

USAID/CIAFS Project

USAID/CIAFS PRIVATE SECTOR CAPACITY BUILDING NEEDS ASSESSMENT WORKSHOP REPORT



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List of Acronyms and Abbreviations

AGP	Agricultural Growth Program
ATP	Agricultural Transformation Program
MOFED	Ministry of Finance and Economy Development
ADLI	Agriculture Development-led Industrialization
AISD	Agricultural Investment Support Directorate
BEAT	Business, Environment, Agriculture and Trade Office
CAADP	Comprehensive Africa Agriculture Development Program
CEO	Chief Executive Officer
CIAFS	Capacity to Improve Agriculture and Food Security
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
EAC	East African Community
ECX	Ethiopian Commodity Exchange
EMDTI	Ethiopian Meat and Dairy Technology Institute
FtF	Feed the Future
GTP	Growth and Transformation Plan
M&E	Monitoring and Evaluation
MOA	Ministry of Agriculture
MOT	Ministry of Trade
NAHDIC	National Animal Health Diagnostic & Investigation Center
NGO	Non-governmental Organization
PLI	Pastoralist Livelihood Initiative
PPP	Public-Private Partnership
PSNP	Productive safety Net Program
SNNPR	Southern Nations, Nationalities, Peoples Region
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar

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Background

USAID-CIAFS collaborates with two of its primary stakeholders- the Ministry of Agriculture and the private sector- to build their institutional and human resource capacity for agricultural change and improved food security in the country. This capacity needs assessment has been conducted in and around Addis Ababa, Tigray, Amhara, SNNPR and Oromia through the regional chambers and sectoral associations. The objectives of the needs assessment have been to identify capacity gaps of the private sector in agribusiness in the seven priority commodity chains (wheat, maize, meat, dairy, sesame, coffee and honey), and to design strategic and targeted capacity building activities.

The assessment has been conducted through a series of consultative meetings with presidents, managers of various sectoral associations, and chambers of commerce. Agribusinesses that are non-members of sectoral associations, key government ministries and NGOs were also consulted for their perspectives. The assessment was carried out between June and July, 2011.

The findings of the assessment are to guide the comprehensive effort to update the leadership skills and knowledge and human resources in the private sector. The gaps and recommendations that the assessment unearthed will also guide efforts to strengthen the capacity of public sector institutions to steer the agricultural transformation program.

A one-day workshop, which provided an opportunity to share the findings and recommendations with stakeholders, was held on 1st September 2011. The objectives of the workshop have been to validate the needs assessment findings and to prioritize recommendations. The outcomes of the workshop will be the basis for finalizing the assessment report, drawing up action plans and implementing capacity building interventions in the private sector. The workshop brought together more than 54 participants from the Ethiopian Chamber of Commerce, sectoral associations, business

associations, professional associations, government offices, private firms, USAID and agribusiness.

Bird's eye view of the workshop

The workshop started with welcoming remarks by Dr. Teshome, CIAFS Chief of Party. In his remarks, Dr. Teshome underlined the need to change the challenges of globalization into opportunity through enhancing competitiveness, improving productivity, introducing grading, and ensuring standardization.

Describing the background of CIAFS' establishment, Dr. Teshome had the following to say: "Official development assistance has a critical role to play in helping agribusinesses respond to new and challenging demands created by globalization, climate change and food insecurity, among others. In this context the USAID mission in Ethiopia has designed a number of projects under FtF (feed the future) to support the private sector. One of these projects is CIAFS, implemented by Fintrac Inc. CIAFS is mandated to support the private sector, NGOs and professional associations through a variety of capacity enhancing activities."

On CIAFS' support to the private sector, he noted, "CIAFS supports the diffusion of best practices and technologies through visits and study tours, and provides training to build the leadership and management competencies of private senior managers and CEOs. It supports and facilitates public-private sector partnership. CIAFS also conducts analytical studies upon demand. Of these objectives, the greatest level of effort is expended on capacity building.' Dr. Teshome finally invited Ato GebreHiwot G/Egziabher, President of Ethiopian Chamber of Sectoral Associations, to officially open the workshop.

