Market Access, Trade and Enabling Policies Project (MATEP)

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Quarterly Report #9

For the period: January – March 2008

March 2008

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INTRODUCTION

Background:

The MATEP project is a five year USAID economic growth project designed to increase Zambia's exports of agricultural and natural resource products into regional and international markets. It is a results-oriented project that is intended to *make exports happen*. Local demand, beyond basic food needs, is limited and only by exporting will Zambia be able to raise the incomes of its rural population.

The export baseline is $405 million, and over the course of the project MATEP will contribute to raising these exports to $600 million. To do so, the project focuses on value chains offering the greatest potential for growth over the project horizon, as well as for impact on Zambia's economy and population, owing to interventions of the project and on tourism. At project inception, eight product value chains, along with tourism services, were selected for attention. These were horticulture, coffee, livestock, cotton, honey, paprika, maize and cassava. During implementation, MATEP expanded this number to include seeds, chili, groundnuts and dry beans in response to newly arising market opportunities.

The project has five closely interlinked components to achieve its export objective: Market Access, Trade and Enabling Policy, Tourism, Finance and HIV/AIDS. The Market Access component focuses on identifying foreign markets into which Zambia can sell and on working with exporters to successfully complete transactions in those markets. MATEP targets both regional markets and more distant markets in Europe, America and Asia for Zambia's exports. The Trade and Enabling Policy component focuses on domestic policies and regulations that constrain Zambia's exports as well as on regional and international trade agreements under which export growth can expand. The Tourism component focuses on raising Zambia's profile as a premier, multi-faceted tourist destination in Africa, as a location for international conferences and on tourism training. With the Finance component, MATEP will use $2 million in investment capital to create sustainable private sector investment funds that provide short-term export financing and medium-term investment capital to exporting enterprises. Finally, the HIV/AIDS component works to mainstream HIV/AIDS prevention activities into client business operations and, with its partners, designs and implements HIV/AIDS prevention programs.

Progress during the quarter:

This MATEP Quarterly Report covers the period from January – March 2008. In the Market Access Component, MATEP continued work identifying opportunities in regional markets and in promoting export value chains. Work in the groundnut and white bean chains during this growing season is expected to lead to expanded groundnut exports and initial white bean exports later in the year. Follow up work on a previous horticulture inward buyer visit has led to expanded sales contracts into South Africa. Work in Namibia is expected to lead identifying a new distributor for Zambian products in that country. And preparatory work started for trade shows on Zambia's Copperbelt, South Africa and Namibia.

In the Trade and Enabling Policy Component, MATEP's collaborative studies with the Zambia Business Forum to develop a private sector position on dual membership in SADC and COMESA was completed and efforts to get data on business to business support onto a new ZBF website continued. At long last, the MOU between Moxico Province, Angola and Zambia's North Western Province, which MATEP was instrumental in developing, was signed, and the Honey Steering Committee with MATEP support, continued actions in its workplan for addressing the irradiation barrier in South Africa. In Value Chain research data was collected in the second round of the Urban Food Consumption Survey; work continued on a multi-country study of cotton reform, on horticultural price and trade dynamics and on factors affecting fertilizer profitability; and a draft maize value chain study was completed.

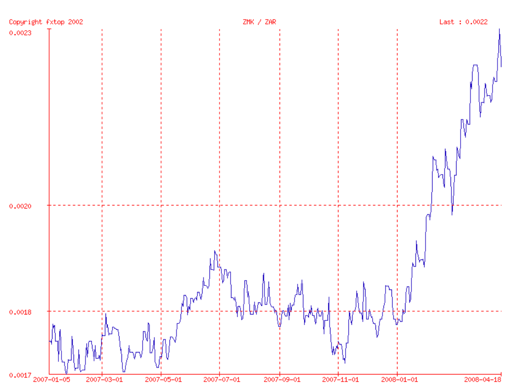
In the Tourism Component, MATEP continued working with the Tourism Council of Zambia (TCZ), the Hotel and Catering Association of Zambia (HCAZ) and the Travel Agents Association of Zambia (TAAZ).   TCZ support was in strengthening of the MICE Desk; HCAZ support was in skill training for member tourism establishments; and TAAZ support was in continued guidance for travel agents to expand into providing Tour Operator services. MATEP also helped TCZ and HCAZ with analysis and presentations dealing with immigration and visas and the new Tourism Board of Zambia.

MATEP Investment Fund lending continued during the quarter with two new loans issued for a value of $257,797. Total MATEP loans now stand at $3,107,731, including the ZATAC loans originated by MATEP. One loan client, Kabwe Tannery, has been sold to Tata Industries and their outstanding loan will be paid from the sale proceeds. Payments continued to be received from medium-term loan fund clients.

In the HIV/AIDS Component, MATEP finalized preparations of its year three HIV/AIDS prevention activities with the various implementing partners namely: Hotel and Catering Association of Zambia, Zambia Export Growers Association, Ministry of Labour and Social Security, Michigan State University through the Food Security Research Project. Training activities, roll out implementation to beneficiaries and policy development work will being during the next quarter.

Again, the appreciation in Zambia's kwacha is threatening the continued growth in Zambia's exports As the table below shows the kwacha has strengthened significantly over the past year against both the US dollar, in which many exports are denominated (19% appreciation), and against the South African rand where many exports are destined (23% appreciation). The kwacha underwent an earlier period of rapid appreciation in late 2005 during which many exporting firms – especially SMEs struggled to survive.

Kwacha – U.S. dollar



Kwacha – S.A. Rand

In spite of the strengthening kwacha, the PMP and OP indicator data show that at mid-year MATEP is meeting or exceeding targets in almost every category. Revenues and transactions for assisted firms in tourism are considerably ahead of targets because MATEP continued expanding the number of firms being assisted in the sector. For this reason MATEP PMP targets have been expanded upwards. Exports of some targeted agricultural commodities tend to lag slightly at mid-year, but this is due to the annual crop season in Zambia. MATEP expects export figures will exceed targets by the end of the year. In the area of HIV/AIDS, MATEP finalized planning for activities in the tourism and horticulture sectors and began planning for activities with the Ministry of Labour and Social Security which will be rolled out in the remainder of the year.

MATEP experienced several staffing changes during the quarter. At the end of December 2007 the long-term position of Trade and Policy Advisor ended as per the original MATEP budget and we regretfully said goodbye to Mupelwa Sichilima. Mr. Sichilima is now working with the SADC Secretariat in Botswana. Bourne Chooka, MATEP's Market Development Associate resigned as of the end of February 2008 to take up a position with Great Lakes Cotton in Choma. We wish him well. Adding to staff, though temporarily, have been four student interns who will be with MATEP over different terms during the period March – June 2008. Ricky Kalaluka, an MSc Forestry student from Copperbelt University is working with MATEP in the area of forest management and certification. Jennifer Mwenya and Nandi Jama, BSc students of Agricultural Economics from the University of Zambia are working on the honey value chain and the MATEP bi-annual client survey respectively. And Joseph Thole, a BSc student of Tourism Management from Breda University of Applied Sciences in the Netherlands is helping with TAAZ training and collecting information on tourism product prices in Zambia

MATEP is also allocating funds in its budget/workplan in order to extend the tenure of Market Access Advisor Chibembe Nyalugwe. As currently budgeted, the Market Access Advisor position is scheduled to end in December 2008. By allocating interest earnings from the MATEP Investment Fund toward the Market Access Advisor position, funding for the position is sufficient for an extension through December 2009 (with the MATEP project ending in April 2010). These funds amount to less than 10% of value of the Investment Fund. Since MATEP's Quarterly Reports also include rolling updates of its workplan, this serves as notification of this change to USAID.

This report is divided into eight sections. After the Introduction are five sections, one on each of MATEP's components: Market Access, Trade and Enabling Policy, Tourism, Finance and HIV/AIDS. Each section reviews progress achieved during the quarter based on activities listed in MATEP's Workplan. An Implementation Calendar for the upcoming period is presented for each component. Since this Quarterly Report comes out at the mid-point of the year, data are reported for MATEP's Performance Monitoring Plan (PMP) indicators in Section Seven and USAID Operational Plan (OP) Indicators in Section Eight. The Environmental Review of a selected MATEP client generally included in quarterly reports was not conducted this quarter due to the departure of Bourne Chooka, MATEP's environmental officer. Environmental Reviews will continue when this position is filled.

MARKET ACCESS COMPONENT

During the quarter under review MATEP continued demand driven support for regional trade. Progress was made in introducing market preferred varieties of white canning beans, in preparation for supply later this year. In groundnuts, work with Tiger Brands, the principal buyer of groundnuts during the 2007 / 2008 season continued, with a view to improved supply for the coming season. The honey value chain saw continued work in irradiation, the main barrier for retail packaged honey into South Africa. Eliminating this barrier will improve performance of the Zambian honey supply chain in procurement and processing of product. In horticulture MATEP worked with clients to develop new supply chains to South Africa new efforts to bring small growers into the chain focusing on capacity, quality and standards. In handicrafts and wood products, MATEP continued to facilitate linkages between small handcraft producers and South African buyers and to deal with quality issues related to standards of wood drying. MATEP also responded to increasing demands from clients, to participate or organize trade shows in the region as clients seek to access or increase their export share in these markets.

