



**Annual Progress Report
October 2003 to September 2004**

Submitted by:

Chemonics International Inc.

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Acronyms

AGM	Annual General Meeting
AGOA	African Growth and Opportunity Act
ASARECA	Association for Strengthening Agricultural Research in East and Central Africa
CFI	Computer Frontiers International
COMESA	Common Market for East and Southern Africa
CMS	Coffee Marketing Specialist
CQI	Coffee Quality Institute
CTMS	Cotton/Textile Marketing Specialist
EAC	East African Community
EAFCFA	East African Fine Coffee Association
ECA Hub	East and Central Africa Global Competitiveness Hub
ECAPAPA	Eastern and Central Africa Program for Agricultural Policy Analysis
ESA	East and Southern Africa
FARA	Fixed Amount Reimbursable Agreement
FEWS NET	Famine Early Warning System Network project
FOODNET	Post harvest and Marketing Research Network for Eastern and Central Africa Project
GDA	Global Development Alliance
GPS	Global Positioning Systems
IBAR	Inter-African Bureau for Animal Resources
IEHA	Initiative to End Hunger in Africa
ICO	International Coffee Organization
IGO	Intergovernmental Organization
IMCS	Independent Management Consulting Services
IT	Information Technology
ITI	International Technology Investment Ltd.
KRA	Kenya Revenue Authority
LOL	Land O'Lakes
LTC	Livestock Trade Commission

M&E	Monitoring and Evaluation
NSB	National Standards Bureaus
PIR	Project Intermediate Result
PLP	Pastoral Livelihood Program
PMP	Performance Monitoring Plan
RATES	Regional Agriculture Trade Expansion Support Program
RATIN	Regional Agricultural Trade intelligence Network
REDSO	Regional Economic Development Services Office
SCAA	Specialty Coffee Association of America
SO	Strategic Objective
SPS	Sanitary and phyto-sanitary
UHT	Ultra High Temperature
USAID	United States Agency for International Development
VCA	Value Chain Analysis
WTO	World Trade Organization
WWC	Worlds Wildest Coffee Exhibition
ZCGA	Zambia Coffee Growers Association

I. Introduction

The Regional Agricultural Trade Expansion Support (RATES) program has completed the first two years of operation. The program has reached full stride and received sufficient incremental funding this Fiscal year to allow the team to accelerate the pace of implementation. The program made significant progress in a number of areas and added an additional commodity to the program mix. The RATES commodity list now includes maize, specialty coffee, cotton/textiles, dairy and technical support to the livestock program under AU-IBAR.

This progress report details the results to date, and is structured in line with the project's results framework. This report should be reviewed as part two of the RATES annual report that also includes the PMP report. This progress report provides a more detailed narrative of activities carried out during the reporting year.

A. Overview of the RATES Program

The Regional Agricultural Trade Expansion Support (RATES) program is a five-year USAID/REDSO-funded program implemented by Chemonics International Inc., in collaboration with International Technology Investment Ltd. (ITI), Integrated Development Consultants (IDC), the Imani Development Group (Imani), Computer Frontiers Inc. (CFI), Independent Management Consulting Services (IMCS) and Land O'Lakes.

RATES overall goal is to increase the volume and value of agricultural trade within the East and Southern Africa region and between the region and the rest of the world. RATES is a commodity-focused activity and currently supports five commodity value chains including specialty coffee, maize, cotton and textiles, livestock, and dairy. Through policy advocacy, lobbying, public relations and marketing, RATES is expanding private sector contributions to regional trade initiatives in East and Southern Africa.

RATES is designed to assist REDSO and its partners to further the mission's Integrated Strategic Plan (ISP). Specifically, RATES falls under the mission's Strategic Objective (SO) 5—Enhanced African Capacity to Achieve Regional Food Security. The rationale behind this objective is that the Greater Horn of Africa (GHA) will become a food secure region only when Africans and their organizations have the capabilities needed to direct the process. This is based on a valid assumption that actions taken to strengthen institutions, improve the availability of technologies, increase cooperation and reduce policy and regulatory constraints will provide the foundation for reducing food insecurities in the region.

REDSO has identified four indicators to measure achievement of this result:

- Percentage increase of trade flows in commodities
- Number of policy changes adopted by regional inter-governmental organizations (IGOs)
- Number of formal partnerships to achieve food security objectives
- Increased public and private investments in the agricultural sector

Within this framework, RATES results will be measured in terms of significant increases in trade flows (35%) of selected commodities over the life of the project. These increases must, in turn, be sustainable in order to create the necessary agricultural growth that will lead to increases in rural incomes and corresponding decreases in regional food insecurity.

B. The RATES Results Framework

Project Goal

The project goal presented in the box to the right reflects the position of RATES within the SO 5 framework and guides strategic thinking with regard to project approach and identification of appropriate project intermediate results areas.

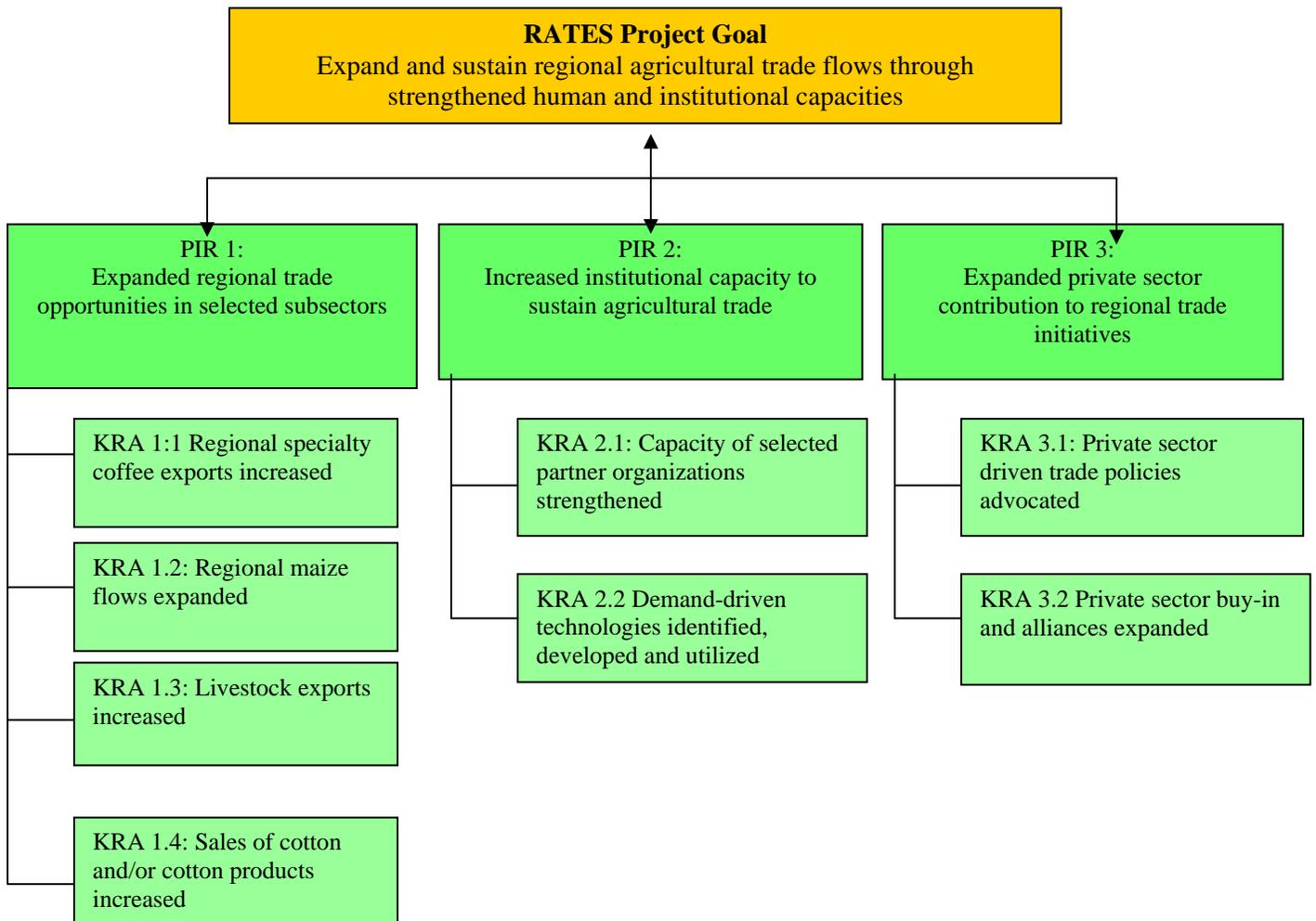
RATES Project Goal
Expand and sustain regional agricultural trade flows through strengthened human and institutional capacities

The Results Framework for RATES (Exhibit 1) is presented below. To achieve the RATES goal, RATES has identified three Project Intermediate Results (PIRs), each of which targets an area where RATES must achieve results in order to maximize contribution to SO 5 indicators. Each PIR is divided into key results areas (KRAs). KRAs provide the framework for identification and implementation of activities designed to achieve required results, govern the setting of benchmarks and targets, and drive decisions that the RATES Center makes with regard to technical priorities.

RATES Results Framework

The project goal, presented with the Results Framework below, reflects the position of RATES within the SO 5 framework and guides strategic thinking with regard to project approach and identification of appropriate project intermediate results areas. We have slightly modified the original results framework to better reflect the work on the ground, and to make it easier for reporting results.

Exhibit 1. RATES RESULTS FRAMEWORK



II. Progress to Date

PIR 1: Expanded agricultural trade in selected subsectors

KRA 1.1: Regional specialty coffee exports increased



Background. According to statistics released by USAID in January 2003, coffee is a \$10 billion industry employing over 25 million people worldwide. The majority of coffee producers are smallholders living in remote rural areas who depend heavily on the cash income from their own harvest and temporary picking work for survival. USAID is committed to creating sustainable smallholder coffee systems and to working to improve local capacities to produce and market high quality coffee, thereby increasing the price farmers earn for their product. Within this context, RATES seeks to enhance the quality, competitiveness and profitability of African coffees in global markets and improve income for producers in the region.

The coffee industry is in crisis due to world wide over supply which has led to a dramatic reduction in prices. This downturn has had a negative effect on farmers' incomes and has resulted in a reduction in the supply from Africa. The specialty or fine coffee niche is the only segment of the coffee market that is increasing. The prices paid for superior quality coffee are actually on the rise while the rest of the market continues to fall. The ICO has just reported that exports of Arabica coffees in the first two months of coffee year 2003/04 totaled 12.2 million bags and had fallen by 17% compared to the same period last year. However, prices also continue to fall as the sector is still experiencing overproduction.



Strategy. RATES' strategy on increasing specialty coffee exports is to work through the Eastern African Fine Coffee Association, (EAFCA), a regionally-focused specialty coffee organization with chapters in ten coffee producing countries in the region including Tanzania, Kenya, Uganda, Ethiopia, Zambia, Rwanda, Burundi, Malawi, DRC and Zimbabwe. RATES is supporting EAFCA's ability to operate as an effective provider of technical and marketing services to its members. We are focusing on (country and regional) specialty coffee strategy development, quality improvement, information-sharing, marketing and promotion. The long-term objective is to support EAFCA's efforts to position itself as a leading authority on African fine and specialty coffees, and a key provider of technical services, and a major actor in regional and international coffee markets. We provide additional discussion on our organizational development program under the institutional capacity component (PIR 2). Progress on activities under KRA 1.1 is presented below:

Progress on key activities:

Activity 1. Develop country-level chapter capacity to implement marketing strategies. Two tasks are critical in supporting EAFCA member country chapters to develop marketing strategies. The first is to gain an in-depth knowledge of each producer country's current and anticipated status. The second is to hold open discussions with all coffee stakeholders to share their visions for coffee marketing and the role EAFCA can play in assisting them to achieve their goals.

☞ **Support EAFCA to conduct country chapter-level strategy meetings.** In order for EAFCA to become truly sustainable, it must provide highly valued services to its members. RATES worked with the Secretariat to conduct national-level strategy meetings as a way of introducing EAFCA to its members and increasing the membership base. RATES is supporting EAFCA in this effort as part of the on-going organizational development program carried out in conjunction with the Secretariat. During the first three initial meetings (Kenya, Uganda, and Tanzania), it became apparent that members had very different perceptions on the makeup and role of chapters. RATES has revised our strategy and providing additional resources to assist EAFCA in reassessing its institutional charter and redefine chapter operational guidelines (see section KRA 2.1 for details).

☞ **Finalize chapter strategies to regional Secretariat.** The EAFCA Board of Directors met in June in Arusha to conduct a Board Meeting and to hold a one-day workshop on constitutional reform and strategic planning. The Board conducted a SWOT analysis to determine issues to be addressed in a strategic planning forum to be held in November, 2004.

☞ **Strengthen an EAFCA regional marketing strategy.** As part of the initial regional marketing strategy, RATES worked closely with EAFCA to develop a regional marketing theme: the World's Wildest Coffee: African Origin. This theme has created a common thread tying the coffees of the region together but not stifling competition or individual country taste profiles. The RATES coffee marketing specialist (CMS) worked closely with EAFCA to continue to reinforce this regional theme. The CMS made several trips in the region and worked closely with local chapter members on behalf of the organization.



Bwana Kahawa enjoying a cup of African Coffee.

Activity 2. Support EAFCA marketing and promotion program. RATES supports EAFCA in a number of marketing and promotion activities. The annual African Coffee Conference and Exhibition is the key revenue generating activity for EAFCA. RATES continues to provide critical support to the organization by assisting in the preparation for the second African Fine Coffee Conference & Exhibition to be held in Livingston, Zambia in 2005. One of the other key services that EAFCA provides to its membership is the planning and organizing of booths at exhibitions and trade fairs. By teaming together, individual countries can have access to booth space for a fraction of the cost if they were to do this individually. Below is a summary of progress to date:

☞ **First Annual World's Wildest Coffee Conference.** The major thrust of RATES assistance to EAFCA this year focused on the First Annual African Fine Coffee Conference and Exhibition promoting the theme of the World's Wildest Coffee (WWC) held in Nairobi, February 19th-21st, 2004. The conference was the result of a full year of interventions and assistance to EAFCA starting with promoting the event in Boston at the SCAA in March, 2004. RATES provided strong core support throughout the year to the secretariat and the conference steering committee. RATES has stressed to EAFCA that this annual event will become the principal revenue earner for the organization, and one of the core roles of the secretariat to manage and coordinate the event (see PIR 2.1: Institutional Capacity).



