Investment Plan for each product and work plan for each project	X	X	X	X	X
Conduct workshop to launch the project	X	X	X	X	X



This map of Ethiopia shows the locations of each of the five model projects that made up the USAID-funded Market-Led Livelihoods for Vulnerable Populations (MLVP) project.

SECTION 3. THE FIVE MLVP PROJECTS: MODELS IN MARKET-LED LIVELIHOODS

Although the conditions in each of the five selected *woredas* differed, and each project had its own specific objective, they all shared the same ultimate goal of increasing the income of the chronically poor, reducing their dependence on food aid and facilitating “graduation” from the Government’s PSNP. However, it was not enough for MLVP to demonstrate that incomes had increased as a result of the project’s interventions — it also needed to demonstrate the “investment element” of the interventions. In other words, the investments had to demonstrate plausible promise of generating future incomes and, moreover, they had to show that the businesses created by the project were capable of reaping future benefits without project support.

MLVP was tasked with designing a model framework, based on the five model projects, that would facilitate easy reproduction or scaling up by interested users in the development community. Construction of the framework was postponed until the end of MLVP in order to incorporate feedback from the actual implementation of each of the projects. Based on the inputs from the MLVP Investment Plan design process, the models are built on three pillars: a *marketing strategy*, an *exit strategy* that looks at termination of project support and sustainability of benefits, and a *scaling-up strategy* that describes how project benefits might be expanded to large segments of the vulnerable population.

Following the assessments and technical consultations described in Section 2, implementation plans were drawn up for each of the model projects. Specifically, the objective of each project was as follows:

- *Tehuledere Agricultural Marketing Improvement Project*: To improve livelihoods of the target population by improving the markets for vegetables, focusing on carrots.
- *Kurfachelle Agricultural Marketing Improvement Project*: To improve livelihoods of the targeted vegetable producers (focusing on potato and green chili) through better market information and extension service and resolving conflicts in the vegetable market chain.
- *Raya-Azebo Agricultural Marketing Improvement Project*: To demonstrate that the income of smallholder irrigated vegetable producers can be increased through improvements in vegetable marketing.
- *Sekota Honey Marketing Improvement Project*: To improve market access for smallholder honey-producing farmers, honey traders, and other local market participants.
- *Meskan Silk Marketing Project*: To challenge the conventional wisdom that the economies of the vulnerable areas are saturated beyond repair by introducing a new product and facilitating entry into a new market.

The actions undertaken were aimed at helping the chronically poor break out of poverty by engaging in market-led activities. The formation of marketing groups, or the strengthening of existing ones, was crucial. While capacity-building activities taught stakeholders better negotiating skills and led to a better understanding of the

market, the lack of current market (price) information often impeded transactions; several of the projects therefore sought to improve the provision of market information to farmers. The transition from imprecise traditional measurement systems to a more standard system of metric weights — and the provision of weighing scales — increased the efficiency and transparency of transactions and allowed farmers to negotiate fairer prices.

One of the ways the project enabled farmers to get better prices was by teaching them how to sort their products into different grades, which allowed them to get better prices for the higher grades. Improved storage facilities allowed vegetable farmers to store their vegetables and keep them cool until they could fetch a better price. Access to simple new production and processing technology allowed silk producers to produce a better cocoon, and honey producers to refine their honey, in both cases leading to higher quality — and higher priced — end-products.

By providing straightforward definitions and in-depth understanding of concepts such as marketing, market linkages, and value chains — in other words, demystifying markets — the project empowered stakeholders by building on not only their pool of knowledge, but also their self-confidence. Producers developed a better understanding of pricing (though in a few cases, initial successes with higher prices raised expectations unrealistically, and producers refused to lower their prices, leaving produce unsold). Study tours and “exposure visits” that opened them up to experiences in other towns or countries also effectively demonstrated that market-based approaches need not be complex or highly technical, and that results are attainable.

The chart on the next page illustrates the steps taken in implementing each of the five model projects. Some activities were carried out in each project, others only in one or two — one of the keys to implementation is flexibility and adapting to the particular circumstances.

Steps in Project Implementation					
	Tehuledere, ORDA	Raya-Azebo, REST	Kurfachelle, CARE	Sekota, Save the Children-UK	Meskan, Meskan Woreda
Production					
Facilitate access to technologies and innovation systems, adaptation of crops/varieties		X		Modern hives, processing equipment	Silk breeding trays
Help participants access seeds	X				
Address production problems affecting quality, yields		X		X	X
Marketing groups					
Strengthen existing groups	X	X	X		
Help establish new groups	X	X	X	X	X
Help upgrade group to cooperative status		X (and help retailers to get legal status)			
Grading/storage/processing					
Organize warehouses to allow groups to collect products when price is low, sell when high	X	X	X	X	
Material support					
Provide new technologies and materials to individuals				Bees, frame hives	Plastic silk breeding trays
Provide materials and infrastructure to community groups	Market stalls, storage facilities	Animal carts, market stalls, storage facilities, scales	Weighing scales	Honey collection and processing center, weighing scales	Sericulture Center
Market information					
Provide price information to producers	X				
Help woredas make price information available to producers		X	X		
Capacity building					
Train participants in what, when, and how to produce	X	X	X	X	X
Train group members in leadership, financial management	X	X	X	X	X
Help producers learn to sort and grade product	X	X	X	X	
Help producers learn to process product				X	
Organize market-related training for producers, NGOs, and government	X	X	X	X	X
Organize exchange visits	X	X	X	X	X
Market linkages					
Create/improve farmer-wholesaler linkage	X	Limited success	X	X	X
Facilitate provision of technical assistance/credit by buyer					X (silk processor)
Formalize terms of sale (e.g., with written contract)	X				X

Measuring the Impact

While each of these projects worked directly with a relatively small number of beneficiaries, the effects of their efforts almost always went far beyond the direct reach of the project. In Tehuledere, for example, many farmers who were not members of the local cooperative had access to the selling station established by the project, and therefore they had access to the price advantages that resulted. The market price information posted around Kurfachelle thanks to the project is there for everyone to see. Moreover, MLVP training was given not only to beneficiaries, but to *woreda* officials, state marketing agencies, extension agents, project NGO partners, and others, who can now spread their knowledge to others.

While the impact of MLVP can be approached quantitatively — numbers of individuals or families targeted, actual increase in income and spending capacity, amount of equipment supplied — just as significant are the intangibles that reflect changes in peoples' lives. Many people, through participation in the project, had their 'aspiration windows' widened and confidence in their own power to initiate change enhanced. As one farmer in Kurfachelle said, *"Now we can stand on two feet. Before we only stood on*

one." Or the producer in Sekota, who commented: *"[This project] has helped the honey marketing groups think like an innovative company manager who makes things happen, instead of one who watches things happens or wonders what happened."*



Increased knowledge and understanding is empowering, and has a spread-on effect — those who know can teach others as well as set an example. As Ato Wondifrau Jambro (pictured at left), the 66-year old leader of the elders' silk cooperative (called SINK, which means "saving for a rainy day") in Meskan, said, "Knowledge and training is endless; I want to acquire more and more knowledge. But I am also eager to share what I have."

The Five Model Projects

The following section briefly describes each project and highlights the impact it had on vulnerable populations and other stakeholders, based on an interview taken during the preparation of a final evaluation of MLVP. As an indication of the project's likely sustainability, relevant elements of the three key strategies — market, exit, and scaling-up — are also given. A table at the end of each subsection shows some of the results that were observed in that *woreda*.

Tehuledere Agricultural Marketing Improvement Project

As the Tehuledere *woreda* is constantly threatened by drought, a significant number of vulnerable populations there rely on food aid. Although there is significant vegetable production, a number of other factors exacerbate the population's vulnerability — everyone selling at the same time and driving prices down, inefficient marketing channels (too many middlemen), and non-standard measurement systems, among others. The activities of MLVP's project in Tehuledere, implemented by ORDA, centered on establishing market linkages and strengthening membership in marketing cooperatives to overcome these obstacles.

MLVP provided varied kinds of marketing improvement support to the carrot producers embraced under PSNP. In particular, it encouraged carrot farmers to collaborate and organized some 243 of them into four vegetable marketing associations. Members and leaders of the associations received training on organizational management, business plan development, and vegetable marketing, including post-harvest handling, standardization and grading, negotiation skills, and record-keeping. "*MLVP gave us strength,*" commented the chairman of the Keti association, which had been relatively inactive before MLVP.



By breaking out of the spot market system and engaging in contract marketing with wholesalers, carrot growers in Tehuledere are overcoming the inefficiencies and onerous costs of the many tiers of middlemen that used to burden their competitiveness in the national vegetable market chain. Now they deal directly with a major wholesaler in Addis Ababa. Lower costs have increased farmers' profit margins and more predictable supplies have increased wholesalers' leverage in setting prices at terminal markets.

Before MLVP, carrots, which sold in non-standard volume, were purchased at farm gate by assemblers representing buyers in Dessie and Addis Ababa, who determined the prices and transported the carrots to destination markets. As a result of repeated visits by cooperative leaders and facilitated by MLVP, the Ankerka Irrigation Cooperative in January 2007 signed a contract with a leading vegetable wholesaler for the direct sale of Tehuledere carrots to the capital, Addis Ababa. The direct market linkages that were established between the producers and the Addis-based wholesaler created opportunities for direct negotiation of prices and transactions based on standard measurement units (quintals). Farmers who used to sell only through brokers or middlemen are now selling their carrots directly to the wholesalers, giving the farmers control over setting prices. Reducing the role of middlemen has increased farmers' incomes enormously — the price received in 2007 (150-170 birr/quintal) is nearly three times higher than the previous year's price.

Small-scale carrot farmers are now marketing their carrots collectively. Because of the direct linkages with wholesalers they have established through their association, they can supply quality carrots when their marketing association orders them, using standard weighing scales. Because they receive market information and understand

seasonal price differences they can store their carrots until a better sales period or stagger their production to ensure that not all the carrots are harvested and for sale at the same time.

