

# The Learning Alliance on Chain Empowerment; The case of Burka Gudina Cooperative Union in Ethiopia

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The Learning Alliance is a learning-by-doing project in value chain development initiated by Agri-ProFocus' members ICCO, SNV, KIT, Cordaid and Agriterra. It is organised in clusters, consisting of farmers' organisations and NGOs that already have existing working relations. In the Ethiopia Learning Alliance, 18 farmers' organisations upgraded their business and market position in the value chain through a cycle of workshops, field assignments and coaching visits by the coordination team of ICCO, SNV and Ethiopian partners IIRR and FFARM.

## Challenges for Ethiopian farmers

Ethiopian smallholder farmers are organised in cooperatives and grain banks with the support of the Ethiopian government, service providers and donor agencies. Many of these farmers' organisations have been building basic technical, organisational and business capacities, but face the challenge of further improving their capacities for marketing and value chain development. Some critical capacities that these farmers' organisations need to develop are:

- market-oriented production
- quality assurance and logistics
- building business partnerships with other chain actors
- entrepreneurial skills
- ability to develop bankable business plans.

## Learning-by-doing

Each of the groups in the Alliance identified a product for learning purposes and based on its business potential. The approach follows the four phases of value chain develop-



Farmers from Burka Gudina Cooperative Union with fieldstaff from CDI.

ment: mapping and assessment of the value chain, building of engagements between the chain actors, upgrading of the chain, and monitoring and evaluation. These phases correspond with the topics of the workshops, field assignments and coaching.

The project in Ethiopia started in November 2007 with an inception workshop. Over the next three years, five other workshops were organised on: Mapping the Chain (November 2007); Strengthening the Actors (June 2008); Finance & Services (February 2009); and Business Planning (September 2009). In between the workshops, all 18 groups completed assignments in preparation for the following workshop. In the last workshop (February 2010), a business plan contest was organised and lessons learned were documented.

The learning process is based on practice by integrating training and work activities in a continuous loop of learning, applying, and reflecting. Coaching in between the workshops proved to be a powerful intervention.

## Results

Several changes in entrepreneurial attitude were observed; the confidence level of the farmers' organisations increased and they now continuously look for new business opportunities. Business planning is still improving, in particular where partnerships had already been established. The working relations between farmers and NGOs also changed; there is now more focus on supporting farmers as chain actors. Agri-ProFocus members have been applying the Learning Alliance approach in Rwanda (agribusiness clusters), Ethiopia (pastoralist clusters in livestock marketing) and Zambia (financial services). Lessons learned are being documented in a regular bulletin.

Schematic overview of value chain context in the Ethiopian Learning Alliance



## Burka Gudina cooperative production development of haricot

Burka Gudina, a farmers' marketing organisation, is located near the city of Shashemene (93,000 inhabitants), 200 km south of Nazareth in central Ethiopia. Burka Gudina and four other farmers' marketing organisations form a cluster with 899 members, including 109 women. They buy and sell maize, white haricot and beans grown by their members.

These farmers' organisations were already cooperating with the Centre for Development Initiatives (CDI) in Shashemene when they joined the Learning Alliance. Together they selected white haricot beans as their study crop for its potential to improve income. For Burka Gudina it was a new crop, but other farmers were already positive about white haricot beans.

### Chain analysis

In the first assignment, the farmers analysed the white haricot product chain from farmer to consumer. They interviewed farmers outside the cooperative, a local collector in Shalla, a big merchant in Shashemene and an export trader in Nazareth. The farmers identified the buying and selling prices of each of the chain actors, learned about the traders' problems with low quality (caused by impurities, high moisture content and small size of beans). The exporter discussed with the farmers and said he was interested in sourcing directly from Burka Gudina if they could clean the beans and guarantee quality at the gate in Nazareth.

### Cost price analysis

In the second assignment on cost price calculation, the cluster used information from another farmers' organisation already producing haricot beans. The main problem they found was the volume traded; only 11 per cent (150 bags) of the members' total production was channelled through a farmer organisation.

### Production for the market

In May 2008, the members of the five farmer cooperatives started to plant haricots. They secured credit from Oromiya Cooperative Bank and received 300 bags of improved seeds from the exporter. Haricot yields in November were good (on average 26 bags/ha). The farmers brought the haricots to Nazareth, where the exporter bought 2467 bags and rejected 243 bags (because of high moisture content caused by the rains at harvest time). This made the five farmers' organisations reluctant to bring more beans and hesitant to purchase from the farmers. In addition, the exporter requested 360 bags of seeds as a payment for the improved seeds, but the farmers returned only 202 bags. A number of farmers lost crops due to flooding and had to repay the following season. Still, the overall results were positive. The exporter was satisfied as 97 per cent of the bought supply met the export quality standard. Furthermore, the farmers' organisations proved that they could handle the logistics and secure good prices for their members. The five farmers' organisations made a net profit of Birr 4,000,000 (from all economic activities including haricots beans, maize and transport) and distrib-

uted an average 70 per cent dividend to their members.

### Chain partnership

In August 2009, the five farmers' organisations, CDI and the exporter met to discuss the next planting season. The following agreements were made.

Burka Gudina farmers would:

- keep their stores clean
- control and maintain the quality of their product
- make buying price adjustments based on market prices
- make sure that members pay back the seed loan
- make sure that ordering cost and other related transaction costs are properly determined and accounted for.

The exporter company would:

- give technical advisory service on store management
- check the produce before it is loaded on trucks
- provide sacks for next season's produce
- provide financial resources for the purchase of inputs (improved seeds)
- provide information on the purchase price of produce.

The service provider CDI would:

- give a refresher training on product quality
- provide farmers with training on harvesting and post-harvest practices
- make efforts to strengthen the relationship between farmers and the exporter
- provide different trainings to members of farmers organisations.

### Results for Burka Gudina

This cluster won a € 6000 prize in the Learning Alliance contest for best funding strategy. In short, the group proposed to invest in equipment for threshing, winnowing and control of humidity to improve the quality of the haricot beans and reduce post-harvest loss.

Moreover, the farmers and their organisations are now more confident when dealing with buyers; they know that they can deliver quality produce and continuously look for new business opportunities.

The learning activities helped the farmers better understand the exporter and successfully negotiate a chain partnership.

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#### Notes

- 1) Agri-ProFocus is a partnership of Dutch donor agencies, credit institutions, companies, training and knowledge institutions whose goal is to promote farmer entrepreneurship in developing countries.