Ted Lingle, Executive Director of SCAA addresses the delegates



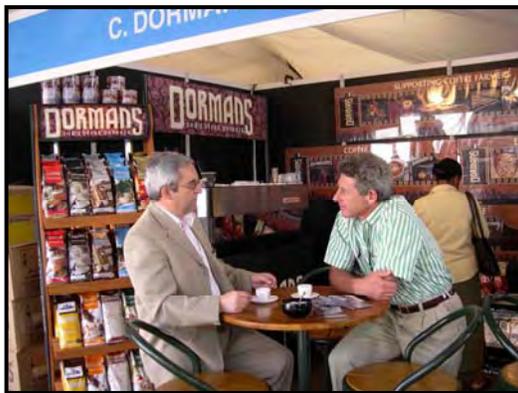
Over 400 participants attended the conference

☞ The WWC event brought together over four hundred coffee buyers and sellers from over thirty countries to meet, conduct business and discuss strategies for surviving the current coffee crisis. Conference speakers included the Hon. Moody Awori, the Vice President of Kenya, Nestor Osirio, the head of the International Coffee Organization (ICO), Ted Lingle, the Executive Director of the Specialty Coffee Association of America (SCAA), and William Bellamy, the US Ambassador to Kenya. Special guests at the conference events included entertainer Harry Belafonte, a UNICEF Goodwill Ambassador and the actor Danny Glover, working as Ambassador for

UNDP. The conference focused on coffee quality and increasing awareness of specialty coffee available from EAFCA countries. Discussions focused on helping regional producers and traders understand the industry from the market perspective and to understand what it takes to build lasting relationships with international roasters and buyers. A panel of distinguished roasters and buyers pledged to support the region in this effort, but urged producers to better understand the needs of the market, cup their own coffees, and appreciate the coffees that they are producing and marketing. Countries were urged to increase their domestic consumption, and to advise farmers, especially those with marginal capacities, to diversify away from total dependence on coffee. The Exhibition side of the event provided an opportunity for over 50 regional exhibitors to highlight coffees from the region and to make contacts and initiate relationships with international buyers and roasters.



Exhibitors at the First African Coffee Conference and Exhibition



☞ The event netted \$90,000 in cash revenues for EAFCA, and an integral part of RATES' strategy to help EAFCA reach sustainability in the next three to five years. The Worlds Wildest Coffee Event will become an annual event in the region with plans for Victoria Falls, Zambia in March 2005 already well underway. Below is some of the marketing interest generated as a result of the conference and exhibition:

- ☞ As coffee is generally not sold on the spot market, deal making focused on future coffee sales, though some “spot” selling did take place (pending samples and cupping). Some major players included Neumanns, Volcafe, Kraft, Illy, Royale, and Schuler Group. Roasters included Peet’s, Santa Cruz, Bridgetown, Green Mountain, Thanksgiving, Java House, and Dormans, We understand at least 9 relationships/deals were formed as a direct result of the conference.

PEETS’s Special African Blend



“The latest special blend we are making available to you is African Blend, the first blend made totally of coffees from Africa to be offered by Peet's in 18 years. Like all of our blends, African Blend combines the best qualities of a number of different beans to produce a compelling cup. This one gets its body by Uganda, its acidity by Tanzania, and its fragrance, flavor, and complexity by Kenya. Our buyers think that the lot from Kenya is the finest one that they have tasted this year

Examples:

- Zambia: The Zambians reported a strong interest among buyers for their coffees. They had a superb booth and were well represented with producers and estate growers on the team. One producer sold 400 tons as a result of contacts made.
- Rwanda: There was very strong interest in Rwanda from almost all the US buyers. Several are in relationships already, and Colleen Crosby of Santa Cruz Roasters changed her itinerary and left the conference to go directly to Rwanda to conduct further discussions with producers. We expect continued relationships to form, and our partners in Rwanda (PEARL and ADAR) are working to carry these forward. Both projects reported a total of 315 tons of specialty coffee sold to two

U.S.-based companies. Starbucks also purchased several containers to include in their “Black Apron” promotion.

- Ethiopia: Ethiopian coffees were top rated at the cupping event. All buyers reported strong interest and are currently buying or will buy more Ethiopian coffees. The chief cupping judge, Willem Boot, was in Ethiopia prior to the conference, and is working closely with local RATES partners on improving the coffees from Ethiopia. Royal Coffee Inc.’s president, Robert Fulmer, took his organic specialist and two roaster clients to Ethiopia on their way to WWC. That trip was a direct result of RATES’ convincing Royal Coffee to attend the Nairobi conference.

Ethiopia Harrar Coffee Returns to Starbucks

SEATTLE--(BUSINESS WIRE)--06/30/2004--Great things come to those who wait. Starbucks Coffee Company (Nasdaq:SBUX) today introduces Ethiopia Harrar to its stores through its exceptional Black Apron Exclusives(TM) line of coffees.

"It's been five long years since we have been able to find a Harrar that meets our high quality standards, and throughout that time, it has been the single most requested coffee from our customers and partners," explains Dub Hay, Starbucks senior vice president of Coffee. "Great Ethiopia Harrar coffees -- with that signature blueberry note found only in naturally processed Harrar coffees -- are the result of a perfect melding of sun, air and soil. But that's only half the story. We had the good fortune to discover this phenomenal coffee right as that moment transpired. These exquisite flavors could only have flourished with the attention and care lavished upon the coffee by proud Ethiopian farmers.

- Tanzania: There was strong interest from several buyers for Tanzania coffee, especially pea berry.. One buyer and actor Danny Glover visited cooperatives near Kilimanjaro. Many buyers were impressed with the recent policy changes that have occurred in Tanzania creating a special window for specialty coffees. Local partner, Technoserve reported that smallholder farmers have sold over two million dollars of coffees through the special “second window”. Inter-American, a large specialty broker, made a special side trip to Tanzania to visit several estates and to view some milling operations. They indicated that they had strong interest in increasing purchases of Tanzanian coffees.

Tanzania Reaping Benefits from Special Coffee Window

NAIROBI, Feb 19 (Reuters) - Tanzania said on Thursday it was reaping the benefits of freeing up its coffee sector to allow producers to bypass a central auction and sell their quality beans expensively to buyers abroad.

Tanzanian production has been static at about 50,000 tonnes for the past five years as farmers, demotivated by poor global prices for the commodity, abandoned good crop husbandry.

For four decades Tanzania had kept a requirement that all coffees be sold at a central auction held in the northern town of Moshi.

When global prices began sliding five years ago, farmers started to demand they be allowed to sell some of their beans directly to overseas buyers willing to pay prices higher than those obtained at the auction.

Leslie Omari, the director general of Tanzania Coffee Board, (TCB) said the government's decision to introduce a "second window" for exports from September 2003 had allowed growers of top quality beans to bypass the Moshi auction.

"In this current season we have seen remarkable increase in quality and increase in prices. This has been reflected by the second window," he told Reuters in an interview.

The move has increased competition because local exporters buying from the auction have been forced to hike prices to keep farmers delivering coffee to the auction, Omari said.

Coffee prices have risen to a high and low price of \$1.5 to \$3 per kilo compared to a high and low price of \$1.0 and \$0.50 per kilo in the last two years, Omari said.

In neighbouring Kenya, where the rule of selling all coffee at a central auction still remains, authorities are grappling with growing calls by coffee farmers to allow them to sell coffee abroad without necessarily taking it all to the auction.

He said Tanzania expects to produce 55,000 tonnes in the current 2003/04 (October-September) crop year from 50,000 tonnes in the previous year, and output is expected to rise further as global prices improve and farmers get encouraged.

"We anticipate by year 2006 or 2007 we will increase our production to 80,000 tonnes," he said.

Tanzania produces its coffee on the slopes of Mount Kilimanjaro in the north, as well as in some southern parts of the country. Arabica coffee accounts for 70 percent of total production while the rest is Robusta.

The east African country exports most of its coffee to Japan and Germany.

- Kenya: Local exporters reported strong interest in Kenya's crop. Reports indicate auction prices are up (all coffees must be sold through the auction). The upcoming crop looks excellent. Buyers are working on developing relationships with regional exporters to take positions on selected lots through the auction. Phyllis Johnson, BD Imports, is seriously looking at expanding their coffee purchases from the region and traveled directly to Rwanda and Tanzania following the conference. BD have started expanding their operations in the US from strictly Kenya green imports to regional imports and sales of packaged roasted coffees to the African American community in the Mid West. Two regional roasters are discussing joint ventures to feature regional coffees. Two meetings were arranged and a follow-up meeting was held off-site. This conference has re-ignited the coffee debate in Kenya. Numerous articles in local papers, and features on radio and TV have pushed the debate about specialty coffee to the next level.

Coffee prices on the rise at city auction

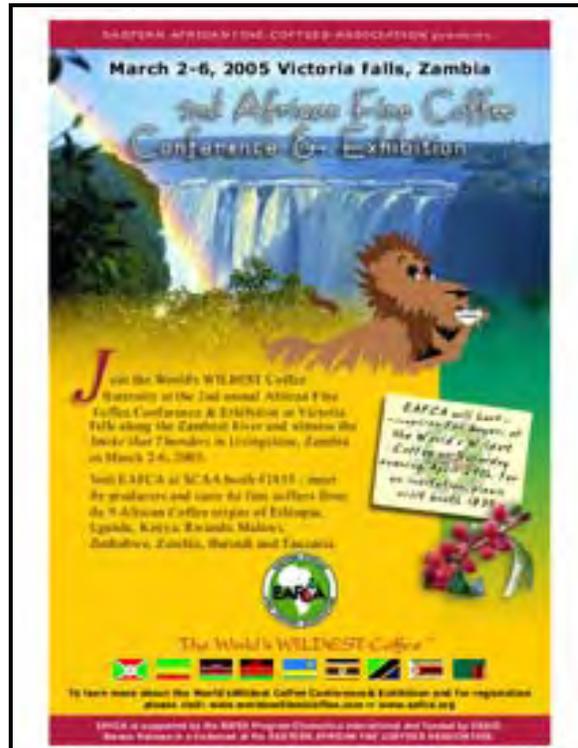
February 6. By NATION correspondent:

Since the beginning of the year, prices at the coffee auction have been on an upward trend. Producers such as Socfinaf say the prices have been above their reserve prices. Kenya's top AA coffee continued to attract the best prices at the Nairobi auction, hitting \$265 per 50 kilos this week. This was 273 percent higher than the Ethiopian Yirgacheffe, which fetched \$97. The AA faq (fair average quality) fetched \$175, AA minus fetched \$125, AB plus \$160, AB faq \$125 and AB minus \$90.

Issues concerning coffee prices are among the topics to be discussed at the upcoming African Fine Coffee Conference and Exhibition to be held in Kenya later this month.

- **Burundi:** Burundi sellers indicated renewed interest in their coffees. Buyers were seeking reassurances that stability and peace were returning to the country. Burundi is looking at between 20-30,000 tons of coffee this year following a devastating drop in production to around 7,000 tons last year.
- **Uganda.** Although mainly a Robusta producing country, Uganda produces some very fine Arabica coffees. Bugisu coffees are still coveted by many US buyers. A local company, MTL sold three containers to the US buyers, mainly going to small specialty roasters. The Bugisu Cooperative Union sold five containers to Japan, with prices exceeding \$2,20 per kilogram.
- **Malawi.** Malawi sold approximately 192 tons of specialty coffee last year. Malawi continues to be hindered by poor grading practices, and several millers have attended EAFCA sponsored training events..
- **Zimbabwe.** There is renewed interest in Zimbabwe coffees and specialty classes have received premium prices. However, due to the restrictions of the Brooke Amendment, RATES has not worked directly with the Zimbabwe chapter to follow-up on sales.

☞ **Second Annual World's Wildest Coffee Conference.** Following the success of the first WWC, EAFCA has scheduled the next WWC conference for March 2005. The Zambia Chapter has been approved to serve as the host of the event to be held in Livingston on the banks of the Zambia River in sight of Victoria Falls.

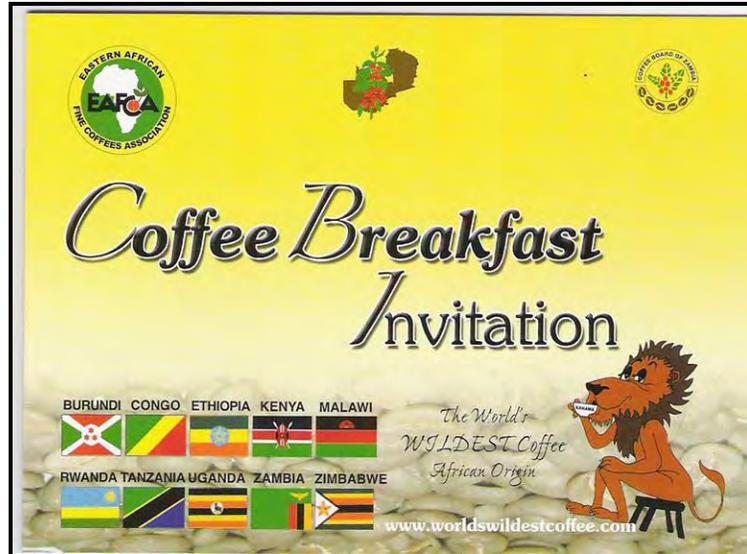


Promotional flyer for the 2nd African Fine Coffee Conference and Exhibition.

☞ Several key actions have been taken to ensure that the event is well planned and organized:

- The WWCII website was re-designed soon after the first conference and is now live and taking new registrations.
- The Executive Committee of EAFCA has assumed the role of the former Conference Steering Committee. This new committee serves as a more efficient and effective way to monitor the conference planning and implementation process.
- Ludovica Bellingeri has been contracted by RATES to work for the EAFCA Secretariat as the WWC Conference Coordinator.

