



USAID
FROM THE AMERICAN PEOPLE

QUARTERLY REPORT 11: October to December 2008

AGRIBUSINESS AND TRADE EXPANSION PROGRAM (ATEP)

“Increasing Rural Incomes and Employment”



This publication was produced for review by the United States Agency for International Development. It was prepared by Fintrac Inc. under IQC #EDH-I-00-05-00007-00, Task Order 01 (663-T-06-001)

USAID Agribusiness and Trade Expansion Program

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

Table of Contents

1.0	Executive Summary.....	1
2.0	Introduction.....	3
3.0	Progress to Date.....	4
3.1	Section 1: Startup, Communications, and Reporting	4
3.2	Section 2: Monitoring & Evaluation Activities.....	4
3.3	Section 3: Marketing and Investment Activities.....	5
3.4	Section 4: High-Value & Added Value Horticultural Program	5
3.5	Section 5: Coffee Program	7
3.6	Section 6. Hides, Skins & Leather Program.....	7
3.7	Section 7: Oilseeds and Pulses Program	8
3.8	Section 8: Policy Intervention Activities	9
3.9	Section 9: Other Cross Cutting Activities	9
3.10	Section 10: Global Results Targets	11
4.0	Planned Activities for Next Reporting Period.....	12
5.0	Project Expenditures	14
	Annex I: Success Stories	
	Annex II: Updated Work plan/Performance Monitoring Plan	

1.0 Executive Summary

This is the eleventh quarterly report for the Ethiopia Agribusiness and Trade Expansion Program (USAID-ATEP) covering the period October to December, 2008. The project works with public and private sector partners throughout Ethiopia to improve agricultural sales and competitiveness, as well as helping create new employment. Areas of emphasis include improving agronomic practices, introducing value-added and productivity-enhancing technologies, promoting investments, establishing grades and standards, improving access to inputs, better transport, and other infrastructure upgrades. We assist in creating linkages with buyers in East African, Middle Eastern, European, Japanese and US markets.

Achievements this quarter include:

- A total of 35,748 farmers, processors, collectors, suppliers and extension agents have been trained in 591 trainings and field days, including 3,524 trainees assisted this quarter in 57 different events.
- \$12.2 million (\$2.4m in this quarter) client and partner investments have been leveraged in improved agricultural production and processing technologies, including production systems, processing equipment, infrastructure, etc.
- The recommendations from the mid term review are now being discussed and incorporated into the program workplan for Years 4-5.
- Start-up of the new ATEP-Health program is underway. The entire USAID-ATEP staff received training in HIV/AIDS awareness from partner PSI and discussions were held as to incorporating this component into the program's existing agribusiness sectors.
- The horticulture sector arranged the second Seafreight Forum, where more than 80 participants attended presentations on marketing and technical issues related to sea freight. The event was co-sponsored with partner MAERSK, the new investors in the sea transport sector for Ethiopia. There is encouraging news that the first commercial sea freight shipment of table grapes are expected for November 2009.
- A GLOBALGAP training on internal auditing was arranged by the horticulture sector in collaboration with EHPEA. Eighteen participants attended the event, including 12 program export grower clients.
- Technical assistance was provided this quarter to 24 coffee clients focusing on wet mill processing, sucker and regrowth control, weed management and mulching.
- The 12th Coffee Stakeholders Forum was held in December. Major topics included the new coffee law; the launch of coffee within ECX; and the potential for clustering.
- The second Millennium Coffee Campaign was conducted in 7 zones and 13 woredas of Amhara region. A total 2,595 coffee farmers attended these trainings in agronomy, harvesting and processing.
- In the HSL sector, 28 community animal health workers (CAHW's) were trained in Key Afer woreda in collaboration with the VETCAP project (also funded by USAID).
- In October, USAID-ATEP co-sponsored the Taytu booth at a leather trade fair in Los Angeles. New orders resulting from this and the recent New York show will be reported in the next quarterly report.
- USAID-ATEP has secured \$25,000 in funds leveraged from Rotary International that will be provided to Wisdom Microfinance for micro-lending activities with 5 primary co-operatives engaged in collecting raw material for tanneries.
- The Taytu consortium achieved over \$105,000 in new local and export sales, including a first order for Barneys of New York.
- In the oilseeds and pulses sector, 81 farmers from client FCU's (Farmer Cooperative Unions) in Amhara and Tigray were trained in BDS, marketing, and agronomy.
- Technical assistance on IPM programs for the control of sesame seed bug was provided

- to 6 lead clients in Humera to coincide with the sesame harvest in October.
- An agreement was signed with EIAR to start sesame seed multiplication in Humera, Metema and Warer so that improved varieties of certified seed can be distributed to farmers next season.
 - The Trade and Investment sector provided business advice to further potential clients who are agribusiness firms already investing in Ethiopia.

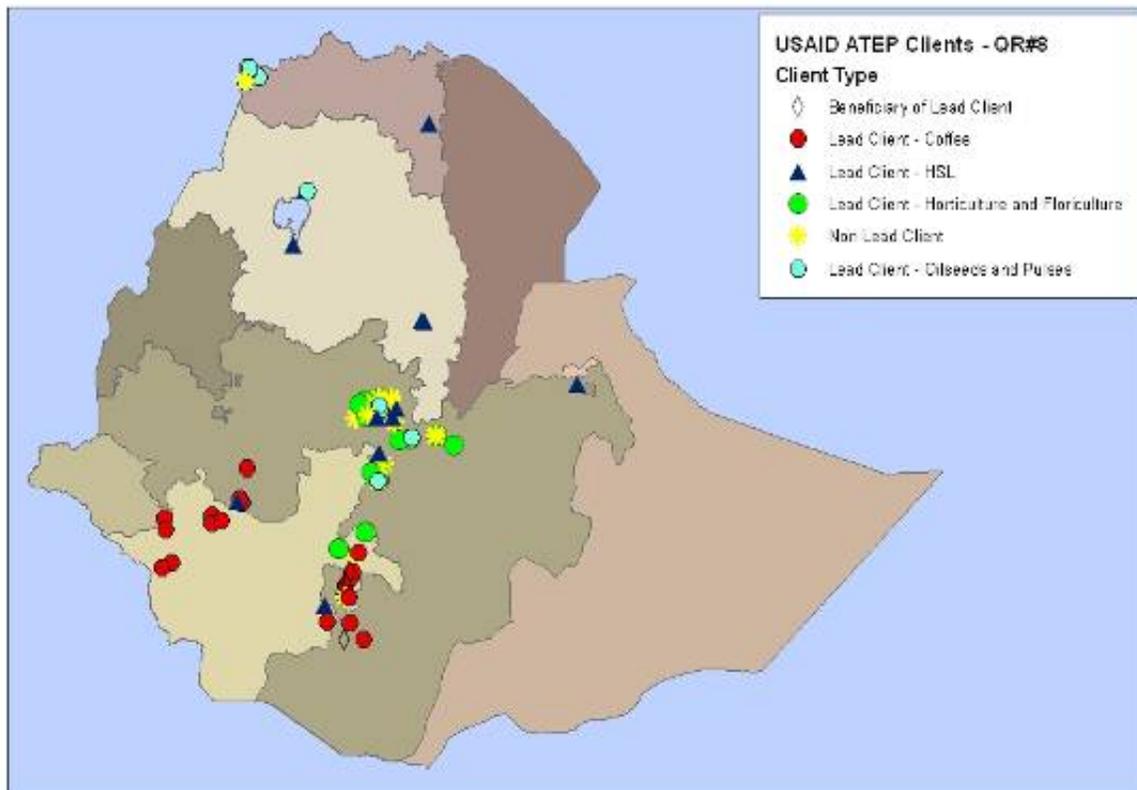
Project expenditures are on target. To date, \$9,625,927 or 48 percent of the program budget has been expended. The updated PMP is attached as an annex to this report. This document and all other project publications are available to USAID through the password-protected ATEP intranet site: www.fintrac.com/ethiopia.

