



Investment Opportunities in Agrifood System Development in Eritrea



Presentation Outline

Accelerating Agricultural
Investments in Eritrea

1

Country Overview

2

Enabling Environment/
Investment Climate

3

Investment Opportunities



ERITREA

Agricultural Sector Overview and Country Indicators

Land Area	124,600 km ²
Water coverage (%)	0.14
Av. Annual Rainfall	400 mm
People	3.65 million
GDP (USD)	2.89 billion
GDP per capita (USD)	850
Poverty rate	50% (AfDBG, 2020)
Food Security	60%
Unemployment rate	4%
Economy	Agriculture, Mining, Fisheries, Services
Climatic condition	Highlands, Mid lands and lowlands
Special features	Pollution free, Carbon negative, Organic farming

Strategic Advantages

- ❑ Suitable agro-ecological zones for growing crops, horticulture, animal husbandry and fishery
- ❑ Availability of many dams (800 dams) with maximum capacity of water holdings for irrigation and inland fishing
- ❑ Young population (67% WB)
- ❑ Strategic Plan for 2026 to 2030
- ❑ Coastal line extending beyond 1250 Kms and niche market in the region (Africa, Middle East and Europe)
- ❑ High demand for local and export markets

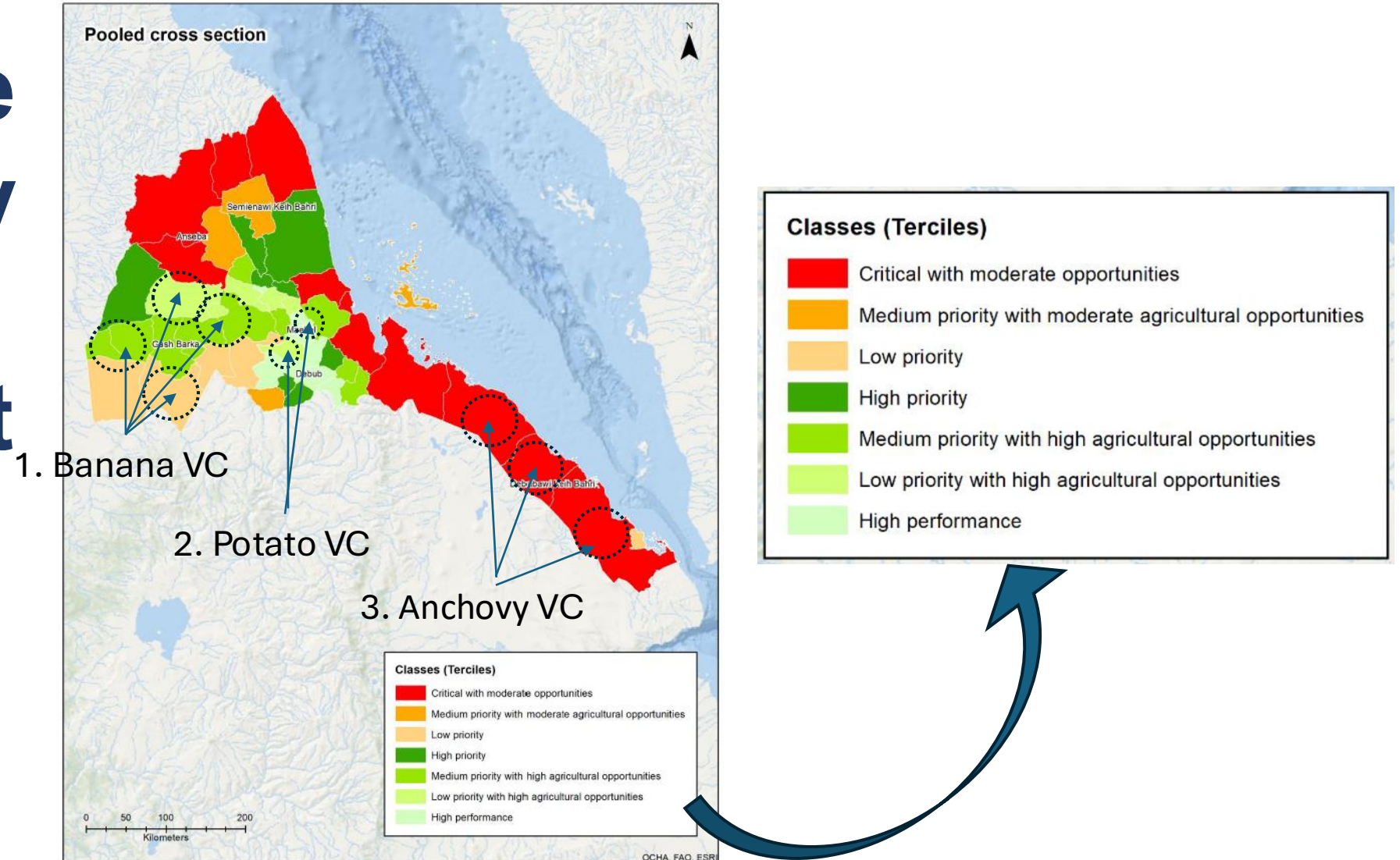


Investment Potential and Opportunities

- ❖ Favorable climatic conditions for agricultural production
- ❖ Suitable agro-ecological zones for growing crops, horticulture, animal husbandry and fishery
- ❖ Export gateway to the Middle East and Asia via Red Sea ports (Massawa and Assab)
- ❖ Existence of water conservation infrastructure (more than 800 water reservoirs) that can support irrigation and inland fishing
- ❖ Sizeable Diaspora population who are keen to invest in the agriculture sector
- ❖ High demand for banana, potatoes and anchovies in local, regional and international markets
- ❖ Availability of research and extension services that provide technical assistance to farmers
- ❖ Untapped opportunities in agro-processing and value addition
- ❖ Export competitiveness: banana and potato varieties in Eritrea are expected to fetch significant profits in international markets
- ❖ Post-Harvest Infrastructure and Value Addition
- ❖ Fishing Fleet and Gear Modernization