- EAFCA did an excellent job promoting the event at the Atlanta SCAA Conference in March. The WWCII brochure was available for distribution, the new website was designed and ready and the venue was promoted.
- A “Conference Team” has been put together comprised of Robert Nsibirwa (EAFCA Executive Director), Ludovica Bellingeri (Conference Coordinator EAFCA/RATES), Joe Taguma (Zambia Coffee Association), and Chris von Zastrow (RATES advisor to EAFCA).
- The Conference Team has also made one inspection visit to Zambia in May to inspect the hotels, transport systems, optional activities and support services.
- That first team visit to Zambia was followed by a Technical Team meeting in Nairobi. This key meeting concluded the “blue print” of the conference, assigned roles and formed sub-committees. Members of the team meet periodically and other trips to Zambia have taken place.
- The EAFCA Board of Directors approved the above plan at their board meeting held in Arusha in June.
- A high-level Coffee Breakfast Function has been planned by EAFCA and ZCGA for October 29, 2004 to official launch the event. RATES is assisting EAFCA with logistical support. Over 200 corporate leaders and public sector official are expected to attend the event.
- The “Taste of Harvest” program, preceded by national competitions in all countries, is now well in hand, with most countries having responded positively. The exceptions are Burundi and Zimbabwe who have not responded at all and a reminder will be sent to them. Newspaper templates are in the process of being created to promote the event in all countries.
- The “Meet the Farmer Coffee Safari” is to start on February 27th, 2005 in Lusaka, includes an overnight stay with farmers, and terminates in Livingstone on February 28th.
- The Regional Coffee Appreciation event is to take place over two days in Livingstone on March 1st and 2nd.
- EAFCA has hired Sula Mahoney to serve in the position of host country coordinator. Sula will coordinate and report to the WWC conference coordinator. ZCGA have agreed to provide an office and other facilities for Sula.
- ZCGA have agreed to organize and financially support the “Meet the Farmer Coffee Safari” for up to 100 participants.
- Barista Training and Competition. This new event will have a sponsor for an “espresso cart” offering presentations and demonstrations outside of the exhibition area. RATES/EAFCA plans to bring in a former champion barista from Europe to participate in this event. Negotiations and alternative scenarios are being discussed with Sheri Johns of Whole Cup / World Barista Championship.



Invitation for the Breakfast launch to be held in Lusaka early October.

☞ **SCAA Annual Conference and Exhibition in Atlanta.** For the second year in a row, RATES has worked closely with the EAFCA Secretariat to organize an EFACA booth at the conference and to sponsor a “Meet the Buyers” function (see KRA 3.2) during the event. All exhibitors were self-funded. EAFCA covered the costs of renting the booth and setting up the Secretariat booth that housed a coffee tasting station. Member chapters were responsible for bringing promotional materials and setting up and manning their own booths. RATES was able to secure a buy-in from Bunn-O-Matic, a large US-based manufacturer of coffee equipment. Bunn provided (without charge) six commercial grade coffee brewing systems and large pump dispensers to hold the coffees. This was a good promotional opportunity for Bunn, as many attendees passed by the EAFCA booth. This significant contribution allowed EAFCA to provide a steady supply of coffee for tasting by potential clients. Bunn personnel provided assistance on setting up the equipment and were on-call to solve any problems experienced in operating the brewers. The value of the equipment alone totaled \$8,000 (Bunn will later sell the equipment at a discount through their national distribution system). In addition, a local roaster, John Martinez, allowed EAFCA to use his facilities outside Atlanta to roast all samples that were brewed and sampled at the conference.

- EAFCA members made a considerable number of contacts that have resulted in new business or key leads for all the participating companies. The list of contacts made covered a wide spectrum of the coffee sector. Some of the contacts made and introduced to EAFCA members are:

A Wide Range of Contacts for EAFCA members

Some of the key contacts made during the SCAA meeting in Atlanta:

Ward de Groote, Ahold Coffee Company, Holland,	Alan Nietlisbach, Volcafe
Andrew Vournas, Vournas Coffee Trading	George Howell, Terroir Select Coffee
Carlos Perez, Orocafe	Koichi Nishimura, Kanematsu USA
Alan Odom , InterAmerican	Stephen Gluck, Consultant,
Albert van Maanen, Reading Coffee Roasters	Sherri Johns, World Barrista Championship
Mark Crawford ,ESI	Bernie Runnebaum, ACDI-VOCA
Julie McGuire , Coffee Concern, Inc	Karen Cebreros, Elan Organic Coffees
Lowell Grosse, Balzac Bros & Company	Shawn Hamilton , Java City
Trish Skie, Taylor Maid Farms Organic Coffee & Tea,	John Gomez, Piazza Espresso Inc
Chris Crain, Delaware City Coffee Company,	Blair Krueger, Atlantic Specialty Coffee Inc.
John Martinez, Martinez & Co.	Dev Zeitlin / James Kosalos,
San Cristobal Coffee	David Griswold, Sustainable Harvest,
Konrad Brits, CTCS	
Christy Thorns, Allegro Coffee Company	Martin Diedrich / Steve Leach , Diedrich Coffee
Craig Holt, Atlas Coffee Importers	Ragnar Wetterblad, Sourcing and Service
Christian Wolthers, Blaser & Wolthers	Jeremy Woods, Ret'd Consultant,
George Willekes, Holland Coffee	Jeremy Rath's , The Roasterie
Garth Smith, Organic Products Trading Co	Douglas Zell / Geoff Watts, Intelligentsia Coffee
Erna Knutsen / John Rapinchuck, Knutsen Coffees Ltd.	Isabel Pascoal Daterra Sustainable Coffee
Pierre Leblache, World Alliance of Gourmet Robustas	

☞ **First Sinter Cafe Visit.** EAFCA/RATES sponsored a booth and team at the Sinter Cafe Exhibition in Costa Rica. This coffee exhibition draws many major buyers and roasters, and was a worthwhile investment in terms of promoting EAFCA and the WWC event. EAFCA was able to make a number of key contacts at the conference and confirm several key speakers for the WWC. RATES also supported Ms. Sula Mahoney of the Zambia Coffee Growers Association (ZCGA) to attend the event as she will be a key player in planning the WWCII 2005 event to be held in Zambia next year.



EAFCA team at SinterCafe, Costa Rica



Bird's eye view of setting up the EAFCA booth.



Fred Kavuma and Stephen Walls ready for clients.



The EAFCA booth attracted large crowds every day.



Crowds gathered at all chapter booths.



Chris V. Zostrow and Eric Johnson hard at work!



Bob Stephenson, a US roaster poses at the booth.

KRA 1.2: Regional maize flows expanded



Strategy. Maize is the major food crop in the region and a key component of national-level food security strategies. However, it is not uncommon for certain parts of the region to be hit by severe seasonal food shortages despite available maize stocks in nearby countries. The distance between the supply and demand of maize can be measured in terms of both kilometers from supply and in terms of the number of cross-border barriers inhibiting trade. The RATES maize program has the long-term goal of improving the flow of maize and expanding the availability within the region. This will contribute to stabilizing the regional maize market and help in reducing the large swings in maize prices seen during periods of deficit. The RATES maize program follows a regional theme of “Maize without Borders” as a concept launched by RATES through the auspices of COMESA. This program promotes regional harmonization of maize policies, and been adopted as a COMESA initiative to increase inter-regional trade.

Progress on key activities:

Activity 1: Continue collaboration and management of the Regional Agricultural Trade Intelligence Network (RATIN).

RATIN (www.RATIN.org) has been a three-way collaborative effort between FEWSNET (Nairobi), FOODNET (ASARECA, Kampala) and the RATES Center. The site was officially launched in November 2003 by FOODNET and RATES in Uganda and Tanzania respectively and in Nairobi by FEWSNET on February 2, 2004.



The Kenyan Minister of Agriculture, Hon. Kipruto arap Kirwa, opens the RATIN launch in Nairobi.

On June 1st, 2004, RATES, in partnership with FEWSNET (Kenya), assumed full management responsibility of the RATIN program. Under the new management structure, FEWSNET (Kenya) will play an important role in the partnership. Under a Memorandum of Understanding between RATES and FEWSNET, FEWSNET will continue to provide most of the support to the network until their current contract expires in May, 2005. Under the term agreement to May 2005, FEWSNET will provide:

- The services of Thomas Awuor as the RATIN Network Manager.
- A newly recruited Data Base Administrator to start in November 2004.
- Funding and management for an internal RATIN evaluation.
- Continued funding for cross-border monitoring.

The RATIN management center has been placed under the auspices of the RATES Trade Office, currently supervised by Stephen Njuka, the maize commodity specialist. The MOU indicates that RATES is responsible for:

- Office space and equipment to accommodate the management team.
- Continued support for web-site development and management (through CFI or other suitable means).
- Preparation and implementation of a long-term plan for RATIN, post May 2005.
- General supervision and monitoring of the RATIN program.

Several management meetings have taken place since June and significant decisions have been made regarding the website, management and the network systems.

- RATIN will focus on three staple commodities: maize, beans and rice
- Limited but key terminal market locations will be targeted
- Price and availability will form main focus of the site
- Website will be “re-tooled” to reflect new focus and to be more user-friendly
- Regional trader meetings will be self-sustained and led by local parties
- Geographic expansion is on hold until collaboration with the COMESA/ADB regional MIS program has been defined

Activity 2. Commence commercial trade facilitation through the RATES Trade Office. To address the challenges of managing real-time market information, the RATES Trade Office was opened in September, 2003. This office is currently staffed by a full-time trade office facilitator dedicated to up keeping and managing the two RATES-supported sites, www.tradeafrica.biz and www.RATIN.net. The trade office operates as a pro-active call center to manage trade inquiries through the internet, email, telephone, SMS, and radio. All trade postings are tracked for verifying and monitoring the success of the transactions listed on the site.

- ☞ A bi-monthly trade bulletin, the “Bi-Weekly Trade Brief”, was launched this year. The bulletin is delivered by email to companies on the trade directory, and through the www.tradeafrica.biz site. The bulletin provides a synopsis of maize trading within COMESA, targeting price changes, inputs cost and availability, and policy news or events that have direct impact on grain trading.

- ☞ A new and improved trade directory is now functional on both the www.tradeafrica.biz and www.RATIN.net sites. The directory has been re-categorized by sub-sector and country and is more user-friendly.

- ☞ Pulses have been added to the www.tradeafrica.biz site with its own separate category to complement the maize and bean categories already in place. The trade office will follow up with a “pulse campaign” to promote the use of the site with traders moving pulses in the region.

- ☞ The COMESA “Regional Maize Supply Outlook” is a regional maize balance sheet that was started this year for Malawi, Uganda and Kenya. The remaining countries (Tanzania, Ethiopia, Rwanda and Zambia) will be added soon. The maize supply outlook is a reliable maize balance sheet that will analyze national food supply situations and offer traders insight into surplus/deficits locations. The monthly analysis will be presented on both www.TradeAfrica.biz and www.RATIN.net.

- ☞ www.TradeAfrica.biz saw a significant increase in inquiries to buy maize (see Table 1 below) from 34,000 metric tons in the first quarter to 343,000 metric tons the last quarter, for an annual total of 733,000 metric tons, posted with a value of \$143 million. This jump in demand reflects the short supply of maize in the region, and growing interest of local processors to locate regional maize supplies. Offers to sell maize increased from 12,000 metric tons in the first quarter to 280,000 metric tons in the last quarter with an annual value of over US \$86 million dollars. RATES continues to identify new sources of maize to meet the growing regional demand.

Table 1. www.TradeAfrica.biz : Volume of Business

Inquiries to Buy Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Volume in MT	33,870	138,400	218,000	342,600	732,870
Value in USD	\$ 5,329,437	\$21,408,350	\$40,340,000	\$76,091,200	\$143,168,987
Average Price/MT	\$157/MT	\$154/mt	\$ 168/mt	\$222/mt	\$195.00/mt

Offers to Sell Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Volume in MT	12,505	31,043	65,200	279,730	338,478
Value in USD	\$2,262,786	5,810,397	\$11,783,400	\$66,457,760	\$86,314,343
Average Price/MT	\$181/mt	\$187/mt	\$ 189/mt	\$237/mt	\$222/mt

Activity 3. Improve trade access to import/export regulation information. RATES completed a number of tasks related to increasing trade information available to regional importers and exporters:

☞ The first draft of the “*The Maize Traders’ Handbook*” has been completed and is waiting for final review and formatting as a pocket guidebook. The guide outlines the regulatory requirements for import and export of maize within the East African Community and targets the medium and small cross-border grain trading sector. This activity will include backup training for traders and border officials in understanding the regulations. The contents of the handbook will also be posted on the RATIN and www.TradeAfrica.biz websites.

☞ RATES and FEWSNET collaborated on a two-day conference in February for small and medium cross-border maize traders from East Africa. RATES has followed up this conference with visits to associations in order to provide hands-on assistance in improving trading operations and also to gain first-hand knowledge of the problems that these groups are facing. Stephen Njuria and Peter Kegode traveled to both sides of the Kenya/Uganda border in late April, 2004 to meet with leaders from six different associations. At each meeting, the RATES team focused on standard trade contracts, quality standards (and the differences between the two countries), and a SWOT analysis for each association. The Associations visited are shown in table 2.



Steve Njukia from RATES addresses a trading association on the merits of standard contracts.

Table 2: Small and Medium Traders Associations

Association	Location	No. of Members
Chepchoina	Kenya	15
Suam	Uganda	21
Malaba	Kenya	17
Mbale	Uganda	20
Busia	Kenya	18
Busia	Uganda	285

Activity 4. Strengthen formation of the Regional Trade Network. Although no formal regional maize trade organization exists, RATES has tried to accomplish the next best thing; an informal network of trade stakeholders linked through the www.TradeAfrica.biz and www.RATIN.net websites. Information is also disseminated through bi-monthly trade office bulletins and periodic trade meetings at country venues.

RATES promoted inter-regional trade at various forums including:

- ☞ **Zambia:** In November, 2003, RATES collaborated with the Zambia Millers Association to sponsor a meeting at the Lusaka Holiday Inn. Over 20 participants from the maize trade and processing sub-sector enjoyed presentations on RATIN and Tradeafrica.biz and engaged in an open forum on trade policy and marketing issues which were noted by RATES staff.
- ☞ **Malawi:** The Blantyre meeting was held at the Mount Soche Hotel in November, 2003 where over 15 invited guests followed a program similar to the Lusaka meeting.



