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QUARTERLY REPORT 3 – October to December 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”



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USAID Agribusiness and Trade Expansion Activity

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1.0 Executive Summary

This is the third quarterly report for the Ethiopia Agribusiness and Trade Expansion Activity (the project) covering the period October to December 2006. Work under the project is improving farmer yields, domestic and export sales, employment and investment in four agribusiness sectors: horticulture; coffee; hides, skins and leather products; and oilseeds & pulses.

Project achievements this quarter include:

- Combined national export sales for all four sectors increased by \$9.8 million this quarter, from the same quarter last year.
- The project committed \$210,358 in partner and technology funds, leveraging client commitments of \$315,859 (for a total to date of \$402,000 in project commitments, and \$692,000 in client commitments, which represents \$1.72 for each USAID dollar invested in the funds).
- Horticulture export trials of 130 MTs of fresh vegetables were shipped to buyers in the UK, Holland and Italy. Products included bobby beans, courgettes, tomatoes, cherry tomatoes, and peppers.
- Two exporters, Jans Prins (vegetables) and Ilan Tot (strawberries) received EUREPGAP certification this period, paving the way for their produce to be distributed through the major EU supermarket channels.
- Eleven demonstration plots for local market production of tomatoes and other crops were established, with initial training assistance provided by BDS partner Seminis East Africa.
- The construction of 5 cupping labs based at lead client sites in Konga, Wotona, Bultuna, Mizan, Teppi and Mini is nearly completed; operational next quarter; training for participating cooperative staff (through CQI) in cupping has been initiated
- The first international specialty coffee buyers inward mission was implemented.
- Evaluation of 43 client coffee samples, with 23 deemed eligible for entry into upcoming EAFCA conference outcry auction.
- The project's pilot initiative with BDS partner LLPTI to establish thirty collection centers for HSL products continues, and has already leveraged a commitment from World Vision for a \$4.5 million contribution to expand to 735 centers nationwide. These centers will help preserve product quality, raise producer revenues, and increase the volume of high quality skins.
- The HSL Cluster Working Group of 80 public and private industry stakeholders identified inadequate investment in disease control, lack of personnel training, high tariffs on new technologies, difficult-to-obtain foreign currency, antiquated banking practices, and poor telecommunications infrastructure as priority agenda items.
- The oilseeds and pulses sector team identified 14 lead clients in Tigray comprised of cooperative unions, a farmers' association, investors, smallholder farmers and exporters, which represent 7,500 beneficiary client producers, and began its field-based technical assistance program in earnest.
- A technical bulletin on treatment to control the Sesame Seed Bug (SSB) was published and distributed.
- A series of workshops was conducted with exporters, traders and producer cooperatives to present the advantages of using a warehouse receipts system for grains trading. The UN World Food Program has committed to participating in the project-facilitated scheme once launched for oilseeds and pulses.
- The trade and investment team helped one client in the coffee sector to successfully

secure a bank loan for \$300k for operating capital expenses.

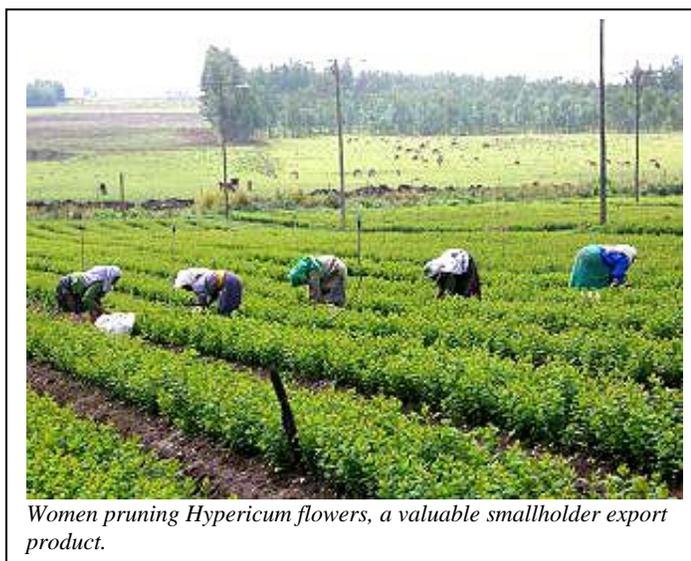
- The team also developed 8 business plans this quarter for current and prospective clients, raising the cumulative total to 25. These include feasibility studies for production and value-added processing of crops in targeted sectors.
- Project expenditures are on target. To date, 74 percent of obligated funds for the first year have been expended.
- Annexes to this report include the PMP, monthly project bulletins, and quarterly market bulletins. These and all other project publications are available to USAID through the password-protected ATEA intranet site: www.fintrac.com/ethiopia.

2.0 Introduction

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

The project focused on four agricultural sectors: horticulture; coffee; hides, skins and leather (HSL); and oilseeds/pulses. It also addresses cross-cutting issues in trade & investment, policy, organizational development, BDS/partner alliances, gender mainstreaming, environmental management, and HIV/Malaria. Its geographic coverage includes Tigray, Amhara, Oromia, and the SNNP.

The project, awarded through the RAISE Plus IQC, is being implemented by the agribusiness consultancy Fintrac Inc. in conjunction with several subcontractors (the Rainforest Alliance, Boot Coffee Consulting, the Economic Competitiveness Group, and Manchester Trade), and numerous local 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).



Women pruning Hypericum flowers, a valuable smallholder export product.

The project incorporates the provision of direct technical assistance and technology transfer to “lead clients” in the four target sectors, all of whom are connected to outgrowers and neighboring farmers, the ultimate end-beneficiaries of improved agricultural practices and expanded markets. Another critical component of project outreach is collaboration with public sector counterparts and private sector partners to further expand outreach, investment, service and product availability, impact and sustainability. In addition to the aforementioned, the project is working with the US-headquartered and Kenya-based Seminis Seeds; the UK-based Pittards Ltd. and Portman Ltd.; and the Kenya-based Real IPM. New NGO, donor and public sector partnerships established this quarter are in horticulture (Crop Life International), HSL (World Vision, UNIDO); oilseeds (EIAR, NPPRC); and coffee (IMO, Coffee Quality Institute).

One sector manager and five agronomists are responsible for provision of technical assistance and training in the **Horticulture Sector**. Building on the early successes of the Ethiopian floral industry, 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 horticulture industry.

The **Coffee Sector**, supported by one sector manager and two field agronomists, receives additional support from subcontractors Boot Consulting in market development and quality control and the Rainforest Alliance in product certification. The number of lead coffee clients at the end of this reporting period stands at 23. With up to 1,000 farmers connected to each lead client, the benefits of project assistance are presently impacting an estimated 18,000 smallholder coffee producers.

The **Hides, Skins and Leather Sector (HSL)** team is composed of an experienced marketing and leather products manager, a senior veterinarian specialized in parasitic skin diseases, and a technician expert in skinning and flaying. Ethiopia has the tenth largest animal herd population in the world, and its HSL industry enjoys a two-thousand year history. Although widely recognized for producing some of the world's finest HSL products, poor herd management, antiquated collection, and out-of-date processing have resulted in declining international sales.

The **Oilseeds/Pulses Sector** features a sector manager experienced in grain production and marketing, an agronomist based in the main sesame producing region (Tigray), and a warehouse receipts specialist. This sector suffers from many of the same problems as the other three, namely low farm productivity, a highly inefficient transport and marketing system, and poor information concerning volumes and prices. Because there is considerable interest in changing the grain marketing system from a "sight-seen" transaction to a modern, paper-based one, warehouse receipts (and eventually a commodity exchange system) have become priorities of the government and the industry.

The project's **Trade and Investment Team** provides cross-sectoral support in leveraging investment and accessing loans. As of the end of the third quarter, the unit has assisted 25 lead clients in developing business plans and helped 6 clients obtain loans through private banks participating in the USAID Development Credit Authority (DCA) program. 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 logistics and banking.

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 percent above baseline
 - Increased yields by assisted farmers of 100 percent 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 percent
- 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

3.0 Progress to Date

The section below provides a summary of activities carried out in each sector, pegged to the performance monitoring plan (PMP) approved by USAID and the Project Steering Committee (Annex I)

3.1 PMP Section 1: Startup, Communications, and Reporting

Project reporting this quarter included three Monthly Bulletins distributed to USAID, Steering Committee members, and counterparts in the target sectors. The Performance Monitoring Plan was updated as of December 31st 2006. Financial reports on monthly expenditures against the obligated budget were submitted with each monthly invoice. These reports along with the updated inventory list, approved Partner and Technology Fund agreements and expenditures, and Level of Effort reports are all available at the project's intranet site: www.fintrac.com/ethiopia

3.2. PMP Section 2: Monitoring & Evaluation Activities

Project managers and sector teams continued to input information into the project's Client and Impact Results Information System (CIRIS), including client baseline information, technical assistance and training activities, and client sales and investments achieved to date. CIRIS reports can also be downloaded at the project's Intranet site: www.fintrac.com/ethiopia

3.3. PMP Section 3: Marketing and Investment Activities

The Trade and Investment Team supports the technical and marketing efforts of the four sector teams by providing clients with market information, trade mission support, and business planning/loan applications with the three private Ethiopian banks participating in the USAID Development Credit Authority (DCA) loan guarantee program.

Market Information

The second group of Quarterly Market Bulletins for each of the four targeted sectors were developed this quarter. These bulletins are developed in cooperation with the four main counterpart associations for each targeted sector: The Ethiopian Horticulture Producers and Exporters Association (EHPEA), Ethiopian Coffee Exporters Association (ECEA), Ethiopian Tanners Association (ETA), and the Pulses, Oilseeds & Spices Processors Exporters Association (POSPEA).

A Market Update on the Chinese market for sesame was also produced and initial contact was made with a prospective EU-based oilseeds buyer during the course of the report. (Annex III)

A total of 13 market information training workshops have also been held for 176 participants through the aforementioned trade associations.

Business Planning & Loan Applications

The T&I team has helped current and prospective clients develop a total of 25 business plans including feasibility studies for the production and value-added processing of crops in the targeted sectors. Business plans developed this quarter included the following activities:

- Garlic production and exports;
- New vegetable exports for a 680-member farming cooperative;
- Hot pepper and paprika production and exports;
- Eco-pulping equipment installation at coffee mills;
- Coffee sun drying beds in Limu;
- Processing and export of crocodile skins;
- Abattoir operations in Sululta
- Production, processing and export of chick (Garbanzo) peas;
- Processing machinery for oilseeds.

Successful loan applications assisted by the project this quarter included \$300,000 for coffee miller/exporter Limu Kosa PLC for operating capital. The client will also receive Technology Fund assistance from the project (\$6,240 project contribution and \$20,000 client contribution) for the purchase of 60 sun drying beds as per the above-mentioned business plan.

Trade Missions

In the horticulture sector, several private exporters and representatives of Ethiopian Airlines, MOARD and MOTI attended the Eurofruit Congress in Cairo, Nov 13-15. A number of EU and middle-eastern market contacts were made at the event and inquiries were received from buyers regarding the availability of mangoes, avocados, and specialty vegetables from Ethiopia.

An inward mission of 13 coffee buyers from the US, EU and Japan was carried out this quarter. Buyers met with exporters and visited production areas in Jimma, Kaffa, Bench Maji and Teppi. During the tour, a workshop was also held where buyers discussed some of the major issues surrounding the marketing of Ethiopian coffee, including proper processing, consistency of quality and reliability of volumes.

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

The project continued its intensive training and technical assistance activities with lead clients and beneficiaries in support of ongoing floral exports, several vegetable export trials, and local market supply of vegetable crops to fresh and processed buyers.

Clients

To date, 16 lead clients (producers, farmer groups, exporters, etc.) and 336 beneficiary farmers working directly with the lead clients are receiving ongoing technical assistance and training from the program's field technicians. Export crops include Bobby beans, snow peas, sugar snap peas, and baby corn, as well as summer flowers. Major crops produced for the domestic market include tomatoes, onions, cabbage, chillies and watermelons.



Client chilli pepper production trials using hybrid seeds.

Technical Assistance

USAID-ATEA horticulture technicians have carried out 278 technical assistance visits to client farms to date that have focused on increasing yields, sales and incomes. Technical assistance during this quarter was geared towards helping clients achieve increased yields of high quality product for export markets. Critical production issues included proper land preparation, soil type/analysis, use of drip irrigation, use of disease-resistant hybrid seeds, seedling production, seedling nursery management, transplanting of seedlings, weed control, use of live barriers, proper plant densities, plant nutrition, crop trellising, and proper pest and disease controls incorporating IPM principles. Program technicians also carried out four technical assistance site visits to postharvest facilities and collection centers that included TA in harvesting, grading, sorting, packing, and packhouse layout and design. In addition to the vegetable trials, ongoing assistance continued for floral clients exporting roses and carnations to the EU market, focusing on drip irrigation systems and postharvest care.

Integrated Pest Management

In December, consultant Louise Labuschagne of the Real IPM Kenya visited Ethiopia to present farmers with the benefits of an IPM program, with focus on plant health, financial savings, and worker safety. Also included was a discussion of the use of biological controls as an alternative to chemical applications, and the process of registering *phytoseiulus* as a control in the production of summer flowers was begun with assistance from the Crop Protection Department at Ambo Research Center and MOARD

Training

Field days carried out by project technicians this period also supported the upcoming export trials by providing groups of farmers with training in aforementioned technical areas, and in EUREPGAP protocols and compliance. A total of 38 on-farm production training events have been carried out to date for 843 participants. Special trainings carried out by **BDS partners** this quarter included:

- **Drip irrigation** – farmers in Ziway received instruction on drip irrigation from 3 private drip irrigation providers working with the project: Netafim Ethiopia, Irrico, and Bruh Tesfa;
- **Integrated Pest Management (IPM)** – an introduction to IPM and the use of biological controls was provided by a representative from The Real IPM Kenya
- **Farm Chemical Safety (FCS)** – training in FCS for farm workers and families was provided by representatives of Croplife International.

Trainings were also carried out at collection centers and packhouses in postharvest handling. In the area of floriculture, program technicians began developing a comprehensive floral industry training program with association partner EHPEA.

Local Market Development

Efforts to assist farmers supplying the local market include the establishment of

Client Export Trials

The project prepared several clients for vegetable export trials in November and December. Products and trial volumes shipped to buyers in the Holland, Italy and the UK this quarter included:

Product	Volume
Tomatoes	9 MTs
Cherry tomatoes	27 MTs
Bobby beans	21 MTs
Courgettes	14 MTs
Peppers	58 MTs

demonstration sites at farmer group locations for carrying out regular technical assistance visits and training activities. To date, 11 of the targeted 55 demonstration farms have been established. Activities this quarter include a demonstration by partner Seminis East Africa on the usefulness of virus-resistant hybrid tomato seeds for a group of growers in Awash Valley supplying a local tomato processor. Since most tomato-producing areas in Ethiopia are heavily infested with disease-carrying Whitefly, the use of the hybrid varieties will dramatically improve farmer yields.

Export Market Development

Client export trial shipments for several crops began in earnest in December and will continue in January and February 2007. In addition to locating buyers for Ethiopian produce, efforts to support vegetable exports included the aforementioned technical assistance and training in production and postharvest handling, as well as EUREPGAP protocols. EUREPGAP was of particular importance this quarter as clients prepared their trial shipments to the EU, and was facilitated by the visit of consultant Gary Tomlins in November. Mr. Tomlins provided EUREPGAP training at EhioVegfru in Koka and also carried out pre-audit visits at several exporting farms. In addition, two lead client exporters, Ethioflora and Teppo Agriculture, attended a EUREPGAP conference in Nairobi dealing with certification of smallholder production schemes. In total, two clients received EUREPGAP certification this quarter – Jans Prins and Ilan Tot – paving the way for their products to be carried at EU supermarkets.

3.5. PMP Section 5: Coffee Program

With the coffee harvest underway, program activities have focused on technical assistance and training in harvesting and specialty coffee buyer linkages. In addition to an inward-bound mission by 13 international specialty coffee buyers, assistance was also geared to preparing exporters for the February 2007 East African Fine Coffee Association (EAFCA) Conference in Addis Ababa. This event will see attendance by the major international coffee buyers and culminate in an “open outcry auction” featuring coffees from the region. The tradeshow represents a major opportunity for exporters to establish new commercial ties as well as a chance for Ethiopia’s coffee industry to raise its international profile.



Project coffee agronomist demonstrating the need for good weed control as part of the project’s coffee extension program.

Clients

The coffee program is working with 23 lead partners in the coffee sector, comprised mostly of coffee millers/exporters where training demonstration sites have been established. Project assistance to these mills is further transferred to an estimated 18,000 beneficiary farmers supplying them with coffee beans.

Technical Assistance and Training

Under the coffee component, the majority of technical assistance for coffee farmers is provided through group trainings at lead client locations, including cooperative farms and coffee mills (given the impracticality of ATEA field technicians visiting each supplier farmer). Trainings this quarter were held at a number of client farms/mills in Sidamo and Jimma. Topics included proper harvesting techniques, including the need to harvest only ripe berries in order to reduce rejections at the mill, increase the value of green coffee and reduce miller processing costs, as well as farmer transport costs. To date, a total of 49 technical assistance visits were made to lead client farms and 24 training events carried out for 405 farmer beneficiaries.

Coffee millers also received technical assistance in proper washing, fermentation, drying and storage. International buyers have indicated these as major issues impacting the quality of Ethiopian coffee.

Cupping Activities

The construction of 5 cupping labs is taking place at lead client cooperatives in Konga, Wotona, Bultuna, Mizan, Teppi and Mini. These labs are expected to be operational next quarter. Cuppers based at these cooperatives are presently being trained by "Coffee Corps" volunteers from the Coffee Quality Institute (CQI). This activity will strengthen the capacity of Ethiopia to carry out proper grading and identify problems at the mill level as well as identify new specialty-grade coffees. Cupping is presently only carried out in Addis Ababa, too far from production areas to contribute to quality assessment. In addition, the cupping service will be made available by the clients as a new Business Development Service (BDS) to all producers, millers and exporters.

Certification

In November, the coffee sector manager attended a conference on Utz Kapeh certification held in Kenya. The purpose of the meeting was to provide coffee industry members updates on the Utz Kapeh code of practice which has seen some of its protocols revised.

Next quarter, the project will facilitate the commencement of the Rainforest Alliance certification program in Ethiopia.

Special Events

In anticipation of the upcoming EAFCA conference, 43 coffee samples were submitted for evaluation to determine their eligibility for participation in the conference's outcry auction. After an initial cupping in Addis, 23 samples were sent to Boot Consulting Company in the US to be forwarded to interest international buyers who registered for the auction. Coffees were determined to be eligible based on receiving cupping scores of 85 or higher.

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

The HSL component continues its field-based training of sector technicians in order to improve the quality of skins and add value to their sales. Project technicians are also working with abattoirs, tanners and traders in improving the processing and marketing of HSL products.

Clients

Clients in the HSL sector include all members of the value chain: producers, abattoirs, tanners, traders and finished product manufacturers. As of the end of this quarter, 34 lead clients are receiving technical assistance and training from a target of 45 (again, representing thousands of beneficiaries). In addition, the project is working with local partners such as the Ethiopian Tanners Association and LLPTI as well as counterparts UNIDO, World Vision, and other donor-funded programs active in the sector.

Technical Assistance and Training

The HSL team continued the training of Woreda-level trainers in ectoparasite control and improved skinning/flaying techniques. The objective of these trainings is to enable rural veterinarians to help producers improve the quality of their hides and skins leading to reduced product rejection rates at tanneries. To date, the project has held 16 trainings for 277 technicians in the area of ectoparasite control, and 22 trainings for 703 slaughterhouse staff and other beneficiaries in skinning/flaying.

