

UNIDO's contribution to MDGs

Millennium Cities Initiative

Investment Opportunities for Development

Mekelle, Ethiopia



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO'S CONTRIBUTION TO MDGs

**MILLENNIUM CITIES INITIATIVE (MCI)
INVESTMENT OPPORTUNITIES FOR DEVELOPMENT**

MEKELLE, ETHIOPIA



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2009

Copyright © 2009 by the United Nations Industrial Development Organization
Photographs for the publication were provided by the Millennium Cities Initiative
General country and city information was provided by the Millennium Cities Initiative

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

Table of contents

6	The Millennium Cities Initiative (MCI)
7	UNIDO's Contribution to the Millennium Cities Initiative
	<i>Mekelle, Ethiopia</i>
9	Background and Business Opportunities
11	Investment Profiles
	<i>Lemlem Food Complex</i>
	<i>COMEL Pvt. Ltd. Company</i>
	<i>MariamSaba Sanitary Products Factory</i>
	<i>Elias Gebre Mariam Gebre Egziagbhier</i>
	<i>Misgina Dairy Development Project</i>
	<i>Buruk Electromechanical</i>
	<i>United Alpha Commercial PLC</i>
	<i>Selam Tiles and Terrazzo Factory PLC</i>
	<i>Desta Alcohol & Liquor Factory PLC</i>
	<i>Axum Hotels PLC</i>
	<i>Ethio - Fana General Trading PLC</i>
	<i>Mesfin Industrial Engineering PLC</i>
	<i>Sheba Leather Industries PLC</i>
	<i>Sofi chemical manufacturing & Trading PLC</i>
	<i>Getachew Kebede</i>
	<i>Dawit Tadese Yaee</i>
	<i>Bruh-Tesfa Plastic Products PLC</i>

The Millennium Cities Initiative (MCI)

The Millennium Cities Initiative aims to facilitate African countries reaching their Millennium Development Goals (MDGs) by, among other things, attracting more foreign direct investment.



The MCI, an urban counterpart to the Millennium Villages Project, is assisting selected mid-sized cities across sub-Saharan Africa in their efforts to achieve the Millennium Development Goals.

The Initiative is focused on the capitals of the regions where the Millennium Villages Project is enabling farmers to transition from sub-subsistence farming to commercial agricultural and non-agricultural activities, with the help of an integrated package of interventions in agriculture, health, education and enterprise development. The MCI was established to complement this work by strengthening the farm-to-market linkages between the countryside and these secondary cities.

By concentrating on policy analysis impacting foreign direct investment (FDI), the MCI aims to engender a climate in which foreign investment can thrive, thereby creating employment, stimulating domestic enterprise development and fostering economic growth. In addition, the MCI is helping the Millennium Cities to carry out needs assessments in a wide array of social sectors, the data from which will enable the Millennium Cities to generate integrated City Development Strategies that are explicitly predicated on achieving the MDGs.

Overall, the Initiative will demonstrate, through its research and policy analysis, that more FDI can be attracted to regional urban centers in sub-Saharan Africa, with the resulting beneficial employment and economic growth effects.

The urban development strategies produced by and for the Millennium Cities themselves will apprise national governments and their donors of each city's priorities and chart a path toward their realization. These City Development Strategies, as well as a MCI Handbook chronicling the project's processes and best practices, will serve as templates for the replication and scaling of the Initiative to other similarly underserved urban settings across sub-Saharan Africa and beyond.

UNIDO's contribution to the Millennium Cities Initiative

UNIDO helps developing countries and economies in transition in their fight against marginalization by focusing, amongst other priorities, on Poverty Reduction through Productive Activities.



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO mobilizes knowledge, skills, information and technology to promote productive employment, a competitive economy and a sound environment. Furthermore, the Organization enhances cooperation at global, regional, national and sectoral levels.

Economic growth required for eradication of poverty and the achievement of the other associated MDGs depends on capital accumulation (investment) and technical change going hand in hand. Investment in plant and machinery, with its impulse of new ideas and technologies, contributes to productivity growth, as do technological progress, upgrading and diffusion.

Foreign direct investment (FDI) in particular is an important driver of economic performance, as it is expected to improve directly industrial productivity growth by infusing new capital, technologies and managerial know-how, and by improving the average skills and efficiency levels of industry.

