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MONTHLY UPDATE – AUGUST 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

August saw plenty of project activity both at the national industry level as well as with continuing training and support to farmers in the field by our agronomic teams working with farmers to improve yields, quality and exports.

At the national level, the project continues to work closely with the government in planning for improved infrastructure at Bole Airport to meet the increase in floriculture and horticulture exports.

In the coffee sector, awareness is increasing all over the country on the better returns from segmenting production in the specialty market.

The leather sector is reaching new highs with the planned launch of the Taytu range at fashion trade shows in New York and Paris.

In addition, good demand for oilseeds and pulses in the international market is giving producers confidence that prices will remain strong in the coming growing season.

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



Photos Courtesy of Fintrac

Hundreds of Ethiopian farmers attend the Millennium Coffee Quality Training event.



Ethiopian officials tour fine bean farms in Kenya.

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 agricultural production sectors in four regions of Ethiopia. There is also a cross cutting Trade and Investment activity on the program. For more information on ATEP activities, please contact:

USAID Agribusiness and Trade Expansion Program

“Increasing Rural Incomes and Employment”

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HORTICULTURE

USAID-ATEP coordinated a one-week airfreight logistics tour in Kenya for a group of senior officials from the Ethiopian Horticulture Export Association (EHPEA), Ministry of Trade and Industry (MoTI), and Ministry of Agriculture and Rural Development (MoARD). The group visited a representative range of packhouse and airfreight handling operations at Nairobi airport, with the support of the Fresh Produce Association in Kenya (FPEAK). In addition, private and public sector visits were conducted. The private sector visits included a smallholder farming scheme for fine beans, and chemical and seed suppliers. Public sector visits included the Ministry of Agriculture, Horticultural Crops Development Authority (HCDA) and the Plant Health Inspectorate Service (KEPHIS).



The strengths of the Kenyan industry in terms of its management depth, extension expertise, and the effective linkages between private and public sector organizations are considered as a role model for the emerging horticulture sector in Ethiopia. The high-technology infrastructure and marketing skills of leading exporters, complemented by their reliance on smallholder production for crops such as fine beans, provides practical examples of a win-win partnership that Ethiopia is striving to implement within its own context. USAID-ATEP is supporting both EHPEA and the government ministries in the implementation and empowerment of smallholder vegetable production schemes for the coming season.

SPECIALTY COFFEE

Throughout August, USAID-ATEP concentrated on training in preparation for this year's coffee harvesting season. The Millennium Coffee Quality Training Campaign, which was launched by the USAID-ATEP-led Coffee Industry Forum, was carried out from July 21 to Aug. 13. More than 14,400 farmers, processors, collectors, suppliers, DA's and quality workers participated in the training, which reached coffee farmers in 82 woredas. This was a tremendous achievement, providing farmers with detailed information on correct pruning and harvesting techniques.

The project also provided technical assistance and support on washed coffee processing to six clients' wet

mills including IPS, Kassa Gebreyes, SMS, Genet Lema, Mullege and Amaro Gayo. In addition, the project gave technical support specifically on weed management, sucker regulation on stumped coffee, and mulching for individual coffee farmers in Sidama, SNNPR.



Ethiopians participate in the Millennium Coffee Quality Training Campaign, launched by USAID-ATEP. More than 14,000 participated in the training

The project continued its assistance to coffee cupping laboratories at Konga and Wotona Bultuma. The aim is to ensure the labs and staff are ready for the upcoming harvesting season. Along with these activities, coffee sector agronomists Tesfaye Negash and Getachew Zeleke are identifying and evaluating new clients' coffee farms.

As mentioned last month, in addition to providing materials for the Ethiopian booth in Japan, the project sponsored the Ethiopian Coffee Exporters Association (ECEA) and Ethiopian Barista Champion Mifta Sultan to take part in The Specialty Coffee Association of Japan Conference and Exhibition that was held from July 31st to August 2nd. Buyer feedback obtained at the show indicated growing interest in particular for natural, sun-dried Ethiopian coffees from Sidamo and Wollega.



USAID-ATEP supported Ethiopia's booth at the Specialty Coffee Association of Japan Conference and Exhibition in Japan

HIDES, SKINS AND LEATHER

This month the project signed a follow-on memorandum of understanding with the Amhara regional government to undertake the third and fourth ectoparasite control campaigns.

Following the selection of sites last month, the project continued the construction of hides and skins collection centers in Addis Ababa. As of the end of August, six collection centers have been completed in Gullelle sub city, Addis Ababa. The project also carried out training for 193 technicians and traders in the hides and skins industry that will be involved with the centers. Among the trainees, 30 will occupy the centers, and the remainder will provide slaughtering and flaying services.