“MLVP has helped us establish strong marketing linkages with wholesale buyers of carrots in Addis Ababa,” said Adefa Hassen, a smallholder carrot farmer in Tehuledere. *“Now, thanks to the newly established market linkages and the way we do business, our income has improved tremendously.”* The sale of carrots at better prices has ensured his family of cash income and enabled him meet a range of basic needs, including food grains for immediate consumption by his family and school uniforms. He was also able to buy grasses and fodder for his five cattle, which are now providing better traction power as well as milk, further contributing to his family’s food security.

Impact on Vulnerable Populations

Households in Tehuledere said they used the extra income from carrots in different ways. One PSNP household with five people — poor or at the lower end of the middle wealth category — purchased three sheep, paid rent on accommodation for a child at secondary school, and bought a few items of “fashionable” clothes for the schoolchildren in the family. The extra investments in livestock and education showed short and long-term thinking on the part of the farmer. In this particular case, the secondary school student could have walked the seven or so kilometers to school and back, but the family deemed it worthwhile not to take time and effort away from study. In another household — female-headed with three people — the extra income went partly toward productive assets (the purchase of two sheep) and partly toward living costs (clothes, and extra grain because of a poor harvest). In another example, a household at the upper end of the rural wealth spectrum said it was spending 2,800 out of 4,200 birr earned on a new house. Substantial investment in new houses or refurbishment of existing ones — especially to buy tin roofs, a symbol of wealth throughout the country — was noted in all project areas, even among the lower wealth groups. The spending decisions people are making show that they are investing for the future, not just plugging a gap.

Women are the “strength of the farmer”

Carrot work is heavy, requiring considerably more labor and attention than other crops such as chat. Optimally, the land requires four plowings, repeated weeding, and heavy harvest labor because the carrots are typically large and require some force to pull up from the soil. A farmer must therefore invest considerable labor resources, family or hired, or to get the best results. Women and children over 10 years of age usually do the weeding, and children do the watering. At peak activity times, women work on the plot in the morning, go home to prepare lunch, and work again in the field in the afternoon. *“It is women who are the strength of the farmer,”* said the (male) treasurer of the Keti Association. Some plot owners — mainly old or infirm people and/or those unable to borrow oxen or invest in sufficient labor — have rented their plots to others, receiving a 50 percent share of the harvest proceeds.

One woman household-head in Tehuledere, a widow, was counted in the middle-wealth category: She has one ox and had worked at the Ministry of Agriculture seedling nursery for part of the year. Her father and brother lent her a second ox to make up a plow team and her schoolboy sons of 18 and 16 help with cultivation of carrots and other crops. She is not a member of the Association because she did not want to pay the registration fee, but she was able to take advantage of the new carrot-

selling outlet and higher prices. The “extra” expenditure she identified (nearly equivalent to the value of the carrots sold) went partly toward productive assets (livestock) and partly toward living costs (extra clothes and extra grain because of a poor harvest).

Building a Replicable Model

Marketing strategy. In Tehuledere, MLVP’s marketing strategy focused on helping smallholders leapfrog from relying on spot markets to entering into marketing contracts. Emphasis was given to forging direct links with the Addis Ababa wholesale vegetable market, the country’s largest vegetable market. Although Ankerka Cooperative, a multi-purpose cooperative established with local government support, had already tried and failed to establish direct trading links with traders from wholesale markets in the capital, the project still deemed the situation salvageable and selected the Ankerka Cooperative as the lead business unit through which it would demonstrate the potential benefits from increased market-led engagements. Wholesalers’ hostile reaction to the cooperative’s insistence on measuring by weight rather than volume undermined Ankerka’s earlier attempts at direct linkages with Addis Ababa-based wholesalers. The project was able to avoid a repeat of these chain conflicts by honest-brokering a contract with a leading wholesaler who had the leverage to withstand possible hostile reactions at the wholesale markets. The contract obligates the buyer to deposit advance payments in the cooperative’s account and replenish the funds in tandem with the placement of orders. The buyer was responsible for providing transport and employing the services of an agent responsible for monitoring and reporting on farmers’ compliance with agreed-quality standards. The contract had a facility to revise prices in 10-day intervals.

The cooperative is responsible for accepting bulk orders and ensuring that members comply with the contractual obligations relating to quantity, quality, and price. The cooperative took responsibility for selecting and operating collection centers at which work teams organized by the cooperative would grade and pack the product before agreeing to take title of the goods from individual farmers. Individual farmers assumed costs and responsibility for the timely uprooting of the carrots and delivery to the cooperative’s collection points. The cooperative retained a fee of 0.10 birr/kg in its account for its services and also assumed the role of financial intermediary for paying out farmers the proceeds from their sales. The cooperative leadership also assumed responsibility for leading price re-negotiations and representing farmers’ interests in negotiating disputes related to the contract.

Exit strategy. MLVP’s exit strategy in Tehuledere was to sustain trading on the contract until the end of the season and to lay the groundwork for renegotiation of the contract, which is due to terminate next January. MLVP recommended that the cooperatives use the seasonal intermission to build up their internal financial management capacities. As the day-to-day operations of the market linkage do not require project intervention and because all other project activities have already been completed, MLVP’s exit would have relatively little impact on sustaining the existing contract. With the MLVP experience under their belt, the farmers, ORDA, and the *woreda* cooperatives office now have the capacity to look for new markets and secure new buyer contracts.

Scaling-up strategy. The Tehuledere model can be scaled up in three ways. Membership can be expanded so benefits reach a larger number of farmers. The cooperatives can enter into new markets, particularly using Nazret and Dire Dawa as transit points for entering the Djibouti and Horn of Africa markets. The model can be scaled up by expanding the product line and using the contracts to begin trade in other vegetables or other agricultural products. It can also be scaled up by full replication/reproduction in other areas with similar characteristics.

Results

The following chart summarizes the results of the Tehuledere Agricultural Marketing Improvement Project:

Tehuledere Agricultural Marketing Improvement Project, Subcontractor: ORDA	
# direct beneficiaries (producers)	324 (in two producer coops)
Indirect beneficiaries	Non-targeted producers sold to the new market, got higher price. Others are benefiting from change to metric system. Other groups will follow example of written contract.
Increased income	
Typical income increase per participant during one project cycle (one to six months)	1,200-4,560 birr
Increased prices	
Collective marketing created economies of scale	X
Quality improvements increased price	X
Dealing more directly with wholesaler lowered transaction costs, increased producer price	X (increase from 0.50 to 1.35 birr)
Participants obtained higher prices by differentiating their product	X (grading)
Changes in knowledge and attitudes of producers and others in value chain	
Small marketing groups helped overcome lack of knowledge, gain confidence to engage in market	X
Participants now more aware of end market requirements and how quality affects price	X
Participants now more aware of fact that market conditions (especially prices) change	X
Participants now more aware of marketing groups' potential to enhance their voice/power in the value chain, leverage government support	X
Participants more interested in new opportunities	X
Changes in knowledge, attitudes, practices of those helping target groups (NGOs, MOARD cooperative promoters, and technical officers)	
NGOs more able to support market-led activities	X
Woreda more ready to create enabling regulatory, procedural environment; e.g., introducing and enforcing use of standard weight measures	Woreda expected to continue enforcement.

Kurfachelle Agricultural Marketing Improvement Project

Kurfachelle is one of the most chronically vulnerable *woredas* in the region, with more than 20 percent of its population included in the PSNP. MLVP's Agricultural Marketing Improvement Project in Kurfachelle, implemented by CARE Ethiopia, focused on improving market linkages and selling methods, providing basic market information services, organizing producers, and improving the agricultural market extension system.

Normally, producers sell their vegetables to a village assembler who then sells to a wholesaler. As a result of the market linkages facilitated by MLVP, the target marketing groups and cooperatives in Kurfachelle have started selling directly to wholesalers in Kombolcha and Dire Dawa, with whom they were able to negotiate prices directly. Prices of potato and green chili have increased significantly because of direct negotiations with the wholesaler, and the bargaining power of the organized producer groups and cooperatives has improved. *"Before the cooperative marketing [MLVP] I was a broker in green peppers. I used to cheat the producers. But the wholesalers used to cheat me, too!"* said one cooperative member in Kurfachelle.

Previously, credit sales to brokers and traders resulted in large unpaid and uncollectible debts. Farmers in Kurfachelle are now receiving cash for their goods, and were even able to recover considerable amounts of monies owed to them from prior sales on credit.

Traditionally, vegetables were sold in sacks, called *goonfa*, of varying weights (for example, a *goonfa* of potato weighs 135-180 kg, while a *goonfa* of green chili averages about 130 kg) and traders often bought the vegetables on credit. This arbitrary system was highly disadvantageous for the farmers, resulting in lower unit prices and large unpaid trader debts. By providing weighing scales and raising the awareness of local producers about the advantages of selling by standard weight and selling for cash rather than credit, the project helped improve farmer income. Some traders even repaid their long-outstanding debts because the producers refused to sell to them otherwise. Vegetables are now fetching higher prices, and producers are less vulnerable to unscrupulous practices. One producer noted that before, eight quintals earned his family 500 birr; now it takes only three quintals to earn that amount.



Traditionally, vegetables in Ethiopia have been sold in sacks (locally called *goonfa*) with varying weights, exposing producers to unfair pricing and limiting their bargaining capacity. On the premise that switching from the *goonfa* to more standardized metric weights would benefit the farmers in Kurfachelle, MLVP distributed weighing scales to selected cooperatives and marketing groups in the area. Awareness-raising activities — such as this poster — educated local producers about standard measurement and fair pricing. The buy-in of local government personnel made the sales by weight an official sanctioned practice.

Insufficient information about current market prices for their products put farmers at a disadvantage when negotiating prices. The market information system set up by MLVP posts the weekly price of vegetables in Kombolcha and Dire Dawa in key strategic locations for producers to see. As it is run by the *woreda* staff, it should continue to function after the close of the project.

