

Monthly Update – November 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

This month we convened the 4th Advisory Committee Meeting to oversee and guide the project. We were fortunate to have both co-chairs in attendance, H.E. Tadesse Haile, State Minister for MoTI, and H.E. Yaekob Yalla, State Minister for MoARD. The program is well on track in terms of results and plans for next year were discussed and areas needing particular focus were highlighted.

The horticulture sector is gearing up for the coming export season, with strawberry exports in particular looking very promising with good feedback from EU buyers so far. Coffee harvest is starting and there have been many meetings this month with buyers in Addis Ababa. It seems that they will be offering considerably better prices this year for quality product, both washed and sun-dried. This will filter down to the farmers who have higher expectations for far better prices than last year for delivering red cherries. It seems that some of the benefits of the Millennium Coffee Training conducted in August are paying off as initial feedback is that rejection rates at mills are coming down. At the end of November, two SVPs from Starbucks, Dub Hay and Sandra Taylor, visited our offices for discussions on where we can work together to improve quality in the coffee sector even further. Starbucks plans to set up a farmer training school in Addis early next year.

Also in November we were pleased to speak on Fintrac's experiences in helping develop sustainable perishable export airfreight businesses in Africa at this year's Corporate Council for Africa Business Summit in Cape Town. This is the first time this meeting has been held in Africa, in the context of increasing US private sector interest in the continent. We hope it continues.



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

HORTICULTURE

Ethiopian Exporter Awards were awarded to 40 exporters engaged in various sectors on Nov. 3 by the Ethiopian Prime Minister, Meles Zenawi. This first national awards ceremony showed an important recognition of the vital role of agribusiness-led exporters. The project congratulates project Ethio Vegfru for its award as the leading vegetable exporter in Ethiopia, based on its export sales value for the 2006/2007 export period.

In the third quarter of 2007, Ethiopian flower exports totaled US \$19.9 million, more than double the US \$7.3 million



Photos Courtesy of Fintrac

Coffee beans are dried at Homeland Natural Coffee, a USAID-ATEP lead client.

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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earned from flower exports in the same quarter last year. This year, flower exports are expected to reach 1.8 million stems valued at US \$167 million. During the next five years, the Chairman of EHPEA quantified the vision for the horticulture industry's growth during the Exporters Award Ceremony as follows, "Annual export sales of \$1.4 billion by 2012, employing 1.5 million people, engaging 50,000 small-scale growers, with 450 hectares under flower production and 750 hectares dedicated to fruit and vegetables."

Such ambitious growth targets will require additional freight and logistics capacity. In response to this need, USAID-ATEP co-sponsored along with The Royal Netherlands Embassy, Maersk-Ethiopia and EHPEA a Refrigerated Container Business Forum. Presentations and discussions were held on the viability and potential of sea freight in terms of cost effectiveness and capacity to serve as an alternative to air freight for servicing the European and Middle Eastern markets.

The project also signed a memorandum of understanding with Melkassa Agricultural Research Center (MARC) to manage new trials and conduct a horticulture field day in June 2008. This will demonstrate new disease-resistant and high-yielding hybrid vegetable seeds to project clients and other Ethiopian farmers.

USAID-ATEP co-financed the first pilot project in Ethiopia using biological control techniques (*Phytoseiulus persimilis*) on strawberries at Ilan Tot farm, in conjunction with technical assistance and monitoring from Bio-Bee of Israel and the Research Center at Debrezeit. This is expected to limit the use of acaricides and improve yields. The project has also conducted Food Safety and HACCP training at the farm as part of a support package to expand supermarket sales to European consumers.

The project sponsored a grape consultant from South Africa to conduct field visits to three grape grower project clients (Almeta Impex, Elfora and Luna Farm). The focus on technical training on agronomy and related issues helped to define critical next steps in the development of this new crop. Similar training on strawberry production, postharvest handling techniques and agronomy skills was provided to 14 participants from lead clients farms and MoARD extension specialists, and helped define a general strategy for berry fruit development in Ethiopia.

SPECIALTY COFFEE

Major activities this month focused on harvesting, processing and marketing. USAID-ATEP carried out cupping training for 10 trainees from Teppi, Mizan and Gemadro Coffee Plantation. Additional training events took place in Yirgacheffe and Sidamo for 109 farmers and coffee processing operators. In addition, 12 wet mills were visited and provided technical support.

USAID-ATEP conducted a workshop on the "Q" Market Program for 36 participants from the private sector and government. The workshop was organized to familiarize the Ethiopian coffee industry with the Q program and its capacity for establishing specialty designation and price premiums for high-quality coffees from Ethiopia.

To certify the first Q graders in Ethiopia, USAID-ATEP organized training with the Ethiopian Coffee Exporters Association. This follows the first part of the training conducted in September.

For the first time, ECEA organized the 8th coffee stakeholders' forum on its own initiative. It is a promising development showing that stakeholders are coming forward to lead the forum. A working group has been assigned to



Photos Courtesy of Fintrac

Emil Van Wyk, a grape consultant from South Africa, and USAID-ATEP agronomist Semret Kifleyesus, provide technical assistance for program client Almeta Farm.



Asnaketch Thomas at Amaro Gayo, a coffee processor.

plan the next training program following the highly successful Millennium Training in August.

In marketing, the project assisted the Bench Maji Forest Coffee Union prepare samples for buyers from the European market. The union sold one container of washed coffee at \$1.81/pound, f.o.b.