Ato Gebrehiwot G/Egziabher stressed, in his opening speech, the importance of the workshop and went on to say, "The time we live in is characterized by intensification of globalization in which competition between business firms in all corners of the world

takes the form of global competition. Until very recent decades, many countries including Ethiopia were focusing on the importance of agribusiness commodities chain which is important to the countries and producers engaged in which in the long run lead them to the international trading system.” Before he officially opened the workshop, Ato Gebrehiwot reminded participants that the workshop was a very timely one as it was going to discuss important agribusiness.

Participants introduced themselves after the opening remarks, and that was followed by presentations. The first presentation was CIAFS’ private sector agribusiness needs assessment findings and recommendations. The assessment found capacity gaps in two broad areas: Institutional and human capacity, and technical capacity. A number of findings have been presented and recommendations made in both areas. In CIAFS’ intervention areas, institutional and human capacity, recommendations were made in the following specific areas:

- Institutional framework and government strategy
- Enhancing business communication capacity
- Leadership and management
- Capacity support for sectoral associations
- Enhancing the role of the private sector in food security

Discussions were conducted after the presentation in which participants raised their concerns, asked questions, provided comments and the presenters gave answers to the questions and reactions to the suggestions.

Apart from the presentation by USAID-CIAFS team, there were seven presentations on different issues. The discussions on the presentations were captured and they are presented below while the presentations are appended with this reported. The following were the topics of the presentations.

1. Private Sector Capacity Building Needs Assessment Workshop, USAID-CIAFS
2. Competitiveness in Agribusiness Challenges and Prospects, Dr. Mulat Abegaz

3. *AGRO-PROCESSING INDUSTRIES: Overview and support*, Ato Dendana Chemedda, Ministry of Industry
4. Private Sector and Agriculture Development Projects, Lazarre Potier, Private Sector Advisor, USAID/Ethiopia/BEAT Cullen Hughes, Agriculture Development Officer, USAID/Ethiopia/BEAT
5. Overview of Agricultural Investment, Esayas Kebede, Director MOA-AISD
6. Overview of Services Delivery by National Animal Health Diagnostic & Investigation Center (NAHDIC), Sebeta, Ethiopia, Melesse Balch (DVM, MSc); Mesfin Sahle (DVM, MSc, PhD) & Getnet Abe (DVM, MSc)
7. Government support to enhance the capacity of the private sector to achieve GTP objectives- the case of EMDTI, Ato Gidey G/Medhin, Director General, Ethiopian Meat and Dairy Technology Institute (EDMTI)
8. The Potential and Difficulties of Frost Zone Areas, Abiye Astatke, Fagi Farm

Overall, most participants expressed their happiness about the effectiveness of the workshop in bringing together public and private sectors to discuss critical issues for capacity building. They characterized the assessment as down-to-earth and the discussion as open and relevant. These remarks were substantiated by the fact that attendance was hundred percent, and no participant left the workshop until it was officially closed late into the evening. Besides, the discussions were very heated. Participants were so enthusiastic about the discussions that there were far more participants who wanted to express their views than the time allocated.

Discussions on the Presentations

The Private Sector Capacity Building Needs Assessment Key Findings, USAID-CIAFS

Reflections

The following questions were asked and comments made on the presentation:

- The sub-sector on livestock trading has not been covered in the presentation. It is, however, an important activity in the value chain system. I suggest you include this sub-sector and come up with recommendations on how you can build capacity in the sub-sector.



Thrashing out findings and recommendations of the assessment

- The recommendation to adapt wheat mills for grinding maize in the event of the wheat mills running under capacity is unrealistic. Adapting a wheat mill into a maize mill is not an easy task. It calls for a complete conversion and thereby a substantial investment. My recommendations, therefore, will be to improve productivity of wheat farming, improve the post-harvest handling of wheat and encourage financing institutes to support maize mill investment.
- The recommendation of the provision of soft loans will go a long way in addressing the business challenges of the private sector and it really needs to be pursued and implemented.
- Coffee has been given a great deal of attention in your assessment, but you need to focus on product diversification and your assessment needs to give due attention to other priority commodities such as honey, sesame, etc.
- The focus of this Project is to provide support to highest levels of value chain through leadership training. What justifies the level of your intervention? I suggest focusing on big gaps and problems.
- For the purpose of scaling up best practices, it has been recommended to import technology from abroad and to organize study tours. Although the recommendations are useful, we shouldn't neglect domestic tours and learning from best practices in the country too.