Trainings this quarter were conducted in Oromia and SNNP, as well as Afar with the cooperation of the USAID-funded Ethiopian Sheep and Goat Productivity Improvement Project (ESGPIP). ESGPIP also agreed to contribute \$27,000 to support a new Lalogera ectoparasite control program in partnership with the Ethiopian Tanners Association and ATEA, with the association also contributing \$42,000 to the initiative.

Rates of rejection at local tanneries, which were estimated at around 80 percent at the outset of the project, will be collected and presented in the next quarterly report.

Supply Chain

The hides and skins collection center project mentioned last quarter gained momentum with a commitment by NGO World Vision to provide funding to expand the number of collection centers nationwide. At present, the project and LLPTI are carrying out the pilot program mentioned last quarter to establish 30 such centers around Addis Ababa; World Vision has committed to increase the number of centers to 735 nationwide at an estimated cost of \$4.5 million. These centers will provide a protected consolidation point for hides and skins prior to their being sold to tanneries. The improvement in the quality of raw material destined for tanneries will support the project's goal of fewer rejections and increased producer revenues while also creating employment for hundreds of individuals at the collection centers.



Pilot consolidation facility for collecting hides and skins.

Processing

Capacity-building activities are being planned for abattoirs based around Addis Ababa where hides and skins are poorly handled prior to being sold to tanners. The HSL team estimates that improvements in the post-slaughter care of skins will lead to improved product quality and as much as 3 million additional hides and skins supplied to the industry.

3.7. PMP Section 7: Oilseeds and Pulses Program

The oilseeds and pulses sector team, lead by manager Teka Tedla with field agronomist Yitbarak Liben based in Mekele, Tigray region, began the field-based technical assistance program in earnest this quarter. Technical assistance and training is designed to help oilseed and pulse farmers increase their yields and improve produce quality in order to qualify for higher grades, which will translate into increased sales. The Warehouse Receipts program is supporting these goals by helping to transform oilseeds trading into a grades-based system that delivers a premium for quality product.

Clients

Work this quarter focused on client selection and baseline data collection in anticipation of the main production season beginning in April. The team has identified 14 lead clients in Tigray, comprised of two large cooperative unions, a commercial farmers association, two investors, five smallholder farmers and four exporters. These entities represent over 7,500 beneficiary client producers.

Technical Assistance and Training

The sector team developed its field-based technical assistance package this quarter which will address key production and marketing constraints. Field-based trainings will begin in April in Humera and Metema through collaborative efforts with MOARD agronomy teams. The trainings will cover production practices, Integrated Pest Management (IPM) techniques, weed control, proper use of pesticides, quality standards and marketing. In addition, with endemic labor shortages in the main producing areas during planting and harvesting periods, the team will also be promoting techniques to reduce labor requirements, such as low and no-till seeding.

Technical assistance also covers pest control and postharvest issues. In particular, the Sesame Seed Bug (SSB) is a major pest that attacks the crop during storage. Exacerbating the problem is the fact that some collectors treat the sesame with DDT, which eliminates the pests but leaves product with unacceptable residue. The project has developed a technical bulletin (annexed to this report) on a treatment program to control the SSB threat. Fintrac entomologist Dr. Richard Pluke is working with the Ethiopian Institute of Agriculture Research (EIAR) and the National Plant Protection Research Center (NPPRC) on this program.

In addition to oilseeds, technical assistance also covers pulses production. The sector team visited several areas of central Ethiopia this quarter, where the project's horticulture sector team is also active, to look at production synergies between the two crop categories (such as crop rotation and the use of drip irrigation). The team also identified a private sector partner, Portman Ltd, an EU-based company that is investing heavily to introduce new bean varieties in Ethiopia. Prices for white haricot beans (Navy beans) in particular have been strong, with farmers receiving between \$32-\$39 per quintal (100 kg) ex-warehouse in Nazret. The project is supporting this diversification effort through work with the investor as well as the Melkasa

Research Center.

Organic Certification

The oilseeds and pulses team organized assessment visits to client producer areas with IMO, an organic certification body, to identify prospective client groups. With organic sesame receiving premiums of 10 to 15 percent over conventional product, the project's target is to have 10 producers/producer groups certified as organic.

Processing

The project also provided assistance with business plan development and loan applications to two companies, Prosper International and Allmpex that have expansion plans requiring \$1.5 million from commercial banks via the USAID Development Credit Authority loan guarantee program. Investments will include equipment and buildings for sesame and dried bean cleaning and processing. These value-added activities will improve the quality and end prices received for these products.

Market Linkages

The project also held meetings with a representative of APL, London. This company purchases 10,000 MTs of oilseeds annually from Ethiopian suppliers. The company is also willing to purchase larger volumes of high-grade product if it were available. Discussions focused on the program's field-based technical package for improving product quality and volumes. A follow-up meeting was scheduled for the next visit to Ethiopia by APL buyers.

Warehouse Receipts Program

The project is promoting the adoption of warehouse receipts trading as a means of reducing the transaction costs of grain trading in Ethiopia and improving returns to the producer. A series of workshops was conducted with exporters, traders and producer cooperatives to explain the system and encourage pilot programs for all grains, including oilseeds and pulses. The UN World Food Program is supporting this effort as part of its food security efforts in the country. However, while grain crops such as maize, barley and sorghum have legally established grades and standards in Ethiopia, warehouse receipts cannot be used at present for the project's targeted oilseeds and pulses crops. The Warehouse Receipts Specialist is presently working to push for the expansion of official grades and standards to include oilseeds and pulses in order to begin their trading through the warehouse receipts system.

3.8. PMP Section 8: Policy Intervention Activities

The Project continues to identify and develop strategies to address critical policy constraints in the targeted sectors through technical advocacy, and by using a cluster approach to increase Ethiopia's agribusiness competitiveness.

Policy Constraints

Horticulture. The team is working to overcome a major constraint of refrigerated export cargo handling at Bole Airport. Due to the limited volume capacity of the current facility, future export growth will be limited. The team has been working with representatives of the Government and Ethiopia Airways to resolve the issue. This will include a study of the economic potential for

allowing private investment in cold stores and high care value-added export facilities, as well as a fact-finding tour of the Nairobi Kenyatta Airport facilities for government, private sector and Ethiopian Airways representatives.

Coffee. The project is working to allow the sale of export quality coffee on the local market, in order to raise awareness of export-grade quality coffee among Ethiopian consumers who have one of the largest per capita consumption levels in the world.

Hides/Skins/Leather. Major issues targeted by the recently formed HSL Cluster Working Group (see below) at the first meeting in December included:

- Little public investment in disease control resulting in poor quality skins/hides available for tanning
- Lack of support for training personnel
- A poor business environment including high tariffs on new technologies, difficult-to-obtain foreign currency, antiquated banking practices, and poor telecommunications infrastructure

Oilseeds and Pulses. Efforts include the aforementioned initiative to introduce legislated grades and standards for oilseeds and pulses so that they can be traded through a warehouse receipts system. The team has also identified a tax on transactions using warehouse receipts that will act as a disincentive for using this program.

The T&I team is also conducting a major study of available financing mechanisms that may be available for our partners. This includes discussions with commercial banks, particularly those involved in USAID's loan guarantee program, to encourage them to provide working capital loans to going agribusiness concerns without the requirement of collateral.

Competitiveness and Cluster Activities

The HSL team introduced and is supporting the first-ever competitiveness cluster composed of industry and government leaders addressing issues that will make this sector more competitive in world markets. In October, the HSL sector manager was joined by representatives from industry and USAID for a competitiveness workshop in France. This workshop was followed by the formation of the Cluster Working Group of 80 public and private HSL industry stakeholders, which met in December to review and coordinate all government and donor-funded activities in the sector.

3.9. PMP Section 9: Other Cross Cutting Activities

Cross-cutting activities include organizational development, technology and partners funds, gender mainstreaming, environmental management, and HIV/Malaria.

Technology and Partners Funds

The sector teams continued to identify and fund activities that support project objectives through the Technology and Partners Funds grants. In summary, this quarter the project has committed \$210,358 in these cost-sharing grants, leveraging partner commitments of \$315,859, or \$1.50 for each dollar invested. To date, the project has committed over \$402 thousand in partner and technology funds and leveraged commitments of \$692 thousand from partners, or \$1.72 for each dollar invested by the project. Tables 1 and 2 provide a breakdown of new Technology and

Partners Fund awards made this quarter.

Table 1: Technology Fund Awards: October – December 2006

Award	Project Contribution	Beneficiary Contribution	Total
TF04: Vegetable seeds for export trials	\$6,384	\$49,950	\$56,334
TF05: Introduction to modern drip irrigation systems	\$99,410	\$178,830	\$278,240
TF06: Sun drying bed equipment for coffee	\$13,846	\$3,393	\$17,239
TF07: Vegetable seeds for export trials	\$3,670	\$16,000	\$19,670
TF08: Awassa Greenwood drip system repair	\$3,290	\$4,490	\$7,780
TF09: Sun drying bed equipment for coffee	\$6,255	\$19,755	\$26,010
Total	\$132,855	\$272,418	\$405,273

Table 2: Partners Fund Awards: October – December 2006

Partner Fund Description	Project Contribution	Beneficiary Contribution	Total
PF03: Radio campaign to sensitize the public on hides/skins recovery program	\$8,691	\$14,641	\$23,332
PF04: Establishment of the coffee corps program in Ethiopia	\$68,812	\$28,800	\$97,612
Total	\$77,503	\$43,441	\$120,944

Environment

The horticulture team continues to implement the first Integrated Pest Management (IPM) program for the Ethiopian horticulture industry, as well as a code of practice for the floriculture subsector that addresses fertilizer and pesticide runoff from large greenhouse operations, highlighted in recent press reports. The concept of biological pest controls for greenhouse operations was also introduced, in response to the issue of contaminated runoff and worker safety. BDS partner The Real IPM Kenya evaluated greenhouse pest management practices in December, and provided the industry and key government officials with recommended protocols to conduct trials of biological pest control agents. These products are expected to be approved for trials commencing in early 2007.

The coffee team is supporting millers in the installation of low-water using eco-friendly pulping machines for coffee processing. Support for sun-dried coffees, which require no water for washing at all, will also continue in response to increased demand in the specialty subsector for this category. Efforts also continued with the aforementioned organic certification efforts, including working with BDS partner IMO to provide certification for coffee, oilseeds/pulses and horticulture. In HSL, the project has identified improved tannery equipment that will increase efficiency and reduce waste. Oxidation/sedimentation ponds will also be installed for tanneries and slaughterhouses to prevent contaminated runoff into local waterways.

HIV/Malaria

The project has identified local partners to assist with HIV and malaria subprograms during field training days. Pathfinder and PSI, both active in the Ethiopian health sector, will provide

materials for farmer field days and other training events.

3.10. PMP Section 10: Global Results Targets

The combined national export sales for the four targeted agricultural sectors was \$9.8 million more this quarter than compared with the same quarter last year.

4.0 Planned Activities for Next Reporting Period

Horticulture

- Conduct visit to Kenya cold store facilities for EPHEA, Ethiopian Airlines and government personnel;
- Planning and executing biannual HortiFlora trade show event;
- Conduct EUREPGAP training with lead partners;
- Continue vegetable export trials with lead clients;
- Conduct pesticide use evaluation (PERSUAP) to ensure compliance with USAID safe pesticide regulations;
- Identify prospective investment partners to participate at the HortiFlora show in March.

Coffee

- Planning and executing Ethiopian participation in the East African Fine Coffee Association (EAFCA) tradeshow in Addis Ababa;
- Organizing and executing first-ever open outcry auction for specialty coffees held in Ethiopia at the EAFCA tradeshow, as well as first Ethiopian barista competition;
- Coffee Corps volunteers to conduct seminar on coffee contracts and exporting, specialty coffee selection, and preparations of samples;
- Completion of coffee harvest and auction/sales for 2006-07 season;
- Technical assistance to lead client farmers in improved production practices;
- Work with lead client millers on improved processing practices.

HSL

- Conclude training program for veterinarians and skinner/flayers;
- Commence intensive livestock dipping/spraying program to eliminate ectoparasite problem;
- Initiate first pilot hides/skins collection centers;
- Conduct study for University of Northampton/LLPTI twinning program;
- Conduct third and fourth competitiveness cluster meetings.

Oilseeds/Pulses

- Continue to identify lead clients in Tigray for oilseeds and Rift Valley area for pulses production, and collect of client baseline data;
- Conduct IPM trainings for insect control in NW Tigray;
- Assist pulses and sesame processors with business planning and financing for new equipment;
- Promote warehouse receipts program, submit grades and standards for targeted oilseeds/pulses to MoARD for adoption.

Trade and Investment

- Complete sources of finance/investment study;

Annex I: Updated Workplan/Performance Monitoring Plan

USAID-FinTrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 9, third quarterly report 12/31/06)

Activity No.	Activity	2006												2007				2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments		
		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind						
3.2	Conduct market, competitiveness and consumption trends analyses on major crops and new products			1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	1	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	2	2	2	6	6	6	6	6	6	6	6	6	68	Business plans and investment feasibility studies completed		25	43				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	1	1	3	3	3	3	3	3	3	3	3	3	34	Loans received by clients across sectors		6	28				X		Successful applications
3.5	Export & domestic market producer/buyer linkage service			2	4	4	4	4	4	4	4	12	12	12	12	12	12	12	12	12	12	12	134	market linkages developed	regular project reporting	6	128					X	
3.6	Support high-potential producers and/or processors participating in international trade shows and fairs								3					3									20	producers/processors participate in international trade shows and fairs	regular project reporting	2	18					X	Lyon, Cairo
3.7	Support inward buyer/ investor missions across sectors							1	1	1				2									10	buyers provided support for inward buying and investment missions	regular project reporting	5	5				X		Parkin, Yirgalem Conference, other reports
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									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									12	workshops	CIRIS	13	(1)			X			
								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									6	domestic market price reporting systems training	regular project reporting	2	4					X	
4	High-Value and Added-Value Horticulture Program																																
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)	16	59			X			Only partners with agreements signed. 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	0	20	50			25	25	50	25	30	30	40	60			355	beneficiary farmers supported directly through lead partners	CIRIS	336	19			X			
4.3	Product-specific and technology-specific technical manuals, bulletins and other technical materials produced and disseminated (production, postharvest, processing)			2	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4	4			50	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	22	28			X			
4.4	On-Farm Extension Program					40	60	90	90	90	150	200	270	270	270	270	270	270	270	270			2610	On-farm extension visits made by program agronomists	CIRIS extension logs	278	2,332					X	
4.5	On-Farm Group Training Events			0	4	6	9	9	9	15	20	27	27	27	27	27	27	27	27	27			261	training events	CIRIS training logs	30	231					X	
				0	20	30	45	45	45	75	100	135	135	135	135	135	135	135	135	135			1305	participants at training events	CIRIS training logs	396	909			X			
4.6	Technical assistance to packhouses (e.g. design and layout, equipment recommendations & sourcing new technology demos, etc.)								5					10					10				30	packhouses assisted with designs and layouts	Copies of designs and layouts	4	26				X		
4.7	Training in postharvest handling								50					100					200	150			500	participants in postharvest training events	CIRIS training logs	33	467					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							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								12	food processing firms implement food safety systems (e.g. HACCP or other)	client certification records; other project reporting	-	12				X		
4.12	Training school for EHPEA in NZTT model															1							1	Training curriculum developed and transferred to EHPEA	Alliance agreements	-	1				X		
4.12.1	Establishment of demonstration sites at regional educational institutions (farm & microprocessing)													2									2	demonstration farms established with educational partners	Alliance agreement; regular alliance reporting; CIRIS	-	2				X		
4.12.2	Curriculum development implementation at regional education institutions													1										support provided in curriculum development to Jimma and Amelemayu (production, postharvest, microprocessing)	Alliance agreement; regular alliance reporting; CIRIS						X		
4.13	Local Market Vegetable Program																																
4.13.1	Demonstration farms established with Farmer Groups								5	10				10	10					10	10		55	demonstration farms established in key production regions		11	44					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	1	2				X		
4.14	Export Market Development Program (EUREPGAP, SPS Compliance, Food Safety & Product Traceability)																																
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

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		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind				
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				100	50	50	300	growers achieve EUREPGAP certification	project and partner reporting; EUREPGAP certification records	2	298			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						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					20				20		50	individuals receive advanced training in EUREPGAP protocol and certification requirements	CIRIS training logs; partner training logs	84	(34)	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	500	500	500	500		3500	farmers trained in safe use of farm chemicals	CIRIS training logs; partner training logs	111	3,389			X					
4.15	Export Market Development Program (New Product Development)																														
4.15.1	Determine target products through production, market, and competitive analysis				2	1	1						1	1					1	1	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)																														
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				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				5	5		30	demonstration farms and plants	CIRIS reporting; demo farm directory	10	20				X	snow peas, sugar snap peas, fresias, baby corn, chillies, mange tout		
4.16	High-Value and Added-Value Horticulture Program-Specific Impact Targets																														
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	\$500,590	\$128,669,410			X		Figures are increase in Q3 export sales (\$1,160,260) over those of baseline year Q3 sales (\$659,670) = \$500,590. Includes 7% of the flower industry figures, according to Ministry estimates for summer flowers
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		TBD
4.16.4	Increased sales by program-assisted farmers																					100%	increase in sales by program-assisted farmers	CIRIS; random surveys	0%	100%			X		TBD
4.16.5	Program-assisted farmers achieve average yields of 100% above current national averages																					100%	over current national averages	CIRIS; random surveys	0%	100%			X		TBD
5	Coffee Program																														
5.1	Initial selection of Lead Partners (processors, exporters, cooperatives, other farmer groups) & development of partner-specific activity workplans		2	3	3	3	3	3	3				10									30	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	23	7	X				Assumes initial group graduated after 1.5 years; additional lead partners added in late 2007 and 2008 to replace graduated partners

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		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind				
5.2	Beneficiaries of lead partners identified and representative M&E data collected			300	450	450	450	450	450				1500								4,500	beneficiary farmers supported directly through lead partners	CIRIS	18,000	(13,500)		X				
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	120	120	120	1,200	On-farm extension visits made by program agronomists	CIRIS extension logs	49	1,151				X			
5.5	On-Farm or Mill Group Training Events (improved management practices)					10	10	10	10	30	30	30	30	30	30	30	30	30	30	310	training events	CIRIS training logs	16	294				X			
						250	250	250	250	750	750	750	750	750	750	750	750	750	750	7,750	participants at training events	CIRIS training logs	177	7,573				X			
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	24	(12)		X					
5.7	Establishment of low-cost cupping labs											5								5	low-cost cupping labs established	Technology Fund Investment reports; CIRIS	5	-	X						
5.8	Training to develop improved local skills in cupping to determine specialty grades, defects, etc.								2	3	3	3	3	3	3					23	trained in cupping techniques	CIRIS training logs	10	13		X					
5.9	National preselection and international cupping & promotional events supported, support inward buyer missions							1			1							1		3	events supported	regular project reporting	1	2				X			
5.10	Training in Rainforest Alliance third party certification process										1							1		2	trained in third party certification process, Wellega and Kaffa	CIRIS training logs	-	2				X			
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			
5.12 Coffee Program-Specific Impact Targets																															
5.12.1	Total value of overall coffee exports increases																			\$209,000,000	value of increase in annual coffee exports	Trade and industry statistics	\$15,547,000	\$193,453,000				X			
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			
5.12.3	New Client investment in new processing and cupping technology																			\$1,600,000	value of client and counterpart investments	CIRIS	\$293,027	\$1,306,973				3			
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						X			
6 Hides, Skins & Leather Program																															
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							45	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	34	11		X					
6.2	Coordinate and collaborate with existing industry support programs (i.e. UNIDO) and relevant government offices.				5	5	5	2												17	Ongoing collaborations to ensure synergy		19	(2)		X					
6.3	Training of trainers for existing ectoparasite programs; direct training where gaps exist			1	1	1	1	1	1	1	1	1	1							11	Training Programs	CIRIS (lead partner data & workplans)	16	(5)		X					
				30	30	30	30	30	30	30	60	60	60	60						450	Technicians trained		277	173		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							8	Training Programs	CIRIS (lead partner data & workplans)	22	(14)		X					
				50	50	50	50	50	50	50	50	50	50							400	Technicians trained	CIRIS (lead partner data & workplans)	703	(303)		X					
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	13	Training Programs	CIRIS (lead partner data & workplans)		13				X			
							15	15	15	15	15	15	15	15	15	15	15	15	15	195	Technicians trained	CIRIS (lead partner data & workplans)	-	195					X		
6.6	Develop pilot traceability program to improve raw material supply to leather processors						1											1	1	3	Pilot traceability programs established	CIRIS (lead partner data & workplans)		3				X			
6.7	Explore enhancing recovery of raw stock through improved marketing, such as an auction																		1	1	Auction program assessed	CIRIS (lead partner data & workplans)	1	-	X						
6.8	Providing training in tanning process improvements										20	20								80	Defects reduced by 15% over project lifespan	High grade yield of raw stock (1-3) increased to 35% from present 20%		80				X			
6.9	Training manufacturers in business and investment planning																	4		4	Manufacturing capacity expanded	80% of manufacturers able to prepare business plan		4				X			
6.10	Supporting inward missions										1	1								5	Inward missions supported through cost-share.			5				X			

