Food and Agriculture Organization of the United Nations

Hand-in-Hand Initiative

Ethiopia

HAND-IN-HAND INITIATIVE | 2026 INVESTMENT FORUM

IMPORTANT NOTES

FAO'S HAND-IN-HAND INITIATIVE

The investment opportunities presented in this document derive from government-led investment plans developed under FAO's Hand-in-Hand (HIH) Initiative. The Initiative supports countries in identifying high-impact agrifood system investments through a combination of data-driven territorial analysis, value chain assessments, and close collaboration with national counterparts. Using the Hand-in-Hand Geospatial Platform, the Initiative integrates geospatial, biophysical, and socio-economic data to identify priority "green zones" where agricultural potential and poverty incidence overlap, creating strong opportunities for transformative investment. Based on these analyses, national governments lead the development of investment plans that identify priority value chains, key bottlenecks, and potential investments required to accelerate agrifood system transformation. These investment opportunities aim to raise incomes, improve nutrition, and empower poor and vulnerable populations, while strengthening resilience to climate change and supporting the sustainable management of natural resources. The Initiative focuses on territories where targeted investments can generate the greatest impact in reducing poverty and hunger, contributing to progress towards Sustainable Development Goals SDG1 (No Poverty), SDG2 (Zero Hunger), and SDG10 (Reduced Inequalities), while balancing economic growth, social inclusion, and environmental sustainability.

IMPORTANT CLARIFICATIONS

The opportunities presented in this document are derived from government investment plans and reflect national development priorities identified through the Hand-in-Hand Initiative. FAO provides analytical and technical support in the identification and assessment of these opportunities and facilitates engagement with potential partners. The concepts presented are indicative and require further structuring and discussion with the relevant governments and potential investors. This document therefore presents a pipeline of government-prioritized agrifood investment opportunities that have been pre-screened using FAO's Hand-in-Hand analytical tools. FAO can support interested partners by facilitating technical exchanges and follow-up discussions with relevant government counterparts.

IMPACT TAGS

Investment cases are classified across four impact areas to highlight their primary development contributions and ensure comparability across countries and value chains.

Livelihoods	Income, productivity, jobs, and market access
Gender & Youth	Inclusion and opportunities for women and young people
Planet & Environment	Climate resilience and sustainable resource management
Digital	Use of technology to improve efficiency and access

ETHIOPIA

A large, smallholder-driven agrifood system with strong government-led transformation and significant private investment opportunities

KEY INVESTMENT SIGNALS

POPULATION

132.0M

(MILLION)

SMALLHOLDER FARMING HOUSEHOLDS

12.0M

(MILLION)

AGRICULTURAL LAND

38.5M ha

(MILLION HECTARES)

INVESTMENT CASE

LARGE AGRIFOOD MARKET

- Agriculture contributes 34% of GDP
- Generates 70% of export earnings
- Supports over 80% of the population
- ~95% of production driven by smallholder farmers

STRONG GOVERNMENT COMMITMENT

- USD 21.6B National Agricultural Investment Plan
- ~20% expected from private sector participation
- Government "10 in 10" program to boost production and reduce import dependence in key commodities

ENABLING BUSINESS ENVIRONMENT

- Tax incentives: income tax exemption, duty-free imports, VAT exemption
- Long-term land leasing and land bank system
- Development of agro-industrial parks and infrastructure
- Trade access through AfCFTA, COMESA, EBA

ETHIOPIA: INVESTMENT PORTFOLIO

Scaling productivity, livestock systems, and mechanization to accelerate agrifood transformation and private sector growth

