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The Competitiveness and Trade Expansion Program

East Africa Trade Hub

COMPETITIVENESS AND TRADE EXPANSION PROGRAM



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ACRONYMS

ACTESA	Alliance for Commodity Trade in East and Southern Africa
ACTIF	African Cotton Textile Industries Federation
ACE	Agricultural Commodity Exchange
AFCA	African Fine Coffees Association
AGOA	African Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
ATI	African Trade Insurance Agency
C&F	Clearing and Forwarding
CAF	Certificate in Agriculture Finance
CISMM	COMPETE Institutional Sustainability Maturity Model
COI	College of Insurance
COMESA	Common Market of East and Southern Africa
COMPETE	Competitiveness and Trade Expansion Program
COPE	Center of Phytosanitary Excellence
CQI	Coffee Quality Institute
EAC	East African Community
EACCM	EAC Customs Management Act
EAFCA	East African Fine Coffee Association
EAGC	Eastern Africa Grain Council
EAPIC	East Africa Phytosanitary Information Committee
ECA	East and Central Africa
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization
FBO	Farmer Based Organization
FEAFFA	Federation of East African Freight Forwarders Associations
FESARTA	Federation of East and Southern African Road Transport Associations
FEWSNET	Famine Early Warning System Network
FTA	Fiber, Textiles, and Apparel
FtF	Feed the Future
HS	Harmonized System
IBM	Integrated Border Management
JBC	Joint Border Committee
KRA	Kenya Revenue Authority
KSC	Kenya Shippers Council
KTA	Kenya Transport Association
MEXA	Mauritius Exchange Association
MIS	Market Information System
NFBSC	National Food Balance Sheet Committee
NTBs	Non-Tariff Barriers
OSC	One-Stop Centre
PIR	Project Intermediate Result
RADDEx	Revenue Authorities Digital Data Exchange
RATIN	Regional Agriculture Trade Intelligence Network
REGI	Regional Economic Growth and Integration
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RFBS	Regional Food Balance Sheet

ROO	Rules of Origin
RRA	Rwanda Revenue Authority
RTA	Regional Trade Association
SADC	Southern African Development Community
SAFEX	South African Futures Exchange
SATH	Southern Africa Trade COMPETE
SCO	Simplified Certificate of Origin
SPS	Sanitary and Phytosanitary
STS	Structured Trading System
SWS	Single Window System
TMEA	Trademark East Africa
TMSA	Trademark South Africa
ToH	Taste of Harvest
TPA	Tanzania Port Authority
TRA	Tanzania Revenue Authority
USAID	United States Agency for International Development
USC	Uganda Shippers Council
WCO	World Customs Organization
WFP	World Food Programme
WTO	World Trade Organization

Introduction and Highlights

This document is the FY12 annual report of the regional \$84 million Competitiveness and Trade Expansion (COMPETE) program covering the period October 1, 2011 through September 30, 2012. The program was launched in FY09 and, after modification at the close of FY12, is scheduled to end on August 31, 2013. COMPETE employs an integrated approach to advancing trade and economic growth and ensuring food security in East Africa. The approach is based on the premise that regional integration¹ is a key driver to fostering competitive and efficient regional markets and increasing the competitiveness of East Africa globally. Regional integration makes it easier to shift staple foods from areas of surplus to areas of deficit, increasing availability and food security.

COMPETE focuses on helping regional public and private sector partners to implement policies, regulations, procedures, and systems to increase regional trade and enhance exports under African Growth and Opportunity Act (AGOA). COMPETE's partners include:

- Regional economic communities, principally the East Africa Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), including its specialized agency the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA).
- Regional trade associations such as the Eastern Africa Grain Council (EAGC), the African Cotton & Textile Industries Federation (ACTIF), and the Federation of East African Freight Forwarders Associations (FEAFFA).
- Regional banks and financial institutions
- Other African private sector organizations and NGOs.

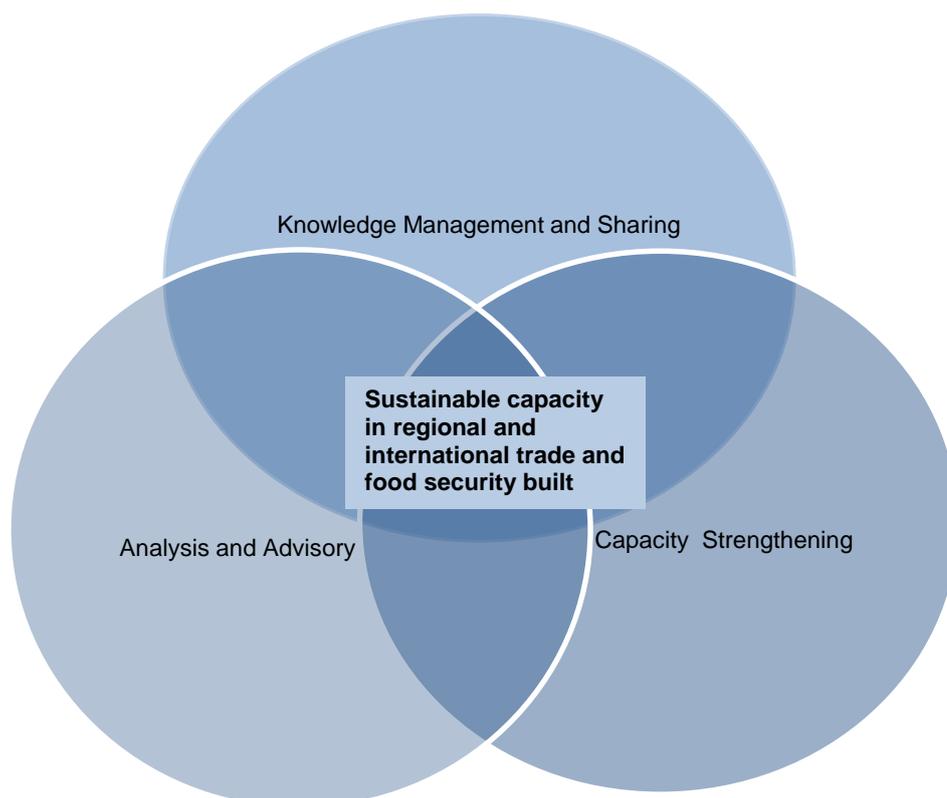
COMPETE's vision is *to build sustainable capacity for competitive regional and international trade and food security.*

Implementation framework. To ensure clarity among the team, USAID, and partners, the conceptual framework for this vision entails working in three integrated areas, as shown in the exhibit and described below, each reinforcing and contributing to the other two.

- *Analysis and advisory support.* COMPETE undertakes analyses of issues and approaches, distilling needed information — including data analysis, policy constraints and recommendations, or lessons learned in a particular technical area or approach. These analyses and related advisory support feed into knowledge sharing and capacity building efforts. A good example of this is the recent analytical work on staple foods trade bans that are being used to establish EAC policy among member states.
- *Capacity strengthening.* Strengthening institutional capacity is one of the greatest challenges USAID faces as it fulfills its mandate and is at the core of COMPETE's work. Our partners face a range of challenges as they struggle to thrive in complex economic, political, and social environments — constrained by policies, bureaucracy, and limited

¹ Regional integration is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules.

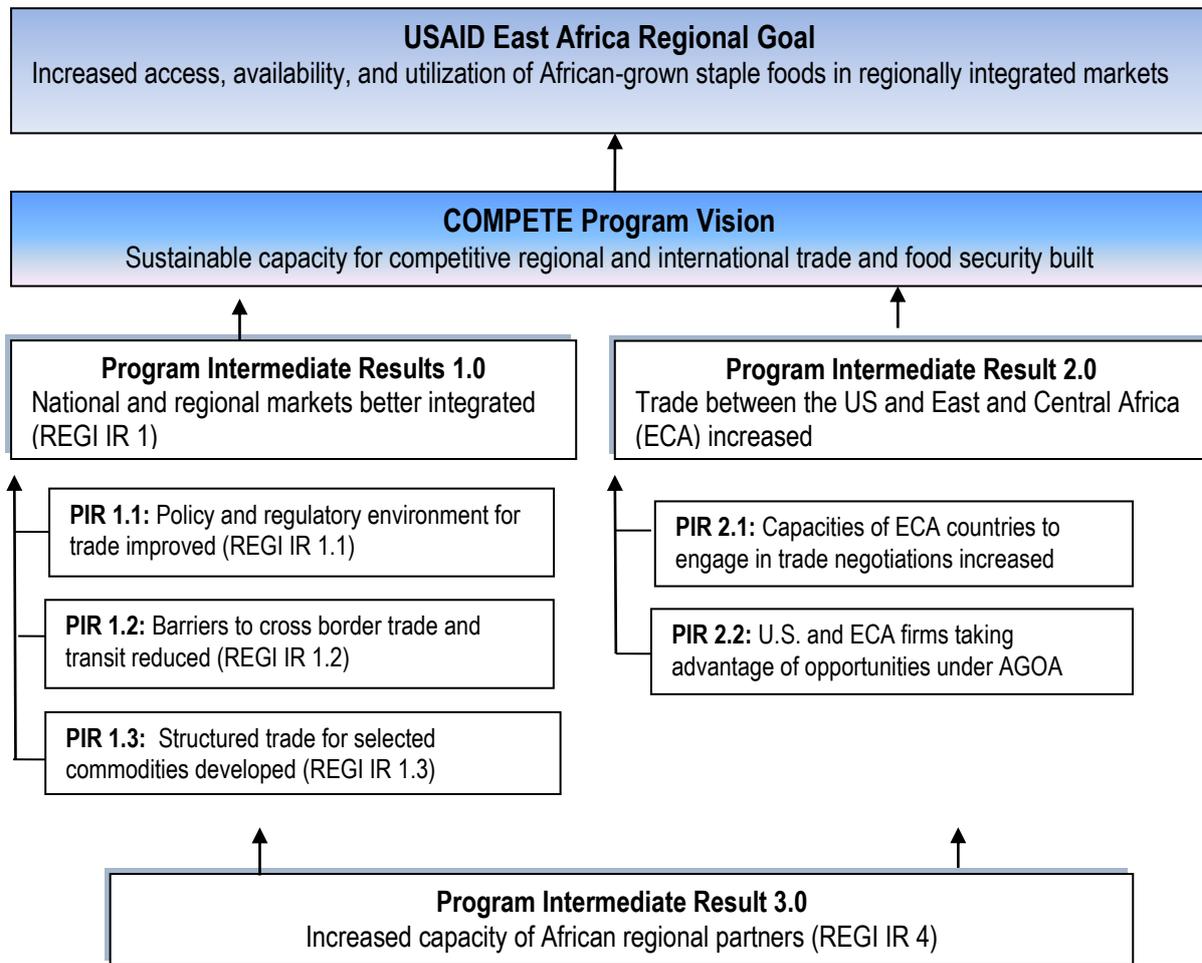
human and other resources. COMPETE’s job is to build partner organizations’ capacity so that they overcome these challenges and provide quality services and products. Activities take the form of training, mentoring, and guidance that builds both technical and organizational capacity. Critical to this effort is the COMPETE Institutional Sustainability Maturity Model (CISMM), a well-established organizational assessment tool that identifies and tracks the technical and organizational capacity needs of key partners — including EAGC, ACTIF, and FEAFFA — with the aim of preparing selected partners for direct support from USAID.



- *Knowledge management and sharing.* Knowledge management and sharing is vital to connect USAID staff, COMPETE’s partners and beneficiaries, and the development community with information that will help them work smarter to accomplish their missions. Knowledge management and sharing entails promoting best practices and lessons learned, enriching collaborative partnerships, and assisting in decision-making through research and information sharing. COMPETE has moved from an ad hoc to a more systemic approach of disseminating knowledge products and services to a diverse global audience.

COMPETE is managed by the USAID/EA Regional Economic Growth and Integration Office (REGI). COMPETE’s results framework is aligned with that of USAID/EA/REGI. Activities and tasks contribute to REGI’s results framework and most of the USAID/EA Feed the Future (FtF) Strategy results framework. For this reason, the report is organized by the results framework depicted below.

Figure 1: The COMPETE Results Framework



COMPETE uses an array of *analysis and advisory* services, *capacity strengthening* initiatives, and *knowledge management and sharing* products and services to implement activities and tasks designed to achieve its overall program goal of building sustainable capacity for competitive regional and international trade and food security. COMPETE primarily contributes to [Program Intermediate Result \(PIR\) 1: National and regional markets better integrated](#), however key initiatives are undertaken under [PIR 2.0 Trade between the US and East and Central Africa \(ECA\) increased](#). For instance, the majority of tasks under USAID/W’s Partnership for Trade Facilitation project for Rwanda contribute to [PIR 2.1: Capacities of ECA Countries to engage in trade negotiations increased](#). In addition, under [PIR 2.2: US and ECA firms taking advantage of opportunities under AGOA increased](#), our AGOA-related work is carried out through the contract-defined component, the ECA Trade Hub. The use of this term has been confusing to some of our USG partners especially since USAID/EA has begun to refer to the entire project as the East Africa Trade Hub. While COMPETE is the East Africa Trade Hub (EATH), and works closely with SATH and WATH, we will continue to use the term “COMPETE” to refer to the overall project throughout this report.

On a cross-cutting basis, COMPETE works with key partners to strengthen their technical and institutional capacity so that they may contribute to the PIRs long after our program has

closed. In fact, it is rare for COMPETE to undertake a task without collaborating with a local or regional partner. Depending on the task and desired result, we engage partners through grants or subcontracts under a \$24 million Partnership Fund. Additional detail on how we increased the capacity of our partners can be found under [PIR 3.0: Increased capacity of African regional partners](#).

FY12 Highlights

1.1 Policy and Regulatory Environment for Trade Improved

- COMPETE continued work on Revenue Authorities Digital Data Exchange (RADDEX) 2.0 in partnership with national revenue authorities. Key achievements during the year included finalization of RADDEX2.0 software development and testing as well as finalization of the systems training and sensitization materials. The system will be piloted in October 2012 to prepare for going live and an official launch at end of November 2012.
- COMPETE helped EAC draft a *Working Document for the EAC Working Group on Food Security and Nutritional Policy*, which was shared with the EAC Secretariat. The EAC Food Security and Nutrition Policy working group will use the paper as a resource to formulate the EAC Regional Food Security and Nutrition Policy.

COMPETE FY12: By the Numbers

9 policies, regulations, and administrative procedures in development, passed, or being implemented

16 public-private partnerships facilitated

28 percent increase in intra-regional trade in cotton, textiles, and apparel from 2010 to 2011

81 percent increase in intra-regional trade in staple foods from 2010 to 2011

201 firms receiving capacity building assistance to export

13,120 hours of training delivered to financial sector supervisors

1,117 hours of training delivered in trade and investment capacity building

1,350 food security enterprises, women's groups and trade associations benefited directly from COMPETE interventions

\$25 million in coffee purchases brokered at the EAFCA conference

\$36 million in AGOA-related exports to the United States facilitated by the project

1.2 Barriers to Cross Border Trade and Transit Reduced

- COMPETE helped the Government of Tanzania prepare a *National Strategic Plan for Management and Administration of Borders* and a *Harmonized Cargo Clearance Procedures Manual*. The manual will help to reduce the uncertainty that traders face when crossing borders, thus reducing transit time and cost. It was endorsed by the Permanent Secretary of the Ministry of Trade.
- COMPETE provided advice and equipment to the Tanzania Port Authority (TPA) to establish a One Stop Center (OSC) at the Dar es Salaam Port. Before the OSC, clearing and forwarding agents traveled over 14 km to multiple agencies to complete the cargo clearance process. With the OSC, clearing and forwarding agents do not have to leave the port to complete the cargo clearance process, thus saving time and money. The TPA formally launched the OSC on July 26, 2012.

- COMPETE assisted the Kenya Port Authority's (KPA) top management to review its 2012 – 2015 business plan in order to close gaps and develop strategies to put KPA on the path of achieving world class port status. With COMPETE assistance, the business plan will be finalized next year.

1.3 Structured Trade for Selected Commodities Developed

- COMPETE worked with the EAGC to complete the RATIN upgrade. The EAGC and COMPETE also worked to expand its geographical reach and introduce greater real-time functionality. RATIN is now fully linked to the ACE commodity exchange in Malawi's trading platform and the SAFEX exchange in South Africa's daily market report providing users with critical real-time price information and analyses to help them make more informed decisions. The new RATIN also includes a direct link to the EAC's new Regional Food Balance Sheet portal.
- This past year, COMPETE and its partners, in an effort to get the regional harmonization of staple foods standards back on track, produced a position paper on recommended moisture content in grains and staple foods, which was circulated to stakeholders to the standards agreement. Later in the year, COMPETE and the EAGC held a national stakeholders meeting to resolve Kenya's concern with grain moisture content. The draft standards will be presented to the EAC Sectoral Council of Ministers meeting in November 2012 for adoption and ratification.
- COMPETE, the EAGC and the national public sector Regional Food Balance Sheet focal points (generally Ministries of Agriculture) began identifying, registering and training the target contributors in each of the EAC partner states. As of the end of FY12, a total of 139 contributors had been registered and trained and 62 contributors were uploading data on a monthly basis. The current pool of registered contributors includes many of the leading value chain players in the region, an indication of the importance the private sector ascribes to the RFBS. With significant momentum achieved, the RFBS is scheduled to be incorporated into the EAC and launched in early FY13.
- COMPETE, Center of Phytosanitary Excellence (COPE), and East African Phytosanitary Information Committee (EAPIC) completed the national Pest Risk Assessments for rice in all five EAC countries. Representatives from the National Plant Protection Organizations (NPPOs) agreed to a common regional pest list for rice, which should allow rice to trade freely within the EAC without being subjected to time consuming SPS inspections at borders. The case for rice will be presented to the EAC in November 2012. If successful, the regional pest list development process that COMPETE charted with COPE and EAPIC, could be replicated for other major traded staples such as maize and beans.

2.2 U.S. and ECA Firms Taking Advantage of Opportunities under AGOA Increased

- AGOA exports continued to grow in FY12 with almost \$36 million in new orders. AGOA exports facilitated through COMPETE now total \$95,690,075.
- Origin Africa 2012 – Ethiopia, organized with support from COMPETE and its grantee ACTIF, took place April 25-27 in Addis Ababa. Origin Africa Ethiopia included one of

the largest and most comprehensive Trade Expos in Africa with over 60 exhibitors from Africa, the U.S., Europe, India and China covering the entire fiber/textile/apparel supply chain as well as the home decor and fashion accessories sector. Business in excess of \$8 million was initiated at the Trade Expo.

3.0 Increased Capacity of African Regional Partners

- Using CISMM, COMPETE conducted institutional assessments and developed recommendations for strengthening the capacities of the KSC, AFCA and the EAGC. Next year, assessments will be carried out for other key COMPETE partners, including ACTIF, FEAFFA and KTA.
- COMPETE worked with the ACTESA Secretariat to translate their five-year institutional strategy into an actionable operational plan. The operational plan was presented to the COMESA Secretary General in June 2012 and was approved.
- KTA launches the East Africa Heavy Commercial Vehicle (EA HCV) driver's training school in Mombasa to combat driver error and improve safety on the roads. With the acquisition of three state-of-the-art driving simulators, KTA will use the technology to upgrade the skills of regional cross border heavy commercial vehicle truck drivers, bolstering road safety initiatives not only in Kenya, but in the region as well. With 85% of road accidents in Kenya occurring due to human error (according to a 2009 World Health Organization report), KTA's driving school should help mitigate such accidents, reduce transit times across East Africa, and reduce the consequent cost of transport along the Northern Corridor.

1.0 National and Regional Markets Better Integrated

COMPETE provides analysis and advisory services to bilateral and regional partners including policy makers, producers, traders, processors, the EAC Secretariat and partner states to institutionalize critical systems, policies and standards to reduce the cost of doing business and increase value chain competitiveness across East and Central Africa.

COMPETE's strategy is to address barriers to cross-border trade and transit and reduce the time, cost, and complexity of procedures along the major regional transport corridors for East Africa. The aim is to drive a coordinated approach involving governments, regional economic communities and the private sector to put in place an improved regional environment for enabling trade.

To tackle the issue of food security, COMPETE works to:

- address policy and standards gaps that constrain intra-regional trade in staple commodities
- strengthen the region's market information systems
- build capacity within the region's organizations to institutionalize structured trading systems.

The combination of better policy, reduced transit times, and structured trade leads to better integrated national and regional markets.

1.1 Policy and Regulatory Environment for Trade Improved

COMPETE works with the EAC and relevant public and private sector partners at the regional and national levels to implement tasks designed to improve the business environment. The program focuses on interventions that improve cross-border trade and transit or policies that affect value chains and food security. By design, these tasks contribute to other PIRs of the results framework.

Activity 1. Work with regional institutions to improve cross-border trade and transit policy

Task 1. Develop and launch Revenue Authorities Digital Exchange (RADDEx 2.0). Over the course of the last three years, COMPETE has been working with the EAC and national revenue authorities in Kenya, Rwanda, Tanzania, Burundi and Uganda to develop an innovative regional customs information exchange platform, RADDEx 2.0).

RADDEx is a customs software solution owned, operated and maintained by the EAC Revenue Authorities.

RADDEx collects data from point of lodging to final destination and translates it into a readable format for all EAC countries. This data collection allows for an efficient, paper-free, transparent trading environment. RADDEx is also a capacity building initiative that demands regional cooperation to allow for the free and automatic flow of customs data between EAC Partner States.



RADDEx 2.0 offers a secure “information bridge” that allows authorized users access to relevant customs declaration information that is used for determining duties and clearing shipments across the key borders of the EAC.

RADDEx 2.0 is primarily a software solution owned, operated, and maintained by the region’s revenue authorities. Having customs and shipping information readily available and shared with key stakeholders results in decreased transit delays due to the increased efficiencies in the system. This is achieved through advance notification of shipments arriving at the borders, the ability to complete documentation prior to the arrival of the shipment, the elimination of the need for duplicate data entry, and the capacity for the revenue authorities and others to assess the risk of the pending shipment.

Customs information is transmitted through a network of linked RADDEx 2.0 servers. These national-level RADDEx 2.0 servers procured through COMPETE support are located at each revenue authority’s main headquarters in Nairobi, Kampala, Dar es Salaam, Kigali and Bujumbura. The central server is located at the EAC Secretariat in Arusha.