2.0 Introduction

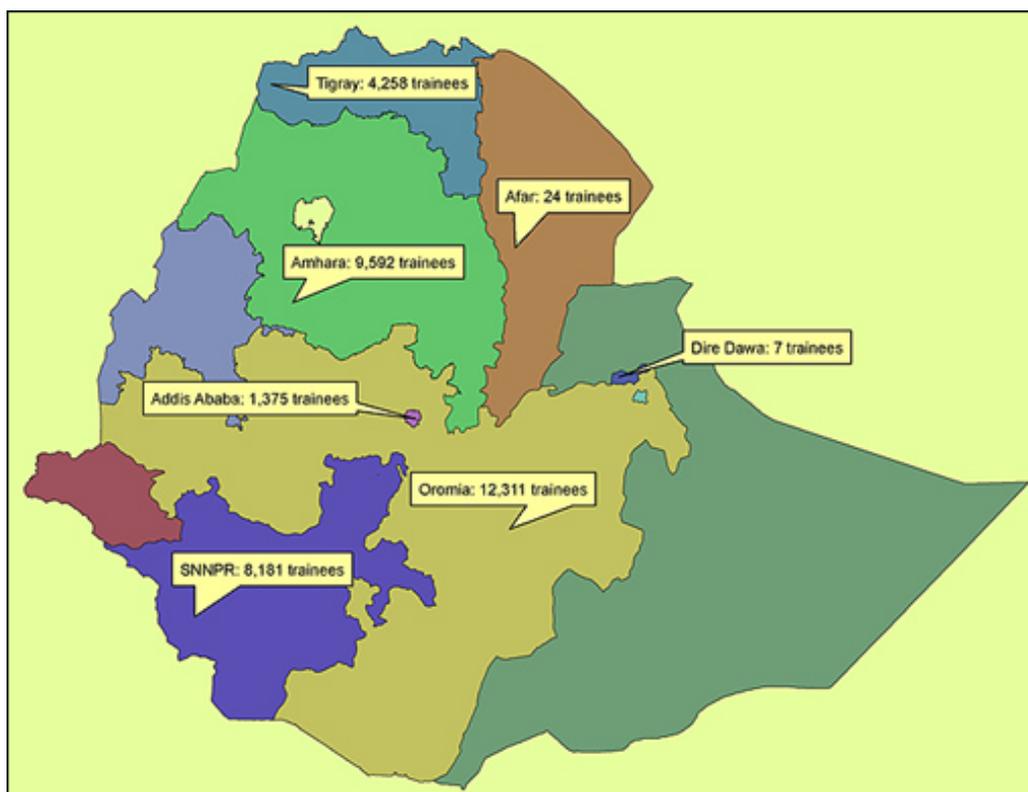
The Agribusiness and Trade Expansion Program (USAID-ATEP) is a five-year initiative of the United States Agency for International Development that is improving the productivity and sales of thousands of Ethiopian farmers, processors, traders and exporters. These clients produce and export a wide range of products, including horticulture, coffee, oilseeds, pulses, and hides, skins and leather goods. Project technicians are providing training and technical assistance to producers, traders, processors, co-operative and union members, exporters, including over 90,000 smallholder producers.

In the 32 months since project inception, export quality from participating coffee, sesame, and hides producers has increased; model packhouses, collection centers, and cupping labs have been built; export programs for new fresh produce items have been established; and more buyers from around the world are sourcing Ethiopia's agricultural exports. In addition, the project addresses cross-cutting issues in policy, organizational development, BDS/partner alliances, gender mainstreaming, environmental management, and HIV/Malaria awareness and prevention. Its geographic coverage includes the regions of Tigray, Amhara, Oromia, and the SNNPR, and Addis Ababa. With our the year extension now confirmed, USAID-ATEP will now cover additional geographic areas, and include HIV/AIDS awareness and prevention beginning next quarter.

USAID-ATEP Client Distribution



USAID-ATEP Trainings by Region



3.0 Progress to Date

This section provides a summary of activities carried out in each sector, pegged to the performance monitoring plan that was approved by USAID and the Project Advisory Committee (Annex I).

3.1 Section 1: Startup, Communications, and Reporting

Three Monthly Bulletins were completed and distributed to USAID, Steering Committee members, and counterparts. The Performance Monitoring Plan was updated as of December 31, 2008. 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 Section 2: Monitoring & Evaluation Activities

The project continues to monitor technical assistance, training, client sales and investments achieved to date in the Client Impact and Results Information System (CIRIS). CIRIS reports are downloaded at the project's Intranet site: www.fintrac.com/ethiopia. The PMP is updated on a quarterly basis using data from CIRIS and other M&E reports coming in from the field, interviews with clients etc.

This period also saw the completion of mid-term program review carried out by a team of

international and local evaluators contracted by USAID. As a result of the review findings, the program has been extended for two option years, with the new termination date of April 2011. Recommendations from this evaluation are being incorporated into the program's workplan for Years 4-5.

