



MONTHLY UPDATE – May 2006

AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

Welcome to the Agribusiness and Trade Expansion Activity, a five-year project funded by the **U.S. Agency for International Development**, and implemented by **Fintrac Inc.**, working with partners, **Boot Consulting**, the **Economic Competitiveness Group**, **Manchester Trade**, and the **Rainforest Alliance**. This project, scheduled to run from 2006-2009, comprises of an integrated program of technical assistance focusing on four agricultural subsectors of major importance to Ethiopia:

- Horticulture
- Oilseeds
- Coffee
- Hides, Skins and Leather products

The project offers a bold, integrated approach to developing the agriculture sector by targeting farmers and allied agribusiness for assistance, including processors, traders and exporters, in order to improve the competitiveness in the sector. The ultimate aim is to increase productivity, raise farmer incomes, boost agribusiness sales, and dramatically increase Ethiopia's agricultural exports.

This bulletin presents the monthly highlights of project activities, including details of our work with farmers and allied agribusinesses in each of these targeted subsectors. We will also present the results of our work as they emerge, including: client success stories; the impact of improved agricultural practices on productivity and incomes; investments in new technologies; and the resulting growth in Ethiopia's agricultural exports.

Rapid Start-Up

Start-up activities were initiated in Ethiopia on April 19th. The start-up team, consisting of local project staff working with representatives from Fintrac's US Home Office, successfully mobilized project activities within three weeks of award.

Achievements during the first weeks of implementation included:

- Registering the company with the Ministry of Trade and Industry (MoTI) and opening project offices in Addis Ababa;
- Recruiting and hiring local project staff;



A client farmer tends to her onion farm.

Counterparts

During the first few weeks on the ground, the project team met with representatives of the project's major counterpart organizations in Ethiopia. These include:

- Ministry of Agriculture and Rural Development (MoARD)
- Ministry of Trade and Industry (MoTI)
- Ethiopian Grain Trade Enterprise (EGTE)
- Ethiopian Horticultural Producers and Exporters Association
- Oilseeds Association
- Coffee Exporters Association

Discussions focused on the coordination of activities with counterparts at the field level, and the provision of input and advice on planned programming in areas targeted for assistance and selection of clients.

USAID Ethiopia Agribusiness and Trade Expansion Activity

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- Holding project orientation workshops for project staff and USAID personnel;
- Training new staff in administration and monitoring and evaluation;
- Procuring project vehicles, agronomist kits, computer equipment and software;
- Holding consultations with USAID and our government counterparts, Ministry of Agriculture and Rural Development (MoARD) and MoTI, as well as several private sector counterparts;
- Finalizing the activity workplan, incorporating input from project counterparts;
- Holding first training in Market Information Systems for six representatives from MoTI, MoARD, EGTE and the Ethiopian Horticultural Exporters Association;
- Conducting initial trade and investment meetings with Ethiopian ministerial and private sector representatives in anticipation of the June 2006 AGOA summit in Washington, DC;
- Undertaking initial field visits and client selection activities;
- Scheduling intensive field and workshop training for the activity's technicians.

In May, **Manchester Trade** representative Tony Carroll visited Ethiopia for high-level consultations with government, donor and business leaders in anticipation of this year's AGOA Ministerial, Private Sector and Civil Society Summit held in Washington June 5-9. In addition to Ministry and donor agencies, meetings were also held with representatives of the Addis Ababa Chamber of Commerce, Ethiopian Airlines, Prosper International, Garment Express, Jebera flowers, Sara's Garments, Summit Partners and other firms. The focus was on developing and moving along trade opportunities for Ethiopian products in the US as a result of the AGOA. Carroll also covered other topics including Ethiopia's performance in international markets, critical trade issues affecting competitiveness, and capacity development. Mr. Carroll provided targeted recommendations on specific opportunities, including freshcut flowers and the garment sector.

Welcome Aboard

The Agribusiness and Trade Expansion Activity is fortunate to have the highest caliber technical and managerial team members available for the implementation of this program. Individuals working under the various components of the project are identified here; all may be contacted via e-mail or through the project office at 251-11-3720060.

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HORTICULTURE

The horticulture component is focused on upgrading the production, postharvest handling and marketing activities for crops currently cultivated in Ethiopia, such as green beans, onions, tomatoes, and cabbage, as well as other crops with strong international demand, such as smallholder flowers, chilies, spices, and tree crops. Of special focus will be value-added activities, such as “pre-packed” vegetables and other minimally processed presentations that enjoy strong demand in international markets. Building on the nascent success of the Ethiopian floriculture industry, the project will leverage technical, financial and logistical resources available in Ethiopia to boost investments. This will result in improved postharvest systems, including refrigerated transportation, cold storage, and sorting, grading, packing and processing facilities. These improvements will upgrade the competitiveness of Ethiopian horticulture. Initial activities will commence in the lakes region of Oromiya and SNNPR south of Addis.

