Investment opportunities in the Ethiopian Soy sub-sector

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1.1 Production

World

SOYBEAN accounts for 55% of global oilseed production

Importing

China

China

Brazil

Brazil

USA

Brazil (USA, China)

India

Top5

276 million MT (metric tons) annual global production

~87% soy meal and oil

~13% direct consumption

US$ 53.2 billion exports of whole beans (excluding meal and oil) (FAOSTAT, 2013)

World trade +191%

growing in the last 10 years

Brazil

USA

Argentina

China

India

8%

produce 92% of world supply

Sub-Saharan Africa

Fertile land in Southern and Western Africa, combined with continued investment in corporate farms by private equity firms, international development organizations and banks, is expected to continue boosting production growth.

The primary soybean-growing countries

Burkina Faso, Democratic Republic of the Congo, Ethiopia, Kenya, Malawi, Mozambique

In 2011 soybeans were planted on 1.1 million hectares — 1% of total arable land.

THE PRIMARY SOYBEAN-GROWING COUNTRIES

South Africa, Nigeria, Zambia, Uganda, Zimbabwe

The primary soybean-growing countries

In 2011 soybeans were planted on 1.1 million hectares — 1% of total arable land.

Major trends in the development of the soybean sub-sector

Production

Currently produce 1.4 million MT per year

2.5 million MT per year by 2025

4.1% compound annual growth rate
Demand surpasses supply
- Sub-Saharan Africa grows more soybeans than it can process. Soybean meal and oil production is limited due to a lack of processing capacity throughout the region. Currently, there is a net shortfall of 1 million MT of soybean meal and 450,000 MT of soybean oil across the region, and it is estimated that, as per capita GDP increases and demand for animal protein and cooking oil increases, the shortfall will grow substantially.
- Despite investment in processing capacity in the major production countries and at ports, demand for these products in the region is expected to grow at a higher rate than processing capacity can build.
- In some countries, soybeans have been introduced as a high-nutrition plant source in human food consumption. Organizations such as TechnoServe continue to promote the value of soybeans for nutritional purposes across the region.

Ethiopia
Ethiopia produced an estimated volume of 150,000 tons in 2014/15, the result of combined production by smallholders and commercial farmers.

The growth in production is attributed mainly to the increase in area cultivated and productivity. The total area of land under soybean production during the last 10 years has increased tenfold, while the total volume of production during the same period increased 21 times.

Productivity level of soybean is 2.1 tons per hectare and this level is very low compared to its potential, which could go up to 4 tons per hectare if improved varieties are used.

Though soybean can be grown in different parts of Ethiopia, the major areas currently growing the crop are situated in the western and south-western part of the country, notably Benishangul-Gumuz, Gambela and parts of Oromia Region. Oromia and Benishangul-Gumuz regions account for the highest production of soybean in the country, 51% and 40% respectively. These areas have vast fertile land and a favorable agro-climate suited to growing soybean. Entry of large-scale commercial farmers, including government sugarcane-soy intercropping programs, and research in soil fertility rehabilitation have made soybean a favorite crop. Soybean productivity has also been increasing over time due to improved agronomic practices.

The figures reflect smallholder production of soybean only. In reality, the production volumes are estimated to be tenfold if commercial farm production is also taken into account.

Soybean varieties

Ethiopia
Soybean zonal production for Ethiopia (excluding commercial farmers), 2007-2011. Source: CSA

<table>
<thead>
<tr>
<th>Year</th>
<th>Yield (quintal/ha)</th>
<th>Area covered by soybean (ha)</th>
<th>Soybean production trend in Ethiopia (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.10</td>
<td>10,10</td>
<td>7,205.00</td>
</tr>
<tr>
<td>2011</td>
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<td>6,353.50</td>
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<tr>
<td>2013</td>
<td>2.10</td>
<td>9,50</td>
<td>5,206.00</td>
</tr>
<tr>
<td>2014</td>
<td>2.10</td>
<td>9,30</td>
<td>4,742.50</td>
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<tr>
<td>2015</td>
<td>2.10</td>
<td>9,10</td>
<td>4,200.00</td>
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</table>

Quality analysis data of some of the released soybean varieties

<table>
<thead>
<tr>
<th>Variety</th>
<th>Moisture %</th>
<th>Yield (quintal/ha)</th>
<th>Ash %</th>
<th>Salt as Nacl %</th>
<th>Glycine %</th>
<th>Lysine %</th>
<th>Arginine %</th>
<th>Cysteine %</th>
<th>Methionine %</th>
<th>Isoleucine %</th>
<th>Thrreonine %</th>
<th>Leucine %</th>
<th>Tryptophan %</th>
<th>Tyrocine %</th>
<th>Methionine %</th>
<th>Cysteine %</th>
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<tr>
<td>Williams</td>
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<td>9.07</td>
<td>0.40</td>
<td>0.40</td>
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<td>0.40</td>
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</table>
1.2 Trade and Logistics

Similar to many agricultural commodities, the soybean trade is highly fragmented and dominated by middlemen and brokers, but unlike many products, 95% of the commercial crop has to be transported over 500 km to reach the principal market in Addis Ababa.

In general, there are five major steps involved in the trading and transporting of soy seed from upstream to downstream stage of the chain.

![Diagram of soybean trade and logistics]

- **FARMER** produces the crop.
- **LOCAL COLLECTOR/TRADER** buys crop from the farmer and transports the commodity to the collecting wholesalers in the nearest town. The off-road transport cost can be triple that of the main road cost due to the following reasons.

