



Annual Performance Monitoring Report

October 2003 to September 2004

Submitted by:

Chemonics International Inc.

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Executive Summary

The Regional Agricultural Trade Expansion Support (RATES) program has completed the first two years of operation. The program has made significant progress in a number of areas and has added an additional commodity to the program mix. The RATES commodity list now includes maize, specialty coffee, cotton/textiles, dairy and technical support to the livestock program under AU-IBAR.

From the monitoring and evaluation perspective, the project has established baselines, and carried out a significant number of studies and surveys to capture preliminary and project-level results. This report details the results to date, and is structured in line with the project's results framework. This report should be reviewed as part of the annual RATES progress report that accompanies this document. This PMP report provides highlights of key results while the progress report provides a more detailed narrative of activities carried out during the reporting year.

Some of the key preliminary results during the past 12 months include:

Maize

- The “Maize without Borders” policy platform has been fully integrated into the COMESA policy making system. This platform has been fully endorsed at the highest levels of policy making in the region and is often quoted by regional leaders in describing regional integration efforts. RATES is very encouraged that the platform has been presented officially at several key COMESA forums and referenced by Heads of State, Ministers of Agriculture and Trade, and by the Secretary General of COMESA on a number of occasions.
- The www.tradeafrica.biz web site has generated significant interest from the grain trading sector. To date, over 143 million US dollars of offers to buy maize have been posted on the site and over 86 million US dollars in offer to sell.
- RATES has conducted numerous business forums to improve public-private sector dialogue especially concerning the impact of the EAC customs union protocols. There are clear signs of increased cooperation among the private traders and public sector decision makers. There are now a number of private/public sector associations planning strategies and policy in the areas of maize trade, food security, and strategic grain reserves.
- The Regional Agricultural Trade Intelligence Network (RATIN) continues to provide key market information to small and medium traders. The significance of cross border trade has now been recognized by policy makers who are now incorporating this trade in food balance sheet estimates.

Coffee

- RATES supported EAFCA to hold the very successful “World’s Wildest Coffee Exhibition and Conference” that attracted over 400 buyers and sellers from 40 countries.
- RATES is providing institutional strengthening support to EAFCA that has undergone several key changes in management and institutional structure that is improving the delivery of services to its members.
- Working with Coffee Corps, RATES supported EAFCA to provide a number of key training workshops to members in cupping, roasting and milling. Several companies have already implemented changes in their roasting and milling processes resulting from these training sessions.
- RATES sponsored a number of “Meet the Buyer” events at international trade shows that has resulted in a significant trade deals for EAFCA members. Several US companies have featured African coffees as a result of their association with EAFCA and CQI training events.

Cotton/Textiles

- RATES launched the www.cottonafrica.com trading web site that has received critical acclaim from the cotton textile industry. This site has already generated over 80 million dollars in offers to buy and sell cotton/textile products.
- RATES initiated the first ever regional textile trade directory as part of the web site. There is strong interest among private sector players in enhancing regional integration and promoting their capacities on the site.
- RATES conducted a series of business forums aimed at establishing a regional cotton/textile policy platform that will culminate in a regional cotton/textile conference and exhibition early in FY 05.

Dairy

- RATES and ECAPAPA collaborated to conduct a series of national-level consultative meetings aimed at understanding the trade environment in the region and establishing a regional dairy policy platform to be developed during a regional dairy policy meeting to be held in early FY 05.
- RATES and Land of Lakes conducted a series of business forums to understand constraints facing the private sector. Emerging from these meetings is a strong interest in forming a regional dairy processors association.

Livestock

- RATES support has been limited to providing technical assistance to AU-IBAR's livestock program supported through a cooperative agreement with REDSO.
- RATES provided a key technical team to conduct the initial feasibility study for the holding pen.
- RATES engaged a US-based engineering firm to conduct an environmental assessment of the site. The team leader has since been hired by AU-IBAR to prepare design and tender documents for the construction of the facility.

Section I. Introduction

A. Overview of RATES

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 Inc.

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 selected 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

