



USAID
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MONTHLY UPDATE – June 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

June started with the USAID Africa “value chain” workshop at which experiences from around the continent were shared.

Our participation in the Private Sector Development / Donor Action Group (PSD/DAG) continues. At this month’s meeting we presented progress over the last year. Donor coordination continues to be important so that efforts are complimentary rather than overlapping, and help meet Ethiopian Government objectives.

In the horticulture sector, we are now preparing for the coming export season. The team was kept busy with the inward buyer visits by Bomfords, the largest vegetable supplier to Tesco UK, and BDS partner, Prime Seed (Zimbabwe).

The HSL sector team has taken a strong position at the top of the value chain by agreeing to help market the TAYTU leather fashion range. Please see the TAYTU website at: www.taytu.com.

Later in the month during the World Bank Private sector conference, HSL Sector Manager Ato Teshome Kebede gave an excellent presentation on the cluster initiative for the Ethiopian leather sector. This led to an audience with His Excellency Prime Minister Meles Zenawi in a public-private partnership discussion, on what is really needed to boost exports.

At the end of June, the team was very happy to welcome Liliana Murillo from the Fintrac home office, who will be helping us on Monitoring & Evaluation of the work plan and the technology fund and partner fund grants over the coming year.

Steve Humphreys
Chief of Party
Ethiopia Agribusiness and Trade Expansion Activity



His Excellency, US Ambassador Donald Yamamoto, visiting ATEP client, Chancho Flowers



Photos courtesy of Fintrac
New coffee crop on drying bed for natural coffee processing at Betrework Alemu coffee farm, southwest Ethiopia.

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”

Ki-Ab Building, 4th Floor Alexander Pushkin Street |
[Opposite South African Embassy] | PO Box 70696 | Kirkos
Subcity | Kebele 23, House #1123 | Addis Ababa, Ethiopia
Tel: 251-11-3720060 | Fax: 251-11-3720102
E-mail: atep@fintrac.com



Minister of Trade and Industry Ato Girma Birru, and USAID-ATEP client, Daniel Gad at Omega farm

HORTICULTURE

In Ethiopia, June marks the traditional start of the main rain fed crop season. During this season, every village is engaged in ploughing land to plant the unique Ethiopian cereal crop, teff. In warmer areas, teff is supplemented by Pulses such as haricot beans, and maize.

During the wet season from mid-June to mid-September, most regions receive an average rainfall of close to 1,000mm, which makes outdoor horticulture production extremely difficult. As a result, there is a shortage of staple vegetables that inevitably leads to higher prices in local markets.

The wet season also coincides with the traditional off-season for commercial exports of flowers and vegetables. The Middle East markets have their peak import demand from May to October, since summer temperatures there reduce local production. The synergy between key market demand periods of EU and the Middle East places Ethiopia in a favorable position for supplying year-round exports, which we will try to develop further.

The Ethiopian Horticulture Producers and Exporters Association (EHPEA) was established to promote and maintain the competitive position of the Ethiopian horticulture and floriculture industry with in the global market. To meet these objectives EHPEA developed a **Code of Practice** on sustainable production for the floriculture industry in Ethiopia. Deputy Prime Minister and Minister of Agriculture Ato Addisu Legesse officially launched the code of practice on June 29th, marking an important milestone in the development of the industry. The code contains many recommendations on IPM for which USAID-ATEP has already provided training.

We had several important visitors to the horticulture clients in June. Over the last ten years, the Ministry of Trade and Industry has been a key sponsor of the growth of floriculture industry in Ethiopia. During his visit to the

Omega Farm pea trials, Minister Ato Girma Birru confirmed his support for USAID-ATEP's partnership with EHPEA in promoting horticulture exports. US Ambassador to Ethiopia, His Excellency Mr. Donald Y. Yamamoto, expressed similar support during his visit to the trial site at client Chanco Flowers.

In addition, Simon Henry, the Development Director of Bomfords in UK, reinforced market support for the emerging horticultural industry during a visit to various growers. The theme of positive opportunities for vegetable exports was also the central focus of the agronomy advice given by representatives of Prime Seeds of Zimbabwe during its farm tours with leading commercial growers in the Rift Valley. The company will be an important BDS partner for us.