MARKET DEVELOPMENT - REGIONAL TRADE

- **Democratic Republic of Congo:** MATEP worked with clients including Zamseed, Perway Industries and Zamleather to follow up on market leads obtained during the Katanga Mining Fair. PECO Ltd another MATEP client obtained orders for 15mt each of cassava meal and maize meal as a result of their participation in the Katanga mining fair, and MATEP is working with PECO to execute this initial order. MATEP also worked to prepare for a survey to ascertain the competitiveness of Zambian food products in Lubumbashi, expected to be conducted during the coming quarter.

- **Namibia:** MATEP continued to work with Munali Coffee, Forest Fruits, Freshpikt, ChoiceNuts and other Zambian firms to find a distributor for their retail products in Windhoek. Two new distributors have shown eagerness and MATEP is working to facilitate linkages with its clients. Distributors MATEP began working with after an earlier Namibia trip have proven to be insufficiently responsive in promoting Zambian products. During the quarter MATEP also worked with the Zambian High Commission and the Namibian Chamber of Commerce and Industry on market linkages, preparation for Zambian businesses participation in the 2008 Namibia Agriculture Show and the engagement of a part-time business agent based in Windhoek.

- **Angola:** MATEP worked with ECI Africa and a USAID-funded CLUSA project in Angola, to identify distributors for canned foods and retail packaged honey in Angola. MATEP also engaged local Zambian farmers to gauge interest in growing onions and potatoes for sale to Angola through the Namibia corridor.

- **South Africa:** Bulk and retail honey, groundnuts, white canning beans, fresh vegetables and wood products remained the focus of market access activities into South Africa. As a direct result of the visit of Pick N Pay to Zambia in December and a follow up visit by MATEP to Pick N Pay in Johannesburg, MATEP clients increased orders of flowers, sweet corn and beans from Zambian growers. In handicrafts, as a result of a MATEP facilitated inward buyer missions in November and December, Ashante Design purchased a total of US$ 1,600 in Zambian products. The buyer returned to Zambia in March and has placed an order of a further US$ 1,000 to be supplied in April.

- **USAID Sales Day:** In conjunction with a MATEP Value Chain presentation to a USAID Staff Meeting, MATEP conducted a Sales Day showcasing products of MATEP clients to USAID staff. Products from 11 client firms were available for sale and total sales exceeded $2,500. The three best selling items were sun-dried tomatoes from Freshpikt, bio-charcoal from Fallsway Timbers and Elephant Pepper chili sauces from African Spices. As a result of this successful sales day, the US Embassy Commissary will begin stocking selected products from MATEP clients.

- **Trade show preparation:** MATEP clients continue to record export sales resulting from targeted participation in exhibitions and trade fairs. MATEP support in organizing their participation, facilitating business linkages/meetings during these events and working with clients and prospective buyers thereafter is proving a successful strategy. During the quarter, MATEP worked to lay the groundwork for client participation in the following trade fairs and exhibitions: Copperbelt Agriculture and Commercial Show Society (28 May – 1 June), Fancy Food Show (June 29 – July 1) New York, Africa's Big Seven (20-22 July), Namibia Agricultural and Commercial Show (26 Sept – 4 Oct), Botswana launch of products (August), DRC (22-26 Sept), FILDA – Angola (July)

MARKET DEVELOPMENT - VALUE CHAINS

During the quarter, value chain work continued on dry beans, honey, groundnuts, handicrafts, wood products and horticulture. Building upon previous interventions, MATEP focused on improved standards and efficiency in the Zambian supply chains, and market access issues for the above products. Increased capacity and transparency (for buyers) is critical in presenting Zambian suppliers to export markets.

- **Dry bean value chain:** This value chain has a current estimated demand of 5,000mt annually with a projected growth to 20,000mt annually over the next 10 years. MATEP succeeded in facilitating the pre-release of three varieties in Zambia by the Seed Certification Institute. The varieties: OPS-KW1, Minerva and Teebus are the preferred variety for the canning industry, including Tiger Brands (who have the largest market share for baked beans in the region) and Freshpikt whose sales of baked and other canned beans in the region is rapidly growing. During the quarter, MATEP organized small-scale growers in Eastern Province planted trials of the crop. MATEP also made a presentation to the Pan African Bean Research Alliance Steering Committee, a meeting held once yearly to plan and focus activities in bean research. This year's meeting was held in Lusaka. MATEP's presentation focused on the importance of considering market demand when setting research priorities. This fit in well with experiences of researchers of developing new varieties that in the end had little demand.

- **Groundnut value chain:** MATEP is working with Tiger Brands, ChoiceNuts Ltd, Scrollex Ltd and Eastern Province Farmers Cooperatives Ltd to increase this year's export of groundnuts. Issues surrounding prompt grading, sorting and delivery to minimize aflatoxin development are the major concern. An efficient procurement and adequate storage capacity is another issue being addressed. The issue of adequate compensation to growers for meeting higher quality standards is also being discussed. In order for Zambian suppliers to maximize their income from groundnuts, marketing needs to be carefully targeted. Grading their product enables them to do this e.g. top range groundnuts (largest size) for the confectionery market and the highest price; mid-sized groundnuts for peanut butter producers, snack food producers and general distributors and remaining grades for local peanut butter production and other processing. MATEP also worked with one of its clients to target the organic market in Europe. Other clients are targeting the seed market within this sector.

- **Honey value chain:** Market access for retail honey continues to be at the fore of MATEP client interest in this value chain. Irradiation of honey into South Africa remains the biggest challenge for that market. In the DRC, Namibia, Botswana and Angola, packaging, price, distribution and transport logistics are the key issues being addressed with clients. Two MATEP clients are making significant progress with producing a product for the regional retail market. As mentioned earlier, the issue of effective and transparent supply chains is critical to accessing export markets. MATEP is working with the honey industry to conduct a mapping exercise that will clearly delineate production / buying catchment areas, producer capacities (skills, types of hives etc), field industry standards and processing technologies and capacities. This mapping exercise will improve supply and hopefully extend sales of Zambian honey to year round sales in order to capture higher off-season prices. MATEP will work with the Centre for International Forestry (CIFOR) in this activity. MATEP also continued work on its honey buyer survey, which has now been expanded to include markets and market access information from regional, European, Asian and American markets. MATEP is conducting this exercise in partnership with other stakeholders including SNV, the Agri-Business Forum, the Zambia Honey Council and relevant government ministries.

- **Horticulture and Floriculture:** MATEP worked with clients to facilitate increased involvement of small growers in vegetable exports to Europe and South Africa. MATEP also worked with a client to develop a marketing proposal for a new project to produce graded, sorted, washed and packaged table potatoes and frozen French fries supplied to the South African region as well as domestic markets. A new area being explored is that of exporting fruit pulp and other processed fruit into regional and other markets. MATEP is working with the private sector, academia, government to investigate the viability of such a value chain. MATEP facilitated a meeting of stakeholders in March, and is expected to engage a consultant during the coming quarter.

- **Handicrafts and wood products:** Ashante Design of South Africa continued its interest in Zambian wood carvings and added a further order of US$1,000 for carvings to be supplied in the month of April. During the quarter, they made their third visit to Zambia to discuss with carvers. Ashante has indicated that the biggest challenge the industry is facing, is access to properly dried wood in the sizes and volumes required. MATEP will work the industry to evaluate exisiting capacity and identify gaps. Kafakumbe Training Centre began training the targeted 30 wood workers / forest harvestors through support from MATEP. This will increase the knowledge base of the recipients and improve sustainable forestry amongst communities where the trainees originate. MATEP also engaged a student intern with a Diploma in Forestry and studying for a BSc in Agro-Forestry, to conduct a study on "Sustainable Forestry practices and Forest Certification in Zambia and timber market standards in the region". The purpose of the study is (1) to learn more about how sustainable forestry practices which are mandated by the Zambian government are implemented and monitored by government, clients and others (associations, NGO's donors etc). (2) To obtain information on options, costs, procedures for forest certifications. (3) To learn more about market standards in the region, for wood and wood product supply.

CLIENT SERVICES: BUYER LINKAGES & ENTERPRISE SUPPORT

MATEP continued responding to various buyer linkage and enterprise development demands from clients. These included technical assistance, financing, supply chain development and other market access support.