UNIDO supports the MCI by identifying, together with national counterparts, investment opportunities using its established tools and methodologies including the project appraisal software COMFAR.

Promotion of investment projects is achieved through its Investment and Technology Promotion Offices (ITPO) Network which provides a unique combination of value-added services to entrepreneurs and institutions seeking international alliances in industrial investment and technology commercialization in and from developing countries and economies in transition.



Mekelle, Ethiopia

BACKGROUND

Mekelle, the capital of the Tigray Region, is the largest city in northern Ethiopia and the sixth largest in the country, covering 28 square kilometers, with an estimated population of 175,000.

Mekelle is a major economic and educational center, with a new international-standard airport, new federal teaching hospital and a full university, and serves as the gateway to some of East Africa's most spectacular natural, historic and religious sites.

POSSIBLE BUSINESS OPPORTUNITIES

Mekelle currently boasts seven hotels, two of them four-star, with one currently undergoing conversion to five-star status. Existing investment opportunities include textile manufacturing and such other agribusinesses as leather, dairy, processed foods, fertilizer, refractory bricks, lime production and sheet glass; other promising sectors include cultural, religious and eco-tourism, horticulture, apiculture and concentrated solar thermal energy production (capitalizing on the quality and quantity of Tigray's sunshine).

A 100 megawatt wind farm is under construction, and there is a new abattoir, as well as cement and steel factories, an industrial engineering plant and generator repair facility.



UNIDO Field Office

UNIDO Field Office
Africa Hall (old ECA Building)
Addis Ababa
P.O. Box 5580
ETHIOPIA

Phone: +251 11 5514245
+251 1 226150
Fax: +251 11 5512733
Email: office.ethiopia@unido.org
Web: www.unido.org

Tigray Region Investment Promotion Office

Tigray Region Investment Office
Mekelle, Tigray
ETHIOPIA

Phone: +251-(0)34-4408522
Mobile: +251-(0)91-4720348
Email: invest@ethionet.et

MEKELLE - Investment Profiles

12	Lemlem Food Complex
14	COMEL Pvt. Ltd. Company
16	MariamSaba Sanitary Products Factory
20	Elias Gebre Mariam Gebre Egziabhier
22	Misgina Dairy Development Project
24	Buruk Electromechanical
26	United Alpha Commercial PLC
28	Selam Tiles and Terrazzo Factory PLC
30	Desta Alcohol & Liquor Factory PLC
32	Axum Hotels PLC
34	Ethio - Fana General Trading PLC
36	Mesfin Industrial Engineering PLC
38	Sheba Leather Industries PLC
40	Sofi chemical manufacturing & Trading PLC
42	Getachew Kebede
44	Dawit Tadese Yae
48	Bruh-Tesfa Plastic Products PLC

P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Total investment (thousand US\$):	12.500
Foreign contribution (thousand US\$):	0

Purpose of the project:

The company is proposing a massive diversification of USD 12.50 mn to produce Biscuits, Pasta & Macaroni in a newly acquired plot of 25,000 sq mts of land in the Industrial Area in Mekelle. The company requires support for the following:

Planned products and services:
Pasta and Macaroni
Biscuits and Cookies

- Pasta and Macaroni Manufacturing Technology (Machinery and Equipment)
- Biscuit Manufacturing Technology
- Carton and Laminated Plastic Manufacturing Technology for packing
- Training of Manpower for all of the above.



Rationale behind the project:

Access to resources

The company has already invested in expansion of the wheat flour production which will be the basic raw material for the planned expansion.

Access to markets or market niche

There is an access to existing market network through the family trading business.

Form of collaboration sought:

Technology transfer

Technology for production of new products and technology for packing of the new products.

Equipment purchase

Source of Equipment and Machinery.



P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

Comel is facing problems of supply of honey. It wants support in creating awareness for Honey Bee rearing in the rural population which can increase income and reduce poverty. For this Comel seeks support from Civil Society Groups, NGOs and VOs. It also expects support for this from the Ministry of Agriculture and Ministry of Rural Development.

Other

Comel needs support from NGOs/VOs to promote apiculture in Tigray region so that the supply of honey increases. This will help the company process more honey and service the excess demand it has. It will also help the poor peasants in the rural areas of Tigray

In the long run, Comel wants to set up Hotel especially in rural tourism and expand into food processing and more value added in the apiculture (honey processing) industry. It is expecting international investors to support it in different ventures.