USAID-Fintrac Inc/ ATEA - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 9, third quarterly report 12/31/06)

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		A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Achieved to Date	Balance Remaining	Done			Ahead	On	Behind				
9.1.2	Group leaders receive specialist management training																			250	group leaders receive specialized management training	CIRIS and other project reporting	0	250			X				
9.2	Partners Fund, Alliances, and BD!																														
9.2.1	Partners/Technology Fund (Grant) Manual prepared approved by USAID																			1	Manual approved by USAID	Copy of manual	1	-	X					All program activities on schedule	
9.2.2	Partner & technology fund alliances established			1	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	\$692,120	\$257,880			X				
9.3	Gender Mainstreaming																														
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				
9.4	Environmental Management																														
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	779	9,221			X			production training figures	
9.5	HIV/AIDS and Malaria																														
9.5.1	HIV/AIDS and Malaria prevention and treatment programs incorporated to maximum extent possible in training activities through support from local NGOs																				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	
10	IR and other Global Results Targets (all targets by Mar 2008)																														
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	\$9,824,590	\$447,345,410			X			Figures are increase in Q3 export sales (\$1,160,260) over those of baseline year sales for same period for all four sectors.
10.2	Client and counterpart investments																				\$22,600,000	Value of client and counterpart investments	CIRIS + validation; field surveys		\$22,600,000			X			TBC

Annex II: Monthly Bulletins



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – October 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

It has been an exciting month for the project. The coffee team organized a successful buyer mission for 13 importer and roaster companies from the US, the Netherlands, Taiwan and Denmark. In addition to visiting producers and mills in the major coffee producing areas, the group participated in a three day conference in Yirgalem where they met with 20 Ethiopian exporters to discuss market opportunities and challenges for the sector. The HSL group sent a delegation of private sector representatives from the HSL industry to the 8th Annual International Meeting of The Competitiveness Institute in Lyon France, where Ethiopia was represented for the first time along with nine other African countries. The Horticulture team continues to assist growers to meet orders from European of up to 10 tons per week of snowpeas and sugar snap peas beginning in January. This is a major challenge for the industry and the project and we are confident that the Ethiopian industry will meet and exceed expectations. The oilseeds/pulses team is focusing its attention on pest problems that are affecting the sesame industry, developing a treatment program with assistance from the Ethiopian Institute of Agricultural Research and the National Plant Protection Research Center. And finally, on 26th October we held the second project steering committee meeting chaired by State Minister Tadesse Haile of MoTI. These meetings provide a regular venue for the project to discuss progress and issues with its government and private sector counterparts.

Steve Humphreys, Director,
Ethiopia Agribusiness and Trade Expansion Activity

HORTICULTURE & FLORICULTURE

Development planning for summer flower trials has been conducted this month, including site visits and marketing plans for growers of Delphinium, Hypericum, Ranunculus, Gypsophila and Eryonium at a range of altitudes. Initial trial plantings at four sites are encouraging with first exports expected in December 2006.

As a result of market linkages established by the project with European buyers, the traditional start of the bobby bean planting season in mid-October was expanded to 650 hectares of production targeted for



Onions on client farm near Lake Ziway for regional market.
photo courtesy of Fintrac

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

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photo courtesy of Fintrac

Women pruning Hypericum, a valuable export flower for smallholders

export to Holland and Italy. The project is directly assisting lead clients to establish 160 hectares of production by providing intensive technical assistance, improved hybrid seeds and technical assistance with establishing or refurbishing drip irrigation systems. In addition, we are providing advice on greenhouse crops of tomatoes and peppers for export to Holland.

Field agronomists are also conducting initial site visits for planned export crop diversification that will take place in the coming year for international and regional markets. As part of this effort we are developing detailed agronomic and marketing plans for pyrethrum, paprika, table grapes, onion seed and papaya.

The team is also working closely with input suppliers and other business development service providers who are key to the sustainability of our efforts. A training workshop on drip irrigation management was held in Ziway mid-month that included three different drip irrigation companies. Netafim Ethiopia, Irrico from Kenya, and Bruh Tesfa from Tigre region presented aspects of drip management, with Bruh Tesfa also demonstrating their low-pressure family drip system to the group of thirty farmers attending the workshop.

The team is also organizing safe-use training programs with CropLife Ethiopia which is a major step towards capacity building in agrochemical training. The first on-site field training courses are scheduled for January 2007. As part of our partnership with the Export Horticultural Producer and Exporters Association (EHPEA) we have provided strategic guidance in the development of an overall Training Strategy for the floriculture industry, in conjunction with Dutch experts from Wageningen University and PTC Crop Production, as well as with the ZEGA Training Trust in Zambia.

COFFEE SECTOR

With coffee harvest underway the team has been able to focus on direct extension with producers through several of our lead clients. We worked intensively with several private coffee mills, including Green Coffee Agroindustry, Amaro Gayo Coffee, and Dominion Trading, to train lead coffee farmers in proper harvesting techniques. These trainings were held at the mill so that are easily accessible to lead farmers, and emphasized the importance of harvesting ripe cherries. The objective is to reduce rejection rates at the mill, which will also increase green coffee value and reduce processing costs, as well as transport costs to farmers. The millers have also been receiving training in proper washing, drying, and storage techniques. Buyers have cited improperly dried coffee and poor storage as two of the main contributors to inconsistent coffee quality in Ethiopia. Sixty six lead farmers and twenty mill technicians received training.

The coffee team also planned and provided logistics support for an inward assessment and buying mission by 13 importers from the US, Europe and Asia. The buyers visited production areas and mills in Jimma, Kaffa, Bench Maji and Teppi. Midway through the visit a three day workshop was arranged so that the importers could discuss their findings and recommendations with Ethiopian private and cooperative union exporters. The objective was to cement buyer-exporter relationships in order to address one of the key issues identified by importers.....reliability of supply.



photo courtesy of Fintrac

US buyers from Tony's Coffee (Seattle) and Novo Coffee (Denver) inspect sun dried coffee in Kaffa

HIDES, SKINS & LEATHER

The extensive training program in ectoparasite control and improved skinning/flaying has continued during the month. A total of 75 worda-level veterinarians were trained in five locations during the month, while 152 slaughterhouse staff were trained in hides/skins harvesting. This brings the total trained to over 700 personnel in practices that will dramatically increase the quality of raw hides and skins that are sold to tanneries.



A proposed small urban collection center promoted by the project.

In support of the collection center pilot project presented in our last newsletter, the project has met with a major US NGO, World Vision, who is interested in cofinancing the activity. Specifically they would provide funding to roll-out the concept to over 700 centers (120 are planned under our project) and provide major support to training staff to run each center. The collection centers are projected to provide new employment and income for the urban unemployed, and improving the quality of raw hides/skins available to the tanning industry.

Efforts to establish an economic development cluster focused on creating a world class leather industry in Ethiopia is continuing. Five private sector leaders in the industry joined HSL Manager Teshome Kebede and USAID's Mike Klesh in a five day international workshop in France. Ethiopia was one of nine African countries represented and the delegates learned from their fellow Africans the rewards of developing an industry-wide strategy and working together to build an industry.

OILSEEDS & PULSES

The oilseeds/pulses team continues its efforts to promote the use of warehouse receipts by promoting this program with key buyers/exporters of wheat, maize, barley and sorghum. Expanding the grades and standards legislation to include oilseeds and pulses is critical for improved marketing of these targeted products and continues to be a priority for the team.

Another priority is to develop a safe and effective treatment program for combating the sesame seed bug (SSB) which is responsible for significant pre and postharvest losses in Ethiopia. The project, assisted by Fintrac's in-house entomologist Dr. Richard Pluke, is working with the Ethiopian Institute of Agricultural Research (EIAR) and the National Plant Protection Research Center (NPPRC) to develop an inexpensive and effective program to address this threat.

We are also working with the main pulses research center in Ethiopia, the Melkasa Research Center, to introduce new varieties of white haricot beans

(navy beans). A potential partner in this program is Portman Ltd, a large European company trading in dried beans, who is investing heavily to introduce new varieties of white haricot beans to Ethiopia.

TRADE, INVESTMENT & POLICY INITIATIVES

The Trade and Investment team continues to assist Ethiopian firms with business planning and investment services, including: a company targeting garlic to the export market; seven coffee milling companies investing in ecopulping equipment; a farmer cooperative with 680 members targeting export vegetables; a company raising crocodiles that is planning to export \$1.5 million in skins; and a farmer-owned enterprise investing in production, processing and exporting of chick peas. Assistance with business planning and bank loan application has been provided to one lead coffee client for \$20 thousand in development costs and \$80 thousand in operating capital through the USAID loan guarantee program. Loan approval is pending.

Market development services, including volume/price information and market contacts have been provided to the Ethiopia Coffee Exporters Association, POSPEA and two private coffee processors. Market studies in support of project clients are being developed for the following crops: mange tout, sugar snap, baby corn, chillies, okra, as well as ranunculus

The team continues to focus on two main policy issues: ensuring that there is adequate capacity in air freight handling services at Bole Airport to meet the growing volume of fresh vegetable and floriculture exports; and providing analysis of the increased transaction costs associated with the Foreign Exchange and Banking Directives of the National Bank of Ethiopia.



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – November 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

Note From The Project Director

November started with a very successful coffee conference in Yirgalem, the heart of one of Ethiopia's best coffee growing areas, Yirgacheffe. More than 40 delegates, including leading Ethiopian producers and a group of 15 international buyers discussed issues constraining the expansion of Ethiopian coffee trading. As a result of the conference, it was formally agreed that the Ethiopian Specialty Coffee Association will be established to improve coffee quality and create more origins of Ethiopian coffee for international markets. The coffee harvest is in full swing and indications are that this will be a strong year.

The horticulture sector is working closely with lead clients to meet planting deadlines for UK export orders, a large untapped market for Ethiopian producers. Every week we are talking to potential investors, from both the diaspora and large foreign buyers. The sector will need considerable new investment to meet the ambitious 700 percent growth target we have set for ourselves, but we are jump-starting this growth with cost-sharing arrangements from our technology fund agreements.

The hides, skins and leather sector (HSL) has seen the formation of the leather action group comprised of the industry, MoTI, ATEA, UNIDO, GTZ, CDE and the World Bank, to leverage development efforts along the HSL value chain and avoid donor overlap. Members have formed the Ethiopian leather sector Competitiveness Cluster Working Group (CWG).

In our oilseeds and pulses sector agreements have been made with leading sesame exporters on where we can assist with financial and technical interventions to boost exports, particularly in regard to modern cleaning/polishing equipment. The oilseed harvest is now in full swing in Humera, north western Ethiopia.

Steve Humphreys, Chief of Party,
Ethiopia Agribusiness and Trade Expansion Activity



The ATEA project is striving to develop a world-class leather tanning and manufacturing industry in Ethiopia.



Workers make shoes at a tannery in Addis Ababa.

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Horticulture

November is traditionally exciting for vegetable growers because of the first harvest and sales from the crops planted at the end of the rainy season in September. Paprika for spice processing and local-market bananas were harvested around Arbor Minch in southwestern Ethiopia. Fly pickings of bobby beans started with most of the commercial export growers based in Ziway and the Awash area, destined for Van Oers in Holland and the Italian wholesale market. Lead partner Jan Prins’s greenhouse project in Ziway started exporting small volumes of cherry tomatoes and hot peppers.

Because many of these vegetable exporters just started, ATEA agronomists were particularly busy. Gary Tomlins, a horticulture expert, provided additional assistance in agronomy and EurepGAP training during a three-week visit in November. He conducted a EurepGAP farm-training workshop at our flagship bobby bean project at EthioVegfru in Koka. The technical management team from Van Oers complemented the workshop with a follow-up training for farm staff on the safe-use of agrochemicals. In preparation for pea plantings in December, a field training at Awassa Greenwood focused on land preparation practices to remedy poor soil structure. Extension support for tomatoes, a key local-market crop, identified whitefly infestations and virus infections as significant problems in most growing areas. On-site fieldwork with smallholder tomato crops, in conjunction with Seminis East Africa, demonstrated the benefits of virus-resistant varieties, which will be a target going forward for our project demonstration plots.

The flower industry, dominated by roses, geared up to full production and received full support from the grower-owned, charter-hire company, Ethio-Horti, and Ethiopian Airlines, who jointly expanded cargo capacity to one flight to Brussels a day. Trials of high-altitude (2,600m) Hypericum at Chancho Flowers were helped with a new drip system that was funded by Chancho through a cost-sharing partnership arranged by the project. The drip system was supplied by Netafim. Technical assistance was provided to improve yields for Delphinium plantings at Siet Agro, 30 kilometers west of Addis Ababa.

ATEA sponsored a group of 13 people to attend the Eurofruit Middle East Congress in Cairo from Nov. 13-15. The Ethiopian delegation included private-sector growers with capacity to export to the Middle East and individual representatives from Ethiopian Airlines, MoARD and MoTI. At the event, growers



Workers plant hypericum at lead client and demo farm Chancho Flowers in the highland plateau, north of Addis Ababa.

received firm enquiries for mango and specialty vegetable exports. ATEA is also focusing on other enquiries to invest in fruit crops such as avocados.

Two lead clients from the vegetable sector, Ethioflora Plc and Teppo Agriculture, attended a seminar on EurepGAP certification for smallholders. The seminar was sponsored by the Royal Netherlands Embassy and held in Nairobi on Nov. 21-22. Presentations from Vegpro Kenya, Wageningen International, Nak Agro, the Fresh Produce Exporters Association of Kenya, the Fintrac-managed KHDP project in Kenya, and the Kenya Plant Health Inspectorate Service (KEPHIS), gave a stimulating update on the requirements for smallholder certification for vegetable exports. Fintrac has been a leader in developing smallholder EurepGAP protocols in Kenya.

Coffee

In conjunction with the project’s trade and investment sector, ATEA carried out business assessments for two private processing mill clients in Limu Kossa. The goal was to help Dedesa Agro and Gidey Berhe to approach commercial banks for working capital loans. Both clients process coffee

from about 300 hectares and both have established wet mills. They buy red cherries from small coffee farmers and, if given credit to pay farmers for unprocessed cherries, have the potential to expand.

By the invitation of Coffee Support Network, the sector manager participated in a workshop in Nairobi. The conference focused on the Utz Kapeh code of conduct and included participants from East African Coffee producing countries Kenya, Uganda, Tanzania, Burundi, Zambia, and Rwanda. The old Utz Kapeh code was complex and contained several requirements no longer relevant. The new code is available to clients and others through ATEA.

With harvest in full swing, our agronomists conducted coffee picking quality control trainings at lead client mills in Awassa and Jimma and quality has increased dramatically. In addition to improved quality, training has resulted in lower rejection rates at the collection center, improving profits for mills and coffee farmers. Trainings in November were held at the Konga Cooperative and Kassa Gebreyes in Sidamo, and Gidey and Dedessa in Jimma.

Hides, Skins and Leather

In November, the sector conducted four training events in Oromia and four in SNNPR. These trainings are critical in addressing high defect rates in raw materials. As a result, 43 veterinarians received training in ectoparasite control and 124 trainers received training in improved skinning and flaying techniques. As the training program gathers momentum and other donors see the benefits, ATEA is able to leverage more funds to expand the training. For example, an understanding in principle was reached with the USAID-funded Ethiopian Sheep and Goat Productivity Improvement Program (ESGPIP) to contribute \$27,000 as partial financing for a Lalogera ectoparasite control program. Another agreement in principle has been reached with the United Nations FAO for US\$240,000 to pay for veterinary products. The local industry, lead by the Ethiopian Tanners Association, has agreed to undertake a major fund-raising activity to help sustain this program.

ATEA is also working to leverage funds from other donors to establish hides and skins collection centers in the major cities of the regions covered by the project. There are 152 cities in Ethiopia with populations of more than 10,000, including Addis Ababa. ATEA estimates that 735 collection centers, costing approximately \$4.5 million, are needed to collect hides and skins. Concept papers have been



Properly harvested coffee for specialty market from lead client, Gidey Farm in Limu, Western Ethiopia.

sent to World Vision International and Rotary International for additional funding.

The trade and investment sector is developing business plans to support abattoirs in ATEA's four regions to upgrade facilities, resulting in improved collection of hides and skins and better environmental management. Locations are in Sululta, Karalo, Lege Dadi, and Bourayou abattoirs.

Assessments are under way to demonstrate how profitability of tanneries can be improved if they specialize in specific processing stages, which is the industry norm in most countries. This should go a long way toward resolving overcapacity, which has lead to high costs and competition for raw material.

Preparations were completed for the first Cluster Working Group (CWG) meeting in Addis on Dec. 7. One of the most important functions was to coordinate activities with projects funded by UNIDO and GTZ/ECBP. A donor roadmap showing interventions all along the value chain was developed and ATEA has been instrumental in forming a "leather action group" with the slogan "Towards Leather Together." ATEA is also leading the formation of a competitiveness cluster in the sector.

Oilseeds and Pulses

The warehouse receipt system was introduced to the Lume Adama cooperative union president and general manager as well as 28 cooperative managers and union board members. Proposals were made to encourage farmers to deposit wheat (possible 100 tonnes), maize, haricot beans and teff. Since the wheat harvest has started it will be necessary to involve banks and insurance companies to underwrite the receipts, but a lot more training has yet to be done to formalize this.

Demand for white haricot beans is increasing all the time and exporters search for more to fill orders. The price per quintal (100 kg) a farmer receives has risen from 275 to 345 birr (\$31.60 to \$39.66) per quintal ex warehouse in Nazret.

Meetings were held with Melkasa research center, CRS and ACOS big players in the pulses sector that provide training, supply seeds and help with marketing. ATEA is working to develop partner agreements with these organizations to expand production and postharvest handling/marketing programs. They are working with groups who each represent thousands of smallholders.

Sesame production will be lower than last year because of light rains during germination and heavy rains during harvest. Last year, farmers sold for a loss because of low world prices. Current prices offered to farmers this year are 500 birr per quintal, only enough to break even. The problem of Sesame Seed Bug (SSB), a major postharvest problem, has not been bad this year. Web-worm has been more troublesome and ATEA is working with regional agriculture bureaus to introduce integrated pest management (IPM).

