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## QUARTERLY REPORT 2 – August and September 2006

### ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

*“Increasing Rural Incomes and Employment”*



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

Ki-AB Building, 4<sup>th</sup> Floor | Alexander Pushkin Street | P.O.Box 70696 | Addis Ababa, Ethiopia  
Tel: (251) 011-3720060 | Fax: (251) 011-3720102 | <http://www.ethiopiaag.org> | [www.fintrac.com/ethiopia](http://www.fintrac.com/ethiopia)

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## 1. Executive Summary

This is the second quarterly report for the Ethiopia Agribusiness and Trade Expansion Activity (the Project) which as per USAID approval covers only two months (August and September 2006), given that the first quarterly report covered four months. Going forward, the Project will be submitting reports in synchronization with USAID fiscal reporting periods.

Achievements in these two months include:

- The horticulture sector organized a three day technical workshop to prepare growers for the vegetable production season. The last day included a trade fair where suppliers of irrigation, seed, fertilizer, packaging and farm equipment exhibited products.
- The horticulture sector arranged two Technology Fund agreements to 1) expand floriculture production into summer flowers suited to smallholder production, and 2) to procure technology production packages for vegetables including drip irrigation equipment and hybrid seeds.
- As a result of an inward buyer mission, orders were booked for up to 10 tons per week of peas for the EU market.
- The coffee sector designed a technical assistance package for 18 “lead clients” representing 18,000 (“end-beneficiary”) smallholder growers. Clients are receiving technical assistance in processing, handling and marketing, while end-beneficiaries are being trained in proper harvesting and pruning techniques in advance of the upcoming harvest season.
- A Technology Fund agreement for eco-pulping equipment was signed, which will allow a US/Ethiopian coffee consortium to increase exports from three to 160 MTs.
- A Technology Fund agreement was approved to procure coffee cupping equipment which will establish five cupping labs in key production areas of the country, improving critical quality assessment capabilities.
- Training in ectoparasite control and flaying/skinning was provided to hundreds of veterinarians and slaughterhouse personnel through more than one dozen training-of-trainers courses.
- The HSL sector solicited resource commitments from the FAO, another USAID project and the municipality of Addis to cost-share with the Project the establishment of 30 pilot hide/skin collection centers, which will significantly increase supply of raw hides/skins for the tanning industry and create hundreds of new jobs for unskilled city residents.
- The HSL sector efforts to form the first-ever economic competitiveness cluster in Ethiopia is progressing rapidly with industry and government decision-makers participating to remove policy and infrastructure obstacles, with concurrent commitments of funding assistance from the larger donor community.
- The Project will leverage cost-sharing investment from Technology & Partner Fund agreements of \$376,261, almost double our commitment of \$197,928 in project funds. Overall actual or committed client investment, including Technology and Partner Fund contributions, in improved capacity and technology is over \$450,000 during this reporting period.
- Project expenditures are on target. To date, 16 percent of USAID’s budget funds have been expended (46 percent of obligated funds).
- Annexes to this report include the PMP, two monthly project bulletins, and two Project-produced trade association newsletters. These publications, and both quarterly reports to date, are also available to USAID through the password-protected Project intranet site at [www.fintrac.com/ethiopia](http://www.fintrac.com/ethiopia).

## 2. Introduction

The Ethiopia Agribusiness and Trade Expansion Activity (the Project) is a three-year initiative of the United States Agency for International Development (USAID) aimed at improving the competitiveness and productivity of thousands of farmers, processors and traders. Its primary goals are increasing sales to international, regional and local markets; increasing investment; expanding employment; and increasing incomes.

The Project concentrates on four agricultural sectors: horticulture; coffee; hides, skins and leather (HSL); and oilseeds/pulses, plus cross-cutting issues in trade & investment, policy, organizational development, BDS/partner alliances, gender mainstreaming, environmental management, and HIV/Malaria. There are four geographic regions of focus: Tigray, Amhara, Oromia, and the SNNPR.

The Project, awarded through the RAISE Plus IQC, is being implemented by the agribusiness consultancy of Fintrac Inc. in conjunction with several subcontractors (the Rainforest Alliance, Boot Coffee Consulting, the Economic Competitiveness Group, and Manchester Trade), and numerous local partners and counterparts, including the Ethiopian Horticulture Producers and Exporters Association (EHPEA), the Ethiopian Coffee Exporters' Association (ECEA), the Ethiopian Tanners Association (ETA), the Ethiopian Pulses, Oilseeds & Spices Processors Exporters Association (EPOSPEA), the Ministry of Agriculture and Rural Development (MoARD), and the Ministry of Trade and Industry (MoTI).

The overall approach to achieving results incorporates the provision of direct technical assistance and technology transfer to "lead clients" selected in the four target sectors, with outgrowers and neighboring farmers the ultimate end-beneficiaries of improved agricultural practices and expanded market outlets.



*Fintrac agronomist Ms Semret Kifleyesus taking soil samples at Dodicha*

One sector manager and five agronomists are responsible for provision of technical assistance and technology transfer in the **Horticulture Sector**. Building on early successes in the Ethiopian flower industry, sector activities are focused in the southern lake and Rift valley regions between Nazareth and Awassa. In addition to the activities detailed in the next section, the horticulture team is also working with Dutch partners (The Royal Netherlands Embassy and the University of Wageningen) and EHPEA on a National Code of Conduct for the industry.

The **Coffee Sector**, supported by one sector manager and two field agronomists, is additionally being supported by subcontractors Boot Consulting (market development and quality control) and the Rainforest Alliance (certification). The number of lead coffee clients at the end of this reporting period stands at 18 with more applications coming in every day. There are a minimum of 1,000 farmers connected to each lead client, so the benefits of Project assistance to these clients will ultimately impact approximately 18,000 smallholder coffee producers.

The **Hides, Skins and Leather Sector** (HSL) team is composed of an experienced marketing and leather manufacturer as manager, a senior veterinarian specialized in parasitic skin diseases, and a technician expert in skinning and flaying. (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, antiquated collection systems, and out-of-date processing have resulted in loss of sales for the sector on world markets.)

The **Oilseeds/Pulses Sector** will feature a team comprised of a sector manager experienced in grain production and marketing, an agronomist based in the main sesame producing region (Tigray), and a warehouse receipts specialist. At present only the warehouse receipts specialist is on staff however (the other two positions will be filled in the coming quarter). This sector suffers from many of the same problems as the other three, namely low productivity at the farm level, a highly inefficient transport and marketing system, and poor 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 **Trade and Investment Unit** provides cross-sectoral support in leveraging investment and accessing loans. As of the end of this second quarter the unit has assisted 12 lead clients in developing business plans, assisted two clients in obtaining loans through private banks that offer the USAID loan guarantee scheme, and helped arrange a Technology Fund grant for coffee processing equipment. The team, comprised of one manager, two full-time advisors, and a market information specialist, is also developing data to address policy constraints in horticulture transport and banking.

Project targets for this three year program are:

- 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 by 15% in number of skins affected by ectoparasites
  - 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, pegged to the performance monitoring plan (PMP) approved by USAID and the Project Steering Committee. The PMP is located in the Annex 1.

#### 3.1 PMP Section 1: Startup Activities, Communications, and Reporting

All startup activities are completed either ahead of schedule or on time. In regards to communications and reporting, the project produces a monthly bulletin which is made available to USAID, Steering Committee members, and all other interested parties in target sectors. Financial reports providing information on expenditure against budget are submitted with our monthly invoice. We also provide an

updated inventory list, approved Partner and Technology Fund agreements and expenditure tracker, and level of effort summary on our Project intranet site, [www.fintrac.com/ethiopia](http://www.fintrac.com/ethiopia). This password-protected site additionally provides market information, technical reports, project impact data, and scopes of work, for our project management team and USAID. The first year PMP, developed by the Project Director, project supervisor, and sector managers with inputs and feedback from USAID, was presented to the Steering Committee and approved on August 1<sup>st</sup>.

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

Each employee has his/her own laptop loaded with Fintrac's CIRIS software, and training has been given on how to input baseline, project activity and 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. As of the end of the second quarterly reporting period, baseline data has been collected on lead clients that includes: name and location, GPS position data, key activity that is tied to a targeted sector, name of Project advisor providing assistance, and basic production, sales, income and employment information. Detailed information on visits and advice provided by the Project technician is maintained after each visit and uploaded into Fintrac's central CIRIS database at least weekly. The Project's M&E Specialist is also conducting random spot-checks to validate baseline data. Any information on new sales, employment, and investments will be captured and posted in the database so that Project activities and results can be regularly consolidated and reported.

### **3.3. PMP Section 3: Marketing and Investment Activities**

The Trade and Investment Team has worked with the Ethiopian Investment Commission, commercial banks, the Chamber of Commerce and donors to develop current information on incentives and programs that are designed to increase business investment in Ethiopia. In particular special efforts have been made to link potential clients with the three private Ethiopian banks participating in USAID's loan guarantee scheme which has been specifically designed to encourage these types of investments in the Project's four targeted sectors.

The unit is also undertaking business plan and investment feasibility studies for individual clients. In the past two months:

- Assistance provided to prepare enterprise budgets and business plans for 12 targeted businesses
- In coffee, business plans have been developed with two companies, DTC and Amaro Gayo, to enable them to procure loans from the commercial banks under the USAID Loan Guarantee Scheme, and for Sibub Eba Small Coffee Producers, a private mill owned by 680 farmers. As a result of this assistance, DTC received a loan for capital equipment of \$12,500 and of \$550,000 for operating capital, and Amaro received an \$80,000 capital loan and \$552,000 operating loan.
- Also in coffee, one technology fund investment of \$12,500 has been approved to cost share the purchase an eco-friendly coffee pulping and demucilaging machine for DTC. They are matching this with their own funds for \$12,500, with \$2,000 cost of shipping being provided by their US joint-venture partner.
- Two companies in the slaughterhouse business are receiving technical and financial advisory services regarding their plans for investment.

External trade promotions at sector specific trade fairs are being planned, as are inward buyer/investor visits. Support was provided for an inward European buyer for fresh vegetables who has committed to buying 10 metric tons of fresh peas and beans over the coming months. And plans are underway for a major inward buyer mission for coffee, where up to 15 international importers are expected. In addition,

pre-planning for the East Africa Fine Coffee Association annual conference, to be held for the first time in Ethiopia in February 2007, is underway. A November trade mission to the EuroFruit Middle East Convention in Cairo for a delegation of Ethiopian fruit and vegetable producers is also being planned with the Horticulture Sector. Market data on key exports is being verified using several sources, so that baseline data used in the PMP reflects current realities in Ethiopia. Hiring of remaining staff members will be finalized October.

Market news reports have been developed for each of the four target trade associations; Horticulture Market News for the Ethiopian Horticulture Producers and Exporters Association (EHPEA), Coffee Market News for the Ethiopian Coffee Exporters Association (ECEA), Hides/Skins Market News for the Ethiopian Tanners Association (ETA), and Oilseeds/Pulses Market News for the Pulses, Oilseeds & Spices Processors Exporters Association (POSPEA). Two of these reports have been approved and published by the individual associations and are available on the Project's intranet site (and are annexed to this report). To date 13 market information training workshops have been held for 176 participants through these respective trade associations.

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

Target crops and production areas have been identified, and now lead clients and smallholder beneficiaries are being identified who are capable of meeting vegetable orders from EU buyers, and tomato orders from the large state farm/processing facility in the Awash valley. Training is already being provided to lead clients in the highlands around Addis to diversify production into summer flowers such as carnation, hypericum, and eryngium, and related Technology Fund agreements have been signed.

In August, the project organized a three-day technical workshop for producers from Upper Awash, Ziway and Awassa. Linked to this event was a mini trade fair wherein suppliers of irrigation equipment, seed, fertilizer, packaging and farm equipment exhibited products. Participants included Seminis Seeds, General Chemical Trading, Nazareth Tractors, Moplaco Shade Cloth, Hitec Trading (packing materials), Crop Life Association (safe agrochemical use), Ethiopian airlines, SNV (Dutch development agency), the Awassa Agricultural Research Station, and the Soil Science Department of Hawassa University. Building relationships with key input suppliers is critical to ensuring that adequate inputs are available to farmers for expanded production programs. A UK-based buyer, Caginternet, also conducted farm visits, discussed growing programs with lead Project clients, and conducted a seminar on how to start implementing EurepGAP.

In September, orders were placed to import hybrid seed needed for planting to fulfill orders placed by Caginternet for up to 10 tons of peas per week during the European winter season. Lead partner EthioVegFru, one of 18 lead partners in the horticulture sector, received assistance in commissioning a new planter and spraying equipment, and advice was given on drip irrigation and packhouse facility requirements. Later in September, work started with a new lead partner, Omega Farms (an Ethiopian-French joint venture), on large summer flower trials, with the goal of incorporating surrounding smallholders into an outgrower scheme.

