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## QUARTERLY REPORT 1 – April-July 2006

### ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

*“Increasing Rural Incomes and Employment”*



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#### **USAID Agribusiness and Trade Expansion Activity**

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## 1. Executive Summary

This is the first quarterly report for the Ethiopia Agribusiness and Trade Expansion Activity (the Project). The Project task order was signed on April 7, 2006. The following accomplishments have been made:

- The Fintrac home office start-up team arrived in Addis Ababa on April 17<sup>th</sup> to handle all administrative tasks, with sectoral managers joining them on April 24, to begin a series of strategy planning meetings on the Workplan/PMP. A series of counterpart meetings were also held with USAID, participating ministries, and trade associations.
- Local staff, pre-identified during the proposal phase, were hired and interviews conducted to select staff still needed. As of the date of this report, twenty-five staff positions have been filled.
- All sub-task orders were negotiated and signed with Manchester Trade, Boot Consulting Company, Rainforest Alliance, and the Economic Competitiveness Group.
- A one-day project start-up/team orientation workshop was held (May 4th), with participation from USAID CTO Mike Klesh.
- The Steering Committee, composed of members of trade associations from the targeted sectors, representatives from the Ministry of Agriculture and Rural Development (MoARD) and Ministry of Trade and Industry (MoTI), Ministry of Finance and Economic Development (MOFED), USAID, and the Project management team, has been formed and the initial meeting to present the Workplan/PMP and receive comments was successfully concluded on July 27, 2006.
- Establishment of the office, administrative procedures, telecommunications and IT systems, procurement of the furniture, equipment and vehicles, has been completed.
- The first three dozen project clients (farmers, farmer groups, processors, exporters) have been identified.
- Project agronomists have been trained in field approach, new technologies, reporting requirements, and M&E system.
- Baseline data compilation in all sectors is nearing completion.
- A market analysis course has been provided to selected staff of MoARD, MoTI, and three trade associations.
- Senior advisory services to public/private sector Ethiopian delegation participants was provided in relation to AGOA meetings in Washington, DC.
- A public access website, and a password-protected intranet site, were created.
- Financial expenditures have been tracked and summarized (see Section 5 of this report; also note that additional and supporting information is available in the Project Intranet site at [www.fintrac.com/ethiopia](http://www.fintrac.com/ethiopia) ).
- First two monthly project bulletins were completed and are attached to this report.

## 2. Introduction

The market-led Ethiopia Agribusiness and Trade Expansion Activity (the Project) will improve the competitiveness of four agroindustrial sectors: horticulture, coffee; hides, skins and leather (HSL); and oilseeds/pulses. The four geographic regions that the project will work in are Tigray, Amhara, Oromia, and the SNNPR. This activity is designed to dramatically improve the competitiveness and productivity of thousands of farmers, processors and traders in these targeted sectors, resulting in increases in exports to international, regional and local markets, investment, private sector employment, and incomes. The project period is three years, with options for two one-year extensions.

The program, awarded under the RAISE Plus IQC, is being implemented by Fintrac in conjunction with an array of partners including the Rainforest Alliance, Boot Consulting Company, the Economic Competitiveness Group, Manchester Trade, and numerous Ethiopian private and public sector organizations including the Ethiopian Horticulture Producers and Exporters Association (EHPEA), the Ethiopian Coffee Exporters' Association (ECEA), the Ethiopian Tanners Association (ETA), the Pulses, Oilseeds & Spices Processors Exporters Association (POSPEA), the Ministry of Agriculture and Rural Development (MoARD), and the Ministry of Trade and Industry (MoTI).

### 2.1. High Value and Value Added Horticulture Program

The Project has targeted the agribusiness sector as an “engine of growth;” given its high multiplier effects within the rural economy and its ability to quickly increase incomes and employment. Activities planned under this sector will build on the early successes of the of the flower industry. Geographically the team will focus production activities in the southern lake and Rift valley regions between Nazareth and Awassa for high value crops. They will work with smallholders around the large state farm/processing facility near Merti to provide tomatoes for the processing facility. The team will also work in the highlands around Addis assisting growers to diversify into summer flowers such as carnation, hypericum, and eryngium.

Crops that the team will focus on in the first year include:

- Bobby bean
- Fine beans
- Sugar snaps
- Mangetout
- Baby corn
- Chillies
- Onions
- Tomatoes
- Summer flowers
- Strawberries
- Herbs

The team, assisted by members of the Trade and Investment group, will provide technical assistance and training along the entire value chain, both directly and in conjunction with private-sector counterparts and other organizations, in the following areas:

- Marketing
- Research and Product Development
- Production
- Postharvest Handling
- Processing
- Food Safety and Sanitary/Phytosanitary Systems (SPS)

To date over 15 potential lead farmers have been identified, and the team is continuing to follow-up on inquiries by other farmers, farmer groups, and potential smallholders. Through the Project's lead partners include farmers, farmer groups, exporters, processors and other rural businesses, the team will promote new technologies that increase productivity, quality and incomes. It will also emphasize diversification and value-added production to increase incomes for lead clients. Diversification ensures lead clients a competitive foothold in local, regional, and global markets. Lead partners are selected through a transparent application process.

## **2.2. Coffee Program**

Coffee is an extremely important export crop for Ethiopia with tens of thousands of people involved in production, processing, transporting and marketing the crop. The team has developed a number of strategies to address constraints that have limited the expansion of the volume and value of coffee traded by Ethiopia. While Ethiopia is blessed with a wide array of coffee genotypes, resulting in coffees with flavor profiles that are highly sought after by international buyers, productivity at the farm level is low, attention to quality is inconsistent, and the marketing system does not allow for the country to be a reliable supplier in the eyes of these buyers. It is currently very difficult to trace a particular coffee back to its origin, which increasingly is a requirement of international buyers. Farm productivity is low, and quality at the farm level is not always rewarded. Pulping and drying of cherries employs old technology, which results in high levels of water use that restricts processing, increases water pollution pressures, as well as reduces bean quality.

The team, composed of agronomists and a marketing specialist, and assisted by subcontractors Boot Consulting and Rainforest Alliance, has developed a package of activities to address these challenges. These include:

- Interventions at the farm level to increase productivity such as tree stumping or trimming, introduction of organic composting/mulching, and training in selective harvesting techniques;
- Postharvest handling improvements including introduction of eco-pulping technology, better drying (either mechanical or sun-drying), and storage;
- Quality control at the cooperative/miller level by training in cupping to assess coffee quality;
- Improvements in marketing such as direct selling to buyers, improvements in traceability to the farm, more transparent sales and payments.

We will post two coffee agronomists, one each in Jimma and Awassa, who will be tasked with providing training and technical assistance to lead growers in cooperatives and private mills to increase productivity and post harvest handling. During the startup phase the team has identified 16 lead partners, and we will train at least three lead growers in each cooperative/grower group. We estimate that this activity will benefit an average of 1,000 farmers per lead client.

Capacity building assistance will be given to the Coffee Exporters Association so that they are able to link up with specialty buyers and access recent market information and data on world prices and production.

Technical assistance will be provided to improve cherry washing and sun drying thereby adding value to the crop and enabling farmers to obtain price premiums. Rainforest Alliance will introduce its certification program in Ethiopia, the first country for this program in Africa. In addition, organic and FairTrade certification opportunities will be investigated and linked in to other work we will do on traceability, to ensure that coffee lots are of uniform consistency.

Training will be given on marketing to emphasize how important it is to guarantee the source, keep to standards and certification requirements of buyers, and promote further segmentation of the market by using new origins within the existing production areas.

Specialty buyers and investors will be brought in on inward missions to meet and form business alliances with Ethiopian exporters. Mini cupping labs will be set up in areas where there are clusters of clients so that further quality control capabilities can be developed near the farm level.

### **2.3. Hides, Skins and Leather Program**

Ethiopia has one of the largest animal herds in Africa and the tenth largest in the world. Leather production from the skins of goat and sheep, and hides of cattle, has a two thousand year history. Although widely recognized for producing some of the world's best sheep and goat skins, poor herd management, and an antiquated collection system and out-of-date processing have resulted in a highly uncompetitive sector on world markets.

The HSL team is composed of an experienced marketing and leather manufacturer as team leader, and two highly skilled veterinarians who will work in improved production and postharvest handling. The team will also be assisted by subcontractor ECG, who brings one of the world's foremost processing specialists to assist the modernization of leather tanning.

