

Wheat Value chain analysis in Agarfa district of Bale Zone, Ethiopia

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Introduction

Wheat is one of the most important cereal crops grown in Ethiopia, both for a source of food and for a source of income or liquid cash. Value-adding to agricultural commodity is a means to increase farm incomes and to regenerate rural economy (Efa et al., 2016).

The inadequacies of the cost and benefit share of actors along the value chain is practiced in the study area.

Value chain affected farmers were not able to share from the growing market benefit of the product over time.

Solution approach

- strengthening the linkage among chain actors
- encouraging poor profit share
- creating training platforms for capacity building,..

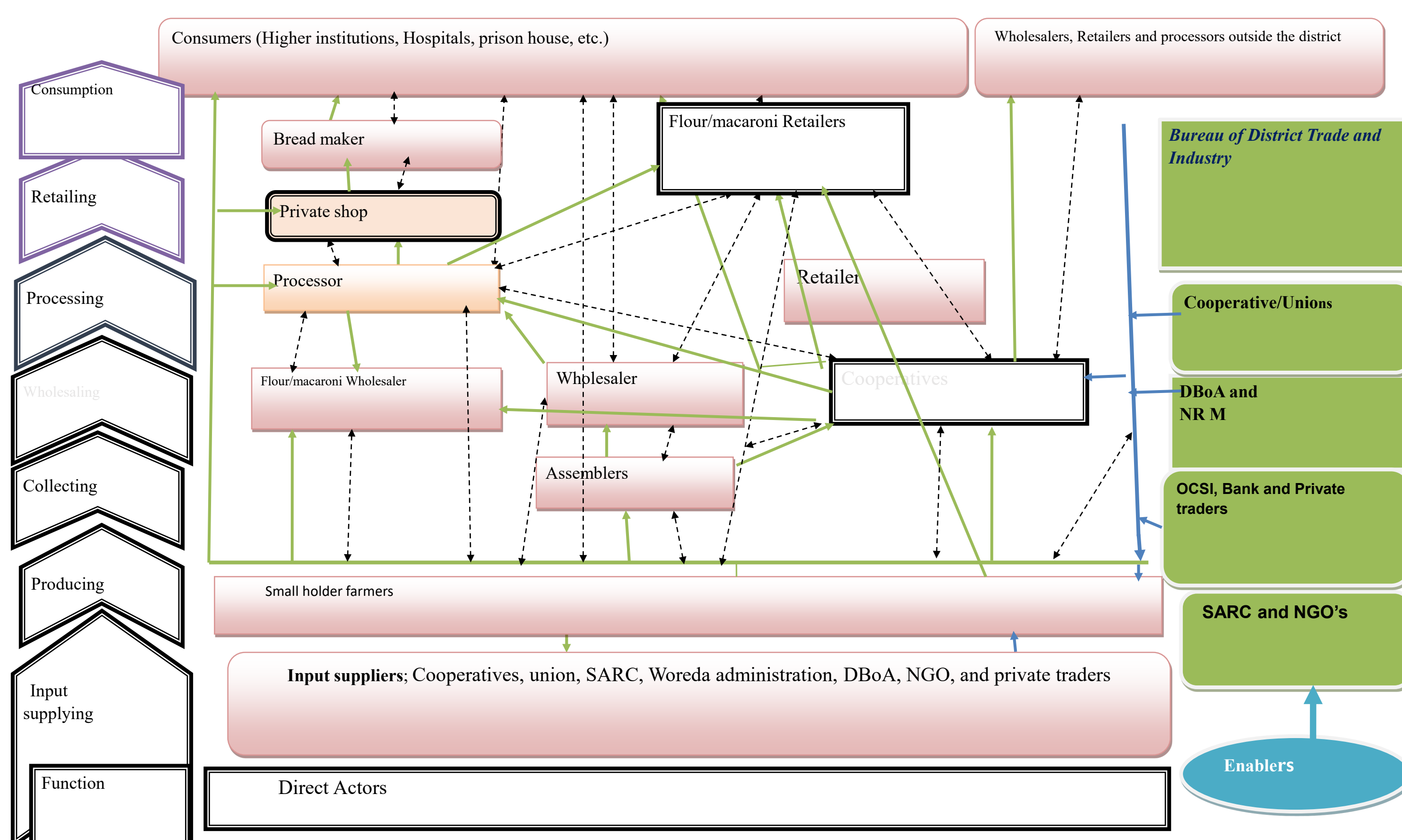
Objectives

- Identify wheat value chain actors and their respective functions in Agarfa District of Bale Zone, Ethiopia
- Analyze marketing margin of wheat Value Chain actors along the chain
- Identify factors of wheat market supply by smallholder producers in the study area

