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Draft Report

Value Chain Analysis for Economic Sectors in Ethiopia for the Identification of Climate-Resilient Income Generating Activities Viable for Poor Women in the Urban and Rural PSNP

An evaluation of Innovision Consulting |

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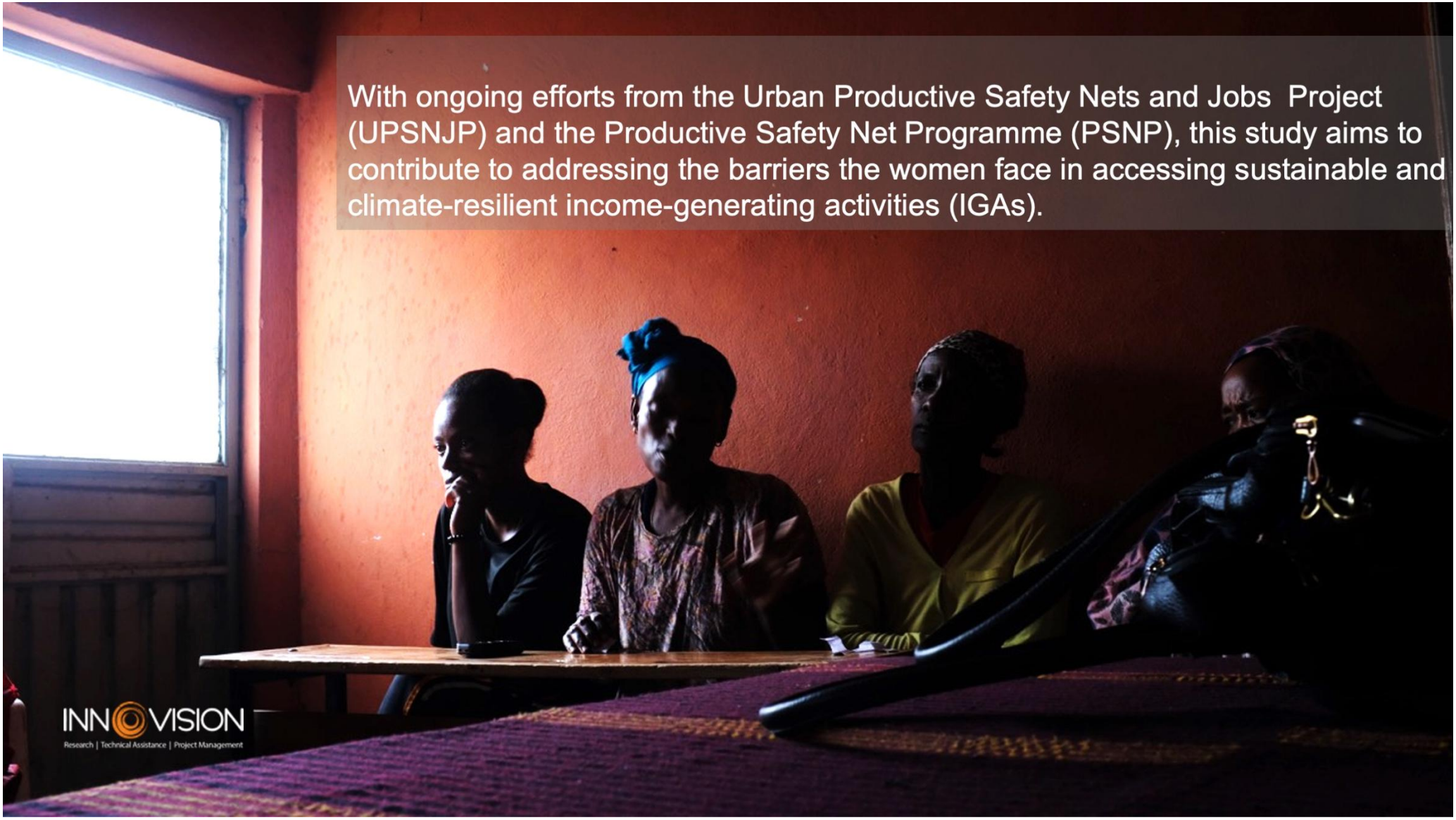
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Acronym

AI: Artificial Insemination
BSF: Black Soldier Fly
CBO: Community Based Organizations
CSA: Climate-Smart Agriculture
DOC: Day-Old Chicks
ETB: Ethiopian Birr
FGD: Focus Group Discussion
GESI: Gender, Equity and Social Inclusion
GoE: Government of Ethiopia
GPS: Green Professional Services
HABP: Household Asset Building Program
IAIP: Integrated Agro-Industrial Park
IDI: In-Depth Interview
IGA: Income Generating Activity
IRB: Institutional Review Board
KII: Key Informant Interview
KYC: Know Your Customer
MFI: Microfinance Institution
MSME: Micro, Small and Medium Enterprises
NGO: Non-Governmental Organization
PHL: Post-Harvest Loss
PSNP: Productive Safety Net Program
RUSACo: Rural Saving and Credit Cooperative
SACCO: Savings and Credit Cooperative
SHG: Self Help Group
SME: Small and Medium Enterprises
TVET: Technical and Vocational Education and Training
UHI: Urban Heat Island
UPSNJP: Urban Productive Safety Net and Jobs Project
VCA: Value Chain Analysis
V**SLA:** Village Savings and Loan Associations
WB: World Ba


With ongoing efforts from the Urban Productive Safety Nets and Jobs Project (UPSNJP) and the Productive Safety Net Programme (PSNP), this study aims to contribute to addressing the barriers the women face in accessing sustainable and climate-resilient income-generating activities (IGAs).
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Executive Summary

1. Introduction

The Productive Safety Net Program (PSNP) and the Urban Productive Safety Net and Jobs Project (UPSNJP) constitute the Government of Ethiopia's primary social protection framework. PSNP 5 (2021–2025) targets approximately 8 million vulnerable rural individuals, transitioning them from direct support to livelihoods resilience framework. Simultaneously, the UPSNJP targets 473,000 urban poor across 88 cities, addressing unemployment and poverty through livelihood support services, including skills development (life skills and financial literacy, business skills development, coaching and mentoring, and livelihood grants).

Despite these interventions, women who form the majority of participants face disproportionate barriers to accessing sustainable Income Generating Activities (IGAs). Climate shocks, market saturation, and systemic exclusion exacerbate their vulnerability. This study provides a comprehensive Value Chain Analysis (VCA) to identify climate-resilient IGAs viable for poor women across six specific regions: Addis Ababa, Amhara, Oromia, Sidama, Somali, and Tigray.

Study Objectives

This Value Chain Analysis (VCA) was commissioned to support the World Bank and the Government of Ethiopia in identifying climate-resilient and economically viable IGAs. The specific objectives were:

Geographic Targeting: Identify areas affected by climate shocks that offer potential for rural-urban market integration.

Sector Identification: Select 6-8 value chains representing opportunities for climate-resilient IGAs.

Barrier Analysis: Analyze systemic constraints, including market access, social norms, and institutional limitations.

Prioritization: Recommend specific IGAs suitable for poor women based on economic viability and skills compatibility.

2. Methodology

The study employed a multi-stage qualitative approach, covering six regions: **Addis Ababa, Amhara, Oromia, Sidama, Somali, and Tigray**.

Primary Data Collection: A total of **182 Key Informant Interviews (KIIs)** and In-Depth Interviews (IDIs) were conducted (107 urban, 75 rural) alongside **40 Focus Group Discussions (FGDs)** involving 366 participants.

Respondent Profile: Participants included policy stakeholders, financial institutions, private sector actors (SMEs, input traders), and PSNP beneficiaries.

Analytical Framework: The study utilized a *Sequential Analysis* approach, filtering findings through lenses of climate vulnerability, GESI (Gender, Equity, and Social Inclusion), and market systems analysis.

3. Analysis of Regional Contexts- Vulnerabilities and Opportunities

Oromia Region: The Vulnerability Hotspot

Climate vulnerability of each region is assessed based on Drought, flash flood, heat waves, landslide, pest out breaks, waterborne diseases, frost, and conflict exposure each region.

Oromia presents the highest level of climate risk among all regions studied, scoring **17/19 for urban vulnerability** and **19/19 for rural vulnerability**.

Climate Shocks: The lowlands (e.g., Boset, Adama Zuria) suffer from recurrent drought that depletes livestock assets, while riverine zones face destructive flash flooding that displaces communities.

Value Chain Dynamics: (I) **Urban:** Adama and Bishoftu act as industrial hubs. They host major poultry suppliers (e.g., Alema Farms), creating a strong ecosystem for women to scale from backyard farming to semi-commercial operations. (II) **Rural:** Livestock rearing is the dominant livelihood. Women actively participate in sheep and goat trading, leveraging proximity to export abattoirs in Mojo.

GESI Issues: Women face risks of Gender Based Violence (GBV) from job dealers in urban centers and physical displacement due to development corridors.

Amhara Region: The Double Burden of Climate and Conflict

Amhara faces a "double burden" of recovering from conflict while managing high climate vulnerability (**Score: 19 for rural**).

Climate Shocks: The region is prone to extreme weather variability, including drought in the lowlands and "cold spells" or frost in the highlands that destroy poultry and crops. Flash floods near Lake Tana are also a recurrent threat.

Value Chain Dynamics: (I) **Urban:** Cities like Dessie and Kombolcha serve as logistics hubs. However, conflict has disrupted input supply chains, particularly for poultry feed and veterinary drugs. (II) **Rural:** The region has strong potential for sheep fattening and poultry. However, cultural norms often restrict women to farm-gate sales, forcing them to use male intermediaries for market transactions.

GESI Issues: A unique financial barrier exists where many women refuse interest-bearing loans due to religious beliefs (*Haram*), necessitating Sharia-compliant financial products.

Somali Region: Aridity and Cross-Border Trade

The Somali region is defined by its arid climate (**Rural Vulnerability Score: 17**) and strong pastoralist traditions.

Climate Shocks: Extreme heat and drought are chronic stressors that wither pasture and kill livestock. Riverine flooding (Shabelle/Genale) causes catastrophic displacement and disease outbreaks (Cholera/AWD).

Value Chain Dynamics: (I) **Urban:** Women in Jigjiga are active traders, dominating retail marketing due to high male unemployment. More over presence of refugee present opportunity for petty trade and linkage for cross border trade. However, cultural preferences for camel milk limit the dairy value chain's potential for cow milk processing. (II) **Rural:** The economy is driven by cross-border livestock trade. Women play a key role in shoat rearing but face barriers in poultry and handicrafts due to cultural stigma regarding these activities.

GESI Issues: While women have high decision-making power in trade, they face severe infrastructure deficits (lack of market shade/sanitation) and mobility restrictions enforced by clan norms.

Tigray Region: Post-Conflict Reconstruction

Tigray is in a fragile state of recovery. The conflict has decimated economic infrastructure, making restocking the primary need (**Urban Vulnerability Score: 16**).

Climate Shocks: The region faces high risks of drought and flash floods on degraded slopes. The destruction of natural resource management structures during the conflict has exacerbated these risks.

Value Chain Dynamics: (I) **Urban:** Mekelle's markets are reopening, but input costs (feed, chicks) are prohibitive due to broken supply chains. The handicraft sector (weaving) has strong heritage potential but lacks raw materials. (II) **Rural:** The apiculture (honey) sector remains a resilient bright spot, requiring low land/labor. However, the poultry and livestock sectors require massive restocking of animals.

GESI Issues: The conflict destroyed the financial system (e.g., looting of RUSACo cooperatives), leaving women with no access to credit. Physical safety and trauma recovery are ongoing concerns.

Sidama Region: The Agro-Industrial Hub

Sidama benefits from the highest rainfall and best market linkages but faces specific biophysical threats (**Rural Vulnerability Score: 17**).

Climate Shocks: The region is vulnerable to landslides due to hilly terrain and rising water levels in Lake Hawassa, which threaten urban infrastructure. It also faces high risks of malaria due to the wet climate.

Value Chain Dynamics: (I) **Urban:** Hawassa faces intense market saturation in petty trade. However, the Integrated Agro-Industrial Park (IAIP) drives demand for high-value crops like avocado. (II) **Rural:** Strong potential for fruit (avocado/mango) and coffee. Women dominate *enset* processing and small-scale vegetable marketing.

GESI Issues: Women face significant barriers to formal finance due to weak MFI outreach and high interest rates from moneylenders (10–15% monthly).

Addis Ababa: The Growth Driver

As the primary urban center, Addis Ababa faces distinct structural challenges related to density and development (**Urban Vulnerability Score: 14**).

Climate Shocks: The primary threats are flash floods caused by poor drainage and heat stress from the Urban Heat Island effect. Water scarcity is a chronic stressor.

Value Chain Dynamics: (I) **Urban:** High demand exists for micro-agro processing (baltina, injera) and emerging services (daycare, recycling). However, corridor development projects frequently displace traders, destroying their livelihoods. (II) **Peri-Urban:** Akaki Kality serves as a food corridor, with potential for group-based vegetable production on reclaimed land.

GESI Issues: The most critical barrier is the inability of renters to obtain Kebele ID cards, which blocks access to formal banking and legal licensing.

4. Climate Vulnerability

4.1 Urban Vulnerability (UPSNJP)

Urban livelihoods are acutely sensitive to **structural and economic shocks**:

Hyper-Inflation: The continuous rise in prices for essential goods and raw materials erodes the purchasing power of grants and reduces disposable income.

Displacement and Eviction: The lack of secure workspace is a critical shock. Urban corridor development projects and enforcement by local authorities (*demb*) frequently lead to the demolition of kiosks and displacement of traders.

Biophysical Shocks: Flash flooding (due to poor drainage) and urban heat islands are significant risks. For example, poultry producers face disease outbreaks that can wipe out entire investments.

4.2 Rural Vulnerability (PSNP)

Rural livelihoods are overwhelmingly exposed to direct **biophysical shocks** that attack the asset base:

Drought and Water Scarcity: In Somali and Oromia, recurrent drought leads to feed shortages, forcing distress sales of livestock.

Pests and Disease: Climate variability accelerates outbreaks of crop pests (locusts) and livestock diseases, often causing total asset loss.

Market Volatility: Farmers face high input costs during planting and depressed output prices during harvest.

5. Urban Value Chain Analysis (UPSNJP)

5.1 Priority Traditional Value Chains

Petty Trade: The most common entry-level IGA due to minimal capital requirements. However, it suffers from market saturation and intense competition. It is highly vulnerable to eviction but remains the primary fallback livelihood during crises.

Micro-Agro Processing: Identified as having the **highest growth potential**. Activities like *baltina* (spice preparation), *injera* baking, and bread making leverage high urban demand for convenience foods. It offers strong backward linkages to rural producers (teff, spices).

Poultry: Scalable from backyard to commercial operations. High urban demand for protein drives growth, but producers face high risks from disease and expensive feed.

Handcrafts: Culturally resilient, particularly in Addis Ababa and Tigray. Offers upward mobility from spinning/weaving to fashion design, driven by domestic tourism and festivals.

5.2 Emerging Urban IGAs

Daycare Services: Addresses the triple burden of childcare, freeing women to work while generating income. High demand exists across all urban centers.

Plastic Waste Recycling: Capitalizes on urban waste; requires low capital but exposes women to health risks. Opportunities exist in collecting and converting waste into mats or eco-bricks.

Paper Bag Production: Driven by the government ban on single-use plastics, this IGA can be home-based and uses simple technology.

Black Soldier Fly (BSF) Larvae: Converts organic waste into high-protein animal feed, offering a substitute for imported soy/fishmeal.

6. Rural Value Chain Analysis (PSNP)

6.1 Priority Traditional Value Chains

Sheep and Goat Rearing (Shoat): The *second-tier* IGA of choice. Small ruminants are more drought-tolerant than cattle and serve as liquid assets for emergencies.

Dairy: Identified as the *top-tier* aspirational livelihood. It offers high daily income through milk/butter sales but requires significant entry capital for cross-breed cows.

Poultry: Identified as entry-level asset builder. Profits are often reinvested into larger livestock. Constraints include reliance on indigenous breeds and poor access to vaccines.

Vegetable Production: Viable where irrigation exists (e.g., Sidama). Offers strong rural-urban linkage opportunities but is hindered by post-harvest losses.

Apiculture (Honey): Climate-resilient and land-efficient. Modern hives allow women to participate in what was traditionally a male domain.

6.2 Emerging Rural IGAs

Organic Fertilizer: Responds to the rising cost of chemical fertilizers by utilizing crop residue and manure.

Charcoal Briquettes: Converts coffee pulp, prosopis, and fruit waste into fuel, reducing deforestation.

Beauty Care Services: Growing demand in rural towns offers service-based income resilience.

7. Financial Analysis: Costs and Returns

The study categorized IGAs into three tiers based on resource requirements, providing a roadmap for economic graduation.

7.1 Entry Level (Subsistence) (Tier 1)

Characteristics: Low capital (<5,000 ETB), low skill, short cycle.

Examples: Petty trade (Ag products), weaving, small-scale embroidery.

Financials: Petty trade yields ~733 ETB per daily cycle; weaving ~1,333 ETB monthly.

7.2 Secondary Level (Asset Accumulation) (Tier 2)

Characteristics: Moderate capital (5,000 to 100,000), some technical skill, medium cycle.

Examples: Micro-agro processing, shoat fattening, small poultry flocks.

Financials: Shoat rearing yields ~21,000 ETB/year; micro-bakery ~6,917 ETB/weekly.

7.3 Tertiary Level (High Growth) (Tier 3)

Characteristics: High capital (>100,000 ETB), specialized skills, longer investment horizons.

Examples: Commercial pullet production, improved fruit production, cross-breed dairy.

Financials: Commercial pullet production requires ~137,750 ETB startup but yields ~30,375 ETB per 45-day cycle.

8. Gender, Equity, and Social Inclusion (GESI) Analysis

The study utilized a six-domain framework to analyze the systemic exclusion of women. The findings reveal that while women are the primary participants in PSNP, their graduation is blocked by structural barriers (lack of IDs, collateral), cultural restrictions (mobility, religious norms), and physical insecurity.

Access to Assets and Finance: The Collateral and Identity Crisis

Financial exclusion is the single most significant barrier to economic resilience, though the drivers differ sharply by region.

Urban Exclusion (The Identity Trap): In **Addis Ababa** and **Oromia**, financial exclusion is bureaucratic. Women living in rental housing often cannot obtain Kebele ID cards, which are prerequisites for formal loans and business licenses. Without an ID, they cannot access microfinance, forcing reliance on informal *Equb* savings which lack the capital depth for business scaling. Even though the digital ID is addressing this constraint many women are not aware of what is required to access digital ID.

Rural Exclusion (Religious & Collateral Barriers)

Amhara & Somali: A critical barrier is the "Haram" (forbidden) nature of interest-bearing loans. Women in these regions frequently refuse formal credit due to religious beliefs, yet Sharia-compliant financial products are largely unavailable.

Sidama: Weak outreach by formal MFIs has created a vacuum filled by predatory moneylenders charging usurious rates (10–15% monthly), trapping women in debt cycles.

Tigray: The conflict decimated financial infrastructure. Cooperatives like RUSACo were looted, leaving women with no savings mechanisms and forcing reliance on insufficient PSNP grants.

Market Access and Space: Physical and Structural Barriers

Women's ability to access markets is constrained by the lack of secure physical space in cities and mobility restrictions in rural areas.

Urban (The Eviction Threat): In **Addis Ababa** and **Oromia**, the lack of secure workspace is an existential threat. Women traders face constant harassment, confiscation of goods, and eviction by Demb enforcement

units. Development corridor projects frequently displace established informal markets without providing alternatives.

Rural (The Mobility Gap): The findings show the following gaps in Somali, Amhara and Tigray.

Somali: Cultural norms and clan structures often restrict women from traveling to distant bulk markets. Women rely on children or male intermediaries for transport, which limits their market intelligence and bargaining power.

Amhara: While local trade is accepted, women are often culturally barred from livestock markets, forcing them to sell sheep/goats at the farm gate for lower prices.

Tigray: The destruction of infrastructure (e.g., flour mills) forces women to travel up to 35km for basic services, severely reducing time available for income generation.

Division of Roles: The Triple Burden

Across all regions, women bear the triple burden of income generation, childcare, and domestic chores. However, the economic roles vary:

Somali (Female Breadwinners): High rates of male unemployment and addiction (khat) have shifted the economic burden onto women, who now dominate petty trade and milk marketing while men remain largely inactive in daily income generation.

Sidama & Oromia (Production vs. Marketing): A clear dichotomy exists where women handle labor-intensive production (weeding, *enset* processing, feeding livestock) while men control the mechanization (ploughing) and bulk marketing of cash crops.

Urban (Time Poverty): Urban women frequently choose low-margin petty trade specifically because it allows them to keep children with them at the roadside, illustrating how the lack of childcare services dictates economic choices.

Decision-Making and Income Control

Control over assets is stratified by value. Women generally control "small" money, while men control "big" money.

The Asset Ceiling: In rural areas (Amhara, Oromia), women have autonomy over income from poultry, butter, and petty trade. However, revenue from high-value assets (cattle, bulk crops) is typically controlled by men.

Systematic domestic abuse (Urban Risk): In **Addis Ababa** and **Tigray**, a specific risk was identified where spouses file for divorce to appropriate women's accumulated PSNP savings or business grants, deterring women from accumulating visible assets.

Joint Decision Making: In **Tigray**, despite the conflict, women maintain strong leadership roles in cooperatives and participate actively in joint household decision-making.

Cultural Norms and Policy Constraints

The Informality Trap: In urban centers, high fixed taxes and complex licensing requirements discourage women from formalizing their businesses. Remaining informal protects them from taxes but exposes them to police harassment and excludes them from government contracts.

Stigma: In the **Somali** region, distinct cultural norms classify handicraft work (pottery/weaving) as "low status," discouraging women from entering these potentially profitable value chains.

Safety and Protection Issues

Sexual Exploitation (Urban): In **Addis Ababa** and **Oromia**, women seeking daily labor are vulnerable to sexual harassment and exploitation by job brokers.

Conflict and Looting (Rural): In **Tigray**, the primary safety concern is the physical security of assets; women report high vulnerability to looting and theft of livestock in the post-conflict environment.

Health Hazards: In **Somali**, extreme heat creates physical health risks for women engaged in outdoor markets who lack basic shade infrastructure

9. Rural-Urban Linkages

The study shows that sustainable economic graduation relies on interconnectedness between rural and urban trade. The analysis identifies **Peri-Urban** as critical economic bridges that facilitate the flow of goods, services, and capital between the PSNP (rural) and UPSNJP (urban) target groups.

The Dynamics of Interdependence

The study mapped three distinct flows that bind the rural and urban economies:

Product Flow (Rural to Urban): Rural women are the primary producers of raw materials that fuel urban enterprises. Urban micro-agro processors (a high-priority UPSNJP sector) are entirely dependent on rural supplies of teff, spices, butter, and milk. Petty trade serves as the strongest operational link, where rural women aggregate village-level produce (eggs, vegetables) to sell in higher-priced urban markets

Demand Flow (Urban to Rural): The density of urban markets drives rural asset accumulation. The emergence of specialized urban consumers, such as raw meat restaurants and export abattoirs, creates the demand pull for rural sheep and goat fattening. Similarly, urban agro-industrial parks (e.g., in Sidama) are stimulating rural fruit orchards by raising farm-gate prices

Service and Input Flow (Urban to Rural): Rural productivity is bottlenecked by a lack of inputs that originate in cities. Urban centers act as the source for veterinary drugs, commercial feed, and improved poultry breeds (day-old chicks). The study found that last-mile distribution failures prevent these urban resources from reaching deep rural *kebeles*, stifling potential.

Peri-Urban Zones: The Bridge for Rural to Urban and Urban to Rural Trade

The study identified Peri-Urban locations as the most strategic points for intervention to bridge the rural-urban divide. These areas, specifically Akaki Kality (Addis Ababa), Adama Zuria (Oromia), Hawassa Zuria (Sidama), Dessie Zuria (Amhara), and Kebribeyah (Somali), offer unique ecosystems that combine rural production capacity with urban market access. The study also identified several strategic potentials in the peri-urban locations.

High-Value Perishables (Vegetables & Dairy): Peri-urban zones allow for the production of highly perishable goods that cannot survive long transport

times from deep rural areas. Women in areas like **Hawassa Zuria** and **Akaki Kality** can engage in intensive vegetable production and fresh milk sales, as urban collectors travel daily to these zones to aggregate supply.

The Hub and Spoke Poultry Model: Peri-urban areas (e.g., **Bishoftu/Adama Zuria**) host major commercial poultry farms (e.g., Alema Farms). These locations function as distribution hubs, where pullet growers can raise day-old chicks into hardy 45-day-old birds before distributing them to rural households.

Circular Economy Hubs (Waste-to-Value): Peri-urban zones are uniquely positioned to close the loop between urban waste and rural farming. They serve as aggregation points for urban organic waste (fruit/vegetable market scraps), which can be converted into **Black Soldier Fly (BSF)** larvae (high-protein feed) or **organic fertilizer**. This creates a dual income stream: selling waste management services to the city and selling low-cost feed/fertilizer to rural farmers.

Migration Buffers: Locations like **Dessie Zuria** and **Kebribeyah** act as buffer zones for drought-displaced populations moving toward cities. Investing in peri-urban livelihoods here (e.g., transitioning pastoralists to settled fattening/trade) can stabilize livelihoods before families become destitute urban migrants.

10. Recommendations and Roadmap

In line with the objectives and based on the findings, the study makes the following recommendations for urban and rural PSNP.

Urban Geographic Focus (UPSNJP)

Addis Ababa (Addis Ketema/Lideta): Focus on micro-processing and recycling. High market density and severe space constraints for trade.

Amhara (Dessie/Kombolcha): Logistics hubs for poultry/shoat value chains. Recovering from conflict.

Oromia (Adama/Bishoftu): Industrial linkages for poultry. Highest climate vulnerability score means that interventions should focus on resilience.

Sidama (Hawassa): Agro-industrial integration (Avocado).

Somali (Jigjiga): Cross-border trade. Interventions must address heat stress.

Tigray (Mekelle): Post-conflict reconstruction of input supply chains.

Peri-Urban Geographic Focus

Akaki Kality & Adama Zuria: Strategic food corridors for vegetables and poultry distribution.

Kebribeyah: Transition hub for pastoralists dropping out of the system.

Gulomekeda: Reconstruction link for restocking Tigray's urban markets.

Rural Geographic Focus (PSNP)

Oromia (Adama Zuria/Boset): High vulnerability requires drought-tolerant livelihoods (shoats).

Amhara (Dessie Zuria/Kalu): Dual threat mitigation (drought/flood).

Sidama (Shebedino): Synergies with Industrial Parks for fruit production.

Somali (Babile/Gursum): Pastoral resilience and cross-border trade.

Tigray (Atsibi): Honey production (climate-resilient and low land requirement).

Recommended Value Chains by Location

Urban: Petty Trade (Mass Absorption), **Micro-Processing** (Value Add), **Poultry** (Asset), **Daycare** (Social Enabler).

Peri-Urban: Intensive Vegetables (on reclaimed land), **Semi-Commercial Poultry**, **Dairy** (Fresh Milk), **Circular Economy** (Waste-to-Value).

Rural: Shoats (Resilience), **Dairy** (Aspirational), **Poultry** (Entry), **Apiculture** (Eco-Resilient), **Fruits** (Long-term Asset).

Strategic Roadmap for Building Resilience

To address the climate vulnerabilities of the women and build resilient value chain engagements; the study proposes the following phased approach for interventions:

Phase 1: Stabilization (0–12 Months)

Urban: Issue facilitation letters to protect vendors from eviction; provide digital IDs (*Fayda*) to unlock finance; pilot uncollateralized digital micro-loans. (Petty trade, handcrafts, agro processing)

Rural: Distribute drought-tolerant seeds and improved poultry breeds; establish community fodder banks; introduce interest-free loan products. (Vegetable, Fruits, poultry, sheep and goat, Dairy)

Phase 2: System Strengthening (12–36 Months)

Urban: Construct safe market sheds and communal processing kitchens; shift training to technical competencies (digital literacy, daycare certification). (Handcrafts, agro processing, poultry)

Rural: Invest in small-scale irrigation (solar pumps) and rural aggregation centers; train female Community Animal Health Workers. (Vegetable, Fruits, Dairy, sheep and goat, and poultry)

Phase 3: Transformation (36–60 Months)

Integration: Link women-led cooperatives directly to **Industrial Parks** and **School Feeding Programs**.

Scale: Support the transition of rural households to commercial dairy and fruit orchards through larger asset loans and cold-chain infrastructure.

Table of Contents

Acknowledgment 2
Acronym 3
Executive Summary 4
1.1 Background 18
1.2 Objectives and Scope 19
1.3 Target group and Geographic coverage 20
1.3.1 Target Groups 20
1.3.2 Geographic Coverage 20
1.4 Methodology 20
1.4.1 Primary Research 21
1.4.2 Secondary Research 22
1.4.3 Value Chain Selection Approach 23
1.4.4 Area Selection Approach 24
1.4.5 Research Tools 24
1.4.6 Enumerator Training and Tools Pretesting 24
1.4.7 Data Quality Assurance and Ethical Considerations 25
1.4.7 Data Analysis 25
1.5 Limitations and Mitigation measures 26
1.6 Structure of the Report 27
Chapter 2: Overview of Concepts and Frameworks used in the Study 28
2.1 Climate Resilient IGAs and Value Chains 28
2.2 Gender, Equity and Social Inclusion (GESI) 28
2.3 Systemic Constraints 29
Chapter 3: Findings from Stakeholder Consultations 30
3.1 Preliminary Short-Listing of Value Chains 30
3.2 Areas for Primary Study 31
Chapter 4: Key Insights from Literature Review 33
Chapter 5: Climate Shocks and Coping Mechanisms in Urban and Rural PSNP 35
5.1 Climate Shocks and Other Associated Risks in Urban Livelihoods 35
5.2 Gendered Effects of the Climate Shocks and Coping Mechanisms in Urban Locations 37
5.3 Gaps in Adaptation and Resilience of the Urban Households 38
5.4 Climate Shocks and Other Associated Risks in Rural Livelihoods 39
5.5 Gendered Effects of Climate Shocks and Coping Mechanisms in Rural Locations 41
5.6Gaps in Adaptation and Resilience in Rural Areas 42
Chapter 6: Analysis of short-listed value chains/IGAs for UPSNJP 43
6.1 Overview of the Shortlisted Urban Value Chains and IGAs 43
6.2 Review of Production Practices, Backward and Forward Linkages and Rural-Urban Linkages of the Urban Value Chains 45
6.3 Prospects for Upgradations of the Selected Urban Value Chains 48
6.4 Access to finance, skills and other business development services in rural value chains 50
6.5 Regional Variations in the Performance of the Urban Value Chains 52
6.6 Summary of Opportunities and Constraints in Urban Value Chains 54
6.7 Summary of Constraints and Opportunities in New and Emerging Value Chains and IGAs in Urban Regions 56
Chapter 7: Analysis of short-listed value chains/IGAs for Rural PSNP 59
7.1 Overview of the Shortlisted Rural Value Chains and IGAs 59
7.2 Review of Production Practices, Backward and Forward Linkages and Rural-Urban Linkages of the Rural Value Chains 60
7.3 Prospects for Upgradations of the Selected Rural Value Chains 62
7.4 Access to finance, skills and other business development services in rural value chains 65
7.5 Regional Variations in the Performance of the Rural Value Chains 67
7.6 Summary of Opportunities and Constraints in the Rural Value Chains 69
7.7 Summary of Opportunities and Constraints in New and Emerging Value Chains in Rural Locations 74
Chapter 8: Employment Potential and Prospect for Urban-Rural Linkages 78

8.1 Urban Employment Potential for Women 78
8.2 Rural Employment Potential 78
8.3 Rural-Urban and Urban-Rural Linkages 78
Chapter 8: Costs and Returns 80
8. 1 Start-Up Capital Requirements 82
8.2 Returns Per Cycle 83
8.3 Types of IGA 84
Entry Level IGAs 85
Secondary IGAs 85
Chapter 10: Gender, Equity and Social Inclusion Issues 86
10.1 GESI UPSNJP 86
10.2 GESI Rural PSNP 92
Chapter 11: Review of the Support Systems and the Formal and Informal Rules- Urban and Rural 98
Chapter 12: Recommendations 100
12.1 Urban Geographic Focus 100
12.2 Peri-Urban Geographic Focus 101
12.3 Rural Geographic Focus 102
12.4 Recommended Value Chains and IGAs for Urban Locations 103
12.5 Recommended Value Chains and IGAs for Peri-Urban Locations 104
12.6 Recommended Value Chains and IGAs for Rural Locations 106
12.7 Recommendations for Building Climate Resilience of the Women 107
Annex 1: Detailed Background of the Study 110
Annex 2: Conceptual Frameworks 115
Annex 3: Distribution of FGDs 118
Annex 4: Findings from Preliminary Value Chain Selection Exercise 122
Annex 5: Area Selection Exercise Report 123
Annex 6: Research Tools 124
Annex 7: IRB Approval 125
Annex 8: Rationale for scoring on climate shocks- Urban 126
Annex 9: Rationale for scoring on climate shocks- Rural 129
Annex 10: GESI UPSNJP Analysis – GESI Issues by Region 132
Annex 11: GESI UPSNJP Analysis- GESI Issues by Urban Value Chains 134
Annex 12: GESI UPSNJP Analysis- Roles and Responsibilities of Men and Women within the Value Chains 136
Annex 13: GESI UPSNJP Analysis – Group Based Mechanisms and Benefits for Urban Women 137
Annex 14: GESI Rural PSNP – Issues by Regions 139
Annex 15: GESI Rural- Issues by Value Chain 142
Annex 16: GESI Rural- Division of Roles and Responsibilities by Value Chain 145
Annex 17: Group-Based Mechanisms and Benefits for Rural Women 147

Chapter 1: Introduction

1.1 Background

The Productive Safety Net Program (PSNP) is the Ethiopian government's flagship social protection initiative. The programme is currently in its fifth phase (PSNP 5, 2021–2025). It aims to reduce poverty and increase the resilience of approximately 8 million vulnerable rural individuals across 485 districts. The programme provides conditional food and/or cash transfers to physically capable members who participate in public works (e.g., soil and water conservation, road construction), and unconditional cash transfers to those unable to work.

The **rural PSNP** has evolved significantly since 2005, moving from a primary focus on consumption protection and asset creation (PSNP I and II) to a comprehensive Livelihoods and Resilience framework in PSNP V. This evolution included complementary add-ons like the PSNP Plus pilot (linking beneficiaries to finance and markets), the Household Asset Building Program (HABP) in PSNP III (formalizing livelihood support), and structured livelihood pathways in PSNP IV.



The **Urban Productive Safety Net and Jobs Project (UPSNJP)**, which started as the Urban PSNP in 2016, targets poor urban populations and disadvantaged youth in 88 cities. The second phase (2021–2025) covers over 600,000 households. It offers immediate support through public works (e.g., solid waste management) and direct transfers for the vulnerable. Critically, it also provides long-term

livelihood support through grants (USD $500 per household) for micro-enterprise and business establishment, and apprenticeship programs for youth.

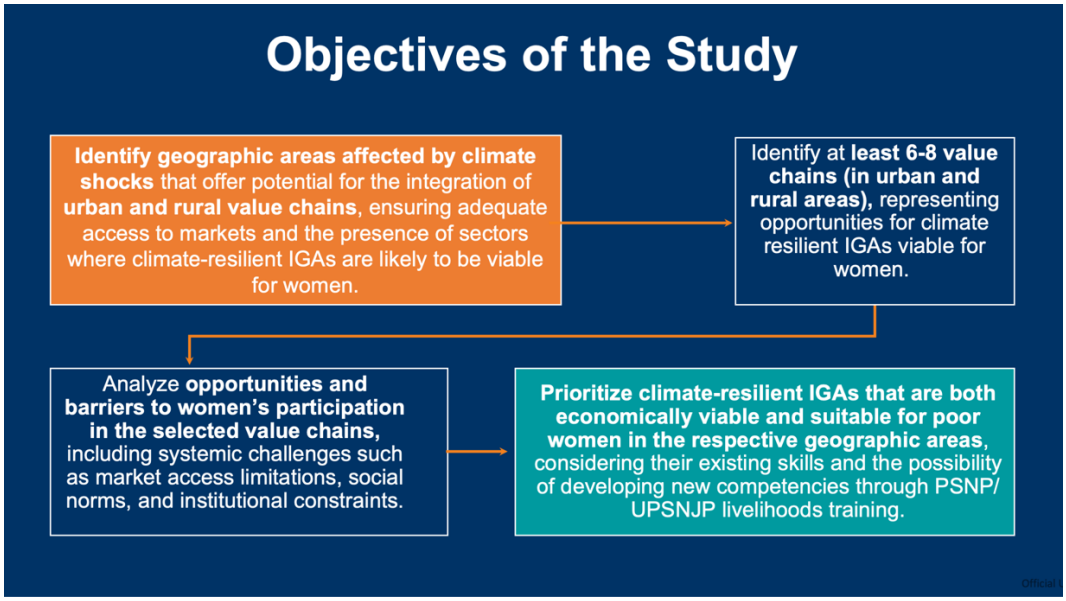
Despite these broad efforts, women—who constitute the majority of participants—face significant challenges in accessing sustainable, climate-resilient income-generating activities (IGAs), as climate shocks disproportionately impact them. Both programs face operational challenges, such as ensuring effective market linkages, scaling quality livelihood services, and timely grant disbursement.
Set on this background, **the study aims to address four thematic challenges observed rural and urban PSNP programmes**

- *Gender-Specific Barriers:* **Women**, who form the majority of participants, **face significant barriers in accessing sustainable and climate-resilient income-generating activities** (IGAs).
- *Climate Impact:* The is **disproportionate impact of climate shocks on women**; this exacarbates food insecurity and income losses among the women.
- *Operational Challenges:* Both programs face issues in **scaling quality livelihood services**, ensuring effective market linkages, and supporting durable household graduation.
- *Future Focus:* Need for deliberate efforts to **strengthen rural-urban integration** through targeted value chain development and support for viable IGAs with scalable urban market potential.

The detailed background of the programme is provided in Annex 1.

1.2 Objectives and Scope

The primary objective of this assignment was to ***conduct a Value Chain Analysis (VCA) of selected economic sectors in both urban and rural areas of Ethiopia to identify climate-resilient Income Generating Activities (IGAs) that are viable for women living in poverty***. The study aims to provide evidence-based insights to support the World Bank and the Government of Ethiopia (GoE) in strengthening the economic resilience of women participating in the Productive Safety Net Program across both urban and rural areas.



This study covered six (6) Ethiopian regions where PSNP/UPSNJP operates, examining both urban and rural contexts and analyses value chains from input access, through production, aggregation, processing and market linkage for the identified sectors.

This assignment identified existing value chains but ensured that emerging IGAs including circular-economy and service-driven options) were incorporated during data collection and analysis. In the methodological context, this study combines desk review, policy stakeholder validation and field qualitative inquiries.

1.3 Target group and Geographic coverage

1.3.1 Target Groups

- **Primary:** Poor and vulnerable women who are either current or potential beneficiaries of the PSNP/UPSNJP initiatives, including female-headed households, women in VSLA/SHG groups, and young women.
- **Secondary:** Local value-chain actors such as input suppliers, traders, and processors, cooperatives, MFIs, TVETs and local government actors who are involved in influencing uptake and scaling of IGAs within the value chains.

1.3.2 Geographic Coverage

Field investigation and analysis were conducted across the PSNP/UPSNJP implementation regions and where there is diversity of agro-ecological/climatic risks: **Addis Ababa, Amhara, Oromia, Sidama, Somali and Tigray.** The area selection targeted woredas and Kebeles with concentration of relevant actors for the value chains stratified by urban/rural and agro-ecological zones. The final shortlist included interconnected rural-urban woredas prioritized for PSNP relevance, market completeness and identified IGAs as influenced by desk reviews and stakeholder consultations.

Figure 1: Study Locations



1.4 Methodology

This assessment was conducted through a **multi-stage qualitative approach, designed to generate credible, context-specific and programmatically actionable evidence for both the PSNP and UPSNJP programs.** The approach incorporated desk review and validation across stakeholder

consultations and qualitative field data collection. The desk review guided the development of tools, ensuring a robust map of “what is known” and “what is not known”.

The data collection was piloted and conducted across 6 regions of Ethiopia, purposively selected based on: (i) Active PSNP/UPSNJP implementation (ii) Exposure to varying climate risks (iii) Presence of rural-urban linkages (iii) Concentration of women-led IGAs and value-chain actors. The **primary data** collection involved the use of key informant interviews (KIIs), in-depth interviews (IDIs) and focus group discussions (FGDs) to assess data gaps and validate findings from both stakeholder groups and program beneficiaries. **Secondary data** involved the critical review of existing literature, The conceptual frameworks used in this study which includes market systems analysis, value chain analysis, GESI and climate adaptation are explained in Annex 2.

