



Opportunity to invest in tropical juice and concentrate processing plant for the domestic Ethiopian market and regional export markets

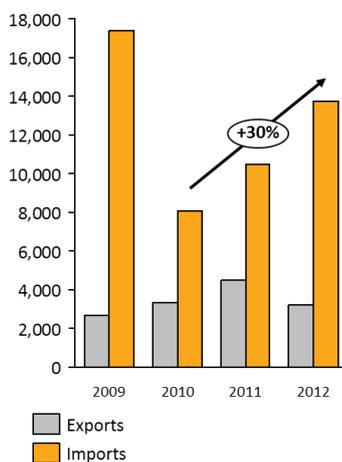
Developing a tropical juice processing plant in Ethiopia is a promising opportunity. Here we feature a potential greenfield investment in a juice processing plant, where a \$16.5 million investment could yield a 25-30% IRR over 10 years.

1 MARKET OPPORTUNITY

The global fruit juice, nectar, & soft drinks market was valued at \$149 billion in 2014, and sales are expected to grow at 2.7% CAGR from 2013-2018. In Ethiopia, the fruit and vegetable sub-sector has seen over 17% average growth over the last 10 years, and the government aims to increase production by an additional 47% from 2015-2020.

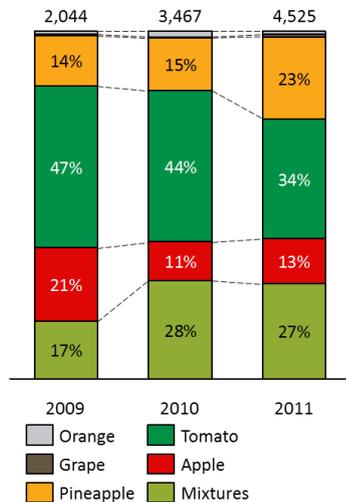
Ethiopia is a net importer of fruits, with imports growing at ~30% since 2010

Ethiopia's fruit imports and exports (tons)

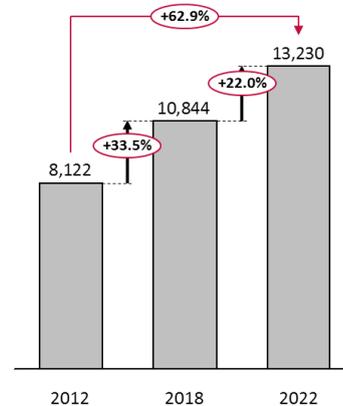


Tropical fruit juices and mixtures are becoming increasingly popular

Ethiopia's fruit juice imports by category (tons)



Demand for juice is growing rapidly, and is projected to grow by 1.6x from 2012-20



2 WHY INVEST IN ETHIOPIAN JUICE?

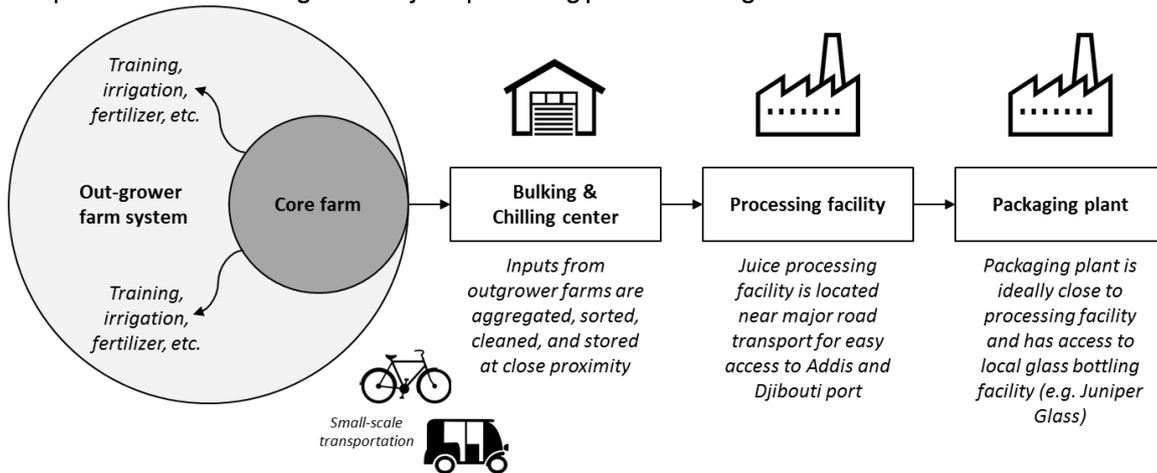
Favorable agro-ecological climate for tropical fruit > Ethiopia has no winter, offering the unique opportunity to become a core year-round supplier of tropical fruits. The Upper Awash valley in particular can easily produce fruit all year round. Most land available for tropical fruits is suitable for organic certification.