3.3 Section 3: Marketing and Investment Activities

Clients are provided with market information, trade mission support, and assistance in preparing business plans and loan applications with the four private banks (Dashen, Bank of Abyssinia, Awash, NIB) participating in the USAID Development Credit Authority (DCA) loan guarantee program in Ethiopia. With the support of USAID-ATEP, NIB bank is now operating as a fourth bank in this group.

A South African grape investor mission took place in December. This involved visits to potential table grape growing areas in Tigray and Awassa, in conjunction with Fintrac consultant Emil Van Wyk.

Business Planning & Loan Applications

To date, the project has helped current and prospective clients develop a total of 61 business plans including feasibility studies for production and value-added processing activities. In addition, business advice was given to all these companies. There have been 16 loan applications (including 3 to PTA bank Nairobi) submitted by clients so far, leading to \$2.6 million in loans approved for 7 USAID-ATEP clients. Of the seven approved loans, two come under the USAID DCA credit guarantee scheme.

Trade Missions and Market Linkages

To date, 84 international buyer linkages have been initiated through tradeshows, roundtable events, and client visits.

A local market linkage was held with ALRNA to help purchase sesame from 4 farmer co-operatives (Metema, Humera, Sanja) for processing in Bahir Dar. This will add value and encourage better prices for the farmers.

The Taytu booth at the Los Angeles leather trade fair in October helped form linkages with new US buyers, with new orders are expected to be finalized shortly.

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

The program continued its intensive training and technical assistance activities with lead clients and beneficiaries in support of vegetable and diversified floriculture exports, as well as local market supply of vegetable crops to fresh and processing buyers.

Clients

To date, 29 lead clients including producers, farmer groups, exporters, etc. and 628 beneficiary farmers (working directly with lead clients) are receiving ongoing technical assistance and training from the program's field technicians. Many of these new farmers are in the CFC smallholder project under Meki Batu Union. Export crops include Bobby beans, snow peas, sugar snap peas, baby corn, chillies and courgettes, as well as smallholder flowers. New export crops include raspberries and table grapes. Major crops produced for the domestic market include tomatoes, potatoes, onions, chillies and cabbage.

Lead clients achieved an average increase of 146% in sales (\$6,348,009) since the beginning of the project, with total cumulative sales over baseline reaching \$15,357,822. Horticulture clients and counterparts have invested a total of \$7,916,144 (\$2.3m in this quarter) to date in infrastructure and equipment.

Technical Assistance

A new technology fund is being disbursed for undertaking snow pea and sugar snap production trials in different client locations.

The program has also made an agreement to assist EHPEA in setting up its CFC project in Ziway, where over 500 small farmers will receive training on producing vegetables for two packing operations, in Meki, and Adami Tulu. In addition, the program agronomist in the Eastern corridor is providing technical assistance for more than 20 smallholder farmers in new horticultural crops in that region, reflecting the program's increasing emphasis on smallholder programs for horticulture.

The program has carried out 1,777 (227 in this quarter) technical assistance visits to horticulture client farms focusing on land preparation, mulching, seedling production, drip irrigation, pest and disease control including IPM, use of hybrid seeds, and other agronomic areas for crops under production, as well as postharvest handling and analysis of production costs and margins. Technical assistance provided this quarter is supporting the current production season.

Africa Juice continued to receive assistance for passion fruit development, and the company has finalized an agreement with GoE to take over Tibila State Farm. USAID-ATEP will help produce passion fruit seedlings and will help the group develop the smallholder outgrower scheme there.

An agreement was also reached with the newly formed EHDA (Ethiopian Horticultural Development Agency) to offer training and assistance to its new staff. The group will be undertaking its initial benchmarking exercise in early 2009, and further work will follow.

Training

Training continued for farmers in improved production, postharvest handling and GAP protocols. A total of 209 events (31 of them in this quarter) on-farm production training events covering horticulture crops have been carried out to date for 2,993 (714 this quarter) participants. Trainings this period included strawberry and grape production, and internal auditing and pre auditing procedures for GLOBALGAP certification.

- Lead clients Almeta, Luna, and Elflora Farms continued to receive training on grape production (dormancy, trellising, irrigation and crop nutrition) and TA from grape consultant Mr. Emil van Wyk.
- GLOBALGAP internal auditing training was provided to 18 people in November (12 of these were lead clients and exporters) by Fintrac consultant Benjamin Mwangi of Farm produce technologies Kenya in collaboration with EHPEA on internal auditing.
- A special training for Tabor Herbs by QITC on BRC and food safety for over 419 employees was also held this quarter. This will help the company achieve BRC certification.

3.5 Section 5: Coffee Program

Coffee activities this quarter focused on harvesting and processing with our clients. The project also organized and held the 12th Coffee Industry Forum in December; discussions included how to comply with the new coffee law, procedures in selling coffee through ECX, and opportunities for clustering.

Clients

The project works with 27 lead coffee partners (as well as 6 non-lead clients), comprised mostly of millers/exporters, and 38,779 beneficiary farmers. The project has also leveraged \$1,213,800 of new client and counterpart investments in the coffee industry, consisting of mills, processing equipment, drying tables, etc. Total client cumulative sales reached \$37,579,603, representing an increase of \$16,200,912 (165%) after baseline (\$9,840,326).

Technical Assistance and Training

The majority of technical assistance for coffee farmers is provided through group trainings, on farm trainings, at cooperative farms and coffee mills. To date, a total of 536 technical assistance visits were made to lead client farms. In this quarter special training and technical assistance was provided to IPS on specialty coffee preparation, focusing on sorting, drying, handling. TA was also provided for 24 lead clients, and 27 demonstration plots, on agronomy, harvesting, processing.

In this quarter, the second Millennium Coffee Campaign was conducted in Amhara region over 2 weeks in October, during which 2,595 farmers were trained in 7 zones and 13 coffee growing woredas. To date, the project has trained 18,466 farmers over 192 events in the coffee sector.

Certification

Technical assistance and training on Rainforest Alliance Certification continues, with cumulative certification is projected to total an estimated 32,500 hectares of coffee production by April 2009. This quarter, Belete Gera Forest Coffee received RA certification on 3,415 hectares, benefitting 1,828 farmers. RA and organic certification of coffee to date under USAID-ATEP is 24,771 hectares, benefitting around 14,969 farmers.

Also this quarter, 36 senior staff from Agricultural Research Institutes, MoARD, and NGOs received a 2-day training in Addis Ababa in RA auditing systems in October.