- ❖ Development of Fish and Horticultural Processing Facilities



Agriculture and fishery Potential Investment areas in Eritrea





Investment Areas identified

Vision 2030 Targets

- **Target: 20% contribution to GDP**
- **targeting export, reducing post-harvest loss by 20% (pelagic fish)**
- **Engage young people with gender equity**
- **Build Inclusive and Resilient Agri-Food Systems**
- **Provision of the growing demand for sustainable marine proteins**
- **Build Strong bond between public and private partnership (PPP)**

Agriculture and Fishery Strategies

- 1. Sectoral Strategic Plans: 2026-2030**
- 2. Minimum Integrated Household Agricultural Package (MIHAP);**
- 3. Small and Medium Commercial Farmers Strategy (SMCFS);**
- 4. National Aquaculture Development Strategy Implementation Plan (NADSIP);**
- 5. Fishery Business Model and Intervention Strategy;**
- 6. Small pelagic Management Plan**
- 7. Small Productive Farming Plot (SPFP)**



Government Support

- **Investment Laws:** Eritrea offers tax holidays, customs exemptions, and repatriation of profits to attract foreign direct investment.
- **Special Economic Zones:** The government is exploring the establishment of zones to encourage industrial and export-oriented investment
- **Arable Land:** Eritrea has potential for investment in agriculture, particularly in irrigation and modern farming methods.
- **Fisheries:** With a long coastline, the fisheries sector offers opportunities in seafood production, processing, and export
- Construct water harvesting structure for use of human, animal and small-scale irrigation.



Investment Case 1

Banana





Banana Investment Case



INVESTMENT OUTLAY

Total: \$10.6M

Public Sector: Irrigation Scheme
Development and farmers mobilization



Direct beneficiaries: 25,650 people

Indirect Beneficiaries: 460,000 (Transporters,
ripening facilities, input suppliers, service
providers, retailers, etc)



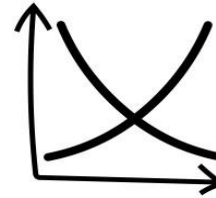
SUB-REGIONS AND SCALE: 4 sub-regional
Administrations

Implementation Modality:

The banana growers should be organized in associations, having their own transportation, ripening and retailing facilities.