HIDES, SKINS AND LEATHER

USAID-ATEP facilitated the supply of 5,000 raw hides and skins from Bench Maji, SNNPR, valued at US\$15,000 to the Ethiopian leather industry. Until now, the region did not make much use of its resources. This link was established following the hides/skins harvesting training conducted in November 2006.

This month also saw the inauguration of the 30 hides/skins collection centers in Addis Ababa. Besides improving hide and skin quality, the centers will create employment opportunities for hundreds of trainers and operators, and increase the sales for thousands of rural producers.

TAYTU's showcase and office was finalized this month. The furnishings, including computers, printers, desks and product display racks, were installed in the consortium office at the premises of Dembel City Center, Addis Ababa. TAYTU has placed orders with its members for its summer collections. The consortium members will create job opportunities for more than 500 people and average sales are estimated to be US\$3,500 per month through the new retail outlet.

During November, business plans of Jonzo Footwear, Cro Leather and Wondi Trading were reviewed. Wondi Trading has designed a strategy to establish a primary leather processing unit in five years and has applied to secure funding from a USAID credit guarantee program. Jonzo Footwear is planning to produce up to 4,500 pairs of women's footwear for export to the international market. When production begins, Jonzo will be the first producer and exporter of women's footwear from Ethiopia. Cro Leather is establishing a hides and skins upgrading plant to process low-grade, semi-processed hides and skins that do not meet export standards. These rejected hides and skins will be of better value for manufacturing accessories or other leather goods for local and international export markets. Cro Leather has applied for credit guarantee cover through the USAID program for 50 percent of the fixed investment.

OILSEEDS AND PULSES

USAID-ATEP conducted a preliminary assessment on sesame production and marketing in North Gondar, Amhara region. The district is the center of the sesame market for the Amhara region as well as Humera. The assessment identified major problems with the sesame market, and further work will include recommendations to start and facilitate clustering.

Information on the market situation and sesame yields was gathered from USAID-ATEP lead client farms (Gebreyohanes Asgedom, Abraha Hailu, Tetemke Tsegay, Kafta Humera Farmers Association, Setit Humera Cooperative Union).

A memorandum of understanding was signed with the Ethiopian Institute of Agriculture Research (EIAR) on basic haricot bean seed multiplication. A field visit was conducted at EIAR's Melkassa Agricultural Research Center (MARC) to follow up haricot bean harvesting and discuss with agronomists and farm managers the cleaning, storage and sales distribution of the seed.

A field visit was held at Alemtena and Meki, major haricot bean growing areas, with Catholic Relief Service (CRS) and discussions were held with producers, development agents and traders regarding haricot production, quality and



Photos Courtesy of Fintrac

An inauguration ceremony for one of the HSL collection centers in Addis Ababa.



Trainees for raw HS management show off their certificates.

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marketing. Technical assistance was provided to ACOS to assign representatives. ACOS is the major buyer of haricot beans from Alemtena and Meki areas.

The project continued assisting lead client Kaleb Farmers house in Humera, which is working with Netherlands-based Trading Organic Agriculture to produce organic sesame for the international market.

WAREHOUSE RECEIPTS SYSTEMS (WHRS)

Under the Warehouse Receipts System (WHRS), the project continued to coordinate receipt activities with EGET, MoARD, ECEX, and other donors and projects. The project seconded the Warehouse Receipt Specialist, Etogene Geremew, to the Ethiopian Commodity Exchange (ECEX) to provide technical support for the appropriate implementation of the system.

ECEX is working toward establishing a formally organized commodity exchange that facilitates multiple buyers and sellers to trade commodity-linked contracts based on rules and procedures. Currently, the project is providing technical support to ECEX in general, and to the Operation and Physical Delivery Management section in particular, to set up the groundwork for the establishment and implementation of the system. The technical support includes:

- Revising and amending the draft ECEX grades and standards of four commodities (Maize, Wheat, and White and Red Kidney beans).
- Reviewing and amending the technical specifications of grading equipment to be purchased for ECEX.
- Developing grain sampling and grading procedures.
- Drafting and finalizing warehouse management guidelines and lease agreement for ECEX.
- Visiting and inspecting five EGTE's warehouses in Nazareth, Shashemene, Nekemt, Bure and Addis Ababa.
- Developing documents for the physical delivery management.

TRADE AND INVESTMENT

Following the selection of localities where the project's Eastern Harerghe haricot farmer business group initiative will be implemented, training materials were finalized and distributed to all trainers and key stakeholders in the region. A twelve-week schedule for trainings and visits by the local consultant assigned to this initiative was also finalized, and implementation officially commenced on Nov. 5.

During a visit by Starbucks management, a presentation was made on the potential for organizing farmers into small business units with the potential to export directly to the international market. All parties agreed that there was a lot of potential in the approach to ensure sustainable food security, an area of serious concern for all parties involved.

Discussions were also held with consultants leading the city of Portland's efforts to support Adama City's economic planning and development efforts. The team held a very fruitful discussion on how the work can be geared toward realizing the high agro-processing potential of Adama, the biggest town in Oromia Regional State.

Preliminary conceptual support was given to a potential horticulture exporter with established contacts and buyers in the Middle East. Currently active in the market as the biggest agro-chemical product supplier for state farms, the firm is interested in diversifying into exports as a commission agent and wholesale distributor, and has already secured storage facilities in Dubai. Business plans for two summer flower farms were received and are under review.