

Monthly Update – October 2008

# Agribusiness and Trade Expansion Program

“Increasing Rural Incomes and Employment”

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## NOTE FROM THE PROJECT DIRECTOR

This month saw the finalization of our mid term review, which should enable us to plan activities up to April 2011. We held a senior management retreat on 8<sup>th</sup> October to strategize on ideas for years 4 and 5, and will propose a new structure appointing multi sector agronomists.

We also started planning the start up of ATEP-Health. This is an exciting new sixth sector for our program, to be headquartered on the 5<sup>th</sup> floor here at the Ki-Ab Building with technical teams based in the field. We are also recruiting a team of 6 people to provide HIV / AIDS awareness training to farming communities in the rural areas across the regions and agricultural sectors in which we work. Our health work is funded by PEPFAR for an initial two-year period.

At the end the month, I was happy to be invited to a USAID Pan-African Conference in Kampala to present a case study on our success to date in establishing improvements in the HSL value chain. Ideas from this and other successful models presented at the same conference will be used in designing future USAID programs.

We are also continuing to work closely with our lead partners, the four producer associations ECEA, EPOSPEA, ELIA and EHPEA to help them build capacity and address policy issues and training needs.



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

## HORTICULTURE

**Small holder Activities:** Considering the important role that smallholders can play in an export oriented horticulture industry, USAID-ATEP is working with stakeholders to develop an integrated and sustainable out grower system along the value chain. In this regard, the program has concentrated its activities in the following areas:



Photos by Fintrac Inc.

**Michael R. Curtis (Ph.D.), Deputy Director, Office of Sustainable Development Bureau for Africa, visiting Almeta Farm**



**USAID /ATEP working with Kothari Farm in Upper Awash on some new Asian vegetables for export trials**

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

This project is implemented by Fintrac Inc., a US agribusiness consulting 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 Trade and Investment activity on the program. For more information, contact USAID-ATEP at:

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- Liaison with the Ethiopian Horticultural Producers and Exporters Association (EHPEA) regarding the strategic objectives for the industry focusing on fruits and vegetables development area.
- Development of technical publications on GLOBALGAP farm accreditation systems for export growers to complement the codes of practice developed and disseminated by EHPEA.
- Support to lead clients for the development of demonstration sites to encourage new crop development and technology transfer to individual organizations and existing or potential out growers.
- Developing a Technical Partnership Program with NGOs and other stakeholders aimed at stimulating export oriented smallholder schemes.
- Support local market initiatives in vegetable crops to improve yields and access to new varieties.



**Eskinder Kebede, Horticulture Agronomist (Left), providing technical assistance at JJ Kothari Farm, ATEP lead client**

As part of these initiatives, USAID-ATEP is supporting more than 20 smallholder farmers located around Upper Awash area. Eskinder Kebede, Horticulture Agronomist, provides intensive technical assistance to two smallholders (Haile Wako and Juaro) that are considered model farmers to the surrounding smallholders in the area. In addition to providing the farmers new vegetable varieties that are high yielding and disease resistant, the program has also introduced them with modern and good agricultural practices.

Activities are also underway to establish passionfruit demonstration plots at the model farmers' site. An agreement has been reached with African Juice to provide them with different varieties of passion fruit under which USAID-ATEP will continue providing technical support. In the long term, the surrounding smallholder farmers will serve as outgrowers for Africa Juice. Africa Juice is a new investment venture that took over Tibila State Farm, which is part of the Upper Awash Agro Industry Farm complex. The project is to be the largest passion fruit plantation in Ethiopia.

## **SPECIALTY COFFEE**

**Training and Technical Assistance:** Based up on the request from the Amhara Bureau of Agriculture and Rural Development, USAID-ATEP conducted a regional coffee harvesting and processing techniques training for a total of 2,595 coffee producers and development agents (DAs) in mid October. The training was conducted in 7 zones, 13 coffee producing woredas, and 17 training centers in the region. We are calling this the “second millennium coffee campaign” following the first conducted last August where we were assisted by other members of the coffee forum and trained 15,000 farmers.

