



USAID
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QUARTERLY REPORT 04 – January to March 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”



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USAID Agribusiness and Trade Expansion Program

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1.0 Executive Summary

This is the fourth quarterly report for the Ethiopia Agribusiness and Trade Expansion Program covering the period January through March 2007. 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 included the following:

- Combined national export sales for all four sectors increased by \$105 million from 2005 to 2006, according to statistics obtained from the Ministry of Trade and Industry.
- The project has committed \$427,066 in Partner and Technology Fund cost-shared grant awards, leveraging partner commitments (including commercial loans obtained) of \$1,531,530 (or \$3.59 for each USAID dollar invested).
- Horticulture export trials of fresh vegetables continued to be shipped to buyers in the UK, Holland and Italy. Products included snow peas, snap peas, chillies, French beans, courgettes, cherry tomatoes, and peppers, some of which are the first ever of their type exported from Ethiopia. The project will host visits from four major EU buyers in the next quarter in order to transform these trials into larger commercial shipments.
- The project participated in this year's Hortiflora Ethiopia Exhibition in March. Participants included 44 local and 73 international company representatives. The USAID ATEP stand focused exclusively on Ethiopia's vegetable exports and included displays from two exporter clients: Awassa Green Wood and Prins Vegetables, as well as a demonstration of vegetable planters donated by Stanhay, UK, and hybrid vegetable seeds from Seminis East Africa. Enquiries from interested horticulture investors will be followed up next quarter.
- The construction of 5 cupping labs based at lead client sites in Konga, Wotona Bultuna, Mizan, Teppi and Gololcha was finished. The facilities are now operational and staff training in cupping techniques has been completed.
- The EAFCA conference in February hosted this year by Ethiopia attracted buyers from major importing countries. Many of the samples the project had prepared were sold and especially high prices were obtained for sun-dried (or "natural") coffee. Auction sales totaled \$145,000 and the event also saw the first ever Barista champion for Ethiopia.
- The coffee team is continuing its support for the installation of low water-using eco-friendly pulping machines for coffee processing. Sun-dried coffees, which require no water for washing at all, are also receiving support from the project's Technology Fund.
- Organic certification of five (5) coffee cooperatives continued and clients should receive their certifications next quarter, while Rainforest Alliance began its own certification program this quarter, with its local representative making preliminary visits to the first group of clients to apply for certification.
- A team of four tanning industry executives attended the first Ethiopian trade mission to the Russian Federation in March. Representatives negotiated a Memorandum of Understanding with Russian counterparts to facilitate regular supply of semi-processed hides and skins from Ethiopia to Russia, and returned with an initial order for a five container sample valued at over US\$300,000.
- The project's pilot initiative with ELIA (Ethiopian Leather Industry Association) to establish thirty collection centers for HSL products continues, with permission received from municipal authorities to construct facilities in Addis Ababa (which will commence next quarter).

- The oilseeds and pulses team is developing a program for improving the quality of Niger seed produced by an Ambo-based cooperative union with 44 cooperative members and 48,000 farmers. Niger seed is Ethiopia's second largest exportable oilseed crop after sesame.
- The project developed 8 new 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. In addition, four new loan applications were submitted to banks participating in the USAID DCA loan guarantee program.
- Project expenditures are on target. To date, \$3,392,538, or 32% of the project budget of \$10,444,983 has 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 ATEP intranet site: www.fintrac.com/ethiopia.

2.0 Introduction

The Ethiopia Agribusiness and Trade Expansion Program is a three-year initiative of the United States Agency for International Development (USAID) that is improving the productivity 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 focuses 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/GDA 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



Women packing snow peas, a new vegetable export product for Ethiopia, at Omega Farms.

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 Leather Industry Association (ELIA), the Ethiopian Pulses, Oilseeds & Spices Processors Exporters Association (EPOSPEA), the Ministry of Agriculture and Rural Development (MoARD), and the Ministry of Trade and Industry (MoTI).

The 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 ACOS; and the Kenya-based Real IPM. NGO, donor and public sector partnerships this quarter included World Vision, UNIDO, GTZ, Catholic Relief Services, and BCS Organic certifiers.

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 floriculture 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 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 24, with up to 1,000 farmers connected to each one – which means that project assistance is impacting an estimated 16,000 smallholder coffee producers. Rainforest Alliance has now appointed a full-time certifier based at the project.

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. The unit is assisting clients in developing business plans and helping them to obtain loans through private banks participating in the USAID Development Credit Authority (DCA) program. The team, comprised of one manager, one full-time advisor, and one consultant, 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: 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 March 31st 2007. 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, namely Dashen, Awash and Bank of Abyssinia, participating in the USAID Development Credit Authority (DCA) loan guarantee program.

Market Information

Quarterly Market Bulletins for each of the four targeted sectors were produced (third group), and are attached to this report as an Annex. These are developed in cooperation with our four counterpart associations (EHPEA, ECEA, ETA, and POSPEA).

Business Planning & Loan Applications

To date, the T&I team has helped current and prospective clients develop a total of 25 business plans including feasibility studies for production and value-added processing. The eight business plans developed this quarter were:

- Coffee sun-drying beds in Yirgacheffe
- Sesame hulling plant for Prosper International
- Pulses production in the Rift Valley
- Production of corrugated boxes for the floral industry
- Plant upgrades for Sululta Abbatoir
- Construction of crocodile ponds
- Shoe production for Atlas Plc

- Sesame cleaning plants for Warka Trading

Trade Missions and Special Events

In February, the project participated in the 2007 East African Fine Coffee Association (EAFCA) exhibition, the first held in Addis Ababa. Activities included a tradeshow exhibition, workshops, the first ever Barista championship and an outcry coffee auction in Ethiopia. Twenty-six (26) coffee lots were presented at auction, including 21 lots from Ethiopia. Of these, 13 lots were sold, including 12 from Ethiopia, and one from Zambia. The total value of Ethiopian auction sales was \$145,834.39, with remaining lots sold post-auction. The winner of the barista competition, Mr. Mifta Sultan of Addis Ababa, an employee of coffee exporter client Bagersh, will participate in the world championship in Tokyo, Japan in July.

The Ethiopian Horticulture Producers Association (EHPEA) organized the second bi-annual Hortiflora Ethiopia Exhibition in March. Participants included 44 local and 73 international company representatives. The USAID ATEP stand focused exclusively on Ethiopia's vegetable exports and included displays from two exporter clients: Awassa Green Wood and Prins Vegetables, as well as a demonstration of vegetable planters donated by Stanhay, UK, and hybrid vegetable seeds from Seminis East Africa. Training certificates for EUREPGAP and BRC courses were also presented to the clients by the USAID ATEP director.

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

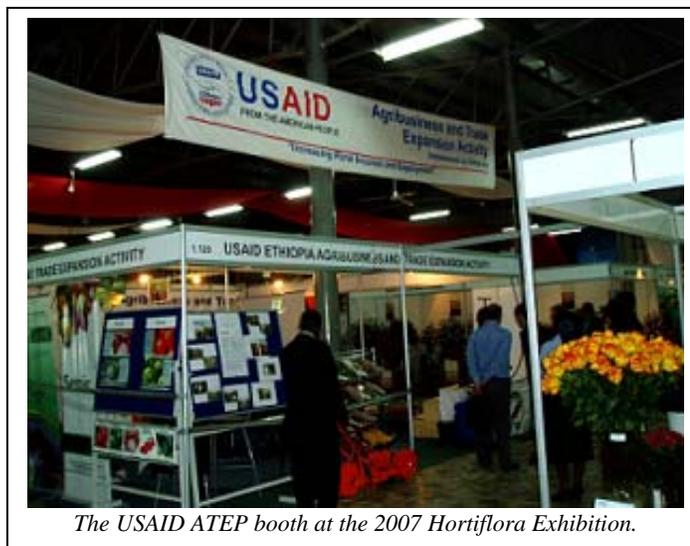
The project continued its intensive training and technical assistance activities with lead clients and beneficiaries in support of ongoing floral exports, vegetable export trials, and local market supply of vegetables to fresh and processed buyers.

Clients

To date, 16 lead clients (producers, farmer groups, exporters, etc.) and 397 beneficiary farmers working directly with the lead clients are receiving ongoing technical assistance and training from the program's field technicians. Export crops include French beans, snow peas, sugar snap peas, baby corn, chillies and courgettes. Major crops produced for the domestic market include tomatoes, onions, cabbage, chillies and watermelons.

Technical Assistance

USAID-ATEP horticulture technicians have carried out 444 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 supporting export trials of the aforementioned crops, many of which were on display at the Hortiflora Exhibition in March. Program technicians also carried out 33 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



The USAID ATEP booth at the 2007 Hortiflora Exhibition.

and carnations to the EU market, focusing on drip irrigation systems and postharvest care.

Training

Field days carried out by project technicians this period provided groups of farmers with training in improved production, postharvest handling and GAP protocols. A total of 52 on-farm production training events have been carried out to date for 503 client, beneficiary and non-client farmer participants, including:

- **Production Systems** – Eight lead clients and their beneficiary growers received training in production systems for the export trial crops;
- **Postharvest Systems and GAP Protocols** – The project brought in a specialized training organization, Fresh Produce Technology of Kenya, to conduct a comprehensive train-the-trainer course on EurepGAP standards and implementation in Ziway for twenty growers, followed by individual site visits and recommendations. A parallel series of BRC training workshops were held on-site with four leading lead client packhouses that handle soft fruit, bobby beans, chillies and vine-ripened tomatoes for export.

Export Market Development

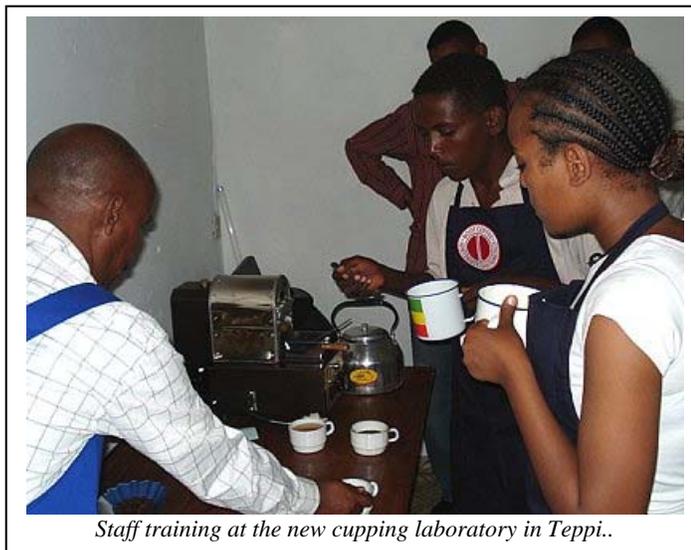
In addition to market arrangements for the current export trials, the project's marketing consultant, Mr. Jonathan Parkin of the UK, conducted a market linkages visit to the Fruit Logistica exhibition in Berlin, Germany, on February 8th and 9th. Expressions of interest for the sourcing of Ethiopian produce in significant volumes were obtained from eight EU marketing organizations concerning exotic vegetables, soft fruit, fresh herbs, and grapes.

3.5. PMP Section 5: Coffee Program

Coffee activities this quarter focused on technical assistance and training at lead client farm demonstration sites and cupping labs, as well as events at the EAFCA conference in February.