The project hosted a leather glove company from Hungary (Alpha Gloves), and arranged factory visits to potential suppliers. In September, the first commercial samples will be sent to Hungary.

Additionally, the project continued supporting TAYTU, through the provision of advice on the establishment of a local office. Production of samples for New York and Paris trade fairs in September and October continued.

The program supported the final round negotiation for a joint venture investment between Pittards and a local leather factory. The deal involves investment of \$750,000 that in 18 months time will see annual export earnings of \$5.0 million in leather goods and directly create 120 new jobs. The joint venture will mainly produce sporting gloves for Champro Sports, as per the agreement structured through USAID-ATEP.

The project will take part in the All-African Leather Fair (AALF 2008) organization meetings, which is to be held in Addis Ababa in January 2008.

Technology Fund proposals for the upgrading of Sululta and Bourayou abattoirs have been submitted.

OILSEEDS AND PULSES

In the oilseeds and pulses sector, activities continued with partners Agricultural Commodities Supply (ACOS) and Harerghe Catholic Secretariat (HCS) in East and Western Harerghe to increase quality and production of haricot beans for export.

The project conducted two training programs in Asebe Teferi in Western Harerghe and Chelenko in Eastern Harerghe. The main objective of the trainings was to measure progress in business planning skills of farm group leaders, as well as to cover technical areas related to production, quality control and marketing. In Asebe Teferi, 18 cooperative leader trainees took part, representing 610 farmers. In Chelenko, 50 trainees participated, represented 720 farmers.



Photos Courtesy of Fintrac

USAID-ATEP has completed construction of six hides and skins collection centers like this one to help improve quality during the collection process.



Photos Courtesy of Fintrac

Trade and Investment Manager Ian Sherry training cooperative leaders in Asebe Teferi, Western Harerghe on the use of business planning for the organization of haricot bean production among farmer groups.

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During the trainings, primary cooperative organizers presented their business plans while project and local government technicians provided training on agronomic practices. In addition to business planning, the USAID-ATEP team provided training on local and international quality standards and other marketing issues. The project's Bruchid control manual was distributed to participants and other stakeholders present. Bruchids are one of the major pest problems facing Ethiopia's pulses industry, responsible for causing significant postharvest losses.

USAID-ATEP also supported agriculture and rural development offices in two zones through the hiring of an agricultural expert to help with business plan development and follow-up activities in East and West Harerghe.

For Warehouse Receipts, an Action Group (WRAG) has been formed by USAID-ATEP to provide support for the proper implementation of the system. A meeting was held with group members International Food Policy Research Institute (IFPRI), International Commodity Exchange (ESEX) and Ethiopian Grain Trade Enterprise (EGTE) to begin coordination of warehouse receipts program implementation.

TRADE AND INVESTMENT

In the horticulture sector, the loan application of DFT has been approved by Dashen Bank and discussions are underway to secure the full loan request of \$640,000. DFT is engaged in the production of corrugated carton boxes for export packaging of horticulture products. The loan paves the way for the group to supply these important inputs to local produce exporters, thereby removing one of the major obstacles to Ethiopia's entrance into the international horticulture trade: the availability of affordable packaging that meets international standards.

A field visit was conducted at Yalkoneh flowers, a new horticulture client engaged in the production of summer flower varieties Hypericum and Carthamus. The trade and investment team advised on the business plan of the farm for the expansion of summer flower production.

In the coffee sector, Amaro Gayo received a Technology Fund for the procurement and installation of 120 drying beds that will increase the availability of eco-friendly, sun-dried coffee. As mentioned earlier, sun-dried coffee is a niche that fetches a premium among the various differentiated varieties, and was a product of interest mentioned by buyers at the Specialty Coffee Association of Japan show in Tokyo this month.

In the oilseeds and pulses sector, meetings were held with smallholder farmers, cooperatives and cooperative unions in eastern and western Hararghe. The project team designed interventions in partnership with the Hararghe Catholic Secretariat and the local government that will equip smallholder organizations with simple business plans coupled with a vision of growth in haricot bean exports from Hararghe. By working through the farm Cooperative Unions, the program has the potential to impact the livelihoods of 200,000 smallholder farmers.

Discussions were also held with a potential investor for the establishment of a sesame oil refining facility, to be carried out in conjunction with production activities for raw sesame oil at the farmer level in Bahir Dar, Amhara region. Client Prosper International received a Technology Fund award as a contribution for the purchase of de-hulling and cleaning machinery for sesame production that will dramatically increase its uptake of raw material from smallholder sesame farmers and add value at the source. ATEP's investment will be leveraged 14:1 after qualifying for a commercial bank loan from Dashen Bank after receiving assistance from the T&I unit on business planning and loan application.