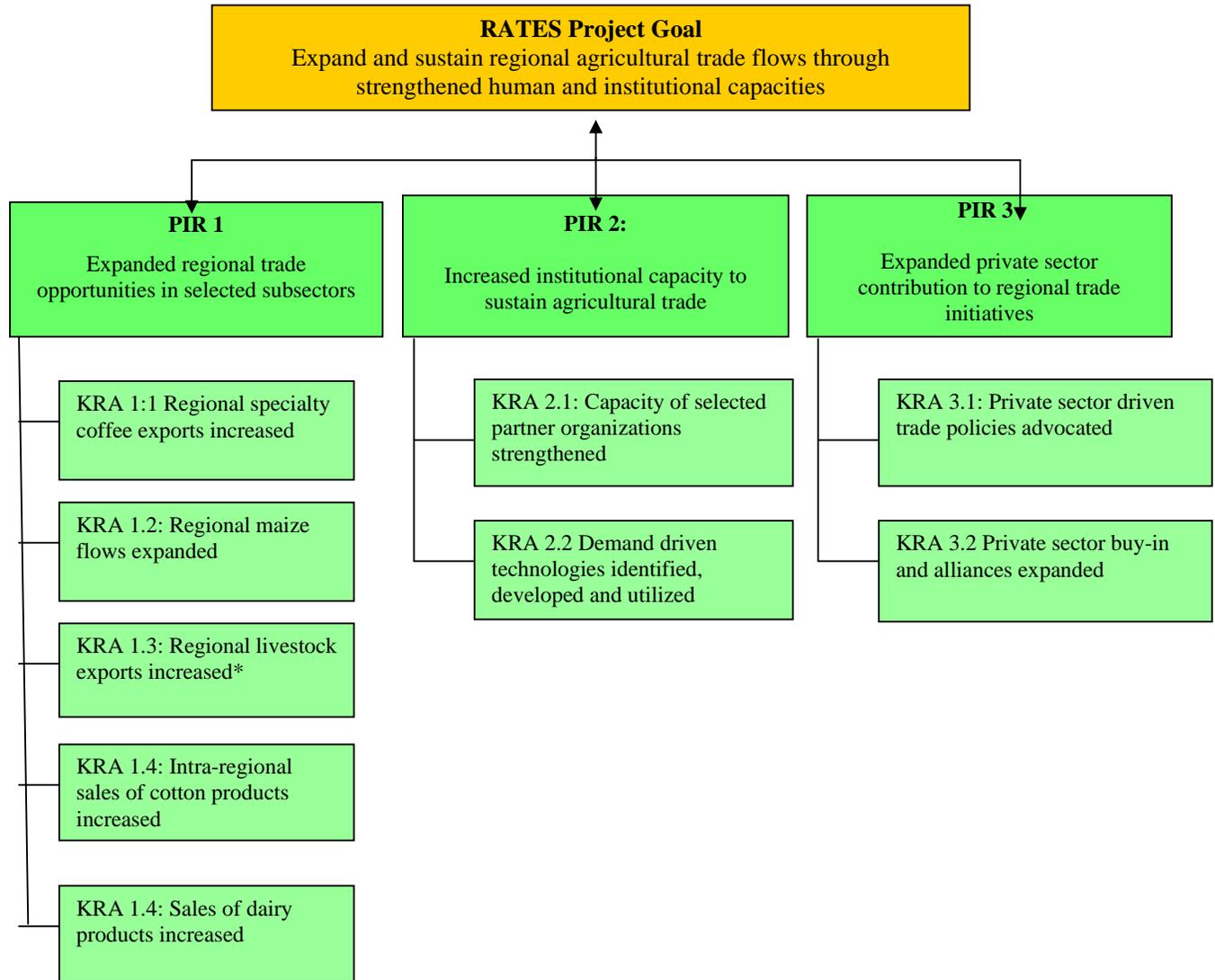
Project Goal

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.

Exhibit 1. RATES RESULTS FRAMEWORK



* Under AU-IBAR

In the next section, we present a summary of results achieved during the first project year for the period October 1, 2003 to September 30, 2004. These results also include the baselines established for each indicator where appropriate, and tables and exhibits to further highlight our achievements.

Section II. RATES Results

A. Project Level Impact

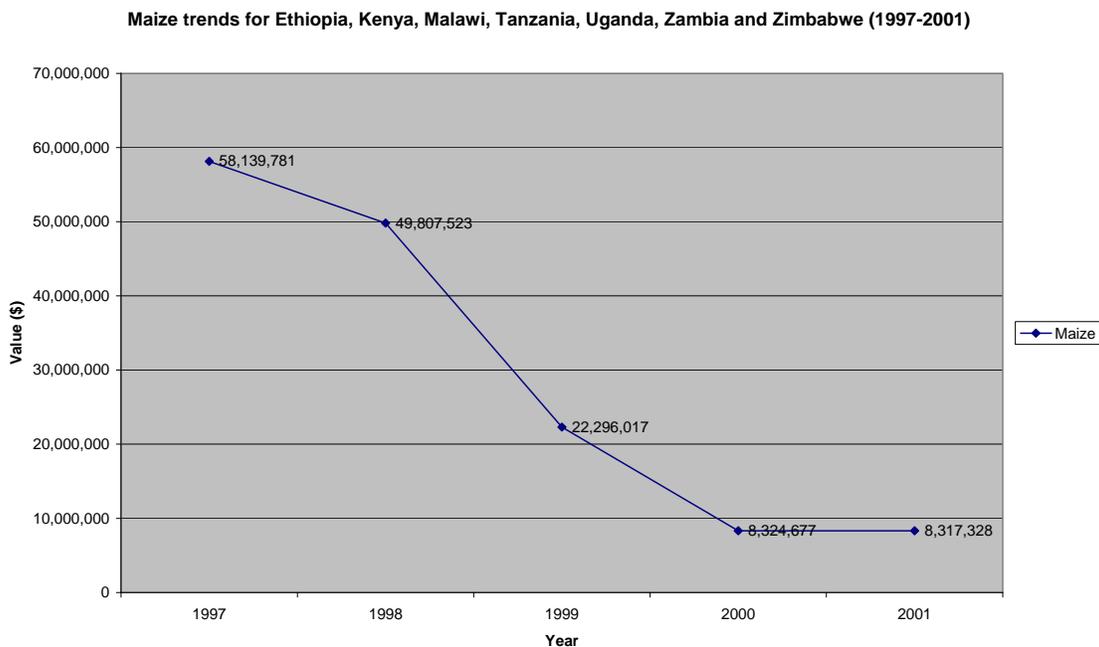
Below, RATES provides a detailed summary of project-level results to date. These have been captured quantitatively in terms of actual numbers where data are available, and qualitatively in terms of highlights and case studies of important achievements.

RATES has defined three indicators to capture achievement toward the project goal. These are:

- Percentage increase of agricultural trade in the region
- Number of policy changes adopted by regional and inter-governmental organizations
- Increased regional partner institutions capacity (Defined by score on PIVA-Scale)

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

Exhibit 2. Maize trend-analysis for establishing a project-level baseline.



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

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

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

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

Below, we list the three goal level indicators with baseline data for calendar year 2001 where applicable (Exhibit 3). These tables represent the composite totals across all commodities and partner institutions. As discussed above, the trade data is based on data up through December 31, 2003.

Following two full years of operation, trade policy reform and institutional capacity strengthening are starting to be captured at the goal level (Exhibit 3). In addition, a significant number of preliminary results have been achieved, and are best captured at the KRA-level.