3.6 Section 6. Hides, Skins & Leather Program

Clients in the HSL sector include all members of the value chain: farmers, abattoirs, tanners, traders and finished product manufacturers. The project continues its field-based training of rural livestock technicians in order to improve the quality of skins supplied to the industry, adding value to farmer sales in the process. The project is also working with abattoirs, tanners and traders in improving the quality and sales of HSL products on an industry level.

Clients

As of the end of this quarter, 50 lead clients/partners had received technical assistance and training representing thousands of beneficiary farmers. Collectively, donor partners and private sector clients have made investments totaling \$1,160,717 in the sector, including new and upgraded production and processing facilities.

Technical Assistance and Training

The project's training of Woreda-level technicians in ectoparasite control and improved skinning/flaying techniques is enabling rural producers improve the quality of their hides and skins, leading to reduced product rejection rates at tanneries and increased volumes sold. To date, the project has held 28 trainings for 552 technicians in the area of ectoparasite control, and 40 trainings for 746 abattoir staff, and 646 collectors and traders in skinning/flaying and post-slaughter care. Training this quarter was provided for 28 Community Animal Health Workers (CAHWs) in Key Afer woreda, SNNPR, in collaboration with VETCAP.

The distribution of media materials (in the Amharic, Oromifa, and Tigrina languages) continues to spread the message in production areas and at farmer meetings on the benefits ectoparasite control. These have been well-received in all four regions where they have been distributed.

USAID-ATEP participated in the regional meeting in Bahir Dar covering the national ectoparasite control program. Field assessments were also conducted in Lalogera area to start the 3rd and 4th rounds of the national ectoparasite campaign in the 4 woredas where USAID-ATEP is supporting this activity.

Supply Chain

An initial remittance of \$25,000 from Rotary International has been received by Wisdom Microfinance, via World Vision, to be used as a microfinance revolving fund. This will benefit 5 cooperatives and extend the HSL collection centers and training of CAHW's into other cities in Ethiopia.

HSL sector manager Teshome Kebede participated in the 11th annual conference of the Competitiveness Institute in Cape Town in October, where he showcased Ethiopia's progress in clustering in the leather sector.

Export Market Development

The Taytu consortium achieved over \$105,000 in new local and export sales, including a first order for Barneys of New York. More than 50 percent of sales are exports for the US, Canada, European and Japanese markets resulting from USAID-ATEP assisting Taytu to showcase its high end products. The Taytu consortium was sponsored to the Los Angeles leather trade fair where new market linkages were developed.

3.7 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 and increase farm sales and employment. Total client investments for the sector reached \$1,930,774, mainly on infrastructure and equipment for processing.

Clients

The project is working with 22 lead clients engaged in oilseeds production, processing and marketing, including 4 large Farm Cooperative Unions (FCUs), a commercial farmers association; three investors; five smallholder farmers; and 4 exporters. These groups represent over 50,446 beneficiary client producers.

Technical Assistance and Training

To date, 113 field-based trainings (including the Millennium Sesame Campaign) have been carried out for 11,818 beneficiary farmers in the areas of production, Integrated Pest Management (IPM), weed control, proper use of pesticides, quality standards and marketing of sesame in the Humera, Armachio, and Metema areas in northwest Ethiopia.

This quarter, TA was provided to 6 lead clients on the control of sesame seed bug, a serious pest at harvest time. There were 155 on farm TA visits to lead clients made to date in this sector. The de-hulling machine bought under cost share with lead client Prosper International has finally arrived and will be commissioned soon. New lead client ALNRA agro processing PLC in Bahir Dar, has benefitted from our work on market linkages with 4 FCU's in Amhara and Tigray regions.

Following the first Millennium Sesame Campaign conducted in May and June 2008 in Amhara and Tigray regions, postharvest assessment of sesame indicates an improved yield in these regions. As a result, an average yield of 6.5 quintals/Ha of sesame has been recorded at December harvest. Compared to last year where average yields were less than 3 quintals/Ha, this shows that yields have more than doubled.

During this quarter, training was provided for 81 participants drawn from Humera, Sanja Dansha, and Metema FCU's on BDS, and agronomy.

An assessment was made of the yields of haricot beans from the Melkassa Research Center seed multiplication activity. Yields from the new varieties distributed to farmers showed improvement, on average, of 20 quintals/ha. These farmers should now be receiving better incomes from the same area of land.

Warehouse Receipts/Support to ECX

USAID-ATEP has continued its assistance to ECX on training and TA, extending this to the regions where there are now 5 EGTE warehouses operating fully and supplying product to the exchange. Specialists are also helping ECX to put into place the necessary systems to incorporate coffee as a commodity in the exchange.

3.8 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:

- The 12th Coffee Stakeholders Forum took place in December
- The second Seafreight Forum was held to highlight progress in horticultural exports with potential for export by sea, co-sponsored with shipping partner MAERSK.

To date, there have been 6 cluster meetings in the leather sector, 12 coffee stakeholder forums, 4 strategic meetings with producer associations, and 2 reefer business forums. These are all aimed at working with stakeholders to overcome general policy and infrastructural constraints.

3.9 Section 9: Other Cross Cutting Activities

Cross-cutting activities include Technology and Partners Fund awards, gender mainstreaming, environmental activities, and a new HIV/AIDS program that is being set up using PEPFAR funds

to integrate awareness and prevention into our ongoing agribusiness activities.

Technology and Partners Funds

The project continues to identify and fund activities that support project objectives through the Technology and Partners Fund grant awards. To date, the project has programmed a total \$1,137,468 in these cost-sharing grants, leveraging partner commitments (including commercial loans obtained) of \$4,052,075, or \$3.56 for each dollar invested.

In terms of actual expenditures to date, the project has expended \$954,327 in partner and technology funds, leveraging client investments of \$2,147,377 (representing \$2.25 for each USAID dollar invested).