Demand: 54,000 MT per year

DEMAND AND SUPPLY



Current Supply Gap:
24.7%

Target Market:
Domestic and export to
Middle East and Europe

Product
Fresh Banana/Dried

Commodity Prices
US \$ 1 and US \$ 1.15 per Kg

Market Structure
Many banana ripening plants
located in the capital and other
cities



Bottlenecks	Key Investment	Risks	Mitigations
Energy consumption (diesel) for water pumping (irrigation)	<ul style="list-style-type: none"> Introducing alternate solar PV arrays and wind energy sources - 50 solar water pumps with 12 -15 HP capacity - public improved agronomic techniques and practices - public 	<ul style="list-style-type: none"> Unaffordable prices Shortage of high skilled manpower 	<ul style="list-style-type: none"> Empower producers through incentives, capacity building and lowering costs of imports/exports
Low inputs/outputs in agricultural production systems	<ul style="list-style-type: none"> Establish 2 banana tissue culture production centres with capacity of producing 5,000 to 10,000 seedlings per annum- public Promote high yielding varieties and provision of inputs and services, including crop insurance - public 	<ul style="list-style-type: none"> High cost of irrigations schemes Inadequate infrastructure (Eg. For ripening) 	<ul style="list-style-type: none"> Provision of high quality, high yielding disease free varieties encourage farmers for improved practices and crop insurance benefits
Poor roads networks	<ul style="list-style-type: none"> Construct 40 -50 feeder/ gravel roads from the plantation areas to the 	<ul style="list-style-type: none"> High post-harvest loss Ineffective market supply 	<ul style="list-style-type: none"> Construction and/or rehabilitation of feeder roads



Investment Analysis: Banana

Profitability Indicator

Investment Outlay	\$10.6M
Gross Profit	~20%
Internal Rate for Return	24.7%
Net Present Value	204 M

