



## Business and Investment Snapshot

### Wheat and Maize: Processing

<b>Sector(s):</b>	Agro-processing: Production of wheat and maize flour
<b>Location(s):</b>	Addis Ababa (office); Sululta (factory)
<b>Product Line(s):</b>	Wheat and maize flour. Baby food in the future.
<b>Management:</b>	Managed by senior management team having more than 30 years of experience in flour production business
<b>Opportunity:</b>	<p>Established in 2013, the Company has facilities located in Suleta (Entoto Mountains). The Company produces a variety of products including maize flour, wheat flour and instant flour, which also uses soya. Instant flour is partially cooked and used in nutritional and baby foods.</p> <p>Ethiopia is the second largest wheat producer in sub-Saharan Africa, after South Africa. Wheat is mainly grown in the highlands, planted in summer before the rainy season, and harvested in October and November. The largest proportion of the wheat is grown in the states of Arsi, Bale, and Shoa, a belt stretching from just north of Addis Ababa to the southeast. Most of the wheat grown in Ethiopia is wheat for bread. There is some durum wheat grown, but this is commonly mixed in with bread wheat in the fields. In comparison with other cereals in Ethiopia, a relatively large percentage of wheat (between 5 and 10%) is produced on commercial farms. These large-scale farms, established as state-owned farms in the Communist military Derg regime from 1974 to 1991, are located in the Arsi-Bale wheat belt. Also, there are 207 flourmills in Ethiopia, with a total production capacity of 3.2 million tons of flour a year. Mills are able to obtain wheat through two channels; the state-owned Ethiopian Grain Trade Enterprise controls at a subsidized price (this accounts for roughly a quarter of the wheat market); or, from domestic producers, whose price is not controlled and is higher than imports. The Ethiopia Emergency Food Security Reserve Administration (EFSRA) holds approximately 60 percent of the grain-stocks for emergency situations. Durum wheat has been cultivated in Ethiopia for thousands of years, though it is gradually being replaced by bread wheat.</p> <p>Due to this raw material shortages and working capital challenges, the company is running at 30 to 40% of its capacity. So far the company invested \$750,000, and is now looking for an additional \$315,000 for working capital to enable the company to purchase a sufficient supply raw materials.</p>
<b>Market Trends:</b>	Ethiopia is the second largest wheat producer in sub-Saharan Africa, after South Africa. Significant demand exists in the domestic market for wheat; the government imports 60% of what is consumed by the domestic market.
<b>Investment Amount:</b>	\$315,000
<b>Impact on Value Chain:</b>	Establish a presence along the entire wheat and maize value chain.

**DISCLAIMER:** This Snapshot has been made available to the individuals to whom it is provided ("Recipients"). This document is based upon information which the Company and/or USAID AGP-AMDe consider to be reliable; however certain numbers are derived from general sources and/or may be unaudited or unverified. Consequently, such numbers may not be accurate or complete. Investment in general and in new and small businesses doing business in Ethiopia present significant risks, including the risk of total loss of amounts invested. Any discussion in the Snapshot of risks facing the Company and investment opportunities in the Company is not intended to be exhaustive. This Snapshot is provided to Recipients solely for informational purposes. It does not constitute an offer to sell, or the solicitation of an offer to buy, securities. No representation is made that this document is accurate or complete, nor should it be relied upon as such.