Rationale behind the project:*Access to markets or market niche*

Comel has demand for the products from USA and other destinations

Favourable location

The quality of Tigray honey is considered excellent and being in Mekelle, the capital of Tigray, Comel can source and process this honey

Form of collaboration sought:*Joint-venture (equity)*

Comel has many projects in Mekelle. It is looking for investors to support the projects like Hotel (Rural Tourism).

Project No.:	ETH-003-2009-09
ISIC Code:	D1729 - Manufacture of other textiles n.e.c.
Date of Submission:	1 October 2009

MariamSaba Sanitary Products Factory

C O M P A N Y I N F O R M A T I O N

Name of company

MariamSaba Sanitary Products Factory

National investor

Ms. Freweini Mebrahetu, a Ethiopian from Tigray, now a citizen of United States of America - a chemical engineering by qualification with over 12 years of work experience in US with Fortune 500 companies like Exxon Mobil came back to her country and her region with a motive of starting a project which will help her contribute to the society in her country and also earn her a decent living. Based on these ideals, Ms Mebrahetu studied the plight of women in Ethiopia due to lack of access to hygiene products especially lack of menstrual pads which causes isolation, depression and makes them less productive in their day to day lives. The cost of menstrual pads in the markets were also the reason for the women not being able to access it. With an intention of relieving them of their agony, Ms. Mebrahetu conducted many studies and developed a reusable menstrual pad. This pad has received patent from the Addis Ababa Science and Technology on 25th May 2006 (Certificate no ET/UM/2006/321).

Current markets:

The project is new and the market survey conducted by the company is only in Ethiopia. At the moment company plans to approach Civil Society Agencies, Donors and Church Groups to promote the products within the Tigray Region.

Within 6 months the company will go pan Ethiopia. The company also plans to offer license for production and sale to other interested parties to produce and sell the products in other parts of Africa and the world.

Competitors:

There are no competitors in this segment. However in the sanitary pads business there are many domestic and Multinational companies. Though there is no direct threat to the company's sales plan as the company is targeting women who hitherto are not getting access to the product, there is a likelihood that some of the companies producing these products may reduce their price to cause threat to the company.

Company strengths:

Ownership rights and licences

The Proprietor of the company has patent for this product as she has invented the same. So there is no possibility of anyone else copying and selling the same in Ethiopia.

Technical expertise

Since the inventor herself is the promoter of the project, the technical expertise to produce the product is very high.

Managerial expertise

Being a Chemical Engineer and having worked for over 12 years in USA, the promoter has good experience in managing the project.

Exports

There is a huge potential in Developing and Least Developed Countries for this product. The company is willing to give licenses and/or export the products to wherever there is a requirement.

P R O P O S E D P R O J E C T

Marketing

The market potential as per the business plan is very high. The company has already tested the market potential through a pilot production and selling exercise over 3 months. The results are encouraging.

Total employees:

66 full time

0 part time

Current products / services of the company:

Reusable Sanitary Pads 125.000 packs / year
(Capacity utilization: 21%)

Reason(s) for low capacity utilization:

At the moment project is on a pilot scale. On completion of construction, the company will have an installed capacity of 600,000 packs per year and the company will have to expand very soon due to high demands expected.

Project type:

New project - Start up/promoter's first investment activity

Purpose of the project:

The purpose of the proposed project is to produce Sanitary and Hygiene Products at the moment targeted at the poor women of Ethiopia in a low cost manner so as to provide access to hygiene products and ensure that the women live their life every day in a dignified manner.

The project envisages: To earn reasonable profits through production of reusable menstrual pads and other sanitary products. To improve the living standards of the poor women in urban and rural areas through production and supply of reusable menstrual pads and other sanitary products.

To create employment opportunities in producing and selling the products of the company.

To export these products to the needy women in Africa and other developing countries and contribute to the upliftment of the women there and also thereby earn foreign exchange for the country.

*Rationale behind the project:**Access to resources*

Most of the raw materials required for the product are locally available. This will have a good multiplier effect on the Ethiopian Economy.