Exhibit 3. Project Goal-level Indicators

Percentage increase* in agricultural trade flows in the region	Baseline** Jan-Dec 2001	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
Increased value of extra/inter-regional trade in selected commodities (coffee, maize, livestock, cotton)	\$338,354,365	\$373,614,706	X	X	X	X
Increased value of extra/inter-regional trade in selected commodities including dairy	\$340,432,535	NA	\$392,417,233			
Percentage Increase over baseline	NA	11%	15%			

* Based on a selected sample of commodities and countries.

** The Baseline totals have changed with the addition of a new commodity and updated COMESA data.

Number of policy changes adopted by regional inter-governmental organizations	Baseline 2002	Year 1 2003	Year 2 2004	Year 3 2005	Year 4 2006	Year 5 2007
Number of policy changes adopted by COMESA	0	0	3			
Number of policy changes adopted by EAC	0	0	2			
Number of policy changes adopted at the national-level	0	0	4			
Total	0	0	9			

Institutional capacity of partner organizations strengthened	PIVA ASSESSMENT Baseline FY03	PIVA ASSESSMENT FY 05	PIVA ASSESSMENT FY 07
Selected PIVA assessment scores for EAFCA	251		
Selected PIVA assessment scores for Red Sea Livestock Trade Commission	NA		
Total PIVA Index Scores *	251		
Percentage Increase	NA		

Progress on goal-level results are provided below:

COMESA is making progress in promoting regional integration though the pace may not be as quick as the Secretariat perhaps would have liked. Two additional countries (Burundi and Rwanda) have joined the Free Trade Area (FTA), bringing the total to eleven. Prior to 2002, regional agricultural trade was not a stated priority within the COMESA program but has now been given priority by COMESA policy making bodies including Trade and Customs Committee, Standards and Quality Assurance Committee, COMESA Heads of Customs Administrations, Ministers of Agriculture and Council of Ministers. COMESA continues to encourage member States to buy-into the regional approach and move towards creating a COMESA-wide Customs Union.

RATES has assisted COMESA to guide member States to shift from a national to a regional approach to food security by adopting the "Maize without Borders" strategy that aims to allow maize to move unimpeded from surplus to deficit areas throughout the region. There is now recognition by both COMESA and EAC of the importance of informal cross-border trade in agricultural commodities that are sometimes considered as "illegal" by a number of countries in the region. This trade is an important part of intra-regional trade particularly for agricultural commodities, and both IGOs are moving to formalize and capture this trade for decision and policy makers. COMESA has endorsed the adoption of simplified and harmonized customs documentation and procedures to facilitate such trade. This has been the result of analytical work done by RATES that has brought out the importance of cross-border trade in total COMESA and EAC regional trade.

The EAC finalized the EAC Customs Union protocol that was signed by all three presidents in March 2004. The next step will be to have this protocol ratified by each member country. RATES is working with various private sector trade associations to hold business forums to discuss the impact of the Customs Union on their specific industry. These meetings have been well received in all three countries.

The PIVA assessment baseline has been completed for EAFCA. This key work was carried out in collaboration with the REDSO organizational development advisor and with the EAFCA Secretariat in completing the self evaluation. A second PIVA assessment will be completed in FY 05 to compare progress as a result of RATES interventions.

Below we provide results for all three RATES intermediate results:

B. PIR 1: Expanded agricultural trade opportunities in selected commodities

PIR 1 provides the driving force for project implementation. There are five KRAs in this PIR, each one focused on achieving expanded trade within a targeted subsector. Below is a summary of results to date:

Exhibit 4. PIR 1: Expanded agricultural trade in selected commodities

Expanded agricultural trade opportunities in selected commodities (extra/inter-regionally)	Baseline 2001	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
Increased value of specialty coffee exported	\$60,099,073	\$74,390,917	\$88,344,960			
Increased value of regional maize trade	\$8,317,328	\$43,048,190	\$31,252,068			
Increased export of cotton products	\$253,565,110	\$238,335,614	\$267,235,066			
Increased sales of dairy products	\$2,591,208	NA	\$5,585,139			
Total values for selected commodities (coffee, maize, livestock, cotton)	\$338,354,365	\$373,614,706	X	X	X	X
Total values for selected commodities with dairy added	\$340,401,369	na	\$392,417,233			
Percentage Increase over Baseline		11%	15%			

* Dairy was added November 2003. Livestock data has been excluded from the RATES' calculation for 2003 and will be reported by AU-IBAR in their PMP report.

The region has experienced a 15% increase in regional trade over the 2001 baseline for the RATES selected sample. As indicated in Exhibit 4, cotton/textiles represent a significant amount of the value of trade in the sample commodities. This sector far exceeds the other sectors in terms of dollar value with lint exports accounting for a major portion of this trade. Some important considerations:

- Stable cotton prices have helped drive the increase in lint values. In addition, the region has seen increased investment in the textile sector, and Uganda and Tanzania are starting to see benefits from a more liberalized and organized sector.
- Specialty coffee exports continued to increase with Ethiopia and Kenya dominating the exports from the region. It is also important to note that Ethiopia consumes almost half of its production domestically. Tanzania has opened a special window for direct sales of specialty coffees, and several small-scale farmers groups have made direct sales to US-based Petes' Coffees.
- Maize trade within the region continued to rise above 2001 baseline totals, but drought reduced the amount of maize available for trade. Changes in attitudes towards creating a maize without borders region have helped spur new interest in regional integration. As maize is a traditional small-holder crop, opportunities for increased markets for regional maize are emerging.

- The dairy industry is showing signs of becoming better organized, especially in the processing sector. The major problem of excess capacity in the processing plants can only be addressed through increased market outlets for dairy products and sources of milk from domestic supply and from within the region.

Below, we provide a detailed summary of each commodity:

KRA 1.1: Specialty coffee exports increased

RATES and REDSO have identified “specialty coffee” as the market segment to best achieve increased value of coffees exported from the region. Unfortunately, there is no universally accepted definition of what constitutes “specialty coffee,” as the term frequently means different things to different people. This presents a challenge in capturing data related to exports of this market segment.

