The Link

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USAID FROM THE AMERICAN PEOPLE | COMPETE The Competitiveness and Trade Expansion Program

The Newsletter of the USAID Competitiveness and Trade Expansion Program (COMPETE)

Partnership Helps Smallholder Farmers in the Kenya Transmara Region

The atmosphere at the Model Satellite Stores (MoSS) in the small villages of Romosha, Angatta Barrikoi, and Keiyan was festive. Masaai sang and danced around a series of maize stations where proud, colorfully clad farmers demonstrated their newest machinery and best practices. The farmers were widowed women, middle aged men, and young professionals donning hardhats and carrying paperwork. All had come to greet representatives from the World Food Program's Purchase for Progress (P4P) pilot program supported by USAID East Africa and its Competitiveness and Trade Expansion Program (COMPETE).

The 17 smallholder farmer groups in the Transmara region of Kenya have a lot to celebrate. Through the partnership of USAID COMPETE, Cereal Growers Association (CGA), AGRA, and the WFP's P4P program, these farmer groups, comprised of 485 households, have overcome bottlenecks and gained access to markets for their produce, resulting in a 30% increase in their grain business earnings.

In July of 2009, CGA, with AGRA support, identified and began training smallholder farmers associations (SHAs) on improved grain practices. They held training sessions ranging from group dynamics, post-harvest handling and savings and credit.

A local Masaai from the village of Romosha greets the Transmara District Commissioner, welcoming him to the Model Satellite Store (MoSS)

USAID COMPETE is supporting CGA's efforts with a $248,000 grant, laying the groundwork for the perfect P4P partnership. P4P works "by combining its purchasing power with the technical and managerial contributions of other partners" (WFP P4P brochure). By engaging in partnerships of this kind and linking these experiences across several countries, "COMPETE is encouraging regional trade in staple commodities, buffering local fluctuations in supply and increasing overall food security" said Peter Ewell, Regional Agricultural Advisor USAID East Africa.

Here are the results in Transmara so far. After less than year, three satellite stores have been established and 9 smallholder association groups have been awarded the tenders to supply 1,019 MT of maize.

The WFP P4P program won't be the final solution for Transmara smallholder farmers, but it is currently the best incentive for farmers to build their capacity, refine best practices, and learn how to access agricultural markets at competitive prices. With P4P's willingness to tackle the rural dirt roads to small bulking stations, and USAID COMPETE's donation of equipment, these SHAs can save money and time by processing their food locally. All bulking can now be done in their village: maize is sorted, checked for moisture content, and properly bagged.

The District Commissioner of the Transmara region, Mr. Mathioya, expressed the village's appreciation, "We are very grateful for the assistance from USAID COMPETE in helping to equip and

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Sustainable Harvest Holds User Testing Session for RITS Application

RITS, The Relationship Information Tracking System (RITS), is a Sustainable Harvest/USAID COMPETE Partnership Fund initiative to build simple applications that can improve coffee traceability transparency and quality. On March 4th, Sustainable Harvest hosted a RITS user testing session to have coffee associations test the RITS application and provide feedback. Four coffee cooperatives from Kilicafe groups were selected to take part in this pilot program: Amkeni Gourmet Coffee Group (Kilimanjaro region), Mesengarony Specialty Coffee Growers Group (Kilimanjaro region), Sing'isi Cooperative Farmers group (Arumeru region), and Ngyani Cooperative Farmers group (Arumeru region).

Key members from the Kilicafe groups, including: management, cuppers, accountants and liquorers, spent the day with Sustainable Harvest's program agronomist and IT specialists running different RITS applications, some of which use iPhone technology and iPhone applications. Practical applications included creating a coffee cherry delivery, creating a record of deliveries, and creating a record of sending deliveries to drying.

Sustainable Harvest is now in the process of incorporating user test feedback and organizing an additional two user testing sessions.

When complete, the RITS database will provide transparency and logistical clarity to all members of the supply chain, helping cooperatives to improve their coffee quality.

With improved quality, coffee exporters can negotiate for higher prices and better manage their member information.

Kilicafe staff learinging the RITS program and its iPhone applications

Undugu Fair Trade Shop Meets U2 Bassist

A last-minute request led to a brush with fame for the USAID COMPETE team when the project was contacted by ONE.org to arrange a tour of a fair trade shop for U2 bassist Adam Clayton.

Clayton, along with lead singer Bono and members of the ONE.org board, were in Nairobi wrapping up a two-week "listening and learning trip" to Senegal, Ghana, Mozambique, and Kenya.

