



**Quarterly Progress Report  
(April to June 2004)**

**Submitted by:**

**Chemonics International Inc.**

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## ACRONYMS

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

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

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## **I. Introduction**

This report presents the third quarter 2004 progress report for the Regional Agricultural Trade Expansion Support (RATES) program. RATES has now reached full-stride. The program recently received an infusion of additional obligated funding that has allowed the team to maintain momentum and move forward on a number of key activities. Progress during the quarter was significant. We saw the launching of another innovative trade site [www.cottonafrica.com](http://www.cottonafrica.com). Early results show that the cotton/textile industry has embraced the concept, and are posting offers on the site. The BBC picked up the story and highlighted the site on the BBC world report and on their BBC.com web site. We had a number of important marketing events during the quarter. The coffee component focused on supporting EAFCA in its marketing and promotion activities. RATES supported another successful “Meet the Buyers” event at the SCAA Annual conference and Exhibition in Atlanta in April. Plans are well underway for the 2<sup>nd</sup> Annual World’s wildest coffee conference to be held in Livingston, Zambia next March. RATES policy work continues to move forward. The “Maize without Borders” concept continues to gain recognition, and has become the model for COMESA’s efforts on promoting free trade in the region. [www.TradeAfrica.biz](http://www.TradeAfrica.biz) is receiving significant offers to buy and sell maize. With the region suffering shortages in a number of countries, information on maize supplies and trade flows will be key to perpetuating interregional trade. The RATIN network and [www.RATIN.net](http://www.RATIN.net) will also play a key role in market information dissemination. Below, we provide an overview of the RATES program and provide a summary of progress to date for each of the RATES key results areas.

### **A. Overview of the RATES Program**

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

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

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

policy and regulatory constraints will provide the foundation for reducing food insecurities in the region.

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

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

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

## **B. The RATES Results Framework**

### **Project Goal**

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

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

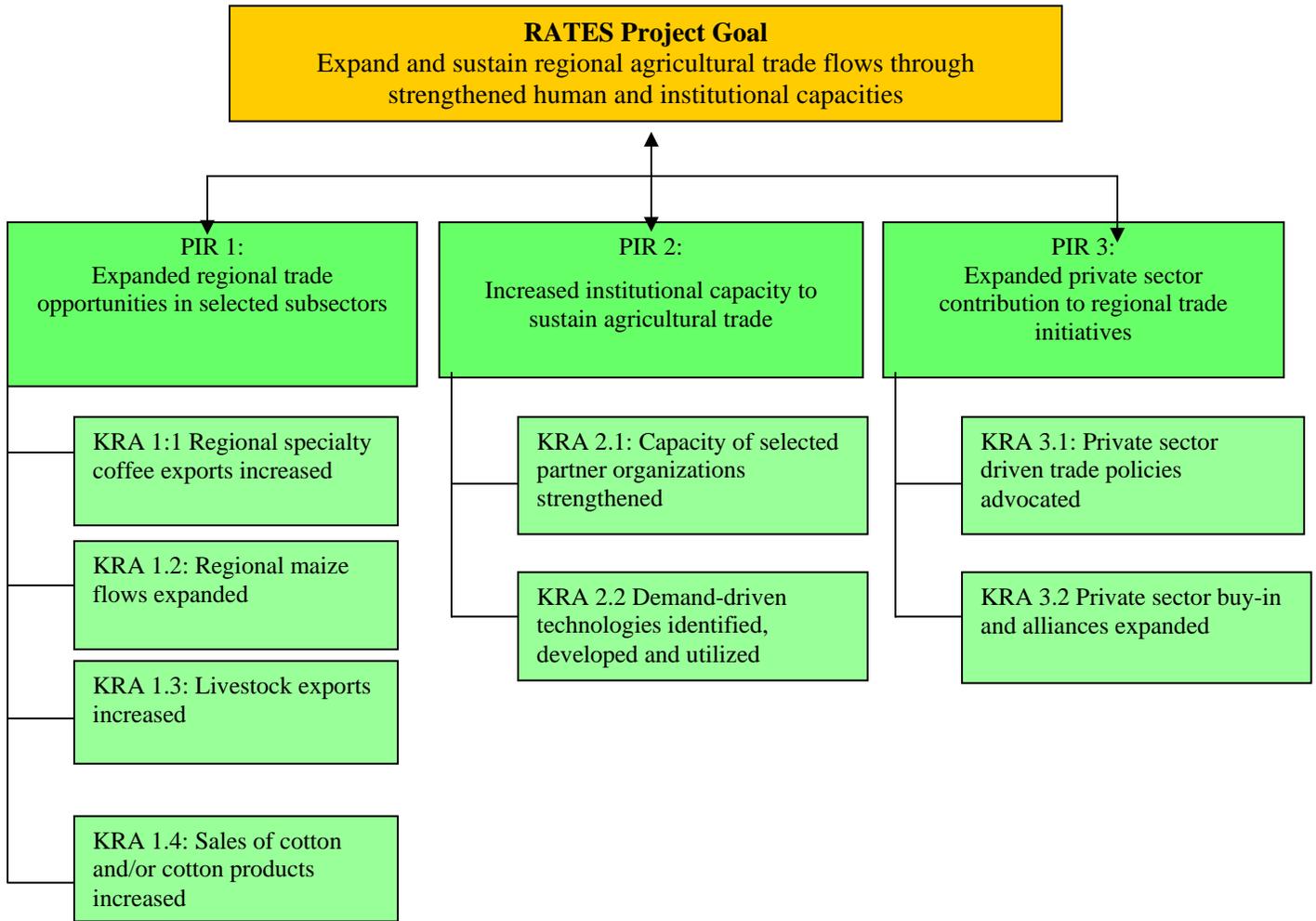
The Results Framework for RATES is presented below. To achieve the RATES goal, RATES has identified three Project Intermediate Results (PIRs), each of which targets an area where RATES must achieve results in order to maximize contribution to SO 5 indicators. Each PIR is divided into key results areas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

### **RATES Results Framework**

The project goal presented with the Results Framework below reflects the position of RATES within the SO 5 framework and guides strategic thinking with regard to project approach and identification of appropriate project intermediate results areas. We have slightly modified the original results framework to better reflect the work on the ground, and to make it easier for reporting results. RATES has three Project Intermediate Results (PIRs), each of which targets an area where RATES must achieve results in order to maximize contribution to SO 5 indicators. Each PIR is divided into key results areas

(KRAs). KRAs provide the framework for identification and implementation of activities designed to achieve required results, govern the setting of benchmarks and targets, and drive decisions that the RATES Center makes with regard to technical priorities.

**Exhibit 1. RATES RESULTS FRAMEWORK**



## II. Progress to Date

### PIR 1: Expanded agricultural trade in selected subsectors

#### KRA 1.1: Regional specialty coffee exports increased



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

#### Progress on key activities:

**Develop Country-level Chapter capacity to implement marketing strategies.** Two tasks are critical in supporting EAFCA member country chapters to develop marketing strategies. The first is to gain an in-depth knowledge of each producer country’s current and anticipated status. The second is to hold open discussions with all coffee stakeholders to share their visions for coffee marketing and the role EAFCA can play to assist them in achieving goals. RATES has conducted industry meetings in Kenya, Uganda, Rwanda, Zambia and Tanzania. Main thrusts this quarter included:

☞ **Assist EAFCA to develop a regional trade directory.** Through the chapter strategy meetings, RATES is assisting the Secretariat in developing a detailed trade directory of producers, traders, exporters, and roasters in the region. This directory will become part of the EAFCA web page, and will form the basis of a trading information facility under the EAFCA Secretariat. This work is ongoing. EAFCA has engaged an intern who has been helping collate this information and input the data into the EAFCA main database. The trade directory will be incorporated into the new EAFCA web page that is undergoing a complete updating.

☞ **Support EAFCA to conduct country chapter-level strategy meetings.** In order for EAFCA to be truly sustainable, it must provide highly valued services to its members. RATES is working with the Secretariat to conduct chapter-level strategy meetings as a way of introducing EAFCA to its members and increasing the membership base. RATES is supporting EAFCA in this effort as part of the on-going organizational development program carried out in conjunction with the Secretariat. The first

country-level strategy meeting was held in Uganda last December 2003. During the 2<sup>nd</sup> quarter, RATES sponsored two additional national-level chapter strategy meetings in Kenya and Tanzania. During these meetings, it became apparent that members have very different perceptions on the makeup and role of chapters. As a result of these observations, no additional strategy meetings were held this quarter. RATES spent additional time to assist EAFCA to reassess its institutional charter and redefine chapter operational guidelines (see section KRA 2.1 for details). Additional strategy meetings are scheduled for the final quarter.

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

☞ **Rwanda.** The CMS made a brief fact finding trip to Rwanda at the end of May. The CMS attended the official opening of a washing station at Mususu with Tim Schilling, Chief of Party of the Pearl Project. Attending the function were the Ministers of Agriculture and Defense.

