



## Investment opportunity in pre-cut and packaged fresh fruit & vegetables for export to supermarket chains in Europe

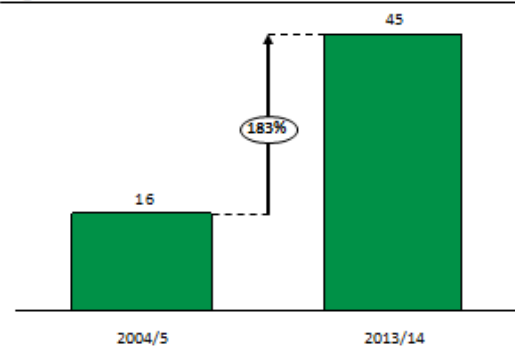
Developing a pre-cut and packaged fruit and vegetable industry in Ethiopia offers an investment opportunity, particularly for investors with expertise in horticulture and retail. Here we feature an example of two investment-ready businesses on the ground today, in which an investor can invest directly or co-invest to develop this up and coming sector.

### 1 MARKET OPPORTUNITY

Ethiopia's fruit and vegetable sector offers attractive investment opportunities, with over USD \$245 million in fruit and vegetable export earnings, increasing by 183% in less than a decade. Conditions in Ethiopia make it possible to cultivate high quality produce of virtually all tropical, sub-tropical and temperate horticultural crops, all year round.

To date, the majority of fruits and vegetables are exported in their raw form and historically, over 80% of this has been directed to lower value markets such as Djibouti and Somalia. With rapid developments in infrastructure, road networks and cold storage facilities, Ethiopia offers potential for the right investor to develop its existing production and export of pre-cut and packaged fruits & vegetables.

Annual Ethiopian export earnings from fruit and vegetable Million USD



### 2 WHY INVEST IN ETHIOPIA?

**Horticulture as a government priority** > Fruit and vegetables are a priority sector for the Government of Ethiopia (GoE), which aims to increase production by 47% between 2015 and 2020 based on its Growth and Transformation Plan II (GTP II). Domestic and international investors are welcome and will be given prior attention to encourage them to invest specially in the field of fruits and vegetables. There is strong alignment with the development of a pre-cut and packaged fruit and vegetable industry, with the GoE already prioritizing the need for a fruit and vegetable cold storage program, in addition to the existing cold storage facilities currently available at Addis Ababa, Bahir Dar and Mekelle .

**Suitable climatic conditions for a variety of fruits and vegetables** > Ethiopia is endowed with favourable weather, altitude, adequate water and availability of suitable soils for fruit and vegetable production. There are diverse agro-climatic zones and long growing seasons, as well soils varying from light clay to loam which are well suited for fruit and vegetable production. Water for irrigation agriculture is also available, with 122 billion cubic meters of surface water and 2.6 billion cubic meters of ground water (EIC 2014a).

**Accessible export platform to international markets** > Ethiopia's air freight network via Ethiopian Airlines allows for the cultivation and transport of highly perishable product varieties (e.g. strawberries – fast-moving products with a shelf life of 1-2 days). Ethiopia is ideally positioned for the export of pre-cut and packaged fruits and vegetables, providing preferential access to over 400 million people in 19 member countries the Common market for Eastern and Central Africa (COMESA), USA under the AGROA agreement, and EU under the every-thing-but-arms treaty.

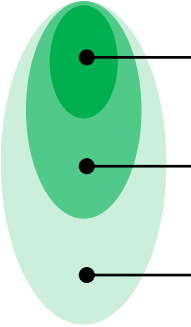
### 3 SPOTLIGHT ON A POTENTIAL INVESTMENT OPPORTUNITIES

Production can take place through various models, each of which has its own advantages and challenges, as well as slightly different yield rate, profitability, and time frame. In general, while smallholder sourcing is attractive from a livelihoods promotion perspective, and is strongly advocated by the government, it is both challenging for high-value crops and returns lower volume and/or higher cost yields. That said, there are some successful businesses below that have integrated smallholder sources into their supply chains; an approach, that in the short term may provide the “best of both worlds”, enabling effective transfer and development of skills and technology, as well as boosting production volumes and incomes.

	<p>Jeju Horticulture Plc. was established in 2013 with the objective of producing and marketing a variety of quality fruits and vegetables for the local market. The company has established a permanent seed and seedling production system in order to maximize the efficiency of its production cycle.</p>	<p>Papaya, eggplant, onion, cauliflower, zucchini, tomatoes</p>	<ul style="list-style-type: none"> <li>✓ In accordance with international accredited standards of farming and post-harvest</li> <li>✓ Fully irrigated land for year round production</li> </ul>
	<p>Established in 2007, The Giving Tree Nursery is an established company specialising in pre-cut and packaged vegetables for the export market. It also supplies tomatoes and onions to the domestic market and has a comprehensive irrigation network. The Giving Tree Nursery is looking to expand current productions whilst also engaging with the community through community farming and training programs.</p>	<p>Snow peas, sugar snaps, green beans, onions, tomatoes</p>	<ul style="list-style-type: none"> <li>✓ Existing operations in pre-cut and packaged vegetables</li> <li>✓ 500 hectares of land under cultivation, with access for up to 2,000 hectares</li> <li>✓ Full irrigated land</li> </ul>

### 4 INVESTING IN SOCIAL CHANGE

Ethiopia is a unique investment destination in that your investment can contribute to improving incomes and livelihoods. With the largest rural population in the world, Ethiopian agriculture is the lifeblood of the country.



- Direct impact.** The fruit & vegetable sector has direct impact on the livelihoods of farmers and the labor force. The above two companies alone employ over 1000 local staff, including providing support networks to their employees and families.
- Indirect impact.** Relationship with smallholder farmers will continue to be scaled as the industry develops, resulting in increased production and economic efficiency. At present, smallholder farmers in the Awash Region benefit financially through access to Juju’s market chains to obtain higher prices for their produce.
- Ecosystem impact.** Local players are conscious of the impact of their business in the broader ecosystem and go beyond their operations to ensure sustainability and wellbeing of the environment. The Giving Tree Nursery is an example, where they intend to prevent erosion in the area by planting suitable trees.

### 5 INTERESTED TO LEARN MORE ABOUT ETHIOPIAN AGRICULTURE? WE CAN HELP.

In the coming decade, the private sector will play an even greater role in Ethiopia’s agricultural transformation, creating markets for Ethiopia’s farmers. The Private Sector in Agriculture Team engages early with serious investors to understand interests and concerns, works with them to identify promising opportunities, provides relevant market analysis, and helps navigate the local environment. With support from USAID’s Investment Support Program, the ATA has developed detailed investment cases on opportunities in beef & dairy, poultry & feed, soybean, fruit & vegetable, wheat, and sesame.