Demand-oriented production key to sustainable and effective potato value chains in Ethiopia

Key messages
- Increasing potato production and handling capacities can generate additional income for farmers and traders.
- Production should be market-driven where producers supply the required quality and quantity at the right time to known buyers.
- Establishing appropriate platforms in the potato supply chain helps strengthen linkages between value chain actors.

The issue
A recent addition to the Ethiopian diet, the potato—unlike cereals—has a short crop cycle, and, therefore, could substantially improve the incomes and livelihoods of producers, traders and other actors in the potato value chain. However, the value chain is generally underdeveloped. While boiled potatoes are commonly consumed in traditional dishes, such as ‘wot’ (sliced, boiled and spiced potato) and ‘beyaynet’ (potato and accompaniment), awareness of other consumption forms is low except in cities where food markets are in flux, stimulated by increasing urbanization and tourism. The increasing consumption of potato provides opportunities for growers and agribusinesses in Ethiopia.

Findings
Except during the fasting period in rural areas, potato consumption in Ethiopia is very low, particularly during the harvest period. Potato trading is mainly done by retailers and a few wholesalers, largely as a side business, with limited involvement of processors. Nevertheless, sales margins from potato for retailers and wholesalers are considerable (see Table 1).

Table 1: Marketing margins for potato wholesalers and retailers in Africa RISING districts

<table>
<thead>
<tr>
<th>District</th>
<th>Wholesalers</th>
<th>Retailers</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Purchases (kg/week)</td>
<td>Average price (ETB)</td>
<td>Sales (kg/week)</td>
<td>Selling price (ETB)</td>
<td>Margin (%)</td>
<td>Purchases (kg/week)</td>
<td>Purchases price</td>
<td>Sales (kg/week)</td>
<td>Selling price range in ETB</td>
<td>Margin (%)</td>
<td></td>
</tr>
<tr>
<td>Sinana</td>
<td>7917</td>
<td>2.8</td>
<td>4750</td>
<td>4.0</td>
<td>30.4</td>
<td>120</td>
<td>2.5</td>
<td>110</td>
<td>3.4</td>
<td>26.9</td>
<td></td>
</tr>
<tr>
<td>Basona Worena</td>
<td>5000</td>
<td>3.0</td>
<td>4750</td>
<td>4.2</td>
<td>28.6</td>
<td>66</td>
<td>4.8</td>
<td>56</td>
<td>6.2</td>
<td>22.6</td>
<td></td>
</tr>
<tr>
<td>Endamehoni ²</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>199</td>
<td>6.6</td>
<td>217</td>
<td>9.7</td>
<td>32.0</td>
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<tr>
<td>Lemo</td>
<td>12883</td>
<td>2.8</td>
<td>12791</td>
<td>3.3</td>
<td>16.7</td>
<td>130</td>
<td>4.5</td>
<td>114</td>
<td>5.3</td>
<td>14.3</td>
<td></td>
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<tr>
<td>Average</td>
<td>8600</td>
<td>2.8</td>
<td>7430</td>
<td>3.8</td>
<td>25.2</td>
<td>128.8</td>
<td>4.6</td>
<td>124.3</td>
<td>6.1</td>
<td>24.0</td>
<td></td>
</tr>
</tbody>
</table>

1. 1 USD = 20 ETB
2. In Endamehoni actors in potato value chain were retailers and processors (no wholesalers)

Hotels, restaurants and road side vendors are the main groups involved in potato processing. Both traders and hotels/restaurants described demand for potato and related products as low.
Most of the processors reported that the quality and variety of potato available were poor and unsuitable. Their preferred type of potato—large and of specific varieties—were often not available on the market. The value chain actors are not integrated in ways which would facilitate market information exchange on the quality and variety of potatoes demanded. Furthermore, potato supply is not consistent throughout the year, peaking from June to November and bottoming out between January and May.

**Recommendations**
- Support farmers, particularly women, to explore cheaper irrigation methods to ensure steady supplies of potato.
- Establish platforms bringing value chain actors together to exchange market information and sustain sector linkages.
- Support training activities on the preparation and consumption of potato products among potential consumers, increasing demand for potato products.

**Methodology**
The value chain assessment built on previous participatory community assessment surveys and telephone interviews carried out at farm and business level by Africa RISING. Value-chain mapping was used to identify value chain actors and service providers; methods used included focus group discussions, key informant interviews and innovation platform meetings.

The work was carried by staff from the International Center for Tropical Agriculture (CIAT), the International Potato Center (CIP) and the International Livestock Research Institute (ILRI).