

## The Agribusiness Council, Inc.

2550 M Street, N.W.  
Washington, D.C. 20037

Telephone: (202) 296-4563

Telex: 440041

Fax: (202) 887-9178

Quarterly Report  
October - December 1991Middle Income Country Association Development  
(Grant No. PDC-0091-G-00-1114-00)Summary

Project implementation progressed on schedule during this period and exploratory visitations centered in southern Africa (Botswana and Swaziland) where AER director Ahmed Diraige assisted local coordination.

The Botswana/Swaziland trip coincided with the inaugural meeting/workshop of the AER/Uganda, November 24-25 in Kampala, which produced a successful launch to that indigenous association. Considerable media attention (see clippings) resulted from this meeting, and were DHL expressed to N.E. Hollis by Uganda organizers. The press "testimonial" of Uganda had a very positive effect on the reception to the AER/ABC concept in both Botswana and Swaziland. (The initial technical visits needed to implement the AER/Uganda were funded by AER, the indigenous Ugandan AER/Uganda organizers, and AID/FHV/PPM under a separate grant to ABC's sister association.)

Grant implementation was hampered during the period by uncertainty generated by AID's reorganization which resulted in a shift of grant management from PPC/PDPR/RP to PRE/IBD. Uncertainty continues within the PRE bureau concerning which office and specific project manager will be assigned to the grant.

N.E. Hollis informally coordinated with several PRE staff during this period in an effort to maintain management guidance and continuity.

Highlights

Communications and programming initiated earlier during FHV/PPM grants continues to generate independent activity in various middle-income countries (MIC) where prospects for establishing AER/ABC model agribusiness associations appears strong.

AER/Uganda's successful start-up, although not in the MIC category, will also spark greater interest and support for the general concept as the positive meeting report circulates within AER's network. In particular, interest has resurfaced in Tunisia, Israel, Taiwan, Trinidad/Tobago, Ecuador, Mexico, and newly independent Eastern European countries/Baltic republics.



\* On November 18, ABC hosted a Russian agribusiness delegation in Washington for a one-day workshop. The Russian group was led by Mr. Vaktang Makharadze, a renowned agribusiness entrepreneur who had attended the AER/ABC Moscow briefing in September 1990. Prospects are excellent for the early formation of a Russian AER as a result of this meeting and anticipated follow-up. ABC/AER have also received communication from officials in the Baltic republics expressing strong interest in developing counterpart associations to link into the network.

\* ABC has begun coordinating U.S. rancher/animal industry experts interested in game-ranching, eco-tourism, and animal health to participate in a follow-on networking program initiated during the Uganda workshop. The network on Animal Resources will exchange information and recommendations on issues such as the privatization of veterinary services in Africa, between the various AER and ABC groups and appropriate government and donor agency officials.

\* ABC's state and local (U.S.) grassroots network of councils has also begun to show more interest in the overseas programming. In addition, ABC is circulating a draft survey to selected state groups as an initial step toward developing more information on the grassroots organizations and identifying more local leaders with international interest and expertise.

\* ABC is receiving additional interest inquiries from other AID/W bureaus, private companies and USDA concerning ongoing activities (i.e. New Crops/Uses Task Force and Eastern European activities scheduled for late spring 1992). The level of general public inquiries for information, careers in agribusiness and other miscellaneous issues has increased dramatically over the past year.

\* ABC was invited to participate in the USDA/OICD Agribusiness Trade Mission to the Dominican Republic in January. This visit will be coordinated with another independent, indigenous agribusiness association, the JACC/RD, which has been corresponding with ABC/AER for several years on matters of mutual interest.

The attached trip report summarizes the main activity of the period. (Attachment A)

Attachments

- A. Trip Report from Southern Africa exploratory visits to Botswana/Swaziland
- B. Dr. Chris Grocock USDA/APHIS-Nairobi  
Abbreviated report on November 24-25 workshop in Kampala
- C. Memo on recent ABC/AER activities (December 1991)  
(Circulated to ABC Board/Advisors and Coordinators)

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TRIP REPORT

Southern Africa Middle Income Countries

November 20 - December 11, 1991

Following his participation in the inaugural AER/Uganda workshop in Kampala on November 25, ABC President N.E. Hollis travelled to southern Africa via Nairobi, arriving in Gaborone, Botswana on December 3 (Air Botswana from Nairobi and Harare).