**The Busia market on the Kenya/Uganda border
is a main location for trader associations working with RATES**

- ☞ Kenya: The Trade Office hosted a business meeting in Mombasa, Kenya on March 10th with fifteen grain millers and traders in attendance. Dr. Joseph Wanjama, the Kenya Director of Agriculture, was invited as the keynote speaker. After his presentation, Dr. Wanjama fielded questions from the participants on grain importation, tariffs and foods deficits. James Wilde from Louis Dreyfus also provided some insight on the international grain market situation. Steve Njuria and Pam Chesire presented the RATES program, Tradeafrica.biz, and the “Maize Without Borders” program.

- ☞ Ethiopia. A similar business forum was held in Addis Ababa, Ethiopia, on March 16th, where Steve Njuria and Pam Chesire led presentations on the RATES maize programs to sixteen grain millers and traders. The RATES team also met with trading companies interested in exporting maize to NCPB in Kenya. The process is still on-going.



RATES Maize Marketing Specialist, Steve Njuria, leads a business meeting in Addis Ababa with leading traders and millers

- ☞ Steve Njuria represented RATES at the monthly Tanzanian Traders Meeting in Dar es Salaam on March 2nd where fifteen members of that sector including EU, WFP and USAID met under the direction of Sophie Walker, FEWSNET.
- ☞ The RATES Office in Lusaka organized a business dinner on March 22, 2004 for the COMESA Custom Union delegates to build a better understanding of the programs initiated by the RATES Center. Steve Njuria presented the TradeAfrica.biz and “Maize Without Borders” programs to the 60 delegates who were present.
- ☞ Kenya: On June 16, 2004, RATES sponsored a business lunch for the Cereal Stakeholders Standing Committee and presented the regional “Maize Without Borders” strategy. Presentations were also made on www.TradeAfrica.biz and the impact of EAC Customs Union protocol on the grain trade in Kenya.
- ☞ Malawi: Steve Njuria and Pam Chesire joined Malawi stakeholders in Blantyre on the 22nd of June to listen to guest speaker, Dr. Perks Ligoya of the Food Security and Nutrition Policy Working Group. Dr. Ligoya conducted a presentation on the role of the private sector in the new food security policy being drafted under the newly elected Government of Malawi. The RATES sponsored forum presented a unique opportunity for the private sector to directly participate in the new policy process on food security.
- ☞ Zambia. In June, the Zambia Millers Association once again played host to a business lunch sponsored by RATES for maize traders and millers. The meeting was a productive forum to discuss Zambia’s recent push on serious maize production at levels sufficient to target exports to neighboring countries, especially food deficit countries like Zimbabwe and Malawi.

- ☞ Tanzania: To ensure that EAC officials from the Trade, Industry and Investment Committee were well informed on RATES programs and strategies on the maize trade, Steve Njukia and other RATES staff presented their programs at a RATES sponsored dinner meeting at the Impala Hotel in Arusha on May 18, 2004.
- ☞ Tanzania: The RATES maize specialist attended the monthly food security meeting in Dar es Salaam on August 4th, 2004.
- ☞ Uganda: Working with the USAID's SCOPE and APEP projects, RATES hosted a maize trader's business meeting at the Nile Hotel, Kampala in August, 2004. All programs made presentations to 40 participants with the key note speaker being Christian Baine from Stanbic Bank, Uganda.
- ☞ Malawi: Following a Meeting with Larry Rubey of USAD/Lilongwe on May 20th, RATES assisted the Mission with a special private/public sector workshop on the Malawi Maize Trade. The workshop, facilitated by IMANI/Blantyre, was held in Lilongwe on September 15th and was well attended by 60 key leaders and officials engaged in agriculture and food security programs.

www.tradeafrica.biz Moves Maize

www.tradeafrica.biz is the first commodity linkage website designed and implemented by the RATES project – it is in fact the only site of its kind in the COMESA Region dedicated to the increase of cross-border trade in maize throughout the region. It is also the main driver of the COMESA-wide theme of “Maize Without Borders”.

During the first year of operation, the site, backed by a technical team at the RATES Trade Office, recorded over \$229 million in inquiries to buy and sell maize representing over 1.1 million metric tones of commodity. Some of the key postings that resulted in major trade contracts include:

- Zambia Food Reserve Agency (FRA) sold 20,000mt to Malawi National Food Reserve Agency at a price of us\$120/mt for 50kg bags of dry maize.
- Zambia Food Reserve Agency (FRA) sold 70,000mt of white maize to Angola at an indicative price of us\$ 160/mt.
- NCPB of Kenya tendered for 180,000mt of imported white maize from Ethiopia, South Africa and Brazil. Price ranged between us\$229–250/mt. Five contracts were awarded.

KRA 1.3: Livestock exports increased

RATES does not have a contractual requirement to maintain a full fledged commodity satellite in livestock, and as such, does not have a long-term livestock commodity specialist on the team. RATES provides demand-driven technical assistance to AU-IBAR (RSLTC) who is REDSO's major partner in the livestock sector. This organization is funded through a separate cooperative agreement with the mission and provides the key livestock data that feeds into REDSO's results framework. AU-IBAR has the ultimate responsibility for reporting increased trade in this sector as they have the personnel and mandate to carry out this function. The long-term strategy for RATES livestock program is to serve as a technical resource to the RSLTC and to assist them in their efforts (See PIR 2. KRA 2.1).

Some of the key assistance provided to AU-IBAR included:

- AU-IBAR has received funding to construct a livestock holding pen in Djibouti as part of the USG's support to the region. This model facility will support transnational trade of livestock and will need the support of all key stakeholders for successful implementation. RATES was instrumental in starting the process for AU-IBAR by fielding a team of experts for a feasibility study of a prototype holding facility located near Djibouti city.
- Following the initial feasibility study, the REDSO environmental team requested additional environmental impact studies to be conducted due to the high profile of the pilot facility and huge amount of animals to be confined in one location. On a very short notice, RATES located a specialist team to travel to Djibouti to review the proposed facility, and make suggestions on mitigative measures on limiting the environmental impact of the site. The team included an internationally renowned geohydrologist, Dr. Richard Kelsey, and waste management specialist, Mr. Pier Ronchietto. Dr. Kelsey has subsequently been engaged by AU-IBAR to complete the design and tender process for the facility.
- RATES is providing direct technical assistance for the operational business planning process. This activity is being provided by core RATES staff and focuses on assessing the actual staffing and financial resources required to operationalize the LTC.

KRA 1.4: Regional Cotton/Textile Trade Increased



Strategy. A key part of the strategy to meet RATES objectives in the cotton sector is to focus on the regional textile industry as a main buyer of regionally (and mostly smallholder) produced lint, and as a seller of textile products taking advantage, where applicable, of regional and international opportunities provided under AGOA.

Operating under the premise that the resulting increase in regional demand for cotton will translate into improved market opportunities for smallholder farmers, RATES works with the industry to develop and strengthen regional market integration. RATES promotes and implements programs for improved regional competitiveness that will position the sector to work to its best advantage in national, regional and export markets.

A key element in the program is direct program ownership by the industry requiring RATES to meet with nationally based trade organizations and key companies to build consensus and to lay the foundation for regional vertical integration of the supply structure. RATES is working with these stakeholders to gain support for the regional integration approach to cotton development, raising awareness to networking, trade linkage and trade information. As with maize, RATES supports a private sector driven program to identify trade policy constraints for cotton that are vetted at the appropriate regional and national forums. It is also essential that RATES coordinates closely with the ECA Global Competitive HUB based in Nairobi, and the Southern HUB in Gaborone, especially where it concerns the AGOA program and cross-regional supply systems. RATES and the Hubs will schedule periodic meetings to ensure a smooth working relationship.

Background: During the first half of 2003, seven cotton market analyses were completed for Kenya, Uganda, Tanzania, Ethiopia, Zambia, Malawi, and Zimbabwe. Market chain studies of those countries indicated that there was significant potential to increase trade in the textile sub-sector. A Cotton Trade Directory has been completed based on those studies. A regional study was conducted by Dr. John Cockcroft in 2003 to assess the inter-region supply chain identified as lint to textiles to apparel. Dr. Cockcroft strongly endorsed a program for regional networking and trade linkage basing his recommendation on his finding that there is urgent corporate demand for a regional approach to gain international market competitiveness. Consequently, RATES core staff have visited several ginning, textile and apparel concerns in the region over the past few months and have verified the private sector concern for their lack of preparedness to meet AGOA and WTO conditionalities for 2004 and 2005.

RATES recruited a full time Cotton/Textile Marketing Specialist (C/TMS), Barry Fisher, from COTTCO Zimbabwe, in November 2003. The first task undertaken by Barry in November and December 2003 was to meet with nationally based industry organizations

and leading companies in several target countries (Kenya, Uganda, Tanzania, Zambia, Malawi and Zimbabwe) to promote the concept of a “regional trade community”. The CMS also attended the December, 2003 AGOA Conference in Washington DC where he gained first hand knowledge from WTO and AGOA officials regarding their programs that will guide RATES towards developing assistance/service programs for a region currently lacking such network support. Barry Fisher was also an event speaker sitting on the panel for *Vertical Integration through Strategic Alliances* at the Africa Apparel and Textile Conference and Expo held at the Sandton Convention Center, Johannesburg, South Africa, on March 9-11, 2004. Barry used the opportunity to present the RATES concept for *Regional Integration of Cotton and Textiles in East and Southern Africa* and to demonstrate the new trade linkage website www.CottonAfrica.com launched in June in Nairobi.

Progress on key activities:

Activity 1. Promote the regional integration concept. Egypt has been off the RATES radar screen for some time, so it was fortunate that Barry Fisher attended the Egypt Textile Privatization Conference held in Cairo on May 15th. Barry took the opportunity to stay on and meet with new contacts made at the conference to discuss RATES program and to assess how Egypt may fit into regional activities.

Key points coming out of this trip:

- Long-staple Egyptian cotton used in local manufacturing of fabric could be replaced by short/medium staple cotton available in East and Southern Africa.
- An ongoing ban on textile imports into Egypt has been lifted with little fanfare and will be announced on www.Cottonafrica.com.
- The privatization effort has been taken to a new level and has influenced a new wave of corporate investment in Egypt.

Mr. Fisher started a more aggressive campaign for the regional integrated supply chain concept in Zimbabwe where the Zimbabwe National Cotton Council hosted a forum of nineteen key industry players in March 2004 at the Cotton Pavilion, Exhibition Park, in Harare. This “meet the trade” approach to program implementation has proven effective in successive meetings held this year:

The Malawi Cotton Development Association and NASFAM worked with Barry to host two events in Blantyre and Lilongwe. On April 20th at the Ryalls Hotel in Blantyre, eleven, mostly private sector participants, attended a half-day forum to discuss the RATES regional integration program and to view a presentation of Cottonafrica.com.



Commercial stakeholders met in Blantyre and Lilongwe to discuss the regional competitiveness

A similar function was held in Lilongwe on April 22nd with assistance from the largest farmer organization in Malawi, NASFAM. The fifteen participants included Larry Ruby and Richard Kimball of USAID/Malawi and many of the Malawian private sectors. The concept of a regional supply system is new to most stakeholders, especially in the public sector, who have often been raised on national value chain policies. The presentation creates new awareness that the “good old days” may be over and leaders need to re-think national and regional programs.

☞ The Zambia Textile Millers Association may not be overly active these days, but members attended a workshop on April 27th at the Holiday Inn in Lusaka under RATES sponsorship. The function sparked renewed interest in reviving the association as the sixteen participants discussed trade constraints and regional markets, all key components of the RATES cotton program.

The Uganda SCOPE and APEP Projects were among the 25 participants who attended the Cotton Business Consultative meeting hosted by the UTGMA and sponsored by RATES. The Business forum was held at the Nile Hotel on September 14, 2004. RATES' presentations covered the regional integration concepts, a walk through the Cottonafrica site and AGOA/WTO issues. Policy issues were also presented by Bernard Kagira, and valuable contributions and presentations were also given by the SCOPE and APEP project representatives. The meeting fully endorsed and supported the integration and trade community concepts and a liaison mechanism between the RATES office, the textile & garment manufacturers association, the cotton ginners & exporters association and the cotton development organization was established.



RATES puts on a multimedia show at the Kampala business forum.

☞ The Kenya Association of Manufacturers met to discuss the textile sectors preparedness for the WTO's lifting of quotas on September 21st, 2004 at the Regency Hotel, Nairobi, Kenya. The C/TMS was invited by the association to participate in the discussion and deliberate on the Kenya textile industry's preparedness for the lifting of WTO quotas in January, 2005 and to recommend an action plan. There were approximately 40 participants, including textile operators/investors, the EPZ authority, Manchester Trade Consultants (US company), the International Trade Center (ITC), European Union and representatives from the public sector. Mr. Fisher conducted a presentation on the RATES program which focused on how the regional integration/unity concept was a means to improving competitiveness and to assisting the industry in meeting the challenges posed by the WTO quota issue. An update was provided on WTO developments, together with some relevant AGOA issues, particularly regarding the need for a regional integrated supply chain. The meeting noted that one of the main concerns in the whole supply chain was the textile "middle link" (spinning and dye house capabilities). Although no action plan was enumerated at the meeting itself, a small committee/working group was formed to be the conduit for deliberations with government and other relevant agencies.



Textile stakeholders in Lusaka meet to assess regional trade issues.

- 👉 **Regional Trade Network Structure.** As part of the regional integration process, RATES is proceeding on the development of a network structure to engage the key industry players in fruitful trade linkages and to provide information on business opportunities. Even more critical to regional sustainability is the need for regional participation and representation in policy dialog at international forums (AGOA, WTO).
- The need for a regional trade community was clearly illustrated in the RATES analysis of the industry conducted by Dr. Cockcroft, and supported by Stephen Lande, President of Manchester Trade Ltd. In Lande's presentation at the AGOA conference in Washington in December 2003, he refers to the importance of regional trade communities (Ref. "Regional Groups are Key for Developing Nations to Compete in Global Markets"). Such a community is best identified and supported by the industry players themselves from conception to implementation, and RATES is prepared to play an instrumental role in facilitating the design and formation of a such a regional trade body.
 - The need for regional organization is also strongly supported by Walter Simeoni, President of the South African Textile Federation, a speaker at the Africa Apparel and Textile Conference and Expo held at the Sandton Convention Center, Johannesburg, South Africa. Walter and Barry Fisher agreed that a regional network must supercede trade blocks and agreed to work together in the SADC and COMESA regions on the development of the concept and promoting it within their respective trade circles. This activity is rapidly moving towards the commodity's first regional conference of key trade associations and leading cotton/textile companies. The conference, tentatively scheduled for March 2005, is expected to address the competitive weakness of the region and to deliberate and identify initiative that will encourage intra-regional trade in cotton/textile products.