Geographic proximity to key export markets > Ethiopia's proximity to Middle-Eastern markets by sea freight lowers costs, but more importantly, increases shelf-life versus other producing countries, particularly for 100% juice products. For retailers, shelf-life is critical to profit margins, and a major selling-point: Ethiopian producers can get juice on shelves only 5-7 days after production, whereas Latin American or Asian producers can take 2-3x as long.

Low factor costs for processing > For juice, processing comprises a major component of costs. Processing costs in Ethiopia are highly competitive due to low input costs for water, electricity, and land costs. Electricity costs are half of Kenya's and likely to fall further due to government investments. Labor costs are a major advantage, with a minimum wage half of Tanzania's and less than one-fourth of Kenya's.

3 SPOTLIGHT ON A POTENTIAL INVESTMENT

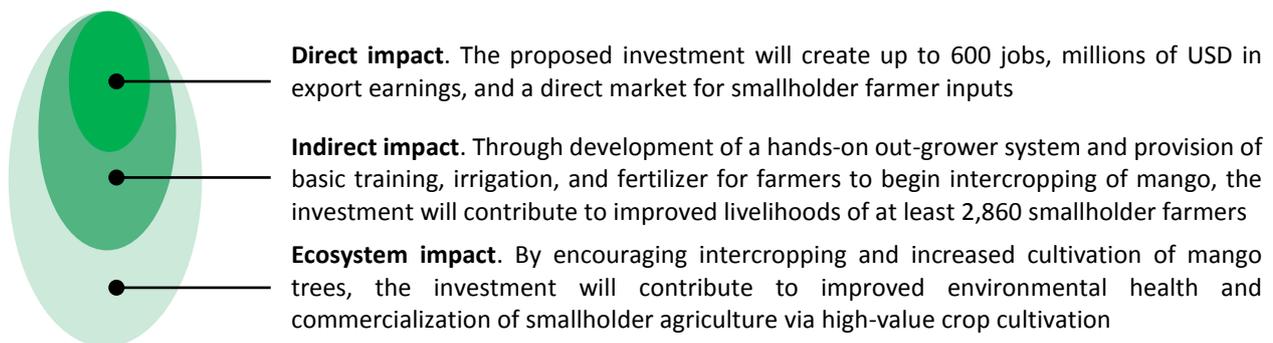
Sample business model for greenfield juice processing plant with out-grower scheme



Investment description	
Total investment required	\$16.5 million, with ~\$12 million in capex costs
Installed capacity	60,000 tonnes/day
Employment	Up to 2,500 formal employees at full capacity
Estimated return	IRR of 25-30% over 5 years

4 INVESTING IN SOCIAL CHANGE

Ethiopia is a unique market in which investment directly contributes to improvement in incomes and livelihoods. With 42% of GDP and 77% of employment, agriculture is the lifeblood of Ethiopia and presents an opportunity for impactful investment. A dedicated out-grower scheme for intercropping of mango trees will contribute to improved farming techniques, increasing smallholder farmer incomes, and better environmental health.



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

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