Access to markets or market niche

There is a demand (as per the market analysis in the project report) for a population of around 15 million women who would use this product if launched in 2009 and this is expected to increase to around 19.5 million women in 2018.

Capability, competence

The project promoter is also the inventor of the product and has international experience in production, marketing and management of business.

Cost competitiveness

The company plans to sell the product in packs of 5 reusable menstrual pads at 20 Birr (1.67 USD) per pack. This is priced very competitively against the existing non-reusable menstrual pads.

Unique technology

The technology is the culmination of the international knowledge and experience of the promoter and education in chemical engineering and sensitiveness to the local needs and hence it is unique in all aspects.

Form of collaboration sought:

Joint-venture (equity)

Equity participation is required for the initial implementation of the project. The initial cost of the project is USD 500,000 excluding land. The company plans to avail a local loan of USD 330,000.

Market access

The company requires market access to African and Developing Country Markets.

Total investment (thousand US\$):	500
Foreign contribution (thousand US\$):	N/A

Planned products and services:	
Reusable Menstrual Pads	600.000 packs / year

P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

The purpose of the project is the following:

1. Seek Support (Financial and Technical) for expansion of the firm in the new premises in the Industrial Zone
2. To train manpower
3. Improvement in Technology (Consultants required to improve Technology)

Rationale behind the project:

Access to markets or market niche

The demand for the company's products especially the satellite dishes is very high and there is a need to produce the same in larger scale.

Capability, competence

The promoter has exhibited skill in developing the products and the markets for the products over the years.

Form of collaboration sought:

Joint-venture (equity)

The company has procured land in the Industrial Area in Mekelle for expansion and also to streamline the existing business. For this it requires additional investments. The company is interested in a partner in equity or loan.

Technical expertise

The company requires technical expertise to train manpower and also to identify new technology and new products and processes.

Project No.: ETH-005-2009-09
ISIC Code: D1520 - Manufacture of dairy products
Date of Submission: 1 October 2009

Misgina Dairy Development Project

C O M P A N Y I N F O R M A T I O N

Name of company

Misgina Dairy Development Project

National investor

Mr. Misgina Tesfay is a trader in construction materials and is planning to set up a Dairy Farming project in the industrial area of Mekelle.

For this purpose he has procured 2000 sq.mts of land in which construction is under way. He has also started acquiring high milk yielding cows imported from USA.

He has 5 cows at the moment and he is likely to increase the number of cows to 120 cows.

He will be employing 28 people in the first phase where there will be only milk production and in the second phase, he will venture into milk processing and making value added products.

Current markets:

New Project

Competitors:

There is one dairy farming company immediately in the vicinity with similar types of cows as Misgina Tesfay.

Company strengths:

Financial resources

The promoter has organised around 35% of the capital required for the project. He has also constructed the building (partly) with his own funds.

P R O P O S E D P R O J E C T

Project type:

New project - Start up/promoter's first investment activity

Total investment (thousand US\$):	379
Foreign contribution (thousand US\$):	0

Purpose of the project:

The Purpose of Misgina Dairy Development Project is to produce and supply good rationale: Quality milk to Mekelle and other Dairy processing company in and around Mekelle.

Planned products and services:	
Milk	500.000 litres / year

The company will have additional revenues from selling meat from the cows after their milk production life is over. The company will also offer cows of international breed to the nearby farmers for rearing and collect milk from them on a buy-back arrangement to supply milk to the Dairys with which it will tie-up. The company will also create job opportunities for 28 workers directly and many more indirectly through the milk processing value chain.

The company initially plans to set up the dairy farm in the 2000 sq mt plot that it has acquired in the Mekelle Industrial Area and then plans to move to another area when the number of cows increases and convert the premises in the industrial area into a milk processing factory in the 2nd phase.

The initial investment cost is USD 379,000 in the first phase. In the second phase there will be an additional investment of USD 75000.

Mr Misgina Tesfay has organised to finance USD 132,650 as his equity contribution for the first phase and has also partly constructed the building required for the dairy farming project. He has prepared a business plan for both the phases of the project.

Rationale behind the project:*Access to markets or market niche*

There is a huge demand for milk in Mekelle as there is a shortage of milk in the city, region and the country. There is a demand in the organised dairy industry itself to which the company can supply.

Unique technology

The imported cows will yield more milk than the conventional cows and hence the profitability will be higher.