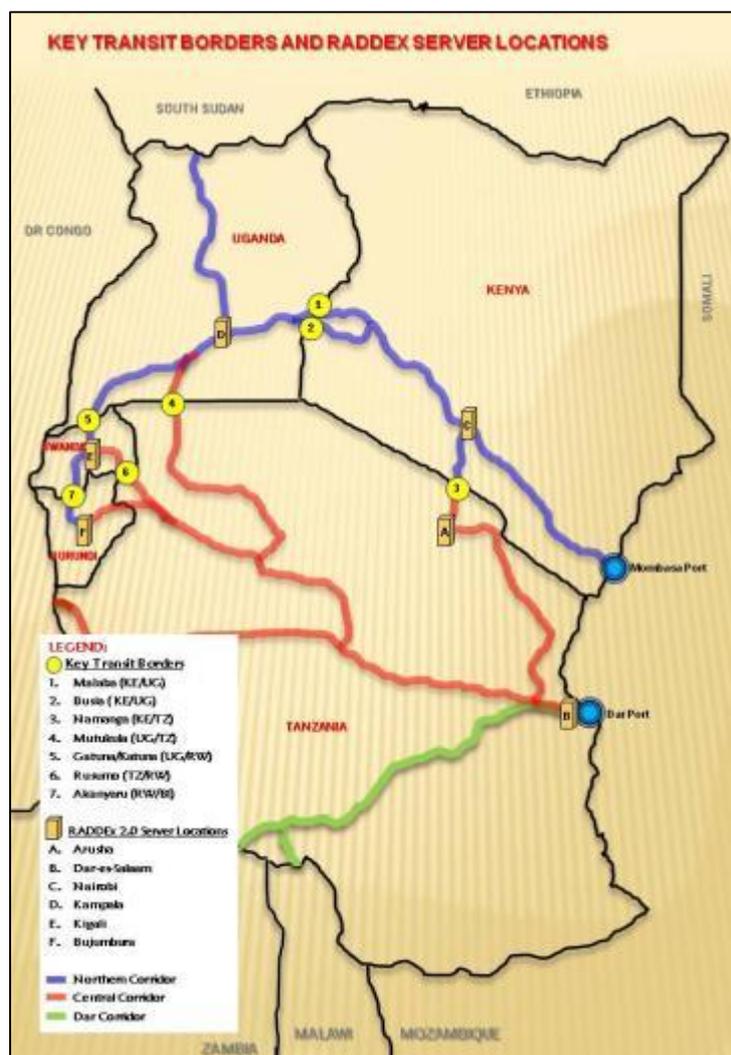
Data stored on the RADDEx 2.0 central server can be accessed through the internet by authorized users identified by the revenue authorities once the information is downloaded into the RADDEx 2.0 system. RADDEx 2.0 users do not have direct access to and are not

able to alter the actual customs data in the revenue authorities' proprietary system which protects the integrity of the original data in the system.

RADDEx 2.0 has a robust monitoring and evaluation capacity built into the system. The system can provide:

- Near real time regional customs information for transiting goods
- Advanced notification of arriving goods
- Defrauding false declarations
- Item level tracking
- Customs user audit trails
- Projected position of cargo based on historical information
- Customs reports
- Comprehensive regional risk

Table 1. Key Transit Borders and RADDEx 2.0 Server Locations



During FY 12, COMPETE has been a catalyst in bringing the EAC and the revenue authorities together to jointly design and test the system to meet both national and regional priorities. To ensure local ownership within the revenue authorities, the RADDEx 2.0

developers have engaged directly with heads and staff of both IT technical and business/policy divisions throughout the entire development process.

In addition to the development of the software, COMPETE purchased and installed computer equipment (servers and IT accessories) in the offices of the five revenue authorities and the EAC Secretariat and trained over 240 revenue authority staff on using and maintaining the system. COMPETE has also embedded a senior level IT systems expert within the EAC for one year to coordinate and train EAC IT staff and customs staff to use the system. The IT systems expert has also trained national level revenue authority RADDEx 2.0 operational staff and developed users and training manuals to ensure local expertise and the sustainability of the RADDEx 2.0 system. He will continue to train and mentor staff and users throughout his assignment at the EAC. The EAC will officially launch RADDEx 2.0 during the EAC Summit scheduled for November 2012.

RADDEx 2.0 has the potential to save private sector shippers a significant amount of time and costs in moving goods across borders. Advance completion of customs declarations can save up to 12 hours in transit time at border crossings.

Based on the number of trucks passing through the Malaba border each year, this decrease in clearance times would result in a significant savings of around US \$50 million per year. Similar savings could be achieved at all border posts if RADDEx 2.0 were used for 100% of customs declarations.

RADDEx 2.0 is a first step towards regionally managing customs data and operations throughout the EAC customs union by promoting free and automatic flow of customs data among its member states. This regional connectivity in customs greatly contributes to more efficient and paper free processes at borders as well as creating a transparent trading environment.

RADDEx 2.0 offers the public and private sector an excellent tool to facilitate regional trade. To achieve greater impact, private sector knowledge and use of RADDEx 2.0 as a tool for clearing goods at border points should be increased. This work could also include working closely with the private sector to identify software enhancements such as the provision of shipment transit data to importers and clearing agents in real-time via mobile phone applications.

Task 2. Support Federation of East African Freight Forwarding Associations (FEAFA) on key policy initiatives. COMPETE is working in partnership with FEAFFA on several policy initiatives related to the overall effort to increase the professionalism of the transit value chain and improvement of service delivery. Below are three key policy papers COMPETE is developing with FEAFFA:

Policy paper on amendment to EAC Customs Management Act. In 2011, the EAC amended Section 34 of the EAC Customs Management Act (EACCMA). The amendment states that “where goods entered in accordance with subsection (1) are not removed from the first point of entry within fourteen days from the date of entry, such goods shall be liable for customs warehouse rent”. In effect, the amendment applies an additional warehouse rental fee on top of that which is already being paid to a port authority for the storage of goods at the port.

Due to the increased costs that the amendment forces upon clearing and forwarding (C&F) agents, FEAFFA plans to engage relevant government agencies and the EAC in a process that they hope will lead to the withdrawal of the amendment to Section 34. To prepare for the advocacy effort, FEAFFA must conduct detailed research on the cost implications of the amendment to the business community and regional economy.

COMPETE began an analysis with FEAFFA in FY12 to establish the cost implications of the amendment of Section 34 to the freight logistics industry in East Africa and the overall EAC economy. We will help them complete the analysis in FY13 Q1 and FEAFFA will work with stakeholders to advocate for an amendment to that EACCMA that addresses the amendment to Section 34 and proposes a more effective process of revenue collection by customs authorities.

Policy paper on mutual recognition of clearing agents’ licenses across the EAC. The East African Community Customs Management Act specifies that clearance of cargo across borders must be by licensed customs agents. Efforts to enhance professional standards within the industry have gained momentum including among others a regional industry code of conduct, training and improved access to operational information. All these have promoted a unified approach of business issues among all clearing agents in the region. Despite the efforts to enhance professional standards within the industry, the licenses offered by one revenue authority are not yet being recognized by other Revenue authorities. This is contrary to the provisions of the EAC Common Market Protocol on free movement of capital and labor compelling clearing and forwarding firms to seek multiple licenses across borders to do business in other EAC countries; a factor that raises their cost of doing business.

In FY12, COMPETE supported FEAFFA in calculating the cost implications to the clearing and forwarding agents and the EAC economy of not recognizing the customs licenses issued in one partner state by other partner states. The policy paper will be published in FY13 and used for engaging the partner states and the EAC to highlight the benefits of the mutual recognition of licenses of clearing agents issued in one partner state in all EAC partner states.

Develop policy paper for self-regulation of regional C&F agent industry. Self regulation is the ideal mechanism for fostering professional development of many industries the world over. It offers state agencies previously engaged in policing industry operators to concentrate on their other mandate, while at the same time guaranteeing effectiveness in the industry in question. The clearing and forwarding (C&F) industry in East Africa is highly regulated. This is primarily due to the perception of the industry. The C&F industry has made efforts towards professionalizing and is eager to do more. These efforts include successfully implementing a regional industry Code of Conduct, which was supported by COMPETE

Governments in the EAC should support self regulation as a way to enhance professionalism and reduce the cost of enforcement by state agencies. In FY12, COMPETE began supporting

FEAFFA to articulate the rationale for self regulation. COMPETE met with representatives of clearing and forwarding agents in the region, customs and EAC officials, and all relevant organs to secure sufficient information on the regulation of clearing agents within the EAC, review existing documentation and benchmark against international best practice.

Once this work is completed in FY13, COMPETE will use the findings to prepare policy paper for presentation to the FEAFFA board for validation and eventual adoption in Q2. FEAFFA will then publish the paper and use it to engage partner states and the EAC to advocate for self regulation of the industry.

Task 3. Improve operations of the EAC Trade Helpdesk. In collaboration with the EAC, COMPETE developed the EAC Trade Helpdesk, a web-based tool that allows users to query EAC import and export trade statistics by country of origin and destination, as well as applicable tariff and trade regulatory requirements (such as rules of origin and non-tariff requirements). Data from 2008 to June 2011 is available and is automatically updated quarterly and annually based on uploads by National Bureaus of Statistics in each of the EAC Partner States.

During the year, COMPETE worked with the EAC to improve data quality and upload quarterly data immediately after the end of each quarter. Originally, the Trade Helpdesk was based on the HS2007 tariff book. COMPETE helped the EAC replace it with the HS 2012 tariff book, developed earlier with support from the project. As a result, the EAC is now compliant with the latest World Customs Organization (WCO) standards on commodity classification based on WCO HS2012 guide.

The EAC Trade Helpdesk allows users to query EAC import and export trade statistics by country of origin and destination as well as applicable tariff and trade regulatory requirements.

COMPETE also helped partner states upload information on tariffs that are applicable to goods imported into the EAC from COMESA and SADC. For the first time, partner states have this information at the touch of a button, which, for instance, will allow policy-makers and businesses to quickly assess the impact of COMESA and SADC Free Trade Agreements (FTAs) on EAC.

The EAC planned to formally launch the Trade Helpdesk in 2012. They decided to move the launch to FY13 after COMPETE trains focal institutions from partner states on the system and helps them upload information on market access requirements.

Task 4. Update EAC World Customs Organization nomenclature from Harmonized Systems (HS) 2007 to HS 2012. During FY12, COMPETE supported the EAC to comply with the World Customs Organization’s HS Nomenclature. The HS Nomenclature is a classification of goods that allows international comparability of goods in terms of their

description. The EAC was using HS 2007 and needed to migrate its entire tariff book to the HS 2012 platform. The project helped the EAC to analyze the migration and introduce the necessary changes. As a result, the EAC Customs Working Group successfully migrated the EAC tariff book to the new HS 2012 platform. The EAC Council approved the HS 2012 Tariff book in May 2012. In FY12 Q4, COMPETE printed the new tariff book and changed the Trade Helpdesk tariff book platform to the approved 2012 tariff book.

Task 5. Improve efficiency of axle load regulation implementation. COMPETE has been supporting the implementation of harmonized regional axle load limits to reduce the cost and time it takes to transit EAC corridors. Currently, Kenya allows a maximum of 48 tons Gross Vehicle Mass (GVM), Rwanda and Burundi use 53 tons GVM, and both Tanzania and Uganda allow 56 tons GVM. The disparities across the region result in overloading fees, inefficient use of weighbridges and corruption. If properly implemented, the EAC estimates that harmonization of axle loads has the potential to save the government and private sector up to a billion U.S. dollars annually.

To help achieve these savings and improve efficiency of the transport sector, COMPETE provided advice to the KTA as they continue to advocate for the harmonization of vehicle load limits within the region. KTA is motivated by the need to mitigate overloading, reduce corruption at weighbridges, and protect roads and the investments of KTA members and the transport industry at large. Since April 2011, COMPETE has provided technical assistance to KTA and to the Kenyan Axle Load Oversight Committee (composed of senior representatives from all the major industries, associations and ministries related to transit in Kenya), which resulted in the Government of Kenya's support of the draft EAC Vehicle Load Control Bill 2012.

During the year, our efforts culminated in the EAC Sectoral Council's approval of the EAC Vehicle Load Control Bill 2012. The bill is now pending consideration by the EAC Sectoral Council on Judicial and Legal Affairs before it is forwarded to the East Africa Legislative Assembly (EALA) for enactment by October 2012. If passed and implemented, payments of overloading fees would be executed administratively through prepaid coupons or electronic transfers, eliminating payments through the courts, which would contribute to the estimated annual US\$ 1 billion in savings.

Activity 2: Work with regional institutions to improve policies that affect value chains and food security

Task 1. Support the EAC to develop a Food Security and Nutrition Policy. At the moment, the EAC Partner States' food security and nutrition policies are not harmonized. Moreover, they are not aligned with EAC policy on regional free trade nor do they take into account global perspectives on food security and nutrition. A harmonized policy between partner states would provide a predictable policy environment to drive regional structured trading systems and effective trade facilitation for agricultural products. COMPETE has been working with the EAC to develop a harmonized Food Security and Nutrition Policy (FSNP) that incorporates COMPETE-supported Regional Food Balance Sheet (RFBS) as a policy formulation and market information tool. The EAC Sectoral Council on Agriculture established a working group on FSNP in August 2011. The working group is to be composed of members drawn from EAC partner States Ministries of Agriculture, Health, private sector and other institutions that work on food security and nutritional issues. It is charged with

developing the FSNP as a core contribution to the implementation of the EAC Food Security and Nutrition Action Plan.

In FY12, COMPETE helped EAC draft a *Working Document for the EAC Working Group on Food Security and Nutritional Policy*. The document provides a situational analysis of the current status on each of the EAC Partner States FSNP.

Looking forward, COMPETE will support the EAC Secretariat to hold the first meeting of the regional working group to take place in late October 2012. Both COMPETE and USAID East Africa will provide technical support to the committee to ensure that the EAC is taking advantage of the latest global thinking on food security and nutrition.

Task 2. Support the EAC to publicize the Simplified Certificate of Origin (SCO).

COMPETE helped the EAC to roll out the SCO. The SCO is a customs document that is used to clear goods with a commercial value of not more than \$2,000 and that have been grown or made in neighboring partner states. In accordance with the EAC policy, SCO-eligible goods originating from within the EAC partner states can be cleared across borders without paying duties. COMPETE supports SCO's waiver of duties as a way to reduce the price of goods in the region and support small cross-border traders. Introduction of the SCO at borders will also reduce smuggling and corruption which traditionally took place when traders tried to avoid paying import duties. By encouraging previously smuggled goods to be cleared formally, SCO should lead to more accurate formal trade statistics.



SCO should encourage previously smuggled goods to be cleared formally.

During the year, COMPETE supported a series of activities geared towards the roll out of the SCO in the partner states. These included:

- Supporting the Rwanda Revenue Authority (RRA) and the Tanzania Revenue Authority (TRA) to launch the SCO at the Rusumo border in Rwanda in Q2.
- Supporting a regional SCO meeting that reviewed the progress in SCO roll out and agreed on borders where support for introduction of the SCO is needed. Participants included at the regional meeting national SCO representatives from the partner states (Ministries of Trade), representatives from revenue authorities and cross border associations. During the meeting, they developed and agreed upon a common list of products that will be cleared through the SCO. This was pursuant to the EAC Council directive designed to provide definitive information to traders on products that qualify to be cleared using the SCO. The participants also adopted an SCO guide that was prepared with the support from COMPETE. The purpose of the guide is to instruct traders on how to complete the SCO document without assistance from customs officials.

Significant Issues Affecting Implementation

The RADDEX 2.0 pilot launch was delayed by gaps in infrastructure as well as constraints within the EAC Secretariat schedule. The system is expected to “go live” in November 2012 once testing and training are completed.

1.2 Barriers to Cross Border Trade and Transit Reduced

The efficient flow of international trade relies on a range of skilled service providers working together effectively, including shipping lines, port terminal operators, customs officials, operators of off-dock container yards, land transport agents, government entities at border posts, and C&F agents. The relatively low quality of international trade logistics in the EAC limits the potential for growth in trade and hence economic growth and development the region. Reform of international trade logistics, and in particular the quality of services offered by the various market actors, can yield important economic gains throughout the region.²

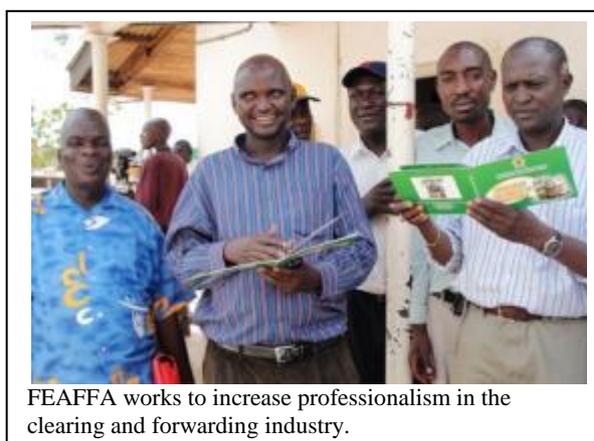
COMPETE works to improve service delivery and integration of the logistics chain by helping to improve the quality of service provided by C&F agents. Concurrently, COMPETE works with government and private sector entities across the region to improve services at domestic border posts, contributing to the formation of an EAC policy on Integrated Border Management.

Activity 1: Improve services and availability of information in the logistics chain

COMPETE works to improve service delivery and integration of the logistics chain by helping to improve the quality of service provided by C&F agents. Concurrently, COMPETE is working with the EAC to provide input for the adoption of an IBM policy to complement our efforts to improve service at domestic border post integration under Activity 2 below.

Task 1. Develop manuals and templates to improve C&F service providers. COMPETE has been working towards improving the services in the C&F industry since it was launched. Highlights of key initiatives are below:

Prepare and launch FEAFFA Code of Conduct. FEAFFA is an apex body of Freight Forwarders Associations in the five countries of the EAC. Following the successful launch of the FEAFFA Code of Conduct (CoC), which was developed with support from COMPETE, FEAFFA publicized the CoC at border posts in order to bring best business practices closer to the operators. FEAFFA successfully launched the code at the Malaba border (Kenya /Uganda) and the Namanga border (Kenya /Tanzania). FEAFFA also utilized partner events to raise awareness on the CoC among its members and stakeholders. In May 2012, FEAFFA raised awareness of the CoC during the World Bank's Corridor Performance Monitoring workshop and COMPETE's Border Procedures Manual Validation workshop for Tanzania. FEAFFA and COMPETE distributed copies of the CoC and other materials. FEAFFA plans to continue to distribute and publicize the CoC at key border points throughout the EAC.



² The Role of Clearing and Forwarding Agents in Reforming the EAC Logistics Sector, James Mathis, Nora Dihel, Nicholas Strychacz, John Arnold, John Mathenge, World Bank Africa Trade Policy Notes Note #17, www.worldbank.org

Develop cargo clearance manuals for key EAC borders. The majority of C&F agents specialize in the clearance and transportation of goods imported through sea ports and airports with less focus on goods produced in the region (especially staple foods). Freight forwarders are not fully aware of the numerous processes and procedures at the land borders including rules of origin, sanitary and phytosanitary (SPS) regulations, and other critical border clearance procedures. Clearance errors often result in the rejection of entries leading to delays in cargo clearance and subsequently increasing transit costs.

Since the bulk of intraregional trade is conducted along the Northern, Central and Dar corridors, COMPETE is working with FEAFFA to produce manuals that contain key procedures, documentation and other requirements for cargo clearance at key borders along these corridors. The six manuals will cover the Port of Mombasa (Northern Corridor), the Port of Dar es Salaam (Central and Dar Corridor), Malaba border (Kenya/Uganda), Kabanga (Rwanda/Burundi), Gatuna border (Uganda/Rwanda), and Busia border (Kenya/Uganda). The work will be based in part upon a *Harmonized Cargo Clearance Procedures Manual* that COMPETE prepared in partnership with the Tanzanian government in FY12 and was endorsed by the Permanent Secretary of Tanzania's Ministry of Industry and Trade (MIT). COMPETE began its analysis of the borders noted above in FY12 Q3 and will produce the manuals in the FY13 Q1.

Prepare Standard Trading Practices Guide for C&F agents. In performing their logistics functions, many C&F agents, especially small and medium enterprises (SMEs), face transactional challenges with their customers due to unclear terms and conditions. In most cases, contracts (written and verbal) do not safeguard the interests of both the principals and the agents, thereby exposing contracting parties to business hazards. These result into poor delivery of services and subsequent loss of business for the SME agents.

To address this, with the support from COMPETE, FEAFFA is developing a Standard Trading Conditions document to clarify the roles and obligations of both parties including provision of accurate information for cargo clearance purposes. The document is designed to facilitate faster transit and customs clearance and ultimately reduce the time and costs involved. The document will be finalized in FY13 Q1.

Task 2. Develop regional directory of transport logistics service providers. Regional and international traders in East Africa find it difficult to effectively navigate and understand the extremely complex international and intraregional trade procedures, documentation, legalities, and clearance. Service providers exploit this situation and get away with providing substandard and overpriced services. Regional traders are frustrated by the lack of information regarding the quality of service providers, greatly limiting competition among providers on both cost and quality. Existing directories contain incorrect information and are polluted by hordes of "briefcase" and corrupt operators.

With little information available and little time to research service providers, regional traders often find themselves trapped in substandard service contracts. Further, the directories of services providers are national rather than regional, complicating the search for a service provider that has the scope necessary to facilitate trade across the region. No attempt has been made to consolidate these national service directories into a single regional platform that provides profiles, addresses, emails, and telephone numbers of all significant logistics service providers across East Africa.

COMPETE is working with the Kenya Shippers Council (KSC) to develop and publish a directory of regional service providers which will provide traders in East Africa a valuable tool to access a larger range of logistics service providers. Work on the directory will be completed in the first quarter of FY13. COMPETE will then work with KSC, FEAFFA and other partners to disseminate the manual.

Develop regional directory of clearing and forwarding agents. With support from COMPETE's Partnership Fund, FEAFFA published the first edition of the *East African Freight Forwarders Directory* in May 2012. The directory is a one-stop source of information on clearing and freight forwarding operators in the region. It is free to all members. The impetus behind the publication is that finding C&F agents in East Africa can be challenging and listings of C&F agents in the general directories have not been vetted and harbor many unscrupulous operators. The FEAFFA directory provides accurate information to importers and exporters about service providers that have been vetted by FEAFFA. The sale of advertising space in the directory is expected to generate revenue to help improve the sustainability of FEAFFA.