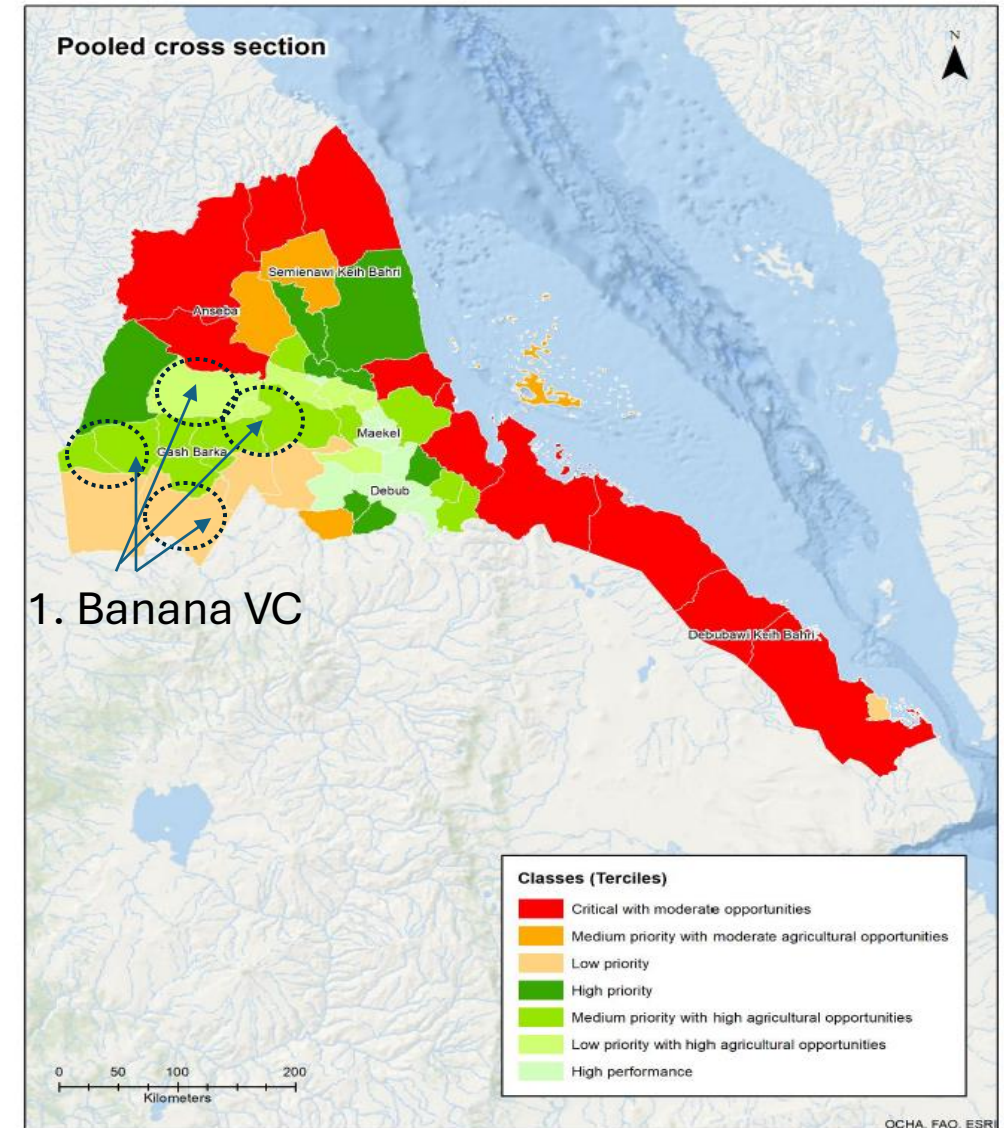
Environmental Performance Indicators

Carbon Emissions	N/A
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Socio-Economic Performance Indicators

Direct beneficiaries	25,650 people
Indirect beneficiaries	460,000 people
Income per capita	\$980
Other Benefits to Farmers	Technical support, bank credits, land and other inputs
Macro-Economic Benefits	Food and nutrition security

Optimal Investment Location





Investment case 2

Potato





Potato Investment case



INVESTMENT OUTLAY

Total : \$13.4M

Public Sector: Land appropriation,
including infrastructure



Direct beneficiaries: 20,160 People

Indirect Beneficiaries: 570,000 People

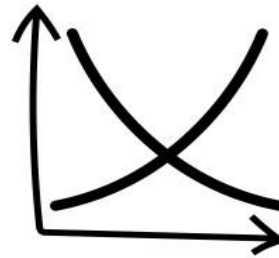


SUB-REGIONS AND SCALE: 4 sub-regional
Administrations

Implementation Modality

- Establishment of potato processing facilities
- Expansion of ware potato production in the lowlands
- Establishment of seed processing and packaging
- Construction of standard storage structure for seed
- Demand: 75,000 MT per year