1.4.1 Primary Research

The study involved In Depth Interviews (IDIs), Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs). In Total 182 IDIs and KIIs were conducted of which 107 were in urban locations and 75 were in rural locations. The IDIs and KIIs were almost equally distributed between the 6 regions. In total 111 KIIs were conducted of which the largest number of KIIs were undertaken with policy stakeholders (25) followed by owners of Small and Medium Enterprises (SMEs). The respondents for the In-depth Interviews (IDIs) include- output traders (23), input traders (23), and PSNP women beneficiaries (25). The qualitative data from the target group (PSNP beneficiaries and potential PSNP beneficiaries) were primarily collected through FGDs. In total 40 FGDs were conducted which had about 366 participants. Of the total FGDs, 20 were undertaken in urban areas and 20 were undertaken in rural areas. Also, 20 FGDs were women only while the rest 20 were mixed groups involving both men and women. Detail distribution of the interviews is provided in Annex 3.

Table 1: Distribution of IDIs, KIIs and FGDs

IDIs’ and KIIs By Location	
- Urban	107
- Rural	75
Total	182
IDIs and KIIs By Region	
- Addis Ababa	32
- Amhara	31
- Oromia	28
- Sidama	30
- Somali	30
- Tigray	31
Total	182
KIIs By Stakeholder	
- Policy Stakeholder	25
- Cooperative	12
- Financial Institution	13
- NGO	6
- CBOs	5
- Tertiary Research	4
- TVET	10
- Agro Processsing	6

- SME	24
- Industry Parks	6
Total	111
IDIs by Respondent Type	
- Output Traders	23
- Input Traders	23
- PSNP Women	25
Total	71
Focus Group Discussions (FGDs)	
By Type of Respondent	
- Women Only- Urban	10
- Women Only-Rural	10
- Mixed Group- Urban	10
- Mixed Group- Rural	10
Total	40
By Region	
- Addis Ababa	6
- Amhara	8
- Oromia	7
- Sidama	7
- Somali	6
- Tigray	6
Total	40

1.4.2 Secondary Research

A thorough literature review was undertaken in conjunction with the objectives of the study and a separate report was produced. The findings from the literature review were used to define the research questions and qualitative research tools. The findings from literature were also used to triangulate the field findings and gather key insights and conclusions that are presented in this report. The Secondary Literature Review report is provided in Annex 3 of this report. The following conclusions were drawn from the literature review:

Questions pertaining to the objectives for which there is good evidence in the literature:

- Climate shocks shape both livelihood vulnerability and value chain potential in region-specific ways.
- Women are engaged in low-capital IGAs (e.g., poultry, tailoring, petty trade) across both rural and urban settings, with significant potential for climate-resilient upgrades.
- Rural–urban market linkages are feasible in select corridors (e.g., Sidama–Hawassa, Amhara–Bahir Dar) where infrastructure and cooperative systems exist.

Question that requires further validation

- Scalability and profitability of urban IGAs like food vending and digital retail remain uncertain without localized economic viability studies.
- Effectiveness of peri-urban processing hubs in facilitating rural–urban value chain integration needs location-specific investigation.

Questions for which there is lack of evidence in the literature

- Disaggregated data at woreda or sub-city level on women's participation across value chain nodes is largely absent.

- Little is known about climate risk impacts on specific urban IGAs (e.g., tailoring, mobile vending) and their transformation potential into formal enterprises.
- Market dynamics for transitioning informal IGAs into more structured value chains (e.g., digital commerce or eco-manufacturing) need deeper exploration.

The following report attempts to address these gaps and builds further on the existing evidence.

1.4.3 Value Chain Selection Approach

The identification and selection of value chain commodities and their associated climate resilient income generating activities (IGAs) followed a multi stage, participatory, and evidence-based process that captured perspectives from national, regional, and community levels. This ensured that the selected value chains are not only market relevant and climate resilient but also inclusive of poor and extremely poor women, who are the primary beneficiaries of both rural and urban PSNP.

The first step involved an extensive **desk review** to synthesize evidence on value chain commodities that demonstrate climate resilience, inclusiveness of women, and market potential across both rural and urban contexts. This review covered all six regions of focus of the study (Oromia, Amhara, Somali, Sidama, Tigray, and Addis Ababa) and drew on government policy documents, previous value chain analyses and market assessments, World Bank documents, and academic and programmatic studies. The second level involved **stakeholder consultation workshop** at the federal level to validate and refine the list of commodities and associated IGAs using preset criteria and scoring and ranking exercise. This stage led to short list of value chain commodities for further analysis and informed geographic locations within the focus region for further data collection.

The third level involved collecting **data from targeted geographic locations and respondents** to further investigate and analyze Value chain commodities and IGAs identified. This three-tier approach ensured that perspectives from experts, stakeholders, market actors, and women and vulnerable population are captured, resulting in a harmonized list of value chain commodities and IGAs that are climate-resilient, inclusive of women, and market-oriented.

Furthermore, the three-tiered process helped to capture value chain commodities that cross different geographic location and play critical role in ensuring rural urban linkages. The consultants harmonized the commodities and IGAs identified through the desk review and stakeholder consultations to inform the selection of geographic locations for further data collection and analysis of the identified value chain commodities.

Detailed analysis was undertaken on the shortlisted commodities and IGAs. These were assessed against key parameters organized under relevance, opportunity for growth, feasibility, and climate resilience. Data was gathered from stakeholders, market actors, PSNP beneficiaries, and other vulnerable women. The commodities identified at the respondent level were triangulated with those from earlier stages to finalize the list of value chain commodities and IGAs. The results from the three stages were harmonized to create a consolidated and evidence-based shortlist of value chain commodities and associated IGAs.

This triangulation ensured that the selected commodities reflect both national level priorities and market dynamics, as well as local realities and the lived experiences of PSNP beneficiaries and other poor or extremely poor women and especially rural-urban linkages. At each stage, emphasis was placed on identifying emerging value chain commodities and IGAs with strong potential to generate profitable businesses for poor women and other vulnerable groups benefiting from the livelihood component of both Urban and Rural PSNP.

Furthermore, **the methodology recognized the importance of commodities that cut across geographic locations and foster rural urban linkages by providing multiple IGAs at different stages of the value chain. The findings from the preliminary value chain selection exercise are detailed in Annex 4.**

1.4.4 Area Selection Approach

The area selection exercise was undertaken to identify areas where **complete value chain actors** can be sampled for comprehensive analysis.

The exercise involved a **four-step systematic filtration process** including stratification by zone and PSNP concentration. The findings from the area selection exercise are provided in Annex 5.

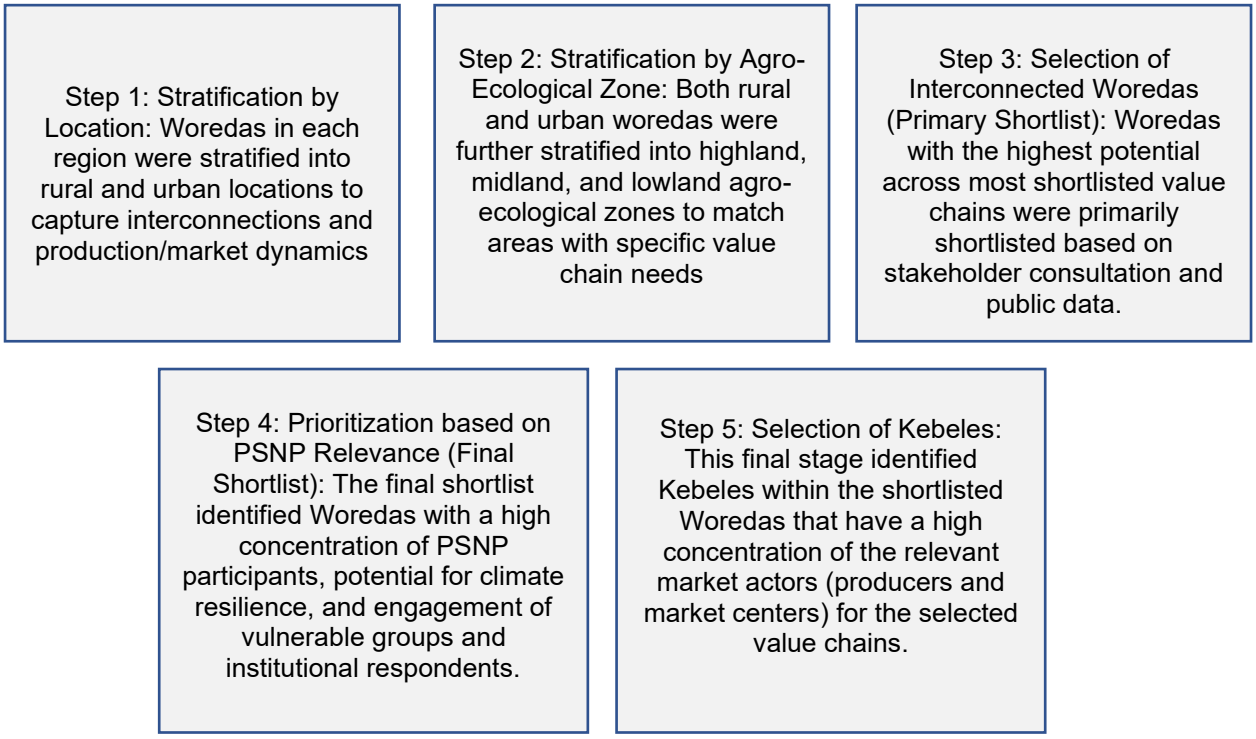


Figure 2: Area Selection Framework

1.4.5 Research Tools

The primary research was undertaken with detailed semi-structured question guides that were designed for different types of respondents. The tools were designed based on the findings from the literature review and were further updated based on the pilot study. The research tools are included in Annex 6 of this report.

1.4.6 Enumerator Training and Tools Pretesting

In total 13 enumerators and 6 field supervisors were hired and engaged by the local partner Green Professional Services (GPS). All the enumerators underwent rigorous training that was led by the Team Leader and was supported by the consultants. The enumerators were also accompanied by the consultant in a pilot field study. Higher number of enumerators were trained than required so that the team could draw upon them in case of attrition. The enumerators also went periodic refresher training.

Besides, they presented their findings in cycles to all the consultants which further helped their capacity to undertake deep research in the field as the research progressed. The pilot test was conducted over a three-day period from June 8th to 10th, 2025, engaging a team of 12 qualitative researchers supported by senior consultants and coordinator. Fieldwork was carried out across Five regions of Ethiopia and one city Administration; Addis Ababa, Oromia, Tigray, Amhara, Sidama, and Somali. In total, 25 pilot sessions were conducted.

1.4.7 Data Quality Assurance and Ethical Considerations

IRB approval was taken prior to the inception of the primary field research (Annex 7). The study **maintained ethical practices and data integrity and reliability** throughout all stages of the assignment. This was done through ensuring that

- Prticipation in interviews were voluntary and based on informed consent, signed by respondents before the commencement of recording and all other media documentation. The enumerators explained the purpose of the study to participants, ensuring that consent obtained was informed and that participants had the right to withdraw at any point without any consequences. To maintain anonymity, personal identifiers were not retained in transcripts of analysis outputs.

Data quality was ensured through the course of the study, beginning with the desk review where information was mapped to the adequate sources and linked to project objectives to maintain rigour at all stages of the assignment. Back-checks and cross-validation also ensured that errors and poor-quality data were kept at the minimum. This was achieved across three stages of supervision and control:

- **Daily Supervision & Data Validation:** Cosultants conducted daily debriefing sessions to review field challenges, improve question flow, and address inconsistencies. Recorded audio reviews and field note checks will be carried out to verify data accuracy.
- **Ethical & Compliance Monitoring:** Ensuring confidentiality protocols, proper respondent engagement, and adherence were prioritized to maintain ethical research standards.
- **Transcription & Quality Control:** While data collectors were responsible for transcription, consultants checked transcripts for completeness and accuracy. The technical team reviewed the transcribed data to guide analysis, ensuring that responses are rich and probing has been adequate.

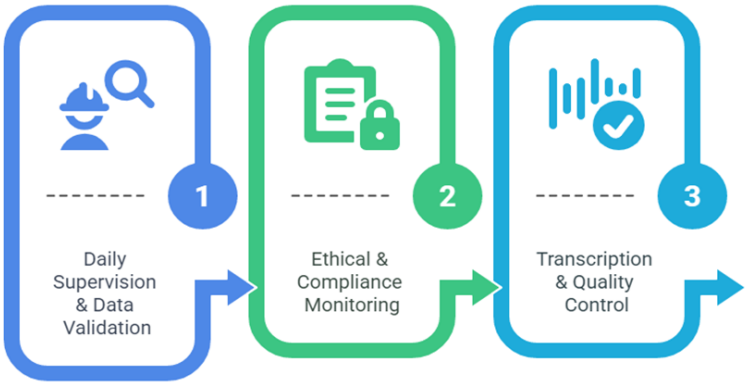


Figure 2: Data quality enhancement process

1.4.7 Data Analysis

The data from the field were first transcribed in local language. It was then translated from local language to English. Each transcript was reviewed by the team at GPS and were only approved after quality assurance. The quality assured transcripts were then reviewed by the technical team members. The technical team members undertook thematic analysis against the research questions to define the key insights and conclusions that are explained in this report. The thematic analysis involved a sequential approach explained in Figure 3.

The team first defined the climate shocks that are affecting the women and the communities in the targeted locations. The team then investigated the degree to which the short-listed value chains are relevant to the household's coping strategies. At this stage, the team also analysed the field data to define alternative or emerging opportunities for the households. Specially, the team looked into the opportunities for the households who are located in peri-urban setting. Within the analysis of the prospective and emerging value chains, the team looked into the aspects of GESI, especially the power dynamics between men and women. A detailed assessment of the enabling environment was undertaken to define the systemic constraints. These findings were then collated to derive the final list of prospective value chains and to define the recommendations for interventions

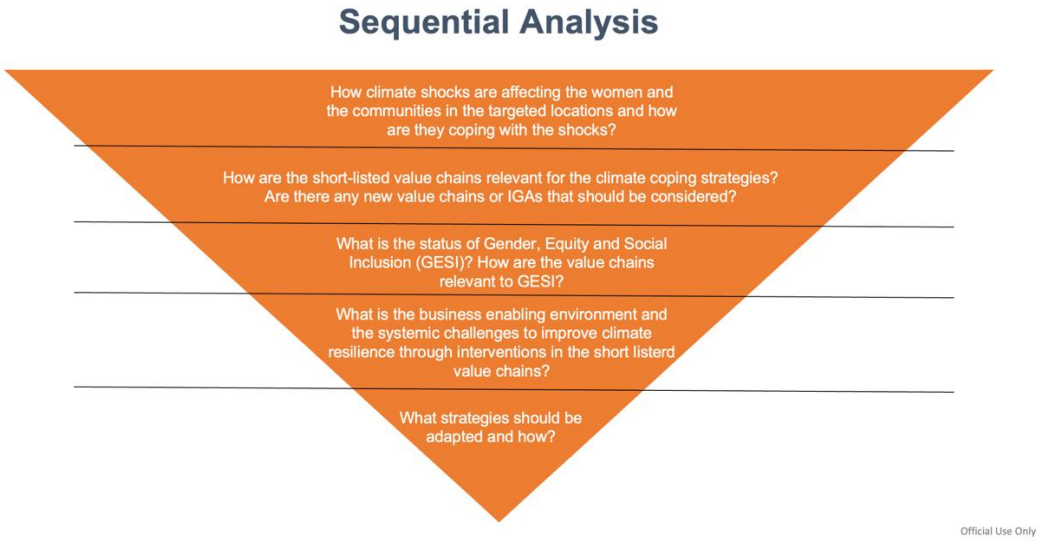


Figure 3: Sequential approach for data analysis

1.5 Limitations and Mitigation measures

The limitations and risks as well as mitigation strategies during the course of this study are described in the table below:

Table 4: Limitations and mitigation strategies

Limitation/Risk	Mitigation Strategies
Security in Conflict-Prone Areas *(e.g., Amhara, Tigray)*	Selected reserve survey woredas Established strong relationships with local authorities and community leaders Recruit local enumerator Set up a reserve team Developed and communicated clear emergency response protocols

Community Reluctance and Trust Issues	Engaged early with key community figures to foster familiarity and build trust Identified and secured safe spaces for Focus Group Discussions (FGDs) Designated alternate woredas as backup locations to ensure continuity of data collection
Field Team Safety and Navigation	Prioritized hiring local staff with in-depth regional knowledge Provided comprehensive safety protocols, including situational awareness training and communication guidelines Equipped teams with emergency response measures
High Security Regions for Key Informant Interviews (KIIs)	Explored virtual engagements as an alternative to in-person KIIs, ensuring the safety of both interviewers and participants
Data Loss and Recording Issues (e.g., device theft, faulty recording)	Maintained redundant audio recordings using both the notetaker and facilitator Supplied power banks to ensure uninterrupted recording Trained interviewers in proper data recording, storage practices, and maintain detailed handwritten notes as a backup

1.6 Structure of the Report

Chapter 2 explains the concepts and frameworks that are central to the study. Chapter 3 summarizes findings from the stakeholder consultation for value chain selection and the outcomes from the area selection exercise. These exercises were undertaken independently prior to the primary field research to develop the field plan for primary research. Chapter 4 explains the climate vulnerabilities and their effect on the targeted urban and rural PSNP beneficiaries. It also explains their coping mechanisms. Chapter 5 builds on the findings from Chapter 4 and explains the potential urban value chains to address the climate vulnerabilities in urban locations. Chapter 6 explains the potential rural value chains to address the climate vulnerabilities in rural locations. The Gender Equity and Social Inclusion (GESI) issues are explained within Chapter 5 and Chapter 6. Also, the emerging value chains in urban and rural areas are also explained within Chapter 5 and Chapter 6. Chapter 7 explains the business enabling environment to support the value chains. Chapter 8 provides a menu of value chains and IGAs based on the findings and a ranking exercise based on the findings. Chapter 9 summarizes the recommendations.

Chapter 2: Overview of Concepts and Frameworks used in the Study

2.1 Climate Resilient IGAs and Value Chains

In this study, climate resilient Value Chains and IGAs refer to those value chins and income generating activities within those value chains which help households adapt their lives and livelihoods to changing climate, protect themselves from the increasing risks of disasters caused by climate change, and become more resilient to current and future climate shocks. **Climate resilience of Value Chains and IGAs were assessed against the following criteria:**

- **Use climate resilient inputs:** IGAs which uses drought tolerant seeds, early maturing crops, industrial products, and other inputs resilient to climatic shocks
- **Low recovery time:** IGAs whose productive assets are cheaper and faster to replace after shocks
- **Water efficiency:** IGAs that can be produced with minimal water use or under water stress situation
- **Risk transfer:** IGAs which have tailored financial services especially micro insurance
- **Local level value addition and multipurpose use:** IGAs then can be processed at local level and the outputs from which can be preserved for a longer time.
- **Post-harvest storage technologies:** IGAs which have strong local level postharvest storage and handling technologies
- **Short cycle, low cost, high liquidity- Entry level business**

2.2 Gender, Equity and Social Inclusion (GESI)

To understand the socio-cultural factors affecting women's engagement and income generation, the **value chain analysis focused on six domains of gender equality** (Figure 3) – (i) access to and control over assets and resources (ii) knowledge, beliefs and perceptions, cultural norms (iii) power and decision making (iv) roles, responsibilities, participation and use of time (v) human dignity, safety and wellness (vi) laws, policies, regulations and institutional practices.

Figure 4: The Six Domains of Gender, Equity and Social Inclusion (GESI)

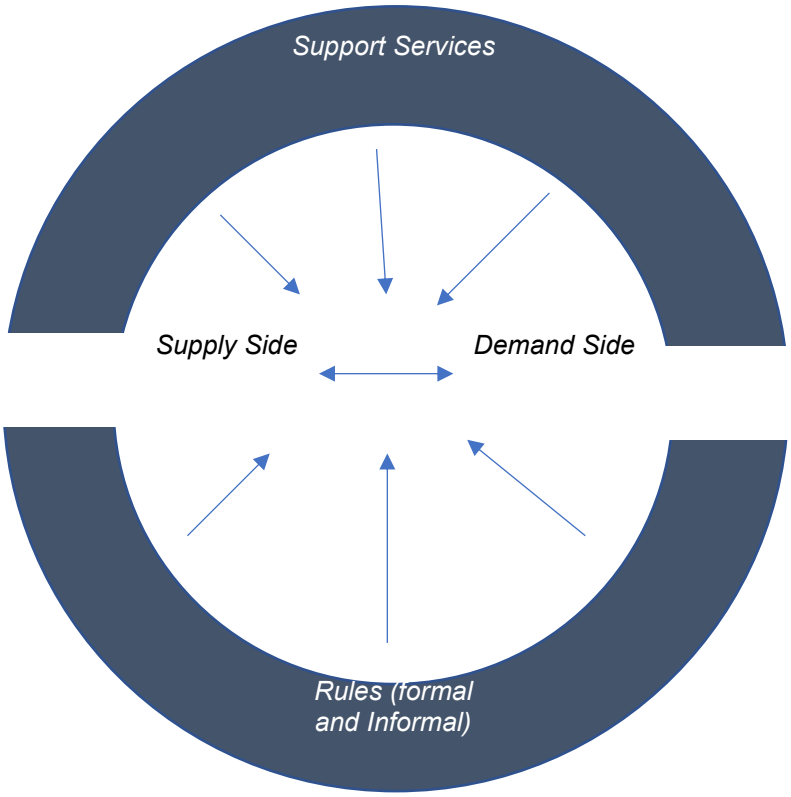


2.3 Systemic Constraints

To determine the factors affecting the women's participation in the climate resilient value chains in urban and rural locations, the study followed the market systems framework. For the prospective value chains and IGAs, the demand and supply side were reviewed along with support services and formal and informal policies and rules. Here the urban and rural PSNP beneficiaries are primarily expected to be on the supply side (producers or suppliers of goods and services that are developed with support from PSNP) while the demand side may comprise of the buyers of these products and services.

However, for interconnected systems, for example, inputs, finance, social services, logistics, that are critical for the urban and rural PSNP beneficiaries to develop their products and services and market it, the urban and rural PSNP beneficiaries are on the demand side while the private and public sector actors offering these services are on the supply side. The support services generally refer to information, logistics, finance, inputs etc. that are critical for the PSNP beneficiaries. The formal and informal rules refer to social norms and culture that define the production and demand for these services as well as the formal government policies that enable or constrain the production and marketing of these products and services.

Figure 5: Market systems map for analysing systemic constrints



Chapter 3: Findings from Stakeholder Consultations

3.1 Preliminary Short-Listing of Value Chains

Based on the methodology explained in section 1.4.3, the consultants developed a list of potential IGAs for urban and rural PSNP areas. The findings are detailed further in Annex 4. Figure 6 shows the short-listed value chains for field investigation in urban and rural areas.

Figure 6: Shortlisted value chains for field investigation



Rationale for Selection of Value Chains

- **Rural PSNP:** Low capital/land required, short production cycle, climate resilient, strong rural-urban linkage, low skill, requirement and high women's participation
- **Urban PSNP:** Highly accessible with minimal capital/space, flexible product diversification (resilience), and strong market demand in urban areas

During the preliminary field exercise, the consultants also identified potential for several emerging value chains and IGA opportunities for urban and rural PSNP areas. These value chains were also investigated in the primary field study.

Emerging value chains short listed for further analysis

- Day care services
- Charcol briquette making from coffee pulp, prosopis, and other organic products
- Mush room production
- Greening and landscaping work
- Solar Kiosk- charging and sells of solar lantern
- Ecommerce or online sells
- Broom and mop making from locally available material
- Tourism and Souvenir sho



This report explains the value chain opportunities and income generating activities that can support rural women to address the climate shocks and become resilient through economic empowerment.

3.2 Areas for Primary Study

To ensure that the value chain analysis is comprehensive and complete, it was important to identify an area in each region from where the consultants could draw respondents representing the complete value chain (input supply, production, marketing, consumption). Besides, the 'area' should have also allowed the consultants to assess the interconnections between producers and market actors in both rural and urban locations, the impact of the value chain in building climate resilience of the women and other market actors in the value chain. Accordingly, **in this document, the term 'area' refers to a set of urban and rural woredas in each region and a set of kebeles in each urban and rural woredas that offer the scope to undertake a comprehensive and complete value chain analysis. Annex 5 provides the detailed discussion on the area selection exercise. Table 2 provides a list of the areas.**

Figure 7: Representative 'Area' for the VCA

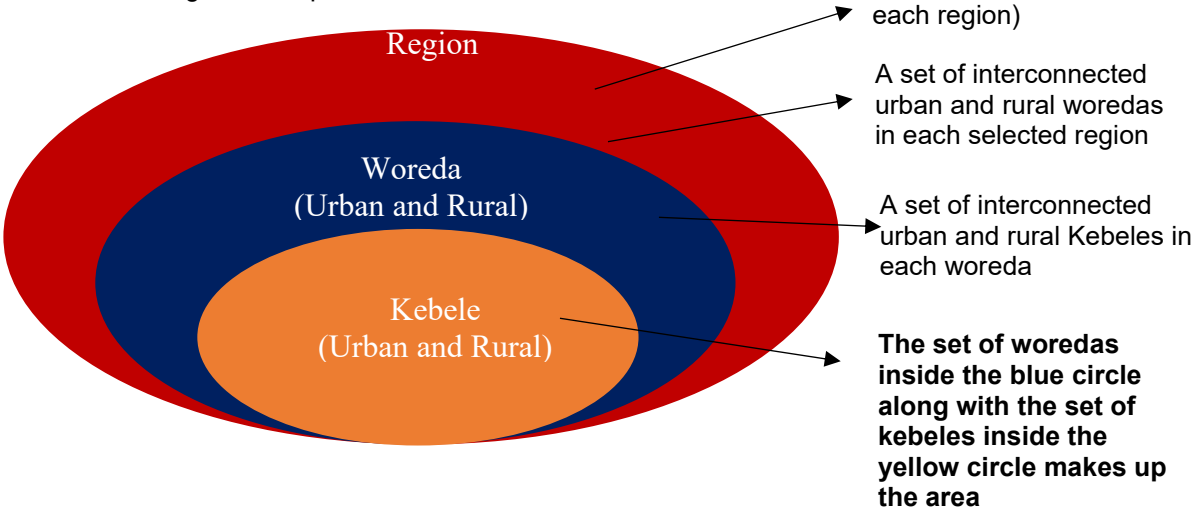


Table 2: List of urban and rural Woredas and Kebeles for primary field study

Region	Woreda	Kebeles with a high concentration of existing and potential enterprises (producers/ service providers/ processors, etc.)	Kebeles with a high concentration of input and output market actors
Oromia	Rural Woreda (Adama Zuria)	Cheta Alemtena	Adama City
	Rural Woreda (Ad/T/J/K)	Desta abjata	Adami Tulu
	Rural Woreda (Boset)	Metehara	Buta Bedaso
	Urban Woreda (Adama)	Dabe Soloqe	Deka Adi
	Urban Woreda (Bishoftu)	Dire	Erer
	Urban Woreda (Mojo)	Sayo Kebele	Obbo Kebele
Addis Ababa	Inner city Woreda (A/ Ketema)		Woreda 10
	Inner city Woreda (Lideta)		Woreda 09
	Outer city Woreda (Akaki kaliti)	Woreda 05	
Amhara	Rural Woreda (Habru)	03 Sirinka	Mersa
	Rural Woreda (Dessie Zuria)	037 Tebasit	Dessie
	Rural Woreda (Kalu)	Aroge Korene 011 (Handwoven Textile)/ 019 Abichu (Fruit)	Harbu
	Urban Woreda (Kombolcha)	Yegof	Ras Agez
	Urban Woreda (Dessie)	Tita	Wello Bahel
	Urban Woreda (Woldia)	06 Kebele (Addis Kebele)	Amba 01 Kebele (Debere Gelila)
Sidama	Rural Woreda (Hawassa Zuria)	Jara Karara	Dore Bafano
	Rural Woreda (Shebedino)	Taramesa	Leku
	Rural Woreda (Boricha)	Kontsore arke	Yirba
	Urban Woreda (Hawasa)	Daka	Nigat Kokeb
	Urban Woreda (Yirgalem)	Kidist Mariam	Mehal
Somali	Rural Woreda (Babile)	Dawerata	Dahable
	Rural Woreda (Gursum)	Kubi charo	Bambas
	Rural Woreda (Aweberi)	Garawadhile	Awbare
	Urban Woreda (Jigjiga)	Kebele 11	Kebele 01
	Urban Woreda (Kebribeyah)	Alaybadey	Danaba
	Urban Woreda (Awbari (RHISN))	Dilaca-Sheikh	Kebele 2
Tigray	Rural Woreda (Ganta Afeshum)	Dibla-Sieat	Adigrat
	Rural Woreda (Glomekeda)	Kileat	Fatsi
	Rural Woreda (Atsibi Wonberta)	Mahbere Woin	Atsbi Endaselassie
	Urban Woreda (Mekele)	Hayder-Adi ha	Kedame weyane
	Urban Woreda (Adigrat)	Kebele 04	-Walta
	Urban Woreda (Adwa)	Alula	Kebele 01 Abnet

Chapter 4: Key Insights from Literature Review

The literature review provided insights that informed the field investigation and the research queries for the field investigation. Specifically, it explained the issues of formal and informal IGAs and value chain engagement, climate shock and adaptation issues as well as climate smart agricultural practices, enabling ecosystem, specifically for tailored financial products and services, digital literacy and market linkage support, value chain prioritization and upgradation challenges, diversification and resilience issues. These are summarized in Table 3.

Table 3: Key insights from literature review and queries for primary field research

Theme	Insight from Literature Review	Question for Field Research
VC Viability & Formalization	**Urban women are concentrated in informal, low-margin sectors** (e.g., food vending) that are highly vulnerable to climate shocks (flooding, price spikes) and face significant barriers (licensing, lack of space) to formalization.	What are the specific **financial, skill, and regulatory barriers preventing PSNP women from adopting and scaling higher-value, non-land-intensive IGAs** (e.g., digital services, waste recycling, certified food processing)?
Climate Shock & Adaptation	**Urban climate risks (flooding, heat stress) disproportionately impact informal VCs.** While climate-smart urban agriculture is a known adaptation, its adoption is limited by space, water access, and land tenure insecurity.	What **practical, low-cost adaptation measures (e.g., flood-proof stalls, affordable cold storage, water harvesting) are most effective and financially viable** for women-led urban IGAs (like food vending) to withstand specific climate shocks?
Climate-Smart Agriculture	**Adoption of known Climate-Smart Agriculture (CSA) practices (e.g., water harvesting, improved seeds) is low among PSNP households** due to barriers like cost, labor constraints, land tenure risk, and ineffective extension services.	What are the **most significant local barriers (cost, labor, knowledge, or risk aversion) to adopting specific CSA practices**, and what role can PSNP-supported cooperatives play in improving local access to climate-resilient inputs and extension?
Enabling Ecosystem	**Access to tailored financial products (e.g., digital finance) and linkages to stable markets (e.g., anchor firms**, public procurement) are critical enablers, but women's access is currently limited by low digital literacy and weak market power.	**What specific bundled support (e.g., digital literacy, micro-credit, market linkage support) is required** to successfully integrate PSNP beneficiaries' IGAs into more resilient, formal urban value chains (e.g., industrial parks, school feeding programs)?

Theme	Insight from Literature Review	Question for Field Research
VC Prioritization & Upgrading	**Rural livelihoods are highly exposed to drought.** VCs like beekeeping, small ruminants, and drought-tolerant pulses show resilience, but **women are confined to low-value production and excluded from marketing.**	What is the **profitability, market demand, and climate resilience of high-value VCs** (e.g., honey, spices, pulses) in specific agro-ecologies, and what are the p**rimary barriers preventing women from participating in higher-value chain functions** (e.g., processing, aggregation)?
Diversification & Resilience	Diversification into **off-farm activities and reducing post-harvest loss (PHL) are key resilience strategies.** PHLs are high for perishable goods and worsened by climate events, but local, affordable solutions are not well-documented.	What are the **most viable off-farm IGAs (e.g., agro-processing, local input supply) that function during/after climate shocks,** and what are the most critical, climate-related post-harvest loss points in the prioritized VCs that can be solved with affordable technology?

Chapter 5: Climate Shocks and Coping Mechanisms in Urban and Rural PSNP

5.1 Climate Shocks and Other Associated Risks in Urban Livelihoods

Urban livelihoods for PSNP women are primarily concentrated in petty trade, micro-enterprise, and emerging urban agriculture are acutely sensitive to a unique **mix of economic, physical, and institutional shocks**. The most significant threats consistently identified across the urban centers are **hyper-inflation and the structural instability of the informal sector**.

Economic Shocks (Hyper-Inflation & Price Volatility)

Hyper-inflation and market instability are the **most significant and frequently cited persistent shocks**, surpassing purely environmental threats in their immediate impact on urban women's capacity to operate and save.

- **Erosion of Income and Capital:** The core challenge is the continuous rise in prices for essential goods, feed, and raw materials, which systematically **reduces households' disposable income** and **erodes meager profits**. A flour retailer in Dessie reported that the price of wheat flour had increased by **2,000 Birr per quintal**.

- **Input-Cost Crisis:** For key IGAs, escalating costs threaten profitability. A dairy entrepreneur in Addis Ababa complained that the **frequent rise in the price of milk** that they buy is linked to increased **cost of animal fodder**. For petty traders, even the **high and rising cost of packaging materials** reduces profits and makes value addition difficult.

- **Structural Barrier to Trade:** This instability is so severe that a policy expert in Amhara described it as '**market instability 'due to inflation which makes beneficiaries difficult to predict and conduct stable trade activities'**.

Biophysical and Climate-Related Disruptions

Physical weather events cause direct asset damage and seasonal disruption, particularly for informal vendors and micro-farmers.

- **Flooding and Water Damage:** Heavy rainfall and **flooding displace businesses** lacking permanent workspaces. In Addis Ababa, one rural PSNP participant lost resources when a **flood destroyed her vegetable farm**. During heavy rain, perishable products often rot and can lead to **total loss.**

- **Disease Outbreaks:** Disease is a constant threat in urban livestock and agriculture, particularly for the high-potential **poultry value chain**. A policy expert highlighted that outbreak like bird flu pose a **'constant risk of wiping out a beneficiary's entire investment'**. An Amhara beneficiary reported a catastrophic **140,000 Birr loss** after his poultry died due to cold and transport issues.

- **Heat and Exposure:** Selling products in open, unshaded areas exposes goods to **dust and direct sunlight**, leading to a **'declining quality of the products'** and causing goods to look old prematurely.

Structural and Regulatory Shocks

These politically and administratively driven risks, exacerbated by urban development, are frequently cited as catastrophic shocks that immediately threaten asset security and business continuity.

- **Eviction and Loss of Workspace:** The **lack of a proper and permanent workspace** is widely regarded as the **most serious challenge** for **informal urban businesses**. Policy stakeholders confirmed that urban corridor development projects **"displace businesses that lack permanent workspaces"**. In Addis Ababa, this instability forces many to operate from precarious locations, summarized by one expert:

> **"Swept Away by a Single Decree"**
> PSNP Team Leader in Akaki Kality Sub-City
> on the displacement issue and lack of
> permanent business space for the informal businesses

- **Exclusion from Formalization:** The high cost of government taxation and complex procedures often force poor women to remain in the **informal sector**. Without a **National /ID card** or a simple **trade license**, many cannot access formal credit or loans. This institutional barrier systematically prevents growth and asset security.

The climate shocks were mapped across urban locations. They were also graded in terms of high, moderate and low where high refers to recurrent and high impact on livelihoods, moderate refers to intermittent impacts while low refers to low or rate impact. The scoring showed that of the 6 regions, the urban areas in Oromia have higher exposure to shocks, especially drought and flash flood. The zone with second highest risks are Amhara and Tigray which both scored 16; the regions however have varied intensity of different types of shocks. Of the Six regions, the urban locations of Sidama have the lowest score of 13 with medium to low impact for different types of shocks.

Snapshot 1: Climate Shocks by Region- Urban

Climate Shocks by Region- Urban

Type of shock	Addis	Sidama	Amhara	Tigray	Somali	Oromia
Drought (urban water scarcity & reduced peri-urban food supply)	Medium	Medium	Medium	Medium	High	High
Flash / riverine flooding & urban drainage failure	High	Medium	High	Medium	Medium	High
Urban heatwaves/overheating / UHI	High	Medium	Medium	Medium	Medium	Medium
Landslides/slope failures (urban periphery)	Low	Low	Medium	Low	Low	Medium
Pest outbreaks (locusts impacting markets)	Low	Medium	Medium	Medium	Medium	Medium
Waterborne/vector disease outbreaks (post-flood)	Medium	Medium	Medium	Medium	Medium	Medium
Cold spell/frost (urban)	Low	Low	Low	Medium	Low	Low
Conflict/displacement (urban shocks)	Low	Low	Medium	High	Medium	Medium
Climate Vulnerability Score (High=3, Medium=2, Low=1)	14	13	16	16	15	17

If we assign a score of 3 for high, 2 for medium and 1 for low, then Oromia is ranked as the most vulnerable to the identified climatic shocks.

Flash flood is the top risk factor in the urban locations (high risk in 3 regions and medium risk in 3 regions) followed by drought (high risk in 2 regions and medium risk in 4 regions.

Urban heatwaves and waterborne disease risks are generally moderate across the regions. Cold spell and landslide risks are generally low across all regions. Risk of displacement and conflict is varied.

High = recurrent / frequent and/or high impact on livelihoods or services. Operationalized as: Frequency ≈ occurs *every 1–3 years* in the area (or multiple seasons within a 5-year period) AND/OR produces *major* socio-economic impacts (large livestock losses, crop failure, displacement, >10% households severely affected) (IPCC, 2021). **Medium** = intermittent, moderate impacts. Operationalized as: Frequency ≈ occurs *every 3–7 years* or occasionally within multi-year cycles; causes moderate livelihood disruption (some crop/livestock loss, localized displacement, localized infrastructure damage). (IPCC, 2021). **Low** = rare or low impact. Operationalized as: Frequency ≈ occurs *less frequently than every 7 years* or impacts are small/very localized (few households). May still be severe locally but not regularly recurrent across the region. (IPCC, 2021).

The rationale for the scoring is provided in Annex 8.

5.2 Gendered Effects of the Climate Shocks and Coping Mechanisms in Urban Locations

The findings show that the urban households primarily rely on social networks (family/community) and reactive strategies (shifting jobs/relocation) to manage the impact of these shocks.

Amplification of Household Burden and Exclusion

The findings show that the shocks intensify women's domestic workload and financial exclusion, making it harder to dedicate time and resources to business growth.

- **Gendered Burden:** Women bear the 'triple burden of childcare, household responsibilities, and economic pressure' which limits their participation in productive activities. A respondent noted that even in the modern context, certain chores remain gendered: she cannot ask her brother **'to wash clothes, he usually refuses or delays the task, as traditional gender roles... have instilled the idea that such domestic chores are not men's responsibility'**.

- **Mobility and Safety:** While official laws don't restrict movement, perceived safety issues and high transport costs act as barrier. A beneficiary in Addis Ketema (Addis Ababa) lamented that high and rising **cost of transportation** is a barrier, and that public spaces and markets are **not safe for women and girls** due to widespread **harassment**.

- **Financial Exclusion:** As explained earlier, the inability to access formal finance severely limits women's autonomy. They often lack the required **ID card** or **collateral** because family assets are often registered under the husband's name. As mentioned by a policy expert in Akaki Kality. In Lideta, a beneficiary noted that she couldn't get a loan because the bank required a guarantor and she didn't have one. In Tigray, one woman reported that she had **unpaid pre-war loans** and therefore cannot take a new loan.

Reliance on Informal Networks for Coping

Urban women heavily depend on communal and informal systems to create financial safety nets.

- **Savings Groups (*Equb*):** These self-help mechanisms are essential buffers. Women actively join groups to **save money collectively, access small loans, and learn from each other's experiences**. For one respondent, involvement in an *equb* was the primary way she started her petty trade business.

- **Family Support and Credit:** When formal systems fail, family and neighborhood networks take over. A beneficiary in Addis Ketema started her coffee and tea business by **borrowing 4,000 Birr from a neighbor**.

- **Risk Evasion:** Faced with the near-certainty of eviction, traders constantly adapt. They use evasive strategies like setting up their micro-businesses in the evenings (around **10 o'clock local time**) to avoid law enforcement or physically relocating to minimize asset damage from flooding. In Adigrat, women engaging in petty trade in the market reported suffering theft when **they travel from the market to their home in the evening**.

