

MONTHLY UPDATE – MARCH 2010

Agribusiness and Trade Expansion Program

“INCREASING RURAL INCOMES AND EMPLOYMENT”

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HARC reports Niger basic seed multiplication a success

The High Land Oil Crops Research Team reported that the certified Niger seed multiplication program, which ran from June 2009 to February 2010, was a success. The team is part of the Holetta Agricultural Research Center (HARC), and with the assistance of USAID-ATEP, they worked with 120 smallholder farmers on 30 hectares of land in the mid-highlands of West Shewa (Ambo and Guder).

Based on a report from HARC, productivity increased from 400 kg/hectare to 750 kg/hectare for nearly 90% of the smallholders. In addition to recording yields, the team will analyze the seeds for oil content and percentages of germination and purity and inert matter.

During the seed multiplication training, smallholders were introduced to better seed production techniques and were given technical assistance on plowing, fertilizer application and weeding. They were provided with improved seed varieties (Esete, Fogera, Kuyu and Shambu) and fertilizers. A field day in October offered a chance for the farmers to discuss what they'd learned.

A total of 22.5 metric tons of high quality certified Niger seed was harvested from the basic seed crop, an amount sufficient for the needs of 5,000 smallholders for the next production cycle, beginning June 2010.



Photo by Fintrac Inc. /Ian Chesterman
A woman harvests table grapes at USAID-ATEP client ELFORA Farm, Meki, Oromia.

IN THIS ISSUE

- **Program Highlights**Page 2 & 4
- **Questions & Answers**..... Page 3
- **At Your Service: Meseret Nega**..... Page 3
- **Training Summary: March 2010**.....Page 4

USAID Agribusiness and Trade Expansion Program

This project is implemented by Fintrac Inc., a US agribusiness consulting firm. Consortium members include Boot Coffee Consulting & Training, the Economic Competitiveness Group, Manchester Trade, and the Rainforest Alliance. It covers four agricultural production sectors in four regions of Ethiopia which are supported by business development and health programs. For more information, contact USAID-ATEP at:

Ki-Ab Building, 4th Floor Alexander Pushkin Street
PO Box 70696 | Kirkos Subcity | Kebele 23, House #1123 | Addis Ababa, Ethiopia
Tel: 251-11-3720060 | Fax: 251-11-3720102
atep@fintrac.com

USAID-ATEP calls for transition to quality-based pricing for raw hides and skins

USAID-ATEP drafted a policy brief emphasizing the need for quality-based pricing of hides and skins in Ethiopia. The brief calls for regional governments to develop appropriate guidelines for the implementation of the raw hides and skins marketing system, as per the proclamation issued in 2005. It states that the processing and marketing system of raw hides and skins should seek to preserve product quality throughout the value chain.

The paper cites low off-take rates and the poor quality of raw hides and skins as major threats to Ethiopia's leather industry. It contends that problems are aggravated by illicit trading with neighboring countries, resulting in lower volumes sold to Ethiopia's tanneries.

The paper argues that quality-based pricing of raw hides and skins will serve as an incentive for primary producers. The current market structure, dominated by few buyers and sellers, discourages primary producers from selling to the tanning industry.

The issues addressed in the paper were identified by reviewing policy documents and consulting major stakeholders, including the Ministry of Agriculture and Rural Development (MoARD) and Ethiopian Leather Industries Association (ELIA).

Coffee Cupping Caravan visits Dire Dawa

A second round of the USAID-ATEP-sponsored Coffee Cupping Caravan was conducted in Dire Dawa from March 13-19. Twelve international specialty coffee buyers from the US, Germany and Denmark were in attendance, representing companies such as Starbucks Coffee, Sustainable Harvest and Metropolis Coffee.

Cupping sessions were conducted at Oromia Coffee Farmers Union and other private exporters including Alfonz, Bashanfer, Muluken Kaka and SHF Trading. Coffee samples were selected, roasted and tasted at each location, with roasters providing feedback to farmers on the quality of their coffee.

The Coffee Cupping Caravan was designed to promote traceability of high-quality coffees, and to link producers, farmer representatives, and cooperative officials directly to the buyers.



Photo by Fintrac Inc.

USAID-ATEP's second Coffee Cupping Caravan was held in Dire Dawa

● QUESTIONS & ANSWERS

Yirgacheffee Coffee Farmers Cooperatives Union (YCFCU): Striving for a better market

Following the economic liberalization of Ethiopia in 1991, several coffee farmer cooperative unions were established. The unions are democratic and market-oriented. USAID-ATEP Communications Specialist Beamlak Tesfaye interviewed YCFCU General Manager Takele Mamo about the cooperative and how it works with smallholder members.

Q: Can you tell us about YCFCU?

A: The union was established in 2002 by 13 primary cooperatives of the Gedio Zone in SNNPR. During the last six years membership has increased, and now we represent 22 primary cooperatives. These cooperatives are multipurpose service cooperatives that produce and export coffee through the union. The cooperatives represent 43,794 smallholder coffee farmers with more than 300,000 family members. On average, the union as a whole produces 39,000 tons of coffee from the 62,004 hectares of land dedicated to coffee production. Today we are marketing less than 5 percent of the crop, but we are planning to increase our capacity to 20 percent in the next two years.

Q: What percentage of your members is female?

A: About 15 percent of smallholder members are women, with numbers varying from cooperative to cooperative. The percentage is low for cultural reasons, as women are not expected to be the head of the household over their husbands, but we are actively addressing this issue.