Form of collaboration sought:*Joint-venture (equity)*

The company requires loan and/or equity for the first phase to the tune of USD 346,350.

Loan

The company requires loan and/or equity for the first phase to the tune of USD 346,350.

Technical expertise

The company requires technical support in breeding of the cows along with technical training for the manpower in breeding.

P R O P O S E D P R O J E C T

Project type:

New project - Same as current activity of promotor

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

Buruk Electromechanical has requested support in helping it develop a sound marketing strategy for its products. The Firm is planning to start a project of fabricating dumpers. The Firm also needs support in sourcing raw materials as the same is not available in the country. The Firm also wants to develop a lift renting business for which it wants financial support.

Rationale behind the project:*Capability, competence*

The promoter of the company Mr. Seged has wide experience in the business and is known around Mekelle as a person who can solve complex engineering problems.

Form of collaboration sought:*Joint-venture (equity)*

The company is planning to set up a new business for renting lifts for concrete. The company can manufacture the lifts and then rent it. However the investment in manufacturing the lifts is very high. The company wants financial assistance in the form of equity or loan.

Technical expertise

The company wants to manufacture dumpers for which it requires technical expertise for standardizing the products.

Other

The company wants a reliable source for quality raw materials for its project to manufacture dumpers and for its existing business.

P R O P O S E D P R O J E C T

Project type:

New project - Diversification from current activity of promoter

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

The company has requested support for development of new products using the existing equipment imported from China. Since there are no manufacturers, it is difficult to gauge quality and wastages and hence the company requests quality control support and help in standardization of the products. The company also needs support from their existing banking channels to increase their working capital limits.

Rationale behind the project:*Favourable location*

The demand for Gabion in Tigray region is increasing due to boom in the construction sector.

Unique technology

There are no producers of Gabion in Mekelle. The technology imported by United Alpha from China is unique.

Form of collaboration sought:*Technical expertise*

The company expects support from technical experts to help them produce value added products from the existing equipment purchased from China. The company also needs support in standardizing their products and also reduce waste in their existing process.

P R O P O S E D P R O J E C T

Project type:

New project - Same as current activity of promotor

Purpose of the project:

The company has many problems in its manufacturing activities and hence they have requested the following support:

1. They require technology for fast drying of tiles;
2. They require technology to expand to cutting and polishing of marbles;
3. They require technology for improving the quality of tiles as the quality of water is poor the quality of tiles is also poor;
4. They require training support for manpower.

Apart from the above, the company has requested additional loan of USD 1,200,000 for expansion, additional working capital and implementing the projects mentioned above. They have submitted a project report to the Tigray Region Investment Office. They can make it available on demand.



Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

**Rationale behind the project:***Access to markets or market niche*

There is a boom in the construction industry and hence the company has access to markets in Mekelle City and Tigray Region as a whole.

Form of collaboration sought:*Loan**Technology transfer*

They require technology for fast drying of tiles which at the moment is done in sunshine. They also require technology to expand to cutting and polishing of marbles in their existing factory premises. They require technology for improving the quality of water due to which the quality of tiles is also poor.

P R O P O S E D P R O J E C T

Project type:

New project - Same as current activity of promotor

Purpose of the project:

The company is facing tremendous pressure from the local authorities for waste water treatment and hence the company is looking for technical and implementation support for waste water treatment.

Company releases 150 cubic metres of water every day and if treated, this water can be used inhouse and cost of buy water can be reduced.

The company wants technical and commercial collaborations to set up a glass factory in Adigrat. The company does not have a business plan for this and is under preparation.

The company plans to set up a Wine factory near Mekelle Airport. Company is interested in getting technical support for this.



Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A



Form of collaboration sought:

Technical expertise

The company wants technical collaboration to set up a glass factory in Adigrat and to set up a wine factory near the Mekelle Airport. The company also seeks technical support for waste water treatment plant in the existing factory.



P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

The Hotel Axum, Mekelle is at the moment undergoing an expansion plan to add 120 new rooms to its existing 60 rooms thereby becoming the largest Hotel in Mekelle. The company has an existing investment of USD 2.01 mn and after the expansion the investment will become USD 7.1 mn.

The company has already procured finance from Construction and Business Bank and the construction is going on. The company plans to include new swimming pool and apartment hotel concepts into its new expansion.