- Discussions were held with Tim on his own project, including how to increase quality through additional controls at the washing station through the elimination of defects, under-ripe and over-ripe cherries, evening out the drying bed on the raised tables, and suggestions regarding alternative processing methods such as “pulp-naturals” that would alleviate the excessive use of water. This could also open up other niche markets.
- The CMS met with Maurice Wiener of ADAR, another project promoting coffee. RATES outlined ideas on potential trainings along the lines of the one held in Mbale, Uganda, that could also be held in Rwanda. The team visited one of the ADAR washing stations, and made some quality related suggestions to the manager.
- The CMS held strategy meetings with Tim Schilling, Maurice Wiener, Paul Delucca of ACDI-VOCA, Juvenal Nkusi of Sake Coffee and EAFCA Rwanda Chairman. This meeting was held to stem the apparent negative attitude toward EAFCA and to promote the advantages of membership such as WWC, SCAA and other regional trainings. The strong presence of PEARL and ADAR in Rwanda, and their high levels of funding availability, have somewhat overshadowed the benefits received from participating in EAFCA. Key to overcoming this misconception will be to hold a strategy meeting in Rwanda (Once the chapter issues have been ironed out at the board level). This, coupled with some additional EAFCA sponsored trainings, should reinforce the benefits of long-term membership, as both these projects have a limited duration.

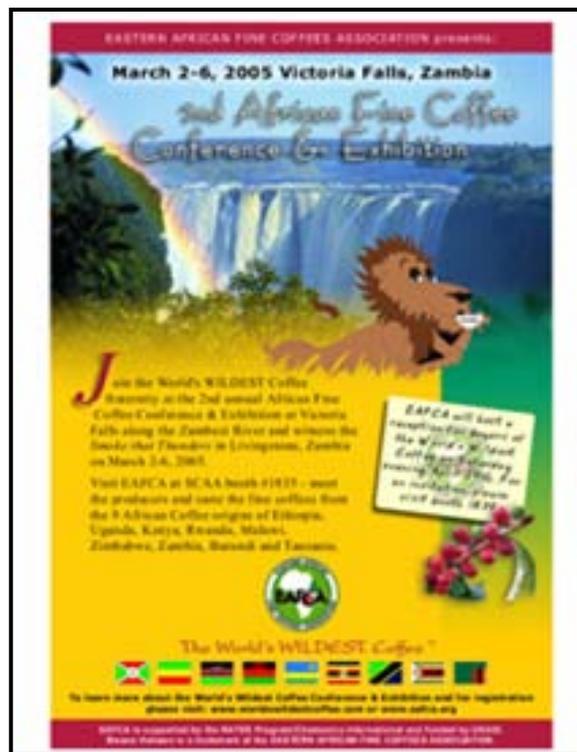
☞ **South Africa.** The CMS and EAFCA Treasurer, Jules Lang, conducted a fact-finding and promotional trip to South Africa in June. The visit to South Africa was designed initially as a fact finding trip to ascertain the potential of that country as a destination for both roasted /value added coffees as well as increased sales of green coffee.

Statistics	Quantity
Coffee usage (equivalent)	60,000 metric tons
Domestic production	40 metric tons
Imports – Americas/Asia	18,700 metric tons
Imports – Africa	3,300metric tons

- The difference in tonnage between equivalent usage and actual production/ imports is made up by chicory and dextrose products that are sold as coffee both in soluble and “roast and ground” form. There is, however, a very slow but definite interest in quality coffees at various levels. Some European brand names such as Jacobs and Lavazza are appearing on the supermarket shelves, as well as some of the locally grown and roasted coffees. It seems too, that many travelers to Europe bring back decent quantities of packaged coffees for friends and family due to both the lack of a variety of good coffees and the high shelf prices. A half pound of R&G coffee in the supermarket sells for the equivalent of one pound in the US.
- Importers into RSA are I&M Smith, Volcafe and M. Kahn, while SA based exporters of southern African coffees from Zambia, Malawi and Zimbabwe are I&M Smith, M. Kahn and CTCS.
- National Brands is the major roaster for over 80% of the coffee products, with imports and small “specialty” roasters taking up the slack.
- Over the long term, there is good potential for regional exports to RSA, for both green and roasted coffees. Liquor Looneys, a major distributor of Coca Cola, liquor and other products has expressed interest in importing and distributing regionally roasted and packaged coffees. EAFCA will work with them to make the linkages possible. In addition to the above, meetings were held with key coffee players in the country.

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

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



**Promotional flyer for the 2<sup>nd</sup> African Fine Coffee Conference and Exhibition.**

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

- The WWCII website was re-designed soon after the first conference and is now live and taking new registrations.

- The Executive Committee of EAFCA has assumed the role of the former Conference Steering Committee – a much more efficient and effective way to monitor the conference planning and implementation process.
- Ludovica Bellingeri has been contracted by RATES to work for the EAFCA Secretariat as the WWC Conference Coordinator.
- EAFCA did an excellent job promoting the event at the SCAA Conference held in Atlanta in March. The WWCII brochure was available for distribution, the new website was designed and ready, and the venue was promoted.
- A Conference Technical Team has been put together comprised of Jules Lang (EAFCA Board member from Zimbabwe), Robert Nsibirwa (EAFCA Secretariat), Ludovica Bellingeri (Conference Coordinator EAFCA/RATES), Joe Taguma (Zambia Coffee Association), and Chris von Zastrow (RATES advisor to EAFCA).
- The Conference Team has also made one inspection visit to Zambia in May to inspect the hotels, transport systems, optional activities and support services.
- That first team visit to Zambia was followed by a Technical Team meeting which took place in Nairobi. This key meeting concluded the “blue print” of the conference, assigned roles and formed sub-committees.
- The EAFCA Board of Directors approved this plan at their board meeting held in Arusha in June.
- A second visit to Zambia was made during the week of June 14<sup>th</sup> by Chris, Jules, and Ludovica where they met with Joe to further assess the hotel capability, determine final venue sites, meet with conference support companies and to meet with the Zambia Chapter to ensure effective collaboration and smooth implementation of the conference preparation phase.
- Discussions were held with David Roche and Willem Boot of CQI regarding the Regional Coffee Cupping event. Willem Boot prepared a proposal for protocols and guidelines for the collection, storage, classification and preparation of coffee samples in 3 countries. Proposed countries in initial phase are Zambia, Tanzania and Rwanda – these countries already have projects and technical assistance in place and the potential to supply bilateral support. As a result of these discussions, some minor changes will be made in the pre-event coffee safari and cupping program. These have been approved by the Technical Committee and ZCGA.
- The Meet the Farmer Coffee Safari is to start Feb 27<sup>th</sup> in Lusaka, with an overnight stay with farmers and terminating in Livingstone on 28<sup>th</sup>.
- The Regional Coffee Appreciation event is to take place over 2 days in Livingstone on March 1<sup>st</sup> and 2<sup>nd</sup>.
- ZCGA have also agreed to identify and house the Zambian coordinator, while RATES / EAFCA will have to supply a computer with internet capability.
- ZCGA have agreed to organize and financially support the Meet the Farmer Coffee Safari for up to 100 participants.

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

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

### **A Wide Range of Contacts for EAFCA members**

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

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



**Bird's eye view of setting up the EAFCA booth. Fred Kavuma and Stephen Walls ready for clients.**



**The EAFCA booth attracted large crowds every day.**

**Crowds gathered at all chapter booths.**



**Chris V. Zostrow and Eric Johnson hard at work! Bob Stephenson, a US roaster poses at the booth.**

## **KRA 1.2: Regional maize flows expanded**



**Strategy.** Maize is the major food crop in the region and a key component of national-level food security strategies. However, it is not uncommon for certain parts of the region to be hit by severe seasonal food shortages despite available maize stocks in nearby countries. The distance between the supply and demand of maize can be measured in terms of both kilometers from supply and in terms of the number of cross-border

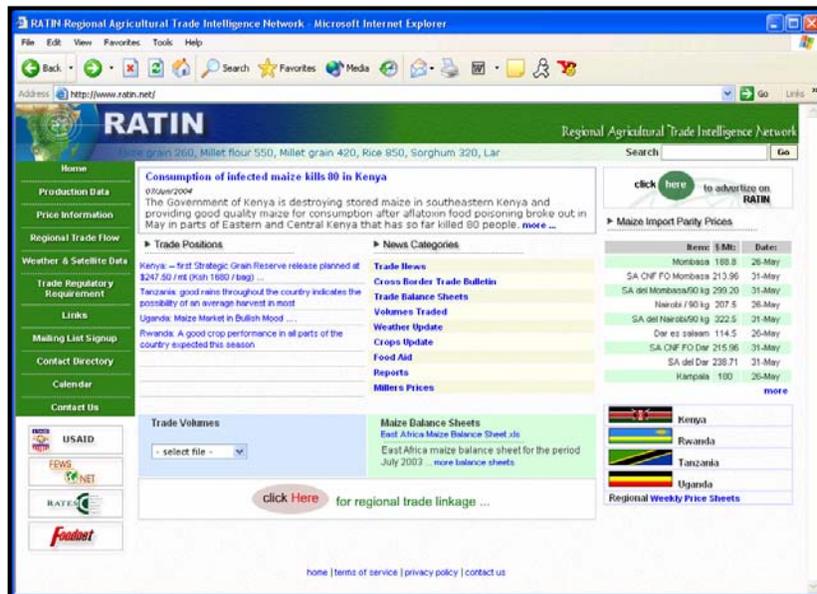
barriers inhibiting trade. The RATES maize program has the long-term goal of improving the flow of maize and expanding the availability within the region. This will contribute to stabilizing the regional maize market and help in reducing the large swings in maize prices seen during periods of deficit. The RATES maize program follows a regional theme of “Maize without Borders” as a concept launched by RATES through the auspices of COMESA. This program promotes region harmonization of maize policies, and been adopted as a COMESA initiative to increase inter-regional trade.