Table 1: Technology Fund Awards through December 31, 2008

Award	Budgeted	Expended	Balance
01 Ectoparasite control materials and training	\$67,057.85	\$68,644.04	(\$1,586.19)
02 Coffee eco-pulping equipment	\$12,500.00	\$12,500.00	\$0.00
03 Cupping equipment for five regional coffee labs	\$21,230.00	\$21,219.36	\$10.64
04 Planting material for mangetout, sugar snap and chilli export trials	\$6,384.00	\$6,384.00	\$0.00
05 Modern drip irrigation systems installation and training	\$108,580.00	\$107,611.52	\$968.48
06 Improved coffee sun-drying beds	\$13,846.00	\$8,177.37	\$5,668.63
07 Planting material for fine bean and peas export trials	\$10,700.00	\$7,897.32	\$2,802.68
08 Modern drip irrigation pumping equipment	\$3,290.00	\$3,290.00	\$0.00
09 Eco-friendly coffee sun-drying beds	\$6,255.17	\$6,144.14	\$111.03
10 Materials for construction of crocodile ponds	\$18,264.37	\$18,039.69	\$224.68
11 Organic certification for coffee cooperatives	\$10,696.11	\$10,696.11	\$0.00
12 Upgrading hides and skins capacity of Legedadi Abattoir	\$14,857.15	\$14,284.50	\$572.65
13 Hides and skins collection and storage centers for Wondi Skins	\$17,143.00	\$8,500.21	\$8,642.79
14 Training for sesame producers in Amhara and Tigray	\$8,040.00	\$7,075.39	\$964.61
15 Planting materials for summer flower export trials	\$5,100.00	\$5,079.08	\$20.92
16 Modern irrigation systems for summer flower export trials	\$11,920.00	\$11,920.00	\$0.00
17 Coffee eco-pulping equipment for Limu Kossa	\$13,000.00	\$13,000.00	\$0.00
18 Oilseeds processing with Prosper International	\$50,000.00	\$50,000.00	\$0.00
19 Haricot seed propagation with Melkassa Research Station	\$15,414.58	\$14,047.92	\$1,366.66
20 Sun drying Coffee Beds	\$13,379.69	\$13,363.16	\$16.53
21 Upgrading Hides and Skins Sululta Abattoirs	\$16,125.00	\$11,847.85	\$4,277.15
22 Strawberry IPM for Ilan Tot	\$14,688.00	\$14,688.00	\$0.00
23 RA Certification for Moredocafe	\$5,392.44	\$5,392.00	\$0.44
24 Humera Sesame Training	\$15,117.00	\$2,872.03	\$12,244.97
25 Alpine Flower Production with Marginpar	\$16,387.28	\$16,387.28	\$0.00
26 Organic Certification for Bio Ecoland Trading and Its Beneficiary Farmers	\$7,200.00	\$7,178.00	\$22.00
27 Organic Certification for IPS Plc and Its Beneficiary Coffee Farmers	\$3,700.00	\$3,700.00	\$0.00
28 Irrigation system for Vegetable Export R&D Unit at	\$36,568.00	\$36,568.00	\$0.00

Table 1: Technology Fund Awards through December 31, 2008

Award	Budgeted	Expended	Balance
Tabor Herbs			
29 Irrigation system for Banana project at GADCO Farms	\$20,948.00	\$21,580.55	(\$632.55)
30 Sesame Pest Control	\$17,503.20	\$13,869.69	\$3,633.51
31 Alfoz Coffee - System Certification and Calibration	\$7,265.20	\$7,257.96	\$7.24
32 Hybrid Seeds Demonstrations and Field Days	\$23,900.00	\$0.00	\$23,900.00
33 Burayu abattoir production capacity	\$25,790.00	\$0.00	\$25,790.00
34 Pea Seeds for Demonstration and Trials	\$15,385.00	\$0.00	\$15,385.00
Total	\$653,627.04	\$549,215.17	\$104,411.87

Table 2: Partner Fund Awards through December 31, 2008

Award	Budgeted	Expended	Balance
01 Inward and outward trade missions	\$106,240.00	\$63,566.83	\$42,673.17
02 HSL collection centers with ELIA	\$38,220.00	\$37,722.87	\$497.13
03 HSL radio campaign for proper harvesting and handling	\$8,691.00	\$8,634.73	\$56.27
04 CQI Coffee Corps activities	\$62,812.00	\$61,417.44	\$1,394.56
05 Q-Grading program with CQI/ECEA	\$80,289.00	\$80,288.69	\$0.31
06 EAFCA trade show expenses	\$13,162.00	\$11,886.16	\$1,275.84
07 Hortiflora trade show expenditures	\$45,000.00	\$44,942.78	\$57.22
08 Coffee sector trade missions with ECEA	\$45,282.00	\$39,398.86	\$5,883.14
09 Capacity building for TAYTU	\$40,644.00	\$29,734.24	\$10,909.76
10 Millennium Coffee Training	\$23,952.85	\$15,688.74	\$8,264.11
11 Amhara Millennium Sesame Quality Training	\$3,798.42	\$4,510.33	(\$711.91)
12 Grape Industry Marketing Tour	\$15,750.00	\$7,321.12	\$8,428.88
Total	\$483,841.27	\$405,112.79	\$78,728.48

HIV/Malaria

To date 8,062 farmers have been trained on HIV/AIDS and malaria prevention. The training was provided in collaboration with health Bureaus and non governmental organizations in different regions and it was integrated with other ATEP training programs. An initial training on HIV/AIDS awareness was provided to all ATEP staff by PSI before we embark on the new ATEP health program, which will be reported out as a new component in the next quarterly report.

3.10 Section 10: Global Results Targets

USAID-ATEP's global target reporting requirements are twofold:

1. Ethiopian national exports in the four targeted sectors
2. Investments by program clients and counterparts.

Quarterly Export Achievements

The total national exports this quarter for all four sectors totaled \$146,517,000. Export volumes and values by sector and month are provided in Table 3.

Table 3: Ethiopian Export Performance (Oct – Dec 2008)

Sector	October		November		December		Total	
	MTs	\$000s	MTs	\$000s	MTs	\$000s	MTs	\$000s
Coffee	7,131	20,382	3,709	10,164	4,348	11,154	15,188	41,700
Oilseeds & Pulses	17,349	16,935	30,634	33,193	22,945	23,261	70,928	73,388
Horticulture*	3,050	959	3,945	1,138	3,268	852	10,262	2,949
HSL	766	7,538	840	8,178	1,734	12,764	3,340	28,480
Total	28,296	45,814	39,128	52,673	32,295	48,031	99,718	146,517

Source: Ministry of Trade and Industry (MoTI)

*Does not include floriculture

Following recent discussions with USAID, the reporting period has been changed from the April to March annual basis, to October to September, in order to coincide with USAID's fiscal year. The other change is that we are now considering fruit and vegetables only under horticulture, and no longer report on floriculture figures.