While Bono was speaking at a Nation Group Media Conference, the USAID Competitiveness and Trade Expansion project team took Clayton to visit the Undugu Fair Trade shop.

USAID COMPETE sponsored Undugu's participation in the New York International Gift Fair in February. As a result of its participation in the gift fair, the organization has booked orders with UNICEF.

From left to right, COMPETE's AGOA Business Linkages Coordinator Robert Karanja, U2 bassist Adam Clayton, COMPETE East and Central Africa Trade Hub Director Finn Holm-Olsen, and Undugu Marketing Manager Fred Masinde.

Invisible children has teamed up with edun apparel to create the Conservation Cotton Initiative (CCI), a program that is helping farmers in Northern Uganda grow and sell organic cotton. One of the ways CCI is supporting area farmers is by helping them establish mini ginneries, facilities that allow farmers to squeeze as much value as possible from their crops of raw cotton. With the help of a mini ginnery, a farmer can turn cotton into three separate marketable products, and in turn, his community can cultivate industry—that complex economic manifestation of the efforts of individuals.

Ginneries are so important because they allow farmers to add value to their cotton at the village level. You see, a ball of cotton is composed of different valuable parts; almost 60% of cotton's weight is comprised of its seed—a small, dense nugget of multipurpose organic matter. Ginners separate fluffy cotton lint from cotton seed.

The lint is refined and turned into fabric, but the seed is also coaxed into something marketable. First seed is pressed to make cotton seed oil, a high-quality, healthy cooking oil. Then the remaining seedcake can be turned into cattle feed. All of this work can be done at a ginnery, and if done locally, it allows farmers to keep much of the profit that would normally be absorbed by larger, non-local ginneries.

Here are some stats for CCI's new ginnery project:

—Two ginneries, costing $100,000 us each, will be built in two different communities in Northern Uganda.

—The money to pay for these ginneries is coming from a two-year, $590,000 US grant that CCI received from USAID (COMPETE).

—Primary societies, farmers unions here in uganda, can apply to receive one of the ginneries. There are 47 eligible primary societies in the north, so the competition will be fierce.

—At each ginnery, CCI will pay $30,000 US for the construction of the ginnery structure, and $70,000 US for the ginnery equipment. The primary society operating the ginnery will have to pay back the cost of the equipment to CCI over two years. That money will then be channeled into the construction of more ginneries.

Cotton used to be big in the North. Really big—it used to be the largest agricultural export of this area before the start of the LRA conflict.

Even though the dusty infrastructure of yesteryear's cotton industry still exists in the North, many facilities haven't been used in more than a decade (see photos above). There has been no use for them. Helping a complex, thriving industry emerge from a crippled one is no easy task. But CCI, with the help of individual farmers in the North, is doing just that. Emergence is happening.

-Andrew

Invisible Children Blog

http://blog.invisiblechildren.com/2010/04/on-the-ground-emergence-is-emerging-with-our-cotton-farmers/

COMPETE Transit Team Assessment of the Malaba and Busia Borders

By Yusuf Majan, COMPETE Private Sector Transit Specialist

As part of the USAID COMPETE work plan for FY2010, David Featherstone, Senior Customs Adviser, and Yusuf Majan, Private Sector Transit Specialist, conducted a fact finding mission to the border posts of Malaba and Busia on the Kenya-Uganda border.

Malaba is a popular border town within Teso District, on Kenya's western border with Uganda. It is located on the main Nairobi-Kampala highway, approximately 475 kilometres (295 miles) by road from the west side of Nairobi city. The town has a population of 7,302 according to the government of Kenya's official 1999 census. There is a railway line that serves the town, its crossing point is right at the border station.

On the Uganda side, Malaba is located in Tororo District, on Uganda's eastern border with Kenya.

Busia is the third largest town in Western Province after Kakamega and Bungoma. The town lies just along the international border between Kenya and Uganda. There are very few road outlets from Busia. The main highway connects southwards to Kisumu, eastwards to Mumias and northwards to Malaba.

When we got to Malaba, we were immediately struck by how busy the border was. A multitude of cargo trucks were waiting in line for documentation and clearance. That line extended to nearly two kilometers from the main border. Compounding the mayhem of the long line were a large number of people, personal vehicles, matatus, livestock, small crowded business shops and a huge number of boda boda bicycles carrying passengers and small pieces of luggage from one point to the other.