Task 3. Support FEAFFA to obtain International Federation of Freight Forwarders Associations (FIATA) accreditation of its East Africa Customs and Freight Forwarding Practicing Certificate (EACFFPC). FEAFFA is professionalizing the industry by providing information, training, and advocacy for an effective freight logistics industry in the EAC. With COMPETE grant support, FEAFFA worked with East Africa Revenue Authorities (EARAs) to develop and implement a course to obtain the EACFFPC. The EACFFPC is a mandatory training program for all customs agents jointly implemented by EARAs and national freight forwarding associations affiliated with FEAFFA. The course is offered to individuals working or intending to work in the clearing and forwarding industry in the EAC. FEAFFA organized two regional retreats for technical experts from the EARAs and the freight forwarding industry in March and April to review the EACFFPC curriculum. The revised draft curriculum was ratified by the program's regional implementation committee in June 2012 and is now being deployed. COMPETE focused the rest of the year on working with FIATA to help FEAFFA understand FIATA accreditation criteria and apply for accreditation of the course. For FY13, this work will be transferred to Trade Mark East Africa as they have a longer term program to support FEAFFA after the end of COMPETE.

Activity 2: Enhance efficiency of cargo clearance at key EAC ports and borders

The high cost of trading across borders can be attributed to uncoordinated operations government border agencies and poor public/private sector cooperation. At some border posts up to ten agencies operate, each carrying out inspections and levying their own charges without any coordination. The process is very bureaucratic, which results in prolonged delays and an increased cost of doing business.

IBM is the organization and coordination of border agency activities to meet the common challenge of facilitating the movement of legitimate people and cargo while maintaining secure borders and meeting national legal requirements. The two primary aspects of IBM are *domestic* and *international* harmonization. On the domestic side, a country may choose to help integrate its border operations by setting up Joint Border Committees (JBCs). Later, it may choose to harmonize its borders internationally through instruments such as One Stop Border Posts.

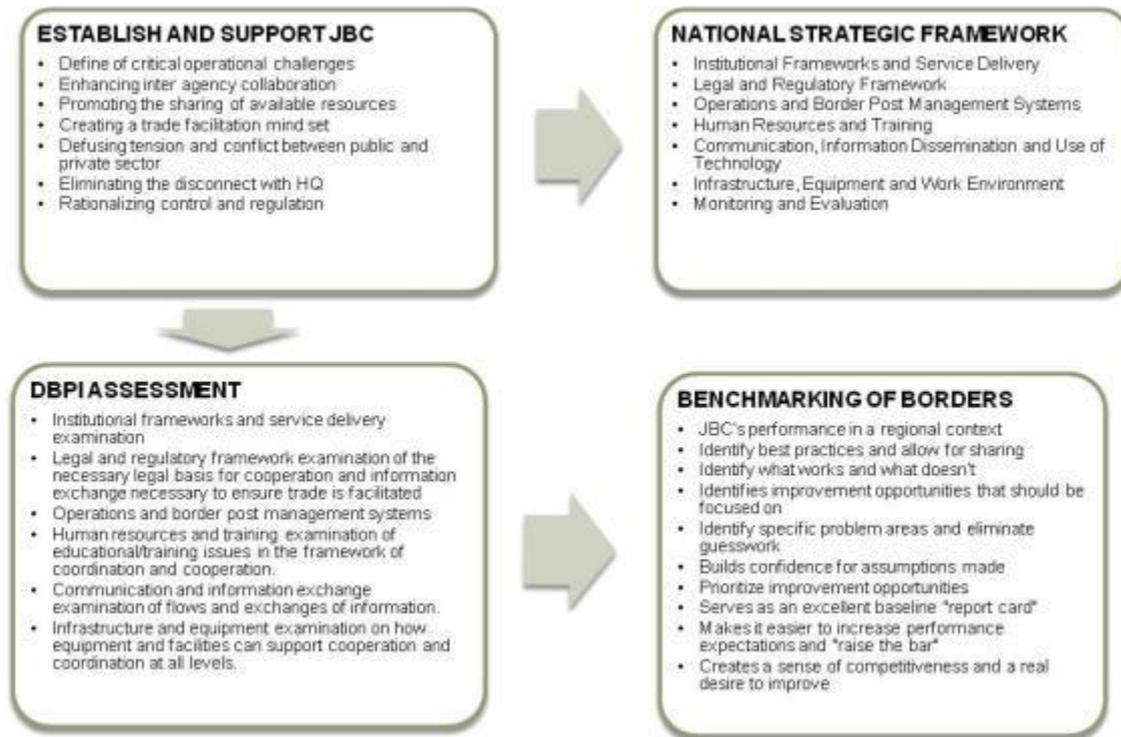
COMPETE has focused on *domestic* border post integration (DBPI) through the establishment and support to JBCs. Key government agencies and the private sector responsible for clearing goods at a country's border post establish a JBC by signing a memorandum of understanding on cooperation. JBCs identify critical operational challenges for clearing goods and then develop local solutions. JBCs emphasize interagency collaboration and private sector cooperation in addressing challenges. JBCs also provide COMPETE and other donors an operational platform for training government and the private sector in trade facilitation initiatives (e.g. Code of Conduct for C&F agents, SCO applications). The figure below represents the COMPETE approach to DBPI through establishment and support to JBCs.

Task 1. Improve Domestic Border Post Integration (DBPI). COMPETE has helped to establish 14 JBCs along three main corridors of the EAC. After establishing JBCs, COMPETE works on a national strategic framework in order to institutionalize the committees.

To ensure that JBCs establish a performance culture and to support monitoring the progress of DBPI, COMPETE undertakes DBPI assessments and benchmarking of borders as shown in the figure below. To conduct a DBPI assessment, COMPETE uses an IBM assessment checklist to interview border agencies. The check list covers six aspects of JBCs operations:

1. Legal and regulatory framework
2. Institutional framework
3. Procedures
4. Human resources and training
5. Communication and information exchange
6. Infrastructure and equipment

From these assessments, COMPETE documents the impact of JBCs and provides recommendations for improvement.



Benchmarking allows key players including the JBC, local and central governments, the EAC, and development partners to focus on critical problem areas. Assessments are carried out in collaboration with the headquarters of ministries in order to ensure ownership and quick communication of results. Through these assessments, COMPETE found that over 58 percent of the issues related to the movement of cargo through borders are domestic and that this new collaborative environment will allow for enhance efforts in resolving border challenges.

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communication of results. Assessments to date indicate that over 58% of the bottle necks to movement of cargo through ECA borders are domestic and that this new collaborative environment will allow for enhance efforts in resolving border challenges.

Prepare Regional Guidelines for DBPI. To ensure that governments and other stakeholders are familiar with COMPETE's approach to DBPI, the project prepared a concept paper titled, "*Domestic Border Post Integration through Joint Border Committees*". The concept paper contains an overview on how to implement DBPI. The concept paper is being used by governments in the region to create and customize national guidelines on DBPI, which includes a terms of reference for JBCs that operate in a specific country.

The customized guidelines provide direction on how to address challenges to trade facilitation in the EAC: the DBPI implementation approach, national inter-agency coordination and collaboration, the establishment, institutionalization, and operations of a JBC; short and medium term actions; best practices, and benchmarking guidance. The guidelines, along with the National DBPI Strategies (see below) will form part of a national government's toolkit for the institutionalization of JBCs.

In FY12, COMPETE began work with the Ministry of Industry and Trade (MIT) of Tanzania to prepare a draft *Guidelines for DBPI in Tanzania*. Using the Tanzanian experience, COMPETE will expand this work across the EAC in FY13 Q1 through Q3.

Develop National DBPI Strategies. A National DBPI Strategy is a living document that serves as the foundation on which the government can operationalize plans and budgets for JBCs. It helps to optimize DBPI operations and ensures that multiple agencies at the borders are working towards the same goals. Through implementing the strategy, regional governments will be able to assess and adjust the direction of JBCs in response to a fluid operating and policy environment. Finally, it offers a disciplined approach to produce fundamental decisions and actions that will shape and guide what JBC are, what they will do and why they will do it, with a focus and orientation on the future.

Last year COMPETE worked with representatives of Tanzania's seven JBCs, other government stakeholders, as well as the private sector and donor organizations to create a draft *National Strategic Plan for Management and Administration of Borders* (i.e. a National DBPI Strategy for Tanzania). The plan will be reviewed for adoption by MIT in FY13 Q1. COMPETE will create a DBPI National Strategy for Rwanda, Kenya, and Uganda in FY13 using the experience of creating the DBPI National Strategy for Tanzania as a guide.

Conduct border assessments and benchmarking. During the year, COMPETE carried out DBPI assessments at Kasumulu (Tanzania), Tunduma (Tanzania), Namanga (Tanzania), Namanga (Kenya), Malaba (Kenya), and Malaba (Uganda). Assessments are beginning to show that government and private sector stakeholders are beginning to serve their intended purpose which includes joint mobilization and utilization of resources, organizing the private sector, diffusion and resolution of interagency tensions, fostering public private partnership at the border, promoting private sector compliance and enhancing joint inspections. Participation of stakeholders in JBC meetings is high, which is an indication that JBCs have become an integral part of border management at the borders assessed.

From these assessments, COMPETE documents the impact of JBCs and provides recommendations for improvement. Towards the end of the year, COMPETE worked with

the Directorate General of Immigration and Emigration (DGIE) and Rwanda Revenue Authority (RRA) to select four JBCs in Rwanda for inclusion into the program (Akanyaru, Cyangugu, Rusumo and Gatuna border posts). The JBCs were established by the DGIE and our work in FY13 will focus on conducting assessments of them in order to help the DGIE prepare a strengthening program. This work is being funded by and is part of USAID/W's Partnership for Trade Facilitation project for the Government of Rwanda (also included under [IR 2.1](#))

Building on the work above, COMPETE is supporting the EAC to introduce IBM in the region, beginning with soliciting EAC partner states' endorsement of IBM as an EAC policy. As a result of this work, the EAC Secretariat will present a case for adoption of a holistic approach to the implementation of IBM to the EAC donor coordination meeting. COMPETE is currently working with the EAC to determine the dates.

Task 2. Improve operations at key ports. Improving port operations has been an important area of intervention over the past four years as the ports are the initial entry point of goods traveling along the EAC's transportation corridors. In FY12, COMPETE focused on the following:

Develop Process and Procedures Manual for Clearing Goods through Dar es Salaam Port. The Dar es Salaam port is a strategic entry and exit port servicing two major transit corridors: Rwanda, Burundi, the Democratic Republic of Congo, and Uganda through the Central Corridor and Malawi and Zambia through the Dar es Salaam Corridor. Dar es Salaam port handles about 95% of Tanzania's international trade. It is strategically placed to serve as a convenient freight linkage point not only to and from East and Central Africa countries but also to the Middle and Far East, Europe, Australia and America.

During FY12, COMPETE helped the TPA to develop a *Process and Procedures Manual for Clearing Goods through Dar es Salaam Port*. COMPETE's technical team is currently editing the manual for publishing in FY13 Q1. The final manual will be packaged into information booklets, process and applicable charts, and posters. It will also be available on-line through various partners' websites. COMPETE will provide limited advisory services throughout the extension period.

Improve operations at the Dar es Salaam OSC. The OSC gathers eleven port agencies under one roof to create efficiency in the processing of cargo clearance documents. The result is streamlined processes, less paperwork, and fewer days of cargo dwell time. Before the OSC, clearing and forwarding agents traveled over 14 km to multiple agencies to complete the cargo clearance process. With the OSC, clearing and forwarding agents do not have to leave the port to complete the cargo clearance process.

COMPETE provided advice and equipment to the TPA to establish the OSC. The TPA provided space to house the OSC and COMPETE procured \$50,000 of computers, furniture, telecommunication equipment, printers, photocopiers, and scanners to



The OSC gathers eleven port agencies under one roof to create efficiency in the processing of cargo clearance documents.

facilitate the centre's improved operations. After extensive assistance from COMPETE in FY12, USAID and the TPA formally launched the OSC on July 26, 2012. The USAID/Tanzania Mission Director and Minister of State for Private Sector Development and Investment presided over the launch.

Support the Kenya Ports Authority to finalize its business plan. The Port of Mombasa is the principal gateway to the ECA region, handling 95% of the region's terrestrial imports and exports. The quality of the port's services and its efficiency, therefore, greatly impact the region's international trade and its economies.

With the volume of traffic through the Mombasa port growing at a rate greater than 10% per annum, planning is essential in order to ensure that the port continues to support regional competitiveness. COMPETE is supporting KPA in its efforts to review its current business practices and to develop a new business plan that meets international best practices.

During the close of FY12, COMPETE helped KPA's top management review its business plan for the period 2012-15. The team worked with KPA to close gaps in the current plan and to thread in strategies that will begin the process of putting KPA on the path of achieving world class port status. The business plan will be finalized with KPA in FY13 Q1.

Significant Issues Affecting Implementation

The ongoing constitutional reform agenda in Kenya and in Tanzania has crowded the government's agenda and has slowed government's action and participation in other developmental activities. While work on the borders continues to be successful, some institutionalization work at national levels has suffered.

As JBCs grow in effectiveness and popularity, COMPETE is coming under increased pressure from counterparts to expand support to JBC operations. Tanzanian counterparts are particularly enthusiastic.

1.3 Structured Trade for Selected Commodities Developed

The informal, transactional and disconnected nature of the region's staple foods value chains negatively affects sector competitiveness. Structured trading systems that link and integrate all value-chain players and create greater efficiency within the commodity marketing chain are lacking in most countries in the EAC and COMESA regions. COMPETE works to develop the systems and policies necessary to integrate smallholders into the formal market structure, facilitate trade and enhance food security. COMPETE collaborates closely with RTAs such as the EAGC, RECs, bilateral USAID missions and their projects, international development partners, regional NGOs, private sector associations and lead firms to address policy and standards gaps that constrain intra-regional trade in staple commodities, strengthen the region's market information systems and build capacity within the region's organizations to institutionalize structured trading systems.

Activity 1: Address regional market information system deficiencies and facilitate trade linkages

Market information is essential for the proper functioning of agricultural markets. It not only provides the information required to facilitate links along the value chain but also allows value-chain participants to evaluate different opportunities and market movements and make

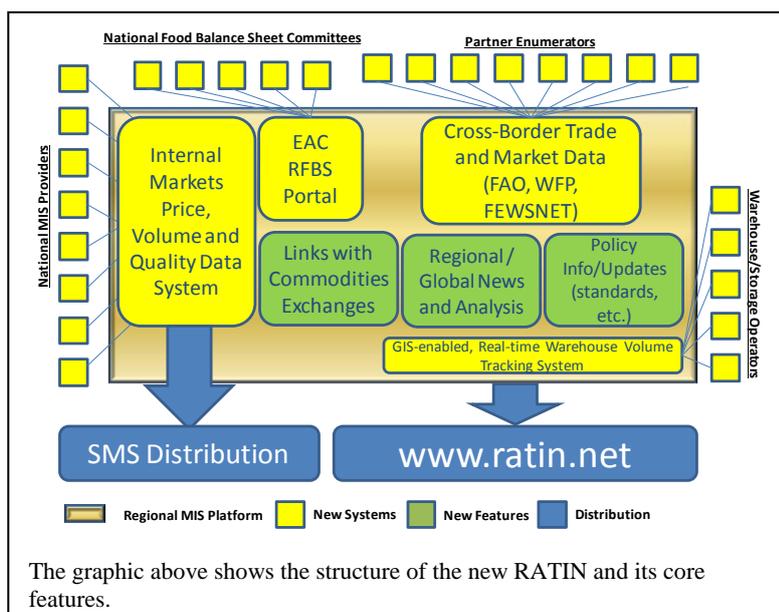
more informed decisions about when to buy and sell, which allows for greater value capture across the chain.

In the EAC and COMESA, the Market Information System (MIS) landscape is disjointed and nationally focused. There are numerous unsustainable systems competing for limited clients and resources, the information is inconsistent, inaccurate and unreliable and, as a result, the information and the systems are not trusted and are under-utilized. The result is information asymmetry that blinds value-chain participants to potential national and regional market opportunities and creates systemic inefficiencies that drive up costs along the value chain and damage competitiveness. Consequently, advantages accrue disproportionately to certain parts of the value chain, which encourages and perpetuates traditional informal and transactional trading systems that constrain trade, inhibit regional value chain integration and negatively impact food security.

COMPETE has concentrated much of its effort under the staple foods value chain on addressing these deficiencies by focusing on the following:

Task 1. Support EAGC’s efforts to expand RATIN to a regional market information platform.

To address the deficiencies resulting from the fragmented regional MIS landscape, COMPETE has supported the EAGC’s expansion/overhaul of RATIN into a regionally-integrated market information platform. The “new” RATIN shall integrate



national MIS providers to a newly built back-end system that links national partners into a well-designed and easy-to-use regional platform that provides accurate, timely, and relevant regional data and analysis to a broader set of stakeholders.

This year, COMPETE worked with the EAGC to complete the RATIN upgrade. The new RATIN was officially launched at the EAGC’s Annual General Meeting by the Deputy Secretary General of the EAC. This capped off

an extensive design and development process that began at the beginning of the year with a detailed survey of market information users in Kenya, Uganda and Tanzania designed to help the EAGC better understand the unique information requirements of the various value chain segments and inform the focus and design of RATIN. The results of the survey and advisory support from COMPETE helped the EAGC restructure the RATIN website, rationalized its existing product offerings to focus on user needs, developed new products that addressed gaps in delivery, and developed a comprehensive back end-system that is integrated with simple smart-phone applications that can be used by enumerators in the field. The new applications to collect market prices, monitor cross-border trade flows and track warehouse volumes were all designed to streamline and automate the information capture and analysis process and ensure data integrity/quality. The market price application, for example, has a

GPS control that restricts data upload capability if the enumerator is outside of the designated market.

To increase RATIN's relevance, the EAGC and COMPETE also worked to expand its geographical reach and introduce greater real-time functionality. RATIN is now fully linked to the ACE commodity exchange in Malawi's trading platform and the SAFEX exchange in South Africa's daily market report providing users with critical real-time price information and analyses to help them make more informed decisions. The new RATIN also includes a direct link to the EAC's new Regional Food Balance Sheet portal. To drive awareness and usage of RATIN, the EAGC leveraged its national agribusiness fairs to introduce farmers and other value chain stakeholders to RATIN's features and how to access the information. At this year's Kenya fair, more than 500 people were trained on RATIN.

COMPETE also finalized its regional warehouse mapping survey in Rwanda and Tanzania and migrated all data, including data previously collected from Kenya and Uganda, from the East African Corridors website to RATIN. These data will be an integral part of the newly-developed Real-Time Warehouse Volume Tracking (RTVT) System. RTVT will enable warehouse operators to upload and update data on the available volumes (and grades) of commodities in their storage facilities. The data uploaded from warehouses will ultimately be integrated into the map of the region's storage facilities and will highlight the location of volumes allowing traders, and processors to track regional availability and contact warehouse operators directly if they are interested in purchasing.

As the system is scaled up, the EAGC will increase visibility into the region's available surpluses and help unlock trade. COMPETE and the EAGC also developed system quality controls (e.g. facility and operations evaluation forms and enrolment forms). To ensure that EAGC country staff has the skills required to assess warehouses, COMPETE conducted a one-day practical training for the EAGC's Country Manager and the Uganda Program Officer.

Next year, COMPETE will continue to support the scaling up of RTVT and work with the EAGC to improve their warehouse assessment capability and enroll warehouses across the region.

Task 2. Finalize analysis of collateral management models and regulatory requirements.

Improving the quality and consistency of market information is essential for building trust in the region's systems and is critical for the development of a viable, regionally-integrated market information platform such as RATIN.

In December, COMPETE, the EAGC, the Regional Strategic Analysis Knowledge Support System (ReSAKSS) and various national bureaus of statistics validated and approved a harmonized data collection methodology designed to ensure that the region's enumerators, regardless of the organization they work for, collect data in a comparable manner. The improved consistency and accuracy that is expected from those organizations applying the harmonized data collection methodology is fundamental to the pooling and aggregation of data.

With the methodology completed, COMPETE's focus shifted to promoting and accelerating its adoption. In March, COMPETE and the EAGC held a regional training for the EAGC's enumerators and key partner organizations such as the WFP, FAO, the Famine Early Warnings System Network (FEWSNET), the Kenya Ministry of Agriculture and national

MIS providers. From this meeting, the Kenya Ministry of Agriculture (MOA) indicated that part of the overhaul of its market information service will be to train its 30 market monitors (spread across Kenya's key agricultural markets) in the harmonized data collection methodology.

Given the challenges of sustainably maintaining a network of market and border monitors, the long-term vision for RATIN is to build a network of national data providers (both public and private) that are aligned to and integrated with RATIN. Training those organizations in the harmonized methodology and building their capacity to collect accurate and reliable data is the first step in this process and will continue during FY13.

Activity 2: Build capacity within region to institutionalize structured trading systems

While some pieces of the foundation for structured trade have been laid in a number of countries in the region — some countries have established commodities exchanges and most have implemented some form of warehouse receipts system — most of the systems established do not function as intended and certainly do not operate in the same manner or with the same efficiency as they do in other parts of the world. This breeds mistrust among value-chain players, those who could benefit the most from their use, and forces them to revert to traditional inefficient systems. Additionally, and more fundamentally, there is a lack of understanding about the basic purpose of most of these market interventions, as well as confusion around what functions they can or cannot perform. There are few, if any, awareness campaigns in these countries that address these issues and when there are, the messages are inconsistent at best or inaccurate at worst.

To successfully introduce and/or develop the key components of an efficient structured trading system at both the national and regional level there are a number of supporting requirements that are essential:

- An efficient enabling environment that limits political involvement in staple foods, particularly maize
- Increased transparency in agricultural markets
- Increased availability and use of secure, well maintained, managed and affordable storage facilities that are accessible to smallholders
- Participation of banks and insurance companies in the agricultural sector
- Universal awareness and adoption of regional standards and policies

COMPETE, through the tasks below, works to strengthen the systems and structures required to trade commodities.

Task 1. Develop regional STS training curriculum and conduct regional training of trainers. Within Eastern Africa, there is a fundamental lack of understanding among value chain players about the role of most structured trade initiatives. Unfortunately, this is also true of those people who are most actively involved in the development and promotion of these systems. There are few, if any, training and awareness programs in these countries that tackle issues related to structured trade and where there are, the messages are inconsistent at best or inaccurate at worst.

To address this gap, COMPETE and the EAGC have developed a comprehensive structured trade training program and a draft comprehensive training manual covering important topics such as warehouse receipts, commodity exchanges, storage and aggregation, grades and standards, market information, and contracts and contracts enforcement. Using the training

curriculum as the foundation, COMPETE and the EAGC have been working to develop a core of competent trainers, drawn from key national and regional organizations, who can leverage their organizations, positions and networks to disseminate knowledge on the building blocks of organized and structured grain trading systems across the region. Wider adoption of STS should help facilitate the integration of smallholders into the formal marketing system and increase the volume and velocity of trade.

This year, COMPETE and the EAGC held four STS train-the-trainers workshops (one each in Kenya, Uganda, Tanzania and Rwanda) for 115 trainers. COMPETE also collaborated with the EAGC and CNFA to conduct three storage/fumigation training courses (two in Kenya and one in Uganda), which were attended by 44 representatives from the largest trading companies processors and warehouse operators in the two countries. Participants were trained in the safe use of internationally recognized and registered fumigants, which have no impact on the environment.