Reactive Livelihood Adjustments:

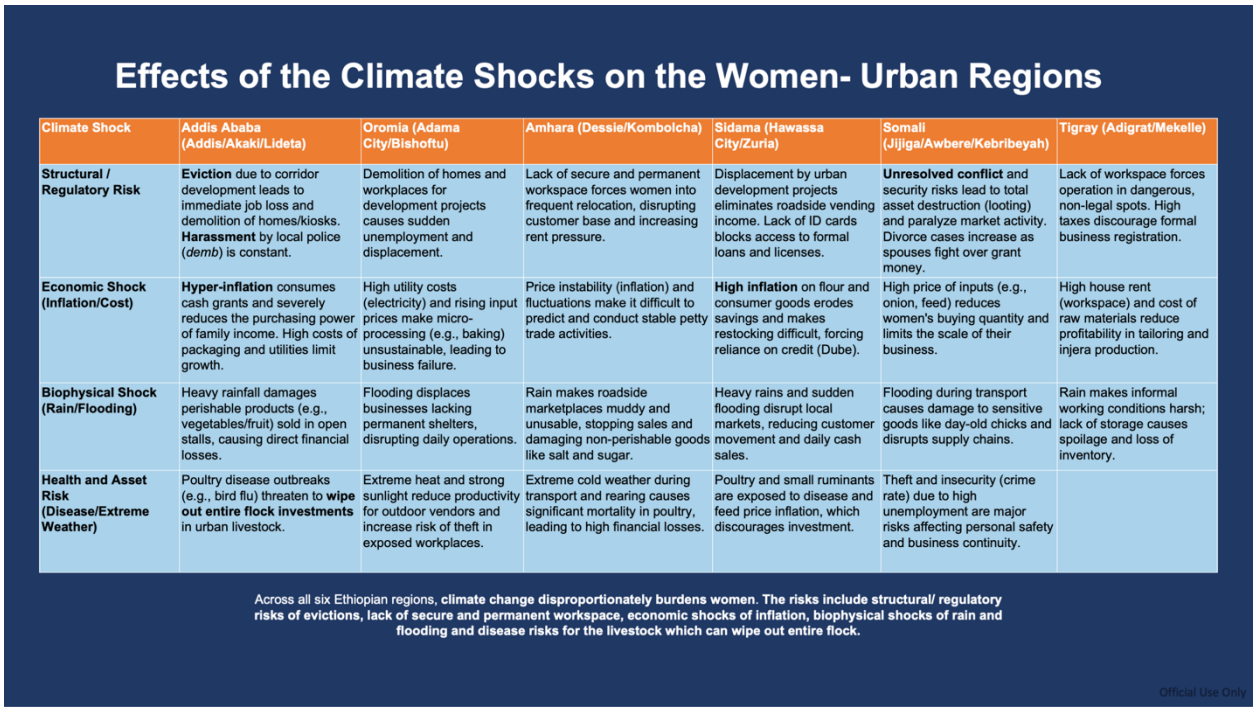
- **Job/Skill Shifting:** Individuals often cope by **changing their work** (e.g., from small trade to domestic labor) or **actively shifting skills** between low-barrier trades like *gullit* vending and baking

injera. One woman mentioned moving from preparing *irtib* (wet food) due to lack of workspace to selling milk and cheese.

- **Relocation/Evasion:** Those who are evicted attempt to cope by **offering an alternative workplace** to continue operations. They constantly **relocate their micro-businesses** in a daily struggle to evade law enforcement (the *demb*).

- **Consumption Reduction:** Households adopt dietary adjustments, such as using cheaper ingredients (e.g., stopping the use of expensive onion) and heavily reducing non-essential expenses to manage economic shocks.

Snapshot: Gendered Effect of Climate Shocks on Women in Urban Regions- Comparative Analysis between Regions (Source: Primary Field Data)



5.3 Gaps in Adaptation and Resilience of the Urban Households

The findings from the urban locations in the six regions show that the coping efforts are affected by several systemic issues or constraints:

Table 4: Systemic constraints in coping against climate shocks

Type of Systemic Constraint	Field Evidence
Lack of business management capacity	A **fundamental lack of knowledge** in basic **business management** and **record-keeping** limits the ability of entrepreneurs to grow beyond subsistence, preventing them from applying for bigger loans.
Inaccessible Technology	Technologies essential for urban resilience like efficient **storage facilities (refrigerators)**, **urban farming kits**, or **solar products** are often deemed **too expensive** for the poor. Furthermore, while

	some women are digitally aware, many **do not use any digital platforms** and lack **smartphones**.
Structural Barriers	The persistent **harassment by the *demb*** and the widespread **lack of ID cards** means that coping strategies remain short-term and reactive rather than leading to strategic business growth.
Systemic Financial Exclusion	Access to formal bank loans is systemically blocked. Respondents across all urban regions cite the lack of **collateral** and **ID card**. Even with specialized Microfinance Institutions (MFIs) like Siket Bank, beneficiaries find the criteria for securing loan to be too difficult. A policy expert in Addis Ababa noted that the criteria for loans from former credit agencies are often similar to commercial banks.
Lack of secure workspace	The persistent l**ack of secure workspace** means this absence is not merely a constraint but a source of perpetual shock, forcing women into precarious, high-risk environments where their income and assets remain constantly exposed.
Limited access to technical and digital skills	Despite receiving general life-skills training, women lack specific, high-value technical and digital skills needed for growth. A beneficiary in Lideta noted the need for training in **digital business** to help expand her future hotel venture.

5.4 Climate Shocks and Other Associated Risks in Rural Livelihoods

The study shows that the rural PSNP communities who are primarily dependent on on-farm activities like crop farming and livestock rearing, are overwhelmingly exposed to direct biophysical climate shocks. These threats are compounded by poor infrastructure and a lack of access to financial services.

Acute Biophysical Shocks (Flooding, Pests, and Disease)
The findings show that the Acute events often translate directly into asset and income destruction due to poor land and animal health management.

- **Flooding and Destructive Rain:** Erratic and excessive rainfall presents an acute, catastrophic risk. In the Oromia region, recurring **excessive flooding dismantled homes** and left farmland unusable. A women's FGD in Dessie Zuria (Amhara) reported a highly localized but total loss where **heavy rain with ice** completely destroyed potato and bean crops.

- **Pest and Disease Outbreaks:** Climate instability creates ideal conditions for biological shocks, which are highly destructive. Policy experts in Amhara reported **desert fly diseases which kills oxen** and **poultry diseases** as high-impact risks that wipe out assets. This vulnerability is widespread, with experts in the Somali region listing **animal diseases** alongside drought as a primary concern for livestock IGAs.

Market and Economic Shocks
Even in rural areas, economic factors often transform a temporary production loss into long-term financial distress.

- **Input Price Inflation:** The **unstable market price** of inputs is a major and constant challenge. Input retailers in the Amhara region noted that during dry seasons, the price of fodder becomes prohibitively **expensive**. One interviewee reported that this issue forced households to **sell livestock** prematurely to cope with expenses.

- **Price Fluctuation and Marketing Risk:** Farmers frequently face a double constraint: **inputs are costly while output market prices drop** during peak harvest, leading to losses. This low price during peak harvest affects profitability, especially for **vegetable/fruit production**.

- **Loan and Credit Fear:** A fear of **high interest rates** and subsequent loan default is widespread, particularly among Muslim communities in Kalu Woreda (Amhara), where taking a loan with interest is considered **Haram**. This cultural/financial shock limits access to essential capital for IGA expansion, leaving households vulnerable.

Supply Chain and Structural Gaps

A lack of local services and infrastructure exacerbates the impact of climate shocks on rural livelihoods.

- **Access to Quality Inputs:** There is a gap in accessing **high-quality inputs** for resilient IGAs. In Tigray, suppliers report a critical **shortage of day-old chicks** from major national producers. Similarly, farmers lack access to **improved seeds** and fertilizer, forcing them to rely on **retained seeds stored at home.**

- **Veterinary Support and Disease: Livestock diseases** are a major risk to small ruminants and poultry, yet veterinary and extension services are often **not accessible** or **are limited** in quality, especially in remote Woredas. This technical capacity gap leaves farmers unable to mitigate one of the primary climate-related threats to their assets.

- **Weak Institutional Support:** A coordinator for the PSNP noted that a severe **coordination gap exists between sectors** (e.g., extension, food security, natural resources), resulting in inefficient and **separate monitoring** of activities that reduces overall productivity.

Similar to urban areas, the climate shocks were also mapped for the rural locations of the six selected regions. The findings show that the climate shocks are more pronounced in the rural areas if compared to urban. Oromia scores as the most climate vulnerable region with high risks of drought, flood and soil erosion. Oromia is followed by rural areas in Amhara and Tigray rural terms of high climate vulnerability.

Snapshot: Climate Shocks by Region- Rural

Climate Shocks by Region- Rural

Type of shock	Addis	Sidama	Amhara	Tigray	Somali	Oromia
Drought (agricultural & pastoral)	Medium	Medium	Medium	High	High	High
Riverine/flash flooding (kiremt)	Medium	High	High	Medium	Medium	High
Landslides/slope failure	Low	Medium	High	Medium	Low	Medium
Desert locust/pests	Low	Medium	Medium	Medium	High	Medium
Soil erosion/land degradation	Medium	Medium	High	Medium	Medium	High
Cold spells/frost (crop damage in highlands)	Low	Low	Medium	Medium	Low	Low
Water scarcity (wells, shallow groundwater)	Medium	High	Medium	High	High	High
Disease outbreaks (livestock/human waterborne)	Medium	Medium	Medium	Medium	Medium	Medium
Climate Vulnerability Score (High=3, Medium=2, Low=1)	13	17	19	18	17	19

High = recurrent / frequent and/or high impact on livelihoods or services. Operationalized as: Frequency ≈ occurs *every 1–3 years* in the area (or multiple seasons within a 5-year period) AND/OR produces *major* socio-economic impacts (large livestock losses, crop failure, displacement, >10% households severely affected) (IPCC, 2021). **Medium** = intermittent, moderate impacts. Operationalized as: Frequency ≈ occurs *every 3–7 years* or occasionally within multi-year cycles; causes moderate livelihood disruption (some crop/livestock loss, localized displacement, localized infrastructure damage). (IPCC, 2021). **Low** = rare or low impact. Operationalized as: Frequency ≈ occurs *less frequently than every 7 years* or impacts are small/very localized (few households). May still be severe locally but not regularly recurrent across the region. (IPCC, 2021).

In contrast to urban, the rural locations within the six regions are more susceptible to the climate risks.

Oromia and Amhara regions are the most vulnerable followed by Tigray, Somali and Sidama. Addis is the least vulnerable.

The type of shocks vary between urban and rural. Soil erosion risks are not present in urban but score as one of the top risk factors in rural. There is also landslide risks. Similar to urban, drought and flash flood risks are also high in rural. Disease outbreak and water scarcity risks are also significant.

The differences in shocks between urban and rural and the magnitude of the risks mean that the urban and rural climate resilient IGAs and value chains are expected to vary.

The rationale for the score is provided in Annex 9.

In rural areas, climate and market shocks directly attack the asset base (crops and livestock), leading to severe asset depletion. Coping strategies rely heavily on asset liquidation and minimal-risk diversification, reflecting a persistent environment of insecurity.

5.5 Gendered Effects of Climate Shocks and Coping Mechanisms in Rural Locations

Rural coping mechanisms are primarily reactive, focusing on temporary resource acquisition and physical shifts rather than long-term resilience.

The findings show that in rural areas, women's livelihoods are defined by their deep connection to farm and livestock assets, making them acutely vulnerable to biophysical climate shocks. The subsequent economic distress is then managed through asset liquidation and a reliance on fragmented local support systems.

Asset Depletion and Income Insecurity

Shocks in the rural context primarily result in the direct loss of productive assets and the core source of food and income.

- **Asset Depletion:** Drought and market instability force the liquidation of valuable assets. Drought leads to **feed and water shortages** and animal weakness, compelling households to cope by **selling cattle's and goats**; a sheep trader/supplier in Dessie Zuria reported that a severe drought severely disrupted his supply of sheep, forcing him to buy from less-affected areas.

- **Income Loss from Crop Failure:** Erratic rainfall and frost directly lead to **crop failure**. A beneficiary in Dessie Zuria reported that heavy rain combined with **ice/frost** completely destroyed her potato and bean crops. This leaves them with no harvest for consumption or sale.

- **Financial Squeeze from Market Volatility:** Rural producers face a precarious market. A trader in Dessie Zuria noted the high cost of inputs and that when it was time to sell, the **market price for fattened sheep was really low**, preventing reinvestment. Similarly, vegetable traders in Kalu Woreda face an **expensive oil cost for generator** to irrigate, yet must compete with low prices.

- **Labor Migration:** Migration for temporary work is a common strategy, particularly for men, who seek labor in nearby areas like Djibouti and Afar, leaving women to manage the household and the remaining farm work.

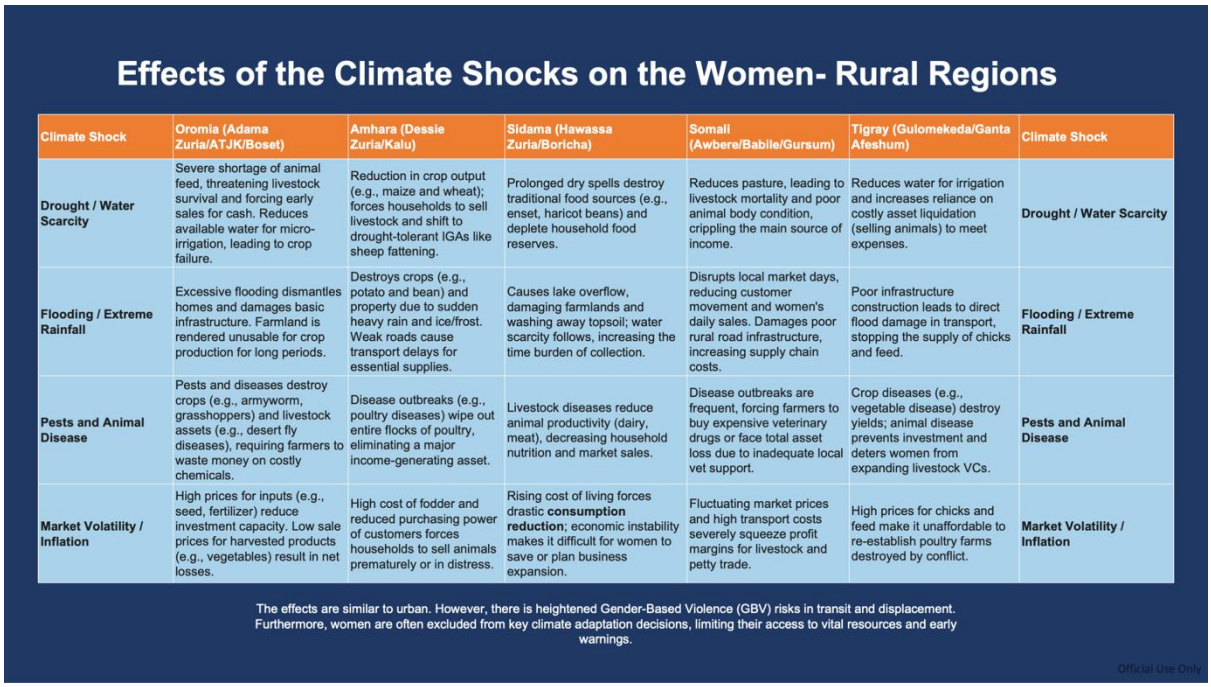
Community and Financial Buffers

- **Informal Savings (*Equb*):** Traditional systems provide essential financial security where formal banking is absent. Women use *Equb* to **save money collectively** and acquire **small loans**. One beneficiary in Adama Zuria was able to secure an **interest-free loan of 10,000 Birr** from an NGO/group to scale her business.

- **Social Support:** Communities use traditional social networks (*Idir*) and collective labor-sharing arrangements (*Dey* groups in Hawassa Zuria) to pool resources and support members during crises.

- **Adaptive Farming:** Farmers implement practical solutions like building underground **water harvesting systems** and applying **organic compost** to enhance resilience against dry spells.

Snapshot: Effects of climate shocks on women in rural regions



Effects of the Climate Shocks on the Women- Rural Regions

Climate Shock	Oromia (Adama Zuria/ATJK/Boset)	Amhara (Dessie Zuria/Kalu)	Sidama (Hawassa Zuria/Boricha)	Somali (Awbere/Babile/Gursum)	Tigray (Gulomekeda/Ganta Afeshum)	Climate Shock
Drought / Water Scarcity	Severe shortage of animal feed, threatening livestock survival and forcing early sales for cash. Reduces available water for micro-irrigation, leading to crop failure.	Reduction in crop output (e.g., maize and wheat); forces households to sell livestock and shift to drought-tolerant IGAs like sheep fattening.	Prolonged dry spells destroy traditional food sources (e.g., enset, haricot beans) and deplete household food reserves.	Reduces pasture, leading to livestock mortality and poor animal body condition, crippling the main source of income.	Reduces water for irrigation and increases reliance on costly asset liquidation (selling animals) to meet expenses.	**Drought / Water Scarcity**
Flooding / Extreme Rainfall	Excessive flooding dismantles homes and damages basic infrastructure. Farmland is rendered unusable for crop production for long periods.	Destroys crops (e.g., potato and bean) and property due to sudden heavy rain and ice/frost. Weak roads cause transport delays for essential supplies.	Causes lake overflow, damaging farmlands and washing away topsoil; water scarcity follows, increasing the time burden of collection.	Disrupts local market days, reducing customer movement and women's daily sales. Damages poor rural road infrastructure, increasing supply chain costs.	Poor infrastructure construction leads to direct flood damage in transport, stopping the supply of chicks and feed.	**Flooding / Extreme Rainfall**
Pests and Animal Disease	Pests and diseases destroy crops (e.g., armyworm, grasshoppers) and livestock assets (e.g., desert fly diseases), requiring farmers to waste money on costly chemicals.	Disease outbreaks (e.g., poultry diseases) wipe out entire flocks of poultry, eliminating a major income-generating asset.	Livestock diseases reduce animal productivity (dairy, meat), decreasing household nutrition and market sales.	Disease outbreaks are frequent, forcing farmers to buy expensive veterinary drugs or face total asset loss due to inadequate local vet support.	Crop diseases (e.g., vegetable disease) destroy yields; animal disease prevents investment and deters women from expanding livestock VCs.	**Pests and Animal Disease**
Market Volatility / Inflation	High prices for inputs (e.g., seed, fertilizer) reduce investment capacity. Low sale prices for harvested products (e.g., vegetables) result in net losses.	High cost of fodder and reduced purchasing power of customers forces households to sell animals prematurely or in distress.	Rising cost of living forces drastic **consumption reduction**; economic instability makes it difficult for women to save or plan business expansion.	Fluctuating market prices and high transport costs severely squeeze profit margins for livestock and petty trade.	High prices for chicks and feed make it unaffordable to re-establish poultry farms destroyed by conflict.	**Market Volatility / Inflation**

The effects are similar to urban. However, there is heightened Gender-Based Violence (GBV) risks in transit and displacement. Furthermore, women are often excluded from key climate adaptation decisions, limiting their access to vital resources and early warnings.

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5.6 Gaps in Adaptation and Resilience in Rural Areas

Coping mechanisms are repeatedly undermined by deep, interconnected structural and institutional failures, limiting them to short-term survival.

- **Systemic Financial Exclusion:** The major barrier to expanding resilient IGAs is the lack of finance. In the Somali region, financial institutions require **collateral and short repayment periods**. In the Amhara region (Kalu Woreda), taking a loan with interest is **Haram** (forbidden) for many, thus they **do not want to take any credit** unless it is interest-free. Furthermore, formal MFIs often require collateral like **land ownership book** or large group-based guarantees, which the poor cannot meet. Furthermore, in Tigray, the conflict destroyed financial institutions like **RUSACo**, forcing women to save in small, fragile groups.

- **Knowledge and Technology Gaps:** Despite recurring training from DAs (Development Agents) and NGOs, there are often **knowledge and technological gaps**. Farmers **continue to rely on traditional practices** and lack the awareness to properly use modern inputs like fertilizers or to adopt resilient technologies like electric stoves. Essential green technologies, like improved cookstoves, are often **not available here** or are **too expensive**

- **Weak Institutional Capacity:** Support is fragile and inconsistent. A policy stakeholder cited **weak coordination across institutions** and **limited extension capacity** as major bottlenecks, meaning support often focuses on inputs rather than sustainable market linkage or business coaching. Local livelihood implementation is hampered by poor government coordination. A PSNP coordinator noted a severe **coordination gap between sectors** (extension, finance, natural resources), resulting in insufficient technical and market follow-up. PSNP staff lack the transportation necessary for **continuous follow-up**, leaving beneficiaries without the guidance needed to ensure investments succeed. In Tigray, the conflict led to the **looting of office equipment** and staff dissatisfaction due to **inadequate salary**, crippling the capacity for consistent follow-up.

Chapter 6: Analysis of short-listed value chains/IGAs for UPSNJP

6.1 Overview of the Shortlisted Urban Value Chains and IGAs

The study reviewed the scope for 6 traditional value chains and associated IGAs that were identified as potential in the urban PSNP areas. As shown in Exhibit 1, the scope for poultry, petty trade and micro-agro-processing exists in all urban locations. The prospect for sheep and goat rearing exists in all locations except Addis Ababa. Scope for vegetable and handicrafts rearing are more localized.

Exhibit 1: Potential Urban Value Chains

Potential Urban Value Chains (UPSNJP)

Value Chain	Addis Ababa	Amhara	Oromia	Sidama	Somali	Tigray
Handicrafts	X	X	X			
Poultry	X	X	X	X	X	X
Petty trade	X	X	X	X	X	X
Sheep and goat		X	X	X	X	X
Vegetable		X	X	X		
Micro agro-processing	X	X	X	X	X	X

Poultry, petty trade and micro and small scale agro processing opportunities are common across all regions. Handicrafts are common in Addis Ababa, Amhara and Oromia, while vegetable production is concentrated in Amhara, Oromia, Sidama. Except for Addis, the opportunity for sheep and goat rearing exists in all urban areas.

The primary study also revealed several emerging value chains in the urban locations. As shown in exhibit 2, Addis Ababa has the highest number of potential emerging value chains. The scope for day care services exists across all urban locations in the six regions. Potential for day care service, or IGAs like black soldier fly larvae production shows that the urban locations are increasingly adapting innovative livelihood and enterprise opportunities.

Exhibit 2: Emerging Urban Value Chains

Emerging Urban Value Chains

Value Chain	Addis Ababa	Amhara	Oromia	Sidama	Somali	Tigray
Pond fish production	X					
Plastic waste recycling	X		X			X
Paper bag production	X					
Day care service	X	X	X	X	X	X
Black soldier fly larvae	X			X		

Addis Ababa has the most potential for emerging diversified value chains. Day care service has emerged as a potential across all urban areas. There is also potential for plastic waste recycling in three out of the si locations. Potential for black soldier fry shows that the households in urban locations are increasingly adapting innovative livelihood and enterprise opportunities.



Table 5: Overview of the Shortlisted Value Chains for Urban PSNP Areas

Area of Investigation	Field Findings
Market Demand & Drivers	For Handcrafts, demand is driven by domestic tourism, and national festivals. Poultry and Fish Production are driven by rapid population expansion, a widening middle class, and the need for affordable protein. Paper Bag Production is gaining traction due to regulatory restrictions on plastic bags, while Daycare Services are growing due to the rise in working mothers and urban migration.
Startup Requirements (Capital & Skills)	The barriers to entry differ. Petty Trade and Paper Bag Production are accessible due to very small startup capital requirements and minimal skill needs. Conversely, Agro-processing requires higher startup capital and dedicated workspace, and Poultry involves difficulties in financing commercial-level operations.
Sourcing & Inputs	Access to inputs is a critical variable. Shoat Fattening and Poultry are heavily impacted by rising feed prices and access to breeds or veterinary services. Vegetable production is limited by water access and input prices. Paper Bag Production faces constraints regarding consistent paper supply.
Climate Resilience	Resilience is a recurring theme. Petty Trade, Agro-processing, and Vegetables are noted as resilient because raw materials can be sourced year-round from diverse regions, mitigating local shocks. Home-based and indoor activities like Paper Bag Production, Plastic Recycling, and Daycare are considered highly resilient as they are not weather-dependent.
Profitability & Income Potential	Profitability varies significantly by sector. Petty Trade offers quick turnover but profit margins is low due to market saturation. Shoat Fattening is profitable but it is sensitive to timing; buying and selling simultaneously with other beneficiaries reduces margins. Plastic Waste Recycling offers daily cash flow, while Poultry has seen prices double due to high demand.
Role in Crisis & Stability	Certain value chains act as safety nets. Petty Trade is described by the respondents as the first livelihood for fallback during crises, sustaining family

Area of Investigation	Field Findings
	incomes during conflicts. Vegetable production provides household nutritional benefits even if market sales are limited. Daycare Services provide stable monthly income while enabling other women to enter the workforce.
Operational Challenges & Constraints	Across almost all sectors, women face significant bottlenecks. Petty Trade is hindered by workspace insecurity and street-vendor evictions. Handcrafts and Agro-processing struggle with insufficient workspace, lack of equipment (like looms or packaging materials), and financing. Poultry faces high risks from disease outbreaks and expensive feed. Shoat Fattening suffers from market flooding due to synchronized grant disbursements.

6.2 Review of Production Practices, Backward and Forward Linkages and Rural-Urban Linkages of the Urban Value Chains

The study investigated the production practices, backward linkages and forward linkages for each value chain. **Urban value chains in the six study regions exhibit distinct regional and operational dynamics.** Petty trade and vegetable production are largely subsistence-level, with petty trade suffering from saturation despite access to major sourcing hubs like Markato. **Handcrafts and Micro Agro-processing have strong rural-urban integration, linking rural raw materials to urban markets in Addis Ababa and Mekelle.** Poultry depends on inputs from private sector like Ethio-Chicken and the absence of strong rural distribution network affect the input supply. **Output marketing activities of Sheep and Goat fattening reveals gender disparities;** women in Somali and Oromia actively trade livestock, whereas men dominate trading in Sidama, Tigray, and Amhara (Table 6).

Table 6: Review of production practices, backward linkages and forward linkages of the key value chains

Value Chain	Production Practices	Backward Linkages (Inputs)	Forward Linkages (Markets)
Petty Trade	Input sourcing is easier in urban areas than rural. Women typically target consumers from the same socio-economic background in their locality. The activity is undertaken as small income generating activity for which there is large number of suppliers. For example, in Sidama respondents noted market saturation with many kiosks on every road selling the same products. This also shows that there is limited diversified income generating opportunities for the women in the urban PSNP areas.	Women petty traders in Addis Ababa source products such as Ethiopian cabbage, milk, eggs, butter, and chicken from farmers and smallholder producers located in peri-urban areas and surrounding rural districts of Sheeger City, which encompasses large rural belts. Similar patterns were reported in Hawassa, Mekelle, Jigjiga, Dessie, and Adama, where traders rely heavily on agro-pastoralists and small farmers who bring fresh produce directly to urban markets The petty traders primarily source from commercial farms, peri-urban MSMEs, and rural aggregators. In Addis Ababa traders rely on Markato for industrial goods and Lebu for fruits and vegetables. They source agricultural products from Sheger City (Oromia) Women in other Cities (Hawassa, Jigjiga, Mekelle, Adama, Dessie) receive steady supply from rural catchments and rely on urban wholesalers/importers.	Products are sold to neighborhoods and to low-income consumers. Profit margins are low due to price competition and market saturation with too many suppliers (petty traders) competing for the same consumers.
Handcrafts	Urban women specialize in spinning, embroidery, and design, while weaving is often rural and male dependent. Production skills are transferred informally through apprenticeships. Addis Ababa & Tigray are identified as key hubs for trading woven materials.	The handicraft producers rely on rural or peri-urban weavers for fabric and yarn. Shiro Meda is the dedicated center for purchasing rural inputs. Tigray (Mekelle) Adi Haki market serves as the hub where women buy woven materials and yarn.	The handicrafts producers retail through boutiques, souvenir shops, and cultural markets. With rising national demand for cultural clothing driven by festivals, tourism, and contemporary cultural fashion trends the value chain naturally links rural producers and urban finishers, creating mutually reinforcing market opportunities between rural and urban women.
Poultry	The value chain is dominated by MSMEs (government-linked) and poor women doing backyard farming (low capital/skill).	Large companies supply day-old chicks (DOCs) and feed. Ethio-Chicken is the top supplier. There are regional hubs for inputs around Bishoftu and Adama (e.g., Alema Farms). Hawassa Poultry Farm caters to Sidama region while Gerado Farm serves Amhara. Jigjiga Poultry Farm supplies to the Somali region. In regions such as Jigjiga, Hawassa, Mekelle, and Dessie, urban-based pullet growers and input suppliers play an important role in serving surrounding rural areas.	Eggs are sold to kiosks/gullits. Broilers sold during holidays which indicates at informal and seasonal production system. There is high year-round demand from urban locations. Large processors like Chiko Meat (Oromia/Addis area) use out-grower schemes for poultry production. This can be leveraged for more scalable commercial poultry production systems.
Sheep and Goat (Shoat)	This is most preferred by PSNP participants due to quick returns and low requirement for land. The IGA Involves stall feeding or free grazing. In Somali & Oromia; Women	Urban women depend on rural producers for young stock or semi fattened shoats. Feed and veterinary drugs, most of which are supplied through urban centers, further	Rural women rely on urban markets, hotels, butcher houses, restaurants, and raw meat houses as their most profitable sales outlets. While in Somali Region

Value Chain	Production Practices	Backward Linkages (Inputs)	Forward Linkages (Markets)
	actively participate in trading and marketing but not in other locations, they are primarily engaged in fattening.	tighten the linkage by pulling rural producers into urban service networks feed uses industrial by-products (brewery waste).	and parts of Oromia, women engage actively in livestock trade, purchasing shoats from rural areas and transporting them to nearby urban markets; in contrast, this practice is less common in Tigray, Sidama, and Amhara, where livestock trading remains male dominated.
Vegetable	Predominantly subsistence for household consumption; women control production and income. Some Urban PSNP beneficiaries reported that government allocated cleaned landfill sites for group-based vegetable production and provided seeds, tools, and water.	Inputs (seeds/fertilizer) are sourced from agro-dealers, though access is uneven. There is potential to link urban growers with rural organic fertilizer/seedling producers. Producers face barriers in accessing land, improved seed, fertilizer, agrochemicals, and water limitations that keep production at subsistence rather than commercial levels.	Surpluses are sold in gullits, to neighbors, or restaurants. Most produce is consumed locally within the neighborhood, generating little rural-urban market linkage compared to other value chains. Forward linkages are simple but effective; surplus vegetables are easily sold in gullits, to neighbors, or to nearby restaurants, though the small scale prevents meaningful income generation.
Micro Agro-Processing	This includes baltina (spices), injera, bread, and milk processing. The producers use traditional methods and local grinding services. Women dominate this sector and often source directly from producers for better margins. For milk, chicken, Teff, and wheat, women depend on retailers or directly purchase from farmers, dairy cooperatives, MSMEs, or small producers. Those who source directly from producers gain better margins and support more inclusive value chain relationships.	Raw materials such as Teff, Pepper, Garlic, Onion, Wheat, Milk, Eggs, and Legumes used in baltina, Injera, Bread, dairy, and chicken processing are primarily produced in rural areas and transported to urban markets by traders, cooperatives, or farmers themselves Women source inputs from major agricultural markets such as Markato and Shola Gebeya in Addis Ababa and from similar markets in regional towns including Hawassa, Mekelle, Dessie, Kombolcha, Jigjiga, and Adama.	Urban women processors transform these raw materials into semi processed and ready-to-eat products, which are then sold to wholesalers, supermarkets, neighborhood shops, food vendors, and households. In some cases, processed products are even transported back to rural markets for final sale, creating a circular rural urban flow. Women who establish direct relationships with rural producers to secure better margins, while farmers benefit from higher farm gate prices and consistent demand. This value chain offers significant potential for integrating rural and urban PSNP participants by reducing intermediaries and strengthening producer processor partnerships.

6.3 Prospects for Upgradations of the Selected Urban Value Chains

The field study provides insights into the prospects for upgradation within each value chain. Specifically, it offers the following insights:

Petty Trade: Offers limited upward mobility due to market saturation and intense competition. Petty trade is primarily an entry level IGA. However, there is prospect to move from simple street vending to operating a kiosk which can then be upgraded to a small shop.

Handcrafts: A culturally driven sector that offers substantial upward mobility through skill acquisition, effectively linking rural materials and productions with urban fashion markets. Respondents described women who started as spinners or weavers and later transitioned into full-fledged dressmaking, fashion design, or boutique ownership

Poultry: A high-potential, scalable sector driven by rising urban protein demand that allows women to progress from backyard farming to commercial operations despite disease risks. Respondents noted strong prospects for moving into commercial production because poultry offers quick returns, manageable labor demands, and year-round market demand for eggs and meat

Sheep and Goat: A profitable, quick-return activity favored by safety net beneficiaries that offers pathways from simple fattening to active livestock trading, particularly in Somali and Oromia regions.

Vegetable Production: Primarily a subsistence activity for household consumption that functions as a temporary stepping stone to build capital for more profitable ventures rather than a long-term livelihood.

Micro Agro-Processing: The value chain with the highest growth potential, capitalizing on urban demand for convenience foods to enable transitions from home-based processing to commercial enterprise.

Petty Trade

There are simple local level value additions. Women engaged in milk trading often convert unsold fresh milk into yogurt, butter, or cheese to prevent spoilage and secure additional income. Likewise, women brewing local drinks add value by transforming different grains into beverages and prepared foods.

Despite these efforts, nearly all respondents emphasized that petty trade offers low profit margins and functions primarily as an entry point IGA rather than a pathway to meaningful income growth. However, women noted that petty trade can still provide **opportunities for upgrading** from simple street vending to operating a kiosk, then to a small shop.

Respondents described **frequent transitions between IGAs** due to seasonality of inputs, changes in residence, fluctuating market demand, or shifting legal requirements for business licensing. Urban women commonly shift entirely from one IGA to another because of limited capital and time which prevent them from diversifying across multiple businesses.

Handcrafts

Handcrafts particularly cultural dressmaking offer **substantial prospects** for value addition and upward mobility within the value chain.

Women add value through **spinning, weaving, embroidery, design, tailoring, and final finishing**, with each stage offering entry opportunities for different skill levels.

The strong **cultural and identity related demand** for traditional apparel reinforced by national festivals, tourism, and the growing popularity of contemporary cultural fashion creates a solid market foundation for expansion. Respondents described women who started as spinners or weavers and later transitioned into full-fledged dressmaking, fashion design, or boutique ownership.

Skills transfer between generations; weaving and embroidery skills are often learned informally from family members, women can enter the value chain at low cost and build capacity over time. **The backward linkages to rural weavers and the forward linkages to urban consumers** provide multiple pathways for transitioning from low-value activities (e.g., spinning yarn) to higher-value, more profitable enterprise opportunities (e.g., custom cultural dress production or fashion businesses).

Poultry

The poultry value chain provides significant opportunities for value addition and upgrading. Women currently add value through **brooding day-old chicks to pullets**, raising broilers for holidays, producing eggs, and performing small scale or village level chicken processing.

Backyard producers often **begin with as few as five hens and gradually expand their flock** as they gain experience. Respondents noted strong prospects for moving into **commercial production** because poultry offers quick returns, manageable labor demands, and year-round market demand for eggs and meat.

Transition pathways within the value chain include shifting from egg production to broiler raising, from broiler raising to pullet growing, or diversifying into small poultry processing for local markets.

Women emphasized that the poultry value chain allows both horizontal diversification (multiple poultry-related IGAs) and vertical upgrading (moving toward more commercial-scale operations) when supported with access to finance, quality pullets, and technical support.

Sheep and Goat (Shoat) Fattening

Current value addition in the sheep and goat value chain is limited, despite the presence of several export abattoirs. Most value addition consists of **primary slaughtering**, with little development of processed products. While export abattoirs in Modjo operate intermittently, facilities such as Jigjiga Export Slaughterhouse, Abergalle Abattoir in Mekelle, and Waghimra Abattoir in Sekota remain **underutilized** due to their distance from cargo services and logistical constraints.

There are no significant processing companies producing dried meat, sausages, or other value-added products, leaving untapped potential for expanded markets. Despite limited value addition, shoat fattening remains **profitable for urban women** and offers a clear entry point for transitioning into livestock trade especially in Somali Region and parts of Oromia, where women actively participate in buying and selling live animals. With access to improved feed, veterinary services, and structured market linkages, women can **move from small-scale fattening to more regular trading** or expand into aggregation for restaurants, hotels, and holiday markets.

Vegetable Production

Value addition in urban vegetable production is minimal, as **production is largely focused on supplementing household consumption** and reducing daily food expenditure. Urban women grow vegetables such as head cabbage, tomato, kale, and onion primarily for home use, with limited surplus sold in local gullits. While some women who produce surplus vegetables participate in small scale marketing, **most view vegetable production as an entry IGA rather than a long-term income source**. As a result, the IGA often serves as a stepping stone into other businesses with higher returns once women build confidence and basic skills. The respondents also highlighted emerging opportunities for transitions linked to input systems, especially where PSNP programs provided reclaimed landfills, tools, and water access for group based urban gardens. These initiatives allowed women to gain experience that later enabled them to shift into petty trade, micro-agro-processing, or poultry production.

Micro Agro-Processing

Micro agro-processing **presents one of the highest levels of current value addition** among the assessed IGAs. Women are engaged in grinding, mixing, fermenting, drying, packaging, baking, and transforming raw agricultural products into semi processed or fully processed foods such as spices (baltina), shiro, berbere, injera, bread, yogurt, cheese, butter, and semi processed chicken.

These activities **generate higher margins** compared to petty trade or small-scale vegetable production. Respondents noted that urban demand for processed foods is rising due to the increasing number of working women who rely on prepared products for household consumption. The value chain offers substantial **prospects for business growth**, especially for women who establish relationships with rural suppliers or neighborhood retailers. Transition pathways include moving from household-level processing to cottage industries, from cottage level to small-scale enterprises, and eventually to supplying supermarkets or institutional buyers.

Women also transition into complementary IGAs such as poultry processing, spice production, or baking as their business networks expand. As a value chain with strong backward (rural sourcing) and forward (urban retail) linkages, it provides meaningful opportunities for upward mobility when women access improved equipment, packaging, hygiene facilities, and basic business training.

6.4 Access to finance, skills and other business development services in rural value chains

The study findings show that generally there is weak access to finance, skills and business development services.

Petty Trade: Despite low startup costs, women struggle to access finance due to limited collateral and digital literacy while lacking basic business skills like recordkeeping and market analysis.

Handcrafts: This sector faces a significant lack of tailored financial products for equipment; there is also absence of formal training institutions for essential skills like weaving and spinning.

Poultry: While accessible at a backyard level, scaling to profitable commercial production is blocked by a lack of specialized husbandry training, business advisory services, and investment capital.

Sheep and Goat (Shoat): High capital requirements make entry difficult, while profitability is hampered by a complete absence of formal training in animal selection, disease identification, and market negotiation.

Vegetable Production: Producers lack tailored financial products for purchasing quality inputs and face critical skill gaps in pest management, soil fertility, and post-harvest handling.

Micro Agro-Processing: Digital loans are better suited to this sector's short cycles. Women are constrained by low financial awareness and lack of formal training in hygiene, packaging, and branding.

Petty Trade

Petty trade requires minimal start-up capital, yet poor urban women struggle to access finance due to low collateral, limited digital literacy, and low awareness of digital loan products. Some respondents reported awareness of uncollateralized digital micro loans, but most FGD participants noted that these loans are either too small, difficult to access without a smartphone or digital ID, or feared due to repayment pressure.

Skill requirements for petty trade are low, but respondents highlighted limited access to basic business development services such as pricing skills, recordkeeping, customer handling, and market analysis

services that could help women increase margins and reduce losses. Most women rely on informal mentorship, peer learning, and trial-and-error rather than structured support.

Urban traders also emphasized the absence of training on semi processing (e.g., safe milk handling, quality enhancement of local drinks), which would enable better value addition. Overall, access to finance and business development services remains a major barrier constraining petty traders' ability to grow or stabilize their businesses.

Handcrafts

Handcrafts particularly weaving, spinning, and cultural dressmaking suffer from significant gaps in both finance and skill development. There are no financial products tailored to the unique needs of spinners, weavers, or cultural dressmakers. The available digital micro loans are too small to purchase fabric, threads, sewing machines, or weaving equipment.

Major constraints also stem from the limited availability of training institutions. While urban areas host emerging private training centers for cultural dressmaking, no institutions provide structured training in weaving or spinning skills that are essential for producing yarn and fabric. This forces women to depend on informal learning from family members or neighbors.

Although international development organizations like GIZ, UNDP, and MasterCard Foundation support modernization of traditional fabric and provide design focused training, these services reach only a small portion of women who are aware of such opportunities, and coverage is largely restricted to major urban centers. Business development services such as design innovation, branding, quality control, and market linkage remain inaccessible to the majority, particularly women in peripheral towns or those starting from low-income backgrounds.

Poultry

Backyard poultry production requires small initial capital and limited skills, making it one of the most accessible IGAs. However, scaling up poultry to a profitable enterprise requires significant investment, specialized training, and ongoing advisory services, all of which are difficult for poor women to access.

Women in urban areas reported limited opportunities for training in modern poultry husbandry, disease prevention, chick management, feed formulation, and recordkeeping. Business advisory services especially on how to transition from small backyard production to commercial production are nearly absent. Access to finance is also highly constrained: many women lack smartphones,

digital IDs, or awareness of digital loan products. Even when aware, they often fear borrowing due to unstable income. Some women reported learning improved poultry practices via online tutorials from young entrepreneurs, reflecting the rise of informal digital learning. However, without structured training or credit, most women remain stuck at micro-scale production with limited potential for upgrading.