  - Only smaller vehicles or animals can get into the remote areas; in most cases donkeys or Isuzu trucks with a four- to five-ton loading capacity are deployed.
  - The heavier driving and tear of trucks working on off-roads.
  - The slower driving time increases the transportation time resulting in additional labor costs.
  - The higher wear and tear of trucks working on off-roads.
  - The extra acceleration and braking on off-roads, thus more fuel per ton transported.
  - Vehicle that uses less fuel per kilometer, but because of limited load capacity requires extra trips, and so the transport is between 20 kg and 40 kg, and is usually transported physically by people. For larger quantities, horse or mule carts are used to transport up to 15 quintals.

**LOCAL WHOLESALE** buys commodity from the collector/trader and then bulks the soy into suitably large loads to meet the requirement of the wholesalers based in Addis. Local wholesale-salers usually deal in multiple commodities and have the capacity to hold about 100 tons per enterprise.

**Transport cost per km/quintal from soy growing areas is usually high compared to other areas.**

Either the local wholesaler or the wholesaler based in Addis TRANSPORTS the soy to Addis Ababa. Usually trucks with a 40-ton loading capacity are deployed, but it is not uncommon to use FSR trucks with a 10-ton loading capacity. Transport costs per km/quintal from soy growing areas is usually high compared to other areas. Ideally the product should now go to a PROCESSOR, but 80% of the wholesalers in Addis will either bulk and store it, speculating higher prices during the off-season, or sell it to the commodity market at Mekele and Bure. In the Middle East, the product will be further bulked and sold to processors or EXPORTED to nearby regions, mostly to the principal market in Addis Ababa.

1.3 Marketing

1.3.1 Domestic

**Small-scale farms**

Soybean is primarily grown as a cash and rotation crop. Over 90% of the production is sold to the market. The principal end-market is the agro-processing industry engaged in the production of food and feed. However, there is also potential for household-level utilization of products such as soy milk, bread and porridge, but this is not very popular. A small fraction of the volume over the national consumption is exported.

Farmers sell their produce in villages and nearby towns within a traveling distance ranging from ten minutes to the nearest village, to a maximum of two hours to the nearby town market in Metekel Zone. However, at Chewaka both traders and the union go to the farm households to collect the beans. The minimum product quantity sold is between 2 kg and 40 kg, and is usually transported physically by people. For larger quantities, horse or mule carts are used to transport up to 15 quintals.

**Commercial farms**

Unlike many crops in Ethiopia, there are a number of large-scale commercial farmers engaged in the production of soybean. These commercial farmers account for over 50% of the national production and are mostly located in Benishangul and Gambia in Metekel zone of Benishangul-Gumuz region. There are over 150 commercial farmers with average holdings over 50 hectares. Some of the big international companies such as Saudi Star, Ethio Agri-CEFT, S&P and Ruchi Soya have land above 10,000 hectares. The state-owned sugar corporation that runs nine sugarcane plantations manages over 500,000 hectares of land where soybean is used for intercropping or as a rotational crop. Availability of commercial farms makes it easier for potential agro-processors to pull large volumes of product from few sources. Moreover, companies involved in exporting or supplying agro-inputs can easily link with these commercial farmers as a quick entry into the sector and may use them to reach smallholder farmers.

1.4 Processing

In the early days, the food and feed processing industry received the soybean grain from the central market traders. However, traders’ prices were highly volatile and quality was poor. To counter these challenges, recently some processors (GUTS Agro Industry and Alema Koudijs) established direct relationships with the farmers’ organizations, Chewaqa Farmers Cooperative Union. Others (Akaki Feeds) set up their own farms to assure quality supply at a reasonable cost.

Six food processing companies based in Addis Ababa have been producing nutrient-rich products for the World Food Program (WFP) which meet the WFP requirements. When there is no demand by WFP for emergency relief products, these processors do not purchase soybean and thus the lower demand for raw material depresses the soybean price. However, recently, some of these companies started commercializing these nutritious foods for domestic and export markets, and also extracting edible oil.

The animal feed industry also involves a substantial amount of soybean in animal feed formulation. Soybean constitutes 2% of every animal feed product. However, some processors as it is a cheap and rich source of protein.

The critical issues related to soy processing are:

- limited selection of products made from soybean;
- limited number of processors engaged in soy processing;
- processing plants operate below capacity.

Utilization of soybean at household level (VBCD report, 2014)

- Soybean prices (in Birr) across the chain (VBCD report, 2014)

<table>
<thead>
<tr>
<th>Household</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers’ gate</td>
<td>3.0%</td>
</tr>
<tr>
<td>Regional trader</td>
<td>9.0%</td>
</tr>
<tr>
<td>Addis Ababa</td>
<td>90.0%</td>
</tr>
</tbody>
</table>

Selling during the year: Source: IVCC, 2014
2.1 Primary production

**Rhizobia (organic fertilizer)**
Soybean plays an invaluable role in nitrogen fixation and soil fertility improvement. According to a research by N2Africa soybean is the most effective legume in fixing nitrogen. Soybean fixes nitrogen most when it is inoculated with rhizobia.

Despite its high potential, the market for rhizobia is underdeveloped. Currently, there are only two suppliers of inoculant strains—Menagesha Biotechnology and the state-owned National Laboratory. These two actors alone are not able to service the soy production areas in the whole of Ethiopia.

However, there are challenges. The supply of rhizobia is constrained because of the limited investment in extension, market and supply chain development. The national research system released two strains of Rhizobium—japonicum legume fix and MAR 1495. Setting up inoculants factories at Nekemte and Assosa, or even in central parts of the country where several legumes are produced in large quantities, is a good business opportunity that will enhance the production and productivity of soybean.