It should be noted that the term “specialty coffee” originated in the United States in the late 1970’s to describe a range of coffee products sold in dedicated coffee shops. “Specialty coffee” today refers both to whole bean sales and to coffee beverages sold in coffee shops and bars. The range of export coffees includes higher quality coffees, both single and blends, and unconventional coffees such as fair-trade, bird friendly, special appellations, organic etc. These can also include coffees with an unusual background or story behind them. The term “specialty” has become so broad as to include any coffee that can either demand a premium price over other coffees or perceived by consumers as being different from widely available commercial brands of coffee on the market.

Given this lack of precision in definition, it is extremely difficult to describe the market in a global way. This makes it equally challenging to determine a baseline or to report values of specialty coffee exported from the region. Below, we describe the methodology used for this report.

Production and export figures, both in terms of value and volume, for “all” coffee products from the region are available from sources such as the ICO, COMESA, and the USDA. The primary data generally originates from customs and revenue authorities in the producing or importing countries. However, these overall figures do not disaggregate by type (Robusta vs. Arabica), or by specialty classes or grades.

The SCAA has determined a methodology for determining “specialty coffee” primarily based upon altitude levels for Arabica qualities and triage levels (*as per the characteristics defined by Phillipe Jobin, [The Coffee Produced Throughout the World](#)). For the past five years, the SCAA has published coffee data which includes information on the quantities of coffees produced and exported from the major coffee growing countries of the world. These are broken out by Arabicas, Robustas, and Triage. SCAA also delineates a certain volume from each country as “specialty” based on the methodology described above.

The RATES coffee specialist reviewed the SCAA percentages and worked closely with key trade flow leaders in each country to verify the data listed by SCAA and determined the average prices received for coffee considered as specialty coffee. He also determined the total number of 60 kg bags under the specialty coffee category and converted this weight to a dollar value.

Results for the year (Exhibit 5) indicate significant increase in the value of specialty coffee exported from the region.

- Ethiopia and Kenya continue to be drivers of the specialty industry in the region accounting for more than 84% of the specialty coffee exported from the region.
- Ethiopia has a large domestic consumption of their specialty coffees accounting for over 46% of the coffee produced.
- Kenya received good prices for their limited quantities of specialty coffee, however the recent turmoil involving a monopolist marketing scheme being promoted by the Kenya Coffee Board and a private company could jeopardize the future of the specialty niche.
- Tanzania has seen a liberalization of their market. RATES interventions contributed to the opening of a special window for fine coffees that allow for direct sales from producers. The Chairman of the Tanzania Coffee Board sits on the EAFCA board, and has become a strong supporter of liberalizing the marketing system. As a result of consultations held between US-based coffee roasters (who were part of the RATES-supported Coffee Corps team) and collaborating partners and small holder associations, the first shipment of coffees have been sold through this mechanism.

KRA 1.1 addresses the challenges of increasing marketing opportunities for specialty coffee from the region. RATES supports EAFCA in a number of marketing and promotion activities. Below, is a summary of some of the key activities during the year (These will be detailed in the annual progress report accompanying this document):

As part of the initial regional marketing strategy, RATES worked closely with EAFCA to develop a regional marketing theme: the World's Wildest Coffee: African Origin. This theme has created a common thread tying the coffees of the region together while not stifling competition or individual country taste profiles. It is the uniqueness of the individual coffees that make these coffees difficult to tame, thus the "wildest" regional theme.

Exhibit 5. KRA 1.1: Increased value of specialty coffee

Increased value of specialty coffee	Baseline 2001	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
Increased value of specialty coffee exported from Burundi	\$325,093	\$131,315	\$225,720			
Increased value of specialty coffee exported from Ethiopia	\$42,633,524	\$50,617,406	\$36,491,400			
Increased value of specialty coffee exported from Kenya	\$14,407,945	\$17,531,064	\$38,016,000			
Increased value of specialty coffee exported from Malawi	*	*	\$240,900			
Increased value of specialty coffee exported from Rwanda	*	*	\$2,869,020			
Increased value of specialty coffee exported from Tanzania	\$1,840,033	\$5,220,758	\$6,824,400			
Increased value of specialty coffee exported from Uganda	\$146,538	\$79,075	\$316,800			
Increased value of specialty coffee exported from Zambia	\$515,815	\$279,366	\$580,800			
Increased value of specialty coffee exported from Zimbabwe	\$230,124	\$531,934	\$2,779,920			
Total values	\$60,099,073	\$74,390,917	\$88,344,960			
Percentage Increase over Baseline	NA	24%	46%			

* Insignificant <1% or not recorded as specialty

The annual African Coffee Conference and Exhibition (WWC) was the key revenue generating activity for EAFCA. RATES played a key role in assisting EAFCA in planning and organizing this event. The “WWC” event brought together over 400 coffee buyers and sellers from over 30 countries to meet, conduct business and discuss strategies for surviving the current coffee crisis. Conference speakers included the Hon Moody Awori, the Vice President of Kenya, Nestor Osirio, the head of the International Coffee Organization (ICO), Ted Lingle, the Executive Director of the Specialty Coffee Association of America (SCAA), and William Bellamy, the US Ambassador to Kenya. Special guests at the conference events included entertainer Harry Belafonte, a UNICEF Goodwill Ambassador and the actor Danny Glover. The conference focused on coffee quality and increasing awareness of specialty coffee available from EAFCA countries. The Exhibition side of the event provided an opportunity for over 50 regional exhibitors to highlight coffees from the region and to make contacts and initiate relationships with international buyers and roasters. The netted over US\$ 90,000 in revenues for EAFCA, and is an integral part of RATES strategy to help this regional organization reach sustainability in the next 3 years. RATES continues to provide support to the organization on preparing for the second conference to be held in Livingston, Zambia in 2005. One of the first events during the WWC was the RATES sponsored “Meet the Buyers” coffee event held at the Giraffe Manor in Karen. Invited guests included about 35 major importers, roasters and buyers in the specialty coffee industry with a similar number of EAFCA members who are active coffee traders/sellers. RATES encouraged discussions with these industry leaders on buyer needs and requirements for quantity, quality, service and certifications options desired. Additionally, many of the same players served on several

panels during the conference to ensure that requirements for quality, social responsibility, etc., are taken on board by the member producers and traders. These overseas buyers provided very useful comments on helping EAFCA formulate competitive marketing options to penetrate export markets. The event also provided an initial “business introduction” for the establishing market linkages.