Clients

The coffee program is working with 25 lead partners in the coffee sector, comprised mostly of coffee millers/exporters where training demonstration sites have been established. The lead partners purchase coffee from 16,037 farmer beneficiary clients.



Staff training at the new cupping laboratory in Teppi..

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. To

date, a total of 99 technical assistance visits have been made to lead client farms and 26 training events carried out on behalf of the project's 16,000 farmer beneficiaries. Trainings this quarter focused on rejuvenation (stumping) of old plantations, weeding and mulching, which were carried out at six demonstration sites at Sibu Ebba, Moplaco, Bagersh, SMS and Kassa Gebreyes, and seven other sites in Sidama, Yirgacheffe and Hageremariam.

An additional training for exporters was provided by Coffee Corps Volunteer Erika Hernandez from the Coffee Quality Institute (CQI), who conducted a workshop on strategies for international sales and contract execution. A follow-up conference on these topics is scheduled for late May.

Cupping Activities

The construction of 5 cupping labs was completed this quarter at lead partner cooperatives in Konga, Wotona Bultuna, Mizan, Teppi and Gololcha. Ten cuppers based at these labs have received training in cupping from Coffee Corps volunteers, and the labs are now operational.

Certification

The Rainforest Alliance representative commenced work this quarter on establishing the group's certification program locally in Ethiopia for the first time. Rainforest Alliance certification is focused on environmental and worker welfare issues.

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 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, 39 lead clients are receiving technical assistance and training (representing thousands of beneficiaries). In addition, the project is working with local partners such as the Ethiopian Leather Industry Association (ELIA) and LLPTI as well as UNIDO, World Vision, and other donor-funded programs active in the sector.



Processing wet-salted sheepskins at Wallia Tannery.

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 21 trainings for 350 technicians in the area of ectoparasite control, and 28 trainings for 840 slaughterhouse staff and other beneficiaries, including small-scale hides and skins collectors, in skinning/flaying. The FAO and ELIA have contributed \$25,000 and \$42,000, respectively, to the ectoparasite control campaign.

Supply Chain

The hides and skins collection center project received approval from municipal authorities in Addis Ababa to build the sites and construction will commence next quarter. This period saw the selection of a construction firm to build the first thirty. The centers are expected to recover hides and skins worth \$650,000 annually, and create employment opportunity for up to 30 individuals.

Export Market Development

A team of four tanning industry executives made the first Ethiopian trade mission to the Russian Federation in March. The Ethiopian Leather Industry Association (ELIA) negotiated a Memorandum of Understanding with its Russian counterpart to facilitate regular supply of semi-processed hides and skins, and returned with an initial order for a five containers sample order worth over US\$300,000.

In addition, Blen Development Plc continued construction of crocodile ponds at a farm in Arba Minch. These ponds are urgently required to ensure space for the hatchling harvest of April. The farm is expected to bring about US\$600,000 in export earnings from the shipment of 3,000 crocodile skins and meat per annum beginning at the end of the year. Blen received assistance from the project with development of its business plan and loan application to the Development Bank of Ethiopia.

3.7. PMP Section 7: Oilseeds and Pulses Program

The oilseeds and pulses team is helping farmers improve yields and quality in order to qualify for higher grades, which will translate into increased sales.

Clients

The project is working with 17 lead clients in oilseed production areas, 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 oilseeds and pulses team is focusing technical assistance and training on key production and marketing constraints. Field-based workshops will begin in April in Humera and Metema through collaborative efforts with MOARD agronomy teams in production, Integrated Pest Management (IPM) techniques, weed control, proper use of pesticides, quality standards and marketing. Related workshops will cover improved oilseed and pulses production practices, as well as the transfer of quality assurance techniques and importance of these to market linkages. In order to drive home the quality component, the ACOS cleaning plant will be visited to see how hand-picking and machine cleaning is carried out to fulfill export quality specifications for White Haricot Beans and flag quality problems.

The team has developed three technical manuals to support its training programs - Sesame Seed Bug, Sesame Production, and Warehouse Receipts – with a fourth on Bruchid Control being released shortly.

Field visits were carried out to major Niger seed production areas in Ambo. Niger seed is Ethiopia's second largest exportable oilseed crop after sesame. Last year, an Ambo-based cooperative union with 44 cooperative members and 48,000 farmers exported 1,000 MTs of Niger seed to the US. The shipment was unsuccessful due to poor product quality and late delivery. The project is developing a program for improving the quality of that union's Niger seed exports.

The oilseeds and pulses team started several demonstration trials in Ziway for White Haricot beans in cooperation with the horticulture team, to look at the feasibility of haricot beans, such as White Pea and Red Kidney, as rotation crops on drip-irrigated vegetables plots. Plans are also in the works for a new White Haricot program with Melkassa Research Center and Catholic Relief Services (CRS) to distribute seed to farmers in Rift Valley, Eastern and Western Hararge.

Processing

The project has provided business plan development and loan application support to three companies, Prosper International, Warka Trading and ALLIMPEX, for sesame and dried bean cleaning and processing. These value-added activities will improve the quality and end prices received for these products. We are assisting these companies to obtain bank loans and also considering them for cost-share awards through the project's Technology Fund.

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.

Airfreight Logistics

As a result of the growth of the floricultural industry in Ethiopia, from 7 ha of commercial roses under greenhouse in 1999 to 1,000 ha of greenhouses presently, the country's airfreight and handling capacity will soon prove a challenge to further agribusiness growth. The project took the first step in addressing this constraint by sponsoring a mission in mid- March for key representatives from Ethiopian Airlines and the Ministry of Trade and Industry to Nairobi, Kenya. During the visit, the group assessed the airfreight and handling infrastructure at Nairobi Airport to learn how that country has substantially increased its capacity.

HSL Cluster Activities

The project conducted the 2nd leather industry competitiveness Cluster Working Group (CWG II) in February. The cluster consists of 38 prominent business and government leaders involved in the HSL sector. A total of ten "action initiatives" are being acted upon as part of the industry cluster business plan, which is expected to increase export quality, volumes and sales. Private sector companies have now taken ownership of these action initiatives, and the industry is starting to collaborate openly. A further cluster meeting is planned for April as is a public-private sector dialogue to agree on a master plan for specialization within the tanning industry.

3.9. PMP Section 9: Other Cross Cutting Activities

Cross-cutting activities this quarter included Technology and Partners Fund awards as well as environmental activities.

Technology and Partners Funds

The project continues to identify and fund activities that support project objectives through the Technology and Partners Funds grant awards. To date, the project has committed \$427,066 in these cost-sharing grants, leveraging partner commitments (including commercial loans obtained) of \$1,531,530, or \$3.59 for each dollar invested. Tables 1 and 2 provide a breakdown of Technology and Partners Fund awards signed to date.

Table 1: Technology Fund Awards: April 2006 to March 2007

Award	Project Contribution	Client Contribution	Total
01 Training in Ectoparasite Control	\$67,058	\$27,681	\$94,739
02 Coffee Eco-Pulping Equipment	\$12,500	\$29,500	\$42,000
03 Installation of Cupping Laboratories	\$21,230	\$82,750	\$103,980
04 Commercial Trials of mangetout and Sugar Snaps	\$6,384	\$49,950	\$56,334
05 Modern Drip Irrigation Systems	\$99,410	\$178,830	\$278,240
06 Installation of Coffee Sun-Drying Beds	\$13,846	\$3,393	\$17,239
07 Commercial Trials of Fine Beans and Peas	\$3,670	\$16,000	\$19,670
08 Pumping Equipment for Drip Irrigation	\$3,290	\$4,490	\$7,780
09 Purchase of Coffee Sun-Drying Beds	\$6,255	\$19,755	\$26,010
10 Construction of Crocodile Breeding Ponds	\$18,264	\$839,360	\$857,624
Total	\$251,907	\$1,251,709	\$1,503,616

Table 2: Partner Fund Awards: April 2006 to March 2007

Award	Project Contribution	Client Contribution	Total
01 Inward and Outward Buyer Missions	\$58,950	\$220,000	\$278,950
02 Hides and Skins Collection Centers	\$38,220	\$16,380	\$54,600
03 Hides and Skins Radio Awareness Campaign	\$8,691	\$14,641	\$23,332
04 Coffee Quality Institute Volunteer Program	\$62,812	\$28,800	\$91,612
05 TBD			\$0
06 EAFCA Conference Activities	\$6,485	\$0	\$6,485
Total	\$175,158	\$279,821	\$454,979

Environment

In addition to training and technical assistance activities in Integrated Pest Management being carried out by field technicians, the project's pesticides use study (PERSUAP) was completed this quarter, inclusive of a review of the new draft Pesticides Registration Act. A presentation of the project's environmental management plan for horticulture was made to the Senior Regional Environmental Officer for USAID, which identified priorities for the year ahead as training in safe-use of pesticides on-farm, establishment of an effective IPM program for the floriculture subsector, and widespread implementation of Good Agricultural Practices (GAPs).

The coffee team is continuing its support for 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, is also receiving support from the project's Technology Fund. Organic certification of five (5) coffee cooperatives continued with BCS, and clients should receive their certifications next quarter.

3.10. PMP Section 10: Global Results Targets

National export sales for the four targeted agricultural sectors in 2006 showed an overall increase in value of \$105,158 million over 2005 figures.

4.0 Planned Activities for Next Reporting Period

Horticulture

- Follow up on investor enquiries from Hortiflora Exhibition, including potential large-scale Israeli investment in strawberries.
- Plan inward investor visits by leading UK and Dutch produce companies.
- Assist investors in locating suitable land, in particular for purchase of state farms now up for leasing.
- Trial shipments of mangetout from semi-commercial trials due to start in April
- Continue other vegetable export trials with lead clients, beginning with French beans.
- Continue work on IPM in collaboration with BDS partner Real IPM of Kenya.

Coffee

- Follow up on enquiries from buyers at EAFCA.
- Carry out further training on executing export contracts with CQI volunteer Ai Liu.
- Attend SCAA in California together with ECEA and group of leading coffee exporters
- Continue training lead clients on improved agronomy, as well as harvesting, in time for next season which starts September.
- Completion of coffee harvest and auction/sales for 2006-07 season.
- Finalize organic certification through BCS for lead clients.
- Work with lead client millers on improved processing practices.

HSL

- Plan launch of Taytu 2 range of fine leather products into the US market.
- Initiate first pilot hides/skins collection centers.
- Continue with training program for veterinarians (ekek control) and skinner/flayers (reducing damage).
- Continue Lalagera eradication campaign in cooperation with Pittards.
- Conduct needs assessment with University of Northampton for UN/LLPTI twinning program.
- Conduct Fourth and Fifth competitiveness cluster meetings and industry stakeholder meeting.

Oilseeds/Pulses

- Final identification of clients in Tigray for oilseeds and Rift Valley area for pulses production, and collection of client baseline data.
- Conduct trainings on IPM and postharvest / insect control in NW Tigray.
- Finalize pulses and sesame processor business plans.