- **Cumulative total incremental exports** – the sum of total export sales by value for *each* year of project activity, minus *baseline* year export sales. This is used to track total cumulative export sales over the baseline figure. Accordingly, cumulative total incremental exports for the four targeted agricultural sectors since the start of the program through December 2008 showed an overall increase in value of \$481,553,000.
- **Cumulative new incremental exports** – the sum of each year's new incremental exports, after subtracting the previous year's total. This is used to track the sum of new export sales realized for each year of program activity (and is consequently lower than cumulative total incremental exports). Cumulative new incremental exports for the four targeted sectors \$340,992,000.

Investments by Clients and Counterparts

Client and counterpart investments consist of on-farm infrastructure and technologies (drip irrigation systems, planting materials, packhouses, tractors, IPM materials, etc.) as well as improvements and upgrades to processing facilities such as abattoirs, oilseed plants, coffee mills, etc.

Client and counterpart investments to date have reached \$12,221,435 (\$11,954,567 clients and \$266,868 counterparts). This quarter has seen \$2.4 million of the \$12.2 million total invested by program clients.

4.0 Planned Activities for Next Reporting Period

The major focus in the next quarter is to finalize our work plan for years 4 and 5, incorporating the health component. Other major planned activities for the next quarter include the following by sector.

Horticulture

- Strengthen the assistance to small holder farmers in Ziway and Meki areas with CFC-EHPEA project.
- Continue export programs with UK and Dutch produce companies for European import season commencing January 2009.
- Continue other vegetable export trials with lead clients and MARC.
- Develop eastern corridor and Rift valley initiative with smallholders for Djibouti as well as local markets with CFC, IDE, and the Harerge smallholders with HFC.
- Follow up with processing companies, including juicing and other companies and

evaluation of smallholder contracting programs with these groups.

- Continue contracting international consultants on fruit development work on fruit crops including strawberries, table grapes and passion fruit.
- Start collaboration with EHDA, the new agency set up by GoE to oversee horticultural export development, help with their initial benchmarking study.
- Undertake snow pea and sugar snap production trials.

Coffee

- Carry out further training on cupping and export quality certification for Q grader and “Star Cuppers” and regional cupping lab staff.
- Continue training lead clients on improved harvest and postharvest techniques and help with processing and marketing, especially for the specialty market, and dry processing
- Work with lead client millers on improved processing practices, especially on sun drying and eco friendly processing in the washing stations.
- Continue with RFA certification to exporters and producers.
- Help organize the taste of harvest competition in January 2009.
- Participate in next EAFCA conference in Rwanda in February 2009.
- Organize the 3rd Roundtable Coffee Conference in Dire Dawa, to take place in February 2009.

HSL

- Continue with training program for veterinarians (ekek control) and skinner/flayers (reducing damage).
- Continue with Lalogera eradication campaign in close co-operation with Pittards, which has committed financial support for this initiative.
- Track progress of hides/skins collection centers and follow up on their use.
- Follow up on TAYTU sales orders.
- Complete upgrades to Burayu abattoir’s flaying and slaughtering structure.
- Follow up mobilizing funds from Rotary International and World Vision for CAHW program.
- Continue assisting Ethiopian footwear companies to access the US market by providing market linkages and technical assistance.
- Participate in All-African Leather Fair in January.
- Initiate the 3rd and 4th rounds of the national ectoparasite campaign in Lalogera.

Oilseeds/Pulses

- Continue to work with lead clients in Tigray on oilseeds and Rift Valley on pulses.
- Aid pulses and sesame processors with business plans
- Ensure correct storage of sesame harvest in Humera to avoid postharvest losses.
- Assist co-operatives and unions in BDS and marketing.
- Assess the results of first Millennium Sesame Campaign in Amhara and Tigray.
- Follow-up with MARC on the results of seed multiplication support.
- Continue to assist ECX in warehouse receipts and other program areas such as the launch of coffee trading.
- Initiate the plan to start sesame seed multiplication at 3 different sites in collaboration with EIAR.
- Trade mission to Egypt to secure deal with Hewons and Setit Humera FCU for export of sesame.

Trade and Investment

Annex I: Success Stories

SUCCESS STORY # 11

Value chain initiatives boost sales, quality of hides and skins

Ethiopia is a major world supplier of leather and leather products, producing 3 million hides, 8 million sheep skins and 7 million goat skins annually. Exports in 2007/2008 reached 15 million MTs valued at \$100 million. Despite the country's impressive production volumes, Pre- and post-slaughter defects are keeping Ethiopians out of higher-end markets.

USAID's Agribusiness and Trade Expansion Program (USAID-ATEP) is tackling problems at the pre-slaughter level by providing technical and financial support for the country's ectoparasite ("ekek") control campaign in the Amhara Region, and by training Community Animal Health Workers (CAHWs, or "paravets") to provide ectoparasite treatment services in the four regions of its focus.

To reduce post-slaughter defects from improper collection, handling, flaying and storage, USAID-ATEP and the Ethiopian Leather Industry Association (ELIA) launched establishing collection centers program. This involved setting up 30 strategically located collection centers around Addis Ababa where individuals can sell their hides and skins. Purchased skins are handled and stored correctly at the collection centers, preserving their quality until they are sold to tanneries.

Each center is operated by up to five employees, including three who provides slaughtering services for households. The centers are owned by ELIA and rented to operators for ETB 150 per month. The collection center employees, many of whom were previously unemployed, received training from USAID-ATEP in operating the centers and in slaughtering and handling.

An average of 50 hides and skins are collected daily at each center, with the number rising substantially on weekends and holidays. The collection centers sell the skins to tanneries for prices ranging from ETB 15 to ETB 36, depending on quality and market conditions. Gross profit from sales averages ETB 2 per piece, or ETB 100 daily, which adds up to about ETB 3,000 (US\$330) per month.



Photos by Fintrac Inc.

Sheep and goat skins are collected at one of USAID-ATEP's collection centers in Addis Ababa.

“The quality of skins is improving and we have become more competitive and earn better prices.”

— Zerihun Yigezu, Hides & Skins Collection Center Operator, Kazanchis, Addis Ababa

“The quality of skins is improving and we have become more competitive and earn better prices,” said Zerihun Yigezu, a collection center operator in the Kazanchis area of Addis Ababa.

Murid Asfaw, another collection center operator in the Flamingo area, shares Zerihun’s view.

“The quality is improving because we are well-trained in slaughtering and stocking techniques, and we are storing the raw hides and skins appropriately in our center,” said Asfaw.

Quality improvements are being observed at Ethiopia’s tanneries. According to one survey by USAID-ATEP, the defect rate of inspected pickled sheep skins revealed a reduction in ectoparasite damage, from 69 percent in the 2006/2007 period, to 53 percent in 2007/2008.