A close working relationship has been established with the Ethiopia Horticulture Producers and Exporters Association (EHPEA), and the team is assisting them to increase capacity (ensuring no overlap with current donor funded activities) through coordination of airfreight bookings to ensure better prices and to reduce last minute off-loads at Bole Airport. To date, negotiations with Ethiopian Airlines have been held on forward planning of weekly export tonnage so that sufficient capacity can be offered to exporters, and cold storage facilities at the airport are being evaluated with recommendations provided on ways to improve this critical area of post harvest handling.

The sector is on target in terms of lead client selection, and establishment of demonstration sites. Training programs, however, are behind schedule, and the Project will be discussing shortly with

USAID the possibility of adding another team member, given unmet needs in this relatively new and high potential non-traditional export crops area. In summary, six demonstration farms have been established, four postharvest training events held including advice provided on construction of low-cost field packhouses, and 25 farmer group training events and 100 on farm extension visits have been conducted.

### 3.5. PMP Section 5: Coffee Program

The coffee team is beginning to provide technical assistance and transfer technologies to 18 lead clients in production, processing and marketing (which will ultimately impact 18,000 small coffee growers). Activities have been coordinated with counterpart organizations including GTZ, CFC, EU, and 4C, to maximize resources, and include:



*Bringing in the cherries, coffee harvest in Kaffa*

- Interventions at farm-level to increase productivity (i.e. tree stumping or trimming, introduction of organic composting/mulching, harvesting techniques);
- Postharvest handling improvements (i.e. eco-pulping technology, mechanical and sun-drying, storage);
- Quality control at cooperative/miller level (i.e. cupping);
- Improvements in marketing (i.e. direct selling, traceability improvements, more transparent sales and payments)

The sector team and the M&E unit have collected baseline data from the Ethiopian Coffee Exporters Association, and from private coffee farms, and compiled coffee quality standards from QSAE. These will be distributed to all lead clients, along with a manual that has been developed for this year's harvest season on proper coffee harvesting and processing procedures.

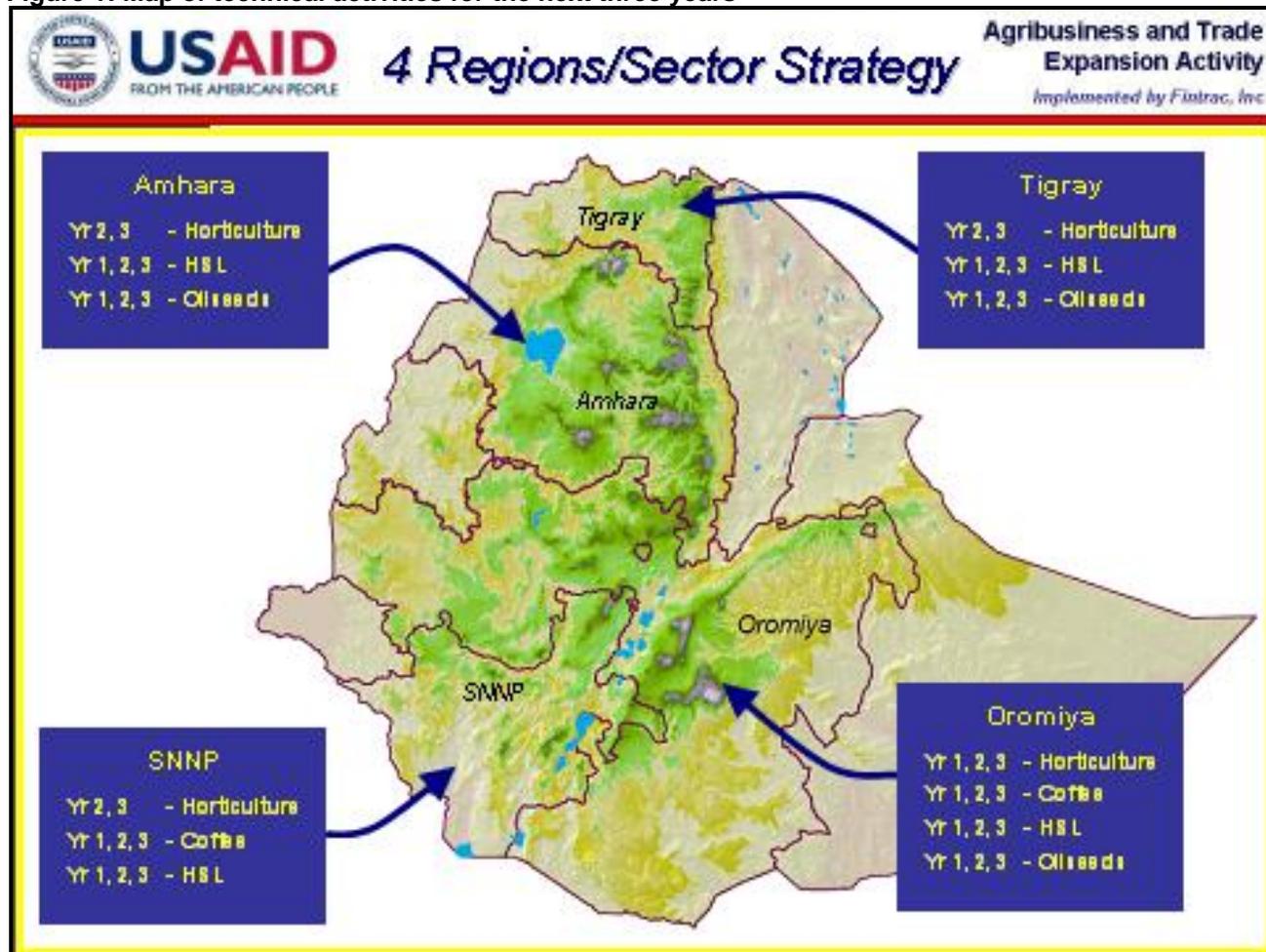
A Technology Fund agreement was signed with lead client Dominion Trading Company (DTC) for cost-sharing a new eco-friendly pulping machine. DTC is a Seattle, Washington-based coffee trading company that has invested in a private mill in the Yirgacheffee area, providing a contract for the mill's 1,500 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.

A second Technology Fund agreement was also signed to establish five mini-cupping labs in the heart of the coffee production areas (Konga, Wotona, Bultuna, Mizan, Teppi and Mini) where the Project has existing clients.

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

August and September have been busy months for on-going training of veterinarians and slaughterhouse technicians in order to address the high volume of rejected skins and hides, which at this point stands at 80 percent at the tannery level. The project objective is to reduce this rate to 15 percent. Tick baths or spraying are an important component—a 2 birr investment results in a 30 birr increase in the value of a sheep skin.

Figure 1: Map of technical activities for the next three years



The table below summarizes the number of trainings and trainees this reporting period:

Table 1: HSL training

Activity	Events	Trainees
Ectoparasite	8	179
Skinning/Flaying	10	347
<b>Total</b>	<b>18</b>	<b>526</b>

Future training programs have been agreed with the Oromia and SNNP regional governments for the period October through December 2006, at which point the first phase of training will be completed.

This is all part of a major effort to improve the quality of raw materials available to tanneries. The HSL team has worked intensively to coordinate its activities with the private sector, other donors and contractors, and the government to carry out this plan. For example, the Project's senior veterinarian provided in Fetche on September 29<sup>th</sup> the first of a series of training workshops to Land O'Lakes clients on ectoparasite and other animal disease controls, with the total training costs covered by Land O'Lakes. And a similar joint program and arrangement with the USAID-funded Ethiopian Sheep and Goat Productivity Improvement Project (ESGPIP) is being launched during the first week of October in the Afar regional state near the borders with Amhara and Tigray (where it will help minimize the cross-regional infestation of animals frequently brought from the Afar region).

In the districts of Lalomama and Gera Keya (“Lalogera”), the Project has successfully leveraged funding from the Amhara Regional Government (Birr 215,000, or US\$25,000), and has a proposal pending at the FAO in Rome (decision anticipated in November) for Birr 3,000,000 (\$345,000) which will cover all the costs involved in a blanket treatment of sheep and goats in the area (inclusive of dip/spray chemicals and equipment). Any additional resources needed for this program will be provided by the ESGPIP project as well as by the private multinational leather producer, Pittards Ltd, who manage Ethiopia Tannery Shares Ltd. (and are a BDS/corporate alliance partner to the Project).



*HSL training on salting skins in Gondar*

A new Partner Fund agreement was also signed this quarter with the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association and the City Administration of Addis Ababa to cost-share a pilot program to establish 30 modern hide/skin collection centers. Total project cost is \$218,400 of which the Project has committed about 28.75% over two years, with the Association paying out the remainder. The City Administration will participate by providing the land where these

collection centers will be situated.

### **3.7. Oilseeds/Pulses Program**

Recurrent Oilseeds/Pulses advisor Dr. George Gray completed an assessment at the beginning September, aimed at improving the sesame business in Tigray. In meeting with prospective lead clients he confirmed that current problems range from pest threats, to labor shortages, to lack of consistent quality and continuity of supply, to market knowledge, and the Project has subsequently designed a technical assistance program to address these issues. He presented his findings at a meeting on 31<sup>st</sup> August attended by POSPEA members and other oilseeds/pulses exporters, as well as the Director of the Ethiopian Grain Trade Enterprise (EGTE). Aschenaki Gebrehiwot, the Project's warehouse receipts specialist briefed individual businesses, including producers and traders, on the advantages and steps required to implement a more efficient, modern grain marketing system, including using warehouse receipts, with the goal of eventually moving to a commodity exchange, which is a major objective of the government.

This sector also continues to work with State Minister for the Ministry of Agriculture and Rural Development (Marketing), Yaekob Yalla, on helping his project implementation unit start warehouse receipts as a pre-cursor to the commodity exchange. Since the institutional and legal framework for warehouse receipts is only in place for maize and wheat, including approved standards and certifications through EGTE warehouses, the first transactions will be with one or both of these commodities. Concurrently we are working with the Ministry to expand the standards to include oilseeds and pulses so that these commodities can also be traded using warehouse receipts.

After a several-month search we have identified and appointed the Oilseeds and Pulses Manager on the project, Ato Teka Tedla, as well as the OP agronomist, Ato Yitbarak, who will be based in Shirre and therefore able to cover most of Tigray. This will fully staff this part of the Project team, which in the interim in addition to Dr. Gray and Mr. Ashenaki has been augmented by the Project Director, Steve Humphreys, and the Trade & Investment Advisor, Ian Sherry.

### **3.8. Policy Intervention Activities**

The Project continues to address critical policy constraints. This effort includes addressing cold storage handling capacity constraints at the Bole International Airport in Addis, as well as general regulatory bottlenecks hindering the competitiveness of target sectors. The airport issue, also addressed in the horticultural section (3.4) above, is particularly critical, given that the Government through its parastatal Ethiopian Airways, has recently completed the construction of a \$30 million airfreight transit facility, which includes only a small cold storage room. This is the only facility that is available to businesses exporting an increasing volume of flowers and fresh horticulture products. Many larger players would like to construct their own cold stores so that they can have full control of their product during this critical step in the export process. In addition, there could be potential for developing value added activities, such as high care sorting and packing, if exporters were able to invest in their own facilities. The Government thus far is resisting these requests. The project is therefore conducting a brief study to demonstrate projected cold storage needs based on current expectations for the growth of the industry. We would also like to bring key decision-makers to either Kenya or Dubai to show them the business potential of high care facility development, including the job growth potential for urban dwellers, a key concern in Addis Ababa.

We are also conducting an analysis of the legal framework for each of our target sectors, including government proclamations and foreign exchange directives, so that policy recommendations can be put forth for streamlining transactions along the value chain. As already noted in previous sections, our Trade and Investment Unit is also compiling data on horticultural transport and banking issues, and the first-ever Competitiveness Cluster in Ethiopia, established by the Project, is bringing key public and private sector decision-makers in the HSL sector together for the purposes of removing policy constraints.

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

There was significant headway in identifying and negotiating Partner and Technology Fund agreements during this reporting period (**Partners/Alliances/BDS**). The Partner and Technology Fund Grants Manual was reviewed and approved by USAID, and we negotiated and obtained approval for three Partner and three Technology Fund grants. Partner fund grants include:

- support for inbound investor and buyer missions in the form of payment for per diem and logistics assistance
- construction of up to 30 pilot hides/skins collection centers in the Addis Ababa municipality

For Technology fund grants we are supporting the following activities:

- travel, per diem and equipment support for training nearly 1,000 veterinarians and flaying/skinning personnel
- co-finance the purchase of an eco-friendly coffee pulping machine for an Ethiopian-US joint venture coffee exporting operation
- cost-share the purchase and installation of coffee cupping equipment in five locations in coffee growing areas of the country.

