



Dutch Good Growth Fund

Part of DGGF

Investment insurance of an export transaction from a Dutch investor.

Title

DGGF20170728 machinery for chips in Ethiopia

Investor

Veris Investment B.V., Amsterdam

Country of investment

Ethiopia

Sector

Food processing industry

Contract amount

Maximum indemnification: EUR 8.408.864,--

Period

Investment period: 15 years

Parties involved

Target company: Senselet Food Processing PLC, Addis Ababa/Ethiopia

Impact on development

Job creation

We have received a statement from an investor stating how much FTE will be added by the new investment. Direct employment will yield a total of 55 FTEs, of which 34 are on basic level, 13 on medium and 8 on management level. A large proportion of the new FTE will be female (28). The investment will also affect the chain of, among others, the 2,500 suppliers of potatoes and other suppliers and distribution (70 FTE). This will also increase direct employment, but the exact number is difficult to indicate. In any case, the 70 FTEs are new to all suppliers and distribution. 25% of this is expected to be female.

Increasing the strenght of production

The production power increases by definition with an investment, this is shown with a positive financial forecast in the business plan. It is an investment in a greenfield project, so all the turnover generated will be new. This mainly concerns new turnover and no turnover that is already being achieved by competition and is being taken away. Productivity will not only increase with the investor, but will have a positive impact throughout the chain.



Ethiopia has large areas with favorable agro-ecological conditions for potato cultivation, and much potential for development of the potato sector as a whole. However, the sector is currently not developed and is characterized by

- (i) low and volatile potato yields averaging <10t per hectare by the 1.3 million potato farmers in Ethiopia,
- (ii) high losses due to the absence of good distribution and storage, and
- (iii) absence of manufacturing industry, which play an important coordinating role in the sector in more developed markets.

Sharing of knowledge, skills and techniques

There are two Dutch people expected to work at Senselet, the other staff will be Ethiopian. Transfer of knowledge, skills, technology and innovation takes place to the following parties:

A. Employees

At the start of the factory, factory employees receive training from equipment suppliers for the operation of state-of-the-art equipment. Then there is ongoing training on-the-job by the senior factory employees, who (depending on their position) have had a work placement at comparable factories in other countries and are permanently supported by the equipment suppliers.

Furthermore, there is guidance for senior factory employees in the field of food safety and quality control.

Employees who are active in the marketing / distribution receive on-the-job training from the Dutch marketing and sales manager.

Employees involved in the purchase of potatoes and, in addition to on-the-job training, also receive training from, among others, Wageningen University & Research (WUR) for guiding smallholders and other farmers in the cultivation of seed potatoes and potatoes. Senselet's management has good knowledge of the potato sector through intensive contact with WUR, suppliers of potato varieties, and following the Potato Business Course in Emmeloord. This knowledge will be transferred as much as possible within the organization.

B. Smallholders and other farmers

Smallholders and other farmers will be guided in the cultivation of seed potatoes and potatoes for the factory, among other things by organizing workshops, direct guidance on the farm and support in obtaining good quality seed potatoes (one of the most important requirements for a good crop).

Risk category

From the application form and the additional information provided by the applicant and those obtained in the public domain, it is concluded that on balance no unacceptable negative environmental and social effects can be expected. It concerns a small potato processing unit that has only limited negative effects. The positive effects that are particularly economic are clearly strongly against this. On this basis, the environmental and social risks associated with the transaction are assessed as acceptable.

Description

The investor invests in a new factory for the production of chips. The aim of the investment is to set up a profitable factory that processes potatoes into chips. At a later stage, the potatoes may also be processed into other products. In addition, delivered potatoes will be offered as fresh potatoes on the market.