DEMAND AND SUPPLY



Current Supply Gap:
54.6%

Target Market: Local market &
Export to Middle East

Product
Boiled/fried potato

Commodity Prices
US \$ 2 and US \$ 2.15 per Kg

Market Structure
Open market in cities
like any other vegetable



Bottlenecks	Key Investment	Risks	Mitigations
Energy consumption (diesel) for water pumping (irrigation)	<ul style="list-style-type: none"> Introducing alternate solar PV arrays and wind energy sources – 30 solar water pumps with 12-15 HP capacity - public 	<ul style="list-style-type: none"> Unaffordable prices Shortage of highly skilled manpower 	<ul style="list-style-type: none"> Empower producers through incentives, capacity building and lowering costs of imports/exports
Low inputs/outputs in agricultural production systems	<ul style="list-style-type: none"> Establish 2 tissue culture plant centres - Public Encourage improved agronomic techniques and practices, including crop insurance - PPP Promote high yielding varieties and provision of inputs and services - PPP 	<ul style="list-style-type: none"> High cost of irrigation schemes Inadequate infrastructure 	<ul style="list-style-type: none"> Provision of high quality, high yielding disease free varieties Encourage potato growers Cooperatives development encourage farmers for crop insurance benefits
Poor roads networks	<ul style="list-style-type: none"> Construct 40 feeder/gravel road from the potato plantation areas to the main market road - Public 	<ul style="list-style-type: none"> High post-harvest loss Ineffective market supply 	<ul style="list-style-type: none"> Construction and/or rehabilitation of feeder roads
Shortage of processing and	<ul style="list-style-type: none"> Building 2 potato 	<ul style="list-style-type: none"> Inadequate energy 	<ul style="list-style-type: none"> Government support in the