INVESTMENT PLAN **ETHIOPIA**	INVESTMENT CASE **1. AGRICULTURAL MECHANIZATION**	INVESTMENT CASE **2. ANIMAL FEED PRODUCTION**	INVESTMENT CASE **3. RANGELAND MANAGEMENT**	INVESTMENT CASE **4. GRANDPARENT POULTRY**
IMPACT TAGS	IMPACT TAGS	IMPACT TAGS	IMPACT TAGS	IMPACT TAGS
INVESTMENT **USD 744.6 million**	INVESTMENT **USD 350.8 million**	INVESTMENT **USD 248.2 million**	INVESTMENT **USD 136.6 million**	INVESTMENT **USD 9.0 million**
NPV **USD 312.7 million**	NPV **USD 121.3 million**	NPV **USD 95.5 million**	NPV **USD 91.7 million**	NPV **USD 4.2 million**
AVG IRR **22.7%**	IRR **24.0%**	IRR **20.8%**	IRR **25.0%**	IRR **30.0%**
DIRECT BENEFICIARIES **6.7 million**	DIRECT BENEFICIARIES **6.7 million**	DIRECT BENEFICIARIES **6.9 thousand**	DIRECT BENEFICIARIES **2.7 thousand**	DIRECT BENEFICIARIES **16.3 thousand**
INDIRECT BENEFICIARIES **15.8 million**	INDIRECT BENEFICIARIES **12.8 million**	INDIRECT BENEFICIARIES **2.6 million**	INDIRECT BENEFICIARIES **13.4 thousand**	INDIRECT BENEFICIARIES **406.3 thousand**
AVG PER CAPITA INCOME INCREASE **+USD 17,812**	PER CAPITA INCOME INCREASE **+USD 4,866**	PER CAPITA INCOME INCREASE **+USD 3,735**	PER CAPITA INCOME INCREASE **+USD 2,648**	PER CAPITA INCOME INCREASE **+USD 60,000**
GHG IMPACT **+41.0 million tCO2-e**	GHG IMPACT **+30.1 million tCO2-e**	GHG IMPACT **+10.9 million tCO2-e**	GHG IMPACT **-56.6 thousand tCO2-e**	GHG IMPACT **+9.9 thousand tCO2-e**

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1. AGRICULTURAL MECHANIZATION

Developing affordable small-scale mechanization solutions to unlock productivity across Ethiopia's smallholder farming systems

INVESTMENT PROFILE (INDICATIVE)

INVESTMENT
USD 350.8M
(MILLION)

NPV
USD 121.3M
(MILLION)

IRR
24.0%
(%)

RATIONALE

- Farming systems largely reliant on manual and animal traction
- 95% of cultivated land managed by smallholders
- Limited access to affordable and appropriate mechanization solutions
- Strong and demonstrated demand for small-scale mechanization

KEY BOTTLENECKS / PROPOSED INVESTMENTS(*)

1. Limited access to affordable small-scale mechanization

Private | PPP

One large-scale tractor manufacturing facility with the following capacities:
- 36,000 medium tractors (70-100 HP), 4,500 units/year, USD 148.7 million
- 13,000 compact tractors (20-70 HP), 880 units/year, USD 94.6 million
- 134,000 walking tractors (8-20 HP), 13,300 units/year, USD 79.7 million

2. Lack of availability of affordable irrigation systems at household level

PPP

Irrigation equipment manufacturing facilities:
- 2 factories → 15,000 units/year per factory (1.5-5.0HP capacity solar water pumps), USD 13.9 million per factory

SUSTAINABILITY BENEFITS

DIRECT BENEFICIARIES
6.7M
(MILLION)

INDIRECT BENEFICIARIES
12.8M
(MILLION)

PER CAPITA INCOME INCREASE
+4,866
(USD/PERSON)

GHG IMPACT
FAO EXACT CARBON TOOL
+30.1M
(MILLION tCO2-e)

Note: (*) Opportunities reflect government priorities identified through the FAO Hand-in-Hand Initiative and require further structuring with relevant public and private stakeholders.

2. ANIMAL FEED PRODUCTION

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Expanding feed production capacity to address supply deficits and improve livestock productivity across Ethiopia

INVESTMENT PROFILE (INDICATIVE)

INVESTMENT

USD 248.2M

(MILLION)

NPV

USD 95.5M

(MILLION)

IRR

20.8%

(%)

RATIONALE

- Rapidly growing demand for dairy, meat, and livestock products
- Livestock productivity remains constrained by feed shortages
- Significant deficit in both quality and quantity of animal feed
- Feed gap identified as a binding constraint across dairy, beef, and poultry value chains

KEY BOTTLENECKS	PROPOSED INVESTMENTS(*)
1. Structural feed deficit and supply-demand imbalance	PPP Feed production facilities: • 2 poultry feed industrial units → capacity of 32,000 tons/year/unit, USD 12.7 million per unit • 3 densified feed block production facilities → capacity of 210,000 tons/year/unit, USD 14.6 million per unit • 6 concentrate cattle feed facilities → 138,000 tons/year/unit, USD 10.6 million per unit
2. Limited supply of high-quality forage inputs	PPP 10 commercial forage seed production and multiplication units → 270,000 Ha, 128,000 tons/seed/year, USD 12.6 million per unit
3. Limited technical capacity and quality control in feed industry	PPP Integrated training, quality control systems, and capacity building embedded across all feed production investments