The HSL team will be working on three fronts: coordinating with a major national program to address parasitic skin diseases that affect most of the herds in Ethiopia; addressing hides/skins collection by improving skinning techniques at slaughterhouses and introducing hides/skins collection centers in Addis; and improving tanning technology and environmental management. ECG will also work to create a competitive (economic development) cluster for the sector. As competitiveness of the sector improves, the team anticipates that more value-added activities such as tanning to finished leather and garment and accessories manufacture will take place in Ethiopia, resulting in job growth and improved profitability.

### **2.4. Oilseeds/Pulses Program**

Ethiopian oilseeds and pulses are highly sought after in the region as well as in Europe, the US and Asia. However, the sector suffers from many of the same problems as the other three, including low productivity at the farm level, a highly inefficient transport and marketing system, and poor market information availability including volumes and prices. Because there is considerable interest in changing the grain marketing system from a "sight-seen" transaction to one that is paper based, warehouse receipts and eventually a commodity exchange system have become priorities of the government and the industry.

The Sector Team for oilseeds/pulses is to be composed of a warehouse receipts/commodity exchange specialist, a marketing specialist, and an agronomist. Because of the timing of startup, the production season is already underway and so production assistance to farmer will be delayed until the following season. The workplan/PMP for the warehouse receipts and commodity exchange program has been fixed and we anticipate that our advisor will be seconded to the MoARD. He will assist MoARD with its task force on commodity exchange, and the project will also build capacity within that unit in market information collection and analysis.

### **2.5. Trade and Investment Unit**

The Trade and Investment Unit is designed to provide support across each sectoral team in developing investment strategies for international and domestic investors, strategy development and business plans for business development service (BDS) suppliers, market information research and training, and assistance with accessing formal bank financing. It is staffed by a senior trade and investment advisor, a financial specialist, and a market information specialist. Their workplan is integrally linked to activities in each sector and will be demand-driven.

## 2.6. Agribusiness and Trade Expansion Activity Targets

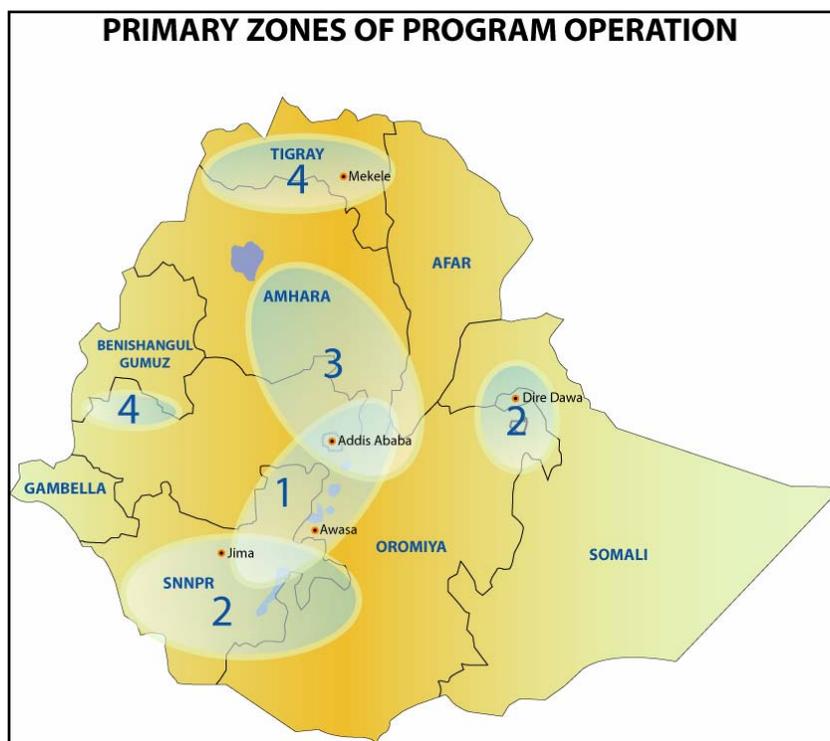
The main targets of the Project for the three year period are as follows:

- Horticulture Sector
  - Export sales of horticulture products increased by \$129.17 million
  - Client and counterpart investment in new technologies of \$15 million
  - Increased sales by assisted farmers of 100% above baseline
  - Increased yields by assisted farmers of 100% above national average
- Coffee Sector
  - Export sales of coffee increased by \$209 million
  - Export sales of specialty coffee increased by \$57 million
  - Client investment in new technology increased by \$1.6 million
  - Increase in yields by assisted farmers of 25%
- HSL Sector
  - Reduction in number of skins affected by ectoparasites by 15%
  - Client and counterpart investment increased by \$5 million
  - Increase in value of HSL exports by \$48 million
- Oilseeds/Pulses Sector
  - Increased value of oilseed exports by \$71 million
  - Client and counterpart investment in new technology increased by \$1 million

## 3. Progress to Date

The section below provides a brief summary of activities carried out in each program sector, plus the finalized workplan/performance monitoring plan as approved by USAID and the Project Steering Committee. This workplan provides information on progress toward Project indicators and is found at the end of this section.

### Map of Project Coverage



1. Horticulture      3. Hides, Skins, Leather

2. Coffee      4. Oilseeds/Pulses

### **3.1. PMP Section 1: Start-Up & Program Administrative Activities**

The team moved into offices in the Ki-Ab buiding on Alexander Pushkin Street in the Old Airport area of Addis Ababa, at the beginning of June 2006. So far there are 3 expatriates and 24 local staff (20% women). Procurement of office equipment and internet connections are established and 17 project vehicles were delivered at the end of June.

All staff were trained in Fintrac administrative and M&E reporting procedures (Client Impact and Results Information System—CIRIS). Fintrac also organized a two week technical training program, both theoretical and practical (field based), for the Project;s horticulture and coffee agronomists. This was provided by a team from Fintrac's offices in the Virgin Islands and Honduras. Site visits were made to the main horticulture and coffee production areas in Jimma and Awassa, and potential lead clients were visited and evaluated.

An introductory brochure about the project was produced and disseminated, each sector started to identify lead clients, and feed new information into the workplan. The management team received training on how to structure, write up and manage Technology and Partner Fund agreements.

### **3.2. PMP Section 2: Monitoring & Evaluation Activities**

The annual workplan has been discussed with the sector managers and USAID so that realistic targets can be set. It was presented to the Steering Committee and approved on July 27th.

Each employee has his/her own laptop loaded with Fintrac's CIRIS software, and training has been given on how to input impact data. The M&E specialist on the project has been working with each employee to ensure that this is done correctly and in a timely manner. He will then be responsible for collating the data and providing summaries to management.

Within the workplan there are monthly newsletters, and sector specific market information bulletins that are being compiled by the market information specialist. He will also work with relevant producer associations and help build capacity within their own secretariats to provide accurate and up-to-date information to their members. During much of June and July the M&E specialist collected and verified baseline data for each targeted sector. This includes discussions with key clients now that they have been identified by the sector managers, and collection of baseline data from individual companies

### **3.3. PMP Section 3: Trade and Investment Activities (Cross Cutting)**

The Trade and Investment Team has met with the Ethiopian Investment Commission, and banks and other donors in order to gather information on incentives and programs that are designed to increase investment in Ethiopia. In particular special efforts have been made to link potential clients with the three private banks participating in USAID's loan credit guarantee scheme which has been specifically designed to encourage investments in the Project's four targeted sectors. External trade promotion at sector specific trade fairs is being planned, as are inward buyer/investor visits. Historical market data on key exports is being verified using several sources, so that baseline data used in the PMP is as up to date as possible.

### **3.4. PMP Section 4: High-Value & Added Value Horticultural Program**

This sector is off to a quick start with the recruitment of 5 agronomists based in Awassa, Ziway, Meki, Mojo and Addis Ababa. From these locations they will have quick access to the key horticultural

production areas in the Southern lakes area, extending into the Rift Valley and the Eastern corridor. To date the team is composed of experienced horticulturists from the private sector, the Government extension service, and other projects. They are equipped with vehicles, laptops, mobile phones, and agronomist kits that will enable them to be field-based in order to conduct numerous field visits and advise lead client farmers each day. Over the last 3 months they have received training from senior Fintrac agronomists from our head office. They are able to give advice on production, harvesting and post harvest handling and each will be required to visit their clients on a weekly basis.

A strategic plan for horticulture has been developed to enable us to reach the ambitious 700% increase in sales of horticulture and summer flowers forecast over the next 3 years. Target crops and production areas have been identified and plans are underway to offer growing programs to lead clients. We are in the process of completing or are in the advanced stages of negotiating partner agreements with lead client producers.