- **Scrollex Investment Ltd:** MATEP worked with Scrollex during the quarter to follow up on supply of groundnuts and sugar beans from Northern and Eastern provinces. MATEP also worked with Scrollex to develop a proposal for peanut butter production for the markets in Botswana, DRC and local supermarkets. MATEP held meetings with the Scrollex in-coming General Manager to discuss the Choppies supply; synergies with other clients (ChoiceNuts Ltd and Eastern Province Farmer Cooperatives Ltd).

- **ChoiceNuts Ltd:** ChoiceNuts Ltd began exports of peanut butter to Zimbabwe during the quarter. MATEP is also facilitating their supply of this product to the DRC and Namibia. MATEP further facilitated synergy discussions between ChoiceNuts, EPFC Ltd and Scrollex to improve the efficiency of the groundnut supply chain and marketing.

- **Ubuchi Capital Enterprise Ltd:** With MATEP assistance, Ubuchi Capital Enterprise Ltd procured close to 50mt of the targeted 200mt expected to be purchased from producers in Zambia. Ubuchi have also managed to obtain bar codes and glass packaging for a retail product targeted at markets in Angola, Botswana and Namibia.

- **Freshpikt Ltd:** MATEP continued to provide market linkage support to Zambia's only fruit and vegetable canning operation with follow up on products sent to Botswana and Namibia. Freshpikt has continued to supply increasing volumes of canned foods into Zimbabwe and sun-dried tomatoes into Germany. They have also engaged with contacts obtained during the MATEP facilitated AB7 last year for the supply of sun-dried tomato into South Africa. During the quarter, Freshpikt also run trials on mango and pineapple fruit juices and canned bream fish.

- **Forest Fruits:** MATEP continued work with Forest Fruits on accessing retail markets in Namibia, Botswana, DRC and Angola. MATEP is also working with Forest Fruits as they improve their packaging and processing capacity.

- **Chalimbana:** MATEP is working with Chalimbana to develop an out-grower programme. Ten smallholder and two large commercial farmers shall expand Chalimbana's supply capacity for peas (mange tout and sugar snaps) which are exported to the UK, US and South Africa. Up to 450mt of peas will be supplied to Chalimbana for the export market by these growers, over a 30 week growing season. This programme is expected to extend to baby corn in the pea off-season. MATEP is also looking into regional market opportunities (focus on Angola) for potatoes that Chalimbana grows in significant quantities.

- **Leobex Cooperative:** This cooperative of smallholder producers approached MATEP for technical and financial assistance to enable them participate in the Chalimbana out-grower programme. It is expected that MATEP will provide assistance to five of its members with income generated reaching US$ 30,000 over a 30 week growing season.

- **Mpongwe Bulima Organics Cooperative:** This cooperative focuses on the organic niche market in Europe and requested support from MATEP to facilitate their organic and Fair Trade recertifcation. MATEP provided support to this effect and will also consider an application for trade finance from the cooperative to purchase this year's crop.

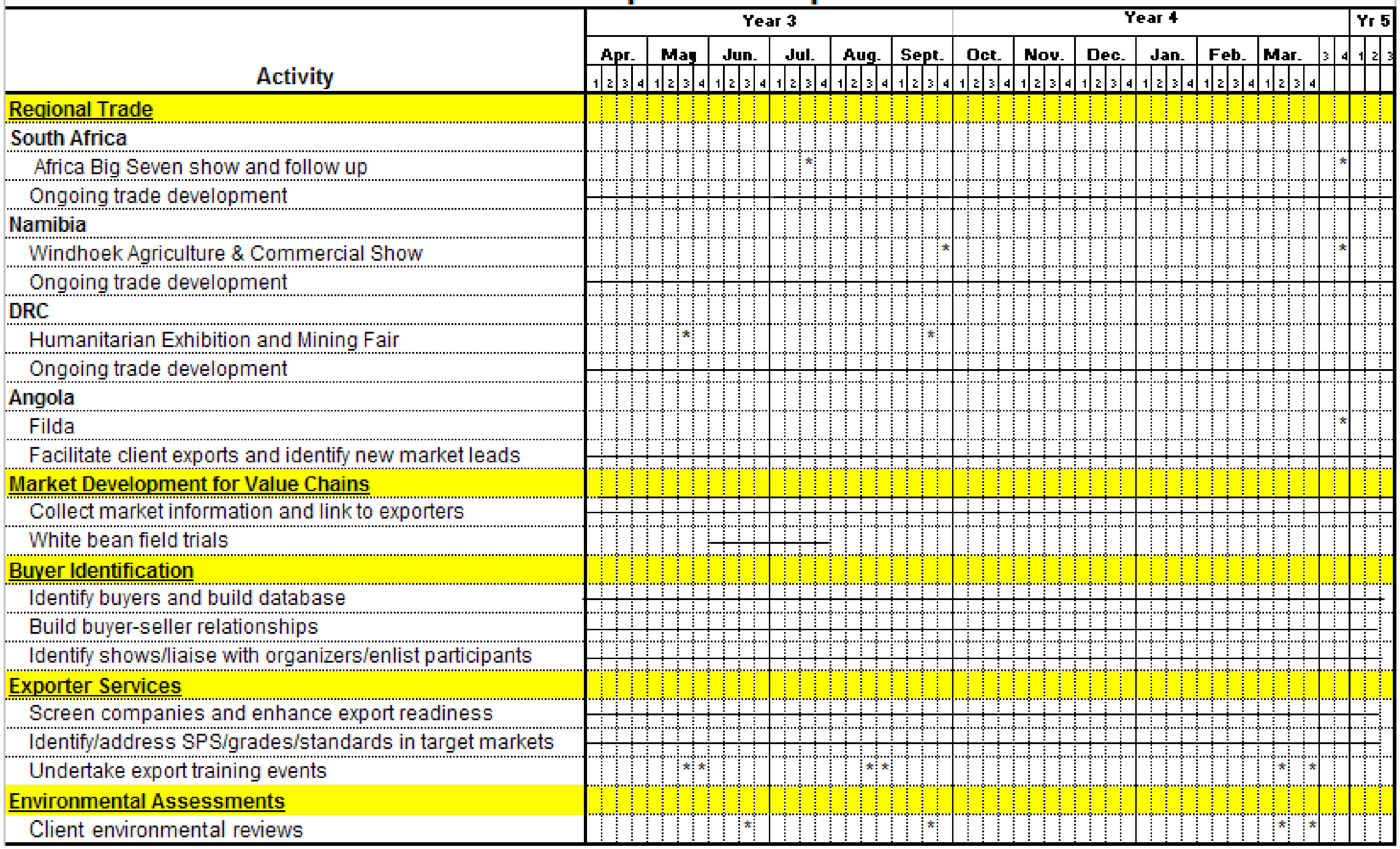
- **Zamseed and Kamano Seed:** These two seed firms have been aggressive and successful in exploiting export markets and international networks. MATEP assisted both firms with partial funding to participate in the African Seed Trader Association (AFSTA) Annual Congress held in Casablanca, Morocco from February 25 – 29, 2008. This is an annual meeting during which seed companies, dealers and traders meet. It is an important seed annual event that connects seed traders and suppliers from Europe and Africa. It is also a big opportunity for net working especially regional business links.

- **Zamleather:** MATEP worked with Zamleather to follow up leads for the supply of foot wear to a buyer in the DRC. This was as a result of Zamleathers participation in the Katanga Mining Fair. MATEP also facilitated linkages of Zamleather products to a prospective buyer (supermarket chain) in Saudi Arabia.

- **Enviro-Flor:** Through MATEP facilitation, Enviro-Flor increased its supply of flowers to Pick N pay through their agent as a result of the in-ward buying mission in December 2007. MATEP also worked closely with Enviro-Flor to conduct a market study for washed, graded, sorted and packaged table potatoes and frozen French fries in the region and the local market.

- **Unity Garments – Magic Show, Las Vegas, 12-15 Feb:** In partnership with the SAGC Hub in Botswana, MATEP facilitated the participation of Unity Garments at the above show

Market Access Component: Implementation Plan



TRADE AND ENABLING POLICY COMPONENT

MATEP's Trade and Enabling Policies Component continued to support implementation of programs that would promote expansion of exports from Zambia. Major activities during the quarter involved collaboration with the Zambia Business Forum in completing trade related studies; signing of a trade MOU with Angola; continuing work towards eliminating irradiation of honey exports to South Africa and value chain research in food consumption, cotton, horticulture, maize and fertilizer. The two ZBF studies were on Zambia's dual membership in both COMESA and SADC and on Business to Business development services. Both studies, begun in the previous quarter, were completed and outreach activities were conducted to disseminate findings. The long-awaited MOU for promoting trade between Moxico Province in Angola and North Western Province in Zambia was signed in February 2008. The signing ceremony took place during President Mwanawasa's state visit to Angola. With the honey irradiation issue, SPS consultants from South Africa visited Zambia to help the Ministry of Agriculture and the Zambian honey industry both with technical activities in Zambia and with communication with the South African SPS authorities. And in value chain research, data was collected in the second round of the Urban Food Consumption Survey; work continued on a multi-country study of cotton reform, on horticultural price and trade dynamics and on factors affecting fertilizer profitability; and a draft maize value chain study was completed.