►►►
2.2 Processing

Addis Ababa or Bahir Dar and their surroundings are potentially ideal locations for a soybean processing plant. Both areas have strong market and access to investment facilities. Bahir Dar and its surroundings makes a particularly strong business case partly because it is less than 200 km distance from Metekel (the leading soybean producing zone in Ethiopia), but importantly over 85% of the population in the area practices the Ethiopian Orthodox religion and hence fasting for over 200 days in the year.

Edible Oil Industry

The total annual expenditure and volume of edible oil consumption is estimated to be 11 billion birr and 394 million kg, respectively. The industry has shown a steady growth of 17% CAGR over the period from 2008 to 2012. Three-fourths of current edible oil demand is satisfied by imported oil, and the growth trend in imports is 21% compared to 10% for domestic oil. Despite the steady growth, current per capita consumption (4.2 kg/year) remains far lower than the global average (21.5 kg/year). The low per-capita oil consumption, added to the rapid economic growth and population increase (9.7% and 2.3% per year respectively), shows that the industry has a favorable outlook for demand growth over the medium- to long-term.

Palm, noug, cotton, groundnut and linseed oils are the most consumed oils, with estimated respective shares of 70%, 16%, 14% and 9%. Palm, soybean and sunflower oils are the major imported oils. Health Care Food Manufacturers PLC is the only soybean oil processor in Ethiopia. The price per liter of imported soybean oil is US$ 4 while the one processed in Ethiopia is close to US$ 3.

Government: Palm Oil Chain

Government has become a direct player in the edible oils market since 2010. It controls the entire supply chain for palm oil (from import to the end-consumer). Palm oil accounts for over 60% of the national market. The major target for this product are low-income consumers in both rural and urban areas. The price of palm oil is kept minimal partly because of the bulk nature of the product and partly due to the controlled chain. Despite its contribution to price stabilization, the current palm oil chain is characterized by a high degree of irregularity and inconsistency. This, added to other burning priorities for government, means that the palm oil chain will be liberalized soon, probably via a credible national distribution company.

2.2.1 Edible Oil Industry

Increasing demand

Import Source: Addis Ababa Corporate Services PLC

Edible Oil Industry—Ethiopia

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Import</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>190</td>
<td>30</td>
<td>160</td>
</tr>
<tr>
<td>2009</td>
<td>220</td>
<td>35</td>
<td>185</td>
</tr>
<tr>
<td>2010</td>
<td>250</td>
<td>40</td>
<td>210</td>
</tr>
<tr>
<td>2011</td>
<td>270</td>
<td>45</td>
<td>225</td>
</tr>
<tr>
<td>2012</td>
<td>300</td>
<td>50</td>
<td>250</td>
</tr>
</tbody>
</table>

Private Importers: High Value Oils

This group deals with high-value imported sunflower, soybean, maize, sesame, olive and other oils. They target primarily high-income consumers and foreigners. They occupy the super-market chain but also have a strong presence in shops and mini-markets, mostly in bigger towns. Their market share is 10%.

Processors: Refined Sellers

Industrial processors include companies such as Addis Modjo, Health Care, Mulat and Kana. This group deals with fully refined and packed oils extracted from cotton, noug, soybean and groundnuts. The primary target group for them is the middle-income customer, usually urban and hygiene conscious and want to avoid palm and crude oils, but also look for refined and branded products such as sunflower and soybean oil. The only product exception is Health Care soybean oil which is competing with high-value imported oils. In addition, this group also makes significant sales to institutions such as aid and relief organizations. The processors account for about 15% of the market share.

Market Players

Four distinctive market players, dealing with different types of products and brands, can be observed in the edible oils market.
2.2.2 Animal Feed Industry

Increasing demand

Ethiopia has the largest livestock population in Africa and is ranked among the top eight countries in the world. Livestock provide food, draught power, bio-fertilizer and fuel, cash income and wealth accumulation for millions of Ethiopian farmers. The regions of Oromia, Amhara and SNPNPR put together account for 90% of the total cattle population and 90% of the total number of milking cows in the country.

Despite the large animal population, the feed industry has been very weak. Data on market valuation of the national animal feed industry is hard to find. However, according to estimations, annual industrial turnover and production are estimated at 0.5 billion Birr (excluding traditional feed production) and 100,000 tons, respectively. At industrial level, soybean and soy cake account for 15–20% of feed. Looking at the rapid emergence of urban and semi-urban agriculture in the country, the dairy, fattening and poultry sectors, as well as on-going depletion of grazing land in the rural areas, prospects for the Ethiopian feed industry seems strongly positive.

Industrial Processors

Corn Soy Blend (CSB) has traditionally been an attractive investment in Ethiopia. The major food processing companies such as FAFFA, Hilina, GUTS Agro, Health Care, and Tigers Group have CSB in their product assortment. The principal buyers of CSB were the World Food Program (WFP) and other aid organizations for drought and famine-affected areas in Ethiopia and neighboring countries. Though the demand for CSB from aid organizations is dwindling due to the improving situation and change in international aid dynamics, it has the potential to be adapted into a strong commercial product with some investment in market development and low pricing strategies. This can be effective if a link is made with the fast-emerging confectionery and bakery industries, which are heavily reliant on cereals such as wheat and barley.

