



Oxford Policy Management



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Smallholder risk management solutions: Design of a replicable business model in Ethiopia

The Smallholder Risk Management Solutions (SRMS) project is being implemented in Ethiopia by a consortium led by Oxford Policy Management. The project aims to investigate the key risk factors that smallholders face in sustainable agricultural intensification, and to explore risk management strategies that can be put in place to manage them.



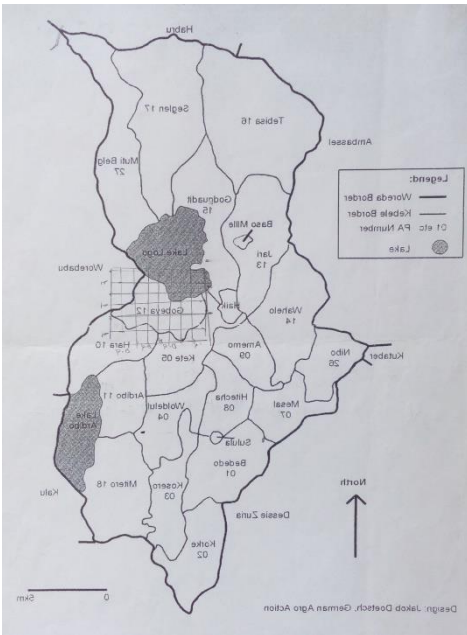
The project is focusing on **teff**, which has great potential to become an important part of smallholder risk management. Teff is widely grown by smallholders. It offers food and nutrition security, being the primary ingredient of injera. Teff also provides a cash income as it is widely traded. It is also an ‘orphan crop’ that has received little attention from agricultural research and development. As teff is widely produced, consumed and marketed in the Amhara Region of Ethiopia, the SRMS project has chosen to work in Tehuledere woreda, which is located in the South Wollo Zone of Amhara Region.

Main Crops in Tehule Dere District

Crop/Year	2014			2015			2016		
	Ha	Yield Quintal	Yield kg/ha	Ha	Yield Quintal	Yield kg/ha	Ha	Yield Quintal	Yield kg/ha
Sorghum	5042	203991	4046	4563	143385	3142	3868	147605	3816
Teff	3298	51134	1550	3867	48997	1267	4086	28565	699
Wheat	2159	60683	2811	1643	34674	2110	1740	24230	1392
Maize	1992	88410	4438	1839	56486	3072	1543	10347	668

The project started off with a diagnostic analysis of the teff **value chain** in Tehuledere woreda, to investigate the key opportunities and constraints on current performance, to explore ways to improve coordination between the value chain actors, and to describe the characteristics of input

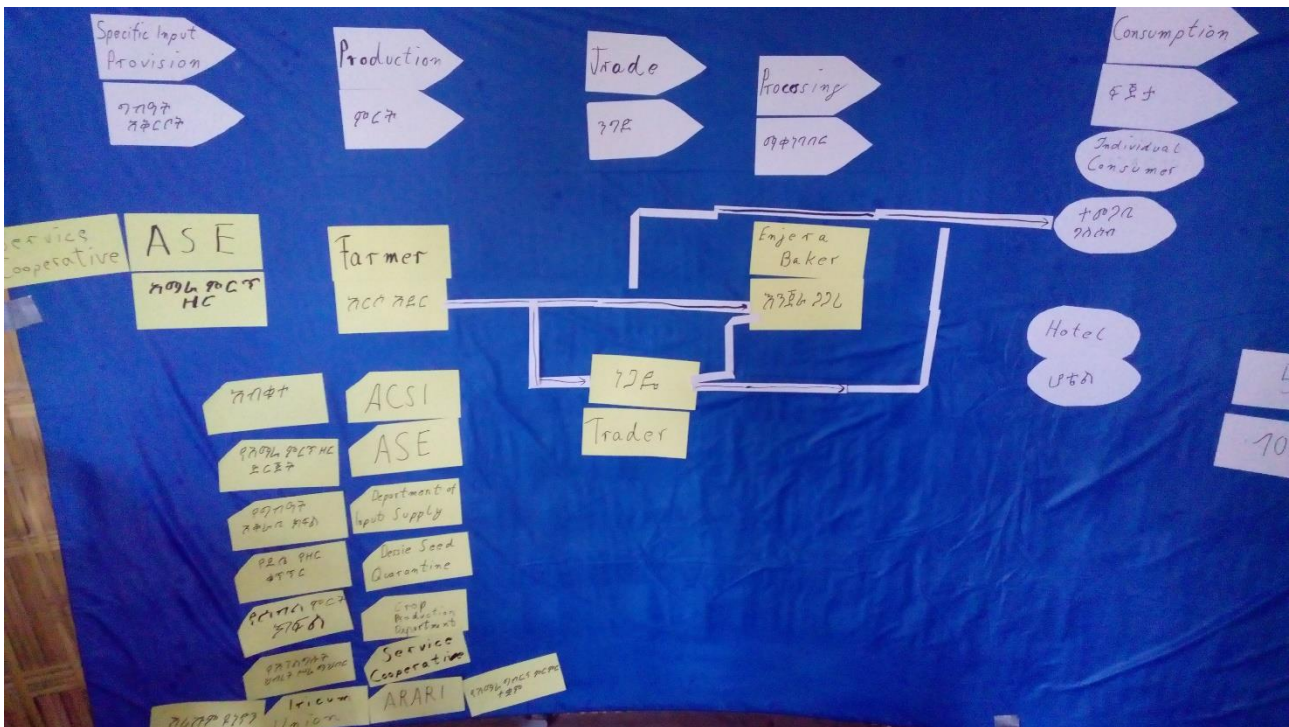
markets and the various incentives for technology adoption. Based on the analysis of the local value chain, a ‘**replicable business model**’ has been designed in collaboration with three Service Cooperatives in Tehuledere Woreda. The model aims to address systemic risks that hinder commercialisation, and to connect the value chain actors (farmers, input suppliers, buyers and processors) effectively through collective marketing. The model is inclusive of poor smallholder farmers and provides an economic incentive to all actors in the value chain to cooperate in making it work. The model will be tested and researched over two crop seasons by the SRMS project.



The design of the replicable business model is based on the establishment of a **seed revolving fund**. For the 2017 growing season the SRMS project has provided 4 kg of certified teff seed to 300 farmers, based in three kebeles in Tehuledere woreda (100 farmers per kebele). When harvested, each farmer will return 8 kg of teff back to the Service Cooperative (a total of 2,400 kg), which will allow the Cooperative to again purchase at least 4 kg of certified seeds for 100 farmers. Assuming that teff prices remain similar in subsequent years, the economic analysis of the seed revolving fund shows that the model will be replicable and will not require further project input. After the first year of the model, the Cooperative will be able to pay for the operational costs of running the model.

The SRMS project will provide technical and management support to the Cooperative during the implementation of the replicable business model and will revise the assumptions of

the model as soon as teff prices are known.



The Sustainable Intensification of Agricultural Research and Learning in Africa (SAIRLA) Programme is a UK Department for International Development-funded initiative that seeks to generate evidence and design tools to enable governments, investors and other key actors to deliver more effective policies and investments in sustainable agricultural intensification that strengthen the capacity of poorer farmers', especially women and youth, to access and benefit from SAI in Burkina Faso, Ethiopia, Ghana, Malawi, Tanzania and Zambia.