Annex I: Updated Workplan/Performance Monitoring Plan

Fintrac Inc - USAID/ATEP - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 10, fourth quarterly report 3/31/07)

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	Marketing and Investment Activities (Cross-Cutting)																																	
3.1	Publish market reports and sector-specific market updates				0	4	0	0	4	0	4	4	4	4	4	4	4	4	4	4	4	4	4	44	issues produced and disseminated	Copies of issues	12	32				X		Twelve reports completed.
3.1(a)	Horticulture Market News (quarterly)					1			1		1	1	1	1	1	1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	2	9				X			
3.1(b)	Coffee Market News (quarterly)					1			1		1	1	1	1	1	1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	2	9				X			
3.1(c)	Hides/Skins Market News (quarterly)					1			1		1	1	1	1	1	1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	2	9				X			
3.1(d)	Oilseeds Market News (quarterly)					1			1		1	1	1	1	1	1	1	1	1	1	1	1	11	issues produced and disseminated	Copies of issues	2	9				X			
3.2	Conduct market, competitiveness and consumption trends analyses on major crops and new products			1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	1	24	market surveys and other reports produced	Copies of surveys and other market reports	1	23					X	Sesame seed update	
3.3	Undertake business plans and investment feasibility studies			2	2	2	2	2	2	2	2	6	6	6	6	6	6	6	6	6	6	6	68	Business plans and investment feasibility studies completed		14	54				X		14 Completed, 13 in process	
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	3	3	3	3	3	3	3	3	3	3	3	34	Loans received by clients across sectors		5	29					X	Successful applications	
3.5	Export & domestic market producer/buyer linkage services			2	4	4	4	4	4	4	4	12	12	12	12	12	12	12	12	12	12	134	market linkages developed	regular project reporting	6	128					X	Four additional reports being prepared at this time.		
3.6	Support high-potential producers and/or processors participating in international trade shows and fairs																						20	producers/processors participate in international trade shows and fairs	regular project reporting	17	3					X	Lyon 4, Cairo 3, EAFA 8, Hortiflora 2	
3.7	Support inward buyer/ investor missions across sectors																						10	buyers provided support for inward buying and investment missions	regular project reporting	14	(4)					X	Jonathan Parkin, Yirgalem Conference 13	
3.8	Strategy and action plan for sustained access of market information developed																						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)																						4	BDS partnerships developed/Partner fund agreements operationalized	CIRIS, Copy of agreements		4					X		

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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								
3.10	MOARD, four main trade associations and other organizations' staff trained in agribusiness market information systems and export analyses						2		2		2		2		2		2		2		12	workshops	CIRIS	13	(1)		X									
							20		20		20		20		20		20		20		120	people trained in market analyses	CIRIS	176	(56)		X									
3.11	Training support to domestic market price reporting systems MOARD					1			1				1		1			1		1	6	domestic market price reporting systems training	regular project reporting	2	4			X			Central Statistics Authority (CSA) has a system to monitor prices (for the calculation of inflation).					
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		16 lead partners with agreements signed.
4.2	Beneficiaries of lead partners identified and representative M&E data collected				0	0	0	20	50			25	25	50	25	30	30	40	60								355	beneficiary farmers supported directly through lead partners	CIRIS	397	(42)		X			Eteco: 30, Zi-Andeta:300, Ethioflora: 67
4.3	Product-specific and technology-specific technical manuals, bulletins and other technical materials produced and disseminated (production, postharvest, processing)			2	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4								50	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	22	28		X			These in draft form, not yet finalized.
4.4	On-Farm Extension Program					40	60	90	90	90	150	200	270	270	270	270	270	270	270								2610	On-farm extension visits made by program agronomists	CIRIS extension logs	444	2,166			X		
4.5	On-Farm Group Training Events				0	4	6	9	9	9	15	20	27	27	27	27	27	27	27								261	training events	CIRIS training logs	52	209			X		
					0	20	30	45	45	45	75	100	135	135	135	135	135	135	135								1305	participants at training events	CIRIS training logs	503	802		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											500	participants in postharvest training events	CIRIS training logs	33	467				X	Training provided by Benjamin Mwangi
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									10	5 large-scale horticulture processors supported; 7 small and micro-scale processors receive technical support	TA logs (CIRIS)	-	10				X	
4.9	New processed products for local and export market developed										1	3	3				3										10	new products developed	regular project reporting	-	10			X		
4.10	Processing training program (in-plant & workshops & seminars)										50		50	50			50	50									250	participants in processing training events	CIRIS training logs	-	250			X		
4.11	Food Safety Systems & HACCP Program										2	2	4				4										12	food processing firms implement food safety systems (e.g. HACCP or other)	client certification records; other project reporting	-	12			X		
4.12	Training school for EHPEA in NZTT model													1													1	Training curriculum developed and transferred to EHPEA	Alliance agreements	-	1			X		
4.12.1	Establishment of demonstration sites at regional educational institutions (farm & microprocessing)											2															2	demonstration farms established with educational partners	Alliance agreement regular alliance reporting; CIRIS	-	2			X		
4.12.2	Curriculum development implementation at regional education institutions											1															1	support provided in curriculum development to Jimma and Amalemayu (production, postharvest, microprocessing)	Alliance agreement regular alliance reporting; CIRIS					X		

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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				
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									3	Partner Alliance established with input suppliers	Alliance agreement regular alliance reporting; CIRIS	1	2				X		Seminis program under development
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
4.14.2	Design and implement partner fund agreements with exporters to achieve EUREPGAP certification of smallholders							1		1	1	1	1	1	1	1						7	Partner Fund agreements for smallholder EUREPGAP certification designed and implemented	Partner Fund agreements with exporters	-	7				X		
4.14.3	Growers achieve EUREPGAP certification										50				50			100	50	50		300	growers achieve EUREPGAP certification	project and partner reporting; EUREPGAP certification records	5	295		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, benchmark 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	28	22			X			Training of 28 managers. Total people trained in EUREPGAP: 124
4.14.8	Development of local certification capability - ("train the trainers" program; direct support to private certification companies)													1								1	regional firm provides 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	143	3,357				X		IPM management: 11, Safe Use of Chemicals: 8, EUREPGAP: 124, (total 23 events). Trainings with Croplife Ethiopia planned.
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	8	target crops identified over life of program based on current and changing market conditions	market surveys, competitiveness assessments, production analyses	8	-			X			Mangetout, sugar snap peas, snow peas, baby corn, chilies, okra, baby courgettes, French beans
4.15.2	Detail program activities and interventions for target crops (most likely are listed below)																													X		
4.15.2(a)	New fresh vegetable crops for export (product diversification)					X																	detailed program activities determined and added to PMP/workplan	Updated PMP						X		See 4.15.1
4.15.2(b)	Smallholder flowers										X												detailed program activities determined and added to PMP/workplan	Updated PMP						X		Program to commence next quarter
4.15.2(c)	African Birds Eye (ABE) chilies					X																	detailed program activities determined and added to PMP/workplan	Updated PMP						X		See 4.15.1
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	1	6				X		Seminis program under development.
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		Plots for mangetout, sugar snap peas, snow peas, baby corn, chilies, okra, baby courgettes, French beans

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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						
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		\$ 129,170,000					X	2005 to 2006 export data totals from MOTI show no increase; 2006-2007 increases now being tracked.
4.16.2	Domestic Sales of horticultural products increase (baseline TBD)																							increase in domestic sales of horticultural products from lead clients and beneficiaries	CIRIS								Both Year 1 production and sales data are baseline information is being collected
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	\$ 83,045	\$ 14,916,955						
4.16.4	Increased sales by program-assisted farmers																						100%	increase in sales by program-assisted farmers	CIRIS; random surveys	0%	100%						Data is being collected
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%						Data is being collected
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	3												30	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	25	5			X		The project is working also with other 3 non lead clients.	
5.2	Beneficiaries of lead partners identified and representative M&E data collected			300	450	450	450	450	450	450	450												4,500	beneficiary farmers supported directly through lead partners	CIRIS	16,037	(11,537)			X		Includes outgrowers, individual farmers and cooperative associations	
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	3	7				X	Processing, Agronomical practices, Mulching	
5.4	On-Farm Extension Program (improved production practices: pruning, weeding, composting, harvesting)						30	30	30	30	120	120	120	120	120	120	120	120					1,200	On-farm extension visits made by program agronomists	CIRIS extension logs	99	1,101				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					310	training events	CIRIS training logs	26	284				X		
							250	250	250	250	750	750	750	750	750	750	750	750					7,750	participants at training events	CIRIS training logs	225	7,525				X		
5.6	Demonstration sites established at cooperatives/private farms for improved production, 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	27	(15)			X		Max 3 per client	
	Establishment of low-cost cupping labs											5											5	low-cost cupping labs established	Technology Fund Investment reports; CIRIS	5	-	X				Teppi Coffee Farmers Union, Wotoma Butumsa Cooperative, Bench-Maji Coffee Forest Union, Gololcha Cooperative, Konga Cooperative/Yirgacheffe Coffee Farmers Union	
5.8	Training to develop improved local skills in cupping to determine specialty grades, defects, etc.								2	3	3	3	3	3	3	3							23	trained in cupping techniques	CIRIS training logs	10	13			X			
5.9	National preselection and international cupping & promotional events supported, support inward buyer missions								1		1												3	events supported	regular project reporting	2	1				X	October 06 inward buyer mission; EAFCA	
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	1	1				X	Training local certifiers to ensure sustainability.	
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	\$88,004,000	\$120,996,000				X	2005 to 2006 export data totals obtained from MOTI.	
5.12.2	Total value of specialty coffee exports increases																						\$57,000,000	value of increase in specialty coffee exports	Trade and industry statistics	\$39,800,000	\$17,200,000				X	From July 06 - March 07, there were \$39.8 million in sales of specialty coffee (12,260 MTs) exported, of which \$34.9 million is washed and \$4.9 million is natural coffee.	
5.12.3	New Client investment in new processing and cupping technology																						\$1,600,000	value of client and counterpart investments	CIRIS	\$234,872	\$1,365,128				X	\$234,872 by 4 clients	
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	Clients Year 1 average yield and sales data is being collected.	

