

# **Investment Opportunities for Development**

Mekelle, Ethiopia



#### UNIDO'S CONTRIBUTION TO MDGs

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

MEKELLE, ETHIOPIA



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### 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.

Source: Millennium Cities Initiative Report, January 2007

## 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.



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 it's established tools and methodologies including the project appraisal software COMFAR.

Promotion of investment projects is achieved through it's 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 fourstar, 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.



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### **MEKELLE - Investment Profiles**

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Project No.: ETH-001-2009-09

ISIC Code: D1549 - Manufacture of other food products n.e.c.

Date of Submission: 1 October 2009

### **Lemlem Food Complex**

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

#### Name of company

Lemlem Food Complex

#### National investor

Lemlem Food complex is a part of the Family Business of Mr. Nurudin Abduletif's family. The family was predominantly trading in Traditional Foods and Grains. With the project of Lemlem Food Complex, the family ventured into Food products production. At the moment the family is producing wheat flour and in the near future the family plans to establish Biscuit and Pasta production facilities.

#### Current markets:

Local Markets in Tigray National State.

#### Competitors:

Many competitors across the country.

#### Company strengths:

#### Financial resources

Being a part of a family run trading business, access to funds in the form of equity and also due to the goodwill of the family business access to funds in the form debt.

#### Quality control

Good Imported Technology from Turkey and hence high quality.

#### Managerial expertise

Well Educated and Highly Experienced Management Team.

#### Marketing

Captive Marketing Network in the family business.

Total employees:

90 full time 0 part time

Current products / services of the company:

Wheat Flour 30 / tons per year

(Capacity utilization: 100%)

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

	2006	2007	2008
Total sales:	1.500	1.560	1.600
Domestic Market (in %):	100	100	100
Export (in %)	0	0	0



#### Project type:

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

#### 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:

- 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 the basic raw material for the planned expansion.

Access to markets or market niche

There is a 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.

Total investment (thousand US\$):

12.500

Foreign contribution (thousand US\$):

0

Planned products and services:

Pasta and Macaroni

Biscuits and Cookies





Project No.: ETH-002-2009-09

ISIC Code: D1549 - Manufacture of other food products n.e.c.

Date of Submission: 1 October 2009

### COMEL Pvt. Ltd. Company

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

#### Name of company

COMEL Pvt. Ltd. Company

#### National investor

Originally started as a sole proprietorship company in 1988, Comel was incorporated into a company in 2004. The company was originally planned as a agriculture activities company focusing on exports. In 2009, the company invested in processing Honey. Comel is the first company to invest in Honey Processing in the Tigray Region. The company is still continuing its original activity of sales and services of Computers. It is the authorised reseller of Alta Compute PLC - Authorised dealer of Dell Computers in Tigray Region. It is also the regional agent of SNAP Trading - Authorised dealer of HP Computers. The Honey of the Tigray region is unique. It has a white colour and has better smell and sweetness than the conventional honey.

#### Current markets:

There is both local and foreign market for Comel's honey. The Honey from Tigray is very popular and gets a premium. The company started honey production for commercial production only in January 2009. The demand for Comel Honey is more than the supply.

#### Competitors:

There is only one competitor called Dimma for the Honey from Tigray Region. However there are many companies in Ethiopia doing honey production. Due to the high quality and popularity of Tigriain Honey, the company does not have any problem with competition.

#### Company strengths:

Access to natural resources

The company has limited access to the honey it processes from its farm outside Mekelle. Though it is not adequate, the quantity of honey that it receives from the farm ensures supply of honey to its regular customers.

#### Marketing

#### Quality control

Due to German Technology, the quality of Honey processed is of High standards

#### Managerial expertise

The Entire Team of Managers is highly qualified and experienced in Business Management and Technical Expertise

#### Exports

The Demand for Honey from Tigray is very high in the export markets.

Total employees:

21 full time 0 part time

Current products / services of the company:

Processed Honey

30.000 kgs / year

(Capacity utilization: 60%)

Reason(s) for low capacity utilization:

Lack of supply of raw materials. The planned capacity is 150,000kgs per year (500kgs per day)

#### Project type:

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

#### 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.

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

#### 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

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 engineery 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.

#### Export

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.