- **Dual membership of Zambia in COMESA and SADC:** The ZBF/MATEP study on the dual membership of Zambia in COMESA and SADC was completed during the quarter and two outreach events were organized. The study was intended to consult widely in the private sector in order to develop a private sector position on the way forward. Since both COMESA and SADC are moving toward customs unions, it is thought that Zambia needs to choose between the organizations in deciding which to join and which to drop. A principal conclusion of the study is that this choice is artificial and should be resisted. Zambia, as well as other countries members in both organizations, should push strongly towards harmonization and eventual merging of the organizations into a single customs union. Since progress towards meeting initial targets for establishing Free Trade Ares is lagging, movement towards customs unions is premature now and an opportunity exists for FTA harmonization first. Two public forums were held for presenting and discussing the results; the first was attended by a mixed group of private sector and government participants and the second was with the Economics Association of Zambia.

- **Bilateral agreements: MOU – North Western Province (Zambia) and Moxico Province Angola:** At long last, the Memorandum of Understanding was signed between Zambian and Angola that will promote trade between Moxico Province in Angola and North Western Province in Zambia. MATEP first started working to establish this MOU following a market identification trip undertaken to Moxico Province in late 2005. After getting agreement " in principal" from the two provinces, MATEP provided early drafts of the MOU in 2006 and worked with both Angolan and Zambian governments in order to bring the MOU to reality. On the Angolan side MATEP worked with the Angolan Embassy in Lusaka and Governor's office in Moxico. On the Zambian side MATEP worked with the Ministries for North Western Province; Commerce, Trade and Industry; Foreign Affairs and Justice. MATEP also worked with the Zambia Development Agency and the Trade Expansion Working Group of PSD. Finally, in February of 2008 during a state visit to Angola by Zambia's President Mwanawasa, the MOU was signed.

- **Restriction of exports of organic honey to RSA due to irradiation requirements:** MATEP convened and hosted a meeting of the Honey Steering Committee during the quarter to press for implementation of the Workplan laid out in late 2007. Many actions had stalled during the holiday season. Two SPS experts from South Africa were also brought in to work on the irradiation issue in Zambia and meet with the Steering Committee (one funded by the Southern Africa Trade Hub and one by MATEP). MATEP has also moved to bring the Agribusiness Forum into the Steering Committee and recommended chairmanship of the committee shift from

MATEP to the Zambia Honey Council. Through the consultants, Zambia has succeeded in opening up a productive channel of communication with the South African SPS authorities – something that had eluded Zambian stakeholders in the past. Next steps in the workplan and responsibilities for implementation were discussed and decided on during the Steering Committee meeting.

- **Cargo Time Release Study (TRS) Action Plan:** MATEP continued to engage the Zambia Revenue Authority with regard to implementation of the TRS Action Plan, which was the outcome of the time release study. The Southern Africa Trade Hub, the MCC Threshold Project, MATEP and ZRA met to discuss funding of activities to be implemented from the TRS Action Plan.

VALUE CHAIN RESEARCH

Urban Food Consumption Survey

The primary objective of this survey is to develop a detailed understanding of the food and other consumption and expenditure behavior of households in key urban areas of Zambia. Key aspects of this behavior are consumer budget shares across different food groups and specific food items, and the market share of different types of retail outlets such as open air markets, street vendors, shops, supermarkets, and others. The survey will address four objectives and related sets of questions:

1. Understand urban consumption patterns and how these vary by income level and across key cities and regions of the country.
2. Quantify the importance of various retail channels in satisfying the food purchases of urban consumers and qualitatively assess how the importance of different channels has changed over time.
3. Quantify the importance of urban agriculture in the four selected urban centers, both in aggregate, for different income levels of households, and for different food groups.
4. Understand the rural-urban flow of goods and cash among extended households. Such information will provide insights into, for example, the proper design of emergency response activities for rural areas during droughts.

During the quarter, the following was accomplished with the Urban Food Consumption Survey:

- Second round of the Urban Food Consumption Survey data has been collected, entered and verified. Data cleaning has started.
- The price data that was used to complement the consumption data is being entered and will be verified and cleaned soon afterwards.
- For the next quarter work will continue in cleaning of the survey data, and entering, verifying and cleaning of the price data.

Cotton

Consistent with the overall MATEP objectives and approach, the objective of the cotton policy activities is to strengthen the link of smallholder farmers to a value chain with good potential for growth in volume and value. Our approach is first to build on previous research and policy dialogue by FSRP by engaging stakeholders in a broad-based consultation process that will lead to a sector development plan with buy-in from key stakeholders. Following approximately one year of consultation, it is anticipated that a stakeholder workshop will be held to critically discuss proposed elements of a sector development plan and agree on a way forward. Following this process, FSRP will, through MATEP, conduct selected additional research as identified by stakeholders and as feasible within MATEP's budget.

During the quarter, the following was accomplished:

- Stephen Kabwe attended the Africa Cotton Association Congress held in Lusaka at Pamodzi Hotel from 13th March to 14th March 2008. The theme of the Congress was "Processes of liberalization of cotton in Africa: assessment and prospects". The Congress discussed the experiences various countries have had after liberalization of their cotton sectors, and also touched on world cotton supply and use outlook. From the discussion, it was observed that cotton sectors of the countries of East, Central and Southern Africa have been successful after liberalization. Seed cotton production has risen after liberalization and they have seen more investment by the private sector. West African countries still have monopoly and local monopoly systems and have not yet liberalized their cotton industries. The outlook sessions indicated that projected world cotton production is expected to be lower than the cotton use. This is because of the reduction in cotton production by the United States. It was also indicated that the cotlook A index (cotton price) is at its highest (71 cents/lb) during the first seven months of 2007/08, 12 cents higher than during the same period last season. In the same conference the new Minister of Agriculture read a speech on behalf of the President of Zambia in which he acknowledged the problems the cotton sector is facing and the need to have a revised Cotton Act in place. The Minister reaffirmed the Ministry's position to ensure the Cotton Act being enacted this year. At the end of this conference, Stephen Kabwe had the opportunity to speak with the Minister of Agriculture and briefed her on the work the Cotton working Group (in which the Project is a member) has done with regard to the Cotton Act. She was pleased with that and she expressed interest to learn more so that she could move the work on the Cotton Act forward.

- Stephen Kabwe also attended the cotton field day at Magoye Research Station on 28th March 2008. This was another opportunity where he will interact with the Minister and other people in the cotton industry.

- David Tschirley worked to finalize the cross-country comparative report on experience with cotton sector reform; the finalized report should be posted to the FSRP web site early in the second quarter.

- In the coming month Stephen Kabwe will work with the Cotton Working Group to prepare some materials in relation to the work of the revised Cotton Act and present them to the new Minister. This will help her to catch up with the work the Cotton Working Group has done on the revised Cotton Act so that she will be able to push it to Parliament and defend it. Discussion of findings from the cross-country work with stakeholders will continue in the coming quarter.

Horticulture

Given the relative lack of information on Zambia's horticultural system, our strategy emphasizes applied analysis during year one, development of a proposal for a Horticultural Supply Chain Development Program during the first half of year two, and a National Stakeholders' Workshop no later than the middle of year two, to review, revise, and approve this plan and form a Horticultural Supply Chain Task Force. The remaining years of the program will focus on implementation, monitoring, and adjustment of the action plan in collaboration with the Task Force.

During the quarter, the following was accomplished:

- Continued work on horticultural price dynamics and trade flows.

- Continued work on tomato pricing patterns and impacts of price variability on farmers.

- Conducted consultations/arrangements for implementation of a mobile phone based horticultural price and supply information system in conjunction with ZNFU. A testing phase has since commenced.

- Work in the coming quarter will be concentrated on 1) continuation of work on horticultural price dynamics and trade flows; 2) a survey of tomato growers in two key supply areas for Lusaka to determine costs of production, which will be used in the study of pricing patterns and impacts of price variability on farmers, 3) continued testing of the mobile phone based horticultural price and supply information system in conjunction with ZNFU and later switching to a more permanent system.

Maize

To address technology development and dissemination, public/private investment in input markets and high marketing costs that reduce farm level profitability and effective demand, our strategy emphasizes developing and disseminating better informing for resource allocation decisions, redefining the role of government and international trade.

