

Brief Profile of Shewit Salt Supplier Private Limited

Company (Mekele /Tigrai)



Shewit winner of regional development hero trophy and several certificates

The Creation and Evolution Processes of Shewit

The long fought gorilla war in Tigrai and Eretria came to an end in 1991, with the defeat of the Derg (military) Regime in Ethiopia. Eretria officially declared its independence from Ethiopia in 1993. TPLF/EPRDF took power and rules the country as of 1991.

Upon victory and change of government in Ethiopia (Over throw of the Derege most fighters were to be systematically laid off and reintegrated in to the public. The layoff was mainly because of old age, Injuries /disabilities and not being able to be recruited into the regular army. Multiple projects were identified to help them secure their livelihood and smoothen out the rehabilitation/reintegration process. To benefit from these projects the ex-fighters as they are locally called (Tegadelai) are expected to be organized in to associations and deposit Birr 2000 as initial capital.

The regional government Cooperative Bureau and Mekelle Municipality cooperative Office spear headed the process of organizing the ex-fighters and close collaborators into associations. Shewit was established in 1992 and constituted of 13 ex-fighters and other 3 civil members (14 males and 2 females). The ex-fighters spent a minimum of over 10 years in the bush. The initial operational capitals was 32,000 Birr. This was contribution by individual members (Birr 2000 /member). Shewit means Eshete = like green maize or beans).

The number of members has steadily increased by enrolling interested traders and government workers as members. Between 1994 and 2004 membership almost doubled reaching 43 in 2004. The number later on fell back to 26. This drastic reduction in number of membership does not necessarily indicate a particular crisis situation but rather an outcome of a restructuring process that the agency underwent in order to maintain progress. At the general assembly meeting held in 2004 (EC) a consensus was reached that all members take an active role or directly engage in the production process. They believed only buying shares without actually involving in activities was considered counterproductive.



Photo: Shewit members and shareholders in part (10 out of total of 26)

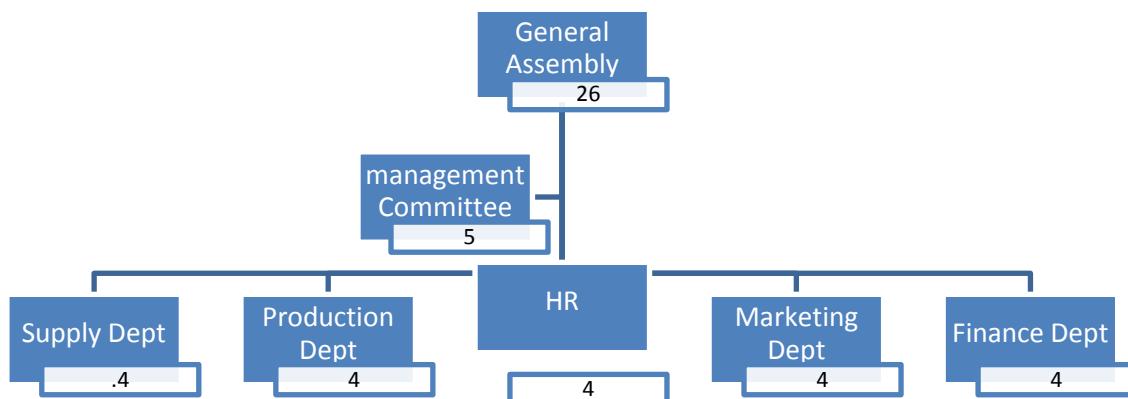
Accordingly about 17 shareholders on their own decision (not being able to comply) withdrew bringing back the number of shareholders to original 26. Shewit transformed in to a registered private share company in March 2004. There are two sister companies registered under Shewit Salt Supplier Private Limited Company

1. Shewit Iodized salt manufacturing factory
2. Shewit Agri-products Company (produces and process sesame and also in a process of to start producing animal feeds)

However this report will focus on the iodized salt production process and outcomes only although the registered capital includes the two.