Sheep and Goat (Shoat)

Sheep and goat fattening and trade require relatively high investment capital, making it inaccessible for most poor urban women unless they obtain grants, credit, or rely on group savings systems such as Ikub. Respondents highlighted that while shoat fattening itself does not require complex technical skills, many women lack the knowledge needed to select healthy animals, identify diseases, or understand appropriate fattening cycles gaps that directly reduce profitability.

There are no formal training programs available for women interested in livestock trade or fattening, and advisory services are extremely limited across all regions. Moreover, urban PSNP participants lack access to business development services that would help them manage working capital, negotiate with suppliers, or identify better market channels. Without finance, skill training, or advisory support, women remain unable to enter or grow within the shoat value chain, despite its strong demand and potential.

Vegetable Production

Vegetable production requires low capital and basic agricultural skills for backyard plots, allowing many urban women to engage using their own resources. However, for women producing on plots larger than 200 m², significant gaps exist in finance, skill development, and advisory support. There are no tailored financial products to assist women in purchasing quality seed, tools, watering equipment, or organic fertilizer. Skill gaps are especially pronounced because vegetable production is highly sensitive to pests, irrigation management, and soil fertility, and requires careful attention at each stage.

Poor urban women lack access to training on integrated pest management, nursery management, soil preparation, post-harvest handling, and safe storage skills essential for reducing losses and improving yields. The perishable nature of vegetables also demands strong post-harvest skills, which are largely absent. Business development services are minimal, leaving women without guidance on market timing, price negotiation, or planning for seasonal production cycles.

Micro Agro-Processing

Women engaged in micro agro-processing have somewhat better suited access to uncollateralized digital loans due to short cycle of the business activity, which can support working capital needs for IGAs such as spice production, shiro making, injera baking, and dairy processing.

However, awareness of these financial products remains low, and many women avoid borrowing due to fear of business failure or unfamiliarity with repayment procedures. Most rely heavily on Ikub or informal borrowing to finance their operations. Skill development in micro agro-processing occurs primarily through experience, mentorship, and household learning.

Yet, the respondents highlighted the importance of specialized skills: for example, FGD respondents in Addis Ketema noted that producing high quality shiro, berbere, or mixed spices requires specific knowledge that not all women possess.

Despite this need, no formal institutions offer training in traditional spice making, processing hygiene, packaging, or quality consistency. Business development services such as branding, labeling, food safety, and market linkage are also largely inaccessible, limiting women's ability to scale or compete in urban markets.

6.5 Regional Variations in the Performance of the Urban Value Chains

The findings show that the regional performance varies significantly in the urban locations and is driven by infrastructure, culture, and conflict recovery issues. Addis Ababa and Oromia thrive on strong supplier networks and market density but suffer from saturation. Conversely, Tigray and Amhara are recovering from conflict disruptions that severed input chains. Cultural factors drive distinct outcomes: the Somali region excels in livestock trade where women are active participants, yet lags in poultry and micro-processing due to specific dietary preferences. While finance is a universal barrier, digital loan awareness is slightly higher in major urban centers compared to peripheral towns (Table 7).

Table 7: Review of value chain performance by regions

Region	Petty Trade	Handcrafts	Poultry	Sheep and Goat (Shoat)	Vegetable Production	Micro Agro-Processing
Addis Ababa	There is strong access to wholesale hubs (Markato/Shola) for diverse goods. High market saturation reduces margins. Women have some exposure to digital loans.	There is strong demand which is driven by events, weddings, and fashion hubs like Shiro Meda. Designers have superior access to fabric and modern machinery.	High holiday demand. Easy access to inputs/services due to proximity to major suppliers. Women use online tutorials for skills.	Relies on distant rural supply chains which increases cost of transportation. Women rely on grants start their IGA. However, there is strong market demand.	The supply chain is strong. There is good access to agro-dealers and inputs suppliers. Women cultivate on reclaimed landfill sites.	Strongest Performance. High density and lifestyle support demand for processed foods. Better access to mills and tools.
Amhara (Dessie, Kombolcha)	Benefits from strong regional markets and rural proximity. Constrained by very low access to finance due to lack of collateral/IDs.	Demand has been historically strong due to tourism/heritage, but conflict has disrupted production and demand. Rural weavers are key suppliers.	Fewer training opportunities exist due to conflict.	Large livestock population drives performance. Conflict has disrupted vet services and fattening cycles.	Traditionally high potential, but output reduced by disruptions to irrigation and input supply chains.	There is strong demand but conflict disrupted access to raw materials and electricity.
Oromia (Adama, Bishoftu, Sheger)	Adama benefits from wholesale markets but faces saturation. The households have some exposure to digital micro-loans.	There is large demand tied to festivals like Irrecha. Rural weavers in parts of the region remain key input suppliers.	Adama hosts major suppliers (e.g., Alema Farms). Women have some awareness of digital loans and use online learning. Overall, the performance of the poultry producers is strong.	Strong performance with active urban markets. Women participate directly in livestock trading. Uses group savings (Ikub).	Like Addis, women use reclaimed landfills for group cultivation. Access to market is strong.	Population density supports processed spice/food demand. Some towns lack structured training opportunities.
Sidama (Hawassa)	The petty traders benefit from proximity to rural suppliers. But they have very low financial access due to weak outreach capacity of the micro-finance institutions (MFIs).	There are seasonal peaks. Demand is tied to Fitche Chambalala. Producers rely on other regions for inputs. Skill gaps are pronounced.	Easy access to inputs and extension support contributes to strong performance of the Women poultry rearers. They also have exposure to peer learning and online tutorials.	The performance is strong however women are reliant on grants than self-financing to start shoat rearing.	Strong access to markets. Good availability of improved seeds, fertilizer, and organic compost.	Urban consumer lifestyles support demand. Women have better exposure to business development services.
Somali (Jigjiga)	Transport costs raise input prices; pastoral supply chains are less predictable. The households have some exposure to digital loan.	Cultural preference for industrial Somali-style garments limits demand for traditional weaving. There is strong skill gap.	Cultural reliance on camel milk and low demand for chicken limits development potential of poultry in Sidama.	Women actively trade and transport animals. Easy access to stock due to proximity to pastoralists.	Production is less common due to water scarcity and heat; relies on imports.	Weakest Performance. Cultural food habits (camel milk/no injera) limit demand for typical processed goods.
Tigray (Mekelle)	Conflict caused severe disruption and raise the costs of inputs but markets are slowly reopening. Access to finance is very weak.	Historically strong heritage market is disrupted by conflict. Rural weavers remain key suppliers.	Strong potential but currently faces disruptions due to conflict.	The value chain in Tigray is male Dominated. Livestock trading is considered a male domain. Conflict has disrupted vet services.	Input supply chains and irrigation have been disrupted by conflict.	Conflict disrupted access to raw materials and electricity, reducing production capacity.

6.6 Summary of Opportunities and Constraints in Urban Value Chains

Based on the discussion, we can define the following specific opportunities and constraints for the short-listed urban value chains.

Table 8: Summary of opportunities and constraints in the urban value chains

Petty Trade	
Opportunities	**Constraints**
- **Accessibility:** Requires minimal startup capital and technical skills, making it highly accessible to vulnerable populations. - **Flexibility:** Allows women to manage household responsibilities (childcare, domestic duties) alongside business activities. - **Market Stability:** Consistent, year-round demand for basic goods (food, household items) with stable supply chains for industrial products. - **Resilience:** Less dependent on rainfall or specific climate conditions compared to agriculture, providing income stability during droughts. - **Growth Potential:** Offers a pathway from mobile vending to fixed kiosks and larger retail/wholesale operations. - **Financial Agility:** Quick return on investment allows for rapid reinvestment and pivoting between activities based on seasonal demand. - **Credit Access:** Existing supply chains often allow for stock sourcing on credit from local wholesalers.	- **Low Profitability:** High competition and market saturation lead to low margins, often only sufficient for daily subsistence with little room for savings. - **Financial Exclusion:** Limited awareness of uncollateralized digital loans and fear of debt repayment in unstable markets stunt growth. - **Regulatory Hurdles:** Poor awareness of licensing procedures and fear of subjective taxation discourage formalization. - **Precarious Work Conditions:** Traders often operate in unsafe locations, facing risks from traffic, weather, and harassment or eviction by authorities. - **Seasonality:** In rural contexts, trade remains tied to agricultural cycles, creating "boom and bust" periods.
Handicrafts	
Opportunities	**Constraints**
- **Cultural Demand:** Growing national pride and integration of cultural clothing into contemporary fashion is driving demand. - **Tourism & Export:** Increased tourist flow and the emergence of e-commerce platforms link producers to international markets. - **Innovation:** Rising use of social media for marketing and increasing innovation in design and skill training. - **Resilience:** Ability to stock raw materials and supplement with industrial products enhances climate resilience.	- **Value Chain Inefficiency:** Poor connection between weavers and dressmakers leads to intermediary dominance and reduced producer margins. - **Skill Gaps:** Limited access to sustained business advisory services and skill training, particularly in regional towns. - **Technological Limitations:** Reliance on hand or rudimentary machines limits productivity, efficiency, and quality.

- **Institutional Support:** NGO and government support exists for training, machinery, and market linkages.	- **Financial Barriers:** Absence of financial services tailored to the specific needs of spinning, weaving, and dressmaking. - **Market Challenges:** Poor branding, packaging, and small-scale production hinder aggregation and mass supply to wholesalers.

Poultry	
Opportunities	**Constraints**
- **Entry Barriers:** Low startup capital, short production cycles, and minimal land requirements are ideal for poor urban women. - **Resilience:** High climate resilience due to low water needs and enclosed farming systems. - **Market Demand:** Strong demand driven by population growth and the gap between food production and consumption. - **Ecosystem Support:** Availability of diverse breeds, educational resources (videos), and strong government backing (e.g., "Bounty of Basket" program).	- **Input Quality:** Poor quality pullets due to feed adulteration and limited access to improved breeds. - **Infrastructure:** Lack of access to land or shade for production facilities. - **Supply Chain:** Limited number of day-old chick suppliers and enterprises engaged in pullet production. - **Finance:** Poor access to financial services specifically for expanding urban poultry production.

Sheep and Goat (Shoat) Fattening	
Opportunities	**Constraints**
- **Accessibility:** Requires low formal skills, leveraging existing traditional knowledge. - **Resilience:** Climate-resilient due to low water and grazing requirements compared to large livestock. - **Market Demand:** Consistently high domestic and export demand for meat, supported by a growing number of abattoirs. - **Niche Markets:** Emergence of specialized raw meat restaurants and butchers in urban areas creates higher-value opportunities. - **Genetic Diversity:** Existence of local varieties adapted to diverse agro-ecologies.	- **Resource Scarcity:** Severe seasonal feed and water shortages limit productivity. - **Genetic Stagnation:** Low national attention to genetic improvement limits production potential. - **Market Inefficiency:** Poor connections between producers, collectors, and abattoirs result in long value chains and reduced profits. - **Gender Norms:** Cultural norms in many regions restrict women from selling directly in markets, forcing reliance on male intermediaries and reducing income control. - **Extension Gaps:** Advisory services often focus on male-headed households and crop production, leaving women without crucial technical support.

Vegetable Production	
Opportunities	**Constraints**
	- **Scale:** Low returns from backyard production limits income potential.

- **Feasibility:** Requires small capital and utilizes backyard space, fitting within women's time constraints. - **Control:** Women can easily sell produce and control the income generated. - **Technology:** Availability of land-economizing technologies like vertical and sachet-based farming. - **Demand:** High market demand for fresh vegetables.	- **Input Access:** Challenges in accessing small packs of improved seeds, sprayers, and organic fertilizer. - **Resource Access:** Difficulty accessing land for expansion and reliable water sources for year-round production.

Micro-agro processing	
Opportunities	**Constraints**
- **Urban Demand:** Growing demand for processed food due to urbanization and the increasing number of working women. - **Value Addition:** Long shelf-life products and value addition offer stability and higher margins. - **Employment:** High capacity to engage large numbers of women through self and wage employment. - **Linkages:** Potential to create strong economic links between rural producers and urban processors. - **Scalability:** Potential for growth from micro to medium and large-scale processing.	- **Technology:** Poor access to labor-saving devices that could enhance productivity and quality. - **Input Quality:** Adulteration of raw agricultural commodities by traders affects final product quality. - **Packaging:** Poor packaging and branding skills, along with a lack of access to small packaging machines. - **Institutional Gaps:** Absence of institutions specifically focusing on traditional Ethiopian spice making. - **Finance:** Poor access to tailored financial services to support business growth from micro to medium scale.

6.7 Summary of Constraints and Opportunities in New and Emerging Value Chains and IGAs in Urban Regions

Most new and emerging IGAs in urban areas have developed in response to locally available resources, environmental challenges, cultural shifts, and community driven innovation that enables households to generate income from what is readily accessible.

As explained in section 6.1, respondents across the regions identified plastic waste recycling, paper bag production, day care services, pond fish production, and Black Soldier Fly (BSF) larvae production as the most promising emerging IGAs for poor women in the Urban PSNP program.

These activities are considered attractive because they are climate-resilient, require relatively low start-up capital, and align well with women's time constraints and existing skills or offer opportunities for simple, practical training. In addition, some IGAs, such as pond fish farming and paper bag production, are gaining attention due to supportive government initiatives, including access to starter materials, training, or market facilitation.

Together, these emerging sectors present viable pathways for women to diversify their income sources, transition out of saturated IGAs, and engage in greener and more sustainable livelihood opportunities.

Table 9: Summary of Constraints and Opportunities in new and Emerging Value Chains in Urban Locations

Plastic Waste Recycling	
Opportunities	**Constraints**
- Women can earn additional income while contributing to environmental and social benefits, such as reducing pollution and promoting circular economy solutions through collecting and sale of plastic waste - Emerging markets around plastic waste recycling allow women to sell collected plastics easily - Innovation around converting plastic waste into mats, Eco bricks, and other useable product creates significant economic value -	- Plastic waste collection exposes women to different harassments due to absence of protection and need to travel around urban areas to collect plastic - Poor market linkage and poor awareness around the importance of using recycled product is hindering potential for scale - Poor access to financial services to invest in technologies that help convert plastic waste into economically valuable products
Paper Bag Production	
Opportunity	**Constraints**
- The Ethiopian government's ban on single use plastics has created a strong and growing market demand for paper bags, offering women a reliable opportunity to generate income. - Paper bag production can be done at home using simple tools and rudimentary technology, enabling women to participate in the sector without needing formal workshops or large equipment. - The increasing adoption of paper bags by retail shops, supermarkets, and marketplaces creates opportunities for a high number of women to engage simultaneously, supporting widespread economic participation. - Paper bag production requires minimal investment, and products can be sold immediately to local shops, super markets, and consumer cooperatives, allowing women to earn income quickly. - Women can enhance their earnings by learning creative designs, printing, branding, and producing value added products (decorated or custom sized paper bags) to capture niche markets. - Women can source recycled or locally produced paper at low cost and establish connections with retailers, supermarkets, and urban markets, ensuring steady demand and sustainable income. - Women can form cooperatives or community groups to scale production, share equipment, reduce costs, and strengthen market reach, enabling collective economic empowerment.	- Lack of training on producing high quality, durable, and attractive paper bags restricts women's ability to compete in the market and meet retailer standards. - Poor connections between paper bag producers and key buyers, such as supermarkets, retail shops, and marketplaces, reduce sales opportunities and limit consistent income. - Limited access to credit or financial services prevents women from investing in small machinery and tools that could reduce labor, increase production efficiency, and expand their businesses. - Manual paper bag making is time consuming and physically demanding, which can limit the scale of production and women's ability to generate sufficient income. - Availability of cheaper imported paper or plastic substitutes may reduce local demand for women produced paper bags, affecting profitability. - Lack of marketing skills or platforms to promote their paper bags prevents women from reaching broader customer bases and capturing higher value sales. - Inconsistent access to affordable raw materials (e.g., recycled or kraft paper, inks, adhesives) can disrupt production and increase costs, limiting income potential.
Day Care Services	
Opportunities	**Constraints**
- Rapid urbanization and increasing numbers of working parents create strong demand for reliable	- Meeting the minimum standards for licensing, safety, and infrastructure (e.g., space, sanitation, and equipment) requires significant capital, which

day care services in neighborhoods, providing women with steady income opportunities. - Training institutions and NGOs offer training in child care, early childhood development, and management, enabling women to gain the skills needed to operate quality day care services - Day care services can be operated from women's homes or small rented spaces, requiring minimal startup capital and allowing integration with household responsibilities. - Women can expand their offerings to include meal preparation, educational activities, and after school support, increasing the value and income from their day care service. - Women providing day care services can collaborate to share resources, training, and marketing, strengthening service quality and attracting more clients	can be a barrier for poor women in UPSNJP/PSNP programs - Operating a quality day care service requires skills in child care, early childhood education, and business management, yet training opportunities are often scarce or expensive unless supported by NGOs and programs like UPSNJP/PSNP - Lack of visibility and limited marketing skills may reduce the ability to attract enough clients, especially in urban areas with multiple day care options.
Black Soldier Fry Larvae Production	
Opportunities	**Constraints**
- Small scale BSFL rearing requires limited space and low startup capital (using simple bins and sheds), making it an ideal, manageable source of income for poor and vulnerable women to operate alongside household responsibilities. - The vast availability of free agro-industrial byproducts (e.g., avocado waste) and urban fruit/vegetable market scrap**s** creates a strong, sustainable, and low-cost feedstock supply for BSFL producers. - Improved production methods and a high-quality product (BSFL meal) provide a viable, protein rich replacement for expensive fishmeal and soy, meeting the strong existing market demand from poultry, sheep and goat, dairy, and fish farmers. - BSFL production supports a circular economy model by yielding two valuable products: high protein animal feed and "frass" bio-fertilizer, diversifying income sources and providing a sustainable alternative to costly conventional fertilizers. - Reduces environmental pollution by utilizing waste for economic purposes	- Low awareness among smallholder farmers about the nutritional benefits and safe inclusion levels of BSFL meal in animal diets, combined with the social stigma of handling insects, limits market demand and reduces sales opportunities for small scale women producers - High initial investment for equipment, bins, and infrastructure, combined with lack of collateral or access to microfinance, restricts poor women from starting or scaling BSFL production. - Limited awareness of BSFL husbandry, optimal rearing methods, harvesting techniques, and feed formulation prevents women from engaging in the IGA. - Limited knowledge of pricing, standards, and distribution channels, hinder women from selling their BSFL meal and frass profitably.

Chapter 7: Analysis of short-listed value chains/IGAs for Rural PSNP

7.1 Overview of the Shortlisted Rural Value Chains and IGAs

The study reviewed the scope for 8 traditional value chains and associated IGAs that were identified as potential in the rural PSNP areas. As shown in Exhibit 3, the potential for almost all the value chains are present across all regions with the exception of apiculture and fruits. This shows **more prospect for scalability of the value chain upgradation strategies and engagement in income generating activities in rural areas if compared to urban.**

Exhibit 3: Potential Rural Value Chains

Potential Rural Value Chains (PSNP)

Value Chain	Amhara	Oromia	Sidama	Somali	Tigray
Handicrafts	X	X	X	X	X
Poultry	X	X	X	X	X
Petty trade	X	X	X	X	X
Sheep and goat	X	X	X	X	X
Apiculture		X	X		X
Dairy	X	X	X	X	X
Vegetable	X	X	X	X	X
Fruits	X	X	X		

While the urban opportunities are to certain degree localized, the rural opportunities are common across all regions with the exception of apiculture, the scope for which is limited to Oromia, Sidama and Tigray

The primary study also revealed several emerging value chains in the rural locations. Unlike the urban locations, the potential for new emerging value chains in rural areas is limited. Among the ones identified, the potential for organic fertilizer and beauty and care services exists across all regions. The scope for pond fish production was found only in Sidama while the scope for Charcoal Briquette was found in Oromia, Sidama and Somali regions.

Exhibit 2: Emerging Urban Value Chains

Emerging Rural Value Chains

Value Chain	Amhara	Oromia	Sidama	Somali	Tigray
Pond fish production			X		
Organic Fertilizer	X	X	X	X	X
Beauty and Care Service	X	X	X	X	X
Charcoal briquette		X	X	X	

Table 10: Overview of the Shortlisted Value Chains for Urban PSNP Areas

Area of Investigation	Field Findings
Market Demand & Drivers	Demand in Handcrafts is driven by household utility and cultural value, especially in Oromia, Amhara, Sidama, and Tigray. Petty Trade serves local needs for agricultural goods and consumables. Market demand for Sheep and Goat is robust. There is also market linkages with urban fatteners and traders. Poultry adoption is driven by the performance of dual-purpose breeds (egg and meat) adaptable to various agro-ecological zones.
Startup Requirements (Capital & Skills)	Petty Trade has low barriers, requiring minimal capital and skills. Fruits and Apiculture require low capital once established or for startup, respectively. In contrast, Dairy is capital intensive; a single crossbred cow costs over ETB 200,000, making it inaccessible for the poorest women even though the IGA is highly aspirational.
Sourcing & Inputs	Vegetable production is constrained by limited access to improved seeds, agrochemicals, and irrigation technologies. Poultry faces shortages of local pullet growers, limiting access to improved breeds. Apiculture (specifically colony multiplication) depends heavily on flowering plants, which are sensitive to drought. Dairy requires improved feeding and fodder storage to be viable.
Climate Resilience	Sheep and Goat are found as relatively climate-resilient. Apiculture offers resilient products (honey/wax) but bee colonies are vulnerable to drought. Dairy is identified as climate-sensitive, requiring water trucking and fodder storage to manage risks. Fruits contribute to long-term household resilience once established.
Profitability & Income Potential	Dairy is seen as the ideal pathway out of poverty, with a single crossbred cow potentially earning ETB 1,400 daily. Sheep and Goat offer moderate profits and fit within PSNP grant sizes. Apiculture can generate high income with minimal time investment. Fruits provide long-term sustained income rather than quick returns.
Role in Crisis & Stability	Petty Trade provides flexible income that balances with household responsibilities of the women. Vegetable production supports both home consumption (nutrition) and income generation. Fruits act as a tertiary investment for long-term household resilience. Apiculture contributes to environmental regeneration, reducing broader climate risks.
Operational Challenges & Constraints	Handcrafts in the Somali Region face cultural stigma where producers are viewed as a lower social class. Vegetable farming is limited by a lack of structured market linkages and training. Poultry relies on indigenous breeds with low productivity due to input shortages. Dairy is labor-demanding and requires sophisticated management to mitigate climate risks.

7.2 Review of Production Practices, Backward and Forward Linkages and Rural-Urban Linkages of the Rural Value Chains

The **rural value chains demonstrate strong forward linkages to urban markets but are hindered by weak backward linkages for inputs**. Petty trade has the strongest urban-rural linkages, facilitating the flow of agricultural goods to towns and industrial items to villages. High urban demand drives the poultry, dairy, and sheep/goat sectors, yet producers struggle with limited access to inputs like improved breeds and veterinary care. Fruit production is observing price surges due to demand for industrial processing. Handcrafts provide income which is just enough for subsistence consumptions; poor linkages to end market hinders growth of handicraft into more commercial vocation.

Table 11: Review of production practices, backward and forward linkages ad potential for rural-urban linkages

Value Chain	Production Practices	Backward Linkages	Forward Linkages
Petty Trade	Women source inputs based on business type (agricultural vs. industrial). Agricultural traders buy from local rural producers; industrial traders buy from urban wholesalers.	Supply chains are generally stable with consistent relationships and informal credit arrangements. However, currency devaluation has increased goods' costs and depleted the working capital.	Goods are resold in the same rural markets or transported to nearby towns for better prices. The sector demonstrates the strongest rural-urban linkage, with a two-way flow of agricultural and industrial goods.
Handcrafts	Producers use locally available materials (grasses, palm leaves, clay) for handmade production. Tools are rudimentary, limiting scale and quality. This is one of the most affordable IGAs for women who lack capital to start-up an IGA.	Inputs are sourced directly from the local sources. This enables production even when cash is scarce. Producers lack access to modern designs and tools for quality production.	Products are mainly low-value household items (sefed, mesob) with strong local demand but low prices. Lack of market linkages to urban boutiques or tourist markets limits income. Cultural stigma in Somali region further suppresses market access.
Poultry	Most women rear indigenous chickens under free-range systems using local feed. Production of improved breeds (Sasso, Koekok) is increasing but access to the DOCs is limited. Women control production, marketing, and income.	Rural women rely on urban centers and development agents for improved pullets, veterinary inputs, and equipment. Shortages of local pullet growers and veterinary services remain major bottlenecks.	Eggs and live chickens are sold at farm gates or local markets. Women also act as aggregators, collecting eggs door-to-door. Strong urban demand for rural eggs and chickens creates a robust market for poultry.
Sheep and Goat	Women manage feeding and selling. The also often purchase breeding stock from local markets. Production relies mainly on free grazing. The extension services target mostly the men. Women thus lack skills in selecting high-quality breeding stock.	There is heavy reliance on indigenous breeds due to a lack of improved dairy/meat breeds. Veterinary care is a major service gap, with inadequate government coverage.	Women sell at farm gates, village/regional markets, or via cross-border routes. Demand is driven by export abattoirs, urban consumption, and ceremonies. Cultural norms in Amhara restrict women's mobility to markets, forcing lower-margin farm gate sales.
Vegetable	Women participate in all stages of production - from land preparation to marketing. Production is often rain-fed, limiting productivity. Water access is the greatest constraint; lack of irrigation tools is widespread.	Seeds sourced from open markets are often low-quality or unsuitable. Access to improved seeds, agrochemicals, and irrigation is poor due to cost and limited availability.	Produce is sold in villages, roadside stands, or to aggregators for nearby towns. Despite weak input access, vegetables facilitate continuous food flow to urban centers and generates employment along the trading pathway.
Dairy	The production functions are entirely managed by women (feeding, milking, processing). The producers rely on indigenous cows and free grazing due to limited access to improved breeds and artificial insemination (AI) services. Milk yields are low; producers in remote locations focus on butter/cheese due to perishability and lack of access to market for fresh dairy.	Access to improved heifers and AI is extremely limited. Producers in rural areas are dependent on suppliers from Urban areas for supply of critical inputs like vet services and commercial feed.	Butter, cheese, and raw milk flow to urban households and processors. Urban milk collectors travel to peri-urban areas, though rising prices reduce collection volumes. Dairy remains a central driver of rural-urban economic linkage.
Fruits	Women manage planting, harvesting, and marketing. Trees require minimal management once established. Local seedlings are slow-growing and low-yielding. Households lack access to improved quality seeds.	Improved seedlings from private nurseries and urban suppliers support rural production. Producers in Sidama and Oromia reported better access to improved quality seeds due to private suppliers.	High demand from urban markets and agro-industrial parks (e.g., avocado processing in Sidama) has dramatically raised farm gate prices. Strong forward linkages connect rural orchards to urban processors.
Apiculture	Production is traditionally dominated by men, but modern hives offer entry for women. Modern equipment allows safe daytime harvesting. Transitional hives triple the yield of traditional ones (14kg vs 5kg).	Rural beekeepers rely on urban workshops for modern hives and gear. Colony suppliers are emerging in peri-urban areas.	Crude honey flows to urban markets for refining/processing. Urban demand is rising, with buyers often paying in advance. There is unmet demand- supply shortages are more prominent than demand limitations.

7.3 Prospects for Upgradations of the Selected Rural Value Chains

The findings show that there are specific opportunities for upgradation of the farming practices and market access to support the households pathway out of poverty and build climate resilience.

Petty Trade: Primarily an entry-level stepping stone for capital accumulation, offering opportunities to grow from mobile vending to kiosk ownership, wholesaling, and importing without significant administrative barriers.

Handcrafts: A resource-rich sector with strong potential for scaling from home production to commercial enterprises and retail management, provided connections to urban markets are established.

Poultry: A highly accessible, scalable entry-level activity where profits serve as savings for investment in larger livestock, allowing women to maintain daily cash flow while building long-term assets.

Sheep and Goat: A profitable second-tier activity that acts as a bridge for upward mobility, with successful women transitioning to high-value dairy farming.

Vegetable Production: Offers vertical growth potential into semi-commercial farming through irrigation and off-season production, while serving as a crucial complementary cash source for entry-level households.

Dairy: The most aspirational top-tier livelihood, offering extensive value addition (butter, cheese) and high profitability, attainable after accumulating capital from lower-tier activities.

Fruits: A stable third-tier investment for established households, providing long-term income security with emerging high-value opportunities linked to agro-industrial processing demand.

Apiculture: A high-potential sector offering both vertical (processing/packaging) and horizontal (wax/hive making) expansion, increasingly accessible to women via modern hive technology

Petty Trade

Petty trade offers limited value addition in rural areas, but women are engaged in semi processing activities that enhance income. Women who trade milk commonly convert unsold fresh milk into yogurt, butter, or cheese, while those in food and beverage trade brew local drinks and transform grains into multiple products.

Despite these activities, similar to urban areas, most women in rural areas reported that profit margins in petty trade is very low, making it an entry-level IGA used to accumulate capital before transitioning into higher return activities such as livestock rearing or vegetable production.

The value chain, however, presents opportunities for upward mobility; respondents noted that petty traders can grow from small vendors into kiosk owners, wholesalers, and eventually importers when operating in more urbanized areas. Rural women often maintain multiple IGAs simultaneously, shifting between petty trade, poultry, and vegetable sales based on seasonal availability.

Unlike urban settings, rural enforcement of licensing is minimal, allowing the petty traders flexibility to operate without administrative barriers. Regardless of these limitations, petty trade remains the primary stepping stone for rural women seeking to diversify income sources.

Handcrafts

Handcrafts provide strong potential for value addition and upward mobility for rural women, given the abundance of grasses, false banana fibers, bamboo, and clay and generational skills in pottery, basketry, and weaving. Women convert these raw materials into household utensils, textiles, and traditional cultural items; however, most rural production remains low value due to limited access to modern designs, quality enhancing tools, dyes, and market linkages to urban or tourist markets.

When connected to urban markets, these same items can be upgraded through finishing, branding, and design improvements which will multiply their value. Rural urban transitions within the value chain is strong; women may begin as home based producers, advance into aggregation and marketing roles, and eventually manage retail shops or supply tourist centers. In Somali region, cultural norms suppress participation, limiting value addition opportunities. Nonetheless, across other regions, the handcraft value chain represents a viable growth path for women seeking to scale from home production to commercial craft enterprises.

Poultry

The poultry value chain provides significant opportunities for value addition, although current rural activity is largely limited to egg production due to the absence of village level hatcheries, pullet growers, and poultry processing services. Women's participation is concentrated in producing and selling eggs and live birds, with limited movement into downstream processing.

Despite this, poultry serves as a highly accessible entry level IGA because of its low capital requirements, quick returns, and cultural acceptance across regions. Women typically begin with 5–10 chickens and gradually scale up as they accumulate income, with potential to expand to commercial flocks of over 500 birds due to available land and strong market demand.

Poultry is also a transitional livelihood; rural women frequently use poultry profits as savings to invest in second-tier IGAs such as goat or sheep rearing. Unlike urban households that often abandon previous IGAs when transitioning, rural women maintain poultry alongside new ventures, using chickens for daily cash flow and goats/sheep as long-term assets.

Sheep and Goat Fattening

Value addition in the sheep and goat value chain is minimal at rural level, with women primarily engaged in basic rearing and fattening activities. Semi processing such as butchery exists but is limited and largely male dominated. Rural women view sheep and goat rearing as a second tier IGA which is more profitable and prestigious than poultry or petty trade, but is still below dairy in terms of aspiration.

Transitions within this value chain follow an upward or downward movement depending on household success. Women who perform well in sheep and goat rearing aim to transition into dairy farming, which is viewed as the highest income pathway. Conversely, women who face losses or shocks often move back to entry level IGAs such as poultry, petty trade, or handcrafts. Moving from small ruminants to dairy is widely recognized across regions (Amhara, Sidama, Tigray, and Oromia) as a key milestone indicating economic mobility and improved household resilience.

Vegetable Production

Current value addition in rural vegetable production is limited, with most women selling produce fresh in local or nearby markets. Some women add value through simple grading, bundling, and washing, but

advanced processing such as drying, pickling, or packaging is rare due to limited training, tools, and market linkages.

Nevertheless, the vegetable value chain offers strong prospects for vertical growth for women who have access to land and surface or underground irrigation. Expansion into improved seed use, off-season production, and diversified vegetables offers potential for increased income. In regions with better irrigation infrastructure (notably Sidama and parts of Oromia), women expressed interest in transitioning from backyard production to semi-commercial vegetable farming. For others, vegetable production remains an entry or complementary IGA, used alongside poultry or petty trade to ensure year-round cash flow.

Dairy

The dairy value chain offers extensive value addition opportunities at both cottage and industrial levels. Rural women commonly convert milk into butter, cheese, and yogurt products with longer shelf life and higher value. Women across all regions aspire to transition from lower tier IGAs such as poultry or sheep and goat rearing into dairy farming because it is viewed as the most profitable and transformative livelihood. Rising market demand for milk and dairy products in both rural and urban areas increases the profitability and attractiveness of the sector. Women's strong traditional knowledge in processing dairy products further enhances their ability to add value. However, dairy requires high initial capital, improved breeds, and reliable feed sources, making it attainable only after women accumulate resources through multiple lower-tier IGAs. Transitioning from sheep and goat to dairy is commonly described by respondents as the moment a household "breaks out of poverty," signifying the top tier of livelihood advancement.

Fruits

Fruits offer medium level value addition potential through activities such as drying, slicing, pulping, and local processing, though most rural women currently sell fruits fresh due to low access to processing equipment and unstable market connections. The value chain is widely perceived as suitable for women who have acquired land or accumulated capital. Fruit trees provide long-term income security with minimal daily labor. Improved fruit varieties available through government and private nurseries in Sidama and Oromia offer prospects for higher yields and faster returns. Respondents noted that fruit production is often pursued after establishing stability in livestock or petty trade activities. As agro industrial parks and local processors expand, especially for avocado and mango, opportunities for higher value rural participation are expected to increase.

Apiculture

Apiculture provides strong value addition opportunities through honey processing, filtering, packaging, beeswax production, and honey wine making. Rural women typically enter apiculture after building capital through entry level IGAs such as poultry or petty trade, viewing it as a second-tier livelihood.

While honey production requires minimal land and relatively low capital, cultural norms and limited access to modern hives have historically restricted women's participation. Introduction of transitional and modern hives is gradually changing this, enabling women to produce larger volumes and engage in daytime harvesting. Women can start with three hives and scale to commercial apiaries, and some may transition into processing activities such as honey packaging, wax production for candles or comb foundations, or running traditional beverage houses. The value chain therefore offers both vertical growth (from producer to processor) and horizontal expansion (from honey to wax, candles, or hive making enterprises), presenting strong long-term prospects for rural women.

7.4 Access to finance, skills and other business development services in rural value chains

Similar to urban value chains, the rural value chains also suffer from weak access to finance, skills and business development services.

Petty Trade: Rural women rely on informal credit and lack basic business skills, hindering their ability to upgrade to larger operations or access digital finance.

Handcrafts: Minimal access to finance and lack of modern design training or market linkages confine producers to low-value household items rather than lucrative markets.

Poultry: Financial constraints and a reliance on traditional knowledge without access to improved husbandry training limit the transition from indigenous to productive breeds.

Sheep and Goat: Strict collateral requirements limit formal financing, while the absence of targeted training in marketing and breed selection reduces potential profits.

Vegetable Production: Producers lack tailored financing for inputs and irrigation, coupled with a lack of extension services for modern cultivation techniques.

Dairy: High startup costs and a lack of suitable loan products or husbandry training make this aspirational livelihood inaccessible for most poor rural women.

Fruits: Dependence on personal savings and a lack of credit for orchard establishment, alongside minimal training in management, restricts commercialization.

Apiculture: Expansion is largely donor-driven due to a lack of formal finance, while insufficient training and protective gear limit women's engagement in modern production.

Petty Trade

Rural women engaged in petty trade face major gaps in accessing finance, skills, and business development services. Across all regions, women reported very low awareness of existing microfinance products, including digital uncollateralized loans that could help them expand their working capital.

Most rural petty traders depend on informal sources such as Ikub, VSLA, family loans, and supplier credit to operate their businesses. Digital literacy is limited, and many women lack mobile phones, preventing them from accessing mobile credit and digital market information.

Skill development opportunities are also scarce; training in bookkeeping, market analysis, merchandising, or basic business planning is rarely available, leaving women with limited capacity to upgrade their trading activities. The absence of market linkage initiatives further prevents petty traders from transitioning into more profitable business forms such as kiosks or wholesale operations.

Handcrafts

Women in pottery, basketry, weaving, and cultural garment production have minimal access to finance due to lack of information, collateral, and absence of tailored financial products. Most producers rely solely on Ikub, small family loans, or seasonal earnings to purchase basic raw materials. Lack of digital skills and low mobile phone penetration hinder their access to online craft markets, digital payments, or remote training.

Skill training in design, modern weaving techniques, finishing, dyeing, and product branding is extremely limited in rural areas, resulting in low value production focused on household utensils rather than high end decorative items. Respondents consistently noted that without access to improved tools, technical skills, and market linkage support, rural handcraft producers remain excluded from profitable urban or tourist markets. NGO led training exists in some regions but is not widespread or sustained.

Poultry

Access to finance for poultry production is highly constrained in rural areas. Although digital microloans and group guarantee loans exist, awareness is very low, and women largely depend on Ikub, VSLAs, or small family loans to begin poultry activities. Some women benefit from NGO or government grants, but these supports are not consistent across regions. Skills gaps are substantial: most rural women rely on traditional knowledge and have limited or no training in improved husbandry, feeding, vaccination, or managing improved breeds such as Sasso and Koekok.

Low internet connectivity and poor mobile phone access prevent women from using digital training resources unlike urban women who increasingly learn through social media videos. Government extension agents remain the primary source of technical advice, but their reach is limited due to high workload, insufficient specialization, and lack of transportation. This shortage of advisory support limits rural women's ability to shift from low productivity indigenous breeds to improved poultry systems.

Sheep and Goat

Women engaged in sheep and goat rearing primarily rely on informal financial mechanisms Ikub, VSLAs, and occasionally group-based microfinance loans. Only a small proportion of women have accessed formal microfinance due to strict collateral requirements, lack of information, or fear of borrowing. Skill levels vary widely: although basic husbandry practices are common, women with training in breed selection, feeding, housing, and marketing generate significantly higher profits. However, access to such training remains extremely limited. Extension services rarely target women directly, focusing more on household heads or male livestock owners. There is no dedicated business development service supporting women in livestock marketing, value addition, or feed management. Respondents highlighted that poor quality breeding stock, limited veterinary access, and weak market information prevent women from optimizing returns or transitioning into higher-value livestock activities.

Vegetable Production

Vegetable producers in rural areas lack tailored financial products for irrigation, improved seed, or input purchases. Most women depend on family loans, Ikub, or VSLA savings to purchase seeds, while formal financial institutions rarely provide credit suitable for small scale horticulture. Most women rely on traditional vegetable production knowledge because agricultural extension services seldom reach them with practical training on improved seeds, composting, irrigation, plant health management, or off-season cultivation. Many women are unaware of high yield and climate resilient varieties, and those who know cannot access them due to cost or availability. Business development services such as cooperative strengthening, market intelligence, or post-harvest handling training are largely absent, limiting women's ability to add value or access higher paying markets.

Dairy

Access to finance is one of the biggest barriers for rural women aspiring to start dairy farming. Dairy requires significant startup capital, yet financial institutions offer no suitable loan products for poor women lacking collateral, formal IDs, or financial literacy. Women also lack the skills needed for improved dairy husbandry such as feeding, fodder conservation, barn management, and disease

control. Extension services are overstretched and often fail to reach women, especially in remote kebeles.

Training services from NGOs or cooperatives are limited and inconsistent. Women rarely receive guidance on how to navigate loan processes, assess profitability, or manage dairy enterprises, making it difficult for them to transition from sheep/goat rearing into dairy their most desired livelihood pathway. These gaps collectively reinforce the perception that dairy is only attainable for better off households.

Fruits

Women investing in fruit production largely depend on savings accumulated from entry level IGAs such as petty trade, poultry, or handcrafts. Access to credit for fruit production is almost nonexistent, with no financial products designed to support orchard establishment, irrigation, or improved seedling purchase. Women also face severe shortages in skills training, especially for orchard management, pruning, disease control, and post-harvest handling.

The supply of improved fruit seedlings is inconsistent and often controlled by government or NGO projects, limiting women's ability to expand or commercialize production. Private nurseries exist in regions like Sidama and Oromia, but their products are not affordable for poorer women. Business development services such as market linkage support, cooperative strengthening, or processing training are minimal or absent in most rural areas, restricting women's participation in higher value fruit markets.

Apiculture

Women in apiculture rely heavily on informal savings mechanisms like Ikub or VSLA contributions to purchase traditional or transitional hives, while formal financial institutions lack products tailored to beekeeping. Many women who own transitional hives received them through NGO support rather than direct purchase, indicating that apiculture expansion is largely donor-driven. Skills are a major constraint: few women receive training in colony management, hive placement, harvesting, or modern hive use.