Meetings have been held with key input suppliers (seed producers, fertilizer companies, agrochemical distributors, drip irrigation specialists) to ensure that adequate inputs are available to farmers to meet their production programs. Linkages with BDS suppliers supporting this industry have been developed to eliminate bottlenecks in the value chain.

A very close relationship has been established with the Ethiopia Horticulture Producers and Exporters Association (EHPEA), who is a key member of the Project's Steering Committee. We have discussed their vision for the future of the industry, and will assist them to increase the capacity of their Association, ensuring there is no overlap with their current donor funded activities. For example we will be offering them assistance in coordinating their airfreight bookings to ensure better prices and to reduce last minute off-loads at Bole Airport. High level meetings with Ethiopian Airlines have already been held to agree forward planning of weekly export tonnage so that sufficient capacity can be offered to exporters. Visits have also been made to the cold storage facilities at the airport to evaluate current operations and advise on improvements in the critical area of post harvest handling.

### **3.5. PMP Section 5: Coffee Program**

The team has selected 16 lead clients in production, processing and marketing. They have coordinated activities with counterpart organizations who are working in the coffee sector including GTZ, CFC, EU, 4C and have agreed on procedures to collaborate with our program. The team and the M&E unit have collected baseline data from the Ethiopian Coffee Exporters Association, coffee quality standards from QSAE, and from Private Coffee Farms. The team has drafted a manual on proper coffee harvesting and processing procedures that will be given to all participating partners.

A technology fund agreement has been drafted with lead client Dominion Trading Company for cost sharing on a new eco-pulper coffee washing machine. DTC is a Seattle, Washington-based coffee trading company that has invested in a private mill in the Yirgacheffee area, providing a contract for the mill's 1,500 farmers to furnish parchment coffee for export. In addition to its objective to provide better returns to its growers, the company has plans to increase its exports to 180MT this season.

In the next quarter a further technology fund agreement is planned for mini cupping labs to be installed in 5 locations in the heart of the coffee production areas where the Project has existing clients. Meetings with officials planning the East Africa Fine Coffee Association (EAFCA) conference to be hosted in Ethiopia in February 2007 are scheduled for October, as is an inward buyer mission for up to 15 international buyers. As part of this buyer mission, a round table conference will be held with exporters, organized by subcontractor Boot Consulting, to discuss strategies to increase direct marketing of coffee to Europe and the US.

### 3.6. Section 6. Hides, Skins & Leather Program

The HSL Team is preparing a major training program for nearly 1,000 veterinarians and slaughterhouse workers targeted to improve the quality of hides and skins. Seventy six lead partners both in the cooperating and benefiting groups have been identified and formal partnership agreements are being negotiated. Training activities and intervention areas have been identified and mapped in cooperation with the lead partners. This will include 24 training events in disease control and 32 in hides and skins harvesting, scheduled to be conducted from August through December 2006. An initial Technology Fund agreement was developed to support this effort, which will be cost-shared with the Ministry of Agriculture Kebele Development Agents. Training targets are provided in the table below:

Planned training-of-trainers events

Ectoparasite Control			Hides and Skins Collection		
Region	Events	Trainees	Region	Events	Trainees
Amhara	6	150	Amhara	8	200
Oromia	9	90	Oromia	14	210
Tigray	4	40	Tigray	4	60
SNNP	3	30	SNNP	5	75
Addis Ababa	2	20	Addis Ababa	3	45
Total	24	330	Total	34	590

Partner Fund proposals are being developed to cost share establishment of up to 100 collection centers for hides and skins in the Addis Ababa region, and to conduct a radio-based information campaign. Planning for the introduction of a HSL industry (economic development) cluster concept has taken place, including identification and discussions with potential members of the cluster.

### 3.7. Oilseeds/Pulses Program

Our Warehouse Receipts Specialist has held meetings with MoARD and tentative approval has been given by the State Minister for him to be seconded into the newly formed Project Implementation Unit (PIU) that is tasked with establishing a fully-functional Warehouse Receipts System and a Commodity Exchange. A proposal has been made that we chair a task force within the PIU to champion the finalization of grades and standards for oilseeds and pulses so that these products can then begin to be traded under a recognized warehouse receipts system.

We have jointly planned a program with POSPEA (Pulses, Oilseeds, Spices Processors and Exporters Association) to ensure that our workplan will address key constraints faced by this sector. Issues include both technical (for example the control of the sesame seed bug, providing shatter resistant varieties to reduce harvest and postharvest losses), as well as marketing and finance. Once in place the OP Sector Manager will select lead clients, and an agronomist specifically for the OP sector will be deployed to the field in Tigray Region.

### 3.8. Policy Intervention Activities (Cross Cutting)

Tony Carroll from Manchester Trade, one of our subcontractors, traveled to Addis for one week at the end of May to brief participants of the AGOA conference to be held in early June in Washington and to continue to promote Ethiopia's membership in the WTO. Senior officials from the Ethiopian Government, as well as members of the private sector, participated in the Delegation and Mr Carroll continued his support during their visit there. We anticipate that the linkages established during these meetings will help ease some of the constraints hampering Ethiopian exports to the US market, particularly for targeted products.

Apart from these interventions from our consortium partners, the Project's Trade and Investment advisor has been very active in his discussions with banks on alleviating constraints faced by exporters such as access to working capital, difficulties in banks extending loans to agribusiness companies, such as importers of input supplies, with little collateral, lack of working capital particularly in the coffee and oilseeds/pulses sectors (where buyers need large amounts of cash to pay farmers during harvest season) and the tanneries that are consistently operating below capacity.

### **3.9. Other Cross Cutting Activities: Organizational Development, Partners/Alliances/BDS, Gender Mainstreaming, Environmental Management, HIV/Malaria**

We have already identified environmental problems that we will address such as: preventing run off of agrochemicals into lakes from large-scale flower operations; improving washing facilities to reduce water use and acid runoff into streams in coffee processing; identification of improved tannery machinery and installation of oxidation/sedimentation ponds to prevent run-off of toxic chemicals into water table. For HIV and malaria programs we have already identified NGO's who are active in the health sector to participate in farmer field days and other training events.

### **3.10. Global Results Targets**

The first quarter of the project was occupied primarily with planning and administrative activities. In addition, the team focused on identifying and signing up partners/clients that we will work with going forward. We expect to report on results in both sales increases and investment beginning in quarter 2.

### Annex 1. Updated Ethiopia Workplan/Performance Monitoring Plan

USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period (last updated 09/28/06)

Activity No.	Activity	2006				2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments			
		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	Q1	Achieved to Date		Balance Remaining	Done	Ahead
<b>1</b>	<b>Program Administrative Activities</b>																									
1.1	<b>Start-Up Activities</b>																									
1.1.1	Home office rapid start-up team fielded																Key personnel/senior team in place	Timesheets				X				Team fielded; IT and accounting staff scheduled late May/early June
1.1.2	Key Personnel/Senior Team In-Place																Key personnel/senior team in place	Timesheets						X		Oilseeds/pulses sector head not hired
1.1.3	Remaining LTITA local positions recruited and hired																All field technicians in zones w/in 3 months	Timesheets						X		Oilseeds/pulses agronomist not yet identified
1.1.4	Three week in-field agronomist training															6	agronomists and managers trained					X				completed
1.1.4	Field Technicians/Agronomists Trained & In-Place																All field technicians in zones w/in 3 months	Timesheets				X				completed
1.1.5	Procurement of Vehicles																Vehicles procured by May 7th; all delivered by June 15th	Copies of vehicle titles; inventory list				X				completed
1.1.6	Procurement of computers, software, and other office equipment																All initial procurement activities completed by May 15th; delivery by June 15th; on-going replacement through EOP	Inventory list				X				completed
1.1.7	Procurement of field agronomist kits and other technical equipment																Field agronomist kits and other tech equipment procured by May 15th; delivery by June 15th	Inventory list				X				completed
1.1.8	Project Intranet/Internet Sites Designed and Launched																Intranet/Internet sites installed; maintained	Websites	2			X				completed
1.1.9	Main office set-up in Addis Ababa																Main office established and occupied May 15	Regular project reporting				X				completed
1.1.10	Field office locations and counterparts determined and established																Field offices identified and established	Regular project reporting				X				completed
1.1.11	Office 24/7 Internet connections in place; dial-up service for local staff																Internet service for office and field staff established	Regular project reporting				X				completed
1.1.12	Subcontracts finalized with core subcontractors																All subcontracts finalized with core subcontractors	Subcontracts				X				completed
<b>1.2</b>	<b>Communications and Reporting</b>																									
1.2.1	Project Intranet/Internet Sites Maintained																Intranet/Internet sites maintained	Websites						X		On-going.
1.2.2	Monthly Project Bulletins			1	1	1	1	1	1	1	3	3	3	3	3	34	Monthly bulletins produced and distributed to counterparts and partners	Copies of bulletins	2	32				X		
1.2.3	Workplan/Performance Monitoring Plan Created & Regularly Updated																Workplan/performance monitoring plan updated regularly (as needed with USAID input)	Copy of plan & updates				X		X		Final workplan presented to USAID and Steering Committee, approved end of July, 2006
1.2.4	Monthly Financial Reports	1	1	1	1	1	1	1	1	1	3	3	3	3	3	36	Financial reports submitted to USAID (online/hardcopy)	Copies of reports	4	32				X		Reports submitted with each invoice; also posted on Intranet site
1.2.5	Quarterly/Annual Reports				1				1	1	1	1	1	1	1	11	Quarterly/annual reports submitted to USAID	Copies of reports	1	10				X		Draft submitted for USAID review
1.2.6	Final Report															1	Final report submitted	Final report	-	1				X		
1.2.7	Semi-Annual Local Taxation Reports										1		1		1	6	Local taxation reports submitted to USAID as required	Local taxation reports	-	6				X		Interim reports due yearly by November 17; final reports due yearly by April 16



**USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period** (last updated 09/28/06)

Activity No.	Activity	2006												2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments		
		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind						
<b>4 High-Value and Added-Value Horticulture Program</b>																																	
4.1	Initial selection of Lead Partners (exporters, farmer groups, processors, individual farmers) & development of partner-specific activity workplans				10			5	10						10	10	5	5	5	10	5			75	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	-	75				X	Assumes 1/2 of initial group graduated after 2 years; additional lead partners added in late 2006 to replace graduated partners
4.2	Beneficiaries of lead partners identified and representative M&E data collected			0	0	0	20	50			25	25	50	25	30	30	40	60						355	beneficiary farmers supported directly through lead partners	CIRIS	-	355				X	
4.3	Product-specific and technology-specific technical manuals, bulletins and other technical materials produced and disseminated (production, postharvest, processing)			2	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4					50	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	-	50				X	
4.4	On-Farm Extension Program					40	60	90	90	90	150	200	270	270	270	270	270	270	270					2610	On-farm extension visits made by program agronomists	CIRIS extension logs	-	2,610				X	
4.5	On-Farm Group Training Events			0	4	6	9	9	9	15	20	27	27	27	27	27	27	27	27					261	training events	CIRIS training logs	4	257				X	
				0	20	30	45	45	45	75	100	135	135	135	135	135	135	135	135					1305	participants at training events	CIRIS training logs	30	1,275				X	
4.6	Technical assistance to packhouses (e.g. design and layout, equipment recommendations & sourcing, new technology demos, etc.)							5					10				10							30	packhouses assisted with designs and layouts	Copies of designs and layouts	-	30				X	
4.7	Training in postharvest handling							50						100						200	150			500	participants in postharvest training events	CIRIS training logs	-	500				X	
4.8	Technical assistance to micro- to large-scale horticultural processors (plant layout and design, equipment recommendations & sourcing, new technology demos, etc.)							2				2	4				4							12	5 large-scale horticulture processors supported; 25 small and micro-scale processors receive technical support	TA logs (CIRIS)	-	12				X	
4.9	New processed products for local and export market developed							1				3	3				3							10	new products developed	regular project reporting	-	10				X	
4.10	Processing training program (in-plant & workshops & seminars)								50				50	50			50	50						250	participants in processing training events	CIRIS training logs	-	250				X	
4.11	Food Safety Systems & HACCP Program						2					2	4				4							12	food processing firms implement food safety systems (e.g. HACCP or other)	client certification records; other project reporting	-	12				X	
4.12	Training school for EHPEA in NZTT model													1										1	Training curriculum developed and transferred to EHPEA	Alliance agreements	-	1				X	
4.12.1	Establishment of demonstration sites at regional educational institutions (farm & microprocessing)											2												2	demonstration farms established with educational partners	Alliance agreement; regular alliance reporting; CIRIS	-	2				X	
4.12.2	Curriculum development implementation at regional education institutions											1													support provided in curriculum development to Jimma and Ameleh (production, postharvest, microprocessing)	Alliance agreement; regular alliance reporting; CIRIS						X	
<b>4.13 Local Market Vegetable Program</b>																																	
4.13.1	Demonstration farms established with Farmer Groups						5	10				10	10				10	10						55	demonstration farms established in key production regions		-	55				X	
4.13.2	PF# TBD: Improved Seed and Production Technologies - Demonstration Plots (TBD)							1		1			1											3	Partner Alliance established with input suppliers	Alliance agreement; regular alliance reporting; CIRIS	-	3				X	

**USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period** (last updated 09/28/06)

Activity No.	Activity	2006				2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments										
		A	M	J	J	A	S	O	N	Q1	Q2	Q3	Q4	Q1			Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining		Done	Ahead	On	Behind						
<b>4.14</b>	<b>Export Market Development Program (EUREPGAP, SPS Compliance, Food Safety &amp; Product Traceability)</b>																																
4.14.1	Work with major exporters to identify target groups for EUREPGAP certification																Target groups identified	Regular project reporting						X	Main target groups to be identified by August 2005; additional groups added in later periods								
4.14.2	Design and implement partner fund agreements with exporters to achieve EUREPGAP certification of smallholders							1	1	1	1	1	1	1	1	7	Partner Fund agreements for smallholder EUREPGAP certification designed and implemented	Partner Fund agreements with exporters	-	7				X									
4.14.3	Growers achieve EUREPGAP certification										50		50			300	growers achieve EUREPGAP certification	project and partner reporting; EUREPGAP certification records	0	300				X									
4.14.4	Establish and support National Technical Committee for EUREPGAP (smallholder certification and other issues)													1		1	National EUREPGAP working group established, assistance provided to address major issues as they arise	Regular project reports					X										
4.14.5	International Promotion of Ethiopia's EUREPGAP Progress													1		2	Ethiopia image for EUREPGAP compliance is heightened in major markets	Press articles; speaker lists					X	Regular releases through industry press and participation at industry events.									
4.14.6	Assistance to horticultural exporters association to develop a ETHIOPIAGAP code of practice, benchmarked to EUREPGAP													1	1	3	ETHIOPIAGAP is benchmarked to EUREPGAP by December 31, 2007	Agreement with EUREPGAP					X										
4.14.7	Support development of local certification capability - ("train the trainers" program; direct support to private certification companies)													10	20	50	individuals receive advanced training in EUREPGAP protocol and certification requirements	CIRIS training logs; partner training logs	-	50				X									
4.14.8	Development of local certification capability - ("train the trainers" program; direct support to private certification companies)														1	1	regional firm provide new or improved certification services	Certification received from EUREPGAP	-	1				X									
4.14.9	Support implementation of safe use of chemicals, and identify more farmers for safe use training, and provide training directly and through farmers													150	150	300	300	300	300	500	500	500	500	3,500	farmers trained in safe use of farm chemicals	CIRIS training logs; partner training logs	-	3,500				X	
<b>4.15</b>	<b>Export Market Development Program (New Product Development)</b>																																
4.15.1	Determine target products through production, market, and competitive analysis																target crops identified over life of program based on current and changing market conditions	market surveys, competitiveness assessments, production analyses						X									
4.15.2	Detail program activities and interventions for target crops (most likely are listed below)																							X									
4.15.2(a)	New fresh vegetable crops for export (product diversification)																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.2(b)	Smallholder flowers																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.2(c)	African Birds Eye (ABE) chillies																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.2(d)	Other spices																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.2(e)	Tree crops																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.2(f)	Fresh cut & other minimally processed fruit & vegetable products																detailed program activities determined and added to PMP/workplan	Updated PMP						X									
4.15.3	Design and implement partner fund agreements to support identified new products															7	Partner Fund agreements designed and implemented to support new product development activities	Partner Fund agreements	-	7				X									
4.15.4	Demonstration farms or plants for new products installed and maintained throughout target zones															30	demonstration farms and plants	CIRIS reporting; demo farm directory	-	30				X									

