



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – May 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

May saw a real increase in interest by EU produce buyers and potential investors in the Horticulture export sector. The arrival into the UK market for the first time of Ethiopian snow peas has triggered some of this interest, while exports of fruits and vegetables are up 27% over last year. The project hosted a successful business networking evening at our offices, where we provided the opportunity for the linking of many important players including EU and Ethiopian investors, as well as BDS providers in the horticulture value chain.

Coffee export values are reported as having increased 18% over last year, with increasing quantities going into the specialty market for better prices. There is more and more interest in natural, as opposed to washed, coffee and this year’s harvest is forecast to be good.

Exports in the HSL sector are up almost 20% over the same period last year. The team is very excited about a new initiative working with the TAYTU brand, and promoting the “Made in Ethiopia” logo to the top end fashion industry in Europe and the US this year.

In the Oilseeds / Pulses sector, our efforts are focused on improving production and quality, and providing technical support. We will shortly have agreements with local partners for seed multiplication of sesame and white haricot beans to improve the supply to farmers for next planting season.

To round the month off, we held a series of meeting with the largest private sector investors in Ethiopia, the Alamoodi group, and are hopeful that they will continue investing further in our four production sectors.

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



Photos Courtesy of Fintrac

Mr. Leo Van de Heuval and Mr. Paul Postema from HAGE and Mesfin Teshome, general Manager of Almeta Impex visiting vineyard in Ziway



Mike Goodwin (Exotic Farms Ltd UK) & Thomas Mattanovich at Chancho evaluating the pea trials

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 ATEP activities, please contact:

USAID Agribusiness and Trade Expansion Program
“Increasing Rural Incomes and Employment”

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HORTICULTURE

This month USAID ATEP sponsored visitors to Ethiopia from two significant EU marketing organizations, Exotic Farm Produce of the UK, and HAGE of Holland. The visits were conducted to build international grower linkages for Ethiopian horticulture producers.



HAGE representative explaining bean specifications at Zi-Andeta farm in Ziway

Mr. Mike Goodwin, the development agronomist of Exotic Farms Produce Ltd, third largest importer of exotic produce into the UK, visited lead client sites to evaluate next season's production potential for peas and beans. In his meeting with the Ethiopian Horticulture Producers and Exporters Association (EHPEA), he expressed a particular interest in encouraging Organic exotic vegetables as Ethiopia's significant point of difference in a competitive and fast growing market place. EFP specializes in sourcing and importing fruits and vegetables from 60 countries worldwide to supply UK supermarkets.

Later in May, Mr. Paul Postema and Mr. Leo Van den Heuval, account managers of HAGE, conducted farm meetings with producers and farm visits to scout sourcing opportunities for grapes and Bobby beans. HAGE is one of the leading importers of fresh produce in Europe, with annual sales of €300 million.

Leading members of the Ethiopian Grape Growers Group have ambitious plans to expand and develop plantings over the next few years. The plan targets potential market windows in May/June and November/December. On-farm discussions clarified the marketing, logistics and technical challenges that lie ahead for the pioneer grape growers, with USAID-ATEP providing technical assistance to the initiative. The economics of air freighted Bobby beans remains marginal since there is heavy competition from sea-freighted product originating from Senegal, Egypt and Morocco. However, it provides an entry-level seasonal export crop for vegetable growers willing to

invest in suitable infrastructure and EUREPGAP accreditation.

The growing interest of marketing organizations from Europe and the Middle East in sourcing a wide range of fruits and vegetables from Ethiopia is an encouraging sign for the future. International buyer partnerships with major organizations such as this month's visitors have underscored the strategic issues that the industry faces. The project will continue playing a key role in supporting the efforts of the government, the Ethiopian Horticulture Producers and Exporters Association (EHPEA) and individual growers to realize the continued growth of the sector.

SPECIALTY COFFEE

The coffee team participated in the 19th Specialty Coffee Association of America (SCAA) Exhibition and Conference held in Long Beach, California, from May 4 to 7. The project sponsored the Ethiopian Coffee Exporters Association (ECEA) to attend and exhibit at the conference and tradeshow. The Ethiopian booth was visited by more than half of the total 10,000 visitors to the exhibition.



Ethiopian booth at the 19th annual conference and Exhibition of the Specialty Coffee Association of America

Following the decision of the 3rd Coffee Stakeholders Meeting on April 24th, a working group was formed comprising USAID-ATEP, exporters, AKRABIES, and the service sector. The working group was tasked with an action plan to train farmers and extension agents in 84 coffee producing Woredas. The training, which is estimated to cost US\$35,000, will focus on the basics of harvesting and post harvest treatment and handling. Other donors and private sector exporters will co-finance this effort, which is planned for July and August.

The project also organized and sponsored a three-day training on specialty coffee markets, including organic certification and marketing, to seventeen (17) coffee exporters from May 29 to 31. This was conducted for ECEA members at the association's conference facility in Addis

Ababa and led by Mr. AL Liu, a CQI volunteer from Alterra coffee in Milwaukee.

Agronomy training was also provided to farm managers of Green Coffee agro industry plc in Bonga and Gemadro coffee plantation in Mocha, SNNPR. Discussions were held in Addis Ababa with lead clients including IPS plc, S.A Bagersh, DTC, Solomon Worku, Amaro Gayo and CLU on how to improve the marketing of specialty coffees.

Field visits were made to Sidama and Gedeo coffee processing plants at Solomon Worku wet and dry coffee mills, DTC wet mill, Konga coop wet and dry mill, and SA Bagersh wet mill to advise on improved processing systems.

HIDES, SKINS AND LEATHER

The project started the first round discussion with UNIDO on the framework to support the capacity building and marketing activities of our lead client TAYTU for the fiscal year 2007/2008. USAID-ATEP conducted an export performance survey for the first ten months ending April 30th 2007. Figures from MOTI showed a growth of 19.5 % in leather exports over the last year.