Most technical support comes from NGOs and the agriculture office, which offer sporadic training rather than continuous advisory services. Limited access to protective gear and modern equipment also prevents women from fully engaging in honey production or value addition activities such as honey filtering, packaging, wax extraction, or honey wine production. With appropriate skills and finance, rural women could scale from small backyard apiaries to commercial operations, but current service gaps significantly constrain this progression

7.5 Regional Variations in the Performance of the Rural Value Chains

Rural value chain performance varies significantly by region. Amhara, Oromia, and Sidama excel in vegetables, fruits, and poultry, driven by favorable climates and strong urban linkages, with Sidama benefiting specifically from agro-industrial processing. Conversely, the Somali region dominates livestock trading through cross-border markets but struggles with crops due to drought and cultural stigma in handcrafts. Tigray retains strong potential in apiculture but faces ongoing recovery from conflict-induced disruptions.

Table 12: Regional variations of the performance of the rural value chains

Region	Petty Trade	Handcrafts	Poultry	Sheep and Goat	Vegetable	Dairy	Fruits	Apiculture
Amhara (Dessie, Bahir Dar, Lalibela, Gondar, Kombolcha)	Strong opportunity due to easy transport of produce to towns and return with industrial goods.	Strong tradition (pottery, basketry) with abundant raw materials. Strong market potential due to tourism in Lalibela/Gondar.	Strong performance due to better linkage with urban pullet growers (e.g., Kombolcha) and development agent support.	Performs well but women face cultural restrictions limiting participation in markets, forcing low farm-gate sales.	Strong production due to favorable rainfall, irrigation access, and market linkages. Diverse crops (beetroot, chard) produced.	Strong potential due to forage access and proximity to urban markets/processors (e.g., Dessie, Debre Birhan).	Strong production favored by agro-ecological conditions.	Active apiculture, though productivity is affected by limited access to modern hives and extension services.
Oromia (Adama, Shashamane, Bishoftu, Mojo)	Strong opportunity due to easy transport of produce to towns and return with industrial goods.	Strong tradition (pottery, basketry) with abundant raw materials.	Strong performance due to better linkage with urban pullet growers (e.g., Bishoftu, Adama) and development agent support.	Relies on mixed crop-livestock systems. Benefits from access to export abattoirs (Mojo, Adama) providing consistent markets.	Similar to Amhara	Strong potential due to forage access and proximity to urban markets/processors (e.g., Adama, Shashamane).	High potential due to increasing private nursery suppliers offering improved fruit seedlings.	Similar to Amhara there is strong production but access to modern hives and extensions services remain limited.
Sidama (Hawassa, Yirgalem)	Strong opportunity due to easy transport of produce to towns and return with industrial goods.	Strong tradition (pottery, basketry) with abundant raw materials. Strong market potential due to Yirgalem cultural centers.	Strong performance due to better linkage with urban pullet growers (e.g., Hawassa) and development agent support.	Relies on mixed crop-livestock systems. Benefits from access to export abattoirs providing consistent markets.	There is no variation with Amhara and Oromia.	Access to forage and markets is similar to other regions. There is proximity to urban markets/processors (e.g., Hawassa).	The region stands out. agro-industrial park stimulates demand (avocado), raising prices and incentivizing expansion.	Strong tradition with high yields from transitional hives. Fruit production complements beekeeping by improving forage.
Somali (Jigjiga, Awbare, Kebribayah)	Vibrant but constrained by drought/volatility. Cross-border trade (Somaliland/Djibouti) enhances opportunities near borders.	Women's participation is weak; cultural norms classify handcraft work as lower social status, discouraging engagement.	Weaker performance due to poor access to pullets, limited extension, low feed availability, and recurrent drought.	Performs exceptionally well (pastoral system). Strong cross-border trade offers higher prices. Drought/conflict are threats.	Low production due to arid conditions, water scarcity, and poor access to improved seeds or irrigation.	Relies on pastoral mobility and indigenous breeds, limiting yield consistency.	Low production capacity due to water scarcity, drought, and limited seedling supply.	Practiced, but drought/low vegetation limit honey production, making it less reliable as a primary income source.
Tigray (Mekelle, Aksum)	Slower recovery due to conflict, but women continue small-scale trading (vegetables, eggs).	Strong tradition (pottery, basketry). Aksum was a strong market before conflict; currently disrupted.	Weaker performance due to poor access to pullets, limited extension, and low feed availability.	Strong potential but affected by conflict-related market disruptions.	Low production due to arid conditions, water scarcity, and poor access to improved seeds or irrigation.	Long-standing traditions, but conflict weakened market linkages and access to feed/vet services.	Low production capacity due to water scarcity, drought, and limited seedling supply.	Strong tradition with high yields reported. Performance affected by conflict but remains climate resilient where possible.

7.6 Summary of Opportunities and Constraints in the Rural Value Chains

The findings reveal varying degrees of market opportunities as well as constraints related to access to inputs, skills training and business development services. These are summarized below.

Table 13: Summary of Opportunities and constraints in the rural value chains

Petty Trade	
Opportunities	Constraints
- Requires very little startup capital and minimal technical skills. This makes it highly accessible to a wide range of people, including the most vulnerable. - Unlike urban areas, in many rural contexts, petty trade does not require official trade licenses or complex bureaucratic processes, removing a significant barrier. - Businesses see a quick return on investment. Capital is not locked into long term assets, allowing traders to quickly reinvest profits or pivot as needed. - Existing supply chains often allow traders to source inputs (stock) on credit from local wholesalers and retailers, which helps manage cash flow. - Most petty trade is not dependent on rainfall or specific climate conditions, making it a stable income source during droughts or irregular seasons. - These activities are highly flexible and can be managed alongside other essential household responsibilities (like childcare or domestic duties), which is a crucial advantage for women facing time constraints. - A trader can easily switch between different income generating activities (IGAs) throughout the year to respond to seasonal demands or new opportunities (e.g., selling umbrellas in the rainy season and cold drinks in the dry season). - There is a consistent, year round demand for the common products and services offered in petty trade (e.g., basic foods, household goods).	- Most petty trade businesses generate very low daily revenue. After covering the cost of goods and other expenses, the net profit is often only enough for daily subsistence, making it nearly impossible to save or reinvest. - Women in rural areas lack smart phones, awareness, and digital literacy to make use of the opportunity of uncollateralized digital loan that is offered by Banks and Mobile money operators like Ethio telecom and Safaricom - Many women avoid taking loans altogether, fearing they won't be able to make repayments in an unstable market, which stunts business growth. - In rural areas, trade is directly tied to the agricultural cycle. Availability of goods to trade (like fresh produce) is also seasonal, creating "boom and bust" cycles for the business. - Traders often operate in unsuitable and precarious locations. This includes risks from traffic accidents, exposure to bad weather (rain, intense sun), and harassment or eviction by local authorities for "illegal" vending. - Due to the low barrier to entry, the market is often saturated with many people selling identical products, which drives prices and profits down for everyone.

- For trade involving industrial or consumer products (like soap, packaged food, or textiles), the supply chain is stable and not dependent on harvest cycles.
- Petty trade is a widely recognized and culturally accepted form of business for won
- Petty trade offers significant potential for growth. A successful entrepreneur can progress from a small mobile trade business to managing a fixed kiosk, and eventually to a larger retail or wholesale operation.
- Relevant soft-skill training (such as basic financial literacy, customer service, and business management) is often available through government and NGO programs, including the Urban and Rural PSNP programs

Handicrafts	
Opportunity	**Constraints**
- Growing demand for handcrafts as decorative purpose. Specially use of pottery, Basketry, and traditional fabric to decorate small restaurants and leaving rooms is becoming common - Increasing acceptance for people engaged in handcrafts in rural areas is playing key role in improving supply chain for raw materials used in handcrafts like grasses, fiber, and yarn - Due to increased diversified use of handcrafts there is innovation around design even though the growth is sluggish and not supported by skill training. - Increased tourist flow and attachment of Handcrafts with souvenir industry in most urban areas of Ethiopia specially in cities like Hawassa, Adama, and Bahardar is providing premium price for those engaged in production handcrafts - Emergence of digital e-commerce platforms to link handcraft producers with regional, national, and global market is increasing quantity of handcrafts demanded and offering higher price - Growing use of social media platforms to market hand craft products and as promotion platform is generating demand and sells for those who are using it	- Limited access skill training and business development service in rural areas - Cultural norms inhibit broad participation by rural women due to classification of the community engaged in such activity as low social class - Poor awareness on existence digital uncollateralized loan by poor rural women - Limited creativity and product diversification in rural areas - Reliance on traditional tools for production limiting mass production and profit - Small scale production challenging aggregation and mass supply for modern hotels, resorts, Souvenir shops, or export - Poor branding, packaging, and Marketing practices

- Handcrafts like pottery, and Basketry have low vulnerability to climate related shocks due to their dependence on renewable sources like palm tree leaves, grasses, fiber, and clay soil.

Poultry	
Opportunities	Constraints
- Low startup capital, short production cycles, quick returns, and minimal land requirements making it more suitable for poor women in Rural areas. - High climate resilience due to low water requirements and adaptability for both free range and enclosed farming. - Strong market demand driven by Ethiopia's growing population and the widening gap between food production and consumption. - Availability of diverse breeds, including dual purpose breeds suited to free range rural contexts and commercial layers/broilers suited to enclosed production. - Strong government emphasis (e.g., the "bounty of basket" program, and National poultry development strategy) on improving nutrition and self-sufficiency by promoting urban agriculture	- Poor access to improved breed chicken in rural areas limiting women productivity and gain - Poor access to "last mile" veterinary services in rural areas contributing to loss of chicken to disease - Poor access to commercial feed in rural areas contributing to low productivity - Limited access to "last mile" skills training and business development services for modern poultry husbandry in both rural areas - Lack of tailored financial services that enable pullet growers to increase their capacity and grow their business.

Sheep and Goat Fattening	
Opportunities	Constraints
- Sheep and goat rearing and fattening requires low formal skill due to preexisting experience in rearing or fattening sheep and goats, making entry accessible to those with traditional knowledge, including many rural women. - The business is relatively climate resilient due to the animals' low requirements for water and grazing land compared to larger livestock, offering a stable income source despite environmental stress. - There is a consistently high domestic and export market demand for sheep and goat meat, ensuring reliable sales and income potential. - The existence of different local varieties of sheep and goats adapted to diverse agro-	- Severe seasonal feed and water shortages, especially during the dry season, significantly limit animal growth, increase fattening periods, and overall productivity. - Poor access to last mile veterinary services and the high prevalence of diseases in rural areas lead to substantial losses and reduced animal quality. - Poor road infrastructure in rural areas increases transportation costs, causes animal weight loss during trekking, and physically hinders poor and vulnerable women from participating in higher price, distant markets. - Low national attention to genetic improvement or breed selection specifically for sheep and goats limits production and

ecologies allows for successful operation across various regions of Ethiopia. - A growing number of export and domestic market targeted abattoir houses provides formal, structured, and consistent off-take points for finished animals. - The emergence of goat focused raw meat restaurants and specialized butchers in urban areas creates new, higher-value market niches and encourages specialized fattening operations in peri-urban areas.	productivity, keeping the business largely low-input/low-output. - Poor market connection between abattoir houses, small scale producers, and local collectors leads to long, inefficient value chains, limited price information, and reduced producer profits. - Cultural norms in many regions (except Somali and parts of eastern Oromia) discourage or forbid women from directly selling goats/sheep in primary markets. This forces them to rely on male intermediaries (husbands, sons, or traders), which results in a loss of bargaining power and limited control over the sale revenue. - Poor access to extension services for women is compounded by an advisory system often focused on male headed households and on large ruminants'/crop production, leaving women without crucial knowledge on breed selection, modern husbandry, and commercial management. - Small scale, subsistence-oriented fattening and rearing limits the opportunity to benefit from economies of scale and meet the volume/consistency demands of commercial buyers and abattoirs. - While women are actively involved in daily care (feeding, watering, cleaning, and caring for the sick/young), the adoption of new, improved practices (like cut-and-carry fodder) often increases their workload and time burden without a commensurate increase in control over assets or income.
Vegetable	
Opportunities	Constraints
- Requires small capital, quick turn-around, and has market demand - Women can manage backyard vegetable production with the time constraints they do have - Women can easily sale and control income earned from vegetable production - Locally available technologies that economize land for vegetable production like vertical, sachet based, and others - High market demand for fresh vegetable	- Low return from backyard vegetable production due to small surplus - Challenge to access small packs for improved vegetable seed, sprayers, and organic fertilizer - Poor access to underground and surface water for year-round production - Poor access to water saving technologies like drip irrigation, solar irrigation, and water harvesting technologies
Dairy	
Opportunities	Constraints

- High attention and support from government through different initiatives like bounty of baskets and National diary development strategy
- Growing demand for milk and milk products and huge gap between demand and supply
- Emerging commercial fodder producers targeting small to medium scale dairy farmers
- Increasing number of concentrate animal feed processors
- Emergence of small scale milk processing machine and utilization in Urban areas

- Poor access last mile and tailored training for dairy production
- High entry barrier due to high startup capital, land, and skill requirement
- Poor access to last mile veterinary and AI service in rural areas
- Poor road infrastructure hindering aggregation and processing of milk
- Cultural preference for fresh milk than pasteurized milk specially in pastoral areas reducing shelf life and increasing post-harvest loss in milk
- Cultural taboos discouraging milk sells rural areas and reducing profit margin for women
- Poor access to improved breed heifer to start dairy farming

Fruits	
Opportunities	Constraints
- Growing demand for fruits due to increasing population and improved value addition by agro processing companies - Agro processing companies in agro industrial parks providing improved and early maturing fruit varieties especially Avocado and Mango - High value and long- term production with one-time investment enhancing household resilience - Suited for women through back yard production and fruit trade - Small startup capital and low care requirement suiting to time poverty women do have - Growing new opportunities in fruit collection and trade around agro industrial parks - Fruits are relatively climate resilient due to their nature of extracting water from deep	- Takes longer time before yielding result (one year to three years on average) - Land requirement for expansion and growth - Poor access to skill training for production and post-harvest handling

Apiculture	
Opportunities	**Constraints**
- Contributes to environmental rehabilitation and improves climate challenges - Low startup cost due to locally available inputs like hive, bee colony, and flowering plants - Traditional knowledge of locally processing honey and making wax - Increasing local demand for honey due to growing urbanization and urban population	- Poor access to skill training to establish modern apiary at back yard - Poor access to transitional and modern hive providing high yield and reducing space use - Poor engagement of women due to poor access to skill training, transitional and modern hives that could be managed around home.

7.7 Summary of Opportunities and Constraints in New and Emerging Value Chains in Rural Locations

As explained earlier, the opportunities and constraints in new and emerging value chains is lesser than in urban locations. The study found opportunities for organic fertilizer, beauty and care services, Coffee Pulp/Prosopis/Fruit waste charcoal briquette making. There is also opportunity for pond fish production which can also be scaled in urban areas. Most of the new and emerging IGAs in rural areas can be categorized as circular economy. The IGAs are focused on utilising cheaply available resources or bi product of primary agriculture to generate income. This is derived by new skill gain or innovation of converting wastes into economically beneficial product. In rural areas Organic fertilizer production and sale, Charcoal briquette production, black soldier fly larvae production, and beauty and care services are selected. This income generating activities are selected due to their climate resilience, suitability and potential to employee large number of women, potential to be accommodated with time poverty women has, and potential to generate enough profit to push women up the ladder of poverty.

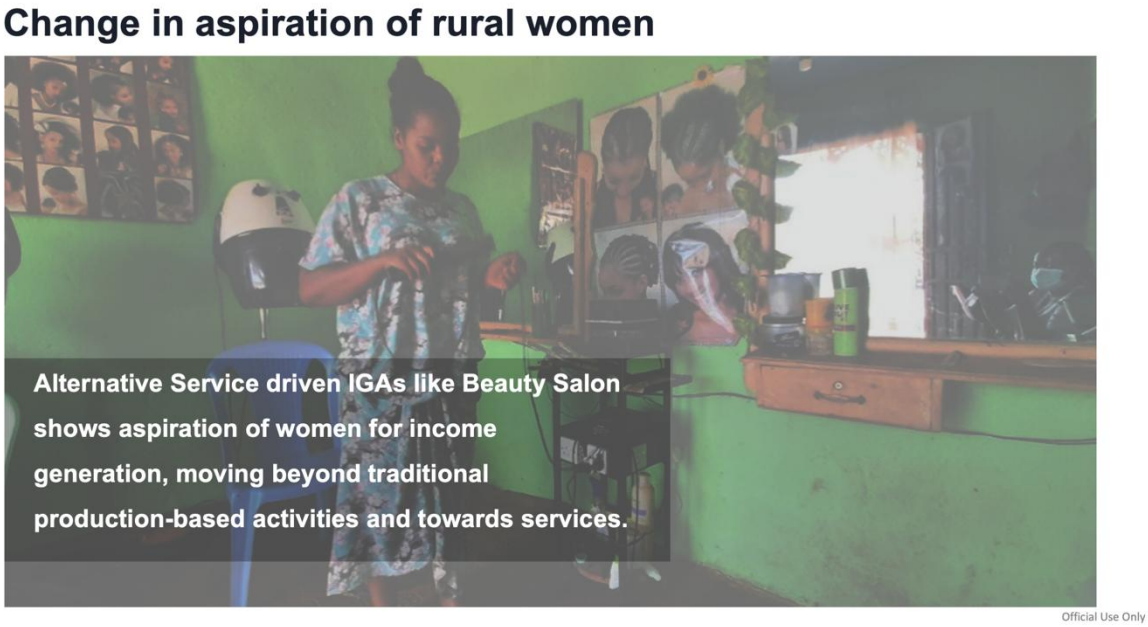


Table 14: Summary of Opportunities and constraints in emerging rural value chains

Organic Fertilizer	
Opportunities	**Constraints**
- Rising interest in organic vegetable and fruit production in urban and peri-urban areas creates a strong market for organic fertilizers, providing women producing organic fertilizer with steady income opportunities. - High costs of chemical fertilizers, inconsistent supply, and increasing interest in sustainable agriculture have created growing demand for organic fertilizers among smallholder farmers in rural areas.	- Moving organic fertilizer from production sites to farms or markets can be expensive due to the bulky nature of organic fertilizer, reducing profit margins for women producers. - Setting up production sites, purchasing basic equipment, and managing labor intensive processes requires upfront investment and effort, which can be a barrier for poor women.

- Farmers are becoming more knowledgeable about the benefits of organic fertilizers for soil health and crop productivity, reducing cost of production, and boosting market potential for women producers engaged in organic fertilizer production
- The emergence of hotels and catering services focusing on organic produce creates niche for organic farmers creating demand organic fertilizer.
- Large quantities of organic waste, including fruit and vegetable scraps from urban markets and agro-industrial parks, provide women with accessible and low-cost feedstock for organic fertilizer production.
- Organic fertilizer production can be done with simple composting or vermi culture techniques, allowing women to operate enterprises from home or small plots.
- Women can form groups or cooperatives to pool resources, share knowledge, and access larger markets more effectively, increasing income potential.
- Producing organic fertilizer helps manage urban and agro-industrial waste, reduces pollution, and contributes to sustainable agriculture, adding social value to women led enterprises.

- Women may lack training in proper composting, vermiculture, and quality control, which can affect the effectiveness and marketability of the fertilizer.
- Weak linkages with smallholder farmers, cooperatives, and agro-dealers limit consistent sales and income opportunities.
- Demand for organic fertilizer may vary with cropping seasons, affecting women's ability to generate stable income year-round.
- Organic fertilizers require proper storage to maintain quality and prevent spoilage, which can be challenging for women with limited space and resources.

Beauty Care Services	
Opportunities	**Constraints**
- Increasing rural and urban populations and changing cultural norms are driving higher demand for makeup, hair, and personal care services, providing a steady income opportunity for women engaged in the sector. - Social media trends and online beauty tutorials are expanding awareness and desire for beauty services, creating new market opportunities for women entrepreneurs in both rural and urban areas. - Beauty and personal care services require minimal investment in basic tools and products, allowing women to start generating income quickly. - Services can be offered from home or small rented spaces, enabling women to balance household responsibilities with income generating activities.	- Women in rural areas often face challenges in accessing formal training in makeup, hairdressing, skincare, and other beauty services, reducing their ability to offer high quality services. - Essential tools, cosmetics, skincare products, and hygiene supplies are often scarce or expensive in rural areas, limiting women's ability to operate and expand their services. - Even with growing demand, competition from established beauty service providers can make it difficult for new entrants to attract clients. - Women in rural locations may struggle to reach a sufficient number of clients due to poor transport, low population density, or lack of mobile service infrastructure.

- Women can enhance earnings by learning new techniques, offering specialized services (hair styling, skincare, nail art), or using natural and locally sourced products.
- Women can reach clients in remote or underserved areas through mobile beauty services, increasing customer base and revenue potential.
- Women can form groups or associations to share resources, co-market services, access bulk supplies, and attract more clients collectively.
- In addition to direct services, women can sell beauty products, homemade skincare items like Qasil , or natural cosmetics, providing additional income streams

- Balancing household responsibilities with client appointments can limit working hours and reduce potential income.
- Women often lack skills or platforms to promote their services effectively, reducing client reach and business growth.

Coffee Pulp/Prosopis/Fruit waste charcoal briquette making

Opportunities

- Charcoal briquette production helps reduce deforestation and environmental pollution by providing an ecofriendly alternative to traditional wood charcoal.
- Women can earn income by converting freely available organic waste materials such as coffee husks, avocado waste, and prosopis pods into marketable charcoal briquettes.
- Briquette making can be done at home or in small community spaces using simple tools, allowing women to balance production with household responsibilities.
- Large quantities of agricultural and urban organic waste provide women with a cheap and reliable source of raw materials for briquette production.
- Increasing awareness of environmental sustainability and urban demand for cleaner, smokeless fuel sources create strong market potential for women led briquette enterprises.
- Renewable energy programs run by different NGOs and waste management initiatives provide technical training, equipment support, and market linkage opportunities for women entrepreneurs.
- Women can organize into groups or cooperatives to pool resources, share

Constraints

- Many women lack access to affordable and efficient briquetting machines or tools needed to convert organic waste into charcoal briquettes, reducing production capacity.There is limited access to practical training on briquette production techniques, quality improvement, packaging, and business management, which constrains women's ability to scale up operations.
- In many rural areas, households are unfamiliar with charcoal briquettes or perceive them as inferior to traditional charcoal, reducing market demand.
- Poorly developed collection, processing, and distribution networks make it difficult for women to source waste materials consistently and reach reliable markets.
- The initial cost of basic equipment, molds, and drying facilities can be a barrier for low income women interested in starting briquette production.
- Dependence on sun drying and weather conditions disrupt production during rainy seasons, affecting income stability in most of the regions except Tigray and Somalia which have shorter rainy season.
- Lack of established marketing channels and limited exposure to urban or institutional

machinery, and sell in bulk, improving productivity and profits. - Transforming waste into energy supports sustainable livelihoods while promoting climate resilience and green job creation for women.	buyers restrict women's ability to sell products at fair prices. - Without proper protective gear and ventilation, exposure to smoke or dust during production can pose health risks, discouraging women from long-term engagement.

Pond Fish Production	
Opportunity	**Constraints**
- The Government of Ethiopia's *Bounty of the Basket* initiative and the National Fisheries and Aquaculture Development Plan promote small scale aquaculture, encouraging women and youth to engage in fish farming through training and input support provided through agriculture office and local research institutions. This is evident in Shebdino woreda of Sidama region where youth are engaged in pond fish production and in Addis Ababa. - Artificial ponds require limited land, moderate startup capital, and can be managed alongside household responsibilities making them well suited for poor and vulnerable women. - Growing demand for fish as an alternative source of protein in both rural and urban areas creates strong market opportunities for small scale pond producers. - Improved access to technologies such as lined ponds, and fast growing tilapia and catfish species increases productivity and makes aquaculture more feasible in different agro-ecological zones. - Strong rural urban linkages exist between fish producers, and markets, with growing demand from restaurants, hotels, and households in urban centers creating consistent market outlets specially during fasting seasons of Ethiopian Orthodox Christians - Fish pond production is climate resilient, as it relies on renewable water sources like rainwater harvesting, municipal water, and irrigation runoff, helping households diversify income and cope with drought and crop failure.	- Reliance on government and research institutions for supply of fingerlings - Poor access to nutritious fish feed forcing producers to buy low quality inputs or travel long distances to access quality feed. - Limited access to land and reliable water sources for pond construction, making it hard for poor women to start or expand fish farms in Urban areas - High upfront costs for pond lining, fingerlings, and basic equipment, with few tailored micro finance or grant options for vulnerable women. - Weak extension services and low technical knowledge on pond management, water quality, disease control and best husbandry practices, especially at last mile level. - Poor market infrastructure and cold chain facilities (storage, transport, and processing), which limit sales, reduce price, and increase post-harvest losses.

Chapter 8: Employment Potential and Prospect for Urban-Rural Linkages

The cross examination of the findings in chapter 6 and 7 along with the field findings, show that some of the constraints and opportunities stem from the same theme which includes issues like rural-urban market linkages for backward and forward market access and access to business development services. These are therefore discussed together in this chapter to reduce redundancy in analysis.

8.1 Urban Employment Potential for Women

Urban employment generation for women is driven primarily by Petty Trade and Micro Agro-Processing, which offer the highest absorptive capacity due to low barriers to entry and strong daily demand. Petty trade currently employs the majority of PSNP women across all regions, leveraging flexibility that accommodates household duties, though secure workspace remains a critical need for scaling.

Micro Agro-Processing stands out for its potential to create large-scale employment through value-added activities like spice production (baltina) and injera baking, catering to the rising urban demand for convenience foods. Poultry and Vegetable Production also offer significant potential; poultry is scalable from backyard to commercial levels, while vegetable production can employ groups of women on reclaimed lands, provided access to water and inputs is secured.

Handcrafts and Shoat Fattening provide targeted opportunities, with handcrafts allowing for layered skill progression in cultural hubs like Addis Ababa, and shoat fattening offering high margins for women in regions with active livestock trading like Somali and Oromia.

8.2 Rural Employment Potential

In rural areas, Petty Trade and Poultry serve as the most accessible mass-employment sectors. Petty trade acts as a ubiquitous entry point requiring minimal capital, with strong rural-urban linkages allowing women to act as aggregators and retailers. Poultry is similarly scalable, often serving as a 'first-tier' IGA that fund investments in larger assets. Dairy is identified as having the highest potential for large-scale employment across multiple nodes—production, processing, and feed supply—driven by soaring demand and capable of absorbing tens of thousands of women. Sheep and Goat rearing is a widely adopted 'second-tier' activity, while Handcrafts utilize abundant local materials to employ women in culturally rich regions like Oromia and Sidama. Emerging sectors like Fruits and Apiculture offer resilient, long-term employment through orchard management and honey processing, particularly where modern hives and seedlings are accessible.

8.3 Rural-Urban and Urban-Rural Linkages

The assessed value chains demonstrate strong, mutually reinforcing rural-urban linkages. Petty Trade shows the strongest connection, as rural women transport agricultural goods to urban markets for higher prices and return with industrial consumables. Micro Agro-Processing is highly linked, with rural areas supplying raw materials (e.g., Teff, Milk) that urban women transform into processed foods. Shoat (Sheep and Goat) and Dairy connect by rural production supplying urban consumption centers (restaurants, butcher houses) while urban centers provide essential inputs like feed and veterinary services. Other chains like Handcrafts, Poultry, Vegetable, Fruits, and Apiculture also link rural production/inputs with urban processing, specialized finishing, and high consumer demand, creating economic interdependence for both rural and urban women.

Table 15: Potential for urban to rural linkages and rural to urban linkages across the value chains

Value Chain	Urban to Rural Linkages	Rural to Urban Linkages
Petty Trade	Heavy concentration of wholesalers, importers, and processors in urban areas pulls rural production toward city markets, strengthening economic interdependence. Urban women petty traders secure regular supplies from rural and peri-urban producers.	Strongest linkage assessed. Rural women transport agricultural products (e.g., butter, eggs, fruits, vegetables) to higher-priced urban markets. They bring industrial goods, household consumables, and spices back to rural markets from urban wholesalers.
Handcrafts	Urban women specialize in embroidery, design, tailoring, fashion finishing, and retail, adding significant value to rural outputs (fabric, yarn). Urban hubs (e.g., Shiro Meda, Adi Haki) purchase inputs from rural weavers.	Rural areas provide the raw materials (grass, fibers, clay). Rural and peri-urban women produce yarn and fabric using generational spinning and weaving skills.
Poultry	Indirect linkages exist through input and service supply chains. Large companies and urban-based pullet growers distribute day-old chicks, feed, veterinary drugs, and equipment to rural producers.	Forward flows exist as eggs and live chickens produced in rural villages move to urban markets with high consumer demand. Women collectors often transport eggs between rural kebeles and towns.
Sheep and Goat (Shoat)	Urban markets, hotels, butcher houses, restaurants, and raw meat houses serve as the most profitable sales outlets for rural producers. Urban centers supply feed, veterinary drugs, and salt licks to rural households.	Robust and dynamic linkage. Rural women rear and fatten shoats, providing the critical supply base for urban fatteners and export abattoirs. Traders transport animals from rural production zones to urban meat markets.
Vegetable Production	Strong potential through complementary value chains. Rural enterprises can produce or supply organic fertilizer and seedlings to meet the growing demand from urban women engaged in backyard gardening and cultivated landfills.	Provides daily and seasonal linkages. Rural women cultivate and transport diverse vegetables (cabbage, onions, tomatoes) to urban markets, supplying collectors, households, hotels, and restaurants.
Micro Agro-Processing	Urban women processors transform rural raw materials (Teff, Milk, Eggs, Legumes) into semi-processed and ready-to-eat products (e.g., Injera, Bread, dairy). This creates a high, consistent demand for rural producers.	Raw materials (Teff, Pepper, Garlic, etc.) are primarily produced in rural areas and transported to urban markets by traders, cooperatives, or farmers. Processed products are sometimes transported back to rural markets.
Dairy	Urban areas supply critical dairy inputs: veterinary services, commercial feed, agro-industrial by-products, and equipment. Urban milk collectors regularly travel to collect raw milk. Urban commercial farms rely on rural areas for forages.	One of the strongest value chains linking the systems. Rural women produce butter, cheese, and raw milk that flows to urban households, cafes, and milk processors.
Fruits	Urban women take over retail and juice processing activities. Processing industries and agro-industrial parks in urban-proximal areas increase farm gate prices for rural producers. Improved seedlings are sourced from private nurseries and urban suppliers.	Rural women manage the cultivation, harvesting, and handling of fruits (avocado, mango, banana). Produce moves to urban markets through traders and wholesalers to meet booming urban demand.
Apiculture	Urban workshops and cooperatives supply beekeepers with transitional/modern hives, protective gear, and smokers. Urban demand for high-quality honey is rising, with buyers paying beekeepers in advance.	Crude honey produced in rural areas flows into urban markets, where it is refined, processed into honey wine (tej), or sold as table honey.

Chapter 9: Peri-Urban Opportunities

The study identified Peri-Urban locations as the most strategic points for intervention to bridge the rural-urban divide. These areas–specifically Akaki Kality (Addis Ababa), Adama Zuria (Oromia), Hawassa Zuria (Sidama), Dessie Zuria (Amhara), and Kebribeyah (Somali)–offer unique ecosystems that combine rural production capacity with urban market access[2].

9.1 Peri-urban Value Chains and Strengthening Rural-Urban Linkages

The findings show that the Peri-urban zones function as critical economic bridges that facilitate the flow of goods, services, and capital between the PSNP (rural) and UPSNJP (urban) target groups. The analysis highlights specific value chains that thrive in this interface:

- **The Hub and Spoke Poultry Model:** Peri-urban areas, such as Bishoftu and Adama Zuria, host major commercial poultry farms like Alema Farms. These locations function as distribution hubs where pullet growers can raise day-old chicks into 45-day-old birds before distributing them to rural households. This structure bridges the gap between urban industrial inputs and rural poultry rearing.

- **High-Value Perishables (Vegetables & Dairy):** Peri-urban zones allow for the production of highly perishable goods that cannot survive long transport times from deep rural areas. Women in areas like Hawassa Zuria and Akaki Kality engage in intensive vegetable production and fresh milk sales, as urban collectors travel daily to these zones to aggregate supply.

- **Circular Economy Hubs (Waste-to-Value):** Peri-urban zones are uniquely positioned to close the loop between urban waste and rural farming. They serve as aggregation points for urban organic waste (fruit/vegetable market scraps), which can be converted into Black Soldier Fly (BSF) larvae or organic fertilizer. This creates a dual linkage: selling waste management services to the city and selling low-cost feed/fertilizer to rural farmers.

- **Livestock Aggregation:** Areas like Dessie Zuria act as critical supply bases for sheep and goats sold in the urban markets of Dessie and Kombolcha.

9.2 Contribution of Peri-Urban Value Chains to Women's Empowerment and Climate Resilience

The peri-urban context offers distinct advantages for women's economic empowerment and resilience against climate shocks:

- **Migration Buffers and Stabilization:** Locations like Dessie Zuria and Kebribeyah act as buffer zones for drought-displaced populations moving toward cities. Investing in peri-urban livelihoods here, such as transitioning pastoralists to settled fattening or trade, can stabilize livelihoods before families become destitute urban migrants.

- **Access to Reclaimed Land:** In locations like Akaki Kality, women's groups utilize reclaimed landfill sites for vegetable cultivation. This empowers women by providing access to land, a resource typically constrained in inner cities, demonstrating high potential for group-based employment.

- **Climate-Resilient Feed Sources:** The production of Black Soldier Fly (BSF) larvae in peri-urban zones offers a climate-resilient alternative to rain-fed fodder. It provides a high-protein feed substitute for imported soy or fishmeal, supporting the resilience of the poultry and small ruminant sectors.

- **Diversified Income Streams:** Women in peri-urban areas can access daily income through fresh milk markets and vegetable sales, unlike rural counterparts who may rely on seasonal harvests.

9.3 Challenges in Peri-Urban Linkages

Despite their potential, peri-urban areas face specific structural and environmental challenges:

- **Displacement Risks:** Peri-urban areas like Akaki Kality face severe risks of displacement due to corridor development projects. Development projects frequently displace traders and established informal markets without providing alternatives.

- **Biophysical Shocks:** These areas are often susceptible to specific environmental threats; for example, Akaki Kality faces risks of riverine flooding from the Akaki river.

- **Infrastructure Gaps:** While better than deep rural areas, peri-urban zones still face "last-mile" distribution failures that prevent urban resources (like veterinary drugs and commercial feed) from reaching further into rural kebeles.

- **Financial Exclusion:** Similar to urban centers, renters in peri-urban areas often cannot obtain Kebele ID cards, which blocks access to formal banking and legal licensing.

9.4 Opportunities in Peri-Urban Value Chains

The study identified specific value chains with high potential for growth in the peri-urban context:

- **Intensive Vegetable Production:** Utilizing small plots or reclaimed land for group-based cultivation of fresh greens (cabbage, lettuce, tomatoes) to meet daily urban demand.

- **Semi-Commercial Poultry:** Unlike congested inner cities, peri-urban zones offer sufficient space for constructing proper sheds for semi-commercial flocks (50-500 birds).

- **Specialized Shoat Fattening:** The emergence of specialized raw meat restaurants and butchers in urban areas drives demand for fattened animals from peri-urban operations.

- **Fresh Dairy:** Proximity to cities allows for the sale of raw milk to urban collectors who travel daily to these zones, offering higher margins than processed butter/cheese.

- **Aquaculture (Pond Fish Production):** This requires limited land and can use renewable water sources like rainwater harvesting, making it viable in peri-urban backyards to meet growing urban demand for fish.

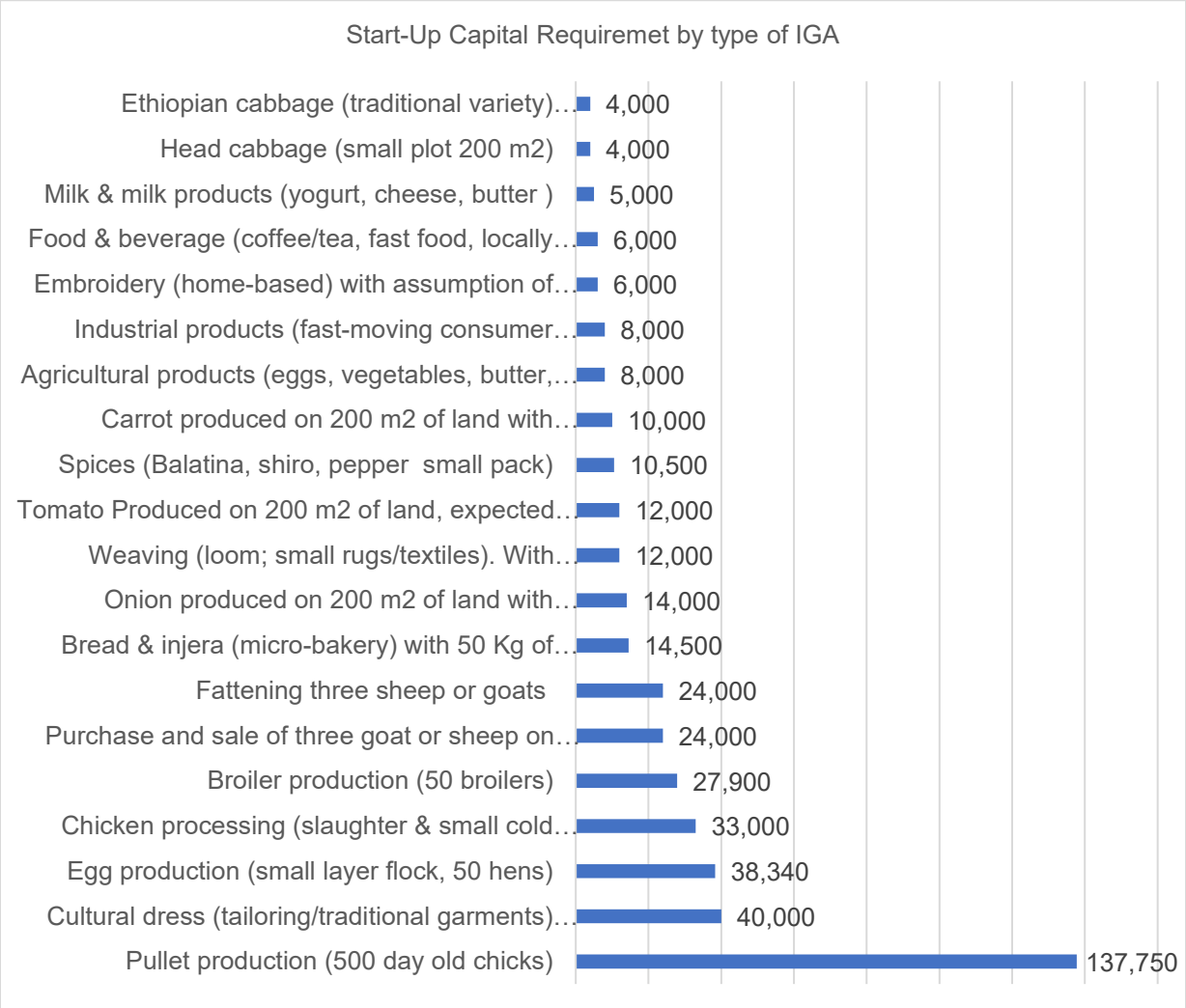
Chapter 10: Costs and Returns

For cost and profitability analysis, the rural-urban differences are difficult to estimate for the IGAs within the value chains. These estimates are average for rural and urban locations and might vary depending on regions and by urban and rural locations. However, it provides a general idea about the comparative costs and returns of the value chains.

10. 1 Start-Up Capital Requirements

The start-up capital requirements hugely vary between the different IGAs in the selected value chains. Pullet production with 500-day old chicks requiring around 137,750 ETB for one cycle for production of 500 birds. However, most of the IGAs can be initiated for less than 40,000 ETB. Vegetable production costs the least. However, the cost of production of vegetable is calculated under the assumption that the households do not have to lease land. The findings generally suggest that the households can be engaged in multiple number of IGAs to create a graduation pathway from investment in low capital IGA to investment into more aspirational but capital intensive IGA.

Figure 8: Start-up capital requirement by type of IGA



10.2 Returns Per Cycle and Net Return Per Year

If we consider annual return, the most lucrative activity is **Milk production** (Holstein Friesian/Zebu mix) with a net profit of **336,267 ETB/year**. This is followed by **Bread & injera (micro-bakery)** at **249,000 ETB/year**.

High Frequency (Daily/Weekly): Activities like **Industrial products (kiosk)**, **Agricultural products**, and **Bread & injera** offer daily or weekly income, which is crucial for liquidity.

Land Efficiency: Several high-yield crops (Tomato, Onion, Papaya, Improved Avocado) can be produced on small plots of **200 m².** This makes them viable for land-constrained farmers.

Value Addition: Processing activities generally show strong returns. **Chicken processing** (slaughter & cold chain) yields **139,000 ETB/year**, and **Local honey processing** yields **119,600 ETB/year**.