After identifying deficiencies in the agricultural market extension system, the project decided to develop an agricultural marketing extension manual to guide development agents and *woreda* experts. While the manual contained valuable information, it was found to be too cumbersome for day-to-day use, so, in the future, it will be split into smaller sections, and translated into local languages. It is hoped that Haramaya University and the Federal Ministry of Agriculture and Rural Development will use the manual for teaching and extension service purposes.

Impact on Vulnerable Populations

MLVP worked in two different environments in this *woreda*: In the cooler and more humid highland, the commodity is potatoes, produced partly with the help of irrigation; in the lowlands, it is chili peppers sold green (fresh). MLVP helped organize 895 households in potato marketing groups and 611 in green pepper marketing groups. There is considerable difference between the incomes of the poorer and the better-off households, livestock ownership and sales being the largest factors.

In 2007, highland project households produced 23 quintals of potatoes and sold 17 quintals, suggesting they retained a high proportion for seed-potatoes and consumption. Lowland households on average produced 10 quintals of chilies, retaining one for themselves, presumably for consumption. Figures show that prices increased by about 35 percent — a substantial increase, given that there is much producer competition in supplying to the market at Kombolcha.

Example: Kurfachelle vegetable producers

Highland potatoes	Lowland green chili peppers																																
<p>Middle Income Household Potatoes this year, 11 quintals at av. 135 = 1,485 Potatoes last year, 25 quintals at av. 100 = 2,500</p> <p>Due to lost potatoes through water-logging, people made more money this year from the substitute onion crop.</p> <p>Costs of potato production</p> <table> <tr> <td>Seed own</td> <td></td> </tr> <tr> <td>Labor</td> <td>200 birr</td> </tr> <tr> <td>Fertilizer</td> <td>200 birr</td> </tr> <tr> <td>Harvesting</td> <td>70 birr</td> </tr> <tr> <td>Transport</td> <td><u>220 birr</u></td> </tr> <tr> <td></td> <td>690 birr</td> </tr> </table> <p>Net potato profit this year: 795 birr Net potato profit last year: 1,050 birr Potential net profit this year at 25 quintals = 1,875 birr</p>	Seed own		Labor	200 birr	Fertilizer	200 birr	Harvesting	70 birr	Transport	<u>220 birr</u>		690 birr	<p>Poor household, 0 oxen, PSNP</p> <p>Green peppers this year = 5 sacks Green peppers last year = 3 sacks</p> <p><u>Earnings this year:</u></p> <table> <tr> <td>Green pepper</td> <td>700 birr</td> </tr> <tr> <td>Chat/coffee (only home consumption)</td> <td>0</td> </tr> <tr> <td>Drought relief</td> <td><u>390 birr</u></td> </tr> <tr> <td></td> <td>1,090 birr</td> </tr> </table> <p>Better-off household, 2 oxen</p> <p><u>Earnings this year:</u></p> <table> <tr> <td>Green pepper 20 sacks (last year 10 for 400)</td> <td>2,500 birr</td> </tr> <tr> <td>Chat</td> <td>2,000 birr</td> </tr> <tr> <td>Coffee</td> <td>300 birr</td> </tr> <tr> <td>Ox</td> <td>2,000 birr</td> </tr> <tr> <td>Milk sold to town</td> <td><u>300 birr</u></td> </tr> <tr> <td></td> <td>7,100 birr</td> </tr> </table>	Green pepper	700 birr	Chat/coffee (only home consumption)	0	Drought relief	<u>390 birr</u>		1,090 birr	Green pepper 20 sacks (last year 10 for 400)	2,500 birr	Chat	2,000 birr	Coffee	300 birr	Ox	2,000 birr	Milk sold to town	<u>300 birr</u>		7,100 birr
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In the highland example, had production been at the previous year's levels, the farmer would have made upwards of 1,000 birr more this year than he did. Other farmers in the area at different levels of income told the same story. They said that previously

they had used potato profits to buy livestock, especially oxen — the single biggest earner for middle and better-off households. This year, people were having to sell oxen to make up for the lost potato income. The lowland *kebeles* had been “discovered” by traders coming along roads created in recent years by drought relief food-for-work and PSNP-sponsored works, which boosted the pepper industry, added value to coffee, and encouraged chat cultivation. The better-off producer in the example had, in the previous year, sold green peppers at a disadvantageous price because it was at peak supply time, and fresh green peppers are highly perishable. In the case of the poor household, the green pepper sales alone would have paid for more grain than was received on PSNP. Wealthier households, as elsewhere, invested their profits in a new house, but investment in petty trade, including a permanent base in the local market town, was also a recurrent theme.

Producers were generally positive when asked what the project had brought about in a relatively short period of time. The poorer and wealthier households made significant gains from price increases to a key cash crop. The lowland population was emerging from consecutive years of drought and food and cash relief, and the extra cash from green peppers may have helped them make the transition. The highland potato producers had suffered from a poor production season, and the high price for potatoes seemed helpful in softening the blow. However, both sets of producers said they feared the “trader’s revenge” if the cooperatives were not able to continue successful operations — that is, they feared traders would band together to force down prices by withholding purchase of these perishables, even at the cost of a temporary trading loss.

Building a Replicable Model

Marketing strategy. In Kurfachelle, MLVP’s marketing strategy focused on helping smallholders end the practice of using non-standard volume units for vegetable trading. The traditional units conceal traders’ margins from farmers. MLVP mounted a highly successful public awareness campaign to mobilize farmers to reject the use of traditional volume measures and take up standard metric weight units for measurements in vegetable marketing. Traders, especially those linked to the Harer-Dire Dawa-Djibouti corridor, fiercely resisted the changes, but farmers in the project area remained tough and applied the changes until the end of the potato trading season. Awareness campaigns received the full support of government line bureaus, which also received training to build their capacity on market-led interventions to reinforce their advocacy work.

The project’s efforts at abolishing the use of non-standard traditional measures was augmented by the collation and dissemination of regular and timely price data to farmers. The two project activities combined to increase the transparency of market transaction, and in so doing, boosted the bargaining position of farmers.

Exit strategy. MLVP’s exit strategy in Kurfachelle relies on the extensive history of CARE’s presence in the area to continue to pursue the projects activities to their logical conclusion. Considerable advances have been made in reducing the acceptance of *goonfa* measurements among farmers. In the project area, farmers are hostile to its reintroduction. However, the measures are a deeply ingrained feature of the spot market systems in the east, and sustained future efforts to expand public awareness

about the damage they cause and advocacy for introduction of new standard (kg) measures will be required before the non-standard volume measures can be eradicated.

The market nodes that help to provide information to farmers will also be supported by CARE to continue to distribute timely price information collected through the government data collection mechanisms.

All other project activities were completed before MLVP closed on July 31, 2007. However untenable the break from spot markets to the use of standard measures and contracts might be in the east, efforts to increase transparency and facilitate the transition to weight measures and standard contracts must be sustained in the upcoming seasons. If increased bargaining power is the only benefit of the project, then there is a real threat of farmers losing their resilience and sliding back to the use of volume measures.

MLVP concluded the Kurfachelle project by updating the value chains study for the area and focusing on finding new end-markets with the ability to support the transition to using metric measures and introducing contracts to replace traditional volume measures and spot markets, respectively.

Scaling-up strategy. In Kurfachelle, the updated VCA study stressed scaling up to entering new markets and establishing direct linkages with traders in Somaliland and Somalia. Somaliland traders buy in bulk, each trader buying at least a truckload of produce to make the long drive worth his while, and though they do not work on contracts they rely on standard metric weight systems for measurement units. Wholesalers in Kombolcha, Dire Dawa, and even Shashemene currently satisfy the demands of the Somali traders, but it will be possible for Kurfachelle's cooperatives to compete in this arena as an intermediate market in the transition from spot markets to contracts. The model can also be scaled up by expanding the product line and using the contracts to begin trade in other vegetables or other agricultural products. Finally, the model can be scaled up by full replication in other areas with similar characteristics.

Results

The following chart summarizes the results of the Kurfachelle Agricultural Marketing Improvement Project:

Kurfachelle Agricultural Marketing Improvement Project, Subcontractor: CARE	
# direct beneficiaries (producers)	2,342 (5 cooperatives, 35 marketing groups, others)
Indirect beneficiaries	Other vegetable producers in and outside target <i>woredas</i> are using posted market information. Other producers using metric measures
Increased income	
Typical income increase per participant during one project cycle (one to six months)	Green pepper: 580-2,100 birr
Increased prices	
Collective marketing created economies of scale	X
Quality improvements increased price	X
Dealing more directly with wholesaler lowered transaction costs, increased producer price	X
Changes in knowledge and attitudes of producers and others in value chain	
Small marketing groups helped overcome lack of knowledge, gain confidence to engage in market	X
Participants now more aware of end-market requirements and how quality affects price	X
Participants now more aware of fact that market conditions (especially prices) change	X
Participants now more aware of marketing groups' potential to enhance their voice/power in the value chain, leverage government support	X
Participants more interested in new opportunities	X
Changes in knowledge, attitudes, practices of those helping target groups (NGOs, MOARD cooperative promoters, and technical officers)	
NGOs more able to support market-led activities	X
<i>Woreda</i> more able to provide market information, more aware of ways it can support research, training, and extension related to marketing	X
<i>Woreda</i> more ready to create enabling regulatory, procedural environment; e.g., introducing and enforcing use of standard weight measures	<i>Woreda</i> hopes to enforce, expand system

Raya-Azebo Agricultural Marketing Improvement Project

The Raya-Azebo *woreda*, with its fertile soil and tremendous potential for crop and livestock production in a good year, has the potential of producing huge surpluses. However, due to extreme fluctuations in annual rainfall, it has been affected by serious droughts, and a significant percentage of the population faces extreme food insecurity problems in difficult years — some 45 percent falling under PSNP. The Raya Valley has been classified as one of the two growth corridors of the region by the regional government of Tigray and as such, REST has invested huge resources to harness the underground water potential, and has piloted modern irrigation techniques in three boreholes in neighboring Kara Adishabo.