One of the other key services that EAFCA provides to its membership is the planning and organizing of booths at exhibitions and trade fairs. By teaming together, individual countries can have access to booth space for a fraction of the cost if they were to do this individually. For the second year in a row, RATES worked closely with the EAFCA Secretariat to organize an EAFCA booth at the SCAA Annual Conference. All EAFCA exhibitors were self-funded, and organized their own displays and coffee samples. RATES/EAFCA 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. The value of the equipment alone totaled \$8,000. 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. RATES worked closely with the EAFCA Secretariat to sponsor a “Meet the Buyers” function during the conference. This event was held at a private art gallery in Atlanta. Attendees included over 40 EAFCA members, as well as representatives from many of the major roasting and importing companies involved in specialty coffees. The impact on increased sales from contacts made during this function will be seen during the upcoming coffee seasons.

KRA 1.2: Increased value of maize

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.

To address the challenges of managing real-time market information, the RATES Trade Office was opened in September 2003. This office is staffed by a commodity specialist and a trade office facilitator that manage the two RATES-support sites, www.ratin.net and www.tradeafrica.biz. The trade office operates a pro-active call center that manages trade inquiries, market intelligence analysis, and a trader’s network that is linked through various electronic platform channels including the internet, email, telephone, sms, radio and print media. Some key outputs include

- An improved Traders Directory on both the www.tradeafrica.biz and www.ratin.net websites that is categorized by industry sub-sectors and country locations. The directory enables members to search, select and contact desired trading partners.

- A bi-monthly trade bulletin recently launched as the “Bi-Weekly Trade Brief”. This informative bulletin is emailed to member organizations listed in the maize trade directory, and through the www.tradeafrica.biz website. The bulletin provides a synopsis of maize trading within COMESA, targeting price changes, cost and availability, and policy news or events that have direct impact on grain trading.
- The COMESA “Regional Maize Supply Outlook” is a new initiative that has been started in Malawi, Uganda and Kenya in order to capture changes in the monthly maize supplies in the region. The initiative will work towards the development of a comprehensive regional maize balance sheet that will analyze national food supply situations and offer traders insight into surplus/deficits locations.

In Exhibit 6, we provide results for the www.tradeafrica.biz site. This trade promotion site allows maize buyers and sellers an opportunity to post offers on the site. To date, this site has posted over US 143 million dollars in offers to buy maize and over US 86 million in offers to sell maize. The principal clients for buying maize include millers, strategic grain reserves, and government procurement agencies.

We also show the average number of traders accessing the site and overall site usage. Over 5,000 unique users have accessed this site during the year, and make extensive use of the information available on the site as indicated by the large number of hits on the site.

Exhibit 6: www.Tradeafrica.biz :Volume and value of business postings

Inquiries to Buy Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Volume in MT	33,870	138,400	218,000	342,600	732,870
Value in USD	\$ 5,329,437	\$21,408,350	\$40,340,000	\$76,091,200	\$143,168,987
Average Price USD/MT	157	154	168	234	178

Offers to Sell Maize	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Volume in MT	12,505	31,043	65,200	279,730	388,478
Value in USD	\$2,262,786	\$5,810,397	\$11,783,400	\$66,457,760	\$86,314,343
Average Price USD/MT	181	187	189	229	197

www.Tradeafrica.biz :Quarterly Web Server Statistics

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

Below, we show the results for increased regional maize trade for seven targeted countries. For the reporting period (January to December 2003), the overall value of formal maize trade (for these selected countries) reached \$ 31,252,068. Although these results are somewhat less than those posted last year, they are still significantly higher than the baseline year of 2001. This decrease in value from last year can be attributed to the severe drought conditions affecting several of the Eastern African countries included in the sample.

Exhibit 7. KRA 1.2: Increased value of regional maize exported (both inter/extra-regional)

Increased value of regional maize exported* (both inter/extra-regional)	Baseline 2001	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
Increased value of maize exported from Ethiopia	\$638,045	\$317,797	\$48,241			
Increased value of maize exported from Kenya	\$381,798	\$20,579,659	\$1,185,072			
Increased value of maize exported from Malawi	\$607,323	\$25,733	\$6,527,434			
Increased value of maize exported from Tanzania	\$2,550,546	\$19,614,875	\$16,763,148			
Increased value of maize exported from Uganda	\$2,759,000	\$2,226,877	\$4,358,586			
Increased value of maize exported from Zambia	\$1,344,017	\$268,763	\$1,715,841			
Increased value of maize exported from Zimbabwe	\$36,599	\$14,486	\$653,746			
Total values	\$8,317,328	\$43,048,190	\$31,252,068			
Percentage increase over Baseline year (2001)	NA	418%	375%			

* Formal trade as reported to COMESA on a calendar year basis.