● AT YOUR SERVICE: MESSERET NEGA

Meseret Nega manages the newly restructured Business Development Unit (BDU) at USAID-ATEP. In 2009 the unit underwent a transformation to improve client business management practices and address structural modifications that inhibit agricultural growth. BDU is comprised of specialists in business development, structural modifications, and warehouse management and receipts systems. Currently, BDU is providing business development services (BDS) and capacity-building trainings. The unit is supporting cross-sector coordination of BDS providers that are assisted by USAID-ATEP and identifying solutions to major growth constraints of program sectors. In addition, BDU has continued facilitating local and international market linkages through tradeshows, industry roundtables and client visits.

Prior to joining the program, Nega was chief compliance officer and senior legal consultant for the International Food Policy Research Institute (IFPRI), and she helped found the Ethiopia Commodity Exchange (ECX). She also has more than 10 years experience as attorney advisor and contract advisor for businesses in the United States. Nega has B.A. in Political Science from Georgia State University and a J.D. from Howard University Law School.

(Continued from page 2.....)

Q: How do farmers benefit from YCFCU?

A: YCFCU is vital for smallholder coffee farmers in many aspects. One of the major benefits is that it strengthens the bargaining power of coffee farmers, allowing them to secure a better farm gate price. Prior to the establishment of YCFCU, private exporters could keep the farm gate price extremely low. Now the union sets the minimum farm gate price that the farmers should get. We set the maximum price based on the market situation and maintain a reasonable minimum price to ensure that the union is making a profit. Farmers then share a dividend at the cooperative and union level. The union is producing coffee for an international specialty market, so the possibility of making a profit is high. For this production year, we have set the minimum price at 5 birr for 1 kg of red cherry.

Q: How does your payment system function?

A: Each year, 49 percent of the total profit of the union is distributed among the smallholder coffee farmers. The remaining balance is shared between the union and primary cooperatives for capital development.

Q: Do you witness volume or value growth with your coffee exports?

A: Our export is growing in both volume and value every year. Last year, we exported 668 tons of coffee to the US, Germany, Japan and South Korea. This year we are anticipating our export volume to increase by 50 percent, thanks to the USAID-ATEP Coffee Cupping Caravan and Roundtable Coffee Conference and Exhibition.

In addition, the Direct Specialty Trade (DST) at the Ethiopia Commodity Exchange (ECX) has increased

our bargaining power by 20 percent. During the first DST session, we managed to contact international coffee buyers directly and sold our coffee for \$3 per pound on average. Our coffees are both organic and fair trade certified, and as a result we are getting a premium prices and are able to access niche markets. However, we are still not satisfied with the price we are getting for our high quality coffees.

Q: What are your major challenges?

A: We have two major challenges. The first is a shortage of working capital. We have applied to local banks for a loan of 150 million birr, but that is not finalized yet because of collateral-related issues. Some of our cooperatives are still unable to pay back debt that has been accruing since the previous government, and things like this make it difficult for our union to access credit.

The second problem is that we still need to find a way to better market our coffees. We have not done enough to promote our coffee for the international market. We are just relying on our country's coffee reputation. I can say that the coffee has promoted itself more than what we have promoted the coffee.

Q: What are your strategies to alleviate these challenges?

A: We are working closely with the local banks to address the capital constraint. There has been positive feedback from both the public and private banks. Regarding the promotion of our coffee, we are trying to participate in major local and international coffee events and win over the hearts of consumers.

USAID-ATEP conducts regional assessment of raw hides and skins

USAID-ATEP, in collaboration with the Extension Directorate of the Ministry of Agriculture and Rural Development (MoARD), conducted a regional assessment on the development of raw hides and skins. The assessment focused on the prevailing hides and skins extension system and marketing dimensions. The situation analysis covered 9 regional states in the country: Amhara, Tigray, Oromia, SNNPR, Somalia, Benishangul, Gambella, Dire Dawa and Afar.

The main objectives of the assessment included: reviewing the preceding and current hides and skins extension service development; identifying bottlenecks of the extension system; proposing measures to institutionalize the system; and create the capacity to enforce the 2005 proclamation on quality-based pricing for raw hides and skins.

The assessment presented major steps that should be taken to improve the level of institutionalization of extension services at regional level. So far, the Amhara and Oromia regions have established departments and experts to institutionalize the extension service.

Elfora Farm begins to market table grapes

USAID-ATEP lead client, Elfora-Nettle Farm, began supplying table grapes to the local market. The farm has been conducting table grape trials for three years with technical support from USAID-ATEP. The trials were conducted on 15 hectares using four varieties of table grapes: Crimson, Thompson, Flame and Replobe. The farm has produced and marketed 4 metric tons to date.

Following the encouraging results, the farm plans to allocate an additional 25 hectares for the next production season, and site selection and construction have begun for a cold store and pack house. Elfora-Nettle Farm is one of three pioneer private investors that established table grape projects in 2007. USAID-ATEP assistance has included specialized training on best agronomic practices, evaluating rootstock, and variety performances.

ELFORA Agro-Industries PLC is a multi sector company established in 1997 as subsidiary to MIDROC-Ethiopia. Besides the production of fruits and vegetables for local and international markets, ELFORA is engaged in exporting livestock and meat products to the Middle East.



Photos by Fintrac

A smallholder client farmer engages in coffee stumping activities in Yirgacheffe, SNNPR

USAID-ATEP conducts a needs assessment for women that have been targeted for income generation activities under a USAID grant.

● TRAINING SUMMARY– MARCH 2010

Sectors	March 2010			
	# M	# F	Total	# Events
BDS	240	42	282	9
Coffee	60	122	182	5
Health	33,716	19,919	53,653	46
Horticulture	168	85	253	28
Hides, Skins & Leather	51	7	58	3
Oilseeds & Pulses	820	146	966	17
Total	35,055	20,321	55,376	108