Total project and beneficiary contributions to these activities are summarized below:

<u>Partner Fund</u>	<u>Project Contribution</u>	<u>Beneficiary Contribution</u>
Inbound investors/buyers	\$ 58,950	\$220,000
Hides/skins collection centers	\$ 38,220	\$ 16,380
<u>Technology Fund</u>	<u>Project Contribution</u>	<u>Beneficiary Contribution</u>
HSL training	\$67,058	\$27,681
Eco Pulping Equipment	\$12,500	\$29,500
Coffee Cupping Lab Equipment	\$21,230	\$82,750

In summary, the project has committed \$197,928 in Partner and Technology funds which has leveraged cost-sharing investment by project partners of \$376,261 – almost double the initial USAID contribution. It should also be noted that in Fintrac’s experience, the percentage of partner investment exponentially increases as project implementation continues, and the economic impact of new technologies and collaborative efforts is even more clearly demonstrated.

In **environment**, we are taking steps to introduce the first integrated pest management (IPM) program for the Ethiopian horticulture industry, as well as a code of practice for the floriculture industry in order to address fertilizer and pesticide runoff from the large greenhouse operations that have recently been highlighted in Ethiopian press reports. In the coffee sector we continue to support millers who want to install low-water using eco-friendly pulping machines for coffee cherry processing. In addition, we will be providing assistance to businesses that choose to sun-dry coffee, eliminating the pulping step that currently pollutes vast quantities of water in coffee production areas of Ethiopia. We will also be supporting organic certification for coffee, oilseeds/pulses and horticulture.

In **organizational development**, we continued to train partners and counterparts in market information; this quarter, a total of 13 workshops for 176 participants were held through industry trade associations.

Activities in **gender mainstreaming** and **HIV/malaria** are not yet underway, though Fintrac’s home office gender team is preparing guidelines for staff awareness training and cooperative leadership, and discussions are underway with Project resource firm, Real IPM, on kitchen gardens for HIV-infected rural households.

### 3.10. Global Results Targets

We have not yet been able to take direct credit for any increases in export sales for this reporting period. However, due to project-initiated activities with partners, we have been able leverage over \$450,000 in new investments during this period.

#### 4. Planned Activities for Next Reporting Period

##### Coffee

- Sites agreed for five mini cupping labs in production areas, equipment procured, 10 new cuppers, two for each of these sites, to be trained at IPS lab in Addis
- Importation and installation of eco pulper for DTC completed
- Fifteen importers from the US, EU, and Asia participate in a tour of key production areas and a three day roundtable workshop with Ethiopian producers and exporters.

##### Horticulture

- Technology Fund agreements finalized with key clients for drip irrigation and hybrid vegetable seeds to meet orders for vegetable export
- Delegation from Government and private sector clients to visit Middle East fruit and vegetable conference sponsored by Eurofruit in Cairo to promote existing production and encourage inward investment
- STTA training assignments in EurepGAP and IPM

##### HSL

- Delegation of industry leaders to attend global competitive cluster conference in Lyon, France
- Continuation of field training under Technology Fund #1 on ectoparasite control, and correct skinning and flaying techniques in Oromia and SNNPR
- Second HSL cluster meeting will include key government, industry and donor participants who will prioritize action plans for industry change

##### Oilseeds/Pulses

- New agronomist completes training and is deployed to Shirre to provide technical support to Tigray region
- Training on warehouse receipts to be conducted for Lume Adama co-operative in Rift Valley area.

##### Trade and Investment

- Investment promotion document on the banking sector to be finalized and disseminated to all clients
- Quarterly news bulletins to be prepared for the associations, as well as product specific gross margin analyses

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

USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 8, second quarterly report 9/06)

Activity No.	Activity	2006							2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments
		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>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				completed
1.1.2	Key Personnel/Senior Team In-Place																	Key personnel/senior team in place	Timesheets			X				completed
1.1.3	Remaining LTTA local positions recruited and hired																	All field technicians in zones w/in 3 months	Timesheets			X				completed
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				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			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	3	3	34	Monthly bulletins produced and distributed to counterparts and partners	Copies of bulletins	4	30			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	3	3	3	3	3	3	3	36	Financial reports submitted to USAID (online/hardcopy)	Copies of reports	6	30			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	1	1	1	11	Quarterly/annual reports submitted to USAID	Copies of reports	2	9			X		Draft submitted for USAID review	
1.2.6	Final Report															1	Final report submitted	Final report	-	1			X			
1.2.7	Annual Local Taxation Reports								1				1			2	Local taxation reports submitted to USAID as required	Local taxation reports	-	2			X		Annual reports due yearly by April 1	

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		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>2</b>	<b>Monitoring &amp; Evaluation Activities</b>																									
2.1	Fintrac M&E System (CIRIS) Customized and Installed																CIRIS customized & installed	CIRIS system				X				Installed.
2.2	Program staff training in CIRIS																Staff trained	Regular project reporting				X				Training completed, system maintenance and customization ongoing
2.3	Baseline indicator data collected for all clients as added to program (baseline is previous year to entry into program as client)																Baseline data added for clients when starting with program	CIRIS reports					X			Ongoing as lead clients are signed up
2.4	Follow-Up Indicator Data Collected for All Clients																Data collected annually (end 4th and beginning 1st quarters) for most recent year completed.	CIRIS reports					X			
2.5	Customized "Real Time" CIRIS M&E Reports Available Online for Use by USAID																Data replicated to main database by all technicians at least once weekly; available on intranet site for USAID use.	CIRIS reports					X			Available online. Continuously updated. Additional report formats to be added as needed.
2.6	Random data validation performed by Project M&E Specialists																Random data validation performed by M&E technicians through in-field visits by clients	Internal M&E reporting; CIRIS edits					X			Ongoing.
2.7	M&E exercises conducted at least once yearly for each Partner Alliance and other subprogram activities; entry into CIRIS																Subprogram M&E reports	Internal M&E reports					X			Ongoing.
<b>3</b>	<b>Marketing and Investment Activities (Cross-Cutting)</b>																									
3.1	Publish market reports and sector-specific market updates		0	4	0	0	4	0	4	4	4	4	4	4	4	44	issues produced and disseminated	Copies of issues	2		42			X		Four reports completed, two pending approval from associations
3.1(a)	Horticulture Market News (quarterly)			1			1		1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	1		10			X		
3.1(b)	Coffee Market News (quarterly)			1			1		1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	1		10			X		
3.1(c)	Hides/Skins Market News (quarterly)			1			1		1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	1		10			X		
3.1(d)	Oilseeds Market News (quarterly)			1			1		1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	1		10			X		
3.2	Conduct market, competitiveness and consumption trends analyses on major crops and new products	1	1	1	1	1	1	1	2	2	2	2	2	2	2	24	market surveys and other reports produced	Copies of surveys and other market reports	2		22			X		
3.3	Undertake business plans and investment feasibility studies	2	2	2	2	2	2	2	6	6	6	6	6	6	6	68	Business plans and investment feasibility studies completed		5		63			X		
3.4	Promote client investment potential with banks participating in USAID loan guarantee fund and other programs (i.e. WB)	1	1	1	1	1	1	1	3	3	3	3	3	3	3	34	Loans received by clients across sectors		3		31			X		
3.5	Export & domestic market producer/buyer linkage service	2	4	4	4	4	4	4	12	12	12	12	12	12	12	134	market linkages developed	regular project reporting	4		130				X	
3.6	Support high-potential producers and/or processors participating in international trade shows and fairs					3		3		4		4		2		20	producers/processors participate in international trade shows and fairs	regular project reporting	1		19			X		
3.7	Support inward buyer/ investor missions across sectors				1	1	1		2		2		2	1		10	buyers provided support for inward buying and investment missions	regular project reporting	1		9			X		
3.8	Strategy and action plan for sustained access of market information developed					1										1	action plan and strategy developed	Copy of plan	1		-	X				
3.9	Develop partnerships with local BDS partner(s) to provide market information services (at least one for each sector)						1		1		1		1			4	BDS partnerships developed/Partner fund agreements operationalized	CIRIS, Copy of agreements	0		4			X		
3.10	MOARD, four main trade associations and other organizations' staff trained in agribusiness market information systems and export analyses				2		2		2		2		2			12	workshops	CIRIS	13		(1)		X			
					20		20		20		20		20			120	people trained in market analyses	CIRIS	176		(56)		X			
3.11	Training support to domestic market price reporting systems MOARD			1		1		1		1		1		1	6	domestic market price reporting systems training	regular project reporting	2		4		X				

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		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</b>	<b>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)	18	57		X			Additional lead partners added in 2007 and 2008 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	45	310		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	3	4	4	4	4	4	4	4	4		50	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	12	38			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	100	2,510			X		
4.5	On-Farm Group Training Events		0	4	6	9	9	9	15	20	27	27	27	27	27	27	27		261	training events	CIRIS training logs	25	236		X			
			0	20	30	45	45	45	75	100	135	135	135	135	135	135	135		1305	participants at training events	CIRIS training logs	669	636		X			
4.6	Technical assistance to packhouses (e.g. design and layout, equipment recommendations & sourcing, new technology demos, etc.)					5					10			10		5			30	packhouses assisted with designs and layouts	Copies of designs and layouts	4	26			X		
4.7	Training in postharvest handling					50							100			200	150		500	participants in postharvest training events	CIRIS training logs	4	496			X		
4.8	Technical assistance to micro- to large-scale horticultural processors (plant layout and design, equipment recommendations & sourcing, new technology demos, etc.)										2	4			4				12	5 large-scale horticulture processors supported; 7 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									1	support provided in curriculum development to Jimma and Amelemau (production, postharvest, microprocessing)	Alliance agreement; regular alliance reporting; CIRIS					X		
<b>4.13</b>	<b>Local Market Vegetable Program</b>																											X
4.13.1	Demonstration farms established with Farmer Groups					5	10				10	10			10	10			55	demonstration farms established in key production regions		6	49			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		

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4.14	<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	Target lead farmers identified, expanding to smallholder EUREPGAP training as well
4.14.2	Design and implement partner fund agreements with exporters to achieve EUREPGAP certification of smallholders					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	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										50	individuals receive advanced training in EUREPGAP protocol and certification requirements	CIRIS training logs; partner training logs	36	14					X	Introductory training conducted, extensive field training planned for 2007 Q1	
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	300	500	500	500	3,500	farmers trained in safe use of farm chemicals	CIRIS training logs; partner training logs	-	3,500						X	
4.15	<b>Export Market Development Program (New Product Development)</b>																										
4.15.1	Determine target products through production, market, and competitive analysis			2	1	1										8	target crops identified over life of program based on current and changing market conditions	market surveys, competitiveness assessments, production analyses	5	3						X	mange tout, sugar snap peas, baby corn, chillies, okra
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)			X													detailed program activities determined and added to PMP/workplan	Updated PMP								X	
4.15.2(b)	Smallholder flowers									X							detailed program activities determined and added to PMP/workplan	Updated PMP								X	
4.15.2(c)	African Birds Eye (ABE) chillies			X													detailed program activities determined and added to PMP/workplan	Updated PMP								X	
4.15.2(d)	Other spices										X						detailed program activities determined and added to PMP/workplan	Updated PMP								X	
4.15.2(e)	Tree crops											X					detailed program activities determined and added to PMP/workplan	Updated PMP								X	
4.15.2(f)	Fresh cut & other minimally processed fruit & vegetable products													X			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					1	1			1	1	1				7	Partner Fund agreements designed and implemented to support new product development activities	Partner Fund agreements	-	7						X	Partner fund agreement with input supply/seed supply firms in process
4.15.4	Demonstration farms or plants for new products installed and maintained throughout target zones					5	5			5	5					30	demonstration farms and plants	CIRIS reporting; demo farm directory	-	30						X	