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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										
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)	39	6		X						39 Lead Clients. The project is working also with 1 non-lead and 3 counterparts					
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						UNIDO, MOARD,BoARD, UAB, USAID Projects (Land O Lakes, VOCA, Sheep and Goat Project)					
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)	21	(10)		X						Bale 13, Chiro 12, Harar 18, Semera 24, Mengist 11, Asslea 23, Yabelo 8, Shashemen 11					
				30	30	30	30	30	30	30	60	60	60							450	Technicians trained		350	100		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)	28	(20)		X						Karalo 63, Wolliso 12, Asela 23, Metu 22, Shambu 23, Shashemene15, Goba Robe 23, Awassa 45, Arba Minch 35, Mizan 24, Addis Ababa 22, Burayou 69					
					50	50	50	50	50	50	50	50								400	Technicians trained	CIRIS (lead partner data & workplans)	840	(440)		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	1	13	Training Programs	CIRIS (lead partner data & workplans)		13		X						Data presently included in activity 6.4					
						15	15	15	15	15	15	15	15	15	15	15	15	15	15	195	Technicians trained	CIRIS (lead partner data & workplans)	-	195		X						Data presently included in activity 6.5					
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)	1	2			X					Lalogera project started in Feb 2007					
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					Establishment of 30 collection centres in Addis agreed and Partner fund signed. Construction plans and recruitment underway					
6.8	Providing training in tanning process improvements										20	20			20				20	80	Trainings	High grade yield of raw stock (1-3) increased to 35% from present 20%		80				X				Co-ordination with GTZ and UNIDO who have also rolled out projects to avoid duplication					
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			1	1		1	1	5	Inward missions supported through cost-share.		2	3		X						Includes outward missions. Lyon, Moscow.					
6.11	Partner agreement with U of Northampton and LLPTI to improve lab, train technicians and standards training										3	3			3	3				12	Training activities			12			X					Activities will start in April 2007					
6.12	Develop LSH competitiveness cluster					1														1	Competitiveness cluster developed	CIRIS, industry sources	1	-	X												
6.13	HSL Program-Specific Impact Targets																																				
6.13.1	Reduction in number of skins affected by ectoparasites																				15%	reduction in skins affected	Industry surveys	0%	15%				X					Unquantified reports from tanners on improved raw stock incoming, to be presented next quarter			
6.13.2	Client and counterpart investments																				\$ 5,000,000	value of new client and counterpart investments	CIRIS	\$ 1,225,117	\$ 3,774,883			X					Client investments are \$1,005,558.95, implementation needs to be confirmed				
6.13.3	Increased value of hide, skin and leather exports from Ethiopia																				\$ 48,000,000	value of increased exports	Trade and Industry Statistics	\$ 13,648,000	\$ 34,352,000				X					2005 to 2006 export data totals obtained from MOTI.			
7	Oilseeds and Pulses Program																																				
7.1	Initial selection of Lead Partners (processors, exporters, cooperatives, other farmer groups) & development of partner-specific activity workplans										3	6	10								19	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	17	2		X						Four farmers cooperative union, one commercial farmers association, two investors, five small hold farmers and five exporters				
7.2	Beneficiaries of lead partners identified and representative M&E data collected										300	600	1000							1,900	beneficiary farmers supported directly through lead partners	CIRIS	7,532	(5,632)		X						Members of two farmers cooperative unions.					
7.3	Technical manuals, market information bulletins and other technical materials produced and disseminated						1	1			1	1	1	1	1	1	1	1	1	11	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	4	7		X						Sesame seed bug, Sesame production, Warehouse receipts, Bruchid control					
7.4	On-Farm Extension Program (improved production practices)										30	120				120				270	On-farm extension visits made by program agronomist	CIRIS extension logs	-	270			X					Planned for Sesame growing season (June to September)					
7.5	On-Farm Group Training Events (improved production practices)										30	30			30					90	training events	CIRIS training logs	-	90			X					Planned for Sesame growing season (June to September)					
											750	750			750					2,250	participants at training events	CIRIS training logs	-	2,250			X					Planned for Sesame growing season (June to September)					

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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	
7.6	Support Organic Certification of Farms through Partnership Alliances								1		1	2	2	2					10	Farmer groups certified								X	Discussions held with IMO and pre assessment will be held with interested producers/exporters.
7.7	Introduction of new processing technologies -- design, business plans, financing, etc.							1	1	1	2	2	2	2	2	2	2	2		21	projects supported	CIRIS; other project reporting	3	18				X	Two proposals submitted for Prosper International and Ai-Impex, 6 under discussion.
7.8	Inbound investment missions supported								1											3	mission supported	project reporting	-	3				X	
7.9	Regional market linkages developed								1		1	1	1	1	1	1	1	1		10	deals made for regional sales	CIRIS	-	10				X	
7.10	Warehouse Receipts																												
7.10.1	Coordinate warehouse receipts activities with EGTE, MOARD, CBE other donors and projects																				Comprehensive national program using 8 EGTE warehouses	CIRIS training logs	coordination meetings held					X	Discussion and meetings are ongoing.
7.10.2	Develop technical bulletins and other training materials general program and disseminate to cooperative partner private traders and exporters, trainings conducted							1	1	1				1	1	1	1			7	Workshops	CIRIS	3	4				X	Three trainings held on WHRS and manuals disseminated to the participants
7.10.3	Develop materials and training package on simplified grades/standards for oilseeds/pulses, conduct workshops and distribute via cooperatives, traders and exporters																			7	Workshops, need approval from MOARD taskforce	CIRIS	2	5				X	Training manual on sesame is ready in coordination with MOARD for April, 2007 in Humera (Tigray region) and in Metema (Amhara region)
7.10.4	Develop materials and initiate activities in support of a commodity exchange program																				Work at PIU with other donors and MOARD	CIRIS						X	The office is under establishment
7.11	Oilseed Program-Specific Impact Targets																												
7.11.1	Increased value of oilseed exports																				\$ 71,000,000 value of increased exports	Trade statistics	\$ 3,506,000.00	\$ 67,494,000				X	2005 to 2006 export data totals obtained from MOTI.
7.11.2	Client and counterpart investments in new value-added processing																				\$ 1,000,000 value of new investment	CIRIS	\$ -	\$ 1,000,000				X	Client investment data to be reported next quarter.
8	Policy Intervention Activities (Cross Cutting)																												
8.1	Identification of policy constraints through investment and competitiveness activities							2						2			2	2		12	Issues identified and prioritized	regular project reporting	6	6				X	Airport coldstorage, Central Bank, Coffee Law, WR Tax, Pesticide Approval, Import Taxes
8.2	AGOA and other trade protocol training conducted							1			1	3	3	3	3	3	3	3		27	AGOA and other trade protocol training events held	CIRIS	1	26				X	AGOA and WTO training for ministry personnel
8.3	Address constraints where policy interventions are needed/assist with issues paper development								1					1			1	1		6	Issue papers developed, presented at Ministerial level	CIRIS	1	5				X	Airport cold storage visit to Kenya
8.4	Support to national-level conferences and consultative groups supported to address policy constraints								1					1			1	1		6	project support to national-level conferences and consultative groups	CIRIS		6				X	
9	Other Cross Cutting Activities: Organizational Development, Partners/Alliances/BDS, Gender Mainstreaming, Environmental Management, HIV/Malaria																												
9.1	Organizational Capacity Development																												
9.1.1	Groups receive training in capacity building and business development																				250 groups receive training in capacity building and business development	CIRIS and other project reporting		250				X	
9.1.2	Group leaders receive specialist management training																				250 group leaders receive specialized management training	CIRIS and other project reporting		250				X	
9.2	Partners Fund, Alliances, and BDS																												
9.2.1	Partners/Technology Fund (Grant) Manual prepared; approved by USAID																				1 Manual approved by USAID	Copy of manual	1	-	X				
9.2.2	Partner & technology fund alliances established							1	1	1	1	1	1	1	1	1	1	1		20	Agreements designed and operational	Copy of agreements	21	(1)		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	\$ 950,000	\$ 950,000				X	Current commitments are \$1,531,000, actual client invested funds to be confirmed.
9.3	Gender Mainstreaming																												
9.3.1	Support Women's Entrepreneurial Institute																				1 Partner agreement signed with WEI	agreement		1				X	
9.3.2	Project staff training in Gender Mainstreaming & Implementation Approach																				All Project staff trained	internal project reporting						X	

Fintrac Inc - USAID/ATEP - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 10, fourth quarterly report 3/31/07)

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								
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	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	1,390	8,610			X			Trainees are trained in IPM related topics such as chemical safety, EUREPGAP, harvesting and production systems etc.				
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																				5,000	participants in program-sponsored training events that include HIV/AIDS and Malaria prevention and treatment training	CIRIS reports; subgrants with and reporting from local NGOs		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	\$105,158,000	\$352,012,000				X		2005 to 2006 export data totals obtained from MOTI.				
10.2	Client and counterpart investments																				\$22,600,000	value of client and counterpart investments	CIRIS + validation; field surveys	\$1,543,034	\$21,056,966				X						
	Note:																																		

Annex II: Monthly Bulletins



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – January 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

The horticulture sector continues to generate a great deal of buyer interest that it is trying to meet with adequate volumes of quality product. This past month our clients received training in EurepGAP and BRC requirements from Farm Produce Technology of Kenya, a leading horticulture training organization. We also welcomed Fintrac's Senior Agronomist/Entomologist Dr. Richard Pluke, who is conducting a PERSUAP study to help classify pesticides currently in use in ATEA sectors. The horticulture sector is preparing for HortiFlora, the industry's biannual trade event in March, which promises to bring in a number of international buyers and investors.

It was a month of intense activity for the coffee group as we prepared for Ethiopia's first-ever hosting of the East African Fine Coffee Association (EAFCA) Trade Show. In addition to efforts to identify and select specialty coffees for an open-outcry auction, ATEA was assisted by Coffee Corps volunteers Chris Hallen, who helped with pre-selection of coffees for the auction, and Erika Hernandez, who trained members of the Ethiopian Coffee Exporters Association on how to negotiate export contracts with buyers.

The HSL sector is winding up its massive quality improvement training and has leveraged a number of donor projects to jump-start the livestock spraying program, all geared towards increasing the volume of quality hides and skins for the tanning industry. There is also new interest in investing in manufacturing. In oilseeds/pulses, we are collecting baseline information for the coming sesame planting season and also working with the pulses industry to expand production of popular varieties. Support to value-added processing (hulling/cleaning) is also being provided.

As well as working on production and quality issues the project is going to link in health training for our farmer clients through work with two USAID-funded health NGOs, Pathfinder International and Population Services International, to provide training on the awareness and prevention of HIV/AIDS and Malaria.

Our third Steering Committee Meeting took place on January 25th, where we agreed to include new *ex officio* members from the private sector such as Pittards PLC, representatives from the banking sector, and Ethiopian Airlines. This forum provides a rare opportunity for the private and public sector to meet about key issues constraining competitiveness in our target sectors.

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



Photo courtesy of Fintrac

In the laboratory of ECEA, coffee samples received for the open outcry auction being cupped to rank their quality attributes.

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

USAID Agribusiness and Trade Expansion Activity

“Increasing Rural Incomes and Employment”

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HORTICULTURE



Photo courtesy of Fintrac

Trials such as this for cabbage using a Seminis Seed hybrid will be ready for the upcoming HortiFlora Trade Fair.

Trials of mangetout, sugar snap peas, chillies, babycorn and courgettes were planted throughout January with eight lead clients at sites ranging from Awassa, four hours south of Addis at 1,550 meters, to Sebetta, 20 kilometers west of Addis at 2,400 meters. Detailed field-work and production blueprints were demonstrated on-site with each grower, together with the associated value-chain financial analysis for each crop. It is anticipated that production and export from these trials will coincide with the HORTIFLORA EXPO on March 21, 2007, providing an exciting opportunity for inward-buyer linkages.

The project brought in a specialized training organization, Fresh Produce Technology–Kenya, to conduct a comprehensive train-the-trainer course on EurepGAP standards and implementation in Ziway for twenty growers, followed by individual site visits and recommendations. A parallel series of BRC training workshops were held on-site with four leading lead client packhouses that handle soft fruit, bobby beans, chillies and vine-ripened tomatoes for export. The emphasis on Good Agricultural Practices (GAPs) and record-keeping systems, as well as advice on how to implement these practices, is the foundation for individual client certification later this year that will open new high-value markets for these businesses.