- How can coffee growers embrace the out grower scheme as they grow their own coffee? The adulteration problem is affecting coffee roasting in the country. Although the country has potential for roasting coffee, people who are roasting quality coffee cannot be competitive because of adulteration. How can this problem be addressed?
- Marketing and distribution of seeds was an issue in the past. Seed shortage is still an issue; the distribution issue, however, seems to have been alleviated through government intervention. The distribution is done through cooperatives. Experience in other countries shows that deals are made between parties for distribution of seeds. Although cooperatives are doing okay, should we rely on them only? We need to have other types of distribution networks.
- Concerning out growers schemes, only Alemayehu farm has been mentioned. However, there are other farms which have embraced this scheme. A case in point is the Nile Farm in Amhara Region. They have exemplary experience in this regard and you need to look into other farms also for replication.
- Have you got the opportunity to look into current standards in literature? Concerning standard recommendation, you need to work with Quality and Standards Authority to develop standards. In fact, we have standards for some commodities. For example, we have hundreds of standards for milk but I am not sure producers know them. Awareness raising and awareness creation activities need to be undertaken to bring the issue into stakeholders' attention. The standard issue cannot be left to just one agency. It must be our homework and we need to join hands to address issues in this respect.

Responses

After acknowledging that participants have raised several important issues, Dr Teshome Lemma, CIAFS Chief of Party, made the following remarks:

- You have raised several important issues that could help us as input. However, we don't have the answers to all your questions. The key to addressing these issues is in your hands. We all should work together to achieve our goals of increasing productivity. Also, the recommendations we

have put forward for discussion today have all come from the people we consulted with. We will improve and revise them on the basis of the inputs from you.

- Concerning livestock, it is true that our assessment did not include livestock. In this study, we conducted a rapid assessment only to get the perspectives of the private sector on capacity need of some commodities in line with our mandate and to come up with conclusions and recommendations. Our focus is on filling institutional and human capacity gaps of some commodities. We haven't touched upon livestock trade and many other commodities in detail..
- On the use of wheat mill for maize, this recommendation was given by professionals and stakeholders involved in the area. We need to further investigate to determine if the recommendation is feasible.
- Suggestions concerning extension service by the private sector and contract farming are well taken and they will be acted upon after proper consultation.
- On the involvement of cooperatives in the distribution of seeds, if you are proposing an alternative way of seed distribution, it needs to be looked into with public sector institutions. If it is taken up, we will be glad to consider the capacity issue.
- We are aware of the presence of out grower scheme in Amhara. Alemayehu Farm was just mentioned as one example.
- On standards and grades issues, we are not saying there are no grades. We are saying that the standards are not applied by the private sector to add value and capture niche markets. We are suggesting that there is a need for training people to improve standards and to add greater value to their products. If there are groups to work on standardization, we will work with them.
- Scaling up best practices is one of our important interventions. So, we will identify and scale up best practices irrespective of where they are obtained from (in or outside the country). So, the suggestion is well taken.

Kidist Desta, Senior Policy Analyst and M&E Specialist for CIAFS Project had also the following reactions to the questions and suggestions:

- Regarding the selection criteria of high value priority commodity chains, the selection is made by USAID. The USAID made the selection based on certain criteria, such as productivity, growth potential, ability to add value, etc. Our mandate is to work on seven commodities (honey, dairy, wheat maize, meat, sesame and coffee).
- We are aware of farms that have out grower schemes other than Alemayehu Farm. Nile, for example, has been invited to this workshop but they couldn't make it. Your concerns about quality are well taken and they are very much in line with the USAID's capacity support programs. Government is working on quality and standard and we are given instructions to strengthen our effort in the area.
- Efforts are being made not only to raise awareness on the importance of quality assurance but also on setting and implementing quality assurance schemes.
- You have raised a valid concern about problems related to the provision of extension services to the private sector. Government is committed to this agenda and has set up investment office at the Ministry of Agriculture. In this regard, we are planning to support the private sector. Compliance to standards is an important condition for the growth of business. The private sector also has a role to play in this regard.

Ato Semachew, CTOR of CIAFS Project from USAID, pointed out that the seven priority commodities were selected on the basis of their importance to the economy and to the country. However, it doesn't mean that this is the final list. The priority commodities may be revised in the future, as necessary.