### **Progress on key activities:**

**Continue collaboration and management of the Regional Agricultural Trade Intelligence Network (RATIN).** RATIN and the [www.RATIN.net](http://www.RATIN.net) web site has been a three-way collaborative effort between FEWSNET (Nairobi), FOODNET (ASARECA, Kampala) and the RATES Center. As of June 1<sup>st</sup>, 2004, RATES has assumed management responsibility of the RATIN site and network to improve coordination among the partners. Stephen Njuki, the RATES maize commodity specialist has assumed the role of interim RATIN coordinator. In May, the RATIN partners conducted a series of meetings to evaluate the site and prepare for the departure of Shawn Ferris, who has now left FOODNET to join CIAT in Uganda. (It should be noted that FOODNET’s contract is ending in September and will cease to be a partner under the RATIN at that time). Some important decisions made at these meetings regarding the RATIN include:

- Effective June 1, 2004 RATES will assume the role for overall RATIN management.
- RATES will provide office space and equipment to accommodate the management team comprised of a RATIN Coordinator (to be recruited by RATES), Tom Awuor, FEWSNET and a data entry specialist (to be supported by FEWSNET).
- RATES has appointed Steve Njuki as Acting RATIN Coordinator effective June 1, 2004 until the full-time Coordinator is recruited.
- RATES will continue to support web-site development and management (through CFI or other suitable means).
- FEWSNET (until May 2005) will continue to support two staff members, Trade Bulletin activities, cross border monitoring and short-term TA as required.
- FEWSNET will fund an internal evaluation of RATIN.

- FOODNET, through the services of Martin Nahamiya, will continue to provide price information until September 30, 2004.
- The RATIN web-site will be revamped to reflect a new “look and feel” - that of a more focused, user-friendly site targeting the original four countries of Kenya, Uganda, Tanzania and Rwanda and three food-staple commodities of maize, beans and rice.
- By September 2004, RATES and FEWSNET will have formulated plans to address the critical issues of data collection and dissemination, geographic expansion, regional ownership and participation, and institutional location and sustainability.

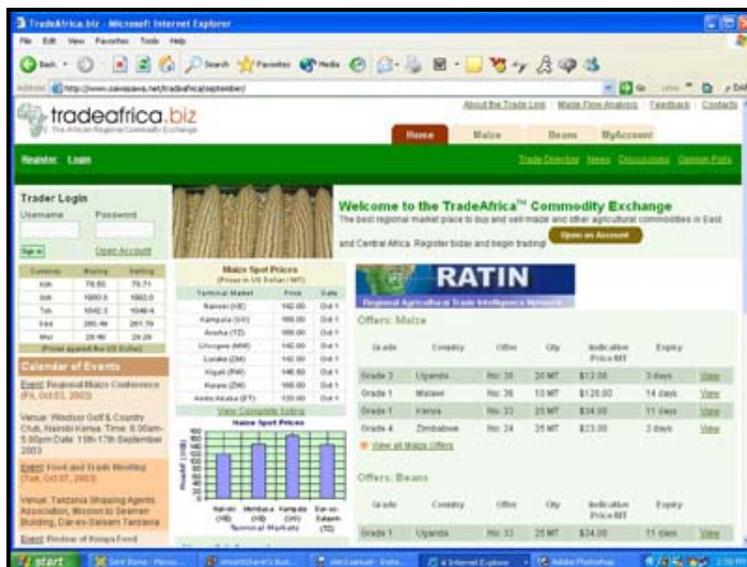


**The RATIN site is now under RATES Management.**

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

- ☞ A new bi-monthly trade bulletin has been launched this quarter called the “Bi-Weekly Trade Brief” that is delivered by email to companies on the trade directory, and through the [www.TradeAfrica.biz](http://www.TradeAfrica.biz) site. The bulletin provides a synopsis of maize trading within COMESA, targeting price changes, inputs cost and availability, and policy news or events that have direct impact on grain trading.

- A new and improved trade directory is now functional on both the [www.TradeAfrica.biz](http://www.TradeAfrica.biz) and [www.RATIN.net](http://www.RATIN.net) sites. The directory has been re-categorized by sub-sector and country and is more user-friendly.
- Pulses have been added to the [www.TradeAfrica.biz](http://www.TradeAfrica.biz) site with its own separate category to complement the maize and bean categories already in place. The trade office will follow up with a “pulse campaign” to promote the use of the site with traders moving pulses in the region.
- The COMESA “Regional Maize Supply Outlook.” A new initiative was started this quarter to capture changes in monthly maize supplies in the region. This is basically a regional maize balance sheet. Starting in Malawi, Uganda, and Kenya the maize supply outlook is a reliable maize balance sheet that will analyze national food supply situations and offer traders insight into surplus/deficits locations. The monthly analysis will be presented on both [www.TradeAfrica.biz](http://www.TradeAfrica.biz) and [www.RATIN.net](http://www.RATIN.net).
- [www.TradeAfrica.biz](http://www.TradeAfrica.biz) saw a significant increase in inquires to buy maize (see Table 2 below) from 138,000 metric tons last quarter to requests for 216,000 metric tons this period, with an estimated value of over US \$40 million dollars. This jump in demand reflects the short supply of maize in the region, and growing interest of local processors to locate regional maize supplies. Cumulative totals have now reached over US \$67 million dollars in offers to buy maize. Offers to sell maize increased from 31,043 metric tons to 65,200 metric tons with a value of over US \$11.8 million dollars. Cumulative offers to sell maize now total approximately US \$ 20 million dollars. RATES continues to identify new sources of maize to meet the growing regional demand.



The [www.TradeAfrica.biz](http://www.TradeAfrica.biz) site is the only trade linkage site for maize in the COMESA Region.

**Table 1. Quarterly Web Server Statistics for [www.TradeAfrica.biz](http://www.TradeAfrica.biz) .**

Classification	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Successful Requests	37,888	51,240	79,159		168,287
Average requests per day	567	2,611	2,718		NA
Distinct files requested	1049	922	853		2,824
Distinct Hosts Served	563	1,391	1,743		3,697

**Table 2. [www.TradeAfrica.biz](http://www.TradeAfrica.biz) : Volume of Business**

Inquiries to Buy Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Number of Companies	12	12	14		38
Volume in MT	33,870	138,400	218,000		390,270
Value in USD	\$ 5,329,437	\$21,408,350	\$40,340,000		\$67,077,787
Average Price/MT	\$157/MT	\$154	\$ 168		\$159.00

Offers to Sell Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Number of Companies	4	9	16		29
Volume in MT	12,505	31,043	65,200		108,748
Value in USD	\$2,262,786	5,810,397	\$11,783,400		\$19,856,583
Average Price/MT	\$181/mt	\$187	\$ 189		\$185.6/mt

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

☞ RATES completed “*The Maize Traders’ Handbook*,” a guide outlining the regulatory requirements for import and export of maize within the East African Community. This handbook will go to print next month. The handbook targets the medium and small cross-border grain trading sector especially those traders who have formed Associations. The program will include backup training for traders and border officials in understanding the regulations. The contents of the handbook will also be posted on the RATIN and [www.TradeAfrica.biz](http://www.TradeAfrica.biz) websites.

☞ On February 9th and 10<sup>th</sup>, RATES and FEWSNET collaborated on a two-day conference for small and medium cross-border maize traders from East Africa. During the quarter, RATES has followed up with visits to associations to provide hand-on assistance on improving trading operations and to gain first-hand knowledge of the problems that these groups are facing.



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

Stephen Njukia and Peter Kegode traveled to both sides of the Kenya/Uganda border in late April to meet with leaders from six different associations. At each meeting, the RATES team focused on standard trade contracts, quality standards (and the differences between the two countries), and a SWOT analysis for each association. The Associations visited are shown in table 3.

**Table 3: Small and Medium Traders Associations**

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

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



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

RATES promoted inter-regional trade at various forums including:

- ☞ Kenya: On June 16<sup>th</sup> RATES sponsored a business lunch for the Cereal Stakeholders Standing Committee and presented the regional “maize without borders” strategy. Presentations were also made on [www.TradeAfrica.biz](http://www.TradeAfrica.biz) and the impact of EAC Customs Union protocol on the grain trade in Kenya.
- ☞ Malawi: Steve Njukia and Pam Chesire joined Malawi stakeholders in Blantyre on the 22<sup>nd</sup> of June to listen to guest speaker, Dr. Perks Ligoya of the Food Security and Nutrition Policy Working Group, who conducted a presentation on the role of the private sector in the new food security policy being drafted under the newly elected Government of Malawi. The RATES sponsored forum presented a unique opportunity for the private sector to directly participate in the new policy process on food security.
- ☞ Zambia. The Zambia Millers Association once again plays host to a business lunch sponsored by RATES for maize traders and millers in Zambia in June. The meeting was a productive forum to discuss Zambia’s recent push on serious maize production at levels sufficient to target exports to neighboring countries, especially food deficit countries like Zimbabwe and Malawi.
- ☞ Tanzania: To ensure that EAC officials from the Trade, Industry and Investment Committee were well informed on RATES programs and strategies on the maize trade, Steve Njukia and other RATES staff presented their programs at a RATES sponsored dinner meeting at the Impala Hotel in Arusha on May 18, 2004.

### **KRA 1.3: Livestock exports increased**



**Strategy.** AU-IBAR is the institutional partner for the RATES livestock sector program. The long-term strategy is to work with and through IBAR to set up a Red Sea Livestock Trade Commission (RSLTC) that will operate with private sector approaches to open the lucrative Middle Eastern market to livestock from the Greater Horn of Africa. To do this effectively, the RSLTC will be set up to harmonize, regulate and supervise the livestock trade from Africa to the Middle

East. Through information, training and technical support, the Commission will also support private inspection and quality assurance services and the integrity of the livestock trade services. The goal for the effort is to support delivery of quality, disease-free livestock from GHA countries to the Middle Eastern market.