In Q3, COMPETE, the EAGC and the Technical Center for Agriculture and Rural Cooperation (CTA) led the restructuring and revision of the EAGC's existing Structured Trade Handbook. The eight module handbook was expanded to include additional case studies and updated practical information and lessons learned. The final handbook is being compiled and will be subjected to one final review in FY13 Q1 before publication in Q2. COMPETE and the EAGC will leverage the new handbook to update and revise the EAGC's existing STS training guide and course curriculum.

As part of COMPETE's capacity development and efforts to build the long-term sustainability of the EAGC, we helped the EAGC host two agribusiness fairs in Uganda and Tanzania. The Uganda fair held in June attracted 29 exhibitors and 2,300 participants. The 2012 Kenya fair, which was the first held without COMPETE funding and support, was attended by ~5000 farmers, an indication of its broad appeal and a positive indication of the EAGC's growing reach. From all three fairs, the EAGC earned ~\$47,000.

Task 2. Address constraints to viable warehouse receipts systems. Viable warehouse receipts systems would help address key issues impacting the competitiveness of the region's staple foods value chains:

- Increasing the use of commodities as collateral to secure financing would allow farmers to access working capital that allows them to wait for favorable seasonal market price movements
- Shortening the value chain through warehousing would enable smallholders and FBOs to develop relationships with downstream buyers
- Expanding the network of professionally managed storage facilities would help reduce post-harvest losses and generate greater revenue for farmers
- Facilitating the use of uniform quality standards increases transparency and enables trading to occur "sight unseen," which helps to reduce transaction costs

By focusing on the issues that constrain the development/expansion of warehouse receipts systems and drive up costs along the value chain such as storage facility and operating standards, collateral management and smallholder storage/aggregation, COMPETE is working to better integrate smallholder farmers into the formal marketing system and create an environment that will support the long-term establishment of viable WRS.

As part of this effort to improve smallholder storage and access to finance, COMPETE identified four Farmer Based Organizations (FBOs) from across the region with four unique producer organization and aggregation models. COMPETE provided grant funding to these FBOs to further develop their models, reduce post-harvest losses, increase bulking and aggregation and improve access to finance and markets. At the same time, COMPETE analyzed the various components of each model to determine what worked well and what did not. For example, the Rural Urban Development Initiative (RUDI) was able to operate a successful warehouse receipt systems (WRS), while acting as its own collateral manager, and secure financial support for its farmer organizations from two Tanzanian banks – NMB and Stanbic. The results of this best practice analysis were compiled in a white paper that has been shared across the region.

This year, COMPETE continued to play a leading advisory role in developing the building blocks of structured trade. In December, COMPETE, along with USAID/EA, met with representatives from the region’s bilateral missions to update them on the status and lessons learned from the project’s work across the spectrum of structured trade issues and to initiate discussions on how to transition regional initiatives to national implementation.

Also in FY12 Q1, COMPETE served as a resource at a USAID/Tanzania FtF meeting providing analysis and insights on structured trade. In Q2, COMPETE helped facilitate the *Second STS Multi-stakeholder Workshop for Tanzania Working Groups*, which was sponsored by FAO. COMPETE led the session on warehouse receipts systems that generated recommendations to strengthen the capacity of the Tanzanian Warehouse Licensing Board specifically and the warehouse receipts system more generally and make both more relevant to and supportive of the staple foods value chain. COMPETE was also asked by the International Finance Corporation to present the current state of African commodity exchanges and WRS, lessons learned from East Africa and provide recommendations on the enabling environment required to support a properly functioning WRS.

COMPETE continued to leverage its experiences, analyze the situation across the region and solicit feedback and insights from private sector value chain players and other industry experts to address the issues of storage and collateral management. COMPETE completed a draft guide outlining the minimum operating and facility standards for storage, which will be subjected to peer review and validation in early FY13. This simple document, when completed, will help build consistency into the region’s storage systems and initiate the process of standardization among the region’s storage operators. To develop its brief on collateral management, COMPETE continued its regional assessment and contacted both storage operators and collateral management service providers to better understand the regional reality. The results of these analyses and recommendations for cost reduction will be completed in FY13 Q1.

Task 3. Promote consistent national implementation of harmonized regional staple foods quality standards. Quality is one of the biggest challenges to staple foods value-chain integration and competitiveness. Inconsistencies from country to country within the EAC constrain regional trade. The absence of consistent standards and, importantly, the limited awareness of existing standards among staple foods producers make transactions less transparent. This affords buyers and traders the opportunity to set their own standards and take advantage of information asymmetry to secure an advantage in the producer-buyer relationship. The benefits that accrue to producers from a more transparent quality standards system should serve as incentive for smallholders to invest in production, which should support the push for greater regional food security.

Harmonizing regional standards and driving broad/consistent awareness and adoption of those standards across the EAC is a critical component of COMPETE's work to help improve transparency and level the playing field across the value chain. It should also enable the development of key structured trading systems such as WRS and commodities exchanges that depend on consistency and standardization.

COMPETE has collaborated closely with the EAC, the national bureaus of standards from the five EAC countries and the EAGC to develop harmonized quality standards for 22 staple foods products. While the content of all of the standards were agreed to by all parties, procedural delays postponed their gazetting, which was originally scheduled for November 2011 and subsequent issues raised by individual countries have led to further delays.



Issue of moisture content has delayed regional harmonized standards.

This past year, COMPETE and its partners, in an effort to get the regional harmonization process back on track, were forced to respond to a recommendation made by Kenya's Bureau of Standards to increase the previously agreed moisture content level in maize. To address this issue and push for resolution, COMPETE and the EAGC produced a position paper on recommended moisture content in grains and staple foods, which was circulated to stakeholders to the standards agreement. Subsequently, in Q4, COMPETE and the EAGC held a meeting of

national stakeholders meeting in Kenya where all issues were resolved.

This now paves the way for a meeting of the EAC Technical Standards Committee in October 2012 where Kenya's position will be presented to the remaining member states for acceptance and incorporation into the draft standards. Following the Standards Committee meeting, the draft standards will be presented to the EAC Sectoral Council of Ministers meeting in November 2012 for adaption and ratification.

Once the standards are gazetted, COMPETE will begin the process of facilitating their adoption at the national level. To ensure regional consistency in this effort, COMPETE and its partners will develop "train-the-trainers" manuals and public awareness materials to be used in every country. To facilitate national adoption, COMPETE will work with bilateral missions and their projects to identify and convene the right set of national implementing partners and develop national implementation plans.

Task 4. Develop sustainable systems for National Food Balance Sheet Committees to support the Regional Food Balance Sheet (RFBS). The consensus view within Eastern Africa is that the region, when taken as a whole, has sufficient food to feed itself; however, a total lack of information regarding the availability of food at both the national and regional level leads national governments to make ill-informed policy decisions that limit the movement and trade of key staple commodities from areas of surplus to areas of deficit. Import/export bans and other marketing controls, which are typically instituted out of a perceived fear of looming food shortages, are counterproductive as they serve as a disincentive to production in subsequent seasons and often lead to real food insecurity.

COMPETE has been working with the EAC, the EAGC, national ministries of agriculture, national bureaus of statistics, donors, NGOs and the private sector at both the national and regional level to develop, test and validate a viable and effective RFBS. The RFBS provides

a monthly snapshot of the available stocks for an agreed upon set of critical staple commodities.

The RFBS data collection template that COMPETE developed captures data on production and consumption, existing stocks, imports and exports – all critical to the creation of a complete picture of national and regional availability. The EAC is adapting the RFBS methodology to cover an expanded set of sectors such as: roots and tubers, oil crops, sugar, horticulture, livestock and fisheries and select industrial products. The broader application of the RFBS to other crops will allow the EAC to develop a comprehensive picture of food availability in the region. COMPETE and its partners remain focused on piloting the cereals and pulses balance sheet which includes the following staple commodities: maize, beans, rice, wheat, millet, sorghum, cow peas, pigeon peas, chick peas and green grams.

The importance of the RFBS cannot be overstated, particularly as it plays a much larger role in the competitiveness of the region's staple foods value chain. Better knowledge of regional food availability and individual country requirements will highlight trade opportunities, and should facilitate greater regional market linkages and accelerate regional value chain integration.

This year, COMPETE, the EAC, and the EAGC began the challenging process of implementing and institutionalizing the RFBS both at the regional level with the EAC Secretariat and the national level with National Food Balance Sheet Committees. To get the process started, COMPETE completed an RFBS background paper and developed an RFBS data collection template to capture information on production and consumption, existing stocks, imports and exports. COMPETE also completed the development of the EAC's RFBS Portal for cereals and pulses. The RFBS portal allows for online data submission by key regional and national data contributors.

To secure final buy-in to the concept and methodology from the key stakeholders responsible for both reporting and coordinating data collection, COMPETE and the EAC held an RFBS strategy and planning workshop in Q3. The participants included the EAGC, WFP, Ministries of Agriculture, and Food Reserve Agencies from all the EAC Partner States. With buy-in secured, COMPETE, the EAGC and the national public sector RFBS focal points (generally Ministries of Agriculture) began identifying, registering and training the target contributors in each of the EAC partner states. As of the end of FY12, a total of 139 contributors had been registered and trained and 62 contributors were uploading data on a monthly basis. The current pool of registered contributors includes many of the leading value chain players in the region, an indication of the importance the private sector ascribes to the RFBS.

In FY13, COMPETE and its partners will continue to expand the pool of contributors uploading data and will work with national partners to build the sustainability of National Food Balance sheet Committees (NFBSCs). A regional meeting is scheduled for November to complete the institutionalization process with the EAC system after which the EAC will officially launch the RFBS.

Task 5. Strengthen the region's SPS systems and build capacity within organizations to manage staple foods SPS monitoring. Consistently regulated and monitored SPS issues facilitate the smooth transit of safe goods across borders. The SPS systems in the region are currently disjointed and uncoordinated, which slows down intra-regional trade and drives up costs along the value chain. COMPETE is working with COPE and the EAPIC to develop

regional pest lists for select staple commodities in an effort to streamline and shorten the SPS inspection process at borders and expedite cross-border movement of staples. COMPETE and its partners are also working to build the capacity of NPPO to consistently manage and monitor SPS issues for staple foods and disseminate critical information more widely and more effectively.

This year COMPETE supported COPE in the development of a 13-unit regional SPS training program that covers the following topics: regional trade treaties, inspection procedures, pest surveillance, pest risk analysis, and phytosanitary treatments. This training program is designed to help ensure consistent knowledge within NPPOs, help strengthen practical skills across the region in areas such as pest risk assessment and surveillance, and narrow the capacity gap between the region's NPPOs. By conducting regional trainings, COMPETE and COPE are helping to increase coordination among NPPOs that should help facilitate future regional policy discussions and improve the consistent enforcement of standards.

Through its funding to COPE, COMPETE was able to conduct the following regional trainings:

- April 2012: Teamed with the OECD to train 38 participants from 9 African countries on the application of commercial quality standards for fruit and vegetables.
- June 2012: trained 24 regional NPPO staff members from the following six countries: Kenya, Rwanda, Burundi, Uganda, Tanzania and Ethiopia in Pest Risk Assessments.
- July 2012: trained an additional 17 participants from seven countries in Pest Risk Assessments

To leverage all of the excellent Pest Risk Assessment (PRA) work done across the region, COMPETE and EAPIC developed the East Africa Pest Information Management System (PIMS), a database that stores regional plant pest lists and surveillance data. PIMS provides NPPOs with a platform to update an upload their information and affords them access to reliable data on pests and diseases from across the region. The web portal will also help the region satisfy its information obligations under the International Phytosanitary Portal of the International Plant Protection Convention.

COMPETE, COPE, and EAPIC also completed national Pest Risk Assessments for rice in all five EAC countries. At the July training referenced above, representatives from the NPPOs agreed to a common regional pest list for rice, which should allow rice to trade freely within the EAC without being subjected to time consuming SPS inspections at borders. The final step in this process will be to present the case for rice to the EAC in November 2012. If successful, the regional pest list development process that COMPETE charted with COPE and EAPIC, could be replicated for other major traded staples such as maize and beans.

Task 6. Conduct end market assessment of the East African horticulture value chain. This year, COMPETE concluded a preliminary assessment of regional horticulture trade flows across key borders. This initial study highlighted significant information gaps and informed the design of a follow-on study to develop a deeper understanding of the weaknesses and constraints affecting the horticulture value chain in Eastern Africa. These two studies were designed to provide USAID/EA with the data required to inform the design of FtF interventions in line with its Regional Feed the Future Multi-Year Strategy.

COMPETE developed survey instruments targeting specific value chain segments (e.g. wholesalers, brokers, traders, transporters and producer/trade associations) and surveyed more than 500 horticulture value chain actors in Kenya, Uganda, and Tanzania to generate deeper insights into the key trade routes for the major horticultural products in the region and highlights where the main production areas are and how that production is aggregated/collected, transported and sold. The field research, data collection and analysis are now complete and we will submit the final report to USAID in November 2012.



COMPETE surveyed more than 500 horticulture value chain actors in Kenya, Uganda, and Tanzania for its upcome horticulture study.

Task 7. Expand financial services and products for targeted value chains. COMPETE has been exploring opportunities with banks and private equity firms to create innovative finance products for small and medium enterprises (SMEs) in agricultural value chains (producers, traders, aggregators and processors). The overall perception of banks is that:

- Lending to agriculture is a high risk/low return proposition compared to other sectors of the economy.
- There is insufficient knowledge of agricultural value chains and practical measures to mitigate risk.
- The high historical default rates in the agricultural sector, particularly with SMEs and smallholders, require collateral other than produce (real estate, guarantees, debentures, etc.).

Mid-size private equity firms typically invest in the \$3m - \$10m range with established companies. For that reason, SMEs rely extensively on angel investors (usually family and friends) and informal sources of capital that are limited, expensive and usually prohibitive in terms and structure. This situation has left a significant segment of the market without access to formal capital.

COMPETE is expanding financial services through subcontracts with the Kenya School of Monetary Studies (KSMS) and the College of Insurance (COI). COMPETE supported curriculum development for certificate courses in agricultural finance and agricultural insurance, respectively. The project is working with these partners to expand the training throughout the region. This task began winding down in FY12 QIV as the subcontracts began to expire and no additional work is anticipated beyond FY13 Q1.

Certificate of Agricultural Finance. Banks and other financial institutions are often reluctant to lend to farmers and agribusinesses. Due to its seasonal nature, uncontrollable weather-related events, perishability, and high market volatility of agricultural goods, the perceived risk of agricultural finance is high. With COMPETE's support, the Kenya School of Monetary Studies (KSMS) has designed a Regional Certificate in Agricultural Finance to

strengthen the human resource capacity in regional lending institutions and provide more funds for the agricultural sector.

The Certificate in Agricultural Finance is a three-module program that targets participants from commercial banks; microfinance institutions; agricultural savings and credit cooperative societies; and ministries of trade, agriculture, livestock, and industry and is intended to equip participants with practical knowledge, skills, and attitudes that will enable them to perform agricultural lending-related duties. The objective of the certificate program is to integrate internships and practical projects in its curriculum through a case study approach.

Students are senior credit personnel tasked with developing the agricultural lending units in their respective organizations and come from organizations across the EAC such as Kenya Commercial Bank, Development Bank of Rwanda, Kenya Women's Finance Trust, Centenary Rural Development Bank, Tanzania Investment Bank, Central Bank of Kenya, National Microfinance Bank, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and Commercial Bank of Africa. Training is based on delivering a full understanding of the risks and risk mitigants available in agriculture lending, using the full range of agriculture financing products in the market today. It focuses on using value chains and integrated value chain financing mechanisms to generate value, reduce risk, thereby generating bankable loans while linking small holder commercial farmers to markets via the value chains. During the year, COMPETE trained thirty lenders in the second intake of students into the program, who successfully completed the three modules of the program during the year and were awarded certificates of completion. The third and final module as well as the graduation took place in August 2012. There has been a good representation from all the EAC Partner States: 40% of the students represented Kenyan institutions, 30% were from Tanzania, 16% from Uganda, 7% from Rwanda and 7% from Burundi.

Regional Certificate in Agricultural Insurance. The insurance industry in East Africa suffers from a lack of trained personnel, especially in the areas of agricultural risk assessment and agricultural insurance products. To build capacity within the insurance industry and raise the level and penetration of agricultural insurance across East Africa, COMPETE provided support to the Kenya College of Insurance (COI) to create a Regional Certificate of Agriculture Insurance. Employees of insurance companies and financial institutions, as well as national insurance regulators from the East Africa region, now have a place to learn how to design crop insurance, write claims procedures, and make insurance more affordable and accessible. The long-term impact will be to mitigate risk for insured farmers, increasing their ability to attract financing and thereby improve food and financial security.

The training modules include regulatory framework, risks in agricultural insurance, agricultural value chains and associated risks, risk management systems in agricultural insurance, agricultural insurance design and product development, agricultural insurance underwriting and risk pricing, all peril crop insurance and weather index insurance, agricultural reinsurance, methodology of crop estimation and agricultural insurance claims adjustment, as well as review of specialized insurance cover and products for forestry, green houses, livestock, poultry, blood stock and aquaculture insurance.

The program was launched in Kenya in late 2011 with the support of the insurance regulatory authorities of the five member nations of EAC. The COI has begun to roll out the program to the member nations of the EAC. The first six-day training outside of Kenya occurred in Uganda in the third quarter and has the full support of the Insurance Regulatory Authority of

Uganda. Forty one students representing the insurance underwriting community, insurance brokers, and representatives from the regulatory agencies overseeing agriculture and insurance, as well as farmers and bankers participated in the course. Additional training was rolled out in the fourth quarter in Tanzania with 43 participants, Rwanda with 30 participants and Kenya with 28 participants. A total of 142 professionals have been successfully trained in four EAC countries in FY12. The final training course under our existing partnership with COI will be conducted in Kenya in FY13 Q1.

Significant Issues Affecting Implementation

The timing and availability of external funding for ACTESA could limit COMPETE's ability to support the secretariat as it initiates its regional programs.

2.0 Trade between the U.S. and East and Central Africa Increased

Activities designed to achieve this PIR have been primarily undertaken by the East and Central Africa Trade Hub, the third component of COMPETE contract. COMPETE's vision is to develop sustainable trade from East and Central Africa to the United States at the firm level under the African Growth and Opportunity Act (AGOA), thereby stimulating economic growth in the region.

The ECA Trade Hub is the one-stop shop for business and national governments seeking to take advantage of trade opportunities under AGOA. COMPETE educates private sector groups and associations about AGOA opportunities and provides technical assistance to African firms and governments to enhance their competitiveness in global markets. COMPETE also promotes direct business linkages through trade shows and inward-buyer missions and creates valuable business networking opportunities through business-to-business events and innovative workshops. Inward-buyer missions refer to travel of buyers to the sourcing country to meet with firms ready to do business.

2.1 Capacities of ECA Countries to engage in trade negotiations increased

The success of world trade negotiations rests on the ability of developing nations to realize the benefits of participation in global trade. COMPETE is working to increase the capacity of the EAC and national governments to negotiate and implement multilateral trade agreements.

Activity 1: Increase capacity to implement multilateral agreements

Task 1. Increase efficiency of advance rulings, appeals, and trade related information services in Rwanda. The Government of Rwanda (GoR) has made great strides in modernizing customs procedures consistent with World Customs Organization (WCO) standards. Rwanda acceded to the International Convention on the Simplification and Harmonization of Customs Procedures (revised Kyoto Convention, herein after "the Convention") with the World Customs Organization in November 2011. The Convention is regarded as a blueprint for effective and modern Customs procedures, and its key elements include simplified, transparent, and predictable customs procedures; maximum use of information technology; risk management practices; institutionalized partnerships with stakeholders; and a readily accessible system of appeals. The Revised Kyoto Convention entered in force in Rwanda on February 22, 2012. Consistent with its responsibilities under

the Convention, the Government of Rwanda is seeking to achieve greater efficiencies in advance rulings³, appeals and timely release of trade facilitation information by the Rwanda Revenue Authority (RRA).

Towards the end of FY12, COMPETE developed a detailed work plan with stakeholders (RRA, Private Sector Foundation (PSF), etc.) and completed the review of internal appeals process, and vetted findings with key stakeholders. At the same time, COMPETE developed policy papers on advance ruling and independent appeals and discussed the drafts with RRA.



In FY13, COMPETE will produce a final independent appeals procedure report, a legal instrument, and procedures for implementing the recommendations. Similarly, COMPETE will finalize work with stakeholders to produce an advance rulings report and a legal instrument for implementation by the GoR. To conclude its work on this task, COMPETE will analyze the ICT needs of the RRA website and help it to implement improvements so that it is WCO compliant. COMPETE will also provide training of RRA staff to ensure that they can provide proper support to the enhanced system.

Activity 2: Support regional trade associations in the negotiation of trade agreements and regulations

Task 1. Support ACTIF during the negotiations of EAC Revised Rules of Origin. Interactions with industry stakeholders revealed that restrictive EAC regulations and practices hinder the free flow of trade within the EAC. The primary concerns are the restrictive provisions, particularly the EAC Rules of Origin (ROO). The protectionist approaches of EAC countries while negotiating the EAC Customs Union have undermined the effectiveness of the Union.

COMPETE worked with ACTIF to develop an industry position on the proposed EAC ROO for intra-EAC trade of cotton, textile and apparel. Among the key highlights of the position paper is simplification in originating criteria, with an emphasis on third country sourcing, specific processes and changes to tariff headings. It is expected that once these rules are accepted, they will transform the EAC textile sector by allowing regionally produced apparel to trade on duty free terms in the regional market. As an example, it is easier for EAC, given the current EAC ROO, to trade with the USA (because of AGOA Rules of Origin) than it is to trade with itself. This has meant that while EAC has the capacity to produce apparel, it

³ The World Customs Organization defines advance rulings as follows: “The expression ‘binding ruling’ (or ‘advance ruling’) generally designates the option for Customs to issue a decision, at the request of the economic operator planning a foreign trade operation, relating to the regulations in force. The main benefit for the holder is the legal guarantee that the decision will be applied”. Advance rulings enhance certainty and predictability of cross-border trade transactions. Disputes at the actual moment of release or clearance with the Customs authority on tariff headings, valuation and origin, i.e. eligibility to preferential treatment, are reduced and consequently delays avoided. Customs integrity will not be challenged during the clearance of consignments and possibilities for corruption are reduced. Advance rulings may be crucial at the time a company contemplates cross-border trading. Sales and purchase contracts can be concluded based on the information of the advance ruling. (UNCTAD Trust Fund for Trade Facilitation Negotiations|Technical Note No. 22, January 2011)

relies on imported apparel for its regional market requirement. This paradox is what COMPETE has focused on through its work with ACTIF.