Barry Fisher, RATES cotton marketing specialist, discusses regional networking with Walter Simeoni, President of the South African Textile Federation.

- The C/TMS followed-up on this conference with another visit in August 2004 to meet with officials from the South Africa Textile Federation (Texfed), Johannesburg. The federation primarily covers the industry interests within South Africa but effectively also encompasses Swaziland, Botswana and Lesotho (all part of the SA customs union). The primary purpose of the discussions was to commence collaboration and interaction and to explore the idea of the formation of a regional textile body/association. An initiative emanating from the SADC secretariat in Gabarone to form a SADC clothing & textile association was discussed. Consultations were held with the member countries (private sector) and a working group was formed to continue the focus of the matter.
- Texfed and RATES felt that RATES should liaise with the SADC secretariat to brief it on the cotton/textiles program and consider ways to complement the two initiatives. Contact would be maintained with Brian Brink of Texfed Ltd.
- Barry Fisher also met with officials from Cotton South Africa, Pretoria which covers the lint production side of the industry and also has developed linkages across the textile value chain. The contact was primarily to create awareness of the RATES program, to commence collaboration and liaison and establish a source of industry information. Barry completed his trip with a meeting with Richard Hess of Imani Development Group, Pretoria. The discussions focused on the country study reports and progress. Discussions were also held with Peter Tembo, the co-consultant compiling the baseline study on South Africa.

Activitiy 2. Design and implement trade linkage and communication systems.
Cottonafrica.com has been launched! The design and creation of a regional cotton/textile trade linkage website www.CottonAfrica.com linking suppliers and buyers region-wide was completed and the site launched on June 17th, 2004 at a reception hosted by the Textile and Apparel Association of Kenya at the Grand Regency Hotel in Nairobi.



CottonAfrica.com has been launched!

The initial focus of the site is the supply of regionally produced lint to the textile sector and yarn/fabrics to the apparel sector to meet the AGOA conditionality now approved to extend to 2007. (The bill for the extension of AGOA III (The AGOA Acceleration ACT) to 2015 has been passed.) The web-site is also host to a comprehensive *Cotton Trade Directory* listing all companies and products serving the region. The trade linkage site will also serve as the sector voice in the region providing trade news, updates, and trade regulation/policy interventions.

The site is managed by the RATES Trade Office using a pro-active call center approach. Victoria Kaigai was hired by RATES in June, 2004 to fill the position of Trade Office Assistant, with the responsibility of managing the site and working with Mr. Fisher and the RATES team in the implementation of the regional program.

Table 3, cottonafrica.com - Value of Business Postings

POSTINGS	Lint	Yarn	Fabric	Accessories	Chemicals & Dyes	TOTALS
Enquiries to Buy (USD)	19,826,000	3,700,000	41,000	200,000	-	23,767,000
Offers to Sell (USD)	1,400,000	37,706,000	5,100,000	150,000	4,800,000	49,156,000
TOTALS (USD)	21,226,000	41,406,000	5,141,000	350,000	4,800,000	72,923,000

Despite the short operating time of one quarter, Cottonafrica.com has generated inquiries to buy over \$23.7 million dollars (Table 4). Inquires to sell stand at \$49 million for a total trade posting of \$ 96.6 million.

Trade opportunity platform begins to reap rewards

The inception of the RATES cotton & textiles program, together with one of the first steps taken to establish a trading and information platform, has seen the beginnings of real benefits to businesses with opportunities created that were not evident before. A spinner and knitter in Uganda producing organic yarn has identified new trade opportunities with companies in Tanzania, Kenya and South Africa. The former two opportunities were identified through consultative forums held by RATES and the latter following the buyer's enquiry to the RATES trade office.

Regional Supply Capacity. The C/TMS is finalizing the regional supply/demand inventory system, an effort started in 2003 with the seven national market chain studies and the regional trade study. The activity requires detailed historical and current data collection on cotton production, and both “installed capacity” as well as actual output for lint, yarn, textiles and apparel. Compilation and completion of this data requires that information ‘gaps’ contained in the already completed seven country studies be filled using an outsourced contractor in the new 2004/05 project year.

To complete the supply picture, an additional four country baseline study (South Africa, Egypt, Mauritius and Madagascar) was commissioned and completed. These countries are trade leaders in cotton and textiles and will be added to the regional supply chain program. A component of the studies will cover capacity in the various sub-sectors and will contribute significantly to the activity.

KRA 1.5: Regional trade in dairy products increased



Strategy. RATES' program in the dairy sector is focused on the development of extra/inter-regional export markets, initially targeting countries in the region with exportable surplus. Identification of target markets has started and milk-deficient countries in the region that undergo a market demand assessment will be considered (i.e. Malawi, Mauritius, and Tanzania) along with external markets to be identified. Much of the dairy strategy relies on the policy initiative to address NTB trade constraints explained in KRA 3.1 which is implemented in collaboration with ECAPAPA.



Participants raise issues at the RATES/ECAPAPA Consultative meeting in Lusaka

Background. In November 2003, RATES signed a sub-contract with Land O’Lakes (LOL) Regional Office, based in Nairobi, to provide a long term dairy marketing specialist, Mr. Moses Nyabila. Mr. Nyabila is now based in the Nairobi RATES office. The LOL subcontract brings a significant institutional and technical strength to the program including several bilateral mission-supported dairy projects and field support structures.

The RATES dairy strategy encourages industry ownership of the program that will lay the foundation for regional networking, trade linkage and trade information. RATES will work in collaboration with national and regional organizations that are key players in advocating policy reform and promoting trade initiatives.

Progress on key activities:

Activity 1. Identify and facilitate development of export markets for dairy products.

Taking advantage of Land O’ Lakes offices in Kenya, Uganda, Malawi, Zambia, and Tanzania, a quick “country dairy sector profile” was submitted by these field offices. Although more comprehensive studies will be carried out under the auspices of the RATES/ECAPAPA policy activity, these timely profiles help differentiate between the export and import potential of the selected countries.

The RATES policy office has completed the task of downloading and compiling COMESA import/export data on dairy products and defining product classifications into shelf product classifications. RATES has secured the official East African Community’s grades and standards for dairy products that include unprocessed whole milk, milk ices and ice cream, and yoghurts. These will be used as a starting point for regional harmonization under COMESA.

- ☞ Moses Nyabila, the RATES dairy marketing specialist (DMS), traveled to Zimbabwe, Malawi and Zambia this year to conduct demand and supply studies and to identify immediate trade opportunities:

- The Zimbabwe Dairy Board (ZDB), the largest private sector dairy company in Zimbabwe, controls 90% of the market in dairy products. Although a shrinking milk supply due to present-day conflicts has reduced volume of business, the company is still looking to exports as part of their sustainability strategy. Export opportunities include UHT, ice cream and sterilized milk into Tanzania, DRC, and Zambia; milk powder into Malawi.
- In Zambia, the Parmalat Dairy Company, hold about 60% of the share of the formal market. Export opportunities include 500/250 ml packets of UHT into Malawi, DRC and Tanzania.
- Malawi is considered a target of import opportunity for Zimbabwe and Zambia. The main processing plant is owned by the ZDB and supplements its own fresh milk supply with imported powdered milk from its parent company in Zimbabwe.

☞ Moses traveled to Mauritius in March to conduct a rapid market assessment that was prompted by a review of COMESA trade data that revealed a significant import volume. Over 95% of all dairy products consumed in Mauritius are imported. The value of this volume is estimated at \$38 million, and none of this business comes from COMESA. The main competition is Australia and New Zealand and represents a real challenge for COMESA region companies interested in breaking into that market. RATES hosted a meeting with three Kenya dairy companies on April 19th to discuss export potential to the Indian Ocean zone, particularly Mauritius. Executives from Brookside Dairies, Spin Knit Ltd and Bio-Food Products Ltd attended this meeting and later concluded that they were not price competitive to enter that market, currently dominated by Australia and New Zealand.

Activity 2. Facilitate the resolution of dairy trade impediments. RATES joined forces with the ECAPAPA policy program that had on-going activities to research five national dairy policy papers for Rwanda, Tanzania, Uganda, Kenya and Ethiopia. RATES agreed to manage further studies in Malawi, Zambia and Mauritius for a combined total of eight studies.

From June to August, with joint participation from ECAPAPA and RATES, national consultative meetings were held in all target countries (except Mauritius) to discuss and deliberate policy issues that will eventually form the policy platform for COMESA.



The manager of the Kenya Dairy Processors Association confers with RATES and REDSO staff at the Dairy Conference in Nairobi.

The first consultative meeting conducted by ECAPAPA, with RATES staff present, took place in Uganda on April 28 at the Lake Victoria Windsor in Entebbe with 56 stakeholders in attendance. The participants agreed to form subcommittees to continue the policy review process. The Uganda Dairy Processors Association also requested that RATES assist in a more thorough presentation of the EAC Customs Union protocols.

- ☞ RATES followed up with the Uganda dairy stakeholders on the CU protocols in July with a workshop held at the Sheraton Hotel in Kampala. Attended by 60 participants the meeting accomplished the objectives of convincing the private sector that their future depended on the creation of key partnerships and alliances with other commercial players in the region.
- ☞ The second consultative meeting in Tanzania, a joint effort by RATES and ECAPAPA, was held on May 20th at the Royal Palm in Dar es Salaam with 68 stakeholders present. RATES led the presentation and deliberation on the EAC Customs Union protocols, a key element of trade policy not covered under the national study. The Minister of Livestock and Water was present and formed an action plan with the Tanzania Milk Processors Association (TAMPA) to pursue key policy rationalization issues.
- ☞ Rates worked collaboratively with the Kenya Dairy Processors Association and the Dairy Board of Kenya to organize a very successful conference on April 20th at the Serena Hotel in Nairobi. The purpose of the conference was to address the issue of the new EAC Customs Union protocols, an issue of great concern to the Kenya industry. Taking a positive approach to issues negatively perceived by the industry, RATES presenters and special speakers provided a fresh perspective focusing on long-term opportunities versus short-term implementation constraints. Presented in this light, stakeholders realized that early entry into the regional

markets, despite tariff barriers, provided significant advantages over time. Several companies are following the advice of the presenters and are seeking partnerships to launch their export expansion programs.



Mr. Vimal Shah, Managing Director of Bidco Ltd provides export advice to participants at the Nairobi Dairy Conference.

- ☞ The Zambia Consultative Meeting was held in Lusaka at the Padmodzi Hotel on May 4th, 2004. Attended by 48 stakeholders, the meeting was co-hosted by the Zambia Dairy Processors Association. Key trade constraints which raised in the national study were reviewed and endorsed by the participants.
- ☞ The Malawi Consultative Meeting was held in Lilongwe on July 20th and was attended by 30 delegates representing all the commercial dairy processors in Malawi. The country study was reviewed and endorsed with key trade constraints identified.



Participants discuss dairy issues at the Malawi workshop.

Dairy Private Sector Drives Inter-regional Trade Program

A unanimous vote was passed on October 5th, 2004 at the first-ever Executive Dairy Summit, to form a regional dairy processors association. The Summit, sponsored by the RATES Project and held at the Windsor Resort in Nairobi, was attended by 62 participants from twelve countries, mostly owners and executives from processing companies, distributors, and regulatory agencies. A steering committee was immediately established, formed by the Chairmen of all five existing national associations, and given the mandate to meet and prepare a brief on the structure and operations of the new organization.

Deliberations of the Summit will also guide RATES in the development of its 2004/05 work program with the aim to create a market network in the regional dairy community and to establish an industry driven agenda

Inter-regional market linkage systems. RATES initiated a review process on regional market linkage/market intelligence options available to the sector. The RATES DMS has been meeting with key stakeholders and trade association leaders throughout the region to assess the demand for regionally focused communication and information services.

Business meetings with industry leaders, both in the processing and distribution/ retailing sectors, were held both during and after the seven ECAPAPA/RATES consultative meetings.

RATES held a Regional Executive Summit at the Windsor Hotel on October 5, 2004. The Summit, the first of its kind in the region was attended by 62 participants from twelve countries and included dairy processors, distributors, and regulatory agencies. Selected executives led the presentations:

- Are inter-regional trade information and market linkages necessary to sustain and support dairy sector growth?
- Is the formation of strategic alliances and trade partners necessary to sustain inter-regional dairy trade?
- Are regional policy programs, or the lack of, having a negative impact on inter-regional trade?
- Does the regional dairy sector need to follow the examples of the textile and coffee sectors and promote their products to a broader market audience?
- In light of the recent formations of national dairy associations, is a regional dairy trade community desired or required in East and Southern Africa?



Participants at the Regional Dairy Summit.



EAFCA Chairman speaks to the group.

The Summit unanimously passed a resolution to form a regional dairy association and approved the formation of a steering committee which is made up of five national association chairmen. The steering committee will meet and prepare a brief on the structure and operations of the new organization. The deliberations of the Summit will also guide RATES in the development of its 2004/05 work program with the aim to create a market network in the regional dairy community and to establish an industry driven agenda.

PIR 2: Increased institutional capacity to sustain agricultural trade.

In this PIR, we address the challenge of building African capacity to address food security issues by assisting partners to develop programs to sustain the trade initiatives over time. RATES assists partners to incorporate initiatives related to improving the availability and application of technology (whether agronomic technologies or information and communications technologies), setting up and operating market access networks, and/or developing policy and regulatory frameworks to support effective advocacy. There are two KRAs in this PIR. PIR 2 is measured in terms of increases in the viability of partner institutions to sustain trade as measured by the PIVA scale.

KRA 2.1: Capacity of selected partner organizations strengthened

Strategy. RATES' strategy in this KRA is to support the ability of implementing partners to provide important trade support services on a sustainable basis. Work in this KRA during the work plan period continued with partner institutions with which REDSO has already initiated the PIVA process.

Progress on key activities:

Activity 1. Provide targeted support to EAFCA. RATES expanded assistance to EAFCA to include financial support for administrative and operational costs of the Secretariat. RATES is assisting EAFCA to provide market and technical development services that support and add value to the programs of its members, promote aggressive regional and international market development, and position EAFCA in the longer term to maximize opportunities for revenue generation and sustainable operation.

