

RLI INVESTMENT SNAPSHOT

FIKIR FOOD PROCESSING



Reason for Selection:	Fikir Food Processing is working to tackle the supply gap of quality, locally produced food products and improve the overall food security of the country. Agro-processing, a sector deemed a priority by the Ethiopian government, supports a variety of actors operating within and alongside a target value-chain. In the case of Fikir Food Processing, their current flour processing work and expansion plans to produce local edible oils presents an RLI opportunity to integrate refugee populations into the two value-chains, from input sourcing to employment.
Location:	Adama, Oromia, Ethiopia
RLI Business Category: ¹	R3: Refugee Supporting / R4: Refugee-Supporting, Host-weighted
Company Background:	<p>Fikir Food Processing was established in 2011 and has built a strong reputation and brand recognition over the past decade.</p> <p>Their most well-known product is the UNIC biscuit, which comes in a variety of flavors ranging from plain to apple-vanilla.</p> <p>Their vision is to grow their business based on principles of quality and contribution to the country's economic development.</p>
Industry/Sector:	Agro-processing
Products and Services:	Flour; Biscuits; The company is also looking to expand into the production of edible oil.
Management Team:	Fikru Gardew, CEO
Employees:	They have 117 employees in total; the factory's day laborers are predominately women.
Market Overview and Trends:	In Ethiopia, there is an estimated 45 biscuit and flour manufacturing companies with a total estimated production capacity of 2.5M quintals of

¹ This is the category RENEW believes the company could occupy after receiving appropriate technical assistance support. The concept of refugee-lens investing (RLI) is new to Ethiopia, as such, there are very few companies operating in the formal sector of the studied secondary cities that currently meet the RLI criteria.

	<p>biscuits a year.² The domestic production of biscuits in the 2019 fiscal year reached an estimated 194K tons, whereas the country imported an estimated 1.8K tons of biscuits.³</p> <p>Ethiopia's annual production of wheat is approximately 5.8M tons. The nation is also importing 655K quintals of wheat per month to meet additional demand in the country.⁴</p> <p>The government of Ethiopia has devised various projects around irrigation and cooperative farming to increase the annual production of wheat and to substitute imports.</p>
<p>Estimated Investment Needs*:</p>	<p>The company is interested in an investment, but they are still building out their investment proposal to provide an accurate assessment of their financial needs.</p> <p>Fikir is also interested in partnering with technical assistance providers who can help reduce wastage in the production process and to train workers on mechanical operations practices that will help reduce input loss and enhance quality control.</p>
<p>Target Funding Source(s):</p>	<p>Local banks, foreign investors, domestic investors.</p>
<p>Investment Opportunity:</p>	<p>The wheat agro-processing and biscuit manufacturing sub-sectors have the potential for significant growth in a market where a noted gap exists between supply and demand, which is increasing due the increase in the country's population.</p> <p>As do most companies in Ethiopia, Fikir relies heavily on imports to cover goods that they cannot find consistently at the right quality in Ethiopia, including milk powder, oils, and food-grade plastic packaging.</p> <p>One of their development goals is to start producing edible oil on a nearby property that they recently procured to decrease their dependence on imported oils. This is a priority product for the local government and presents an interesting investment case for consideration.</p> <p>Producing and sourcing more local products will increase the company's resiliency to navigate external economic shocks and decrease their dependence on foreign currency and imports.</p>
<p>RLI Social Impact Opportunity:</p>	<p>A business expansion investment would support local job creation. With the appropriate RLI coaching, the company could employ more hosts and refugees living in the community. Furthermore, expansion could also help shift the company's sourcing practices from imports to local smallholder refugee and host farmers.</p> <p>The company's endeavors to expand operations into edible oil production would support their operations, as well as other biscuit producers in the area through sale of locally produced, quality edible oil. Again, this is a space to engage smallholder refugee and host farmers as an income generating activity.</p>

² Addis Fortune News. Local Food Processing Firm Expands with 350m Br. 2020. [Link](#).

³ *Ibid*.

⁴ All Africa News. Ethiopia: Flour, Biscuit Plant Breaks Ground in Debre Sina. 2020. [Link](#).

RLI Support Strategy:

The RLI ecosystem would best support the enterprise by providing funding, technical assistance and supply-chain development.

Raising awareness in the industry about RLI, refugees' right to work and the benefit of employing refugees is also critical for integrating local refugee population into Fikir's workforce, as well as the broader market.

Quality is a high priority for the company, despite recognizing that the competition and the market is more oriented toward volume and cost. As such, the company is seeking capacity building opportunities to make their operations more efficient without compromising quality of ingredients and the final product.

Further, Fikir is interested in receiving technical assistance support for equipment procurement, management capacity building, and employee training to support companywide internal capacity building.