Organizational structure

Shewit PLC has a general assembly of 26 members/ shareholders all living in Makele and surrounding towns. The general assembly meets once a year. There is a management committee (MC) of 5 members elected for one year term of office. Remaining members work as members of the 5 different units under the MC



Engagement in salt iodization

Shewit like other similarly formed associations had to choose from some already identified projects (wood and metal work, fruit and vegetable retail etc) under the regional cooperative bureau and Mekele Municipality. The idea of Shewit engaging salt iodization relates to the following situations:

- Urgent need for iodized salt in the country
- Availability of 2 glotra iodization machine earlier donated by UNIVCEF with the initiating salt iodization in salt producing regions. The machines were sitting idle at the TRHB
- Their willingness and strong commitment of Shewit members to engage salt iodization

With knowledge and approval of the respective government offices individual members raised Birr 2000 each to qualify as a member. The actual production of iodized salt started in 1994/95. Later on additional financial support of Birr 20,000 was granted to the association by the regional government bringing the total working capital to Birr 52,000.

Source of material inputs

The initial source of their raw salt supply was Amole rock salt from Berehale. Amole salt has long history in Ethiopia. This salt bar is cut into different shapes by local traditional producers. The salt bar is brownish in color mainly due to soil contamination and several minerals embedded in it (sulfur, iron, chlorides, phosphates and gypsum.....). The salt bar is traditionally carried to salt market places with caravan of camels (the famous camel caravan trade) and this has continued to date.



Photo Dalol rock salt deposit (Afar)



Photo: salt cut into bars and loaded to the camel



Photo: camel caravan carrying bar salt on route to Berhale



Photo: a single bar weighing about 10 kg and at a rate of Birr 5/kg



Photo: Closer look at Amole salt Bar: note abundance on market and impurities imbedded in the salt bar

The amole salt in addition to its gross impurity pauses another challenge to the iodization process.

- Was technically difficult to iodize without being crushed in to smaller crystals (extremely difficult job)
- No alternative source of finer raw salt source
- Long practice of using amole by the public (choice)

Hence another crushing machine was supplied by UNICEF to ease the problem but ultimate solution came only when salt from Afdera became accessible. This also had its own limitations (high cost and irregularity in the supply).

Potassium iodate was originally supplied by UNICEF free but as of July 2012 Shewit had direct access to the national KIO₃ supply channel (cost recovery scheme) established by joint initiative of FMoH and Partners (UNICEF, MI, GAIN). Shewit acknowledges the smooth flow of supply over the years and has been regular on reporting monthly reports.

Packaging material currently in use is a one kg plastic bag, with Shewit and national USI logo and necessary labelling information as per the national standard

Production and distribution volume

Over the last 12 years Shewit has been the business of producing adequately iodized salt at a Shewit limited scale. The production volume has steadily increased between 1995 and 2014 as indicated in table below

Table 1: Trends in production amount and capital development over years

Year EC	Produced/ year Quintals	Annual production increase rate %	Gross Capital increment Birr	annual capital increase rate %
1995 (2002/03)	450		32,000	
1996 (2003/04)	700	35	300,00	837.5
1997(2004/05)	1000	42	427,000	42.3
1998 (2005/06)	1300	30		
1999 (2006/07)	2200	41	470,000	
2000 (2007/08)	3500	59.1	496,000	5.5
2001(2008/09)	7400	52.7	734,000	85.2
2002 (2009/10)	10100	26.7	1,440,000	96.2
2003(2010/11)	12200	20.7		
2004 (2011/12)	13332	9.3	2,000,000	
2005 (2012/13)	24404	83	3,120,000	77.7
2006 (2013/14)	41060	68.3*	5,500,000	76.3*

- Note production volume and capital grew by 68.3% and 76.3% respectively. This among other things is mainly due to the newly installed Davey machine

Ensuring iodization quality

Shewit has been making its best effort to produce quality iodized salt by taking all necessary measure. Earlier on it used qualitative tests (RTKs) to control quality and as of September 2014 A chemist has been assigned and WYD iodine checker used to check quality. Test results always are within permissible range (34-66 ppm) as the production process is well regulated.