Another objective is our market-led initiative for export growth in all product categories. We were encouraged to see an article in the December edition of Eurofruit magazine that featured one of our lead clients in the grape industry. This article was a result of the project's sponsorship of a delegation to the Cairo Congress, which resulted in marketing enquiries from one of the EU's leading grape importers. Although widespread expressions of interest for sourcing high-value vegetables from leading EU importers are encouraging,

the challenge for the project continues to be matching this potential with consistent production capacity of Ethiopian growers.

The project conducted a Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) as part of an overall environmental impact and management strategy for our integrated pest management (IPM) plan. Dr. Pluke, assisted by a local consultant from MoARD, is carrying out this work in January for publication in February. The PERSUAP is a valuable tool to inform ATEA and the Ethiopian Government about pesticide regulations that conform to requirements of buyers in our target markets.

COFFEE



Photo courtesy of Fintrac

Joseph Brodsky training Barista championship candidates at the Red Bean Café, Addis.

This month the coffee team is preparing for the Eastern African Fine Coffee Association (EAFCA) 2007 trade show to be held for the first time in Ethiopia on February 15-17. It is anticipated that 500 delegates, including 200 coffee buyers, will attend from the 10 participating EAFCA countries as well as from the Americas, Europe and Asia. Activities planned by the project include booth sponsorship that is cost-shared with our lead coffee clients and □ for the first time □ an open-outcry auction and a barista championship.

ATEA requested samples from cooperative unions and private millers for outstanding coffees which would be auctioned in 1.5 metric ton lots. We received 39 samples, of which 34 qualified as "Q" coffees (specialty). Twenty-three were selected for distribution to more than 20 importers/roasters in North America, Europe and Asia. Prices at least 50 percent above commercial grade are expected, which means considerable premiums for the mills and coffee growers. ATEA has a target of increasing specialty coffee sales by \$57 million. Currently it is estimated that only 2 percent of Ethiopian

coffee enjoys specialty status, whereas some experts say up to 50 percent of exports could qualify.

Another first for Ethiopia is the barista competition, also a part of the EAFCA. So far, 42 candidates from an assortment of coffee retail companies in and around Addis Ababa are participating. According to Joe Brodsky, a consultant and part-owner of Denver's Novo Coffee, barista events help raise coffee quality awareness among consumers. This event will add to the "buzz" among buyers at EAFCA for the high quality and distinctive coffee flavors available in Ethiopia.

Another important training event was held this month for 26 Ethiopian Coffee Exporter Association (ECEA) members. Erika Hernandez, a Coffee Corps volunteer, discussed steps and strategies for sales and contract execution, which was a key issue at November's coffee roundtable.

Low-cost cupping lab installation is nearing completion in four of the five locations selected, Konga-Yirgacheffe, Wotona Bultuma-Sidama, Mizan and Teppi. The remaining lab for Gololcha (Harar) will be installed in February.

Now that the main coffee harvest season is over, our two agronomists have been training on rejuvenation (stumping) of old plantations, weeding and mulching. Forty farmers at 6 demonstration sites at Sibu Ebba, Moplaco, Bagersh, SMS and Kassa Gebreyes have been trained this month. We have arranged for organic certification to begin for over 3,500 farmers working with lead clients Amaro Gayo, Dominion Trading, and Sibu Ebba

HIDES, SKINS, LEATHER

Training of 42 technicians and hides and skins collectors in proper flaying, curing, grading and logistics of raw stock in Eastern and Southern Oromia region was carried out this month. The HSL team is also taking the lead in finalizing an agreement with the Ethiopian Tanners Association (ETA) where the tanning industry will contribute \$42,000 toward funding the ectoparasite control program, as well as \$27,000 from the USAID-funded ESGPIP for this treatment campaign. With these funds the industry sent out requests for quotations to supply the required equipment and select the most competitive domestic bidders to carry out the spraying program.

Working with MOTI and GTZ, who have agreed to provide \$25,000, the project will direct the development of a concept paper on tanning industry specialization. Leather manufacturing specialization, where plants concentrate on specific steps in the tanning process (for example pickling, wet-blue, finishing, etc.) is an international trend that is not practiced in Ethiopia. By specializing, the Ethiopian industry will be more competitive and will have less excess capacity, currently a key issue.

The HSL team, with assistance from the Trade and Investment unit, is helping to develop a business plan for a new footwear manufacturing plant that will require \$1.2 million in new investment, create employment for about 75 workers and produce 1,000 pairs of export standard shoes per day. If financing can be arranged, this project will be operational in one year.

Negotiation were held with UK-based Pittards Limited and US-based Champro Sports to develop a partnership with local manufactures to produce leather goods for the export market by the second half of 2007. The activity is estimated to require \$500,000 in fixed asset investment and will export at least \$5 million in finished leather goods annually.

The first contact was established with leather buyers from Russia who were put into touch with the ETA for action. The first round of discussions is expected to happen before April and is estimated to result in several million dollars in earnings from the export of semi-processed hides.

There has been good progress with the HSL Cluster Working Group (CWG), including updating the association's Website to include market information and links to technical information on the Web. The second CWG meeting is planned for early February.

OILSEEDS AND PULSES

The production of White Pea Beans and Red Kidney Beans is important for domestic consumption as well as exports. They also provide project clients involved in horticulture with a good rotational crop. The quality of these beans has improved of late and local buyers and agents of canning factories are offering better prices to producers.

The Oilseeds/Pulses team is working on improving both Meher and Belg season (mid February to mid April) bean production, looking at product quality and streamlining the marketing chain. We are beginning to work with Melkassa Research Centre in the Rift Valley, as well as clients Agricultural Commodities Supply (ACOS), QSAE and NGOs that already have activities in the pulses sector such as CRS and Harerge Catholic Secretariat. In addition we are exploring neug and soybean production in collaboration with a French-funded NGO.

In Humera, our oilseeds agronomist Yibarek Liben has selected ten lead clients for the coming sesame production season. Two are smallholder cooperatives with 7,352 combined members, one commercial farmer association with 400 members and seven individual smallholder farmers. Baseline data being collected includes land area, current yields, agronomic practices and cost of production. Training and technical assistance packages will be introduced in preparation for the new planting season.

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Photo courtesy of Fintrac
Agronomist Yitbarek Liben collecting production information on sesame production in Humera, Tigray region.

Investments in equipment for hulling and cleaning grains are also underway. The Trade and Investment unit is assisting these enterprises with business planning services and loan applications through the USAID loan guarantee program. Details are presented in the next section.

TRADE AND INVESTMENT

The Trade and Investment group continues to work with local businesses to access credit for new technology investments. In the horticulture sector, a new enterprise, DFT Plc., is being assisted with business planning to finance equipment for the production of corrugated boxes for flower and vegetable exports. Total investment sought is \$500,000 and annual sales turnover is estimated at \$2.5 million.

In the coffee sector, partner clients Sibu Ebba and Limu Kosa Plc have started construction of their improved sun-drying beds partially financed through technology fund grants.

For the HSL sector, in addition to the Atlas Plc. business plan for a shoe manufacturing facility, client Sululta Abattoir has hired a private consultant and design engineer to complete the plans for installing new machinery and equipment. The Project has assisted them in applying for \$300,000 in financing, which will result in an additional \$500,000 per year in sales. Blen Development Plc, a crocodile farm supported by the project, has started construction of new ponds necessary for expansion. The project has assisted in the development of a business plan and a technology fund grant, while the group has applied for \$850,000 loan through the Development Bank of Ethiopia.

In support of the Oilseeds/Pulses sector, the team has helped Prosper International develop a business plan for financing the installation of sesame hulling and cleaning equipment valued at \$450,000, which will result in new sales of \$6 million per year. They have also started working on a business plan for a pulses cleaning plant in Humera. In addition to the overall investment in new technology from these activities, we estimate that more than 450 new permanent jobs will be created.

The Trade and Investment team completed four quarterly newsletters for client associations in each sector and prepared input prices for horticulture and oilseeds/pulses production. A description of loan conditions and criteria has been developed for use by the group and for our clients and a study on alternative sources of financing is underway.



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – February 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION ACTIVITY

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

Specialty coffee was in the spotlight this month, as international buyers had an opportunity to learn about the range of high quality and specialty coffees available from Ethiopia at the East African Fine Coffee Association (EAFCA) conference, held in Addis. The project carried out two major events during the conference, including an outcry auction and Barista Championship. Both events were the first ever held in Ethiopia. This event attracted a number of international coffee buyers, and resulted in sales of around \$150,000. The Barista Championship was won by Mr. Mifta Sultan, who will represent Ethiopia at the World Championships in Japan in July.

The horticulture team is continuing efforts on the production of export vegetables while preparing for the Hortiflor Exhibition in Addis at the end of March. This event will attract a large number of international buyers and investors responding to Ethiopia's potential for supplying high quality horticultural exports.

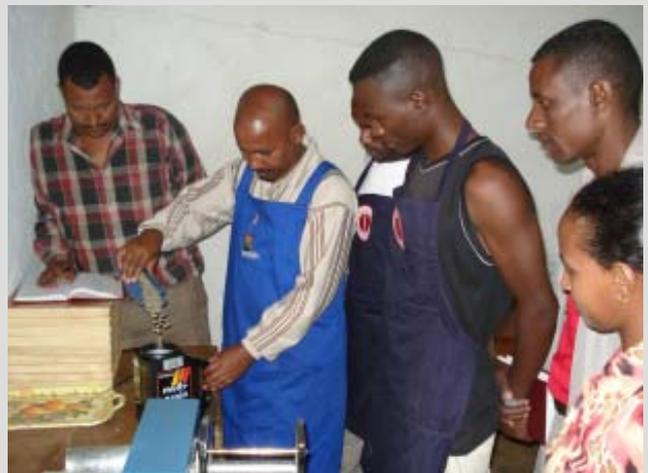
The Hides, Skins and Leather (HSL) sector continued its ambitious training program for Ectoparasite control as well as proper flaying and skinning practices. The 3rd HSL Industry Cluster group also met this month. The Cluster is now getting significant buy-in from private companies who are beginning to take ownership of the initiative.

Activities in the oilseeds and pulses sector have been concentrating mainly on pulses production in the Rift Valley, as we are currently in the planting season. The team is also working with Melkassa Research Institute to select new pulse varieties to meet the needs of the market, and is forming partnerships with local stakeholders to increase production. World demand for certain varieties of white haricot beans is growing, and feedback received from buyer partners is helping to ensure that client product meets international standards.

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



Ethiopian coffee lots for auction at the 2007 East African Fine Coffee Association conference.



Training at cupping laboratory in Jimma

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

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HORTICULTURE

Vegetable export trials this month included the first shipments of mangetout (snow peas), sugar snap peas and baby courgettes from Prins Vegetables in Ziway to wholesale customers in the Netherlands. Feedback from buyers on product quality was positive, reflected in the average prices received of US\$6.00–US\$7.00 per kg, sufficient to provide a sustainable margin to the client. Added-value opportunities including pre-pack will be exploited in the future, depending on suitable packaging and packhouse accreditation. Similar exports from the remaining trial sites will ship in March.

The US Ambassador to Ethiopia, the Honorable Donald Yamamoto, extended significant support to the project during discussions with principals of Ethiopian Airlines. The strategic opportunities associated with improvement of the perishable handling capacity at Bole International Airport in Addis Ababa were a feature of the meeting.