#### **Progress on key activities:**

**Identify livestock trade market requirements and constraints.** Work under this activity was limited during the reporting period. RATES and AU-IBAR have begun the process of carrying out a series of desktop market studies. These are looking at both the Supply/ Production side and the Demand market from the Middle East. AU-IBAR has been planning a program to identify market parameters and opportunities in Yemen, United Arab Emirates, Saudi Arabia, and Egypt. RATES will assist in this activity by providing core RATES staff and other program resources. These market studies will provide important market information collected in interviews with target buyers, government and private sector health officials, transporters and other key players.

☞ RATES and LTC staff members have been working together to design the questionnaire for the Middle East demand study and RATES has traveled to Dubai to meet with traders and verify their reactions to the survey. LTC implemented the questionnaire at the traders meetings held in the Yemen this quarter.

Additionally, we are working together on a multi country demand study which will build upon the contacts and introductions made in Dubai. The primary source of data collection will be the port veterinarians. Work has already begun with interviews and market data currently being collected in the UAE and in Egypt which will provide information on the constraints to trade and the competitive advantage of countries like Australia. RATES visited the Dubai Livestock holding facility to begin determining buyers' needs and the constraints to trade identified on the ground.



**Livestock Holding Facility in Dubai**

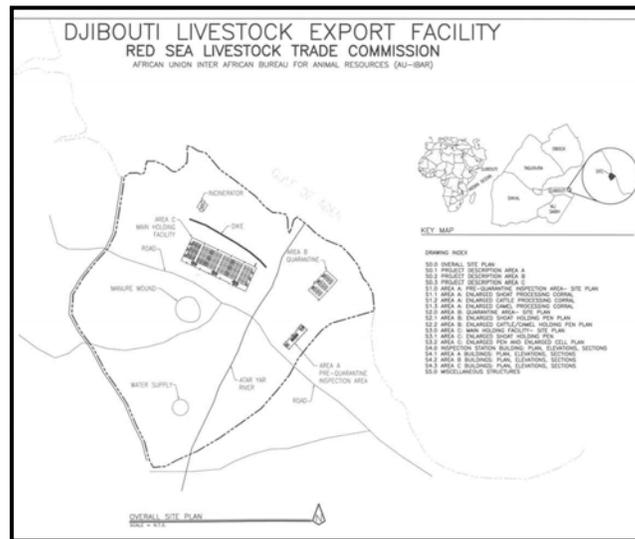
RATES has also assisted LTC in coordinating the demand survey information with a planned web based livestock trading platform and has facilitated meetings with the web designers to ensure that all demand data collected can feed directly into the new site.

**Develop Red Sea LTC Trader association model for implementations.** This activity is currently being carried out under AU-IBAR's PLP program. RATES will provide core resources to support this effort. The PLP training has been conducted by AU-IBAR in Djibouti and Somali Puntland. The Djibouti Livestock Traders Association will be the first model as this will strengthen them to assist in the management and supervision of the Djibouti LHF. RATES attended a PLP training on association building in Djibouti. Djibouti and Kenya associations are fairly new but follow a private sector approach and are formed by the livestock traders. Both are very active and have started to acquire assets and pursue market linkages.

**Support Livestock marketing & promotion program.** RATES livestock and marketing promotion program will be in two phases. To date, there is no verifiable demand information from the Middle East. RATES believes it is critical to have the demand data, in order to develop a successful marketing program. Market information gathered in Dubai illustrates that the relationship between Middle Eastern buyers and African sellers has deteriorated and there is very little up-to-date information available to link them.

☞ RATES has begun work on a web site which will provide supply and demand information to the traders and enable them to become "re acquainted" with each other. This will serve as a web based trading platform. This is a private sector market driven activity as the idea was generated and formed during the traders meetings RATES held and facilitated in Dubai. AU-IBAR will take the lead but RATES is providing core technical support.

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



Map showing the proposed site of holding pen.

Following the initial feasibility study, the REDSO environmental team requested additional environmental impact studies to be conducted due to the high profile of the pilot facility and huge amount of animals to be confined in one location. On a very short notice, RATES located a specialist team to travel to Djibouti to review the proposed facility, and make suggestions on mitigating measures to limit the environmental impact of the site. The team included an internationally renowned geo hydrologist, Dr. Richard Kelsey and waste management specialist, Dr. Pier Ronchietto.

The following are some of the conclusions and recommendation included in the report:

- The original site locations, as presented, exhibit key limitations with respect to amount of available land required for the operation, proximity to active floodplains, depth to groundwater, and proximity to public resources. Moving the project location to take advantage of the natural benefits of the existing landforms is recommended.

- The existing and available base mapping will not support and facilitate further evaluation, design and construction of the project. Detailed topographic maps, preferably to a horizontal scale of 1 inch to 100 meters (or equivalent) and a vertical accuracy of 0.5 meters, is recommended to be collected or prepared. In addition, scaled aerial photography that covers the project site is recommended along with infrared photography. Continued requests and retrieval of existing base maps from the local government and additional mapping from the US military through USAID is recommended to be pursued immediately.
- Solid waste recycling reduces environmental risk and provides opportunity for increased farm productivity and LTA income generation. A formal and comprehensive Solid Waste and Nutrient Management Plan should be developed that describes the generation, handling, and fate of animal wastes.
- The water supply for the facility can likely be developed locally in the Atar Yar River bottom, at least for the initial and possibly for the entire project build out. This option offers significant cost saving to the project if it can be developed. The safe extraction capacity of the aquifer should be investigated through subsurface exploration (test pits) and or installation of a pilot (or full scale) horizontal collection system. Considerable saving in reduced storage can be realized if variable extraction rates can be achieved.
- Environmental monitoring of the facility can protect the project investment and be an early warning of undesirable impact. A formal Environmental Monitoring Plan should be developed and implemented with the facility operations plan.
- Based on use of existing landforms and expanded area that can be used to facilitate project operations, the feasibility of the project is entirely possible without compromising environmental or public resources.

☞ The RATES identified geo hydrologist, Dr. Kelsey has been working very closely with the AU-IBAR team since the initial RATES sponsored assignment. Additional work that his team has carried out towards the holding facility development includes:

- Identification of a potential source of water which is not linked to the Djibouti city supply and which appears can provide sufficient water supply for the entire facility even at full capacity. Water supply was a major project constraint.
- Development of a waste management system which will allow for solid animal waste to be disposed of in such a manner as to serve as a potential source of revenue for the project and virtually ensure that the waste cannot pollute the ocean or ground water systems.
- Design of a cost effective modular system for the actual facility. The proposed facility design is now based upon the design submitted by the RATES consultant and other highly experience professional he co-opted into the team.
- Through the efforts of Dr. Kelsey, the actual drawings of the new design were produced for AU-IBAR and recently presented to a team from USAID and others.

- Dr. Kelsey has been instrumental in developing the tender documents for the construction tender for the facility. His team has also started on the bill of quantities for the facility.
- The RATES hired team with Dr. Kelsey has designed a modular system and recommended that the infrastructure be developed for a full sized facility, but that the pens for animals are modulated as the needs of the facility grow to suit the supply and demand for animals.

#### **KRA 1.4: Regional Cotton/Textile Trade Increased**



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

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

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

**Background:** During the first half of 2003 seven cotton market analyses were completed for Kenya, Uganda, Tanzania, Ethiopia, Zambia, Malawi, and Zimbabwe – and market chain studies of those countries indicated that there is significant potential to increase trade in the textile sub-sector. A Cotton Trade Directory has been completed based on those studies. A regional study was conducted by Dr. John Cockcroft in 2003 to assess the inter-region supply chain – lint to textiles to apparel – and he strongly endorsed a program for regional networking and trade linkage basing his recommendation on his finding that there is urgent corporate demand for a regional approach to gain international market competitiveness. Consequently, RATES core staff have visited several ginning,

textile and apparel concerns in the region over the past few months and have verified the private sector concern for their lack of preparedness to meet AGOA and WTO conditionalities for 2004 and 2005.

RATES recruited a full time Cotton/Textile Marketing Specialist (C/TMS), Barry Fisher, from COTTCO Zimbabwe, in November 2003. The first task undertaken by Barry in November and December 2003 was to meet with nationally based industry organizations and leading companies in several target countries (Kenya, Uganda, Tanzania, Zambia, Malawi and Zimbabwe) to promote the concept of a “regional trade community”. The CMS also found time in December 2003 to attend the AGOA Conference in Washington DC where he gained first hand knowledge from WTO and AGOA officials regarding their programs that will guide RATES towards developing assistance/service programs for a region currently lacking such network support.

Barry Fisher was also an event speaker sitting on the panel for *Vertical Integration through Strategic Alliances* at the Africa Apparel and Textile Conference and Expo held at the Sandton Convention Center, Johannesburg, South Africa, on March 9-11, 2004. Barry used the opportunity to present the RATES concept for *Regional Integration of Cotton and Textiles in East and Southern Africa* and to demonstrate the new trade linkage website [www.CottonAfrica.com](http://www.CottonAfrica.com) launched this quarter in Nairobi.