The company needs the following support:

1. Assistance in converting itself from a 4star to 5star status.
2. Training of Manpower to make service delivery in the Hotel of International Standards.
3. Equipment purchase suitable for 5 star hotels.

Form of collaboration sought:*Technical expertise*

The company seeks assistance in converting itself from a 4star to 5star status. The company needs support in training of Manpower to make service delivery in the Hotel of International Standards.

Equipment purchase

The company needs support to purchase equipment suitable for 5 star hotels.

Rationale behind the project:*Capability, competence*

Axum Hotel has the experience and expertise in running a hotel business in Ethiopia and is known for quality service in both its Addis Ababa Project and also the Mekelle Project.

Favourable location

The demand for hotel rooms in Mekelle is very high as it is the capital city of Tigray Region. There are very few hotels in the city and the demand for rooms in Axum hotel is also very high.

Project No.:	ETH-011-2009-09
ISIC Code:	F4530 - Building installation, D2695 - Manufacture of articles of concrete, cement and plaster
Date of Submission:	1 October 2009

Ethio - Fana General Trading PLC

COMPANY INFORMATION

Name of company

Ethio - Fana General Trading PLC

National investor

The company is a part of Family Business of Ms. Almaz Tadesse. She is supported by her two sons Mr. Daniel G/ Egziabher and Mr. Fikre G/Egziabher. The company was originally set up to trade in Construction material and subsequently it diversified into transporting and manufacture of Hydraform. The company is at the moment manufacturing Hydraform Blocks. Tiles. The total investment in Hydraform Project is USD 1.25 mn.

Current markets:

Main Market is in Tigray Region. The main buyers are contractors, government and individual house owners who want to construct at a low cost and very fast.

Competitors:

There are no competitors at the moment in Mekelle. But in Ethiopia there are many competitors.

Company strengths:

Technical expertise

The technology is unique to Ethio Fana as it has been procured from the founders of this technology from South Africa. The company also has trained manpower to support this process.

Managerial expertise

The company has a team of dedicated and qualified professionals in the promoters' family who have a huge experience in the industry.

Marketing

The company has its own marketing outlet and also transportation facilities and hence the company is able to market its produce cheaper than the competitor.

Total employees:

110 full time	90 part time
---------------	--------------

Current products / services of the company:

Hydraform Block	2.500.000 / blocks per year
-----------------	-----------------------------

Reason(s) for low capacity utilization:

At the moment due to lack of power and non availability of cement - the main ingredient, the company has stopped production.

Annual turnover for the last three years (in thousand US\$):

	2006	2007	2008
Total sales:	N/A	N/A	500
Domestic Market (in %):	N/A	N/A	100
Export (in %)	N/A	N/A	0

P R O P O S E D P R O J E C T

Project type:

New project - Diversification from current activity of promoter

Purpose of the project:

The company has many future plans and has requested support for all or some of them. They are:

1. Low Cost Standard Housing
2. Roof tiles Manufacturing (they have already identified the technology from China and are in the process of preparing a business plan for the same)
3. Constructing their own low cost housing scheme for people of Mekelle.

They seek partners who can offer them advise in designing and implementing the projects above.



Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

**Rationale behind the project:***Access to markets or market niche*

There is a boom in construction sector in Tigray Region and Mekelle City. The company is expecting to be a key supplier of construction material to the construction companies.

Unique technology

The technology adopted by the company comes from the innovators of the Hydraform technology in South Africa. Ethio-Fana is the only company in Ethiopia to possess this technology.

Form of collaboration sought:*Technical expertise*

The company plans to launch a construction company to develop low cost housing estates. For this the company needs support of technical experts who can advise them in designing and implementation.

Buy-back arrangement

P R O P O S E D P R O J E C T

Project type:

New project - Same as current activity of promotor

Purpose of the project:

Mesfin Industrial Engineering PLC is looking for Joint Venture Partners to support in Design and Technology Centre development within its premises. It is also looking for technology to set up sugar plans, sugar cane trailers, cement manufacturing plants which are booming in Ethiopia. It is also looking for local suppliers of intermediate parts which it has to import at the moment.

Rationale behind the project:*Access to markets or market niche*

MIE is the only company in the large scale area offering such wide range of products and applications in the transport and mechanical engineering sector.