The British Ambassador to Ethiopia, the Honorable Robert Dewar, visited the project's demonstration site at Chancho Flowers, located about 20 km north of Addis Ababa. The farm's co-owner, Ms. Samrawit Moges, explained the farm's role as a demonstration site for the linkage between smallholders and commercial outgrowers, as well as the challenges associated with infrastructure and financing.

The project's marketing consultant, Mr. Jonathan Parkin of the UK, conducted a market linkages visit to the Fruit Logistica exhibition in Berlin, Germany, on February 8th and 9th. Expressions of interest for the sourcing of Ethiopian produce in significant volumes were obtained from eight EU marketing organizations concerning exotic vegetables, soft fruit, fresh herbs, and grapes. Additional details of these marketing opportunities will be reported in March, following the attendance of several international buyers at the Hortiflora Exhibition, to be held in Addis Ababa from March 21st to 23rd.

Other industry initiatives included the completion of the data-collection component of the project's pesticides study, including a review of the new draft Pesticides Registration Act. The final study will be published in March. A presentation of the project's environmental management plan for horticulture was made to the Senior Regional Environmental Officer for USAID, Mr. Walter Knausenberger, which identified the practical environmental priorities for the year ahead. These will focus on the safe-use of pesticides on-farm, development of an effective IPM pilot program for the floriculture subsector, and the widespread implementation of international standards of Good Agricultural Practices (GAPs).

SPECIALTY COFFEE

In February, the coffee team and clients participated in this year's 2007 East African Fine Coffee Association (EAFCA) exhibition, the first to be held in Addis Ababa. The main activities included a tradeshow exhibition,

Horticulture Activities



Prins Vegetables preparing initial export trials of snow peas and snap peas for the Dutch market.



British Embassy visit to a project-developed smallholder demonstration plot using gravity-fed drip irrigation. The Embassy is considering funding a smallholder drip irrigation program in partnership with the project.

conferences, the first ever Barista championship, and the first ever outcry coffee auction. The tradeshow provided an opportunity for project clients to introduce their coffees to buyers and roasters at the project's booth to over 600 conference participants, including producers, exporters and buyers from Asia, Europe, the Americas and the Middle East.

Prior to the conference, 32 local baristas were competitively selected to participate in the 2007 Addis Ababa Barista Championship. After a series of pre-screening competitions, the top five baristas were selected to compete in the championship before a panel of international barista judges. The winner, Mr. Mifta Sultan of Addis Ababa, received a \$250 award and will participate in the International Barista Championship to be held in Tokyo in July.

Twenty-six (26) coffee lots were presented at the outcry auction, including 21 lots from Ethiopia. Of these, 13 lots were sold, including 12 from Ethiopia, and one from Zambia.

The total value of Ethiopian auction sales was \$145,834.39, while the remaining lots were all sold post-auction. These sales will be reported in the next Monthly Update.

In addition to the EAFCA events, the team made field visits to Mizan, Teppi, Green Coffee Gemadro Agriceft Plantation, and Limu Kossa Coffee Plantation this month. In Mizan and Teppi, newly established mini cupping laboratories are functioning where project-trained cuppers assess the quality of local coffees. Union leaders and agricultural officials expressed appreciation for the labs, and assisted the team in selecting farm demonstration sites in these areas as well as Jimma.

Also this month, the project's coffee team conducted a seminar on environmental and worker welfare coffee certification programs, including Rainforest Alliance certified coffee for MOARD and other stakeholders. The project is supporting the establishment of a Rainforest Alliance certification program for Ethiopia that will commence next month.

HIDES, SKINS AND LEATHER

The HSL team visited the major hides production areas in SNNPR. Russian buyers are showing interest in semi-processed hides. A trade mission is being arranged for hides exporters to travel to Russia in March. The mission is expected to yield several initial orders for the export of semi-wet blue and crust hides to this new market for Ethiopia's HSL industry.

Blen Development Plc has continued construction of the 1-2 year-old crocodile ponds at a farm in Arba Minch. These ponds are urgently required to ensure space for the hatchling harvest of April. Blen has been assisted with development of their business plan and the loan application to the Development Bank of Ethiopia. The total investment is \$875,000, of which the project contribution is \$21,875 or 2.5 percent. The farm is expected to bring about US\$600,000 in export earnings from the shipment of 3,000 crocodile skins and meat per annum beginning at the end of the year.

This month, the team trained 42 veterinarians in the control of animal diseases that spoil hides and skins as well as 95 technicians and hides & skins collectors. This bringing the total number of technicians trained to 1,095 throughout the four target regions. The project also organized two rounds of an Ectoparasite control campaign in Lalogera as part of the regional government's campaign that resulted in treatment for nearly 600,000 goats and sheep.

The HSL team also conducted the 2nd leather industry competitiveness Cluster Working Group (CWG II) with the presence of 38 prominent business and government leaders. Five action initiatives were added to the existing cluster business plan that are expected to increase export volumes, quality and sales.

Hides, Skins and Leather (HSL) Products



Wet salted hides and skins ready for delivery to tanners at Wondi Trading, SNNPR (southern region).

Oilseeds and Pulses



Trials for the production of Haricot beans under drip irrigation are being carried out in Ziway.

OILSEEDS AND PULSES

Haricot beans, which grow in Rift Valley, Eastern and Western Hararge, are a crop with major export potential. Plans were commenced with Melkassa Research Center and other stakeholders such as Agricultural Commodities Supply (ACOS) and Catholic Relief Service (CRS) for the distribution of Haricot seed in the region. Last year, belg Haricot bean production was found to have 16-18 percent rejection rates, and cooperatives spent \$100,000 per year transporting reject material. The project is developing a plant for investing in pre-cleaning and modern warehousing to help mitigate this problem and add value at the farmer level.

The farmers grow white pea beans for export by processing company ACOS, based in Nazareth. At present, the Business training for the cooperatives will start in March.

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The project is also working with Zi-ANDETA Farm in Ziway/Dodelcha to introduce drip irrigation for Haricot beans production. Production trials are being carried out now for three Haricot varieties – Awash Melka, Red kidney, and Awash 1 – to determine the feasibility of producing these beans under drip. If successful, it would introduce the possibility of Haricot beans as a potentially lucrative rotation crop for vegetable growers.

A field visit was carried out to the major Niger seed production areas of Ambo. Niger seed is Ethiopia's second largest exportable oilseed crop after sesame. Last year, an Ambo-based cooperative union with 44 cooperative members and 48,000 farmers exported 1,000 MTs of Niger seed to the US. The shipment was unsuccessful due to poor product quality and late delivery. The project is developing a program for improving the quality of the union's Niger seed exports.

TRADE AND INVESTMENT

The capital expenditures requirement on the project will exceed \$100 million if the trade expansion goals are to be reached. At present there is a severe shortage of finance caused by the commercial banks' insistence on fixed asset collateral; the rural poor do not have fixed assets on title deed land and are therefore unable to access the loans needed for their investments. The existing USAID loan guarantee scheme provides an effective substitute for fixed asset collateral but is capped at \$14 million - well short of the project requirement. The ATEA team has conceived an ambitious plan to put in place a loan guarantee scheme of \$300 million backed by a consortium of donors led by USAID. A concept paper is being prepared for distribution among all the main players in development financing in an effort to get buy-in before preparing a detailed plan.

In the horticulture sector, DFT Packaging PLC has finalized its business plan and will be guided through a loan application process. Investment partners have been identified within the diaspora and negotiations are in hand. Total investment is \$500,000 with an expected turnover of \$2,500,000.

In the coffee sector, new clients continue to be identified and assisted with business planning. Following the results of the Coffee Auction organized for the EAFCA conference, producers and exporters are more aware of the value of natural, sun-dried coffees over washed coffees. As a result, investment in the next year will focus on improved sun-drying beds. Organic Certification for 3,747 farmers was arranged through five partners in the sector and is now complete.

In HSL sector, Atlas Plc is being assisted with business planning for a shoe factory with estimated output of 1,000 pairs daily. The feasibility study for upgrades at Sululta Abattoir is complete and a design engineer identified to prepare layouts and recommend new equipment and machinery. This business has significant income from sale of hides, with a potential turnover of \$500,000 per year from an investment of \$300,000.

In the oilseeds and pulses sector, Prosper International's business plan for cleaning and de-hulling sesame seed was well-received by Dashen Bank and loan approval is expected soon. The value of the fixed investment is \$450,000 with a projected turnover of \$6 million per year. Project assistance from the Technology Fund is under consideration for the purchase of the de-hulling machinery. Al-Impex has also submitted a business plan for a new cleaning plant in Humera which is under review. An investment opportunity for 6 cooperatives in Harar has also been identified in the pulses sector.



USAID
FROM THE AMERICAN PEOPLE

MONTHLY UPDATE – March 2007

ETHIOPIA AGRIBUSINESS AND TRADE EXPANSION PROGRAM

“Increasing Rural Incomes and Employment”

NOTE FROM THE PROJECT DIRECTOR

The project has been operating for almost a year now and making good headway towards achieving the targets set in our workplan.

March has been a busy month for horticulture where we ran a very successful booth at the Hortiflora 2007 Exhibition. The project received many visitors, including the Deputy Prime Minister, the US Ambassador, and the USAID Deputy Mission Director as well as international buyers and investors eager to begin helping Ethiopia's horticulture industry to realize its potential.

In the HSL sector, the project led a successful trade mission to Russia and came away with a large trial order from this new and growing market for Ethiopian hides and skins products.

The Coffee team has been concentrating its efforts on training farmers in improved agronomy methods, as has the Oilseeds and Pulses group.

Our continued efforts to strengthen the producer associations are paying off, as they all report increased membership and export sales. We are well poised to consolidate our work with a well-established client base as we move forward into Year Two.

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



Deputy Prime Minister and Minister of MOARD Ato Addisu Legesse (center) and Tsegaye Abebe (right) Chairman of EHPEA visit the USAID ATEP stand at Hortiflora 2007.



Fintrac booth at Hortiflora 2007

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

USAID Agribusiness and Trade Expansion Program

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HORTICULTURE



Photo courtesy of Fintrac

New export vegetables from ATEP client, Jan Prins on display at the USAID ATEP Hortiflora 2007 booth

The Ethiopian Horticulture Producers Association (EHPEA) organized the second bi-annual Hortiflora Ethiopia Exhibition. The exhibition, using the theme “*The New Face of Ethiopia*” was held at the Addis Ababa Exhibition Center from March 21-23, 2007. The participants included 44 local companies, as well as 27 Dutch, 16 Israeli, 6 Kenyan, 4 Spanish and 20 additional country representatives.

In his opening remarks, His Excellency Ato Addisu Legesse, the Deputy Prime Minister and Minister of Agriculture and Rural Development, emphasized the government’s enduring commitment to the horticulture industry. According to the Deputy Prime Minister, the Government of Ethiopia is promoting diversity of export products together with the country’s poverty reduction program. These include a drive to increase fruit and vegetable production and exports, one that is receiving strong support from USAID-ATEP.

The project organized a stand at the show that focused exclusively on Ethiopia’s vegetable exports. There were many visitors to the display of vegetable export products on the stand by the project’s two lead clients – Awassa Green Wood and Prins Vegetables – that attracted sustained interest throughout the show. Additional features of the stand were the demonstration of two vegetable planters donated by Stanhay, UK, and a display of hybrid vegetable seeds from Seminis East Africa Ltd. Training certificates for EUREPGAP and BRC courses organized by the project and Farm Produce Technology of Kenya were also presented to the growers at the stand by USAID-ATEP director Steven Humphreys.