Competitiveness in Agribusiness Challenges and Prospects, Dr. Mulat Abegaz

Reflections

The following were reflections and responses to the above presentation:

- Ethiopia is in the horn of Africa, but it is not a member of the East African Community (EAC). How come that Ethiopia is not a member? What is the minimum requirement that a country should meet to be a member of such communities? Have you advised the government on how to become a member of the Community?
- The presentation on competitiveness in agribusiness is an eye-opener and all the challenges presented reflect the reality. The Ministry of Trade is aware of most of these challenges and it is working on addressing them in a bid to improve standard and competitiveness. However, I haven't seen much of a recommendation to alleviate the situation? Could you give us some?
- Our failure to ensure quality has more to do with lack of skilled personnel in using the laboratory equipment than with lack of equipment. Why do you think this is happening? Why isn't possible to train and maintain professionals to ensure quality? Who is in charge of taking care of this and what has been done so far in this regard?

Responses

Dr. Mulat Abegaz, the presenter, gave the following reactions to the comments and questions.

Regarding why Ethiopia is not a member of the East African Community, there could be political or cultural reasons, but I have no idea why Ethiopia is not a member. I am not the right person to answer this question.

Concerning the improvement of standard and competitiveness, I think, we need to do the following:

- Government has to give more emphasis and show more commitment to standardization and competitiveness
- Donors need to work out a solution for enhancing quality of products
- The issue of quality should be taken more seriously by all stakeholders. Currently, we witness a lot of efforts made to create market connections but this effort needs to be complemented with ensuring standard and competitiveness to make a difference.
- The laboratory equipment used these days is very complex and their operation calls for very well trained personnel. Due attention should, therefore, be given to training and maintaining skilled personnel.

AGRO-PROCESSING INDUSTRIES: Overview and support, Ato Dendana Chemed, Ministry of Trade

Reflections

The following questions were asked and comments made by the participants

- The Ministry of Trade support to the agro-processing sector leaves a lot to be desired. While institutions are in place to support some sectors such as leather and textiles, there is no center to support cereals which are critical for food security. Don't you think there needs to be a center for supporting cereals? I feel that government and donors should give more focus to cereals.
- What have the Ministry of Agriculture and the Ministry of Trade done to promote agriculture in this country? If Ethiopia is to grow in the export of agricultural products, more needs to be done on the part of government to make it easier for investors.
- Most of the information in the presentation is outdated. Why didn't you revise the information? It has rightly been said that finance is a major challenge for the

private sector. No recommendation, however, has been made to address the challenge? What needs to be done to address financial problems?

Responses

There are institutions to support many of the sectors including leather and textiles, sugar, meat, dairy, etc. There is also a need for establishing an institution to support agro-processing. To this end, a strategy has been developed and the effort to establish an institution committed to supporting the agro-processing sector is underway. It is going to be difficult to establish one institution to support all aspects of agro-processing. In the coming three years, there is a plan to setup institutions for the various agro-processing sectors step by step. With the help of donors, the Ministry of Trade is working on improving the productivity of the sector, too.

Private Sector and Agriculture Development Projects, Lazarre Potier, Private Sector Advisor, USAID/Ethiopia/BEAT ; Cullen Hughes, Agriculture Development Officer, USAID/Ethiopia/BEAT

Reflections

- In your presentation, you talked about “pull” and “push” activities and about PSNP-GRAD and PLI II/PRIME. What is their objective and what are the results expected to be?
- There has been a shift from ATP to AGP. What changes are expected by this shift?
- Small holder farmers do 100% of their farming through ploughing using oxen in the same way that our forefathers did for centuries. Besides, farmers cannot till their land from December to April because the land is too dry to till. Farmers have to delay the tilling until it rains and the land is wet. If it doesn't rain timely, it affects productivity. All this shows the need to move to mechanized farming. However, the country has barely any institution to support mechanization. What are donors' plans to support farmers to use machines in farming?