Botswana had been selected as an African middle income country (MIC) for an exploratory visit with the aim of determining the potential for establishing an indigenous agro-industry association modelled after the AER/ABC. The program success in Uganda, which received excellent press coverage, helped spark Botswana interest in the AER/ABC concept.

Botswana is currently enjoying strong economic growth and international investor interest. The country has a relatively stable democratic government, which maintains more than \$3 billion in foreign exchange holdings and encourages private enterprise. Botswana's mineral resources, particularly diamonds, have given the country an enviable economic base and prudent financial management has provided nine years of steady, if not dramatic, growth which has only recently slowed from over 13% (1988/89). Botswana is now consolidating its gains and is seeking greater economic diversification, particularly in the agro-industry and ranching sectors. The Government of Botswana (GOB) is simultaneously seeking to encourage greater private sector growth and has instituted a dialogue process (i.e. regular meetings with industry leaders) which augurs well for the establishment of a broad-based agro-industry council.

USAID/Botswana Interest

During his visit, Hollis briefed AID/Botswana Projects Chief Raymond L. Baum and ADO Robert McColough. Both expressed interest in the concept, noting that Botswana was encouraging private sector oriented non-governmental organizations as informal mechanisms to mobilize new investment resources. Hollis received assistance with local business and government contacts through Ahmed Diraije, one of AER's directors, who has established a transport business in Gaborone. As a result, a number of high-level contacts and appointments were achieved, including Mr. Bdedzi Gaolathe, Permanent Secretary of the Ministry of Finance; P.M. Matsetse, principal assistant to the President for Development; E.T. Matenge, Permanent Secretary of the Ministry of Industry and Commerce; and others. Hollis



briefed the above-mentioned officials and noted considerable interest in the AER model. Mr. Matenge indicated that discussions among appropriate governmental agencies, parastatals, and the private sector could be conducted following the visit. During the course of the visit, Hollis was able to develop a comprehensive list of agribusiness contacts using local business directories and phone calls. USAID and TransAfrica Development Pty. Ltd. provided modest office support services.

#### State of Agro-Industry

Botswana is a major beef exporter (Botswana Meat Commission) and also enjoys a number of successful food processing industries (joint-ventured primarily with South African and UK businesses). USAID has phased out its programs in agriculture, but some interest may reside in the medium and small-scale industries initiative, or in a wider encouragement of public/private sector dialogue geared toward agro-industry diversification and privatization of some of the more profitable parastatals.

The policy reform contribution potential of a well-managed non-governmental association could be considerable in Botswana since the acceptance and understanding level for such activities is already high. (i.e. Francistown conference on public/private sector collaboration partially sponsored by USAID). Botswana is not food self-sufficient, relying heavily on imported foodstuffs from neighboring South Africa. This is cause for concern within the GOB and its primary parastatal, the Botswana Development Corporation, which manages a number of agricultural, ranching, transport, and food-processing companies involved in Botswana's food system (including a joint venture with H.J. Heinz, the U.S. food processor which is active in the southern African region).

Recognizing USAID's stated aim of assisting GOB with management by redefining and reducing the role of the public sector and increasing its efficiency, it is expected that the formation of an indigenous agro-industry association in Botswana might be utilized to facilitate dialogue and action programmes accelerating the growth of an "environmentally-conscious" private sector in agribusiness.

#### Eco-Environmental Factors

While agriculture is no longer the largest sector of Botswana's economy in terms of contribution to GDP, four-fifths of the population is still rural and agriculture remains the core of the rural economy. Rangeland degradation is a growing problem due to overgrazing,

overstocking, low take-off rates, and poor land management practices. Hollis discussed game-ranching and eco-ranching prospects <sup>1</sup> with Robert McColough, noting U.S. Agribusiness Council members' potential investment interest. Hollis also stressed the AER environmental/energy schematics as relevant to Botswana's drive for greater energy security and ecological balance with wildlife and tourism.