Methods

Qualitative and quantitative data were collected from 201 sampled farmers, traders, and another primary and secondary sources. Collected data were analyzed through descriptive statistics (value chain and margin analysis) and econometric model (Two stage least to analyze factors of wheat market supply)

Map of wheat value chain



Results

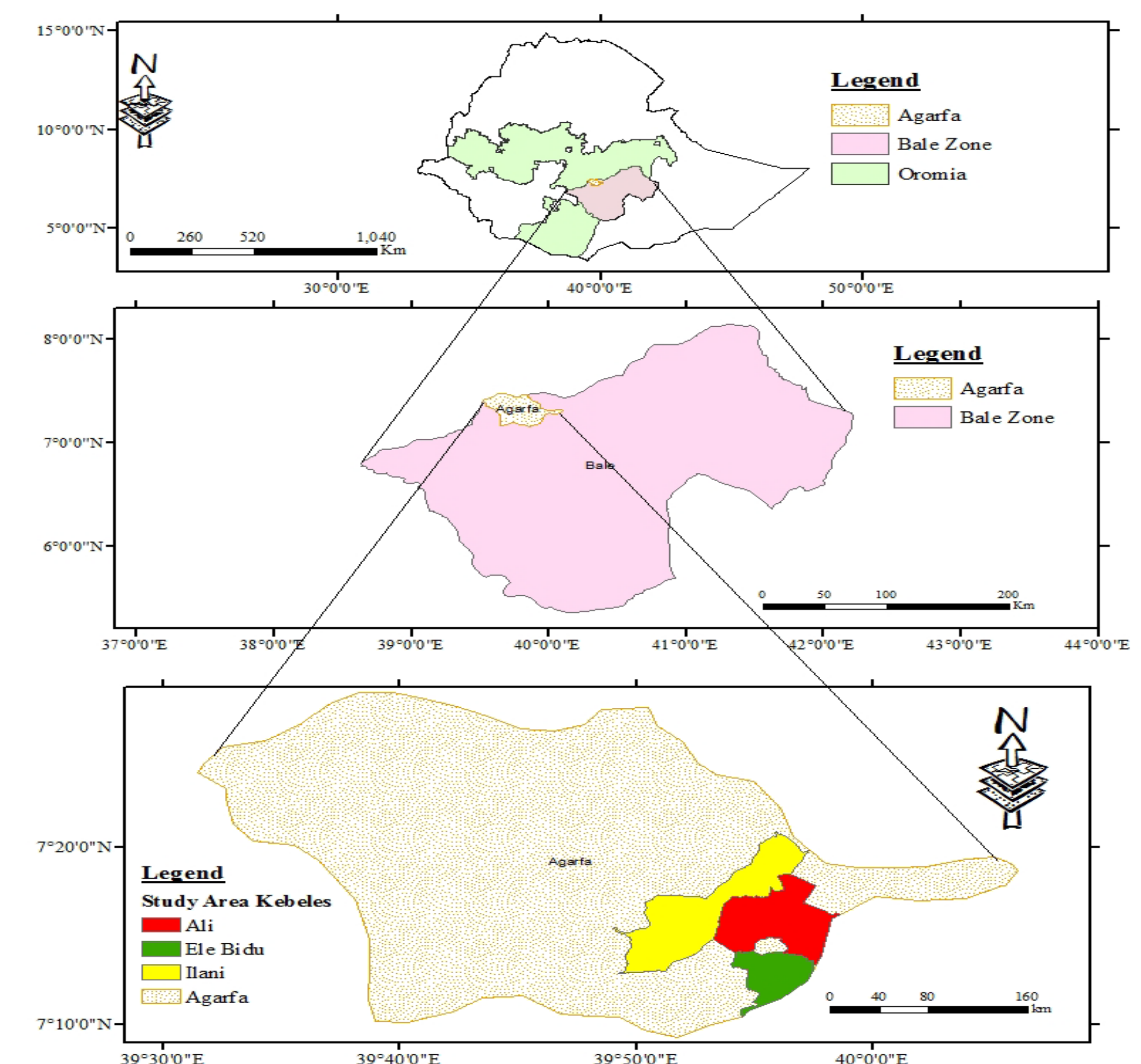
- lack of good price negotiation,
- lack of farmers knowhow of value chain concept
- weak interdependence of all actors,
- unfixed rainy, higher fertilizer price and delayed delivery,
- prevalence of Disease are some existing challenges