MLVP support to vegetable producers in Raya-Azebo ranged from providing infrastructure for better storage and selling conditions to helping build viable producers and traders organizations, developing local organizational management capacities, upgrading post-harvest handling skills, and establishing market linkages. Two groups in particular were targeted — town market traders (all of whom are women) and nearby rural vegetable producers. The aim was to expand their selling window by providing market infrastructures — market stalls for better protection from weather and unsanitary conditions (for the produce as well as the sellers) and two types of storage facilities to prolong the shelf-life of the commodities.

With MLVP assistance, two marketing associations, with 190 and 34 members, were established, with the support and commitment of the *woreda* Office of Agriculture and Rural Development. Working with the *woreda* cooperative promoters, project staff helped members prepare their own bylaws, trained them on how to develop a business plan, and helped one vegetable and fruit marketing association prepare a production plan.

Assuming that there will be significant production of vegetables as a result of expansion of the irrigation system in Raya-Azebo, the need for improved market infrastructure was evident. A market stall was built in Mekoni town to protect the traders and their produce from heat, rain, dust, and unsanitary conditions and make the vegetable markets more attractive. *“After the construction of the aerated store in our village, we started storing our vegetables in anticipation of better prices in the near future,”* said Ibrahim Hamade, a local 40-year-old vegetable farmer. *“The storage facilities have made our area a nice, friendly place for people to stop and look. We are proud of our vegetables and our storage and display. People are noticing that and we are hoping that Raya-Azebo will soon be a vegetable-supply hub for the Northern region.”*

As high storage and transportation costs (to and from the market) were among the obstacles facing farmers, four stores were built for use by the associations. The stores and the market stall were constructed by local small-scale contractors, with the assistance of REST technicians.



Despite the available fertile land and abundant irrigation water, local vegetable-growing farmers in Raya-Azebo have limited access to well-developed market outlets, and — until recently — lacked basic marketing facilities for proper marketing of vegetables produced in the *woreda*. The construction by MLVP of a market store with 34 compartments, office space, and a diffused-light store for bulk storage gives retailers a hygienic space in the shade to display vegetables, protecting themselves and their produce from, dust, intense sunlight, and rains. The store will also enable some of them to bulk their vegetables and sell in other markets.

The project also provided 14 animal carts and 9 weighing scales to marketing groups and cooperatives in Kara Adisho, and helped beneficiaries acquire 60 portable spring balance scales, 450 plastic boxes, 36 display shelves, and related accessories.

Capacity-building — teaching farmers the skills so they can address their own marketing problems — was an important component of the Raya-Azebo project. Training was provided to beneficiaries, development agents, cooperative promoters and experts of REST, the *woreda* Office of Agriculture and Rural Development, and others, in post-harvest handling, storage, packing and preservation of vegetables, the use of modern storage facilities, and enhancing market linkages. They were also trained in improving leadership and business management, financial management and record keeping, business plan development, vegetable marketing skills (including negotiation), standardization, grading, and market intelligence.

“Exposure visits” by local producers to MLVP’s Tehuledere project and the Meki-Batu vegetables and fruits producers’ cooperative union provided insight that helped them tackle their own vegetable production and marketing problems.

Impact on the Vulnerable Population

Vegetable production in the last two years in Raya-Azebo has suffered from several factors, the most serious being the high prevalence of plant disease and pests. The *woreda* agricultural service recognizes the need for effective disease and pest control, but has inadequate resources to help. In addition, one of the irrigation “motors,” serving some hectares, broke down and went unrepaired. A freak deluge and severe hailstorm in May 2007 caused huge damage to plots of tomatoes and onions. Although there has been some recovery on some plots, there has been limited produce for sale in the last project year. Interviews with local producers illustrate the high input costs involved in vegetable production — the high losses when things go wrong, but also the high potential profits when things go right. Clearly producers need to keep a part of their profits against future loss, if they can. One man, who received a mediocre price for poor quality tomatoes, may have to rent out his land. Because he has no donkeys, he must spend a good proportion of his budget on transporting carrots to the market. Another woman, who does have donkeys, was in debt after successive losses, despite very high earnings two years previously. But with better luck, she hoped to pay back her debts in the next season. Not everyone reported a loss — one better-off interviewee said that although he had lost two plots of tomatoes, he had

earned a profit on onions from another plot, though far less than he would have made in a good year.

A poor production year highlighted the challenges to volume and quality beyond the scope of MLVP that fundamentally affected any potential benefits from improved storage. If the next season is favorable, the facilities MLVP has put in place may prove their beneficial effect, increasing producer profits which can make the effort worthwhile for those who can withstand the pressures of debt from bad years.

Building Replicable Models

Marketing strategy. In Raya-Azebo, MLVP's marketing strategy focused on helping smallholders improve their market position on the Mehoni-Mekele corridor. The project called several meetings between actors in the value chain to build cooperation. Efforts to link farmers directly to wholesalers in Mekele were challenged by damage to yields and product quality caused by floods. However, mistrust between town-based small vegetable traders and farmers who retail in Mehoni town on regular market days were resolved and fears of the project tying its support to urban traders to force purchases from participating *kebeles* were allayed in these meetings. The meetings were also used to help build a positive image of the *woreda's* enabling environment, as demonstrated by the rapid organization of a multi-sectoral task force to deal with the problems caused by flooding and low-quality produce.

While town-based traders already actively benefited from access to the improved trading facilities and storage space constructed with project funds, participants in the rural areas were benefiting from rents collected from indirect project beneficiaries renting to use the services of the aerated and precooling stores constructed by the project.

Exit strategy. MLVP's exit from Raya-Azebo was facilitated by the fact that REST has an established permanent presence in Tigray Region. The benefits of the project's investments in marketing infrastructure are already accruing to project beneficiaries and many other *woredas* have opted to replicate the structures in their marketplaces. Market development and linkage strategies have, however, lagged behind. REST plans to help the target populations make the shift out of spot markets toward local and international contract marketing in the coming season.

Scaling-up strategy. The infrastructure components of the Raya-Azebo project are already being replicated in other *woredas* in Tigray, notably Wukro in the central zone of Tigray. Elements of MLVP's market-led approach are also being blended into program design in projects with a production-only focus — the beginning of a paradigm shift in how REST and its regional counterparts are approaching development. With better harvests next season REST plans to assist the target groups in penetrating the Mekele market and expanding to other new markets. Membership and the product lines will also be expanded. As REST's investment in irrigated groundwater development expands, there will be a commensurate rise in application of the MLVP market-led development model in the Raya-Azebo *woreda*.

Results

The following chart summarizes the results of the Raya-Azebo Agricultural Marketing Improvement Project:

Raya-Azebo Agricultural Marketing Improvement Project, Subcontractor: REST	
# direct beneficiaries (producers)	224 (in two new associations)
Indirect beneficiaries	REST has replicated market stands elsewhere.
Increased income	
Typical income increase per participant during one project cycle (one to six months)	6,270 birr loss to 5,000 gain
Increased prices	
Collective marketing created economies of scale	X
Changes in knowledge and attitudes of producers and others in value chain	
Small marketing groups helped overcome lack of knowledge, gain confidence to engage in market	X
Participants now more aware of end market requirements and how quality affects price	X
Participants now more aware of fact that market conditions (especially prices) change	X
Participants now more aware of marketing groups' potential to enhance their voice/power in the value chain, leverage government support	X
Participants more interested in new opportunities	X
Changes in knowledge, attitudes, practices of those helping target groups (NGOs, MOARD cooperative promoters, and technical officers)	
NGOs more able to support market-led activities	X

Sekota Honey Marketing Improvement Project

The Sekota Honey Marketing Improvement Project, implemented by Save the Children-UK with the support and involvement of the *woreda*'s Office of Agriculture and Rural Development's Micro and Small Enterprise Office, is located in one of the most chronically impoverished *woredas* in the region, with more than 23 percent of its population included in the PSNP. At first, the project was undecided about whether to produce low-quality red honey or higher quality white honey. Various local markets were explored, and it was found that the local market in Sekota was focused mainly on red honey, and the main markets for more expensive white honey were in supermarkets in Addis Ababa or through shopping festivals.

Because honey consumers in urban Ethiopia are becoming sophisticated and can afford to pay a premium for the honey produced in Sekota, the project decided to create a new market segment — a niche market — to fulfill the needs of selected consumers. The marketing strategies focused on developing high-quality honey and selling it in existing and new markets. Because of the better quality of their honey, farmers were able to ask prices many times higher than those for mainstream honey products. One honey producer commented that the project had “*generated income we never dreamed of before.*”

Several honey cooperatives existed in Sekota before MLVP. They knew how to produce traditional honey but did not pay too much attention to it since the yields were low (accounting in part for the high local prices). MLVP activities in Sekota focused on increasing the capacity of honey producers to process and market their honey, in addition to producing it. In collaboration with the *kebele* Development Committee and development agents, the project selected 120 households and organized them into three honey marketing groups of 40 members each. Workshops were held to plan project activities and train the participating beneficiaries in group management, leadership, bookkeeping, and other skills. Training in modern honey production and processing for beneficiaries, cooperative promoters, development agents, and *woreda* experts was provided by the National Apiculture Center. The leaders of the marketing groups visited eight nearby and distant honey markets in “exposure visits.”

MLVP supplied each beneficiary with one frame hive, one bee colony, one queen excluder, and other basic production equipment, which increased the production of pure honey by 200 percent. The project also provided a rotating fund of 20,000 birr to each marketing group to facilitate the purchase of honey from both members and non-members.

Proper equipment to process and package the honey was also lacking in Sekota. Three honey collection, processing, and packaging centers were built through the project in the targeted *kebeles* to produce and process honey collectively. The centers were built mainly from local materials by the community.