In addition to the Hortiflora event, Mr. Itiya David, Managing Director of Isareli-based David’s Fruits, paid a visit to Ethiopia to explore investment opportunities. Mr. David along with the project’s marketing consultant, Mr. Jonathan Parkin, evaluated horticultural investment opportunities in the Ziway area.

As a result of the growth of the floricultural industry in Ethiopia, from 7 ha of commercial roses under greenhouse in 1999 to 1,000 ha of greenhouses presently, there expansion of the country’s airfreight and handling capacity will soon prove a challenge to growth in export of other products such as vegetables.

The project took the first step to addressing this constraint by sponsoring a mission in mid- March for key representatives from Ethiopian Airlines and the Ministry of Trade and Industry to Nairobi, Kenya. During the visit, the group assessed the airfreight and handling infrastructure at Nairobi Airport to learn how that country has substantially increased its own air freight capacity.

SPECIALTY COFFEE

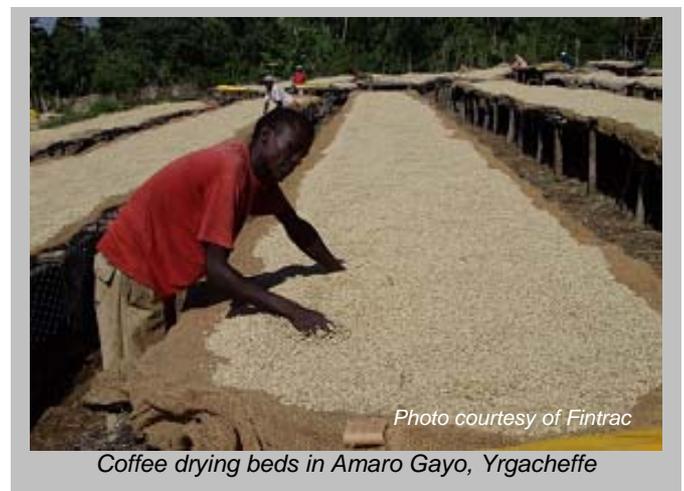


Photo courtesy of Fintrac

Coffee drying beds in Amaro Gayo, Yrgacheffe

The coffee team this month conducted the second Coffee Stakeholders’ Meeting on March 26th that included 60 participants from various private companies, government agencies and donor organizations. The next meeting will be held on April 24th, 2007.

In Sidama and Yrgacheffe, training in the upgrading of cupping capacity was provided for two local cooperative staff members. This training is essential to improve the handling of the coffee-cupping laboratory.

Farm tools have been purchased for twenty seven (27) demonstration sites in SNNPR and Oromia regions. These include 30 saws, 30 saw blades and 30 pruning shears that will enable the project’s coffee agronomists to properly train farmers.

The preparation of a coffee agronomy manual for client demonstration sites and another for compost preparation has been finalized. Both manuals are being offered in English and Amharic versions.

Specially prepared compost has been applied on selected farms of three clients: WoldeSenbet, an individual farmer member of Fero Cooperative; Mamo Shanka, a member of DTC, and Negussie Gashe-Moplaco.

In other activities, the coffee team also carried out stumping of 2,350 old coffee trees on seven (7) client sites in Sidama, Yirgacheffe and Hageremariam. The project also visited the newly established cupping laboratory in Gololcha. During the visit, the potential for the expansion of coffee production in the area was noted. The team also identified three new clients to participate in program activities: Homeland Organic Coffee, Bora Agricultural Development Plc, and Aerkota Coffee Plantation.

HIDES, SKINS AND LEATHER

A team of four tanning industry executives made the first Ethiopian trade mission to the Russian Federation in March. The Ethiopian Leather Industry Association (ELIA) negotiated a Memorandum of Understanding with its Russian counter-part to facilitate regular supply of semi-processed hides and skins, and returned with an initial order for five containers sample order worth over US\$300,000.

The project finalized its negotiations with FAO's regional office concerning funding of \$25,000 to be used for the ectoparasite control campaign in Lalogera. In addition, ELIA has committed \$42,000 to the Lalogera ectoparasite control venture. This is the first time that ELIA contributed to an industry-wide campaign managed by a third party.

The monitoring program on the efficacy of the ectoparasite control campaign in Lalogera has commenced. Among the 540 skins purchased, 50 percent were bought from untreated animals in the area for bench-marking defect level. These will be used as a control to measure improvements in the quality of raw material utilized by the tanneries.

The HSL team trained 120 technicians as well as hides and skins collectors in proper flaying, curing, grading and logistics of raw stock in Tigray Region, as per request of the regional government. In Oromia Region, 33 veterinary specialists were trained in the control of animal parasites.

A construction firm has been selected to build the thirty initial hides and skins collection centers, the construction of which will commence next month in Addis Ababa and surrounding areas. The centers are expected to recover hides and skins worth \$650,000 annually, and create employment opportunity for up to 30 individuals.

OILSEEDS AND PULSES

As the belg season approaches, a meeting was held in Dire Dawa with Hararge Catholic Secretariat (HCS) and stakeholders CRS, ACOS & HCS concerning seed supply and production, quality, and market linkages for belg season Haricot Beans growing areas in Eastern & Western Hararge. Opportunities for the sector and building business linkages were the main topics for the participants in anticipation of field trainings to be carried out with the stakeholder participation.



HSL delegation to Moscow in mid March led by COP Steven Humphreys. Three leading tanners Bedada Chali, Solomon Getu and Vartkes Nalbandion came with new orders.



Photos Courtesy of Fintrac

Ian Sherry, Teka Redda and Yitbarek Liben discussing with Farmers' Primary Cooperative Managers and DA's at Eastern Harerge, Kara Luku on pulse production in the Oilseeds and Pulses Sector

Similar field visits and discussions were held with Woreda primary cooperative managers and members, cooperatives' promotion officers and development agents.

An agreement was reached between the project and ministry extension staff to organize training field days in Adama for April 11 and 12, 2007 for primary cooperatives, farmer cooperative unions and other stakeholders. The workshop will include improved oilseed and pulses production practices, as well as quality and market linkages. In order to drive home the importance of quality, the ACOS cleaning plant will be visited to see how hand-picking and machine cleaning is carried out to fulfill export quality specifications for White Haricot Beans and spot the quality problems. Follow-up field visits will also be conducted during the belg-planting season in Eastern and Western Hararge.

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The oilseeds and pulses sector continued providing follow-up support to ZI-ANSETA's dry beans furrow irrigation trial and the Chancho Flowers horticulture green pea drip irrigation trial.

The first partnership proposal has been submitted by Melkassa Research Center.

TRADE AND INVESTMENT

The first draft of the overview study on loan types and conditions of the Development Bank of Ethiopia and commercial banks was finalized and is currently being used for internal purpose. The Policy Review focusing mainly on foreign exchange regulations on imports and exports of the Central Bank of Ethiopia was carried out and the draft will be ready in April.

The Trade and Investment Unit has identified common areas of work together with the Netherlands Development organization SNV and Enterprise Ethiopia. Enterprise Ethiopia is a World Bank project, which provides technical and financial support to export-oriented private investors.

In the coffee sector, issues have been discussed with a consultant working on the legal regime governing the coffee trade. The first draft has been finalized and submitted for review by the Trade and Investment team. In addition, a workshop is being organized in collaboration with Ethiopian Coffee Export Association to gather feedback and comments on the draft.

The project also carried out a field visit with its partner International Product Service (IPS) in Arsi Zone, Gollolcha to improve the quality of coffee production in the area. Advice was provided to IPS on the establishment of projects that will benefit local farmers. Gollolcha is known for its annual coffee production amounting to 7,000 tones.

The purchase of sun drying beds through the Technology Fund has been finalized for Limu Kosa PLC. The business plans of two coffee producing and exporting companies, Bizuayehu Shone Coffee Plantation PLC and Home Land Organic Coffee, have been reviewed and the comments given were incorporated in the business plans.

In the Horticulture Sector, the businesses plan of DFT Packaging PLC has been edited and finances revised.

In the Oilseeds and Pulses sector, the business plan of Prosper International was submitted to Dashen Bank and the team is following up the process to facilitate the credit that Prosper International has requested to establish its de-hulling facility. This will significantly add value to sesame and allow farmer to receive higher prices. In addition, the business plan and previous performance of Warka Trading PLC with the capital of US\$2.5 million (ETB 23 million) has been reviewed, and work on its feasibility study started for the purchase of two new sesame-cleaning plants for 1,000 hectares of oilseed production.

Annex III: Success Stories



"Coffee is important to my country. Everyone should understand where it comes from, and then it is worth more to the customer."

— Mifta Sultan,
Ethiopian barista champion

Ethiopian barista serves his country's coffee to the world

Mifta Sultan grew up picking coffee in the Kaffa region of Ethiopia and knows first hand the impact of the price of a cup of coffee. As a barista, Mifta now serves coffee, but believes what he is doing today is not much different from what he did as a child. "Coffee is important to my country," he says, "Everyone should understand where it comes from, and then it is worth more to the customer." Mifta was part of a group of thirty baristas who took part in a USAID-ATEP program to train and educate the very people who serve as the main face of Ethiopian coffee to residents and visitors. Baristas directly influence the taste and presentation of coffee, and they also are key educators about coffee origins and value.

In addition to training, USAID-ATEP hosted the first-ever Ethiopian Barista Championship as part of a larger effort to connect Ethiopian specialty coffee to the world marketplace. Timed to coincide with the East African Fine Coffee Association Conference in Addis Ababa, the competition had baristas prepare drinks to showcase their skills to representatives of the 48 countries at the international conference.

Mifta won the competition and will travel to Tokyo to represent Ethiopia — known as the birthplace of coffee — at the World Barista Championships in competition with other baristas from

see **Barista** on next page



Photos by Fintrac Inc.

Coffee beans processed at Asnakech Thomas' facility in Ethiopia.

Ethiopian coffee growers find new markets, higher incomes

Asnakech Thomas was born on a coffee plantation and is proud that her family comes from coffee land deep in the Southern People's Region of Ethiopia. In February 2007, her coffee placed first in a pre-selection process for Ethiopia's first-ever private coffee auction. The result? She sold her coffee for \$2 per pound, a 50 percent increase from what she received before. Asnakech is a client of USAID's Agribusiness and Trade Expansion Program (ATEP) focused on improving specialty coffee production and quality.

USAID-ATEP assisted Asnakech in installing a coffee processing machine and showed her how to run the eco-friendly pulper. The project also deployed agronomists and consultants to her mill to advise her on how to create specialty level coffee at every step of coffee processing — from looking after trees, to picking, to drying cherries. At the same time, USAID-ATEP was working on the other side of the coffee chain by organizing an open outcry private specialty coffee auction. The 2007 Ethiopia Limited Coffee Auction connected



"Before, I only knew coffee in the cup. Now I know exactly how many hands the coffee has to go through to get there."

— Asnakech Thomas

Ethiopian farmers with buyers from more than 40 countries. Whereas the current standard buying price for coffee is \$1.30 per pound, at the auction lots were purchased for as much as \$5 per pound, an increase of over 280 percent.