Investment Analysis: **Potato**

Profitability Indicator

Investment Outlay **\$13.4M**

Gross Profit ~10%

Internal Rate for Return 21.5%

Net Present Value 95M

Environmental Performance Indicators

Carbon Emissions N/A

Socio-Economic Performance Indicators

Direct beneficiaries 20,160 people

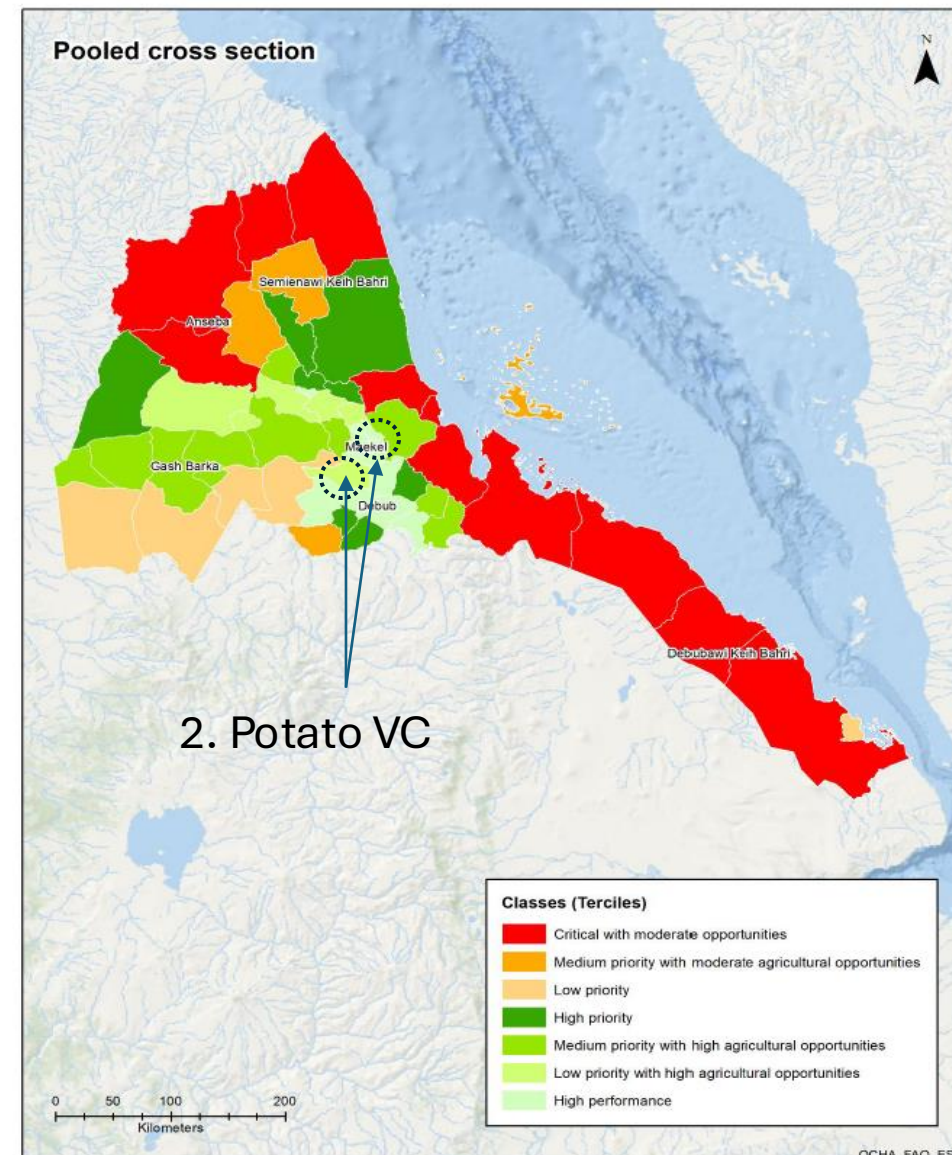
Indirect beneficiaries 570,000 people

Income per capita \$790

Other Benefits to Farmers Technical support,
bank credits, land
and other inputs

Macro-Economic Benefits Food and nutrition
security

Optimal Investment Location





Investment Case 3

Anchovy





Anchovy Value-chain



INVESTMENT OUTLAY

Total : \$42.2M

Public-Private partnership (PPP): Parastatal Institutions, fisher cooperatives including women, traders and consumers

Direct beneficiaries: 60,400 people

Indirect Beneficiaries: 300,000 people

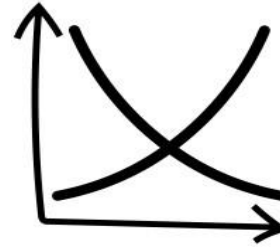


SUB-REGIONS AND SCALE: 3 sub-regional Administrations

Implementation Modality

Fishing communities organized in cooperatives harvest anchovy and dry the catches in solar drying plant located at the center of the production area and dried and powdered can be packed supplied to marketplaces.
Demand: 6,932 MT

DEMAND AND SUPPLY



Current Supply Gap:
45%

Target Market:
Local & Export

Product
fried/powdered fish

Commodity Prices
US \$ 0.8 and US \$ 1 per Kg

Market Structure
Supply to feed processing
Plants and export for food to the
Middle East, Far East & Europe



Bottlenecks	Key Investment	Risks	Mitigations
High post-harvest loss	<p>Establish anchovy solar drying and processing plant with a capacity of 250 KW and with estimated production of 8 tons/day - PPP</p> <p>Promote 10 tons preservation capacity of cold storage - PPP</p>	<ul style="list-style-type: none"> Inadequate drying and processing facility 	<ul style="list-style-type: none"> Establishment of solar drying and processing plant Promote cold storage
Low production due to lack of fishery inputs	<p>Organization of fishers into cooperatives - PPP</p> <p>Provision of fishery input (improved boats, nets, safety</p>	<ul style="list-style-type: none"> Lack of well-organized cooperatives Low fishing capacity Adverse weather 	<ul style="list-style-type: none"> Strengthen fishery cooperatives through PPP encourage fishermen for insurance benefits



Investment Analysis: ANCHOVY

Profitability Indicator

Investment Outlay	\$42.2M
Gross Profit	~20%
Internal Rate for Return	39%
Net Present Value	8.46M