Preparation of the 6 minimum essential SOPs will be completed and made fully operation by end of June 2015. Further measures to ensure product quality include the following

- Toilet and washing facility for staff and temporary personnel
- Working clothes (uniforms, head and mouth cover) and gloves
- Lab corner with office space
- Water distilling equipment (produces its own distilled water and produce its own solution and B

Shewit has been certified by EFMHAC based on its assessment of conformity with the national standard.



Transformation from RTK to WYD and from nonprofessional to professional practice on iodization quality

Consumer acceptance and marketing of the product

In addition to technical difficulties, Shewit especially at the start had the biggest challenge on making its product accessible and marketed by the general public. Obviously they started small but even that small amount could not be easily sold simply it could not compete with Amole bar salt culturally well known to the public and cheaper. The consumer's knowledge about iodized salt was also minimal.

The group did not have any choice except to make maximum effort to introduce the iodized salt they are producing. Groups went to churches and mosques, government offices, schools and market places to inform the public. This process through time helped and the product started to get acceptance.



Photo: W/ro Medina mother of 3 children has 3 selling Photo: W/ro Tsadekan , house wife and mother of been selling Shewit product over last 10 years Shewit salt in her small shop

They both notice there is increasing awareness about IDD and demand for iodized salt. They both are residents of Makele and get their supplies from distributors and sell the product at 6 Birr /kg. They were advised that they can buy the product directly from the factory at a cheaper price of Birr 5.25/kg

Shewit iodized salt currently is widely distributed in most areas of Tigrai, Northern part of Amhara bordering Tigrai and even in AA to some degree. The current production volume can only meet under a third of the regions salt demand estimated at about 160,000 quintals/annum

Current undertakings

Lately some renovation work has been done in the old production site. More attractive however is the construction work under way at the new factory location at far end of Mekelle city to the north.

Shewit has secured a 2387 square meter of land and construction work of the main building (storage facilities frown raw salt and iodized salt and a machine shop in the middle is in progress and nearly 40-50% completed. The construction of workshop, office building and an additional building for producing iodized animal feed) is expected to be completed and launched by March 2016.



Photo: The new factory site with construction work in progress

The new premise will allow for scale up of salt iodization by introducing additional machines and a include conveyor belt for the existing glotra and Davey machines) and a new machine set up for the animal feed production

Socio –economic benefit of the members (Change in quality of life)

It is not that difficult to imagine what the fate of this ex-fighters could be if they have not been supported to engage in schemes that made them what they are today. Their success to the most part emanates from their own hard work, die-hard discipline and strong commitment. Currently the members lead decent life. Indications are:

- Each member earns a monthly salary of 4100 Birr and allowance (1500 Birr) total of Birr 5600. They are not facing any shortage of money for their living
- Over 92% of the members (24/26) have constructed and living in their own homes
- Kids regularly attend schools and there are some who graduated from colleges
- Each member had share worth Birr 120,000 at the start of the Plc. This capital has currently grown to >150,000 Birr in the last two years from dividend earnings.

Members aging and their smooth transition strategy

Shewit is likely to face some practical challenges from the following issues that needs to be addressed in due course.

- The average age of the members is approaching 70 years (> retiring age) and some of them are with physical disabilities sustained from previous injuries and hence can't stay active and productive for long.
- Membership is limited to the 26 original members only due to the policy restriction (not open to new membership). Therefore new people are not recruited in.

