**EUCALYPTUS POLE AND FUELWOOD VALUE CHAIN ANALYSIS AND UPGRADING: THE CASE OF SIDAMA, HAWASSA ZURIA DISTRICT, SOUTHERN ETHIOPIA**.

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**Abstract**

The availability of raw material for both wood products for fuel, construction and creation of items of daily use has become a problem since decades in most of the East African countries, including Ethiopia. The increasing gap in between demand and supply of wood products resulted from large-scale forest conversions and high population growth. In 2013, the wood supply gap in Ethiopia was on a level of 38.8 million m3 per year, with increasing trend. Fast growing tree species like eucalyptus have been popularized and planted by many farmers in different parts of the country to smaller the tremendous supply gap. Growing eucalyptus have become a prominent role for sustaining the livelihoods of the community, with beneficial products like fuelwood, construction poles, and functions like sources of income, collateral, capital stock, soil conservation, and beneficial utilization of degraded land. Until now, not much attention has been given to improve production, processing, marketing and values adding of eucalyptus products by smallholders of the Sidama Zone. Presented are results of a value chain analysis and identified upgrading options for eucalyptus pole and fuelwood in Sidama Zone, Hawassa Zuria district. From growing the trees in production systems of Chefasine village, the tree’s products were mostly traded, processed, sold and consumed in the two nearby towns Tulla and Hawassa. For collection of primary data key informant interviews, in-depth interviews, focus group discussions and direct observations were used and complemented by secondary data. More than 30 key actors along the chains were interviewed; include tree growers, harvesters, transporters, trader and retailers of different scales and customers like constructors and carpenters. Results are value chain maps, value added on each nod and its distribution along the chain, analysis of the actors’ linkages, interactions and functions for the chain, and the role of the eucalyptus businesses for the particular actors' livelihoods. In addition, the regulating and supporting environments, mechanisms to access and control resources, coordination and governance of the chain were examined. Also, the actors’ understanding and their preferred options for upgrading the chain will been elaborated in a ‘Participatory Innovative Platform’ workshop (PIP) in June 2018.

Key words: *value chain; small holder; eucalyptus; actor; benefit distribution; value added; commercialization margin; access mechanisms; governances; upgrading.*