COFFEE

Coffee component activities will focus on improving farm productivity, and increasing sales volumes and quality, resulting in overall increases in farmer income. We will also support the development and marketing of higher quality, specialty and eco-friendly coffees. Activities will be implemented in SNNPR, Oromiya and Dire Dawa (Harer) regions. In regards to improved market access, Fintrac partner **Rainforest Alliance** will train local institutions in carrying out the group’s first certification program on the African continent, allowing producers who receive certification to market their coffee through Rainforest’s extensive network of international buyers. In addition, **Boot Consulting** will work with millers/cooperatives, exporters and unions to improve coffee quality by providing “cupping” training, developing regional coffee designations, improving supply reliability to buyers, conducting Cup of Excellence competitions, and marketing coffee to exporters in the US, EU and Japan using online auctions, inward buyer missions, and other targeted activities.

HIDES, SKINS AND LEATHER PRODUCTS

Activities in the Hides, Skins and Leather subsector (HSL) will focus on training farmers to better care and manage their livestock herds by introducing treatments for ectoparasites, a problem that results in rejection rates as high as 80 percent at tanneries. Solving the parasite problem will also result in dramatic gains in feed conversion and herd growth rates, thereby improving sales and incomes. The HSL team will also promote more value-added leather processing in Ethiopia, which will ultimately attract investors to establish local leather manufacturing operations. The team will focus on transforming Ethiopia, currently a source of minimally-processed skins/hides, to a recognized leader of high-end finished leather products. The end result will be significant job creation, income growth, and export revenues.



A farmer tends to his tomato plants



Coffee Beans are washed



Leather products worker

OILSEEDS

The oilseeds component will support the development of more efficient grain marketing in Ethiopia. A first step is to introduce warehouse receipts that will facilitate increased commercial trading of major oilseed commodities – sesame, rapeseed, linseed, and Niger seed, as well as pulses and grains. By working to establish the infrastructure for more efficient trading, such as grades/standards, bonded warehouses, and paper trading systems, significant cost reduction in grain trading will result. This will improve the competitiveness of oilseeds on international markets and increase returns to producers. The program will eventually result in producers, processors and traders being able to obtain credit from financial institutions against their warehouse receipts. A workable warehouse receipts program is a precursor to a commodity exchange, which the industry and government are planning to establish in Ethiopia. In addition, the project will provide one production technician in Tigray to work with farmers in increasing productivity using modern improved seeds and technology.



Training MoTI Export Promotion Department staff in market analysis

MARKET INFORMATION SYSTEMS

The Agribusiness Trade and Expansion Activity completed its first technical training activity in May, conducting an intensive workshop in Fintrac’s Market Information Systems: Analysis and Dissemination. The training was led by two Fintrac staff members – Jay Kaufman, Director of Market Information Services, and Kathleen Jacques, Senior Market Analyst – and was held at MoTI’s Information Center. The Information Center is an invaluable public resource that is equipped with a high-speed internet connection, access to a wide range of market information services, and a library holding numerous industry and trade data publications.

The training was carried out to support local counterparts engaged in the provision of market information for clients in the project’s four main subsectors: horticulture, oilseeds, coffee and HSL. A total of eight (8) public and private sector representatives attended the training, including staff from:

- Ethiopian Horticulture Producers and Exporters Association
- Ethiopian Grain Trade Enterprise
- Ministry of Agriculture and Rural Development, Marketing and Inputs Department
- Ministry of Trade and Industry Export Promotion Department.

Also in attendance were the project’s Market Information Specialist and Monitoring and Evaluation Specialist.

The course consisted of a series of lectures, interactive presentations and exercises that covered all relevant areas of market analysis and dissemination. Topics included: international and domestic price reporting; analysis of relative market share; documenting product grades and standards; identifying consumer trends; and buyer liaison. Other areas included production of price reports and market surveys, with special focus on data presentation.

According to Genet Zebede, of the MoTI’s Export Promotion Department, “The training was very useful with respect to market analysis and reporting, as well as providing guiding points for preparing market briefs for certain commodities.” She noted also that “additionally, it created an opportunity for coordination among the different offices in MoTI and MoARD responsible for market information processing, specifically, for sharing the different resources available and exchanging information with each other.”

TRADE AND INVESTMENT

The Trade and Investment Team, working with Fintrac partner **Manchester Trade**, will be increasing trade opportunities and leverage investment resources in each of the project’s four subsectors, including linking clients to domestic financial institutions, and attracting investment from abroad. Trade agreements such as the African Growth and Opportunities Act (AGOA) present opportunities to leverage investments from international firms looking at Ethiopia as a potential sourcing point for supplying goods to US buyers. Exports to nearby markets in Eastern and Southern Africa, the EU and the Middle East will also be expanded.