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<b>4.16 High-Value and Added-Value Horticulture Program-Specific Impact Targets</b>																												
4.16.1	Export Sales of horticultural products increase																		\$ 129,170,000	million increase in CIF exports of fresh and processed horticultural products, summer flowers	Ethiopian Customs Authority data, EthioHorti; verified with major market import data	\$ -	\$ 129,170,000				X	Baseline June 2006 \$12.74 million
4.16.2	Domestic Sales of horticultural products increase (baseline TBD)																			increase in domestic sales of horticultural products from lead clients and beneficiaries	CIRIS						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)																		\$ 15,000,000	value of client and counterpart investment resulting from project activities	CIRIS	\$ -	\$ 15,000,000				X	
4.16.4	Increased sales by program-assisted farmers																		100%	increase in sales by program-assisted farmers over current national averages	CIRIS; random surveys	0%	100%				X	
4.16.5	Program-assisted farmers achieve average yields of 100% above current national averages																		100%	Program-assisted farmers achieve average yields of 100% above 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												30	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	18	12				X	Assumes initial group graduated after 1.5 years; additional lead partners added in late 2007 and 2008 to replace graduated partners
5.2	Beneficiaries of lead partners identified and representative M&E data collected	300	450	450	450	450	450												4,500	beneficiary farmers supported directly through lead partners	CIRIS	18,000	(13,500)				X	1,000 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				10	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	1	9				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				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 Jimma and Dila
5.5	On-Farm or Mill Group Training Events (improved management practices)				10	10	10	10	30	30	30	30	30	30	30	30			310	training events	CIRIS training logs	10	300				X	Pre harvest training on cherry selection
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	2	10				X	Select 12 co-ops out of 200, 6 in Jimma and 6 in Dila
5.7	Establishment of low-cost cupping labs									5									5	low-cost cupping labs established	Technology Fund investment reports; CIRIS	-	5				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 Kafa	CIRIS training logs	-	2				X	TOT, 10 in each area
5.11	Land area certified: Organic, RA, FairTrade, UtzKapeh																		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																		\$209,000,000	value of increase in annual coffee exports	Trade and industry statistics	\$0	\$209,000,000				X	Baseline June 2006 \$365.8 million
5.12.2	Total value of specialty coffee exports increases																		\$57,000,000	value of increase in specialty coffee exports	Trade and industry statistics	\$0	\$57,000,000				X	Target and baseline to be verified
5.12.3	New Client investment in new processing and cupping technology																		\$1,600,000	value of client and counterpart investments	CIRIS	\$92,500	\$1,507,500				X	eco-pulping and cupping equipment
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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<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	5	5	5	22	23		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												19	(2)		X			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	1	1	1	8	3		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 comprise		
		30	30	30	30	30	30	30	60	60	60	60							450	179		X				
6.4	Training activities in quality improvement in flaying and curing to abattoirs (training of trainers)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	10		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		
		50	50	50	50	50	50	50	50	50									400	347		X			Ditto	
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	13				X		See 6.4		
				15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	195				X			
6.6	Develop pilot traceability program to improve raw material supply to leather processors				1					1		1						3				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						1				X				
6.8	Providing training in tanning process improvements								20		20			20				80				X		STTA from University of Northampton for 20 tanneries, in collaboration with GTZ and UNIDO.		
6.9	Training manufacturers in business and investment planning										4							4				X		100 companies in Addis trained.		
6.10	Supporting inward missions								1		1		1		1		1	5				X				
6.11	Partner agreement with U of Northampton and LLPTI to improve lab, train technicians and standards training								3		3		3		3			12				X				
6.12	Develop LSH competitiveness cluster				1													1				X		Cluster formed, program underway		
<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																	\$ 5,000,000		value of new client and counterpart investments	CIRIS	\$ -	\$ 5,000,000		X	
6.13.3	Increased value of hide, skin and leather exports from Ethiopia																	\$ 48,000,000		value of increased exports	Trade and Industry Statistics	\$ 48,000,000		X	Baseline June 06 \$75.3 million	



**USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period** (version 8, second quarterly report 9/06)

Activity No.	Activity	2006				2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments															
		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>9</b>	<b>Other Cross Cutting Activities: Organizational Development, Partners/Alliances/BDS, Gender Mainstreaming, Environmental Management, HIV/Malaria</b>																																					
<b>9.1</b>	<b>Organizational Capacity Development</b>																																					
9.1.1	Groups receive training in capacity building and business development																								250	groups receive training in capacity building and business development	CIRIS and other project reporting	0	250				X					
9.1.2	Group leaders receive specialist management training																									250	group leaders receive specialized management training	CIRIS and other project reporting	0	250				X				
<b>9.2</b>	<b>Partners Fund, Alliances, and BDS</b>																																					
9.2.1	Partners/Technology Fund (Grant) Manual prepared, approved by USAID																									1	Manual approved by USAID	Copy of manual	1	-	X							
9.2.2	Partner & technology fund alliances established	1	1	1	1	1	1	1	3	3	3	3	1													20	Agreements designed and operational	Copy of agreements	5	15				X				
9.2.3	National Smallholder Technology Fund designed and implemented for small-scale/cost investments	1																								1	National Smallholder Tech Fund established	Copy of tech fund	1	-	X							
9.2.4	Cost sharing for the implementation of these alliances reach at least a one-to-one ratio either in-cash or in-kind. (non-project sources)																										\$ 950,000	Alliance partner contributions reach \$950,000 (expected by 3/31/08)	Agreement, CIRIS + alliance partner validation	\$ 376,261	\$ 573,739				X	Estimated cost share of Technology and Partner Funds		
<b>9.3</b>	<b>Gender Mainstreaming</b>																																					
9.3.1	Support Women's Entrepreneurial Institute																										1	Partner agreement signed with WEI	agreement	0	1				X			
9.3.2	Project staff training in Gender Mainstreaming & Implementation Approach																										All	Project staff trained	internal project reporting						X			
<b>9.4</b>	<b>Environmental Management</b>																																					
9.4.1	Initial Project EEI/PERSUAP prepared and submitted to USAID for approval			1																							1	initial EEI/PERSUAP completed & submitted to USAID	copy of EEI/PERSUAP	0	1				X	Determination by USAID required on status of existing mission EEI and PERSUAPS		
9.4.2	Mitigation measures identified in Project EEI/PERSUAP implemented																												mitigation measures implemented in all program activities	CIRIS TA & training reports; other reporting						X		
9.4.3	Follow-up environmental assessments completed as required																												follow-up assessments	copy of reports						X		
9.4.4	IPM training programs incorporated into all production activities																											10,000	participants in project training events that include IPM transfer	CIRIS training logs	0	10,000				X		
<b>9.5</b>	<b>HIV/AIDS and Malaria</b>																																					
9.5.1	HIV/AIDS and Malaria prevention and treatment programs incorporated to maximum extent possible in training activities through support from local NGOs																											5,000	participants in program-sponsored training events that include HIV/AIDS and Malaria prevention and treatment training	CIRIS reports; subgrants with and reporting from local NGOs	0	5,000				X	Will work with other donor programs and NGO health specialists	
<b>10</b>	<b>IR and other Global Results Targets (all targets by Mar 2008)</b>																																					
10.1	Increased value of exports of target sectors																												\$457,170,000	value of increased annual exports (over year ending 3/31/08 over CY2005 baseline)	Official trade statistics	\$0	\$457,170,000				X	
10.2	Client and counterpart investments																												\$22,600,000	value of client and counterpart investments	CIRIS + validation; field surveys	\$456,261	\$22,143,739				X	

## **Annex 2. Monthly Bulletins**

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



## MONTHLY UPDATE – July/August 2006

### ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

*“Increasing Rural Incomes and Employment”*

#### PROJECT BACKGROUND

The Ethiopia Agribusiness and Trade Expansion Activity, which started in April 2006, is a three-year initiative (with two additional option years) funded by the United States Agency for International Development (USAID). Its main objective is to increase agribusiness productivity, farmer incomes, and export, regional and local sales in the horticulture, oilseeds and pulses, coffee, and hides/skins/leather (HSL) sectors.

#### NOTE FROM THE PROJECT DIRECTOR

We’re looking forward to the official project launch on September 19<sup>th</sup>, which also signals the recent end of first quarter operations. Field technicians have been busy providing technical assistance and training to hundreds of lead farmers and farmer groups in Amhara, SNNPR, Tigray, and Oromia, while Addis-based staffers have been coordinating critical public-private sector dialogues, and getting “partnership and technology fund agreements” signed that will allow the project to leverage resources, expand outreach, and ensure that all activities are linked to actual market demand. The level of commitment and collaboration from the Ethiopian public and private sectors has been outstanding, and we would particularly like to extend our thanks to the Ministry of Agriculture and Rural Development (MoARD); the Ministry of Trade and Industry (MoTI); the Ethiopian Horticultural Producers and Exporters Association (EHPEA); the Pulses, Oilseeds, and Spices Processors Exporters Association; the Ethiopian Coffee Exporters Association, and the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association. Together with USAID these organizations are giving valuable guidance to the Fintrac management team through the Steering Committee of this project. We will be issuing this Monthly Update to report out on project activities and results for these and other partners, donors, development practitioners, and agribusiness clients. Please also visit our website ([www.ethiopiaag.org](http://www.ethiopiaag.org) or [www.fintrac.com/ethiopia.asp](http://www.fintrac.com/ethiopia.asp)), to which Monthly Updates and other special publications will be regularly posted.

Steve Humphreys, Director,  
Ethiopia Agribusiness and Trade Expansion Activity



Coffee Harvesting, Kaffa.

*This Project is implemented by the US agribusiness firm, Fintrac Inc. Consortium members include Boot Consulting, the Economic Competitiveness Group, Manchester Trade, and the Rainforest Alliance. It covers four industry sectors in four regions of Ethiopia. For more information on ATEA activities, please contact:*

#### USAID Agribusiness and Trade Expansion Activity

*“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  
Email: [atea@fintrac.com](mailto:atea@fintrac.com)



## MONTHLY UPDATE – July/August 2006

### *Ethiopia Agribusiness and Trade Expansion Activity*



*Hypericum Seedling Production*

### **HORTICULTURE**

As part of the plan to jumpstart commercial vegetable exports this season, the Project sponsored a three-day grower workshop in Awassa at the end of August. A total of twenty-four growers (average farm size 40 Ha) attended from main production areas in Upper Awash, Zuwayi, and Awassa. Speakers included Jonathan Parkin, principal shareholder of Caginternet; Peter Francombe, General Manager of Seminis East Africa; Mike Yaniv and Guy Luria of Netafim; Tadesse Abrham, Managing Director of Awassa Green Wood; and Yorem Perets, Managing Director of Tabor Herbs. Presentation topics ranged from UK market potential for vegetables to EurepGap requirements, packhouse management systems, good agronomic practices, and the transfer of drip irrigation and other technologies.

The Project also sponsored a mini Trade Fair in Awassa for members of the supply industry to establish contact with growers, and demonstrate product range. Participating companies included Ethiopian Airlines, General Chemical Trading, Nazareth Tractors, Moplaco (shade cloth), Hitec Trading (punnets and packaging), the Crop Life Association (safe-use training in agrochemicals), the Awassa Agricultural Research Station, the Soil Science department of Hawassa University, and SNV, the Dutch development agency.

One immediate result is that Caginternet, a UK marketing company specializing in exotic vegetable sales to supermarkets, is negotiating with a group of ATEA client exporters to supply a range of vegetables to the British supermarkets. Products would include mangetout, sugarsnaps, chillies, asian vegetables and babycorn.

The Project is also concentrating on building a summer flower industry in Ethiopia, with demonstration sites already planted for hypericum and oriental lillies at higher altitude zones around Addis Ababa. A range of open-field, shade-cloth and tunnel systems – at various altitudes and micro-climates – are also being tested for zantedeschia, paeonia, eryngium, ranunculus, and solidago. Summer flowers

require much less capital investment than roses and other higher-value cut flowers (lending themselves to smaller production), but can piggy-back onto existing market linkages, in demand by the same EU buyers and distributors.

Concerns with sufficient airfreight capacity, production seasonality, southbound cargo, inconsistent postharvest handling infrastructure and logistics, and grower certification have all been identified as enabling environment issues of strategic importance for the Project, EHPEA, client farmers, and perhaps most importantly, overseas buyers. ATEA is also working closely with Wageningen University (Netherlands), which is drafting a Code of Conduct for the floriculture industry, and providing specialist input on its relevance to the vegetable export industry.



*Wet Coffee Pulping Station, Jimma*

### **COFFEE SECTOR**

The Project is entering into partnerships with exporters to expand existing markets, and develop new ones; and design common marketing strategies within and outside of the country that will successfully promote the Ethiopian brands, resulting in substantial sales increases. The ATEA production team works on the ground with producer associations and millers to improve quality and productivity, while the ATEA investment team (see below) organizes commercial loans.



## MONTHLY UPDATE – July/August 2006

### *Ethiopia Agribusiness and Trade Expansion Activity*

An inward buyers' mission has been arranged for next month to Ethiopia, one of several planned for the 2006/2007 season – the next one will be in February, timed to coincide with convention of the East Africa Fine Coffee Association, and the third and largest will be next autumn. Participation by Ethiopian exporters is also planned for specialty coffee shows in the US (April), and in Japan (August).

Willem Boot (Boot Consulting) is a senior sectoral advisor on ATEA, and the founding principal of E-Café, a non-profit foundation that works with cooperative farmers worldwide to promote and market coffee directly. The latest E-Café on-line auction last month sold a quarter million US dollars of Ethiopian coffee in a half-day, and the Project will support efforts to make next year's auction even bigger. One lot achieved a record price of \$10.65/lb.

Boot is also working on positioning Ethiopia to play a leading supply role to emerging coffee markets in Australia, New Zealand, Taiwan, and China.

ATEA has additionally entered into partnership agreements with five coffee mills, and as part of that effort, is installing small cupping labs in each one, and training two cupping & quality inspectors per facility.