When we got out of the car to start our mission, we were immediately surrounded by a crowd of people who were shouting for our attention and trying to overpower one another to sell us their services. They displayed their badges offering to provide us with all the help we needed for clearance across the border. We realized that these people were the famous "border facilitating agents." They wanted to guide us through the border's entry and crossing formalities for a "small fee". The process was irritating and sometimes physical as people aggresively tried to draw our attention. I spoke to them in Swahili asking them to leave as alone as we were regular border users and knew our way through. They eventually left after cursing me for "having taken their business away."

We moved through the entry gate and proceeded to the Customs office at the border. The Commissioner of Customs had, by our request, informed the Malaba office of our visit and asked the officials to provide us as much

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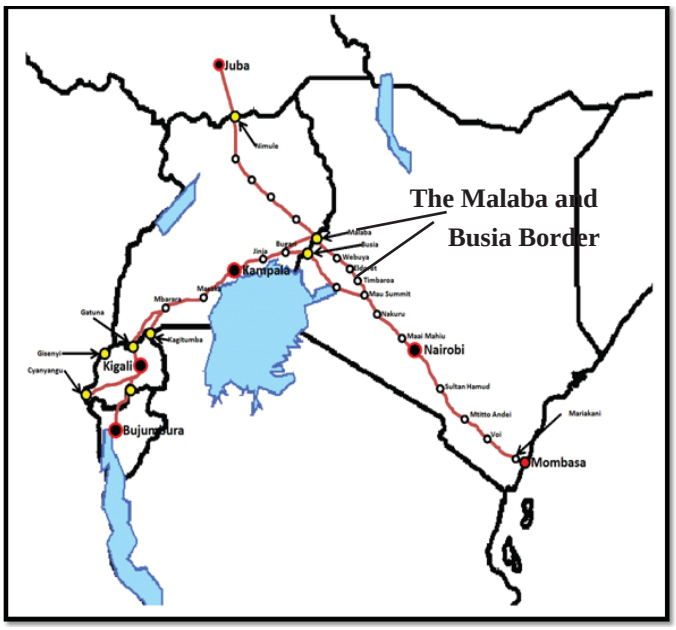


What is a Boda boda?

A Boda boda is a friendly and simple transport means in Western Kenya that ferries clients from main roads to villages off the main road or from the official drop-off points on one side of the border to the other side on the border through the no-man's-land. This has been necessitated by the absence of vehicles and good road networks in the rural areas of Western Kenya. This bicycle is made in such a way that a cushioned sponge pad is attached behind the rider's seat and is used for carrying one passenger at a time. Bicycle shuttle services are, in some areas, the only way of getting around.

Boda boda in practice - Traders load grain onto their bicycles at Busia.

USAID COMPETE and WFP P4P Partnership in the Transmara

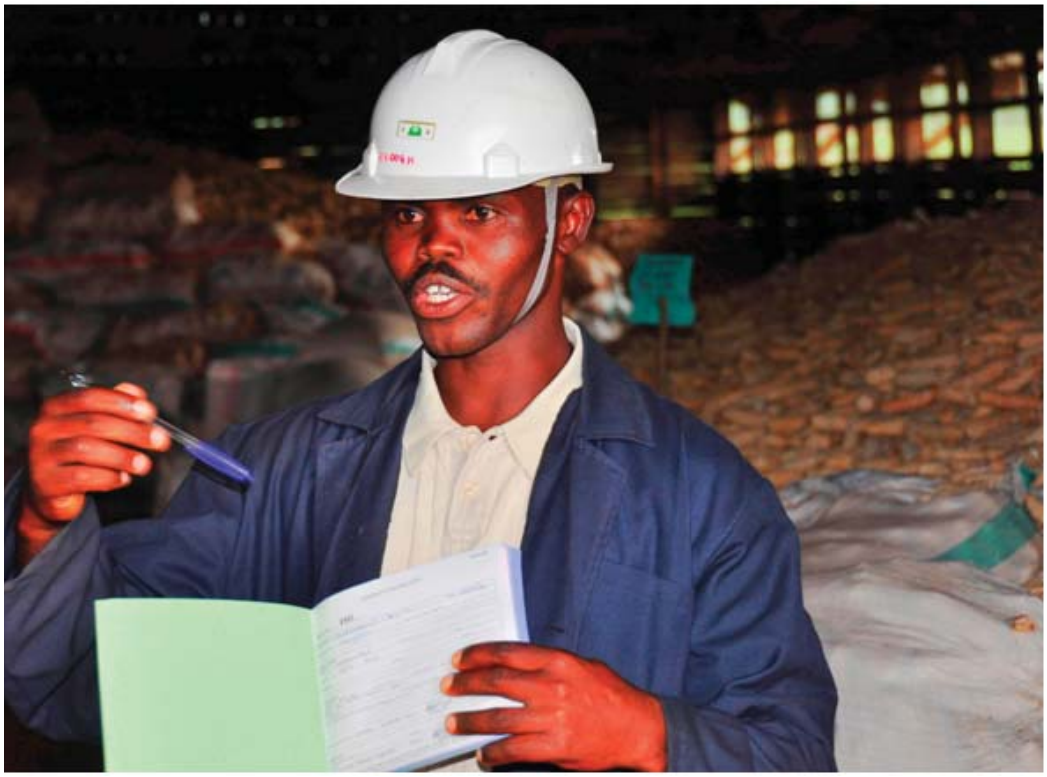
(Continued from page 1)