#### **Progress on key activities:**

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

☞ Key points coming out of this trip:

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

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



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

- ☞ The Malawi Cotton Development Association and NASFAM worked with Barry to host two events in Blantyre and Lilongwe. On April 20<sup>th</sup> at the Ryalls Hotel in Blantyre eleven mostly private sector participants attended a half-day forum to discuss the RATES regional integration program and to view a presentation of Cottonafrica.com.
  
- ☞ A similar function was held in Lilongwe on April 22<sup>nd</sup> with assistance from the largest farmer organization in Malawi – NASFAM. The fifteen participants included Larry Ruby and Richard Kimball of USAID/Malawi and most of Malawi’s public sector. The concept of a regional supply system is new to most stakeholders, especially in the public sector who have been raised on national value chain policies – and the presentation creates new awareness that the “good old days” may be over and leaders need to re-think national and regional programs.
  
- ☞ The Zambia Textile Millers Association may not be overly active these days, but members attended a workshop on April 27<sup>th</sup> at the Holiday Inn in Lusaka under RATES sponsorship. The function may have sparked renewed interest in reviving the association as the sixteen participants discussed trade constraints and regional markets – all key components of the RATES cotton program.



**Textile stakeholders in Lusaka meet to assess regional trade issues.**

☞ The Malawi and Lusaka functions were augmented by the presence of Shemmy Simuyemba, the RATES Trade Policy Specialist based with COMESA in Lusaka. Shemmy and his RATES colleague Bernard Kagira are developing a cotton/textile trade policy platform that will eventually be incorporated into the COMESA agenda for 2005 (see KRA 3.1).

**Regional Trade Network Structure.** As part of the regional integration process, RATES is proceeding on the development of a network structure to engage the key industry players in fruitful trade linkages and to provide information on business opportunities. Even more critical to regional sustainability is the need for regional participation and representation in policy dialog at international forums (AGOA, WTO).

The need for a regional trade community was clearly illustrated in the RATES analysis of the industry conducted by Dr. Cockcroft, and is supported by Stephen Lande, President of Manchester Trade Ltd. In Lande's presentation at the AGOA conference in Washington in December 2003, he refers to the importance of regional trade communities (Ref. "Regional Groups are Key for Developing Nations to Compete in Global Markets"). Such a community is best identified and supported by the industry players themselves from conception to implementation, and RATES is prepared to play an instrumental role in facilitating the design and formation of a such a regional trade body.

The need for regional organization is also strongly supported by Walter Simeoni, President of the South African Textile Federation one of the speakers at the Africa Apparel and Textile Conference and Expo held at the Sandton Convention Center, Johannesburg, South Africa. Walter and Barry Fisher agree that a regional network must supercede trade blocks and have agreed to work together in the SADC and COMESA regions on the developing the concept and promoting it within their respective trade circles. This activity is rapidly moving towards the commodity's first regional conference of key trade associations and leading cotton/textile companies. The conference, tentatively scheduled for November 2004, is expected to address the competitive weakness of the region and to deliberate and identify initiative that will encourage intra-regional trade in cotton/textile products.



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

**Design and implement trade linkage and communication systems. *Cottonafrica.com*** has been launched! The design and creation of a regional cotton/textile trade linkage website [www.CottonAfrica.com](http://www.CottonAfrica.com) linking suppliers and buyers region-wide has been completed this quarter and the site launched on June 17<sup>th</sup> at a reception hosted by the Textile and Apparel Association of Kenya at the Grand Regency Hotel in Nairobi.



**CottonAfrica.com has been launched!**

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

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



The [www.CottonAfrica.biz](http://www.CottonAfrica.biz) home page.

**Regional Supply Capacity.** The C/TMS is finalizing the regional supply/demand inventory system, an effort started in 2003 with the seven national market chain studies and the regional trade study. The activity requires detailed historical and current data collection on cotton production, and both “installed capacity” as well as actual output for lint, yarn, textiles, and apparel. The data base has been designed in-house and all collected data is expected to be loaded next quarter.

To augment this activity, RATES is initiating three new studies in Mauritius, Egypt and South Africa for the primary purpose of identifying key constraints – policy or otherwise – in regional trade. These three countries are trade leaders in cotton and textiles and will be to the regional supply chain program. Part of the studies will cover capacity in the various sub-sectors and will contribute significantly to the activity.

### **KRA 1.5: Regional trade in dairy products increased**



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

trade constraints explained in KRA 3.1 which is implemented in collaboration with ECAPAPA.

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

The RATES dairy strategy encourages industry ownership of the program that will lay the foundation for regional networking, trade linkage and trade information. We will

work in collaboration with national and regional organizations that are key players in advocating policy reform and promoting trade initiatives.

**Progress on key activities:**

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



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

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

☞ Moses Nyabila, the RATES dairy marketing specialist (DMS) has traveled to Zimbabwe, Malawi, Zambia and Mauritius to conduct demand and supply studies and to identify immediate trade opportunities.

- The Zimbabwe Dairy Board (ZDB), the largest private sector dairy company in Zimbabwe, controls 90% of the market in dairy products. Although a shrinking milk supply due to present-day conflicts has reduced volume of business, the company is still looking to exports as part of their sustainability strategy. Export opportunities include UHT, ice cream and sterilized milk into Tanzania, DRC, and Zambia; milk powder into Malawi.

- In Zambia, the Parmalat Dairy Company (yes, of Italian fame), hold about 60% of the share of the formal market. Export opportunities include 500/250 ml packets of UHT into Malawi, DRC and Tanzania.
- Malawi is considered a target of import opportunity for Zimbabwe and Zambia. The main processing plant is owned by the ZDB and supplements its own fresh milk supply with imported powdered milk from its parent company in Zimbabwe.
- A review of COMESA trade data for Mauritius revealed a significant import volume. Over 95% of all dairy products consumed in Mauritius are imported. The value of this volume is estimated at \$38 million, and none of this business comes from COMESA. The main competition is Australia and New Zealand – a real challenge for COMESA region companies interested in breaking into that market.
- RATES hosted a meeting with three Kenya dairy companies on April 19<sup>th</sup> to discuss export potential to the Indian Ocean zone – particularly Mauritius. Attended by executives from Brookside Dairies, Spin Knit Ltd and Bio-Food Products Ltd. It was concluded that they were not price competitive to enter that market – currently dominated by Australia and New Zealand.

**Facilitate the resolution of dairy trade impediments.** RATES had initially identified two trade zones where dairy trade can be enhanced through a negotiated process to resolve trade disputes between two countries. Since the start of the year it has been determined that the Zambia issues with South Africa – mainly through the Shoprite retail chain – have been clarified to the satisfaction of the concerned stakeholders. RATES is continuing to work with the main dispute area of Kenya/Uganda/Tanzania.

☞ RATES is taking advantage of the ECAPAPA policy program that has already prepared three extensive policy papers for the three countries. These papers will be “dissected” by the RATES team to form the foundation of a policy brief that will be used by RATES as the foundation for a dialogue agenda for the next phase.

☞ RATES is also taking advantage of the national consultative meetings that ECAPAPA held this quarter with key industry stakeholders to discuss and deliberate policy issues that will eventually form the policy platform for COMESA.

- The first consultative meeting conducted by ECAPAPA, with RATES staff present, took place in Uganda on April 28 at the Lake Victoria Windsor in Entebbe with 56 stakeholders in attendance. The participants agreed to form subcommittees to continue the policy review process. The Uganda Dairy Processors Association also requested that RATES assist in a more thorough presentation of the EAC Customs Union protocols – a function planned for July.
- The second consultative meeting in Tanzania, a joint effort by RATES and ECAPAPA, was held on May 20<sup>th</sup> at the Royal Palm in Dar es Salaam with 68 stakeholders present. RATES led the presentation and deliberation on the EAC Customs Union protocols – a key element of trade policy not covered under the national study. The Minister of Livestock and Water was present and formed an action plan with the Tanzania Milk Processors Association (TAMPA) to pursue key policy rationalization issues.



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

☞ RATES worked collaboratively with the Kenya Dairy Processors Association and the Dairy Board of Kenya to organize a very successful conference on April 20<sup>th</sup> at the Serena Hotel in Nairobi to address the issue of the new EAC Customs Union protocols – an issue of great concern to the Kenya industry. Taking a positive approach to issues negatively perceived by the industry, RATES presenters and special speakers provided a fresh perspective focusing on long-term opportunities versus short-term implementation constraints. Presented in this light, stakeholders realized that early entry into the regional markets despite tariff barriers provided significant advantages over time. Several companies are following the advice of the presenters and are seeking partnerships to launch their export expansion programs.

The next step in the RATES program for the EAC zone is to convene a roundtable of key stakeholders from the three countries to encourage face-to-face trade dialogue, find resolutions to common barriers, and to establish a way-forward to increase commercial trade in the sub-regional dairy sector.

**Inter-regional market linkage systems.** RATES has initiated a review process on regional market linkage/market intelligence options available to the sector. The RATES DMS has been meeting with key stakeholders and trade association leaders throughout the region to assess the demand for regionally focused communication and information services. Business meetings with industry leaders – both in the processing and distribution/retailing sectors - are planned during and following the completion of the eight ECAPAPA/RATES consultative meetings – hopefully concluded by July 2004. It is also planned that a separate industry forum will be held at the ECAPAPA/RATES regional dairy conference planned for September 2004 to be held in Nairobi. This forum – the first regional meeting of dairy company executives - will help guide RATES in its program to create a market network in the regional dairy community and to establish an industry driven agenda.



