

FEED THE FUTURE AINFP PROGRAM: ETHIOPIA

The ability of families and communities to access safe, nutritious, and affordable food is vital for promoting health. In Ethiopia, however, millions of people do not have access to these foods. A 2016 study by the Ethiopian Public Health Institute identified micronutrient deficiency as one of the country's most significant public health challenges, and the recent political upheaval and displacement of thousands of people adds to the need for food systems that deliver nutritious food to Ethiopia's vulnerable populations.

The Alliance for Inclusive and Nutritious Food Processing (AINFP) is working to tackle this challenge by strengthening the country's food processing sector. Food processors, who turn raw ingredients into nutritious products like fortified flours, edible oils, yogurt, and therapeutic foods are an important link in agricultural value chains.



AINFP client FAFFA Food Complex S.C

Project Duration

March 2018-March 2024

Geographic Focus Area

Nationwide

Implementer

TechnoServe

Partners

Partners in Food Solutions, ISF Advisors, food processing businesses

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These businesses have the potential to serve as stable, dependable buyers for crops grown by Ethiopian farmers and to increase the supply of healthy, accessible nutritious foods available for Ethiopian consumers.

Program Overview

To realize that potential, the AINFP program is strengthening Ethiopian food processors' technical capacity, access to finance, and links up and down the value chain. AINFP is delivering much needed technical and business support to private sector food processing companies, and as appropriate to regulatory authorities for the food processing industry, through its proven model of facilitating knowledge transfer from PFS volunteer experts of seven multinational food companies – General Mills, Cargill, DSM, Bühler, The Hershey Company, The J.M. Smucker Company, and Ardent Mills – providing customized technical assistance to food processing companies to address the manufacturing and business challenges that limit their growth.

The program also provides sector-wide training on key topics for businesses, regulatory agencies, and other stakeholders.

The program is working with food processors to develop strategies to profitably source crops from smallholder farmers in Ethiopia and develop marketing strategies that will improve access to their products for base-of-the-pyramid (BoP) consumers. AINFP is also helping to identify financing needs and help firms access capital.

Results to Date

The program has provided customized technical assistance to help 22 firms — half of them owned or led by women — in areas relating to plant layouts, implementation of Good Manufacturing Practices, implementation of food safety systems, and development of cost reduction strategies, new product development, installing specialized workers and processing equipment, developing marketing strategies, and designing new packaging for products, and providing hands-on training to employees to foster growth.

The program has also developed a sector-wide training program focusing on food safety and trained 139 (43 female) individuals drawn from 75 food processing companies and institutions.

The program has also supported processors to forge links up and down the value chain. AINFP has linked selected food processors to local smallholder farmers (SHF) and aggregators, resulting in sales estimated at over \$500,000 from SHF and aggregators to processors. The program has also helped link processors to BoP consumers and outlets, including retail shops and consumer cooperative associations, facilitating the sale of more than 2,958 MT of nutritious foods to the BoP market. Through a partnership with Initiative for Smallholder Finance (ISF) Advisors, AINFP partner firms have accessed more than \$319,000 from grants and loans to finance working capital and investments in plant infrastructure.

Client Success Story: Melkam Endale Dairy Farm and Milk Processing

Melkam Endale Dairy Farm and Milk Processing (MEDFMP) has been a commercial dairy processor since 2017. MEDFMP manufactures pasteurized milk, butter, cheese, and yogurt. It sells most of its products in Addis Ababa, and bottom-of-the-pyramid (BoP) consumers are an important segment of the company. The company has worked with hundreds of smallholder dairy farmers to source milk and has invested in providing farmers with a suite of services and training to boost their livelihoods and improve the volume and quality of milk produced.

MEDFMP faced challenges during the COVID-19 pandemic, which affected sales reducing MEDFMP's cash flow which strained farmer relationships due to delayed payments. The firm also struggled to maintain its payroll and had to terminate the work contracts of some of its employees.



AINFP client Melkam Endale Dairy Farm at the factory

Through the CFAI Program, a follow-up of the AINFP project, MEDFMP received a Visa Foundation grant to support procurement, payroll and making the workplace pandemic safe. The injection of working capital was coupled with technical assistance focused on digital accounting, COVID-safe manufacturing processes, and developing a market strategy adapted to the changing circumstances.

As a result, MEDFMP was able to increase the volume of raw milk it purchased by 92% and grow the number of farmers in its supply chain from 300 to 343 (of whom 120 are women). The firm was also able to improve its rate of on-time payment to farmers from 60% to 80%, helping to rebuild trust with suppliers and attract new ones. The company was able to pay and retain 80 employees, adding additional full-time workers. They also paid for investments in PPE and other materials to keep the workforce safe. The technical assistance allowed the company to keep better records of its finances and operations and to forge linkages to new markets.