#### 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.

#### PROPOSED PROJECT

#### 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 is 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

Project No.: ETH-004-2009-09

ISIC Code: D2914 - Manufacture of ovens, furnaces and furnace burners, D2930 - Manufacture of domestic appliances n.e.c., D2891

Date of Submission: 1 October 2009

### Elias Gebre Mariam Gebre Egziagbhier

#### INFORMATION

#### Name of company

Elias Gebre Mariam Gebre Egziagbhier

#### National investor

Mr. Elias G. Mariam started his sole proprietorship firm with the intention of practising what he learnt in his Electrical Technology Diploma. He set up the firm in 2001 to produce Electromechanical household products, bakery oven, construction machinery and satellite dish. He has been producing all the products in his small workshop in downtown Mekelle. For expanding his production, he has procure a 2000 sq mts land in the Industrial Area in Mekelle. The construction of the project is in full swing.

#### Current markets:

Market is in the Tigray Region. Sales Details were not provided. Most of the customers are construction companies and small entrepreneurs who want to set up hollow block manufacturing units.

#### Competitors:

There are many competitors. All the competitors are joining together under the UNIDO cluster development programme and hence are not a threat as there are plans for common raw material purchase, common quality control and common marketing.

#### Company strengths:

#### Technical expertise

The promoter is also the chief designer and production manager. He designs the products and hence technical expertise is very high.

#### Marketing

Due to high quality of the products and the promoter being well known in the market, the products especially Television Satellite Dishes sell well in the Mekelle Markets.

Total employees:

Concrete Mixers 200 Litre

25 full time 0 part time

Current products / services of the company:

Concrete Mixers 500 Litre 50 / numbers

> (Capacity utilization: 80%) 150 / numbers

(Capacity utilization: 80%)

150 / numbers

Hollow Block making machine (Capacity utilization: 80%) (manual)

Hollow Block making machine 50 / numbers

(Capacity utilization: 80%) (electrical)

Oil Press machine 450 / numbers

(Capacity utilization: 80%)

Bakery Ovens 450 / numbers

(Capacity utilization: 80%)

#### Reason(s) for low capacity utilization:

New products and hence capacity utilisation will increase in the future.

#### 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:

- 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.

#### Project type:

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

#### 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.

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 buyback 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.

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

Planned products and services:

Milk 500.000 litres / year

#### 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.

Project No.: ETH-006-2009-09

ISIC Code: D2812 - Manufacture of tanks, reservoirs and containers of metal, D2915, D2930

Date of Submission: 1 October 2009

### **Buruk Electromechanical**

#### COMPANY INFORMATION

#### Name of company

Buruk Electromechanical

#### National investor

Mr. Seged Tadelle set up Buruk Electromechanical in 1992 to manufacture electro-mechanical products based on his education in Electrical Engineering and around 5 years experience in the Industry. He has set up a small workshop in the centre of Mekelle town. The firm manufactures Lifts for shifting concrete up to 5 storeys, concrete mixers, hydraulic mixers and many other construction equipment and manufacturing equipment. Mr. Seged is a first generation entrepreneur. He also offers maintenance services for vibratory equipment, generators, construction equipment, transport vehicles like dumpers etc. He has plans to fabricate dumpers and tankers on truck chassis.

#### Current markets:

The main market for the firm is in and around Mekelle. There are customers coming to the Firm from Addis Ababa, Adigrat, Wukro and Axum.

#### Competitors:

There are many competitors. All the competitors are joining together under the UNIDO cluster development programme and hence are not a threat as there are plans for common raw material purchase, common quality control and common marketing.

#### Company strengths:

#### Technical expertise

Mr. Seged is a technocrat and he has been designing and developing new products. The concrete lifts that the firm produces has been personally designed by Mr. Seged.

#### Marketing

Due to Mr. Seged's expertise, people from the neighbouring towns come to him with their requirement of equipment and Mr. Seged has been able to offer them solutions hence there are more customers than the firm is able to service.

#### Total employees:

5 full time 0 part time

#### Current products / services of the company:

- Hydraulic Lifts
- Concrete Mixers
- Hollow Block making machines

#### Reason(s) for low capacity utilization:

Since most of the equipment is made on order there in no calculation of production capacity.

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

	2006	2007	2008
Total sales:	N/A	N/A	1.191
Domestic Market (in %):	N/A	N/A	100
Export (in %)	N/A	N/A	0

#### Project type:

New project - Same as current activity of promotor

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

Project No.: ETH-007-2009-09

ISIC Code: D2899 - Manufacture of other fabricated metal products n.e.c.