We provide a summary of some the important trade flows during 2003 below:

- Tanzania remained a key player with over \$16,763,148 in maize sold to its neighbors.
- Uganda sold significant amount of maize with a value of \$4,358,586, mainly to Kenya and continues to be an important player in the region.
- Zambia has come on the scene as a significant supplier of maize in the region. This change of attitude in maize sales can be partially attributed to the RATES national-level lobbying efforts to convince the GOZ to enter the maize export markets. We expect an increased amount of maize to show up in the next reporting cycle as these data include only up through December 2003.
- Malawi made a series of controversial sales in 2003 through ADMARC, the national marketing parastatal. The RATES team has been working closely with the USAID Malawi mission to convene a series of meeting between the public and private sectors to try to coordinate maize purchases and to include the private sector in developing an overall maize and food security strategy. RATES has been instrumental in helping the mission to initiate a public/private sector food security consultative committee who now meet on a monthly basis to discuss Malawi's food security strategy.
- Last year, Kenya sold off a large consignment from their surplus strategic grain reserves. Drought conditions in Kenya have reduced the amount of maize traded this year and had the most significant impact on reduced regional sales from last year's postings.
- The challenge for RATES will be to maintain and sustain increased trade in the region that allows maize to flow from areas of surplus to areas of deficit.

KRA 1.3: Livestock exports increased

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

Some of key assistance provided to AU-IBAR included:

- AU-IBAR has received funding to construct a livestock holding pen in Djibouti as part of the USG's support to the region. This model facility will support transnational trade of livestock and will need the support of all key stakeholders for successful implementation. RATES was instrumental in starting the process for AU-IBAR by fielding a team of experts for a feasibility study of a prototype holding facility located near Djibouti city.

- Following the initial feasibility study, the REDSO environmental team requested additional environmental impact studies to be conducted due to the high profile of the pilot facility and huge amount of animals to be confined in one location. On a very short notice, RATES located a specialist team to travel to Djibouti to review the proposed facility, and make suggestions on mitigative measures on limiting the environmental impact of the site. The team included an internationally renowned geo hydrologist, Dr. Richard Kelsey and waste management specialist, Dr. Pier Ronchietto. Dr. Kelsey has subsequently been engaged by AU-IBAR to complete the design and tender process for the facility.
- RATES is providing direct technical assistance for the operational business planning process. This activity is being provided by core RATES staff and focuses on assessing the actual staffing and financial resources required to operationalize the LTC.

KRA 1.4: Sales of cotton/textiles increased

The long-term strategy for RATES activities 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 of opportunities under AGOA. This will result in an increased regional demand for cotton that will translate into market opportunities for smallholder farmers. RATES is assisting the industry by identifying and implementing new approaches to developing regional markets; and promoting and implementing a regional competitiveness strategy that will position the sector to work to best advantage in national, regional and export markets.

Some important preliminary results:

- RATES completed the design of a regional cotton/textile trade linkage website www.cottonafrica.com linking suppliers and buyers region-wide. The site was launched on June 17th at a reception hosted by the Textile and Apparel Association of Kenya at the Grand Regency Hotel in Nairobi.
- RATES conducted six national-level private/public sector business forums to introduce the concept of regional integration and got input from the private sector on developing strategies for regional harmonization. These forums fully endorsed the RATES regional approach and we expect a major regional forum to take place early next FY.
- Trade requests generated on www.cottonafrica.com is shown in Exhibit 9. Since its inception cotton Africa has seen over \$72,923,000 in offers to buy and sell posted on the site.

Exhibit 8. KRA 1.4: Increased value of cotton exported

	Baseline 2001	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
Increased value of cotton exported						
Increased value of cotton products exported from Ethiopia	8,552,293	8,384,413	\$12,003,295			
Increased value of cotton products exported from Kenya	629,008	803,899	\$2,053,812			
Increased value of cotton products exported from Malawi	4,528,847	4,947,808	\$5,173,121			
Increased value of cotton products exported from Mauritius	29,617,635	34,629,685	\$28,959,144			
Increased value of cotton products exported from Tanzania	34,685,057	30,481,211	\$45,650,219			
Increased value of cotton products exported from Uganda	4,997,432	10,972,494	\$17,397,565			
Increased value of cotton products exported from Zambia	29,761,061	37,710,569	\$47,014,531			
Increased value of cotton products exported from Zimbabwe	140,793,777	110,405,535	\$108,983,379			
Total values	\$253,565,110	\$238,335,614	\$267,235,066			
Percentage Increase over Baseline	NA	(-6%)	5%			

Some preliminary comments on the trade data include:

- A steady increase in lint prices and increased production has helped to raise the total values all producing countries.
- Production gains have started to take affect, particularly in Malawi, Uganda and Zimbabwe.
- There has been significant Mauritius textile investment in Madagascar. Mauritius is not eligible to take advantage of the third country waiver for AGOA as they are not included in the LDC category. This has resulted in Mauritius shifting some of their textile investment to Madagascar. Although not part of the RATES country sample, Madagascar has seen a significant increase in textile exports, about one third going to the region. RATES did conduct a value chain analysis of the Madagascar cotton sector this year recognizing the importance of this emerging regional player.
- Tanzania has seen some investment on the textile side that is starting to bear fruit.
- In Uganda, the cotton and textile industry is becoming more organized, and new investments are being protected though more reliable contracting mechanisms. This has resulted in increased exports.
- In Zambia trade increases are a result of a combination of textile investment and increased production.

- In Zimbabwe, lint production remains strong even in uncertain times, as this sector is a major foreign exchange earner. Interestingly, most cotton production in Zimbabwe is small-holder grown commodity and has not been adversely affected by the farm take-overs.

Exhibit 9: www.cottonafrica.com: Value of business postings.

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

www.cottonafrica.com: Web Server Statistics

Classification	Cumulative Total (Quarter 4)
Requests	102,718
Average requests per day	1,003
Distinct files requested	4,660
Distinct hosts served	3,296

KRA 1.5: Sales of dairy products increased

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

Exhibit 10. KRA 1.5: Increased value of regional dairy products exported (both inter/extra-regional)

Increased value of regional dairy products exported (both inter/extra-regional)	Baseline 2001	Year 1* 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006
increased value of dairy Products exported from Kenya	\$423,106	NA	\$583,693			
increased value of dairy products exported from Malawi	\$118	NA	\$1,045			
increased value of dairy products exported from Zimbabwe	\$258,273	NA	\$3,647,113			
increased value of dairy products exported from Zambia	\$1,845,684	NA	\$661,690			
increased value of dairy products exported from Uganda	\$32,861	NA	\$550,465			
increased value of dairy products exported from Rwanda	\$0	NA	\$138,021			
Totals	\$2,560,042	NA	\$5,582,027			
Percentage Increase over Baseline		NA	218%			

*RATES intervention in dairy sector was initiated in year 2 of the project.