*Parchment coffee, DTC.*



*Graduated Vet Trainers, Gonder.*

### **HIDES, SKINS & LEATHER**

Hundreds of extension workers, private sector employees, producers and traders have already been trained in ectoparasite control and treatment, and in better harvesting, curing and logistics of hides and skins, and almost one thousand will be project-certified by January, as part of USAID's road map to revamp the country's hides and skins value chain.

Establishment of new collection centers for hides and skins in all major cities is currently underway in conjunction with regional government offices and the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association. These will be operated by project-certified technicians. Cities are targeted since the high concentration of slaughtering takes place there.

It is anticipated the resultant quality and quantity upgrade of raw hides and skins delivered to tanneries will at minimum double existing earnings for tanners, substantially increase returns to farmers, and encourage investment so that more value-added tanning and manufacturing takes place in-country.

The Project has also launched a "Competitiveness Cluster" for the HSL industry, in which private and public sector leaders are actively participating in a year-long, comprehensive effort aimed at improving performance across the entire value chain. The first phase focuses on consensus identification of critical issues impeding trade expansion in priority order, with the next phase concentrating on development of action initiatives designed to break through impediments with new policies, private sector initiatives, and private/public sector partnerships. The first session kicked off with more than forty participants at a half-day workshop in mid-August, facilitated by world-renowned competitiveness expert Ted Lyman (Economic Competitiveness Group), and a keynote presentation by the Hon. Tadesse Haile, State Minister in the Ministry of Trade and Industry.



## MONTHLY UPDATE – July/August 2006

### Ethiopia Agribusiness and Trade Expansion Activity

#### STAFF LIST

##### Management Team

Steve Humphreys, *Chief of Party*  
shumphreys@fintrac.com  
Atsede Yohannes, *Project Accountant*  
atsede@fintrac.com  
Tirsit Sisay, *Office Manager*  
tirsit@fintrac.com  
Meheret Mersia, *Administrative Assitant*  
meheret@fintrac.com  
Tewodros Getachew, *M&E Specialist*  
tewodros@fintrac.com  
Wubeshet Tadesse, *IT Specialist*  
wubeshet@fintrac.com  
Yilma Woubishet, *Logistics Coordinator*  
yilma@fintrac.com  
Tehetena Gezahegn, *Data Encoder*  
tehetena@fintrac.com

##### Horticulture

Ian Chesterman, *Horticulture Manager*  
ichesterman@fintrac.com  
Melaku Tedla, *Horticulture Field Adviser*  
melaku@fintrac.com  
Semret Kifleyesus, *Horticulture Agronomist*  
semret@fintrac.com  
Eskinder Kebede, *Horticulture Agronomist*  
eskinder@fintrac.com  
Sinshaw Belay, *Horticulture Agronomist*  
sinshaw@fintrac.com

##### Coffee

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)

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

##### Oilseeds

Aschenaki Gebrehiwot, *Warehouse Receipts Specialist*  
aschenaki@fintrac.com

##### Trade and Investment Team

Ian Sherry, *International Investment Manager*  
isherry@fintrac.com  
Masresha Yimer, *Market Information Specialist*  
masresha@fintrac.com

#### OILSEEDS & PULSES

Initial ATEA focus in this sector is on:

- Regaining Japanese market share for sesame
- Decreasing brachid investation on pulses
- Coordinating model warehouse receipts activities within selected crops and areas in conjunction with the private sector and EGTE
- Capacity- strengthening/collaboration with POSPEA.

Future Monthly Updates will report in more detail on the training and technical assistance being provided to extension workers and farmers on brachid eradication, and on the crops and areas selected for testing warehouse receipts. The first project activity on capacity-strengthening and collaboration has already been completed, which was an unprecedented industry meeting coordinated in conjunction with POSPEA, in which a range of public and private sector decision-makers discussed challenges.

The project is further along on sesame. Buyers report that increasing competition is threatening Ethiopian exports, and a widely disparate range of product quality is a threat to market share. ATEA is therefore prioritizing insect control, resolution of DDT residue issues, and introduction of shatter-resistant varieties to reduce harvest losses. We will work on conservation tillage to reduce production costs, and improve environmental stewardship, and work towards the issuance of export certificates to ensure grades and standards adherence to market specifications. Finally, the branding of sesame origins is a critical ATEA activity, especially given the premiums (and current mislabeling problems) for white sesame from Humera.

#### TRADE, INVESTMENT & POLICY INITIATIVES

Business planning and investment services have been provided to ten companies across sectors, with the initial three successes reported in the coffee sector. Two commercial bank loans for working capital have been leveraged to date, each for one-half million US dollars, utilizing the USAID loan guarantee scheme. One recipient, local processor Amaro Gayo Coffee, is projected to triple sales as a result, and incrementally increase the incomes of nine hundred outgrowers in the remote Amarao region.

The other private sector recipient, DTC, is the local partner of the Seattle-based Dominion Coffee. DTC was also able to take advantage of the ATEA Technology Fund through the cost-shared purchase of an eco-friendly pulping machine that not only meets buyer specifications, but uses one hundred times less water than previous equipment.

Annual export sales for DTC as a result of this assistance are projected to increase up to 31 containers within two years. This will impact on the incomes of the 1500 DTC outgrowers through not only exponentially increasing bean demand, but also because the company's 60-40 profit-sharing arrangement stipulates that twenty percent of profits go directly to growers, with another twenty percent contributed to community schools, clinics, and other activities.

The Project additionally initiated new supply and market linkages for a newly-formed coffee processing firm located in Agre Mariam, which is comprised of 680 farmer-shareholders on 900 hectares, simultaneously advising them on an investment strategy of phasing in equipment and installation procurements that will save hundreds of thousands of loan dollars.

On policy initiatives, in addition to the enabling environment issues being identified by clients and sectoral teams, the Project has also been advising public and private sector counterparts on AGOA and WTO challenges and opportunities, most recently through debriefings for a senior-level Ethiopian delegation and USAID counterparts in Washington DC.



**USAID**  
FROM THE AMERICAN PEOPLE

## MONTHLY UPDATE – September 2006

# ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

*“Increasing Rural Incomes and Employment”*

### PROJECT BACKGROUND

The Ethiopia Agribusiness and Trade Expansion Activity (ATEA), which began in April 2006, is a three-year initiative (with two additional option years) funded by the United States Agency for International Development (USAID). Its main objectives are to increase agribusiness productivity and farmer incomes, and increase export, regional and local sales in four of the country's most important sectors: horticulture, oilseeds and pulses, coffee, and hides/skins/leather (HSL). The project includes a cross cutting Trade and Investment function designed to remove policy constraints and improve access to finance. ATEA covers four regions in Ethiopia: Tigray, Amhara, Oromia and SNNP.

### NOTE FROM THE PROJECT DIRECTOR

September was an exciting month in Ethiopia and for our project. New Year's & Meskel holidays were feted, and ATEA's official launch ceremony was held at the Hilton Hotel on Sept. 19. The event was attended by more than 450 guests including senior Ethiopian government representatives, diplomatic officials, business community leaders, and project clients. State Minister of the Ministry of Trade and Industry Tadesse Haile, USAID Ethiopia Mission Director Glenn Anders, and US Charge d'Affaires Janet Wilgus made keynote speeches. Under the marketing slogan “Ethiopia by Choice” and the production slogan “Right Climate, Right Place, Right People, Right Now” a sense of excitement for each sector was in the air and one participant called the event “a thrilling occasion.” But it is our field work that is most exciting. We are now working with more than 60 lead clients representing thousands of farmers and herdsmen in our four targeted sectors and have started implementing training and technical assistance programs to address constraints and improve market competitiveness and access.

The Monthly Update is designed to inform our partners, donors, development practitioners, and agribusiness clients of project activities *and results*. Please also visit our website ([www.ethiopiaag.org](http://www.ethiopiaag.org)), where Monthly Updates and other special publications are posted.

Steve Humphreys, Director,  
Ethiopia Agribusiness and Trade Expansion Activity



*Photo courtesy of Fintrac*  
Coffee Harvesting is in full swing this month in Sidamu.

*This project is implemented by Fintrac Inc, a US agribusiness firm. Consortium members include Boot Consulting, the Economic Competitiveness Group, Manchester Trade, and the Rainforest Alliance. It covers four industry sectors in four regions of Ethiopia. For more information on ATEA activities, please contact:*

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

*“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: [atea@fintrac.com](mailto:atea@fintrac.com)



### **HORTICULTURE & FLORICULTURE**

With the conclusion of the vegetable exporters training program in Awassa, field work with potential commercial growers started in earnest. The efforts included ongoing activities aimed at diversifying the export vegetable industry to target the UK market.

A follow-up report from Caginetnet, a marketing organization, highlighted the challenges that the industry must overcome to compete effectively in the world's toughest fresh-produce markets. The challenges include meeting requirements for good agricultural practices (GAPs) and implementing more modern farm-to-market infrastructure. The project has selected a group of lead clients and is actively supporting their efforts to meet these challenges all along the value chain. Initial consignments of vegetable seeds of the varieties requested by buyers are being organized and trial plantings are being established to jump-start the program.

Preparations are also underway for the traditional start of the bobby bean planting season in early October. Ethio VegFru, a leading private-sector grower specializing in bobby beans, worked with project staff to commission a new planter and sprayer and also completed its investment in drip irrigation and packing facilities.

The beneficial impact of vegetable exports on charter-flight freight rates and overall cargo capacity were key issues discussed with senior officials of Ethiopian Airlines. The development of handling infrastructure, cold-chain systems and pallet management will continue to be a strategic focus of the project and will call for close collaboration among stakeholders involved in freight logistics.

The project and a leading grower, which is supported by Flora Holland, a Dutch marketing organization, have

cemented an action and investment plan for a large summer flower trial. Smaller trials of Hypericum varieties are already underway at an alternative high-altitude site. A longer-term marketing strategy for added-value flower sales is being prepared along with a detailed look at cost and revenue targets in the value chain. Summer flowers are ideal for smallholders living in the vicinity of large rose operations because they are high value, require less expensive technology, and can be marketed through these established flower export channels.

The rapid expansion of the floricultural industry is a dramatic result of the government's policy to support agriculture-based, export-led growth through investment in infrastructure and serves as a model to further contribute to Ethiopia's overall agricultural success.



### **COFFEE SECTOR**

Our field-based coffee agronomists have now moved into their operating areas in Oromia and SNNP and have started working closely with 18 lead clients, each representing approximately 1,000 farmers. Tesfaye Negash is based in Awassa, will work with farmers in the southern coffee producing area and Getachew Zeleke will work in Jimma to cover the western area.

With the assistance of Willem Boot, our specialty coffee consultant, arrangements are well underway for an inward buyer mission in late October. As many as 15 importers from the US, Europe and Japan are expected to visit production and processing sites in Sidamo and Yirgacheffe, and participate in a three-day coffee discussion in Yerga Alem with producers. Through technology fund grants we have cost-shared the purchase of eco-friendly processing equipment for a US-Ethiopian joint venture coffee exporter, and cupping lab equipment for five cooperatives. Training of cooperative personnel in cupping techniques and quality control begins in October.

The project also signed a Partners Agreement with the US-based Coffee Quality Institute, which is providing industry specialists in organic production, cupping training, processing and marketing on a volunteer basis, with the project covering the cost of travel and per diem. In addition, Rainforest Alliance will visit Ethiopia in October to begin work on its first program in Africa.

In coordination with USAID's Regional Agriculture Trade Expansion Support (RATES) project, we continue to prepare for the East African Fine Coffee Association (EAFCA) conference to be held in Addis Ababa in February 2007. We are very excited that it is Ethiopia's turn to host the event, because it gives us an opportunity to show international buyers the quality and range of coffees we have to offer.



*Photo courtesy of Fintrac*  
*Improper handling damages cowhides at slaughterhouse, increasing rejection rates.*

## **HIDES, SKINS & LEATHER**

September was a busy month for the HSL sector. Training continues for veterinarians to address the ectoparasite infestation that is ravaging Ethiopian herds, and for slaughterhouse workers to reduce the damage to hides and skins when slaughtered. Events held in Fitche, Sululta and Legedadi trained 113 technicians. The program continues through December. We expect that the rejection rate of skins and hides at the tannery level will begin to drop from its current rate of 80 percent to our target rate of 20 percent. We will also encourage more aggressive tick baths and spraying — we estimate that a 2 birr (20 cent) investment per animal for tick treatment will result in a 30 birr (\$3.45) return on the average sheep skin, a staggering 1,400 percent return on investment. This does not take into account the expected improvement in feed conversion, which is reduced by more than half in an infected animal. Investments like this make sense for Ethiopia.