“We purchase high quality pickled sheep skin from our major supplier [Abay Tannery in Bahrdar, Amhara Region] and have seen that ectoparasite defects are declining to a great extent,” said Mr. Venkaiah Vaddlamudi, a manager at Blue Nile Tannery outside Addis Ababa, which was established in 2000.

Blue Nile has made a major push to increase processing capacity and boost exports to Germany, Italy, Spain, Portugal and Brazil, shipping a record 150,000 square feet of finished leather between January and July 2008.

USAID-ATEP is a three-year initiative strengthening the four major sectors of Ethiopia: hides, skins and leather; horticulture; coffee; and oilseeds & pulses. The project is improving the productivity and competitiveness of thousands of farmers, processors and exporters, resulting in increased sales, investments, employment, and incomes.



HSL sector officials and new employees of USAID-ATEP’s collection center program attend an inauguration ceremony in Addis Ababa.



Field trainings improve quality

Trainings in proper flaying, skinning and curing of hides, skins and leather are being provided in the major livestock areas of Amhara, Oromia, Tigray, SNNPR and Addis Ababa. USAID-ATEP has trained nearly 1,400 abattoir employees, collectors, traders, and MoARD development agents on these improved practices that are improving the quality of Ethiopian hides, skins and leather.

SUCCESS STORY

Improved haricot bean basic seed multiplication increased yield/income & quality

In Ethiopia, haricot beans are produced by smallholder growers for commercial export to the EU. The country's exports of haricot beans have increased over the last few years, from 58,126 MTs in 2005 to 78,271 MTs in 2007. Despite these volume increases, improvements in quality and yield are limited by the availability of quality seed in Ethiopia, where farmers have an acute need for certified seed that is high yielding and disease resistant. At present, domestic sources such as the Ethiopian Seed Enterprise (ESE) provide less than 10% of the estimated farmer demand for certified haricot bean seed, while the balance of demand is made up of uncertified seed obtained from the previous year's harvest.

To increase the availability of certified haricot bean seed, USAID-ATEP teamed with the Melkassa Agricultural Research Center (MARC), a unit of the Ethiopian Institute for Agricultural Research (EIAR), to produce 70 MTs of improved haricot bean seed (four varieties) on 50 hectares of its land.

This basic seed was then distributed to a number of groups to multiply the basic seed into certified seed, including Ethiopian Seed Enterprise; ACOS, a processor and exporter; and Catholic Relief Services, working with the Lomi and Meki Farmer Cooperatives Unions (FCUs), among others. Working with local farmers in their areas, these groups multiplied an estimated 945 MTs worth of certified seed from the basic seed stock during the November/December 2008 harvesting period.

The average yield for the new varieties, from trial conducted to date, is around 1.8 MTs per/ha, significantly higher than the normal yields of 0.8 to 1.0 MTs/ha obtained with uncertified seed. Ato Haile Wako, a commercial farmer at Boset, Oromiya notes "Because I have used the basic haricot bean seed, I was able to produce an average yield of 1.8 – 2 MTs/ha, and sell the certified seed to Lome FCU for 15% over the prevailing market price." Research trials at MARC also indicated that, with improved management practices and favorable weather, smallholders could obtain yields as high as 3 MTs/ha.

This seed will be sold in April/May 2009 to an estimated 10,000 farmers, who will each receive 100 kgs of the new certified seed to be used for planting. USAID-ATEP's assistance also included organizing a field day at MARC to introduce producers, exporters and WoARD development agents to the improved seed varieties.

The quality of the haricot beans produced by these farmers will exceed exporter requirements, enabling the 10,000 farmers to sell an estimated 17,000 MTs of quality beans at premium prices following the Spring 2009 harvest.



Photos by Fintrac Inc.
Haricot bean seed field day organized at Melkassa Agricultural Research center, June 2008.



USAID/ATEP Oilseeds and Pulses sector manager, Ato Teka Redda, supervising certified seed harvesting by commercial farmer Ato Haile Wako, Boset, Oromiya.

"I was able to produce an average yield of 1.8 to 2.0 MTs per ha, and sell the certified seed for 15% over the prevailing market price."

— Ato Haile Wako, Commercial Farmer, Boset, Oromiya

Annex II: Updated Work plan/Performance Monitoring Plan

USAID-ATEP - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 18, eleventh quarterly report 12/31/08)