There were several key factors that affected dairy trade during 2003. These were partnerships and re-exporting of milk through third countries. Zimbabwe experienced a sharp increase in trade, mainly through its partnership with a private/public company, Daribord of Malawi. Zimbabwe owns approximately 30% of the company. The dairy board of Uganda entered into a packing agreement with a private dairy in Tanzania to produce UHT for this company resulting in increased trade of over 600,000 liters of milk. Rwanda experienced an increase in trade, especially in re-exports of UHT to Burundi and the DRC.

The RATES dairy program is in its first year and has already:

- Initiated a review process on regional market linkage/market intelligence options available to the sector.
- Held meetings with key stakeholders and trade association leaders throughout the region to assess the demand for regionally focused communication and information services.
- Conducted business meetings/forums with industry leaders throughout the region, both in the processing and distribution/retailing sectors. RATES is in the final stages of organizing a separate industry forum to be held at the ECAPAPA/RATES regional dairy conference planned for October 2004. This forum will be the first regional meeting of dairy company executives and will help guide RATES in its program to create a market network in the regional dairy community and to establish an industry driven agenda.

C. PIR 2: Increased institutional capacity to sustain agricultural trade.

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

Progress towards assisting our partners to improve their capacities is shown in the next section.

Exhibit 11. PIR 2: Increased institutional capacity to sustain agricultural trade

	PIVA Assessment Baseline FY03	PIVA Assessment FY 05	PIVA Assessment FY 07
Increased institutional capacity to sustain agricultural trade			
Increased management systems of selected partners (EAFCA)*	124		
Increased financial management of selected partners	42		
Increased service delivery of selected partners	24		
Increased external relations of selected partners	61		
Total PIVA Index Scores *	251		
Percentage Increase			

* Management systems includes governance , operational management and human resource and development.

** Baseline PIVA Assessment for EACA conducted during FY 03.

KRA 2.1: Capacity of selected partner organizations strengthened

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

Exhibit 12. KRA 2.1: Capacity of partner organizations strengthened

Capacity of partner organizations strengthened*	Baseline FY02	Year 1 FY03	Year 2 FY 04	Year 3 FY 05	Year 4 FY 06	Year 5 FY 07
Increase in paid memberships	\$12,420	\$18,857	\$17,700			
Number of services provided	0	5	20			
Increase in revenues generated**	\$19,429	\$269,977	\$339,000			
Number of chapters formed	6	9	10			
Number of trainings held	0	10	38			
Number of members trained	0	243	477			
Number of board meetings held	1	3	13			

* Includes data from EAFCA.

** Includes grant monies and sponsorships received during the year.

EAFCA. 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. RATES support to EAFCA also includes financial support to the Secretariat in the form of a Partners Fund Grant. Some key preliminary outputs:

- **Management systems.** RATES is working with EAFCA Board to develop short, medium and long term strategies as well as an operational business plan. RATES has assisted the Board to review the by-laws and streamline the governing processes. The board is now holding regular meetings and has created an executive committee of selected board members who are available to meet on a more regular basis. There has been a significant increase in regular attendance and commitment to the organization.
- **Service delivery.** RATES and EAFCA supported a number of training in conjunction with the CQI. RATES assisted EAFCA to organize two Coffee Corps trainings to take advantage of chapter members coming to Nairobi for the WWCI. This included a session on cupping and a separate training for millers. The cupping training was a follow up to the August 2003 cupping training workshops and included cuppers that participated in the earlier activity. The objective was to continue to develop a harmonized definition of fine, specialty coffee that can be consistently applied by all industry stakeholders in Eastern Africa and abroad. This was an extremely knowledgeable group of volunteers that included Mr. Willem Boot, of Boot Consulting and Ms. Colleen Crosby, of Santa Cruz Coffee Roasters. Additional training events during the year included a coffee roasting workshop in Nairobi aimed at domestic roasters. A local roaster, Java House, agreed to host the event at their

facility and offered full use of their batch roaster, sample roaster and brewing equipment. Thirteen participants from six regional countries (Kenya, Uganda, Burundi, Zambia, Zimbabwe and Malawi) took advantage of the RATES sponsored event. CQI arranged for Bob Stephenson of Kavanaugh Coffee, Berkeley CA to conduct the training. RATES support to EAFCA for organizing regional coffee conferences such as the WWC is aimed at providing a revenue stream for increasing EAFCA's chances to reach long term financial and institutional sustainability. The \$90,000 earned from the WWC1 event and expected net income from the upcoming WWC2 will be used to cover operational expenses. Planning for the WWC 2 (to be held in Livingstone, Zambia in March 2005) is in full swing. RATES is providing core support and a short-term conference coordinator to work directly with the Secretariat. 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.