Date of Submission: 1 October 2009

### United Alpha Commercial PLC

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

#### Name of company

United Alpha Commercial PLC

#### National investor

Part of a family business involved in importing and trading of building materials. The company started in 2004 with focus in Trading in Addis Ababa and set up a branch in Mekelle subsequently. In Mekelle considering the favourable industrial environment, they set up the Nile Gabion Factory to manufacture Gabions required for Fencing, Geo-Textile and construction. The Factory started production in September 2009.

#### Current markets:

New Project will have markets all over the country.

#### Competitors:

None

#### Company strengths:

Quality control

Good technology and hence good quality.

#### Managerial expertise

The company has over 20 years experience in selling construction materials.

#### Marketing

There are no competitors and the product in new and needed in the booming construction and roads sector. Company expects that government will support the company due to import substitution.

Total employees:

24 full time

0 part time

Current products / services of the company:

Gabion (Wire Mesh)

Reason(s) for low capacity utilization:

Capacity is unknown at the moment as this is a new project and less than one month production has been done.

#### 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.

Project No.: ETH-008-2009-09

ISIC Code: D2693 - Manufacture of structural non-refractory clay and ceramic products

Date of Submission: 1 October 2009

### Selam Tiles and Terrazzo Factory PLC

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

#### Name of company

Selam Tiles and Terrazzo Factory PLC

#### National investor

The company was into trading from 2005 to 2008 supplying construction materials like cement, bathroom fittings and tiles in Mekelle with a showroom for these products in Mekelle City downtown area. In 2008, the company started manufacturing tiles and terrazzo products mainly because of availability of low cost land in the industrial area and also due to abundant availability of raw materials. There is also a boom in Ethiopia in the construction sector and hence the promoters felt that they will be able to market the products easily.

#### Current markets:

Market is mainly in Tigray Region. There is a possibility to sell in other regions of Ethiopia.

#### Competitors:

There are many competitors in Tigray Region itself but due to Selam Trading the parent company, Selam Tiles and Terrazzo does not have a problem with competitors.

#### Company strengths:

#### Financial resources

Funds are available to the company due to a very good track record of the family business.

#### Managerial expertise

Both the brothers who are the promoters of the company have excellent understanding of the products and the markets due to their experience in trading.

#### Marketing

The demand is high. The parent company has experience and is reputed in this sector.

Total employees:

62 full time

0 part time

Current products / services of the company:

Tiles and Terrazzo Products

80 / sqmts per day

(Capacity utilization: 53%)

Reason(s) for low capacity utilization:

Lack of availability of cement and poor quality of ground water (high salt content) due to which quality is suffering.

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

	2006	2007	2008
Total sales:	N/A	N/A	1.300
Domestic Market (in %):	N/A	N/A	100
Export (in %)	N/A	N/A	0

#### 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.

Project No.: ETH-009-2009-09

ISIC Code: D1551 - Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials, D1553

Date of Submission: 1 October 2009

### Desta Alcohol & Liquor Factory PLC

#### COMPANY INFORMATION

#### Name of company

Desta Alcohol & Liquor Factory PLC

#### National investor

The company was established by two brothers Mr. Tsegabu Belay and Gebre Belay who have interests in Herbal Trade and Industry PLC which is into Purifying and Marketing Water and in Import and Export Trading. They also have interests in Hotel and Tourism. The Belay family established Desta Alcohol in 2001 as a separate entity in Mekelle Industrial Area to produce alcohol and liquors for cosumption and industrial purposes. Desta produces 8 types of consumption alcohol and liquors and two types of Industrial Alcohols.

#### Current markets:

Markets are mainly institutional, industrial and individuals of Ethiopia. Major sales are in the Tigray Region.

#### Competitors:

There are two other competitors in the Organised Market namely National Alcohol and Balezaf. There are also many unorganised and clandestine competitors in the markets and in traditional brewing. All of them pose a threat to the company.

#### Company strengths:

Access to natural resources

Access to Sugarcane molasses from the nearby farms in Mekelle.

#### Technical expertise

The Technical team of the company is well qualified and many of them have been trained abroad.

#### Managerial expertise

The management team has wide experience in the industry and are well known in the institutional customer base.

Total employees:

157 full time 60 part time

Current products / services of the company:

8 types of consumption 2,500,000 / bottles per year alcohol and liquors

(Capacity utilization: 60%)

Reason(s) for low capacity utilization:

Low capacity due to waste water treatment problems and reduced demand due to increase in price and taxes and customers going to unorganised clandestine brewers' products.

