



USAID
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MONTHLY UPDATE – December 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

December proved to be a very full month for the ATEA team as it continues implementation on a number of fronts.

In the coffee sector we are in the midst of harvesting and processing. There’s a lot to do on improving harvesting and postharvest handling so we lower reject rates at the washing and drying stations.

Horticulture plans are progressing well and we are preparing to plant for export programmes for vegetables for the UK market, whilst we continue to examine how to diversify into new floricultural products. For hides, skins and leather (HSL) we have been focused on clustering and seem to have got good buy-in from the industry, we have formed a core group that is committed to making this happen with the encouragement of Ted Lyman the Economic Competitiveness Group (ECG), a consortium partner.

The oilseeds and pulses team spent some time in Tigray and Amhara in Ethiopia’s far northwest, starting to work on improvements we intend to make in the sesame industry, whilst we are forming linkages with NGOs and research institutes to work on pulses in the Rift Valley area south of Addis Ababa.

On a more sociable note, at the end of December we celebrated Christmas (although Ethiopia’s Christmas is on Jan. 7) with an end of year party for our staff and their families, as well as colleagues from USAID. This included plenty of wonderful local food and traditional dancing.

Steve Humphreys, Chief of Party,
Ethiopia Agribusiness and Trade Expansion Activity



Photo courtesy Fintrac

A farm worker enjoys a moment in the sun on top of a truck during harvest in Upper Awash.

This project is implemented by Fintrac Inc., a US agribusiness firm. Consortium members include Boot Coffee Consulting & Training, 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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Photo courtesy of Fintrac

A woman tends to greenhouse chillies at Prins Vegetables in Ziway.

Research Center and MoARD. Bio-controls have a huge potential for the floriculture industry that has an acknowledged over-dependency on chemical-based treatments.

Advantages of Biologicals for Ethiopian Greenhouse Growers

In addition to improved worker health, plant quality and improved productivity, using beneficials to eliminate mite damage significantly reduces the routine cost of pesticide treatment. "A chemical maintenance program for mites will cost the average Ethiopian flower grower between \$550 to \$700 per hectare per month," according to Louise Labuschagne of Real IPM Kenya. "This represents a direct cost to the industry of over \$3 million per year in mite sprays, which doesn't eliminate the problem because of resistance and poor underleaf cover." After a phytoseiulus clean up program growers can expect a 20% increase in yields, a 10 cm increase in stem length, and no packhouse rejections.

HORTICULTURE

This was an extremely full month as the sector continues to organize production, bring in modern vegetable production technology and planting material, and promote Ethiopia's tremendous business potential with EU and Middle East-based importers and buyers. A follow-up visit was conducted by Jonathan Parkin, the M.D. of Shona Products - U.K., to finalize planting plans for vegetable export trials, primarily targeted for the UK market. A culmination of his visit was the formal signing of an exclusive Marketing Agreement with a one of the project's clients that establishes planting and sales programs into the UK Supermarkets during 2007/8. A series of field-visits by Peter Francombe, GM of Seminis East Africa, a supplier of much-needed hybrid vegetable seeds, supplied several the fine bean varieties for trials planned in January 2007. we anticipate that this will lead to more reliable seed supply through this BDS partner in the coming year.

The high-altitude (2,550m) Hypericum trial site at Chancho, 20 km's north of Addis Ababa, suffered significant frost damage in the third week of December and plant recovery is still unknown at the moment. The incident illustrates the risks and benefits of small-scale trials of new products and new locations, and the importance of crop diversification. Early trial shipments of *Runnunculus* summer flowers from the trial with Omega Farm provided the project with valuable market feedback on quality issues.

The project coordinated the weeklong visit of Louise Labuschagne, the M.D. of *Real IPM Kenya*, as key speaker at a series of IPM workshops that were held with EHPEA members. Seminars were conducted on the effectiveness of IPM technology and the implementation techniques for a variety of bio-control agents that will significantly reduce costs and worker pesticide exposure. An initial action plan was developed for importation, efficacy-testing and registration of phytoseiulus for flowers, in conjunction with officials from the Crop Protection Department at Ambo

COFFEE

December in Ethiopia is traditionally the season of harvesting and processing. Our field activities, led by our two field agronomists, involved visits to all of ATEA's 16 lead clients, who represent more than 13,700 smallholder growers, to advise them on basic agronomic practices in order to prepare coffee trees for the coming season. With assistance from the project many clients report much better than average coffee quality, and sales of nearly \$1 million in coffee has already been reported by five clients. The team is currently fine-tuning baseline data so comparisons can be made with past season yields, quality and sales. We will have more to report on this in future issues.

In addition, the Coffee Team is heavily involved in the planning of the East African Fine Coffee Association (EAFCA) Fine Coffee Conference and Exhibition to be held for the first time in Addis on Feb. 15-17, 2007. This is a perfect time to showcase some of the high quality Ethiopian coffees to international buyers who will attend the event. The project is organizing the first-ever open outcry auction for speciality coffee in Ethiopia as part of EAFCA. Forty-four coffees were submitted for evaluation, and 23 were selected for the competition by receiving scores of 85 or higher.

Five coffee cupping labs that have been cost-shared by the project are in the process of being installed. These will enable quality assessment at the mill level instead of in Addis where the only facility now exists. As reported earlier, the project has started to train coffee cuppers to work in each of these labs. As a condition for locating the lab on their site, coffee cooperatives have agreed to make these facilities available to any group who needs to use them.