Trade and Investment

In November, the first shipment of washed coffee from Amaro Gayo came to Addis Ababa. This project client was assisted in obtaining a development and operating capital loan from Dashen Bank using the USAID loan guarantee program. The coffee fetched a fair price of \$1.20 per pound. Business services provided ensure maximum use of the loan facilities.

Collaborative creative Business Planning for Sibubba Small Coffee Producers has ensured progress despite the banks turning down an application for development and operating capital. (Sibubba's inability to provide fixed asset collateral was the basis for the bank's decision). The construction of the first set of improved sun-drying beds means that Sibubba will be able to sell their first batch of green coffee in December. An application for assistance through the project's technology funds is being prepared for the construction of 120 improved sun-drying beds for Sibubba.

Business plans were developed with Limu Kosa PLC and Dedessa Agro Industry, both private companies in Limu. Negotiations were opened with the Dashen Bank in Jimma to loan 6.1 million birr as operating capital. A Technology Fund application for



Skinner and flayer at the Karalo abattoir receive training from HSL technician Alemayu Giorgis.



Sesame seeds are bundled in Humera, northwest Ethiopia, the main sesame growing area.

the construction of 60 improved sun-drying beds is being prepared for Limu Kosa PLC.

In the oilseeds sector, development of business plans continued with Prosper International and Al-Impex, companies looking to invest in postharvest equipment. The investments are estimated at \$1.5 million

In the hides, skins and leather sector, negotiations have started with the crocodile farm proponent, Blen Development PLC, and the Development Bank of Ethiopia. An application is being prepared for assistance through the technology fund. A business plan is also in development for an abattoir in Sululta.

A very successful visit to the Middle East Fresh Fruits and Vegetables Congress was organized for private sector horticulture producers together with members of USAID and the public sector. Several contacts were made with potential buyers as a result: Frutas Montosa of Spain for Avocados and Mangos; Danube Company Ltd of Saudi Arabia for a variety of fruits and vegetables; and Redbridge Holdings of UK for strawberries.



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – December 2006

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

December proved to be a very full month for the ATEA team as it continues implementation on a number of fronts.

In the coffee sector we are in the midst of harvesting and processing. There’s a lot to do on improving harvesting and postharvest handling so we lower reject rates at the washing and drying stations.

Horticulture plans are progressing well and we are preparing to plant for export programmes for vegetables for the UK market, whilst we continue to examine how to diversify into new floricultural products. For hides, skins and leather (HSL) we have been focused on clustering and seem to have got good buy-in from the industry, we have formed a core group that is committed to making this happen with the encouragement of Ted Lyman the Economic Competitiveness Group (ECG), a consortium partner.

The oilseeds and pulses team spent some time in Tigray and Amhara in Ethiopia’s far northwest, starting to work on improvements we intend to make in the sesame industry, whilst we are forming linkages with NGOs and research institutes to work on pulses in the Rift Valley area south of Addis Ababa.

On a more sociable note, at the end of December we celebrated Christmas (although Ethiopia’s Christmas is on Jan. 7) with an end of year party for our staff and their families, as well as colleagues from USAID. This included plenty of wonderful local food and traditional dancing.

Steve Humphreys, Chief of Party,
Ethiopia Agribusiness and Trade Expansion Activity



Photo courtesy Fintrac

A farm worker enjoys a moment in the sun on top of a truck during harvest in Upper Awash.

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Photo courtesy of Fintrac

A woman tends to greenhouse chillies at Prins Vegetables in Ziway.

Research Center and MoARD. Bio-controls have a huge potential for the floriculture industry that has an acknowledged over-dependency on chemical-based treatments.

Advantages of Biologicals for Ethiopian Greenhouse Growers

In addition to improved worker health, plant quality and improved productivity, using beneficials to eliminate mite damage significantly reduces the routine cost of pesticide treatment. "A chemical maintenance program for mites will cost the average Ethiopian flower grower between \$550 to \$700 per hectare per month," according to Louise Labuschagne of Real IPM Kenya. "This represents a direct cost to the industry of over \$3 million per year in mite sprays, which doesn't eliminate the problem because of resistance and poor underleaf cover." After a phytoseiulus clean up program growers can expect a 20% increase in yields, a 10 cm increase in stem length, and no packhouse rejections.

HORTICULTURE

This was an extremely full month as the sector continues to organize production, bring in modern vegetable production technology and planting material, and promote Ethiopia's tremendous business potential with EU and Middle East-based importers and buyers. A follow-up visit was conducted by Jonathan Parkin, the M.D. of Shona Products - U.K., to finalize planting plans for vegetable export trials, primarily targeted for the UK market. A culmination of his visit was the formal signing of an exclusive Marketing Agreement with a one of the project's clients that establishes planting and sales programs into the UK Supermarkets during 2007/8. A series of field-visits by Peter Francombe, GM of Seminis East Africa, a supplier of much-needed hybrid vegetable seeds, supplied several the fine bean varieties for trials planned in January 2007. we anticipate that this will lead to more reliable seed supply through this BDS partner in the coming year.

The high-altitude (2,550m) Hypericum trial site at Chancho, 20 km's north of Addis Ababa, suffered significant frost damage in the third week of December and plant recovery is still unknown at the moment. The incident illustrates the risks and benefits of small-scale trials of new products and new locations, and the importance of crop diversification. Early trial shipments of *Runnunculus* summer flowers from the trial with Omega Farm provided the project with valuable market feedback on quality issues.

The project coordinated the weeklong visit of Louise Labuschagne, the M.D. of *Real IPM Kenya*, as key speaker at a series of IPM workshops that were held with EHPEA members. Seminars were conducted on the effectiveness of IPM technology and the implementation techniques for a variety of bio-control agents that will significantly reduce costs and worker pesticide exposure. An initial action plan was developed for importation, efficacy-testing and registration of phytoseiulus for flowers, in conjunction with officials from the Crop Protection Department at Ambo

COFFEE

December in Ethiopia is traditionally the season of harvesting and processing. Our field activities, led by our two field agronomists, involved visits to all of ATEA's 16 lead clients, who represent more than 13,700 smallholder growers, to advise them on basic agronomic practices in order to prepare coffee trees for the coming season. With assistance from the project many clients report much better than average coffee quality, and sales of nearly \$1 million in coffee has already been reported by five clients. The team is currently fine-tuning baseline data so comparisons can be made with past season yields, quality and sales. We will have more to report on this in future issues.

In addition, the Coffee Team is heavily involved in the planning of the East African Fine Coffee Association (EAFCA) Fine Coffee Conference and Exhibition to be held for the first time in Addis on Feb. 15-17, 2007. This is a perfect time to showcase some of the high quality Ethiopian coffees to international buyers who will attend the event. The project is organizing the first-ever open outcry auction for speciality coffee in Ethiopia as part of EAFCA. Forty-four coffees were submitted for evaluation, and 23 were selected for the competition by receiving scores of 85 or higher.

Five coffee cupping labs that have been cost-shared by the project are in the process of being installed. These will enable quality assessment at the mill level instead of in Addis where the only facility now exists. As reported earlier, the project has started to train coffee cuppers to work in each of these labs. As a condition for locating the lab on their site, coffee cooperatives have agreed to make these facilities available to any group who needs to use them.



ATEA Field Advisor Getachew Zelaga demonstrates the importance of weed control as part of ATEA's coffee extension program.

This month the team also visited Gololcha for the first time. The area produces a naturally processed Harrar coffee, which is highly sought after by specialty coffee buyers. The main problem in Gololcha is transportation to bring the coffee to the market, as it is a very isolated area. Road construction is ongoing and should solve the transportation problem. It will also be the site of one of the project-sponsored cupping labs.

HIDES, SKINS AND LEATHER

ATEA continued to work on training of trainers, totaling 69 technicians and hides and skins collectors in proper flaying, curing, grading and logistics of raw stock. We are also ready to deliver training in Oromia regional state in both veterinary issues and hides and skins flaying, which will involve 148 experts in a number of woredas.

Efforts continued to leverage funding from other donors via: promotion of project activities in a stakeholders meeting organized by the Leather and Leather Products Training Institute; introduction and briefing of project activities to the new Ethiopia Tanners Association Board at USAID, with the association agreeing to fund a part of the Lalogera ectoparasite control project with more than US\$42,000 of its own money. Project design is underway with World Vision Ethiopia on their support in funding a significant portion of a nationwide hides and skins collection center network. This will supplement the project's pilot program funded jointly by the project and LLPTI for 30 centers. The World Vision program will expand the number of centers to 735 by the end of their involvement.

Final refinement of capacity building interventions for abattoirs located in the suburbs of Addis Ababa where hides and skins harvesting is poorly managed. Improvements here will dramatically improve the quality of up to 3 million hides and skins supplied to the tanning industry from Addis on an annual basis.

Planning is underway with UK-based industrial engineers and economists with a view to assess the technical and economic feasibility of vertically integrating the

tanning industry along process lines, a development which is occurring in other leading leather-exporting countries but is lagging in Ethiopia.

The momentum of Competitive Cluster formation continues, with the first full session held on Dec. 7 at ILRI with more than 80 participants from the private and public sectors, as well as from donors GTZ and UNIDO.

OILSEEDS AND PULSES

The production and value of oilseeds and pulses especially sesame and white haricot beans is increasing in local and international markets. Since the sector mainly works on these two crops, visits were carried out in the production areas in Tigray/Amhara and discussions were held with stakeholders.

Humera, located in Tigray regional state, is the major sesame growing area in the country. Despite the problems encountered by the producers, sesame production is increasing in the area. There are 14 small farmer cooperatives, one union and one commercial farmer union in the area. The regional bureau of agriculture and rural development has a plan to increase the land holdings of sesame producers by 35 percent in collaboration with other stakeholders to increase production and quality.

Metema, in Amhara region, is the second most important sesame growing area in Ethiopia. Farmer income and government revenue are rising as a result of increase in sesame production.

We are organizing a training program to be held in April 2007 in Humera and Metema. It will be conducted in collaboration with MoARD on sesame agronomy, insect pests and diseases, weed management, pesticides, marketing, quality standards and good agricultural practices.

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Our oilseeds and pulses agronomist, Yitbarek Liben, is now on site full time in Shire, Tigray Province, where he can work intensively with producers to improve sesame yields and quality. He will handle the Humera, Dansha and May-Kadrra producers cooperative unions.

On the pulses front, we are working with white haricot beans, which is the leading exportable commodity. Partners are going to be Melkassa Agricultural Research center as well as CRS, which are working with growers in nine woredas. The growers are increasing their production and income since demand from international buyers and canning factories is strong. We are also in talks with ACOS, a leading bean exporter.

On the warehouse receipt system, discussions were held with Mekia Enterprise, Hawas Agribusiness, EGTE and WFP. WFP is ready to work with the system if we use EGTE warehouses. The new warehouse receipt specialist will start in January.

Discussions were held with IMO on possible organic certification of sesame.

TRADE AND INVESTMENT

In December, the four sector quarterly newsletters were prepared and made available to all stakeholders. Hard copies will be provided to key partners, in particular to government ministries and agencies.

All input prices for horticulture and oilseeds and pulses farming have been collected and will be published in January 2007. A descriptive paper about loan conditions and criteria of commercial banks will be ready for investors and internal uses within a few weeks.

In the horticulture sector, Zi-Andeta PLC has been assisted with a technology fund for family drip irrigation, with the project supporting \$12,000 of the startup costs, and the client providing \$13,000. We have also assisted them with the preparation of their business plan for their 80 hectare farm. They wish to carry out advance trials of various crops using drip irrigation on three plots of a quarter hectare each. The plots will also be used as training and demonstration sites for smallholder outgrowers. In addition, GADCO Farm Enterprise has been provided assistance in business planning.

In the coffee sector, Sibub Edda, a PLC of 580 small coffee producers as shareholders, has been assisted in business planning and \$17,000 in financing to pay for improved sun-drying beds. As a result of the construction of the initial beds and the cherry harvest in hand, production is expected to grow to nine containers of 18 tons each this year. The project also assisted Limu Kosa PLC obtain \$300,000 in bank loans for operating capital, plus a cost sharing grant of \$6,240, matched by their nearly \$20,000, for the purchase of 60 drying beds.

In HSL, the Blen Development PLC application for a loan to expand their crocodile meat and skin operation, and Sululta Abattoir is seeking a bank investment of \$300,000 to in part, expand their sales of skins and hides.

In oilseeds and pulses, Prosper International has submitted a business plan for support for a de-hulling machine that will help increase their turnover to \$6 million per year.

Annex III: Quarterly Market Bulletins and Market Update 01: Sesame



USAID
FROM THE AMERICAN PEOPLE



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



Quarterly Market News Service Newsletter for EHPEA Members – Issue #02

December 2006

Market News

Ethiopia's Export Performance for Fruits, Vegetables and Cutflowers

The export performance statistics of Ethiopia for the third quarter of 2006 has recently been released. According to the release, Ethiopia's export of fruits and vegetables has shown an increase both in volume and value terms as compared to similar period in the preceding quarter of 2005. There is an increase of 39% in volume reaching 10,280 tons, and a 61% increase in value reaching 2.75 million USD. As compared to the similar quarter in 2005, the share of fruits and vegetables export in total national export earning during the third quarter of 2006 showed an increase from 0.9% to 1.34%

Fruits and Vegetables

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Source: EPD/MOTI

Fresh Cutflowers

In a similar fashion, export of flowers showed a major increase of 132% in volume reaching 44 million stems and 191% in value terms reaching 7.3 million USD. As compared to the similar quarter in 2005, the share of flower export in total national export earning during the third quarter of 2006 showed an increase from 1.32% to 3.55%.

Source: EDP/MOTI

US Imports of Fresh Cut Roses

Annual statistical figures show that US import of fresh cut roses totaled close to USD\$275 million in 2005 marking a slight increase 10 percent increase of over 2004 US exports values of USD\$250 million. Year-to-date (Jan-Oct 2006) US imports were valued at USD\$265 million showing a relative increase of 10.3 percent over the same period in 2005 (USD\$240 million).

Source: USITC

International Prices

Fresh Cutflowers: Dutch Auction Prices December 13th, 2006 (Average Price per stem in Euro)

Flower Type	Variety	2006	2005	2004
Cut Flowers	Total	0.16	0.15	0.14
Alstroemeria	Total	0.09	0.09	0.11
Ammi majus	Total	0.14	0.13	0.18
Anemone	Total	0.1	0.07	0.09
Aster	Total	0.17	0.15	0.18
Carnations Spray	Total	0.09	0.09	0.08
Carnations Stan.	Total	0.12	0.13	0.11
Carthamus	Total	0.13	0.13	0.15
Chrysant. Spray	Total	0.13	0.25	0.1
Delphinium	Total	0.49	0.23	0.29
Eustoma	Total	0.23	0.22	0.21
Gerbera Large	Total	0.26	0.26	0.21
Gerbera Mini	Total	0.2	0.17	0.14
Gladiolus Big	Total	0.29	0.36	0.13
Gypsophila	Total	0.19	0.17	0.27
Helianthus	Total	0.28	0.27	0.21
Hypericum	Total	0.15	0.19	0.15
Leucadendron	Total	0.14	0.16	0.14
Liatris	Total	0.15	0.08	0.11
Lilium Asiatic	Total	0.11	0.08	
Lilium LA	Total	0.15		0.2
Lilium Longiflor.	Total	0.41	0.24	0.31
Lilium Oriental	Total	0.1		0.35
Limonium	Total	0.23	0.2	0.2
Ornithogalum	Total	0.17	0.13	0.14
Protea	Total	1.22	1.27	1.49
Ranunculus	Total	0.13	0.12	0.11
Rose Large	Total	0.18	0.16	0.16
Rose large	Akito	0.16	0.13	0.12
Rose large	Duett	0.16	0.13	0.18
Rose large	First Red	0.25	0.22	0.18
Rose large	Inka	0.12	0.1	0.14
Rose large	Inka (outdoor)	0.09	0.08	0.11
Rose large	Jupiter	0.09	0.09	0.11
Rose large	Marie-Claire!	0.25	0.19	0.26
Rose large	Milva	0.17	0.16	0.23
Rose large	Mixed Colors	0.17	0.2	0.25
Rose large	Shanti	0.11	0.11	0.16
Rose large	Tropical Amazone	0.14	0.12	0.14
Rose Small	Total	0.12	0.09	0.09

Fresh Cutflowers: Dutch Auction Prices

December 13th, 2006

(Average Price per stem in Euro)

Flower Type	Variety	2006	2005	2004
Rose Small	Black Beauty	0.11	0.08	0.1
Rose Small	Candid Propytha	0.15	0.12	0.16
Rose Small	Chelsea	0.11	0.08	0.12
Rose Small	Escimo	0.11	0.09	0.07
Rose Small	Frisco	0.06	0.06	0.07
Rose Small	Golden Gate	0.08	0.08	0.1
Rose Small	Mixed Colors	0.09	0.07	0.07
Rose Small	Poeme!	0.09	0.06	0.07
Rose Small	Red Calypso	0.17	0.13	0.09
Rose Small	Sunbeam	0.1	0.09	0.11
Rose small	Sunnysher	0.11	0.08	0.13
Rose Spray	Total	0.09	0.1	0.09
Rudbeckia	Total	0.11	0.09	0.07
Ruscus	Total	0.09	0.1	0.07
Solidago	Total	0.08	0.09	0.11
Trachelium	Total	0.25	0.11	0.23
Tulip	Total	0.2	0.12	0.12
Veronica	Total	0.17	0.14	0.15
Wax Flower	Total	0.17	0.15	0.12

NOTES: Flower prices are sourced from the Dutch Flower Auctions Association (VBN). The quantities and prices are the sum of all the listed flowers in The Netherlands: Aalsmeer, FH Naaldwijk, FH Rijnsburg, FH Bleiswijk, FH Eelde, FH ZON, VON, and Vleuten auctions. Exchange Rate : 1 Euro = USD\$1.28

Fresh Produce: UK Market Prices

Strawberries					
Market	Supplier	Variety/Quantity	This Week	Last Week	% change
UK	Egypt	250 Kg	98	115.00	17%
UK	Egypt	400 Kg	140	n/o	N/A
UK	Israel	250 Kg	163	168.00	3%
UK	US		200	75.00	-63%
Beans					
UK	Egypt	Bobby-200g	50	n/o	
UK	India	Fine-2kg	550	500	-9%
UK	Kenya	Fine-2kg	558	550	-1%
UK	Morocco	Helda-4 kg	1,100	1,100	0%
UK	Kenya	Runner-4kg	1,000	1,000	0%

Source: Fresh Info

Industry News

Freshfel Identifies EU-25 Consumption Trends

"European fresh produce association Freshfel Europe has released its Consumption Monitor 2006, a document which analyzes trends in the production, supply and consumption of fresh fruits and vegetables across all 25 EU members.

The report's findings reveal that gross supply of fruit stood at 109.75kg per capita in 2005, compared with an average supply of 110.9kg since 1998. As such, the total supply of fruit in the EU-25 rose by 1 per cent in 2005 compared with the average, while the gross per capita consumption decreased by 0.4 per cent due to growth in population in the EU, which rose from 450 million people in 1998 to 461 million in 2006.

Meanwhile, total gross supply of vegetables was 106.19kg per capita in 2005, compared with the average of 111.05kg since 1998. In 2005, Greece, Cyprus, Italy, Hungary, Spain, Portugal and Belgium led the way for the volume of fruit and vegetables supplied in grams per day."