Capability, competence

MIE has the ability to offer wide range of services and is one of the oldest, reputed and proven companies of its kind in Ethiopia.



Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

**Form of collaboration sought:***Joint-venture (equity)*

Mesfin Industrial Engineering is looking for Joint Venture Partners to support in Design and Technology Centre.

Technology transfer

MIE is looking for technology to set up sugar plans, sugar cane trailers, cement manufacturing plants.

P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Purpose of the project:

Sheba Leather Industry PLC requires support in the form of:

1. Training for its manpower in increase the value added, designing new products and reducing costs;
2. Waste Water Treatment;
3. Financial Support for Production and International Branding and marketing of Shoes and Gloves.

**Rationale behind the project:***Capability, competence*

The company has employed German and Italian experts to increase the value of the products that it produces.

Favourable location

Supply of leather in Tigray region especially near Wukro town is very high.

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

**Form of collaboration sought:***Joint-venture (equity)*

Sheba Leather wants financial support for Production and International Branding and marketing of Shoes and Gloves.

Technical expertise

Sheba Leather wants technical support for Waste Water Treatment plant in its factory.

Other

Sheba Leather wants training for its manpower in increase the value added, designing new products and reducing costs.

P R O P O S E D P R O J E C T

Project type:

Modernization and/or expansion of existing plant / line of business

Total investment (thousand US\$):	N/A
Foreign contribution (thousand US\$):	N/A

Purpose of the project:

The coating industry has wide application and using the same machines many products can be produced. The market is also very huge.

Planned products and services:

Stucco, adhesive, auto paints, sealer, fillers, industrial paints, lacquer, glue

Therefore, the project proposal is to introduce new products in this area if necessary establish new facilities.

The company has already procured land. The company needs technical & financial sources.

Rationale behind the project:*Access to markets or market niche*

There is a good market for the company's products in the northern part of Ethiopia.

Unique technology

The technology of the company is from Turkey and is new. No other competitor has this technology.

Form of collaboration sought:*Loan*

The company needs loan to diversify fast into other coating products. It seek loan at low rates for this. A detailed project report can be made available on request to the lenders.

Technical expertise

The company needs support from Technical Experts for the development of new products.

Project No.:	ETH-015-2009-09
ISIC Code:	D1541 - Manufacture of bakery products
Date of Submission:	10 November 2009

Getachew Kebede

C O M P A N Y I N F O R M A T I O N

Name of company

Getachew Kebede

National investor

The owner of the project Mr. Getachew Kebede has a long experience is trading different products. At the moment he is involved in trading of construction materials. He has a retail outlet and a warehouse in the Business District of Mekelle City. He had decided to set up a biscuit manufacturing unit due to high demand and relatively less number of producers of biscuits in the Tigray Region.

He plans to invest USD 541,000 in the project of which 50% will be his equity contribution and he is looking for banking support for the balance 50%. Mr. Getachew has already procured 3750 sq mts of land in Industrial Zone and has constructed the building required for the project with an investment of USD 266,667.

Current markets:

The Market for the project is expected to be in major cities in Tigray region especially. There are many shops and outlets in and around Tigray Region which is having short supply of low cost good quality biscuits. The company will supply to these outlets. There is no sales performance so far as the company is new.

Marketing

The products of the company are in short supply in the region and hence there is a good demand for the products due to which marketing is expected to be an easy function for the company especially if the quality of the products is acceptable to the customers.

Competitors:

There are many biscuit producers in Ethiopia like Afia, Nas, Brothers, Mars, Awash etc. Apart from these there are many importers. These competitors are going to affect the business of the company.

Company strengths:

Financial resources

The Promoter has adequate financial resources to procure loan. He has already invested USD 0.267 mn in the building and is willing to contributed up to 50% of the total project cost which is more than adequate margin required for a loan in Ethiopia.

P R O P O S E D P R O J E C T

Project type:

New project - Diversification from current activity of promoter

Total investment (thousand US\$):	541.00
Foreign contribution (thousand US\$):	0.00

Purpose of the project:

The proposed project will produce 495 tonnes of dry biscuits per annum in a single shift operation of 8 hrs per day at 300 working days in a year. The total investment in the project is expected to be USD 541,000 of which 50% will be contributed by the promoter and 50% will be taken as loan. The project will invest USD 503000 in Fixed Assets and Preproduction Expenses and the balance USD 38,000 will be utilised for initial working capital. The project will generate direct employment to 22 people. The project will import technology for which support has been sought.