During the year COMPETE helped ACTIF submit its position on EAC Rules of Origin for Cotton, Textile and Apparel and further provided technical support during the EAC's regional meeting on the review of the EAC ROO. As a result, EAC ROO were endorsed by the technical meeting and are due for approval by EAC Council in November 2012 for replacement of the current Rules of Origin. COMPETE will conclude its work on this task during FY13 Q1 by providing support to ACTIF to create awareness among its members on the new EAC Rules of origin and providing targeted capacity building intervention at institutional level among companies that are targeting the EAC market on application of the EAC Rules of Origin.

Task 2. Support ACTIF and FEAFFA during the negotiation of Tripartite FTA.

COMPETE is supporting ACTIF and FEAFFA in the Tripartite FTA negotiations, where the industry position has been prepared and is now due for integration in the EAC Position on Tripartite FTA. The positions are in the following areas:

- Tripartite Rules of Origin (special focus being on cotton, textile and fabric)
- Customs, trade facilitation and transit

During the year, the positions in these two areas were submitted through the Kenya negotiation team following EAC recommendation that the RTA positions be communicated through national negotiating structures in the country where the RTAs are based. This has since been integrated in the EAC position on Tripartite FTA.

In FY 13, COMPETE will work with ACTIF and FEAFFA in providing technical support to EAC during formal negotiations of the specific areas of interest to these two regional organizations.

2.2 U.S. and ECA Firms Taking Advantage of Opportunities under AGOA Increased

COMPETE's vision for IR2.2 is to develop sustainable trade from East and Central Africa to the United States at the firm level under the AGOA, thereby stimulating economic growth in the region.

COMPETE is the one-stop shop for business and national governments seeking to take advantage of trade opportunities under AGOA. COMPETE educates private sector groups and associations about AGOA opportunities and provides technical assistance to African firms and governments to enhance their competitiveness in global markets. COMPETE also promotes direct business linkages through trade shows and supporting buyers to come to the region, which creates valuable business networking opportunities through business-to-business events and innovative workshops.

AGOA Results

Sector	FY 09 – FY 10	FY 11	Q1 – FY 12	Q2 – FY 12	Q3 - FY 12	Q4 – FY 12	FY 12	Total to Date
Textiles/Apparel	\$21,104,000	\$31,821,000	\$10,280,000	\$8,750,000	\$7,920,000	\$3,600,000	\$30,550,000	\$83,475,000
Specialty Foods	\$970,000	\$780,000	\$25,650	-	-	-	\$25,650	\$1,775,650
Cut Flowers	\$2,600,000	\$1,400,000	-	\$1,450,000	-	-	\$1,450,000	\$5,450,000
Home Décor /Fashion Accessories	\$200,000	\$825,000	\$1,539,400	\$610,000	\$1,153,025	\$662,000	\$3,964,425	\$4,989,425
Total	\$24,874,000	\$34,826,000	\$11,845,050	\$10,810,000	\$9,073,025	\$4,262,000	\$35,990,075	\$95,690,075

East African Exports to the U.S. Under AGOA Continue to Grow. After strong year-on-year growth in exports to the U.S. under AGOA from 2010 to 2011, particularly by the “Big Four” – Kenya, Mauritius, Ethiopia and Tanzania – the upward trend through mid-2012 has continued. Mauritius, coming off strong growth in 2011, has seen its AGOA exports increase 25% through June 2012. Traditional apparel powerhouse Kenya saw continued growth (2%), while Ethiopia and Tanzania, albeit from smaller bases, have seen their AGOA exports increase by 70% and 110%, respectively.

As the above table shows, COMPETE-supported apparel exports to the U.S. - at over \$30 million - continued to be strong. In Ethiopia, for instance, large investments in textiles and apparel factories have led to capacity increases, and market linkages between these factories and U.S. buyers are increasingly bearing fruit. The home décor and fashion accessories sector made big gains on a percentage basis, reflective of COMPETE beneficiaries such as Doreen Mashika Zanzibar that are beginning to capture markets in the U.S. and internationally.

Select firm-level highlights include:

Apparel

- Phillips-Van Heusen, the largest apparel company in the world, owner of the Tommy Hilfiger and Calvin Klein brands, has placed orders with New Wide Garments (EPZA) in Kenya.
- UAL, a Kenyan apparel exporter which relies to a large extent on imported third country fabric and exports virtually 100% of its products to the U.S. under AGOA, has expanded. The company has been certified by a number of large US retail chains and has business relationships with companies such as: Levi Strauss & Co., Gloria Vanderbilt, JC Penney, Kohl’s, Wal-Mart, Target, Williamson Dickies & Co., and Haggard Clothing Co., to name a few. A recent COMPETE visit to the facility showed the factory was at full capacity, servicing jeans orders for Levi’s and other U.S. clients. UAL is an example of a company that has thrived as a result of AGOA and passage of the third country fabric provision extension. Currently employing approximately 4,500 workers, UAL management states that it has to “run to keep pace

with demand” - it is shortly adding over 2,500 new employees to staff a third factory in its EPZ location, bringing its total work force to over 7,000. COMPETE support to UAL dates back several years, and includes trade expos, buyers missions, matchmaking and technical assistance.

- T- Shirt International, the third largest importer of Tee shirts in the US, and a Friends of Africa member, has started placing business in Kenya. The company placed a first order for 110,000 Tees with a company based in Mombasa EPZ. This is a result of company participation in the Origin Africa Ethiopia Trade Expo.
- H&M, the largest apparel retailer in the world, visited the Origin Africa booth at Interstoff in Hong Kong. As a result, the company placed a first order in Ethiopia. It also plans to open an office in Nairobi and/or Addis. It bears noting that H&M is already exporting \$3 billion to the US, where it already has 320 stores. Taking advantage of AGOA makes perfect sense for this company.
- ORVIS, the well known e-commerce company out of Vermont, has again placed orders of \$10 million from Mauritius in FY 2012.

Home Décor and Fashion Accessories

- Wrap Up Africa of Uganda completed an order with RedCats USA.
- Sammy Handmade of Ethiopia completed an order with Eileen Fisher.
- Gahaya Links of Rwanda completed orders with Kate Spade, Sam’s Club and Bluma Project.
- Indego Africa of Rwanda completed orders with Nicole Miller, J. Crew and Anthropologie.
- Doreen Mashika Zanzibar completed an order with the Metropolitan Museum of Art, and is currently negotiating with Anthropologie and Eileen Fisher.

Cut Flowers

- K-Net flowers, a Kenyan cut flowers consolidator working with many individual farms, reports exports of roses to the U.S. through mid-year 2012 totaling \$1.45 million.

Specialty Foods

- Mavuno Harvest, a Kenyan exporter of dried fruits, is in 15 stores nationwide currently and expanding.

Activity 1: Increase market linkages between U.S. and global buyers and regional export-ready firms

Task 1. Participate in international trade shows. Consistently organized and coordinated Origin Africa Pavilions at trade shows are part and parcel of COMPETE’s market linkages strategy. COMPETE supported the development of buyer/seller relationships by providing cost-sharing support for export ready ECA firms interested in exporting to the U.S., by sponsoring their participation in several trade shows across key sectors.

San Francisco International Gift Fair. COMPETE participated in the SFIGF for the second straight year, February 18-21 in San Francisco, California. Origin Africa Pavilion exhibitors included six companies in the home decor and fashion accessories sector, representing Kenya, Uganda, and Rwanda. Excellent buyer contacts were made and companies are

following up on sales leads. Once company, Uganda Crafts, which later exhibited at the Santa Fe Folk Market with COMPETE support, generated \$30,000 in export sales, which represents about 25% of the company's annual sales for 2012. Sammy of Ethiopia generated \$65,000 in sales to Eileen Fisher. One of his scarves was featured in the Eileen Fisher store window in Northampton, Massachusetts. Several COMPETE-supported companies, including Sammy and Doreen Mashika, are also in discussion with Anthropologie presently.

Texworld. COMPETE organized Origin Africa Pavilions at the Texworld show in New York, NY in January and July. During both shows, COMPETE delivered workshops, the latter of which focused on the critical issue of extension of the third-country fabric provision. The American Apparel and Footwear Association (AAFA) contributed a presentation on this topic. Buyers that visited the Origin Africa Pavilions include SUG (Superior Uniforms Group), which sources shirts from Ethiopia that are sold to CVS; Redcats USA, which sources stretch pants from Kenya; and Philips-Van Heusen, which sources knitted garments from Kenya. Business resulting from these two shows, as reported by the above firms, amount to \$2,625,000 on a yearly basis.

Ethical Fashion Show. COMPETE participated for the second straight year in the Ethical Fashion Show in Paris, France, March 1-4. COMPETE beneficiary Doreen Mashika from Zanzibar exhibited again as her award for winning "Best in Show" last year. Doreen reports excellent sales and contact made, including a deal with L'Oreal. On the last day of the show, DMZ sold \$50,000 of product on-site. In a very short period of time, her business has grown from \$100,000 to more than \$500,000, with a broad base of clients in the US, UK, Europe and Japan.

Interstoff Asia Essential. COMPETE, in collaboration with Enterprise Mauritius, organized an Origin Africa Pavilion consisting of eight apparel companies from Mauritius, as well as the African Cotton and Textile Industries Federation (ACTIF) based in Kenya. This was COMPETE's first foray into Asia and was a strategic undertaking to explore the as yet untapped sourcing community based in Hong Kong. Indeed, many Hong Kong-based sourcing companies representing high-profile US brands visited the Origin Africa Pavilion as part of the matchmaking program.



COMPETE organizes Origin Africa Pavilions at trade shows to increase market linkages.

Dealers & Agents Show. COMPETE sponsored FOMI, an Ethiopian handbag and accessories company, to exhibit at the D&A Show in Los Angeles, CA, March 12-14. Excellent contacts were made and new accounts were established. FOMI secured orders with 16 retailers in the U.S. Afomia Tesfaye of FOMI says: "The experience proved to be an invaluable one for our company, as it has enabled us to kick off an aggressive sales effort among premiere brands and retailers on the West Coast. As you will see from the attached spreadsheet copy, we secured firm orders for our leather handbags and accessories from such prestigious boutiques as Beckley Boutique (Los Angeles and Las Vegas) and Canvas Malibu (Malibu, California), among several others. During the D&A show, we also had the opportunity to meet with an organization called Community Collection, a premium e-commerce site that pairs designers with a global charity of their choosing.

Community Collection has asked FOMI to develop an exclusive item for them to sell on their site, 20% of proceeds will be donated to an Ethiopian charity of our choice. Not only will this be an opportunity to actively “give back”, but it is also an incredible sales and promotional tool for the FOMI brand, as they have previously featured such internationally renowned designers such as Helmut Lang Vivienne Westwood, and Alexander Wang.

Participation in D&A (Los Angeles), our first trade show, has enabled us to not only secure orders, but also to interface with high-end retailers, boutiques, and press people who have expressed an interest in getting involved with our brand in different capacities. It is a tremendous asset to have programs in place, such as Compete, to support fledgling African companies in our efforts to show the world that we truly can compete and excel as global exporters.”

In November 2012, FOMI will ship its first order of leather bags to Anthropologie, a deal worth \$12,000. Its products are currently being reviewed by Anthropologie for spring 2013 as well.

Chemonics Board Visit/Trade Expo. COMPETE welcomed members of the Chemonics Board of Directors and USAID/EA staff to its office on March 21st to learn about the AGOA related work. Seven COMPETE’s beneficiaries from Kenya, Tanzania and Uganda shared their stories of what inspired them to start a business and how, through support from COMPETE, they are providing jobs and offering pathways out of poverty for thousands of East Africans. The companies also had the opportunity to display and sell their products.

Fancy Foods Show. COMPETE sponsored a Kenyan company, Mavuno Harvest, to attend the Summer Fancy Food Show which was held in Washington, DC, June 17-19. Mavuno Harvest (www.mavunoharvest.com) was founded by a Peace Corps volunteer. It specializes in dried fruits (banana, mango, pineapple) and spices. Mavuno’s products are available online and in stores in Maryland and Pennsylvania with distribution expanding every day.

Commenting on his experience at Fancy Foods, the President of Mavuno said: “I made a ton of contacts, learned a lot - and even gained a few new customers. Mavuno is now in four stores in PA and MD - and seriously I’ve *barely* pushed the sales yet. My goal by the end of the year is 25 stores and 100 by end of 2013 - but if a few contacts come through, I could get to 100 by the end of THIS year! I also learned a lot about the industry and have had some great ideas since Sunday. This is a process for me, but I think I’m getting better as time goes on - and the experiences at the show were huge for me. Thank you.” Sales are currently running at approximately \$25,000, but are positioned to grow exponentially given its exposure across retail outlets. Mavuno has begun talking with national distributors and brokers in an attempt outsource sales and ramp up volume. Mavuno reports that the supply chain is solid and is prepared to absorb ramped up sales. In November, Mavuno has a meeting with Whole Foods. Mavuno also recently received Fair Trade certification.

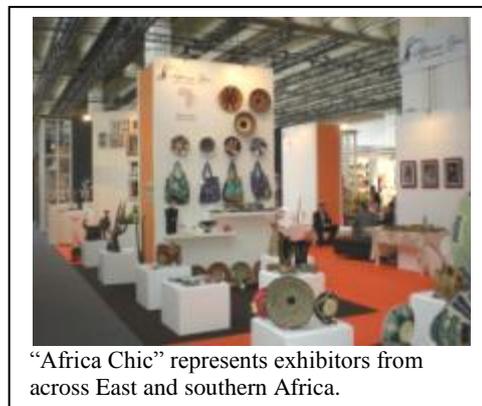
International Floriculture Expo. COMPETE once again organized an Origin Africa Pavilion at the International Floriculture Expo in Miami, Florida, June 20-22. Several Kenyan flower farms exhibited their bouquets, roses and other varieties. The industry continues to push for greater direct access to the US retail sector. While Kenya’s sweetheart roses continue to draw attention and form the bulk of flowers entering the U.S. market, emerging opportunities are seen in pre-packaged bouquets.

K-Net Flowers, a Kenya-based consolidator that works with many Kenyan flower farms and has been the beneficiary of COMPETE assistance for several years, reports that exports to the U.S. alone of cut flowers were \$2.3 million in 2011; complete 2012 numbers are still being gathered and will be reported in Q1 2013, but are likely to be trending similar to or higher than 2011. Through mid-year 2012, U.S. exports totaled \$1.45 million.

Global Economic Statecraft Day. COMPETE identified Kenyan companies to exhibit at the US Embassy’s craft fair in observance of Global Economic Statecraft Day, on June 14. COMPETE staff participated in the proceedings and companies reported sales in excess of \$5,000.

Africa Fashion Week New York. COMPETE sponsored two Ethiopian designers, winners of the Origin Africa Ethiopia Designer Showcase, to attend and show at Africa Fashion Week New York in July. Both received enthusiastic receptions for their collections which can be described as uniquely African with a modern twist.

Tendence Trade Show. COMPETE participated for the second consecutive year in the Tendence trade show in Frankfurt, Germany in August. COMPETE organized an Origin Africa Pavilion, co-located within the “Africa Chic” Pavilion representing exhibitors from East and Southern Africa, consisting of 4 companies from Ethiopia and Kenya. Nearly \$100,000 in orders was generated at the show, and one company, Kenana Knitters of Kenya, gained 40 new accounts in Europe.



Ethical Fashion Show. COMPETE sponsored a regional group of four companies from Ethiopia, Kenya and Tanzania to exhibit as part of an Origin Africa Pavilion at the Ethical Fashion Show in Paris in September. The group includes UniquEco, The Flip Flop Recycling Company, Sammy Absela, Fikirte Addis, and Doreen Mashika Zanzibar.

The Ethical Fashion Show presents collections from brands and international designers who are committed to respecting nature, the environment and ethical behavior. Many contacts were made by the participants and Doreen Mashika received a large order from Japan. Many contacts were made by the participants. Doreen Mashika received a large order of \$50,000 from Japan. This is a repeat order from her previous March participation where she initiated discussions with this Japanese importer.

Task 2. Conduct inward buyer missions. COMPETE continued to organize targeted, sector-specific missions made up of motivated U.S. buyers interested in sourcing from Africa.

Apparel Buyers Mission. COMPETE hosted and organized a factory tour in Kenya in February for CDFL, part of the Ciel Group in Mauritius. The company produces knitted fabric which it sells to garment manufacturers in Mauritius, Madagascar and South Africa for end customers in Europe (Adidas, Decathlon, etc.), the US (Champion, Russell, PVH) and South Africa (Woolworth, Edgars, etc.). CDFL has a large capacity of production, approximately 350,000 KG per month in jersey fabric. The purpose of the trip was to expand its regional market to the EAC region, and more specifically to Kenya. Among others,

visited companies included: Alltex, Global, New Wide, UAL, Bedi Group, Ashton, Kapric, and Alpha Knits. Samples were ordered and subsequent orders will follow.

Task 3. Facilitate Origin Africa Events. The ECA Trade COMPETE has established Origin Africa as the “Go To” event in the textiles, apparel and home décor and fashion accessories sectors.

Swahili Fashion Week. COMPETE supported, for the second consecutive year, Swahili Fashion Week, which took place in Tanzania in November. Swahili Fashion Week is designed to showcase African designers and promote the African textile and apparel industry. COMPETE presented the Origin Africa award to Tanzanian designer Jamilla Vera Swai, who will represent Tanzania at the Origin Africa Ethiopia event in April 2012.

Origin Africa 2012 - Ethiopia. Origin Africa 2012 – Ethiopia, organized with support from COMPETE and its grantee ACTIF, took place April 25-27 in Addis Ababa. Origin Africa 2012 – Ethiopia included one of the largest and most comprehensive Trade Expos in Africa with over 60 exhibitors from Africa, the U.S., Europe, India and China covering the entire fiber/textile/apparel supply chain as well as the home decor and fashion accessories sector. Business in excess of \$8 million was initiated at the Trade Expo, mostly with exhibitors from Ethiopia, Kenya and Mauritius. One of the exhibitors, Doreen Mashika of Tanzania, said: “Some more great news, I got an order which is over \$10,000 from Cape Town; we had met at Origin Africa in Ethiopia. The order is mainly garments, my new handmade print mixed with silk accessories with a few purses and they even want to add shoes. I must say Ethiopia was a great success for me!”



Ethiopian Prime Minister Meles Zenawi headlined Origin Africa 2012

The Trade Expo was complemented by a world class seminar series and the Origin Africa Designer Showcase which featured the best in African design talent. Over 200 delegates and about one thousand guests attended the Origin Africa 2012 – Ethiopia events. Approximately 20 U.S. buyers, representing large US brands such as Calvin Klein, PPR Gucci and Tommy Hilfiger attended and established contacts with African designers and industry leaders. COMPETE provided financial, organizational and logistical support to ACTIF and COMPETE of Africa Fashion Week to make the event a success. COMPETE staff moderated panels in the seminar series and liaised with press on media coverage of the event. COMPETE also organized a breakfast meeting with the US Ambassador to Ethiopia and a select group of 12 U.S. buyers from the textile/apparel industry who were attending Origin Africa 2012 – Ethiopia, along with representatives of USAID Ethiopia and the US Embassy. The meeting offered the chance to exchange views with the private sector

on the opportunities and challenges of doing business in Ethiopia and the region.

Origin Africa Outreach. COMPETE continued to roll out its Origin Africa campaign. In June, a professionally produced video on perceptions of doing business/sourcing from Africa:

“Evolving Africa: Perceptions on Doing Business in Africa from U.S. Buyers in the Textile and Apparel Industry”, was completed. It will be finalized in FY13 Q1 with the addition of USAID Assistant Administrator for Africa and distributed to interested stakeholders.

Activity 2: Provide training and conduct workshops on exporting to the U.S. under AGOA

Task 1. Conduct Origin Africa workshops. COMPETE organized several sector-specific workshops to share knowledge and expertise on exporting to the U.S. under AGOA, both for business communities throughout the region and at key trade shows targeting international buyers.

Swahili Fashion Week Workshop. COMPETE organized a workshop, “Integrating Design and Marketing and Utilizing AGOA”, for 50 participating designers and other business persons attending Swahili Fashion Week in Dar es Salaam Tanzania in November 2011.

Messe Frankfurt Seminar and Press Conference. In November 2011, COMPETE participated in a seminar in Nairobi organized by Messe Frankfurt with the theme: “Support of East African Industry through International Trade Fairs”. COMPETE presented its program to support AGOA related trade and its activities to an audience of Kenyan business persons.

Friends of Africa Meeting. On the margins of Texworld, COMPETE organized an annual meeting of the Friends of Africa, and advisory board of executives in the apparel and home decor/fashion accessories sectors. Attended by private sector and government representatives, including Assistant USTR for Textiles and Apparel, this was the most diverse and well-attended meeting yet. The group engaged in an open and frank discussion about AGOA and sourcing from Africa, and the Whitaker Group presented on the latest status of efforts towards renewal of AGOA’s third country fabric provision.

Mauritius AGOA Workshop. COMPETE held an “AGOA Day” workshop in Mauritius on February 28th. Approximately 75 companies participated.

Seminar on AGOA and Sourcing from Africa. COMPETE delivered a seminar at Interstoff on March 15th entitled “African Growth and Opportunity Act (AGOA) and Sourcing from Africa”. The seminar covered all aspects of the AGOA legislation, including the third-country fabric provision which allows sourcing companies to use Asian-origin fabrics and still ship their garments made in Africa duty-free to the U.S. The seminar also covered how programs such as USAID’s East Africa Trade COMPETE can help sourcing companies connect with appropriate factories in Africa.

CBI Export Coaching Program. Four COMPETE beneficiary companies have been accepted into the Export Coaching Program of the Centre for the Promotion of Imports from Developing Countries (CBI), a Dutch government initiative. COMPETE liaised with CBI to identify appropriate companies in the home decor/home textiles sector in East Africa. The program involves an intensive business development module which includes strategic planning and a full training schedule covering areas such as costing and pricing.

Demystifying AGOA Workshop. COMPETE gave a presentation on its work and the Origin Africa initiative – and specifically its impact on women entrepreneurs – at a

“Demystifying AGOA” Workshop at the US Embassy on May 9th. The workshop was opened by the US Ambassador and included women entrepreneurs under the Federation of Women Entrepreneur Associations (FEWA), an umbrella organization of women business associations in Kenya.