Home-Made

The household utilization of soybean is limited in Ethiopia. As noted earlier, over 90% of the beans is sold to the market. However, there are a few experiences in different areas where corn-soy blend is used to make bread and porridge at household level. A major bottleneck stifling the growth of soy blend products at household level is the limited awareness of soybean nutritional values and unavailability of multi-purpose milling machines that can grind both maize and soy.

Industrial Mixed Products

There are 15 commercial livestock feed manufacturers. Common ingredients used by animal feed processors are corn, soybean, oil cake and wheat bran. Compared to other products, linseed cake is widely preferred due to its high water-absorption capacity and nutritional content. However, noug cake is the most widely used because of its availability.

Most of the animal feed processors in Ethiopia are located in Addis Ababa, Addoma or Debre Zeit. Notable individual producers are Alema Koudjis, Akaki Feed and Elfora. These feed processors use 15–20% soybean or soy by-products in their feed mix. The primary end-buyers of processed animal feed are commercial farmers engaged in poultry, dairy, swine and fattening businesses predominantly located in and around Addis Ababa.

Traditional: Non-Mixed Products

The major players are oil millers selling oilcake to end-users, or multi-purpose traders engaged in sales and distribution of oil cake. They deal with raw produce and usually operate in rural and smaller towns where access to industrial processed feed is limited or expensive and where there is a shortage of grazing land or fodder. The principal users of these products are smallholder or fodder. The principal processors in Ethiopia are located in Addis Ababa, Adama or Debre Zeit. Notable individual producers are Alema Koudjis, Akaki Feed and Elfora. These feed processors use 15–20% soybean or soy by-products in their feed mix.

Increasing demand

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2.2.4 Soya Milk and Related Products

Large potential market

In Ethiopia, per capita milk consumption per year is about 19 kg compared to 98 kg/year for Kenya. WHO recommends a per capita annual consumption of 200 kg. Milk consumption is low for both cultural and economic reasons, such as the long fasting period each year and the high price of milk and milk products. During peak production in the wet seasons, rural farmers face challenges in marketing their milk at a time when most regions experience a surplus, which is usually processed at home into local cheese or butter.

Of the total population, over 40 million people fast for 200 days in the year, abstaining from milk and meat products. In these circumstances soybean milk is a perfect substitute for cow’s milk. Consumption of soy milk is increasing particularly with the growing trend of fasting macchiato. Opportunities for school feeding programs are also widely available, and while not a sustainable business, this can be linked with the work of aid organizations such as UNICEF and WFP.

Although it is difficult to quantify the market for soy milk and its related industry, a rough estimate based on 2 liters per capita for 40 million fasting people at the current price of 10 birr per liter means an annual turnover 800 million birr (US 40 million). A kilo of soybeans can yield six to eight liters of milk. The by-product, skakara, can be sold as animal feed for at least 3 birr per kg. Okara can also be processed into human food, though this would require quick moisture removal and/or processing.

The EU in general and the Netherlands in particular are the highest volume recipients of Ethiopian soybean. Ethiopian soybean is organic and GMO-free and can fetch a high price from health conscious, high-income consumers in the EU and USA. In 2013 the export price of soybean was as high as US$ 2.4/kg to Yemen, and as low as US$ 0.50/kg to neighboring countries such as Sudan (ERCA). In 2014, 5.45% of national production was for export.

The EU general and the Netherlands in particular are big markets for non-GMO and organic soy products, with an estimated volume of over 100,000 MT and 50,000 MT respectively. However, a major challenge in serving this market is the certification required—Non GM, Global Gap, and Organic certificates. In addition, the product quality, which should be nearly 100% clean and uniform, is hard to meet. Despite these challenges, the organic and GMO-free soybean market remains a major opportunity to be harnessed.

2.3 Export

Attractive market

Ethiopia earned about US$ 1,461,516 from exporting 3,324 MT of soybean in 2014, while it imported 1,057,182 MT of soy products worth US$ 1,475 million. The major soy products imported were soybean oil (both edible and non-edible), soy sauce, soybean flour and meal, and soybeans. This shows the country is exporting large volumes of low-value soybeans (raw material) and importing high-value processed soy products resulting in a huge trade deficit.

Sudan, Indonesia, Djibouti, Netherlands and Vietnam are the highest volume recipients of Ethiopian soybean. Soybean exports in 2014 were US$ 28,633, and as low as US$ 0.50/kg to neighboring countries such as Sudan (ERCA). In 2014, 5.45% of national production was for export.

Investment opportunities

Households

Soy milk preparation at household level is limited in Ethiopia. The process is laborious and often unhygienic. The beans should be cleaned, soaked in water for more than 10 hours, followed by grinding and boiling. Flavor, usually sugar, is added to taste. Because of this homemade soy milk is not that popular.

Small and Medium Enterprises

There are some small and medium-sized enterprises engaged in soy milk processing. Most of these enterprises use traditional machines and hand tools to process the milk. The Jimma Mothers Self Help Group is a typical example. They produce and supply commercially and usually target the low-income consumer group. Occasionally they have institutional buyers such as hospitals and schools.

Investment opportunities

Market players

2014 Soybeans Vietnam 1,598,000 868,926
2014 Soybeans Malaysia 550,000 297,252
2014 Soybeans Kenya 250,000 137,502
2014 Soybeans Indonesia 220,000 115,744
2014 Soybeans Sudan 80,000 42,092
2014 Soybean flour and meal Kenya 20,000 5,575
2014 Soybean flour and meal Kenya 100,000 28,633
2014 Soybean flour and meal Vietnam 506,000 272,241
Despite the attractive investment options, there are a number of challenges an investor might face. These, and other useful tips, are grouped under the topics listed below.
3.1 Production

- **Yield per hectare:** Average productivity per hectare for soybean is 2.1 MT/ha compared to the average potential yield of 3 MT/ha.
- **Distance to market:** Soybean production belts in Ethiopia are the most fertile with high rainfall, but the distance from the central market in Addis Ababa is over 500 km.
- **The agronomic practices** for soybean in Ethiopia tend to be more labor-intensive, especially because frequent weeding is required. Farmers also complain about water logging and low market prices.