Act- ivity #	Activity	2006			2007												2008				2009	Deliverable/Result		Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments					
		Q2	Q3	Q4	J	F	M	A	M	J	J	A	S	O	N	D	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						12	workshops	CIRIS	14	(2)	X						
			20	20	20												20		20							120	people trained in market analyses	CIRIS	309	(189)	X					
3.11	Training support to domestic market price reporting systems MOARD		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	15														10		10						75	lead partners identified and partner-specific activity workplans developed	CIRIS (lead partner data & workplans)	29	46			X		29 lead partners with agreements signed. Also working with small holders & non lead clients	
4.2	Beneficiaries of lead partners identified and representative M&E data collected		0	70	25													25		50						355	beneficiary farmers supported directly through lead partners	CIRIS	628	(273)		X		Includes outgrowers of lead clients, neighbouring farmers and members of cooperatives		
4.3	Product-specific and technology-specific technical manuals, bulletins and other technical materials produced and disseminated (production, postharvest, processing)	2	7	9	4													4		4						50	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	16	34			X	7 completed and the rest 9 in draft form, not yet finalized		
4.4	On-Farm Extension Program		100	270	50	50	50	50	75	75	90	90	90	90	90	90	270	270	270	270	270	270	270	270	2,610	On-farm extension visits made by program agronomists	CIRIS extension logs	1,777	833			X	Includes assistance provided in production, processing, marketing & BDS			
4.5	On-Farm Group Training Events		10	27	5	5	5	6	6	8	9	9	9	9	9	9	27	27	27	27	27	27	27	27	261	training events	CIRIS training logs	209	52		X		Includes workshop, inplant, group onfarm and individual trainings provided in different subjects			
			50	135	25	25	25	30	30	40	45	45	45	45	45	45	135	135	135	135	135	135	135	135	1,305	participants at training events	CIRIS training logs	2,993	(1,688)		X					
4.6	Training in postharvest handling			50																						500	participants in postharvest training events	CIRIS training logs	655	(155)		X		101 (6 events) in postharvest management and 554 (16 events) in food safety		
4.7	Technical assistance to packhouses and micro- to large-scale horticultural processors (layout and design, equipment recommendations & sourcing, new technology demos, etc.)			5														2		14						40	packhouses and processors assisted	TA logs (CIRIS)	12	28			X	Trainings and technical assistance provided by Jonathan Parkin, Benjamin Mwangangi and Timothy, TA made by Ian		
4.8	New processed products for local and export market developed				1				1	1	1	1	1	1	1	1										10	new products developed	regular project reporting	3	7			X	Processing of strawberry jam by Almeta and Frozen strawberry by Ilan Tot & Moringa tablets		
4.9	Packhouse and processing training program (in-plant & workshops & seminars)				15	15	20													15	15	20	15	15	20	250	participants in processing training events	CIRIS training logs	703	(453)			X	Includes participants trained in packing, BRC and Globalgap		
4.10	Food Safety Systems & HACCP Program			2															2	4						12	Food processing firms implement food safety systems (e.g. HACCP or other)	Client certification records; other project reporting	7	5			X	IlanTot, Prins,Upper Awash, Ethiovegru & Jordan Herbs . Food safety training provided to 554 participants		
4.11	Establishment of demonstration sites at regional educational institutions (farm & microprocessing)																		2							2	demonstration farms established with educational partners	Alliance agreement; regular alliance reporting; CIRIS	1	1			X	Vegetable demonstration site established at MARC and field day organized		
4.12	Local Market Vegetable Program																																			
4.12.1	Demonstration farms established with Farmer Groups			15																3	3	4	3	3	4		55	demonstration farms established with lead clients in different agroclimatic zones		41	14			X	demonstration sites established with lead clients in different agroclimatic zones	
4.12.2	Improved Seed and Production Technologies - Demonstration Plots			1	1																					3	partner alliance established with input suppliers	Alliance agreement; regular alliance reporting; CIRIS	6	(3)			X	Programs with 6 seed companies for trials are being implemented.		
4.13	Export Market Development Program (GlobalGAP, SPS Compliance, Food Safety & Product Traceability)																																			
4.13.1	Work with major exporters to identify target groups for GlobalGAP certification																											target groups identified	Regular project reporting					X	Target lead farmers identified.	
4.13.2	Provide technical assistance and training to support quality/safety protocol compliance and/or certification of exporters and smallholders (such as GlobalGAP, MPS, EHPEA Code of Conduct, etc)				50																						300	growers assisted on quality/safety protocol certification	CIRIS reports	560	(260)			X	Includes all lead clients (27) and growers participated in Teppo Farm (94)and MARC (20)Field day s	

USAID-ATEP - Workplan & Performance Monitoring Plan for 3-Year Base Period (version 18, eleventh quarterly report 12/31/08)

Activity #	Activity	2006			2007												2008				2009	Deliverable/Result	Verification of Milestone Achievements	Numerical Target Status		Summary Schedule Status				Comments			
		Q2	Q3	Q4	J	F	M	A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	Q1			Achieved to Date	Balance Remaining	DONE	Ahead	On	Behind				
7.3	Technical manuals, market information bulletins and other technical materials produced and disseminated			2	1			1								1	1	1	1	1	11	technical manuals, bulletins and other technical materials produced and disseminated	copies of materials	10	1		X						
7.4	On-Farm Extension Program (improved production practices)							10	10	10	40	40	40					120		270	On-farm extension visits made by program agronomist	CIRIS extension logs	155	115			X						
7.5	On-Farm Group Training Events (improved production practices)							10	10	10	10	10	10					30		90	training events	CIRIS training logs	113	(23)			X						
								250	250	250	250	250	250					750		2,250	participants at training events	CIRIS training logs	11,818	(9,568)			X						
7.6	Support Organic Certification of Farms through Partnership Alliances			1	1			2											2	10	Farmer groups certified		1	9			X				sesame organic certification done for Bio ecoland through tech fund assistance		
7.7	Introduction of new processing technologies -- design, business plans, financing, etc.			3	2			2											2	21	projects supported	CIRIS; other project reporting	11	10			X						
7.8	Inbound investment missions supported			1				1											1	3	mission supported	project reporting	2	1			X						
7.9	International market linkages developed			1	1			1											1	10	deals made for international sales	CIRIS	3	7					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					X				4 coordination meetings held	
7.10.2	Develop technical bulletins and other training materials on general program and disseminate to cooperative partners, private traders and exporters, trainings conducted			2	1	1														7	Workshops	CIRIS	4	3				X				Four trainings held on WHRS and manuals disseminated to 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			1	3	1	1	1												7	Workshops, need approval from MOARD taskforce	CIRIS	2	5					X			Workshop took place in Nairobi and South Africa . One Training workshop conducted in oilseeds grades and standards	
7.10.4	Develop materials and initiate activities in support of a commodity exchange program																					Work at PIU with other donors and MOARD	CIRIS	7				X				4 ATEP experts stationed at ECEX and providing assistance. Technical assistance and trainings (7 events) provided to new ECEX staff.	
7.11	Oilseed Program-Specific Impact Targets																																
7.11.1	Increased value of oilseed exports																				71,000,000	value of increased exports	Trade statistics	\$188,484,000	(\$117,484,000)			X				Includes oilseeds and pulses figures. Export data taken from MOTI. Total new increase in sales (Oct 06 to Dec 09) over Oct 05 - Sept06 baseline figure.	
7.11.2	Client and counterpart investments in new value-added processing																				1,000,000	value of new investment	CIRIS	\$1,930,774	(\$930,774)			X				Confirmed investment in cleaning & hulling machines and marketing	
8	Policy Intervention Activities (Cross Cutting)																																
8.1	Identification of policy constraints through investment and competitiveness activities			2	2																12	Issues identified and prioritized	regular project reporting	8	4			X					
8.2	AGOA and other trade protocol training conducted			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	27	AGOA and other trade protocol training events held	CIRIS	5	22					X				
8.3	Address constraints where policy interventions are needed/assist with issues paper development			1	1															6	Issue papers developed, presented at Ministerial level	CIRIS	3	3			X						
8.4	Support to national-level conferences and consultative groups supported to address policy constraints			1	1															6	project support to national-level conferences and consultative groups	CIRIS	23	(17)			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	64	186				X			Business planning and management trainings provided to unions, cooperatives and farmer groups	
9.1.2	Group leaders receive specialist management training																				250	group leaders receive specialized management training	CIRIS and other project reporting	26	224				X			26 contact farmers trained in Eastern Hararge	
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	3	3	3														20	Agreements designed and operational	Copy of agreements	45	(25)			X				12 PF awards; 33TF awards	