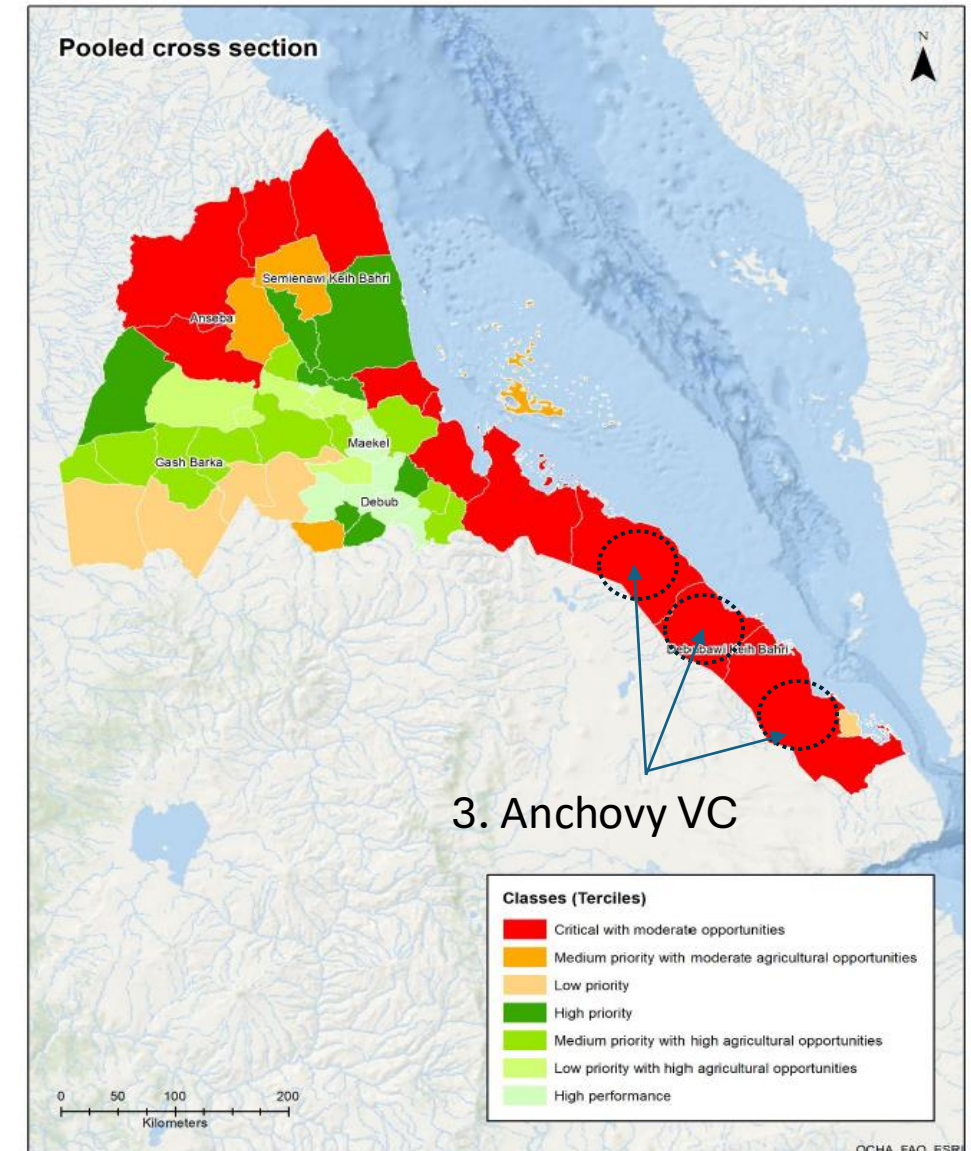
Environmental Performance Indicators

Carbon Emissions	0.1 – 0.5 g CO ₂ per kg of fish
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Socio-Economic Performance Indicators

Number of Fishing community	60,400
Number of indirect beneficiaries	300,000
Income per capita	\$821
Other Benefits to Farmers	Technical support, bank credits and other inputs
Macro-Economic Benefits	Food and nutrition security