3.2 Bulking and Marketing

- **Fragmented production:** Average holding for soy production per smallholder farmer is 0.3 ha, equivalent to 0.6 MT of produce per household. This fragmented production raises the cost of local bulking, which occasionally results in price volatility.
- **Commercial farmers:** There are over 150 commercial farmers with land averaging 50 hectares and above. Commercial farmers deliver to processors in Addis Ababa or export their products directly, whilst smallholder farmers sell to the local traders who usually have limited bulking capacity.
- **Poor bulking competencies of cooperatives:** In Illubabor, there is a functioning farmers’ organization which does local bulking and delivery to processors in Addis, but the cooperatives in Metekel are weak and don’t have experience serving processing companies.
- **Limited linkages between farmers and processors:** Soybean prices in Ethiopia have been stable over the last one-and-half years, but previous records show that prices in 2011 were nearly four times the international price. This was mainly due to the limited sustainable market linkages between farmers and processors.

3.3 Transport and Logistics

- **High transport costs:** Most of the soybean production belt is located outside a 500 km radius of Addis Ababa, the major national market. Average transport cost from the two primary production centers at Metekel and Illubabor are respectively US$ 1/ton-km and US$ 0.9/MT-KM, equivalent to 15% of the commodity farm-gate price.
- **Quality of roads:** The primary production areas of Metekel and Illubabor have access to asphalt roads but feeder roads are often either limited or in bad shape, leading to high cost of transportation to the bulking centres.

3.4 Processing

- **Ethiopia is investing large amounts in agro parks and 17 light manufacturing belts have been identified for development over the next five years. Addis Ababa, Nekemte and Bahir Dar make a good business case for potential soybean processing sites.**
List of companies operating in the soy sector

<table>
<thead>
<tr>
<th>No</th>
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<th>E-Mail</th>
<th>Sector</th>
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<td>4</td>
<td>Alema Koudjits</td>
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<td><a href="mailto:aabrahamdagne@yahoo.com">aabrahamdagne@yahoo.com</a></td>
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<td>Addis Ababa</td>
</tr>
<tr>
<td>9</td>
<td>Norish Business PLC</td>
<td><a href="mailto:norishb@yahoo.com">norishb@yahoo.com</a></td>
<td>Nutritious Food</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>10</td>
<td>East African Tiger Brands Industrial PLC</td>
<td><a href="mailto:greg.bames@tigerbrands.com">greg.bames@tigerbrands.com</a></td>
<td>Nutritious Food</td>
<td>Debretie</td>
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<tr>
<td>11</td>
<td>Kezefa PLC</td>
<td><a href="mailto:EMF2QA@ethionet.et">EMF2QA@ethionet.et</a></td>
<td>Edible Oil</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>12</td>
<td>Mulat Abegaz Edible oil factory</td>
<td><a href="mailto:gethiskal33@yahoo.com">gethiskal33@yahoo.com</a></td>
<td>Edible Oil</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>13</td>
<td>Ethio Agri-CEFT</td>
<td><a href="mailto:agriceft@ethionet.et">agriceft@ethionet.et</a></td>
<td>Commercial Farmer</td>
<td>Gojam</td>
</tr>
<tr>
<td>14</td>
<td>Saber Farms PLC</td>
<td><a href="mailto:kassahun@saber.asia">kassahun@saber.asia</a></td>
<td>Commercial Farmer</td>
<td>Gambela</td>
</tr>
<tr>
<td>15</td>
<td>Addis Ababa Oil Proc Ass</td>
<td><a href="mailto:gethiskal33@yahoo.com">gethiskal33@yahoo.com</a></td>
<td>Association</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>16</td>
<td>Seka Business Group PLC</td>
<td><a href="mailto:electrolux@ethionet.et">electrolux@ethionet.et</a></td>
<td>Nutritious Food</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>17</td>
<td>SHS Industrial &amp; General B.</td>
<td><a href="mailto:ametena@yahoo.com">ametena@yahoo.com</a></td>
<td>Nutritious Food</td>
<td>Addis Ababa</td>
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<tr>
<td>18</td>
<td>Mars Food Sh Co</td>
<td><a href="mailto:marsfood@ethionet.et">marsfood@ethionet.et</a></td>
<td>Nutritious Food</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>19</td>
<td>Enrich Agro Industry</td>
<td><a href="mailto:ededeyaa@gmail.com">ededeyaa@gmail.com</a></td>
<td>Nutritious Food</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>20</td>
<td>Soreti International</td>
<td><a href="mailto:bulbulatule@gmail.com">bulbulatule@gmail.com</a></td>
<td>Exporter</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>21</td>
<td>Friendship Agro Industry</td>
<td><a href="mailto:abelmekonen13410@yahoo.com">abelmekonen13410@yahoo.com</a></td>
<td>Animal Feed</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>22</td>
<td>Tracon Trading</td>
<td><a href="mailto:tracon3a@ethionet.et">tracon3a@ethionet.et</a></td>
<td>Commercial Farmer</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Java Farm</td>
<td><a href="mailto:solomonsis@yahoo.com">solomonsis@yahoo.com</a></td>
<td>Commercial Farmer</td>
<td>Metekel</td>
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## Government organizations

