



Business and Investment Snapshot

Wheat and Maize: Farming

Sector(s):	Agro-processing: Wheat and maize farming
Location(s):	Addis Ababa, Ethiopia (office); Bale (farm)
Product Line(s):	The company is engaged in the production of maize, wheat and pepper.
Management:	The manager has been in the importing business of agricultural equipment mainly tractor spare parts.
Opportunity:	<p>Established in 2005, this Company is located in Bale, the wheat and maize growing region of Ethiopia. The company has 200 Ha of land and has cultivated different types of cereals such as wheat, barley and maize, and on a rotation basis, it grows peppers. The farm is situated near a river with good potential for irrigation. The Company seeks an investment to expand production of durum wheat, barely, maize and pepper, and to establish a cooperative scheme with local farmers in the area. Moreover, the Company will engage in the production of maize and wheat seedlings to provide to local farmers. The seeds are to be sourced from different agriculture research centers in the country.</p> <p>Maize, barley and wheat are among the major cereals produced in Ethiopia. Cereal production creates the livelihood for millions of households in Ethiopia. It is the single largest sub-sector within Ethiopia's agriculture, far exceeding all others in terms of its share in rural employment, agricultural land use, calorie intake, and contribution to national income. Total production of these cereals has jumped from 9 million tons in 2004 to 18.8 million tons in 2011, representing an overall growth of 66.4%. Of the five cereals, Sorghum experienced the most growth (125%), followed by teff (107%), maize (105%), wheat (76.9%) and barley (57.8%). Specifically, despite the growth in the past five years, the supply of wheat remains insufficient compared to demand. As result, the government must import large quantities of wheat each year. Demand is also being driven by the rise of food processing companies. Demand and supply gap is the same for maize and barley.</p>
Market Trends:	Specifically, despite the growth in the past five years, the supply of wheat remains insufficient compared to demand. As a result the government imports huge quantities of wheat every year. Food processing companies, mainly flour millers, depend on imported wheat to run their factory. Demand and supply gap is the same for maize and barley. Therefore, the market potential is high.
Investment Amount:	\$500,000
Average Projected Net Profit Margin:	16%
Impact on Value Chain:	Enhance production by producing select seedlings.
Social Impact:	Creates employment opportunity for 23 permanent and 250 temporary employees for the company and also enables up to 120 farmers to earn better income through farming their own land using the out growers scheme of the company.

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