In addition to financial assistance, RATES recruited a new Coffee Marketing Specialist in November 2003, Chris von Zastrow, with over 20 years of coffee marketing experience in both the United States and Africa. Chris will provide technical capability in developing and implementing marketing strategies that have been lacking at the Secretariat.

☞ **Conference planning and implementation.** RATES support to EAFCA for organizing regional coffee conferences such as the WWC is aimed at providing a revenue stream for increasing chances for the organization to reach long term financial and institutional sustainability. The \$90,000 earned from the first WWC conference event held in Nairobi in February 2004 will enable them to have access to funds which they can use to provide member programs, fund overhead and invest in the next African Fine Coffee Conferences (WWCII) scheduled for March 2005 in Zambia. RATES has assisted the EAFCA Conference Team to meet regularly as well as hold periodical management meetings in Nairobi, Kampala, and Livingstone Zambia to set the operational stage for the WWCII.

☞ **Financial management.** RATES worked closely with the EAFCA Secretariat to develop sound fiscal budgets for FY 2003/04 and FY 2004/05. Efforts have focused on monitoring funds distributed through the RATES Partners Fund which EAFCA used during FY 2003/04 to great effect. RATES also encouraged a new fiscal strategy for the next program year that requires EAFCA derived revenue to be targeted for overhead first used to cover core costs, a key step in developing a program for long-term sustainability.

☞ **Strategic planning.** RATES worked with EAFCA this year on a process to develop a long-term strategy starting with three chapter strategy meetings. Substantial capacity has been built in this regard and the process has been used at the Board level to build awareness of long-term objectives of the organization. At the last Board meeting in Arusha, the members conducted a SWOT analysis and deliberated on desired services in demand by members – services that are not being provided through other existing agencies and programs. A key strategic planning meeting has been scheduled for the Board in November next program year.

☞ **Structural Adjustments:** The EAFCA Executive Committee requested assistance from RATES to review the Articles of Association and make recommendations for changes and adjustments necessary to reflect the structural and governance systems desired by the Board. This assignment was accomplished by May 24th and the working draft was reviewed by the Board of Directors at the June Board meeting that took place in Arusha. The new bylaws reflect necessary changes in membership systems, chapter roles and organization, governance, and structure.

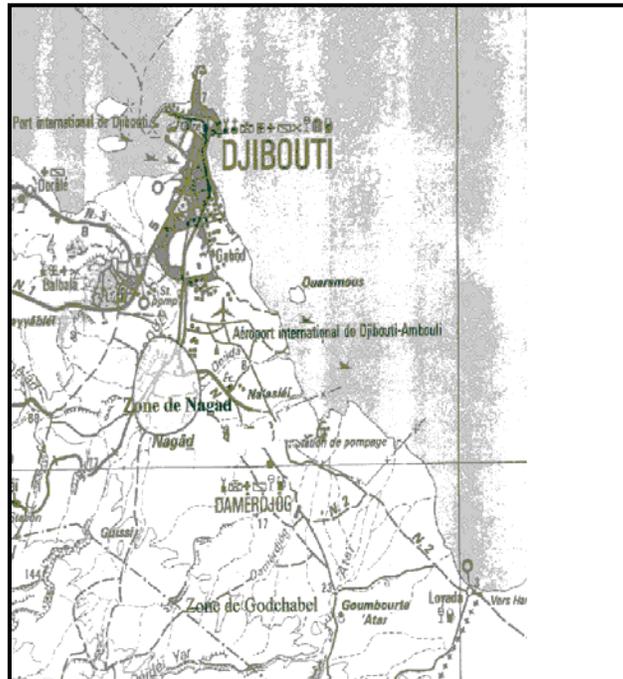
☞ **Secretariat Management.** A new organizational chart indicating staff requirements is based on operational priorities and budget limitations. Management at the Secretariat has changed of the end of this program year and significant improvement in output has been recognized with the submission of the high quality annual operational plan and the budget for the next fiscal year.

Activity 2. Provide targeted support to Red Sea Livestock Trade Commission. The RSLTC is not yet formally registered and all of its formative activities are in preliminary stages. AU-IBAR is the lead organization in this effort. RATES is playing a supporting role, and will provide technical assistance once the legal framework has been established for forming the organization.

☞ The RATES team has finished a first draft of the business plan and submitted to LTC for comment; a meeting is to be held to go through all the issues together and finalize this operational way forward for the commission. This activity is being provided by core RATES staff and focuses on assessing the actual staffing and financial resources required to operationalize the LTC. The business plan is being developed in collaboration with RSLTC and calls for budgetary rationalization based on break even budgets and a variety of income producing strategies will be examined. African derived market supply information and a demand analysis from Middle East is critical to this plan.

☞ RATES assisted LTC in developing ideas to generate activities that are revenue producing in order to avoid becoming a donor driven organization. The focus of this assistance over the past few quarters has been in assisting LTC to undertake the Djibouti livestock model holding facility. RATES core and short term technical assistance has been instrumental in moving this project forward.

➡ AU-IBAR has received funding to construct a livestock holding pen in Djibouti as part of the USG's support to the region. This model facility will support transnational trade of livestock and will need the support of all key stakeholders for successful implementation. RATES was instrumental in starting the process for AU-IBAR by fielding a team of experts for a feasibility study of a prototype holding facility located near Djibouti city. In September, 2003, the team presented their findings in Dubai to a group of private and public sector participants (from both Africa and the Middle East) who were invited to listen and learn about the facility design and contribute to its development.



Map of proposed site for Djibouti Holding Pen

➡ RATES assisted potential stakeholders and users of the Djibouti Livestock Holding Facility to understand the advantages of this facility. After the successful RATES hosted meeting in Dubai, follow up has been done with RATES staff going back to Dubai to meet with traders and begin the Middle East demand survey.



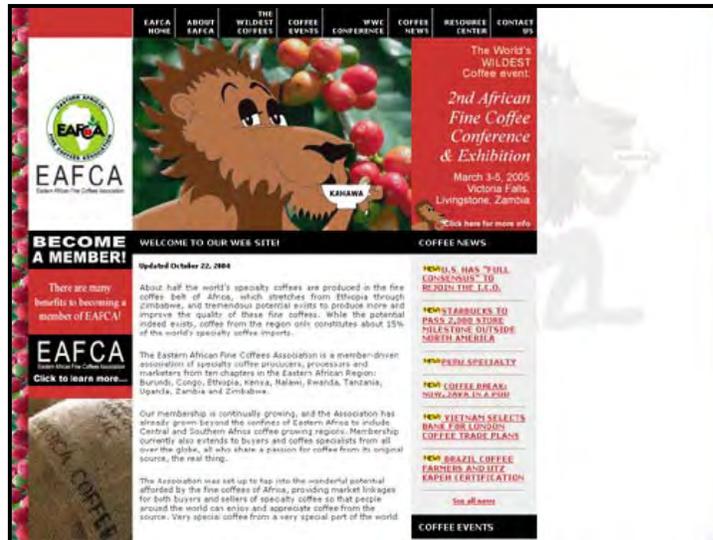
Livestock Holding Facility in Dubai

KRA 2.2: Demand-driven technologies identified, developed and utilized

Strategy: RATES' strategy is aimed at utilizing Information Technologies (IT) to expand the number of private sector beneficiaries having access to market and trade information. RATES is also forming linkages with technology and research networks relevant to the RATES-supported commodities. RATES is forming partnerships with on-going bilateral development projects that promote increased trade, and with selected private service providers who offer specialized technical expertise. A sample of innovative web page designs include:

Coffee

RATES provided assistance to EAFCA to develop an interactive web site to publicize the WWC and to promote coffees from the region. The www.worldswildestcoffee.com site has attracted substantial attention, and has now been integrated into the www.eafca.org site. The site is appearing on the first pages in certain search engines such as Yahoo, Google, etc.



www.Worldwildest.com and www.EAFCA.org are now one site.

☞ **Uganda pilot appellation activity.** As a special activity, RATES is working with the USAID Uganda mission and local partners to explore setting up a pilot appellation activity. RATES worked closely with Uganda Coffee Development Authority (UCDA) to collect samples from the Mbale region of Uganda for the pilot appellation project. RATES also sponsored a quality awareness/pre-appellation training that took place in Mbale in February as part of the pilot appellation activity. The training was co-sponsored by APEP, UCDA, EAFCA, private companies, cooperative, traders, and producers. The objective was to introduce the concept of quality as the key component of a coffee appellation program. It is apparent that in order for an area to benefit from creating an appellation boundary, there must be something unique about the coffees, and this coffee must be of high quality to generate a premium. Based on our initial cupping tests from samples taken in the area, a lot of mediocre coffees are reaching the market. The intrinsic qualities of the coffees are being lost in the post harvest processing, and the end result is a mediocre product. For example, RATES cupped 10 samples of the same coffee from Bugisu, and all 10 samples cupped differently.

This training was presented to UCDA DCC officers, lead farmers from APEP production zones, traders, cooperative leaders, and producers, and private sector buyers. We had a total of 42 trainees. RATES provided the chief quality trainer. UCDA provided their chief cupper and staff, and provided roasters, grinders, and cups. The Bugisu Cooperative Society provided the coffee samples. We also had some samples from private companies to compare with the cooperative samples. APEP provided Nathan O. and other staff to work closely with RATES, and sponsored the lead farmers from their programs. The focus of the two day training was on quality, and how to maintain the quality from the moment the cherry is picked through export.



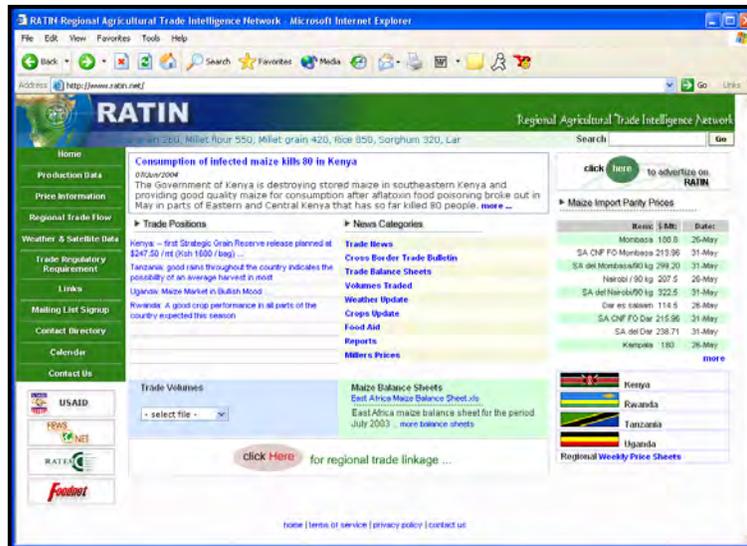
Trainees sort green coffee looking for defects

We are continuing to narrow the focus of the pilot appellation areas. Coming off our successful WWC coffee exhibition, EAFCA is getting a lot of inquiries for relationship coffees from US and European buyers. However, the relationships will go nowhere without the quality issues being addressed. RATES is working to identify areas where groups are consistently producing quality coffees that will be candidates for an appellation area.

Maize

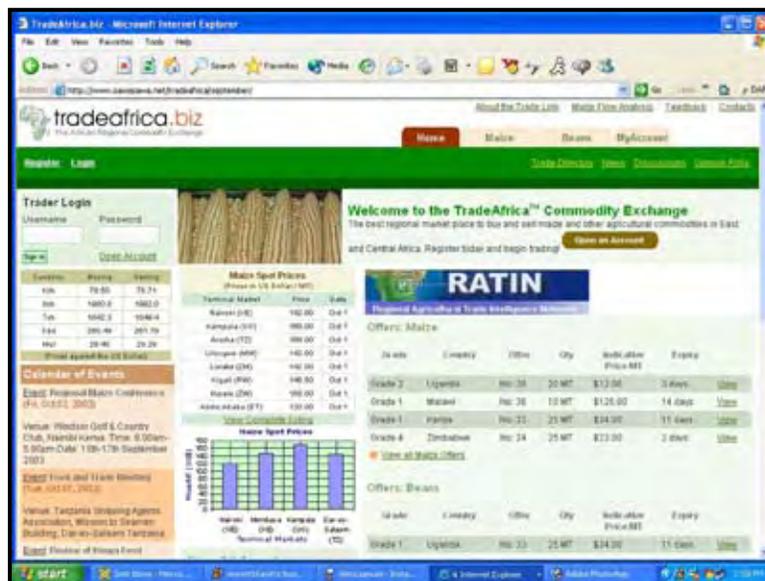
The Regional Trade Intelligence Network (RATIN). As discussed in section KRA 1.2, one of the major impediments to trade highlighted by participants in both national-level and regional workshops was the lack of reliable market information. RATES worked closely with FEWSNET and FOODNET to create a regional trade intelligence network (RATIN) and the www.ratin.net web site. The key players in the regional network are the commercial traders and millers and they are the main audience for RATIN and the RATES Trade Office where “networking” is facilitated.

To address the sustainability issues surrounding a donor-supported web page and information system, RATES is working closely with COMESA to explore options of integrating RATIN into the COMESA network. During the last quarter, RATES staff have been working closely with COMESA to review the upcoming ADB funded market information project aimed at supporting national market information bodies (MIBs). RATES.



The Ratin site is now under a RATES/FEWSNET Partnership.

www.Tradeafrica.biz. To compliment Ratin, RATES designed a trade-linkage site, www.tradeafrica.biz accessed through Ratin to facilitate active trade communication between suppliers and buyers throughout the region. Managing “real time” market information and trade linkage sites is challenging and RATES has created the RATES Trade Office staffed by a full-time trade office facilitator dedicated to the upkeep and management of both the www.ratin.org and www.tradeafrica.biz. This office serves as the RATES “call center” where the facilitator pro-actively manages trade inquiries through the internet, email, telephone, SMS, and radio. All site “hits” and trade inquiries are monitored and tracked..



The www.Tradeafrica.biz site is the only trade linkage site for maize in the COMESA Region.