<table>
<thead>
<tr>
<th>National Agricultural Research System</th>
<th>Ethiopian Institute of Agricultural Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact:</td>
<td><a href="http://www.eiar.gov.et">www.eiar.gov.et</a></td>
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<table>
<thead>
<tr>
<th>Ministry of Agriculture</th>
<th></th>
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<tbody>
<tr>
<td>Contact:</td>
<td></td>
</tr>
<tr>
<td>Tel: + 251 11 551 8040/551 7354</td>
<td></td>
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<tr>
<td>Fax: +251 11 551 1543</td>
<td></td>
</tr>
<tr>
<td>E-mail: <a href="mailto:vmoasc@ethionet.et">vmoasc@ethionet.et</a></td>
<td></td>
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<tr>
<td><a href="http://www.moa.gov.et">www.moa.gov.et</a></td>
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<thead>
<tr>
<th>Agricultural Transformation Agency</th>
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<tbody>
<tr>
<td>Contact:</td>
<td></td>
</tr>
<tr>
<td>Tel: +251 11 557 0678</td>
<td></td>
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<tr>
<td>Fax: +251 11 557 0668</td>
<td></td>
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<tr>
<td>E-mail: <a href="mailto:info@ata.gov.et">info@ata.gov.et</a></td>
<td></td>
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<tr>
<td><a href="http://www.ata.gov.et">www.ata.gov.et</a></td>
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</tbody>
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| Ethiopian Commodity Exchange         | N/A                          |

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## Sugar Corporation

The Sugar Corporation is a state enterprise engaged in the manufacturing of sugar. The corporation grows sugarcane on over 500,000 ha land in different parts of the country, namely Worgi, Fincha and Mefetara, Tendaaro, Arooji Dedesa, Kesem, Beles, Omo-Kuraz and Wolkayit. Most of these plantations are under development and will operate at full scale in 3–4 years' time. In order to maintain soil fertility and address edible oil shortages, the corporation is growing soybean as an intercrop and rotational crop. This production season 2550 ha (550 ha at Fincha and 2000 ha at Beles) is planned for soybean production. Though the initial aim was to set up edible oil factories alongside the sugar factories, the government has recently opted to leave the edible oil production to private companies, but assist them through a sustainable supply of the soybeans.
Private sector partners

Menagesha Biotechnology

Menagesha Biotechnology Industry (MBI) PLC is a local privately-owned enterprise established in 2012 by three Ethiopian professionals, with the aim of producing and distributing bio-fertilizers for major legume crops of the country. It envisions becoming a leading bio-fertilizer producer in Ethiopia and supplying legume-producing farmers in the country with inoculants. During their first year of establishment, MBI produced 30,000 packets of inoculants and in the second year it produced 70,000 packets distributed at 40 birr each. At present it is producing at a capacity of 100,000 packets, enough for 25,000 hectares of smallholder farms.

Contact:
Addis Ababa
Tel: +251 11 467 2708/18
Fax: +251 11 467 2758
Mobile: +251 91 121 2629
http://www.menagesha.com

Pramukh Agro Industry PLC

Pramukh Agro Industry PLC is a joint venture between Export Trading Group (ETG), DF Patel of India and Seba Foods of Malawi. The soybean and lentil processing company was established in Ethiopia in 2011 with the support of the Netherlands Private Sector Investment (PSI) program.

ETG, the biggest of the three partners, is an Indian-owned international agricultural commodity trading company that has operations in over 30 countries in Africa, Asia and Latin America.

Contact:
BP 55246, Bole Sub City, Addis Ababa
Mobile: +251 91 123 8376

HILINA Enriched Foods PLC

Established in 1998, HILINA is one of the major manufacturers of nutritious foods in Ethiopia. It employs over 300 people and currently produces the following products: Plumpy Nut (used for treating moderate to acute malnutrition), Peanuts Snacks (comparable to TSP of Pramukh Agro Industry) and iodized salt. All products, except iodized salt, contain legumes, particularly soybean, peanuts and chickpeas. The company has a processing capacity of 33,000 MT per annum.

HILINA owns its own commercial food laboratory (the first private food lab in Ethiopia and partially supported by the Government of the Netherlands) that provides microbiological, chemical, nutritional and water analyses for over 18 parameters in cereals, grains, milk powder, paste etc. Its sister company—Health Care Manufacturers PLC—is known for its high quality soybean, edible oils and supplies corn-soy blends to the World Food Program. HILINA Enriched Food PLC is part of the G8 New Alliance for Food Security and Nutrition’s Feed the Future program.

Contact:
P.O. Box 1648 code 1110
Factory Address: Legetano-Dessie Road, Addis Ababa
E-mail: info@hilinafoods.com
http://www.hilinafoods.com

FAFSA

FAFSA Food Sh.Co is a pioneer in the food processing industry in Ethiopia. It was established in 1962 as an Ethio-Swedish joint venture to encourage the reduction of the risk of malnutrition among children in Ethiopia by producing low-cost and high-protein weaning foods. The products with soy ingredients are soy milk, corn-soy blends for relief supply, fortified foods and baby foods.