– Eurofruit November/December 2006

Flower Powers Unite

"The two major flower auctions in the Netherlands are to merge to form a 4 billion Euro (2.68 billion Pound) marketing cooperative. Aalsmeer and FloraHolland signed a declaration of intent on October 26 to establish a new organization on January 1, 2007.

The united operation will be called FloraHolland, while retaining the globally recognized red tulip logo of Aalsmeer. The head office will be located at Aalsmeer. Tim Huges, of Aalsmeer, who will be managing director of the new venture, said: "The main aims of the merger are to strengthen the market position for both suppliers and clients and make cost savings throughout the chain by increasing efficiency."

– Fresh Produce Journal, November 2006

Kenya Flower Export Plan 2006

"The last decade has seen the industry grow from exports of 35,000 tons of flowers to a forecast 88,000 tons. Export for the first half of 2006 were up from 48,000 tonnes in 2005 to 50,000 tonnes, but foreign exchanges fluctuations and a strong shilling saw value down by around 15%.

–Fresh Produce Journal, November 2006

China Inching Up World Exporter List

"A new report released by Rabobank, the Dutch agri-bank, predicts that China will usurp the Netherlands as the world's third biggest fresh produce exporter within three years. China, which produces half the world's fruit and vegetables, is beginning to make its force felt on the world stage, as exporters exploit the natural advantage of low labor costs to re-enforce areas of existing strength and create a dominant position in crops such as persimmons and asparagus. China's fresh produce exports totalled US\$7.2 billion last year, or 7.2 per cent of global trade in fruit and vegetables, according to data from Rabobank and the United Nations. This leaves it trailing behind only the Netherlands, the US and the world's largest exporter Spain. The Netherlands figure is skewed by the volume of fresh produce that is shipped from outside of Europe through the country and onto other European destinations. The EU is expected to become a far bigger target for the Chinese as the drive begins to increase the value of the export basket, as well as volume."

–Fresh Produce Journal, 30 November 2006

Eastern Markets Crucial to Future of European Banana Market

"Countries to the east of Europe are noticing major increases in banana sales as prices on the EU market tumble, in some cases below those paid to producers. High volumes and low demand during the summer have pushed prices down to as low as 0.30-0.40 Euro cents per kg in some EU countries, prompting sales to rise in price sensitive, non-EU markets such as Russia, Ukraine, Algeria, Syria and Iran."

–Eurofruit October 2006

Israel's New Berry Trio

"Three new varieties of strawberries developed in Israel are arriving on the UK marketplace in commercial quantities for the first time this season. Yuval, Herut and Festival were in strong demand during trial shipments last season, according to the Israeli Plants Production & Marketing Board and now make up some 20 per cent of all strawberries under production in Israel. The new varieties are characterised by their elongated shape and a high 10 per cent sugar content, compared with other varieties, which average eight to 8.5 per cent sugar content. The total strawberry yield in Israel this year is expected to reach 14,000 tonnes, of which nearly 2,600 tonnes will be exported, compared with 2,400 tonnes last year. Sales returns on the local market will amount to \$17 million, and revenues from export are estimated at €9 million. In addition, Palestinian growers from the Gaza region are expected to export some 2,000 tonnes of strawberries, branded under the Coral logo, and marketed throughout Europe by Agrexco, Israel's primary fresh produce exporter.

Some 63 per cent of Israeli strawberry production is grown using natural biological predators which provide the grower with the permit to define the fruit as Bio-Strawberry, grown without the need of spraying it with chemicals. According to the Plants Board, some 80 per cent of the strawberries from Israel are air freighted to the UK, mostly to Marks & Spencer, Tesco, Sainsbury's, and Asda, among others. Other important markets are the Netherlands and Belgium, and the emerging market in Russia, which will receive several hundred tonnes of strawberries this season, which began in December and will run until June."

– Fresh Info, December 19, 2006

Agrexco Releases Strawberry Forecast

"Israeli exporter Agrexco forecasts 1,300 tonnes of strawberries, comprising mostly its premium and exclusive variety Yuval®, and Tamar. Assaf Adar, strawberry product manager, said Agrexco is increasing its use of seafreight in view of the high costs of air transport. It will use special controlled-atmosphere compartments on board its reefers for the fruit. Adar estimates that if climatic conditions are favourable, the total export volume for this season could be even higher than the 1,300 tonnes forecast. In addition to exporting Carmel-branded berries, Agrexco is handling the logistics and distribution of strawberries grown by Palestinian farmers in the Gaza region, who grow on 200 hectares. These growers will send some 1,500t to western Europe under the Coral – Palestinian Produce label. Last year Palestinian producers exported 1,150t of the berries."

– Fresh Info, December 19, 2006

Market Opportunities

Company	Contact	Products of Interest	Import Market
Oudendijk Import BV	J.H.A. Oudendijk Tel: (31) 297-387-800 Fax: (31) 297-387-838 www.oudendijkbv.nl	Fresh cutflowers	Netherlands
Niba-Flolexport BV	Nico. H. Hofman Tel: (31) 297-327-405 Fax: (31) 297-343-485 www.nibafor.nl	Fresh cutflowers	Netherlands

Source: Addis Ababa Chamber of Commerce & Sectoral Associations

Trade Fairs, Exhibitions and Events

Hortiflora Ethiopia 2007 – March 21-23, 2007

Addis Expo Center
Addis Ababa, Ethiopia
Organized by: EHPEA and HPP
Contact: Melvin Brehler, Director of Client Services
Tel: +31-20-6622482; Fax: +31-20-672326
Second Biannual International Trade Exhibition for the Floriculture & Horticulture Industry

Fruit Logistica – February 8-10, 2007

Berlin, Germany
Organized by: Fruitlogistica
Contact: Division Trade Fairs and Exhibitions
Telephone: +49 (0)30 3038-0
Facsimile: +49 (0)30 3038-2325
central@messe-berlin.de ; www.fruitlogistica.com
International Trade Fair for Fruits and Vegetables

Fresh Produce India 2007 – February 21-24, 2007

Fresh Produce India
Taj Krishna Hotel
Hyderabad, India
Organized by: Asia Fruit and Eurofruit
Contact: Bill Konos
Asiafruit Magazine / Eurofruit Magazine
tel +44 20 7501 3707; fax +44 20 7498 6472 bill@fruitnet.com
The new fresh produce conference and networking event for the Indian fresh produce industry.

Asian Fruit Congress – September 5-7, 2007

Queen Sirikit National Convention Centre
Bangkok, Thailand
Organized by : FRUIT LOGISTICA
Contact: www.asiafruitcongress.com
E-mail: info@asiafruitcongress.com
Contact: Maja Achner, Project Organiser
Global Produce Events GmbH
Messedamm 22
14055 Berlin, Germany
Telephone: +49 (0)30 3038-217; Facsimile: +49 (0)30 3038-2063; achner@gp-events.com
The Asiafruit Congress powered by Asiafruit Magazine will join forces with ASIA FRUIT LOGISTICA, for the new annual international trade exhibitions for fresh fruit and vegetables marketing

HortiAsia – January 11-14, 2007

Exhibition Hall 1 & 2, Royal Flora Ratchaphruek, Chiang Mai
Chiang Mai, Thailand
Contact: Ms. Prapaporn Prasertsritavee; prapaporn@reedtradex.co.th; hortasia@reedtradex.co.th
Tel: +66 2686 7239 ; Fax: +66 2686 7288
HortiAsia 2007 offers growers & exporters, flower traders, breeders, technical suppliers and service companies the opportunity to show their newest varieties available for export.

BioFach, World Organic Trade Fair – Feb 15-18, 2007

Halls 1-6 Exhibition ground Messe
Nuremberg, Germany

Contact : NürnbergMesse GmbH, Messezentrum, D-90471 Nürnberg, Germany

Tel +49 (0)9 11.86 06-0; Fax +49 (0)9 11.86 06-82 28; biofach@nuernbergmesse.de; www.nuernbergmesse.de

BioFach, the World Organic Trade Fair, is distinguished by its vigour, internationality and innovative power. It brings together approximately 2,100 exhibitors.

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USAID Agribusiness and Trade Expansion Activity

"Increasing Rural Incomes and Employment"

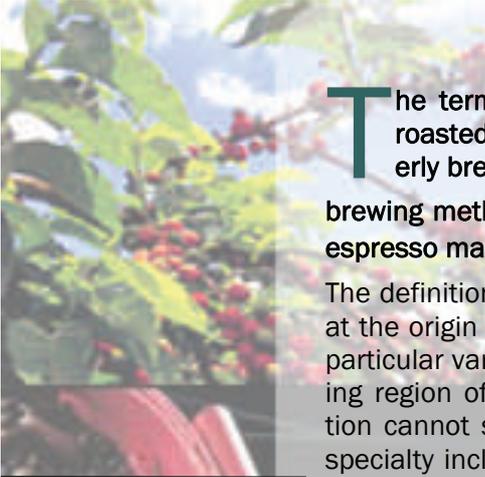
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The Specialty Coffee Market

The term "specialty coffee" refers to the highest-quality green coffee beans roasted to their greatest flavor potential by true craftspeople and then properly brewed to well-established standards. Specialty coffee is not defined by a

brewing method, such as the use of an espresso machine.

The definition of specialty coffee begins at the origin of coffee, the planting of a particular varietal into a particular growing region of the world. But the definition cannot stop there. The concept of specialty includes the care given to the plant through harvest and preparation for export.

Specialty coffee in the green bean phase can be defined as a coffee that has no defects and has a distinctive character in the cup. It is not only that the coffee doesn't taste bad; to be considered specialty it must be notably good.

The next phase is roasting, and there is a lot of opportunity here to continually define specialty. Every coffee in combination with every roaster has a potential to express itself in a way that will be most satisfying for every customer. Bringing out a coffee's distinctive character is the roastmaster's challenge. If he comes close to succeeding then it is still specialty if it started out in the green form as specialty.

In roasted coffee, most agree that freshness is a part of the definition for specialty. If the coffee is not highly aromatic then it no longer deserves to be called "specialty."

Then there is the brewing phase. There are many different methods, and all are capable of brewing beverages that can qualify as specialty coffee, but only if done correctly. The right ratio of coffee to water, the right grind suited to the method and the coffee's physical characteristics, the proper water temperature and contact time, a good preparation of the coffee "bed" or "cake" are all fundamentals that must be satisfied to produce a specialty cup of coffee.

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Some Points on the Specialty Coffee Market:

(Taken from the presentation on Specialty Coffee Systems: a buyers perspective by Geoff Watts, Intelligentsia Coffee & Tea at the Ethiopian Coffee Roundtable (at Yerga Alem) Organized by USAID Agribusiness and Trade Expansion Activity: November 2, 2006)

Important requirements in specialty coffee market:

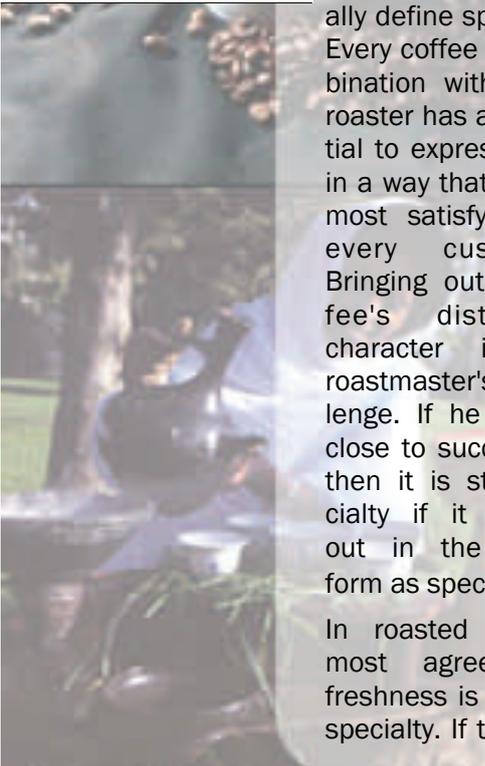
- Ensure and maintain good quality in all the stages of handling, processing, packaging, storage, and delivery by proper timing and also by use of appropriate technologies.

What to do to ensure it is Certified Coffee:

- Cupping at the farm gate,
- Invest in cupper training,
- Pay cuppers as professionals—they are essential in increasing / understanding product value,
- Calibrate with buyers - cup together, share results,

What do buyers of Specialty Coffee want?

- Quality,
- Traceability, and
- Repeatability.



DOMESTIC MARKET NEWS

Supply of Coffee to the Domestic Auction Market by Month:

The supply of coffee to the central auction market during the first quarter of 2006/07 showed higher performance as compared to the three months same period last year by 174%, 228% and 291% for the months of July, August and September respectively. See table below for details.

Month	July – September 2006	July – September 2005 (Quantity in Tons)	% Change
July	11,005	6,337	+ 174
August	14,371	6,309	+ 228
September	10,795	3,706	+ 291
Total	36,171	16,352	+ 221

Source: MoARD

Supply of Coffee to the Domestic Central Auction Market by Region

Region	July	August	September	July – September (Quantity in Tons)	% Share
SNNP	3,540	3,365	2,476	9,381	26
OROMIA	7,229	10,773	8,159	26,161	72
G A M - BELLA	236	233	160	629	2
TOTAL	11,005	14,371	10,795	36,171	100

(July–September 2006)

Source: MoARD

Third Quarter of 2006 Vs 2005

Commodity	Quantity (in Tons)	Value (A) (in '000 s USD)	Quarter Grand National / Total Export (value) B	Share of Quarter Grand National Total Export (value %) B/A
COFFEE (3rd quarter 2005)	24,372	57,562	189,104	30
COFFEE (3rd quarter 2006)	41,379	90,939	204,660	44
% Change (2005 vs. 2006)	+70	+58		

(Continued on page 6)

Ethiopia's Coffee Production 2006/07:

Ethiopia, Africa's biggest coffee producer and consumer, is expected to produce 4.5 million bags in 2006/07, up from 4.3 million in the previous season, mainly due to more favourable weather.

Source: International Coffee Report,
November 2, 2006

Ethiopia and Starbucks discuss trademarks, but fail to agree:

At a news conference, the head of Ethiopia's Intellectual Property Office said no deal had been reached.

"Starbucks has not yet recognised Ethiopia's trademark ownership of the (two) specialty coffee names, despite Prime Minister Meles' offer of a royalty-free licensing agreement," Getachew Mengistie said.

Addis Ababa and British charity Oxfam accused Starbucks last month of trying to stop Ethiopia trademarking its best-known coffee beans – Sidamo and Harar – and denying farmers potential income of more than \$90m.

Starbucks said in a statement after the talks that it supported the recognition of the source of its coffees.

Starbucks said it fully supported the premise that any protection of regional coffee names in Ethiopia should benefit the Ethiopian coffee farmers.

Starbucks and the Ethiopian government agreed that they would work together towards a solution for the protection and

(Continued on page 3)

Ethiopia and Starbucks ...

(Continued from page 2)

use of Intellectual Property Rights of Ethiopian coffee names, the coffee firm said.

"We were grateful for the opportunity to meet with the Ethiopian Prime Minister Melese Zenawi to talk about how we can work together on initiatives that will benefit coffee farmers," said Jim Donald, Starbucks president.

Source: The Public Ledger, November 30 2006

Ethiopian Coffees Earn \$250,000 in Online Auction

LONG BEACH, Calif. U.S.A. (August 23, 2006)—Twenty-seven lots of award winning Ethiopian coffee went up for bid online today in the second annual Ecafe Gold coffee auction, organized by the Ecafe Foundation and hosted by the Specialty Coffee Association of America (SCAA) Marketing Partner's program.

Nearly 700 60-kilo bags made up the 27 lots of green coffee, which earned a total of \$253,550. The highest bid was \$10.65 a pound for 11 bags of organic Yirgacheffe from the Hama Cooperative. The Hama coffee ranked number one in the sun-dried unwashed category, with a score of 92.5, during an international cupping competition.

A jury of professional coffee cuppers from around the world picked 27 lots of coffee from more than 175 submissions after several weeks of evaluation in February of this year. All coffees were submitted by small farmer cooperatives with a commitment to sustainable agriculture.

The auction lasted for six hours as 40 bidders competed for these prized Ethiopian coffees.

The average price paid per pound in the auction was \$2.76, which is more than double the current commodity price for coffee.

Ethiopia: U.S. Firm Introduces Ethiopian Super-Natural Coffee

Peet's Coffee & Tea, Inc., a specialty coffee roaster and marketer in the United States, on Thursday introduced Ethiopian super natural, a rare wonder from the heart of the crop in the famed Yirgacheffe.

Appropriately named, this uniquely special coffee offering yields a remarkable cup replete with floral qualities, vivid wine dark flavours, wild blueberry sweetness and distinctive, unforgettable richness, in its press release said.

Ethiopian super natural is the result of a three-year quest by one of the company's dedicated suppliers to reproduce the flavourful coffees of his grandfather's day.

Grown organically and handpicked at the height of ripeness, Ethiopian Super Natural is meticulously processed by using the natural method where the pulpy fruit of the coffee cherry is dried on the bean, then hulled off. The essence of the natural method of processing coffee is that the fruit or "cherry" imparts its concentrating, distinctive flavours to the bean as it dries.

"When I brought this coffee back from Ethiopia, I knew that we were going to taste something truly extraordinary," said Doug Welsh, vice-president of coffee, Peet's Coffee & Tea, Inc., "It is one of the finest coffees to have ever crossed our cupping table, and we are proud to offer our customers the opportunity to taste something they may have never experienced before."

Ethiopian super natural hails from the birthplace of coffee, also known for producing very fine washed coffees, such as Peet's Ethiopian Fancy. Produced in limited quantity for Peet's, Ethiopian super natural is also certified organically grown.

Source: The Reporter, September 16, 2006

Prices

In November, the coffee market recorded a significant rise in Arabica prices while Robusta prices rose only slightly. To some extent, the arrival of Vietnamese coffee on the market slowed down the momentum of the Robustas. Nevertheless, the monthly average of the ICO composite indicator price rose from 95.53 US cents/lb in October to 103.48 US cents/lb in November.

The influence of Arabicas on the composition of prices played a determining role in attaining these levels. On the New York futures market (NYBOT), which is sensitive to the situation of Arabica supplies, the average of the 2nd and 3rd positions passed the US\$1.20/lb mark during the course of November.

The anticipated fall in the volume of Brazilian production for crop year 2007/08 accentuated the feverish behaviour of the market during November and at the beginning of December, with a marked increase in volatility. The first official estimates of the Brazilian coffee authorities indicate a crop of between 31.1 and 32.3 million bags, including between 21.3 and 22.4 million bags for Arabicas and between 9.8 and 9.9 million for Robustas.

(Continued on page 6)

The Specialty Coffee

(Continued from page 1)

Specialty coffee is, in the end, defined in the cup. It takes many steps to deliver that cup into the customers' hands. Each of those steps can uphold the classification of specialty if quality has been maintained throughout all the preceding steps.

Source: Specialty Coffee Association of America

Coffee Quality and Price:

Impacts of quality and certification on green coffee prices 2003 (prices in USD per lb)

Commercial	Premium	Specialty
		FOB: 1.50+
	FOB: 0.95-1.25	Premium for certification =0-0.10
FOB: 0.70-0.90	Premium for certification =0.15-0.30	Premium for cup quality = 0.85
Premium for certification =0.05-0.25	Premium for cup quality = 0.15-0.30	
New York "C" =0.65	New York "C" =0.65	New York "C" =0.65

Features of Specialty Coffee Consumption in the USA:

Specialty Coffee Retail in the USA: 2005 Consumption

Daily Consumption of Specialty Coffee Among Adults		"Occasional" Consumption
2001	14% of Adult Population	62% of Adult Population
2002	13% of Adult Population	59% of Adult Population
2003	12% of Adult Population	54% of Adult Population
2004	16% of Adult Population	56% of Adult Population
2005	15% of Adult Population	60% of Adult Population

Source: National Coffee Association Annual Drinking Trends Study

Dollar Size of Market Breakdown for 2005

2000	2001	2002	2003	2004	2005
\$7.76 bil	\$8.30 bil	\$8.40 bil	\$8.96 bil	\$9.62 bil	\$11.05 bil

Source: Specialty Coffee Association of America

The future of Specialty Coffee

- Emerging markets in Asia, Japan,
- Regenerating markets in Europe/Scandinavia
- Continuing growth of US specialty market
- Advancing sophistication of the consumer
- Decrease in available supply in Latin America

These factors mean there will be great opportunities for African producers—the time is now to build the systems and prepare to take advantage!