The training topics included:

- Coffee agronomy
- Harvesting and processing of natural and washed coffee
- Coffee nursery management
- Weed management
- Coffee field preparation and transplanting
- Pruning and rejuvenation of old coffee trees

In addition, two training manuals were prepared and distributed for the trainees. The first manual was on the principles of coffee development and management that includes coffee seed preparation, nursery management and coffee agronomy. The second manual was entirely focused on natural or sun dried coffee preparation, which is the main variety produced in this region.

A series of field visits and technical assistance was also carried out to client farms including Dedessa Agro Industry, Keefa Forest Coffee Union, Homeland Organic Coffee, Green Coffee and Gashaw Kifle Coffee plantation. Technical support on wet mill coffee processing was given to clients focusing on drying bed layout and construction, washing channel, and other equipment maintenance operations. Technical support on coffee production was carried out on 27 coffee demonstration sites located on client farms and mills (Green Coffee Agro Industry, Homeland Coffee, Dedessa Agro Industry, Gemadro, Gizmeret, Mahal Shenko, Tepi Ermich, Kassa Gebrie, Sidama Union, SMS, DTC, Moplaco, Sibub Eba, IPS, Amaro Gayo and Bagersh) focusing on general agronomic management practices and particularly on sucker control and regulation operations, and weed management practices.



**Getachew Zeleke, Coffee Agronomist, conducting training on coffee harvesting and processing in North Shewa, Amhara Region**

## **HIDES, SKINS AND LEATHER**

A three man team from World Vision International and Rotary International visited Wonago Cooperatives, nominated by USAID-ATEP to benefit from micro finance funding with revolving funds donated by Rotary International. Discussions were held with the beneficiaries, and the team has agreed to endorse the proposition to provide working capital of US\$31,500 to enable the cooperative to supply 15,000 pieces of hides and skins to the tanning industry. The project document will be submitted to the Rotary Foundation to be considered by the trustees before the end of the year. The funding is expected to be available by the 1<sup>st</sup> quarter of 2009. This is a great example of where we have successfully been able to leverage funding from other donors.

The team also discussed the possibility of using a similar matching grant application (utilizing a portion of the funds made available by Rotary and World Vision) to provide working capital for the community based animal health delivery system in Limu Bilbilo woreda, where about 28 community animal health workers (CAHWs, or “paravets”) have been identified for training and support.

The sector’s Animal Health Coordinator, visiting the pilot project in Lalogera, was pleased to see the program-trained community animal health workers (CAHWs) actively engaged in their activities with small herders making good use of their skills. The preparation to train CAHWs in Key Afer area in collaboration with Vet Cap has been finalized. Through the joint venture, 28 farmers will be trained to become paravets and support their localities in controlling the existing rampant animal health problems including ectoparasites.

Taytu participated in the D&A tradeshow in Los Angeles in mid October. According to marketing expert Holly Hikido, as a result of the economic crisis the new orders received were only US\$8,341, although one previous buyer, Barneys of New York, increased its order by another US\$29,000 totaling US\$44,331.

At the end of October, Teshome Kebede, HSL sector manager, participated at the 11<sup>th</sup> annual conference of The Competitiveness Institute (TCI) in Cape Town. A progress report on the Ethiopian Leather Sector Competitiveness Cluster supported by USAID-ATEP was presented, showcasing some of the program’s achievements: Taytu’s increased sales in the US market; positive results of the ectoparasite control campaigns; and the hides and skins collection enhancement and future planned activities. The general assembly of the PACF endorsed the green paper to raise US\$300 million for practicing competitive cluster initiatives in Africa over the next ten years.

## OILSEEDS AND PULSES

**Sesame:** Short supply of improved seed varieties is a major problem for Ethiopian farmers, limiting both the quality and yields of sesame produced. At the moment, farmers recycle seed from the previous years' harvest, resulting in relatively lower yields when compared with commercially-bred seed varieties. It also perpetuates disease problems. To address these constraints, USAID-ATEP is working closely with the low land oil seeds research center of Ethiopian Institute of Agriculture Research Center (EIAR), Werer Agricultural Research Center (WARC), to produce and multiply HIRHIR type sesame seed. Regional research centers Humera Agricultural Research Center (HARC) and Metema Agricultural Research Center (MARC) will also be involved in this initiative.