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Activity No.	Activity	2006				2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments					
		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	Q1	Achieved to Date		Balance Remaining	Done	Ahead	On	Behind
<b>4.16 High-Value and Added-Value Horticulture Program-Specific Impact Targets</b>																												
4.16.1	Export Sales of horticultural products increase																	\$ 129.17	million increase in CIF exports of fresh and processed horticultural products	Ethiopian Customs Authority data; verified with major market import data	\$ -	\$ 129.17				X		
4.16.2	Domestic Sales of horticultural products increase (baseline TBD)																		increase in domestic sales of horticultural products	TBD						X		Baseline to be determined; alternative indicator to be used if current data unreliable or unavailable
4.16.3	Client and counterpart investments in new technologies (production, postharvest, and processing)																	\$ 15.00	million in client and counterpart investment	CIRIS	\$ -	\$ 15.00				X		
4.16.4	Increased sales by program-assisted farmers																	100%	increase in sales by program-assisted farmers	CIRIS; random surveys	0%	100%				X		
4.16.5	Program-assisted farmers achieve average yields of 100% above current national averages																	100%	over current national averages	CIRIS; random surveys	0%	100%				X		
<b>5 Coffee Program</b>																												
5.1	Initial selection of Lead Partners (processors, exporters, cooperatives, other farmer groups) & development of partner-specific activity workplans		2	3	3	3	3	3	3					10				30	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	16	14				X		Assumes 1/2 of initial group graduated after 1.5 years; additional lead partners added in late 2006 to replace graduated partners
5.2	Beneficiaries of lead partners identified and representative M&E data collected		300	450	450	450	450	450	450					1500				4,500	beneficiary farmers supported directly through lead partners	CIRIS	-	4,500				X		150 farmers on average per client
5.3	Technical manuals, bulletins and other technical materials produced and disseminated			1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	-	10				X		
5.4	On-Farm Extension Program (improved production practices- pruning, weeding, composting, harvesting)					30	30	30	30	120	120	120	120	120	120	120	120	1,200	On-farm extension visits made by program agronomists	CIRIS extension logs	-	1,200				X		To be shared by the coffee agronomists based in Jima and Dila
5.5	On-Farm Group Training Events (improved management practices)					10	10	10	10	30	30	30	30	30	30	30	30	310	training events	CIRIS training logs	-	310				X		
						250	250	250	250	750	750	750	750	750	750	750	750	7,750	participants at training events	CIRIS training logs	-	7,750				X		25 member average in each farmer group
5.6	Demonstration sites established at cooperatives/private farms for improved pulping technology, washing, drying and grading of beans					1	1	1	2	2	2	2	1				12	demonstration sites established	Technology Fund Investment reports; CIRIS	-	12				X		Select 12 co-ops out of 200, 6 in Jima and 6 in Dilla	
5.7	Establishment of low-cost cupping labs						3	3	3	1							10	low-cost cupping labs established	Technology Fund Investment reports; CIRIS	-	10				X		Work with 10 co-operatives	
5.8	Training to develop improved local skills in cupping to determine specialty grades, defects, etc.						2	3	3	3	3	3	3	3			23	trained in cupping techniques	CIRIS training logs	-	23				X		Select private processors	
5.9	National preselection and international cupping & promotional events supported, support inward buyer missions					1			1				1				3	events supported	regular project reporting	-	3				X		October 06 inward buyer mission. First cupping event is the EAFCA, Addis Feb07	
5.10	Training in Rainforest Alliance third party certification process							1				1					2	trained in third party certification process, Wellega and Kaffa	CIRIS training logs	-	2				X		TOT, 10 in each area	
5.11	Land area certified																Y1: 12,500 ha Y2: 22,500 ha Y3: 32,500 ha	Hectares certified starting from baseline of 1,831 ha in 2005	CIRIS						X		Training local certifiers to ensure sustainability.	
<b>5.12 Coffee Program-Specific Impact Targets</b>																												
5.12.1	Total value of overall coffee exports increases																	\$ 209.00	million increase in annual coffee exports	Trade and industry statistics	\$ -	\$ 209.00				X		Target and baseline to be verified
5.12.2	Total value of specialty coffee exports increases																	\$ 57.00	million increase in specialty coffee exports	Trade and industry statistics	\$ -	\$ 57.00				X		Target and baseline to be verified
5.12.3	New Client investment in new processing and cupping technology																	\$ 1.60	million in client and counterpart investments	CIRIS	\$ -	\$ 1.60				X		
5.12.4	Average yield and/or sales increases by program-supported farmers																	Y1: 10% Y2: 20% Y3: 25%	average yield increase for assisted farmers	CIRIS	0%					X		

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Activity No.	Activity	2006				2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments																
		A	M	J	J	A	S	O	N	Q1	Q2	Q3	Q4	Q1			Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining		Done	Ahead	On	Behind												
<b>6 Hides, Skins &amp; Leather Program</b>																																							
6.1	Initial selection of Lead Partners (producers, abattoirs, traders, tanners, manufacturers) & development of partner-specific activity workplans				5	5	5	5	5	5	5	5	5	5	5	5										45	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	1	44					X	ETA, SELTC,LLPTI,EVA, Karalo Abattoirs, AAHS Collectors			
6.2	Coordinate and collaborate with existing industry support programs (i.e. UNIDO) and relevant government offices.				5	5	5	2																		17	Ongoing collaborations to ensure synergy										UNIDO, MOARD,BoARD, UAB, USAID Projects (Land O Lakes, VOCA, Sheep and Goat, Pastoralists)		
6.3	Training of trainers for existing ectoparasite programs; direct training where gaps exist			1	1	1	1	1	1	1	1	1	1	1	1	1										11	Training Programs	CIRIS (lead partner data & workplans)	-	11					X	Amhara, D.Markos 53, Dessie 53, Tigray Alemata 20, Mekele 20, Oromia Jimma 20, Ambo 20, Nekempte 20, Bale Goba 20. Current AH workers for CAHWS will			
6.4	Training activities in quality improvement in flaying and curing to abattoirs (training of trainers)			30	30	30	30	30	30	30	60	60	60	60												450	Technicians trained												
				1	1	1	1	1	1	1	1	1	1	1												8	Training Programs	CIRIS (lead partner data & workplans)						X	Amhara D. Markos 100, Dessie 100, Tigray Alemata 30, Mekele 30, Oromia Jimma 30, Ambo 30, Nekempte 30, Bale Goba 30, Borena 30 SNNP, Zeway 30, Arba Minch 30, Addis Ababa 100. Current AH workers for CAHWS will comprise the majority of the technician group				
6.5	Training activities in standardization, coding, QC, to collectors and traders							1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	Training Programs												See 6.4
								15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	195	Technicians trained	CIRIS (lead partner data & workplans)							X				
6.6	Develop pilot traceability program to improve raw material supply to leather processors							1					1			1										3	Pilot traceability programs established	CIRIS (lead partner data & workplans)						X	Already held 3 meetings with Pittards senior executives and they have agreed to cost share on this. Start with pilot trial on ectoparasite control in Lalomama and Keya Gabriel				
6.7	Explore enhancing recovery of raw stock through improved marketing, such as an auction																									1	Auction program assessed												
6.8	Providing training in tanning process improvements					20				20				20												80	Defects reduced by 15% over project lifespan	High grade yield of raw stock (1-3) increased to 35% from present 20%						X	STTA from University of Northampton for 20 tanneries.				
6.9	Training manufacturers in business and investment planning							1	1	2																4	Manufacturing capacity expanded	80% of manufacturers able to prepare business plan									100 companies in Addis trained.		
6.10	Supporting inward missions							1				1			1			1			1					5	Inward missions supported through cost-share.												
6.11	Partner agreement with U of Northampton and LLPTI to improve lab, train technicians and standards training									3			3			3			3							12	Training activities												
6.12	Develop LSH competitiveness cluster																									1	Competitiveness cluster developed	CIRIS, industry sources									Program with Ted Lyman of ECG planned for August, consultative meetings with all stakeholders		
<b>6.13 HSL Program-Specific Impact Targets</b>																																							
6.13.1	Reduction in number of skins affected by ectoparasites																									15%	reduction in skins affected	Industry surveys	0%	15%					X				
6.13.2	Client and counterpart investments																									\$ 5.00	million in new client and counterpart investments	CIRIS	\$ 5.00					X					
6.13.3	Increased value of hide, skin and leather exports from Ethiopia																									\$ 48.00	million in increased exports	CIRIS	\$ 48.00					X					