Kenya AGOA Strategy and National Committee on AGOA Workshop. COMPETE submitted a draft of the Kenya National AGOA Competitiveness Strategy to the National Committee on AGOA (NC-AGO), chaired by the Ministry of Trade. At a Ministry meeting on May 29th, a COMPETE consultant hosted an interactive workshop where he presented the key findings and proposals of the strategy and elicited comments from the committee. A final draft is now with the NC-AGO Chair and has been sent to the Permanent Secretary for validation.

Center for African Women Economic Empowerment (CAWEE). CAWEE celebrated the launch of its new COMPETE grant, “Connecting 100 traditional Weavers to the Export Market” on May 18th in Addis Ababa, Ethiopia. The grant is jointly implemented by Sara Garment Designers and Manufacturer (SGDM), Muya Ethiopia, and CAWEE. The objective of the grant is to build on Ethiopia’s rich heritage of craft skills to enhance the capacity of 100 traditional weavers to produce products for an export market.



CAWEE trains traditional Ethiopian weavers to meet the needs of the export market.

If traditional weavers meet the needs of an export market, CAWEE believes they can increase their trainees’ income by 75 percent. CAWEE also expects to see a rise in sales for implementing partner Muya Ethiopia. Muya Ethiopia and other export driven designer and manufacturing companies will benefit from the increase of trained weavers entering the market. “This would help the trainers to produce and supply their products to companies or supply their products to exporting companies either in groups or individually,” says Sara Abera, owner of SGDM and [Muya Abyssinia Craft](#).

The CAWEE project site is in Alem Gena town, in the outskirts of Addis Ababa, a location where many weavers settle after traveling from the Southern Region of Ethiopia. The project is for nine months, April to December 2012. CAWEE hopes that their weaver training course will be the start of many training courses to offer traditional Ethiopian crafts people a way to access the export market.

AGOA Forum. COMPETE staff attended the Ministerial Session of the AGOA Forum in Washington, DC, June 14-15 and participated in an African Women Entrepreneurs Program (AWEP) panel organized at USAID. COMPETE staff presented its programs to support women entrepreneurs. Chair of the AWEP Kenya Chapter and President of Mohazo, a Kenyan home decor exporter, as well as Yvonne Mulli of Katchy Kollektion, a Kenyan home decor exporter, also participated in the AGOA Forum – the Civil Society and AWEP components, respectively.

Task 2. Provide firm-level assistance. COMPETE continued to work with industry experts across all of its core sectors to provide hands on technical assistance to promising companies in the region, ensuring that products exported from the region to the U.S. are market ready. For instance, COMPETE’s US-based home décor and fashion accessories consultant has

worked intensively with new beneficiaries such as Katchy Kollection of Kenya, to improve quality and adapt its product selection to current U.S. and European styles/trends. The results have been immediately apparent. At the Tendence trade show in Frankfurt in September 2012, Katchy Kollection secured orders worth \$10,000. COMPETE's consultant has also developed working relationships with large U.S. buyers such as Anthropologie and Eileen Fisher and established connections between them and COMPETE client companies. These brokered deals have resulted in first-time orders and represent strong potential for long-term relationships between East African exporters and high-profile U.S. brands.

Task 3. Conduct Market Information and Analysis. COMPETE undertook supply-side and end-market analyses in key sectors, feeding into its overall knowledge sharing and capacity building efforts. COMPETE also completed a comprehensive End-Market Analysis of the U.S. Specialty Foods sector as well as a supply side study focusing on select countries in East Africa.

The objectives of the specialty food end market study were to illustrate a streamlined approach to developing an export market in the United States for specialty food products created in developing countries and specifically to:

- Define the various aspects of the US specialty food industry
- Highlight market trends & opportunities
- Outline specific requirements and standards for entering the US specialty food market.
- Provide on-line resource contacts for additional assistance.

The study revealed that there is a place in the United States for almost any compliant specialty food product, but knowing exactly where and how to position a particular product is the challenge. Is it a high-end, mainstream product? Does it belong in an international shop targeting the adventurous consumer and/or the Diaspora? Should it go into mainline category or within an ethnic section? What about secondary distribution into convenience stores or the independents?

There is no one answer that fits every product. Understanding the market, and completing extensive market research will most certainly unveil what opportunities exist for each manufacturer and their specialty food products.

The objectives of the supply-side study were to provide a broad overview of the supply-side issues facing many specialty food producing manufacturers in East Africa. The basis of this paper is formulated from a private-sector, business point of view, and aims to outline the specific challenges affecting the specialty food sector in East Africa from a business standpoint.

COMPETE evaluated three diverse East African countries: Kenya, Tanzania and Ethiopia. Within each analyzed country, challenges exist in all facets of the specialty food/value-added food processing industry. Often, the business environment is simply not in favor of small and medium-sized processing. Quality packaging is often not available domestically (and the imported packaging is often slammed with unrealistic VAT).

Poor quality roads often make it difficult to access inputs, distribution and ports. Shipping ports are often poorly organized and shipping costs often make these value-added products non-competitive in the international markets. Access to finance is most often a concern, as

SME food processors struggle to gain access to the capital they so desperately need. All three countries have had reasonable success in exporting raw commodities throughout the region and the world, though they continue to struggle with the development of the more entrepreneurial specialty food sector.

Significant Issues Affecting Implementation

COMPETE undertook several tactical changes for implementing the work plan. MAGIC, which was planned for both February and August were cancelled so that attention could be focused on areas where greater impact could be achieved. For this reason, COMPETE added the Designers & Agents Show (Los Angeles) in March; Santa Fe Crafts Mart in July; and Texworld (New York) in July.

3.0 Increased Capacity of African Regional Partners

COMPETE's partners face a range of challenges as they struggle to thrive in complex economic, political, social environments - constrained by resources, policies, bureaucracy and human resources. COMPETE strives to build the capacity of partner institutions by preparing them for independence through the development of institutional governance capability, experience, capacity and credibility. COMPETE encourages partners to take the lead in all aspects of their day to day business and in catalyzing the relationships necessary for upgrading the value chains or sectors they represent.

COMPETE works with several key partners to strengthen their technical and institutional capacity. To establish the capability and sustainability of partner institutions, COMPETE utilizes COMPETE CISMM, a unique institutional governance framework that was developed by the program based on industry best practices and the widely used maturity model approach for organizational development.

COMPETE's approach to assessing institutional capability brings together two principal frameworks that address organizational development, namely the SIGMA (Sustainability Guidelines for Management) framework of processes for sustainable growth, and the maturity model framework for organizational process improvement, pioneered by Carnegie Mellon University; COMPETE has achieved partner status from the Carnegie Mellon University's Software Engineering Institute (SEI) for its work in developing the CISMM.

This CISMM sustainability assessment tool is used to evaluate institutional capabilities in the areas of strategic governance, planning, project management, performance monitoring and accountability, as well as the management of its critical resources including finances, human resources, social relationships (membership and stakeholders) and knowledge management.

While the model puts forward the framework of organizational capabilities, procedures and practices that are requisite for organizations to take staged progress toward attaining sustainability, it is not prescriptive in nature, and does not tell one how to 'implement' the solution or 'fix' the problem. The second stage of the analysis therefore, is to identify specific solutions, practical innovations and initiatives needed to address any weaknesses identified and to provide technical assistance to strengthen the problem areas.

This process engages COMPETE sector specialists who are working on technical programs with the relevant institutions, to provide input that may augment the findings under the

CISMM process. A Methodology for Assessing Sustainability of Partner Institution is part of COMETE's Knowledge Management Series and can be found on COMPETE web site: <http://www.competeafrica.org/what-were-doing/km-series-paper-1-cisssm/index.php>

To date, COMPETE has performed institutional assessments and developed recommendations for strengthening the capacities of the KSC, AFCA, EAGC and ACTIF. Additional assessments will be carried out in FY 13 for other key COMPETE partners, including FEAFFA and KTA. A follow-up assessment to the 2010 analysis of AFCA will also be conducted, to verify its readiness for graduation from COMPETE support.

Aside from using the CISSM tool, COMPETE increases the capacity of local organizations by working alongside them, with support from the Partnership Fund, to implement technical tasks to achieve the PIRs above.

Activity 1: Assess institutional capabilities of key partners and jointly identify improvement initiatives

Conduct institutional assessments and evaluate institutional capabilities and sustainability.

While the model puts forward the framework of organizational capabilities, procedures and practices that are requisite for organizations to take staged progress toward attaining sustainability, it is not prescriptive in nature, and does not tell one how to 'implement' the solution or 'fix' the problem.

The second stage of the analysis therefore, is to identify specific solutions, practical innovations and initiatives needed to address any weaknesses identified and to provide technical assistance to strengthen the problem areas. This process engages COMPETE sector specialists who are working on technical programs with the relevant institutions, to provide input that may augment the findings under the CISMM process.

In FY 12, COMPETE performed institutional assessments and developed recommendations for strengthening the capacities of the KSC, the EAGC and ACTIF. The key findings and recommendations arising out of these assessments were:

KSC

During the period 2010-2012 the KSC was the beneficiary of a USAID COMPETE grant, which enabled it to pursue capacity building initiatives that have resulted in increased membership and enabled the council's secretariat to grow to a fully fledged brick-and-mortar operation with its own infrastructure manned by a team of professionals. Today the council is very actively engaged in advocacy on behalf of its members, and is providing invaluable member services at the port of Mombasa and the borders for its members.

However, the institution remains very financially vulnerable, as it is primarily dependent on donor funding for survival and many of the operational policies were found to no longer provide sufficient guidance for the expanded secretariat, and many of the monitoring and review procedures are not capable of providing sufficient measurement, and for the organization to adequately control all its operations. Numerous critical limitations that need to be addressed were also identified in the procedures that are applied in the management of finances and engagements with stakeholders.

The overall assessment is that the KSC does not yet have sufficient capacity or capability to manage additional funding under the partnership fund, a finding which Trademark East Africa concurred with. However, COMPETE will continue to provide limited technical assistance to help KSC achieve an increasing measure of institutional capability.

EAGC

The EAGC is a membership-based organization formed in 2006 to develop, promote, and influence structured grain trading systems in the Eastern Africa region. The council is the recognized regional grain trade organization dedicated to the task of improving the policy and trade environment of the grain sector from producer to consumer.

It was established that the EAGC has varying strengths and challenges in the different institutional capabilities that were appraised. Best practices are utilized in many functional areas, and the secretariat has developed innovative procedures for performing tasks for which little or no operational guidance has been given. However, many of the process innovations and adopted practices are not yet institutionalized, and some procedures are executed only under stimulus from partners.

The most notable findings from the assessment, and the key recommendations for action, are:

- The council was found to have major strengths in the capabilities required for governance, advocacy, creating and leveraging relationships, financial management, work unit management and attracting a skilled workforce.
- The niche position that the council holds and the unique services that it offers have enabled the council to nurture and develop strong relationships with national and regional government institutions and to gain the confidence of the private sector in representing them. As a result, the council enjoys very high social standing which has enabled it to credibly conduct advocacy activities on behalf of the grain industry in the region.
- As a result of engagement with its partners, the council has developed highly-rated financial management systems, which utilize best practices and conform to the Generally Accepted Accounting Principles (GAAP). However, some of these best practices such as risk assessment and mitigation, have not yet been made organizational standard practice and are exercised under external stimulus or requirement from donors.
- The appraisal established some capability areas whose operations can be improved as the council works towards sustainability. These areas include:
 - The council needs to enhance its governance systems, and encourage board members to be more invested in the council and forming committees to address all strategic business focus areas.
 - The council needs to develop a stakeholder engagement strategy and plan, to guide how it relates to and engages with each of its stakeholder groups to achieve its strategic objectives. The stakeholder engagement strategy shall also inform the development of internal and external communications strategies.
 - The council needs to dedicate significant attention to its human resource policies, systems, and practices, including strengthening of its human resources systems, especially in the areas of skills development and compensation; update the Human Resources Policy Manual to ensure that it provides sufficient guidance for the implementation of the organization's human resources activities; and establish mechanisms that will enable the council to monitor and manage staff performance.

In FY 13, COMPETE will provide technical assistance to the Council and Board to:

- Strengthen its governance, leadership and strategic planning activities, and to standardize and document the policies and procedures for the development of organizational strategy.
- Develop a comprehensive stakeholder engagement and membership services strategy and plan.
- Carry out a Human Resources assessment of the council to identify the human resource needs of the organization and establish implementation and monitoring mechanisms.

ACTIF

ACTIF is a membership-based, not-for-profit regional industry/trade body conceptualized by the cotton, textile and apparel sectors from Eastern and Southern Africa. ACTIF has become the institutional platform for the development of the fiber, textiles and apparel industry in the region and the continent, it serves as the credible source of regional trade and market information, provides evidence-led policy and advocacy direction, and institutes measures to improve intraregional dialogue and trade, improve regional and national policies affecting trade, and enhance trade linkage mechanisms and information dissemination practices to increase access to markets.

The most notable findings from the assessment, and the key recommendations for action, are:

- The federation was found to have major strengths in the capabilities required for governance, and creating and leveraging relationships, financial management, work unit management and attracting a skilled workforce.
- The federation has developed highly-rated financial management systems, which utilize best practices, are compliant and conform to the Generally Accepted Accounting Principles (GAAP).
- The appraisal established some capability areas that need to be improved upon as ACTIF works towards sustainability. These areas include:
 - The federation needs to develop a stakeholder engagement strategy and plan, to guide how it relates to and engages with each of its stakeholder groups to achieve its strategic objectives. The stakeholder engagement strategy shall also inform the development of internal and external communications strategies.
 - The federation needs to strength its human resources management systems, and to dedicate more attention to its human resource policies, systems, and practices.
 - The federation needs to improve upon its capability to raise funds and to strengthen its capability to generate profitable project activities for external stakeholders, moving from cost-recovery activities to a surplus revenue generating basis.
 - The federation needs to strengthen its knowledge management systems and to improve dissemination of information to stakeholders.

In FY 13, COMPETE will provide technical assistance to ACTIF to:

- Develop a comprehensive stakeholder engagement and membership services strategy and plan.
- Review, update, standardize and formalize operational manuals and knowledge management tools.
- Carry out a Human Resources assessment of the council to identify the human resource needs of the organization.
- Standardize and document the policies and procedures for the development of organizational and financial strategy. Part of the process will be to adopt and implement project indirect cost recovery procedures for the development of profit generating

activities, and to provide guidance to enable ACTIF to effectively manage its resources for projects.

Activity 2. Undertake human and institutional capacity development initiatives

Identify technical support interventions and implement recommendations. Aside from using the CISSM tool, COMPETE identifies capacity enhance opportunities by working alongside local organizations, with support from the Partnership Fund, to implement technical tasks to achieve the PIRs above. Whether identified through CISSM or working alongside a partner, COMPETE jointly identifies interventions with its partners and marshal's the resources to implement them.

EAGC

The EAGC focuses on nine countries in the larger Eastern Africa region, these being Burundi, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Uganda and Zambia. The Council has worked to promote orderly grain markets and structured trading systems by supporting the implementation of warehouse receipt programs, the collection and dissemination of market information, the establishment of rules of trade and arbitration for grain traders and support for food security activities like the RFBS.



With COMPETE support, EAGC works to improve structured trading systems across East Africa.

EAGC has received three Partnership Fund grants from COMPETE to help build its capacities to develop services for their membership, to strengthen institutional coordination and regional structured grain trading systems through integrated regional market information systems, policy reform and reduced barriers to trade.

These initiatives have been coordinated by the council's secretariat located in Nairobi, Kenya and its local country offices in Tanzania, Uganda, and more recently Rwanda. In the execution of its mandate, EAGC has sought out and successfully engaged with private sector and government institutions including ministries of agriculture, national strategic grain reserves, collateral managers, commodity exchanges and industry regulators.

The council has also established strong partnerships with other development partners such as the Gates Foundation, AGRA and SIDA, in addition to entering into a Memorandum of Understanding with the EAC, which provides the framework for streamlining regional policy and trade facilitation issues. The organization is COMPETE's key private sector staple foods partner, and building its capacity to function as a sustainable institution is a key aim of our local institutional capacity building strategy. COMPETE's long-term staple foods team members also serve as mentors to the EAGC staff.

Key institutional strengthening interventions and support included:

- **Structured Trading Systems.** COMPETE continued to work with the EAGC to strengthen the systems and structures required to trade commodities. Within Eastern Africa, there is a fundamental lack of understanding among value chain players about the

role of most structured trade initiatives, and training and awareness programs in the region are lacking.

- To address this gap, COMPETE and the EAGC developed a comprehensive Structured Trade training program and a comprehensive training manual covering important topics such as warehouse receipts, commodity exchanges, storage and aggregation, grades and standards, market information, and contracts and contracts enforcement.
 - Using the training curriculum as the foundation, COMPETE supported the EAGC to develop a host of competent trainers, drawn from key national and regional organizations, who can leverage their organizations, positions and networks to disseminate the building blocks of organized and structured grain trading systems across the region. Wider adoption of STS should help facilitate the integration of smallholders into the formal marketing system and increase the volume and velocity of trade.
- **Improving and expanding RATIN.** The COMPETE staple foods team provided capacity building technical support to the EAGC technical staff to improve the content of the Regional Agricultural Trade Intelligence Network website. This support was tied to the EAGC's most recent Partnership Fund grant.
 - COMPETE and the EAGC Secretariat and Board of Directors held a two-day meeting in October 2011 to evaluate the current status of RATIN and to agree on a plan for upgrading it. During the meeting, COMPETE facilitators helped the EAGC to look critically at RATIN, to assess what has worked and what hasn't and to think strategically about what needs to be done to meet member and value chain needs. This strategic capacity development resulted in a detailed program for overhauling RATIN, with clearly defined roles and responsibilities and deliverables/milestones, and will help EAGC in future project planning.
 - To inform the redesign of RATIN, COMPETE engaged Synovate, a leading market research firm, to conduct a detailed end-user survey in Kenya, Uganda and Tanzania to better understand information needs of value chain players as well as delivery preferences (mode and format).
 - **Expand RATIN to a regional market information platform.** To address the deficiencies resulting from the fragmented regional MIS landscape, COMPETE supported the EAGC's expansion/overhaul of RATIN into a regionally-integrated market information platform. The "new" RATIN integrates national MIS providers to a newly built back-end system that links national partners into a well-designed and easy-to-use regional platform that provides accurate, timely, and relevant regional data and analysis to a broader set of stakeholders.
 - Central to the new RATIN are improved market and price information capture and analysis systems that employ a newly-developed smart-phone market price data collection application. This application contains controls designed to ensure data integrity/quality. One such control uses the phones' built in GPS system to control data entry and will not accept information that is keyed in outside the boundaries of specific markets. The system also flags potential data anomalies, which forces enumerators to verify and double check their data in the field before submission and notifies administrator staff of potential issues prior to publishing.
 - The new RATIN is now fully linked to the ACE commodity exchange in Malawi and the SAFEX exchange in South Africa providing real-time price information

and access to daily market reports. The new RATIN also includes a direct link to the EAC's new Regional Food Balance Sheet portal.

- COMPETE has continued to support the EAGC as it scales up its new RTVT system. In addition to linking the region's large storage facilities to the system, COMPETE worked to integrate smaller storage operators (e.g. RUDI, CGA and AGMARK) located in key cross-border trading areas in Kenya, Rwanda, Tanzania and Uganda to monitor the impact/benefit to smaller facilities.
- The new RATIN was officially launched in April 2012 at the EAGC's Annual General Meeting by the Deputy Secretary General of the EAC, Mr. Jean Claude Nsengiyumva.
- **Warehouse mapping surveys.** Also in October 2011, COMPETE completed warehouse mapping surveys in Rwanda and Tanzania and the data has been uploaded to the East African Corridors web page www.eastafricancorridors.org and the data migrated to RATIN. COMPETE has also collaborated with the Market Linkages Initiative program to access the data from its mapping exercises in eastern Democratic Republic of Congo, Malawi, Rwanda, Uganda, and Kenya as part of an effort to consolidate all regional warehouse data within RATIN.
- **Training on harmonized data collection methodology.** To help improve the quality and consistency of market information in Eastern Africa and build a regional MIS platform, in March 2012 COMPETE and EAGC held an inaugural training on the regionally harmonized data collection methodology, and in the use of the newly developed smart-phone market price data collection application that is integrated with the RATIN. The training focused on market and border monitors from across the EAC and from key regional organizations such as EAGC, FAO and FEWSNET, and was attended by representatives from the Kenya Ministry of Agriculture.
- **Kenya adoption of harmonized data collection methodology.** Following the training on the regionally-harmonized data collection methodology and the use of the EAGC's newly-developed smart-phone market price data collection application for RATIN, the Kenya Ministry of Agriculture (MOA), as part of the overhaul of its market information service, has instituted the training of its 30 market monitors (spread across Kenya's key agricultural markets) in the harmonized data collection methodology. The MOA plans to equip its monitors with smart-phones loaded with the EAGC's market information application, which allows them to upload daily market prices directly to RATIN, thus increasing RATIN's penetration in the region's markets. The Kenya MOA's buy-in to both the data collection methodology and the RATIN platform are a vote of confidence for the MIS system that COMPETE is building with the EAGC and should pave the way for accelerated adoption across the region. The EAGC and COMPETE will continue to institutionalize these regional systems within organizations across the region, expand the reach and relevance of RATIN and further facilitate intra-regional trade in staple foods.
- **Public access to market information.** COMPETE continued its work with the EAGC to increase public access to market information. COMPETE initiated collaboration with the executive director of the EAGC and the chief executive officers of the South African Futures Exchange (SAFEX) and the Agricultural Commodity Exchange for Africa (ACE), based in Malawi, to establish how to make market information available to the EAGC at no cost. SAFEX are now providing EAGC access to its daily price reports, and

ACE is providing EAGC with a direct link to its trading platforms and electronic warehouse receipt program, with its daily reports being uploaded directly to the RATIN website. Together, these efforts will expand the MIS footprint across East Africa and beyond and help COMPETE succeed in its goal of making market information analysis, price and availability accessible to a wider audience.

- **EAGC 6th Annual General Meeting.** The EAGC held its 6th Annual General Meeting (AGM) in Arusha, Tanzania on April 20th, 2012. This meeting was an important milestone for the association as this was the first AGM under the new EAGC Board leadership. The new EAGC management team showed a keen understanding of the association’s vision and mission during the meeting and a firm grasp of the EAGC technical program. The transition from the founding Board Chairman and directors to the new management team, including a new Chairman of the Board, has been seamless and indicates continued institutional growth of the association. COMPETE has worked with the EAGC throughout this process and continues to provide direct technical assistance and grant support to the EAGC to improve the association’s institutional capacity.



COMPETE and EAGC celebrated their work together at the EAGC Annual General Meeting.