Contact:
Kebele 12/13, House No. 494 Akaki Kally
Tel: +251 11 442 1755/
+251 11 442 5805
Fax: +251 11 440 3976
E-mail: info@ffafsafood.com
http://www.ffafsafood.com/about-us.html

Sources of further information

FAFSA
About regulatory frameworks for agricultural producers and food processors in Ethiopia
http://www.fafsafood.com/about-us.html

GADISSA Gobena Farm

GADISSA Gobena Commercial Farm PLC is based in Ambo town, Oromia Region. It was established in 1993 and is currently engaged in four major businesses: seed multiplication and distribution, dairy and animal husbandry, apiculture and forestry. Recently, Gadissa Gobena added a farm service center to its product portfolio. Overall, it has employed 100 people and is dealing with over 1000 household farmers in the region. The farm produces soybean as a rotation crop for maize and other cereals for nitrogen fixation. According to Mr Gadissa, soybean fixes 1.8-2 quintals per hectare. The key production challenges are weed infestation which can be minimized by pre-emergence weed treatment, lack of an immediate market and availability of the necessary inputs.

Contact person:
Gadissa Gobena
Ambo Town, West Shewa Zone, Oromia Region
Tel: +251 91 189 4535 or +251 11 236 5238
E-mail: g-gobena@ethionet.et
http://www.gadissagobena.com

HILINA Enriched Foods PLC
http://www.hilinafoods.com

Pramukh Agro Industry PLC
http://www.menagesha.com

Pramukh Agro Industry PLC
http://www.pramukhagro.com

Sources of further information

HILINA Enriched Foods PLC
Sources of further information

GADISSA Gobena Farm

HILINA Enriched Foods PLC
Sources of further information

Sources of further information
Farmers’ organizations

<table>
<thead>
<tr>
<th>Hunde Chewaqa Union</th>
<th>Contact:</th>
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<tbody>
<tr>
<td>Hunde Chewaqa Union is a multi-purpose agricultural union based in Chewaqa town. The union was established by eight multipurpose primary cooperatives in 2010. Currently it has 2,413 members, 2,195 of whom are male and 218 female. The Union’s capital has doubled in four years and at present has reached 250,000 birr. The Union is involved in agricultural input supply and distribution, bulking and marketing of agricultural commodities and provision of different farm services, agronomics, business support and product handling and management.</td>
<td>For most up-to-date contacts please call office of TAG Gertjan Becx Tel: +251 91 266 0725</td>
</tr>
</tbody>
</table>

| Illubabor Zone, where Chewaqa area is located, is the second biggest producer of soybean in Ethiopia, accounting for 35% of national production. During the 2013/14 planting season, Illubabor zone produced close to 6000 MT of soybean covering an area of 3000 hectares. A total of 23,000 farmers were engaged in the production of soybean. Mostly engaged in the production of soybean in the zone are settlers from Eastern Ethiopia. |

<table>
<thead>
<tr>
<th>Mama Cooperative Union</th>
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<tbody>
<tr>
<td>Mama Cooperative Union (Pawe Cooperative Union) is a farmers’ organization based in Pawe. It was established in 2012 and currently has 1000 members. So far, it is active only in input distribution, but an attempt was made to link them with Alema Kouldi in 2014. They have planned to engage in the commodity bulking business particularly for soybean and groundnuts.</td>
<td></td>
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</tbody>
</table>

| Metekel Zone, where Mama Union is located, is the leading producer of soybean in Ethiopia, accounting for 20% of the national production. The people of the area are mostly settlers from Eastern Ethiopia. Metekel is known for its mix of smallholders and large-scale commercial farmers. |

<table>
<thead>
<tr>
<th>Assosa Union</th>
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<tbody>
<tr>
<td>Assosa Union is based in Assosa town in the Benishangul-Gumuz Region. The Union is engaged in both input distribution and output trading. The principal agricultural commodities traded by the Union are maize, soybean, honey, sesame and noug. Assosa Zone is one of the top three soybean producers in Ethiopia.</td>
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<tr>
<th>Buno Bedele Union</th>
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<tr>
<td>Buno Bedele Union is engaged in input distribution and output trading. Coffee and maize are the principal commodities bulked and traded by the Union. Though soybean production is limited in the areas where they operate, the potential is high. There are six woredas around Bedele suitable for soy production. In the past, production was significant but farmers switched to sesame and other oilseed crops such as rous due to market problems. If market linkages are developed, the prospect for soybean is positive. Furthermore, the Union has a strong interest in promoting soybean production, especially as a rotation crop for maize, and also as farmers move away from cultivating sesame.</td>
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Development Organizations and Projects