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

- ☞ The first draft of a Regional Dairy Trade Directory has been completed. The directory is a necessary tool for trade linkage. The RATES DMS has also started research on mapping regional dairy capacity through the country profile activity.
- ☞ A plan for a regional web-site trade linkage system will be guided by industry stakeholders starting at the regional dairy policy conference.

### **KRA 2.1: Capacity of selected partner organizations strengthened**

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

#### **Progress on key activities:**

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

- ☞ **Training and volunteers.** RATES and EAFCA in conjunction with CQI organized a coffee roasting workshop in Nairobi. Kevin Ashley of Java House agreed to host the event at their facility and offered full use of their batch roaster, sample roaster and brewing equipment. 13 participants from 6 regional countries (Kenya, Uganda, Burundi, Zambia, Zimbabwe and Malawi) took advantage of the RATES sponsored event. CQI arranged for the volunteer trainer - Bob Stephenson of Kavanaugh Coffee, Berkeley CA. The event was a total success, with participants asking for follow-up trainings in the future. Bob has agreed to volunteer as a cupping trainer at next years WWC cupping training and would like to augment it with an additional session on roasting, which we will try to arrange.

☞ **Conference planning.** RATES support to EAFCA for organizing regional coffee conferences such as the WWC is aimed at providing a revenue stream for increasing chances for the organization to reach long term financial and institutional sustainability. The \$90,000 earned from this event will enable them to have access to funds which are undesignated and which they can use to provide member programs, fund overhead and invest in future African Fine Coffee Conferences. RATES has assisted EAFCA to send a team to Livingstone Zambia to set the operational stage for the WWCII to be held there in March 2005.

☞ **Financial management.** RATES is working closely with the EAFCA Secretariat to develop realistic budgets. Efforts have focused on monitoring funds distributed through the RATES Partners Fund. EAFCA has adopted the suggestion of moving offices that should cut rental expenses by about a quarter.

☞ **Strategic planning.** EAFCA is working with RATES on the chapter strategy meetings and substantial capacity has been built there so that eventually they can run those meetings without RATES core technical support. Most importantly, EAFCA has gained capacity in its ability to assist in the operational, promotional and logistical aspects of the WWC. EAFCA successfully managed all the finances for the event, speaker invitations, etc. as well as assisting in determining the next venue and dates for 2005. They also designed and implemented their own booths at the WWCI. The EAFCA Executive Committee requested assistance from RATES to review the Articles of Association and make recommendations for changes and adjustments necessary to reflect the structural and governance systems desired by the Board. Led by Tom Carr, the RATES Technical Director, and assisted by EAFCA Director Simeon Onchere, this assignment was accomplished by May 24<sup>th</sup> and copies of the working draft were sent to all Board Directors two weeks prior to the Board meeting scheduled in June. The Executive Committee has also requested that RATES assist the Secretariat and the Board in the development of a long-term (5-year) strategy, annual operational plan and the budget for the next fiscal year. RATES will lead this activity with the assistance of Chris von Zastrow and Tom Carr and will report to the Executive Committee in August next quarter. The working draft was reviewed and approved by the Board during a one-day workshop that took place prior to the June 11<sup>th</sup> board meeting in Arusha. Although there is still some details to work with the EAFCA Lawyer out the new Articles of Association truly reflect the new EAFCA.

**Provide Targeted support to Red Sea Livestock Trade Commission.** The LTC is not yet formally registered as the final institutional form is yet to be determined. It appears that the LTC will function as an autonomous body under the auspices of AU-IBAR. This is a somewhat different model than initially visualized by the LTC staff, but a model that may take into account the unique nature of the commission. This has made it challenging to finalize an operational business plan for the LTC without a modus operandi for the institution. The RATES team has finished a first draft of the business plan and submitted to LTC for comment and a meeting will be held next quarter to go through all the issues together and finalize this operational way forward for the commission.

- ☞ RATES is assisting LTC in developing ideas to generate activities that are revenue producing in order to avoid becoming a donor driven organization. The focus of this assistance over the past few quarters has been in assisting LTC to undertake the Djibouti Livestock model holding facility. RATES core and short term technical assistance has been instrumental in moving this project forward.
  
- ☞ RATES will assist the Djibouti Traders Association with its own business plan for the facility in the upcoming quarter once AU-IBAR/LTC and the team have begun projections on costs and revenues which will form the basis for this business plan.
  
- ☞ RATES is providing direct technical assistance for the operational business planning process. This activity is being provided by core RATES staff and focuses on assessing the actual staffing and financial resources required to operationalize the LTC. The business plan is being developed in collaboration with RSLTC and calls for budgetary rationalization based on break even budgets are being produced and a variety of income producing strategies will be examined. The market supply information gathered in Africa and the demand from Middle East will be important factors in this plan. It is anticipated that this plan will be finalized by mid 2004 and the process is well underway. However, it must be noted that this is a cooperative process with LTC and RATES cannot proceed without their input. Additionally, it may be found that there is no need for such a plan if the LTC is not going to be formed as a separate organization.

If the operational business plan goes ahead, RATES will sponsor a strategic planning session with industry stakeholders and associations to assist LTC to develop a long term strategic plan.

- RATES will continue to assist the LTC this year to analyze the feasibility of a livestock holding facility in Djibouti which could be the primary source of revenue to make the commission sustainable.
- RATES continues to assist potential stakeholders and users of the Djibouti Livestock Holding Facility to understand the advantages of this facility. After the successful RATES hosted meeting in Dubai, follow up has been done with RATES staff going back to Dubai to meet with traders and begin the Middle East demand survey.
- Both the revenue and the good will created by the facility will provide a platform for LTC sustainability.
- RATES is assisting the LTC in development of a tender for the construction of the Djibouti Livestock holding facility.
- RATES is assisting LTC through core support in the development of an operational business plan which will provide a more realistic framework for growth than the previous budgets and plans on the table.

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

**Strategy.** To achieve RATES ambitious targets of 35% increase in volume/value of selected commodities, RATES is focusing on technologies that are used to help promote increased trade. RATES' strategy is to work with selected private service providers who offer specialized technical expertise in identified areas of need. There are many technology providers already at work within the region with a wealth of information to tap into. RATES will form linkages with these technology and research networks relevant to the targeted commodities. We will also partner with on-going bilateral development projects.

### **Progress on key activities:**

**Identify and support appropriate technologies for EAFCA .** The primary technology identified and utilized for coffee and EAFCA during the quarter has been the development of a revised eafca.org web site. The goal was to fuse and merge the popular [www.worldswildestcoffee.com](http://www.worldswildestcoffee.com) site with [www.eafca.org](http://www.eafca.org) to make one seamless site. The WWC site has attracted substantial attention and was redesigned last quarter with a new look to promote the 2004 Conference. Now the site opens on the EAFCA home page and promotes EAFCA as an organization and as a source of information for the coffee industry. The current average daily hits are in excess of 2,000 with a pre conference high of over 4,000 successful hits per day with the majority straight to the site. The site also shows up on the first page, sometimes first item, in search engines such as Yahoo, Google, etc. with several key words. The site served for on line registrations for the conference and is now being used for evaluation forms and disseminating photos and presentations.

The Uganda appellation activity will incorporate Global Positioning Systems (GPS) technology to help identify superior coffee growing areas based on detailed on-the-ground quality characteristics. This technology will be used to identify and delineate areas of speciality coffee characteristics. The USGS will train trainers and then develop a web based mapping system in conjunction with Makerere University.

**Identify and support appropriate technologies for RSLTC.** The Djibouti livestock holding facility will have computerized tracking and information devices that will allow for individual animal identification. This will ensure the animals' quality and health upon arrival (see section KRA 1.3 for details of the Kelsey report). There are a number of innovative recommendations on appropriate technologies that will be used to mitigate negative environmental impact and control of animal waste.

### **KRA 3.1: Private sector-driven agricultural trade policies advocated**

**Strategy.** The strategy for this KRA is to identify trade policy and regulatory issues and constraints to regional trade flows and to initiate policy and regulatory change through regional policy making organs (COMESA, EAC and SADC), and to support the policy implementation process.

For each of the target commodities, private sector trade flow leaders will be identified and consulted in the process of identification of the constraints. The proposals for policy change will be drawn from these consultations and ensuing analysis. Private sector trade flow leaders will attend policy negotiation meetings to lobby for proposed policy change.

#### **Key activities this quarter:**

**Assist COMESA and EAC to implement recommendations of the regional maize trade conference.** RATES targeted specific provisions of the policy platform and below are the key results:

- ☞ RATES formally presented the EAC maize trade policy platform to the EAC Trade, Industry and Investment Committee. This committee is key as it will make decisions on proposals on simplified customs documents and procedures. One of the major achievements on the EAC maize trade policy platform (that has been realized through the work of this committee) is the reduction of intra-EAC maize trade tariffs to 0% and harmonization of external tariffs at 50%. These tariffs become effective in 2005 at a date yet to be determined. The interaction with this committee provided RATES with a platform for working with the committee in assisting the implementation of the provisions of the Customs Union which touch on maize. The Customs Union protocol's clause on elimination of non tariff barriers will be used to advance the implementation of other aspects of EAC maize trade policy such as standards, export/import restrictions etc.
- ☞ RATES worked with the EAC technical committee to review and revise EAC regional maize standards based on comments received from the private sector. As a result, Bureaus of Standards from each of the EAC countries held national consultations in preparation for a standards negotiation meeting, scheduled to take place in Arusha, Tanzania in mid July.
- ☞ In collaboration with the COMESA SQA (Standards and Quality Assurance) Committee, a harmonized regional standard for maize has now been defined and adopted by the COMESA National Standards Bureaus (NSBs). The next step is to work with the NSBs to ensure that this standard replaces existing national standards for maize so that compliance becomes mandatory when this standard becomes the Regional Technical Standard for Maize in the COMESA region.