SPECIALTY COFFEE



Ato Abayneh Alemu and Ato Chafisa, Homeland Coffee manager, at their demonstration site, Kaffa

USAID-ATEP conducted coffee agronomy training at Dedessa Coffee Farm this month. In addition, training on coffee production systems was conducted for twenty (20) coffee supplying beneficiary farmers at Amaro Gayo Plc in the southern Sidamo area.

The coffee sector manager along with field agronomists also conducted field visits to client farms including Kaffa Forest Coffee Union, Homeland Coffee, Green Coffee, Benchi –Maji Union, Gashaw Kifle Coffee, Betetwork Alemu Coffee, Gemadro Coffee and Tepi Union. The twenty seven (27) demonstration sites in the southwest area are being maintained and will serve as training centers in the coming months. Next month we will restart cupping training and launch training campaign on harvesting in 73 woredas.

HIDES, SKINS AND LEATHER

USAID-ATEP signed a memorandum of cooperation with UNIDO aimed at defining the respective roles and activities of the two groups related to the "Made in Ethiopia" leather goods collections and accessories at international trade fairs.



Photo courtesy of Fintrac

Products such as this beautiful handbag are just one example from the TAYTU collection. The group is currently developing its Fall 2007 collection with project assistance.



Casual footwear made by KH Leather. A strategy is being developed by USAID-ATEP to help the company add value to leather products on a commercial scale.

The leather trade fair in New York City, "The Train," will be held September 16 to 18, 2007. The second trade fair in Paris, "The Box," will be held October 5 to 9, 2007. The project will promote the collections of our lead client, TAYTU, at both events.

Under a Partner Fund award, the project will also support the institutional capacity building of TAYTU. The award amounts to US\$85,886, of which 47% will be covered by USAID/ATEP. This intervention will enable TAYTU to have a full-time management team and showcase facility with the necessary infrastructure to host international client visits and meet buyer requirements.

An agreement was also reached to employ an international leather marketing expert to lead our activities and for the next four months. Ms. Holly Hikido, who will work with the TAYTU consortium in tandem with the UNIDO-supported efforts of Italian designer Barbara Garducci in order to help TAYTU prepare its autumn/ fall and spring collections.

USAID-ATEP has started negotiations with potential buyers of finished leather accessories from the US. Negotiations with Hungarian buyers of crust and finished leather gloves are also going on. An agreement has been reached to host a Hungarian delegation in Ethiopia to visit the tanning industry, evaluate the qualities available and discuss terms and conditions of supply.

The final draft of the needs assessment by University of Northampton on LLPTI was finalized and submitted by consultant and UN faculty member Professor Mark Wilkinson.

OILSEEDS AND PULSES

Planting of haricot beans and sesame seed takes place during the crop season of Meher, which starts the first week of July. The project is addressing the present shortfall in seed availability through partner agreements with Melkasa and Werer Research Stations to carry out seed multiplication. According to MoARD, national demand for seed reaches 5,700 MTs for haricot beans and 292 MTs for sesame seed. However, the available quantity is only 400t for haricot bean seed and 20t for sesame seed.

Discussions were held with the Relief Society of Tigray (REST) concerning USAID-ATEP activities in sesame production in Tigray. Setit Humera Farmers Cooperative Union (SHFCU) will be receiving technical assistance on Soya bean and vegetable production in Humera, Angereb and Raye areas.

The project is also planning to assist SHFCU with a technology fund for the purchase of cleaning machine to add value to its existing exports of approximately 600 MTs of sesame.

Also in June, the project worked with the UN's World Food Program (WFP) procurement section, and the National Farmers Cooperative Commission on possibilities and procedures to procure haricot beans directly from cooperatives that hold warehouse receipts during the coming crop season.

USAID-ATEP also facilitated and coordinated a study tour on grades and standards to South Africa and Kenya for MoARD officials, as well as board members of EHPEA and EPOSPEA. The delegates will gain valuable experience on how grades and standards are developed, established and monitored in these countries.