These are real practical concerns the members are aware of and have already starting to take some actions for the transition

- Recruit professional employees to effectively fill staffing gaps (A chemist, biologist and sanitarian have already hired this year)
- Bring in family members (preferably educated) to take post

Constraints and Challenges

Despite the sustained progress made, Shewit faces some constraints and challenges. Some of these have in one form or another existed throughout its life while some are new and emerging. These include the following:-

1. Sustainable access to raw salt (irregularity in supply, cost and quality..) and high transport cost to transport the raw salt from Afdera
2. Lack of simple technologies/tools like conveyor to reduce work burden and use machines efficiently
3. High cost of potassium iodate chemical and limited flow of supply
4. Shortage of finance and lack of access to financial institutions (banking and loan services) due to bank bureaucratic procedures
5. High tax burden

Offices visited and discussions held on relevant topics

Regulatory Unit of Tigrai Regional Health Bureau

Persons met: Ato Bahiru Teka A/head and Ato Tesfaye Hassen Expert

Issues Discussed: Their observation of progress and support to Shewit

- NO strong link established yet but Shewit contribution in salt iodization/USI highly is appreciated
- RHB through its functional structures (HEP) and different forums contributes in awareness creation (consumers, distributors, retailers makes.)
- Recently conducted assessment on hotels in 8 towns in Tigrai regarding their availing and use of iodized salt by using RTKs . Brief tabular result seen below :

Table 2: Findings of recent inspection visits on shops and hotels selling and using iodized salt in 7 main towns (2014)

S N	Towns/cities	Total number of shops inspected	Number of shops selling iodized salt	Iodized salt selling shops%	Total number of Hotels inspected	Number of Hotels with iodized salt	% Hotels Using iodized salt
1	Alemata	30	25	83	16	13	81
2	Maichew	30	26	87	12	10	83
3	Mekelle	60	56	93	34	30	88
4	Adigrat	30	25	91	14	11	79
5	Axum	30	26	88	22	19	86
6	Shire	30	24	80	24	19	79
7	Humera	30	24	80	14	10	71
8	Total	240	206	86	136	112	82

Interesting findings: note the vast majority of shops and hotels sell and use iodized salt respectively

Regional Investment Bureau

Person met	Ato Gebre Hiwot Asefa Deputy Bureau Head
Issues discussed	Problem of accessing bank loan and excessive tax
Suggested solutions	<ul style="list-style-type: none"> - Problem is well known to authorities and a new national guideline that adequately addresses this problem is under preparation at the federal level - Cooperatives who newly transform into SC have the privilege of tax holiday of 2 years Shewit needs to apply immediately - Shewit advised to closely work the office to be informed on developments

Future Work plan

In the coming 2-5 years Shewit plans to undertake the following

1. Atomize production system (install new machines and install conveyor belts for old machines)
2. Scale up salt iodization from current 41,060 quintals to 66, 000 quintal by 2015 and beyond
3. Be best supplier of quality iodized salt in country (Tigray in full and cover part of Amhara , AA,DD, Oromia partially)
4. Product diversification : producing animal feed enriched with iodized salt
5. Improve its own means of transportation

Acknowledgement

Shewit greatly acknowledges the following governmental, non-governmental institutions and individuals who provided financial, material and technical support for its success

Regional level: Tigrai Regional Administratice Council (Cooperative, Heath Bureau and investment Bureaux) Makelle City Administration (Municipality) and respective Kebeles

Federal level: Ministry of Health, Investment Agency, EFMHACA

Partner Agencies: UNICEF, GAIN, Irish Aid

Individuals : Mr Lorenzo L., Ato Teshome Desta, Ato Beyen R-UNICEF, Ato Mehari (R-UNICEF), Ato Asemelash

The consultant on his part acknowledges the contribution of the following Shewit executive committee members for their facilitation of my work and full disclosure of information required:

- | | |
|-----------------------------|-----------------|
| 1. Ato Geush Desta | General manager |
| 2. Ato Gebre Medhin Tsegaye | Deputy Manager |
| 3. Ato Tadele Asefa | Secretary |
| 4. Ato Megistu | Finance Head |
| 5. Ato Alemsegede Asefa | Main Casher |