Table 16: Revenue cycle and net-profit per cycle for the selected IGAs

IGA	Revenue cycle	Net profit- per year (ETB)
Milk production with one 50% mix of Holstein freizan and Zebu and expected milk yield of 14 liters per day with mixed feeding and farmer management	Per year	336,267
Bread & injera (micro-bakery) with 50 Kg of wheat or teff floor	Weekly	249,000
Cultural dress (tailoring/traditional garments) with assumption of making 10 items of clothing with price of 3000	Monthly	234,000
Broiler production (50 broilers)	45 day	179,958
Pullet production (500-day old chicks)	45 days	151,875
Egg production (small layer flock, 50 hens)	monthly	148,338
Purchase and sale of three goats or sheep on market day	Every market day	144,000
Chicken processing (slaughter & small cold chain). Processing 10 chicken per week	Monthly	139,000
Milk & milk products (yogurt, cheese, butter)	7-14 days	136,000
Food & beverage (coffee/tea, fast food, locally brewed drinks)	Weekly	120,000
Local honey processing with capacity of 200 kg per season and expected sale price of 900 birr	Per season	119,600
Industrial products (fast-moving consumer goods kiosk)	Daily	112,000
Honey production (6 transitional hives) with expected yield of 14 Kilograms per harvest per hive	Per season	97,578
Agricultural products (eggs, vegetables, butter, chicken, spices)	Daily	88,000
Spices (Balatina, shiro, pepper-small pack)	Monthly	81,000
Hive making (transitional hive). With assumption of making 10 transitional hives per week	Weekly	74,167

IGA	Revenue cycle	Net profit- per year (ETB)
Embroidery (home-based) with assumption of making one bed cover	Monthly	58,000
Improved variety Banana production on 200 m2 of land with expected yield of 2000Kg	Per season	50,000
Tomato Produced on 200 m2 of land, expected yield 1500 Kg per season	Per season	45,167
Bee colony multiplication (start 10 traditional hives to multiply bee colony with expecting splitting time of two per year)	Yearly	37,167
Improved variety Avocado production on 200 m2 square of land with expected yield of 1600 kg	Per season	35,000
Improved variety of Mango production on 200 m2 square of land with expected yield of 1500 kg	Per season	30,700
Improved Papaya production on 200 m2 of land with expected yield of 2000Kg	Per season	30,000
Improved Papaya production on 200 m2 of land with expected yield of 2000Kg	Per season	30,000
Carrot produced on 200 m2 of land with expected yield of 1000 Kg per season	Per season	29,167
Fattening three sheep or goats	Three months	26,250
Rearing (Start rearing with three sheep or goat)	One year	21,000
Head cabbage (small plot 200 m2)	Four-months	18,667
Ethiopian cabbage (traditional variety) produced on 200 m2 of land with expected yield of 900 Kg	Per season	18,167
Weaving (loom; small rugs/textiles). With assumption of making 6 m*1m of traditional garment	Monthly	16,000

10.3 Types of IGA

As explained in earlier section, the IGAs provide variable returns based on their cycles and costs. Households prefer IGAs that have low input and maintenance costs. We can categorize the IGAs into three types or tiers based on their resource requirements and cycles:

Table 17: Type of IGA based on resource requirements

Type of IGA	Characteristics
Entry Level	Short cycle, low cost, high liquidity, low return, low skill
Secondary	Medium cycle, medium cost, medium liquidity, medium skill
Tertiary	Long cycle, high cost, low liquidity, high return, high skill

Entry Level IGAs

Definition: Activities requiring very little startup capital, minimal skills, and short cycles. They provide immediate cash flow but operate at a survival level.

Categorized IGAs (from Cost-Profit Data):

- Petty Trade (Ag Products): Daily revenue cycle, low profit (733 ETB/cycle).
- Weaving (Small rugs/textiles): Monthly profit of ~1,333 ETB.
- Industrial Product Kiosk: Daily revenue, low profit (1,833 ETB).
- Milk Products (Small scale): Short cycle (7-14 days), profit ~2,833 ETB.
- Food & Beverage Vending: Weekly return of ~3,333 ETB.
- Embroidery (Home-based): Monthly profit ~4,833 ETB.

Secondary IGAs

Definition: Activities requiring moderate capital, improved technical capacity, and stronger market engagement. These IGAs generate higher, stable returns and often involve asset accumulation.

Categorized IGAs (from Cost-Profit Data):

- Micro-Agro Processing (Spices, Bread/Injera): Monthly/weekly profits between ~6,750 ETB and ~6,917 ETB.
- Shoat Fattening & Rearing: Fattening (3 months, 8,750 ETB profit) and Rearing (Yearly, 21,000 ETB profit).
- Vegetable Production (Cabbage, Carrot): Seasonal profits ranging from ~9,000 ETB to ~14,500 ETB.
- Small Poultry (Egg/Broiler): Small flocks (50 birds) yielding ~10,000–12,000 ETB per cycle. Hive Making & Colony Multiplication: Returns between 14,833 ETB and 18,583 ETB.
- Cultural Dress Tailoring: Monthly profit of ~19,500 ETB (significantly higher than Tier 1 weaving).
- Vegetable Production (Onion/Tomato): Higher yield crops returning ~22,000–27,000 ETB per season.

Tertiary IGAs

Definition: Investment-intensive, market-oriented enterprises requiring significant capital (>100k ETB in some cases) and formal licensing. They offer the strongest pathway out of poverty.

Categorized IGAs (from Cost-Profit Data):

- Commercial Pullet Production: Requires massive startup (~137,750 ETB) for high returns (~30,375 ETB per 45-day cycle).
- Improved Fruit Production (Mango, Papaya, Avocado, Banana): High seasonal returns (30,000–50,000 ETB) implying intensive land use and improved varieties.
- Honey Processing: Seasonal return of ~59,800 ETB (processing capacity of 200kg implies aggregation scale).
- High-Yield Milk Production: Utilizing cross-breed cows for massive annual returns (~336,267 ETB), aligning with the capital-intensive nature of Tier 3.

Chapter 11: Gender, Equity and Social Inclusion Issues

This GESI analysis systematically examined six critical GESI domains, identifying structural and systemic constraints that prevent poor and vulnerable urban women from transitioning their IGAs from precarious survival strategies to sustainable, profitable enterprises.

11.1 GESI UPSNJP

The urban poor, and women in particular, gravitate toward Petty Trade/Service, Poultry, and Micro-Agro-Processing. These three categories represent the most commonly selected IGAs because they address the primary financial and spatial constraints of urban life. Across multiple regional FGDs and KIIs, women choose these activities due to their low barriers to entry. They provide either *''quick returns or flexible, home-based work that aligns with the "triple burden" of childcare.*'' (Akaki Kality KII) A large portion of PSNJP graduates eventually choose the service sector for self-employment. This strategic selection is driven by the fact that these IGAs typically *"require minimal investment" and "can be done from their home so that they can easily manage it"* such as poultry, which requires *"minimal money, labor, and space".* (Kombolcha, Women FGD)

11.1.1 Key GESI Gaps in UPNJP

The Critical Binding Constraint: Lack of Space and Extreme Insecurity

The most pervasive and uniformly reported barrier across all regions is the absolute lack of secure, legal workspace, a critical infrastructural gap that invalidates other forms of support.

- **Eviction and Displacement Risk:** Informal traders, predominantly women in petty trade, face constant harassment and confiscation by city law enforcement "*Demb askebari*". The threat is structural, as evidenced by the national coordinator who cited "insufficient workspace for public works" as a national challenge. Furthermore, the threat of "corridor development" projects, noted in over 5 regional interviews (KII, FGD) across Addis Ababa and Oromia, eliminates established informal workplaces. An Akaki Kality KII captured the high risk to women's livelihoods: "*A business built on the roadside can be swept away by a single decree. If they have no working place".*

- **Safety and Mobility:** The lack of a safe workspace forces women to operate in dangerous locations, at night, or in hiding. In Addis Ababa, a KII reported that "Public spaces and markets are not safe for women and girls", and this fear is a "significant barrier" to economic participation. A Kombolcha FGD noted landlords often do not allow business activities like poultry in rented houses, creating an inherently insecure work environment.

Financial Exclusion and the ID/Collateral Barrier

Structural requirements in formal finance systems systematically exclude most of the urban poor who lack fixed assets, despite policy intentions for inclusion.

- **Collateral and Renting Status:** The biggest financial barrier is the prerequisite for collateral (e.g., house or land titles), which is impossible for most beneficiaries, often estimated at over 80% (Addis Ketema KII) who live in rental housing.

- **The Bureaucracy of Identity:** Compounding this, acquiring a necessary Kebele ID is severely restricted for renters/informal workers, directly barring access to formal opportunities and MFI services. This structural issue was cited by a majority of respondents in Akaki Kality and Lideta (10 of 10 FGD participants mentioned ID/license issues). A frustrated Lideta PSNP beneficiary captured the regulatory burden in an IDI: “I swear to Gebriel, how [do] I take a trade license for vending ertib snack to receive loan from Agar MFI?!... And it is too bureaucratic to do that petty trade”.

- **Inadequate Capital and High Costs-** The PSNP grant (around 53,000 ETB to 70,000 ETB) is consistently reported as "insufficient" due to high inflation, undermining the goal of asset creation. Accessing credit externally is limited by high interest rates and unsuitable repayment schedules (e.g., weekly repayment for mobile money loans).

Structural and Social Inequity

Women's capacity to grow a business is continuously drained by unpaid care work and systemic gender biases, while policy gaps introduce new risks.

- **The Triple Burden-** The constraint of childcare and domestic duties (the "triple burden") is the biggest single structural barrier limiting women's time and energy for business development, cited in every FGD that addressed the question. An Akaki Kality KII captured this emotional and physical cost: “A woman carries the weight of the household on her back while trying to build a business with her hands.”

- **Unequal Pay and Exploitation:** Systemic gender bias in the labor market is a major issue. A finding from the Addis Ababa mixed FGD noted that in skilled trades like tailoring, women are paid significantly less as low as half the salary of men for the same work. A male participant’s reason highlighted the root of the bias: *‘’First, man is paid better for the only reason that one is man"*. Furthermore, job dealers seeking informal work sometimes demand "sexual favors" for employment.

- **Gendered Theft of Assets:** An alarming gap in Tigray and Addis Ababa is the vulnerability of women's PSNP funds to spousal appropriation. A policy expert in Tigray warned that *‘’the law must be robust enough to safeguard women's funds, as spouses immediately file for divorce in order to divide the funds.’’*

Key GESI Issues by the Urban Regions

Access to Assets and Finance

- **Addis Ababa:** Women face high financial exclusion due to the difficulty of obtaining Kebele IDs and a lack of collateral, forcing a heavy reliance on *Equbs* for resilience.
- **Amhara:** While group loans exist, the rapid erosion of PSNP grants by inflation has forced women to rely on "Dube" (delayed payment) systems.
- **Oromia:** High interest rates and collateral demands from formal institutions drive women toward informal savings groups and non-collateral microloans where available.
- **Sidama:** Women in Hawassa report very low access to finance due to weak outreach by MFIs and a lack of required IDs or collateral.
- **Somali:** Access to MFI credit is low due to collateral requirements, making *Hagbad* (traditional savings) the primary financial safety net.

- **Tigray:** The combination of high-interest loans and inadequate grants due to inflation has created a strong demand for affordable credit with grace periods.

Division of Roles Between Men and Women

- **Addis Ababa:** Women dominate small-scale trade and poultry but struggle under a severe "triple burden" of income generation, domestic work, and childcare.
- **Amhara:** There is minimal division of labor in trade, with men and women engaging jointly, though women specifically manage livestock care.
- **Oromia:** Roles are distinct, with women dominating home-based IGAs like injera making and petty trade, while men handle heavy labor and construction.
- **Sidama:** Women are the primary actors in poultry production and managing small-scale vegetable marketing, while men have little control over these specific income streams.
- **Somali:** Women hold significant leadership roles in retail marketing and cooperatives, while men are responsible for heavy transport and livestock trade.
- **Tigray:** Women are concentrated in specific trades like tailoring and injera baking, while gendered customer preferences can sometimes disadvantage them in other sectors.

Market Access & Space

- **Addis Ababa:** The lack of secure workspace is a critical constraint, with "Demb" forces frequently harassing, evicting, or confiscating goods from women traders.
- **Amhara:** A severe shortage of market sheds forces women to vend on streets where they face harassment, despite PSNP badges offering limited protection.
- **Oromia:** Development corridors threaten existing workspaces, and dairy traders face unfair competition and transport risks.
- **Sidama:** Traders face intense market saturation with "many kiosks on every road" selling identical products, limiting profitability.
- **Somali:** Women traders are hindered by poor market infrastructure, such as a lack of shade and sanitation, and high transport costs.
- **Tigray:** The lack of affordable, dedicated workspace forces women to operate largely from rented homes or illegally on roadsides.

Cultural Norms & Policy

- **Addis Ababa:** High taxes and licensing costs push women toward informality, creating a trap where they cannot access formal benefits despite shifting cultural norms.
- **Amhara:** Informal trade carries social stigma, and high taxation creates a structural disincentive for business formalization.
- **Oromia:** Structural hurdles like high licensing fees continue to discourage formalization, although attitudinal barriers toward women in business are declining.
- **Sidama:** Skill gaps are more pronounced here than in the capital due to a lack of structured training institutions.
- **Somali:** While no restrictive laws exist, cultural norms tend to confine women to home-based or low-capital ventures.
- **Tigray:** Cultural norms are generally supportive of women's work, but the high cost of inputs and transport remains a primary constraint.

Decision-Making & Income Control

- **Addis Ababa:** Women control earnings from their small businesses, whereas men are more likely to allocate their income disproportionately to personal use.
- **Amhara:** Decisions are often made jointly, but single mothers manage earnings independently, while men in joint households tend to spend more on themselves.
- **Oromia:** Women independently manage earnings from home-based businesses to meet family needs, while major decisions are mostly joint.
- **Sidama:** Women maintain control over income generated from poultry and small-scale marketing activities.
- **Somali:** Women actively participate in cooperative leadership and exercise control over the income generated from their IGAs.
- **Tigray:** Women manage small home-based business income independently, while major household purchases remain joint decisions.

Safety & Protection Issues

- **Addis Ababa:** Public markets are unsafe, with women facing risks of assault, robbery, and sexual harassment from job brokers.
- **Amhara:** Markets are unsafe with risks of robbery, and landlords often restrict women from conducting poultry or livestock activities in rented housing.
- **Oromia:** Women face risks of verbal harassment, robbery due to poor lighting, and potential sexual exploitation by job dealers.
- **Sidama:** *Specific urban safety data is not explicitly detailed in the provided GESI table.*
- **Somali:** Physical security is relatively good, but the lack of sanitation infrastructure in markets undermines women's comfort and dignity.
- **Tigray:** While marketing environments are generally safe, women face business disruptions from inadequate infrastructure and flooding

11.1.3 GESI issues by the Value Chains

Access to Assets and Finance

- **Petty Trade:** Women lack ID cards and collateral, and high licensing costs limit access to formal credit, leaving them reliant on insufficient grants.
- **Poultry:** High input costs for feed and chicks make investment difficult, while access to Microfinance Institutions (MFIs) is limited by collateral requirements and perceived risk.
- **Sheep and Goat:** High initial capital is required for purchasing livestock, but access to finance is severely limited by collateral demands.
- **Vegetable Production:** Producers have low capital available for bulk purchasing and logistics, forcing a reliance on informal savings groups.
- **Micro Agro-Processing:** Access to individual loans is limited, forcing women to rely on *Equbs* or VSLAs, while grants are often inadequate for purchasing necessary machinery.
- **Handcrafts:** Significant investment is required for sewing machines (ETB 40,000–50,000), yet microfinance is often inaccessible or insufficient for these costs.

Division of Roles Between Men and Women

- **Petty Trade:** Women primarily shoulder a "triple workload" of income generation, domestic duties, and childcare, which restricts time for business expansion.
- **Poultry:** Women are the primary actors managing daily production, while men help primarily with logistics like purchasing and transport.
- **Sheep and Goat:** Women assist in feeding and care, but men primarily manage fattening and market sales.
- **Vegetable Production:** Both genders are involved, with women mainly responsible for weeding and small-scale marketing.
- **Micro Agro-Processing:** This sector is highly suitable for women as an extension of domestic roles (e.g., *Injera* or spice making), though production is restricted by physical labor or heat.
- **Handcrafts:** This sector is highly suitable and prioritized for women-led groups, often involving home-based work.

Market Access & Space

- **Petty Trade:** There is a universal lack of secure workspaces, leading to high exposure to harassment, eviction, and confiscation by local police ("Demb askebari").
- **Poultry:** The need for secure coops often conflicts with limited space in rental houses, and there is a lack of adequate marketing areas for large volumes.
- **Sheep and Goat:** Major barriers include a lack of feed and difficulty accessing inputs.
- **Vegetable Production:** Lack of access to water and irrigation is a major constraint for sustained urban gardening, while insecurity affects selling place stability.
- **Micro Agro-Processing:** The lack of a secure, clean workspace or kitchen is a major constraint, carrying risks of displacement.
- **Handcrafts:** Women struggle with market linkages to large buyers and accessing materials, while workspace rent remains a costly constraint.

Cultural Norms & Policy

- **Petty Trade:** Fear of high taxes prevents formal registration, and informal stigma persists against women in public or mobile markets.
- **Poultry:** Women require technical skill training (e.g., feed, disease prevention) to mitigate high risks.
- **Sheep and Goat:** While profitable, this sector needs gender-sensitive credit and training to overcome mobility limits for women.
- **Vegetable Production:** There is a need for specific training on climate-smart irrigation and cultivation techniques.
- **Micro Agro-Processing:** High taxation and licensing requirements hinder growth and legal registration.
- **Handcrafts:** Women need training and awareness to transition into this specialized area.

Decision-Making & Income Control

- **Petty Trade:** Income is mostly controlled jointly; men may control earnings from larger sales, while women manage daily petty cash for household needs.
- **Poultry:** Income is often controlled by the woman, especially earnings from small amounts of eggs.
- **Sheep and Goat:** Selling is the main responsibility of the man, which often limits women's direct control over major income.

- **Vegetable Production:** Income is typically controlled by women for daily household expenses.
- **Micro Agro-Processing:** Women often have full control over income from these home-based businesses.
- **Handcrafts:** Income is controlled either by the woman or jointly by the household.

Safety & Protection Issues

- **Petty Trade:** Women face widespread harassment, assault, and robbery in public markets and streets, exacerbated by a lack of police integration.
- **Poultry:** Producers face high vulnerability to disease outbreaks and asset loss.
- **Sheep and Goat:** There is high exposure to disease, feed shortages, and market volatility.
- **Vegetable Production:** Vendors are vulnerable to eviction and harassment when selling on roadsides or unsecured areas.
- **Micro Agro-Processing:** There is a risk of harassment from "Demb" enforcers when selling publicly without a license.
- **Handcrafts:** This is generally considered a safer value chain as it is primarily home-based.

11.1.4 Distribution of Roles Between Men and Women in the Value Chains

Primary Role of Women: Women overwhelmingly dominate daily production tasks such as feeding poultry, weeding vegetables, preparing food, alongside managing small-scale retail and daily cash flow.

Primary Role of Men: Men typically control high-labor and high-capital activities, including heavy transport, bulk input purchasing, and large-scale marketing for livestock.

Regional/Contextual Nuance: Regional dynamics influence these roles, such as in Tigray where embroidery thrives as a home-based female activity, whereas in Addis Ababa women face wage gaps in skilled tailoring.

11.1.5 Group Based Mechanisms and Benefits

Mechanism/Type of Group: Urban women across all regions rely on traditional structures like Equbs, Iddirs, VSLAs, and cooperatives to pool resources and navigate financial exclusion.

Main Benefit (Financial): These groups provide critical access to revolving credit and emergency funds, allowing women to inject cash into businesses and cope with economic shocks.

Main Benefit (Social): Participation fosters social cohesion and confidence, strengthening women's decision-making power and providing a platform for mutual aid during hardship.

Key Challenges: The sustainability of these groups is threatened by internal disagreements, high interest rates on external loans, and the destruction of assets during conflicts.

Annex 10 summarizes the GESI issues in UPSNJP by region. Annex 11 summarizes the GESI issues in UPSNJP by the value chains. In addition, Annex 12 explains the divisions of roles between men and women in the value chains while Annex 13 explains the group-based efforts of women. The

tables further explain the GESI issues against the six components of the GESI Analysis – (i) access to assets and finance (ii) division of roles between men and women (iii) market access and space (iv) cultural norms and policies (v) decision making & income control and (iv) safety and protocol issues.

11.2 GESI Rural PSNP

The most prominent livelihood choice for women across rural regions is Sheep and Goat Rearing/Fattening, followed closely by Petty Trade/Retail and Dairy. These activities are preferred by the respondnets because they are culturally familiar, require low initial capital (except for Diry), and are highly suitable for management alongside the "triple burden" of household chores and childcare. One Amhara PSNP beneficiary noted the choice is practical: *"We work on sheep fattening with my husband... it is easier to manage with less water and gives a quicker income".*

11.2.1 Key GESI Gaps in Rural Livelihoods

The constraints on rural women are primarily defined by systemic lack of capital, infrastructural fragility, and deep-seated cultural barriers related to risk and asset ownership.

The Binding Constraint: Climate Vulnerability and Market Disruption

The rural economy's reliance on rainfed agriculture means that climate change is the single greatest threat to women's livelihoods, affecting input costs and asset value.

- **Drought and Price Shock-** Recurrent drought and erratic rainfall are cited by over 10 regional sources (FGD, IDI, KII) as the major livelihood risks. In response to drought, Somali and Amhara traders reported animals become weaker and supply chains are disrupted, increasing input prices (feed) and reducing farmer purchasing power.
- **Input and Infrastructure Failure-** The loss of inputs and infrastructure, particularly due to conflict in Tigray, is devastating. The cooperative fund in Gulomekeda was "robbed and destroyed" during the war. Furthermore, a lack of medicine and veterinary services, alongside high feed costs, consistently hinders successful poultry and livestock fattening.
- **Safety from Conflict-** In Tigray, the conflict remains the biggest safety barrier, with FGD members reporting harassment by young men during the required 35km market journey.

Financial Exclusion: Collateral, Trust, and Religious Barriers

Access to finance is severely bottlenecked by collateral requirements and socio-cultural constraints unique to rural contexts.

- **Collateral and Fear of Risk:** Formal credit typically requires land ownership or group liability, which the poorest households cannot meet. Furthermore, multiple FGDs in Amhara, Oromia, and Somali reported that women avoid loans due to a strong fear of default/bankruptcy and the perceived risk of debt.

- **Religious Constraints:** In both Amhara and Somali regions, FGD members stated that they refuse loans with interest, deeming the practice "Haram" (forbidden under Islamic law), which restricts access to nearly all formal financial products. Participants requested **"interest-free credit".**

- **The High Cost of Credit Failure-** The group lending model, while innovative, poses a significant risk to the most vulnerable members: *"if one person in our group is unable to repay the loan, the rest of the group has to cover the full payment"* (Dessie Zuria IDI).

Structural and Social Inequity

While formal laws promote equality, deep-rooted informal norms reinforce the "triple burden" and restrict women's control over high-value assets.

- **Unequal Division of Labor and Time Poverty-** Every FGD that addressed the topic confirmed that while women actively participate in the field (weeding, harvesting), they shoulder the entire burden of domestic chores (childcare, enset processing), resulting in time poverty. A KII stressed that women are only able to enter the public work program because of flexibility: *"Women are allowed to arrive late and leave early from public work*".

- **Asset and Income Control-** Despite PSNP promoting joint accounts, a strong informal norm persists where men control the sale of high-value assets (oxen, large cash crops), while women manage income from lower-value sales (eggs, vegetables) used primarily for daily household needs. This is exacerbated by regional findings that men are more prone to spending income on themselves (e.g., khat, alcohol) while women prioritize family and children.

- **Literacy and Digital Exclusion-** Over 8 sources across the regions noted that low literacy/illiteracy is a core barrier preventing women from accessing information, formal licensing, and digital tools. An Awbarre FGD noted: *"Many women rely on their children or friends to help operate mobile applications and payment systems"*.

11.2.2 GESI Rural- Issues by Regions

Access to Assets and Finance

- **Amhara:** Formal credit is constrained by collateral requirements and religious norms prohibiting interest ("Haram"), forcing reliance on NGOs like Eyerusalem for credit and Tsedey Bank for savings.
- **Oromia:** Tailored finance is non-existent, and women are discouraged by high interest rates and complex procedures, often using PSNP grants for housing rather than business.
- **Somali:** Financial access is severely limited by collateral demands and strict Murabaha terms, making Hagbad (traditional savings) the primary risk mitigation tool.
- **Tigray:** Financial institutions are largely disconnected due to conflict-related destruction (e.g., looting of cooperative banks), leaving women reliant on insufficient PSNP grant savings.
- **Sidama:** Formal MFI access is blocked by collateral requirements, driving households to moneylenders charging usurious rates (10–15% monthly) while Iqub and VSLAs serve as the main support.

Division of Roles Between Men and Women

- **Amhara:** Women primarily manage daily livestock care (feeding, cleaning), while men dominate heavy labor, transport, and sales, often migrating for work.
- **Oromia:** Men handle heavy tasks like ploughing and bulk marketing, whereas women dominate weeding, Enset processing, and livestock management, bearing a higher unpaid workload.
- **Somali:** Women lead in petty trade and milk marketing, often supporting households where men are jobless or suffering from addiction, while men handle long-distance transport.
- **Tigray:** Conflict forced many women to shift from lucrative IGAs to subsistence activities like gullit, managing home-based tasks while men handle input buying and selling.
- **Sidama:** Women dominate Enset processing and care for livestock near homesteads, while men control land preparation and the marketing of bulk cash crops.

Market Access & Space

- **Amhara:** Input suppliers provide credit but often for small quantities, and the region suffers from poor market linkages and unpredictable transport.
- **Oromia:** Women lack direct links to traders and rely on middlemen, receiving lower prices; seasonal flooding severely restricts transport and input access.
- **Somali:** Supply chains are disrupted by customs checkpoints and conflict; markets lack basic infrastructure like shade and sanitation, forcing reliance on children for transport.
- **Tigray:** Critical infrastructure like milling factories was destroyed during the conflict, forcing women to travel long distances (35km) for inputs amidst high costs.
- **Sidama:** Reliance on brokers leads to lower prices, and women face difficulties traveling to distant markets due to safety concerns and a lack of market facilities.

Cultural Norms & Policy

- **Amhara:** Informal norms limit women's mobility due to religious beliefs (Haram), but formal policies are gender-sensitive, requiring a shift in mentality for engagement
- **Oromia:** Formal laws do not restrict women, but cultural norms still confine them to home-based work, and informal groups resist formalization due to complex procedures.
- **Somali:** Informal norms prohibit women from travel and bulk sales, while religious norms restrict interest-based finance; low literacy limits mobile money use.
- **Tigray:** The security situation is the primary inhibitor rather than traditional norms; women avoid licensing due to high taxes rather than cultural prohibition.
- **Sidama:** Cultural norms and household burdens restrict mobility, while low literacy and perceived costs of licensing hinder formalization.

Decision-Making & Income Control

- **Amhara:** Household decisions are typically joint; women often manage income from small-scale sales like tea, achieving some financial autonomy.
- **Oromia:** Major livelihood decisions are joint, but women control verbal earnings for daily needs, with widowed mothers managing businesses independently.

- **Somali:** Income control is largely shared, but women gain confidence and improve income by controlling profits from petty trade and rearing.
- **Tigray:** Decisions over income are jointly managed; women actively engage in cooperative leadership despite the conflict.
- **Sidama:** Income control is male-centered for major earnings, though there is a trend toward joint management for routine expenses and women manage petty trade funds.

Safety & Protection Issues

- **Amhara:** Workplaces are generally safe with low harassment rates; PSNP provides protection, but animal illness remains a major challenge.
- **Oromia:** Generally safe, though workplaces are often unsuitable; risks include flooding, frost, and reported cases of sexual assault.
- **Somali:** Workplaces are generally safe due to cultural protection, but drought and disease outbreaks severely limit production capacity.
- **Tigray:** Women face high risks of harassment on roads and the major threat of asset looting/destruction due to conflict.
- **Sidama:** Markets are not always safe, with occasional harassment and theft; workplaces lack security and designated rest areas

11.2.3 GESI Rural- Issues by Value Chains

Access to Assets and Finance

- **Petty Trade:** Rural women rely heavily on informal sources like *Ikub* and supplier credit due to low awareness of microfinance and a lack of digital literacy.
- **Poultry:** Access to finance is highly constrained, with women depending on family loans or grants to start, as digital microloans have low awareness and penetration.
- **Sheep and Goat:** Strict collateral requirements (land/house) exclude most women from formal loans, forcing them to rely on informal savings mechanisms to purchase livestock.
- **Vegetable/Fruit:** Producers lack tailored financial products for essential inputs like irrigation or improved seeds, depending instead on *VSLA* savings.
- **Dairy:** High startup costs for crossbred cows and a lack of suitable loan products make this aspirational livelihood inaccessible for poor women without collateral.
- **Handcrafts/Tailoring:** Producers have minimal access to finance for raw materials or tools due to a lack of tailored products, relying solely on seasonal earnings.

Division of Roles Between Men and Women

- **Petty Trade:** Women manage the daily operations of shops and cash flow, while men assist with procuring inputs and handling heavy goods.
- **Poultry:** Women are the primary actors for daily feeding, cleaning, and egg collection, while men handle input purchasing and coop construction.
- **Sheep and Goat:** Women manage daily feeding, health monitoring, and small-scale sales (milk/butter), while men control bulk marketing and transport.
- **Vegetable/Fruit:** Women dominate sowing, weeding, and local marketing, whereas men are responsible for land preparation, ploughing, and operating irrigation systems.

- **Dairy:** Women are responsible for milking, processing butter/cheese, and sales, while men handle barn cleaning and fodder transport.
- **Handcrafts/Tailoring:** Women dominate weaving and sewing, while men are often responsible for transporting raw materials from distant markets.

Market Access & Space

- **Petty Trade:** The high mobility of products allows women to participate as aggregators, though rising transport costs and currency devaluation are shrinking margins.
- **Poultry:** Strong local demand allows for farm-gate sales, but a lack of rural distribution networks for inputs (feed/pullets) remains a major bottleneck.
- **Sheep and Goat:** Women often rely on farm-gate sales due to mobility constraints and a lack of direct links to traders, receiving lower prices than men who travel to markets.
- **Vegetable/Fruit:** Women sell produce in local markets or to aggregators but suffer from a lack of shade, storage, and direct connections to high-value buyers.
- **Dairy:** Distant producers face challenges with cold chain infrastructure, often restricting sales to less perishable processed items like butter and cheese.
- **Handcrafts/Tailoring:** Producers are confined to low-value local markets due to a lack of linkages to urban boutiques or tourist centers.

Cultural Norms & Policy

- **Petty Trade:** This sector is culturally accepted as a women's domain and does not require licensing in most rural areas, allowing for flexible operation.
- **Poultry:** Cultural acceptance is high across all regions, making it an accessible first-tier livelihood that aligns well with domestic duties.
- **Sheep and Goat:** Cultural norms in regions like Amhara restrict women from entering livestock markets, forcing them to rely on male intermediaries for sales.
- **Vegetable/Fruit:** Women are increasingly active in cash crop management (e.g., maize, haricot bean) in Oromia, shifting traditional gender roles.
- **Dairy:** Dairy is widely viewed as a prestigious, direct path for women to improve household nutrition and income.
- **Handcrafts/Tailoring:** In the Somali region, cultural norms classify handcraft makers as lower status, discouraging women from participating.

Decision-Making & Income Control

- **Petty Trade:** Women typically control the income from small-scale trade, using it for daily household needs and building financial confidence.
- **Poultry:** Women generally exercise full control over production decisions and the income generated from eggs and birds.
- **Sheep and Goat:** Women often control income from by-products and small sales, while men typically control the revenue from large animal sales.
- **Vegetable/Fruit:** Women have decision-making power over sales and income from small plots, though men often manage bulk cash crop revenues.
- **Dairy:** Income from processed products like butter and cheese is largely controlled by women, providing a steady source of cash.
- **Handcrafts/Tailoring:** Income is generally controlled by women or jointly managed, particularly in home-based embroidery or weaving enterprises.

Safety & Protection Issues

- **Petty Trade:** Women face safety risks such as harassment when traveling to markets and lack of infrastructure like shade and sanitation at trading sites.
- **Poultry:** The major threat to assets is the high prevalence of disease outbreaks and a lack of veterinary services.
- **Sheep and Goat:** Drought and disease are significant risks, exacerbated by limited veterinary coverage, which threatens women's assets.
- **Vegetable/Fruit:** Production is highly vulnerable to climate shocks like flooding, frost, and water shortages, which can disrupt livelihoods.
- **Dairy:** Climate sensitivity requires sophisticated management of water and fodder to protect high-value cows from drought shocks.
- **Handcrafts/Tailoring:** Conflict-related looting has been a major safety issue, with entire cooperative asset bases destroyed in regions like Tigray.

11.2.4 GESI Rural – Division of Roles and Responsibilities by Value Chain

Primary Role of Women: Women are the primary actors in daily maintenance tasks such as feeding livestock, weeding crops, and managing small-scale retail and dairy processing.

Primary Role of Men: Men are responsible for physically demanding and high-capital activities, including land preparation with oxen, bulk transport, and the marketing of cash crops.

Regional Dynamics/Key Findings: Regional variations shape these roles; for example, in Somali, women often own and manage petty trade due to high male unemployment, while in Amhara, farming roles are more collaborative.

11.2.5 GESI Rural- Group Based Mechanisms and Benefits for Rural Women

Mechanism/Type of Group: Rural women rely on a mix of traditional and NGO-supported groups, including *Ikkub*, *Iddir*, *VSLAs*, and cooperatives, to navigate financial exclusion.

Main Benefit (Financial): These groups provide essential access to revolving credit and safety nets, enabling investment in livestock and buffering against economic shocks like crop failure.

Main Benefit (Social): Participation builds social solidarity, confidence, and leadership skills, offering a platform for women to voice concerns and resolve community problems collectively.

Key Challenges: The effectiveness of these groups is undermined by internal distrust, lack of commitment, conflict-related destruction of assets, and exclusion due to religious beliefs regarding interest.

Annex 14 summarizes the GESI issues in UPSNJP by region. Annex 15 summarizes the GESI issues in UPSNJP by the value chains. In addition, Annex 16 explains the divisions of roles between men and women in the value chains while Annex 17 explains the group-based efforts of women. The tables further explain the GESI issues against the six components of the GESI Analysis – (i) access to assets and finance (ii) division of roles between men and women (iii) market access and space (iv) cultural norms and policies (v) decision making & income control and (iv) safety and protocol issues.

Chapter 12: Review of the Support Systems and the Formal and Informal Rules- Urban and Rural

The business enabling environment presents distinct realities for urban and rural women, though systemic barriers regarding finance and skills persist in both. Urban women rely heavily on the Urban PSNJP as their primary support structure, creating a dependency that contrasts with the diverse rural ecosystem of NGOs, government agents, and community groups. Financial exclusion remains a universal bottleneck due to collateral requirements, yet urban areas are beginning to bridge this gap through digital services like Telebirr. Conversely, rural women remain excluded from these digital advances due to poor infrastructure and low digital literacy.

Training quality also diverges; urban beneficiaries report consistent, structured sessions, while rural training is often inconsistent and lacks technical depth. The most significant contrast lies in the regulatory environment: for urban women, informality is a high-risk state fraught with harassment and eviction, driven by bureaucratic hurdles like proof-of-address requirements. In rural areas, however, informality is the accepted norm with minimal regulatory consequences. Ultimately, while urban environments offer better digital and market access, they impose severe regulatory risks that do not exist in the rural context.

Table 17: Summary of Support Systems- Formal and Informal Rules

Themes	Urban Thematic Discussion	Rural Thematic Discussion
Institutional Support Structures	**UPSNJP is the primary institution of support:** The Urban PSNJP is the dominant institution providing training, finance, and workspace access. **Informal Support:** Women rely heavily on informal structures like equb and iddir for emotional support, savings, and conflict resolution. **Private Sector:** Traders support women via small credit and flexible purchasing terms to build trust-based relationships **Gaps:** There is a notable lack of other governmental or NGO institutions systematically linking women to markets or finance outside of UPSNJP.	**Support accessed from diverse set of actors:** A mix of local government (Woreda offices, Development Agents), NGOs, and community groups play key roles. **Informal Support:** VSLAs, Equb, Wujo, and Hagbad are essential for saving and building financial confidence. **NGO Role:** NGOs are major actors; e.g., FH Ethiopia provides livestock/mentorship, and ADCS in Tigray supports literacy and climate-smart agriculture. **Conflict Recovery:** Organizations like Eyerusalem Child & Community Development support conflict-affected women with psychosocial recovery and grants.
Good Practices & Success Factors	**Key Enablers:** Practical training, continuous follow-up, and access to workspace are critical for success. **Transitions:** Successful transitions observed from coffee vending to hairdressing, or petty trade to cultural dressmaking. **Group Strategies:** Group-based IGAs (e.g., plastic bottle collection) reduce individual risk and aid capital accumulation. **Failure Factors:** Interventions fail when follow-up is lacking or when opportunity access is influenced by kebele-level favoritism.	**Collective Action:** Successful models include the "Degaga Team" cattle fattening enterprise, which succeeded through pooled capital and financial discipline. **Local Innovation:** Women use local resources for innovations like straw feed production and community-led vegetable marketing. **Programme Design:** Effective programs are problem-driven, responsive to actual needs, and supported by matching funds and mentoring.

Access to Finance & Structural Barriers	**Digital Opportunities:** Urban beneficiaries use digital services (Telebirr, M-PESA) to bridge working capital gaps due to better network coverage. **Barriers:** Poor women are excluded from formal loans due to lack of collateral, IDs, and stringent KYC requirements. **Risks:** Women fear credit due to repayment pressure; digital credit scoring poses risks of over-indebtedness for those with low financial literacy.	**Exclusion:** Financial exclusion is compounded by distance, weak road networks, and limited MFI outreach. **Digital Gap:** Rural women remain excluded from digital loans due to low digital literacy, limited phone ownership, and inconsistent network coverage. **Reliance:** Heavy reliance on VSLAs and Idir which act as safety nets but offer loan sizes too small for business expansion.
Skill Training Quality & Delivery	**Frequency & Content:** In Addis Ketema, women receive training 4 times a year on financial management, marketing, and entrepreneurship. **Impact:** Training helps women transition to more profitable IGAs. **Quality:** Urban beneficiaries generally reported strong training quality and consistent follow-up compared to rural peers.	**Content Gap:** Rural women describe receiving fewer technical modules than urban counterparts. **Regional Disparities:** Quality varies; while some regions have support, women in Tigray reported receiving little, short, or ineffective training. **Needs:** There is a stress on the need for farmer-oriented training and better extension services.
Training Gaps & Emerging Needs	**Limited access:** Lack of training on licensing, digital ID, and consumer protection leads to business shutdowns and product confiscation. **Digital Demand:** Time-poor women (balancing childcare) expressed strong interest in digital video tutorials to learn at their own pace. **Technical Gaps:** Training often lacks guidance on specific IGAs, causing women to miss opportunities in sectors like micro-agro processing or recycling.	**Training for Diversification of IGAs:** Women emphasized the need for technical skills for ‘second-tier IGAs (the next level beyond petty trade). **Delivery Issues:** Programs are often implemented by staff who lack practical business experience, reducing relevance. **Hybrid Needs:** A blended model of in-person coaching and digital platforms is recommended to reach last-mile populations.
Informality, Licensing & Regulation	**High Risk:** Informality is described as risky and stressful; women face harassment, confiscation, and displacement by "demb" enforcement. **Coordination Failure:** UPSNJP facilitation letters are often not recognized by enforcement teams, offering no real protection. **Barriers to Formalization:** High subjective fixed taxes, fees, bureaucracy, and proof of address requirements (difficult for home-based/mobile workers) drive women to remain informal.	**Low Risk:** In rural areas, most IGAs do not require a business license, and informal operations are widely accepted **Environment:** The regulatory pressure and consequences of informality are significantly lower compared to the urban context.

Chapter 13: Recommendations

13.1 Urban Geographic Focus

Based on the findings the following urban geographic locations are identified as most prospective for urban PSNP.

Table 18: Prioritized urban locations for UPSNJP

Region	Prioritized Urban Location	Rationale for Prioritization
Addis Ababa	Addis Ketema & Lideta (Inner City) Akaki Kality (Outer City)	**High Market Demand vs. Space Constraints:** These sub-cities have the highest density of PSNP beneficiaries and market demand for emerging IGAs (waste recycling, daycare). However, they face severe structural shocks (corridor development displacement) and biophysical shocks (flash floods due to poor drainage), making resilience interventions critical.
Amhara	Dessie & Kombolcha	**Conflict Recovery & Logistics Hub:** As major commercial corridors, these cities offer strong market linkages for poultry and shoat fattening. However, they are recovering from conflict-disrupted supply chains and face high climate vulnerability (Score: 16) from flash floods and cold spells affecting livestock.
Oromia	Adama & Bishoftu	**Highest Vulnerability & Industrial Linkage:** Oromia urban centers scored the highest for climate vulnerability (Score: 17) due to the dual threats of riverine flooding and drought-induced food price spikes. Simultaneously, they host major industrial parks and poultry hubs (e.g., Alema Farms), offering the best ecosystem for scaling poultry and micro-agro processing.
Sidama	Hawassa	**Agro-Industrial Integration:** Hawassa is prioritized due to its proximity to the Integrated Agro-Industrial Park (IAIP), which creates strong demand for high-value crops (avocado) and labor. While climate risks are moderate (Score: 13), the city faces rising lake levels and intense market saturation in petty trade, requiring a shift to diversified IGAs.
Somali	Jigjiga	**Heat Stress & Cross-Border Trade:** Jigjiga is vital for cross-border livestock and goods trading. It faces unique high-intensity climate shocks (Score: 15) including extreme heatwaves and water scarcity. Interventions here must focus on heat-resilient logistics and cultural-specific value chains (e.g., milk marketing over poultry).
Tigray	Mekelle	**Post-Conflict Reconstruction:** Prioritized to support the rebuilding of shattered economic infrastructure. The city faces high climate risks (Score: 16) from flash floods on degraded slopes. Interventions must focus on restoring basic input supply chains

	(chicks, feed) and financial institutions (RUSACo) that were destroyed during the conflict.