STAFF LIST

Main Office

Steve Humphreys, *Chief of Party*
shumphreys@fintrac.com
Atsede Yohannes, *Project Accountant*
atsede@fintrac.com
Meheret Mersia, *Sector Activity Coordinator*
meheret@fintrac.com
Tirsit Sisay, *Office Manager*
tirsit@fintrac.com
Liliana Murillo, *M&E and Partner Fund Coordinator*
liliana@fintrac.com
Asmare Melesse, *M&E Specialist*
asmare@fintrac.com
Tehetena Gezahegn, *Cluster & Consortium Partners Coordinator*
tehetena@fintrac.com
Hiwote Tadesse, *Accounting Assistant*
hiwote@fintrac.com
Meseret Agenehu, *Receptionist*
meseret@fintrac.com
Semere Dargie, *IT Specialist*
semere@fintrac.com
Zelalem Mengistu, *Logistics Coordinator/Driver*
zelalem@fintrac.com

Horticulture Sector

Ian Chesterman, *Horticulture Manager*
ichesterman@fintrac.com
Gebre Michael Habte, *Trade and Investment Assistant*
gebremichael@fintrac.com
Melaku Tedla, *Horticulture Field Adviser*
melaku@fintrac.com
Semret Kifleyesus, *Horticulture Agronomist*
semret@fintrac.com
Eskinder Kebede, *Horticulture Agronomist*
eskinder@fintrac.com
Sinishaw Belay, *Horticulture Agronomist*
sinishaw@fintrac.com
Petros Kelbeso, *Horticulture Agronomist*
petros@fintrac.com

Coffee Sector

Abayneh Alemu, *Coffee Manager*
abayneh@fintrac.com
Tesfaye Negash, *Coffee Agronomist, Awassa*
tesfaye@fintrac.com
Getachew Zeleke, *Coffee Agronomist, Jimma*
getachew@fintrac.com

Hides, Skins and Leather (HSL) Sector

Teshome Kebede, *HSL Manager*
teshome@fintrac.com
Dr. Kassa Bayou, *HSL Veterinarian*
kassa@fintrac.com
Alemayehu Tafesse, *HSL Technician*
alemayehu@fintrac.com

Oilseeds/Pulses Sector

Teka Redaa, *Oilseeds/Pulses Manager*
teka@fintrac.com
Etagene Geremew, *Warehouse Receipts Specialist*
etagene@fintrac.com
Yitbarek Liben, *Oilseeds/Pulses Agronomist*
yitbarek@fintrac.com

Trade & Investment Team

Ian Sherry, *International Investment Manager*
isherry@fintrac.com
TSION Hailesele, *Investment Finance Specialist*
tsion@fintrac.com
Beamlak Tesfaye, *Communication Specialist*
beamlak@fintrac.com



Photo courtesy of Fintrac

Mr. Yitbarek Liben, USAID/ATEP agronomist, giving training on improving production of sesame in Humera, Tigray Regional State

TRADE AND INVESTMENT

USAID-ATEP conducted a full briefing to MoARD's marketing section concerning the objectives of the project. The annual workplan and the methodologies were explained in detail. In addition, discussions were held on improving delivery to smallholder farmers.

The project also took part in a World Bank sponsored conference to accelerate private sector led growth in Ethiopia.

In the Horticulture sector, the preparation of a business plan and technology fund is under way for DFT Packaging Company to purchase machinery for export carton production.

In the oilseeds and pulses sector, the business plan of Warka Trading was finalized with the assistance of USAID-ATEP and further discussion were held to present the group with a Technology Fund award. The preparation of a US\$50,000 Technology Fund award for client Prosper International for the purchase of a de-hulling and cleaning machine was finalized. In addition, the review of the business plan of Al-Impex is in hand, and once completed, assistance will be provided by the project. Both initiatives will add value to Ethiopia's current sesame exports.

The first draft of *The Alternative Sources of Finance and Investment and Their Availability to the Agribusiness Sector in Ethiopia* was finalized. USAID-ATEP uses this study to guide its clients in accessing non-bank financial and investment sources. The project also completed the preparation of four quarterly newsletters for client associations in each sector that were distributed to the members of the following associations: The Ethiopian Coffee Exporters Association (65 members), Ethiopian Horticulture Producers and Exporters Association (66 members), Ethiopian Pulses, Oilseeds, Spices Processors and Exporters Association (42 members) and the Ethiopian Leather Industry Association (40 members).