During the quarter, the following was accomplished:

- FSRP/MATEP has initiated analysis of how world food and input price inflation is likely to affect Zambian agriculture and food security. There is a broad consensus that world food prices are likely to remain high over at least the next 5-8 years. There has been limited analysis of how rising world food prices will affect price levels, production and consumption decisions in Zambia. Fertilizer prices are also expected to rise. In Zambia, DAP prices may rise to $650-$750 over the next year, representing a two-fold rise over price levels in the early-to-mid 2000s. Initial analysis in January 2008 is beginning to address how a secular increase in food and fertilizer prices will affect substitution and possible diversification of food consumption, and food crop production and input use. Particular attention is being focused on (i) the kinds of farmers who will be able to respond positively to higher prices and those who will not; (ii) what crops will gain and what crops will lose from rising fertilizer prices; (iii) the extent to which low-income consumers will be able to withstand the impact of higher food import prices during a regional drought; (iv) the ability of regional trade to moderate price rises during drought years, and (v) cost-effective policies and investments to proactively reduce the likelihood of a food crisis resulting from local or regional harvest shortfalls. The people involved in this work are Dingi Banda, Antony Chapoto, Hunter Nielsen, Thom Jayne, and Steve Haggblade.

- Jayne and Haggblade made two presentations on this topic at USAID's IEHA meetings in Washington on January 24, 2008. Powerpoint presentations are:
  - Regional Food Staples Market Development. Steven Haggblade. IEHA Coordination Meeting. January 24, 2008.
  - Smallholder Farmer Behavior and Agricultural Productivity in Eastern and Southern Africa: Implications for Regional Trade. T.S Jayne. Panel Discussion, IEHA Coordination Meeting, USAID/Africa Bureau. Washington DC. January 24, 2008.

- Govereh, Chapoto and Jayne have finalized a draft maize value chain study and have circulated this for comments. We will integrate comments and finalize the report in April 2008, and then work with MACO, MATEP and other partners to determine appropriate outreach plans over the coming several months.

- Chapoto and Jayne are close to finalizing additional analysis of maize price in Zambia and the impact of FRA purchase and sales operations on maize price levels and instability. This paper is to be finalized in April 2008.

- During the coming quarter work will continue on identifying opportunities to improve food security and rural income growth, and urban maize consumption patterns and food security policy in Zambia.

Fertilizer

This subcomponent deals with the issue of subsidy distribution by the state vs. development of a sustainable private sector distribution system within the context of the Agricultural Input Marketing Plan (AIMDP).

During the quarter, the following was accomplished:

- Jayne presented analysis on the profitability of fertilizer under different smallholder conditions and locations in Zambia, based on on-going work by FSRP in Zambia.
    - Research Findings on Alternative Approaches for Raising Smallholder Agricultural Productivity. Implications for USAID Support for the CAADP Program. T.S Jayne. Panel Discussion, IEHA Coordination Meeting, USAID/Africa Bureau, Washington DC. January 24, 2008.
- Govereh and Jayne have continued to prepare a FSRP working paper on factors affecting fertilizer profitability in Zambia, and are preparing for a presentation at the COMESA stakeholders meeting in March 2008.
- Additional analysis of Crop Forecast survey data is being integrated into the draft fertilizer report for Zambia. The CFS data shows a steady increase from 2000/01 to 2006/07 in the proportion of smallholder households applying fertilizer on maize. However, updated results also show that FSP activities significantly displaced commercial fertilizer purchases in recent years, leading to a situation where rural commercial fertilizer retailing has ceased in many areas. A draft fertilizer report is near completion and will be circulated for comments this week. FSRP/MATEP will confer with partners to determine appropriate timing and venue for outreach events.
- During the coming quarter work will continue on fertilizer profitability under different smallholder conditions and locations in Zambia.

Trade and Policy Component: Implementation Plan

Activity	Year 3						Year 4							Yr 5
	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.		
	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	3 4	1 2 3
Overcoming Barriers to Trade														
Implementation of honey irradiation workplan														
Launch of B2B page of ZBF website														
Maize														
Maize Value Chain Study: Improving food security and rural income growth														
Urban Maize Consumption Implications for food security policy														
Oureach activities for key policy findings														
Fertilizer and Inputs														
AIMD Plan follow-on research														
Analysis of FSP impact on input markets and smallholder fertilizer use														
Analysis of fertilizer profitability: implications for government policies														
Oureach activities for key policy findings														
Cotton														
Stakeholder consultation/supply chain dev. workplan implementation														
Horticulture														
Urban survey														
Phase 2 - data cleaning														
Analysis and Report														
Task Force formation and meetings														
Horticultural supply and price dynamics														
Market Information collection and dissemination														
Implementation														
Revision and move to more permanent system														

TOURISM COMPONENT

MATEP Tourism continued working with the Travel Agents Association of Zambia (TAAZ) in establishing networking linkages with US tourism buyers. In addition, the component finalized preparations for Hotel and Catering Association of Zambia (HCAZ) training which commenced in March 2008 with training sessions in Luapula Province (Mansa) and Northern Province (Kasama). During the quarter, MATEP finalized preparations for technical assistance in the Meetings, Incentive Travel, Conferences and Events (MICE) area for the Tourism Council of Zambia (TCZ)/Destination Lusaka as a follow up to the initial MICE TA.

MATEP provided support to TCZ and its member associations in researching the effects of Government's sudden increase in visa fees across the board and most importantly for the American and British visitors who saw visa fees increase over 500%. The component also held meetings with the World Bank SEED Project and the Japanese Embassy in exploring ways of enhancing synergies in the tourism sector. Another meeting was held with SNV, TCZ, and Ministry of Tourism to look at ways to enhance development of the tourism sector.

IMPROVE INTERNATIONAL MARKETING

- **MICE technical assistance:** As a follow up to the initial MICE TA undertaken by Rick Taylor and the subsequent participation by the TCZ MICE Desk Officer at European International Business Travel Market, MATEP finalized preparations for additional TA to reinforce the MICE Desk with business contacts and an entrée into the business meetings international fraternity. This was initially scheduled for February 2008, however it was rescheduled to May 2008 at the request of TCZ.

CREATE MARKET LINKAGES

- **TAAZ market linkages:** MATEP finalized preparations with TAAZ for conducting the GEM Group consultancy for establishing linkages to the US tourism market. This will include the GEM group consultant, Gerald Mitchell, conducting training for TAAZ members on the requirements of the American outbound wholesalers as well as tour package development, payment platforms, and pricing. This will be conducted in April 2008. Further, the GEM group is working with the TAAZ operators to develop criteria and a logo for a "seal of quality" when operating with GEM and the US Tour Operators Association. The GEM group will work closely with the Zambia Tourism Board (ZTB) New York office to jointly represent the TAAZ Tour Operators at tourism fairs.

- **Zambia International Travel Show Preparations:** MATEP attended the launch of preparations for the AFRICAST-managed Zambia International Travel Show (ZITS) at Holiday Inn. The actual show will held at the Mulungushi International Conference Centre on 24 – 26 April 2008 and will bring together Government, NGOs, foreign missions and the public and the tourism industry players. Thus far80 local exhibitors and 20 regional exhibitors from Mozambique, Malawi, Zimbabwe, and Angola have confirmed participation. AFRICAST plans to bring in 15 journalists and buyers from Europe.

CLIENT SERVICES

- **TCZ - ZTB planning meeting submissions:** MATEP provided technical inputs to TCZ's submission to the newly constituted Zambia Tourism Board strategic planning process. This activity was a follow up to the enactment of the Zambia Tourism Board Bill, which changed the strategic focus of ZTB from both marketing and licensing to being primarily a marketing arm for Zambia. A key recommendation is that ZTB should be more consultative in preparing for marketing events and should provide feedback from its marketing activities to stakeholders.

- **HCAZ – ZTB planning meeting submissions:** In tandem with the TCZ assistance, MATEP worked with HCAZ in preparing their submissions to the ZTB in their strategic planning process. As with the TCZ submission, MATEP worked with the HCAZ Executive Committee in articulating the varied submissions from members. The HCAZ submission highlighted the difficulty the association faced with ZNTB - a serious lack of communication, HCAZ recommended that the restructured ZTB engage more with the stakeholders so as to engender cooperation with the sector in marketing Zambia.

- **TCZ - RNE budget submissions:** MATEP provided technical inputs to TCZ in preparing their budget for Year 2 Secretariat support from the Royal Netherlands Embassy. MATEP assisted TCZ refine its Strategic Development Plan resulting in the RNE funding secretariat support. MATEP also provided technical inputs to the TCZ Executive Directors Office in preparing the expense report and a budget for the next funding cycle.

- **Panorama Lodge, Restaurant and Amusement Centre:** MATEP reviewed a financing application for Panorama Lodge, Restaurant and Amusement Park in Chipata to enable them complete development work for their activity at Chief Mpezeni's area. The project would leverage funding by a Dutch organization as well.