13.2 Peri-Urban Geographic Focus

The peri-urban locations would serve as critical bridge between rural and urban PSNP. These corridors will be important to build the enabling environment to support extension services, skills development, access to finance, development backward and forward linkages.

Table 19: Prioritized peri-urban locations for PSNP

Region	Recommended Peri-Urban Location	Rationale for Prioritization
Addis Ababa	Akaki Kality (Outer City)	**Strategic Food Corridor:** Identified as a key entry point for agricultural goods entering the capital. It hosts initiatives like vegetable cultivation on reclaimed landfills, demonstrating high potential for group-based employment. **High Vulnerability:** It faces severe risks of riverine flooding from the Akaki river and displacement due to corridor development, making resilience interventions urgent to protect existing livelihoods.
Oromia	Adama Zuria (Surrounding Adama City)	**Poultry & Industrial Hub:** This area is central to Ethiopia's poultry value chain, hosting major suppliers like Alema Farms. It provides the ecosystem needed to scale women from backyard farming to semi-commercial operations. **Market Linkage:** It serves as the primary aggregation zone for vegetables and livestock flowing into Adama City and Addis Ababa.
Sidama	Hawassa Zuria (Surrounding Hawassa)	**Agro-Industrial Synergy:** The presence of the Integrated Agro-Industrial Park (IAIP) has stimulated demand for high-value crops (avocado, fruits), raising farm-gate prices and incentivizing orchard expansion in this peri-urban belt. **Dairy Potential:** It has active raw milk markets and collectors that travel from the city, offering women daily income opportunities.
Amhara	Dessie Zuria (Surrounding Dessie)	**Livestock Aggregation:** This area is a critical supply base for sheep and goats sold in the urban markets of Dessie and Kombolcha. **Climate Buffer:** It acts as a buffer zone for drought-displaced populations moving toward urban centers; interventions here can stabilize livelihoods before they become destitute urban migrants.
Somali	Kebribeyah	**Refuge & Trade Hub:** Functioning as a peri-urban satellite to Jigjiga, it is vital for cross-border livestock trade. It serves as a settlement area for pastoralists dropping out of the system due to drought, requiring distinct "peri-urban" interventions that transition households from pastoralism to settled trade.
Tigray	Gulomekeda	**Reconstruction Link:** Located near the urban center of Adigrat, this area is essential for restocking urban markets with poultry and shoats following the conflict. However, financial infrastructure (like RUSACo) was destroyed here, requiring targeted peri-urban financial reconstruction to restart market flows.

13.3 Rural Geographic Focus

Based on the Area Selection Framework (Table 2), Climate Vulnerability Analysis and Regional Performance of the value chains, the following rural locations are recommended for PSNP intervention. These areas are prioritized based on the intersection of High Climate Vulnerability (requiring immediate resilience support) and Value Chain Potential (offering viable pathways for economic graduation).

Table 20: Prioritized rural locations for PSNP

Region	Recommended Rural Location (Woredas)	Rationale for Prioritization
Oromia	Adama Zuria, Boset, & Adami Tulu Jido Kombolcha (ATJK)	**Highest Vulnerability:** Rural Oromia scored highest for climate vulnerability (Score: 19) due to severe risks of drought, flood, and soil erosion Livestock Hub: These areas are critical for Sheep and Goat rearing, benefiting from mixed crop-livestock systems and access to export abattoirs in nearby towns like Mojo and Adama Proximity to Bishoftu and Adama allows for better access to improved pullets and feed compared to remote regions.
Amhara	Dessie Zuria, Kalu, & Habru	**Dual Threat Mitigation**: These woredas face high climate vulnerability (Score: 19) from both drought and flash flooding. Interventions here act as a stabilizer to prevent distress migration to urban centers. Despite climate risks, these areas have strong production potential for diverse crops (beetroot, chard) due to favorable rainfall and irrigation access in localized pockets. Proximity to processors in Dessie creates a viable market for dairy, though forage access remains a constraint.
Sidama	Shebedino, Boricha, & Hawassa Zuria	**Agro-Industrial Synergy:** These areas stand out because the nearby Integrated Agro-Industrial Park has stimulated massive demand for Fruits (Avocado), raising farm-gate prices and incentivizing orchard expansion. Shebedino and Boricha have strong traditions in apiculture with high yields from transitional hives, which can be integrated with fruit production for pollination.
Somali	Babile, Gursum, & Aweberi	**Pastoral Resilience:** These areas face high heat stress and drought (Score: 17). Interventions must focus on protecting the Sheep and Goat assets that drive the region's economy through cross-border trade to Somaliland/Djibouti. Cultural norms here often restrict women's engagement in handcrafts, requiring a focus on culturally accepted livelihoods like milk marketing and petty trade.
Tigray	Gulomekeda, Ganta Afeshum, & Atsibi Wonberta	**Post-Conflict Recovery:** These areas require urgent restocking of assets (poultry/shoats) and reconstruction of financial systems (like RUSACo cooperatives) destroyed during the conflict. Atsibi is renowned for high-quality honey. Revitalizing the apiculture value chain here offers a climate-resilient pathway that requires low land and labor.

13.4 Recommended Value Chains and IGAs for Urban Locations

The findings show that a menu of different types/ tiers of IGAs is most suited for urban locations. This will offer the highest prospect for climate resilience and sustainable economic empowerment of the vulnerable women in urban PSNP locations.

Table 21: Recommended value chains for urban locations

Value Chain / IGA	Type of IGA	Rationale for Recommendation
Petty Trade (Consumables, Agricultural products)	Tier 1 (Entry)-Mass Absorption	**Highest Absorptive Capacity:** Currently employs the majority of PSNP women due to minimal barriers (low skill/capital) **Resilience:** Ranked highly for climate resilience as products are sourced from diverse regions year-round, mitigating local shocks **Buffer in Crisis:** Identified as the first fallback livelihood during crises (e.g., conflict), providing immediate cash flow.
Micro Agro-Processing (Baltina/Spices, Injera, Bread, Processed Chicken)	Tier 2 (Growth)-Value Addition	**High Market Demand:** Driven by the rising urban lifestyle and increasing number of working women who need ready-to-eat foods **Profitability:** Offers higher margins than simple petty trade and allows women to control production, marketing, and income **Scalability:** Offers a clear pathway to transition from household-level processing to supplying supermarkets and institutional buyers.
Poultry (Egg Production, Broiler Fattening)	Tier 2 (Growth)-Asset Building	**Women's Domain:** Culturally accepted as a female activity across all regions. **Quick Returns:** Short production cycles (45 days for broilers) allow for rapid reinvestment and capitalization **Market Drivers:** High year-round demand due to population growth and a widening middle class seeking affordable protein.
Emerging Service IGAs (Daycare Services)	Tier 2 (Service)-Social Enabler	**Solves Structural Barriers:** Directly addresses the triple burden of childcare that restricts women's labor participation. **Climate Proof:** Indoor, service-based activity that is completely independent of weather shocks. **Growing demand driven by Urbanization:** Growing demand due to the rise of working mothers and rural-to-urban migration.
Green / Circular Economy (Plastic Recycling, Paper Bag Production)	Tier 1 (Entry)-Policy Aligned	**Policy Support:** Paper bag production is gaining traction due to government restrictions on single-use plastics.

		Cash Flow: Plastic recycling offers daily income through sales to aggregators and requires low startup capital **Resilience:** Supply of waste materials is constant and not weather-dependent.
Sheep & Goat (Shoat)(Fattening)	Tier 2 (Asset)- High Margin	**Profitability:** Offers higher profit margins than petty trade or poultry with limited daily labor requirements **High seasonal demand:** High demand during frequent national holidays and from the hotel/restaurant sector **Resilience:** Relatively climate-resilient due to lower water/feed requirements compared to large livestock.
Urban Vegetable Production- (Group-based on reclaimed land)	Tier 1 (Food Security)- Niche Potential	**Employment Potential:** UPSNJP initiatives allocating reclaimed landfills to women's groups have demonstrated strong employment potential **Market Access:** Proximity to urban gullits ensures immediate sales of fresh, perishable greens (cabbage, lettuce). However, Success is strictly dependent on access to land and water/irrigation.

13.5 Recommended Value Chains and IGAs for Peri-Urban Locations

The peri-urban locations are identified as important bridge for growth and sustainability of climate resilient value chains. Table 22 summarizes the recommended value chains for the peri-urban locations

Table 22: Recommended value chains for peri-urban locations

Value Chain / IGA	Type of IGA	Rationale for Recommendation
Vegetable Production (Intensive/Group-based)	Tier 1 & 2 (Food Security & Income)	**Land Access:** Peri-urban areas offer small plots or reclaimed landfill sites (e.g., in Addis and Adama) where women can cultivate collectively, a constraint that limits inner-city women. **Market Proximity:** High demand from nearby urban centers ensures that perishable crops like leafy greens, tomatoes, and onions can be sold fresh daily without complex cold chains. **Input Linkage:** Potential exists to link these growers with rural organic fertilizer producers, creating a sustainable supply chain.
Poultry (Pullet Growing & Semi-Commercial)	Tier 2 & 3 (Hub & Spoke Model)	**Strategic Location:** Peri-urban areas act as distribution hubs; urban-based pullet growers in these zones (e.g., around Hawassa, Bishoftu) serve both the city demand for eggs and the rural demand for improved breeds. **Space Advantage:** Unlike congested inner cities where housing restrictions ban livestock, peri-urban

Value Chain / IGA	Type of IGA	Rationale for Recommendation
		zones offer sufficient space for constructing proper sheds for semi-commercial flocks (50-500 birds).
Dairy (Fresh Milk & Processing)	Tier 2 & 3 (High Value)	**Daily Income:** Peri-urban areas have active raw milk markets that offer women daily income opportunities because urban milk collectors regularly travel to these zones to aggregate supply for processing plants. **Input Access:** These locations have better access to agro-industrial by-products (brewery waste, oil cake) from the city for feed compared to deep rural areas.
Sheep & Goat (Shoat) (Specialized Fattening)	Tier 2 (High Margin)	**Niche Markets:** The emergence of specialized raw meat restaurants and butchers in urban areas drives demand for fattened animals from peri-urban operations. **Climate Resilience:** Shoats are more drought-tolerant than cattle and require less water/grazing land, making them a resilient asset for peri-urban households facing land pressure.
Circular Economy (Black Soldier Fly & Organic Fertilizer)	Tier 2 (Innovation)	**Waste-to-Value:** Peri-urban zones are often the aggregation points for urban organic waste (fruit/vegetable market scraps), providing free feedstock for Black Soldier Fly (BSF) larvae production. **Dual Output:** BSF production creates high-protein feed for the local poultry/fish sectors and organic fertilizer for vegetable growers, closing the loop.
Pond Fish Production (Aquaculture)	Tier 2 (Diversification)	**Resource Efficiency:** Requires limited land and can use renewable water sources like rainwater harvesting, making it viable in peri-urban backyards **Market Demand:** Growing urban demand for affordable animal protein (tilapia/catfish) supports this IGA, especially in areas like Sidama and Addis Ababa.

13.6 Recommended Value Chains and IGAs for Rural Locations

Rural areas offer a diverse range of IGAs as potential for the poor women. These are summarized in Table 22.

Table 23: Recommended value chains for rural locations

Value Chain / IGA	Tier & Type	Rationale for Recommendation
Sheep & Goat (Shoat) (Rearing & Fattening)	Tier 2 (Asset) - Resilience & Savings	**Climate Resilience:** Small ruminants are more drought-tolerant than cattle and require less water and grazing land, making them a liquid asset for emergencies. **Graduation Pathway:** Widely recognized as a second-tier activity where women invest savings from poultry/petty trade; successful fattening is the bridge to high-value dairy farming. **Market Linkage:** Robust demand from export abattoirs and urban consumption centers drives consistent sales.
Dairy (Butter, Cheese, Milk)	Tier 3- (Aspirational)- High Value	**Transformative Potential:** Identified as the ideal pathway out of poverty with the highest potential for large-scale employment across production, processing, and feed supply. **Value Addition:** Women traditionally dominate processing (butter/cheese), which extends shelf life and allows for sales in distant urban markets even without cold chains. **High Return:** A single crossbred cow can generate significant daily income, though startup costs are high.
Poultry (Egg Production, Improved Breeds)	Tier 1 (Entry)Mass Accessibility	**Accessibility:** The most accessible first-tier IGA due to low capital requirements and compatibility with domestic chores. **Scalability:** Women can start with 5–10 chickens and scale to semi-commercial flocks, using profits to fund larger asset purchases. **Input Linkage:** Growth is supported by increasing distribution of improved breeds (Sasso, Koekok) from urban pullet growers.
Petty Trade (Aggregator/Retailer)	Tier 1 (Entry)Linkage Engine	**Strongest Linkage:** Serves as the primary bridge between rural and urban economies; women aggregate rural produce (eggs, butter) for towns and bring back industrial goods. **Flexibility:** Requires no licensing in rural areas and allows women to shift products based on seasonal availability (e.g., selling grain post-harvest, vegetables in wet season).

Apiculture (Honey) (Production & Processing)	Tier 2 (Niche)Eco-Resilient	**Climate Positive:** Contributes to environmental regeneration (pollination) and is resilient as it does not compete for arable land. **Technological Shift:** Introduction of modern/transitional hives allows women to engage in safe, daytime harvesting and triple their yields compared to traditional hives. **Value Chain Depth:** Offers opportunities for horizontal expansion into wax production and honey wine (tej) making.
Fruits (Avocado, Mango, Papaya)	Tier 3 (Investment)Long-term Asset	**Agro-Industrial Demand:** High demand from agro-industrial parks (especially in Sidama) has surged farm-gate prices, creating a lucrative market for growers. **Labor Efficiency:** Once established, fruit trees require minimal daily labor, making them suitable for women with time constraints or limited mobility.
Circular Economy (Organic Fertilizer, Briquettes)	Tier 1 & 2-Emerging Opportunity	**Resource Efficiency:** Utilizes freely available rural waste (coffee pulp, crop residue) to create value, reducing input costs for farmers. **Climate Adaptation:** Production of organic fertilizer supports soil health and moisture retention, critical for adapting to irregular rainfall.

13.7 Recommendations for Building Climate Resilience of the Women

13.7.1 Building Climate Resilience in Urban PSNP (UPSNJP)

Urban resilience strategies must address the threats of **structural instability** (eviction, inflation) and **biophysical shocks** (floods, heat), while leveraging the high market density of cities.

Phase 1: Immediate Interventions (0–12 Months) – Stabilization & Protection

(i) **Financial Inclusion & Protection**
- Facilitate access to digital IDs (Fayda) for all UPSNJP beneficiaries to unlock formal services and address the lack of collateral barrier.
- Partner with digital providers (Telebirr/M-PESA) to offer uncollateralized working capital micro-loans tailored for petty traders, bypassing strict bank requirements.
- Implement a tax grace period (2-3 years) for women entering the formal licensing system to reduce the fear of taxation and encourage registration.

(ii) **Infrastructure & Security**
- Issue UPSNJP Facilitation Letters that are officially recognized by city enforcement units ("Demb") to halt the harassment and confiscation of goods for petty traders.
- Distribute low-cost flood-protection kits (e.g., raised pallets, waterproof tarps) to vendors in flood-prone areas like Addis Ketema and Adama to prevent asset loss during rains.

Phase 2: Medium-Term Interventions (12–36 Months) – Systemic Strengthening

(i) **Infrastructure & Workspace**
- Construct safe, designated market sheds and communal processing kitchens for agro-processors to ensure hygiene, safety from theft, and security from eviction.
- Allocate reclaimed landfill sites (like in Akaki Kality) specifically for group-based urban vegetable production, supported by water harvesting infrastructure.

(ii) **Skills & Technology**
- Shift training from general life skills to technical competencies for specific growth sectors: modern poultry management, digital literacy for e-commerce, and certification for daycare providers.
- Subsidize access to energy-efficient technologies (e.g., electric *mitad* stoves, solar fridges) for micro-agro processors to reduce utility costs and improve profitability.

Phase 3: Long-Term Interventions (36–60 Months) – Transformation

(i) **Commercialization & Linkage**
- Link women-led cooperatives directly to **industrial parks** (e.g., Hawassa IAIP) and **public procurement** systems (school feeding programs) to guarantee consistent, high-volume demand for produce.
- Foster **circular economy hubs** where women manage large-scale waste-to-value systems (Black Soldier Fly larvae, plastic recycling) supplying the agricultural and industrial sectors.

(ii) **Institutionalization**
- Fully integrate **digital business management** into the UPSNJP curriculum, ensuring women can independently manage digital finance, marketing, and supply chains.

13.7.2 Building Climate Resilience in Rural PSNP

Rural resilience strategies must focus on asset protection against acute biophysical shocks (drought, disease) and bridging the last-mile gap in inputs and services.

Phase 1: Immediate Interventions (0–12 Months) – Asset Protection

(i) **Input Support & Risk Transfer**
- Distribute drought-tolerant seeds and improved poultry breeds (Sasso/Koekok) directly through PSNP channels to replace low-yield indigenous varieties.
- Establish community fodder banks in drought-prone lowlands (Somali/Oromia) to ensure livestock survival during dry spells and prevent distress selling.
- Roll out index-based livestock insurance pilots in pastoral areas to provide payouts during severe drought events, protecting the core asset base.

(ii) **Financial Inclusion**
- Promote and strengthen interest-free (Sharia-compliant) loan products in regions like Somali and Amhara (Kalu Woreda) to overcome religious barriers to credit.

Phase 2: Medium-Term Interventions (12–36 Months) – Productivity Enhancement

(i) **Water & Infrastructure**
- Invest in small-scale irrigation technologies (solar pumps, drip kits) for vegetable producers to enable off-season production and reduce reliance on rain.
- Establish rural aggregation centers with basic storage facilities to reduce post-harvest losses for vegetables and fruits, allowing farmers to sell when prices are favorable.

(ii) **Skills & Extension**
- Train female Community Animal Health Workers to provide last-mile veterinary services to address the critical gap in disease management for poultry and shoats.
- Introduce modern and transitional beehives to women's groups, accompanied by protective gear, to enable safe, high-yield honey production.

Phase 3: Long-Term Interventions (36–60 Months) – Market Integration

(i) **Value Chain Integration**
- Formalize rural-urban linkages by connecting rural women producer groups (butter, eggs, honey) directly to urban women retailers, cutting out exploitative middlemen.
- Support the transition to commercial Dairy operations by facilitating larger asset loans for cross-breed cows and establishing cold-chain milk collection points in high-potential areas like Sidama and Amhara.

(ii) **Diversification**
- Promote high-value fruit orchards (Avocado, Mango) in suitable agro-ecologies (Sidama, Oromia) as long-term, climate-resilient assets that feed into agro-industrial processing demand.

13.7.3 Strengthening Peri-Urban Value Chains

To leverage the strategic position of peri-urban areas, the following interventions are recommended:

- **Formalize Circular Economy Hubs:** Foster hubs where women manage large-scale waste-to-value systems (Black Soldier Fly larvae, plastic recycling) supplying both agricultural and industrial sectors.

- **Allocate Land for Group Production:** Allocate reclaimed landfill sites (like in Akaki Kality) specifically for group-based urban vegetable production, supported by water harvesting infrastructure.

- **Strengthen Distribution Hubs:** Support the "Hub and Spoke" model by investing in peri-urban pullet growers (e.g., around Hawassa and Bishoftu) to serve both city demand for eggs and rural demand for improved breeds.

- **Improve Aggregation Infrastructure:** Establish aggregation centers with basic storage facilities to reduce post-harvest losses for vegetables and fruits, allowing farmers to sell when prices are favorable.

- **Targeted Financial Reconstruction:** In post-conflict peri-urban areas like Gulomekeda, targeted financial reconstruction is required to restart market flows where institutions like RUSACo were destroyed.

Annex 1: Detailed Background of the Study

Background of the Project

The Productive Safety Net Program (PSNP) is one of the flagship social protection initiatives implemented by the Government of Ethiopia (GoE) in collaboration with development partners. Currently in its fifth phase, known as PSNP 5, which runs from January 2021 to December 2025, the program aims to reduce poverty and enhance the resilience of extremely poor and vulnerable rural households against climate-induced shocks. PSNP 5 covers 485 woredas (districts) and benefits approximately 8 million individuals, translating to around 2.5 million households. **The program provides conditional food and/or cash transfers to households with physically capable members, who are required to participate in public works projects.** These projects include essential activities such as soil and water conservation, road construction, and the development of community assets like schools and clinics. For households unable to work due to chronic illness or disability, PSNP offers unconditional cash transfers for a duration of 12 months. This dual approach not only addresses immediate food needs but also contributes to long-term community development through infrastructure improvements and environmental sustainability[1].

In parallel, the **Urban Productive Safety Net and Jobs Project (UPSNJP) targets urban poor populations and disadvantaged youth, aiming to improve income levels and labor market inclusion.** The project is implemented in 88 cities, this project targets approximately 1.7 million beneficiaries and emphasizes income diversification, asset protection, and resilience to shocks, particularly for women, who constitute the majority of participants in both programs[2].

Despite these efforts, women face significant barriers in accessing sustainable and climate-resilient income-generating activities (IGAs). Climate-induced shocks such as droughts and floods disproportionately impact women, exacerbating issues related to food insecurity, income loss, and displacement. Addressing these gender-specific challenges is crucial for the ongoing development of the PSNP, which stands as a comprehensive approach to social protection in Ethiopia[3]. By integrating immediate relief with long-term strategies aimed at building resilience against food insecurity, the PSNP has garnered attention as a model for similar programs globally; however, continuous efforts are needed to tackle the specific challenges faced by vulnerable groups, particularly women[4]. Furthermore, deliberate efforts are needed to strengthen rural-urban integration through targeted value chain development and support services to promote viable rural income generating activities with scalable urban market potential.

Objectives of the assignment

The primary objective of this assignment is to conduct a Value Chain Analysis (VCA) of selected economic sectors in both urban and rural areas of Ethiopia to identify climate-resilient Income Generating Activities (IGAs) that are viable for women living in poverty. The study aims to provide evidence-based insights to support the World Bank and the Government of Ethiopia (GoE) in

[1] Bahru, B. A., Jebena, M. G., Birner, R., & Zeller, M. (2020). Impact of Ethiopia's productive safety net program on household food security and child nutrition: a marginal structural modeling approach. SSM-population health, 12, 100660.
[2] Reach Alliance. "Ethiopia's Productive Safety Net Programme: Addressing Food Insecurity with Food and Cash Transfers." Accessed January 14, 2025. https://reachalliance.org/case-study/ethiopias-productive-safety-net-programme-addressing-food-insecurity-with-food-and-cash-transfers/
[3] Tasew, T., & Tariku, G. M. Z. (2022). The impact of the productive safety net program (PSNP) on food security and asset accumulation of rural households": evidence from Gedeo zone. Southern Ethiopia, Cogent Economics and Finance, 10(1), 2087285.
[4] International Food Policy Research Institute. "Productive Safety Net Program (PSNP)." Accessed January 14, 2025.https://essp.ifpri.info/productive-safety-net-program-psnp/

strengthening the economic resilience of women participating in the Productive Safety Net Program (PSNP). Specifically, the assignment will:

Objective 1: Identify geographic areas affected by climate shocks that offer potential for the integration of urban and rural value chains, ensuring adequate access to markets and the presence of sectors where climate-resilient IGAs are likely to be viable for women.

Objective 2: Identify at least 6-8 sectors and value chains, representing opportunities for climate resilient IGAs viable for women.

Objective 3: Analyze opportunities and barriers to women's participation in the selected value chains, including systemic challenges such as market access limitations, social norms, and institutional constraints.

Objective 4: Prioritize climate-resilient IGAs that are both economically viable and suitable for poor women in the respective geographic areas, considering their existing skills and the possibility of developing new competencies through PSNP livelihoods training.

Table 1 links each of the study objectives with specific, actionable activities and the expected outputs. Mapping the objectives to key activities ensures that every aspect of the study is purposefully designed to address the Terms of Reference and the World Bank's priorities.

Table 1: Approach to achieving the objectives

Objective	Key Activities	Expected Output
Identify Geographic Areas Affected by Climate Shocks	• Conduct a comprehensive desk review including World Bank documents to gather data on regional climate vulnerabilities. • Conduct high-level stakeholder engagement to validate and refine regional selection.	A prioritized list of geographic areas across six regions (Oromia, Addis Ababa, Amhara, South Ethiopia, Somali, and Tigray) with supporting climate and market context data.
Identify at least 6-8 sectors and value chains, representing opportunities for climate resilient IGAs viable for women.	• Undertake a targeted literature review to extract promising sectors from existing studies and reports. • Conduct value chain mapping exercises and use a scoring matrix to evaluate each sector based on market potential, climate resilience, and gender sensitivity. • Prioritize value chains with strong urban-rural interdependencies (e.g., livestock aggregation, agro-processing, dairy) and assess infrastructure gaps (e.g., storage, digital market platforms) that limit linkages.	A prioritized and scored list of 6–8 value chains that exhibit strong potential for climate resilience and sustainable income generation for women. Recommend and promote integrated rural-urban value chains (e.g., dairy, agro-processing, and agro-processing) through targeted i in aggregation centers, digital market platforms, and climate resilient technologies, ensuring equitable participation and shared economic growth among the rural and urban areas.

Objective	Key Activities	Expected Output
	• Validate the long-list of selected value chains at the high-level stakeholder engagement.	
Analyze Opportunities and Barriers to Women's Participation in selected value chains including systemic challenges such as market access limitations, social norms, and institutional constraints.	• Design and conduct Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) specifically addressing systemic barriers and opportunities for women's participation in each value chain. • Apply the analytical frameworks (e.g. GESI) to identify recurring themes and challenges related to market access, socio-cultural norms, and institutional constraints. • Compare findings across urban and rural contexts.	A detailed analytical report that identifies key systemic barriers and opportunities for enhancing women's participation in the selected value chains.
Prioritize climate-resilient IGAs that are both economically viable and suitable for poor women in the respective geographic areas	• Synthesize insights from desk reviews, stakeholder inputs, and field data. • Develop an integrated framework combining market demand, resilience strategies, and gender-specific considerations. • Formulate actionable recommendations and a roadmap for integrating these value chains into the PSNP.	A set of actionable recommendations and a strategic roadmap that prioritizes scalable, climate-resilient value chains designed to empower poor women economically.

The study will cover six regions of Ethiopia — Oromia, Addis Ababa, Amhara, South Ethiopia, Somali, and Tigray — with at least one rural and urban location analyzed per region. The findings will inform the integration of viable IGAs into the PSNP, contributing to the program's goal of enhancing livelihoods and building resilience for vulnerable women[5].

1.3 Overview of the Approach

The National Social Protection Policy and Strategy aims to reach 4.7 million impoverished individuals across 972 urban areas through the UPSNJP[6] as part of its long-term program framework. Therefore, **this study will propose interventions that take into account urban-rural market linkages, the dynamics between host communities and refugees, and solutions that are both market-driven and technically feasible**. These interventions will be designed to be inclusive and to effectively address the challenges of urban poverty and unemployment. Moreover, the rural urban integration is critical to reduce the systemic barriers in accessing inputs and outputs market[7]. To address this, the

[5] *Note*: In cases where certain regions become inaccessible due to security concerns, we will propose alternate strategies prior to fieldwork to ensure continuity and representation in data collection.
[6] Urban Productive Safety Net and Jobs Project (UPSNJP) Project Implementation Manual (PIM) , Addis Ababa Ethiopia 2024
[7] Development Strategy and Governance Division, International Food Policy Research Institute – Ethiopia Strategy Support Program 2, Ethiopia, June 2010

study will prioritize value chain with systemic coverage across rural and urban economies ensuring interventions are inclusive, climate-resilient, and aligned with Ethiopia's broader development goals[8].

Rural urban integration is critical to reduce the systemic barriers in accessing inputs and outputs market. To address this, the study will prioritize value chain with systemic coverage across rural and urban economies ensuring interventions are inclusive, climate-resilient, and aligned with Ethiopia's broader development goals. **Selection of regions will be informed by key informant interviews and stakeholder consultation after the inception period and before the initiation of in-depth field work.**

While the study is qualitative the consultants will review secondary data to inform the decisions on region selection, selection of value chains and IGAs. The consultants will particularly look into quantitative data on climate affects/ impacts on households, household distribution/ participation in different trades/ value chains/ IGAs, values and volume data on production, profitability, productivity, market demand trends. The consultants will also extrapolate quantitative trends from qualitative findings specially on issues like value and volume data on production, profitability and productivity. Besides, the consultants will look at both level data and trends data.

The study will take a systemic perspective. To define the strategies for interventions, **we will examine and map the public, private, civil society and community-based organizations, define their current and future roles in solving the systemic constraints. We will provide recommendations on a set of interventions that are common for multiple value chains and IGAs. This will ensure efficiency in implementation. This will also ensure an operational road map for the project.**

We have proposed a 100-point matrix for value chain selection with three core indicators – relevance, opportunity and feasibility. The relevance indicator is related to the mandate of the project, including GESI and climate resilience indicators. The opportunities are related to external factors that can be leveraged by the project. The feasibility indicators ensure that the project's engagement is viable given its mandate and duration for implementation.

Deliverables and Outputs of the Assignment: The study will deliver the following outputs as per the ToR

Table 2: Deliverables and Milestones

Deliverable	Description	Timeline	Milestone Indicator
Inception Report	A detailed report demonstrating understanding of the ToR, proposed methodology, work plan, and timeline.	Within 15 days of signing	Approval of the inception report by the World Bank and key stakeholders.
Literature Review Report	Comprehensive analysis of existing reports, identification of promising sectors/value chains, and initial geographic areas. Includes tools for stakeholder interviews and engagement plans.	1.5 months after signing	Submission and feedback on the literature review report and tools.

[8] Ethiopia Urbanization Review, World Bank, March 2015: Ethiopia UR

Deliverable	Description	Timeline	Milestone Indicator
Final List of Value Chains and Geographic Areas	Prioritized selection of 6–8 value chains and geographic areas for further analysis, based on stakeholder input and field validation.	2.5 months after signing	Validation and approval of the final list by stakeholders.
Field Plan and Qualitative Interview Tools	A detailed plan for fieldwork and qualitative data collection, including interview guides and analysis frameworks.	3 months after signing	Submission and acceptance of field plan and tools.
Qualitative Research Report	In-depth analysis of fieldwork findings, including systemic barriers, opportunities, and market conditions in selected value chains and regions.	4 months after signing	Completion of report and stakeholder validation through feedback workshops.
Final Report and Recommendations	Comprehensive final report synthesizing all findings, region-specific recommendations, and integration strategies for PSNP. Includes a PowerPoint summary for dissemination.	5 months after signing	Submission and acceptance of final report and presentation by the World Bank.
Stakeholder Validation Workshop	Organized workshop to present key findings and receive feedback from stakeholders, refining the final outputs.	During and post fieldwork	Successful workshop with documented feedback and refinement of outputs.
Final Presentation to Stakeholders	Delivery of final findings and recommendations to key stakeholders, including the World Bank, Ethiopian government, and PSNP teams.	End of assignment	Presentation completed and endorsed by key stakeholders.

Annex 2: Conceptual Frameworks

Value Chain Analysis

Taking the constraints and opportunities in each value chain, possible IGA options will be recommended for different agro-ecological zones and livelihoods activities. There are many actors that are supporting the value chains that include cooperatives (farmer organizations) and private businesses. Thus, the study will detail their role and relationships within the value chains and provide possible business ventures (IGAs) market trend and size, technical requirements and expected main challenges and prerequisites as examples demonstrated in the table below.

Table 1: Potential Business Ventures (IGAs) within the Market System Value Chain

Business venture (IGA)	Market trend and size	Technical requirements (Technology/ resources and capital requirement)	Expected main challenges and prerequisites
Goat and Sheep Fattening	The market is growing with meat consumption at the local, regional and national levels	Startup capital for newcomers to buy starting stock (3,000-10,000, depending on the area starting size)	Water and grazing land; Veternert service

The value chain analysis will focus on a three-pronged approach:

Input and Output Market Dynamics: Our analysis will examine the entire value chain, investigating how inputs are sourced and outputs marketed. This includes an evaluation of supply chain efficiencies, access to critical resources, and the overall business environment. The goal is to identify key leverage points where strategic interventions can yield significant improvements in productivity and income generation for the target beneficiaries.



Figure 3: Input and output market dynamics

Critical Success Factors: We will identify the critical factors necessary for the success of each selected value chain, including access to quality inputs, innovation in production techniques, effective market linkages, and supportive institutional frameworks. This step is crucial to developing actionable recommendations that can be seamlessly integrated into the PSNP's livelihood enhancement components.

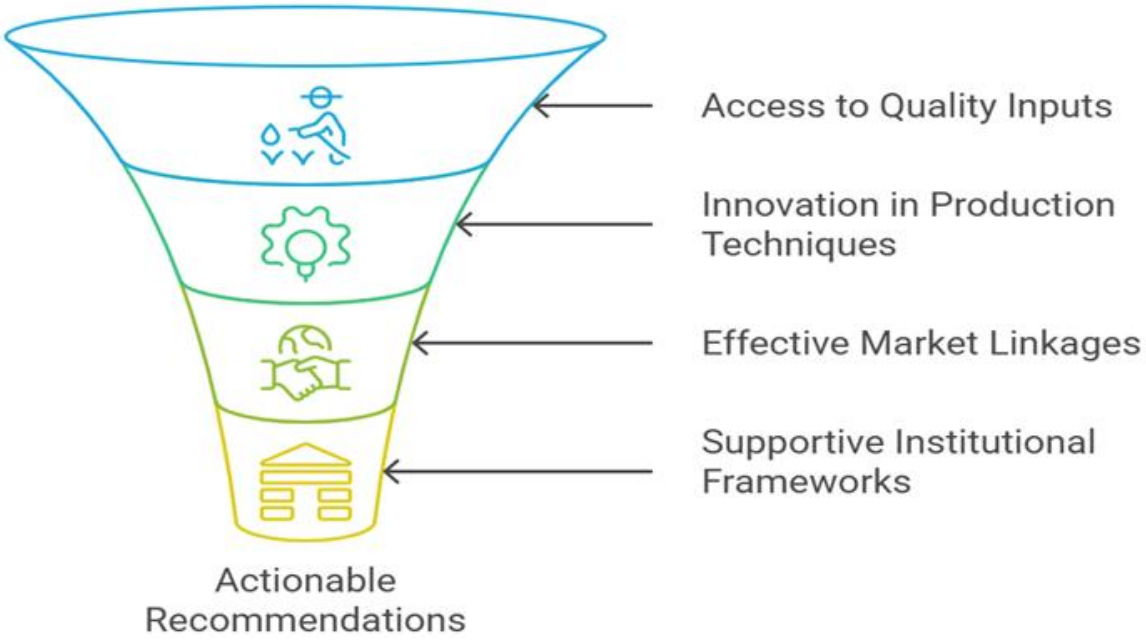


Figure : Identifying critical success factors for value chain selection

Definition and characteristics of climate resilient IGA

Definition of climate resilient IGA

Climate resilient IGAs are activities which help households adapt their lives and livelihoods to changing climate, protect themselves from the increasing risks of disasters caused by climate change, and become more resilient to current and future climate shocks.

Characteristics of climate resilient IGA

- **Use climate resilient inputs:** IGAs which uses drought tolerant seeds, early maturing crops, industrial products, and other inputs resilient to climatic shocks
- **Low recovery time:** IGAs whose productive assets are cheaper and faster to replace after shocks
- **Water efficiency:** IGAs that can be produced with minimal water use or under water stress situation
- **Risk transfer:** IGAs which have tailored financial services especially micro insurance
- **Local level value addition and multipurpose use:** IGAs then can be processed at local level and preserved for a longer time.
- **Post-harvest storage technologies:** IGAs which have strong local level postharvest storage and handling technologies

Improving climate resilience of income generating activities

There is no single climate proof income generating activity available for poor and vulnerable women in the Ethiopian context. Climate resilience is a relative term and depends on the opportunity to improve climate resilience of the IGA. Climate resilience of IGA can be improved by:

- Reducing its reliance on agricultural output for production
- Reducing its reliance on rain fed production; For example, introducing drip or solar irrigation system for vegetable production will reduce vulnerability of vegetable to drought

Annex 3: Distribution of FGDs

Region	Women only FGD		Mixed FGD	
Area	**Urban**	**Rural**	**Urban**	**Rural**
Addis Ababa	3 (27)	0	3 (28)	0
Amhara	2 (22)	2 (19)	2 (21)	2 (20)
Oromia	1 (9)	2 (21)	2 (16)	2 (18)
Sidama	2 (16)	2 (16)	1 (8)	2 (16)
Somali	1 (9)	2 (16)	1 (12)	2 (18)
Tigray	1 (9)	2 (17)	1 (8)	2 (20)
Total	10 (92)	10 (89)	10 (93)	10 (92)

Region	Indepth Interview with PSNP Woman	
Area	**Urban**	**Rural**
Addis Ababa	6	0
Amhara	2	2
Oromia	2	2
Sidama	2	2
Somali	1	2
Tigray	2	2
Total	15	10

List of Respondents

Region	National Policy Stakeholder	Policy Stakeholder		Cooperative		Financial Institution		NGO		Community Based Organization	Teritiary and Research	TVET's		Agro-processing	SME		Industry Parks
Area	Urban	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Rural	Urban	Urban	Rural	Urban	Urban	Rural	Urban
Addis Ababa	0	6	0	2	0	3	0	1	0	0	1	1	0	1	4	0	1
Amhara	0	2	2	1	1	1	1	0	1	1	1	1	1	1	2	2	1
Oromia	0	1	2	1	1	1	1	0	1	1	0	0	1	1	2	2	1
Sidama	0	2	2	1	1	1	1	0	1	1	0	1	1	1	2	2	1
Somali	1	1	2	1	1	1	1	0	1	1	1	1	1	1	2	2	1
Tigray	0	2	2	1	1	1	1	0	1	1	1	1	1	1	2	2	1
Total	1	14	10	7	5	8	5	1	5	5	4	5	5	6	14	10	6

Annex 4: Findings from Preliminary Value Chain Selection Exercise

To be included

Annex 5: Area Selection Exercise Report

To be included

Annex 6: Research Tools

To be included

Annex 7: IRB Approval

To be included

Annex 8: Rationale for scoring on climate shocks- Urban

Rationale for Ranking
The following discussion provides a justification for each ranking, based on the definitions above and synthesizing established literature on Ethiopia's regional climate vulnerabilities.

1. Drought

- **Addis Ababa (High):** The city is not in an arid zone, but its water supply is highly vulnerable. It depends entirely on surface water from surrounding Oromia catchments, which are drought sensitive. Past droughts have led to severe water rationing, impacting millions. The *impact* on the capital's population and economy is High.

- **Sidama (Medium):** This region receives higher rainfall (bimodal). While not prone to the severe droughts of the lowlands, rainfall variability can be high, impacting local water sources and the coffee-based economy. The risk is present but less frequent and severe than in other regions.

- **Amhara (High):** The region has vast lowland and midland areas (e.g., North Wollo, Wag Hemra) that are chronically drought-prone and food insecure. This drives rural-to-urban migration and places extreme stress on urban food and water systems.

- **Tigray (High):** The region is characterized by an arid/semi-arid climate, erratic rainfall, and degraded landscapes. Drought is the most significant, chronic, and high-impact hazard, defining the region's socio-economic landscape.

- **Somali (High):** As a predominantly arid and semi-arid lowland region, drought is a frequent, severe, and defining climatic shock. It devastates pastoral livelihoods, leading to massive livestock loss, displacement, and extreme stress on urban centers like Jijiga and Godey, which see large influxes of people seeking aid. During the FGDs, 5 out of 11 UPSNP and RPSNP participants reported being directly affected by drought in recent years. Participants highlighted that prolonged dry spell have led to severe water shortages, declining agricultural productivity, and increased food insecurity. In both urban and peri-urban settings, drought was also reported to exacerbate the cost of living by reducing the availability of affordable food items. These findings are consistent with FEWS NET (2024) and IPCC AR6 (2022), which identify recurrent droughts as one of the most frequent and impactful climate shocks in Ethiopia, particularly affecting livelihoods dependent on rain-fed agriculture.