Two new partner fund programs have also been approved this month. The first is with the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association and the city administration of Addis Ababa to establish 120 modern hide/skin collection centers. The total cost is \$218,400 of which ATEA has committed 29 percent and leveraged the balance from the industry and the municipality. Once the city administration allocates land for these centers, we will purchase the collection structures, which are converted shipping containers, and train personnel to run these small businesses. Through better selection and handling, rejection rates at the tannery level will drop significantly. The second partner fund agreement is also with the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association. The deal launches a one-year media campaign on Radio Fana to sensitize the public on techniques for improved harvesting and handling of hides and skins and promote the new collection centers. Because the majority of animals are still butchered at the household level, the effort is projected to increase the collection of hides and skins that would be otherwise lost.

## STAFF LIST

### Management Team

Steve Humphreys, *Chief of Party*  
shumphreys@fintrac.com  
Atsede Yohannes, *Project Accountant*  
atsede@fintrac.com  
Tirsit Sisay, *Office Manager*  
tirsit@fintrac.com  
Meheret Mersia, *Administrative Assistant*  
meheret@fintrac.com  
Tewodros Getachew, *M&E Specialist*  
tewodros@fintrac.com  
Wubeshet Tadesse, *IT Specialist*  
wubeshet@fintrac.com  
Yilma Woubishet, *Logistics Coordinator*  
yilma@fintrac.com  
Tehetena Gezahegn, *Data Encoder*  
tehetena@fintrac.com

### Horticulture

Ian Chesterman, *Horticulture Manager*  
ichesterman@fintrac.com  
Melaku Tedla, *Horticulture Field Adviser*  
melaku@fintrac.com  
Semret Kifleyesus, *Horticulture Agronomist*  
semret@fintrac.com  
Eskinder Kebede, *Horticulture Agronomist*  
eskinder@fintrac.com  
Sinshaw Belay, *Horticulture Agronomist*  
sinshaw@fintrac.com

### Coffee

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)

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

### Oilseeds/Pulses

Teka Redaa, *Oilseeds/Pulses Manager*  
teka@fintrac.com  
Aschenaki Gebrehiwot, *Warehouse Receipts Specialist*  
aschenaki@fintrac.com  
Yitbarek Liben, *Oilseeds/Pulses Agronomist*  
yitbarek@fintrac.com

### Trade and Investment Team

Ian Sherry,  
*International Investment Manager*  
isherry@fintrac.com  
Masresha Yimer,  
*Market Information Specialist*  
masresha@fintrac.com

We continue to coordinate activities with other USAID programs and donors. For instance, we started training dairy clients of Land O'Lakes, a US agribusiness firm and USAID grantee. The first joint program was held in late September in Fetche, where our veterinarian specialist trained Land O'Lakes clients in ectoparasite control. We will carry out a similar joint program with the Ethiopian Sheep and Goat Productivity Improvement Project (ESGPIP). Our veterinarian will conduct a training program for ESGPIP's clients in Afar during the first week of October. Other joint efforts include:

- working with Amhara's regional government to assist with the treatment of sheep and goats as a follow-up to our veterinarian training in the Lalomama and Gera Keya districts. The total cost of the investment from the region on this is estimated to be birr 215,000.
- cooperating with the Food and Agriculture Organization of the United Nations, which has pledged birr 3 million to support spraying and dipping activities in Lalogera
- cooperating with ESGPIP, which will commit budget support after the exact FAO funding is known. The British firm Pittards Ltd, managing partners with Ethiopia Tannery Shares Ltd, will also cost-share a portion of this activity.

## OILSEEDS & PULSES

Our oilseeds and pulses team is now in place after hiring Sector Manager Teka Redaa, and agronomist Yitbarek Liben. Liben will be based in Shirre to provide technical advice to clients in the Tigray region.

The project's senior adviser for oilseeds and pulses, Dr. George Gray, has completed the team's strategy for improving productivity and marketing in the sector. Critical issues to address include pest damage and inappropriate pesticide use, labor shortages, lack of consistent quality, lack of continuous supply, and the need for better market information. He presented his findings and a program to address these issues to POSPEA members and EGTE.

Efforts to initiate the first warehouse receipts-based transactions and inventory credit system in Ethiopia are underway. Nearly all elements for these transactions are in place, including eight EGTE warehouses, which are certified and bonded to manage grain deposits, the Commercial Bank of Ethiopia, which will accept warehouse receipts as collateral for credit, and national grades and standards that have been established by the Ministry of Agriculture and Rural Development (MoARD) for wheat, maize, barley and sorghum. We are working with industry and MoARD officials to iron-out some inconsistencies in the current law and to expand the grades and standards law to include key oilseeds and pulses. Our goal is to have successful transactions of grain using warehouse receipts by the end of 2006.

## TRADE, INVESTMENT & POLICY INITIATIVES

The team has been assisting clients in each targeted sector with business planning and investment services. In September we provided technical assistance to 12 clients in the private sector, including coffee and grain millers, coffee and oilseeds/pulses exporters, and slaughterhouse operators. As a direct result of our assistance, two bank loans, totaling \$855,000, were negotiated by our clients through the USAID loan guarantee program. In the area of policy, we are working to develop a competitive framework for expanded air freight handling services to ensure continued capacity and support to the rapidly growing horticulture and flower sectors. We are also focusing on banking sector constraints that inhibit growth in the export industry. This includes constraints relating to the import of agricultural inputs and supplies that are critical for improving competitiveness in these sectors.

“Increasing Rural Incomes and Employment”

**Annex 3. Market Information Reports**



**USAID**  
FROM THE AMERICAN PEOPLE



Ethiopian Horticulture Producers  
and Exporters Association

( E H P E A )



## Quarterly Market News Service Newsletter for EHPEA members

August 2006

This Newsletter will be published quarterly by the Ethiopian Horticulture Producers and Exporters Association (EHPEA), with support provided by USAID/FINTRAC | Agribusiness and Trade Expansion Activity.

In an effort to improve its contents and make the Newsletter a more useful and timely source of market information for the sector, we look forward to continued feedback from growers, collaboration and support from the concerned government institutions and other non governmental organizations.

Upcoming issues of the newsletter are intended to focus on the following matters, namely, relevant current grower-orientated news and messages, production, trade, investment and performance issues.

Directives/regulations, current domestic and international prices, international recent news on Trade and Investment, Import regulations and requirements, Trade Fairs/Exhibitions at Domestic, Regional, and International levels; and also market information on trading opportunities will also be incorporated in the Newsletter.

### Agribusiness and Trade Expansion Activity

#### Mission

The US Agency for International Development (USAID) has established the market-led Ethiopia Agribusiness and Trade Expansion Activity to energize four industry sectors: horticulture; coffee; hides, skins and leather; and oilseeds.

#### Results Oriented

This activity will dramatically improve the competitiveness and productivity of farmers, processors and traders in the horticulture sector, resulting in increases in exports, investment, employment, and incomes. Incremental results are reported regularly via program website and monthly news bulletins.

#### Implementing Consortium

The program, funded by USAID, is being implemented by the US agribusiness firm, Fintrac Inc., in conjunction with an array of partners including the Ethiopian Horticulture Producers and Exporters Association (EHPEA), the Ministry of Agriculture and Rural Development (MoARD), the Ministry of Trade and Industry (MoTI) and the Ministry of Finance and Economic Development (MoFED).

#### Technical Services

A team of agronomists, post harvest physiologists, processing technologists, logistics coordinators, and marketing and investment specialists, are available in-country and in-markets to provide participating Ethiopian entrepreneurs with support in the following market-led areas:

- Production assistance and training in improved technology and cultural practices including land preparation, growing programs, drip irrigation, hybrid seeds, seedling production, fertigation, integrated pest management, low-cost greenhouses,

- Post harvest handling, grading, packaging, refrigeration, high care, EUREPGAP, MPS and BRC certification, and
- Air and sea freight logistics.

### Market and Investment Support

The program also identifies opportunities and reports on entry guidelines for all target products traded into regional and overseas markets, as well as for selected clients:

- Develop and support commercial buyer linkages,
- Assist with initial contract negotiations,
- Provide support with business plans and related loan applications, and
- Coordinate investment and trade missions.

### DOMESTIC MARKET NEWS:

#### Presentation at EHPEA:

Mr. Jonathan Parkin, a UK vegetables online marketing professional, who came to Ethiopia at the request of Agribusiness and Trade Expansion Activity, gave a half day presentation on the UK market for vegetables and on how his company could cooperatively work with the horticulture exporters of Ethiopia to expand their exports. His website at: [www.caginternet.com](http://www.caginternet.com)

He also made another presentation in which he shared his experience in Zimbabwe on better agronomical practices in horticultural farms (from land preparation to harvesting) to members of EHPEA.



*Field training on export vegetables, Awassa*

#### Vegetable Exporters Field Training Programme Conducted in Awassa

The Horticulture Department of the USAID Agribusiness Trade Expansion Activity Project conducted a vegetable exporter's field training programme in Awassa (SNNPR) from 29-31 August 2006.



*Horticulture Trade Fair, Awassa*

The programme included field demonstrations, workshop seminars, and field trip Mr. Jonathan Parkin on the host farm, Awassa Green Woods of Mr. Tadesse Abraham, and to Tabor Herbs.

In addition seed and irrigation equipment suppliers gave talks on the goods they supply.



*Seedling Production for fresh cut herbs, Tabor Awassa*

#### National Bank of Ethiopia (NBE) Directive

The National Bank of Ethiopia issued a Directive, No. FXD/28/2006 entitled "Flower Export and Foreign Exchange Repatriations".

The Directive has sections dealing with flower export arrangements and mode of payments, flower export permit processing by banks, repatriation of export proceeds, and also reporting requirements to the National Bank of Ethiopia by commercial banks, Flower Growers and Exporters' Association,

Ethiopian Customs Authority; and also reporting requirements by the flower exporters themselves to their bank issuing the export permit. This Directive has entered into force as of 28<sup>th</sup> August 2006.

### Export Trade

The export performance statistics of Ethiopia for the completed 1998 Ethiopian fiscal year (i.e., July 2005-June 2006) have recently been released.

The summary of quantity, value and associated growth rates of Ethiopia's export performance of fruits & vegetables and flowers for the last two years (2004/05-2005/06) is presented in the table below.

*Value in 000's USD*

Commodity	2004/05		2005/06	
	Qty	Value	Qty	Value
Fruits & Vegetables ( Tons )	37,645	15,971	34,550	12,741
Growth rate, Fruits & Vegetables			-8%	-20%
Share of Fruits & Vegetables in total National Export Earnings		1.9 %		1.3 %
Flowers (million stems)	83	12,645	186	21,967
Growth rate, Flowers			+ 125%	+ 74%
Share of Flowers in total National Export Earnings		1.5 %		2.2 %

*Source: Computed based on data from MOTI/EPD*

### Fruits and Vegetables Export by Destination

Fruits and Vegetables Export by Destination for 1998 Ethiopian Budget Year (2004/05-2005/06)

COUNTRY	WEIGHT (in Mt)	VALUE (in USD)	%, Value Share
DJIBOUTI	31,293	7,067,677	55.5
NETHERLANDS	2,451	4,933,634	38.8
ITALY	483	264,657	2.1

UAE	180	254,051	2.0
SAUDI ARABIA	48	101,188	0.8
UK	33	47,705	0.4
NORWAY	25	45,902	0.4
SUDAN	23	7,465	0.1
AUSTRALIA	8	1,749	0.01
CHINA	1	1,140	0.01
AUSTRIA	0.3	368	0.003
KENYA	0.01	175	0.001
USA	0.01	175	0.001
ISRAEL	0.2	90	0.001
<b>TOTAL SUM</b>	<b>34,545</b>	<b>12,725,976</b>	<b>100.0</b>

*Computation based on MOTI/EPD data*

### Flower Export by Destination:

Flower Export by Destination for 1998 Ethiopian Budget Year (2004/05-2005/06)

COUNTRY	Number (in STEMS)	VALUE (in USD)	%, Value Share
NETHERLANDS	117,534,405	10,426,862	47.5
GERMANY	39,663,697	6,656,471	30.3
USA	1,191,290	802,722	3.7
UK	3,994,956	694,899	3.2
ITALY	3,368,335	661,121	3.0
BELGIUM	7,904,845	657,805	3.0
ISRAEL	3,701,357	448,775	2.0
UAE	1,429,783	269,699	1.2
SWEDEN	960,825	238,088	1.1
NORWAY	1,573,631	202,834	0.9
FRANCE	357,710	169,730	0.8
RUSSIA	1,657,460	144,309	0.7
SAUDI ARABIA	925,090	144,269	0.7
POLAND	179,700	87,164	0.4
JAPAN	125,080	61,313	0.3
KENYA	122,340	60,732	0.3
PORTUGAL	206,600	59,859	0.3
BRAZIL	548,967	55,212	0.3
ROMANIA	320,361	20,568	0.1
YEMEN	153,400	17,857	0.1
CHINA	400	9	0.0004
<b>TOTAL SUM</b>	<b>186,432,892</b>	<b>21,966,899</b>	<b>100.00</b>

*Computation based on MOTI/EPD data*

## 70 million Birr carton and paper factory goes operational

Addis Ababa, May 23 (ENA) -- A factory built with an outlay of 70 million birr and producing packaging cartons and paper by utilizing used papers as raw materials has become operational.