- The AGM agenda included a presentation of the new 5-year strategic plan and the audited financial accounts. In 2011, the EAGC continued to gain recognition as the voice of the East African grain sector. The EAGC is now receiving funding through multiple sources and generating additional resources through consultancies and advisory services. During 2011, the EAGC received grant funding from USAID (COMPETE), SIDA and AGRA.
- As mentioned earlier, the EAGC officially launched the newly enhanced RATIN web site www.RATIN.net at its AGM.

ACTIF

ACTIF is a not-for-profit regional industry/trade body conceptualized in June 2005 by the cotton, textile and apparel sectors from Eastern and Southern Africa. COMPETE has helped ACTIF become the institutional platform for the development of the fiber, textiles and apparel industry in the region and the continent, it serves as the credible source of regional trade and market information, provides evidence-led policy and advocacy direction, and institutes measures to improve intraregional dialogue and trade, improve regional and national policies affecting trade, and enhance trade linkage mechanisms and information dissemination practices to increase access to markets.

The institution has been a beneficiary of COMPETE grant funding since July 2009, and have enabled ACTIF to set up a fully-fledged secretariat, to actively engage in advocacy on behalf of its members and to promote Origin Africa – a campaign designed to raise awareness about Africa as a sourcing destination and to change perceptions about doing business in Africa.

Although a nascent association in terms of institutional capacity, ACTIF is rapidly gaining recognition and momentum as the “go to” point for the cotton-textile-apparel sectors in Africa. Key to COMPETE’s approach is building ACTIF’s technical and organizational

capacity, with a focus on providing new and innovative member services and on becoming more self-sufficient and sustainable.

- **Guiding the coordination and implementation of COMESA’s regional industry strategy.** Building on the work of the regional competitiveness strategy completed by COMPETE and the adoption of the COMESA “Cotton to Clothing” industry strategy implementation plan, ACTIF has taken a leadership role in coordinating and facilitating implementation of the plan. The plan covers the priority areas of trade policy, quality improvement, market linkages, market information, regional market development, and harmonized standards through the standardization of fiber instrument testing processes. COMPETE’s FTA and competitiveness advisors are providing ongoing guidance to ACTIF in this process. At a meeting held in February 2012 in South Africa to kick-start implementation, COMPETE convened a meeting of the plan’s newly structured implementation committee, composed of key stakeholders from across the region and agreed on the priority action plans going forward, coordinating/monitoring roles and responsibilities were established, and potential resource and technical support partners identified. The Southern Africa Trade Hub (SATH) took part in the consultative process, and agreed to work with the implementation committee to identify key strategy initiatives that embrace the “southern region” that SATH could support and take ownership of.
- **Advisory support on Rules of Origin under the EU Economic Partnership Agreement (EPA).** EPAs are a scheme to create a free trade area between the European Union and the African, Caribbean, and Pacific Group of States. They are a response to criticism that the non-reciprocal and discriminating preferential trade agreements offered by the EU were incompatible with WTO rules. The EU is negotiating a separate EPA with the EAC, a process that has been ongoing for the last two years.
 - During the first quarter, the EU and the EAC began formal negotiations on rules of origin for the EPA. Chapters 52 to 63 of the rules of origin are of interest to ACTIF members, as they constitute the rules concerning the cotton, textile, fabric, and apparel sectors. Given the significance of the EU as a destination market for apparel, ACTIF took a lead position in developing a regional position for use by the EAC in the bilateral EPA negotiations.
 - COMPETE worked with ACTIF to hone its skills in reviewing the EU proposal in terms of its impact on the regional FTA industry. ACTIF noted several discrepancies in the rules (from the original EAC position) and ensured that the final EAC position paper included a single transformation provision, which will permit EAC textile and apparel firms to import fabric from countries outside of the EU. Companies would be allowed to manufacture garments from these fabrics for the EU market and still maintain the EAC origin. This provision will significantly enhance the region’s competitiveness and future exports to the EU.
 - ACTIF presented the private sector’s position to the EAC during the EAC’s regional meeting on the EPA in October 2011. The ACTIF position was adopted by the EAC and integrated into its EPA negotiating document for rules of origin. ACTIF, through the EAC, will continue to have an opportunity to engage in the negotiation process and to provide technical input to ensure that the industry position is carried through.
- **Origin Africa Ethiopia.** With guidance from the COMPETE FTA advisor and ECA Hub staff, ACTIF worked with the Mauritius Export Association and Enterprise Mauritius to organize an Origin Africa event in Port Louis, Mauritius, in 2011, which included an

Origin Africa designer showcase competition. The experience gained through this activity was invaluable to ACTIF in its organization of the 2012 Origin Africa event, held in Addis Ababa, Ethiopia, in April.

- With financial, organizational and logistical support from COMPETE, ACTIF’s staged the Origin Africa 2012 – Ethiopia event, held in Addis Ababa in April 2012. This included staging one of the largest and most comprehensive Trade Expos in Africa, with over 60 exhibitors from Africa, the USA, Europe, India, and China covering the full fiber/textile/apparel supply chain; business in excess of \$8 million was initiated.
- Running concurrently with the Trade Expo was a world class seminar series which ACTIF put together, featuring 30 first class regional and international speakers covering six topic components from investment, knowledge transfer and capacity building, to integrating design and marketing, technology and innovation. Over 200 delegates and about one thousand guests attended the event, which included a Designer Showcase featuring the design and creativity of designers from west, central, eastern and southern Africa.
- With COMPETE’s support, ACTIF partnered with Messe Frankfurt (the trade expo organizer) and local partners, being the Ethiopian Textiles and Garments and Manufacturers Association, the Textiles Industry Development Institute of Ethiopia, and the Hub of Africa Fashion Week.



Ethiopian Prime Minister, Meles Zenawi participated in the Origin Africa 2012 Trade Expo.

- **AGOA Forum 2011, Zambia.** With COMPETE’s support, ACTIF actively participated in the AGOA Forum held in Zambia in June 2011. The ACTIF Chairman made a presentation on the status of AGOA exports from East Africa at the private sector sessions, and ACTIF was applauded for its efforts to increase exports under the AGOA trade initiative. This international recognition is key to increasing membership and funding.
- ACTIF continues to disseminate information on the FTA value chain through a number of different outlets. The following are some of the knowledge management and sharing products, and capacity building initiatives that have been developed with COMPETE support:
 - **www.cottonafrica.org.** ACTIF’s webpage includes a very active trade bulletin section — a key market linkage facility that posts buying and selling opportunities. Postings on www.cottonafrica.org have continued to increase over the years. Offers for buying fiber continued to dominate offers, reflecting the shortage of supplies in the region.
 - **“Cotton Africa” magazine.** ACTIF has published a series of “Cotton Africa,” ACTIF’s quarterly magazine. Advertising sales are expected to grow as readership of this glossy publication increases. There are currently 2,000 readers on the mailing list. The magazine is also available in electronic form on www.cottonafrica.org in both English and French.

- **Business plan.** Assisted in the development and preparation of a business plan, incorporating sustainability measures.
- **Building partnerships.** Supported the secretariat to engage with and build partnerships with regional bodies to further regional integration efforts. These include:
 - The Southern Africa Trade Hub (SATH), to align ACTIF’s regional strategy focus areas and actions, and seek support and ownership for key strategy initiatives in the southern Africa region.
 - A MOU between the African Union (AU) and ACTIF was signed in June 2012 at the AU Headquarters in Addis Ababa, Ethiopia. The agreement will amongst other measures, facilitate collaboration, programs and activities to promote open and freer cotton/textile/apparel trade throughout the region by creating a conducive environment for trade and removing barriers to such trade
- **Regional workshop on East African competitiveness.** With COMPETE grant support and direct technical assistance, ACTIF organized a regional workshop in November 2011 in Mombasa that focused on issues impacting the competitiveness of the cotton, textile, and apparel value chain in Eastern Africa. ACTIF secured funding from the EU’s PROVINVEST program to help offset some of the costs of the workshop. The conference was attended by 155 participants, including speakers and delegates from 18 countries in Africa, Europe, Asia, North America, and South America. The conference findings and recommendations have been shared with all stakeholders, together with governments and targeted development partners. The findings from the conference were included in the deliberations of the COMESA regional CTA strategy implementation committee, with activities being selected and prioritized for implementation, and implementation partners identified.
- **Tripartite Free Trade Agreement rules of origin and market access.** In the absence of draft rules of origin and market access schedules in respect to the Tripartite Free Trade Agreement, the EAC Rules of Origin review report proposed by ACTIF was used as a starting position for the EAC to table for the COMESA, SADC and EAC Tripartite Free Trade Agreement discussions. This methodology will give the industry “first mover advantage” and stands a high chance of being recognized as the EAC prepares its position for the Tripartite Free Trade Agreement Rules of Origin.
- **Supporting ACTIF’s effort to reach out to bilateral partners.** ACTIF’s principal partner in Mauritius is the Mauritius Export Association (MEXA), a private sector body with its membership base covering a wide spectrum of export manufacturing industries, including textiles, fabric, and apparel. MEXA is a founding member of ACTIF. Although MEXA is a key trade association in the region — with its member companies doing business across the region, and exporting to the United States under AGOA, and to the European Union — it did not have a website. Due to its importance in the region, COMPETE agreed to assist MEXA in establishing a website, which will be used to enhance the dissemination of information throughout the region and internationally and to increase trade as a result.

The website www.mexa.mu was launched by the Chargé d’Affaires of the U.S. Embassy in Mauritius, Ms. Lisa Derrickson, during MEXA’s Annual General Meeting in March, 2012 in Port Louis. The Mauritian Minister of Industry and Commerce, the Honorable Sayyad Abd-al Cader Sayed Hossen, also officiated.

- **ACTIF’s fourth Annual General Meeting.** COMPETE provided technical insight and guidance into ACTIF’s fourth Annual General Meeting Held in Accra in August 2012. Key outcomes included:
 - A resolution passed to introduce a new category of “Corporate” members, this being individual private companies involved in the cotton, textile or apparel sectors, and having a *bona fide* business based in Africa. The Memorandum and Articles of the Federation will be amended accordingly (sub-sections of Article 2). Any eligible company will have the same rights and voting powers as national associations. This will substantially increase the potential revenue base from membership subscriptions.
 - To ensure continuity, a resolution passed to align the tenure of “nominated” directors to that of the main Board of Directors, by introducing a biennial rotation basis of retirement.
 - Membership fees increased by 83% and 50% for corporate and associate categories respectively.
- **Regional cotton, textile and apparel stakeholder’s forum.** COMPETE provided technical assistance to ACTIF to hold a regional cotton, textile and apparel stakeholder’s forum in Accra, Ghana in August 2012. The forum was held in collaboration with the Africa Trade Policy Centre (ATPC) of the United Nations Economic Commission for Africa (UNECA), the West Africa Trade Hub. The forum was part of UNECA’s efforts to promote regional integration and to build linkages and trade opportunities between eastern, western and southern Africa regions across the cotton, textiles and apparel value chain. The forum focused on issues impacting competitiveness, trade policy, the impact of AGOA, value addition and regional cooperation. Forty participants attended the forum from across southern, eastern and west Africa, encompassing 13 countries, 3 regional/Africa associations, 17 national associations, all 3 Trade Hubs (southern, eastern, and west), covering 48 countries, and 2 international organizations (UNECA and UNCTAD).

ACTESA

A focused and revitalized ACTESA has an important role to play in the development and integration of the region’s staple foods value chain and promoting collaboration across the regional economic communities.

- To support ACTESA’s capacity to deliver on its mandate, COMPETE has helped guide the Secretariat through the development of its new five-year strategy and has been able to align the activities within the strategy with those of the Regional Staple Foods Strategy, and which reflects the highest priorities of the region’s staple foods value chain. Leveraging ACTESA/COMESA’s broad geographic footprint will also enable COMPETE to expand the reach of key program activities such as the Regional Food Balance Sheet (RFBS) and harmonized grain standards beyond the EAC.
- COMPETE has worked with the Secretariat to translate their five-year institutional strategy into an actionable operational plan. As part of its efforts to help build the operational plan, COMPETE conducted an assessment of the draft plans and introduced a new operational planning methodology designed to refocus and prioritize proposed IRs and reframe activities. The methodology, which ACTESA adopted, was designed to prioritize those issues that the ACTESA Secretariat is best positioned to

address, provide greater visibility into the Secretariat's work (a key request from donors and member states) and clearly define the role of the secretariat versus the role of Alliance members and implementing partners. It also served as the foundation from which program budgets and human resources plans were developed. Moving forward, it will be used to develop an M&E plan and facilitate reporting to their stakeholders.

- As part of our support in FY 12, COMPETE participated in a stakeholder review of the draft operational plans and worked with the Secretariat to incorporate comments and feedback and finalize the plans. The operational plan was presented to the COMESA Secretary General in June 2012 and was approved.

FEAFFA

FEAFFA represents the clearing and forwarding industry in East Africa, promoting growth and development of a professional, efficient, and competitive freight forwarding industry in the region. FEAFFA is one of the key regional transit trade associations that has benefited from two COMPETE Partnership Fund grants totalling \$439,060. COMPETE's partnership with FEAFFA is designed to help it build the capacity of clearing and forwarding agents across the region and contributes to PIR1.2. With COMPETE financial support and technical guidance, FEAFFA has been able to establish an independent secretariat, hire qualified staff, develop a strategy, realign its work plan more closely with its mandate, as well as develop and launch a code of conduct for members among other activities.

- **Code of Conduct.** COMPETE has worked with FEAFFA to develop the FEAFFA Code of Conduct. Launched in July 2012, the FEAFFA Code of Conduct was adopted by the regional clearing and forwarding industry that comprises more than 10,000 industry players who move more than 95 percent of formal trade in East Africa. The code also was formally endorsed by government regulatory agencies, namely national revenue authorities. The major impact of the code is the promotion of self-regulation and enhanced compliance by the operators and traders and the adoption of anti-corruption practices by clearing and forwarding agents. This code has now been published in a simplified form in English, Kiswahili, and French. FEAFFA launched these codes at Busia and Malaba borders in February 2012.
- **International accreditation of the FEAFFA East African Customs and Freight Forwarding Practicing Certificate.** Through a COMPETE Partnership Fund grant, COMPETE supported FEAFFA to develop a training curriculum for its practicing certificate, which will help ensure that freight forwarders throughout the EAC understand the basics of the transport and logistics business and operate in a professional manner. This activity is an excellent example of donor coordination between COMPETE and Trade Mark East Africa. Under this grant, both COMPETE and TMEA will assist FEAFFA in the development and implementation of the East Africa Customs Freight Forwarding Practicing Certificate, which is a public-private sector partnership program between FEAFFA and the revenue authorities of the five EAC partner states. While TMEA will directly fund the training costs of the certificate program, the COMPETE grant will provide funding to FEAFFA for effective regional coordination and operational support to ensure that the program is successful.
- **Help FEAFFA obtain International Federation of Freight Forwarders Associations (FIATA) accreditation of its East Africa Customs and Freight Forwarding**

Practicing Certificate (EACFFPC). FEAFFA is professionalizing the industry by providing information, training, and advocacy for an effective freight logistics industry in the EAC. With COMPETE support, FEAFFA worked with East Africa Revenue Authorities (EARAs) to develop and implement a course to obtain the EACFFPC. The EACFFPC is a mandatory training program for all customs agents jointly implemented by EARAs and national freight forwarding associations affiliated with FEAFFA. The course is offered to individuals working or intending to work in the clearing and forwarding industry in the EAC. FEAFFA organized two regional retreats for technical experts from the EARAs and the freight forwarding industry in March and April 2012 to review the EACFFPC curriculum. The revised draft curriculum was ratified by the program's regional implementation committee in June 2012 and is now being deployed. COMPETE is working with FIATA to help FEAFFA understand FIATA accreditation criteria and apply for accreditation of the course.

- **Develop clearing and forwarding agents guidelines for efficient border clearance.**



COMPETE is working with FEAFFA to develop clear guidelines for the clearance of goods across borders.

The efficient flow of goods across borders relies on service providers working together effectively. Numerous studies cite the low skill level of clearing and forwarding agents (C&F) agents as a significant contributor to delays at the borders. For this reason, COMPETE has partnered with FEAFFA to develop a handbook for the C&F agents to cover the Port of Mombasa (Northern Corridor), the Port of Dar es Salaam (Central and Dar Corridor), Malaba border (Kenya/Uganda), Kabanga (Rwanda/Burundi), Gatuna border (Uganda/Rwanda), and Busia border (Kenya/Uganda). The handbook will contain all the required clearance procedures from the various government agencies. The handbook will also provide guidance for the C&F agent to efficiently navigate the procedures.

- **Standard business practices and conditions for C&F agents.** In performing their logistics functions, many C&F agents, especially Small and Medium Enterprises (SMEs), face transactional challenges with their customers due to unclear terms and conditions. In most cases, contracts (written and verbal) do not safeguard the interests of both the principals and the agents, thereby exposing contracting parties to business hazards. These result into poor delivery of services and subsequent loss of business for the SME agents. To address this, with the support of COMPETE, FEAFFA has developed a Standard Trading Conditions document to clarify the roles and obligations of both parties; including provision of accurate information for cargo clearance purposes. The document is designed to facilitate faster transit and customs clearance and ultimately reduce the time and costs involved.
- **Policy paper on the mutual recognition of clearing Agents' licenses across the EAC.** The regional integration process in East Africa has made significant strides from the time the EAC treaty was signed in 1999 through the Customs Union, the Common Market and the anticipated Monetary Union and eventually the Political Federation. Despite acknowledgement of the efforts to enhance professional standards within the industry, the licenses offered by one revenue authority are not yet being recognized by other revenue authorities. COMPETE has collaborated with FEAFFA to develop a policy paper advocating for the mutual recognition of clearing agents licenses across the EAC.

- **East African Freight Forwarders Directory.** In May 2012 FEAFFA used COMPETE grant funds to publish the first edition of the East African Freight Forwarders Directory. The directory is a one-stop source of information on clearing and freight forwarding operators in the region. It is free to all members. The impetus behind the publication is that finding C&F agents in East Africa can be challenging and listings of C&F agents in the general directories have not been vetted and harbor many unscrupulous operators. The FEAFFA directory provides accurate information to importers and exporters about service providers that have been vetted by FEAFFA. The sale of advertising in the directory is expected to generate revenue to help improve the sustainability of FEAFFA. A second directory is planned for January 2013.
- **FEAFFA Annual General Meeting.** COMPETE attended the FEAFFA Annual General Meeting that was held on May 2012 in Bujumbura, Burundi. During the AGM proceedings, COMPETE advised on the importance of the inclusion of women among the candidates to the new board. This was supported by the FEAFFA membership with the election of two women to the board, including the first vice president of the association. COMPETE helped the new board review its revised work plan with a focus on training/capacity building and trade facilitating initiatives in the region.
- **FEAFFA Secretariat Organizational manuals.** With COMPETE's financial support, the FEAFFA Secretariat conducted a final review of their draft organizational manuals and trained staff on how to use them. FEAFFA also procured Quick Books and trained their accountant on the use the accounting software. These activities are part of the overall institutional strengthening program being implemented jointly by FEAFFA, TMEA and COMPETE.

KPA

The KPA manages all the sea ports in Kenya including Mombasa, Kisumu and Lamu. The Mombasa port is the key entry and exit port for cargos to and from the ECA region via the Northern and Central Corridors. Following their existing business plan, which was developed with COMPETE support, the KPA reduced port dwell time from 11 days to 6.5 days in mid-2011 and improved performance with an average growth rate of 9.9% per annum in domestic traffic and 9.2% growth in transit traffic.

- **KPA Business Plan.** At the KPA's request, COMPETE funded and provided technical support to the KPA business plan review workshop held in June 2012 in Mombasa, Kenya. The 2012-2015 revised business plan establishes the key priority actions that the KPA will undertake in the next three years to achieve improved productivity, profitability and efficiency. The plan is anchored on the KPA and government policy frameworks that have set the development and reform agenda for the transport sector. These include the KPA Strategic Road Map, Port Master Plan, Vision 2030, Integrated National Transport Policy and other government documents.

Through the revised plan, the KPA intends to rebrand itself with a view of improving service delivery strategies, enhancing its relevance and promoting a more positive and dynamic maritime industry. The plan outlines how the KPA will provide cost effective, world class infrastructural facilities, refurbish, upgrade and optimize utilization of existing port infrastructure as well as expand ports' cargo handling facilities with a view of meeting the fast growing market demands.

KTA

KTA Limited, an association of road transporters, aims to instil safety, discipline and professionalism in trucking and to provide a single, authoritative voice on issues of importance regarding road transport. COMPETE is supporting the KTA to create a business plan and to establish the East Africa Heavy Commercial Vehicle (EA HCV) driver's training school to combat driver error and improve road transport.

- **KTA Code of Conduct.** Self-regulation is the first step in instilling discipline and professionalism in any organization, and as part of the COMPETE Partnership Fund grant support, KTA developed a Code of Conduct to addresses issues of safety, including safety of staff, and security of client cargo and investments. KTA held a sensitization workshop in Nairobi in November 2011 and more than 70 percent of members signed up to the code of conduct. KTA also trained more than 150 drivers in defensive driving techniques.
- **Improve efficiency of axle load regulation implementation.** COMPETE has been supporting the implementation of harmonized regional axle load limits to reduce the cost and time it takes to transit EAC corridors. Currently, Kenya allows a maximum of 48 tons Gross Vehicle Mass (GVM), Rwanda and Burundi use 53 tons GVM, and both Tanzania and Uganda allow 56 tons GVM. The disparities across the region result in overloading fees, inefficient use of weighbridges and corruption. If properly implemented, the EAC estimates that harmonization of axle loads has the potential to save the government and private sector up to a billion U.S. dollars annually.

To help achieve these savings and improve efficiency of the transport sector, COMPETE has been providing advice to the KTA as they advocate for the harmonization of vehicle load limits within the region. Since April 2011, COMPETE has provided technical assistance to KTA and to the Kenyan Axle Load Oversight Committee (composed of senior representatives from all the major industries, associations and ministries related to transit in Kenya), and all of these efforts culminated in the EAC Sectoral Council's approval of the EAC Vehicle Load Control Bill 2012 which resulted in the Government of Kenya's support of the draft EAC Vehicle Load Control Bill 2012. The bill is now pending consideration by the EAC Sectoral Council on Judicial and Legal Affairs before being forwarded to East Africa Legislative Assembly (EALA) for enactment by October 2012. If passed and implemented, payments of overloading fees would be executed administratively through prepaid coupons or electronic transfers and payments through the courts would be eliminated thus contributing to the estimated annual US\$ 1 billion in savings.