- **Tourism Marketing Growth Strategy:** MATEP held meetings with TCZ and ZTB in reviewing the proposal from Frost Fuller and Associates for undertaking the Tourism Marketing Growth Strategy. The growth strategy aims at creating an actionable marketing growth strategy that would be used as a road map for ZTB's marketing efforts. The assignment commenced in March with the consultant, David Frost making the initial scoping meetings with stakeholders drawn from a cross section of the tourism sector. The next phase will involve the consultant holding meetings with the operators in Zambia's target markets. This will be followed by an analysis of the findings and development of a strategy, which will be embraced by ZTB.

- **TCZ workplan and benchmarks:** MATEP worked with the TCZ Secretariat on developing a workplan and benchmarking for staff performance. This was necessitated by the apparent lack of direction exhibited by the TCZ Secretariat with regards to the duties and responsibilities of the recently employed Marketing Executive and Policy Analyst. The workplan and benchmark will now be used to keep a tight focus on the activities of the Secretariat.

- **TCZ submissions to the revision of the Immigration Act:** MATEP worked with TCZ in preparing submissions to the Ministry of Home Affairs on the proposed revisions to the Immigration Act. A private law firm was engaged by the Ministry of Home Affairs to review the Immigration and Deportation Act taking into account the views and input from a cross section of the public and interested stakeholders. The submission from TCZ focused on the problem experienced by tourists with the revised visa fees and by tourism operators with Employment Permits.

RESEARCH AND POLICY CHANGE

- **Research - visa fees:** The Minister of Finance in his budget speech announced the increase of visa fees of 100% from US$25 to US$50, but of much greater increases for American (US$135) and British (US$140) visitors. Visa waivers and one-day visas were also abolished. Considering that over 80% of international visitors are from America or Britain, this may lead to a reduction in numbers from these key markets as they divert to the neighboring countries where visa fees are lower or non-existent, e.g. Botswana, Namibia, and South Africa. TCZ commissioned a consultant to undertake a quick survey on the likely economic impact of the visa fees and MATEP assisted with this work and provided consulting logistics. Output was submitted to Government in lobbying to reconsider their decision to increase visa fees and work in this area will continue during the next quarter.

FORGE COLLABORATIVE ALLIANCES

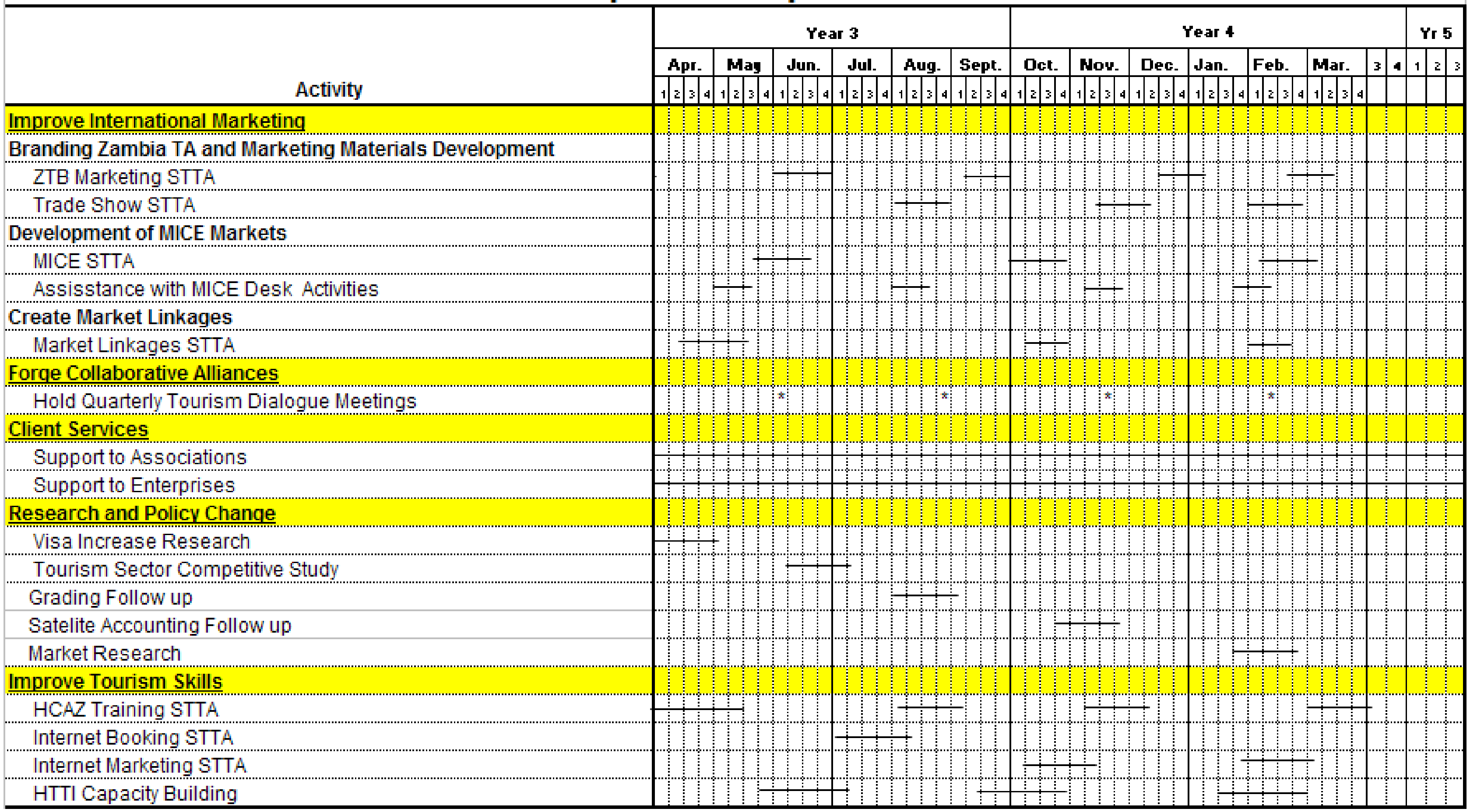
- **MATEP – SEED Project:** MATEP held a meeting with the World Bank SEED Project to explore ways of enhancing synergies between the two projects. Also in attendance was the Japanese Embassy representative. The meeting established areas of cooperation in capacity building of the LTA and the Mukuni Park curio sellers.

- **MATEP – SNV:** MATEP held a meeting with SNV, TCZ, and the Ministry of Tourism to further explore areas of collaboration. MATEP and SNV agreed to continue working closely with HCAZ in Luapula and Northern province to provide training (MATEP) and advocacy and BDS (SNV). TCZ and the Ministry of Tourism pledged to assist MATEP and SNV in working with both the small and medium businesses in the sector.

IMPROVE TOURISM SKILLS

- **HCAZ training:** MATEP began another round of HCAZ training, this time using local consultants who worked with previous international consultants providing training inputs to HCAZ members. The training was conducted in Mansa and Kasama with a total number of sixty participants in Mansa and 44 participants in Kasama. The training will continue in Siavonga, Kafue and Livingstone during the coming quarter. Topics covered were as follows:
  - Modern trends in reservation systems;
  - Front desk management;
  - Food and beverage services;
  - Triangle of success.
  - Hospitality financial management
  - Creating a great first Impression;
  - Self motivation;
  - Effective team work;
  - Guest relations and problem solving;
  - Staff empowerment and effective communication;
  - Taking advantage of local products.
  - Marketing strategies;
  - Sales force management;
  - Branding with a local tone.

Tourism Component: Implementation Plan



FINANCE COMPONENT

This section of the report outlines progress in implementation of the MATEP Investment Fund through the Zambia Agricultural Technical Assistance Centre (ZATAC) for the Quarter. Total MATEP credit disbursements now stand at US$ 3,107,731 (at current exchange rates). This figure includes lending from MATEP directly and loans originated by MATEP and financed out of ZATAC resources.

- **Short-term credit** to export-oriented agribusinesses and tourism enterprises:
    - A disbursement of ZMK 30,000,000 was made to Naganunozye, a textile facility for purchase of textile materials, processing and supply of protective clothing.
    - A disbursement of US$ 250,000 was made to Freshpikt for export working capital.
    - A disbursement of US$ 60,000 was made to Ubuchi for the purchase of raw honey and processing equipment for exporting honey.
    - Total disbursements made under the MATEP/ZIF Short-Term Credit Facility stand at US$ 1,570,821.
    - Total disbursements made under ZATAC Ltd loans initiated by MATEP stand at US$ 651,673
- **Medium-term credit** for export and tourism enterprises:
    - Total disbursements made under the MATEP/MIF stand at US$ 885,237.
- **Remediation**
    - Kamano Seeds, Limulunga, African Joy, Chimwemwe lodge, Mushitu Safaris continued to pay towards their medium-term loans.
    - Debt rescheduling negotiations were undertaken with ZEOCO, leading to a repayment of $40,000 in the quarter.
    - Clients were called and reminded of their dues. Routine monthly Debit Notes were sent out to all clients.
    - Legal proceedings have been commenced to redeem the loan or the pledged asset for the Global Exports Bureau loan for Soy exports.
    - Kabwe Tannery has been sold (privatized) on a "going concern" basis to Tata International. Zambia Development Authority (ZDA) has confirmed that it will be the only authority to pay creditors of Kabwe Tannery from the sales proceeds of the Company. They have also confirmed that MATEP/ZATAC is listed as one of the creditors of Kabwe Tannery. ZDA indicated full payment of the MATEP loan would be made in the coming quarter.
    - Negotiations were conducted with Mr. Chris Bester's new partner for him to propose new terms of settlement for the $40,000 cucumber export working capital loan. A proposal is expected within the next Quarter.