- **Oromia (High):** This vast region is extremely diverse. While the highlands are wetter, it contains Ethiopia's most extensive arid/semi-arid lowlands (e.g., Borana, Guji, Bale lowlands), which face severe, recurrent droughts. The *impact* on the regional economy and food security is High.

2. Flooding (Flash & Riverine)

- **Addis Ababa (High):** High risk due to two factors: 1) Increasing pavement and poor solid waste management block the city's drainage systems, and 2) Encroachment and channelization of rivers (like the Akaki) create severe flash flood risks. Floods are frequent (annual) and cause significant displacement and infrastructure damage.

- **Sidama (Medium):** Urban centers like Hawassa are situated on Rift Valley lakes, which have seen a documented rise in water levels, threatening infrastructure. Hilly terrain also poses a risk of flash floods, but riverine flooding is less catastrophic than in lowland regions.

- **Amhara (High):** High risk. The major urban center of Bahir Dar is on the shore of Lake Tana, which is prone to extensive flooding. Other urban areas in the highlands experience destructive flash floods.

- **Tigray (High):** Despite its arid climate, the region is highly susceptible to intense, erratic rainfall on steep slopes and degraded lands. Urban centers like Mekelle face severe, high-velocity flash floods that cause significant damage.

- **Somali (High):** High risk from two types. The region is transected by major rivers (Shabelle, Genale) that cause catastrophic, large-scale riverine floods (e.g., in Godey). It also experiences intense flash floods from short, heavy rains.

- **Oromia (High):** High risk due to its diverse geography. It contains major flood-prone river basins (e.g., Awash) and expanding Rift Valley lakes (e.g., Ziway) that flood urban and peri-urban areas. In addition, three policy-level KII respondents indicated that flooding has increasingly affected PSNP beneficiary households, particularly those residing in low-lying urban areas and rural riverine zones. Floods were reported to damage infrastructure, wash away productive assets, and temporarily displace households. Evidence from ACAPS/OCHA (2024) and the Ethiopian Disaster Risk Management Commission (EDRMC, 2024) corroborates these accounts, identifying flash floods as one of the emerging threats to urban poor and rural communities alike, especially in regions like Oromia, Amhara, and Somali.

3. Extreme Heat / Heatwaves

- **Addis Ababa (Medium):** As a highland city, its baseline temperature is cool. However, the urban heat island (UHI) effect is significant, and rising temperatures are creating a *new* health risk. Poorly ventilated, metal-sheet housing makes vulnerable populations susceptible. The *impact* is growing, making this an emerging medium risk.

- **Sidama (Low):** The region's urban centers are in the temperate, high-altitude zone. Extreme heat is not a primary climate shock.

- **Amhara (Medium):** A composite rating. Highland cities (Gondar, Debre Birhan) are cool, but major urban centers exist in the western lowlands (e.g., Metema), which are among the hottest places in Ethiopia.

- **Tigray (Medium):** The region is generally hotter and drier than the central highlands. Heat is a significant stressor, especially when combined with drought and water scarcity.

- **Somali (High):** The entire region is arid and extremely hot. Heatwaves are frequent, prolonged, and severe. This is a baseline chronic stressor that reaches high-impact shock levels during heatwaves, posing a direct threat to human and animal life.

- **Oromia (Medium):** Highly variable. Lowland urban centers (e.g., in Bale, Borana) experience extreme heat, while highland centers do not. The overall regional risk is rated Medium.

4. Landslides

- **Addis Ababa (Medium):** The city is built on and around mountains (e.g., Entoto). Unplanned settlements on steep, deforested slopes are highly vulnerable to landslides during the heavy *kiremt* rains. The 2017 Koshe waste dump landslide, while human-made, highlights the catastrophic risk of unstable slopes.

- **Sidama (High):** The region is characterized by steep, hilly terrain, high rainfall, and intensive cultivation on slopes. Landslides are a frequent and well-documented hazard, posing a high risk to settlements.

- **Amhara (High):** Contains some of Ethiopia's most mountainous terrain (Simien, Wollo highlands). Steep slopes, soil degradation, and intense rainfall result in frequent and severe landslides, often cutting off transport to urban areas.

- **Tigray (Medium):** The topography is mountainous, and land degradation is severe. However, the lower average rainfall (compared to Amhara or Sidama) makes rain-triggered landslides slightly less frequent, though still a significant risk.
- **Somali (Low):** The regional topography is predominantly flat lowlands and plains. Landslides are not a significant hazard.
- **Oromia (Medium):** Risk is high in the western and central highlands (e.g., Wollega, Arsi) but low in the eastern and southern lowlands. A composite "Medium" rating is appropriate for the region's urban areas as a whole.

5. Climate-Sensitive Disease Outbreaks

- **Addis Ababa (Medium):** High population density combined with frequent flash floods that overwhelm sanitation systems creates a high *potential* for Acute Watery Diarrhea (AWD)/Cholera outbreaks. Malaria is not risk due to the high altitude.
- **Sidama (High):** The region's warmer, wetter climate is highly suitable for malaria transmission. Proximity to lakes and water bodies, combined with flood risk, also creates high risk for waterborne diseases.
- **Amhara (High):** Lake Tana's flooding is a major driver of cholera outbreaks. Malaria is endemic in the region's extensive lowlands and is expanding into the highlands ("highland malaria") as temperatures rise.
- **Tigray (Medium):** Water scarcity often leads to the use of unsafe water sources, creating risk for waterborne disease. Malaria is also present in parts of the region.
- **Somali (High):** A critical risk. Major floods almost invariably lead to large-scale Cholera/AWD outbreaks. During droughts, concentration at limited water points also facilitate disease spread.
- **Oromia (High):** The region's diverse climate zones host all major climate-sensitive diseases. Malaria is endemic in the midlands and lowlands, and the high incidence of flooding (both riverine and lake-based) creates a high and recurrent risk of waterborne disease outbreaks. About 3 out of 8 FGD participants reported being affected by pest and livestock disease outbreaks. Respondents mentioned the recurrence of crop pests such as fall armyworms and livestock diseases that reduce herd productivity and compromise household income. The problem was noted to intensify following droughts, when weakened animals become more vulnerable to disease. These observations align with reports from the World Bank (2023) and MoA (2024), which emphasize the increasing frequency of pest and disease outbreaks as secondary effects of climate variability and ecosystem degradation.

Annex 9: Rationale for scoring on climate shocks- Rural

Drought: Risk is high in all major agrarian and pastoral regions.

- **Addis (Medium):** The peri-urban highlands have more reliable rainfall, but production is still rain-fed and vulnerable to dry spells.
- **Amhara, Tigray, Oromia, Somali (High):** These regions contain the vast, chronically drought-prone lowlands (*Kolla*) and midlands (*Woina Dega*) that define Ethiopia's food security crises. Drought is the primary, recurring, high-impact shock.
- **Sidama (Medium):** Higher rainfall and *enset*-based systems provide a significant buffer, making severe agricultural drought less frequent.

Flooding: This risk is just as severe as drought in many rural areas.

- **Amhara & Oromia (High):** Home to major river basins (Awash, Tana, Rift Valley lakes) that cause extensive, large-scale flooding, destroying vast farmlands (e.g., Fogera plains).
- **Somali (High):** Catastrophic riverine floods from the Shabelle and Genale rivers are a defining hazard, displacing entire communities.
- **Tigray (Medium):** Risk is primarily from high-intensity flash floods that wash away topsoil and damage fields, rather than large-scale riverine floods.
- **Sidama (Medium):** Risk from rising lake levels (Hawassa) and flash floods on hilly terrain.

Pests & Crop Diseases: This is a *high* risk for almost all rural economies.

- **Somali & Tigray (High):** These are frontline regions for Desert Locust invasions, which can destroy 100% of crops and pasture.
- **Amhara & Oromia (High):** As the nation's breadbaskets, they are highly susceptible to locusts, armyworms, and crop diseases (like wheat rust), which are all exacerbated by climate variability.
- **Sidama (High):** The economy is uniquely vulnerable to climate-sensitive coffee diseases (e.g., Coffee Berry Disease) that can wipe out household incomes.

Livestock & Human Disease Outbreaks: Risk is highest where water, people, and animals mix.

- **Somali (High):** The combination of floods and drought is a perfect storm. Floods trigger Rift Valley Fever (RVF) and Cholera. Droughts concentrate on animals at water points, spreading livestock diseases (like CCPP).
- **Sidama, Amhara, Oromia (High):** These regions have significant malaria endemicity (which is moving to higher altitudes with warming), high risk of waterborne diseases (Cholera/AWD) from floods, and major livestock diseases.
- **Addis (Low):** High altitude prevents most vector-borne diseases (Malaria, RVF), and access to health/vet services is high.

Landslides: This is a major risk in highland farming systems.

- **Sidama, Amhara, Oromia (High):** These regions feature steep, degraded slopes cultivated by smallholders. Intense rainfall events regularly trigger destructive landslides that destroy farmland and homes.

- **Addis & Tigray (Medium):** Significant risk in the hilly parts of these regions, but the geographic extent is less vast than in Amhara or Oromia.
- **Somali (Low):** Topography is predominantly flat.

Extreme Heat: This is a primary driver of crop failure and livestock death.

- **Somali (High):** Extreme heat is a chronic, high-impact stressor that kills livestock and withers pasture.
- **Amhara, Oromia, Tigray (Medium):** A composite rating. The highlands are cool, but the extensive lowlands in all three regions suffer from extreme heat that limits crop viability and stresses animals.
- **Addis & Sidama (Low):** High-altitude, temperate climates are not currently at high risk from heat stress.

Annex 10: GESI UPSNJP Analysis – GESI Issues by Region

Region	*Access to Assets and Finance*	*Division of Roles Between Men and Women*	*Market Access & Space*	*Cultural Norms & Policy*	*Decision-Making & Income Control*	*Safety & Protection Issues*
Addis Ababa	Lack of ID cards, collateral, ar adequate PSNP grants. Diffici obtaining Kebele IDs restricts access to formal finance. Microloans from former MFIs ceased after bank transitions. Women rely on Equbs for financial resilience.	Women dominate small-scale trade, food vending, and poultry. - Women carry a severe triple workload.	Lack of secure workspaces is a severe constraint. - Frequent harassment, eviction, and confiscation by "Demb" forces unsafe operations. - Corridor development displaces businesses.	Norms are shifting, but high taxes/licensing push women toward informality. - Men retain final decision power in major domestic disputes.	Women control their own small business earnings. Men allocate income disproportionately to personal use. - Joint decisions are common for major purchases.	Public markets are unsafe due to harassment, assault, and robbery. Women face harassment from job brokers demanding sexual favors. Lack of workspace heightens physical risks.
Amhara	Some banks provide group loans without collateral. PSNF grants are quickly eroded by inflation. Small traders offer delayed payment systems *("Dube"*). Women are more trusted by lenders, yet group formation remains a limitation.	Minimal gender division men and women engage jointly in most IGAs. - Women manage poultry/livestock care. Women clients dominate input markets and dairy VCs.	Severe shortage of sheds and vending space. Street vendors face harassment/eviction; PSNP badges offer limited protection. Safe market sheds are urgently needed.	No formal restrictions but informal stigma and verbal abuse persist in informal trade. High taxation discourages business formalization. Legal protection of women's funds (divorce cases) is recommended.	Decisions are often joint. - Men tend to spend more on personal use. Single mothers manage and control earnings independently.	Markets and workplaces are unsafe (harassment, robbery, assault). Landlords restrict poultry/livestock activities in rented houses. Weak enforcement leaves women vulnerable.
Oromia)	Financial institutions demand collateral and charge high	Women dominate petty trade, injera	Development corridors threaten homes and	Structural hurdles (high	Decisions are mostly joint. -	Women experience verbal

Region	Access to Assets and Finance	Division of Roles Between Men and Women	Market Access & Space	Cultural Norms & Policy	Decision-Making & Income Control	Safety & Protection Issues
	interest rates. Savings groups (Equbs) are key financial copi mechanisms. Microloans without collateral exist for sma short-term amounts.	making, and poultry. Men engage in construction, heavy labor, and cattle fattening. Economic engagement is valued, especially for home-based IGAs.	workspaces. Women dairy traders face unfair market competition from informal sellers. Safety risks during early morning milk transport.	taxes/licensing) discourage formalization. Attitudinal barriers are declining but persist among some men.	Women independently manage earnings from home-based businesses for family needs.	harassment and risk of robbery (poor lighting). - Risk of sexual exploitation from job dealers. Early-morning trading exposes women to additional risks.
Somali	Access to MFI credit is low du to collateral requirements. Ra Microfinance offers collateral-free group loans; livestock car serve as informal collateral. Hagbad/Equb groups are the main financial safety nets.	Women engage in small retail, marketing, and poultry. Men handle heavy transport and livestock trade. - Women hold cooperative leadership positions.	Poor market infrastructure (lack of shade/sanitation) and high transport costs hinder women traders. Cooperative stores reduce costs but inconsistent supply limits profit.	No restrictive laws exist. Cultural norms confine women to home-based or low-capital ventures. Migration is an adaptive livelihood strategy.	Women exercise control over income from their IGAs. Women actively participate in cooperative leadership, fostering shared decision-making.	Physical security is relatively good. Lack of sanitation and market infrastructure reduces comfort and dignity.
Tigray	Loans from MFIs are high-interest and collateral-based. PSNP grants are inadequate due to inflation. Women dema affordable credit with grace periods. Legal safeguards are needed to protect women's funds from spousal claims.	Women engage in injera baking, tailorin and poultry. Men dominate metalwork and heavy labor. Gendered customer preferences can disadvantage women certain trades.	Lack of workspace forces operation from rented homes or illegally on roadsides. Dedicated, affordable workspaces are essential to scale IGAs.	Cultural Norms are generally supportive, but transport/input costs constrain business. Stronger enforcement is needed to protect women's savings.	Major purchases are made jointly. - Women manage small home-based businesses independently.	Marketing environments are generally safe. Inadequate infrastructure and flooding disrupt business continuity.

Annex 11: GESI UPSNJP Analysis- GESI Issues by Urban Value Chains

VC/IGA	*Access to Assets and Finance*	*Division of Roles Between Men and Women*	*Market Access & Space*	*Cultural Norms & Policy*	*Decision-Making & Income Control*	*Safety & Protection Issues*
Petty Trade	Lack of ID cards, collateral, and high licensing costs limits access to formal credit and loan services. Grant money is insufficient and often consumed for survival.	Women primarily shoulder the triple workload (income, domestic, childcare), restricting time for business expansion. Unequal Pay when hired (e.g., tailoring in Addis Ababa).	Universal lack of secure workspaces and high rent. High exposure to harassment, eviction, and confiscation by local police ("Demb askebari").	Fear of high taxes prevents formal registration. Informal stigma persists against women in public/mobile markets (Amhara).	Income is mostly controlled jointly. Men may control earnings from large sales, while women manage daily petty cash for household needs.	Widespread harassment, assault, and robbery in public markets/streets. Lack of police integration exacerbates harassment from enforcing officers.
Poultry	High input cost (feed/chicks) makes investment difficult, undermining profits. Access to MFI is limited by collateral/risk.	Women are the primary actors managing production. Men help primarily with logistics (purchasing/transport).	Need for a secure coop/shed often conflicts with limited space in rental houses. Lack of adequate marketing areas for large volumes.	Women require technical skill training (e.g., feed, disease prevention) to mitigate high risks.	Income is often controlled by the woman, especially from small amounts of eggs.	High vulnerability to disease outbreaks and asset loss.
Sheep and Goat Rearing	High initial capital required for purchasing livestock. Access to finance is limited by collateral.	Women assist in feeding and care, but men primarily manage fattening and market sales.	Major barriers include lack of feed and difficulty accessing inputs.	Profitable but needs gender-sensitive credit and training to overcome mobility limits for women.	Selling is the main responsibility of the man.	High exposure to disease, feed shortages, and market volatility.
Vegetable	Low capital available for bulk purchasing and logistics. Reliance on informal saving groups.	Both genders are involved, with women mainly responsible for weeding and small-scale marketing.	Lack of access to water/irrigation is a major constraint for sustained urban gardening.	Need for specific training on climate-smart irrigation and	Income is typically controlled by women for daily	Vulnerable to eviction and harassment when selling on roadsides/unsecured areas.

			Insecurity affects selling place stability.	cultivation techniques.	household expenses.	
Micro- & Small-Scale Agro-Processing	Access to individual loans is limited; reliant on **Equbs/VSLAs**. Grant is often inadequate for purchasing necessary machinery.	Highly suitable for women as an extension of domestic roles (e.g., Injera, Spice making). Production is often restricted due to physical labor or high temperature.	Lack of a **secure, clean workspace/kitchen** is a major constraint. [**Displacement** is a risk.	High taxation and licensing requirements hinder growth and legal registration.	Women often have **full control** over income from these home-based businesses.	Risk of **harassment from Demb** when selling publicly without a license.
Handcrafts	Requires significant investment for **sewing machines** (ETB 40,000–50,000). Microfinance is often inaccessible/insufficient.	Highly suitable and often prioritized for women-led groups/training.	Women struggle with **market linkages** to large buyers and accessing materials. **Workspace is a constraint** (rent is costly).	Women need training and awareness to transition into this specialized area.	Income is controlled either by the woman or jointly by the household.	Generally a **safer VC** as it is home-based.

Annex 12: GESI UPSNJP Analysis- Roles and Responsibilities of Men and Women within the Value Chains

Value Chain/IGA	*Primary Role of Women*	*Primary Role of Men*	*Key Finding/Regional Highlight*
Petty Trade*)*	Manage the shop, prepare goods (coffee/tea, food), manage daily cash/finances, and handle local transactions. Shoulder the triple workload c income, domestic, and childcare duties.	Assist in loading and unloading goods/inputs often engaged in outdoor selling (e.g., charcoal, shoes). Conflict Resolution: Settle conflicts with laborers.	In Addis Ababa men helping prepare and sell coffee/tea. Amhara Women face mobility issues due to costs for loading/unloading.
Poultry	Core Production: Manage daily feeding, watering, cleaning, and health monitoring. Financial Management: Manage the sales/cash flow related to egg and meat sales.	Input purchasing and transport (e.g., feed, drugs). Handle bulk sales. Construction/Heavy Lifting: Build shelters.	Somali/Sidama: Women are primary actors managing production, while men have little control over marketing and income from small outputs. This VC is successful because it needs "little money, labor, or space".
Sheep and Goat Rearing	Feeding, cleaning, managing animal health. Micro-Sales: Sales of smaller outputs (milk, cheese). Assistance: Assist men in core feeding/management.	Market & Investment: Manage fattening and large-scale sales/marketing. - Heavy Transport: Handle heavy feed/water transport.	In formal settings, men primarily manage fattening and marketing. However, women fully control the income from small rearing/petty trade.
Vegetable	Dominate the small-scale retail and *gullit* market sales. Cultivation, Involved in weeding, cleaning, and sometimes applying fertilizer.	Sourcing/Logistics- Purchase bulk inputs, manage irrigation. Sales, Larger, bulk sales, especially to hotels or institutions.	Addis Ababa (Akaki Kality) Women drive micro-level experimentation using compost. Sidama Both genders are involved, but women dominate weeding and small-scale marketing.
Micro-Agro-Processing	Overwhelmingly dominate injera, spice, and local food preparation. Manage neighborhood sales and links to small retailers.	Handle heavy machinery (e.g., in a bakery), distribution. - Financial: Control larger input purchasing decisions (flour, ingredients).	Amhara- Bread baking is often dominated by men due to the requirement for muscle, high temperature tolerance, and long-standing hours. Addis Ababa: Women engage in preparing foods like chips and *Irtib* to feed their children while earning.
Handcrafts	All aspects of tailoring, weaving, and embroidery. Selling through small shops, home-based display, or local order taking.	Transporting goods from major input markets (e.g., Mekelle, Adigrat). Men are sometimes favored by clients as experts due to perceived longer experience.	Tigray, the success of an embroidery IGA relies on it being a home-based activity that does not require separate workspace. Addis Ababa: Women face unequal payment when hired for tailoring.

Annex 13: GESI UPSNJP Analysis – Group Based Mechanisms and Benefits for Urban Women

Region	*Mechanism/Type of Group*	*Main Benefit (Financial/Livelihood)*	*Main Benefit (Social/Empowerment)*	*Key Challenges/Gaps*
Addis Ababa	Equbs (Rotating Savings), Savings Groups, Community Associations, Iddir	Access to small, revolving loans/credit. Funds used to inject cash into or start businesses. Encourages saving/allows use of funds exceeding personal savings.	Provides a crucial social safety net (mutual aid in sorrow/joy). Builds confidence and expands social networks. Strengthens business skills and networks.	Internal disagreements can prevent groups from accessing sufficient loans. High interest rates on external loans make them unattractive/unaffordable.
Amhara	Savings Groups (PSNP), Iddir, Self-Help Groups (NGO-supported), Equib	Used to expand working capital and diversify IGAs. - Funds provide crucial financial support to cope with economic shocks. - Collective purchasing power helps stabilize input costs.	Strengthens social cohesion and bondage. Improves market access and negotiation capabilities. Encourages commitment to saving (e.g., up to 2,000 Birr/week savings).	Internal conflict/lack of commitment is a risk to group IGA success. High interest rates on external bank loans make them unaffordable/unattractive. - Lack of political consistency (Tigray region data/conflict example cited by Amhara FGD).
Oromia	Saving Groups, Self-Help Groups (PSNP/Church-organized), Equbs	Collective Marketing is successfully conducted (negotiating better prices, sharing transport). Provides a platform to save and build capital (seen as a key replication model). Access to small, group-based credit.	Builds teamwork and confidence. Improves social networks and strengthens decision-making power in the cooperative. Fosters solidarity and mutual support (e.g., purchasing materials for holy days).	Group production sometimes faces challenges (e.g., unequal labor contribution). Policy conflicts (e.g., corridor development) can destroy the assets/workplaces of group members.
Somali	Cooperatives (Poultry Production), Hagbad	Collective Marketing is successful (negotiating better prices, sharing	Builds teamwork and confidence. [Improves social	Lack of access to collateral/credit remains a barrier to scaling up. - Group production

	(traditional Equb/Savings Group), VSLAs	transport). - Provides small loans when needed. Hagbad helps members save money and start small trade.	networks and strengthens decision-making power in the cooperative. Fosters mutual support in times of hardship.	sometimes faces challenges (e.g., unequal labor contribution).
Tigray	Dliyet Cooperative, Equb (Savings Groups), RUSACo	Equbs provide social and financial support, helping women save and invest. Provides a platform for shared savings and resource pooling. Savings are used as required collateral to borrow external loans from MFI.	Encourages women to work hard and save money. Leadership training is provided by cooperatives and NGOs. - Group cooperation provides social collateral for external loans.	War/Conflict destroyed RUSACo and co-op assets, causing total loss of the collective savings mechanism. Need for improved training on managing group investment.

Annex 14: GESI Rural PSNP – Issues by Regions

Region	*Access to Assets and Finance*	*Division of Roles Between Men and Women*	*Market Access & Space*	*Cultural Norms & Policy*	*Decision-Making & Income Control*	*Safety & Protection Issues*
Amhara	Loans provided via group lending require collateral or co-guarantor. Informal norms prohibit interest-bearing loans ("Haram"). NGOs (e.g., Eyerusalem) provide credit/grant support (up to 10,000 ETB). Tsedey Bank actively collects savings.	Women primarily manage livestock care (feeding, cleaning sheep house, fetching water). Men dominate transport, sales, and heavy labor. Men often migrate for labor, leaving women to manage the household/farm alone.	Input suppliers provide credit but often for small quantities. Notorious for poor market linkages, unpredictable supply/transport, and high Generally safe, with low rates of harassment.	Informal norms limit women's mobility to Haram beliefs, but formal policies are gender sensitive. Changing mentality is fundamental to increasing women's engagement. - Haram" belief restricts women from joining formal financial groups.	Household decisions are typically jointly made. Women often manage small-scale sales income (e.g., tea, local drinks). Women achieve financial autonomy and lower the financial risk to the family.	Workplaces and markets are generally safe. PSNP protects women from sexual abuse and harassment. Major challenge is animal illness.
Oromia	Tailored finance is non-existent; microfinance requires collateral (e.g., land). Group credit creates risk. Women are discouraged due to high-interest rates and complex bureaucratic procedures. NGOs provide interest-free seed loans (e.g., up to 10,000 ETB); PSNP	Men dominate heavy labor, ploughing, harvesting, and marketing bulk produce. Women dominate weeding, cleaning, Enset processing, livestock management, and small trade. Women have a higher unpaid workload.	No active linkages connect women producers directly to traders. Women rely on middlemen, leading to lower prices. Flooding/rainy season severely restricts transport/access to inputs.	Formal laws/norms do not restrict women, but cultural restrictions still confine women to home-based work. Informal groups are reluctant to formalize due to complex procedures and costs.	Major livelihood decisions are jointly made. Women often control verbal earnings, using them for daily needs, and achieve independence. Widowed Mothers manage	Generally safe, workplaces are often unsuitable. It is reported sexual assault/rape of a young woman. Flooding, frost, and shortage of water disrupt livelihoods.

	grant used for housing instead of business.				business/income independently.	
Somali	Very limited tailored finance exists. Loans require collateral (land/house) and adherence to strict *Murabaha* terms. Hagbad/Savings Groups, the primary source of financial service and risk mitigation. Clan leaders/local stores sometimes provide credit services effectively.	Women lead in petty trade, milk marketing, and small ruminant rearing. Men are often jobless or suffer from addiction (khat chewing). Men handle long-distance transport and buying/selling large livestock.	Customs checkpoints and local conflict disrupt supply chains. Markets lack sanitation, shade, and storage. Women rely on children and neighbors for transport, limiting long-distance trade.	Informal cultural norms prohibit travel and bulk sales, while religious norms restrict interest-based finance. Poor technical and reading skills limit the use of mobile money. Local knowledge is used for fuel-saving cook stoves.	Income control and utilization are largely shared jointly. Women gain confidence and improve income by controlling profits from petty trade and small ruminant rearing.	Workplaces and markets are generally safe due to cultural protection. Drought and disease outbreaks limit the animal's ability to supply quality/surplus. Local authorities (kebele) and NGOs (LWF) link beneficiaries to National ID/Feyda ID for grant access.
Tigray	Financial institutions are largely disconnected. Cooperative banks (RUSACo) were looted/destroyed during the conflict. Women are reliant on savings from the PSNP Grant. -"Little box" of savings is not accepted for loans.	Many women were forced to shift from owning lucrative IGAs to less lucrative ones (like gullit). Women manage home activities (cleaning, feeding, milking, and egg collecting). Men are primarily engaged in buying inputs and selling goods.	Infrastructure was destroyed/looted during the conflict (e.g., planned milling factory). [Women face a 35km journey to buy feed, medicine, and other inputs, plus high transport costs. Lack of local police escort increases risk on markets.	The security situation (border area to Eritrea) is the single greatest inhibitor, preventing NGO operation and disrupting life. No traditional norm prohibits women's participation. Women avoid licensing due to high tax rates.	Decisions over income are jointly managed and controlled. Women actively engage in cooperative leadership (Marta Saving and Credit, Hibret Social company).	High risk of harassment on roads by young men. - The major safety issue is thelooting/destruction of assets (RUSACo, equipment) due to conflict. Women feel vulnerable to theft in markets.
Sidama	Formal MFI access requires collateral or	Women dominate enset processing,	Reliance on middlemen/brokers	Cultural norms and household burden	Income control is male centered	Markets are not always safe, with

established business experience. Households rely on moneylenders charging 10–15% per month. Iqub and VSLAs (VESAs) are the primary sources of credit and financial support. No tailored products for women; limited awareness of financial services.	petty trade, poultry, dairy, and livestock care near homesteads. - Men dominate land preparation, ploughing, and marketing of bulk cash crops. Women are increasingly managing vegetable production and participating in trade. Engage in lighter, non-farm service activities (e.g., tailoring).	leads to lower prices. Markets lack shade, sanitation, and storage. Women face difficulty travelling to distant markets due to safety and cultural norms. Drought and flooding severely damage crops/livestock.	restrict mobility and public market ventures. Low literacy and perceived complexity/cost of licensing restrict formalization. Low awareness and capital limit women's access to solar/clean cooking technologies.	over major earnings. Increasing trend toward joint financial management for routine expenses. Women manage small amounts from petty trade for daily household needs.	occasional reports of harassment, verbal abuse, and theft. Climate-related issues increase the prevalence of malaria and diarrheal diseases. Workplaces lack designated rest areas and security.

Annex 15: GESI Rural- Issues by Value Chain

Region	*Access to Assets and Finance*	*Division of Roles Between Men and Women*	*Market Access & Space*	*Cultural Norms & Policy*	*Decision-Making & Income Control*	*Safety & Protection Issues*
Amhara	Loans provided via group lending require collateral or co-guarantor. Informal norms prohibit interest-bearing loans ("Haram").NGOs (e.g., Eyerusalem) provide credit/grant support (up to 10,000 ETB). Tsedey Bank actively collects savings.	Women primarily manage livestock care (feeding, cleaning sheep house, fetching water). Men dominate transport, sales, and heavy labor. Men often migrate for labor, leaving women to manage the household/farm alone.	Input suppliers provide credit but often for small quantities. Notorious for poor market linkages, unpredictable supply/transport, and high Generally safe, with low rates of harassment.	Informal norms limit women's mobility to Haram beliefs, but formal policies are gender sensitive. Changing mentality is fundamental to increasing women's engagement. - Haram" belief restricts women from joining formal financial groups.	Household decisions are typically jointly made. Women often manage small-scale sales income (e.g., tea, local drinks). Women achieve financial autonomy and lower the financial risk to the family.	Workplaces and markets are generally safe. PSNP protects women from sexual abuse and harassment. Major challenge is animal illness.
Oromia	Tailored finance is non-existent; microfinance requires collateral (e.g., land). Group credit creates risk. Women are discouraged due to high-interest rates and complex bureaucratic procedures. NGOs provide interest-free	Men dominate heavy labor, ploughing, harvesting, and marketing bulk produce. Women dominate weeding, cleaning, Enset processing, livestock management, and small trade. Women have a higher unpaid workload.	No active linkages connect women producers directly to traders. Women rely on middlemen, leading to lower prices. Flooding/rainy season severely restricts transport/access to inputs.	Formal laws/norms do not restrict women, but cultural restrictions still confine women to home-based work. Informal groups are reluctant to formalize due to complex procedures and costs.	Major livelihood decisions are jointly made. Women often control verbal earnings, using them for daily needs, and achieve independence. Widowed Mothers manage	Generally safe, workplaces are often unsuitable. It is reported sexual assault/rape of a young woman. Flooding, frost, and shortage of water disrupt livelihoods.

	seed loans (e.g., up to 10,000 ETB); PSNP grant used for housing instead of business.				business/income independently.	
Somali	Very limited tailored finance exists. Loans require collateral (land/house) and adherence to strict *Murabaha* terms. Hagbad/Savings Groups, the primary source of financial service and risk mitigation. Clan leaders/local stores sometimes provide credit services effectively.	Women lead in petty trade, milk marketing, and small ruminant rearing. Men are often jobless or suffer from addiction (khat chewing). Men handle long-distance transport and buying/selling large livestock.	Customs checkpoints and local conflict disrupt supply chains. Markets lack sanitation, shade, and storage. Women rely on children and neighbors for transport, limiting long-distance trade.	Informal cultural norms prohibit travel and bulk sales, while religious norms restrict interest-based finance. Poor technical and reading skills limit the use of mobile money. Local knowledge used for fuel-saving cook stoves.	Income control and utilization are largely shared jointly. Women gain confidence and improve income by controlling profits from petty trade and small ruminant rearing.	Workplaces and markets are generally safe due to cultural protection. Drought and disease outbreaks limit the animal's ability to supply quality/surplus. Local authorities (kebele) and NGOs (LWF) link beneficiaries to National ID/Feyda ID for grant access.
Tigray	Financial institutions are largely disconnected. Cooperative banks (RUSACo) were looted/destroyed during the conflict. Women are reliant on savings from the PSNP Grant. -"Little box" of savings is not accepted for loans.	Many women were forced to shift from owning lucrative IGAs to less lucrative ones (like gullit). Women manage home activities (cleaning, feeding, milking, and egg collecting). Men are primarily engaged in buying inputs and selling goods.	Infrastructure was destroyed/looted during the conflict (e.g., planned milling factory). [Women face a 35km journey to buy feed, medicine, and other inputs, plus high transport costs. Lack of local police escort	The security situation (border area to Eritrea) is the single greatest inhibitor, preventing NGO operation and disrupting life. No traditional norm prohibits women's participation. Women avoid licensing due to high tax rates.	Decisions over income are jointly managed and controlled. Women actively engage in cooperative leadership (Marta Saving and Credit, Hibret Social company).	High risk of harassment on roads by young men. - The major safety issue is thelooting/destruction of assets (RUSACo, equipment) due to conflict. Women feel vulnerable to theft in markets.

			increases risk on markets.			
Sidama	Formal MFI access requires collateral or established business experience. Households rely on moneylenders charging 10–15% per month. Iqub and VSLAs (VESAs) are the primary sources of credit and financial support. No tailored products for women; limited awareness of financial services.	Women dominate enset processing, petty trade, poultry, dairy, and livestock care near homesteads. - Men dominate land preparation, ploughing, and marketing of bulk cash crops. Women are increasingly managing vegetable production and participating in trade. Engage in lighter, non-farm service activities (e.g., tailoring).	Reliance on middlemen/brokers leads to lower prices. - Markets lack shade, sanitation, and storage. Women face difficulty travelling to distant markets due to safety and cultural norms. Drought and flooding severely damage crops/livestock.	Cultural norms and household burden restrict mobility and public market ventures. Low literacy and perceived complexity/cost of licensing restrict formalization. Low awareness and capital limit women's access to solar/clean cooking technologies.	Income control is male centered over major earnings. Increasing trend toward joint financial management for routine expenses. Women manage small amounts from petty trade for daily household needs.	Markets are not always safe, with occasional reports of harassment, verbal abuse, and theft. Climate-related issues increase the prevalence of malaria and diarrheal diseases. Workplaces lack designated rest areas and security.

Annex 16: GESI Rural- Division of Roles and Responsibilities by Value Chain

Value Chain/IGA	*Primary Role of Women*	*Primary Role of Men*	*Regional Dynamics/Key Findings*
Sheep and Goat Rearing/Fattening	Daily feeding, watering, cleaning of the sheep house, and health monitoring. Managing sales of smaller outputs (milk, butter, cheese, small shoats). [Women often stay at home to manage the business.	Buying and selling animals in the main market. Transporting animals to distant markets, procuring feed inputs. Building enclosures, chopping firewood.	Amhara (Dessie Zuria), Roles are highly collaborative; division is based on physical capacity, but men are expected to handle the riskier market sales. Somali Region, Women manage the low-value/low-risk daily logistics.
Poultry	Daily feeding, watering, egg collection, and cleaning. Selling eggs and chicken in the local market. Value addition like processing milk into butter/cheese.	Purchasing feed, chicks, and veterinary drugs. Building chicken coops and structures.	Tigray- The preference for poultry by women is linked to its ability to coexist with domestic activities. Women are generally successful in this IGA. Oromia (Boset): The most common IGA other than livestock rearing.
Vegetable/Fruit Production (Irrigated)	Sowing, weeding, and applying fertilizer. Managing the garden plot and compost preparation. Selling vegetables/fruits in local markets or at the farm gate.	Dominant role in land preparation and ploughing with oxen. - Setting up and operating irrigation systems (e.g., water pumps/generators). Bulk sales of cash crops.	Amhara (Kalu Woreda)- Women actively engage in using compost and planting, often through irrigation. Oromia (Hawassa Zuria)- Women are highly active in weeding, sowing, and line planting of cash crops (maize, haricot bean).
Petty Trade/Retail	Managing the shop (food/non-food items), preparing goods (injera, bread, local drinks), and managing daily cash.	Men assist by procuring inputs (e.g., sugar, oil) and sometimes helping with selling the local	Somali Region- Women are often the full owner/manager because men are frequently jobless or suffer from drug addiction (khat chewing), increasing

	Women dominate the retail and *gullit* market sales.	drinks (*tela* and *areke*). - Men provide key market information.	women's control. Oromia, Men assist in collecting/chopping firewood for injera.
Dairy	Responsible for milking, processing milk into butter and cheese, and sales of dairy products. Using dairy products for family consumption.	Feeding, cleaning barns, and handling veterinary-related tasks. Transporting milk to aggregation centers or major markets.	Sidama and Oromia: Dairy production is a strong women's IGA that is considered a direct and necessary path to improving household nutrition and income. Somali, Women dominate the local milk marketing/selling.
Handwoven Textile/Tailoring	Dominant in weaving, sewing, and making custom clothing (e.g., school uniforms). Selling finished products to local residents and market customers.	Transporting raw materials (fabrics, accessories) from distant markets (e.g., Jigjiga, Adigrat). Men sometimes assist in business registration.	Somali Region, Tailoring is a non-farm IGA favored by youth and women due to high demand for school uniforms. Tigray, The entire cooperative asset base for a planned spice processing unit was looted during the conflict, highlighting the war risk.
Cross-Cutting: Farming (Ploughing/Harvest)	Sowing of crops, line planting, weeding, fertilizer application, and harvesting supplementary crops. Responsible for processing basic food items (e.g., enset, maize flour).	Land preparation, ploughing with oxen, major cash crop cultivation, threshing, and marketing of bulk produce.	Ploughing remains firmly regarded as men's responsibility across the rural regions due to its heavy physical demand.

Annex 17: Group-Based Mechanisms and Benefits for Rural Women

Region	*Mechanism/Type of Group*	*Main Benefit (Financial/Livelihood)*	*Main Benefit (Social/Empowerment)*	*Key Challenges/Gaps*
Amhara	Ikkub (Traditional Savings), Iddir (Social Support), Women Self-Help Groups (NGO/Tsedey Bank linked).	Access to small, group-guaranteed credit (e.g., Tsedey Bank uses group as collateral). Funds primarily used for investment in livestock (sheep, cattle) to overcome capital barriers. PSNP encourages women to save to access these groups.	Tsedey Bank's approach builds confidence in loan management. Mutual aid during sickness and emergencies. Provides a space for women to discuss societal problems.	Refusal to participate in interest-based loans ("Haram"). If one member defaults, the entire group is forced to repay, creating risk for the poor. Group mechanisms sometimes fail due to lack of commitment or differences in members' wealth.
Oromia	Ikkub, Iddir, Barcot (NGO-initiated Savings Group), PSNP Savings Groups, Dey (Labor Sharing Group).	Funds used for starting/expanding IGAs (livestock fattening, petty trade). Interest-free seed loans (NGO-supported) are facilitated through saving culture. Loans disbursed from savings (e.g., ATJK group gives 5,000 Birr loans from collective savings).	Acts as an informal insurance/safety net during floods and asset loss. "Dey" groups facilitate collective labor for heavy farm tasks (harvesting, land prep), easing the burden on women. Builds confidence and mutual support to manage businesses independently.	Groups disband after NGO funding/facilitation ends. -Lack of awareness/literacy limits enrollment in formal loan schemes. Lack of viable business options makes women hesitant to borrow, even in groups.
Somali	Hagbad (Traditional Savings/Ikkub), VSLAs (Village Savings and Loan Associations),	Hagbad provides a critical source of rotating start-up capital for small IGAs (petty trade, shoat rearing). VSLAs (NGO/PSNP linked) access	Build confidence to speak up and participate in community meetings. Acts as a platform to secure National ID cards (Awbarre NGO-	Reluctance to work in groups due to lack of trust and fear of default. Lack of literacy/awareness limits the

	LWF/NGO-established Savings Groups.	larger matching grants (e.g., LWF matched 100,000 ETB savings). Groups sometimes receive veterinary drugs/inputs on credit from traders.	facilitated travel to Jigjiga). Strengthens relationships and helps solve family problems collectively.	effective use of formal financial products (mobile money). Women face challenges due to limited mobility and household responsibilities.
Tigray	RUSACo Marta Saving and Credit Cooperative, Equib (Informal Savings).	Used as a required collateral to borrow external loans (RUSACo) and to receive grants. Used for asset protection and to save for major purchases. RUSACo was robbed and destroyed during the war, causing a total loss of the collective savings mechanism for Gulomekeda beneficiaries.	Leadership training is provided by cooperatives (e.g., Marta SACCO) and NGOs. - Collaboration and inspiration for other women.	The conflict completely dismantled the existing financial infrastructure (FGD/CBO in Gulomekeda). Organizations are highly unstable due to the conflict. Not enough members save sufficiently to provide substantial loans.
Sidama	Iqub (Rotating Savings), Idir, VSLAs (VESAs), Women's Associations	Provides a foundational financial safety net and access to small loans/credit. Funds are used to start small businesses, handle family emergencies, or purchase input. Groups engage in labor-exchange systems (*Dey* groups) for farm work.	Vital platform for solidarity, voice, and mutual support. Women gain confidence, financial literacy, and community visibility. Platform for sharing experiences, mutual learning, and conflict mediation.	Low awareness of formal loans; reliance on moneylenders charging 10-15% per month. Cultural norms and mobility constraints limit participation in market-oriented cooperatives. High cost prevents widespread adoption of improved technologies.