In this context, case study project examples in Botswana's rangelands and inner national parks could be effectively analyzed within an AER/Botswana, for development lessons and applicability far beyond Botswana to other African contexts. Solutions will involve changes in the land tenure system which will take time and place a premium on well-managed dialogue platforms to air different perspectives and reach/create creative targets of opportunity.

#### Constraints for Agriculture

Botswana's drive for agro-diversification and greater crop production faces serious constraints including: lack of rainfall, shortage of farm energy for implements, lack of water resources generally, insect infestation, poor internal transport, and failure of peasant farmers to adapt modern techniques. Nonetheless, there is a core of sophisticated agro-industry management in Botswana, which if linked with a selected group of government managers (primarily from parastatals), could spark the formation of an effective AER/ABC in Botswana which itself could make an important contribution to the country's (even the region's) drive for environmentally friendly food security and a reduced import bill for energy.

#### Conclusion

Hollis has received communications from leading Botswana private sector agribusiness endorsing the concept and seeking additional information on the follow-up steps. It is hoped that USAID will provide encouragement enabling AER/ABC to revisit Botswana to provide a more formalized briefing/workshop with interested parties, government, and the private sector as a follow-up.

Hollis departed Gaborone on December 8 for Swaziland.

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<sup>1</sup> See "Game Ranching in Botswana" - An Assessment (Excerpts from USAID report)

Mbabane, Swaziland (December 8 - 10)

The visit to Swaziland was too brief to obtain an in-depth perspective. However, Hollis was able to fashion a highly productive series of interviews with USAID officials and Swazi government officials on Monday December 9. These interviews included: USAID Deputy Director Mary K. Huntington; ADO Dennis Sharma; Agriculture Consultant Conrad Fritsch; Projects Officer Diane Eames; ADO Jennifer Yarnell; Ms. Dumisile Magagula, Ministry of Industry, Commerce and Tourism; Senator Douglas Ntiwane, Minister, Ministry of Commerce, Industry and Tourism; Frank Buckham, Permanent Secretary, Ministry of Agriculture and Cooperatives.

Although USAID/Swaziland does not have any new agricultural projects scheduled, the second phase of the Commercial Agricultural Production and Marketing Project (CAPM) could provide some support for an indigenous Swaziland agro-industry council. All interviews underscored the private sector orientation in Swaziland, and there was interest in the potential for an AER/ABC model. Several USAID personnel felt that timing was ripe for such an outreach effort since Swaziland was seeking new channels for its production, and might welcome a new dialogue mechanism with the commercial farmers and agribusiness sector. The young Swazi King has moved to install pro-private sector leaders, including the Minister of Agriculture, who was formerly a leading manager for Swazi canners. The King is interested in streamlining parastatals, including his own crown-owned company, Tibiyo Taka Ngwane. The country produces sugar cane, pineapple, and pulp along with dairy and meat, with the King's men (family) sitting on the Boards of most agribusiness companies. Swaziland is home to many white agribusiness managers who coexist quite well with the indigenous political power. As might be expected, the South African influence is strong with numerous joint ventures and trade linkages within Swaziland (which is practically surrounded by South Africa).

Growing Need for Agro-Business Networking/Dialogue

As the economy in Swaziland has become more sophisticated, the need for greater communication linkages within the business sector, and between public and private sectors more broadly, has increased. Since agribusiness holds important economic growth potential, it is noteworthy that there is not a forum in the country which focuses primarily on concerns affecting agro-industry. The existing business organizations; the Federation of Swaziland Employees, the Swaziland Chamber of Commerce and Industry, the commercial Amadoda and Sibakho, are primarily divided along employer

size, with the latter representing the smaller and medium sized firms. These associations have not provided networking and/or marketing opportunities particularly outside Swaziland. Hollis was unable to determine what membership services each association provided, or whether any were effective in promoting dialogue or policy advocacy from the private sector to the government.