- **Leveraging resources**
    - A total of $50,000 was successfully leveraged from Woord en Daard of the Netherlands for the $100,000 working capital requirements to finance the establishment Panorama Amusement Centre and Lodge in Chipata, Eastern Province. Disbursement is expected to commence in the next Quarter.

- **Due diligence**
    - Due diligence assessment of Panorama Amusement Centre and Lodge was undertaken in Chipata, The legal status, products and services delivery capacity, financial management capacity and proposed governance and ownership arrangements were found to be satisfactory. Panorama was recommended for MATEP 50% cost-share financing of the total $100,000 requested.

Finance Component: Implementation Plan

Activity	Year 3																								Year 4																										Yr 5		
	Apr.				May				Jun.				Jul.				Aug.				Sept.				Oct.				Nov.				Dec.				Jan.				Feb.				Mar.				3	4	1	2	3
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4					
Short-term lending																																																					
Continue export loan operations																																																					
Quarterly review of ZIF operations				x											x													-												-			-		x	x	x	x			x	x	x
Annual ZIF audit																																													x						x		
MATEP ST Loan Fund Disposition																																																					
Medium-term lending																																																					
Continue loan operations under MTF																																																					
Quarterly review of MIF operations				x											x													-												-			-		x	x	x	x			x	x	x
Annual MIF audit																																													x						x		
Medium-term Fund Disposition																																																					
Leveraging via financial intermediation																																																					
Continue intermediation and leveraging																																																					

HIV/AIDS COMPONENT

The high prevalence of HIV/AIDS has been identified as a major threat to Zambia's continued export growth. MATEP, through funds obligated from the President's Emergency Program for AIDS Relief (PEPFAR), is conducting community outreach HIV/AIDS prevention programs that promote abstinence and/or being faithful with its export and tourism clients. MATEP is integrating the HIV/AIDS prevention activities into each of its components: Market Access, Trade and Enabling Policies, Tourism and Finance.

In the quarter under review, MATEP continued with preparations to implement Year Three of the project's HIV/AIDS activities with the various implementing partners namely: Hotel and Catering Association of Zambia (HCAZ), Zambia Export Growers Association (ZEGA), Ministry of Labour and Social Security (MLSS), Michigan State University (MSU) through the Food Security Research Project (FSRP) and the Ministry of Tourism, Environment and Natural Resources (MTNER).

- **HCAZ HIV/AIDS Activities:** During the last quarter, MATEP finalized preparations for Phase II of the HIV/AIDS prevention and awareness training programs with HCAZ member (hotels and catering establishments). A training schedule has been drawn up for HCAZ members that had not participated in Phase I of the MATEP HIV/AIDS program. Each participating member has selected the individuals/employees that will undertake the training. MATEP also finalized preparations for the HCAZ policy development workshop scheduled for the 3rd and 4th of April, 2008 and over 20 members including the HCAZ executive committee are expected to participate. Participants have been selected from eight regions of Zambia, namely: Lusaka, Kafue, South East, Luapula, Southern, Copperbelt, Northwestern and Central.

- **Phase II ZEGA Farms HIV/AIDS Roll-out Program**: MATEP followed-up with the identified additional ZEGA members (farms growing and exporting flowers and vegetables) that did not participate in the first and second phases of the MATEP/ZEGA HIV/AIDS program. Those members that being included in this phase are Scimitar, Floribo, Enviro-Flor and Jakana farms as well as ZEGA itself. Tentative training dates for the selected individuals/employees from Scimitar, Floribo farms and ZEGA have been made and planning will begin with the other members shortly.

- **ZEGA/NZTT HIV/AIDS sustainability plan:** MATEP has been following up with ZEGA/NZTT after the meeting with NZTT CEO Dr. Chinonge at which a funding proposal for a sustainable ZEGA HIV/AIDS program was discussed. MATEP had suggested some amendments to the document to ensure a favorable response from other partners. MATEP also indicated willingness to assist with some capacity building funding for the sustainability plan and also in the development and implementation of a workplace policy on HIV/AIDS.

- **Ministry of Labour and Social Security (MLSS):** MATEP completed preparations for the MLSS follow-up workshop to finalize the HIV/AIDS workplace policy checklist developed last year. MATEP in the previous year had organized a two-day HIV/AIDS workplace policy development and awareness training workshop for 30 labour inspectors. The participants drafted an HIV/AIDS workplace policy checklist that will be revised and finalized at a workshop scheduled for the 2nd and 3rd of April, 2008. MATEP also met with the Private Sector/Workplace Specialist at the National Aids Council (NAC) for possible collaboration during the MLSS workshop.

- **FSRP/MSU:** In the last quarter, MATEP followed up with FSRP on further collaboration in the upcoming surveys. FSRP will be will be training about seven enumerators for a survey that will cover 120 tomato farmers in mid-April and also a rural survey which will cover well over 5,000 farmers.

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- **Central Statistical Office (CSO):** MATEP continued working with the CSO to develop a program of activities for incorporating HIV/AIDS prevention messages into the various CSO national workshops and surveys..

HIV/AIDS Component Implementation Plan

Activity
ZEGA HIV/AIDS Prevention Program
Workplace policy development
Selection of trainees and training of Awareness Educators
Roll-out of prevention messages
Program monitoring and feedback
HCAZ Tourism HIV/AIDS Prevention Program
Sensitization
Identification of businesses
Selection and training of HIV/AIDS Awareness Educators
Roll-out and prevention messages
Workplace Policy Development
FSRP/MSU
Training Enumerators as HIV/AIDS Awareness Educators
Roll-out and prevention messages
Min. Lands & Social Security HIV/AIDS Prevention program
Workplace policy development * *
Business inspections for HIV/AIDS workplace program
Central Statistical Office (CSO)
Selection and training of HIV/AIDS Awareness Educators
Roll-out and prevention messages
Min.Tourism, Environ. & N R HIV/AIDS Prevention program
Workplace policy development
Training of inspectors in HIV/AIDS Awareness and policy
Business inspections for HIV/AIDS workplace program

MATEP "PMP" INDICATORS - Mid-Year FY08

	INDICATOR		TARGET and ACTUAL				
			FY06	FY07	FY08	FY09	FY10
	Trade/Export-related Indicators						
1	Value of ANR-based exports, including tourism receipts, $M	Target	425	465	518	550	600
		Actual	494	582	311		
	1.1 Value of ANR-based exports, $M	Target	275	305	348	370	410
		Actual	323	402	220		
	1.2 Value of estimated tourism receipts, $M	Target	150	160	170	180	190
		Actual	171	180	91		
2	Number of export/tourism transactions completed as reported by assisted firms (revised target)	Target	1,000	6,800	34,200	40,100	42,800
		Actual	4,884	13,637	23,110		
	2.1 Number of export transactions reported by assisted firms	Target	750	3,800	4,200	4,600	4,800
		Actual	3,498	3,240	2,480		
	2.2 Number of tourism transactions reported by assisted firms (revised target)	Target	250	3,000	30,000	35,000	38,000
		Actual	1,386	10,397	20,630		
3	Value of export/tourism transactions reported by assisted firms, $M (revised target)	Target	20	52	90	108	125
		Actual	40	58	40		
	3.1 Value of export transactions reported by assisted firms, $M	Target	19	50	60	75	90
		Actual	39	55	26		
	3.2 Value of tourism transactions reported by assisted firms, $M (revised target)	Target	1	2	30	33	35
		Actual	1	3	14		
4	Value and volume of exports of targeted commodities reported by assisted firms						
	4.1 Paprika/Chili	Value, $'000	485	1,050	519		
		Volume, tons	450	932	110		
	4.2 Horticulture	Value, $'000	20,105	36,446	13,238		
		Volume, tons	4,292	5,644	2,702		
	4.3 Coffee	Value, $'000	12,900	8,300	7,200		
		Volume, tons	6,000	3,483	2,874		
	4.4 Honey	Value, $'000	510	520	153		
		Volume, tons	300	271	65		
	4.5 Seed	Value, $'000	1,524	4,572	803		
		Volume, tons	1,459	4,858	660		
	4.6 Livestock products	Value, $'000	2,422	1,979	2,735		
		Volume, tons	1,086	2,121	1,787		
	4.7 Cotton/textiles	Value, $'000	25	145	94		
		Volume, tons	1	12	7		
	4.8 Maize	Value, $'000	-	-	-		
		Volume, tons	-	-	-		
	4.9 Groundnuts	Value, $'000	-	1,023	529		
		Volume, tons	-	1,300	623		

