



ETHIOPIA: Connecting Coffee Farmers to Market

\$9 million investment in a risk sharing facility to provide financing to farmer cooperatives

ETHIOPIA IS ONE OF THE LEAST DEVELOPED COUNTRIES IN AFRICA WITH A PER CAPITA GDP OF \$541. AGRICULTURE IS CRITICAL FOR THE ETHIOPIAN ECONOMY, ACCOUNTING FOR 46 PERCENT OF GDP, 90 PERCENT OF EXPORTS, AND 80 PERCENT OF JOBS.

Coffee—Ethiopia’s main agricultural crop—accounts for over a quarter of all export earnings and provides income for about 15 million people, most of them small holder farmers. The coffee industry in Ethiopia supports small and medium-sized enterprises as well as larger exporting, trading and shipping businesses.

This project, Ethiopian Coffee II, builds on a previous successful risk share facility that provided financing to cooperatives to expand their sourcing of coffee cherry from farmers for wet milling, a process producing higher value coffee beans. In this project, IFC and GAFSP will work with two partners: Nib Bank, the sixth largest bank in Ethiopia by assets, and Technoserve, an NGO which supports small farmers through access to finance and technical advice. The proposed investment is a risk sharing facility for a portfolio of up to \$15.2 million of working capital loans to coffee farmer cooperatives, originated and serviced by Nib Bank in cooperation with Technoserve.

EXPECTED RESULTS:

Ethiopia Coffee II aims to expand the reach of the risk sharing facility to over 50,000 farmers by 2017 and to demonstrate a commercially viable model that could be applied to other crops.

The project will also strengthen the creditworthiness of select farmer cooperatives and help Ethiopia’s coffee industry become more competitive. In addition, GAFSP funding will support advisory services to build Nib Bank’s internal capacity to manage the portfolio moving forward.