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MONTHLY UPDATE – March 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

The project has been operating for almost a year now and making good headway towards achieving the targets set in our workplan.

March has been a busy month for horticulture where we ran a very successful booth at the Hortiflora 2007 Exhibition. The project received many visitors, including the Deputy Prime Minister, the US Ambassador, and the USAID Deputy Mission Director as well as international buyers and investors eager to begin helping Ethiopia's horticulture industry to realize its potential.

In the HSL sector, the project led a successful trade mission to Russia and came away with a large trial order from this new and growing market for Ethiopian hides and skins products.

The Coffee team has been concentrating its efforts on training farmers in improved agronomy methods, as has the Oilseeds and Pulses group.

Our continued efforts to strengthen the producer associations are paying off, as they all report increased membership and export sales. We are well poised to consolidate our work with a well-established client base as we move forward into Year Two.

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



Deputy Prime Minister and Minister of MOARD Ato Addisu Legesse (center) and Tsegaye Abebe (right) Chairman of EHPEA visit the USAID ATEA stand at Hortiflora 2007.



Photos courtesy of Fintrac
Fintrac booth at Hortiflora 2007

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:

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HORTICULTURE



Photo courtesy of Fintrac

New export vegetables from ATEA client, Jan Prins on display at the USAID ATEA Hortiflora 2007 booth

The Ethiopian Horticulture Producers Association (EHPEA) organized the second bi-annual Hortiflora Ethiopia Exhibition. The exhibition, using the theme “*The New Face of Ethiopia*” was held at the Addis Ababa Exhibition Center from March 21-23, 2007. The participants included 44 local companies, as well as 27 Dutch, 16 Israeli, 6 Kenyan, 4 Spanish and 20 additional country representatives.

In his opening remarks, His Excellency Ato Addisu Legesse, the Deputy Prime Minister and Minister of Agriculture and Rural Development, emphasized the government’s enduring commitment to the horticulture industry. According to the Deputy Prime Minister, the Government of Ethiopia is promoting diversity of export products together with the country’s poverty reduction program. These include a drive to increase fruit and vegetable production and exports, one that is receiving strong support from USAID ATEA.

The project organized a stand at the show that focused exclusively on Ethiopia’s vegetable exports. There were many visitors to the display of vegetable export products on the stand by the project’s two lead clients – Awassa Green Wood and Prins Vegetables – that attracted sustained interest throughout the show. Additional features of the stand were the demonstration of two vegetable planters donated by Stanhay, UK, and a display of hybrid vegetable seeds from Seminis East Africa Ltd. Training certificates for EUREPGAP and BRC courses organized by the project and Farm Produce Technology of Kenya were also presented to the growers at the stand by USAID ATEA director Steven Humphreys.

In addition to the Hortiflora event, Mr. Itiya David, Managing Director of Isareli-based David’s Fruits, paid a visit to Ethiopia to explore investment opportunities. Mr. David along with the project’s marketing consultant, Mr. Jonathan Parkin, evaluated horticultural investment opportunities in the Ziway area.

As a result of the growth of the floricultural industry in Ethiopia, from 7 ha of commercial roses under greenhouse in 1999 to 1,000 ha of greenhouses presently, there expansion of the country’s airfreight and handling capacity will soon prove a challenge to growth in export of other products such as vegetables.

The project took the first step to addressing this constraint by sponsoring a mission in mid- March for key representatives from Ethiopian Airlines and the Ministry of Trade and Industry to Nairobi, Kenya. During the visit, the group assessed the airfreight and handling infrastructure at Nairobi Airport to learn how that country has substantially increased its own air freight capacity.

SPECIALTY COFFEE

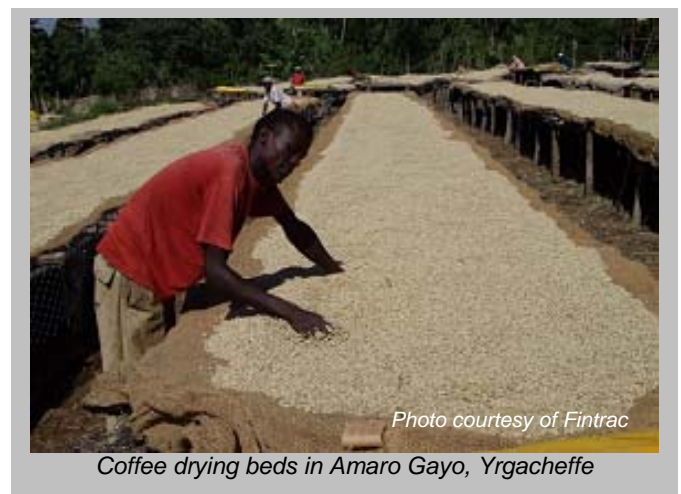


Photo courtesy of Fintrac

Coffee drying beds in Amaro Gayo, Yrgacheffe

The coffee team this month conducted the second Coffee Stakeholders’ Meeting on March 26th that included 60 participants from various private companies, government agencies and donor organizations. The next meeting will be held on April 24th, 2007.

In Sidama and Yrgacheffe, training in the upgrading of cupping capacity was provided for two local cooperative staff members. This training is essential to improve the handling of the coffee-cupping laboratory.

Farm tools have been purchased for twenty seven (27) demonstration sites in SNNPR and Oromia regions. These include 30 saws, 30 saw blades and 30 pruning shears that will enable the project’s coffee agronomists to properly train farmers.

The preparation of a coffee agronomy manual for client demonstration sites and another for compost preparation has been finalized. Both manuals are being offered in English and Amharic versions.