- **Transit goods licensed trucks.** During the month of February 2012, an initiative by KTA to petition the Kenya Revenue Authority (KRA) to allow Transit Goods Licensed trucks to carry return cargo yielded positive results. An authorization has been granted by KRA to allow Kenyan transit goods licensed trucks to carry return cargo from outside Kenya as long as they adhere to the prescribed Northern Corridor route. Transportation of local, non-bonded cargo from one station or town to another within Kenya will be done with prior approval of respective KRA customs officials. The KTA already has begun to sensitize members on the laws and regulations governing transit goods licensed trucks. This outcome is a direct result of COMPETE's capacity building support.

- **The Transporter Magazine.** Through COMPETE’s financial support, KTA was able to take up the publication of the KTA magazine and do it in-house. The magazine was re-branded to “The Transporter” and a total of 1,560 copies of the Transporter were distributed to KTA members, advertisers and various stakeholders. The Transporter magazine has been a vital tool for enhancing the campaign on road safety among other key issues.
- **East Africa Heavy Commercial Vehicle (EA HCV) driver’s training school.** COMPETE is supporting the KTA to create a business plan and to establish the EA HCV driver’s training school to combat driver error and improve road transport. Poor driving habits and poor infrastructure are the main causes of the high accident rates on the Northern Corridor. Insurance charges for road freight are subsequently very high and contribute significantly to the extraordinarily high cost of transport on the Northern Corridor. Fatalities have also had a negative impact on the availability of competent drivers, compounding transport challenges along the corridor. A World Health Organization report for the year 2009 on road safety in Kenya indicated that 85% of road accidents occurred due to human error.

KTA and COMPETE hope to mitigate these accidents by providing a driver’s training school, situated in Mombasa, targeted to heavy commercial vehicle truck drivers. KTA will use the EA HCV driver’s training center of excellence to upgrade the skills of regional cross border heavy commercial vehicle truck drivers, bolstering road safety initiatives not only in Kenya, but in the region as well. KTA’s driving school should help reduce transit times across East Africa and reduce the cost of transport along the Northern Corridor.



This much needed school will also contribute to the sustainability of the KTA, by providing the opportunity for revenue generation:

- The school will teach advanced driver training using modern driving simulators. These simulators will deliver a high degree of control to the trainer and realism to the operator, teaching proper repeatable driving techniques in a safe, efficient and effective environment.
- COMPETE has supported the purchase of three simulators and identified and finalized the procurement of the premises ensuring that they met supplier specifications. The simulators were delivered to the KTA HCV Center of Driving Excellence in Mombasa in September 2012.
- **KTA Business Plan.** With COMPETE’s support, KTA has developed a business plan and organizational strategy for the driver training school, and set the operation plan for the commissioning of the simulators. The plan describes the school’s product portfolio which includes Driver training and HCV-Driver Certification, and the Centre will maintain a register of all drivers who shall have been tested and certified. The plan identifies the end-users of the products/services, provides a detailed description of the products and services that the organization will offer.

AFCA

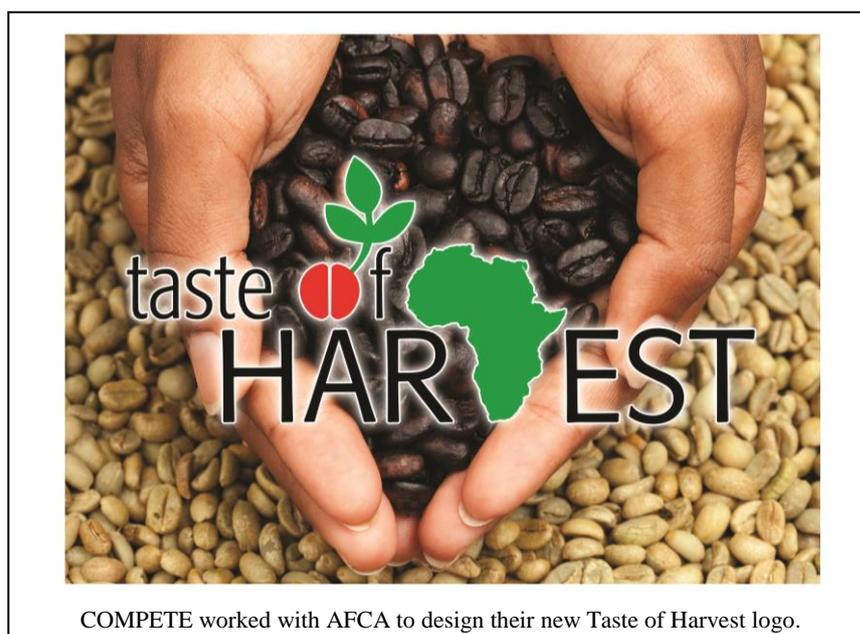
Founded in July 2000, AFCA is a regional nonprofit member-driven association representing coffee sectors in [11 member countries](#), including [Burundi](#), [DR Congo](#), [Ethiopia](#), [Kenya](#), [Malawi](#), [Rwanda](#), [South Africa](#), [Tanzania](#), [Uganda](#), [Zambia](#), and [Zimbabwe](#). AFCA is approaching operational sustainability through its revenue-generating events. The aim now is to help AFCA build a strong member service capacity to ensure long-term institutional sustainability. Along with its technical partner, the Coffee Quality Institute (CQI), COMPETE continues to work with EAFCA to structure, streamline, and institutionalize the systems and procedures required to expand the Taste of Harvest from a small, sideline regional quality competition to the region's leading quality identification initiative. This will allow AFCA to extract unique information on the region's specialty coffees and effectively deliver that information to a regional and global audience as part of an expanded suite of member/industry services. The successful development of this key program will strengthen EAFCA's position as the region's authority on specialty coffee.

With support from COMPETE, AFCA has gained increased technical competence and expertise. It is now successfully providing marketing and educational services to its members, with trainings in post-harvest processing, roasting and blending, cupping, marketing, and barista championships. AFCA is reaching out to coffee growers to raise awareness about coffee quality through its "Know Your Cup" farmer training program and "Taste of Harvest" competition. AFCA developed its flagship marketing and promotional activity, the annual African Fine Coffee Conference and Exhibition, as a way of promoting Eastern African coffees to the world and earning revenues to cover annual administrative and operational costs of the organization. USAID's long-term engagement with this regional trade association has been a key factor in ensuring that AFCA has been able to steer a successful course to growth and has engaged and energized the private sector in the region.

- **AFCA's 9th African Fine Coffees Conference and Exhibition.** AFCA held its ninth annual African Fine Coffee Conference and Exhibition in Addis Ababa, Ethiopia in February 2012, and COMPETE supported the association through participating conference sponsorship.
 - This conference is the most important event in the African coffee industry calendar and this year brought more than 1,000 producers, exporters, importers, roasters, and service/equipment providers together to discuss critical issues such as global market trends, certification and sustainability, and programs and issues impacting women in coffee.
 - The success of the AFCA event has prompted other key coffee stakeholders to hold additional industry events that dovetail with the main AFCA conference and exhibition. This included the Seventh Annual Coffee Scientific Conference and the Second Annual African Sustainability Forum sponsored by the 4 C Association.
 - COMPETE support has helped AFCA build its annual conference into a major event for the international specialty coffee industry. The profits from the annual conference typically cover the AFCA's operating costs; this year, AFCA achieved a surplus of approximately \$500,000 that will help support core programs such as the Taste of Harvest, which COMPETE has helped AFCA expand into a strong regional brand.
- **Taste of Harvest (ToH).** Over the past two years, the expansion and overhaul of AFCA's ToH has been the focus of much of COMPETE's technical and institutional

capacity building support to the association. In Q2, COMPETE supported the creation of a comprehensive Taste of Harvest database and Web portal, www.africantoh.org .

- In November 2011, COMPETE led the AFCA secretariat and the Coffee Quality Institute in an overhaul of AFCA’s Taste of Harvest (TOH) procedures and protocols and created new TOH marketing materials and dissemination documents. This will enable EAFCA to deliver on its new vision for an expanded TOH, as outlined in the association’s five-year strategic plan.
- COMPETE has worked with the AFCA Secretariat to develop the capacity of its national chapters and leading collaborators to ensure the long-term viability of TOH and held TOH competitions in Tanzania, Malawi, and Kenya, with COMPETE support. These competitions are helping to build national-level capacity to organize events and to market and promote both TOH and the high-quality coffee produced in these countries.
- In April 2012, COMPETE and AFCA launched AFCA’s newly-developed Taste of Harvest web portal www.africantoh.org at the 24th Annual Specialty Coffee Association of America (SCAA) Event in Portland, Oregon. AFCA opted to have the launch at the annual SCAA conference because it is the most important coffee event in the U.S. and draws more than 8,000 attendees from across the world, the majority of whom are roasters and retailers – target audiences for the new portal.



- AFCA’s ToH program is the leading cupping competition in Eastern and Southern Africa and is held annually in seven producing countries in the region. The competition provides producers, millers, and exporters in AFCA member countries with a platform to showcase their coffee. While the main purpose of ToH is to identify, catalog, and promote the region’s quality coffees, the program has a much broader impact on the development of the region’s coffee sector by facilitating linkages between African producers and international buyers. ToH coffees are evaluated by a panel of qualified judges according to the SCAA’s cupping protocol, which scores coffees on 10 key attributes: fragrance/aroma, flavor, aftertaste, acidity, body, uniformity, balance, clean cup, sweetness, and the

overall cupper score. Taste of Harvest Coffees that receive scores 80 (out of 100) or above are considered specialty.

- In addition to cupping scores and flavor profile descriptions, AFCA collects contestant contact details and farm/producer information along with data about location, altitude, variety, grade, certification and size of lot. The ToH portal was designed to capture and present all of this unique data in a compelling way and allow users to interact with and search the data however they want to help better understand the region's coffees, identify potential contacts/suppliers and aid in their buying decisions.
- The importers, roasters and retailers that visited the AFCA booth at SCAA were consistently looking to expand their portfolio of African coffees but were struggling with how to go about finding new suppliers. They were therefore extremely excited by the functionality of the ToH portal and immediately recognized its value to their businesses. As it develops and evolves, the ToH portal will help AFCA in its drive to increase awareness of Africa's fine coffees and bring producers and buyers together more effectively.
- While the ToH portal is certainly a useful tool to raise the profile of Africa's best coffees and coffee producers, AFCA, through its ToH competitions, is having a tremendous impact on the coffee sectors at the country level. According to Ansha Yassin of the Duromina Cooperative in Ethiopia who won this year's African Taste of Harvest (the regional event), *"Coffee from Jimma Zone (Western Ethiopia) has historically been seen as inferior quality to coffee from other parts of Ethiopia. Winning the ToH has changed that view ... Jimma coffees have finally gotten the recognition they deserve."*
- **AFCA case study.** COMPETE presented a case study of AFCA at the first USAID Forward Local Capacity Development Summit on June 19th <http://forward.usaid.gov/node/341>. The presentation was part of the summit's Approaches and Tools Session, "Peer-to-Peer and Global Expertise: What's the right fit?"

East African Bankers Association (EABA)

The EABA brings together five national bankers' associations (Kenya, Tanzania, Uganda, Rwanda and Burundi) who are committed to advocacy for their members. The EABA mission is to create a regional private sector platform that advocates for common interests and engages with the public sector: Central Bank, capital markets, insurance and pension fund regulators, and EAC institutions.

COMPETE was instrumental in the soft launch of EABA in March 2012, and provided both technical and financial support for the development of a MOU between the five associations. EABA is preparing a business plan whereby sustainability will rely on subscriptions from the five national associations, membership to national associations in the region, and donors or partners in the medium term.

The EABA's secretariat will be hosted by the Kenya Bankers Association (KBA) and chaired by the Chief Executive Officer of the KBA. The EABA is planning to incorporate legally in the first quarter of FY13 and is seeking support to establish a Secretariat in Nairobi including procurement of office equipment and the official launch before the end of the year.

COMPETE has discussed several upcoming key issues for adoption by the EABA including the possible EAC monetary union and single currency, the integration of national systems, and the expansion of check truncation in the region. COMPETE will work in FY13 Q1 to procure a modest amount of office equipment for the EABA, support the Business Plan process and provide financial support to the official launch planned for Kigali.

East African Agricultural Finance Network (EAAFN)

In 2011, COMPETE helped the regional agricultural finance and insurance sectors to establish the East African Agricultural Finance Network (EAAFN), which is “housed” in the Kenya School of Monetary Studies (KSMS). The EAAFN supports e-learning and provides information, resources, tools, spreadsheets, applications, analysis, and news about agricultural and value chain finance and insurance, including information from donors, development finance institutions, projects, ministries, agencies, and associations, etc. It supports both the public and private sector.

The EAAFN is a virtual knowledge management network of private agribusinesses, farmers, businesses, NGOs, governments, donors, financial institutions, insurance companies, and other interested stakeholders who are encouraged to share information on finance and insurance as it relates to the agricultural sector.

Distance learning is an important component of the EAAFN. This approach is to ensure affordable access for banks outside Kenya, enable greater participation, and improve the prospects for financial sustainability. The KSMS plans to partner with the African Virtual University (AVU) in developing the distance learning program. KSMS intends to convert ongoing training programs into distance learning modules and leverage AVU’s expertise in the technical design of the program and delivery channels to students. The developed content would also be included in the proposed Knowledge & Innovation Centre planned to be operational in 2013.

COMPETE is working with EAAFN to develop its business plan, planned for completion in FY 13. Over the next six months the project will work with the KSMS, private sector associations, the EAC, and donors to enhance EAAFN so that it becomes a comprehensive knowledge sharing and e-learning platform for both agriculture and agricultural finance of all kinds — nationally, regionally, and internationally.

African Trade Insurance Agency (ATI)

ATI is a multilateral financial institution providing export credit insurance, political risk insurance, investment insurance and other financial products to help reduce the business risks and costs of doing business in Africa. ATI was launched in 2001 with the financial and technical support of the World Bank and the backing of seven African countries. The company, unlike private insurers, has a development mandate to improve the business climate in COMESA (Common Market for Eastern and Southern Africa) member countries. In less than a decade, ATI has supported over \$2.5 billion worth of trade and investments across the continent, secured an investment grade rating of 'A' from Standard & Poor's, and expanded membership to more than a dozen African countries.

From ATI’s experience, local offices can have a big impact on trade. ATI’s office in Zambia, which also serves Malawi for example, facilitated an additional US\$103 million worth of

trade and investments in the energy, telecommunications, trade and transportation sectors in Zambia and US\$73 million in the energy and telecommunications sectors in Malawi.

- **ATI expands into Rwanda and Burundi.** COMPETE is supporting ATI, Africa’s only multilateral political and export risk insurer, to expand its coverage in East Africa. Under an agreement, signed in September of 2011, ATI received a Ksh 13 million subcontract to fund its expansion into Rwanda and Burundi. ATI, on its part, is keen to grow its business in Rwanda where it plans to develop projects from a robust pipeline of enquiries.
 - With COMPETE support, ATI opened an office in Kigali, Rwanda and facilitated the official launch in late January 2012 with the US Ambassador to Rwanda, Donald Koran featured as a keynote speaker. Rwanda is one of the founding member countries and was involved in the initial assessment report that established ATI. ATI now has offices in Kenya, Rwanda, Tanzania, Uganda and Zambia (which also serves Malawi).
 - Risk mitigating products such as those offered by ATI can facilitate increased trade particularly in African markets that may be perceived as high risk. With this support, ATI’s new Rwanda office will issue new insurance policies amounting to at least 75% of an agreed target (US\$7.5 million) in the value of facilitated trade transactions.



U.S. Ambassador to Rwanda, Donald Koran, was a featured speaker at the launch.

Summary of the Partnership Fund for FY 12

COMPETE has dedicated \$24 million of its funding to a Partnership Fund targeting private sector trade associations and farmer-based organizations to better enable these groups to advocate for policy change, increase market share for their products, and provide services to their membership that will increase the region’s competitiveness in targeted value chains.

Under its institutional strengthening strategy, this past year COMPETE continued to emphasize the building capacity of these partner organizations — including the principal partners of Eastern Africa Grain Council, African Cotton Textile Industries Federation, and African Fine Coffees Association — by working directly with them to develop association strategic plans, financial management systems, and more transparent governance and management systems. The institutional strengthening exercises that the COMPETE staff carried out took the form of strategic planning workshops and “best practices” training sessions for increasing and improving organizational and administrative capacity.

For many of the nascent organizations that have received grants from COMPETE, the most critical training was often focused on helping these partner organizations set up and implement transparent financial systems that would support receiving and managing not only COMPETE funds but other sources of targeted donor funding. For example, COMPETE provided training and mentoring on accounting systems and managing and developing M&E systems and reporting data to donors for the EAGC, in addition to the technical capacity building the project offers. In addition, during this year, COMPETE carried out several very

well-attended workshops for KTA, Farm Concern International, and the EAGC on setting up M&E systems so that the necessary information and data can be provided to COMPETE.

While this continues to be an ongoing process for most of the COMPETE partner organizations, in some cases the successes of these partners have led other major donors, including the World Bank, DFID, and Trademark East Africa, to increase their support for these regional organizations. Obtaining this type of non-USAID support for the grantee organizations is a testament to the quality and impact of the capacity building support that COMPETE regularly offers to its partner organizations.

In FY12, the COMPETE Partnership Fund awarded approximately \$7.9 million in grants under a “Letter of Credit” (LOC) grants ceiling amount of \$8,568,352.00.

Partnership Fund grant activities for FY12 included:

- ***Support to RTAs.*** Six grants in total have been awarded to the COMPETE-supported Eastern Africa Grain Council, African Cotton and Textile Industries Federation, and Eastern African Fine Coffees Association to support the sustainability process of these RTAs.
- ***Support to private sector transit associations.*** Three private sector transit association grants awarded in FY11 continued in FY12 with two new grants to the Kenya Transport Association and the Federation of East Africa Freight Forwarders to support a number of key transit policy issues for East Africa. Emphasis on capacity building and operational training was placed on the transit associations in FY12. In addition, this year saw the COMPETE grant to KTA supporting the establishment of the first of its kind in East Africa Heavy Commercial Vehicle (HCV) driving school which is planned to bring in an eventual source of income for the association.
- ***Support to smallholder aggregation and regional marketing partners.*** The Partnership Fund support continued with COMPETE grants to smallholder partners that focused on working in implementing the COMPETE regional staple food strategy. These included new grants to AGMARK and Cereal Growers Association (CGA).
- ***Support to regional training institutions.*** During FY12, the Partnership Fund supported two new innovative training activities with a grant to the Center for African Women Economic Empowerment (CAWEE) and to the Kyela College for Skills and Technology (KCoST). Both grant activities are working to increase the technical skills of traditional weavers (Ethiopia) and textile workers (Tanzania) so that they will become more competitive in the workforce.

Also through the Partnership Fund, COMPETE has awarded a number of subcontracts and service agreements. Some of these non-grant activities are include:

- ***Support to EAC customs connectivity.*** A subcontract was extended to the firm Blue Sky Revolution, which provides ongoing technical assistance support to the development and implementation of the Revenue Authorities Digital Data Exchange.

- ***Support to RTAs.*** A subcontract was awarded to CQI, the research arm of the Specialty Coffee Association of America, to offer technical assistance to the East Africa specialty coffee industry.
- ***Support to staple foods competitiveness.*** Multiple subcontracts were awarded to regional firms to conduct a series of value chain analytical studies. Firms included Imani Development International, Agrideveth, Market Economies Development, and Premium Consulting of Uganda.
- ***Support to financial and insurance sectors.*** Subcontracts were continued with Kenya School of Monetary Studies and Kenya College of Insurance to implement training programs in agricultural finance and agricultural insurance.

Annex 1. Budget Summary

Category	Projected	Actuals	Projected	Actuals	Projected	Actuals	Projected	Actuals
	Component 1	Component 1	Component 2	Component 2	Component 3	Component 3	Total Year 4	Total Billed To Date
	Year 4	Oct 11-Sept 12	Year 4	Oct 11-Sept 12	Year 4	Oct 11-Sept 12	Year 4	Oct 11-Sept 12
WDO								
LT Expats	\$464,503	\$525,148	\$816,488	\$778,649	\$1,221,300.00	\$1,032,317	\$2,483,292	\$2,336,113
LT TCN	\$160,714	\$90,741	\$595,767	\$526,428	\$20,972.65	\$15,604	\$777,453	\$632,773
LT Local	\$315,000	\$243,686	\$409,487	\$432,820	\$115,447.01	\$62,354	\$839,934	\$738,860
STTA	\$195,515	\$212,519	\$423,567	\$473,135	\$233,008.58	\$244,004	\$852,091	\$929,657
Home Office	\$30,193	\$39,985	\$28,036	\$62,199	\$42,000.00	\$45,909	\$100,229	\$148,092
Multiplier	\$1,418,317	\$933,895	\$1,317,009	\$1,452,725	\$1,005,000.00	\$1,072,249	\$3,740,326	\$3,458,869
TOTAL Work Days Ordered	\$2,584,242	\$2,045,973	\$3,590,355	\$3,725,954	\$2,637,728.24	\$2,472,437	\$8,793,325	\$8,244,364
Materials								
Local Support	\$33,889	\$24,383	\$31,468	\$37,929	\$15,330.72	\$27,995	\$80,688	\$90,307
Fringe	\$190,704	\$137,832	\$177,082	\$214,406	\$86,270.73	\$158,252	\$454,056	\$510,490
Travel and Transportation	\$220,063	\$141,896	\$204,344	\$220,727	\$99,552.27	\$162,917	\$523,959	\$525,540
Allowances	\$496,328	\$340,143	\$460,876	\$529,112	\$224,529.25	\$390,535	\$1,181,733	\$1,259,791
Other direct costs	\$195,880	\$126,167	\$181,889	\$196,260	\$88,612.37	\$144,858	\$466,381	\$467,285
Equipment, Vehicles, and Freight	\$75,000	\$85,700	\$75,000	\$133,310	\$75,000.00	\$98,396	\$225,000	\$317,406
Training	\$628,395	\$503,159	\$583,510	\$782,691	\$284,274.07	\$577,701	\$1,496,179	\$1,863,550
Subs Materials	\$326,765	\$429,110	\$303,425	\$667,504	\$147,822.39	\$492,681	\$778,013	\$1,589,295
Partnership Fund Grants	\$1,006,408	\$489,504	\$934,521	\$761,451	\$720,040.89	\$562,024	\$2,660,970	\$1,812,980
G&A	\$155,088	\$109,328	\$144,011	\$170,065	\$70,158.96	\$125,524	\$369,258	\$404,917
TOTAL Materials	\$3,328,520	\$2,387,221	\$3,096,125	\$3,713,455	\$1,811,591.65	\$2,740,884	\$8,236,237	\$8,841,560
GRAND TOTAL	\$5,912,762	\$4,433,194	\$6,686,480	\$7,439,410	\$4,449,320	\$5,213,320	\$17,048,562	\$17,085,925