- **Financial management.** RATES is working closely with the EAFCA Secretariat to develop a capacity to produce realistic budgets. Efforts have focused on monitoring funds distributed through the RATES Partners Fund. Revenues generated through events such as WWC are now earmarked to cover operational expenses of the Secretariat with an aim to cover all of these costs without donor support. RATES has developed a series of templates that are now used by the Secretariat to plan out cash flows and annual expenditures.
- **External Relations.** RATES assisted EAFCA to develop a number of partnerships/alliances with external organizations. EAFCA signed a MOU with the SCAA to allow EAFCA to use credit card payment facilities through the SCAA. EAFCA also worked closely with the SCAA through the CQI to enlist Coffee Corps volunteers to come to the region to conduct training courses in cupping, milling and roasting. RATES assisted EAFCA to present a proposal to Utz Kapeh to form a strategic partnership whereby Utz Kapeh will base their regional advisor in EAFCA. Recruitment for this individual has already started and should be completed during the first quarter of next FY. Utz Kapeh will also provide funding (grant proposal written) to engage trainers within EAFCA to serve as trainers of trainers to work with EAFCA members to meet Utz Kapeh certification standards. One member, James Kibera has already worked with Utz Kapeh to become certified and received some of the highest prices for his coffee in a recent Kenyan coffee auction.

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

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

Strategy: RATES strategy is aimed at utilizing Information Technologies (IT) to expand the number of private sector beneficiaries having access to market and trade information. RATES is also forming linkages with technology and research networks relevant to the RATES-supported commodities. RATES is forming partnerships with on-going bilateral development

projects that promote increased trade, and with selected private service providers who offer specialized technical expertise.

Exhibit 13. KRA 2.2: Demand driven technologies identified developed and utilized

Demand driven technologies identified developed and utilized	Baseline FY02	Year 1 FY03	Year 2 FY 04	Year 3 FY 05	Year 4 FY 06	Year 5 FY 07
Linkages formed with research networks	0	4	7			
Number of trade networks formed	0	3	4			
Number of unique hosts accessing IT-based trade sites	0	12,000	19,540			
Number of companies accessing technologies	0	300	1,464			

Coffee

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

Maize

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

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

Livestock

The Djibouti Livestock holding facility, whose feasibility study, design and construction are being supported by RATES, will have as a key component the identification and utilization of computerized tracking and information devices which will allow for individual animal identification and thus ensure their quality and health upon arrival.

Cotton

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

D. PIR 3: Expanded private sector contribution to regional trade initiatives

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

Exhibit 14. PIR 3: Expanded private sector contribution to regional trade initiatives

Expanded private sector contribution to regional trade initiatives	Baseline FY02	Year 1 FY03	Year 2 FY 04	Year 3 FY 05	Year 4 FY 06	Year 5 FY 07
Participation in policy initiatives and/or promotional activities						
Male	0	650	1,416			
Female	0	125	315			
Total	0	775	1,731			
Total value of GDA contributions to regional trade initiatives	0	\$391,500	\$1,781,106			

KRA 3.1: Private sector-driven agricultural trade policies advocated

The strategy for this KRA is to identify issues and constraints to regional trade flows and to bring them to the appropriate regional policy making forums for action and adoption.

Below, we present the status of policy reform to date:

Exhibit 15. KRA 3.1 Private sector-driven trade policies advocated

Private sector-driven trade policies advocated	Baseline FY02	Year 1 FY03	Year 2 FY 04	Year 3 FY 05	Year 4 FY 06	Year 5 FY 07
Analytical work conducted	0	16	67			
Dialogue occurring on policy/regulatory issues (numbers of participants)	0	388	945			
Public/private policy forums created	0	7	31			
IGOs debate policy change (number of meetings)	0	6	13			

Maize

RATES continues to emphasize the importance of private sector involvement in both the policy harmonization process and trade enhancement. The Maize without Borders concept has been fully integrated into both the COMESA and EAC policy making structures. RATES efforts have focused on bringing together key players in the maize value chain from the major producing and importing countries of the region to continue building regional consensus on maize policy.

Some key milestones during the year included:

- 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.
- 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 submitted during the meeting of the COMESA Directors of Customs held in July. 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. RATES developed a handbook for maize traders due for release in November, 2004.

Cotton/Textiles

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. Progress in the policy area includes:

- The COMESA Summit endorsed the work on cotton and textile, as presented by RATES during the Intergovernmental Committee of Experts (ICE) session.
- Four additional country policy studies were completed. These included Egypt, Mauritius, South Africa and Madagascar. This brings the total number of countries which RATES has analyzed to eleven. The other seven country reports were completed in Ethiopia, Kenya, Malawi, Tanzania, Uganda, Zambia and Zimbabwe.

Coffee

RATES is working closely with EAFCA to review regional policy issues affecting the trade of coffee. Currently, very little coffee is traded inter-regionally, and the main issues are focused at national-level policies affecting the specialty segment.

- EAFCA intervened in helping to define the issues in the debate involving a plan to restrict the marketing of Kenyan coffee to one private company.
- The EAFCA Tanzania chapter was very instrumental in pushing for a separate specialty coffee window outside the Tanzanian coffee auction. Small farmer groups have already sold over 2 million dollars in coffee directly to buyers through this window.

Dairy

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, that led to a regional conference (held in October 2004) where the platform was 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 year:

- RATES completed three country studies for Malawi, Mauritius and Zambia.
- RATES held national consultative workshops in Zambia and Malawi to consider the study findings and recommendations. RATES assisted ECAPAP to hold consultative meetings in Kenya, Uganda, and Tanzania.
- RATES and ECAPAPA completed the regional policy report that formed the basis for the regional dairy policy platform presented in October 2004.

KRA 3.2: Private sector buy-ins and alliances expanded

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

Exhibit 16. KRA 3.2: Private sector buy-ins and alliances expanded

	Baseline FY02	Year 1 FY03	Year 2 FY 04	Year 3 FY 05	Year 4 FY 06	Year 5 FY 07
Private sector buy-ins and alliances expanded						
Alliances formed with private sector companies (number)	0	4	13			
Value of private sector contributions	0	\$287,000	\$854,906			
Value of private sector buy-ins/alliances	0	\$104,500	\$826,200			

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

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

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

Dairy. RATES is working closely with a core group of key private sector advisors to help the industry develop the appropriate regional mechanism for sharing information and building strong business to business linkages. RATES has received strong industry support for the regional conference and dairy summit with over US 5,000 dollars pledged to support events at the conference