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<thead>
<tr>
<th>IFDC-2SCALE</th>
<th>Contact:</th>
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<tbody>
<tr>
<td>The 2SCALE is an agricultural development program funded by the Netherlands Directorate-General for International Cooperation (DGIS). It focuses on eight African countries which have a multi-year bilateral development relationship with the Netherlands i.e. (1) Benin (2) Ghana (3) Mali (4) Ethiopia (5) South Sudan (6) Kenya (7) Uganda (8) Mozambique. The overall objective of 2SCALE is to ‘improve rural livelihoods and food nutrition security in Africa by creating viable Agri-Business Clusters (ABCs) effectively linked to (BoP) markets’. IFDC is working with a number of business clusters promoting productivity improvement and market linkage. They are currently working on 19 clusters in the sesame sector (working together with the Sesame Business Network). Four clusters in the potato sector and three clusters in the soya bean sector. The three soybean clusters are found in Chewaqa zone with each cluster constituting 1200 farm households. The interventions on soya bean are varietal adaptation and demonstration, inoculum trial and supply, scaling-up of the selected improved varieties and inoculum, seed multiplication and market linkage facilitation. In variety trials, Didesa and Ethiopia-yogoslavia were tested and Didesa was selected for its yield of 23 Q/ha without inoculant, and 31 Q/ha with inoculant. In inoculant adaptation trials, soya inoculant was sourced from Lima Agricultural Research Center and tested at 40 farmers’ plots of 20 by 20 and gave better yields. Hence, for the coming production season, planting is to be scaled up to include 1600 farmers on 0.125 ha plot. In addition to capacity building in best farming practices, IFDC also facilitated linkage between Chewaqa Union and GUTS Agro on soya bean supply.</td>
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<tr>
<th>N2Africa</th>
<th>Contact:</th>
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<tr>
<td>N2Africa is a science-based “research-in-development” project focused on putting nitrogen fixation to work for smallholder farmers growing legume crops in Africa. It is funded by the Bill and Melinda Gates Foundation and operates in nine countries within Africa, five of which — namely Ethiopia, Nigeria, Tanzania, Ghana and Nigeria—are the core countries. N2Africa has prioritized five legume crops for its interventions in Ethiopia: faba bean, common bean (haricot bean), chickpea, groundnut and soybean. The project envisions building sustainable, long-term partnerships to enable African smallholder farmers to benefit from symbiotic N2-fixation by grain legumes through effective production technologies, including inoculants and fertilizers. Achieving the genetic potential of ‘improved’ varieties requires careful attention to crop management—and in the case of legumes this includes rhizobial inoculant and balanced fertilization.</td>
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<tr>
<th>World Food Program (WFP)</th>
<th>Contact:</th>
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<tr>
<td>The WFP Purchase for Progress (P4P) program is intended to leverage WFP’s purchasing power to support agricultural and market development in over 20 countries in Africa, Asia and Latin America. P4P links WFP’s demand for staple food commodities (cereals, pulses and blended foods) to the technical expertise of a wide range of partners to support smallholder farmers boost their agricultural production and sell their surplus at a fair price, serving as a catalyst for developing local economies. The program has a five-year (2009–2014) budget of US$ 168 million contributed by multiple donors including the Bill &amp; Melinda Gates Foundation (BMGF). Ethiopia is one of the biggest countries where P4P is operating and the program is implemented in close collaboration with ATA and three development partners: TechnoServ (providing business management support to the cooperatives union), ACDI/VOCA (supporting warehouse management) and SASAKAWA (assisting on agronomic aspects). According to the national P4P coordinator, continu- ity of the program after 2014 in many countries hinges on the availability of funding. As one of the priority countries, Ethiopia will continue with the support of BMGF but funding will probably be scaled down.</td>
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Sources of further information
### Facilitators for Change, Ethiopia

Facilitators for Change (FC) is a local NGO working in Oromia and Amhara Regions. FC’s thematic programs are categorized under three major pillars: women’s capacity building, technical and vocational skills and household food security and market linkage. FC’s household food security and market promotion program pillar is aimed at improving the livelihood of smallholder farmers through boosting production/productivity and increasing their participation in the market through promotion of farmers’ marketing organizations by applying the value-chain approach. The program is expected to contribute to the attainment of food availability and affordability at household level and thereby enhance child wellbeing, growth and development. In relation to soybean, FC has been promoting the crop in three woredas in Jimma Zone: Tiro-Afeta, Omo Nada and Kersa. To ensure market linkage, FC supports women’s self-help groups to own small soybean milk-processing machines. The farmers’ organizations are linked to the women’s self-help group.

[Contact: https://www.fce-eth.org](https://www.fce-eth.org)

### Integrated Seed Sector Development (ISSD) Ethiopia

ISSD is supported by the Directorate-General for International Cooperation of The Netherlands. The program aims to strengthen the development of a vibrant, market-oriented and pluralistic seed sector in the country, where quality seed of superior varieties is available and affordable for a large number of farmers, thereby contributing to food security and economic development in Ethiopia. Integrated Seed Sector Development (ISSD) is an inclusive approach that recognizes and builds upon a diversity of seed systems. ISSD recognizes the relevance of informal and formal seed systems, as well as the complementary roles of the private and public sectors. The ISSD approach promotes entrepreneurship and market orientation, and facilitates the development and implementation of enabling and evolving policies for establishing a dynamic seed sector. Though ISSD doesn’t have commodity specification, they are currently working on soybean in Jimma and Chewaqa areas through their implementing partner—Jimma University.

[Contact: http://www.issdethiopia.org/](http://www.issdethiopia.org/)

### CASCAPE

This is another project funded by the Dutch Government which aims to generate evidence for scaling up best practices e.g. conducting a market chain assessment and working towards value chain development for the crop. The project started a stakeholder workshop so as to furnish a floor for the key stakeholders of the sub-sector to share the issues and network the soya bean business among the players. Recently, CASCAPE facilitated business networking of soya bean supply by Chewaqa Union and farmers’ cooperatives at Tiro Afeta to Alemu Koudijs. Chewaqa effected the contract successfully and the union experienced positive and effective business in securing better price for primary producers.

[Contact: http://www.cascape.info/](http://www.cascape.info/)

### PICS – Purdue Improved Crop Storage

The PICS III phase has included Ethiopia as priority country. The PICS project aims to increase the income of farming families in Africa through the use of inexpensive, plastic grain-storage bags. Currently, researchers from Purdue University are exploring possibilities to scale out its triple layer bags in collaboration with private sector parties. The PICS technology can enhance the storage time of legumes substantially.

[Contact: https://ag.purdue.edu/ipia/pics/Pages/home.aspx](https://ag.purdue.edu/ipia/pics/Pages/home.aspx)