



Netchain Analysis of Maize and Niger Seed Value Chains and LED in Nekemte and its Hinterlands, Oromia, Ethiopia

Megerssa Tolessa Walo

Institute for Regional Development, University of Tasmania - Australia

Abstract

This paper proposes the netchain approach to analyze rural-urban linkages and local economic development (LED) in Guto Gidda district, Oromia, Ethiopia using maize and niger seed. The traditional methods of value chain, supply chain and network fail to analyze these multifaceted linkages simultaneously. While value and supply chains analyze linear relationships between a firm and its buyers and suppliers (vertical linkages), networks study relationships among firms with common goals (horizontal linkages). The study draws on empirical data obtained through in-depth interviews with farm households, traders, small-scale manufacturers and agriculture offices in both Nekemte Town and its hinterlands. Results suggest that farmers' inefficient agricultural practices, high costs and limited access to agricultural inputs, and lack or shortage of farmland influenced grain production. Traders/intermediaries dominate the grain marketing at the expense of the farmers. Grain processing is characterized by traditional and small crushers with inadequate capacity, low hygiene and lack of safety standards. Improving farmers' accessibility to affordable input supply and reliable market information; encouraging processors through credit and power supply; and strengthening social capital through mutual trust among the agents stimulates the netchain and LED.

Keywords: Netchain; Local Economic Development; Rural-Urban Linkages; Oromia.