SUSTAINABILITY BENEFITS

DIRECT BENEFICIARIES

6.9K

(THOUSAND)

INDIRECT BENEFICIARIES

2.6M

(MILLION)

PER CAPITA INCOME INCREASE

+3,735

(USD/PERSON)

GHG IMPACT

FAO EXACT CARBON TOOL

+10.9M

(MILLION tCO2-e)

Note: (*) Opportunities reflect government priorities identified through the FAO Hand-in-Hand Initiative and require further structuring with relevant public and private stakeholders.

3. EXTENSIVE RANGELAND MANAGEMENT

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Developing modern ranching systems to scale red meat production and unlock Ethiopia's livestock export potential

INVESTMENT PROFILE (INDICATIVE)

INVESTMENT
USD 136.6M
(MILLION)

NPV
USD 91.7M
(MILLION)

IRR
25.0%
(%)

RATIONALE

- Constraints in traditional agro-pastoral systems (water, feed, low productivity practices)
- Strong and growing demand for red meat (~7% annually)
- 1.1M+ hectares available for ranching development
- Significant opportunity to transition from traditional to commercial livestock systems

KEY BOTTLENECKS

1. Traditional livestock systems lack commercial orientation and scalable, high-efficiency production for domestic and export markets

PROPOSED INVESTMENTS(*)

Private | PPP

3 large-scale commercial cattle units → capacity of 34,650 cattle (including bulls), coverage of ~161,000 hectares, USD 45.5 million per unit:

- Full infrastructure: fencing, water systems, cattle shelters
- Integrated waste management and climate-smart production practices
- Training in modern livestock management

SUSTAINABILITY BENEFITS

DIRECT BENEFICIARIES
2.7K
(THOUSAND)

INDIRECT BENEFICIARIES
13.4K
(THOUSAND)

PER CAPITA INCOME INCREASE
+2,648
(USD/PERSON)

GHG IMPACT
FAO EXACT CARBON TOOL
-56.6K
(THOUSAND tCO_2-e)

Note: (*) Opportunities reflect government priorities identified through the FAO Hand-in-Hand Initiative and require further structuring with relevant public and private stakeholders.

4. GRANDPARENT POULTRY

Establishing domestic Grandparent Poultry breeding to close Ethiopia's genetic productivity gap and reduce import dependence

INVESTMENT PROFILE (INDICATIVE)

INVESTMENT
USD 9.0M
(MILLION)

NPV
USD 4.2M
(MILLION)

IRR
30.0%
(%)

RATIONALE

- Genetic gap: indigenous breeds lay 50–60 eggs/year vs. 300+ from improved breeds
- Per capita consumption (0.6 kg meat, 0.07 kg eggs) well below African average
- Reliance on imported Parent Stock/DOCs causes FX shortages and supply gaps
- Rising urbanization and incomes are outpacing domestic supply

KEY BOTTLENECKS	PROPOSED INVESTMENTS(*)
1. Genetic limitations	PPP Stock 2 Grandparent Poultry farms with imported breeding birds and rear them to point-of-lay, USD 2.2 million/farm
2. Input supply scarcity	PPP Install on-site hatcheries and lab/quality-control equipment at each farm, USD 1.0 million/farm
3. Infrastructure gaps	PPP • Build farm housing with backup power at each site, USD 0.9 million/farm • Shared fleet of temperature-controlled delivery lorries, USD 0.5 million total
4. Technical skill gap	PPP Fund training and admin support to build local technical capacity, USD 0.15 milllion/farm

SUSTAINABILITY BENEFITS

DIRECT BENEFICIARIES
16.3K
(THOUSAND)

INDIRECT BENEFICIARIES
406.3K
(THOUSAND)

PER CAPITA INCOME INCREASE
+60,000
(USD/PERSON)

GHG IMPACT
FAO EXACT CARBON TOOL
+9.9K
(THOUSAND tCO2-e)

Note: (*) Opportunities reflect government priorities identified through the FAO Hand-in-Hand Initiative and require further structuring with relevant public and private stakeholders.

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Click here to see full Investment Note:

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