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		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind											
<b>7 Oilseeds and Pulses Program</b>																																						
7.1	Initial selection of Lead Partners (processors, exporters, cooperatives, other farmer groups) & development of partner-specific activity workplans							3	3	3																	19	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	-	19				X	Assumes 1/2 of initial group graduated after 1.5 years; additional lead partners added later to replace graduated partners		
7.2	Beneficiaries of lead partners identified and representative M&E data collected							300	300	300																	1,900	beneficiary farmers supported directly through lead partners	CIRIS	-	1,900				X			
7.3	Technical manuals, market information bulletins and other technical materials produced and disseminated							1	1					1	1	1	1	1	1	1	1	1	1	1	1	1	11	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	-	11				X			
7.4	On-Farm Extension Program (improved production practices)							10	10	10																	270	On-farm extension visits made by program agronomist	CIRIS extension logs	-	270				X			
7.5	On-Farm Group Training Events (improved production practices)							10	10	10																	90	training events	CIRIS training logs	-	90				X			
7.6	Support Organic Certification of Farms through Partnership Alliances							250	250	250																	2,250	participants at training events	CIRIS training logs	-	2,250				X			
7.6	Support Organic Certification of Farms through Partnership Alliances							1						1	2	2	2	2									10	Farmer groups certified										
7.7	Introduction of new processing technologies -- design, business plans, financing, etc.							1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	21	projects supported	CIRIS; other project reporting	-	21				X			
7.8	Inbound investment missions supported							1																			3	mission supported	project reporting	-	3				X			
7.9	Regional market linkages developed							1						1	1	1	1	1	1	1	1	1	1	1	1	1	10	deals made for regional sales	CIRIS	-	10					Target to be set		
<b>7.10 Warehouse Receipts</b>																																						
7.10.1	Coordinate warehouse receipts activities with EGTE, MOARD, CBE other donors and projects																												Comprehensive national program using 8 EGTE warehouses	CIRIS training logs		8				X	Meetings with MOARD and EGTE to agree national strategy	
7.10.2	Develop technical bulletins and other training materials on general program and disseminate to cooperative partners, private traders and exporters, trainings conducted							1	1	1	1	1	1	1	1	1												7	Workshops			7				X	Addis, Nazret, Lekempi, Bahir Dahr, Awasa, Gondar, Humera. 4 languages	
7.10.3	Develop materials and training package on simplified grades/standards for oilseeds/pulses, conduct workshops and distribute via cooperatives, traders and exporters							1	1	1	1	3																7	Workshops, need approval from MOARD taskforce							X	TA will be given to MOARD with backup in August from George Gray	
7.10.4	Develop materials and initiate activities in support of a commodity exchange program																												Work at PIU with other donors and MOARD							X	Liaise with IFPRI, IFAD, WFP, EU	
<b>7.11 Oilseed Program-Specific Impact Targets</b>																																						
7.11.1	Increased value of oilseed exports																												\$ 71.00	million in increased exports	Trade statistics	\$ -	\$ 71.00				X	Mainly sesame, pulses
7.11.2	Client and counterpart investments in new value-added processing																												\$ 1.00	million in new investment	CIRIS	\$ -	\$ 1.00				X	
<b>8 Policy Intervention Activities (Cross Cutting)</b>																																						
8.1	Identification of policy constraints through investment and competitiveness activities							2																					12	Issues identified and prioritized	regular project reporting		12				X	
8.2	AGOA and other trade protocol training conducted							1																					27	AGOA and other trade protocol training events held	CIRIS	1	26				X	
8.3	Address constraints where policy interventions are needed/assist with issues paper development							1																					6	Issue papers developed, presented at Ministerial level	CIRIS		6				X	
8.4	Support to national-level conferences and consultative groups supported to address policy constraints							1																					6	project support to national-level conferences and consultative groups	CIRIS		6				X	



## **Annex 2. Monthly Ethiopia Agribusiness and Trade Expansion Activity Monthly Bulletins**

Also available in electronic form on Intranet site at [www.fintrac.com/atea](http://www.fintrac.com/atea) and on the public web site at [www.ethiopiaag.org](http://www.ethiopiaag.org).



## MONTHLY UPDATE – May 2006

### AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

Welcome to the Agribusiness and Trade Expansion Activity, a five-year project funded by the **U.S. Agency for International Development**, and implemented by **Fintrac Inc.**, working with partners, **Boot Consulting**, the **Economic Competitiveness Group**, **Manchester Trade**, and the **Rainforest Alliance**. This project, scheduled to run from 2006-2009, comprises of an integrated program of technical assistance focusing on four agricultural subsectors of major importance to Ethiopia:

- Horticulture
- Oilseeds
- Coffee
- Hides, Skins and Leather products

The project offers a bold, integrated approach to developing the agriculture sector by targeting farmers and allied agribusiness for assistance, including processors, traders and exporters, in order to improve the competitiveness in the sector. The ultimate aim is to increase productivity, raise farmer incomes, boost agribusiness sales, and dramatically increase Ethiopia's agricultural exports.

This bulletin presents the monthly highlights of project activities, including details of our work with farmers and allied agribusinesses in each of these targeted subsectors. We will also present the results of our work as they emerge, including: client success stories; the impact of improved agricultural practices on productivity and incomes; investments in new technologies; and the resulting growth in Ethiopia's agricultural exports.

#### Rapid Start-Up

Start-up activities were initiated in Ethiopia on April 19<sup>th</sup>. The start-up team, consisting of local project staff working with representatives from Fintrac's US Home Office, successfully mobilized project activities within three weeks of award.

Achievements during the first weeks of implementation included:

- Registering the company with the Ministry of Trade and Industry (MoTI) and opening project offices in Addis Ababa;
- Recruiting and hiring local project staff;



*A client farmer tends to her onion farm.*

#### Counterparts

During the first few weeks on the ground, the project team met with representatives of the project's major counterpart organizations in Ethiopia. These include:

- Ministry of Agriculture and Rural Development (MoARD)
- Ministry of Trade and Industry (MoTI)
- Ethiopian Grain Trade Enterprise (EGTE)
- Ethiopian Horticultural Producers and Exporters Association
- Oilseeds Association
- Coffee Exporters Association

Discussions focused on the coordination of activities with counterparts at the field level, and the provision of input and advice on planned programming in areas targeted for assistance and selection of clients.

#### USAID Ethiopia Agribusiness and Trade Expansion Activity

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- Holding project orientation workshops for project staff and USAID personnel;
- Training new staff in administration and monitoring and evaluation;
- Procuring project vehicles, agronomist kits, computer equipment and software;
- Holding consultations with USAID and our government counterparts, Ministry of Agriculture and Rural Development (MoARD) and MoTI, as well as several private sector counterparts;
- Finalizing the activity workplan, incorporating input from project counterparts;
- Holding first training in Market Information Systems for six representatives from MoTI, MoARD, EGTE and the Ethiopian Horticultural Exporters Association;
- Conducting initial trade and investment meetings with Ethiopian ministerial and private sector representatives in anticipation of the June 2006 AGOA summit in Washington, DC;
- Undertaking initial field visits and client selection activities;
- Scheduling intensive field and workshop training for the activity's technicians.

In May, **Manchester Trade** representative Tony Carroll visited Ethiopia for high-level consultations with government, donor and business leaders in anticipation of this year's AGOA Ministerial, Private Sector and Civil Society Summit held in Washington June 5-9. In addition to Ministry and donor agencies, meetings were also held with representatives of the Addis Ababa Chamber of Commerce, Ethiopian Airlines, Prosper International, Garment Express, Jebera flowers, Sara's Garments, Summit Partners and other firms. The focus was on developing and moving along trade opportunities for Ethiopian products in the US as a result of the AGOA. Carroll also covered other topics including Ethiopia's performance in international markets, critical trade issues affecting competitiveness, and capacity development. Mr. Carroll provided targeted recommendations on specific opportunities, including freshcut flowers and the garment sector.

### Welcome Aboard

The Agribusiness and Trade Expansion Activity is fortunate to have the highest caliber technical and managerial team members available for the implementation of this program. Individuals working under the various components of the project are identified here; all may be contacted via e-mail or through the project office at 251-11-3720060.

### Management Team

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## HORTICULTURE

The horticulture component is focused on upgrading the production, postharvest handling and marketing activities for crops currently cultivated in Ethiopia, such as green beans, onions, tomatoes, and cabbage, as well as other crops with strong international demand, such as smallholder flowers, chilies, spices, and tree crops. Of special focus will be value-added activities, such as “pre-packed” vegetables and other minimally processed presentations that enjoy strong demand in international markets. Building on the nascent success of the Ethiopian floriculture industry, the project will leverage technical, financial and logistical resources available in Ethiopia to boost investments. This will result in improved postharvest systems, including refrigerated transportation, cold storage, and sorting, grading, packing and processing facilities. These improvements will upgrade the competitiveness of Ethiopian horticulture. Initial activities will commence in the lakes region of Oromiya and SNNPR south of Addis.