Responses

- PLI/PRIME is a pastoralist initiative. The design of the program is not finalized yet. It is, nevertheless, focused on pushing the pastoralists to continued livelihood and help pastoralists exit pastoralism to make their life more sustainable. In terms of the results of the program, the projects are expected to advance the livelihood of the pastoralists. The result of the shift from GTP to AGP is that AGP is a government-owned project. It is a parallel USAID program to support the strategy. Concerning the low productively small holders, there is a potential to improve productivity by increasing irrigation. USAID's contribution in this regard focuses on the lead farmers and agro-business.
- USAID has funds for mechanization. There is a program to finance procuring equipments. The problem is that small holder farming that characterizes Ethiopia, necessitates their aggregation into some form of cooperatives to implement mechanization. If this is done, there are plans to make it easier for farmers to access equipment. USAID is planning to deposit funds in banks on behalf of farmers so that the cash deposit requirement for farmers to access loans for machines is reduced by 2-3%. It is a mechanism to guarantee banks to repay loans that some farmers may default. The scheme is believed to make loans affordable for farmers.

Overview of Agricultural Investment , Esayas Kebede, Director MOA-AISD

Reflections

- My question is to the Ministry of Agriculture presenter, Ato Isayas. I am glad that government is giving due attention to the private sector. However, there are still bottlenecks that are holding back the private sector from achieving its goals. For example, the regional states are in charge of managing land transfer of less than 5,000 hectares. In some regions, the process of land transfer could be too lengthy. Even after finishing the process, it could take

years to secure the land. Due to this, a lot of diaspora members have went back to their country of destination in desperation. How does your Ministry plan to address this constraint?

- The implementation of incentive schemes is also another bottleneck to investment in the agricultural sector. I have personally been asked to pay tax for spare parts for my tractors. This contravenes the tax incentive schemes, and it is very discouraging for investors. The rising cost of fuel is increasingly becoming an issue. How is a farmer in Gambella going to be profitable after buying diesel at such a high price? There should be a differential price of diesel for agriculture investors. Moreover, the price of grains is oscillating, which is a disincentive to commercial farmers. Finance is another issues which requires the Ministry's intervention.
- I share all the grievances that speakers before me expressed. Compared to America and other countries, Ethiopian government is not doing enough to support commercial farming. Tractors are expensive, investors have to pay duty tax, and diesel is expensive. All these and other constraints undermine investment in agriculture. As a result of this, our products are smuggled cheaply without adding value. For example, I recently discovered that our "fenugrick" (*abish*) is processed and exported to the USA by France. So, government needs to do more to encourage investors in agriculture.
- I share the concerns of the previous speakers. Beyond what the speakers said, I'd like to bring to your attention that in some farms, diesel supply is often an issue. At times, we buy diesel in black markets. Moreover, I'd like to raise my concern about government involvement in some sectors like sugar. Is it sustainable? Also, during land transfer to investors in the sugar industry, we hear problems of displacement and conflict. Wouldn't it be better to implement contract farming in such areas?

Responses

Ato Isayas, Ministry of Agriculture

To start with the land transfer issue in the sugar industry, we sometimes hear of conflicts and we have looked into the issues, but we have found nothing. The government is committed to avoiding conflicts and displacement. The feasibility study of these projects includes benefits to the people who live in the vicinities of such farms. If these people are not going to benefit from these farms, the farming is not going to be sustainable. Our sugar farms are found in Afar, Omo, Jawi and Tigray. All these farms were not inhabited. So, there cannot be any displacement or conflict over resources.

I admit that there were problems in the process of land transfer in the regions due to capacity problems. The government is looking into ways of addressing them. The diaspora is not that discouraged. The diaspora has the lion's share of investments so far. Even then, we will still work harder to create an even more conducive environment for investment. We are working on reducing the regions' mandate.

The MOA is not the only actor when it comes to incentives. The incentive issue involves the MOT, MOFED, the Customs Authority and others. We are, therefore, working with them to amend the regulations. We are especially revising regulations related to capital and vehicle. The rights of duty tax on tractors and accessories have clearly been stipulated in the regulations. Up to 15 % of accessories are duty-free. If investors were required to pay duty tax for such accessories, it must be officers' problems and we can discuss this further. Concerning fuel, investors so far have been raising only problems of supply. We have addressed this. The need for duty free on diesel has never been raised. If it is an issue, we should discuss this further as well in line with the experience of other countries. We should come up with a solution that is helpful to the overall economy of the country. Most importantly, however, investors should look into themselves. You should look into ways of maximizing mileage of tractors, for instance. You should be able to use 25-30 liters/hectare, through the use of efficient technology. MOA is supporting to improve efficiency of the private

sector. We have given training in this respect and we will give more in the future. In general, we need to work closely with associations that work in the agriculture sector. We should resolve issues rationally through dialogue. We know that industries will not grow unless we support agriculture from which most input for manufacture comes. Even if some of the produces may not earn foreign currencies directly, they are inputs for export products. We are, therefore, committed to supporting them. The four priority areas were selected on their ability to substitute import. They are given priority especially in land transfer. Otherwise, support is given in all areas. The transfer of land is done carefully and transparently because land is a scarce resource, and we should use it judiciously. We are being evaluated every week on how we are doing this by top level leadership. We are given directions every week and this is encouraging investors.