A market linkage workshop was organized to connect beneficiaries with honey traders in Sekota as well as with distant markets and consumers. Even if the workshop did not lead directly to creating concrete business relations with traders, it helped beneficiaries better understand how the honey market functions.

Celebrating Christmas, Easter, and the Ethiopian Millennium with Honey

To test the project's marketing strategy of selling to customers directly in special markets, the Sekota Honey Marketing Improvement Project prepared packaging material and labels for its white honey to sell to pilgrims who came from all over Ethiopia to celebrate Christmas 2006 in Lalibela. More than 400 kg of honey were sold under the *Yewag Wollela* brand at premium prices, with gross margins that were 40 percent higher than prices in Sekota and 27 percent higher than the nearest competing rivals. More than 13,000 birr were generated from sales of honey in Lalibela, owing to better quality, packaging, and promotion.

Concluding from the successful Lalibela honey sales that targeting customers directly at religious or other gatherings, such as bazaars, festivals, and trade fairs, is a viable strategy for maximizing market benefits for vulnerable populations, the project also participated in the Millennium Exhibition in Addis during the Ethiopian Easter in early April 2007 and the Ethiopian Millennium Easter Trade Fair & Shopping Festival in Dessie in late May/early June to further test the niche marketing strategy.

(The Ethiopian calendar, with 12 months of 30 days and a 13th month of 5 days, dates Christ's birth to the Gregorian year 7 AD. Widespread Ethiopian Millennium celebrations are planned for the coming September.)

Impact on Vulnerable Populations

Compared to those in other project areas, Sekota households had the lowest incomes over all wealth groups and also the lowest gap between poorer and wealthier (differentiated on the basis of ownership of plow-oxen).

Honey brought significant income to middle and better-off households. Previously cash income came mostly from sources other than households' own produce — laboring for others, cutting and selling firewood, and collecting and selling dung for cooking fuel and household construction. According to the MLVP project coordinator, however, *“Experience with honey is spreading now, and many more people are interested because of the recent project. This is not surprising when we see white honey going up from 15 to 25 birr per kilo. There is high pressure from non-coop members to get in — for modern hives. People who were first approached by the projects and said ‘not interested’ are now very interested indeed.”*

Example: Sekota honey producers

Female-headed household of 4, 3 young children, PSNP	Household with 9 members, non-PSNP
0 oxen Rents out half hectare for quarter of harvest Has one modern hive from project <u>Earnings:</u> Honey clear white 14 kg@25 350 birr Tella selling 360 birr PSNP oil 12 liters x 10 birr <u>120 birr</u> 830 birr <u>Food:</u> Poor rains – crop share 1 quintal Donation from children’s father 1 quintal PSNP 45 kg month x 6 months <u>2.7 quintal</u> 4.7 quintal Minimum family grain requirement 6.5 quintal Would need to buy about 2 quintal for 500 birr Last year, better rains: crop share = 3 quintal	1 ox, 1.25 ha. holding, rents another 0.25 ha of good land, paying with third of crop Has 2 modern hives (1 from project, 1 on credit) + 2 traditional hives <u>Earnings:</u> White honey 34 kg x 25 birr 850 birr Red honey: 9 kg x 10 birr 90 birr Beans 900 birr Lentils 600 birr Goats 8 at av. 190 1,500 birr Petty trade (estimated) <u>500 birr</u> 4,400 birr <u>Food:</u> Beans 2 quintal Barley 4 quintal Would need to buy around 14 quintal for 3,500 birr Says extra income from honey will go toward building new house at <i>kebele</i> center

These two examples summarize the range of livelihoods and position of honey earnings in them. The head of the household on the right can be considered better off — he maintains only one ox, but has a number of goats. He is a committed honey producer: The rough recording of his income shows honey earnings at about one-fifth of his total income, and by far the greater part of this comes from modern hives and the high price of white honey. The woman’s household is evidently among the poorest. The cash equivalent of her PSNP food rations, at around 730 birr, outweighs her *tella* (traditional beer) and honey profits combined. The crop-share from her land, which she cannot cultivate herself, gives her 100 kg of sorghum in a poorer year and 300 kg in a good year — the difference to her household defines her food insecurity. It is difficult to see how she can graduate from the PSNP. However, she has done comparatively well with honey production with the modern hive and bee colony donated by the project, and a further modern hive and colony could add significantly to her overall yearly income. The hive could be obtained on credit for 285 birr, but the colony would require an immediate outlay of at least 200. It is unlikely that, in her current circumstances, she can meet such a commitment, and the risk of losing the colony altogether — a major risk for all beekeepers — is particularly serious, given her desperately small cash budget.

Other cases fall between these two extremes. For example, one man on PSNP with a household of nine people sold 12 kg of white honey this year for 300 birr, compared with 300 birr from lentils and barley and an estimated 270 from aid-oil. Although he is a relatively substantial producer of food, this year he will need to buy several bags of grain, even after his expected PSNP food support. His goat holding was considerably reduced two years ago when a poor harvest forced sales — this year, he may have to use the honey profits, too. But he says that if there is anything left over he wants to buy a bee colony for an extra traditional hive and he is considering obtaining another modern hive on credit. Another man on PSNP made 800 birr from honey this year. His food production, together with the PSNP ration, will cover the requirements of his family, but he is a single young man looking after his widowed mother and school-age brother. He estimates that the honey profit will pay for

everyday household items, clothes, and shoes. He has done very well out of honey this year, and might invest further in honey production next year if he can find the cash.

Building Replicable Models

Marketing strategy. Innovative marketing lies at the heart of the success of the Sekota Honey Market Improvement Project. Despite the cautionary recommendations of the Investment Plan development team and subsequent recommendations of a team of apiculture experts, MLVP decided to take the risk of engaging in the honey marketing project. Among the chief challenges posed at the start of the project was the seasonal and limited nature of honey output in Sekota. What honey was available in local markets was far more expensive at the source markets for Addis Ababa and other major cities. Private sector interest was high, and the number of processing firms and plants was on the rise. Sekota was too remote and distant from the highway network to benefit from private sector linkages. The MLVP marketing strategy changed all of these threats into competitive opportunities.

Honey from Sekota was historically highly respected for its quality, but this reputation was under threat because consumers were complaining about adulteration. Most consumers believed that adulteration with sugar or other material occurred after the farmer sold the produce, and therefore preferred to buy directly from farmers even in the absence of a price incentive. Some consumers believed traders tainted honey with other materials as a way of cutting down costs, and so they were ready to pay the higher prices as a sign of purity of the product. For these reasons MLVP's honey project chose to undertake a direct marketing strategy in which farmers sold directly to consumers. To increase value-added at the farm gate and allay any fears of contamination the project invested in strainers to separate the wax from honey. To offset the shortage of supplies and avoid the cost and complication of working through distribution agents, the project opted for a "guerrilla marketing" strategy in which farmers would visit seasonal peak markets for only a few days in the year to dispose of the bulk of their harvests and stocks. The strategy would focus exclusively on the high-end Ethiopian market.

Exit strategy. After testing the marketing approach in three markets and honey sales of more than 2.5 metric tons, the project began building a permanent high-quality brand with a catchy visual identity. The marketing groups have been provided with mobile shopping units and modern promotional material for their deployment to nearby niche markets at peak seasons. To allow the gradual growth of a reputation for high quality and trust and due to the limited capacity of producers to increase production rapidly, the project exit strategy emphasizes the need for limiting the product range and product markets on which the brand will sell its honey.

Scaling-up strategy. The project can be scaled up by increasing the number of groups and beneficiaries that sell under the brand name. This can start with expanding group membership at the start-up *kebeles* but it can also include new groups from adjoining *kebeles*. Building the brand identity can help increase its appeal and therefore its scale through increases in demand from buyers. But this is a subtle and management-intensive process which would be too complex for the current membership to undertake on its own. Scaling up in this manner would require external assistance to

the business. Similar expansion/scaling up through entering new markets and new products will probably also require external assistance. Finally, scaling up can also be achieved through reproduction of the entire local branding approach.

Results

The following chart summarizes the results of the Tehuledere Agricultural Marketing Improvement Project:

Sekota Honey Marketing Improvement Project, Subcontractor: Save the Children-UK	
# direct beneficiaries (producers)	120 (3 marketing groups)
Indirect beneficiaries	Producers who were not cooperative members sold their honey to be marketed under cooperative's brand.
Increased income	
Typical income increase per participant during one project cycle (one to six months)	Av. 218 birr
Increased prices	
Collective marketing created economies of scale	X
Quality improvements increased price.	X (from 15-20 birr/kg to 38 birr/kg)
Participants obtained higher prices by differentiating their product	X (grading and branding)
Changes in knowledge and attitudes of producers and others in value chain	
Small marketing groups helped overcome lack of knowledge, gain confidence to engage in market	X
Participants now more aware of end-market requirements and how quality affects price	X
Participants now more aware of fact that market conditions (especially prices) change	X
Participants now more aware of marketing groups' potential to enhance their voice/power in the value chain, leverage government support	X
Participants now willing to work with new products	X
Participants more interested in new opportunities	X
Changes in knowledge, attitudes, practices of those helping target groups (NGOs, MOARD cooperative promoters, and technical officers)	
NGOs more able to support market-led activities	X
Woreda more able to provide market information, more aware of ways it can support research, training, and extension related to marketing	X

Meskan Silk Marketing Project

Unlike in many other areas of the country, vulnerability on a scale requiring external food assistance is a relatively new phenomenon in Meskan. A string of droughts triggered the descent into disaster that made large numbers of the rural population dependent on transfers from the PSNP. Declines in the *woreda's* dominance of the red pepper market impeded its recovery from drought. The Guraghes, the dominant ethnic group in the region, have a deep-rooted commercial culture. Largely due to the effort of local government officials, the *woreda* enjoys an exceptionally good operating environment for commerce and development projects. This combination of factors helped guide MLVP's decision to risk trying out a new product for a new market to provide a supplemental income source among the *woreda's* vulnerable populations, working with both rural and town-based groups.