INTERNATIONAL COFFEE MARKET NEWS

Africa's Coffee Production 2006/07

Africa's coffee production is expected to rise modestly to 13.9 million bags in 2006/07 from 13.0 million in the previous year.

Yet it would be only 11% of world production compared with 17% ten years ago. Civil strife, inadequate infrastructure, poor husbandry, bureaucracy, corruption, lack of capital, and inherent coffee policies are among the reasons why Africa has been losing out to other producing regions such as Asia.

For instance, coffee production in Cote d'Ivoire has been on the decline in recent years due to low global prices and the political-military crisis. In 2005/06, production was just 2.2 million bags compared with 4.6 million in 2000/01.

Robert Wagwa Nsibirwa, executive director of the East African Fine Coffee Association (Eafca) recently called on producers to introduce strict quality controls and produce premium coffee which generates better prices on the international market.

Source: International Coffee Report, November 2, 2006

Global Market Trends for the 2006/07 Crop Year

Crop year 2006/07 has now begun in many exporting countries. On the basis of the information provided by Members, total world production for this crop year could

If the figure for world production in 2006/07 remains at 120 million bags, this will represent an increase of around 10% compared to total production in 2005/06.

be around 120 million bags. Production in crop year 2005/06 totalled

109.2 million bags.

This increase would be attributable mainly to the increase in Brazilian production due to the biennial cycle characterizing Arabica production in this country and, to a lesser degree to forecast production in Vietnam.

Source: ICO, Coffee Market Report October 2006

World Consumption of Coffee

World consumption is estimated at around 116 million bags in calendar year 2006 compared to around 115 million bags in 2005. Domestic consumption in exporting countries accounts for around 31 million bags and consumption in importing countries for around 85 million.

Brazil to release millions of dollars into coffee sector

BRAZIL'S National Monetary Council (CMN) approved the release of Reals350m (\$161m) for the financing of the 2006/07 coffee crop, the agriculture ministry said in a statement.

The funds will be distributed by Brazil's coffee development fund

Funcafe at 9.5% interest annually with a term of until February 2007. Each producers will be limited to up to Reals200,000 in financing from Funcafe.

"This year, we've already distributed Reals1.368bn from Funcafe to financial agents," said Secretary of Production at the ministry Linneu da Costa Lima said in the statement released late Thursday.

The funds are used for financing harvest, storage and trading in coffee.

Government financing for the sector should reach Reals3.335bn in the next crop, of which Reals2.1bn will be distributed by Funcafe, the ministry said.

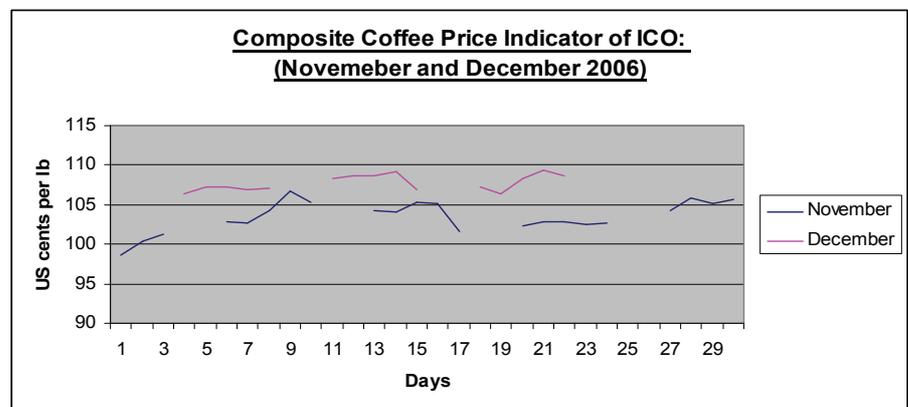
Funcafe has working capital of about Reals3.8bn at present, the ministry said.

Brazil has just finished harvesting a large coffee crop and a smaller crop is now forming on trees. The new harvest will likely begin around May of 2007.

Source: The Public Ledger, December 04 2006

International Coffee Prices for November and December 2006

International Coffee Prices for November and December 2006 are presented in the chart below. The graph shows that prices in the month of December are consistently higher than those in November 2006.



The graph shows composite price for the days ICO price records were available.

Source: ICO

Prices ...

(Continued from page 3)

The depreciation of the US dollar in relation to other currencies has continued to have a negative effect on the export earnings of a number of exporting countries.

Between 4 January and 4 December 2006 the value of the dollar fell by 11.25% in relation to the euro and 13.80% in relation to the pound sterling, thus lessening the impact of the rise in coffee prices..

In conclusion, coffee prices remained firm in November, sparked off by the prospect of a significant fall in Brazilian production for crop year 2007/08. In view of this expected shortfall, firmness is likely to continue.

However, the depreciation of the dollar has reduced the value of the price rise. With regard to stocks, a rebuilding is not probable in the near future in producing countries.

Expectations regarding the size of the Brazilian crop in 2007/08 and the anticipated level of Vietnamese production in crop year 2006/07 will be determining factors in the behaviour of the market during the next few months.

Source: ICO Coffee Market Report, November 2006

Rainforest Alliance Certified Coffees Earn Q Grade

LONG BEACH, CALIFORNIA April 21, 2006 — Twelve lots of Rainforest Alliance certified coffee earned a Q Grade at a special Q Grading held by The Coffee Quality Institute in Guatemala. As part of the Q Coffee Program, coffees must meet the minimum requirements of 80 points out of a possible 100, have zero primary defects, and no more than five secondary defects. An international panel of judges and Licensed Q Graders conducted the cupping and granted Q Certificates to twelve coffees from Colombia, El Salvador, Guatemala, Mexico, and Nicaragua:

The Q Coffee® Program was developed by The Coffee Quality Institute to provide a market alternative to the commodities market. By design, the program guarantees quality while incorporating transparency and social responsibility. The result is a new way to do business that complements existing trading practices and creates a common language for quality. It's a marketplace that helps coffee farmers better compete and helps to strengthen the families and communities that rely on coffee for their livelihoods.

The *Coffee Quality Institute*® (CQI) is a non-profit 501(c)3 organization working internationally to im-

prove the quality of coffee and the lives of the people who produce it.

The mission of the *Rainforest Alliance* is to protect ecosystems and the people and wildlife that depend on them by transforming land-use practices, business practices and consumer behavior.

NB: The USAID Agribusiness and Trade Expansion Activity has already started working with Rainforest Alliance in Ethiopia. And this activity is expected to benefit Ethiopia's coffee producers and exporters by boosting their exports and the country's image in the global coffee market.

Export Trade ...

(Continued from page 2)

Export Trade

The export performance statistics of Ethiopia for the completed Third Quarter of 2006 (i.e., July – September 2006) has recently been released.

The export of coffee for the third quarter of 2006 (i.e., July – September 2006) has shown an increase of 70% in volume and 58% in value terms as compared to export of coffee in the same quarter in the preceding year.



Market opportunities

Hedrick International, Inc a company in Texas is looking for exporters of Ethiopian Coffee.

For further information please contact:

Everette M. Hedrick

Tel: 281-419-9537

Fax: 281-292-1849

E-mail: ehedrick75@hotmail.com

Source: Addis Ababa Chamber of Commerce & Sectoral Associations

TRADE FAIRS/EXHIBITIONS/ EVENTS:

15 - 17 February 2007:

4th African Fine Coffee Conference & Exhibition organized by the Eastern African Fine Coffees Association (EAFCA)

Theme: A Pilgrimage to the Birth Place of Coffee
UNCC-AA, Addis Ababa, Ethiopia

More information on:

<http://www.worldswildestcoffee.com>

<http://www.eafca.org/wwc4/index.asp>

16 - 18 March 2007

2007 Shanghai International Coffee Exhibition, Shanghai, China

More information on

<http://www.expo-sh.com.cn>

3 - 7 June 2007:

Tea & Coffee World Cup - Palexpo Geneva, Switzerland

More information on

<http://www.tcworldcup.com/geneva>

Prepared with the assistance of:
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<http://www.fintrac.com>
Please contact us for further information:
E-mail: atea@fintrac.com

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.

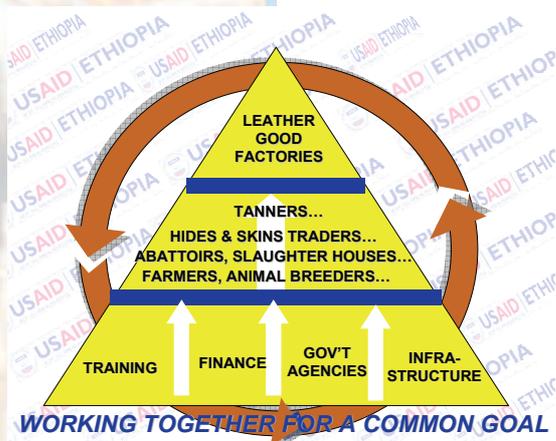
ETIP Quarterly

TOWARD AN HSL CLUSTER IN ETHIOPIA

Definition:

The USAID cluster development initiative in the hides, skins and leather sector (HSL) defines clusters according to the internationally accepted definition:

Clusters are geographic concentrations of exporting firms operating in shared markets, their suppliers and the public sector institutions (e.g., training centers, finance agencies, infrastructure providers) that support private sector firms in the shared market with specialized inputs needed to help them be competitive.



Source: Economic Competitiveness Group (ECG)



Cluster working group voting in progress

What are Clusters?

Clusters are not ...

- Industry associations
- Working committees
- Cooperatives
- Trading houses...
- ❖ Clusters bring together all the players in the sector's value chain, from raw materials to finished export product
- ❖ Clusters involve the private and public sector entities in the value chain

Objective of the HSL Clustering:

- Move quickly to:
 - Intervene in this market with new policies, new private sector initiatives and new public/private partnerships
 - Take direct action to seize more market share
 - We intend to increase HSL exports by +70% in three years

Source: Ted Lyman, Senior Principal, Cluster Development Project Director, Economic Competitiveness Group, Inc, USA

The HSL Clustering Brand Name:

"Toward Leather Together"

- ◆ TLT will be the brand name of our cluster development project
- ◆ TLT will be marketed within the HSL sector and more broadly in the business media and among policy makers
- ◆ TLT will stand for:
 - Cooperation
 - Collaboration, and
 - Cluster efforts of many kinds

This Quarterly HSL Industry Market Newsletter is Prepared by the USAID Agribusiness and Trade Expansion Project and the Ethiopian Tanners, Footwear and Leather Products Manufacturers Association

Domestic Market News

Export Trade

The export performance statistics of Ethiopia for the completed Third Quarter of 2006 (i.e., July – September 2006) has recently been released.

Accordingly, Ethiopia's export of HSL (Hides, Skinks and Leather and leather products) for the third quarter of 2006 has reached nearly 17.6 million USD. This is an 8.6% share of the total export earning of the country for the quarter under review.

Third Quarter of 2005 Vs 2006:

Commodity	Quantity in Tons				Value in 000's USD	
	Third Quarter 2005		Third Quarter 2006		% change	
	Quantity	Value	Quantity	Value	Quantity	Value
Pickle	833	8,623	602	6,235	-27.7	-27.7
Wet blue	2,975	7,371	2,925	6,547	-1.7	-11.2
Crust	119	2,177	214	3,404	80.2	56.3
Finished leather	9	628	23	566	157.4	-9.8
Footwear		15		821	4063.9	5470.4
Leather garments & products		133				
HSL-Total	3,957	18,948	3,872	17,574	-2.1	-7.3
Quarter Grand National Total Export (value)	189,104		204,660			
Share of Quarter Grand National Total Export (value %)	10.0		8.6			

Source: EPD/MOTI

Compared to the third quarter of 2005, during the third quarter of 2006, we see a noticeable increase in value added production in the HSL sector. As can be observed from the above table, export earnings from both pickled and wet blue decreased in favour of crust and finished leather. We also see, though from a very low level, high increases in **footwear** export earnings.

A fair-trade luxury label shows Ethiopia's export capacity in finished leather goods

World trade in leather and leather products – worth more than \$60 billion in 2004 – is expected to grow. With a quarter of the world's sheep and goats and 15% of its cattle, Africa is bursting with potential, but there is a gap between resources and production. African countries produce just 14.9% of the global output of hides and skins and hardly any ready-for-market finished leather goods. When a country such as Ethiopia makes high-end leather products, it shows that promise can become a reality.

Ethiopia has tremendous potential to develop leather exports, which the Government has singled out as a priority sector. It wants to move the country's production up the value chain from the "wet blue" stage to "crust" leather and finally to finished leather and leather goods.

ITC is contributing to this process through a project called "Made in Ethiopia", led by the United Nations Industrial Development Organization (UNIDO). Not only are they producing leather bags and other accessories, but they are aiming at one of the most difficult markets: high-end luxury fashion.

Project participants have formed a cooperative between local companies and created a new brand – Taytu – named after the legendary, strong-willed Empress of Ethiopia who reigned

from 1889 to 1913.

Taytu is already attracting attention. The label's first collection will be ready at the beginning of 2007. It was showcased at *Première Classe*, the prime accessories trade show in Paris, in September 2006. Big fashion retailers in London, Paris, Milan, Tokyo and New York placed preliminary orders.

Source: ITC, Trade Forum Magazine editorial team, Issue 3/2006

Fashion Radar Picks Up Ethiopian Leather



Could this bag, combining beauty and ethics, be the next fashion must-have? Big retailers and the press in fashion capitals think it's a possibility.

© A. Fiorente

International Market News

Footwear Exports to Australia Surge

Vietnamese footwear exports to Australia have increased rapidly over the past three months according to the Ministry of Trade.

In August alone, turnover was up 30% compared with August last year posting a profit of nearly 4 million USD for the month. Turnover in the first eight months of 2006 was 23 million USD, an increase of 26% over the same period of 2005.

The Ministry of Trade expects that Vietnam's total footwear exports to Australia for 2006 will bring a record profit of 38-40 million USD, a year-on-year increase of 25-30%. This can be attributed in part to the reduction of Australia's footwear tariff from 17.5% to 12.5% from January 2005. The tariff level is due to fall again in January next year, this time to 7.5%

However, the Ministry of Trade of Vietnam warned that Vietnam companies should study the Australian market thoroughly, as the country mainly imports leather and sports shoes which are made to strict standards.

. **Source:** Leather International, November 2006

China

Sales of footwear and leather goods continue to grow. China exported 68.1 million pairs of leather shoes with a value of US\$4.053 billion in June; a figure that represents an increase of 4.8% in volume and 11.8% in value compared to the same period last year. Global Sources reported that exports of leather handbags and wallets from China increased by 34% to US\$2.3 billion in 2005. In addition, all the manufacturers surveyed declared that they hope to increase profits in 2006.

Source: ITC, Trade Forum Magazine editorial team, Issue 3/2006

India

The Indian Minister of Commerce and Industry, Sri Kamal Nath has asked manufacturers of leather and sporting goods, chemicals and textiles to continue making a big effort to increase exports. The government hopes to reach its target of US\$126 billion in exports by the end of this financial year. In order to achieve this, emphasis is also being placed on fashion exports.

Consumption

More than 50 percent of bovine hides and approximately 40 percent of sheep and goat skins is processed into footwear, while the remaining is used for the production of garments, furniture and travel goods. It is projected that in the medium term leather shoes will continue being the major leather product consumed, although other products are also expected to increase their share especially in the developed countries.

Source: UNFAO



WORLD TRADE

Analysis of Global Trade in Footwear

a) Footwear, outer sole of rubber/ plastic/ leather, uppers of leather w/met toe-cap:

Accordingly, the world import of Footwear, outer sole of rubber/plastic/leather, uppers of leather w/met toe-cap for the year 2005 is 1.3 billion USD. The major global importers of the product are: USA, UK and Germany, with an import market share of 22%, 12% and 10% respectively.

The world major importers of Footwear, outer sole of rubber/ plastic/leather, uppers of leather w/met toe-cap with a market share of 1% or more is presented in the table below.

List of importers of Footwear, outer sole of rubber/ plastic/leather, uppers of leather w/met toe-cap in 2005

Importers	Value imported in 2005, in US\$ thousand	Quantity imported in 2005 (in tons)	Share in world imports, %
World Total	1,307,684		100
USA	289,326	22,205	22
UK	152,076	14,292	12
Germany	135,730	9,089	10
France	107,708	9,272	8
Italy	106,115	10,493	8
Canada	51,112	3,923	4
Belgium	45,301	4,433	3
Spain	40,680		3
Netherlands	38,312	1,761	3
Sweden	31,610	575	2
Denmark	24,402	1,881	2
Switzerland	23,825	857	2
Austria	19,044	841	1
Australia	18,217	1,398	1
Norway	16,788	531	1
Ireland	16,337	1,254	1
Singapore	15,399	1,182	1
UAE	13,388	974	1
Taiwan, Province of China	12,137	1,146	1
Czech Republic	9,156	648	1
Hungary	7,853	542	1
Portugal	7,668	596	1
Poland	6,947	535	1
Greece	6,840	825	1

Source: ITC-mns

b) Footwear, outer soles and uppers of leather, covering the ankle, nes:

Accordingly, the world import of Footwear, outer soles and uppers of leather, covering the ankle, nes for the year 2005 is nearly 1.1 billion USD. The major global importers of the product are: USA, France and UK, with an import market share of 22%, 14% and 11% respectively.

The world major importers of Footwear, outer soles and uppers of leather, covering the ankle, nes with a market share of 1% or more is presented in the table below.

List of importers of Footwear, outer soles and uppers of leather, covering the ankle, nes in 2005

Importers	Value imported in 2005, in US\$ thousand	Quantity imported in 2005 (in tons)	Share in world imports, %
World Total	1,050,588	37,602	100
USA	231,242	12,727	22
France	151,107	1,746	14
UK	120,428	3,302	11
Italy	94,596	3,759	9
Germany	70,308	1,476	7
Japan	43,866	437	4
Netherlands	42,205	806	4
Belgium	25,988	1,225	2
Denmark	20,802	1,144	2
Greece	19,982	1,047	2
Spain	18,679	341	2
Switzerland	13,835	160	1
Austria	13,324	210	1
Hong Kong	13,177	725	1
Ireland	11,200	616	1
Canada	11,014	606	1
Albania	10,910	1,222	1
Australia	10,450	575	1
Sweden	8,607	193	1
Qatar	7,474	963	1
UAE	6,767	261	1
Singapore	5,543	305	1
Luxembourg	5,323	73	1

Source: ITC-mns

(Continued on page 5)

(Continued from page 4)

Analysis of Global Trade in Handbags:



a) Handbags with outer surface of leather:

Accordingly, the world import of Handbags with outer surface of leather for the year 2005 is nearly 3.6 billion USD. The major global importers of the product are: USA, Hong Kong and France, with an import market share of 26%, 14% and 9% respectively.

The world major importers of Handbags with outer surface of leather with a market share of 1% or more is presented in the table below.