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

	2006	2007	2008
Total sales:	3.800	4.500	4.500
Domestic Market (in %):	100	100	100
Export (in %)	0	0	0

#### 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\$): Foreign contribution (thousand US\$): N/A 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.



Project No.: ETH-010-2009-09

ISIC Code: H5510 - Hotels; camping sites and other provision of short-stay accommodation, H5520 - Restaurants, bars and canteens

Date of Submission: 1 October 2009

### **Axum Hotels PLC**

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

#### Name of company

Axum Hotels PLC

#### National investor

Axum Hotels Plc was started by Mr. Gebresellasie W. Gebriel in the year 1994 in Addis Ababa and in 1999 in Mekelle. After he started the hotel, his four friends started 4 restaurants. Subsequently, all the friends divided the restaurants between them and took over Lombardia Restaurant in Addis Ababa. Subsequently using his expertise in the hospitality industry Mr. W. Gebriel, started Axum Hotels. At the moment, Axum Hotel is a family business and the Mekelle Axum Hotel is managed by his son Mr. Dawit Gebresellasie. The Axum Hotel Mekelle is a 4-star Hotel.

#### Current markets:

Most of the customers include both domestic and foreign tourist and travellers on official work. Most of the time the hotel is fully booked. The main tourist season is from October to June when the hotel has near 100% capacity utilisation. The Manager Mr. Dawit did not share turnover details.

#### Competitors:

There are many 4-star, 3-star and guest house category staying places in Mekelle. But due to high standards of service delivery, Axum is the most preferred one.

#### Company strengths:

Quality control

High Quality of Service Delivery, Clean Rooms and Good Quality furniture and equipment.

Technical expertise

Dedicated team of professional managers training in Hotel Management.

Managerial expertise

Long Experience of the Promoter and his sons in the Hotel Industry.

Total employees:

151 full time

0 part time

Current products / services of the company:

Rooms for Stay

60 / rooms per day

(Capacity utilization: 75%)

Restaurant

Bar

Banquet/Conference

#### Project type:

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

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.

#### 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.

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

#### 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.

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

#### 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

Project No.: ETH-012-2009-09

ISIC Code: D2812 - Manufacture of tanks, reservoirs and containers of metal, D2929, D2919

Date of Submission: 1 October 2009

### Mesfin Industrial Engineering PLC

#### COMPANY INFORMATION

#### Name of company

Mesfin Industrial Engineering PLC

#### National investor

Mesfin Industrial Engineering was established in 1993 as the Engineering wing to support The Endowment Fund for the Rehabilitation of Tigray with a paid up capital of USD 580,000. Mesfin currently manufactures liquid and dry cargo bodies, trailers, semi trailers, low bed trailers, fuel storage tanks and various equipment for construction, energy and agriculture sector. The company is currently worth USD 16.67 mn. MIE (as it is popularly called) is an ISO 9001-2000 certified company.

#### Current markets:

No information on sales was provided. The company has so far been implementing projects.

#### Competitors:

There are many small and big competitors but because of the calibre of the team at MIE and because of the size and equipment at the disposal of MIE, competition is not an issue.

#### Company strengths:

Financial resources

Since it is a part of EFFORT, Finance is not a problem.

#### Quality control

The high quality of technical team and good equipment help MIE is offering good quality products.

#### Technical expertise

MIE has one of the largest team of technically qualified people in Mekelle. Further it has support from Mekelle Institute of Technology.

Total employees:

460 full time

400 part time

Current products / services of the company:

Trailers

Tanks

Power Installations

Other Equipment

#### Reason(s) for low capacity utilization:

It is very difficult to gauge the capacity of the company. The company manufactures products on orders and many times the orders are for special purpose products and hence capacity cannot be determined.



N/A

N/A

#### PROPOSED PROJECT

### 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\$):
Foreign contribution (thousand US\$):



# 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.

Project No.: ETH-013-2009-09

ISIC Code: D1911 - Tanning and dressing of leather, D1920 - Manufacture of footwear

Date of Submission: 1 October 2009

# Sheba Leather Industries PLC

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

# Name of company

Sheba Leather Industries PLC

#### National investor

The Sheba Leather Industry is a part of the EFFORT Group (Endowment Fund for Rehabilitation of Tigray) and was set up in 1993 in accordance with the commercial code of Ethiopia with an authorised capital of USD 10 mn. The company however commenced its operations only in 2004. The objective of the company was to add value to the leather being used in Ethiopia and exported from Ethiopia by investing in advanced technologies and thus maximise direct and indirect employment to Ethiopians.

