



Dutch Good Growth Fund

Part of DGGF

Export credit insurance of an export transaction from a Dutch exporter.

Title

DGGF 1151424 Ornamental Plant Cutting Production in Ethiopia

Exporter

Selecta Holland B.V., Maasland

Country of investment

Ethiopia

Sector

Horticulture

Contract amount

Maximum indemnification: EUR 19,482,800.-

Period

Manufacturing period: 0 months

Credit period: 180 months

Parties involved

Debtor: Selecta Ethiopie PLC, Addis Ababa, Ethiopia

Impact on development

Job creation

We have received a statement from the investor in which it indicates how many FTEs will be added as a result of the new investment. At present, 40 people are working to put together the farm and prepare the land for agriculture. If the farm is fully operational after 3 years, it will provide direct employment to a total of 800 FTEs from the surrounding area. Of these, 500 are for women. If expanded further, this could rise to 1,500 FTEs. Indirect employment will also grow as a result of this project. It is estimated that this will involve 60 FTEs, 40 of which will be women.

Increasing the strength of production

The production power by definition increases with an investment, this is demonstrated by a positive financial forecast in the business plan. It concerns an investment in a greenfield project, so all generated turnover that is budgeted at EUR 3.9 million when the market garden is fully operational will be new. The production power will not only increase for the investor, but will have a positive influence on the entire chain. Although the young cuttings will come from the Netherlands, there will be an additional need for transport and local businesses will also benefit from the proximity of the market garden.

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Sharing of knowledge, skills and techniques

It is a new farm and Select will transfer its technology, knowledge and skills to local foremen, who are supervised by the Dutch management on site, and to the other employees through a continuous training process.

Other positive effects

In addition to the transfer of knowledge and skills, this project will increase local tax revenues. The company will also start various CSR projects that will also benefit the population who do not work on the farm. Additional attention will be paid to health care and education through CSR programs co-financed by Selecta Ethiopia. The company participates in 'PACT'/Ethiopia (an NGO in Addis Ababa, aimed at building a sustainable society in which peace and prosperity reign) to contribute to an integrated sustainable development of the entire Kunzila Hortipark.

Risk category

The exporter's CSR policy has been assessed and found to be acceptable.

Description

This application concerns the investment of Selecta Holland B.V. from Maasdam, which through subsidiary Selecta Ethiopia PLC. will be growing cuttings of mainly Pelargonium (geraniums), (other crops are also possible) on a piece of land that has a horticultural destination. The location of this ground is west of Gojam Zone, near Kunzila City/Ethiopia, by Lake Tana. The production of ornamental crop cuttings takes place in greenhouses equipped with a hydroponic system. In total, the farm to be built has an area of 60 ha. The infrastructure investment is planned for 20 hectares. The farm will start with a first 9 ha, after which 3 ha of greenhouses will be built according to market needs. After the 20 hectares mentioned, there is still land available for further expansion. The hydroponic system is fed by the water from Lake Tana (located about 1 km away from the site). Due to a closed greenhouse construction, all greenhouses are connected to each other via clean paths. This also applies to the cold stores and hygiene areas with the greenhouses. The Ethiopian company to be established will import the required starter plants from its own European production locations.