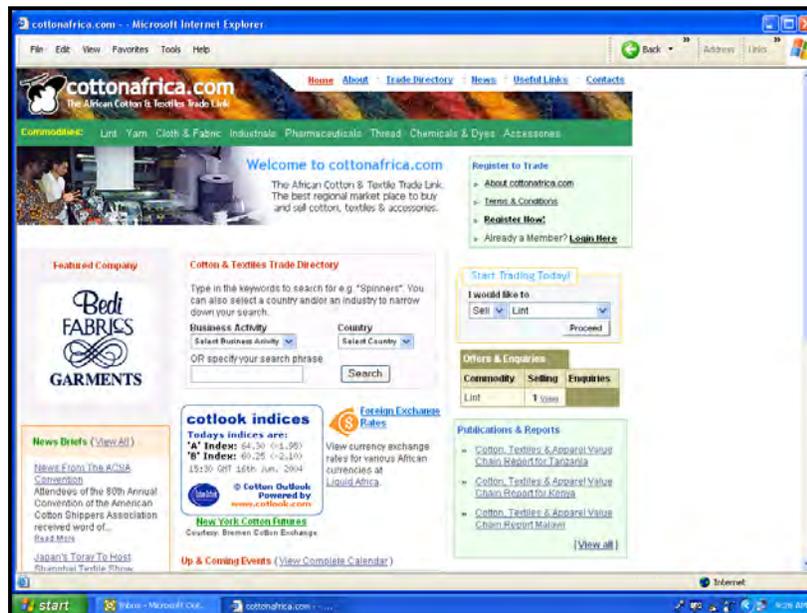
The www.tradeafrica.biz site had over 5,000 distinct hosts served during the year indicating significant interest in the site (Table 5). RATES has received requests throughout East and Southern Africa on programs interested in establishing similar sites for their national-level products. RATES provided technical guidance to the USAID Madagascar project in preparing a scope of work (SOW) to develop a trade site for high value products supported under this bilateral program

Table 5. www.Tradeafrica.biz :Quarterly Web Server Statistics

Classification	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Successful Requests	37,888	51,240	79,159	74,532	242,819
Average requests per day	567	2,611	2,718	2,494	8,390
Distinct files requested	1,049	922	853	1,180	4,004
Distinct Hosts Served	563	1,391	1,743	1,500	5,197

Cotton

The initial focus of the site is the supply of regionally produced lint to the textile sector and yarn/fabrics to the apparel sector to meet the conditionalities under AGOA that have been extended to 2007. The web site includes a comprehensive cotton trade directory listing all companies and products serving the Region. The trade linkage site will also serve as the sector voice in the region providing trade news, updates, and trade regulation/policy interventions (Table6).



The www.cottonafrica.biz home page.

Table 6. www.cottonafrica.com :Quarterly Web Server Statistics

Classification	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Successful Requests	NA	NA	NA	102,718	102,718
Average requests per day	NA	NA	NA	1,003	1,003
Distinct files requested	NA	NA	NA	4,660	4,660
Distinct Hosts Served	NA	NA	NA	3,296	3,296

Other appropriate technologies include:

Livestock

RATES support to this sector has been limited to providing technical assistance to AU-IBAR. The RATES supported consultant, Dr. Richard Kelsey identified a number of innovative technologies that will be applied to the facility. Of particular interest, the consultant:

- Identified a new site for the facility that will reduce the risk of damage due to flooding.
- Located a significant source of fresh water and suggested appropriate technologies for catching and piping the water.
- Designed a system for gathering animal waste and storing it safely on high ground.

PIR 3. Expanded private sector contribution to regional trade initiatives

In this PIR, we place emphasis on building effective private/public sector dialogues, particularly through increases in private sector participation in policy initiatives and promotion activities. This PIR captures the results of our activities carried out to assist partners to expand the involvement of private sector entities within their programs and to package and develop market-linked initiatives that expand private sector investment in RATES-supported activities. There are two KRAs in this PIR. Results will be measured in terms of increases in private sector involvement in policy change and in increases in investment through buy-ins and participation in RATES-brokered alliances.

KRA 3.1: Private sector-driven agricultural trade policies advocated

Strategy. The strategy for this KRA is to work with the private sector to identify trade policy constraints and to initiate change through regional institutions such as COMESA, EAC and SADC. This stakeholder “cluster” approach in identifying constraints and formulating policies has already started paying dividends as evidenced by the number of policy issues that have been brought to COMESA and EAC decision making structures.

RATES intends to continue with this proactive approach to advocacy and policy change driven by the private sector. Key activities during the quarter covered policy issues related to maize, cotton and textiles, dairy and other cross-cutting issues.

Activity 1. Assist COMESA and EAC to implement recommendations of the regional maize trade conference. RATES is assisting COMESA to encourage member States to shift to a regional approach to food security by adopting the “Maize without Borders” strategy that aims to allow maize to move unimpeded from surplus to deficit areas throughout the region. The “Maize without Borders” concept has been fully integrated into the COMESA policy making system. This platform has been fully endorsed at the highest levels of policy making in the region and is often quoted by regional leaders in describing regional integration efforts. RATES is very encouraged that the platform has been presented officially at several key COMESA forums and referred to in formal presentations by Heads of State, Ministers of Agriculture and Trade, and by the Secretary General of COMESA. There is now full recognition by both COMESA and EAC of the importance of informal cross-border trade in agricultural commodities that are sometimes considered as "illegal" by a number of countries in the region. This trade is an important part of intra-regional trade particularly for agricultural commodities, and both IGOs are moving to formalize and capture this trade for decision and policy makers. RATES is involved in implementing the following activities:

- ☞ **Promoting the regional maize trade policy platform.** The “maize without borders” platform was formally endorsed by the Council of Ministers of COMESA (as contained in Document COM/CM/XVI/2). During next quarter, RATES will work with the COMESA Secretariat and relevant committees to implement the decisions coming out of the Council of Ministers meeting.
- ☞ **Harmonizing regional maize standards.** RATES worked closely with the COMESA SQA (Standards and Quality Assurance) Committee to develop a set of harmonized regional maize standards. These standards were adopted by the COMESA National Standards Bureaus (NSBs) and are now under review by member States. The challenge now is to have national standards revised to reflect the new harmonized changes. In EAC, the formal negotiations on harmonizing maize standards began in July 2003 and most standards were harmonized at this time. Member States are now holding national-level consultations to reach consensus on the final issues. Once these are completed, The EAC will then hold one final meeting to complete the process before sending the standards back to the national level for formal adoption and implementation.
- ☞ **Simplifying customs documentation and procedures.** Cumbersome customs documentation and procedures pose a major constraint to the smooth movement of agricultural commodities across borders. RATES is working with COMESA and in collaboration with the ECA Trade Hub to simplify customs documentation and procedures. The aim is to facilitate cross-border movement of agricultural products

using the COMESA Simplified Trade Regime. RATES has elicited input from the private sector and policy makers to design a harmonized and simplified customs document that will combine customs and origin requirements into one simplified form. This revised form is under consideration by the COMESA Heads of Customs Administrations (CHCA) and the Working Group on Customs Procedures and Legislation. Once cleared, the Trade and Customs Committee will consider recommending this form at their next meeting that is scheduled to take place in February 2005

☞ **Harmonizing a regional position on GMOs/LMOs.** COMESA is collaborating with ASARECA to undertake a study that will help define a regional position on GMOs/LMOs. For the present, COMESA does not have a common regional position on GMOs and this study will provide an objective basis for member countries to make informed decisions on this very important and contentious issue. RATES, together with the ECA Trade Hub are involved in this process by participating in the technical committee that has been set up to oversee the study

Activity 2. Assist COMESA and EAC to develop a regional trade policy framework for the cotton/textile sector. RATES is actively working in a number of areas to promote regional integration in the cotton and textile sector:

☞ RATES completed a comprehensive analysis of cotton lint, yarn and fabric traded within the region and internationally. RATES also analyzed data on duties and tariffs imposed by all COMESA and EAC countries. These data were presented at the cotton and textile stakeholder forum attended by industry leaders held in December 2003.

☞ RATES conducted three additional country studies in key regional cotton/textile countries. Countries covered included Egypt, Madagascar and South Africa.-all important players in the envisaged regional cotton and textile trade and investment policy platform. RATES has now completed 10 country studies. The countries covered account for over 90% of the cotton products traded in the region.

☞ RATES also conducted a number of national level business forums (see KRA1.4) where the regional integration approach was presented. The RATES policy team has participated in all of these forums and elicited input on the major policy constraints facing the various sectors. As with the other commodities, RATES is planning for a regional workshop to develop the cotton/textile policy platform early next year.

Activity 3. Assist COMESA and EAC to develop a regional trade policy framework for the dairy sector. RATES made significant progress on developing a dairy trade policy platform during the year:

☞ RATES and ECAPAPA formed a very effective working partnership to work with the dairy sector to develop a regional dairy policy framework:

- The RATES/ECAPAPA team conducted eight baseline studies in Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Tanzania, Uganda and Zambia.
- The team supported and organized national-level consultative meetings in each country to enable stakeholders (public and private) to comment on the national reports and provide input to the regional policy paper.
- RATES developed a draft trade policy issues paper based on these consultations to form the basis of the platform.
- The team organized a Regional Dairy Trade Policy Conference held in Nairobi, Kenya, in early October 2004. The Conference brought together industry players and public sector officials including representatives from COMESA and EAC.
- Participants defined a regional dairy trade policy platform and action plan that included recommendations for removing barriers to regional dairy trade, harmonizing SPS requirements and certification procedures, and developing regionally harmonized product quality standards.
- COMESA and EAC will now introduce the platform through their relevant policy making structures.

Activity 4. Establish a regional agricultural trade policy support and monitoring office (Ag. Trade PSMO) with a focus on selected agricultural commodities. As part of the Chemonics satellite approach, RATES established a trade policy office at the COMESA Secretariat in Lusaka to provide the program a direct interface with COMESA and to improve coordination of program-supported activities. Long-term RATES staff members at the Secretariat include Shemmy Simuyemba, trade policy specialist, and Lillian Chilongo Ngalande, program assistant. Establishing this office has helped to further integrate RATES work into the Trade, Customs and Monetary Affairs Division (TCMD) and the Investment Promotion and Private Sector Development (IPPSD) Division of the institution.

☞ **Develop an agricultural trade policy monitoring and reporting system.** RATES is working with COMESA to develop a web-based system for documenting existing trade procedures and practices tracking tariff and non-tariff barriers. The web site, www.africatradepolicy.com is currently under development and should be operational by the first half of 2005. While the proposed AgTrade-Website is expected to be widely accessible, it cannot be a substitute for public-public sector dialogue. A second key component of the agricultural trade policy monitoring system will be to also bring together private sector trade flow leaders and public sector policy makers to review specific policy changes and potential impact on the various sectors.

Lusaka Policy Forum brings policy makers to together

One such forum was held in Lusaka in March 2004 involving a cross-section of about 80 participants from twelve COMESA countries who were in Lusaka to attend the Technical Workshop on the COMESA Customs Union. The forum addressed issues related to trade policy platforms in maize (maize without borders), dairy, cotton and textiles and market information systems (www.tradeafrica.biz). It was attended by representatives from Ministries of Trade, Customs Administrations and private sector representatives. Countries that participated were, DRC, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Zambia and Zimbabwe as well as representatives from USAID/REDSO, the Transit Transport Coordination Authority of the Northern Corridor (TTCA), Inter-governmental Authority on Development (IGAD), United Nations Conference on Trade and Development (UNCTAD) and senior management and technical staff of the COMESA Secretariat

☞ **Support to South Sudan Economic Commission.** As an “add-on” activity, RATES was asked by REDSO to provide support to the South Sudan Economic Commission Trade Policy Dialogue workshop that took place in Southern Sudan on 18th and 19th November 2003. This activity was done in collaboration with the ECA Hub, and the USAID Sudan team. RATES assisted the participants to better understand regional and international trade agreements within the context of the current peace negotiations with North Sudan. At the request of the Sudanese, the trade policy Advisor returned to Sudan early in December to assist in the drafting the trade policy portion of the "Blueprint" document.



Meeting of the SPLM Economic Commission.

KRA 3.2: Private sector buy-ins and alliances expanded

A major measure of success will be the extent to which we increase involvement of private sector constituencies in developing agricultural trade expansion initiatives. This KRA recognizes that meeting the challenges of expanding private sector involvement requires working directly within the marketplace, designing ventures that incorporate opportunity for business involvement, and providing ongoing support to identified business to business linkages.

Coffee. As described earlier, RATES sponsored a “Meet the Buyers” event at the WWC held in Nairobi in March and at the SCAA in Atlanta in April that provided the framework for several private sector alliances. EAFCA members themselves have provided important private sector support as they self-fund travel and accommodations. in order to participate in international exhibitions and meet with the buyers with whom they can trade. RATES was able to assist EAFCA to obtain several key sponsorships for the WWC that helped to off-set conference costs and fees. EAFCA signed a MOU with the SCAA to allow EAFCA to use SCAA resources to promote the WWC conferences. Through this agreement, EAFCA members are able to use credit cards for the first time to pay for conference registrations through the internet.

A Wide Range of Contacts for EAFCA members

Some of the key contacts made during the SCAA meeting in Atlanta:

Ward de Groote, Ahold Coffee Company, Holland,	Alan Nietlisbach, Volcafe
Andrew Vournas, Vournas Coffee Trading	George Howell, Terroir Select Coffee
Carlos Perez, Orocafe	Koichi Nishimura, Kanematsu USA
Alan Odom , InterAmerican	Stephen Gluck, Consultant,
Albert van Maanen, Reading Coffee Roasters	Sherri Johns, World Barrista Championship
Mark Crawford ,ESI	Bernie Runnebaum, ACDI-VOCA
Julie McGuire , Coffee Concern, Inc	Karen Cebros, Elan Organic Coffees
Lowell Grosse, Balzac Bros & Company	Shawn Hamilton , Java City
Trish Skie, Taylor Maid Farms Organic Coffee & Tea,	John Gomez, Piazza Espresso Inc
Chris Crain, Delaware City Coffee Company,	Blair Krueger, Atlantic Specialty Coffee Inc.
John Martinez, Martinez & Co.	Dev Zeitlin / James Kosalos, San Cristobal Coffee
David Griswold, Sustainable Harvest,	Konrad Brits, CTCS
Christy Thorns, Allegro Coffee Company	Martin Diedrich / Steve Leach , Diedrich Coffee
Craig Holt, Atlas Coffee Importers	Ragnar Wetterblad, Sourcing and Service
Christian Wolthers, Blaser & Wolthers Specialty Coffee	Jeremy Woods, Ret'd Consultant,
George Willekes, Holland Coffee	Jeremy Rath , The Roasterie
Garth Smith, Organic Products Trading Co	Douglas Zell / Geoff Watts, Intelligentsia Coffee
Erna Knutsen / John Rapinchuck, Knutsen Coffees Ltd.	Isabel Pascoal Daterra Sustainable Coffee
Pierre Leblache, World Alliance of Gourmet Robustas	

Maize. RATES is pleased with the collaborative efforts with FOODNET and FEWS NET in the development of the Regional Trade Intelligence Network, and the RATIN web page. The information provided by RATIN will be important to traders as they make medium and long-range planning. There has been serious interest from traders to form stronger alliances with producers and processors. To assist them in this process, RATES has launched the RATES Trade Office staffed by a full-time Trade Office Facilitator dedicated to the upkeep and management of both the RATIN and TradeAfrica.biz sites. The web page “backbone” (programming) can be used as a template for other data-base driven trade web pages, and easily managed with minimal training.