The out growers scheme is expanding and it has government backing. We believe that the scheme is sustainable. For example, there are farmers around Ziway, who are aligned with commercial farming. Both the commercial farmer and the small holders are benefitting from the scheme, and we think the experience can be scaled up.

Dr. Teshome, COP, CIAFS

The objective of this workshop is to identify capacity gaps, not to open a debate between the private and public sector representatives. CIAFS in this needs assessment has identified capacity gaps in four areas (business communication, leadership and management capacity, capacity for sectoral associations, the role of the private sector in food security) and come up with capacity building recommendations. We are presenting them to you because we would like you to thrush out these recommendations and give us your feedback. This discussion will help us obtain further insights into your needs and will help us move forward. We will then develop action plans and start implementation based on your feedbacks.

Reflections on the presentation of thematic areas

The recommendations for the thematic areas were briefly presented to remind the participants (please see CIAFS' presentation in this document). The presentation on the first theme was followed by reflections, summarized below.

Theme I: Enhancing Business Communication Capacity

Reflections

- All your recommendations are good, but we want you to include business communication skills that would affect competitiveness. This could involve e-mail writing, inter-cultural communication and the likes. Ethiopian business people need to know how to do business with the outside world.
- The American Embassy has information on spice price, quality, etc. So, could you get this information from the Embassy?
- Dr. Mulat's presentation has made the importance of grading and standard crystal clear. Does this Project have any plans to address this issue?
- This morning's presentation by Kidist, from CIAFS, was very good but seems to have forgotten one thing. CIAFS is focusing on marketing capacity but what about production capacity? Can you support farmers to enhance productivity by providing up-to-date information on processing?

Responses

- We have subscribed public ledger since July and we have shared it with 97 members. We have also access to Reuters' and the World Bank documents to get accurate market information. However, information collation and dissemination is not an end in itself. At the end of the day, we should make sure that we are supporting our members to make informed decisions using the information we disseminate. We should help them with the information analysis to build their capacity to make informed choice. Some have given us feedback

and they said it is helping them. However, we must investigate further and find out how and why the information was helpful.

- CIAFS is aware of the information on spices provided by ECX. We will further pursue the issue and find out if the business community knows about this and whether they are making use of the information.
- CIAFS recognizes that lack of awareness on standards and quality is one of the gaps. So, awareness-raising needs to be followed up as one of the recommendations.
- The idea of supporting productivity through the provision of up-to-date information on production is useful although it is an implementation issue, making it out of our mandate. Even then, we are looking into how we can support farmers' productivity in relation to theme 4. Although our major target is agro-business, we are still making efforts to advance the interests of small holders too. One of the issues we have been discussing with the Ministry of Agriculture is how it can deliver services to the private sector. We are considering ways of empowering the Ministry to do this effectively. We have discussed this with the regions too. We are now finalizing our analysis and started preparation to move into action.

Theme II: Enhancing Leadership and Management Capacity

Reflections

- Tapping into our livestock potential is important for agricultural development. So, I suggest the project support the enhancement of livestock quality, disease forecasting, etc.
- On the subject of traceability, we are trying to craft social and environment codes of conduct . So, can CIAFS provide training to enable us check social and environmental friendliness of businesses?
- Experience sharing motivates business people very much. Can your Project support this?

Responses

CIAFS will consider all the suggestions made. Study tours are one of our activities and we are organizing visits to different places to both the private and public sectors.

