

## Executive summary

**Background and Objective:** Agro-Business Induced Growth programme is a bilateral agribusiness development program of the Ethiopian and Finish governments, which mainly operating in Amhara regional state. The programme first phase was implemented in Fogera and Mecha Woredas, that ended in 2017, the second phase is running for four and a half years until 2021. The second phase covers North Achefer, South Achefer, North Mecha, South Mecha, Bahir Dar Zuria, Dera, Fogera and Libo Kemkem Woredas. From livestock value chains, dairy, small ruminant fattening and poultry added and the project intended to address bottlenecks hindering producers, traders, processors, retailers and consumers to get the best value from their participation using the Value Chain Development Approach. The study conducted to assist actors in small ruminant VC to identify their business opportunities and competitive advantages, and to address the shortcomings that pose a risk for their business initiatives to prosper.

**Methodology:** A Participatory Value Chain Analysis with Gender, Green and Governance (PVCA + G<sup>3</sup>) framework has taken as a comprehensive tool for data collection and analysis process. The study used both primary and secondary data sources. For the primary data collection two sample Woredas (Dera and N/Mecha) taken mainly for the upstream actors. Conducted interviews and group discussions with actors at different segment of the value chain that includes small-scale producers, multipurpose cooperatives and unions, processors, supermarkets, hotels, different sector offices and experts from Kebele to national level. To assess the overall existing situation, Ethiopia and other countries trends and benchmarks thoroughly reviewed.

**Value Chain Situation:** Meat consumption level is projected to grow significantly on the years ahead until 2028 according to the nation's LMP, which will intensify the demand for meat. This is mainly associated with the ever-increasing population in both urban and rural areas across the nation. Accordingly, the demand for sheep and goat meat will increase at the national level and the study areas as well in the upcoming years.

**Value Chain Constraints and Interventions:** The main constraints identified in all segments of the VC are increasing feed price and knowledge gap in assuring the proper feed mix, limited access for improved breed, shortage of medical supplies and ineffective animal health service provision, limited loan access, poor production management, little or no regular market for and buyers linkage, poor coordination among the VC actors. To address the constraints interventions proposed includes, promoting youth groups or cooperatives as local feed suppliers, provision of training on optimum use of feed and improved management system, develop commercial feed supply system and create access for molasses, improve public and private health/vaccination service providers with better accountability and incentive, better market linkages creation, and engage with the VC actors to create effective public-private dialogue platforms for identified critical issues.

## Interventions Proposed

TABLE 1. MAIN CONSTRAINT AND SHORT, MEDIUM AND LONG-TERM INTERVENTION MATRIX

Segment	Constraint	Short term proposed Solutions/Interventions	Medium and Long term proposed Solutions/interventions	Potential partner/lead organizations
<b>Feed Supply</b>	<ul style="list-style-type: none"> <li>• Feed price increase, farmers willingness to pay, working capital shortage and awareness/risk sensitivity;</li> <li>• Not able to assure feed quality - variation/wrong mix;</li> <li>• Limited feed plantation</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the utilization of crop by-products with different nutrient and digestibility improvement treatments (EM, Molasses and others)</li> <li>• Promotion of nearby suppliers (youth groups or cooperatives)</li> <li>• Expansion of feed forage plantation demonstrated in different villages with facilitation of access to improved forage seeds</li> <li>• Train and demonstrate optimum use of feed and improved management systems</li> </ul>	<ul style="list-style-type: none"> <li>• For promotion of effective fattening in the area, develop the feed supply system in more commercial way with better incentives provision</li> <li>• Promote expansion and enhance production efficiency of feed mills</li> <li>• Feed suppliers quality feed production capacity and distribution system development with business model refinement and facilitation of investment expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Private feed suppliers, Merkebe Union; Deberetabor Union;</li> <li>• Trade, Industry and Market Development Office</li> <li>• Livestock Office</li> <li>• Cooperatives and youth groups</li> </ul>
<b>Breed Improvement</b>	<ul style="list-style-type: none"> <li>• Low improved breed access</li> </ul>		<ul style="list-style-type: none"> <li>• Encourage improved sheep and goat breed suppliers</li> <li>• Support sheep breed improvement initiatives (Washera and others)</li> </ul>	<ul style="list-style-type: none"> <li>• Livestock Agency and private farms</li> </ul>
<b>Health Service</b>	<ul style="list-style-type: none"> <li>• Timely and effective health service provision</li> <li>• Shortage of medical supply</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby and facilitate timely required critical medical supply</li> <li>• Promote recognized private animal health service providers (refreshment training and recognition of service)</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance public animal health service delivery, better service incentive and accountability development, train more paravets</li> </ul>	<ul style="list-style-type: none"> <li>• Livestock office</li> </ul>
<b>Financial Services</b>	<ul style="list-style-type: none"> <li>• Limited financial service for starters investment capital (youth and women)</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate investment capital requirement for women and youth groups to operate in a business scale that is more reasonable with appropriate financial service (amount and payment time alignment)</li> </ul>	<ul style="list-style-type: none"> <li>• Work with financial service providers to refine products for fattening (loan and insurance)</li> </ul>	<ul style="list-style-type: none"> <li>• Credit and Saving Cooperatives/RUSSACO; ACSI and Commercial Banks;</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>• Limited scale and round of operation and non-optimal feeding and management</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity and production enhancement practical extension service development – extension service with</li> </ul>		<ul style="list-style-type: none"> <li>• Livestock office</li> </ul>

Annex 2c. Extract from Small Ruminant (Sheep and Goat) VC analysis assignment report by Paulos Desalegn (Aug 2018)

Segment	Constraint	Short term proposed Solutions/Interventions	Medium and Long term proposed Solutions/interventions	Potential partner/lead organizations
		<p>practical demonstration and semi-commercialization/market orientation extension package with access to feed and other services; Improve production practice by working with model farmers for better management practice demonstration and developing fattening simple guide</p> <ul style="list-style-type: none"> <li>• Address skill gaps in technical and business management for target groups: <ul style="list-style-type: none"> <li>○ Conduct business awareness creation and exposure visits with better performing farmers</li> <li>○ Guidance in selection of right animal for fattening,</li> <li>○ Using appropriate complementing feed and management based on the season,</li> <li>○ Timing/scheduling of fattening that considers the main festivals with recommended fattening period</li> </ul> </li> </ul>		
<b>Market Linkage</b>	No regular market and buyers linkage	<ul style="list-style-type: none"> <li>• Encourage better business linkages between fattening farmers and traders/butchery</li> </ul>	<ul style="list-style-type: none"> <li>• Developing live animal marketing system, market centers and infrastructure like auctions that will contribute for the transparency of the market, facilitate the creation of a grading system and improve pricing signals for both producers and traders</li> </ul>	<ul style="list-style-type: none"> <li>• Livestock office; Trade, Industry and Market Development Office</li> </ul>
<b>Sector Coordination and Enabling Environment</b>			<ul style="list-style-type: none"> <li>• Work with sector actors to have effective platforms for public-private dialogue for identified critical issues and facilitate coordination and collaboration between the various value chain actors</li> </ul>	<ul style="list-style-type: none"> <li>• Sector stakeholders and chamber of commerce</li> </ul>