### Conclusion

With growing emphasis on privatization and expanded agribusiness joint ventures with outside firms, Swaziland is well-positioned to adopt an AER/ABC model association development project. The current state of local associations is weak and new dialogue mechanisms of more neutral grounding may be effective in facilitating the King's desired move away from parastatals to private enterprise. Conversations with GOS officials reinforced Hollis's impression that Swaziland could sustain a successful agro-industry association aimed at expanding the country's trade linkages with the outside world and training/encouraging local agro-entrepreneurship.

Hollis was able to develop a contact list of local agribusiness leaders utilizing the USAID library and names supplied by Mission staff. Materials pertaining to AER/ABC and the recent Uganda meeting were circulated by local post.

\* \* \* \* \*

Completed :12/30/91



### AGRI-ENERGY ROUNDTABLE - UGANDA

The meeting was originally proposed by Mr. Nick Hollis of the Agribusiness Council Inc., Washington D.C. who envisioned an international gathering from various countries in East, Central and West Africa extending over a period of five days.

However, there was considerable difficulty in getting aid funds for delegates to attend from other countries and, as much of the organisation was in the hands of the Kampala hosts, the meeting took on a Ugandan bias and was reduced considerably in scope. In the event it was a one day meeting and billed as an "Inauguration of The Agri-Energy Roundtable (AER) of Uganda."

Its purpose was to initiate a gathering of Uganda businessmen, government officials and university staff to discuss agribusiness concerns and, as a consortium, to act as a NGO pressure group to advise the GOU and others on changes and desirable developments in agriculture.

In this context the meeting was a success. It was opened by the Vice President H.E. Dr. Samson Kuseka and was well attended by senior government officials including the ministers for Women Affairs and of Agriculture, Animal Industry and Fisheries. The dialogue between delegates was surprisingly frank and there were considerable criticisms of government positions which were largely accepted, though in certain cases vigorously defended. Though clearly Uganda has many social problems; population growth, disease, unemployment, subsistence farming etc, that the government has to address with measures that don't necessarily mix well with the proposals put forward by the roundtable nevertheless, there was a willingness to listen on all sides. Both ministers actively encouraged the concept of the roundtable which clearly saw a useful role for itself, donated money for future activities and pledged to recruit vigorously like spirits in the Ugandan community.

A list of members and prospective members were to be drawn up and those present were asked to specify their individual interests. Animal & Livestock Industry, Horticulture and novel crops, Agriculture and Energy. A series of sub-committees would be established on these and other topics of mutual interest. The group arranged to meet again one month and thence in a monthly basis.

If the level of enthusiasm shown continues AER is likely to be a useful force in Uganda agriculture.



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December 27, 1991

To: Directors, Advisors, Coordinators and selected State Agribusiness Council Executives interested in the Agribusiness Council (ABC) Counterpart Association Network and related program progress

*Y. S. Hollis*  
Fm: Nicholas E. Hollis, President  
The Agribusiness Council (ABC)

Re: Progress Update: New Affiliate Launched in East Africa

Dear Sir/Madam:

We are pleased to report continued program progress reflected in a most successful East African regional workshop conducted November 24-25 at the Kampala Sheraton Hotel in Uganda. The workshop, coinciding with the inaugural meeting of the Agri-Energy Roundtable Uganda (AER/U) was officially opened by H.E. Dr. Samson Kisekka, the Vice President of Uganda, and included a number of ministers, ranking officials and leading agribusiness executives (including Hon. Dr. S. Wandira-Kazibwe Minister of Women's Affairs, Youth & Culture - who is Chairperson of the AER/U, and Hon. Victoria Ssekitooleko, Minister of Agriculture and Animal Industries). The full agenda also included panel sessions on animal health/privatization of veterinary services, renewable energy, non-traditional crops and the role of non-governmental organizations in Africa's drive for food security and economic growth through greater self-reliance.

Agribusiness Council Delegates Attend

ABC organized a U.S. delegation which participated in the conference led by Dr. Chris Grocock, Animal Health specialist USDA/APHIS and Nicholas Hollis, president ABC. Dr. Al Sollod, Director, International Programs Tufts University School of Veterinary Medicine, and Dr. Marinus van den Ende (also Tufts University) rounded out the group. Congratulatory messages were also received from other AER/ABC counterpart association organizers in Kenya, Nigeria, Gambia, Tanzania, Ethiopia, Botswana, and India expressing strong interest in convening a larger conference in 1992.