The factory, by the name Barguba, was built at the Kaliti Eastern Suburb of Addis Ababa. The factory has the capacity to produce 18,000 packaging cartons a day which would be important for

the exporters of flower, vegetables and fruits.

## Ethiopia: Code of Conduct to Improve Image of Flower Business

A key element of the strategy of EHPEA is to introduce and implement a code of conduct for the floricultural industry, that is also relevant to the horticultural industry. A draft code of conduct is being prepared, in conjunction with technical assistance from Wageningen University in The Netherlands., that incorporates best practice from similar African exporter countries, such as Kenya, Zambia and Uganda.

The code of conduct will also incorporate elements that cover the requirements of the Environmental Protection Agency (EPA), certification standards such as MPS and EurepGAP and public-sector organizations, particularly MoARD and MoTI. In addition, technical comments are invited from growers and other organizations such as Agribusiness and Trade Expansion Activity.

## INTERNATIONAL MARKET NEWS

PRICES: Selected Fruits and Vegetables in the UK markets

*GB pence per unit*

Prices of BEANS: on 25 Aug 2006			
Product - Variety - Source	Price in Pence	Last Week	Last Year
Beans Bobi United Kingdom, kg Liverpool	154	165	
Beans extra fine Kenya, 2kg Glasgow	800	800	

Beans fine Kenya, 2kg New Covenant Garden	420	425	400
Beans fine Kenya, 2kg Glasgow	575	525	
Beans fine Kenya, 2kg Birmingham	500	500	500
Beans fine Kenya, 2kg Bristol	650	580	
Beans fine Kenya, 2kg Belfast	600	600	600
Beans fine Kenya, 2kg Liverpool	600	600	
Beans runner United Kingdom, 500g New Covenant Garden	90		
Beans runner United Kingdom, 5kg Liverpool	800		250

*Source: Fresh info*

*GB pence per unit*

Prices of STAWBERRIES: on 25 Aug 2006			
Product - Variety - Source	Price in Pence	Last Week	Last Year
Strawberries Belgium, 500g New Covenant Garden	250	300	165
Strawberries United Kingdom, 250g Bristol	55		60
Strawberries United Kingdom, 500g Glasgow	150	120	
Strawberries United Kingdom, 500g New Covenant Garden	90	250	135

*Source: Fresh info*

PRICES: Cut Flower – Dutch Auction Prices at  
 August 23, 2006

*Average price per Stem for cut flowers in Euro*  
*Green number: Value is higher than in 2005*  
*Red number: Value is lower than in 2005.*

Group Name	Product Name	Price 2006	Price 2005	Price 2004
Cut Flowers	Total	0.18	0.15	0.11
Alstroemeria	-	0.16	0.14	
Ammi majus	-	0.18	0.17	0.12
Anemone	-			
Aster	-	0.27	0.19	0.10
Carnations Spray	-	0.07	0.11	0.05
Carnations Stan.	-	0.22	0.17	0.15
Carthamus	-	0.19	0.17	0.07
Chrysant. Spray	-	0.13	0.17	
Delphinium	-	0.11	0.24	0.08
Eustoma	-	0.17		0.24
Gerbera Large	-	0.24	0.13	0.06
Gerbera Mini	-	0.15	0.09	0.05
Gladiolus Big	-		0.09	
Gypsophila	-	0.26	0.19	0.21
Helianthus	-	0.25	0.33	0.11
Hypericum	-	0.11	0.15	0.12
Leucadendron	-	0.18	0.17	0.19
Liatris	-	0.16		
Lilium Asiatic	-	0.29	0.09	0.16
Lilium LA	-	0.28		0.17
Lilium Longiflor.	-			0.17
Lilium Oriental	-	0.34		0.16
Limonium	-	0.18	0.12	0.07
Ornithogalum	-	0.17	0.19	0.06
Protea	-	1.30	1.46	1.50
Ranunculus	-		0.25	
Rose Large	-	0.21	0.17	0.12
Rose large	Akito	0.16	0.15	0.08
Rose large	Duett	0.24	0.18	0.15
Rose large	First Red	0.23	0.13	0.08
Rose large	Inka	0.15	0.13	0.11
Rose large	Inka (outdoor)	0.13	0.11	0.11
Rose large	Jupiter	0.15	0.14	0.09
Rose large	Marie-Claire!	0.36	0.32	0.26
Rose large	Milva	0.24	0.19	0.13
Rose large	Mixed Colors	0.18	0.21	0.16
Rose large	Shanti	0.17	0.15	0.11

Rose Small	Total	0.15	0.13	0.08
Rose Small	Black Beauty	0.11	0.11	0.06
Rose Small	Candid Prophyta	0.21	0.20	0.13
Rose Small	Chelsea	0.15	0.14	0.10
Rose Small	Escimo	0.14	0.12	0.07
Rose Small	Frisco	0.11	0.11	0.08
Rose Small	Golden Gate	0.15	0.15	0.08
Rose Small	Mixed Colors	0.11	0.10	0.07
Rose Small	Poeme!	0.14	0.12	0.08
Rose Small	Red Calypso	0.14	0.12	0.08
Rose Small	Sunbeam	0.17	0.14	0.09
Rose small	Sunnyshe r	0.14	0.13	0.12
Rose Spray	Total	0.17	0.14	0.11
Rudbeckia	Total	0.08	0.10	0.05
Ruscus	Total	0.09	0.08	0.09
Solidago	Total	0.13	0.15	0.09
Trachelium	Total	0.17	0.14	0.19
Veronica	Total	0.17	0.15	0.09
Wax Flower	Total	0.36	0.20	0.13

**Source: ITC-mns**

The prices given are the weighted average of the Aalsmeer, FH Naaldwijk, FH Rijnsburg, FH Bleiswijk, FH Eelde, FH ZON, VON, and Vleuten flower auctions in The Netherlands:

**EurepGAP Launches Propagation Material Standard in Fruit and Vegetables, Flower and Ornamentals**

Dateline 08.05.2006

EurepGAP launches a Standard for Propagation Material. This new standard provides nurseries and plant propagators with a set of criteria for Good Agricultural Practices.

This standard follows the format of other EurepGAP codes, covering the critical areas from record keeping, crop protection products management, worker health and safety and environmental and social issues. It enables nurseries and plant propagators to ensure that their propagation material meet the demands that are set for farmers requiring EurepGAP certification for Fruit and Vegetables, Flowers and Ornamentals.

During this year (rest of 2006), the standard will be in a trial phase for revision and certificates against EurepGAP Propagation Material will be issued in a

non-accredited status, until the EurepGAP revision process for 2007 is finalized, to nurseries and plant propagators that voluntarily apply for certification. This may be important for cuttings producers in Ethiopia.

### EurepGAP General Regulations

The EurepGAP General Regulations for Fruit and Vegetables must be followed until the revised General Regulations are available in 2007. Inspectors that qualify as Fruit and Vegetables inspectors according to Appendix 2 of the General Regulations may do inspections against this standard.

### Vegetable and top-fruit insecticide approved

Spinosad, a natural insecticide that controls difficult pests in vegetables and topfruit, has been approved by the EU.

Spinosad, the active ingredient in pest-control treatment Tracer, is naturally derived and based on the metabolites produced by the fermentation of soil-borne actinomycete bacteria.

Tracer can be used on brassicas, leeks, onions, apples and pears in the UK. It controls tortrix, codling moths and brassica caterpillars, and is effective against thrips. Makers Dow AgroSciences is also developing additional label uses in the UK, including cabbage root fly on brassicas, as well as thrips on salad onion, strawberry, and lettuce crops.

*Source: Fresh produce journal (FPJ), 12 August, 2006*

### \$70 Million Dubai Flower Centre Fully Operational

Dateline 25-07-2006

The US\$70-million (AED257 million) Dubai Flower Centre (DFC), a strategically located state-of-the-art trans-shipment facility for perishable goods in the region has now become fully operational, and has handled total volume of 3,475 tones of perishables in the first ten days of operation.

DFC, operating as a free zone, ensures seamless and prompt delivery of perishables from the producer to the end consumer and has the capacity to handle 180,000 tones of perishable products a year.

This new hub will be of great potential interest to Ethiopian exporters and over the next months Agribusiness and Trade Expansion Activity and EHPEA will be investigating how exporters can use this facility.

*Source: BIZ COM - Proactive Communications*

### Fairtrade

Worldwide Fairtrade Sales rise by one third in 2005. All product lines expanded their markets, e.g., bananas in Austria (46%) and sugar in France (125%).

The speed at which the sales are growing shows an increasing demand from consumers for a positive model of trade which is fairer and more sustainable for farmers and is helping them to bring development to their communities.

Dateline 28 June 2006

New figures released recently reveal that global sales of Fairtrade Certified products have reached € 1.1 billion mark in 2005. This represents an increase of 37% over 2004.

***If you are a producer interested in getting Fairtrade Certified, please visit the FLO-CERT GmbH website at: [www.flo-cert.net](http://www.flo-cert.net).***

### TRADE FAIRS/EXHIBITIONS/EVENTS:

- **Ethiopian Flower Growers at Flowers' Moscow, August 31-September 3, 2006**

A delegation of flower producers and exporter from Ethiopia has participated in the Moscow Flower Exhibition.

Russian flower and plant dealers also benefit from this because almost 10 percent of the Dutch auction trade (cut flowers) goes directly to Russia.

More details on this in the Next Newsletter.

- 
- **Reminder to all EHPEA members of our own flagship show called “HORTIFLOR EXPO”**  
**HORTIFLOR EXPO 2007**  
**WEDNESDAY MARCH 21- FRIDAY MARCH 23, 2007**  
**ADDIS EXPO CENTER,**  
**ADDIS ABABA, ETHIOPIA**
  - **Aalsmeer Market NL Professional**  
31-10-2006 / 02-11-2006
  - **Horti Fair NL Professional**  
31-10-2006 / 03-11-2006



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Ethiopian Horticulture Producers  
and Exporters Association  
( E H P E A )



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**Prepared with the assistance of:**

Agribusiness and Trade Expansion Activity

4th Floor, Ki-ab Building

Alexander Pushkin Street, Addis Ababa

Tel: 011-3720060, Fax: 011-3720102

[www.ethiopiaag.org](http://www.ethiopiaag.org)

[www.fintrac.com](http://www.fintrac.com)

Please contact us for further information:

E-mail: [atea@fintrac.com](mailto:atea@fintrac.com)

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**Disclaimer:**

While every effort is exerted to avail accurate information, USAID/ Agribusiness and Trade Expansion Activity Project assumes no responsibility regarding the reliability of the companies indicated in this Newsletter, or of any issues that arise out of use of the information or of contacts made with the companies or institutions indicated here.



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## Quarterly Market News Service Newsletter for ECEA members

August 2006

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

#### **Mission**

The US Agency for International Development (USAID) has established the market-led Ethiopia Agribusiness and Trade Expansion Activity to energize four industry sectors: horticulture; coffee; hides, skins and leather; and oilseeds/pulses.

#### **Results Oriented**

This activity will dramatically improve the competitiveness and productivity of farmers, processors and traders in the coffee sector, resulting in increases in exports, investment, employment, and incomes. Incremental results are reported regularly via program website and monthly news bulletins.

#### **Implementing Consortium**

The program is being implemented by the US agribusiness firm, Fintrac Inc., with specialist support from Boot Consulting, Rainforest Alliance, the Economic Competitiveness Group, and Manchester Trade.

In addition Fintrac works closely with the Ethiopian Coffee Exporters' Association (ECEA), the Ministry of Agriculture and Rural Development (MoARD), the Ministry of Trade and Industry (MoTI) and the Ministry of Finance and Economic Development (MoFED).

#### **Technical Services**

A team of agronomists, post harvest physiologists, processing technologists, logistics coordinators, and marketing and investment specialists, are available in-country and in markets to provide participating Ethiopian entrepreneurs with support in the following market-led areas:

- Farm-level assistance and training in improved production practices such as pruning, mulching, integrated pest management, and harvesting techniques,
- Post harvest assistance in environmentally-friendly pulping/washing technology, sun dried

processing, improved drying, cupping and grading,

- Marketing directly to specialty buyers in the US, Europe and Asia.

### Market and Investment Support

The program also identifies opportunities and reports on entry guidelines for all target products traded into regional and overseas markets, as well as for selected clients. Aims are to:

- Develop and support commercial buyer linkages,
- Assist with initial contract negotiations,
- Provide support with business plans and related loan applications, and
- Coordinate investment and trade missions.