- ☞ The study on the simplified customs document was completed and will be submitted during the next meeting of the COMESA Directors of Customs, scheduled for July 26<sup>th</sup> and 27<sup>th</sup>. Once this document is adopted in COMESA, RATES will facilitate its introduction in the EAC through the Kenya and Uganda Directors of Customs as a tool for facilitating cross border trade in agricultural commodities.
- ☞ RATES worked with regulatory agencies responsible for maize trade to provide the regulations/policies that will govern maize trade in the period 2004/2005. This information has been put into a handbook for maize traders, due for release in July 2004, after appropriate consultations.

**Assist COMESA and EAC to develop a regional trade policy framework for cotton and textile sector.** The following progress was achieved on developing a Regional Cotton and Textiles Trade Policy Platform:

- ☞ The COMESA Summit endorsed the work on cotton and textile, as presented by RATES during the Intergovernmental Committee of Experts (ICE) session.



**The Secretary General of COMESA addressing the delegates at the Summit**

- ☞ Four additional country studies were commissioned. These include Egypt, Mauritius, South Africa and Madagascar. This brings the total number of countries which RATES is focusing in the cotton and textile sector to eleven. The other seven countries whose initial studies were done in 2003 are Ethiopia, Kenya, Malawi, Tanzania, Uganda, Zambia and Zimbabwe.
- ☞ Gaps in the seven country studies will be filled during the next quarter, with a view to generating a regional value chain concept.

**Facilitate the resolution of dairy trade impediments in the key trading partners in East and Southern Africa Region.** RATES and ECAPAPA are developing a regional policy platform aimed at facilitating inter-regional trade in dairy products. This process involves country level studies and consultations, leading to a regional conference where the platform will be defined by stakeholders drawn from COMESA and EAC. Efforts for developing the dairy policy platform are focusing on select EAC and COMESA countries on the basis of their milk production/trade/consumption levels. The following progress was made during the quarter:

- ☞ RATES completed three country studies for Malawi, Mauritius and Zambia.
- ☞ RATES held a national workshop in Zambia to consider the study findings and recommendations. The national workshop for Malawi was rescheduled for July 20<sup>th</sup> upon the request of the dairy sector stakeholders. In Mauritius, RATES will not hold a national workshop but will instead host a brief mission targeting the policy makers to prepare them for the regional conference to be held in October.

**Identify policies and regulations inhibiting access to Red Sea livestock market.**

During the quarter, RATES provided AU/IBAR with the framework to be used in the collection of trade data and policy/regulatory information (see KRA 1.3).

**Establish regional agricultural trade policy support and monitoring office.** The RATES policy office based at the COMESA Secretariat and is now fully operational. This has improved the working relationship between COMESA and RATES and has ensured that RATES activities are well integrated into the COMESA decision making structures.

**Establish Agricultural Trade Policy around selected agricultural commodities.**

- ☞ The COMESA Council of Ministers endorsed RATES plan to develop a web-based Agricultural Trade Policy Monitoring and Reporting System (AgTrade-PMRS) as a way of monitoring and reporting on tariff and non-tariff barriers to regional agricultural trade. Public and private sector stakeholders have indicated that such a system will fill a critical information gap in the region. Such information is currently not easily available in a consolidated and accessible form within the region.
- ☞ RATES has defined the AgTrade-PMRS framework and data collection missions are underway in selected countries to provide content for the web-based system. The site is expected to be operational by September 2004.

### **KRA 3.2: Private sector buy-in and alliances expanded**

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

#### **Key activities this quarter:**

**Identify and facilitate market linkages in RATES supported activities.** Below, we provide a summary of recent activities in RATES-supported commodities:

☞ **Coffee.** The “Meet the Buyer” event, held at a private art gallery in Atlanta during the SCCA meeting was a great success, with many of the attendees calling it “the social event of choice.” This obviously means EAFCA will have to seek out a venue in Seattle that is at just as exciting (if not more so) than the location in Atlanta.

#### **Meet the Buyers Event: A Great Guest List!**

Attendees included over 40 EAFCA members, as well as representatives from the following companies:

Volcafe Specialty Coffee	Sustainable Harvest Coffee
Rothfos Corporation	InterAmerican
Amcafe	Atlas Coffee
Peets Coffee	Kavanaugh Coffee
Paragon Coffee	heta Ridge Coffee
Bridgetown Coffee	Green Mountain Coffee Roasters
Coffee Quality Institute	The Roasterie (MN)
Utz Kapeh (Holland),	San Cristobal Coffee Importers
I&M Smith (South Africa)	Atlantic Specialty Coffee
Santa Cruz Coffee Roasting	CTCS Ltd.

☞ RATES has been tracking sales of coffee through EAFCA sponsored events or contacts made at these functions. Below are some of the key deals in progress or already completed.

- **Rwanda:** Rwanda coffees were the star of the SCAA show. Attention is now focused on this origin as the 10 year anniversary of the genocide has just passed and things are looking up for increased sales and interest. Rwanda had booth space in the EAFCA booth and well as separate booths highlighting Rwanda coffees. Many of the buyers participated in the WWCI, and traveled to Rwanda following this event. All were present in Atlanta. The following email from Maurice Weiner of ADAR illustrates the enthusiasm for the Rwandan coffees:

*“Results from Atlanta: Starbucks is interested in buying 2 containers of Nyandungu coffee (one of our clients) - one container in June, one in July - and if the second sample is confirmed as very good quality as the first one, Starbucks is planning to put it into the competition of the "best coffee of the year"... Well, we will keep EAFCA posted on this issue. Royal Coffee California just purchased one container for June....”*

- **Tanzania.** Kilimanjaro Specialty Coffees Association was the first group to sell directly to Peets Coffees (over a million in sales). Jim Reynolds, SVP of Peets was part of the RATES/Coffee Corps trainers who came out to Tanzania last August. This group was at the conference as part of the EAFCA booth.

*From Tom Dixon of TechnoServe: ...“I think we all agree this is one of the “wins” achieved with Coffee Corps assistance in 2003 and should questions come up afterward, no one better than Paul can tell the story. He’s also been overseeing the Association of Kilimanjaro Specialty Coffee Growers’ sales, including two containers sent as direct exports this month alone, and their sales have surpassed \$1 million for the season...I call that progress, especially considering they didn’t even exist 3 years ago.”*

- **Zimbabwe.** Increased interest from buyers for this origin. EAFCA has been contacted to arrange for a Zim/Malawi contact, as this buyer wants to combine lots from these two countries as a direct result of his contacts.

*Excerpt from an e-mail Don Jenson of Bridgetown Coffees based in Portland Oregon. Following Atlanta..... “We have had Trevor Gifford and Junusz Kordinski from Zimbabwe in Portland the last 3 days. Both are very intelligent men and seem to have excellent work ethics. We have assisted them "greatly to understand American coffee desires" per both guys plus understand micro-roasting quality coffee. The also said they feel much more comfortable about who the players are in the US and if their plan of attack was working correctly. Some of the factors must be changed but I took them to Boyd's a much larger roaster in Portland and they had a chance to visit extensively with Randy Layton..”*

- **Uganda.** Exhibitor at WWCI has just made 2 separate sales (1 container each) to new US specialty buyers met at the WWCI event at a premium price. Overall Uganda export earnings rose by 82% (\$4.8-8.77 past 12 months) and last 6

months increase of 6.8% value with 10% DROP in volume over last year- hence the specialty movement taking hold.

- **Zambia.** A producer at RATES “Meet the Buyer 2003” ending up selling 400 tons of his crop at premium through contacts made at the event. He looks set for even better new sales this year and thinks 100% of his crop will go to WWCI contacts.
- **Kenya.** WWCI and the build up to it through chapter strategy meetings has had a major impact on the politics and policy of coffee in Kenya and we seem set to have some major policy shifts. An EAFCA member stated that, due to a contact met at WWCI, he has made a coffee deal that netted him "\$25k extra profit".
- **Burundi.** Production is estimated to be three times higher this year than last and they are set to sell much of the crop to buyers met at WWCI.
- **Malawi.** The RATES coffee specialist identified a US specialty buyer that requires quantities of both Zambian and Malawian coffees. The idea is to split a container with the two origins. RATES/EAFCA has contacted interested members to supply the coffee and coordinate the delivery.



Guests take advantage to meet the buyers Event in Atlanta.

☞ **Maize.** As indicated under KRA 1.2, [www.Tradeafrica.biz](http://www.Tradeafrica.biz) saw a significant increase in trade. Inquires to buy maize increased from \$5.3 million to \$21.4 million, a 500% increase. Offers to sell maize increased from \$2.2 million to 5.8 million. A 356% increase. Almost \$35 million in trade inquiries has been posted since the beginning of the program year (see Table 1).

☞ **Cotton/textiles.** The design and creation of a regional cotton/textile trade linkage web-site [www.Cottonafrica.com](http://www.Cottonafrica.com) will help link suppliers and buyers from the region. As stated in KRA 1.4, the initial focus will be the supply of regionally produced lint to the textile sector and fabrics to the apparel sector to meet the AGOA conditionality

of 9/30/03. There has been strong interest from the textile industry to take advantage of the site to post opportunities.