Compared with the other four MLVP projects, the Meskan Silk Marketing Project is unique in entering into a *new* market, providing both technical and financial support. The project was implemented by the *woreda* Office of Agriculture and Rural Development (BoARD) and the MLVP office in Addis Ababa. Again, uniquely, this project outsourced to a private business development service provider, Sabahar — a joint Ethiopian-Canadian venture — not only to buy their silk, but to provide training and technical support to the beneficiaries and help with promotion activities.

MLVP helped establish a five-room sericulture center in Butajira as a place to disseminate new technologies and best practices to smallholder silk producers. The Meskan Sericulture Center opened its doors in spring 2007.

As this was a new activity for Meskan, training in all aspects of sericulture was needed. It began with the training of trainers of selected BoARD staff, and subsequent training activities covered basic skills in silk production, silkworm breeding techniques, and silk fiber processing techniques.

A Model of Socially Responsible Business

Sabahar — from Saba, the Ethiopian name for the famed Queen of Sheba and Har, the Amharic word for silk — is an Addis-based textile company that produces handmade silk and silk/cotton products. The company, established in 2004, is committed to ensuring fair trade and employing local artisans — especially single-parent women — who use traditional skills and designs and locally available materials to produce high-quality products. The company signed a Memorandum of Understanding with MLVP's Meskan Silk Project in 2007, assuring the beneficiaries of a market for their first year's hard work.

Close and constant supervision — so that potential problems could be identified and prevented early and lessons could be learned from mistakes — were also essential factors in the success of this project, given the community's lack of experience. After the project distributed castor bean seed (the Eri worms raised in Meskan feed on castor leaves) to beneficiaries, community facilitators provided regular extension services and follow-up on the feed production process, ensuring the size and quality of the castor bean plants. Small-scale producers were given technical advice on proper planting, site selection, replanting, and watering during the off-season, and most of them succeeded in producing the necessary feed.

MLVP provided several innovative contributions to the Meskan project. The design and construction of a compact, portable silk breeding tray — the Meskan Zemenawi (MZ)-80 — made of plastic, as compared to the previous heavy, wooden trays, is an

example. Not only are the plastic trays portable and more easily cleaned, thus producing a better quality of silk, they are lower in price than the old wooden trays. Unfortunately, the purchase of the cocooning tray from a private company in Addis Ababa was delayed by four months, delaying implementation of the project.



Traditionally, cocooning trays are made of wood, and are very heavy and hard to keep clean. Staff at the Silk Marketing Project in Meskan thought there must be a better way and had the idea to try plastic. The plastic breeding units — which were named MZ-80 — turned out to be a tremendous improvement over the old wooden ones. Not only were they portable and easier to clean — therefore producing a higher-quality cocoon — but they were far less expensive than the old-style wooden trays.

(Potential) Impact on Vulnerable Populations

This project has made a promising start in the introduced technology, the various training activities, and the first production run, with a high quality of trial output in cocoons — and an observably upbeat attitude among the participants. However, the full production operation proper had not had a first 45-day cycle by the close of the project, so no sales have yet been made. What we can consider here is the relation between potential earnings and household incomes, based on the following graph from the 2005 livelihoods baseline analysis for the lowland Meskan *woreda*.

The following potential yearly earnings from silk can be estimated:

Modest: $4 \times 45\text{-day cycle} \times 3 \text{ kg uncut cocoons} = 12 \text{ kg} @ 30 \text{ birr each} = 360 \text{ birr}$

Optimal: $8 \times 45\text{-day cycle} \times 7 \text{ kg} = 56 \text{ kg} @ 30 \text{ birr each} = 1,680 \text{ birr}$

Even the lower figure would be a significant sum in a poor household's budget, given that it may be counted as additional income rather than substituting for another activity.

Building Replicable Models

Marketing strategy. In Meskan, MLVP sought to go beyond demonstrating how to tap into the untapped wealth potential from existing products in vulnerable areas as in the case with the honey and vegetables project to challenge the notion that the economies of the vulnerable areas are irredeemably saturated. With innovation, wealth can be created in any environment. The castor that provides feed for Eri silk worms is a sturdy drought-resistant plant that can be found lining the banks of rivers and steep inclines all over the country. Each mating couple of silkworms is capable of laying up to 300 fertilized eggs. Combined with the characteristic demand for light labor, low opportunity costs, and availability of a ready buyer for uncut cocoons, silk held the promise of injecting a net inflow of income into the local economy. In other words, silk offered a chance for *growth* in the vulnerable areas.

To stimulate this growth, the project had to establish links in the value chain where there were none and strengthen weak linkages. To do so, the project helped fill an institutional gap by establishing a Sericulture Center to serve as link between primary research and dissemination through the extension system. Strong research extension linkages are the essential building blocks of competitiveness, as these links are the conduits through which new skills and resources are introduced to primary producers. The project also tackled technology problems relating to the cost and efficiency of equipment used in silk production. With the creation of the MZ- 80 cocooning tray, the project reduced initial investment cost requirements, improved alignment of breeding and cocooning space in the breeding process, and eased the burden of distributing equipment to start-up producers. The project also offered innovations in approaches to technology transfer relying on quality-conscious cyclical training systems to teach and mentor first-time producers on the silk production techniques. Cyclical training ensured that only those who had mastered the initial modules would graduate to learn about progressively more complex aspects of silk production. In response to farmers' strong resistance to joint production, the project created learning groups. Though the buyer was deliberately involved in every aspect of training and capacity development, the farmers' aversion to joint production and sales was respected, and market linkages were left to the discretion of individual farmers rather than to marketing groups or cooperatives.

**Business Solutions:
Urban and Landless Poor**

The Mayor of Butajira, Ato Ahmed Surur, is very excited that the project found business solutions for vulnerable groups — especially the elderly. Without the promise of these incomes, the elderly might have ended up on the street.

In the case of the urban elderly association, the city administration provided half a hectare of land and they expedited the licensing of the group into an SME. The city plans to replicate this model in other areas of the city.

Recently, MLVP supported basic business training for 640 landless youth who were formed into 32 SMEs with support from the *woreda* administration. Without this intervention most of these youth might have joined the ranks of the unemployed.

Ato Ahmed says he is eager to find continued business solutions for all populations in his city.

Exit strategy. MLVP's exit from Meskan is built around three pillars. The first is aimed at ensuring the capacity of the Meskan Sericulture Center to be self-sustaining in the short to medium term. To this end, the project invested in expanding the plantation area to help increase silk production and revenues from cocoon sales at the Center. A revolving fund has been set up with an initial deposit of 50,000 birr from the *woreda* budget. The Center will also sell training services and host silk fairs. A second key pillar of sustainability is the creation of a task force formed of members from the *woreda* administration, Sabahar, BoARD, and supportive institutions and individuals to oversee operations. Finally, MLVP field staff and BoARD extension agents have been conducting joint field visits to target farmers as part of the handover of the intensive extension services and follow-up activities.

Scaling-up strategy. The work in Meskan can be expanded through increased training of participants and increasing the sophistication of the value-added work they are engaged in. The technology transfer and financial analysis components of the model can also be emulated in other areas. The value of scaling up only to the levels that can be absorbed by existing or accessible markets must also be appreciated in the case of the Meskan model. Though many companies are working on silk products, none of

them will buy uncut cocoons, which offers farmers the chance to invest in silk value-added and grow the chain by satisfying the unmet demand of existing buyers.

Results

The following chart summarizes the results of the Meskan Silk Marketing Improvement Project:

Meskan Silk Marketing Project, Meskan Woreda	
# direct beneficiaries (producers)	300
Increased income	
Typical income increase per participant during one project cycle (one to six months)	24-72 birr so far. Expect 1000 birr.
Increased prices	
Collective marketing created economies of scale	X
Quality improvements increased price	X
Changes in knowledge and attitudes of producers and others in value chain	
Small marketing groups helped overcome lack of knowledge, gain confidence to engage in market	X
Participants now more aware of end-market requirements and how quality affects price	X
Participants now more aware of marketing groups' potential to enhance their voice/power in the value chain, leverage government support	X
Participants now willing to work with new products	X
Participants more interested in new opportunities	X
Changes in knowledge, attitudes, practices of those helping target groups (NGOs, MOARD cooperative promoters, and technical officers)	
Woreda more able to provide market information, more aware of ways it can support research, training, and extension related to marketing	X

SECTION 4. LESSONS LEARNED

During the implementation of each of the five model projects, many general points emerged. The following list captures some of the main considerations that should be kept in mind when designing similar interventions in the future. It is important to remember that these interventions are not marketing or production activities alone; they are small business activities, so one needs to look beyond the short-term perspective.

Match your market approach to your beneficiaries. The range of beneficiaries targeted by MLVP differed in terms of the crops they produce, age, sex, land size, fertility of soil, level of food security, production orientation, distance from market, and many other factors. Different marketing approaches are needed to help people sell their produce collectively or individually.

Bring key stakeholders on board from the beginning. Local *woreda* and cooperative staff are more receptive if they are involved early on in the process. This means listening to their suggestions and making them a meaningful part of activity.

Select partners who have an established presence. From the beginning, MLVP was able to take advantage of pre-existing relationships — and a certain level of trust — established by partners. Given the limited lifespan of the project, this immediate access to beneficiaries saved considerable time and gave the project a head start.

Fully understand the value chain. In-depth understanding of the value chain approach was considered key to the success of MLVP. However, it must be kept in mind that everyone in the value chain may not be affected positively by project assistance, especially those taking advantage of skewed situations.

Costs count! Market research means more than just determining if there is demand; existing market demand does not always mean profitable marketing opportunities. Costs and profits have to be calculated. A number of mechanisms can be adopted that lead to better prices — e.g., by staggering sales (through staggered production and storage) and by not everyone selling at the same time, producers receive increased prices.