Ugandans Build Self-Reliance

The Uganda agro-enterprise workshop was self-financed and the occasion was utilized to raise additional funding for the newly created association. More than 2 million U/schillings were raised during the event - which also saw the formation of several specialized subcommittees as a part of a broader membership development drive. One subcommittee, emphasizing animal agriculture/health issues is expected to form the hub for an African information exchange network focused on animal/livestock development and related issues such as eco-game ranching, veterinary privatization and many others. Other AER/ABC counterpart groups in Africa are expected to join.

The Agribusiness Council is a private and nonprofit/tax-exempt organization dedicated to strengthening trade and development between the United States and lesser developed countries with emphasis on production, processing and marketing of agro-food and allied industries



### Uganda as a symbol of Africa's New Appeal

Uganda's East Africa leadership in "Agri-Energy" reflects the country's growing agribusiness potential and positive investment climate sparked by democratic pluralism, as well as its cooperative relationship with the international AER/ABC network of counterpart associations. Once named the "Pearl of Africa" by Winston Churchill, Uganda's lush agriculture and economic revival has generated considerable interest in the country's breadbasket potential for the troubled region. At the same time, Uganda's commitment to finding ecological balance in its development (which includes environmental protection and the development of renewable energy) makes the country ideal for the AER concept - of bringing enlightened agribusiness into a responsible dialogue on "food systems" issues with the public sector.

### Follow-On African Visits: Botswana, Republic of South Africa and Swaziland

Following the Kampala workshop, ABC President Hollis made exploratory visits to Southern Africa (Botswana, Republic of South Africa and Swaziland) holding discussions with donor agency officials, government and private agribusiness leaders. In all three countries, the AER/ABC concept for indigenous agro-industry associations appears to hold good potential. The visit was particularly well timed in Botswana - a country which has vast mineral wealth and is experiencing an economic boom. Botswana is receptive to building a strong private sector and is interested in diversifying its agro-industry sector (primarily beef exports). South African investors are active in both Botswana and Swaziland. Trip reports are available for a nominal charge by contacting the ABC secretariat.

### Animal Industry/Health Network for Africa Gains

In Nairobi, Kenya interest in the AER/ABC proposed animal agriculture/eco-ranching subgroup network (to be formed in cooperation with individual national AER groups and state agribusiness councils) was given a boost by Dr. Chris Grocock, Animal Plant/Health Specialist for Africa at the U.S. Embassy. Recognizing the importance of animal/livestock development at all levels of Africa's agriculture - and dismal donor agency experience with animal agriculture projects - AER/ABC's focus on these issues in Africa makes sense. As demonstrated at AER/Uganda's inaugural workshop, animal health/veterinary privatization issues, along with eco-game ranching and man's compatibility with animals -both wild and domestic in the eco-system form important thematic issues and project opportunities which could serve to link up various AER national counterpart programs and eventually yield some productive project information and Pan African business contact/exchanges. Ideas would be welcomed by the ABC secretariat.

### Russian Delegation Visits ABC in Washington

Following the AER/ABC historic workshop in Moscow (September 1990) considerable interest has mounted with various former soviet republics on the idea of forming agro-industry councils modelled after the AER/ABC and linked to the

(Over)

international network. On November 18, 1991, Russian agro-business leader and renown entrepreneur, Vakhtang V. Makharadze (General Manager/Director of Interferma- a Moscow-based agribusiness/dairy company) led a delegation to Washington and briefed the Agribusiness Council (ABC) local members on the deteriorating situation in the former USSR. AER participated earlier this year (June 1991) in an agro-privatization conference in Tallin, Estonia where a local AER formation committee has reportedly been established under the Deputy Minister of Agriculture. Other formation committees are expected in response to AER's proposal and mounting concern over food distribution and the pace of privatization in the newly independent states.