ATEA Field Advisor Getachew Zelaga demonstrates the importance of weed control as part of ATEA's coffee extension program.

This month the team also visited Gololcha for the first time. The area produces a naturally processed Harrar coffee, which is highly sought after by specialty coffee buyers. The main problem in Gololcha is transportation to bring the coffee to the market, as it is a very isolated. Road construction is ongoing and should solve the transportation problem. It will also be the site of one of the project-sponsored cupping labs.

HIDES, SKINS AND LEATHER

ATEA continued to work on training of trainers, totaling 69 technicians and hides and skins collectors in proper flaying, curing, grading and logistics of raw stock. We are also ready to deliver training in Oromia regional state in both veterinary issues and hides and skins flaying, which will involve 148 experts in a number of woredas.

Efforts continued to leverage funding from other donors via: promotion of project activities in a stakeholders meeting organized by the Leather and Leather Products Training Institute; introduction and briefing of project activities to the new Ethiopia Tanners Association Board at USAID, with the association agreeing to fund a part of the Lalogera ectoparasite control project with more than US\$42,000 of its own money. Project design is underway with World Vision Ethiopia on their support in funding a significant portion of a nationwide hides and skins collection center network. This will supplement the project's pilot program funded jointly by the project and LLPTI for 30 centers. The World Vision program will expand the number of centers to 735 by the end of their involvement.

Final refinement of capacity building interventions for abattoirs located in the suburbs of Addis Ababa where hides and skins harvesting is poorly managed. Improvements here will dramatically improve the quality of up to 3 million hides and skins supplied to the tanning industry from Addis on an annual basis.

Planning is underway with UK-based industrial engineers and economists with a view to assess the technical and economic feasibility of vertically integrating the

tanning industry along process lines, a development which is occurring in other leading leather-exporting countries but is lagging in Ethiopia.

The momentum of Competitive Cluster formation continues, with the first full session held on Dec. 7 at ILRI with more than 80 participants from the private and public sectors, as well as from donors GTZ and UNIDO.

OILSEEDS AND PULSES

The production and value of oilseeds and pulses especially sesame and white haricot beans is increasing in local and international markets. Since the sector mainly works on these two crops, visits were carried out in the production areas in Tigray/Amhara and discussions were held with stakeholders.

Humera, located in Tigray regional state, is the major sesame growing area in the country. Despite the problems encountered by the producers, sesame production is increasing in the area. There are 14 small farmer cooperatives, one union and one commercial farmer union in the area. The regional bureau of agriculture and rural development has a plan to increase the land holdings of sesame producers by 35 percent in collaboration with other stakeholders to increase production and quality.

Metema, in Amhara region, is the second most important sesame growing area in Ethiopia. Farmer income and government revenue are rising as a result of increase in sesame production.

We are organizing a training program to be held in April 2007 in Humera and Metema. It will be conducted in collaboration with MoARD on sesame agronomy, insect pests and diseases, weed management, pesticides, marketing, quality standards and good agricultural practices.

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Our oilseeds and pulses agronomist, Yitbarek Liben, is now on site full time in Shire, Tigray Province, where he can work intensively with producers to improve sesame yields and quality. He will handle the Humera, Dansha and May-Kadrra producers cooperative unions.

On the pulses front, we are working with white haricot beans, which is the leading exportable commodity. Partners are going to be Melkassa Agricultural Research center as well as CRS, which are working with growers in nine woredas. The growers are increasing their production and income since demand from international buyers and canning factories is strong. We are also in talks with ACOS, a leading bean exporter.

On the warehouse receipt system, discussions were held with Mekia Enterprise, Hawas Agribusiness, EGTE and WFP. WFP is ready to work with the system if we use EGTE warehouses. The new warehouse receipt specialist will start in January.

Discussions were held with IMO on possible organic certification of sesame.

TRADE AND INVESTMENT

In December, the four sector quarterly newsletters were prepared and made available to all stakeholders. Hard copies will be provided to key partners, in particular to government ministries and agencies.

All input prices for horticulture and oilseeds and pulses farming have been collected and will be published in January 2007. A descriptive paper about loan conditions and criteria of commercial banks will be ready for investors and internal uses within a few weeks.

In the horticulture sector, Zi-Andeta PLC has been assisted with a technology fund for family drip irrigation, with the project supporting \$12,000 of the startup costs, and the client providing \$13,000. We have also assisted them with the preparation of their business plan for their 80 hectare farm. They wish to carry out advance trials of various crops using drip irrigation on three plots of a quarter hectare each. The plots will also be used as training and demonstration sites for smallholder outgrowers. In addition, GADCO Farm Enterprise has been provided assistance in business planning.

In the coffee sector, Sibub Ebba, a PLC of 580 small coffee producers as shareholders, has been assisted in business planning and \$17,000 in financing to pay for improved sun-drying beds. As a result of the construction of the initial beds and the cherry harvest in hand, production is expected to grow to nine containers of 18 tons each this year. The project also assisted Limu Kosa PLC obtain \$300,000 in bank loans for operating capital, plus a cost sharing grant of \$6,240, matched by their nearly \$20,000, for the purchase of 60 drying beds.

In HSL, the Blen Development PLC application for a loan to expand their crocodile meat and skin operation, and Sululta Abattoir is seeking a bank investment of \$300,000 to in part, expand their sales of skins and hides.

In oilseeds and pulses, Prosper International has submitted a business plan for support for a de-hulling machine that will help increase their turnover to \$6 million per year.