



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – October 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

It has been an exciting month for the project. The coffee team organized a successful buyer mission for 13 importer and roaster companies from the US, the Netherlands, Taiwan and Denmark. In addition to visiting producers and mills in the major coffee producing areas, the group participated in a three day conference in Yirgalem where they met with 20 Ethiopian exporters to discuss market opportunities and challenges for the sector. The HSL group sent a delegation of private sector representatives from the HSL industry to the 8th Annual International Meeting of The Competitiveness Institute in Lyon France, where Ethiopia was represented for the first time along with nine other African countries. The Horticulture team continues to assist growers to meet orders from European of up to 10 tons per week of snowpeas and sugar snap peas beginning in January. This is a major challenge for the industry and the project and we are confident that the Ethiopian industry will meet and exceed expectations. The oilseeds/pulses team is focusing its attention on pest problems that are affecting the sesame industry, developing a treatment program with assistance from the Ethiopian Institute of Agricultural Research and the National Plant Protection Research Center. And finally, on 26th October we held the second project steering committee meeting chaired by State Minister Tadesse Haile of MoTI. These meetings provide a regular venue for the project to discuss progress and issues with its government and private sector counterparts.

Steve Humphreys, Director,
Ethiopia Agribusiness and Trade Expansion Activity

HORTICULTURE & FLORICULTURE

Development planning for summer flower trials has been conducted this month, including site visits and marketing plans for growers of Delphinium, Hypericum, Ranunculus, Gypsophila and Eryonium at a range of altitudes. Initial trial plantings at four sites are encouraging with first exports expected in December 2006.

As a result of market linkages established by the project with European buyers, the traditional start of the bobby bean planting season in mid-October was expanded to 650 hectares of production targeted for



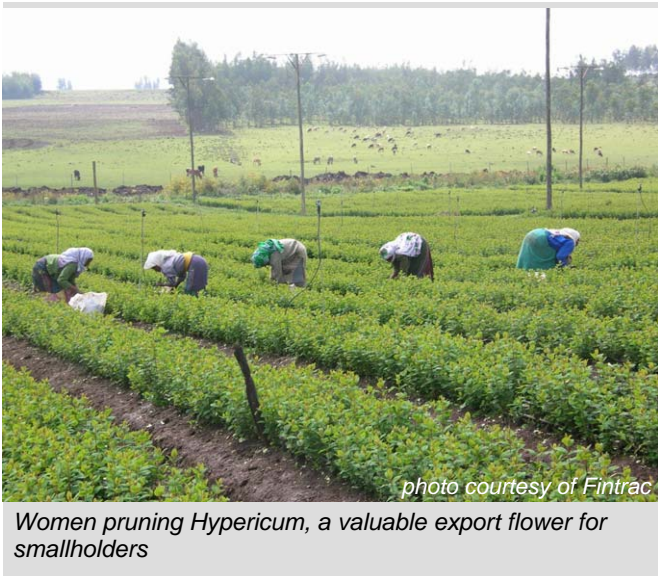
photo courtesy of Fintrac
Onions on client farm near Lake Ziway for regional market.

This project is implemented by Fintrac Inc, a US agribusiness firm. Consortium members include Boot Consulting, the Economic Competitiveness Group, Manchester Trade, and the Rainforest Alliance. It covers four industry sectors in four regions of Ethiopia. For more information on ATEA activities, please contact:

USAID Agribusiness and Trade Expansion Activity

“Increasing Rural Incomes and Employment”

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Women pruning Hypericum, a valuable export flower for smallholders

export to Holland and Italy. The project is directly assisting lead clients to establish 160 hectares of production by providing intensive technical assistance, improved hybrid seeds and technical assistance with establishing or refurbishing drip irrigation systems. In addition, we are providing advice on greenhouse crops of tomatoes and peppers for export to Holland.

Field agronomists are also conducting initial site visits for planned export crop diversification that will take place in the coming year for international and regional markets. As part of this effort we are developing detailed agronomic and marketing plans for pyrethrum, paprika, table grapes, onion seed and papaya.

The team is also working closely with input suppliers and other business development service providers who are key to the sustainability of our efforts. A training workshop on drip irrigation management was held in Ziway mid-month that included three different drip irrigation companies. Netafim Ethiopia, Irrico from Kenya, and Bruh Tesfa from Tigre region presented aspects of drip management, with Bruh Tesfa also demonstrating their low-pressure family drip system to the group of thirty farmers attending the workshop.

The team is also organizing safe-use training programs with CropLife Ethiopia which is a major step towards capacity building in agrochemical training. The first on-site field training courses are scheduled for January 2007. As part of our partnership with the Export Horticultural Producer and Exporters Association (EHPEA) we have provided strategic guidance in the development of an overall Training Strategy for the floriculture industry, in conjunction with Dutch experts from Wageningen University and PTC Crop Production, as well as with the ZEGA Training Trust in Zambia.