Specially prepared compost has been applied on selected farms of three clients: WoldeSenbet, an individual farmer member of Fero Cooperative; Mamo Shanka, a member of DTC, and Negussie Gashe-Moplaco.

In other activities, the coffee team also carried out stumping of 2,350 old coffee trees on seven (7) client sites in Sidama, Yirgacheffe and Hageremariam. The project also visited the newly established cupping laboratory in Gololcha. During the visit, the potential for the expansion of coffee production in the area was noted. The team also identified three new clients to participate in program activities: Homeland Organic Coffee, Bora Agricultural Development Plc, and Aerkota Coffee Plantation.

HIDES, SKINS AND LEATHER

A team of four tanning industry executives made the first Ethiopian trade mission to the Russian Federation in March. The Ethiopian Leather Industry Association (ELIA) negotiated a Memorandum of Understanding with its Russian counter-part to facilitate regular supply of semi-processed hides and skins, and returned with an initial order for five containers sample order worth over US\$300,000.

The project finalized its negotiations with FAO's regional office concerning funding of \$25,000 to be used for the ectoparasite control campaign in Lalogera. In addition, ELIA has committed \$42,000 to the Lalogera ectoparasite control venture. This is the first time that ELIA contributed to an industry-wide campaign managed by a third party.

The monitoring program on the efficacy of the ectoparasite control campaign in Lalogera has commenced. Among the 540 skins purchased, 50 percent were bought from untreated animals in the area for bench-marking defect level. These will be used as a control to measure improvements in the quality of raw material utilized by the tanneries.

The HSL team trained 120 technicians as well as hides and skins collectors in proper flaying, curing, grading and logistics of raw stock in Tigray Region, as per request of the regional government. In Oromia Region, 33 veterinary specialists were trained in the control of animal parasites.

A construction firm has been selected to build the thirty initial hides and skins collection centers, the construction of which will commence next month in Addis Ababa and surrounding areas. The centers are expected to recover hides and skins worth \$650,000 annually, and create employment opportunity for up to 30 individuals.

OILSEEDS AND PULSES

As the belg season approaches, a meeting was held in Dire Dawa with Hararge Catholic Secretariat (HCS) and stakeholders CRS, ACOS & HCS concerning seed supply and production, quality, and market linkages for belg season Haricot Beans growing areas in Eastern & Western Harerge. Opportunities for the sector and building business linkages were the main topics for the participants in anticipation of field trainings to be carried out with the stakeholder participation.



HSL delegation to Moscow in mid March led by COP Steven Humphreys. Three leading tanners Bedada Chali, Solomon Getu and Vartkes Nalbandion came with new orders.



Photos Courtesy of Fintrac

Ian Sherry, Teka Redda and Yitbarek Liben discussing with Farmers' Primary Cooperative Managers and DA's at Eastern Harerge, Kara Luku on pulse production in the Oilseeds and Pulses Sector

Similar field visits and discussions were held with Woreda primary cooperative managers and members, cooperatives' promotion officers and development agents.

An agreement was reached between the project and ministry extension staff to organize training field days in Adama for April 11 and 12, 2007 for primary cooperatives, farmer cooperative unions and other stakeholders. The workshop will include improved oilseed and pulses production practices, as well as quality and market linkages. In order to drive home the importance of quality, the ACOS cleaning plant will be visited to see how hand-picking and machine cleaning is carried out to fulfill export quality specifications for White Haricot Beans and spot the quality problems. Follow-up field visits will also be conducted during the belg-planting season in Eastern and Western Harerge.

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The oilseeds and pulses sector continued providing follow-up support to ZI-ANSETA's dry beans furrow irrigation trial and the Chancho Flowers horticulture green pea drip irrigation trial.

The first partnership proposal has been submitted by Melkassa Research Center.

TRADE AND INVESTMENT

The first draft of the overview study on loan types and conditions of the Development Bank of Ethiopia and commercial banks was finalized and is currently being used for internal purpose. The Policy Review focusing mainly on foreign exchange regulations on imports and exports of the Central Bank of Ethiopia was carried out and the draft will be ready in April.

The Trade and Investment Unit has identified common areas of work together with the Netherlands Development organization SNV and Enterprise Ethiopia. Enterprise Ethiopia is a World Bank project, which provides technical and financial support to export-oriented private investors.

In the coffee sector, issues have been discussed with a consultant working on the legal regime governing the coffee trade. The first draft has been finalized and submitted for review by the Trade and Investment team. In addition, a workshop is being organized in collaboration with Ethiopian Coffee Export Association to gather feedback and comments on the draft.

The project also carried out a field visit with its partner International Product Service (IPS) in Arsi Zone, Gollolcha to improve the quality of coffee production in the area. Advice was provided to IPS on the establishment of projects that will benefit local farmers. Gollolcha is known for its annual coffee production amounting to 7,000 tones.

The purchase of sun drying beds through the Technology Fund has been finalized for Limu Kosa PLC. The business plans of two coffee producing and exporting companies, Bizuayehu Shone Coffee Plantation PLC and Home Land Organic Coffee, have been reviewed and the comments given were incorporated in the business plans.

In the Horticulture Sector, the businesses plan of DFT Packaging PLC has been edited and finances revised.

In the Oilseeds and Pulses sector, the business plan of Prosper International was submitted to Dashen Bank and the team is following up the process to facilitate the credit that Prosper International has requested to establish its de-hulling facility. This will significantly add value to sesame and allow farmer to receive higher prices. In addition, the business plan and previous performance of Warka Trading PLC with the capital of US\$2.5 million (ETB 23 million) has been reviewed, and work on its feasibility study started for the purchase of two new sesame-cleaning plants for 1,000 hectares of oilseed production.