List of importers of Handbags with outer surface of leather in 2005

Importers	Value imported in 2005, in US\$ thousand	Quantity imported in 2005 (in tons)	Share in world imports, %
World Total	3,569,714	96,564	100
USA	942,221	33,627	26
Hong Kong (SARC)	511,593	18,258	14
France	327,558	3,966	9
Italy	263,186	4,455	7
UK	241,588	5,805	7
Japan	227,505	2,113	6
Germany	131,741	3,776	4
Singapore	117,638	4,198	3
Switzerland	85,592	740	2
Spain	71,349	918	2
Republic of Korea	65,956	1,270	2
Taiwan, Province of China	55,324	527	2
Belgium	51,840	1,072	1
Canada	45,008	1,606	1
Australia	41,720	1,489	1
Austria	37,199	431	1
Netherlands	25,501	574	1
China	24,165	862	1
Greece	24,141	782	1
Kazakhstan	21,771	343	1
Denmark	19,868	448	1

TRADE FAIRS/EXHIBITIONS/EVENTS: / Domestic, Regional, and International/

January 2007

1. **Leather and Shoes 2007**
The XIII International specialized exhibition of Shoes, Leather and Furs
January 23 - 26, 2007
Ukraine, Kiev,
Brovarskiy Prospekt, 15
"International Exhibition Centre"
2. **FASHION - 2007**
Universal exhibition - fair
January 25 - 27, 2007
Russia, Tver'
3. **Footwear**
Expo Riva Schuh, Garda, Italy
Jan. 13 - 16, 2007
Fiere Congressi
Parco Lido 38066 Riva del Garda (Tn) Italy.
Tel : 39 0464 520000
Fax : 39 0464 570130
e-mail : info@exporivaschuh.it
www.exporivaschuh.it
4. **Shoes, Sports Goods and Leather Goods Fair**
Couromoda Anhembi Exhibition Center Sao Paulo, Brazil
Jan. 15-18, 2007
Rua Oscar Freire
379 - 19) andar 01426 - 001
Sao Paulo, Brazil
Phone : + 55 11 38976100
Fax : + 55 11 3897 6161
e-mail: international@couromoda.com.br
www.couromoda.com

5. **Leather Goods (like wallets, purses, hand bags, travelware etc.), Leather Garments, Footwear (including non-leather footwear), Footwear Components, Finished Leather, Accessories, Machinery and Chemicals**
6. **India International Leather Fair Chennai Trade Centre Chennai**
Jan. 31- Feb. 3, 2007
India Trade Promotion Organisation
Pragati Bhawan, Pragati Maidan
New Delhi - 110001.
Tel : 0091 11 23371390/23371822
Fax : 0091 11 23371874/23318142
e-mail : sraghavan@itpo-online.com
www.iilfleatherfair.com

February 2007

7. **CONSUMEX-2007-WINTER Exhibition-presentation**
February 01 - 05, 2007
Ukraine, Kiev,
Brovarskiy Prospekt, 15
8. **KOZHANIY SALON 2007**
The VI Interregional specialized exhibition-fair. Apparel and footwear, leather haberdashery, fur goods
February 07 - February 10, 2007
Ukraine, Vinnitsa, S obornaya Str., 68
1Expocentre of Vinnitsa Commercial and industrial chamber

(Continued on page 7)

(Continued from page 6)

9. Leather - Footwear - Furs - Technology

The V International Fair

February 13 - February 16, 2007

Russia, Moscow

1All-Russia Exhibition Centre, pav. #20

10. INTERTEXTIL BALTICUM 2007

The XII International Exhibition of textile, apparel, leather goods and manufacture equipment

February 22 - February 24, 2007

Latvia, Riga

1Exhibition Centre on Kipsala

11. Leather Goods like wallets, purses, bags, travelware, luggage small leather goods , footwear and leather garments

International Leather Goods Fair

Kolkata

Feb. 23-25, 2007

India Trade Promotion Organization Shantiniketan Flat No. 9

4th Floor8, Camac Street, Kolkata - 700107

Phone : 0091 33 22825820, 22822904

Fax : 0091 33 22828629

e-mail : itpocal@cal3.vsnl.net.in

www.ilgfleatherfair.com

12. Hides & Skins , Semi-finished Leather / Finished Leather , Exotic Leather , Synthetic Materials / Man-made Leather , Process Chemicals & Dyes, Components & Accessories , Equipment & Tools Tanning Machinery , Shoe Machinery etc.,

Asia Pacific Leather Fair

Hong Kong Materials, Manufacturing & Technology

Mar. 28-30, 2007

Asia Pacific Leather Fair Limited

17/F,China Resources Building

26 Harbour Road, Wanchai, Hong Kong Tel : + 852 2827 6211

Fax : + 852 2827 7831

1e-mail : sales@aplif.comwww.aplif.com

13. Textile & Leather Product Trade Fair & Shopping

Yemzer Promotion Plc. will organize The First International Textile & Leather Product Trade Fair & Shopping in Ethiopia from 8-12 February, 2007, at Exhibition Center , Addis Ababa.

Members who are interested to participate in the above trade fair, please contact for detail information.

The Organizer

Yemzer Promotion

Tel: 20-112152448

Fax:251-11-6185540

Mob: 251-91-1126066

E-mail: belyem@ethionet.et

March 2007

14. 2007 Editions: 15-18 March 2007

Exposition space: 72.881 Mq.

Exhibitors: 1.651 (1.132 Italian, 519 Foreign).

Merchandise: Men shoes, mixed shoes, women trendy shoes, women sophisticated shoes, children shoes, young fashion shoes, international designer "visitors".

Fair Pavilions: 12-13-14-15-16-17

Entrances: PORTA EST - PORTA OVEST

Address: Fiera Milano

Strada Statale Sempione, 28

20017 Rho (MI)

Hours: Thursday 21th, Friday 22th, Saturday 23th from 9.30 AM to 5.00 PM.

Sunday close at 5.00 PM

Admittance: Only commercial operators allowed.

15. APLF - materials, Manufacturing and Technology

March 28-30, 2006

Hong Kong Convention and Exhibition Center

The Global Market Place for Leather

E-mail: sales@aplf.com

www.aplf.com

Prepared with the assistance of:
Agribusiness and Trade Expansion Activity
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USAID
FROM THE AMERICAN PEOPLE

The *Primary Market News Service (MNS) newsletter on Oilseeds and pulses.* As of this issue of the market newsletter, we will have more focus on domestic and international market information for specific commodities, while, covering as many of the oilseeds and pulses commodities on prices and production trends.

In line with this, this issue of the Oilseeds and Pulses market newsletter is devoted to presenting market information on sesame seed.

Export Performance for Oilseeds and Pulses Third Quarter of 2006: July – September 2006

Ethiopia's export performance for the third quarter of 2006 (covering the three months of July, August and September 2006) has recently been released.

Accordingly, Ethiopia's export of oilseeds and pulses for the third quarter of 2006 has reached nearly 32.6 million USD, i.e., accounting for a 15.9% share of the total export earning of the country for the quarter under review.

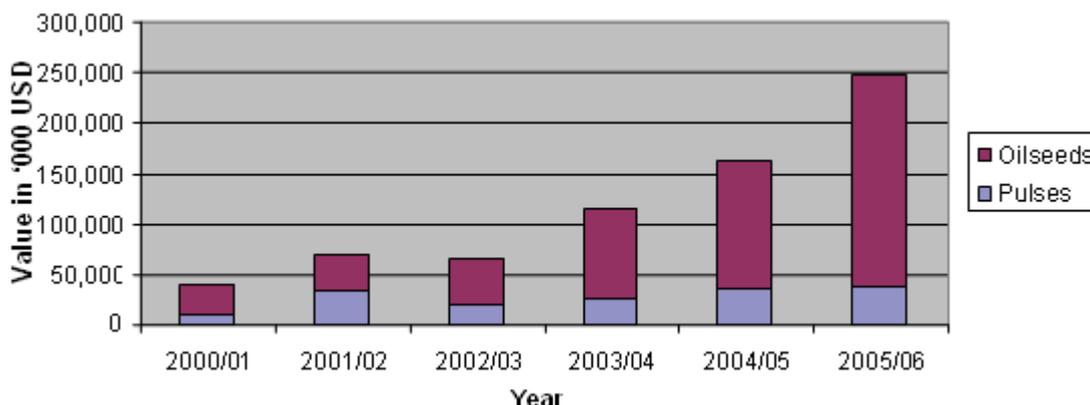
Commodity	Quantity *	Value (A) §	3rd Quarter 2006 Grand National total Export (value) B	Share of Quarter Grand National total Export (value %) B/A
Oilseeds (3rd quarter 2006)	27,386	19,583		
Pulses (3rd quarter 2006)	31,026	13,038		
Pulses & Oilseeds: Total (3rd quarter 2006)	58,412	32,621	204,660	15.9 %

* Quantity in tons

§ Value in 000's USD

Source: EPD/MOTI

Trend in the value of Ethiopia's export of pulses and oilseeds: 2000/01 – 2005/06



PRICES:

Domestic and International Prices of Oilseeds & Pulses

NB: Latest domestic prices (collected from selected local markets) and international Prices (from Public Ledger) for oilseeds, pulses, including spices, is available, and also regularly disseminated to members using e-mail by the Ethiopian Pulses, Oilseeds and Spices Processors & Exporters Association (EPOSPEA).

Domestic and International Market Information On Sesame Seed

World Production of Sesame Seed:

World production fluctuates due to local economic crop-production pressures and weather conditions. It is estimated that 2- to 5-million tons are grown on anywhere from 5-million to 16.3-million acres. The Food and Agriculture Organization of the United Nations (FAO) (2002) published data that ranked sesame sixth in the world production as an edible oil seed (2,893,114 million tons), and twelfth in overall world production of vegetable oil (754,159 million tons).

Ethiopia's Production of Sesame Seed:

According to the Agricultural Sample Survey report of the Central Statistical Authority (CSA) of Ethiopia for 2005/06, Ethiopia's total production of sesame seed for the Main (*meher*) season reached 148,861 tons, a 29% increase over the preceding year of 2004/05.

The Area under sesame showed a drastic increase of 50.6%, i.e., from 136,220 hectare in 2004/05 to 205,153 hectare in 2005/06.

With regard to yield, however, the survey result shows that there was a decrease of 14.3%, i.e., from .847 tons per hectare to .726 tons per hectare. The Statistics on area, production and yield of sesame seed is presented in the following table.

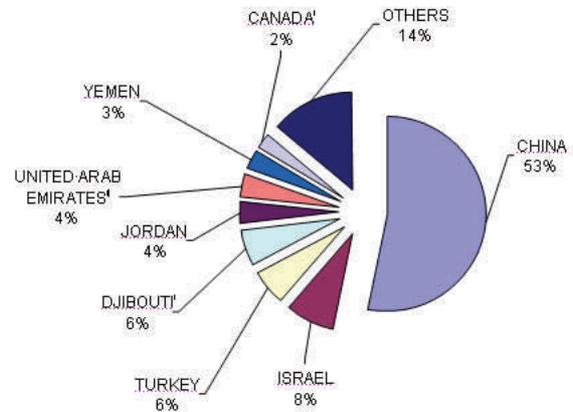
Area, Production and Yield of Sesame Seed: (2005/06 vs. 2004/05)

Area (in hectare)		
2004/05	2005/06	% change
136,220	205,153	50.6
Production (in Tons)		
2004/05	2005/06	% change
115,388	148,861	29.01
Yield (tons/hectare)		
2004/05	2005/06	% change
0.847	0.726	-14.29

Source: CSA (Agricultural Sample Survey Bulletin)

The major reasons for the decline in the yield are attributed to: low rainfall during time of germination, heavy rainfall in flowering period and also problems related to *web worm* infestation.

ETHIOPIA'S EXPORT OF SESAME SEED: % SHARE OF VALUE (2005/06) (VALUE = 197.9 MILLION USD)



Computed from EPD/MOTI Data

International Market News:

India shifts acreage towards wheat from oilseeds

INDIA is experiencing a slight shift in acreage toward wheat and pulses from oilseeds, but this shouldn't be considered a matter of major concern for the country's oilseed production, Agriculture Secretary Radha Singh.

"By and large the farmlands available for sowing are the same each year....so far during the ongoing winter plantings India has seen a rise in wheat acreage of more than 1.0m hectares (on the year) and in that of pulses by 800,000 hectares," Ms Singh said.

She said the higher on-year plantings are partly due to early sowing of wheat and pulses in regions covered by these crops last year as well. "But some of the expansion of area in wheat and pulses could only have come through a shift from oilseeds due to the limited farmlands available for plantings," she noted.

Farmers are opting to sow wheat and pulses in anticipation of higher incomes, due to their firm prices in the market. However, in the western province of Rajasthan, India's

largest producer of rapeseed by volume, there hasn't been any noticeable shift in plantings away from rapeseed, Ms Singh said.

Rapeseed is India's most important oilseed crop in terms of oil content and volume. According to government figures, India's rapeseed output increased to 7.88m tonnes in 2006 from 7.59m tonnes in the previous year. As of November 24, India's rapeseed plantings for the crop to be harvested in 2007 are estimated to have declined to 5.77m hectares from 6.22m hectares in the year-earlier period. As of November 24, the total winter-sown oilseeds plantings have fallen to 7.47m hectares from 8.16m hectares a year earlier.

Source: The Public Ledger, Friday December 01, 2006

WORLD TRADE

Analysis of Global Trade in Sesame seed

The world import of sesame seeds in 2005 was 633 million USD. The table below summarizes the imports quantity and value, recent market growth trends and market share for the leading sesame seed importing countries.

Importers	Value imported in 2005, in US\$ thousand	Quantity imported in 2005 (in Tons)	Unit value (US\$/unit)	Share in world imports, %
World Total	633,158	685,846	923	100
Japan	153,666	162,754	944	24
China	124,908	153,603	813	20
USA	56,500	42,996	1,314	9
Republic of Korea	52,565	52,977	992	8
Germany	30,263	25,503	1,187	5
Greece	22,464	22,141	1,015	4
Taiwan, Province of China	21,746	38,283	568	3
Mexico	18,265	22,788	802	3
Jordan	13,639	15,704	869	2
France	10,954	7,597	1,442	2

Source: ITC-mns

The table above discusses the major countries supplying sesame seed to the world's top three importers, namely, Japan, China and USA, that has a 24%, 20% and 9% market share of the world import of sesame seed.

This analysis will help to better appreciate the countries with which Ethiopia is competing for export of sesame seed and also to understand their significance in those specific markets as explained by their respective market shares.

**Major Countries Supplying Sesame Seed, whether or not broken, to the
Japanese Market: in 2005**

Exporters	Imported value 2005 in US\$ thousand	Share in Japan's imports, %
World Total	153,666	100
Nigeria	29,290	19
China	24,142	16
Paraguay	17,167	11
Tanzania	14,708	10
Bolivia	12,920	8
Guatemala	12,032	8
Burkina Faso	8,873	6
Myanmar	6,599	4
Pakistan	4,090	3
Nicaragua	3,609	2
Turkey	3,464	2
Sudan	3,041	2
Mexico	2,522	2
Honduras	2,326	2
Ethiopia	1,612	1
Viet Nam	1,342	1
Mozambique	1,340	1
Thailand	1,177	1
Uganda	1,039	1
Panama	538	0
India	389	0

Source: ITC-mns

As can be seen from the table, the top three countries supplying sesame seed to Japan in 2005 were Nigeria, China and Paraguay. On the other hand, Ethiopia has a 1% share in the supply of sesame seed to the Japanese market in 2005. Tanzania and Sudan has a 10% and 2% share respectively in the Japanese sesame market.

Major Countries Supplying Sesame Seed, whether or not broken, to the Chinese Market: in 2005

As can be inferred from the table below, Ethiopia supplied the lion share (54%) of import of Sesame Seed to Chinese market followed by the Sudan and Tanzania that had a 16% and 11% market share in the Chinese market respectively.

Exporters	Imported value 2005 in US\$ thousand	Share in China's imports, %
World Total	124,908	100
Ethiopia	66,995	54
Sudan	19,398	16
Tanzania	14,129	11
India	8,557	7
Myanmar	4,288	3
Mozambique	2,609	2
Uganda	2,252	2
Paraguay	1,293	1
Nigeria	1,134	1
Pakistan	1,055	1
Djibouti	489	0
Kenya	413	0
Mali	386	0
Mexico	364	0
Venezuela	353	0
Indonesia	272	0
Thailand	233	0
Somalia	154	0
Guatemala	126	0
Cambodia	83	0

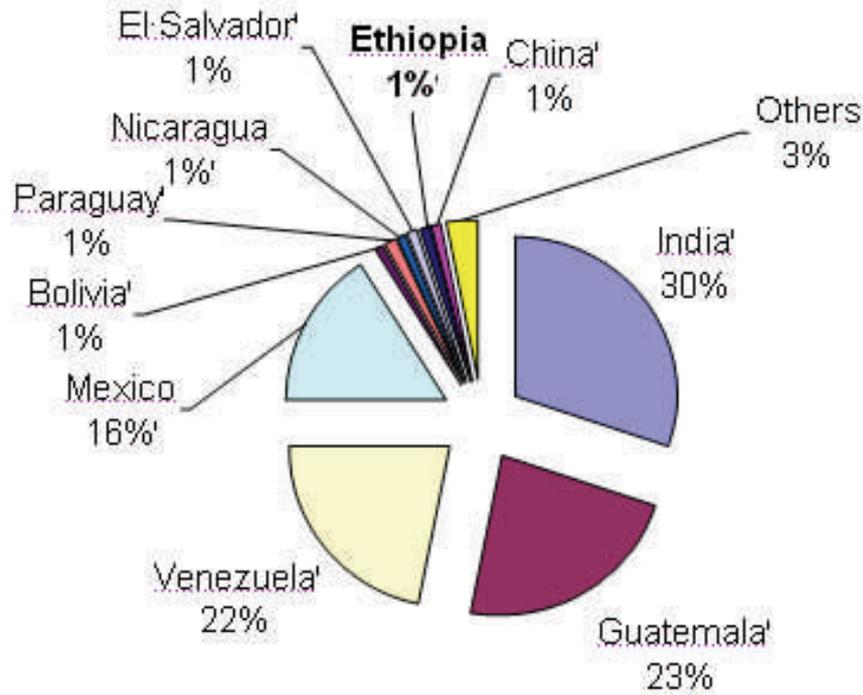
Source: ITC-mns

Major Countries Supplying Sesame Seed, whether or not broken, to the USA Market: in 2005

In 2005, the major suppliers of sesame seed to the USA market are India (30%), Guatemala (23%) and Venezuela (22%). Ethiopia's market share for Sesame seed in the USA market is 1%, valued at 355,000 USD. See the chart below.

Through increasing production volume and quality and by complying to the USA market import requirements and proper market promotion, and the GSPO and AGOA trade privileges Ethiopia has in the USA market, there is room for expanding the market share of Ethiopia's sesame seed in the USA market.

Major Exporters of Sesame Seed to the USA Market 2005 (Value = 56.5 million USD)





**TRADE FAIRS/EXHIBITIONS/EVENTS:
/ Domestic, Regional, and International/**

1. International Trade fair of Khartoum

Date: January 19-28, 2007

Venue: Sudan, Khartoum

2. Cairo International fair

Date: 21st-30th March 2007

Tel. +202 2607811-18

Fax. +202 2607845-4821

E-mail: info@cairofair.com

Web: www.cairofair.com

3. The Ethiopian Embassy in Tel Aviv confirms that the Israel Federation of Chamber of Commerce invites, Ethiopian Exporters who are interested to get market in Israel to advertise their products in their publications and website the Israel Federation Chamber of Commerce. For further details contact the Addis Ababa Chamber of Commerce and Sectoral Associations.