A field visit was conducted to WARC and discussions held with Tadele Made, WARC Director, and Shimeles Andualem, Sesame Breeder, at the center. Currently, the center is screening and multiplying HIRHIR seed provided by HARC and MARC. This will be sent to the respective centers for final adaptation and production trials. Seed will be multiplied by the centers and selected model farms in collaboration with Setit Humera, Dansha and Metema Farmers' Cooperative Unions for final distribution.



**Ian Sherry, Teka Redda and Dr. Geremew visiting Werer Agricultural Research Center (WARC) located in Awash area**

Yitbarek Liben, Oilseeds Agronomist, provided technical assistance on how to prevent and control sesame seed bug for six clients in Tigray Region. The assistance was well-timed since an outbreak is expected throughout the October harvesting season. Further more, the farmers were advised to cultivate their land and to pick weeds immediately after harvesting the crop, and to destroy the weed seed, to reduce infestation for the next crop season.

In addition, a series of trainings were conducted in Metema, Dansha and Sanja woredas for 81 members of the respective farmers' cooperatives. The trainings were on the dissemination of information regarding market, inputs, production, and planning among farmers, primary cooperatives, unions and exporters.

EPOSPEA has now elected a new board, under Chairman Dr. Mussie Yakob. USAID-ATEP co-financed its re-launch initiative on 13<sup>th</sup> October. The group's membership is growing, and there were pledges from many exporters during the meeting to raise funds for the association. Around US\$25,000 was raised during the 20 minutes open pledging. This is a good indicator of future sustainability.

## WAREHOUSE RECEIPTS

USAID-ATEP continues to provide technical assistance to ECX in the area of Warehouse Receipts. Assistance in October included:

- Preparing capacity building training for ECX members and other stakeholder to keep the warehouse operation smooth, and designing a method that minimizes the amount of rejected commodities due to poor quality. To facilitate capacity-building, discussions were held with different institutions including the federal cooperative agency, extension department of MoARD and Oromiya agricultural marketing agency. A total of 2,721 participants from 13 Oromiya Zones and 11 SNNPR Zones are expected to attend the training at seven centers. Trainees will learn the newly established grades, standards and warehouse operations in order to be able to meet grading requirements when they deposit their commodities with ECX warehouses.
- Facilitating the development of grading sheet format for coffee in collaboration with the warehouse team. In addition, the training material for coffee has been finalized.
- Participating in the handing over of coffee warehouses and grading room with equipments from Coffee Cleaning and Processing Organization and Coffee Liquor Unit (CLU) respectively.

We are also pleased to announce that USAID-ATEP is providing three additional experts to ECX as part of our capacity building efforts there. Welcome to Mr. Bemnet Aschenki (Business Planning Specialist), Mr. Keith Thomas (Warehouse Receipt Finance Specialist), and Mr. Yohannes Assefa (Chief Compliance Officer).

## TRADE AND INVESTMENT

Hewons has successfully exported 500 MTs of Sesame to Egypt, but the transaction has highlighted several weaknesses in the banking system. Despite this, Hewons are pursuing a \$10 million contract with a buyer in the Middle East. The team is assisting with making alternative banking arrangements and finding long-term suppliers from among the Unions in Tigray and Amhara.

Several companies were given BDS services during the month: the business plans of Double 'A', Sesame Processors in Bahir Dar, Menasse Melke, Amaro Gayo Coffee, and two new clients from the Diaspora in the USA were provided assistance.

Business training was given to the Setit Unions in Humera, Dansha Aurora in Dansha and Metema Union in Shehedy. A new Union in Sanja was added to the program.

**Policy Notes:** The Government has issued a new proclamation concerning the Transaction and Marketing of Coffee. The proclamation enables the newly formed Ethiopian Commodity Exchange to play a much bigger role in the marketing of coffee. We will be discussing the document with the Government, ECEA, and ECX to see how best we can help our coffee clients.

The worldwide credit shortage is affecting bank's abilities to provide the required operating finance to businesses, including Unions and Co-operatives. We will keep looking for alternative sources of finance for our clients.



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