## COFFEE

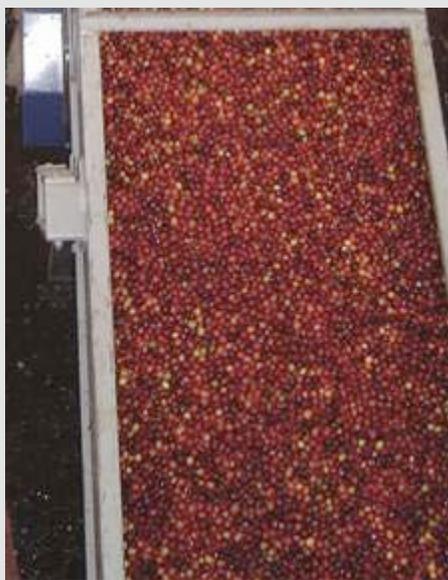
Coffee component activities will focus on improving farm productivity, and increasing sales volumes and quality, resulting in overall increases in farmer income. We will also support the development and marketing of higher quality, specialty and eco-friendly coffees. Activities will be implemented in SNNPR, Oromiya and Dire Dawa (Harer) regions. In regards to improved market access, Fintrac partner **Rainforest Alliance** will train local institutions in carrying out the group’s first certification program on the African continent, allowing producers who receive certification to market their coffee through Rainforest’s extensive network of international buyers. In addition, **Boot Consulting** will work with millers/cooperatives, exporters and unions to improve coffee quality by providing “cupping” training, developing regional coffee designations, improving supply reliability to buyers, conducting Cup of Excellence competitions, and marketing coffee to exporters in the US, EU and Japan using online auctions, inward buyer missions, and other targeted activities.

## HIDES, SKINS AND LEATHER PRODUCTS

Activities in the Hides, Skins and Leather subsector (HSL) will focus on training farmers to better care and manage their livestock herds by introducing treatments for ectoparasites, a problem that results in rejection rates as high as 80 percent at tanneries. Solving the parasite problem will also result in dramatic gains in feed conversion and herd growth rates, thereby improving sales and incomes. The HSL team will also promote more value-added leather processing in Ethiopia, which will ultimately attract investors to establish local leather manufacturing operations. The team will focus on transforming Ethiopia, currently a source of minimally-processed skins/hides, to a recognized leader of high-end finished leather products. The end result will be significant job creation, income growth, and export revenues.



*A farmer tends to his tomato plants*



*Coffee Beans are washed*



*Leather products worker*

## OILSEEDS

The oilseeds component will support the development of more efficient grain marketing in Ethiopia. A first step is to introduce warehouse receipts that will facilitate increased commercial trading of major oilseed commodities – sesame, rapeseed, linseed, and Niger seed, as well as pulses and grains. By working to establish the infrastructure for more efficient trading, such as grades/standards, bonded warehouses, and paper trading systems, significant cost reduction in grain trading will result. This will improve the competitiveness of oilseeds on international markets and increase returns to producers. The program will eventually result in producers, processors and traders being able to obtain credit from financial institutions against their warehouse receipts. A workable warehouse receipts program is a precursor to a commodity exchange, which the industry and government are planning to establish in Ethiopia. In addition, the project will provide one production technician in Tigray to work with farmers in increasing productivity using modern improved seeds and technology.



*Training MoTI Export Promotion Department staff in market analysis*

## MARKET INFORMATION SYSTEMS

The Agribusiness Trade and Expansion Activity completed its first technical training activity in May, conducting an intensive workshop in Fintrac’s Market Information Systems: Analysis and Dissemination. The training was led by two Fintrac staff members – Jay Kaufman, Director of Market Information Services, and Kathleen Jacques, Senior Market Analyst – and was held at MoTI’s Information Center. The Information Center is an invaluable public resource that is equipped with a high-speed internet connection, access to a wide range of market information services, and a library holding numerous industry and trade data publications.

The training was carried out to support local counterparts engaged in the provision of market information for clients in the project’s four main subsectors: horticulture, oilseeds, coffee and HSL. A total of eight (8) public and private sector representatives attended the training, including staff from:

- Ethiopian Horticulture Producers and Exporters Association
- Ethiopian Grain Trade Enterprise
- Ministry of Agriculture and Rural Development, Marketing and Inputs Department
- Ministry of Trade and Industry Export Promotion Department.

Also in attendance were the project’s Market Information Specialist and Monitoring and Evaluation Specialist.

The course consisted of a series of lectures, interactive presentations and exercises that covered all relevant areas of market analysis and dissemination. Topics included: international and domestic price reporting; analysis of relative market share; documenting product grades and standards; identifying consumer trends; and buyer liaison. Other areas included production of price reports and market surveys, with special focus on data presentation.

According to Genet Zebede, of the MoTI’s Export Promotion Department, “The training was very useful with respect to market analysis and reporting, as well as providing guiding points for preparing market briefs for certain commodities.” She noted also that “additionally, it created an opportunity for coordination among the different offices in MoTI and MoARD responsible for market information processing, specifically, for sharing the different resources available and exchanging information with each other.”

## TRADE AND INVESTMENT

The Trade and Investment Team, working with Fintrac partner **Manchester Trade**, will be increasing trade opportunities and leverage investment resources in each of the project’s four subsectors, including linking clients to domestic financial institutions, and attracting investment from abroad. Trade agreements such as the African Growth and Opportunities Act (AGOA) present opportunities to leverage investments from international firms looking at Ethiopia as a potential sourcing point for supplying goods to US buyers. Exports to nearby markets in Eastern and Southern Africa, the EU and the Middle East will also be expanded.



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## MONTHLY UPDATE – June 2006

### ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

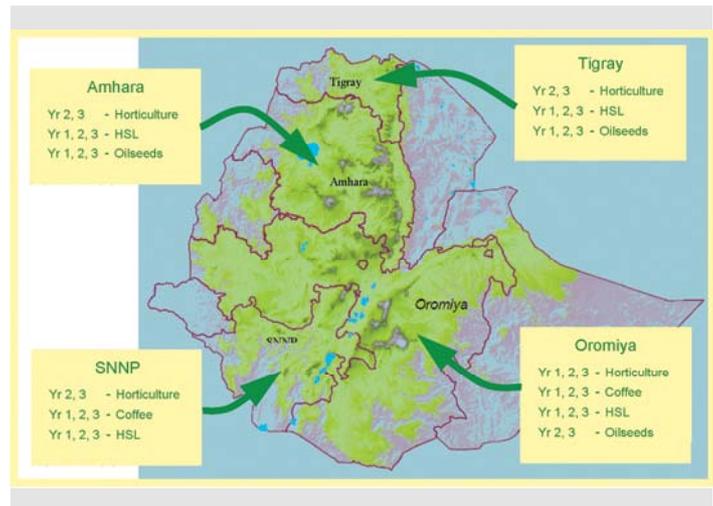
Welcome to the Agribusiness and Trade Expansion Activity, a five-year project funded by the **U.S. Agency for International Development**, and implemented by **Fintrac Inc.**, working with partners, **Boot Consulting**, the **Economic Competitiveness Group**, **Manchester Trade**, and the **Rainforest Alliance**. This project, scheduled to run from 2006-2009, provides clients with an integrated program of technical assistance and training focusing on four agricultural subsectors of major importance to Ethiopia:

- Horticulture
- Oilseeds
- Coffee
- Hides, Skins and Leather products

The project offers a bold, integrated approach to developing the agriculture sector by targeting farmers and allied agribusiness for assistance, including processors, traders and exporters, in order to improve the competitiveness in the sector. The ultimate aim is to increase productivity, raise farmer incomes, boost agribusiness sales, and dramatically increase Ethiopia's agricultural exports.

This bulletin presents the monthly highlights of project activities, including details of our work with farmers and allied agribusinesses in each of these targeted subsectors. We will also present the results of our work as they emerge, including: client success stories; the impact of improved agricultural practices on productivity and incomes; investments in new technologies; and the resulting growth in Ethiopia's agricultural exports.

As of the end of June the Project offices have been completed, IT and phone systems installed and running, project vehicles have cleared customs and have been delivered, and logistically the project is fully operational. Staff have turned their attention to finalizing sectoral workplans which includes identifying partners, agreeing to intervention activities, and beginning field work.



#### Counterparts

During the first few weeks on the ground, the project team met with representatives of the project's major counterpart organizations in Ethiopia. These include:

- Ministry of Agriculture and Rural Development (MoARD)
- Ministry of Trade and Industry (MoTI)
- Ethiopian Grain Trade Enterprise (EGTE)
- Ethiopian Horticultural Producers and Exporters Association
- Oilseeds Association
- Coffee Exporters Association

Discussions focused on the coordination of activities with counterparts at the field level, and the provision of input and advice on planned programming in areas targeted for assistance and selection of clients.

