

MANUFACTURING AFRICA – ETHIOPIA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



AGRI-PROCESSING – PROMASIDOR DEAL SUPPORT

Expanding production of baby cereal to fill a critical gap in the market

Established in 2017, BBZ Foods Manufacturing is the Ethiopian partner of Promasidor, an African multinational food and beverage business.

Ethiopia's fast-growing population and rapid urbanisation has dramatically increased the demand for baby food. BBZ produces bean-based foods and animal feed and Promasidor wanted to expand its nutrition division by investing US\$ 5 million into the production of baby cereal to fill this critical gap in the market.

THE CHALLENGE



When developing the feasibility study for the planned expansion, BBZ realised that major information gaps in the study threatened to delay approval of the investment. In Ethiopia, commercial information and data is difficult to obtain because data standardisation and record filing systems are still under development.

BBZ requested Manufacturing Africa's support to help them:

- Understand the quality control certification options required to produce baby cereal at an internationally acceptable standard
- Identify local suppliers of key packaging materials to adhere to internal baby cereal distribution quality requirements at a reasonable cost
- Efficiently source key raw materials, e.g., wheat, maize and soya beans
- Assess potential demand in regional export markets

OUR SUPPORT



Manufacturing Africa supported BBZ in three main areas by:

- Coordinating discussions between BBZ and the Agricultural Transformation Agency (ATA) to enable upstream integration with local packaging manufacturers and large-scale commercial farms/cooperatives that can supply the volume BBZ needs
- Identifying supply quality control and certification options based on BBZ's production, particularly around aflatoxin content in wheat
- Compiling data on market potential and access requirements in neighbouring countries

The support from the Manufacturing Africa team was especially useful in understanding the broader regional market potential for exporting out of Ethiopia. In addition, the team coordinated discussions with ATA to source agricultural inputs directly from local farmers. There is still a lot to be done to get this deal closed – but it was a promising start.

SIMON ROSE, GROUP DIRECTOR,
PROMASIDOR

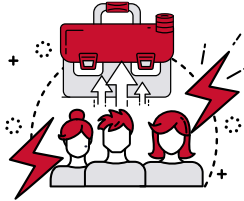
IMPACT



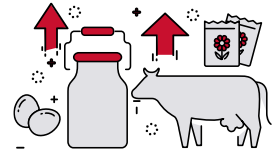
The planned investment has the potential to:



Increase farmers' incomes: BBZ plans to source wheat, maize, soya bean and other agricultural inputs directly from farmers – which has the additional benefit of boosting farmers' incomes because it cuts out commodity brokers.



Create and protect jobs: The investment is expected to create an estimated 90 direct jobs and further downstream job opportunities through the local procurement of packaging materials. BBZ is also determined to apply gender parity in its job creation to ensure that women can progress to management positions.



Increase production of nutritious baby foods: The investment could improve key consumer goods for the poor by filling a critical market gap for baby food, e.g., textured soya bean products and baby cereal.

LESSONS LEARNED



- **Collaborate closely with government institutions and development partners:** We worked with the ATA and GIZ's Special Jobs Initiative Programme to support BBZ. Thanks to ATA's support, BBZ is now able to source agricultural inputs directly from farmers.

The investment is expected to create an estimated

90 jobs

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

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