☞ **Dairy.** RATES is facilitating a number of trade linkages, and have received numerous requests for support. The dairy marketing specialist is working with a number of companies in the region to link them with suppliers or buyers:

- Alpha Dairies Uganda and Nyabisindu Dairies of Rwanda – bulk pasteurized milk export.
- Ntungamo District Dairy Coop and Nyabisindu of Rwanda – bulk raw milk export for processing in Rwanda.
- Spin Knit Dairies and ADATA Investments Nigeria – export of flavored UHT milk.
- KCC/Spin Knit/Brookside to Laiterie de Curepipe of Mauritius – export of UHT, butter and ghee.
- Omaera Pharmaceuticals/Tetra Pak and Dairy Corporation of Uganda – UHT milk contract packing for export into Tanzania, DRC, Rwanda, and Burundi.
- Alpha Dairies/Dairy Corporation Uganda and Laiterie Top Milk of Burundi – UHT milk co-packing for export to Burundi.

**Maximize private sector contribution to RATES programs.** RATES is working closely with the private sector in all our focus areas. Much of the work has been previously discussed under PIR 1, but some additional comments are provided below:

☞ **Coffee.** The fact that so many international buyers attended the conference and exhibition at their own expense is indicative of the interest in increased trade with the region. The private sector from Africa also participated in strength at the WWC at their own expense. The value of the self-funded participation in the conference exceeded over US \$1 million dollars. Additionally, there is firm interest in the beginnings of long term market linkages as well as substantial private sector contributions:

- The Zambia Coffee Growers Association was presented with the opportunity to send a representative to live and train with a major US roaster.
- A US roaster was invited to serve as keynote speaker for the Zimbabwe Coffee Growers Association AGM.
- There is a potential investment being discussed by a US buyer for a coffee farm in Uganda.
- The Kenya chapter successfully organized “Coffee Week Kenya” to coincide with WWCI with specialty coffees supplied free of charge to hotels and restaurants as well as barista training on brewing techniques.
- SCAA has agreed to assist EAFCA with some conference related activities, including the use of their credit card facilities.

- ☞ **Maize.** As indicated under KRA 1.2, RATES hosted a number of business luncheons and is working closely with the private sector to better understand the regional maize situation. Private companies are providing access to critical trade data that normally is not available to the public.
- ☞ **Livestock.** RATES hosted a private sector-based meeting in Dubai for exporters and importers of livestock was a great success which is still spilling over into private sector interest. The Chamber of Commerce in Djibouti assisted the RATES' fielded environmental team by hiring a plane for them to take aerial survey and photographs. This kind of private sector investment is a tangible show of commitment and a good example of cost sharing.



**Livestock holding pens in Dubai.**

- ☞ **Cotton/textiles.** A key element in the cotton program is direct program ownership by the industry requiring RATES to meet with nationally based trade organizations and key companies to build consensus and to lay the foundation for regional vertical integration of the supply structure. As indicated earlier, RATES is working with these stakeholders to gain support for the regional integration approach to cotton development, raising awareness to networking, trade linkage and trade information.
- ☞ **Dairy.** RATES is currently planning and will co-sponsor a conference with the Kenya Dairy Processors Association and the Dairy Board of Kenya in April to deliberate the newly incorporated EAC Custom Union Protocols and how it will affect the dairy industry. The expected participation of 60 key stakeholders will provide significant preparation for the forthcoming dialogue phase between the two countries



Kenya Dairy Industry booth at the Trade and Investment Show in Nairobi.

#### **PIR 4: Program management, monitoring and evaluation.**

##### **Program Management**

The RATES' field administrative staff and the Chemonics home office project management unit maintained financial, operational and administrative procedures that conform to USAID and Chemonics regulations, function smoothly, and allow the technical team to focus on achieving project results.

##### **KRA 4.1: Management and coordination mechanisms established**

**Strategy.** RATES' strategy is to continue to provide quality and timely service to both external and internal clients. RATES continues to maintain streamlined accounting, financial, contractual and administrative procedures which are coordinated by the RATES Operations Manager.

##### **Key activities this quarter:**

**Continue RATES management systems.** RATES continues to be a well-staffed and highly functional team of employees. As of June, 2004, the RATES project has 17 full-time employees which include 4 long-term employees through the RATES subcontracts (IDC, ITI and Computer Frontiers).

☞ **Partners' Fund.** RATES' was very pleased to continue to work closely with its' primary partner, the Eastern African Fine Coffees Association (EAFCA). The close collaboration between EAFCA and RATES was evident this quarter in staff from both organizations attending the very successful SCAA conference, held in Atlanta in April, 2004. In addition, RATES has continued to work closely with EAFCA in the planning of the upcoming 2005 WWC conference, to be held in Livingston, Zambia. This support is most noted through the RATES' short term consultant, Ludovica Bellingeri, the WWC conference coordinator, working out of the RATES Nairobi office. RATES technical staff continues to work closely with EAFCA in supporting their objectives of enhancing the quality, competitiveness and profitability of the Eastern African coffees in global markets.

☞ **Institutional Development.** The RATES' Grants/Operations Manager continued to work on a regular basis this quarter with the EAFCA Finance and Project Manager in order to monitor and track the EAFCA budgeting and tracking system. It is expected that working on this level with the EAFCA staff will contribute to better monitoring of FARA funds by both RATES and EAFCA staff.

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

- Dairy, maize and cotton policy consultants hired through RATES subcontractor, IMANI: Mr. Bhowon Veepin, working in Mauritius, Ms. Maria Schouten working in Malawi, Peter Tembo, working in South Africa, Pierre Bernard, working in Madagascar and Richard Hess, working in South Africa.
- Coffee specialist, Mr. Simeon Onchere, to review the EAFCA Chapter Constitution and Articles of Association.
- Conference consultant, Mr. Stanley Marengue, to work, together with EAFCA, in continuing to oversee conference organizational tasks for WWC 2005.
- Cotton specialist, Mr. Karim Shafei, to undertake a baseline study and market assessment on the cotton/textile industry in Egypt.
- Dairy specialists, Mr. Dejene Aredo, Mr. Ali Ibrahim Mjella and Mr. Evarist Mugisa who will all undertake baseline studies and market assessments in Ethiopia, Tanzania and Uganda.
- Maize specialist, Mr. Paul Wagubi, to undertake a maize balance sheet update in Uganda.
- Maize specialist, Mr. David Tuhoye, to undertake the collecting of data on trading regulations to feed into a published traders guide.

#### **KRA 4.2: Program monitoring and reporting needs met**

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

#### **Key activities this quarter:**

**Maintenance of the RATES M&E system.** RATES continues to maintain up-to-date records on all project activities and events. Data collation is now being handled by Susan Kimani, the RATES administrative assistant who had been working closely with the M&E specialist prior to her departure in March. The technical team is responsible for ensuring that M&E data are collected for every event sponsored by the program.

**Gather M&E data and information on the program's progress and results.** Below, are a summary of RATES training and marketing events for the quarter:

**Table 4. Activities during period April-June 04**

<b>Program</b>	<b>Event</b>	<b>Date</b>
<b>Maize</b>	✦ Chepchoina & Suam Cross Border Training	April 26, 2004
	✦ Malaba Cross Border Training	April 27, 2004
	✦ Busia Border Training	April 28, 2004
	✦ EAC Trade Industry & Investment Committee - Arusha	May 18, 2004
	✦ Kenya Cereal Stakeholders Committee Business Lunch	June 16, 2004
	✦ Millers & Traders Business Lunch - Blantyre, Malawi	June 22, 2004
	✦ Millers & Traders Business Lunch - Lusaka, Zambia	June 24, 2004
<b>Cotton</b>	✦ Regional Integration – Blantyre, Malawi	April 20, 2004
	✦ Regional Integration – Lilongwe, Malawi	April 22, 2004
	✦ Regional Integration – Lusaka, Zambia	April 27, 2004
	✦ Cottonafrica.com launch – Nairobi, Kenya	June 17, 2004
<b>Dairy</b>	✦ Rationalization & harmonization of Dairy Policies/Standards	May 20, 2004 May 27, 2004
	✦ Dairy Consultative Meeting – Lusaka, Zambia	
<b>Coffee</b>	✦ Roasters' Training - Nairobi, Kenya	June 29, 2004

**Table 6. Summary of attendance.**

<b>Participants</b>	<b>Number</b>
Private Sector	
<i>Male</i>	136
<i>Female</i>	32
<b><i>Sub total</i></b>	<b>168</b>
Public Sector	
<i>Male</i>	91
<i>Female</i>	23
<b><i>Sub total</i></b>	<b>114</b>
<b>Total</b>	<b>282</b>

### III. Problems encountered during the reporting period

RATES is approaching the last quarter of the second year of the program. Most administrative and managerial issues have been resolved. Below are a few outstanding issues that could impact on the program:

- ☞ **Funding.** The primary problem of lack of funding has been mitigated by the addition of new obligated funding to the contract. This has allowed the program to maintain momentum to carry out planned activities for the rest of the year.
  
- ☞ **Brooke Amendment.** The recent Brooke Amendment restriction on working with either the public sector or private sector in Zimbabwe has created a challenge for working with regional organizations in which Zimbabwe is a member country. RATES is awaiting further clarification from REDSO's regional legal advisor on how to proceed.
  
- ☞ **Staff working in satellite countries.** We are still experiencing some glitches in regularizing our staff based in Kampala. Although the Uganda mission has been very cooperative, we would like to see our advisor provided similar administrative support from the mission as other contractors working in Uganda. We have requested RCO assistance in facilitating this support.