COFFEE SECTOR

With coffee harvest underway the team has been able to focus on direct extension with producers through several of our lead clients. We worked intensively with several private coffee mills, including Green Coffee Agroindustry, Amaro Gayo Coffee, and Dominion Trading, to train lead coffee farmers in proper harvesting techniques. These trainings were held at the mill so that are easily accessible to lead farmers, and emphasized the importance of harvesting ripe cherries. The objective is to reduce rejection rates at the mill, which will also increase green coffee value and reduce processing costs, as well as transport costs to farmers. The millers have also been receiving training in proper washing, drying, and storage techniques. Buyers have cited improperly dried coffee and poor storage as two of the main contributors to inconsistent coffee quality in Ethiopia. Sixty six lead farmers and twenty mill technicians received training.

The coffee team also planned and provided logistics support for an inward assessment and buying mission by 13 importers from the US, Europe and Asia. The buyers visited production areas and mills in Jimma, Kaffa, Bench Maji and Teppi. Midway through the visit a three day workshop was arranged so that the importers could discuss their findings and recommendations with Ethiopian private and cooperative union exporters. The objective was to cement buyer-exporter relationships in order to address one of the key issues identified by importers.....reliability of supply.



US buyers from Tony's Coffee (Seattle) and Novo Coffee (Denver) inspect sun dried coffee in Kaffa

HIDES, SKINS & LEATHER

The extensive training program in ectoparasite control and improved skinning/flaying has continued during the month. A total of 75 worda-level veterinarians were trained in five locations during the month, while 152 slaughterhouse staff were trained in hides/skins harvesting. This brings the total trained to over 700 personnel in practices that will dramatically increase the quality of raw hides and skins that are sold to tanneries.



A proposed small urban collection center promoted by the project.

In support of the collection center pilot project presented in our last newsletter, the project has met with a major US NGO, World Vision, who is interested in cofinancing the activity. Specifically they would provide funding to roll-out the concept to over 700 centers (120 are planned under our project) and provide major support to training staff to run each center. The collection centers are projected to provide new employment and income for the urban unemployed, and improving the quality of raw hides/skins available to the tanning industry.

Efforts to establish an economic development cluster focused on creating a world class leather industry in Ethiopia is continuing. Five private sector leaders in the industry joined HSL Manager Teshome Kebede and USAID's Mike Klesh in a five day international workshop in France. Ethiopia was one of nine African countries represented and the delegates learned from their fellow Africans the rewards of developing an industry-wide strategy and working together to build an industry.

OILSEEDS & PULSES

The oilseeds/pulses team continues its efforts to promote the use of warehouse receipts by promoting this program with key buyers/exporters of wheat, maize, barley and sorghum. Expanding the grades and standards legislation to include oilseeds and pulses is critical for improved marketing of these targeted products and continues to be a priority for the team.

Another priority is to develop a safe and effective treatment program for combating the sesame seed bug (SSB) which is responsible for significant pre and postharvest losses in Ethiopia. The project, assisted by Fintrac's in-house entomologist Dr. Richard Pluke, is working with the Ethiopian Institute of Agricultural Research (EIAR) and the National Plant Protection Research Center (NPPRC) to develop an inexpensive and effective program to address this threat.

We are also working with the main pulses research center in Ethiopia, the Melkasa Research Center, to introduce new varieties of white haricot beans

(navy beans). A potential partner in this program is Portman Ltd, a large European company trading in dried beans, who is investing heavily to introduce new varieties of white haricot beans to Ethiopia.

TRADE, INVESTMENT & POLICY INITIATIVES

The Trade and Investment team continues to assist Ethiopian firms with business planning and investment services, including: a company targeting garlic to the export market; seven coffee milling companies investing in ecopulping equipment; a farmer cooperative with 680 members targeting export vegetables; a company raising crocodiles that is planning to export \$1.5 million in skins; and a farmer-owned enterprise investing in production, processing and exporting of chick peas. Assistance with business planning and bank loan application has been provided to one lead coffee client for \$20 thousand in development costs and \$80 thousand in operating capital through the USAID loan guarantee program. Loan approval is pending.

Market development services, including volume/price information and market contacts have been provided to the Ethiopia Coffee Exporters Association, POSPEA and two private coffee processors. Market studies in support of project clients are being developed for the following crops: mange tout, sugar snap, baby corn, chillies, okra, as well as ranunculus

The team continues to focus on two main policy issues: ensuring that there is adequate capacity in air freight handling services at Bole Airport to meet the growing volume of fresh vegetable and floriculture exports; and providing analysis of the increased transaction costs associated with the Foreign Exchange and Banking Directives of the National Bank of Ethiopia.