#### ABC/AER Assistance to Indigenous African Agro-Industry Organizers

AER/Uganda has become the first African counterpart program to receive ABC assistance in developing a strategic development plan and membership brochure. During the Kampala meeting, ABC president Hollis outlined steps toward achieving association self-sufficiency for the AER/Uganda and provided background material to assist in the development of a comprehensive strategy paper on the AER/U's aims and program approaches for eventual consideration by donors and private sector members. The AER/U had provided AER/ABC a modest subscription earlier in recognition of the international network benefits and support in establishing the Ugandan program. For additional information on establishing an AER/ABC counterpart association for agro-industry contact the secretariat. ABC will be visiting a number of countries in 1992 to initiate discussions on the formation of similar indigenous groups and your suggestions/recommendations would be welcomed.

#### NOTE TO ABC COORDINATORS/STATE AGRIBUSINESS COUNCILS

Coordinators and executives interested in accessing ABC's international network for additional information are encouraged to forward their news and information for possible inclusion in the annual review and/or newsletters which will receive wide distribution - inside and outside the U.S. Assistance is also available for select state agribusiness council organizers interested in broadening membership services to include international market information, trade missions and related activities.

For further information contact the ABC secretariat, Attention Chris Sirko (202) 887-9178 Telefax.

1992 figures to be a banner year for the Agribusiness Council - our 25th! It will also be an important milestone for world agro-food trade and development. With growing economic difficulties, there will be a premium placed on good information/business contact networks - both for national food security and international economic peacekeeping. We wish all of you a joyous Season and hope you will contribute to our joint efforts to make 1992 a prosperous year for agro-industry everywhere!

December 27, 1991

# Dr. Kisekka inaugurates Agri-energy Round Table

By Etengu Nathan

THE Vice President, Dr Samson Kisekka has called for the development of ethanol from surplus molasses and biogas from animal droppings and crop garbage in order to save natural forests which are being depleted.

Inaugurating the Agri-

Energy Round Table, Uganda (AER) at the Sheraton Hotel on Monday, November 25, 1991, Dr Kisekka said the cutting down of trees for fuel and other purpose had paved way for desertification. He said he was happy to note that AER was concentrating its efforts on negotiations between the developed and Third World

countries.

Kisekka urged the AER network to facilitate the exchange of expertise for the processing of fruits and vegetables which can be exported to consumers with added value. This, he said, would give the workshop on Uganda-Agri-Business special importance. He added that agri-business as a concept

which not only concentrated on crop development but also embraced other issues related to wider food chain including areas such as the privatisation of the veterinary services, which he said government had already instituted.

In her preliminary speech to the workshop, the minister of Women in Development, Youth and Culture, Mrs Specioza Wandira Kazibwe, who is also the interim chairwoman of Agri Energy Round Table, Uganda, outlined the numerous objectives of the organisation.

She told the participants that Agri-Energy Round Table, was an indigenous membership association dedicated to the strengthening of Uganda's agro-industry sector. This, she said, was being pursued through the association's participation and dialogue in the nation's drive for balanced agro-food security. AER, she added, was highlighting international trade and domestic policy issues using the "food systems" approach.

A number of papers were presented at the workshop on subjects related to agro-industry, prospects and constraints of privatisation of veterinary services in the country, new crops for African economies, renewable energy and eco-tourism.

In his paper on the privatisation of veterinary services, Prof George Mondo Kagonyera said there was growing need for veterinary services to be privatised due to a number of factors. He cited evidences where government had failed to perform well in certain areas.

Dr Simon Kafumisi who is EEC technical assistant said that there was growing sentiment on the funding of livestock projects. He added that although this was partly due to the non-realisation of

short time plough-back from the investment, there was also growing concern over some unresearched government policies which he said lacked technical support and backing.



The Minister of Agriculture, Animal Industry and Fisheries, Mrs Victoria Sekitoleko (centre) closing a one-day workshop on Agri-Energy round-table at the Sheraton Hotel on November 25, 1991. With her are the Minister of Women Development, Youth and Culture, Mrs Specioza Wandira Kazibwe and the Executive Director of Agri-Energy round-table, Washington, Mr Nicholas Hollis. Photo by Etengu Nathan.