On-shore Investment Locations





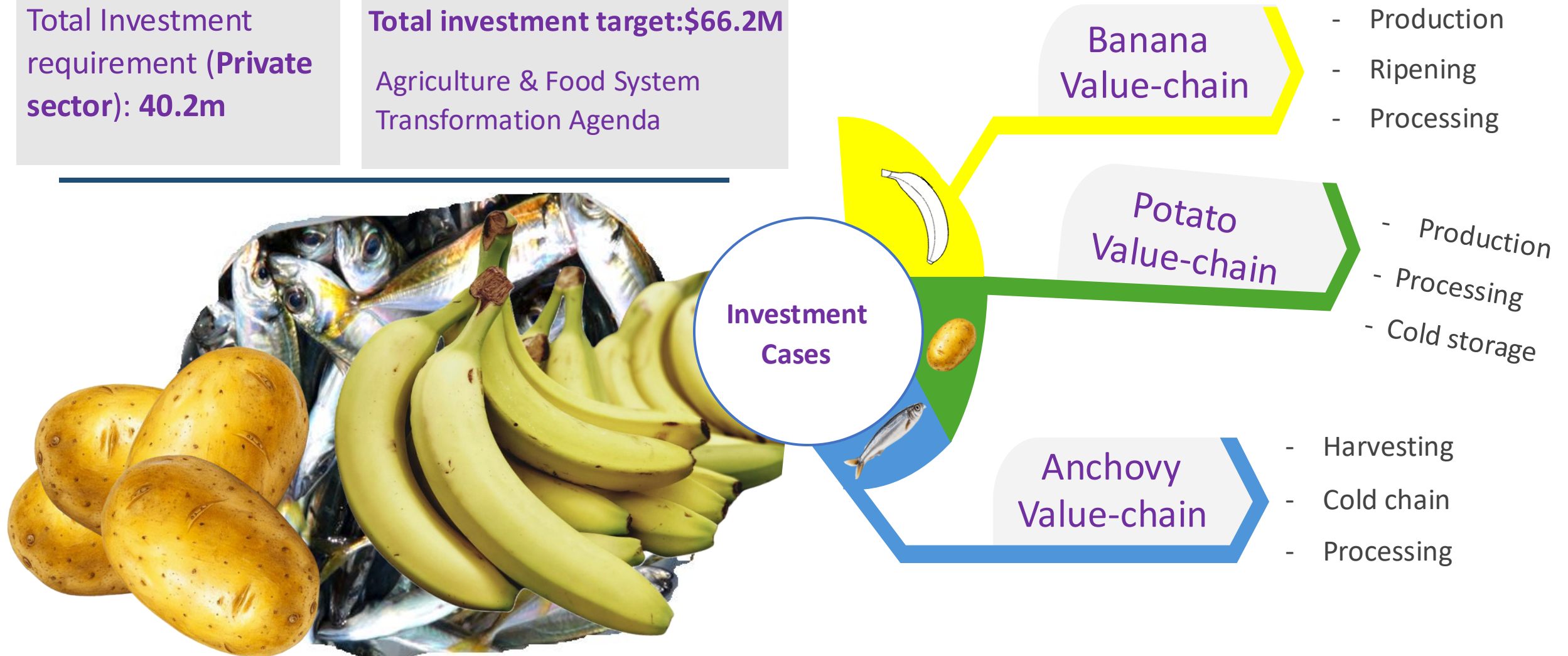
Agriculture Investment Summary

Total Investment
requirement (**Private
sector**): 40.2m

Total investment target:\$66.2M

Agriculture & Food System
Transformation Agenda

Priority Investment Opportunities





ERITREA INVESTMENT PLAN

SUMMARY

US\$ 66.2M Total Investment	28.4% Overall Average IRR	106,210 Direct beneficiaries 1.33 M Indirect beneficiaries	\$864 Average Income increase	\$307.46M Total NPV
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KEY INVESTMENTS

Intervention: Banana

Cost (USD): 10.6M

IRR (%): 24.7

NPV: \$204M

Sustainability benefit

Direct beneficiaries: **25,650 people**

Indirect beneficiaries:
460,000 people

Income increase per capita: **US\$ 980**

Emission Reduction per capita:
N/A

1

Intervention: Potato

Cost (USD): 13.4M

IRR (%): 21.5

NPV: \$95M

Sustainability benefit

Direct beneficiaries: **20,160 people**

Indirect beneficiaries:
570,000 people

Income increase per capita: **US\$ 790**

Emission Reduction per capita:
N/A

2

Intervention: Anchovy

Cost (USD): 42.2M

IRR (%): 39

NPV: 8.46m

Sustainability benefit

Direct beneficiaries: **60,400 people**

Indirect beneficiaries: **300,000 people**

Income increase per capita: **US\$ 821**

Total emission reductio: **693 – 1,386 - ton CO2e.**

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