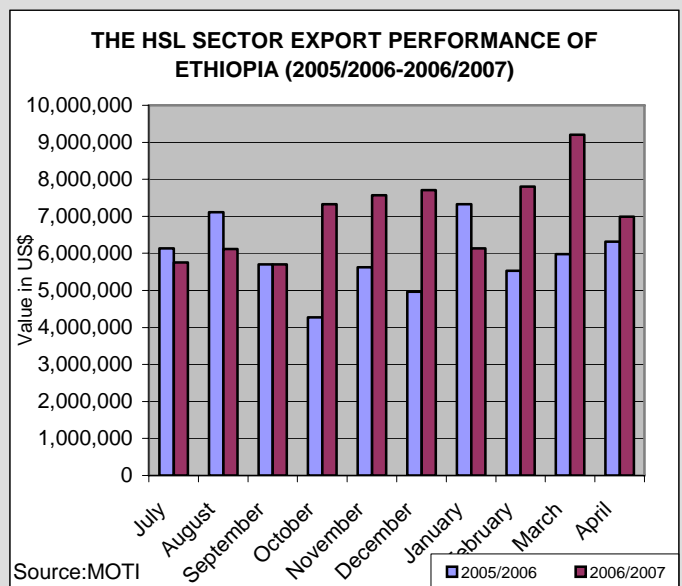
The HSL team trained 68 veterinary specialists in control of ectoparasites in SNNPR region this month at the request of the regional government. Meanwhile, a survey was conducted on the efficacy of the first two rounds of the ectoparasite treatment program in four Woredas of Amhara Region. The result of the survey showed that the level of infection decreased to less than 5%, from an estimated 80% prior to the treatment. In addition, USAID-ATEP's Dr. Kassa Bayou continued the supervision of the second round of dipping activities made by the Amhara regional government.

As reported in our April 2007 Monthly Update, sample skins were purchased from Lalogera and submitted to Pittards for processing to assess the pre-treatment level of ectoparasite damage to skins. Results of the processing of the untreated skins from Lalogera project area were received from Pittards, showing more than 90% ekek damage, and highlighting the need for control interventions.

The total fund committed by the Ethiopian Leather Industry Association (ELIA) amounting to US\$ 42,000 for funding the ekek campaign, has now been received. USAID-ATEP and ELIA will carry out this activity jointly.

OILSEEDS AND PULSES

The project conducted training in Humera, Tigray Region on Good Agricultural Practices for Sesame Production from May 2 to 7, 2007. The training, which focused mainly on sesame agronomy, weed control, pest



The HSL sector export performance of Ethiopia (2005/2006-2006/2007)



Teka Reda and Yitbarek Liben visiting the Sheba Sesame Tahina factory in Gondar, Amhara region

and disease management, quality control and marketing, was similar to the one recently conducted in Metema, Amhara Region. In attendance were 29 participants representing Dansha Awraro and Setit Humera FCU, commercial farmers associations, development agents, Humera Research Center, and regional and zonal BOARD. Further trainings are planned from June to October 2007 to coincide with the new sesame planting season.

Since supply and availability of sesame seed (White Humera variety) in Humera and Metema is scarce, the project is working with Werer Agriculture Center (WARC) on seed multiplication.

The sector has also started working with MoARD on training workshops for soya production and began talks with HCF and FAFA, two local soya processing companies, to explore partnership possibilities.

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The project's Warehouse receipts specialist, Ms Etagegn Germew, conducted training on Warehouse Receipt Systems for representatives of the Ethiopian Grain Trade Enterprise (EGTE) and Damot Unions in Bure, Amhara Region. Participants were also provided with technical production manuals. In addition to the training, five primary cooperative stores were visited and advised on warehouse management and receipts systems. This will assist the government in the establishment of its commodity exchange system.

TRADE AND INVESTMENT

USAID-ATEP made a presentation to the US ambassador in Ethiopia, His Excellency Mr. Donald Y. Yamamoto, concerning program activities in the four sectors and the results achieved to date.

In the horticulture sector, a field visit was made to Ato Abiy Astatik farm in Debre Birhan, Amhara Region. Advice was given to formulate a business plan and discussions are underway to prepare a Technology Fund Award to import new seed varieties. In addition, the loan application of D.F.T. packaging company amounting to US\$766,000 (ETB 7.0 million) for which the project provided support was approved by Dashen Bank.

In the coffee sector, the preparation of Technology Fund awards is under way for Amaro Gayo to purchase drying beds and for Limu Kosa to purchase a coffee pulping machine. The project continued working with coffee farmers in Gollolcha Woreda to help with business planning and building farmer incomes. Discussions were also held with Manchester Trade to refine the study on the coffee legal regime. An agreement was reached with a local company to work with Manchester Trade, to produce a position paper to discuss the major issues and constraints with Government to facilitate coffee trading.

In the HSL sector, the Development Bank of Ethiopia approved the loan application of Blen Development amounting to US\$427,359 to finance the partial cost of its Crocodile Farm. USAID-ATEP prepared international market data for crocodile products, which was a necessary pre-condition for the approval of the loan application with the Development Bank of Ethiopia.

In the Oilseeds and Pulses sector, Dashen Bank approved the loan application of Prosper International, a client we have been assisting for some time, which amounts to US\$538,564. The Trade and Investment team facilitated the loan using USAID's Loan Guarantee Scheme.

The first draft of the *Guide to Foreign Investors in Ethiopia – Areas Open to Foreign Investors, Modalities of Formation of Businesses and Issues* was finalized and ready for use. In addition, the preparation the draft of the foreign exchange policy of the National Bank of Ethiopia was finalized.