train the farmers in Transmara so they are better able to trade in the main commercial markets."

The Keiyan MoSS is already reaching out to commercial agri-dealers. As Romosha and Angatta Barrikoi continually improve the quality of their maize and storage facilities, they too should become competitive agri-producers allowing them to demand fair market prices for their produce. USAID COMPETE will continue its support by providing information and evidence to policy-makers that will convince them to reduce interventions and allow for a more stable, reliable environment in which markets can operate effectively. The Romosha, Angatta Barrikoi, and Keiyan SHAs are models for how to break a cycle of poverty and hunger through improved agricultural practices and opportunities. The partnership of CGA, AGRA, USAID COMPETE, and the WFP P4P program combined all the necessary inputs: training, equipment, and a purchasing outlet to raise the standard of living for 485 households. Hopefully, that number is just a start.

485 households have seen a 30% increase in their grain business earnings.

A Wiikhall full of bulked maize – Outside the Wiikhall, a board of grain prices reflects a new awareness of market fluctuations



Assistant Store Manager of Keiyan demonstrates the procedures for grain storage at the Model Satellite Store

COMPETE Transit Team Assessment of the Malaba and Busia Borders

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help as we needed. We were cordially welcomed by the Deputy Commissioner of Customs services department Mr. Abdul R. Bonaya, with whom we had a good meeting and fruitful deliberations.

The main purpose of our visit to both borders was to establish contacts and gather information on the movement of cargoes, police checkpoints, weighbridges, customs and other government transactions at the border. We then held separate meetings with government authorities, on both sides of the border, to discuss their administration structures, operations, procedures, infrastructure, facilities and challenges facing their day to day work. We identified various challenges affecting administration, logistics and operations.

Police check points and road blocks are everywhere

We can break these challenges into four clear areas: consistency in procedures and training, infrastructure, resources, and security. Currently, the number of government agencies at the border varies. To amplify the confusion even further, some agencies operate on a 24 hout basis while some do not. Lack of training compounds the lack of consistency. Operations by unqualified and untrained "documentation and facilitation" brokers delay processes, increase costs and attract errors. Poor/untrained clearing and forwarding agents create more work for customs officials who have to provide clarification, amend errors and correct documents.

Poor infrastructure and lack of resources are the next hurdles. The customs buildings we visited were surrounded by dilapidated roads, lacked reliable electricity (with no reliable generator), and were congested with small cargo examination/verification space. Many of the customs officials were using personal laptops with Safaricom modems to access the Internet and process documentation and cargo clearances. Their VSAT services were terminated by the Kenyan government and there were not enough computers to go around.

Most officials have poor housing and social amenities, often living in substandard housing owned by the very brokers and clearing agents with whom they have to conduct daily business, including enforcing the law. Finally, security is an issue. Some sections of the parking yards and customs areas are insecure and the border points are unprotected, leading to smuggling and informal trading.

To meet some of the these challenges, USAID COMPETE plans to convene a high-level meeting of all Kenyan government agencies concerned with trade at the border. The purpose is to create a memorandum of understanding (MoU) for the implementation of coordinated examinations at border posts, ports, inland clearance depots (container freight stations) and additional locations where import, export, and transit cargoes are examined. The MoU for implementation could be extended to cover both sides of the border, further reducing costs and delays. To achieve the greatest success, COMPETE suggests that the MoU contain provisions for establishing 24-hour operations by all government agencies at the border posts and the development of a border operations, documentation, and procedures handbook for all stakeholders working at or using the borders. A training program (drafts of which USAID COMPETE has helped develop) for clearing agents and freight forwarders should be implemented with FEAFFA (the Federation of East African Freight Forwarders Association). KTA (the Kenya Transport Association) should encourage the training of drivers on documentation and procedures at the borders. Trained drivers would reduce the need for unqualified/unlicensed brokers who demand high fees for their services. Finally, the government should commit to finding funds for customs computers and a generator to ensure reliable power.

