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MONTHLY UPDATE – September 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

September 11th marked the arrival of Ethiopia's 3rd millennium following the local calendar. Celebrations took place throughout the country with a large number of diaspora returning to visit friends and relatives. The project made a presentation at the “Diaspora Investment Opportunities” conference organized for diaspora returning that week. Our Trade and Investment team fielded numerous enquiries from this group.

The week before the millennium the project was pleased to welcome Fintrac president, Claire Starkey, who assisted the management team with assessing progress to date and planning ahead, now that we are at the half way stage of the initial 3 year program. During her stay, the project hosted a Fintrac Millennium party with His Excellency Donald Yamamoto, US Ambassador, and Glen Anders, USAID Mission Director, as guests of honor.

The end of the month saw the HSL sector involved in promoting the high-end TAYTU leather fashion range in the US market with a successful launch of the line at “The Train” fashion fair in New York City. An initial \$20,000 of trial orders were taken as samples, with subsequent orders expected to increase tenfold as commercial orders are received.

We are looking forward to the end of the rainy season to move forward quickly with planting programs for horticulture export crops. The drier weather will also allow access to some of the more remote coffee areas, as our agronomists assist clients with the oncoming coffee harvest.

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



Photos Courtesy of Fintrac
Millennium celebration with project team, clients and counterparts in Addis Ababa.



Photos Courtesy of Fintrac
TAYTU leather products on display at ‘The train’ fair in New York City.

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 continues supporting key clients with technical and agronomic assistance, post-harvest handling and infrastructure development while a brief follow up visit to Ethiopia was conducted in September by Mr. Kees Poortvliet of The Greenery marketing organization in Holland to discuss plans for this winter's import season.

Crop programs for the upcoming export season include:

- Fresh herbs for the EU market;
- Snow peas (mangetout) and sugar snaps for the EU and Middle East markets;
- Fine beans for the UK and bobby beans for Holland;
- Strawberries, capsicums and specialty tomatoes for the Middle East markets;
- Table grapes and avocados for longer term export by sea freight.

Bobby beans, Ethiopia's major horticultural export after flowers which are marketed through the Van Oers Organization in Holland, have been the foundation of the air-freighted vegetable industry in Ethiopia for many years. Increases in freight costs have eroded the financial viability of this crop over the last few years, while competition in the form of sea-freighted volumes from Morocco and Egypt leave little room for value-added functions. The challenge for the Ethiopian industry is to identify and develop alternative entry level crops for emerging exporters and smallholder suppliers.

The existing low value and high volume exports of potatoes, onions and tomatoes to Djibouti from Eastern Ethiopia are representative of local / regional market production. In order to achieve a sustainable value-added approach for export growth, there is a need for considerable modernization. Some of the project's major clients are investing in infrastructure, such as EthioVegfru which has invested heavily in drip irrigation and extensive mechanized production to increase yields and reduce unit costs, helping to offset increases in the cost of freight. As horticulture exporters finalize investments and launch successful export programs, associated smallholder-based production schemes will be developed around them.

SPECIALTY COFFEE

Coffee clients Kassa Gebreyes, IPS, DTC and Wotona Bultuma were busy with the maintenance and reconstruction of coffee washing mills in preparation for the coming harvest.

Field visits were conducted at client farms including Dedessa Agro Industry, Kaffa Union, Homeland Organic Coffee Agro Industry, Green Coffee Agro Industry, Bench Maji Union, Tepi Union and Gemadro Coffee Plantation. Technical assistance was also provided to a coffee



Photos Courtesy of Fintrac
Fintrac President Claire Starkey with horticulture team members and client Seit Agro Farms where new summer flower varieties are under production.



Photos Courtesy of Fintrac
Ethiopian "Star Cuppers" receive training in Q Program certification by visiting coffee specialist Christina Gracies of ATEP partner CQI. The training took place at the Ethiopian Coffee Exporters Association's cupping lab in Addis Ababa.

producer in South Omo Zone, Bako Gazer Woreda, that was brought into the program as a new client.

In addition to field activities, training also continued in cupping. The project hosted a six-day Q grader training for 12 cuppers at the Ethiopian Coffee Exporters Association (ECEA) Cupping Laboratory in Addis Ababa from September 17th to 22nd 2007. Participants included staff from ECEA and other private coffee exporters. The training was carried out by Kelly Peltier from Boot Coffee Consulting and Christina Gracies from CQI. The training is one of a series of prerequisites to develop cuppers who have the capacity for judging coffee quality for the specialty market. It is expected that several trainees will reach Q grader status at the end of November, with the remaining participants achieving the same by February. The availability of Q certification in

Ethiopia will establish the country's very first international coffee accreditation program. This will allow growers and millers to identify the best coffees at source, thereby being able to improve quality and penetrate the lucrative specialty market on a significant scale.