MATEP "PMP" INDICATORS - Mid-Year FY08

	INDICATOR		TARGET and ACTUAL				
			FY06	FY07	FY08	FY09	FY10
5	Value and volume of intra-regional exports of targeted commodities reported by assisted firms						
	5.1 Paprika/Chili	Value, $'000	325	765	71		
		Volume, tons	250	656	55		
	5.2 Horticulture	Value, $'000	5,680	2,591	1,904		
		Volume, tons	1,187	612	613		
	5.3 Coffee	Value, $'000	4,515	2,656	1,800		
		Volume, tons	2,100	1,115	719		
	5.4 Honey	Value, $'000	-	-	-		
		Volume, tons	-	-	-		
	5.5 Seed	Value, $'000	1,524	4,572	803		
		Volume, tons	1,459	4,858	660		
	5.6 Livestock products	Value, $'000	1,644	383	810		
		Volume, tons	993	229	459		
	5.7 Cotton/textiles	Value, $'000	23	136	91		
		Volume, tons	1	11	7		
	5.8 Maize	Value, $'000	-	-	-		
		Volume, tons	-	-	-		
	5.9 Groundnuts	Value, $'000	-	1,023	471		
		Volume, tons	-	1,300	539		
6	Value and volume of purchases from smallholders of targeted commodities reported by assisted firms						
	6.1 Paprika/Chili	Value, $'000	176	125	16		
		Volume, tons	114	85	12		
	6.2 Horticulture	Value, $'000	166	318	237		
		Volume, tons	546	164	204		
	6.3 Coffee	Value, $'000	16	-	9		
		Volume, tons	8	-	4		
	6.4 Honey	Value, $'000	200	113	237		
		Volume, tons	400	210	267		
	6.5 Seed	Value, $'000	450	836	318		
		Volume, tons	1,564	2,590	533		
	6.6 Livestock products	Value, $'000	428	1,181	970		
		Volume, tons	965	3,335	1,800		
	6.7 Cotton/textiles	Value, $'000	-	-	-		
		Volume, tons	-	-	-		
	6.8 Groundnuts	Value, $'000	-	340	450		
		Volume, tons	-	1,300	865		

MATEP "PMP" INDICATORS - Mid-Year FY08

	INDICATOR			TARGET and ACTUAL				
				FY06	FY07	FY08	FY09	FY10
	Finance-related Indicators							
7	Value of finance/capital accessed reported by assisted firms, $M, cumulative		Target	2.0	5.0	10.0	15.0	20.0
			Actual	5.4	8.2	10.6		
8	Number of MATEP Investment Fund loans, cumulative, disaggregated by gender	Total	Target	15	25	45	60	70
			Actual	15	26	30		
		Female	Target	5	8	15	20	23
			Actual	3	5	8		
9	Percentage of the number of loans currently performing (not delinquent), disaggregated by gender	Total	Target	80%	80%	80%	80%	80%
			Actual	71%	85%	83		
		Female	Actual	50%	90%	91		
10	Value of MATEP loans, disaggregated by gender, $'000, cumulative	Total	Target	1,200	2,000	3,000	3,500	4,000
			Actual	1,053	2,592	2,997		
		Female	Target	300	600	900	1,100	1,200
			Actual	211	486	557		
11	Percentage of the value of the lending portfolio currently performing	Total	Target	90%	90%	90%	90%	90%
			Actual	89%	90%	87		
		Female	Actual	90%	96%	95		
	BDS and HIV/AIDS-related Indicators							
12	Number of clients/entrepreneurs receiving BDS (revised target)		Target	25	55	65	65	65
			Actual	48	73	67		
13	Number of people reached with HIV/AIDS A & B outreach programs (revised target)	Total	Target	30,000	15,000	15,000	15,000	
			Actual		17,179	1,398		
		Female	Actual	30,154	7,539	95		
14	Number of people trained for delivery of HIV/AIDS prevention programs (revised target)	Total	Target	70	100	100	100	
			Actual		342	-		
		Female	Actual	132	138	-		
	Training-related indicators							
15	Number of people completing training seminars (in export skills, policy reform, tourism, HIV/AIDS, etc.) (revised target)	Total	Target	50	400	400	400	400
			Actual	364	871	203		
		Female	Target	20	160	160	160	160
			Actual	183	341	84		
	Original PMP indicator targets:							
2	Number of export/tourism transactions completed as reported by assisted firms		Original target	1,000	1,400	1,800	2,000	2,200
3	Value of export/tourism transactions reported by assisted firms, $M		Original target	20	30	50	75	90
12	Number of clients/entrepreneurs receiving BDS		Original target	25	40	60	60	60
13	Number of people reached with HIV/AIDS A & B outreach programs (*)		Original target	30,000	25,000	15,000	15,000	15,000
14	Number of people trained for delivery of HIV/AIDS prevention programs		Original target	70	58	35	35	12
15	Number of people completing training seminars (in export skills, policy reform, tourism, HIV/AIDS, etc.)		Original target	50	50	50	30	20

(*) HIV/AIDS outreach targets reduced due to lower expected PEPFAR funding from $750,000 to $550,000 and reduction in length of support from five years to four years

MATEP "OP" INDICATORS

Mid-year -FY08

INDICATORS		TARGET AND ACTUAL		
		FY06	FY07	FY08
Program Area: Trade and Investment				
Program Element 1: Trade and Investment Enabling Environment				
1.1. Number of consultative processes with the private sector	Target		4	4
	Actual	3	5	2
1.2. Number of USG supported training events held that related to improving the trade and investment environment	Target		2	2
	Actual	0	2	2
1.3. Number of participants in trade and investment environment trainings.	Target		40	40
	Actual	0	138	208
	M/F		M:78/F:60	M:119/F:84
1.4. Number of trade and investment environment diagnostics conducted	Target		6	6
	Actual	6	7	5
1.5. Number of legal, regulatory or institutional actions (not mentioned above) taken to improve implementation or compliance with international trade and investment agreements.	Target		3	3
	Actual	3	3	2
Program Element 2: Trade and Investment Capacity				
2.1. Number of firms receiving capacity building assistance to export	Target		55	65
	Actual	48	73	67
2.2. Number of USG supported training events held that provided training on topics related to investment capacity building and improving trade .	Target		3	3
	Actual	2	3	1
2.4. Number of firms receiving USG assistance that obtain certification with international quality control, environment and other	Target		1	1
	Actual	0	2	1
2.5. Numbers of participants in USG supported trade and investment capacity building trainings.	Target		50	50
	Actual	55	96	30
	M/F		M:66/F:30	M:30/F:0
Program Area: Financial Services				
Program Element 3: Financial Services				
3.1. Number of USG supported special funds loans issued this year	Target		10	10
	Actual	8	10	4
3.2. Value of USG supported special funds loans issued (in US dollars) this year	Target		0.8M	1.0M
	Actual	0.6M	1.44M	0.4M

MATEP "OP" INDICATORS

Mid-year -FY08

INDICATORS	TARGET AND ACTUAL			
		FY06	FY07	FY08
Program Area: Agriculture				
Program Element 4: Agricultural Enabling Environment				
4.1. Number of policy reforms analyzed as a result of USG assistance	Target		2	2
	Actual	1	4	0
4.2. Number of policy reforms presented for legislation/decree as a result of USG assistance	Target		2	2
	Actual	1	2	0
4.4. Number of individuals who have received short term agricultural enabling environment training as a result of USG assistance (sex-disaggregated).	Target		40	45
	Actual	38	60	0
	M/F		M:25/F:35	0
Program Element 5: Agriculture Sector Productivity				
5.6. Number of producers organizations, water users associations, trade and business associations and community based organizations assisted as a result of USG assistance	Target		10	10
	Actual	8	14	10
5.7. Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance	Target		11%	14%
	Actual	0	38%	46%*
5.9. Percent change in value of purchases from smallholders of targeted commodities	Target		15%	15%
	Actual	0	83%	70%*
Program Area: Private Sector Competitiveness				
Program Element 6: Private Sector Productivity				
6.2. Number of public-private dialogue mechanisms utilized as a result of USG assistance	Target		5	5
	Actual	0	6	4
6.4. Number of SME's receiving USG assistance to access bank loans or private equity	Target		6	6
	Actual	2	6	3
6.5. Number of SME's that successfully accessed bank loans or private equity as a result of USG assistance	Target		4	4
	Actual	2	5	1

* For this mid-year reporting, thises indicators show the percent of last year's figure achieved so far this year. For end of year reporting, the indicators will show the percentage change from the previous year