All of the above suggestions would greatly reduce the time and cost of moving goods across the Kenya/Uganda border.

USAID to Help Increase Mauritian Exports to U.S.

On March 10, 2010 USAID East Africa's Competitiveness and Trade Expansion Program (COMPETE), through its East and Central Africa Trade Hub (ECA Hub), and Enterprise Mauritius signed a Memorandum of Understanding (MOU) to enhance and expand U.S.-Mauritian business ties and increase trade. The signing ceremony was presided over by the Mauritian Minister of Industry, Science and Research, Dharambeer Gokhool, and the U.S. Ambassador to Mauritius, Mary Jo Wills. Signing on behalf of COMPETE and Enterprise Mauritius was the ECA Hub Director Finn Holm-Olsen and Enterprise Mauritius Chairman, Amedée Darga.

The MOU outlines a three year plan to increase Mauritian exports to the United States taking advantage of trade preferences available under the U.S. African Growth and Opportunity Act (AGOA). The MOU builds upon the momentum generated by recent successful ECA Hub-Enterprise Mauritius collaborations, such as the Africa Pavilion at the MAGIC apparel shows in Las Vegas, Nevada (August 2009 and February 2010), the Super Floral show in Atlanta, Georgia (June 2009) and the "AGOA Week" activities in Port Louis, Mauritius (April 2009). "Through this partnership, the growing private sector is increasingly poised to help expand economic growth for the people and country of Mauritius," said Mary Jo Willis, US Ambassador to Mauritius.

COMPETE ECA Trade Hub Advisor, Finn Holm Olsen, discusses the new Mauritian MoU with US Ambassador to Maritius, Mary Jo Willis , and Mauritian Ministerof Industry, Science and Research, Dharambeer Gokhool, and Enterprise Mauritius Chairman, Amedée Darga

Growing Agriculture Through Finance Forum: Helping Commercial Banks Develop Lending Expertise in Agriculture

Loans to agriculture represent only a small portion of the total loan portfolios of financial institutions mainly because these organizations feel that agricultural loans are too risky. In many instances these institutions (which include commercial banks, SACCOS, international lending institutions and other lending agencies) do not understand the risks, and thus cannot mitigate the risks nor make well-informed, rational loan decisions. Without an understanding of the agriculture sector, financial institutions revert to fully secured lending and agricultural credit becomes difficult to access.

To address this issue, USAID COMPETE in cooperation with the Kenya School of Monetary Studies (KSMS) organized the "Growing Agriculture through Finance" forum on March 17th approximately 150 commercial bankers and finance officials attended this high level event which focused on the opportunities available in stepping up lending to the agricultural sector.

US Deputy Chief of Mission, Lee Brudvig speaks on the importance of finance for agriculture

Governor of the Central Bank of Kenya, Professor Mjuguma Ndungu

During the forum, KSMS launched its new Certificate in Agricultural Finance program which will be added to its academic calendar in September 2010. The program will train lending personnel in agricultural lending practices. One result of the forum was the creation of an Agricultural Finance Network for the East African Community that will address financing issues from the perspective of specific value chains.

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The Link is the newsletter of the USAID Competitiveness and Trade Expansion Program and the East and Central African Trade Hub.

COMPETE works to:

- Reduce barriers to trade
- Enhance the competitiveness of selected value chains including staple foods
- Promote investment and trade between the U.S. and East and Central Africa

For more information about COMPETE, visit our website, **www.competeafrica.org** or

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Date 2010	Event	Venue	Find Out More
27 - 30 April	The 3rd EAC Investment Conference	Kampala/Munyonyo	www.eac.int
27 April	Cotton/Textiles/Apparel Regional Strategy Development Kickoff Meeting and ACTIF Annual General Meeting	Nairobi, Kenya	
28 April	ACTIF Meeting and Origin Africa Designer Showcase	Nairobi, Kenya	http://www.actifafrica.com/
28 - 29 April	Site Visit to Grantee (FCI) Projects in Meru	Meru, Kenya	
2 - 5 May	US Buyers Misson - Cost Plus World Market	Kenya (Nairiboi, Kisii)	
3 - 4 May	Kenya Ports Authority Strategic Business Planning Retreat	Mombasa, Kenya	
5 - 7 May	World Economic Forum	Dar es Salaam, Tanzania	www.weforum.org/events
18 - 19 May	EAC Kyoto Protocol - Key Issues Traning	Nairobi, Kenya	
24 - 25 May	World Bank Sub-Sahara Africa Transport Project Meeting	Nairobi, Kenya	