While Asnakech was finishing up processing coffee for the season, samples of her coffee and samples from 20 other growers were shipped around the world for buyers to taste and grade. The USAID-ATEP supported auction gave producers

see **Coffee** on next page



Coffee beans are dried and processed.

Barista continued from first page

Africa, North America, Europe, and Asia. As the winner, he received more than \$3,000 in prize money. A husband and father of three, Mifta says the money will come in handy, but what he wants even more is to continue to build coffee awareness in his country. Despite the fact that Ethiopia has the largest diversity of coffee in the world, most of the people who live in Ethiopia don't have the privilege of seeing and tasting the best quality coffees, which are usually exported. Ethiopia has always embraced a strong coffee culture and consumes more than half of the coffee it produces, but, according to Mifta, "people forget about the farmers."

As the 2007 Ethiopian Barista Champion, Mifta says his goal is to build coffee awareness. "Everyone goes to coffee shops every day," he says. "It is the job of a barista to serve good-quality coffee drinks that show the customer what the coffee should taste like. Then, the customer pays more." Mifta not only understands the connection to the local farmer, he thinks of his family. "When I serve better coffee," he says, "people like my mother and father get more money for the coffee they pick."

As a result of the USAID-ATEP initiative, local baristas have formed an organization to continue training and education. They will also host the next Barista Championship in 2008. Mifta says he plans to train the other baristas and teach them, both what it is like to pick it as a child, and how to best serve it to customers today.

Ethiopia is the birthplace of coffee and the fourth-largest coffee producing country in the world, but despite its status, the country's specialty coffee potential is largely untapped. USAID-ATEP has set about changing this through a range of programs geared to increase specialty coffee production and sales. The growing specialty coffee market pays large premiums for better quality. Accounting for less than 5 percent of Ethiopia's \$350 million in coffee export dollars, specialty coffee promises to substantially increase the country's agricultural earnings.



Women sort coffee beans at a processing facility in Ethiopia.

Coffee continued from first page

like Asnakech an opportunity to reach new markets and showcase their specialty coffee. The lots sold at the auction were small and select, and enabled buyers and producers to connect and make long-term trade commitments. Asnakech's lot was bought by an exporter in the US, and, because of the auction, she has made connections with other buyers and set up sales accordingly. With USAID-ATEP's help she went all the way from planting her trees to selling her coffee.

"Before," Asnakech says, "I only knew coffee in the cup." She mimics holding a delicate porcelain cup between her thumb and forefinger and drinking from it. "Now I know exactly how many hands the coffee has to go through to get

there." As for her coffee placing first, Asnakech says that it was good, but not good enough. "I received a score of 95. Next time I want 100." USAID-ATEP is going to help make this happen by educating Asnakech about more technical selection processes to make her coffee even better. "I have two containers this year," Asnakech says. "Next year I want four." Asnakech knows she stands out in the coffee industry as a woman, but the fact that she is the only woman coffee producer and exporter makes her just want to try harder. "In the beginning, the farmers who bring their cherry to my mill could not believe a lady was in charge. Now they are used to it. It's good—almost 80 percent of the people who pick my coffee are women. I want to encourage them."



SUCCESS STORY — HIDES, SKINS AND LEATHER Improved quality spurs growth along supply chain

Alemayehu Simegn has owned the Wallia Tannery in southern Addis Ababa for 15 years. He has been in the leather industry his entire life, trading raw hides and skins when he was younger. Wallia Tannery has, by most standards in Ethiopia, been a success, but like all tanneries in Ethiopia, it is not running at full capacity. "Our hides and skins supply has been very low-grade," he says. But now, just months after becoming a client of USAID's Agribusiness and Trade Expansion Activity (ATEA), he says his business is growing faster because he finally has the raw materials he needs for making high-quality products.

Alemayehu is one of many tannery owners in Ethiopia whose business has struggled due to poor raw material quality. USAID-ATEA has addressed this issue, beginning at the production level by training more than 1,200 technicians to more effectively treat ectoparasites that burrow into the skin of livestock, as well as to improve slaughtering and curing practices.

Improving the quality of hides and skins takes trust. Tanners cannot see all defects until the hair is completely removed during the tanning process. A tanner therefore typically buys the hide or skin without any guarantee of quality. By reducing ectoparasite problems, USAID-ATEA efforts are dramatically improving the quality of hides and skins, prompting tanneries to pay more to slaughterhouses and middlemen for raw materials.

"We have seen the consistency improve and are now more willing to pay a higher price," Alemayehu said.

He knows better prices will affect the entire industry. "Everyone wants a better standard of living. Now we have the chance to make this happen with better quality, better prices, and better products." He reaches over to touch a piece of hide, running his fingers over the chalky leather to check for defects. "This is good quality," he says. "If you have the best quality, you can sell it anywhere, at any time. This is what we want."

USAID-ATEA is also connecting Ethiopian tanners with international buyers to provide new market opportunities that will reach all the way back to the farmer. In March 2007, the project brokered a link between tanneries and buyers in Russia, one of the world's largest leather manufacturing countries. Ethiopia previously had no direct exports of hides and skins to Russia. Following a trade mission to Moscow, the group now has \$300,000 in trial orders for the fall, with the potential to grow substantially.

By focusing on the entire value chain, from livestock handling to opening new markets for Ethiopia's tanneries, the project is achieving results at multiple levels. "We want better skins," Alemayehu says, "that takes better handling after slaughtering, better collection, and better animal health." Ninety percent of Wallia Tannery exports go to Britain and Italy, and Alemayehu says his orders are already increasing.

He also explains that if quality is maximized, he can earn \$86 more per dozen skins sold. "We process 3,000 goat skins a day. If all of them were better? Imagine." He does the math in his head and then smiles. "That is over \$20,000 in added sales every day!"



Women work on the processing line at the Wallia Tannery in Addis Ababa.

"We have seen the consistency improve, and are now more willing to pay a higher price."
— Alemayehu Simegn, tannery owner



Tannery owner Alemayehu Simegn's has seen the quality of his hides and skins improve with USAID assistance. At left, a woman checks a sheep skin for defects.

Photos by Fintrac Inc.

Ethiopia has the 10th largest livestock population in the world, and the largest in Africa, but very low hides/skins recovery rates for a number of reasons. With improved skins and hides resulting from the USAID-ATEA ectoparasite program, tanners can compete more effectively in world and, in turn, expand purchases of raw materials from rural producers.

SUCCESS STORY – SPECIALTY COFFEE

Coffee alliance generates income and opportunity

USAID's Agribusiness and Trade Expansion Program (ATEP) has joined forces with US-based Dominion Trading Co. (DTC), and Ethiopian coffee farmers in Yirgacheffe are reaping the rewards.

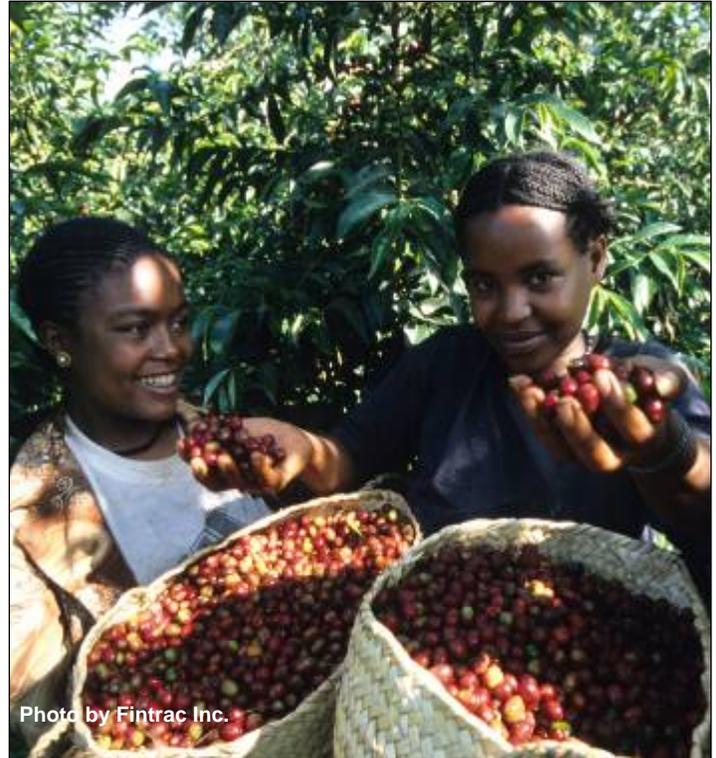
DTC had already distinguished itself from cooperatives and private coffee mills in the region by establishing a policy to pay its suppliers a premium based on prevailing market prices and quality. Dominion re-invests 40 percent of profits into community-based education and health projects in Ethiopia.

"The coffee cooperatives were upset with our premiums," said Dante Vilone, Dominion's general manager. "They began to lose farmers to us because the prices we paid were better."

Still, there was room to grow, and Dominion turned to USAID-ATEP for help. The project launched an effort to improve coffee quality among Dominion's growers and help the company procure and install more efficient de-pulping equipment, which, Vilone says, are vital to Dominion's growth. Specialty coffee buyers want to know if production and processing are sustainable, and Dominion's traditional de-pulpers were making it difficult to meet international environmental standards. The de-pulper and its connected facility cost the company \$42,000, a third of which came in the form of a co-investment by USAID-ATEP. The project also developed a business plan to help Dominion obtain a loan through USAID's Development Credit Authority through Bank of Abyssinia. "This was a fantastic deal for everyone involved," notes Ian Sherry, the project's Trade and Investment Manager.

USAID-ATEP is also helping farmers improve coffee cherry quality through field-based technical assistance in proper tree pruning, stumping, and mulching that will improve yields 200-300 percent by the fourth year, resulting in more money in the pockets of smallholders. During the last season, farmers were trained in proper harvesting so that only ripe cherries were delivered to the mill. With program assistance, DTC has established a demonstration farm next to the mill to train farmers in production and harvesting techniques. These farmers will, in turn, share this know-how with other coffee growers in their areas.

DTC exported 72 metric tons (MTs) in 2005. The DTC-USAID-ATEP cooperation paid off in 2006, with the group's exports increasing to 120 MTs, and plans are for the group to ship 550 MTs in 2007. Ten metric tons of coffee meeting the specialty designation were sold through the open outcry auction that USAID-ATEP organized for the East Africa Fine Coffee Association meetings held January in Addis Ababa. The auction demonstrated to DTC and Ethiopian producers



Top, Ethiopian women harvest coffee cherries in Yirgacheffe.



Left, specialty coffee from Yirgacheffe, nicely packaged for international sale by DTC. The company's suppliers receive a special premium, while 40% of profits from coffee sales are invested back into community-based education and health projects.

the potential profits in high-quality coffee production.

According to Mike Stemm, DTC's Spokane-based general manager, the group's association with USAID-ATEP has "opened several doors of opportunity for us, all of which will enhance our long-term viability in Ethiopia." Plans include attaining organic and Rainforest Alliance certification, which will increase prices by another 25 percent. They also plan to upgrade the milling site to meet environmental and worker safety standards. "The building should reflect the technology that it contains," says Stemm, referring to the state-of-the-art Ingesecc pulping and demucilage machine. The site will also serve as a model for other Ethiopian mills in meeting the standards of the international specialty coffee marketplace.