Find the right person for the right job. An economist/agronomist is not a small business expert; public sector marketing is not the same as private sector marketing. In countries like Ethiopia, where most implementing organizations may not have small-business experience, staff has to be trained to support these types of market-led projects.

There are advantages in numbers. The benefits to be gained by working in groups, from enhanced bargaining power to bulk transportation of produce to establishing and

Using the Value Chain

Understanding the different steps in the value chain helps people develop forward-looking strategies, i.e., from growing sugar cane to producing sugar. It means producers understand where value could be added as they become progressively more experienced. For example:

Step 1: Farmers produce cocoons

Step 2: Farmers learn to properly cut cocoons — and double the value of their cocoons

Step 3: Farmers learn to spin thread — and triple the value of their product.

maintaining relationships, cannot be underestimated. Distinguishing between members and non-members of a marketing group or association when providing services (e.g., honey purchases) can attract new members.

Supplying information is not enough. For any information — such as market information — to be useful and useable, people must be trained how best to interpret it. Public awareness campaigns should accompany innovative interventions.

Go to the source. Establishing a real dialogue between local market actors leads to the most reliable market information. The best way to understand the opportunities and constraints of the market is by talking to the actors on the ground — they know better than anyone.

Seeing is believing. Seeing other groups do what you are doing in different ways can improve efficiency and inspire confidence. Face-to-face contacts help producers envision results and understand how activities could be integrated into their daily routine.

Risks are an inherent part of opportunities. Even with sound investments, there is still an element of uncontrollable risk. Unexpected plant disease or natural disasters (such as flooding) can result in crop failure, in spite of the best-developed plans.

Provide close follow-up and support. The progress and success of MLVP projects depended largely on the day-to-day follow-up, nurturing, and monitoring of the activities in the field. People (including those from implementing agencies) need support during the learning stages to build their confidence.

SECTION 5. WAYS FORWARD

In his closing remarks at the MLVP Federal Workshop in July 2007, State Minister Dr. Abera Deresa of the Ministry of Agriculture and Rural Development expressed his appreciation to USAID for the project and said, “*Now we have very good lessons. What can we do?*”

This section addresses this query by first considering what elements of the MLVP approach may be valuable to include in existing or future programs. It then looks at how some of these elements are already being replicated or used on a large scale in complementary programs. Finally, it addresses what else can be done to replicate or scale up.

What to Carry Forward?

The experiences of the five model MLVP projects and discussions at the Federal Workshop point to the following key elements of MLVP that merit replication and possible scaling up:

The focus on vulnerable populations as target beneficiaries of economic growth efforts. Within the development community, there is growing interest in targeting the poor directly, especially given the recognition that specific interventions are needed to “make markets work for the poor.” While more experience with various approaches is needed, MLVP identified promising market opportunities for the poor, helped target groups fully exploit these opportunities, and increased vulnerable populations’ power in the market. This experience suggests that the poor can increase their incomes and widen their options thanks to a market-led approach.

Use of implementers with local knowledge combined with an umbrella contractor with specialized expertise in market-led approaches. The combination of locally based implementers (e.g., NGOs or *woredas*) and an umbrella organization (a contractor with small-scale agribusiness development experience) is a useful model that could be replicated on a larger scale.

Involvement of stakeholders from the beginning. This is an important element of any program whose success ultimately depends on the commitment and initiative of the target population. Projects benefit when the implementers (such as NGOs or *woreda* officials) have a pre-existing understanding of local issues and a rapport with the target populations. Along these lines, implementers point out the importance of confidence and capacity building and organizational and attitudinal change throughout the project. Although these are key components of development

MLVP Federal Workshop

The Federal Workshop, held in Addis Ababa July 24-25, 2007, was an occasion to exchange information, examine lessons learned, celebrate the accomplishments of the project, and consider ways to apply best practices.

Over 100 people attended the workshop, including representatives from:

- Federal Government (Ministry of Agriculture and Rural Development)
- Regional government (Amhara, SNNPR, Tigray, and Oromiya)
- *Woreda* governments
- USAID/Ethiopia
- MLVP’s NGO partners
- Other Safety Net partners
- ACDI/VOCA
- Fintrac
- Food Economy Group
- IFAD
- IFPRI
- African Development Bank
- Japan International Cooperation Agency
- Norwegian Aid
- Melkassa Research Center

programming, they are somewhat different from the more input-focused traditional relief programs which have been prevalent in Ethiopia.

Product selection based on both household and market assessments. This is one of the distinctive features of MLVP. MLVP did not simply shift its focus from production to the market, it carried out a careful analysis of what products had the most potential in the marketplace *and* what additional activities the vulnerable target population had the flexibility to take on. MLVP brought together livelihoods specialists and market specialists and assigned them the challenge of finding common ground. While these studies were a fairly costly exercise for MLVP, they could be streamlined in the future, given that livelihoods baselines will soon be available throughout the food-insecure parts of the country (Afar, Amhara, Oromiya, SNNPR, Somali, and Tigray regions). To scale up, some additional work could be devoted (perhaps by the Livelihoods Integration Unit itself) to creating a simple tool that would help practitioners apply the livelihoods baseline information to market-led projects.

Development of marketing strategies based on value chain analysis. Marketing strategies help all project participants focus on how to invest their time and energies in a way that is most likely to pay off with concrete increases in sales and profit. MLVP used marketing staff and consultants to develop marketing strategies for each of its selected products. The most detailed form of these strategies can be found in the scopes of work for MLVP's NGO partners. Each strategy is different, but in all cases, producers must work to make their product competitive in the marketplace. MLVP used a simple value chain analysis to analyze how to improve competitiveness — the focus was mainly on identifying ways to meet the ultimate buyer's requirements in the most efficient way given the short timeframe and limited resources of the project. Future projects are advised to employ a similarly pragmatic approach and develop a simple form of value chain analysis that can be applied at the local level.

Development of market linkages. MLVP used staff with experience as marketing specialists and entrepreneurs to help producers identify promising opportunities and facilitate relationships with buyers. While these “deals” with buyers would not have been possible without the commitment and persistence of the producers themselves, the project's help in facilitating these linkages was also essential and was identified by one of our evaluators as one of the most cost-effective of the project's interventions. While skeptics might think that the market itself should be able to bring buyers and sellers together without outside intervention, this is not the case, given the fragmented and thin markets available to the rural poor in Ethiopia. Including a component devoted to development of market linkages by individuals who are familiar with buyers and who can help facilitate understanding and trust between buyer and seller would be an important element of any future project.

Technical assistance and training to support implementation of market strategies. MLVP found that producers needed various kinds of assistance to provide a competitive product — from general awareness training and exposure visits to assist with production, cleaning, grading, simple packaging, and promotion. Any future project will need to include this sort of help. One question to ask is how to judge which interventions will generate an appropriate return on project investment. One way to be sure there is a good return on investment in technical assistance and

training is to tie these interventions to marketing strategies — the assistance or training must be clearly needed to help the producers satisfy the buyer.

Provision of seed capital, working capital, and market infrastructure. MLVP provided small amounts of seed capital to help producers create or expand their businesses and working capital to help marketing groups finance purchases from producers. It also participated in schemes to develop market infrastructure such as market stalls and storage facilities, usually through cost-sharing schemes with marketing groups or cooperatives. Such financial support is necessary for any business expansion effort; however, when the project is replicated on a large scale, such financial support will need to be provided through financial institutions.

Access to improved technologies. Lack of access to improved technologies is often cited as a major constraint to poverty alleviation worldwide. MLVP helped producers access improved technologies such as honey processing equipment or silk cocooning trays. Future projects should encourage identification of similar innovative technologies and facilitate access to financing for such technologies.

Support to marketing groups and cooperatives. Selling their products through a marketing group or cooperative is a principal way for small producers to be competitive. MLVP formed new marketing groups and also worked with pre-existing cooperatives. In many cases, implementers found there were advantages to working with new groups composed of producers voluntarily coming together to sell the selected product. MLVP sometimes helped these small groups become cooperatives so they could enjoy certain legal benefits, such as the ability to borrow money. In other cases, implementers worked with existing cooperatives, many of whom had a production focus. MLVP strengthened these cooperatives, especially to help them take on a marketing function. In all cases, the approach fit the local circumstances.

Helping local government create a more conducive, enabling environment for poor producers. The project helped local government provide market information geared to producers' needs and create more transparent marketplace rules (e.g., a system of standard weight measurements for trading). These interventions were popular with local producers because they increased transparency in the system and helped “make markets work for the poor.” Future projects should consider ways to make market information more broadly available and identify those changes in market rules and procedures that can most empower the poor. One possible intervention that could increase transparency in the market and help large numbers of poor would be to facilitate a shift from the *goonfa* system of imprecise volume measures to a more precise system of metric measures. This would require consensus building at the *woreda* and regional level, a public information campaign, and provision or financing of weighing scales.

Who Is Already Replicating MLVP or Doing Complementary Work?

A number of groups have already begun applying elements of MLVP in their own programs; others are doing work that is complementary.

MLVP partners. The majority of MLVP partners have already decided, on their own, to integrate elements of MLVP into their own programs. Save the Children-UK,

REST, CARE, and ORDA are working with Safety Net populations on projects designed to protect the assets of the poor. These groups believe that it should be possible with only minimal additional resources to begin incorporating a more market-based lens to their work and help the poor begin to build assets. For example, CARE is currently taking steps towards doing silk production activities with a number of their women's groups. Development agents attended the MLVP-sponsored silk fair in Meskan in July 2007 in order to understand MLVP's approach and consider how they might adapt it to their own circumstances. The box below shows how Save the Children is incorporating elements of MLVP into another program involving Safety Net populations.

Replicating MLVP: An Example from Save the Children-UK

Save the Children-UK has employed two micro-enterprise development staff members on their Reducing Dependency and Increasing Resiliency (RDIR) project to incorporate MLVP lessons and further develop off-farm, income-generating activities. One of these staff members attended MLVP's value chain analysis training.