#### Current markets:

Most of the market for the companies products are in Exports. Company Exports to Italy, China, India, Pakistan, Netherlands, Turkey, Thailand, Malaysia and other countries. The domestic markets are mainly with the local producers of finished products like shoes and other leather articles.

# Competitors:

There are very few competitors in the organised sector.

# Company strengths:

#### Financial resources

Being a part of the EFFORT Group, sourcing finance is not a problem.

#### Access to natural resources

Ethiopia has the largest number of cattle heads in Africa and 4th largest in the world so access to skin is not a problem. Further, near Wukro and Mekelle, there is abundance of goats and sheep.

#### Quality control

Most of the Technology and Equipment is from world leaders in Italy and Germany hence quality is not a problem.

# Technical expertise

The Technical Team and many of the workers have

been trained by Italian and German Specialists.

#### Exports

The company has the backing of the Federal Government and also has good quality which helps it in exporting 95% of its products.

Total employees:

1.050 full time 0 part time

Current products / services of the company:

Sheep and Goat Skin 1.200.000 / pcs per year

(Capacity utilization: 67%)

Cow Skin 120.000 / pcs per year

(Capacity utilization: 67%)

Reason(s) for low capacity utilization:

Due to availability of Raw materials and also due to the nature of the products.

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

	2006	2007	2008
Total sales:	N/A	N/A	6.250
Domestic Market (in %):	N/A	N/A	5
Export (in %)	N/A	N/A	95

# 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;
- 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.

Project No.: ETH-014-2009-09

ISIC Code: D2422 - Manufacture of paints, varnishes and similar coatings, printing ink and mastics

Date of Submission: 25 September 2009

# Sofi chemical manufacturing & Trading PLC

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

### Name of company

Sofi chemical manufacturing & Trading PLC (Paints and varnish factory)

#### National investor

As a chemical engineer, Mr. Shishay was always thinking working in his field of expertise and finally he decided to work in coating industry which is applied in all areas - construction, furniture, engineering etc. Sofi has started production and has immediately started to diversify into products types such as varnish, quartz. In the long run Sofi plans to add more products like glue, adhesives, car paints etc.

#### Current markets:

Mostly the company is focusing on the northern part of the country mainly the Tigray Region.

# Competitors:

KADISCO, MEGA, DIL and Nifasilk

# Company strengths:

Quality control

The company has imported all necessary quality control equipment.

# Managerial expertise

The experience of the main promoter in managing and implementing project and also his educational background is a strength to the company.

#### Marketing

The demand for the products is very good in Ethiopia.

Total employees:

22 full time 17 part time

Current products / services of the company:

water-based paints 4.000 / litres per year

(Capacity utilization: 67%)

oil-based paints 3.000 / litres per year

(Capacity utilization: 50%)

varnish 3.000 / litres per year

(Capacity utilization: 50%)

Quartz

Reason(s) for low capacity utilization:

Because it is a new entry to the market, lack of experience.

# Project type:

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

# 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.

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.

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

Planned products and services:

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

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.

# 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.

#### 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.

### Project type:

New project - Diversification from current activity of promoter

#### 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.

# 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.

#### 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.

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

Planned products and services:

Biscuits 495 tonnes / year

# 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.

Project No.: ETH-016-2009-09

ISIC Code: D1520 - Manufacture of dairy products

Date of Submission: 10 November 2009

# **Dawit Tadese Yaee**

#### COMPANY INFORMATION

# Name of company

Dawit Tadese Yaee

#### National investor

Mr. Dawit Tadese Yaee is a young entrepreneur who, having worked around the world - Europe, USA and Latin America came back to his country Ethiopia and his region Tigray with seed capital to start a venture that will benefit his countrymen and also generate wealth for him. After doing some trading business, Mr. Dawit Tadese Yaee decided to set up a Milk Processing Factory in the name of Milkana in Mekelle.

According to Mr. Dawit, his company will benefit the people of the country both the farmers by giving them income from sales of milk and the consumers by offering them very high quality and low cost milk which is essential for the nutrition of the population.