HIDES, SKINS AND LEATHER

As of the end of September, 27 raw skin collection centers have been erected in the Addis Ababa municipal area. The Ethiopian Leather Industry Association (ELIA) is finalizing lease agreements for the centers which will be inaugurated in October, providing new jobs and incomes for hides and skins producers and traders, and improving the distribution system for raw material going to Ethiopia's tanneries.

Plans for the third and fourth rounds of the ectoparasite control campaign in Lalogera, Amhara Regional State have been finalized. This is improving both the net weight of rural animal herds, leading to improved food supply and farmer incomes, as well as the quality of raw material skins supplied to tanneries.

More than 150 companies visited the TAYTU "Made in Ethiopia" stand this month at the New York City trade fair, "The Train". TAYTU received trial sample orders from US and Japanese buyers for its Summer 2008 collection, which will be ready for shipment in February / March 2008. Current trial orders with the new buyers were valued at \$20,000; subsequent commercial orders are expected to amount to US\$200,000.

The project continued to assist with plans for the upcoming All African Leather Fair (AALF) with ELIA. This fair, the first leather industry tradeshow for all of Africa, will take place January 24-28, 2008 in Addis. The project's work with cluster development has been recognized by The Competitiveness Institute (TCI), with project staff and clients invited to present the work being done by the HSL cluster at the Pan-African Competitiveness Forum in Cape Town and the TCI annual conference in Portland, Oregon.

OILSEEDS AND PULSES

The project continued working with lead clients and counterparts to increase production volumes and improve quality of oilseed and pulses crops. There is still a shortage of quality seed, making it difficult for farmers to increase yields. In response to this need, the project launched an initiative with Melkassa Agricultural Research Center (MARC) to promote haricot bean seed multiplication. This will lead to improvements in the domestic supply of this key input for smallholders. The focus is on Awash Melka, Awash 1, Red Kidney Bean and Argeny varieties, and is taking place on the center's 50-hectare research farm.

The project is also working with the Hararghe Catholic Secretariat (HCS) and Woreda Agricultural offices of

Kersa, Meta and Goro Gutu to develop and implement a new initiative for the sector focused on business planning for smallholder farmers through their farmer cooperative unions



Photos Courtesy of Fintrac

TAYTU's Made in Ethiopia products on display at "The Train" fashion industry expo in New York City. On display were leather handbags, belts and other accessories from the groups' Summer 2008 collection.



Photos Courtesy of Fintrac

Seed multiplication activities are taking place at Melkassa Agricultural Research Center with project assistance. This initiative will ensure a more steady supply of white haricot bean seed for future production seasons.

(FCUs). The next stage will be for the project to place business planning specialists with each FCU counterpart to assist in the development of business plans for the production of sesame and other commodities by smallholders organized at the Kebele level.

Oilseed and pulses training-of-trainers activities this month focused on sesame production for 24 participants in Tahitay Adiabo (Sheraro) Woreda in North Western Tigray. Local development agents, model farmers and supervisors were included in the capacity-building event. These trainers will, in turn, train an estimated 550 farmers in their 11 Kebeles.

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Tahitay Adiabo Woreda is one of the leading sesame producing areas in the Northwest Region. Five years ago, area cultivated with sesame production was around 5,000 hectares. That has tripled to 13,600 hectares presently, illustrating the need for skilled extension workers in the area.

Under the Warehouse Receipts System (WHRS) program, discussions were held with the Oromia Agricultural Market Promotion Agency on the implementation of WHRS in the region for the coming crop season. In addition, the preparation of training manuals on grading and standardization of grades in Amharic was finalized.

We are working closely with Bure Warehouse and the General Manager of EGTE concerning the formal transfer and proper filing of used warehouse receipts to avoid reclaiming the stock.

TRADE AND INVESTMENT

In the horticulture sector, the project continued to assist Yalkone Flowers to prepare a bankable business plan so that it can obtain a loan of US\$ 400,000 for equipment to expand its production capacity. An additional business plan for artichoke production is being developed with the objective of obtaining alternate financing in the form of a grant through the Dutch Government's Programme for Cooperation with Emerging Markets (PSOM).

Following discussions with Dashen Bank, DFT Packaging secured a loan of US\$ 410,000 that allows the firm to purchase equipment for production of improved packaging materials. The availability of a better quality and more diverse range of export packing will help the horticultural exports during the coming season in December/January.

A new client, Ethiopia Fiber Products, was assisted with the development of a business plan and recommendations for seeking out equity investments. This business produces materials used in the export of coffee, oilseeds and pulses. The packaging company is also planning to establish a farm to grow a significant proportion of its primary input, jute.

The project also participated at the first annual Ethiopian Diaspora Business Conference, held at UNECA on September 19. A presentation setting out investment opportunities for agriculture was made for potential diaspora investors.

A number of discussions were also held this month with a number of foreign investors. The project helped these individuals to research and connect with local business people looking for equity partners.