Theme III: Capacity Support to sectoral Associations

Reflections

- Can CIAFS address the quality issues such as preventing illicit production and adulteration in coffee roasting as they are tarnishing our image and harming the business? Support to the utilization of laboratory equipment of quality and standard centers and the provision of skilled personnel to operate quality and standard centers is a critical component that needs to be supported. We have, for example, sent honey to Uganda for standardization while facilities to do the job are found in the country.
- Sectoral associations need to be strengthened so that they support their members. If they are capacitated, they will go a long way in improving business.
- Although Ethiopia is 1st in Africa and 10th in the world in the number of livestock, the productivity of our animals leaves a lot to be desired. Our dairy farming is beseeched with problems such as low productivity, animal diseases, lack of feed, venereal diseases, etc. What are CIAFS plans to address these problems?
- In order to meet the objective of the project, I suggest strengthening agricultural study to inform investment in the agriculture center. Currently, our investment decisions are not evidence-based as we lack information in the area.

Responses

- We will soon have a veterinary bio security laboratory in Kaliti. Equipments are being purchased and the lab will be up and running in October, but I anticipate we may fall short of skilled personnel to operate it. So, I suggest giving due attention to capacitate this lab for optimum utilization In SNNPR, sectoral associations have structures down to the lowest administrative units. They are

huge potential to tap into the country's business potential. So, they need to be strengthened.

- Concerning quality and standards, we don't have an accredited certifying firm in Ethiopia. Honey was certified outside of Ethiopia. Getting an internationally accredited standards agency should be our top priority.
- EMDTI has a milk laboratory, and we are working to get accreditation in collaboration with an organization in Kenya. We are working to substitute milk and milk products imported from abroad. In future, we have plans to provide grading service to others too.

Theme IV: Enhancing the Role of Private Sector in Food Security

Reflections

- Issues of coffee has not been given due attention in this workshop. The certification issue is posing a huge challenge to the coffee business. In the past, only the coffee beans were inspected, but now even roasted coffee is facing certification requirement. We are asked up to USD \$3,000 to do the inspection, which is too expensive. How can we address this challenge?
- On contract farming, the selection of crops should be given a priority. The legal framework and the role of sectoral associations in this regard needs to be taken care of. Moreover, there are 4-5 associations on coffee, so there is the need to choose the best . It is not possible to deal with all of them.
- FAO has guidelines on contract farming. We need to draw on this document to learn more about contract farming. It is also a good thing to learn more e from countries such as Uganda implementing contract farming.

Closing Remarks, Ato Semachew, USAID

Ato Semachew, who began by thanking all the participants for coming, has made the following points in his closing remarks.

- The level of attendance of this workshop was 100%, indicating the commitment of the private sector to the development of this country.

- Experience shows us that human development indexes are high in countries where the public-private sector partnership is high. Both government and the public sectors have important roles to play.
- Our task in this Project is to identify and prioritize capacity gaps and put them into action. Conducting workshops is not an end itself. It should be a means to addressing capacity gaps by translating the recommendations into action.
- Unless government and the private sector work hand in glove, we cannot move forward. Together, we have to figure out solutions to our problems in terms of creating enabling environment and empowering the workforce. The human element is so critical that if we address this, the sector will be better off to address the other problems on its own.
- I can assure you that the commitment of the Mission to support the private sector is very high. The Mission believes that the private sector should take the driver's seat; how this is going to happen needs to be investigated.
- Although our focus in this Project is at the higher end of the value chain, we believe that its benefits will trickle down to producers as well.
- The finance issue is critical and needs to be addressed to make a difference.
- Today's session was so vibrant and we have made a note of a lot of points. Now, it is time to act. It is time for government and the private sector to work together to make a difference. The blame game will take us nowhere, and we need to work together to move this country forward.
- The soft skills which may be considered nitty-gritty by some companies are critical in the bid to be competitive in the global market. We should be dynamic to be competent in today's market. If an Ethiopian business person takes 15 days to respond to an e-mail while the Ghanaian takes only 5 minutes, competitiveness for the Ethiopian business person is highly undermined.
- Finally, I would like to thank CIAFS for their high level commitment in organizing this workshop. Thank you for the facilitator and I wish you all a safe journey.

After thanking everyone for taking time out of their busy schedule to discuss this important issue, Dr. Teshome, COP, CIAF, made the following final note. We will soon develop an

action plan on the basis of our needs assessment and today's deliberations. We will be judged by the plan we develop. We will of course engage you during the implementation of the plan. We may at some point get together to review our progress, as necessary. Thank you and goodbye.