#### USAID Ethiopia Agribusiness and Trade Expansion Activity

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## HORTICULTURE SECTOR

The Horticulture Team, comprised of Sector Manager Mr. Ian Chesterman as well as three Horticulture Agronomists, Mr. Melaku Tedla, Mrs Semret Kifleyesus, and Mr. Sinishaw Belay. Two additional technicians, one who will work intermittently on horticulture as well as oilseeds, are still being recruited.

The following activities have been completed during the month:

- Field technicians were trained in the use of their portable office equipment including laptop computers and printers, digital cameras, and agronomic testing equipment including tensiometers, pH meters, soil nutrition testing equipment and global positioning system devices. The technicians will now have the capability to be posted in their field locations on a full time basis, and through dial-up connection, be able to send and receive technical information on production and market information that can then be provided directly to their clients.
- The initial work focus was on field visits to potential lead clients (growers), coordinated with Project partner the Ethiopia Horticultural Producers & Exporters Association (EHPEA), in the zones of Koka, Zuwayi, Awassa, Upper Awash, as well as the highland flower zone around Addis Ababa. The key high value export fresh crop potential in these areas include strawberries, green beans, chillies, papaya, herbs, and flowers such as hypericum, carnation and gypsophila. The potential for outgrower production of horticulture products for processing at the Merti factory and exported through Djibouti to Middle East locations have been identified and include tomato paste and fruit juice.
- Institutional and manpower-development links were established with a visit to Jimma University and the Jimma Agricultural Research Station. The Project has identified weak farm management as a critical constraint to the growth of this sector and will institute a post-graduate apprentice program through Jimma University.
- A major three-week program in applied agronomic practices for the Coffee and Horticulture sectors was finalized and senior technical staff from Fintrac's home office and field office in Uganda were scheduled to arrive. The training included interactive site visits to growers to include specific sessions on agrochemical application techniques, irrigation management and design, crop production manuals, smallholder development and EurepGAP implementation and as a result activities with lead clients will be jump-started in the following month.

## COFFEE SECTOR

The Coffee Sector Team composed of Sector Manager Abeynah Alemu and Coffee Agronomists Tesfaye Negash and Getachew Zelaga. In June the team worked to identify lead client cooperatives and private mills two work with in the targeted production areas around Awasa and Jimma. In addition to completing planning for the first year program, the team finalized the scope of work and received approval for coffee quality improvement and marketing specialist Willem Boot from subcontractor Boot Consulting to begin his program in Ethiopia. This visit is scheduled for July. As a result of this visit the Coffee Sector will finalize its lead partners as well as its schedule of quality improvement trainings, cupping and marketing events, and inward investor missions.



*Agronomist training in testing equipment*



Coffee depulper

### COFFEE PROGRAM SUPPORTS GDA CLIENT

The Project also began to work in earnest with lead coffee partner, the milling company DTC Holding and their US partner Dominion Trading Company of Seattle. DTC, with a mill in Yirga Cheffe, has a program to reward farmers for delivering quality beans for processing. Last year, the first of their program, 1,500 growers received a significant premium because of their coffee quality, and passed these dividends back to their growers. This year's harvest, scheduled for September, anticipates larger volumes of coffee cherries as more farmers join the program. In anticipation higher volumes at the mill, DTC wants to install new depulping equipment that is more eco-friendly. Eco-friendly pulpers dramatically reduce the amount of water required for depulping. Waste water from this process is a major polluter in coffee processing, and buyers in the EU and the US, target markets for Ethiopian coffee, are increasingly insisting on environmentally-responsible production and processing. With this equipment DTC will be able to increase its processing capability from 4 containers last season to 17 this season. In the words of Mike Stemm, Dominion's President, their association with the Project has "...opened several doors of opportunity for us, all of which will enhance our long term viability in Ethiopia."

The approach the team is using with DTC will be replicated as we work directly with at least 30 lead cooperatives and private millers over the coming three years, as well as with at least 4,500 individual coffee growers.

### HIDES, SKINS & LEATHER

The HSL sector is composed of Sector Manager, Mr Teshome Kebede, Veterinarian Dr Kassa Bayou and Harvesting Technician Mr Alemayhou Giorgis. During the month of June the team moved forward with its plans to improve raw material quality and supply. Activities included:

- Training curriculums for immediate programs designed and printed. Preparation of other audio visual training aid materials in hand.
- Potential Lead Clients and Lead Partners both in the cooperating and benefiting groups identified and finalized, with a target of 45 lead partners.
- Scheduled 35 training events in ectoparasite control and 40 training events in hides and skins harvesting and other interventions period July through December 2006. These will take place in Amhara and Oromia regions initially with a total of 920 people going through a Training of Trainers program.
- Planning for activities to be undertaken during the visit of subcontractor Economic Competitiveness Group (ECG) in connection with establishing a leather sector cluster in Ethiopia finalized with key partners to be included in the cluster identified for finalization with ECG consultant Ted Lyman in August.

### OILSEEDS/PULSES SECTOR

The Oil Seeds Pulses Sector Team is currently composed of the Warehouse Receipts Specialist Mr. Ashenaki Gebrehiwot. A Marketing Manager and Agronomist for the Tigray region are still being recruited to fill out this team. During the month of June the following activities have been accomplished:

- Potential Lead Clients and Lead Partners both in the cooperating and benefiting groups identified, with a target of working with 30 lead partners.
- Agreement has been reached with the Ministry of Agriculture and Rural Development (MOARD) to include Mr Aschenaki on their Project Implementation Unit tasked with implementing a warehouse receipts system which will be one of the pre-cursors leading up to the formation of a commodity exchange. The commodity exchange program, which will streamline grain marketing in general, including oilseeds and pulses, which will increase the international competitiveness of the sector, resulting in higher sales and incomes.



*Sheepskin selection upon arrival at tannery*

### **PROJECT PARTNERSHIP WITH PITTARDS PLC**

Ethiopia produces some of the finest sheep and goat skins in the world—ideal for making top grade fashion gloves and suede for garments. In fact names given to high quality leather, such as *Bati Genuine* for high end goat suede and *Sellalie Genuine* for a specialty variety of hair sheep skins, are named after Ethiopian provinces where these goat and sheep species originated. However over the years the quality of raw skins has declined significantly, caused by ectoparasite infestation of the animals' skin, resulting in over 80 percent rejection rates being reported by some Ethiopian tanneries.

The Agribusiness and Trade Expansion Activity is working closely with one of the world's leading suppliers of glove leather, UK-based Pittards PLC, to upgrade of quality of the raw skins delivered to their tannery by supporting a broad-based ectoparasite treatment program. Initially an area north of Addis called Lalomama has been targeted since the sheep population in this area is very high and this is a primary source of raw material for tanneries. A pilot study involving treatment of 1000 sheep will start in the coming weeks, and three months after treatment the skins from these animals will be evaluated by Ethiopia Leather Tannery which Pittards manages. Traceability systems will be put in place to allow tracking of the skins so that improvements in the treated animals can be documented. Lower rejections and increased numbers of skins meeting top grades will mean improved prices (at least double the existing price) to sheep farmers in Lalomama. It has been estimated that the treatment program costing one birr per animal will yield as much as 22 birr in return on the skin alone—rates of muscle gain will also be accelerated once the skin is disease free, so returns to farmers will be significant. The Hides, Skins and Leather Sector will work to improve raw material quality to increase returns to farmers, as well as encourage investment in the sector so that more value-added tanning and manufacturing processes take place in Ethiopia, adding much needed jobs and export earnings to their economy.

### **TRADE AND INVESTMENT**

The Trade and Investment Sector Team is composed of Sector Leader and International Investment Advisor Mr Ian Sherry, Investment Finance Specialist Fekade Lakew, Market Information Specialist Masresha Yimer and IT Specialist Wubeshet Tadesse. The Trade and Investment Team provides assistance to each product sector in business development services, investment advice and promotion, and supporting inward trade missions. During the month of June the team:

- Clarified investment incentive programs with three banks involved in the USAID loan guarantee facility, Bank of Abyssinia, Dashen Bank, Awash Bank. This program is designed to promote lending to agribusinesses for equipment, seeds, and other capital improvements in order to improve the productivity and competitiveness of the agriculture sector.
- Working with the Coffee Sector to secure a letter of credit so that DTC Holding can purchase and import eco-friendly coffee processing machinery. This deal will include a 50 percent cost-sharing grant from the Project's Technology Fund.