Cotton

In Uganda, a partnership is developing between the Ginners and Exporters Association and the Cotton Development Organisation (CDO, a parastatal) in establishing a more disciplined and better organized trading environment, protection of ginner’s investments to growers and thereby creating more conducive conditions for production expansion and in turn, enhanced revenue. In Malawi, a partnership and cooperation project between the newly formed Cotton Development Association (CDA, comprised of producers and ginners) and the Malawi Investment Promotion Agency, together with the Ministries of Agriculture and that of Commerce & Industry. The work of this grouping is designed to at least double the cotton crop in the first year and as a consequence, double the incomes for about 100,000 cotton growing households. In Kenya, a collaborative platform between the Kenya Association of Manufacturers (KAM) and Government (specifically the Ministry of Trade) has been formed to arrive at solutions that will assist the textile industry in its preparedness in meeting the competitive challenges that will arise out of the lifting of quotas under the WTO’s Multi Fiber Arrangement in January 2005.

PIR 4: Program Management, Monitoring and Evaluation

Program Management

Program Management is integral to every RATES component and activity. To achieve project goals, well-defined policies and procedures, transparent information-sharing mechanisms, and effective monitoring and reporting systems are necessary. During this year, RATES’ field administrative staff and the Chemonics’ home office project management unit continued to maintain the financial, operational and administrative procedures that conform to USAID and Chemonics regulations.

KRA 4.1: Management and coordination mechanisms established

Strategy. RATES’ strategy is to continue to provide quality and timely service to both external and internal clients. RATES continues to maintain streamlined accounting, financial, contractual and administrative procedures which are coordinated by the RATES operations and grants manager.

Key activities this year:

Continue RATES management systems. RATES continues to be a well-staffed and highly functional team of employees. As of September 30, 2004, the RATES project had 19 full-time employees which included 5 long-term employees through the RATES subcontracts (IDC, ITI, Land-of-Lakes and Computer Frontiers).

☞ **Partners' Fund.** RATES' continued to work closely with its primary partner, the Eastern African Fine Coffees Association (EAFCA). By the end of September, 2004, EAFCA successfully concluded the terms of their first Fixed Amount Reimbursable Agreement (FARA) that RATES awarded in October, 2003. All required reports and financial reconciliations have now been submitted to the Operations Manager by EAFCA. Based on the increasingly sustainable work that EAFCA has been undertaking in the East Africa region and in response to EAFCA's application for continuing financial support, RATES and REDSO agreed to award a second FARA to EAFCA, for the amount of \$249, 963.00. The dates of this new FARA are from October 1, 2004 to September 30, 2005. In order to encourage more institutional sustainability, the terms of the second FARA require that EAFCA assume all operational costs after the first three months of this funding. RATES anticipates that the operational costs will be paid for from profits earned by EAFCA from the Zambia 2005 WWC.

The close collaboration between EAFCA and RATES was very evident this year as staff from both organizations attended the very successful SCAA conference, held in Atlanta in April, 2004. In addition, RATES continued to work closely with EAFCA in the planning of the upcoming 2005 WWC conference, to be held in Livingston, Zambia. As part of the on-going support provided to EAFCA, RATES has recently awarded a short term Employment Agreement to the conference consultant, Ludovica Bellingeri, who will continue in her role as the WWC Conference Coordinator, working out of the RATES Nairobi office. The terms of this new Employment Agreement gave 5 months (November, 2004-March, 2005) Level of Effort (LOE) to Ms. Bellingeri. RATES technical staff continues to work closely with EAFCA in supporting their objectives of enhancing the quality, competitiveness and profitability of the Eastern African coffees in global markets.

☞ **Institutional Development.** At the request of the EAFCA Chairman of the Board, the RATES' Grants/Operations Manager worked on developing several institutional modifications and developments for EAFCA's personnel and policy manuals. EAFCA and RATES will finalize the manuals in the upcoming quarters.

☞ **Sub-contracts awarded.** RATES continued to award a number of employment sub-contracts in order to implement technical scopes of work which fall within the RATES' mandate. During this year, RATES/Chemonics awarded the following sub-contracts:

- Dairy, maize and cotton policy consultants hired through RATES subcontractor, IMANI: Mr. Bhowon Veepin, working in Mauritius, Ms. Maria Schouten working in Malawi, Peter Tembo, working in South Africa, Pierre Bernard, working in Madagascar and Richard Hess, working in South Africa.
- Customs Specialist, Ms. Penina Simba, who undertook a customs policy review study from March-April, 2004.
- Livestock Waste Management Specialist, Mr. Pietro Ronchietto, who undertook comprehensive livestock waste study for RATES in Djibouti.
- Coffee specialist, Mr. Simeon Onchere, who reviewed the EAFCA Chapter Constitution and Articles of Association.
- Conference consultant, Mr. Stanley Marengue, who worked, together with EAFCA, in continuing to oversee conference organizational tasks for WWC 2005.
- Cotton specialist, Mr. Karim Shafei, who undertook a baseline study and market assessment on the cotton/textile industry in Egypt.
- Dairy specialists, Mr. Dejene Aredo, Mr. Ali Ibrahim Mjella and Mr. Evarist Mugisa who all undertook baseline studies and market assessments in Ethiopia, Tanzania and Uganda.
- Maize specialist, Mr. Paul Wagubi, undertaking a maize balance sheet update in Uganda.
- Maize specialist, Mr. David Tuhoye, who undertook the collecting of data on trading regulations to feed into a published traders guide.
- EAFCA consultant, Ms. Jules Lange, who is assisting the institutional development of EAFCA, from August 14, 2004-December 17, 2004. Ms. Lange is working from the EAFCA secretariat office in Kampala.
- Dairy consultants, Dejene Aredo, Alex Valeta, Evarist Mugisa, Deo Mlay and John Bosco who all served as resources and facilitators for the recent regional Dairy Trade Policy Workshop, held in October, 2004, at the Windsor Hotel in Nairobi.

In addition to the above sub-contractual employment agreement, RATES also awarded a number of Fixed Price Service Agreements to companies. These agreements include:

- **Millennium Science & Engineering, Inc.** RATES awarded a fixed price subcontract to MS&E to provide a geohydrology specialist who undertook an environmental study on the impacts of the construction of a livestock holding pen in Djibouti. The Specialist also conducted a geohydrological characterization of the pertinent surface water and groundwater systems that could be impacted by the foreseen levels of livestock waste to be generated by the holding facility operations.
- **ArtKenya Ltd** that developed, updated, maintained and hosted the www.worldswildestcoffee.com (WWC) website for the 2nd African Fine Coffee Conference & Exhibition in March, 2005 in Zambia (WWC2). ArtKenya also, by

the terms of their Scope of Work, established and broadened the site exposure to major search engines in order to provide optimal visibility on the Internet.

- **ZAMNET Communications Systems Ltd.** of Lusaka, Zambia which received a contract to develop and host the www.africatradepolicy.com website. ZAMNET also worked to broaden the site exposure to major search engines.
- **Periscope Communications Ltd.** which was awarded a contract in February, 2004 to design, implement and produce a high-quality and completed brochure which served to promote the activities of EAFCA.
- **Cover Concepts Media Ltd** was awarded a contract to design and produce 500 copies of the first RATES quarterly newsletter as well as producing an electronic pdf electronic format of the newsletter that was emailed to RATES' partners.
- **Smoke & Mirrors**, Nairobi multimedia company, was awarded a RATES sub-contract to design, layout and produce 500 copies of a CD on the EAFCA 2004 WWC conference.
- **SawaSawa.com Ltd.** RATES awarded SawaSawa a contract to design, implement and administer a fully functioning database driven textile trade commodity website to compliment the new RATES' Trade Office and Call Center. The www.CottonAfrica.com website was developed to link traders and sellers onto an electronic trading floor. The site was designed to allow an integrated communication system for both large and small textile traders.

KRA 4.2: Program monitoring and reporting needs met

Strategy. The goal for this KRA is to implement a monitoring and evaluation (M&E) system to track RATES planned activities, delivery of expected outputs, and quantitative impacts. M&E data is obtained from three sources: RATES administrative and operation records; RATES implementing partners and external surveys.

Activity 1. Maintenance of the RATES M&E system. The RATES full-time M&E specialist left the project in April 2004 and her responsibilities were taken over by the Peter Kegode, RATES' local business association development specialist. Peter redesigned the M&E capture forms used by the commodity specialist to obtain information on a number of RATES indicators. He also input maintained the RATES databases for the PMP and for the IEHA indicator spreadsheets.

Activity 2. Gather M&E data and information on the program’s progress and results. The RATES M&E specialist worked closely with COMESA to review trade data used for preparing the annual PMP report. RATES engaged a short-term database analyst to help collate the data and disaggregate by country and commodity. Commodity specialist provided key trade data to the M&E team and “ground-truthed” the COMESA data.

To establish baseline information on these indicators, RATES has worked closely with the REDSO team and regional partners to determine the best source of primary data to develop our baseline database. For establishing baselines, we had to weigh the ease of obtaining data, the validity of data collected within the region, and the financial constraints of the project’s ability to collect primary data itself. We also agreed that data would be based solely on officially-recorded formal trade data, as the project’s objective is to decrease barriers to formal trade, and in doing so, will ultimately result in decreased informal trade in the targeted commodities.

In establishing our commodity baselines, RATES conducted trend analyses for each of the project-supported commodities for the years 1997-2001 and determined that values for these commodities have been on a negative trend for the last five years (see Exhibit 1 for maize). Based on these data, RATES and REDSO agreed to utilize the calendar year 2001 as the baseline-year for determining achievement of project-level results. Based on the reporting cycles for our principal data providers, RATES will report results on a calendar year basis. The data presented in this report cover the period January 1-December 31, 2003.

For trade information on maize, dairy, and cotton, RATES utilized data from COMESA, and verified this information through RATES baseline studies and local sources of trade information, such as local customs authorities. This data was further supplemented by surveys and direct data collection from RATES partners and beneficiaries. Due to the unique nature of the specialty coffee, a number of data sources were used for this commodity. As most official coffee trade data are composite figures that combine different varieties and qualities of coffee, RATES worked with additional data sources such as the Specialty Coffee Association of America (SCAA), the International Coffee Organization (ICO), and United States Department of Agriculture Foreign Agricultural Service (USDA/FAS) to determine the value of specialty coffee trade from each targeted country. The imprecise definition for what is considered “specialty coffee” also provided challenges for capturing data on this market segment. We provide our methodology for determining our coffee baselines in section KRA 1.1.

For monitoring policy change, RATES has adopted the same methodology and terminology found in the REDSO PMP plan under SO 5. Under this methodology, targeted policy changes are tracked as they move through the various stages to adoption. RATES is working closely with both COMESA and EAC, and tracking the progress of trade policies as they move through the system.

For institutional capacity strengthening, RATES has worked closely with REDSO's organizational development specialist to develop indicators based on the partner institutional viability assessment index (PIVA). This index is a participatory, rapid assessment tool used to evaluate and monitor performance of six organizational systems including governance, operations and management, human resources development, financial management, service delivery, and external relations and advocacy.

Activity 3. Report RATES M&E results semi-annually to USAID- in March and October. RATES provided a semi-annual report on the IEHA indicators in April 2004. The annual report to IEHA was submitted as part of the annual reporting process.

III. Problems Encountered/Remedial Actions Taken

Duty and Tax Free Status. The “non-official” status of the RATES project continues, as it does every quarter, to be of utmost importance to Chemonics International, causing, as it does, financial and administrative difficulties for the project. RATES clearly would prefer spending project funds on direct assistance to our partners rather than paying for VAT, taxes, duties, and attorney fees. In addition, RATES expatriate personnel are exposed to exorbitant local income tax rates (that must be legally pre-paid), a situation that does not exist for any of our other projects or personnel in the region. In all other countries, our expatriate project personnel are covered under a local mission agreement with the host government that extends tax-free status to contractors on US government foreign assistance projects. The local Kenyan income tax rate far exceeds US tax rates, and puts our expatriate personnel in a disadvantaged tax position and exposed to financial losses as a result of this double taxation..

In addition, because of RATES' non-exempt status, the project is obligated to be vigilant about filing company returns through the Kenya Revenue Authority. Chemonics Kenya, as a company registered in Kenya for the sole purpose of administering US foreign Assistance programs is required by the KRA to submit to an audit by December 2004. This non-profit company is potentially exposed to heavy corporate taxation without the protection of an MOU.

We request that this situation be given the highest priority of the mission. One solution may be to obtain a temporary exemption until the full bilateral agreement is completed. An official letter from the government of Kenya would lower the risk of protracted deliberations with the Kenya Revenue Authority that may arise during the company audit.

Brooke Amendment. The recent Brooke Amendment restriction on working with either the public sector or private sector in Zimbabwe has created a challenge for working with regional organizations in which Zimbabwe is a member country. RATES is awaiting further clarification from REDSO's regional legal advisor on how to proceed.

Staff working in satellite countries. We are still experiencing some glitches in regularizing our staff based in Kampala. Although the Uganda mission has been very cooperative, we would like to see our advisor provided similar administrative support from the mission as other contractors working in Uganda. We have requested RCO assistance in facilitating this support.