### DOMESTIC MARKET NEWS:

#### Export Trade

The export performance statistics of Ethiopia for the completed 1998 Ethiopian fiscal year (i.e., July 2005-June 2006) have recently been released.

If we look at export market share figures, Coffee – traditionally a major foreign exchange earning commodity for Ethiopia accounting for about 60% or more of total export earnings - has its share of total export proceeds at 36.3% in 2005/06.

A summary of Ethiopia's export of coffee in volume and value terms, including growth rates, for the two-year period 2004/05 - 2005/06 is presented in the table below.

*Value in 000's USD*

Commodity	2004/05		2005/06	
	Tonnes	Value ,000's	Tonnes	Value ,000's
Coffee (in tons)	159,989	334,863	153,155	365,835
Growth rate			- 4.3 %	+ 9.2 %
Share of Coffee in total National Export Earnings		40.9 %		36.3 %

Source: Computed based on data from MOTI/EPD

### Ethiopia' Coffee Export by Destination:

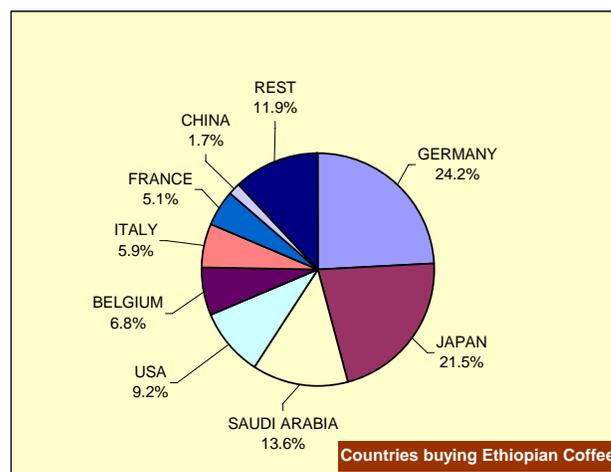
Ethiopia' Coffee Export by Destination for 1998 Eth. Budget Year (2004/05-2005/06)\*

COUNTRY	Volume (MT)	VALUE (in USD)	Value Share
Germany	36,399	85,755,915	24 %
Japan	32,608	76,330,537	22 %
Saudi Arabia	21,380	48,137,644	14 %
USA	11,690	32,529,861	9 %
Belgium	10,675	24,242,436	7 %
Italy	7,303	21,063,328	6 %
France	7,842	18,071,480	5 %
China	2,584	6,181,232	2 %
Netherlands	2,314	5,878,217	2 %
Singapore	2,275	5,168,877	1 %
Djibouti	1,832	4,538,428	1 %
United Kingdom	1,305	3,728,030	1 %
Rest of the World	9,927	23,139,436	7 %

\* Computation based on MOTI/EPD, ICO data

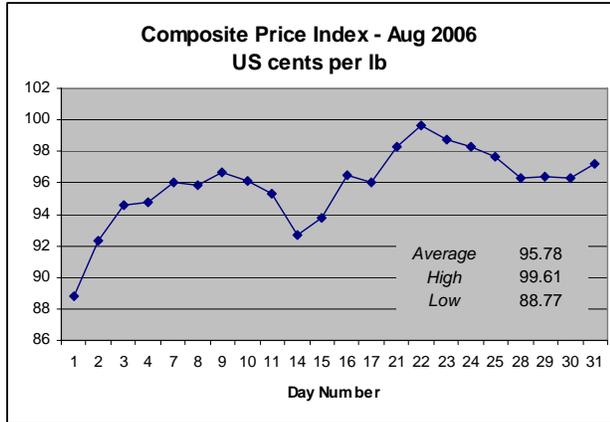
From the above table it can be seen that Germany, Japan and USA are the leading importers of Ethiopian Coffee. For instance, although Germany is Ethiopia's major destination for coffee, Ethiopia's market share for coffee in the German market (in volume terms) is just 4%; while Ethiopia's market share for coffee in the US market is just 1%.

There is much room to increase the competitiveness and exports of coffee through quality improvement, product development, and marketing.



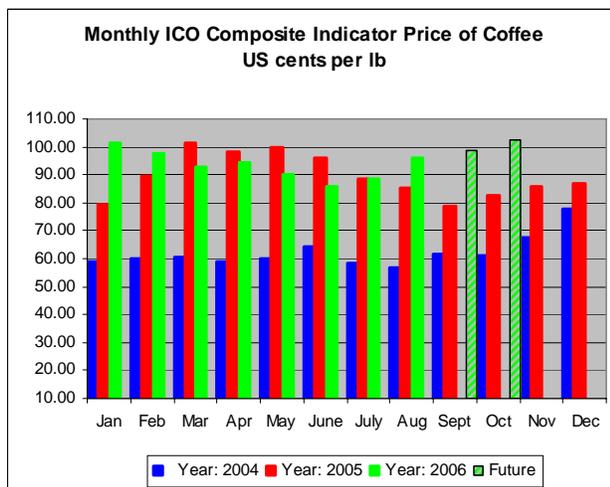
## Prices

International Coffee Prices for August 2006 are given below:



Source: ICO

The following graph, prepared based on ICO International coffee composite price indicator monthly data, shows the trends in prices for the period 2004 to 2006.



Source: ICO; Reuters

## INTERNATIONAL MARKET NEWS:

During the month of July the coffee market recorded a slight upward trend in prices, which became more pronounced in the first week of August when the New York and London futures markets recorded significant rises.

Demand for all groups of coffee continues to be buoyant, while exports were down by 7.23% in June compared to their level in May.

The figure for cumulative exports in the first nine months of coffee year 2005/06 was 63.11 million bags compared to 68.99 million for the same period in coffee year 2004/05. Source: ICO,

Coffee Market Report July 2006,

### Utz Kapeh: Certified responsible coffee:

Utz Kapeh, 'good coffee' in a Mayan language, is the fastest growing coffee certification program in the world. Utz Kapeh implements the global standard for socially and environmentally responsible coffee growing and sourcing.

**Price policy:** Coffee with an Utz Kapeh certification is a better product that deserves a better price.

Coffee with an Utz Kapeh certification has extra value; it assures buyers that their coffee has been produced according to a baseline standard for responsible production. Buyers recognize this extra value by paying a price premium for Utz Kapeh certified coffee to producers.

Producers are rewarded with a price premium for their Utz Kapeh certification. The premium reflects the added value of the Utz Kapeh certification of the coffee. It is the difference between the agreed upon price and the price that same coffee would have received if it were not certified. The Utz Kapeh premium is explicitly determined in a negotiation process between the buyer and seller. Utz Kapeh does not interfere in these price negotiations.

Utz Kapeh provides its members with aggregated market information on the average premiums paid and volumes sold per country. This information strengthens members in the negotiation process and enables them to make informed contract decisions.

## Fairtrade

Worldwide FairTrade sales rise by one third in 2005. All product lines expanded their markets, especially Fairtrade coffee in the U.S. (+ 70%) and the U.K. (+ 34%).

The speed at which the sales are growing shows an increasing demand from consumers for a positive model of trade which is fairer and more sustainable for farmers and is helping them to bring development to their communities.

Fair Trade Labeling's significant worldwide growth in 2005 also shows that more and more producers, traders and licensees trust the Fairtrade Certification Mark and look to join the system. Increasingly companies are knocking on the door of the labeling organizations because they want to

The certification system behind the cheering person in the Certification Mark is absolutely independent from any interest, and this is what people trust", says Luuk Zonneveld, Managing Director of FLO International.

Spencer, one of the largest food and clothing retailers in the UK. The entire range of Marks & Spencer's coffee and tea, totaling 38 lines, switched to Fairtrade in a move which is estimated to increase the value of all Fairtrade instant and ground coffee sold in the UK supermarkets by 18%, and increase the value of Fairtrade tea by approximately 30%. But Marks and Spencer is only one out of several companies around the world that have become involved in Fairtrade in 2005, representing a growth of 29% from 1151 in 2004 to 1483 licensees in 2005.

The increase in the Fairtrade range and Fairtrade sales means that more producer organizations are able to sell to the Fairtrade market. Globally, the

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New figures released recently reveal that global sales of Fairtrade Certified products have reached € 1.1 billion mark in 2005. This represents an increase of 37% over 2004.

have the Certification Mark on their products. In only one year, from 2004 to 2005, the number of licensees offering Fairtrade Certified products increased by 29%.

One of the more recent companies to join is Marks and

number of certified producer organizations has grown by 127% since 2001 to 508 groups in 58 countries. The number of registered traders has increased by 132% in the same period.

Today, more than five million people - farmers, workers and their families - across 58 developing countries benefit from the international Fairtrade system.

## Fairtrade Labeling Organisation

FLO International B.V. is a publicly recognized non-profit multi-stakeholder association involving FLO's 20 member organizations (or Labeling Initiatives), producer organizations, traders and external experts. It develops and reviews standards and assists producers in capitalizing on market opportunities.

[FLO-CERT GmbH](#) is a limited company, wholly owned by FLO B.V. that coordinates all tasks and processes all information related to the inspection and certification of producers and trade. Operating independently from any other interests, it follows the international ISO standard for certification bodies (ISO 65).

***If you are a producer interested in getting Fairtrade Certified, please visit the FLO-CERT GmbH website at: [www.flo-cert.net](http://www.flo-cert.net).***

## Geographic Indications for the Origin of Coffee

Dateline August 08, 2006.

In 2005, the Ethiopian government initiated a program to "register trademarks for Harrar, Yirgacheffe, and Sidamo in 40 countries - and eventually four other well-known Ethiopian fine coffees with good reputations." According to Light Years IP, an organization assisting the Ethiopian Intellectual Property Office (EIPO) with this project:

The trademark program will be followed by a licensing initiative – the EIPO and other ministries will be trained to negotiate with international importers to recognize Ethiopian brand ownership of its high quality coffees. Control of the name brand use through licenses will allow Ethiopia to play a significant role in determining export prices for its fine coffees more relevant to the high world market prices.

For more on this news see: *Geographic Indications for the Origin of Coffee, The Specialty Coffee Association of America's Perspective on Registration of Geographical Indications of Origin and Recent Efforts by Ethiopia to Trademark the Names of Coffee Growing Regions.*

## World Trade: Analysis of Global Trade in Coffee

### World and Ethiopia's Coffee Export and Production Statistics:

Quantity in '000 bags

	2003	2004	2005
<b>World Exports</b>	85,910,291	90,703,172	<b>86,222,680</b>
<b>Ethiopia Exports</b>	2,229,143	2,490,944	2,435,069
<b>Ethiopia share of production</b>	3.7 %	4.3 %	<b>4.2 %</b>
<b>Ethiopia share of export</b>	<b>2.6 %</b>	<b>2.7 %</b>	<b>2.8 %</b>

Source: ICO

Brazil Coffee Crop 2006/07 estimates up by 23%.

Brazil's 2006/07 coffee crop production is estimated at 40.62 million 60-kilogram bags, up 23.3% compared to

2005/06 crop of 32.94 million bags.

## World Major Importers of Coffee:

### List of major importers of Coffee, not roasted, and not decaffeinated: 2004

Importers	Value imported in 2004, in US\$ thousand	Annual growth in value between 2000-2004, %	Annual growth in value between 2003-2004, %	Share in world imports, %
World	7,162,566	-4	15	100
U.S.A.	1,745,485	-3	16	24
Germany	1,219,606	-3	21	17
Japan	636,548	-4	18	9
Italy	475,216	-5	12	7
France	302,844	-8	-8	4
Belgium	261,389	1	14	4
Spain	234,166	-3	10	3
Netherlands	219,075	-1	10	3
Canada	217,322	-5	24	3
United Kingdom	166,704	0	24	2

Source: ITC-mns

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## **TRADE FAIRS/EXHIBITIONS/EVENTS:**

### **1. US Organic Coffee Conference**

Baltimore, September 2006

### **2. Ethiopia Promotion And Education Program By USAID Agribusiness And Trade Expansion Activity**

- October 22-28 Tour to Jimma, Kaffa and possibility Maji,
- November 1-3 First Ethiopian Coffee Roundtable (Yerga Alem)

- November 3-4 Tour to Yergacheffe,

- November 8-14 Tour to Harar

With buyers co-ordinated by Willem Boot.

### **3. EAFCA Preparation Meetings,**

Addis Ababa, 10-13 October 2006

### **4. EAFCA Conference,**

Addis Ababa, February 2007

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## **Prepared with the assistance of:**

Agribusiness and Trade Expansion Activity

4th Floor, Ki-ab Building

Alexander Pushkin Street, Addis Ababa

Tel: 011-3720060, Fax: 011-3720102

[www.ethiopiaag.org](http://www.ethiopiaag.org)

[www.fintrac.com](http://www.fintrac.com)

Please contact us for further information:

E-mail: [atea@fintrac.com](mailto:atea@fintrac.com)

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