4. The Bogor Agricultural University (IPB) in cooperation with Indonesian Young Entrepreneur Association (BPP HIPMI) and PT Performax, Jakarta, will organize the AGRINEX Conference & Expo 2007 in Jakarta Convention Center , on 16-18 March 2007.

The Event Organizer: PERFORMAX

Tel: +6221 7820523

Fax: +6221 7820901

E-mail: performax@cbn.net.id,

info@performax-eo.com

Web: www.performax-eo.com

5. Almutwaset Expo organizing a food exhibition, Libya Food Expo, to be held from 28th to 31st October 2007 at Tripoli International Trade Fair, Tripoli, Libya.

To participate in the above expo, please contact for further information:

Fathi Abuhlega

Tel: 00 218 21 490 44 90

Fax: 00 218 21 361 32 21

E-mail: info@libyafoodexpo.com

Web: www.libyafoodexpo.com

Source: Addis Ababa Chamber of Commerce & Sectoral Associations & Other online and published resources

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<http://www.ethiopiaag.org>
<http://www.fintrac.com>
Please contact us for further information:
E-mail: atea@fintrac.com

Disclaimer:

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Market Update:

Sesame

Number 01

December 2006

Pulses and oilseeds, including sesame seed, groundnuts, soya beans, rapeseed, Niger seeds, linseed, sunflower seed, cottonseed and spices, are now Ethiopia's second largest export subsector following coffee. According to the Public Ledger, in 2005, exports in this category were valued at \$149 million, up from \$122 million in 2004 and \$70.5 million in 2003. Most of the production is exported to the Middle East and China. Recent statistics show that Chinese buyers purchased 47 percent of exported oilseeds during the 2004/05 crop year, with the balance going to Europe, the US and other African countries. Chinese imports of Ethiopia sesame seed leaped from 252 MTs in the last quarter of 2003 (Oct-Dec), to 1,386 MTs in the first quarter of 2004.

Table 1: Chinese Sesame Imports

Imports by Quarter, Volume in Metric Tons (MTs)					
Country Supplier	Oct-Dec/03	Jan-Mar/04	Apr-Jun/04	Jul-Sep/04	Oct-Dec/04
Sudan	4,014	13,418	8,380	3,121	2,456
Myanmar	11,402	6,449	1,190	2,627	1,906
India	42,944	35,229	4604	2,535	1,778
Ethiopia	252	1,386	928	811	156
Nigeria	295	4,192	198	490	223
Other	3,609	22,83	2,919	975	
Total	62,516	62,957	18,219	10,559	6,519

Source: Chinese Customs

Traders assert that the increase in Chinese sesame imports was due to a poor domestic crop resulting from a flux in weather patterns. Chinese oilseed crops endured heavy rainstorms in 2003, which hit domestic production drastically including the domestic oilseed processing subsector. The rain damage in 2003 led to a reduction in output by as much as 50 percent from the previous year.

Table 1: Chinese Sesame Production

	2002	2003	2004	2005
Area Harvested (Ha)	759,476	688,059	650,787	660,790
Yield (Hg/Ha)	11,794	8,627	10,825	10,979
Production (MTs)	895,759	593,594	704,458	725,470

Source: FAOSTAT

As a result of decreased domestic production, import levels from other sesame producing countries surged during the 2004/2005 period, notably from African countries offering tax incentives to exporters of commodities such as sesame seeds. According to traders in the UK, Chinese sesame harvests in 2005/2006 fared better than the previous season, with production volumes returning to their pre-2004 levels. Although its imports are lower than in 2005, China did nevertheless import some sesame seed in 2006 from several African suppliers.

Table 3: Industry Contacts	
Organization	Comments
<p>The Kimpton Group 10-14 Hewett Street London EC2A 3RL United Kingdom Contact: David Buttery Tel: (44) 207 456 9950 http://www.kimpton.com</p>	<p>Trading company dealing in sesame and grains that was referred by the Public Ledger contacts. The 2004 season was hit by heavy rainstorms, which decreased the harvest period. However, Mr. Buttery asserts that production has since rebounded in China.</p> <p>The company is interested in the project and the oilseeds program in particular and requests follow-up. (Kathleen, 12/08/2006)</p>
<p>Fuerst Day Lawson Devon House 58-60 St Katharine's Way London E1P 1JP United Kingdom Tel: (44) 207 488 0777 Contact: Stephen Beatty http://www.fdl.co.uk/</p>	<p>FDL supplies a wide range of bakery seeds, dried fruits and pulses (including custom mixes and blends) to the baking, health food, dried packing and canning industries in the UK.</p> <p>Mr. Beatty asserts that about half of Chinese production suffered massive damage due to heavy rains in 2003 resulting in a poor sesame season for China. Imports increased from African countries that were aided by tax incentives. The Chinese sesame harvest is much better this year, with production resuming regular levels. China still imported some volumes in 2005/2006 but expectations should be held in check. (Kathleen, 12/08/2006)</p>

Annex IV: Oilseeds and Pulses Technical Bulletin: Sesame Seed Bug (SSB)

Oilseeds & Pulses Technical Bulletin 01 – December 2006

Integrated Control Program of the Sesame Seed Bug

(Elasmolomus sordidus)

BIOLOGY

E. sordidus is a true bug from the Lygaeidae or 'seed bug' family. These insects feed by piercing seeds with their needle-like mouthpart and drawing out seed contents. Eggs are laid in clusters and the immature or juvenile insects are similar to adults but lack wings. Juveniles have bright red abdomens in the first stages of development. The adult is dark brown, approximately 2 mm wide.

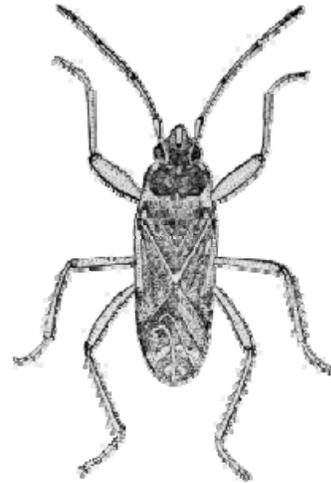
DISTRIBUTION

Sesame seed bug has a wide distribution range in Africa and Asia. It has been recorded from West Pakistan, India, China, Senegal, Malawi, Somalia and the Sudan. In Ethiopia, the first report was made in 1969. It was only following survey work in 1977, that *E. sordidus* was recorded as a major sesame pest; specifically, in the Northwest, South, and East (Gode and areas along the Wabishebele river basin). Even though the pest was reported long ago, its prevalence and damage was restricted to the country's northwest and was only of intermittent importance. Current reports now show that the seed bug is prevalent in the northwestern part of Tigray (Shiraro, Armacho-Tsegede, Dansha, Angereb to the Sudan boarder) and Amhara (Quara, Tach armacho, Tegede, Chilga, and from Metema to the Sudan Boarder). There are no reports of it in other parts of the country.

HOST PLANTS AND DAMAGE

Both the adult and immature insects have a wide host range. The insects generally feed at night and hide during the day (in cracks in the soil, under sesame pods or in the shade of other plants). They also hide in dark corners and crevices of storerooms. If the building has a grass roof, they also hide and reproduce there.

Crop damage begins in the field and continues during postharvest and storage. Their feeding reduces yield and quality of the seeds and can lead to secondary fungal infections, further diminishing crop value. In sesame, feeding begins in the field on the green pods. Further infestation may occur when harvested sesame is allowed to dry in stacks or windrows. It is at this stage when damage is greatest. The insects are then carried with the dried plants to the threshing area where they continue to feed on the threshed seeds.



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"*

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3720102

Email: atea@fintrac.com

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*This publication was produced for the United
States Agency for International Development.
It was prepared by Fintrac, Inc.*

CONTROL OPTIONS

Resistant varieties

There are no known *E. sordidus*-resistant sesame varieties. Sesame varieties are grouped into shattering and non-shattering types. The shattering types need to be cut early and dried in bundles (*hillas*) in the field. It is during this drying stage that the sesame seed bug is most damaging (easy access to seeds, protection from the elements, and refuge from predation and parasitism). Non-shattering varieties do not need to be stacked – the plants are allowed to dry *in situ* and in certain parts of the world, are harvested mechanically. Stacking in the field is when the greatest damage occurs and this maybe avoided somewhat by use of non-shattering varieties.

Alternate host control

In Ethiopia, sesame is principally grown over a 75-day period in the ‘Meher’ season (from July to October). This means that the insect needs other plants to feed on during the sesame-free periods of the year. Alternate host plants include groundnuts and wheat. Weed species are also important alternative hosts and the surrounding weeds should be examined for *E. sordidus*. If present, early weed control is essential. Never allow weeds to produce seeds.

Control of crop residues

In addition to alternate hosts, *E. sordidus* can survive and breed on decaying crop residues. The number of sesame seed bugs surviving from one season to the next can be substantially reduced by removing as much of the crop residue as possible. Burning the thrashed stalks of sesame is a useful control option as is early plowing to ensure rapid decay of stubble.

Block sowing

Experiments have proven that sesame is the preferred host of *E. sordidus*. If sesame is grown in an area, the bug will find its way into the crop and its numbers will increase rapidly on this preferred resource. To minimize the amount of time the pest has to develop, all sesame in a cropping area should be planted at the same time. If sesame planting is

staggered, *E. sordidus* has an opportunity to rapidly increase and move from one stand to another. This should be prevented

Early harvesting

This may be an option if the insect populations are slow to build up or if they come into the crop late. Any reduction in pest damage must be weighed against yield reductions.

Field chemical control

Scouting: If chemical methods are to be used, a scouting and monitoring program should be established. A scouting program should begin weeks before the crop is planted and surrounding weeds checked for pest levels.

The best time of the day to scout for this insect is early morning and late afternoon, when it is active and not hiding. Most of the feeding actually occurs at night. This insect should be scouted using a sweep net. Perform the sweeps in different parts of the field – the exact number of sample points will depend on the size of the field. In one hectare, 5-10 samples are adequate. Do not sample the edges of the field, as this may give unrepresentative information. At each sample spot, do five sweeps of the net. Use the average number of bugs collected at the sample points to make the control decision. Apply a pesticide, when an average of 5 adults per sample is found.

Pesticides: It is of critical importance to choose the right pesticide and apply it correctly. Ensure that there is no threat of rain or strong winds before spraying. Apply the chemical carefully to give good coverage of the plant, using a spreader/sticker if possible as well as clean water with pH of 5 to 6. Spraying may be necessary at any time after flowering. Choose your chemical carefully (see “Table of Suggested Chemicals”) - while organophosphates have a residual action that prolongs effectiveness in the field, they may give rise to undesirable residues in the seeds that can impact worker safety and market acceptability. If possible, use the new generation of synthetic pyrethroids, which also have good residual properties and are less toxic to humans. For organic certification,



only use botanical or organically-approved insecticides. An organic control method that has proved effective in India is 5% Neem Seed Kernel Extract (NSKE) sprayed on the crop when the pods are fully formed. Remember - never use pesticides in a way that contravenes their labeling and always follow safety procedures.

Postharvest control

It is frequently necessary to control sesame seed bug levels when the sesame is harvested and bundled into *hilla* for drying. The use of a **polythene sheet** beneath each *hilla* may prevent insects from climbing up from cracks in the soil, but many insects will still fly from neighboring *hillas* and non-crop areas and this method is never 100% effective. Flying insects can be most easily seen migrating to *hillas* at sunset. They prefer shady conditions and may be discovered by lifting away the top bundles of *hillas* to expose the insects beneath. This is the most vulnerable stage for the crop with respect to *E. sordidus* damage, and **pesticides** are commonly sprayed on and around the drying bundles as a preventative measure. It is

important to use the correct product at this stage (See Table of Suggested Chemicals) – never use DDT, which will lead to unacceptable pesticide residue levels in the marketed product. Since exposed sesame bundles are vulnerable to migrating insects, anything that can be done to increase the speed of the drying process will reduce the risk of infestation. The bundle should not be hidden from prevailing winds and its construction should allow for optimum drying. One means of minimizing drying time is the use of a desiccant before harvest.

Trapping experiments have shown that sesame seed bugs can be attracted to piles of crop residues, which can then be treated with pesticides or burned. In experiments, sesame plants with capsules, groundnut haulms, grasses, threshed sorghum ear heads, and dried guava leaves proved to be equally attractive in the field and on the threshing floor. If this method proves successful, it will remove the necessity of directly applying pesticides to the sesame plants. If chemical control is required, the right pesticide should be chosen, and applied as instructed on the product label.

IPM control of Sesame Seed Bug:

- 1) Alternate host/weed control: reduce *E. sordidus* numbers before the sesame crop is planted.
- 2) Crop-free periods and block planting to minimize time for build up on sesame.
- 3) Plant non-shattering varieties to avoid stacking, which creates favorable conditions for the insect.
- 4) Use a scouting program to give thresholds for in-field spraying program: maintain low numbers during crop growth. Possible trapping options with crop residues.
- 5) Quick drying of *hillas*. Proper use of pesticides when applied to the *hillas*. Possible trapping options with crop residues.
- 6) Fumigation of sesame seeds/grains after threshing. Non-pesticide options (dusts and oils). Proper storage management.

Storage control

Even after threshing, *E. sordidus* can attack sesame seeds. At this stage, control can be achieved either by dusting seeds with an appropriate powdered pesticide as they are bagged, or by the fumigation of bagged seed. Powdered pesticides can be applied at bagging using a proportional applicator, or by mixing the seed and pesticide by hand (using appropriate safety measures). Alternatively, fumigation using phosphine, a common fumigant available in a number of formulations (aluminum phosphide or magnesium phosphide tablets), can be used. Extreme caution should be taken as phosphine is a highly toxic gas. In hot, humid climates, phosphine gas starts



to be released 30 seconds after the tablet has been taken out of its air-tight packet. Phosphine has a characteristic garlic/carbine smell that can be detected at levels below worker protection limits (note, smell alone should not be used as the only indicator of phosphine – use gas detectors). Gloves are always required for handling the pellets and respirators are essential. The sesame needs to be kept under airtight conditions and this can be achieved by placing the seeds under tarpaulin or in a fumigation chamber. If a chamber is not available, use a modified drum with a rubber-lining top to prevent leakages. Tarpaulins or polyethylene sheets should be 0.1 mm thick for indoor use or 0.15-0.2 mm for outdoor use. A good ground seal is essential, which is easiest if fumigating on concrete or asphalt. If fumigating on the ground or wood, a tarpaulin or plastic sheet should be placed underneath the grain as well as over it. It can take 24-48 hours for phosphine to build up to the right concentrations. Complete fumigation takes 3-7 days, depending on how dry the conditions are. After fumigation, the grain needs to be aerated.

Dusting stored seeds with an inert substance such as **diatomaceous earth** gives a non-pesticide storage control option. The dusts damage the cuticle of the insects, which leads to dehydration and death. **Plant oils** are another pesticide-free control option.

Proper storage of the sesame seeds will minimize damage by *E. sordidus*. Keeping humidity in storage as low as possible (< 6%) is an important strategy for all storage pests. Airtight storage is another control option for smaller quantities of seeds. After a few days, oxygen levels are depleted and the pests die through asphyxiation. This storage method can prove to be less costly.

The sesame seed bug has great difficulty penetrating woven polypropylene sacks. If these can be used instead of jute bags, storage infestations of clean sesame seed

can be significantly reduced.

Storage Hygiene. Because the sesame seed bug can live and reproduce in storage buildings, newly harvested seeds coming into storage are at risk of infestation. This problem is particularly acute in grass-thatched stores, which provide an ideal environment for *E. sordidus* to breed. Stores and surrounding areas should always be kept clean of pests and loose seeds, which should be swept up and burned on a daily basis. Between each crop or batch of stored seed, stores should be disinfected either by fumigation or if appropriate by spraying with an appropriate chemical. (See Table of Suggested Chemicals).

Preparation of Neem Seed Kernel Extract (NKSE)

Fifty grams of neem kernel are required for use in 1 liter of water. The neem kernel is pounded gently so that no oil comes out. The outer coat is removed before pounding - if this is not possible, 75 grams of seeds with outer coat should be pounded. The seeds that are used for the preparation of neem kernel extract should be between 3 & 8 months old. Otherwise, the quantity of azadirachtin in the seeds is too low for effective pest control.

The pounded neem kernel powder is gathered in a muslin pouch and soaked overnight in water. The pouch is squeezed and the extract is filtered. To the filtrate, an emulsifier (use a soap that contains no detergent) is added. One milliliter of emulsifier is added to 1 liter of water. The emulsifier helps the extract to stick well to the leaf surface. NB: The kernel extract should be milky white in color and not brownish.

Table of Suggested Chemicals

Application Stage	Chemical	Trade Name	Suggested Rate	Comments
Standing Crop	Malathion 50%EC	Malathion	1.0-1.5 liters per ha	(OP ¹) Apply in sufficient water to achieve good coverage when insects reach scouting threshold, repeat as necessary.
	Endosulfan 35% EC	Thiodan	1.5 – 2.0 liters per ha.	NOT RECOMMENDED - similar in structure to DDT and carries the same risks of high residue levels.
	Carbaryl 85% WP	Sevin 80	1.0-2.0 Kg per ha	(Carbamate) May be applied a second time after 14 days. Low mammalian toxicity
	Diazinon 50% EC	Diazinon	1.1-2.2 liters per ha	(OP) Apply in sufficient water to achieve good coverage when insects reach scouting threshold, repeat as necessary.
	Pyrethrin/piperonyl butoxide	Pyrenone, Pyrellin EC	0.75-1.5 liters per ha.	(Botanical) Use the higher rate for heavier infestations. May be repeated after 14 days
	Rotenone	Rotenox, Rotenone 5%EC, Derris	2-4 liters per ha	(Botanical) Use the higher rate for heavier infestations. May be repeated after 14 days. Expensive
Hilla	Malathion 50% EC	Malathion	2 liters per 100 liters water	Ensure good coverage of all stems and seed pods. Do not apply to exposed seeds
	Carbaryl 85% WP	Sevin 80	1.0-2.0 Kg per ha	(Carbamate) Ensure good coverage of all plant material
	Diazinon 50% WP	Diazinon	1.1-2.2 liters per ha	(OP) Apply in sufficient water to achieve good coverage.
	Pyrethrin/piperonyl butoxide	Pyrenone, Pyrellin EC	1 liter in 50 liters water	Ensure good coverage of plant material
	Rotenone	Derris dust	Apply as a dust	Ensure good coverage of all plant material
Cleaned seed	Pyrimiphos -methyl	Actellic 2%	0.4-0.5 kg per 100 kg of seed	Thoroughly mix dust with seed.
	Pyrimiphos-Methyl	Actellic E	16 ml in 1.5 liters per 1000 kg of seed	Apply as a low volume spray to moving conveyor. Maximum two applications
Bagged seed	Phosphine	Phostoxin	25-50 tablets per 10 cubic meters	If using pellets, 5 pellets are equivalent to 1 tablet. Time exposed to the phosphine gas is more important than dose level
Warehouse Hygiene	Malathion 50% EC	Malathion	2 liters per 100 liters of water	Apply as a wet spray to all exposed surfaces. Double the concentration if applying to unpainted or thatched surfaces.
	Pyrethrin/piperonyl butoxide	Pyrenone, Pyrellin EC	1 liter in 50 liters water	Apply as a wet spray to all exposed surfaces. Double the concentration if applying to unpainted or thatched surfaces
	Phosphine	Phostoxin	25-50 tablets per 10 cubic meters	If using pellets, 5 pellets are equivalent to 1 tablet. Time exposed to the phosphine gas is more important than dose level

¹OP - Organophosphate compounds – may leave residues that are prohibited in some countries

N.B. – please see ATEA technicians for further information on proper use and safety of these pesticides