Currently, RDIR is applying the MLVP methodology to two groups: the vegetable producers and honey producers. Marketing groups have been formed. For the honey producers, the MLVP model will be replicated exactly: the same training and equipment will be provided and the honey groups will eventually join the existing three MLVP marketing groups. For the vegetable groups, the producers and Save the Children-UK staff are engaged in a market mapping process — looking at local and distant markets, discussing with traders and customers to explore what added value the groups can bring to their product and also which markets they should target.

The approach will be rolled out to some of the other current RDIR producer groups in future. Save the Children-UK is also examining options to train other staff members in value chain analysis.

The International Fund for Agricultural Development (IFAD)-Funded Agricultural Marketing Improvement Programme (AMIP). The federal government, through AMIP, funded by IFAD, is carrying out a \$35.1 million, seven-year project aimed at smallholders in six regions (Oromiya, Amhara, SNNP, Tigray, Somali, and Afar). Interventions are scheduled to take place in 200 *woredas*, and it is expected that the program will benefit about 500,000 smallholder households. The principal way of reaching the poor will be through government employees, and the project aims to train 15,000 development agents and 3,000 cooperative promotion officers. Given that AMIP has significant potential to reach large numbers of poor, MLVP staff and consultants have met with the implementers of AMIP on several occasions to share lessons learned and discuss ways to add some MLVP-developed elements to the AMIP approach — for example, an enhanced market linkages element or more support directed at creating a transparent and fair systems of weights and measures.

What Else Could Be Done?

There are several other ways that the work of MLVP could be carried forward. Participants at the Federal Workshop identified some ideas (see the table at the end of this section). Some of these ideas are listed below, organized by who would be responsible for follow-through:

The USAID-funded Livelihoods Integration Unit (LIU). One unique and valuable element of MLVP was the focus on understanding basic aspects of the household economy to identify opportunities and constraints for new or expanded income-generating opportunities. One way to expand the use of this approach would be to train more people in how to use and interpret the livelihoods analysis being developed

by the LIU. The LIU, located within the Ministry of Agriculture and Rural Development's Disaster Prevention and Preparedness Agency, is completing a national baseline survey of livelihoods, has resources for training, and has expressed a willingness to train people (NGO staff and *woreda* officials, for example) in the application of this information to market-led projects aimed at the poor.

USAID's Agribusiness and Trade Expansion Program. Following the Federal Workshop, MLVP staff met with the chief of party of the Agribusiness and Trade Expansion Program, managed by Fintrac, to discuss continuing and perhaps scaling up support to Kurfachelle vegetable producers who had been MLVP participants. It was agreed that this idea would be discussed with USAID staff.

NGO-level support. Many of MLVP's NGO partners are already replicating some elements of MLVP in their ongoing programs. For example, as discussed at the Federal Workshop and in the final evaluation of MLVP, REST is building similar cold storage facilities in Tigray, and ORDA is expanding the work of MLVP into other *woredas*. Some of these ideas could be shared with other NGOs involved in the PSNP. With minimal additional resources, NGOs could work on a larger scale to:

- Help producers and traders to identify market opportunities and constraints of Safety Net populations
- Conduct training in value chain analysis to help identify interventions that could fit into their program
- Help organize and train marketing groups

Government support. There is considerable scope for scaling up government support for market-led interventions, especially through nationwide projects such as AMIP and state-wide projects. As Dr. Abera Deresa said: "*The purpose of a pilot project is to learn from it. We learned a lot from the work done in these five woredas. We must now inject it into the system; otherwise it will not be mainstreamed and the results will remain peripheral, just isolated project results. So we must take on the challenge of replicating the successes through including the results in the system.*" Potential areas for the government to scale up ideas from MLVP include:

- Providing market awareness training to accompany food security packages
- Strengthening market-related training for development agents (e.g., how to identify market opportunities appropriate for vulnerable populations, how to analyze the value chain of a potentially promising product)
- Providing courses relevant to most promising value chains (e.g., silk) in the government's technical and vocational education training schools
- Charging development agents with encouraging more value addition at the producer level (e.g., cleaning and sorting vegetables or packaging products for market)
- Developing a national campaign to promote use of precise measurement systems (e.g., the metric system, and facilitating the financing of scales)

Sharing marketing knowledge through Agricultural Technical, Vocational, and Educational Training Programs (TVETS). In the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), developed in 2005/2006 by the Ministry of

Finance and Economic Development, one of the main goals of the Government's Agricultural Development Strategy is to support the intensification of marketable farm products. To help achieve this, the extension service provided by Development Agents (DAs) is targeted. For DAs focused on agricultural extension in Ethiopia, their primary means of education are the Agricultural Technical, Vocational, and Educational Training Programs. There are currently 25 TVET colleges established in Ethiopia, and thousands of Farmer Training Centers are being built each year in small communities across the country, where DAs will work, allowing them to provide direct support to farmers in their community. Recognizing that the majority of farmers are illiterate, the PASDEP highlights the importance of having well-trained DAs who can act as teachers and resources to farmers on such critical topics as technical knowledge in production, adding value to products, and marketing. Thus it is recommended that the TVET colleges actively seek to incorporate market-based curricula, whether it be hard marketing skills such as value chain analysis or more hands-on, practical training which focuses on taking products to market and/or tradeshows. It is worth noting that the TVET colleges are scheduled to train tens of thousands of DAs in the next few years, and therefore can be one of the quickest entry points into changing attitudes and knowledge surrounding markets in rural communities.

A new project. USAID or another donor could consider designing a project similar in scale to AMIP focused not so much on government capacity building but on market facilitation and support of specific business opportunities involving target groups. This project could also organize exchange visits and work with existing microfinance institutions to develop loan products (and related training) to finance production, processing, and market infrastructure. If there are not sufficient funds for a new large-scale project, perhaps a "market filter" applied to future livelihoods work could also create significant benefits. Such a filter could, for example, require that every production activity included in a proposal (honey, poultry, weavers, etc.) be accompanied by a basic market mapping to identify the demand for that product and an analysis of how producers will be supported in processing, packaging, and engaging with markets

Ideas from the workshop. The table on the next page summarizes some "ways forward" identified during small group discussions at the Federal Workshop.

Ways Forward Ideas: How Each Type of Stakeholder Can Apply MLVP Experience from Small Group Discussions at Federal Workshop			
<i>Woreda</i>	Regional Government	Federal Government	NGOs
<p>Display market information on prices.</p> <p>Conduct marketing assessments to identify opportunities for products.</p> <p>After commodities identified, mobilize marketing groups.</p> <p>Conduct training for marketing groups on production quality, quantity (for products in high demand).</p> <p>Facilitate marketing channels and fair trade.</p> <p>Close supervision of marketing groups (for technical assistance).</p> <p>Capacitate <i>woreda</i> officials to do assessment.</p> <p>Enforce contract agreements (farming and marketing).</p> <p>Address gender issues (mainstreaming).</p> <p>Organize farmers' marketing group.</p> <p>Link the market group to the coops (process focused).</p> <p>Establish/strengthen farmers' service cooperatives.</p> <p>Develop market infrastructure such as storage, market stalls, weighing scales.</p> <p>Facilitate access to inputs (seeds, finance).</p> <p>Integrate the market-led approach.</p>	<p>Integrate market information at regional level.</p> <p>Identify comparative advantage of various <i>woredas</i>.</p> <p>Provide marketing orientation for agricultural professionals.</p> <p>Set up marketing linkages to buyers.</p> <p>Develop market infrastructure.</p> <p>Identify marketing constraints and solutions.</p> <p>Develop regional supply channels.</p> <p>Enforce contracts (farming and marketing).</p> <p>Address gender issues (mainstreaming).</p> <p>Establish market information service.</p> <p>Undertake capacity building through existing organizations and back core market training team.</p> <p>Establish market forum from the different stakeholders to identify opportunities and constraints for positive policy (enabling) environment.</p> <p>Link research and <i>woreda</i> to respond to market problems related with the selected strategic commodity.</p> <p>Develop agricultural market extension manual.</p> <p>Coordinate project programs and interventions.</p> <p>Establish network between marketing projects to create synergies and market linkages.</p>	<p>Provide quality control of inputs.</p> <p>Facilitate links to foreign markets.</p> <p>Set priority areas for extension development.</p> <p>Incorporate marketing as a prime extension component.</p> <p>Ease legal process for contract farming.</p> <p>Enforce contract agreements (farming and marketing).</p> <p>Address gender issues (mainstreaming).</p> <p>Create market-enabling environment (rules and regulations, procedures).</p> <p>Assess and link with international market.</p> <p>Develop infrastructure.</p> <p>Promotion, exhibition, trade missions.</p> <p>Introduce/enforce legal framework to allow fair competition in larger markets (e.g., Addis Ababa vegetable markets).</p>	<p>Channel innovative ideas, best practices, other countries' experience.</p> <p>Provide technical assistance to agricultural extension agents at <i>woreda</i>.</p> <p>Identify and fill gaps.</p> <p>Capacity building.</p> <p>Facilitate the scale-up of market-led interventions.</p> <hr/> <p>Donors</p> <p>Finance development of market infrastructure.</p> <p>Share information, coordinate, and align support to PASDEP.</p> <hr/> <p>Private sector</p> <p>Organize to access new, larger, higher-value markets.</p>

CD ROM INDEX

FINAL REPORT IN PDF VERSION	ANNEX A
FEDERAL WORKSHOP REPORT AND PARTICIPANTS LIST	ANNEX B
LESSONS-LEARNED STUDY: EXPERIENCES OF MARKET-LED INTERVENTIONS TO REDUCE VULNERABILITY	ANNEX C
MODEL PROJECT SCOPES OF WORK FOR IMPLEMENTATION.....	ANNEX D
VIDEO: MESKAN SILK MARKETING PROJECT	ANNEX E



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