Planned products and services:

Biscuits	495 tonnes / year
----------	-------------------

Rationale behind the project:*Access to markets or market niche*

The potential demand for biscuit in Tigray region is 15000 tonnes and the supply from local sources is just 500 tonnes. The balance is met either from other regions or imports. There is a tremendous scope for producing and selling in the Tigray Region.

Technology transfer

The promoter is looking for technology to manufacture dry biscuits from Italy, Germany, Spain, England, India, China and other countries that have a good domestic biscuit manufacturing industry.

Equipment purchase

The promoter is looking to purchase machinery of approximately USD 200,000. The scope for the equipment is that the supplier should guarantee production capacity of 500 tonnes per annum, with machinery having power efficiency, adaptable to Ethiopian employees skill level and capable of producing the quality required by the Ethiopian Markets. The supplier should supply and install the machinery and train the manpower in running the machinery.

Form of collaboration sought:*Technical expertise*

Technical expertise is sought for developing a range of biscuit products for the Tigray Region. The technical expert should also provide training to the manpower.

Marketing expertise

The promoter does not have experience in marketing biscuits and hence marketing experts are required to help in creating a marketing network, developing brands, creating a market entry strategy, training marketing team, developing a channel for marketing, and developing logistics.

P R O P O S E D P R O J E C T

Project type:

New project - Promoter's first investment activity

Total investment (thousand US\$):	1.785
Foreign contribution (thousand US\$):	1.250

Purpose of the project:

Milkana Agro Industries is proposing to set up a Milk processing factory which will rationale: Have a capacity to process 15,000 litres of milk per day.

Of this 5000 litres will be used of producing skimmed milk, 2000 litres for yoghurt, 3500 for producing cheese and 4500 for producing butter. The company plans to work 312 days per year in a single shift operation of 8 hrs per day.

- The company will have a production capacity per annum as follows:
- Skimmed Milk: 1,418,040 Litres
- Butter: 15,600 kgs
- Cheese: 109,200 kgs
- Yoghurt: 780,000 litres

In the first year the company will operate at 80% the capacity and in the second year the company will plan to operate at 90% capacity and after that at 100% capacity.

The company will use Indian Technology to be procured from M/s Warmer Equipment Private Limited and has already procured quotations from them and is negotiating with Banks for funds and opening of Letter of Credit for importing the machines.

On completion of project construction, the company will employ 41 full time employees and is expected to add income to around 2500 farmers through collection of milk. The company has a detailed project report available.

Planned products and services:

Skimmed Milk	1.418.040 litres / year
Butter	15.600 kg / year
Cheese	109.200 kg / year
Yoghurt	780.000 litres / year

Rationale behind the project:*Access to resources*

There is a lot of milk available in the Tigray Region for processing. Tigray has vast tracts of grass land and there are many farmers who own cattle. Due to lack of collection mechanism most of the milk available is not utilised. On the other hand there is a shortage of supply of milk to the tune of 1,835,568 litres per annum.

Access to markets or market niche

Due to high demand, there is a large untapped market available.

Cost competitiveness

Low cost and highly efficient technology from India has been planned.

Form of collaboration sought:

Joint-venture (equity)

The total project cost is USD 1.786 mn. The promoter Mr. Dawit Tadese is contributing 30%. He is looking for an investor who can contribute the balance in equity and loan. He has submitted proposals to various banks in Ethiopia too.

Loan

The total project cost is USD 1.786 mn. The promoter Mr. Dawit Tadese is contributing 30%. He is looking for an investor who can contribute the balance in equity and loan. He has submitted proposals to various banks in Ethiopia too.

Management expertise

The company is looking for Consultants/Employees who have experience in setting up a full fledged dairy including creation of a collection system, identifying and training manpower, running the dairy's day to day operations and evaluating market conditions.

Technical expertise

The company is looking for a technical expert who can support the company during the implementation stage and also during the operations stage.





UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Telephone: (+43-1) 26026-0, Fax: (+43-1) 26926-69
E-mail: unido@unido.org, Internet: <http://www.unido.org>