Conclusion

- Wheat production and marketing is the most important livelihood activity of small holder farmers.
- Wheat production provides an opportunity for market integration for smallholder farmers.
- The producer's position in all stage of value chain concerning most important factors like price negotiation and product quality definition is not good in the study area.

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Agarfa District of Bale Zone, Ethiopia



Wheat marketing channels in the study area

- Channel I: Producer → Consumer (543.75) (10.90%)
- Channel II: Produce → Wholesaler → Consumer (310.15Qnt) (6.22%)
- Channel III: Producer → Assembler → Wholesaler → Consumer (475.24Qnt) (9.53%)
- Channel IV: Produce → Cooperatives → Assembler → Wholesaler → Processor → Flour Wholesalers → Retailers → Consumer (805.6Qnt) (16.2%)
- Channel V: Producer → Wholesaler → Retailer → Consumer (333.58Qnt) (6.67%)
- Channel VI: Producer → Cooperative → Retailer → Consumer (378.69Qnt) (7.6%)
- Channel VII: Producer → Retailer → Consumer (220.4Qnt) (4.42%)
- Channel VIII: Producer → Wholesaler → Processor → Consumer (402.35Qnt) (8.1%)
- Channel IX: Producer → Processor → Consumer (689.69Qnt) (13.83%)
- Channel X: Producer → Assembler → Processor → Consumer (794.7Qnt) (15.93%)

Marketing margins of wheat in different channels

Market Margin (%)	I	II	III	IV	V	VI	VII	VIII	IX	X
TGMM	0	10.48	19.05	47.62	17.54	32.46	7.89	36.05	22.45	42.18
GMMp	100	88.52	80.95	52.38	82.46	67.54	92.11	63.95	77.55	57.82
GMMco	-	-	-	5.44	-	24.56	-	-	-	-
GMMa	-	-	8.57	6.12	-	-	-	-	-	19.73
GMMw	-	10.48	10.48	13.61	7.89	-	-	13.61	-	-
GMMr	-	-	-	-	7.89	7.89	-	-	-	-
GMMpr	-	-	-	28.57	-	-	-	28.57	22.45	36.05
NMMco	-	-	-	1.53	-	19.52	-	-	-	-
NMMa	-	-	3	2.17	-	-	-	-	-	15.75
NMMw	-	4.95	4.95	9.66	4.56	-	-	9.66	-	-
NMMr	-	-	-	-	8.03	23.82	6.27	-	-	-
NMMpr	-	-	-	17.04	-	-	-	17.04	36.09	24.52

2SLS result for factors affecting volume sold of wheat to market.

Variables	Coef.	Robust Std. Err.	P>z
Quantity of wheat produced	0.553***	0.082	0.000
Amount of nonfarm income	-0.001	0.001	0.114
Credit access	-0.805	4.184	0.847
Distance from the nearest market	-0.568	0.760	0.455
Farming experience of household	0.362*	0.187	0.053
Cooperative membership	9.006**	3.844	0.019
Access to market information	3.138	4.930	0.524
Household size	-0.062*	0.645	0.084
Sex of household	12.610***	4.751	0.008
Extension contact of house hold	3.125	4.506	0.652
Education year	.119	.681	0.861
Perception to lag wheat price	0.577**	6.451	0.045
Constant	-21.116*	11.180	0.059