#### Current markets:

New Project and hence no sales done so far. The Market for the company's product is planned in and around Tigray Region initially and subsequently across the country once the milk collection mechanism and the supply chain is well established.

Total employees:

41 full time

0 part time

Current products / services of the company:

Skim Milk, Butter, Cheese, Yoghurt

# Competitors:

There are many small milk dairies in and around Tigray Region. Kalamino Dairy, Tilahun Dairy, Agazi Dairy and a Dairy run by womens' cooperative are the few ones that can be identified immediately.

Put together they produce approximately 3000 litres of milk per day.

#### Company strengths:

Access to natural resources

Abundant availability of raw material.

Quality control

International Standards Imported Machinery is expected to offer high quality.

Managerial expertise

Dawit Tadese is an entrepreneur with vast international experience.

### Project type:

New project - Promoter's first investment activity

# 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 kgsCheese: 109,200 kgsYoghurt: 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.

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

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.



Project No.: ETH-017-2009-09

ISIC Code: D2520 - Manufacture of plastics products

Date of Submission: 15 October 2009

# Bruh-Tesfa Plastic Products PLC

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

### Name of company

Bruh-Tesfa Plastic Products PLC

#### National investor

Bruh-Tesfa Plastic Products PLC is an Ethiopian Company established under the Dejenna Endowment (Government Endowment) in accordance with the commercial laws of Ethiopia. The main objective was to actively participate in the irrigation strategy of the Government of Ethiopia, to improve agriculture technology and to shift from rain-fed agriculture to irrigated agriculture and thereby reduce the uncertainity in the lives of the farmers and rural population and bring economic development in the country. The company has 150 employees and processes 5000 tons of polymers. The company produces 85 different types of products. The company has technical collaborations with Azud of Spain and Agru of Austria for improving and supply of irrigation systems.

#### Current markets:

The business is growing at a tremendous pace. This is because the company has markets all over Ethiopia and mechanised agriculture is booming in Ethiopia. The Government is one of the main buyers of the products of the company. The company had depots in 9 regions in Ethiopia through which it supplies to the customers. The company also offers turnkey projects in farm irrigation where they offer study, design and installation of irrigation technology.

# Competitors:

There are many competitors in the private sector. There are also many importers. Bruh-Tesfa has advantage over them in Government Tenders due to quality, price and delivery schedules.

# Company strengths:

Ownership rights and licences

Technical Collaboration with Azud of Spain and Agru of Austria helps the company to have an edge over the other competitors.

Current products / services of the company:

Polymer Processing

5.000 / tons per year

#### Reason(s) for low capacity utilization:

Capacity Utilisation information was not given. The company seems to be working at high capacity utilisation and hence the company is planning for expansion of existing plant and also for diversification into films.

# Quality control

The company has international quality control norms due to which the products have a very high life expectancy.

# Technical expertise

Most of the employees have been trained by International Agencies and the company has also appointed a full-time irrigation consultant from Israel.

#### Marketing

The company being an endowment company and also due to the distribution reach across the country has a tremendous marketing edge over others.

Total employees: 140 full time

20 part time

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

Annual turnover for the last three years (in thousand US\$): 2006 2007 2008 Total sales: 2.167 5.000 12.500 Domestic Market (in %): 100 100 100 Export (in %) 0 0 0

PROPOSED PROJECT

#### Project type:

New project - Same as current activity of promotor

# Purpose of the project:

The company plans to expand its production capacity in the near future to meet the additional demands of the market. The company also plans to purchase an extruder for HDPE pipe production. The company has signed an MoU with an Israeli Company for assembling water meters in Mekelle. The company plans to manufacture plastic films for Nursery. The company plans to manufacture flexible and rigid construction conduits for irrigation systems. For all these, the company has not prepared any business plan but can make it available to partners willing to support the company in the new products diversification by offering technology or technical expertise or equipment source.

#### Rationale behind the project:

Access to markets or market niche

There is a huge demand for the company's products due to the Government support for modernizing agriculture.

# Unique technology

The company has technical support from Israeli Technical Expert and Technical collaborations with Spanish and Austrian Company.

#### Form of collaboration sought:

#### Technology transfer

The company plans to manufacture plastic films for Nursery and flexible & rigid construction conduits for irrigation systems. The company wants to collaborate with technology providers for the same.

#### Equipment purchase

The company also needs source of equipment for its new projects mentioned above.



# UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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